

7. Securities and Shareholders

7.1 The Company's Securities

- (1) EGCO is a listed company on the Stock Exchange of Thailand (SET). Details of the registered capital as of December 31, 2017 were shown below.

- 1) Registered Capital : 5,300 million baht comprising 530,000,000 ordinary shares with the par value at 10 baht per share.
- 2) Paid Up Capital : 5,264.65 million baht comprising 526,465,000 ordinary shares with the par value at 10 baht per share.

- (2) Any commitment among major shareholders and the Company, which will affect the issuing and offering securities or the management of the Company.

- None -

7.2 Shareholders

The top 10 shareholders as of September 6, 2016, the closing date of shareholder registration book for the right to receive the interim dividend payment on September 6, 2017 were as follows.

No.	Shareholders	Shares	% of Total
1	Electricity Generating Authority of Thailand	133,773,662	25.41
2	TEPDIA Generating B.V.	126,054,178	23.94
3	Thai NVDR Company Limited	77,931,567	14.80
4	Bualuang LTF	10,347,000	1.97
5	Social Security Office	8,699,700	1.65
6	Bualuang LTF 75/25	5,749,100	1.09
7	CHASE NOMINEES LIMITED	5,398,923	1.03
8	HSBC (SINGAPORE) NOMINEES PTE LTD	4,694,000	0.89
9	Mr. Suwan Aisuriyakornthep	4,625,000	0.88
10	Thanachart Prime Low Beta Fund	3,560,700	0.68

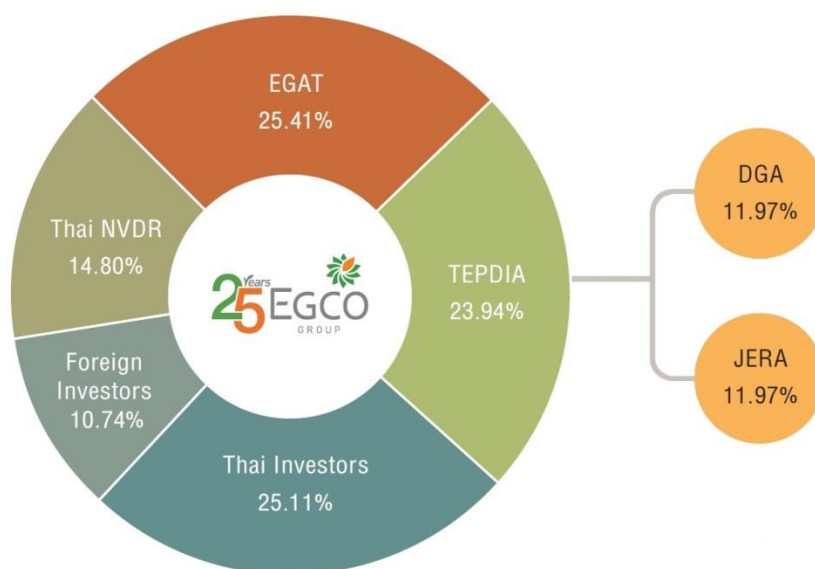
The ultimate shareholders of EGCO's major controlling shareholders are as follows:

- Electricity Generating Authority of Thailand ("EGAT"):** EGAT is a state utility which has the mission in generating, acquiring and sales of bulk electric energy through its transmission network. EGAT also provides the operation and maintenance services and invests in electricity related business. EGAT holds 25.41% of EGCO's outstanding shares and has 4 representative directors out of 15 directors in EGCO.
- TEPDIA Generating B.V. ("TEPDIA"):** TEPDIA is established in order to invest in EGCO comprising 2 shareholders as follows:

2.1 DGA Thailand B.V. ("DGA Thailand"), a wholly owned subsidiary of Mitsubishi Corporation (MC), a global integrated business enterprise that develops and operates businesses areas virtually every industry, indirectly holds 11.97% of

voting right of EGCO's outstanding shares via TEPDIA Generating B.V.. MC has 2 representative directors out of EGCO's 15 directors.

2.2 Tokyo Electric Power Company International B.V. ("TEPCO International"), a wholly owned subsidiary of JERA Co., Inc. ("JERA"), jointly established by TEPCO Fuel and Power, Inc. and Chubu Electric Power Co., Inc. JERA invests strategically and integrating in fuel procurement, fuel trading and thermal power plants by expanding business in Japan and overseas. TEPCO International indirectly holds 11.97% of voting right of EGCO's outstanding via TEPDIA Generating B.V. TEPCO International has 2 representative directors out of EGCO's 15 directors.



As at September 6, 2016

7.3 Dividend Payment Policy

The dividend payment policy of the EGCO Group specifies that shareholders receive dividend twice a year at the rate of 40% of the net profits of the total financial statements after income tax is deducted or at the amount that gradually and consequently increases without necessary causes such as the future business expansion of the Company in other projects, or dividend payment substantially affecting the normal operations of the Company whereby dividend paid shall not exceed the accrued profits of separate financial statements.



The comparison of the dividend payment between 2010 and 2014 is as follows:

Year	2012	2013	2014	2015	2016
Earnings per share (baht)	13.16	13.13	14.56	8.20	15.81
Dividend per share (baht)	6.00	6.00	6.25	6.25	6.50
Dividend payout Ratio (%)	47	46	43	76	41

Dividend payment policy of EGCO Subsidiaries

Since year 2007, the Board of Directors set the dividend payment policy for EGCO subsidiaries to dividend out 4 times a year at the rate of 100% of their net profits after income tax and legal reserve. The dividend payment should take into account their year-ended performance, normal operation and provision stated in the loan agreement.

(Effective on January 1, 2018)



8.1 Structure of the Board of Directors

Structure of the Board of Directors

EGCO's organization structure comprises the Board of Directors, standing committees, President and the top management as follows:

1. Structure of the Board of Directors

(1) Board of Directors

The Board of Directors ("Board") has main responsibility to conduct business in a way that will benefit EGCO, shareholders and stakeholders including employees and communities where EGCO operates its business. Additionally, the Board works with the Management in formulating EGCO's vision and policy and approving corporate budget. The Board also monitors the Management's performance and suggests sound resolutions to problems.

EGCO's Board comprises not less than 5 and not exceeding 15 members as stipulated in the Company's Articles of Association. The appropriate number of the directors will be periodically reviewed to align with their responsibilities. The change in the number of directors needs the approval of the shareholders with the votes of not less than four-fifth of the shareholders present and entitled to vote.

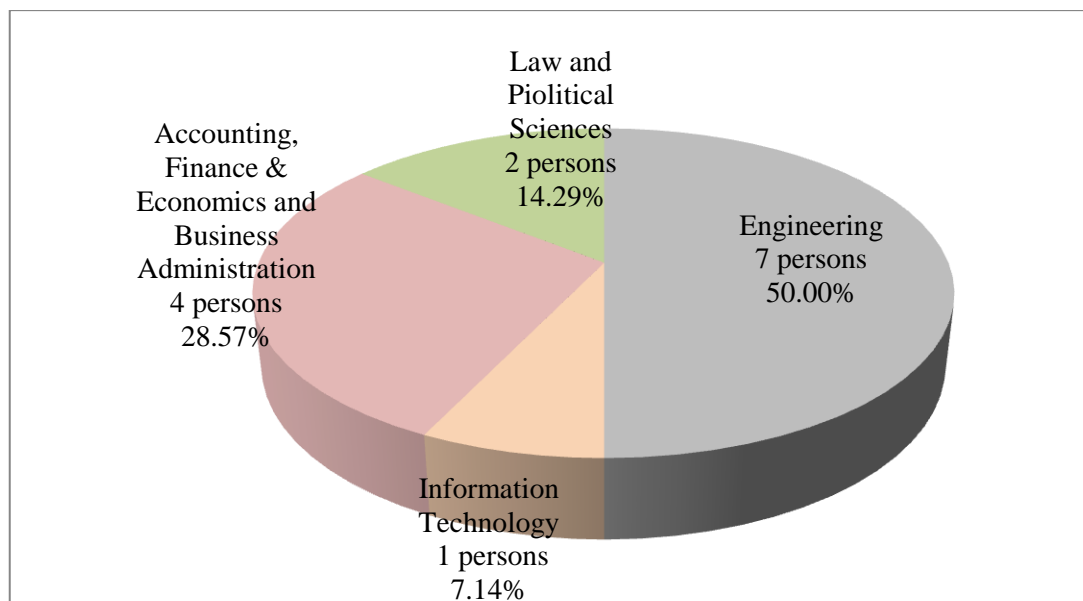
As of December 31, 2017, EGCO's Board comprises 14 directors as follows:

- 13 non-executive directors, 92.86% of total directors, comprising:
 - 6 independent directors, 42.86% of total directors,
 - 7 representative directors, 50% of total directors, and
- President, the only executive member, 7.14% of total directors.

The composition is based on the diversity of gender, individual's skills and experiences that would contribute to the balance of board composition and benefit to Company's business as follows:

	Number	Percentage
Gender		
- Male	12	85.71
- Female	2	14.29
Total	<u>14</u>	<u>100.00</u>
Expertise and experiences		
- Engineering	7	50.00
- Accounting, Finance & Economics and Business Administration	4	28.57
- Law and Political Sciences	2	14.29
- Information Technology	1	7.14
Total	<u>14</u>	<u>100.00</u>

EGCO's Board of Directors Structure



The Board and their share ownership in EGCO as of December 31, 2017 are as listed below:

	Name	Appointment Date	No. of shares		
			Director	Spouse/ Minor Child	Increase/ Decrease (Dec 31, 2016 - Dec 31, 2017)
1	Mr. Sombat Sarntijaree Chairman	Apr 21, 2015	-	-	-
2	Ms. Jaruwan Ruangswadipong Independent Director	Apr 20, 2016	-	-	-
3	Mr. Anya Khanthavit Independent Director	Apr 19, 2017	-	-	-
4	Mr. Chotchai Charoenngam Independent Director	Apr 21, 2015	-	-	-
5	Ms. Nualnoi Treerat Independent Director	Sep 1, 2017	-	-	-
6	Mr. Bordin Rassameethes Independent Director	Oct 27, 2017	1,000	-	-
7	Mr. Paisan Mahapunnaporn Independent Director	Apr 19, 2017	-	-	-
8	Mr. Kornrasit Pakchotanon Director	Apr 20, 2016	-	-	-
9	Mr. Saharath Boonpotipukdee Director	Apr 20, 2016	-	-	-
10	Mr. Hiromi Sakakibara Director	Aug 1, 2016	-	-	-
11	Mr. Ken Matsuda Director	Jul 1, 2015	-	-	-

	Name	Appointment Date	No. of shares		
			Director	Spouse/ Minor Child	Increase/ Decrease (Dec 31, 2016 - Dec 31, 2017)
12	Mr. Shunichi Tanaka Director	Apr 20, 2016	-	-	-
13	Mr. Yoichiro Matsumoto Director	May 26, 2017	-	-	-
14	Mr. Jakgrich Piulpairoj President	Oct 1, 2017			

The Board appointed 2 new directors to replace the directors who resigned in 2017 with effect on January 1, 2018. The list of new directors and their share ownership in 2018 is shown below:

	Name	Appointment Date	No. of shares		
			Director	Spouse/ Minor Child	Increase/ Decrease (Jan 1, 2018 - Jan 31, 2018)
1	Mr. Wisak Watanasap Director	Jan 1, 2018	-	-	-
2	Mr. Takao Onuki Director	Jan 1, 2018	-	-	-

The list of directors who retired and resigned in 2017 – January 31, 2018 and their share ownership in EGCO are as shown below:

	Name	Resigning/ Retiring Date	No. of shares		
			Director	Spouse/ Minor Child	Increase/ Decrease (Jan 1, 2017 - Jan 31, 2018)
1	Mr. Somphot Kanchanaporn Independent Director	Apr 19, 2017	-	-	-
2	Mr. Bandhit Sothipalalit Independent Director	Apr 19, 2017	-	-	-
3	Mr. Thanapich Mulapruk Independent Director	May 5, 2017	-	-	-
4	Mr. Yasuo Ohashi Director	May 26, 2017	-	-	-
5	Mr. Pongstorn Kunanusorn Independent Director	Oct 1, 2017	-	-	-
6	Mr. Chanin Chaonirattisai Director and President	Oct 1, 2017	-	-	-

	Name	Resigning/ Retiring Date	No. of shares		
			Director	Spouse/ Minor Child	Increase/ Decrease (Jan 1, 2017 - Jan 31, 2018)
7	Ms. Puangthip Silpasart Director	Dec 1, 2017	-	-	-
8	Mr. Ken Matsuda Director	Jan 1, 2018	-	-	-

(2) Independent Director

EGCO's Corporate Governance Principle determines the number of independent directors at one-third of all directors in compliance to the laws. Presently, EGCO's board of directors comprises 6 independent directors which are more than one-third of total directors. The independent director could serve the company not more than 2 terms or 6 years, starting from the 2016 annual general meeting. None of independent director stays in the office more than the term limit. Also, they can schedule their own meeting as necessary.

Moreover, the independent directors are competent, independent and do not possess the prohibited qualifications as regulated by the law. They fulfill all qualifications of independent directors as defined by the Company as follows:

1. Holding shares not more than 0.5% of the paid-up capital with the voting right of EGCO, parent company, subsidiary company, associated company or any legal entity that may have the conflict of interest (including the connected persons as stipulated in section 258 of securities laws),
2. Not being or having been a director who takes part in the management (executive director, director who has the same responsibility as management and authorized director, except the case of joint signing with other directors for transactions approved by the Board), an employee, or an advisor who receives regular salary, or a controlling person of EGCO, parent company, subsidiary, associate or fellow subsidiary (two or more subsidiaries of the same holding company) or any entity that may have a conflict of interest during the period of two years before his/her appointment,
3. No relationship by family or by law with the management, major shareholders, controlling persons of EGCO or its subsidiaries, or those being nominated.
4. No business relationship with EGCO, parent company, subsidiary, associate company and not being a major shareholder, non-independent director or management of any entity that may have a conflict of interest in a way that would affect the giving of independent opinions for at least two years before the filing date.
5. Not being an auditor or a major shareholder, director, management or partner of the audit firm that provides auditing services to EGCO, parent company, subsidiary company, associate company or any entity that may have the conflict of interest for at least two years before the filing date
6. Not being a professional service provider, including legal and financial consultant to EGCO, parent company, subsidiary company, associate company or any entity that may

have the conflict of interest, with the fee higher than 2 million baht per year, or being a major shareholder, non-independent director, management or partner of such company for at least two years before the filling date,

7. Not being EGCO's representative director of its director, majority shareholders or shareholders who are related to EGCO's majority shareholders, and
8. Not having any constraint that would affect the performance of giving independent judgment on EGCO.

Meanwhile, independent director can hold EGCO shares not more than 0.5%, which is stricter than the regulation of the Capital Market Supervisory Board which allows 1% shareholding.

During the year, the independent directors provided the independent judgement and recommendations when considering and making decision on significant issues such as investment projects, organization structure, and other issues related to the corporate governance, for the best interest of the Company. They also were concerned about all stakeholders and prevented any actions which caused conflicts of interest among the Company, executives, directors and major shareholders.

(3) Chairman

Mr. Sombat Sarntijaree, a representative director of the Electricity Generating Authority of Thailand ("EGAT") is appointed to be the Chairman with his proven knowledge and experiences in energy sector for a long time as EGAT Governor and his leadership to lead EGCO towards the corporative vision, mission and strategic plan to benefit all shareholders. Although the Chairman is not an independent director, the Board performs its duties with fairness and transparency and makes independent decisions with due care and responsibility to all shareholders equally through the following mechanisms:

1. The Chairman is a non-executive director, not the same person as the President and has no relations with the management. There is a clear distinction between oversight and day-to-day business administrative roles. The Chairman takes the lead role in conducting board meetings to be effective and efficient by encouraging involvement by all directors and providing recommendations and supports to the Management via the President. The Board does not intervene in any routine activities under the President's responsibilities.
2. Most of the Board members are non-executive directors and the Board's seats are allocated to major shareholders who have expertise in Company's business comprising 4 EGAT representative directors, 4 TEPDIA representative directors, and 6 independent directors. This indicates a proper balance of power.
3. The Board has assigned the sub-committees to oversee tasks where there may be a potential for transactions with conflict of interest and to balance the need of each stakeholder. With respect to this, the Audit Committee is entrusted for the oversight and review of the accuracy of financial and non-financial reports as well as related matters. The Nomination and Remuneration Committee is assigned to take care of selection of the Board members and key executives and their remuneration on a transparent basis.

The result of the Board's performance appraisal in 2017 indicated that the Chairman was excellent in leading the meeting and encouraging directors to participate in the discussion around the Board table.

(4) Lead of Independent Director

The Board in the Meeting No. 1/2018 held on January 19, 2018, with the recommendation of independent directors to appoint Ms. Jaruwan Ruangswadipong as the Lead of Independent Director with effect on January 19, 2018. The Lead of Independent Director shall support the activities of the Board in compliance to the corporate governance principles and take care the interests of every party with fairness.

The Lead Independent Director's term of office is 3 years starting from the appointment date. When the Lead Independent Director retires, resigns or vacate the office before the end of the term, the new Lead Independent Director shall be appointed by the Board within 3 months after the vacancy.

The responsibilities of Lead Independent Director when acting as such are as follows:

1. Chair the independent directors' meetings and represent the independent directors in discussions with the Chairman and the Management on corporate governance issues and other significant matters as deemed appropriate by independent directors,
2. Arrange the independent directors' meeting at least once a year with participation from the executives or related persons to provide information and clarification,
3. Serve as the principal liaison between the Chairman, the independent directors and President on board-wide issues,
4. Preside and act as Chairman at all meetings of the Board at which the Chairman or the Vice Chairman is not present,
5. Collaborate with the Chairman and the President to develop Board meeting agendas to ensure that the significant issues are included to be proposed in the Board meeting and Non-Executive Directors' meetings, for consideration or acknowledgment,
6. In collaboration with the Chairman and the President, serve as a contact person for shareholders who wish to discuss, negotiate and seek consultation from the Board wishing to communicate with the Board other than through the Chairman.

(5) Authorized Directors

EGCO determines that the authorized directors comprise the Chairman or the President to sign and affix the company's seal independently, or any two directors to sign jointly and affix the company's seal. Such authorized directors shall exclude (1) independent directors to maintain their independence under the good corporate governance principle, (2) directors who are senior government officers, and (3) directors who are also directors of the financial institutions to avoid the limitation that such financial institutions cannot provide future financial service to EGCO.

(6) Board of Directors' Duties and Responsibilities

The duties and responsibilities of the Board of Directors are prescribed below:

1. Duties to EGCO

- Understand its leadership role and assume its responsibilities in overseeing the Company, towards the sustainable value
- Oversee the Company to create sustainable value and to pursue the following outcomes: competitiveness, performance with long-term perspective, ethical and responsible business, good corporate citizenship and corporate resilience
- Establish and drive the core value which upholds ethics and be a role model
- Define policies for directors, executives and employees in writing which represent principles and practices for operating the Company, and put in place the governance mechanism to ensure the compliance with the established policies, monitoring the performance and regularly review of policies and practices,
- Ensure performance of all directors, executives and employees in compliance with their fiduciary duties, and company's operation in compliance with applicable law and standards as well as the shareholders' resolutions,
- Define core objectives and targets and monitor the performance of the Company to achieve the defined objectives, targets and strategies,
- Determine and review the board structure to support the achievement of objectives and targets
- Select and develop directors and President and determine their remuneration as well assessing their performance
- Determine the employees' remuneration structure as motivation for employees to drive the Company to achieve the objectives and targets
- Develop a succession planning for key executives and monitor the performance to ensure that the Company has competent executives to fill in the vacant positions
- Ensure that a good internal control is established by setting up the Company's regulations including a clear and appropriate working processes, accounting system, standard and reliable financial reports, substantial risk management, efficient compliance system and regular monitor

2. Duties to Shareholders

- Ensure that EGCO is financially viable, properly managed and constantly improved so as to protect and enhance the interests of the shareholders.
- Ensure that the information disclosure is materially correct, complete, transparent and timely.
- Ensure the equitable treatment of all shareholders
- Not report of fault information or avoid disclosure of the mandatory required information on the Company's operating results and financial position

3. Duties to Creditors

- Ensure EGCO's full compliance with loan provisions and disclosure of EGCO's financial status

- Promptly seek professional advice when in uncertain circumstance which might impact lenders such as unstable financial position or pending insolvency.

4. Duties to other Stakeholders

Ensure EGCO's compliance with the governing laws and regulations while taking into account the impact on employees, other stakeholders, community, society and environment

5. Due Diligence

- Attend all Board meetings, or give apology in advance when meeting attendance is not possible
- Acquire knowledge about EGCO business including statutory laws and regulations affecting the discharge of duties as director, and well aware of the business environment
- Be provided substantial information in advance to allow adequate time to analyze; then make thorough judgment
- Consider and make independent judgment; In case of dissent from Board's resolution, directors can request the record of objection in the Minutes of Meeting.
- Ensure that the communication system is established for directors to be provided regular and timely information to enable the thorough and careful judgment.
- Encourage the open communication between the Board of Directors and auditors and that the auditors can work independently and efficiently with the full co-operation from the management and internal auditors.
- Ensure that EGCO complies with the governing laws, rules, regulations and business standard and ethics.
- Directors and sub-committee member can seek advice from EGCO's advisors or engage independent advisors for the governance benefits such as legal advisors, financial advisors, HR advisors, and other professional advisors on EGCO's expenses.

Board of Directors' Authority

The Board has the authority to approve the following matters:

1. Approve and revise the Company's vision, mission and policies
2. Approve both short-term and long-term strategic plans; including action plans, annual budget and manpower to be in line with the strategic plans
3. Make a decision for the interest of the Company, shareholders, stakeholders; and to monitor the Management's performance and provide suggestions to solve the problems appropriately
4. Establish and amend the sub-committees' charters
5. Establish and amend the Company's regulations
6. Establish and revise the organization structure of EGCO and the subsidiaries in which EGCO holds more than 50% of stake

7. Elect and appoint directors in the Board of Directors to replace resigning directors during the year.
8. Appoint, remove and change members in the sub-committees.
9. Establish a new sub-committee during the year and determine its remuneration when considered as appropriate
10. Determine, establish and revise the Company's Table of Authority
11. Establish, amend or change the binding agreements of investment/ joint venture/ bids under EGCO's commitment including any divestment with the value exceeding 3,000 million baht
12. Approve the interim dividend payment for the shareholders
13. Approve the change in significant accounting policy and compliance with new accounting standards
14. Approve the issuance of debt securities (excluding debentures), borrowing, refinancing and rescheduling with the value exceeding 3,000 million baht
15. Approve the guarantee, loan to group companies and other financial supports in the amount exceeding 500 million baht
16. Approve the revision of annual budget with the increased amount exceeding 15% of the approved budget
17. Approve the disposal of materials with the value exceeding 10 million baht per time
18. Approve hiring, employment, appointment, termination and compensation required by law for the President, top executives and Corporate Secretary
19. Evaluate the President's performance and approve the salary increase for the President
20. Consider the disciplinary action for the President
21. Approve the Company's salary structure, wages, compensation and benefits
22. Approve the succession plan for the position of Executive Vice President upwards
23. Endorse the following matters before proposing for the shareholders' approval:
 - Acquisition or sale of important assets or any related transaction as outlined by the laws and the Capital Market Supervisory Board
 - Sale or transfer of EGCO enterprises or its components to other entities
 - Purchase or acquisition of enterprises on behalf of EGCO
 - Making addendums or changes to EGCO's Memorandum or Articles of Association
 - Increase or decrease of the registered capital
 - Issuance of securities for sales to the public, except for common shares
 - Dissolution of EGCO or merging it with another company
 - Announcing annual dividends
 - Sundry other activities as mandated by laws or PTTGC's Articles of Association to seek approval from shareholders' meeting

2. Standing Committee

In order to well perform its responsibilities to the shareholders, the Board considers and put in place essential business policy and schedule its meeting monthly except in some circumstances the Board shall call a meeting as a special case or assign the following 4 standing committees

(1) Audit Committee, (2) Investment Committee (3) Nomination and Remuneration Committee, and (4) Corporate Governance and Social Responsibility Committee.

Each Board committee has its own charter which prescribes functions, composition, term of office, responsibilities and meeting conduct. The committee's charter, which is approved by the Board, would be reviewed as deemed appropriate. Each committee can retain outside counsels, experts and professional advisors, as deemed appropriate at EGCO's expense. All committees shall report their activities (if any) to the Board. In 2017, the Board and all sub-committee had reviewed their charters and no revision was made to the charters of the Investment Committee, the Nomination and Remuneration Committee, and the Corporate Governance and Corporate Social Responsibility Committee. Except for the Audit Committee, its charter has revised on the responsibility of the Audit Committee to cover monitoring the corporate risk levels within the levels designated by the Board.

Audit Committee: comprises 3 independent directors. Its mission covers the review of the financial statements, legal compliance, risk management policy, internal control and internal audit systems and appointment of external auditors. The Audit Committee also reviews the connected transactions or transactions with conflicts of interest to ensure that such transaction is in compliance with the SET's requirement, well-grounded and for the best interest of EGCO. In 2018, the responsibilities of the Audit Committee were reviewed and revised as mentioned earlier and the responsibilities of the Audit Committee were described below:

1. Review the accuracy and adequacy of EGCO's financial reporting,
2. Review the appropriateness and effectiveness of internal control systems, and internal audit functions and determine the Internal Audit Division's independence,
3. Approve the appointment, rotation and removal of the Chief Internal Audit,
4. Monitor EGCO's compliance with Securities and Exchange Acts and Regulations of the SET and any other laws relevant to EGCO's business,
5. Recommend to the Board of Directors the appointment and removal of an independent person to be EGCO's auditor, removal of the auditor and audit fees,
6. Consider non-audit services performed by the auditors which may lead to the auditors' non independence,
7. Consider and endorse the significant change in accounting policy of EGCO and subsidiaries prior to proposing to the Board of Directors for approval,
8. Meet with the auditor exclusively at least once a year.
9. Consider the connected transactions or any transactions that may cause conflict of interest complying with rules and regulations of SET to ensure that such transactions are reasonable and create highest benefit to EGCO,
10. Review EGCO's regulations on internal audit prior to proposing to the Board of Directors for approval,
11. Approve the internal audit plan as well as budget and personnel,
12. Review the internal audit report of internal audit division,
13. Review with the Management the preparation of the Management's Discussion and Analysis or MD&A and the disclosure in Annual Report,

14. Review with the Management the risk management policy, the practice compliance with such policy, EGCO's risk management guidelines, as well as consider potential risks and preventive measures of relevant risks including supervise risk levels to comply with the risk levels designated by the Board of Directors,
15. Prepare a report that describes the Audit Committee's activities and responsibilities. This report shall be signed by the Chairman of the Audit Committee and published in the annual report to the shareholders. The Audit Committee's Report shall consist of at least the following information:
 - (a) an opinion on the accuracy, completeness and creditability of the Company's financial report,
 - (b) an opinion on the adequacy of the Company's internal control system,
 - (c) an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
 - (d) an opinion on the suitability of an auditor,
 - (e) an opinion on the transactions that may lead to conflicts of interests,
 - (f) the number of the Audit Committee meetings, and the attendance of such meetings by each committee member,
 - (g) an opinion or overview comment received by the Audit Committee from its performance of duties in accordance with the charter, and
 - (h) other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Board of Directors,
16. Inspect any suspiciousness reported by the company's auditor, that the President, the Management or any person responsible for the company's operation commits an offence under the Securities and Exchange Act (No. 4) B.E. 2551 and report the result of preliminary inspection to the Office of the Securities and Exchange Commission and the auditor within thirty days after being informed by the auditor,
17. Oversee the Company's practice to ensure that the Company follows the Anti-Corruption measures, review the related measures and internal control,
18. Review reported concerns about fraud or corruption,
19. Review the Audit Committee Charter and conduct the self –assessment at least once a year,
20. Perform any other act as assigned by the Board of Directors with approval of the Audit Committee

Reference to the above responsibilities, the Committee is directly accountable to EGCO Board of Directors whereas the Board of Directors remains responsible to third persons for the operation of the Company.

Nomination and Remuneration Committee: comprises 5 non-executive directors, 3 of whom are independent directors. NRC appointed Mr. Shunichi Tanaka, representative from TEPDIA, the major shareholder, as the Chairman of the Committee for his knowledge and experiences in strategy and human resources management as well as international corporate governance. His expertise supports the Company's strategy to develop and manage human resources to prepare for the investment and management of international assets. Although the

NRC Chairman is not an independent director, the Board ensures that NRC has its due process of directors and senior management's selection which is in line with the best practices, taking recommendations from all shareholders. Directors and senior management's remuneration is considered under transparent and clear guidelines, comparable to those of peer companies and aligned with the long term benefit of EGCO and the shareholders. The responsibilities of the Nomination and Remuneration Committee are detailed below:

1. Propose for the Board's consideration the structure and composition of the Board of Directors and Committees together with the qualifications of their members,
2. Recommend the director nominees for the approval of the Shareholders' Meeting and the Board in case of vacancies by rotation and casual vacancies respectively,
3. Appoint EGCO representative directors in subsidiaries and joint venture companies based on the equity proportion or shareholders' agreements,
4. Propose the prospective nominees for the President position in case of vacancy for the Board's consideration,
5. Appoint, promote, rotate and remove the Senior Executive Vice Presidents ("SEVP") and Executive Vice Presidents ("EVP") of EGCO,
6. Propose the prospective nominees to be the Corporate Secretary for the Board's approval,
7. Appraise EGCO President's performance and propose for the Board's approval,
8. Approve the President's proposal on the performance appraisal of SEVPs and EVPs,
9. Endorse the remuneration structure of the directors of EGCO and its subsidiaries including meeting allowances, bonus, welfare and other benefits for the Board's consideration,
10. Endorse the remuneration structure and other benefits of EGCO employees for presentation the Board's approval,
11. Recommend the remuneration structure and other benefits of the employees of EGCO's subsidiaries to the representative directors,
12. Consider the corporate performance indicators, evaluate and approve the corporate achievements to determine the bonus and annual salary increase,
13. Endorse the management succession plan of EGCO's EVP upward for the Board's approval,
14. Approve in principle of the early retirement program for the employees of EGCO and subsidiaries,
15. Review risks associated with human resource management and the preventive measures.
16. Consider other issues assigned by the Board.

Investment Committee: comprises 5 directors and has the responsibility to screen and consider the Management's proposals, especially on the investments, funding and relating activities for the Board's approval. However, medium and small sized transactions can be approved by the Investment Committee itself after the Board's acknowledgement since this Committee is empowered to approve business decisions within its delegated authority. The Chairman of the Board is also appointed the Chairman of the Investment Committee. He has been proven to be an efficient chairman and conducted the meetings efficiently and has been

attentive to other members' recommendations both at the Board's and the committee's meeting. The Investment Committee's responsibilities are described below:

1. Endorse EGCO's and wholly owned subsidiaries' reorganization (SVP upwards) for presentation to the Board of Directors for approval.
2. Endorse the increase or reduction in the registered capital for the Board's consideration prior to proposing for shareholders' approval.
3. Endorse the Company's regulations establishment and amendment for the Board's consideration.
4. Endorse the revision of the Company's Table of Authority for the Board's consideration.
5. Approve or endorse for the Board's consideration the acquisition, investment, divestment and funding of EGCO and its wholly owned subsidiaries as stated in the Company's regulations and Table of Authority.
6. Review risks associated with investment, financial and related issues as well as the preventive measures.
7. Approve or endorse for the Board's approval EGCO's and its wholly owned subsidiaries' financial management, profit allocation, financial risk management and financial transactions as stated in the Company's regulations and Table of Authority.
8. Approve the financial investment outside the Treasury Management Guidelines.
9. Endorse the Company's annual budget and manpower plan for the Board's approval.
10. Approve or endorse for the Board's approval the procurement and material disposal as stated in the Company's regulations and Table of Authority.
11. Consider other issues as delegated by the Board and as stipulated in the Company's regulations.

Corporate Governance and Social Responsibility Committee: comprises 5 members having 3 independent directors, 1 non-executive director and the President. The Chairman of the Committee shall be an independent director. The Corporate Governance and Social Responsibility Committee is responsible for the corporate governance principles and the frameworks, policies relating to corporate social responsibility and environmental matters that affect shareholders and other key stakeholders, for the Company's sustainable growth. The CC Committee is entrusted to the following responsibilities.

1. Corporate Governance

Corporate Governance here means the compliance to Corporate Governance Principles regulated by the Stock Exchange of Thailand, Criteria for Corporate Governance by Institute of Thai Directors and ASEAN CG Scorecard.

- 1.1 Endorse corporate governance policy and anti-corruption policy and measures for consideration and adoption by the Board,
- 1.2 Monitor compliance with that policy and to review and adopt such policy on a continual basis as appropriate,
- 1.3 Promote and encourage the compliance of directors, management and employees to the Good Corporate Governance Policy and the Anti-Corruption Policy,

1.4 Review and revise the Good Corporate Governance Policy, the Anti-Corruption Policy and the anti-corruption measures as deemed appropriate for the Board's approval.

2. Social Responsibility

2.1 Endorse the policy, project framework and activities of the Group companies in relation to corporate social responsibility to be proposed to the Board for approval,

2.2 Approve the master plan and annual in relation to corporate social responsibility.

Table: Meeting Attendance of the Board of Directors

Name	Meeting Attendance in 2017 (number of times)					
	Board Meeting 13 times	Non-Executive Director Meeting 1 time	Audit Committee 15 times	Investment Committee 12 times	Nomination and Remuneration committee 10 times	Corporate Governance and Social Responsibility Committee 4 times
1. Mr. Sombat Sarntijaree	13/13	1/1		12/12		
2. Ms. Jaruwan Ruangswadipong	13/13	1/1	15/15			
5. Ms. Nualnoi Treerat ²	4/4				4/4	2/2
3. Mr. Anya Khanthavit ¹	9/9	-/1	10/10			
7. Mr. Paisan Mahapunnaporn ⁴	9/9	1/1	10/10			
4. Mr. Chotchai Charoenngam	12/13	1/1			10/10	4/4
6. Mr. Bordin Rassameethes ³	3/3				2/2	1/1
8. Mr. Kornrasit Pakchotanont	11/13	-/1		8/12		
9. Mr. Saharath Boonpotipakdee	13/13	1/1			10/10	
12. Mr. Shunichi Tanaka	13/13	1/1		8/8	10/10	
13. Yoichiro Matsumoto ⁵	8/8	1/1				
10. Mr. Hiromi Sakakibara	11/13	1/1				
11. Mr. Ken Matsuda	13/13	1/1		12/12		
14. Mr. Jakgrich Pibulpairoj ⁶	3/3			3/3		2/2
15. Mr. Somphot Kanchanaporn ⁷	4/4		5/5			
16. Mr. Bandhit Sothipalalit ⁸	3/4				2/2	
17. Mr. Thanapich Mulapruk ⁹	3/5		5/5			
18. Mr. Yasuo Ohashi ¹⁰	5/5			4/4		
19. Mr. Pongstorn Kunanusorn ¹¹	10/11	1/1			6/7	2/2
20. Mr. Chanin Chaonirattisai ¹²	10/10			9/9		1/2
21. Ms. Puangthip Silpasart ¹³	12/12	1/1				1/3

Remarks : ¹ and ⁴ appointed on April 19, 2017

² Appointed on September 1, 2017

³ Appointed on October 27, 2017

⁵ Appointed on May 26, 2017

⁶ Appointed on October 1, 2017

⁷ and ⁸ expired by the term of their directorships on April 19, 2017

⁹ Resigned on May 5, 2017

¹⁰ Resigned on May 26, 2017

¹¹ and ¹² resigned on October 1, 2017

¹³ Resigned on December 1, 2017

In 2017, the Board held 13 meetings, with 95.39% of the Board of Directors attending. Individually, each director attended more than 94.64% of the total number of meeting.

3. Management Structure

The Board appoints the President as the head of management team to respond business management and to deploy the policies to practice by authorizing management duties to the President. The President will delegate his authority to the management team as prescribed in the Table of Authority.

Roles and Responsibilities of Management

President as the head of top Management team was appointed among the directors as stated in the Company's Articles of Association. The Management led by the President has the following duties and responsibilities.

1. Manage EGCO's day-to-day business to be in line with the corporate policies, plans, and objectives, Articles of Association and obligatory rules and regulations,
2. Operate the business in according to corporate strategy, business plan and budget as approved by the Board,
3. Monthly Report to the Board the Company's performance and the implemented actions following the Board's resolution to ensure the Board that all actions have been taken as planned or remedied if there are some mismatches between actions and plans.
4. Develop and support the employee's career path advancement.

EGCO's organization structure was approved by the Board in the meeting no. 10/2016 with effect on January 1, 2018, comprises 5 groups as shown below:

1. Business Development – International: this group is headed by a Senior Executive Vice President – Business Development (International) (SEVP-BDI). Under the SEVP-BDI, there is one Executive Vice President (EVP) supervising the international business development.
2. Business Development – (CLMVT): this group is headed by a Senior Executive Vice President – Business Development - CLMVT (SEVP-CLMVT). Under the SEVP-CLMV, there are two Executive Vice Presidents (EVPs) as follows:
 - (1) Executive Vice President – Business Development – CLMV
 - (2) Executive Vice President – Business Development – Domestic
3. Accounting and Finance Group: this group is headed by a Chief Finance Officer (CFO) with 3 EVPs as follows:
 - (1) Executive Vice President – Accounting
 - (2) Executive Vice President – Finance
 - (3) Executive Vice President – Subsidiaries Accounting and Finance

4. Strategy and Asset Management Group: this group is headed by a Senior Executive Vice President – Strategy and Asset Management (SEVP-SAM) with 5 EVPs as follows:
 - (1) Executive Vice President – Asset Management
 - (2) Executive Vice President – Project Management
 - (3) Executive Vice President – Power Plant Management
 - (4) Executive Vice President – Managing Director of KEGCO
 - (5) Executive Vice President – Operation and Management Business, also assigned as the Managing Director of ESCO
5. President's Direct Report Groups: there are 2 EVPs under this group:
 - (1) EVP-Office of President supervises Corporate Communications Division and Information Technology Division, and
 - (2) EVP-Corporate Management supervises Legal Division and Procurement and Administration Division.

Additionally, there are 2 divisions under the President's supervision, namely Internal Audit and Corporate Secretary. The Internal Audit reports directly to the Audit Committee, but functionally to the President. The Corporate Secretary Division reports directly to the Board, but functionally to the President.

Management

The list of the Management team and their share ownership in EGCO in accordance with SEC notification as at January 31, 2018 is as follows:

Name	Title	No. of shares		
		Management	Spouse/ Minor Child	Increase/ Decrease (Jan 1, 2017 - Jan 31, 2018)
1. Mr. Jakgrich Pibupairoj	President	-	-	-
2. Mr. John Palumbo	Senior Executive Vice President- Business Development – International	-	-	-
3. Mr. Niwat Adirek	Senior Executive Vice President-Business Development – CLMVT	-	-	-
4. Mr. Danuja Simasathien	Chief Financial Officer	-	-	-
5. Mr. Gumpanart Bumroong	Senior Executive Vice President-Strategy & Asset Management	-	-	-
6. Mr. Suvapan Chomchalern	Executive Vice President – Accounting	-	-	-
7. Ms. Somsiri Yoosuk	Executive Vice President –	-	-	-

Name	Title	No. of shares		
		Management	Spouse/ Minor Child	Increase/ Decrease (Jan 1, 2017 - Jan 31, 2018)
	Finance			
8. Ms. Sirobon Danudomkit	Senior Vice President- Accounting and Budget	-	-	-
9. Ms. Ploy Suksrisomboon	Senior Vice President- International General Affairs Management	-	-	-
10. Ms. Sudrudee Lertkasem	Senior Vice President – Domestic General Affairs Management	-	-	-

The list of Management who retired in 2017.

Name	Title	No. of shares		
		Management	Spouse/ Minor Child	Increase/ Decrease (Jan 1- Dec 31, 2017)
1. Mr. Voravit Potisuk	Senior Executive Vice President – Business Development - Domestic	-	-	-
2. Mr. Piya Jetasanon	Chief Financial Officer	-	-	-
3. Mr. Sakul Pochanart	Senior Executive Vice President – Asset Management	-	-	-

4. Corporate Secretary

The Board appointed Ms. Kulkanok Leongsoithong as the Corporate Secretary with the duties and responsibility as prescribed in the Securities and Exchange Act (No. 4) B.E. 2551, Section 89/5 and Section 89/16. She was also appointed as Board's secretary to support Board activities such as Board Meetings, Board Orientation, including provide important information, rules, regulations to the Board as well as to coordinate subsequent actions under the Board's resolution. The Corporate Secretary directly reports to the Board while the Nomination and Remuneration Committee is delegated to appraise the performance of the Corporate Secretary.

In 2017, the Corporate Secretary has attended training seminars and discussions in various topics, arranged by regulators which oversee listed companies and the Thai Institute of Directors Association (IOD), in order to improve and increase efficiency of the Corporate Secretary's performance and corporate governance.

5. Director and Management Remuneration

EGCO sets the policy to reward directors and management with appropriate remuneration. In this regards, the Nomination and Remuneration Committee is entrusted to review the appropriate rate that takes into account the responsibility and the company's financial status while being in line with the peer practices.

(1) Director remuneration

Director remuneration is appropriately set at a rate comparable to that of peer companies. The remuneration comprises 3 parts: (1) monthly retainer fee to reflect directors' responsibilities, (2) meeting allowance to reflect time devotion and meeting attendance, and (3) bonus which is paid in accordance with the shareholder value creation. The Nomination and Remuneration Committee will endorse the director remuneration for the Board's endorsement before seeking the shareholders' approval on an annual basis. The guidelines are as follows:

- Retainer and meeting allowance will be set in accordance with peer practices, EGCO operating performance, business size, and responsibility, knowledge, competencies of the directors as required by the company.
- Bonus will be considered from the Company's profit or dividend paid to shareholders.

In 2017, the shareholders' Meeting resolved the directors' remuneration as shown below.

1. Monthly retainer fee of 30,000 baht and meeting allowance of 10,000 baht each. Members who do not attend the meeting will not receive the meeting allowance. The Chairman and the Vice Chairman of the Board received 25% and 10% additional remuneration respectively for both the retainer fee and the meeting allowance.
2. 2016 bonus of 25 million baht approved by the shareholders in the 2016's annual general meeting, taking into account the Company's growth, the recognition in terms of good corporate governance, the increasing share price, peer's director bonus, and dividend payout ratio.
3. Remuneration for Board's Committee being Investment Committee, Audit Committee, Nomination and Remuneration Committee, and Corporate Governance and Corporate Social Responsibility Committee as follows:

Committee	Retainer fee (baht)	Meeting allowance (baht)
Investment Committee	20,000	20,000
Audit Committee	20,000	20,000
Nomination and Remuneration Committee	20,000	20,000
Corporate Governance and Corporate Social Responsibility Committee	-	24,000

The chairman of each Board Committee would receive 25% additional remuneration both in retainer fee and meeting allowance.

Beside the remuneration mentioned above, EGCO does not provide other remuneration to the Board.

The overall directors' remuneration for 2017 is summarized below:

Name	Board of Director	Standing Committee				Bonus	Total Remuneration
		AC	IC	NRC	CC		
1. Mr. Sombat Sarntijaree	625,000.00	-	600,000.00	-	-	2,192,982.46	3,417,982.46
2. Ms. Jaruwan Ruangswadipong	500,000.00	632,166.67	-	-	-	1,224,714.79	2,356,881.46
5. Ms. Nualnoi Treerat	160,000.00	-	-	160,000.00	48,000.00	-	368,000.00
3. Mr. Anya Khantavit	351,500.00	367,666.67	-	-	-	-	719,166.67
7. Mr. Paisan Mahapunnaporn	341,500.00	367,666.67	-	-	-	-	709,166.67
4. Mr. Chotchai Charoenngam	490,000.00	-	-	420,000.00	120,000.00	1,754,385.96	2,784,385.96
6. Mr. Bordin Rassameethes	120,000.00	-	-	80,000.00	24,000.00	-	224,000.00
8. Mr. Komrasit Pakchotanon	470,000.00	-	400,000.00	-	-	1,754,385.96	2,624,385.96
9. Mr. Saharath Boonpotipakdee	500,000.00	-	-	420,000.00	-	1,754,385.96	2,674,385.96
10. Mr. Hiromi Sakakibara	480,000.00	-	-	-	-	550,043.15	1,030,043.15
11. Mr. Ken Matsuda	500,000.00	-	480,000.00	-	-	1,931,266.50	2,911,266.50
12. Mr. Shunichi Tanaka	500,000.00	-	327,666.67	525,000.00	-	1,666,666.65	3,019,333.32
13. Mr. Yoichiro Matsumoto	305,806.45	-	-	-	-	-	305,806.45
14. Mr. Jakgrich Pibulpiroj	-	-	-	-	-	-	-

The summary of remuneration of retired and resigned directors during 2016-2017 is as follow:

Name	Retirement/ Resigning Date	Number of months in service		Meeting Attendance (13 times/ year)	Total Remuneration in 2015			Total Remuneration
		2016	2017		Monthly Retainer and Meeting Allowance		Bonus ^{/1}	
					Director	Standing Committee		
1. Pol. Gen. Pansiri Prapawat	Apr 20,2016	4	-	-	-	-	529,671.17	529,671.17
2. Mr. Tomitake Maruyama	Aug 1, 2016	8	-	-	-	-	1,020,995.11	1,020,995.11
3. Mr. Somphot Kanchanaporn	Apr 19, 2017	12	4	-	148,500.00	172,333.33	1,754,385.96	2,075,219.29
4. Mr. Bandhit Sothipalalit	Apr 19, 2017	12	4	-	138,500.00	112,333.33	1,754,385.96	2,005,219.29
5. Mr. Thanapich Mulapruk	May 5, 2017	12	5	-	153,870.97	225,413.98	1,754,385.96	2,133,670.91
6. Mr. Yasuo Ohashi	May 26, 2017	12	5	-	194,193.55	152,333.33	2,105,263.14	2,451,790.02
7. Mr. Pongstorn Kunanusorn	Oct 1, 2017	12	9	-	370,000.00	304,000.00	1,754,385.96	2,428,385.96
8. Mr. Chanin Chaonirattisai	Oct 1, 2017	12	9	-	-	-	-	-
9. Mrs. Puangthip Silpasart	Dec 1, 2017	12	11	-	460,000.00	24,000.00	1,754,385.96	2,238,385.96

Remarks ^{/1} Bonus of Board of Directors in 2016 was paid in May 2016 as resolved by the Shareholders in the Annual General Meeting for year 2017

(2) Directors' Remuneration of Subsidiaries

EGCO assigned the Management to be directors of subsidiaries as one of their duties so that the Management will not receive the remuneration as the directors.

6. EGCO and Subsidiaries' Management Remuneration

(1) EGCO's Management Remuneration

The Management's remuneration as approved by the Board which comprises both salary and bonus is designed to reflect the corporate and individual achievement based on the remuneration structure approved by the Board and the Key Performance Indicators (KPIs). The Board with the recommendations from the Nomination and Remuneration Committee approves the President's remuneration while the Nomination and Remuneration Committee appraises the performance of executives at Senior Executive Vice President and Executive Vice President levels with the proposal by the President.

Also, the Nomination and Remuneration Committee recommends and determines both short-term and long-term remuneration for President and top executives, taking into account their performance linked to both financial and non-financial KPIs as approved by the Board. Another factor taken into consideration for the management remuneration is the survey of the executive remuneration to ensure that the rate is comparable to their work and those of the peer companies.

The summary of the Management's remuneration defined by SEC for 2017 is shown below:

Remuneration	2017
	Management (7 persons) ^{/1}
Total Salary	41,394,900.00
Bonus ^{/2}	19,173,660.00
Provident Fund	3,757,044.00
Total	64,328,604.00

^{/1} 7 executives as defined by SEC are (1) Presidents (Mr. Chanin Chaonirattisai resigned with effect on October 1, 2017 and Mr. Jakgrich Pibulpairoj was appointed as a director and the President on October 1, 2017) (2) SEVP – BDI1 (3) SEVP – CLMV (4) SEVP – BDD (5) CFO (6) SEVP – SAM

^{/2} The 2016 bonus was paid in January 2017.

(3) Total Remuneration of Core Subsidiaries' Management

In 2017, EGCO's core subsidiaries which generate electricity for sale and the revenues accounted to more than 10% of the consolidated revenue consists of KEGCO and QPL. However, QPL had no permanent employees but have engaged QMS for the project management while the operation and maintenance works had been engaged to Pearl Energy Philippines Operating Inc. from the commercial operation date (COD).

7. EGCO and Core Subsidiaries' Employees

In 2017, EGCO Group had 776, headcounts, 269 of which were EGCO employees while 507 people worked for subsidiaries namely KEGCO, ESCO, EGCO Cogen, Roi-Et Green, QMS, and PEPOI.

As of December 31, 2017, EGCO has 269 headcounts which include the President, 5 Senior Executive Vice Presidents. The number of employees in each reporting line of EGCO and numbers of subsidiaries' employees are as shown below:

Business Group	No. of Employees (person)
1. President	79
2. Business Development - International 1	8
3. Business Development - International 2	8
4. Business Development - Domestic	9
5. Strategy and Asset Management	84
6. Accounting and Finance	68
8. Rayong Power Plant	13
Total of EGCO	269
Subsidiaries' Employees	507
Total	776

There has been no significant turnover and no labor dispute during the past three years.

8. EGCO and Subsidiaries' Employee Remuneration

EGCO has the policy that the employees in the Group have fair remuneration which is comparable to the peer companies. The remuneration of EGCO and subsidiaries' employees in year 2017 is as shown below.

(Unit : Baht)

Remuneration	Amount	
	EGCO	Subsidiaries
Total Salary	339,123,142.72	137,422,650.44
Bonus ^{/1}	163,508,523.21	52,195,243.43
Provident Fund	33,507,205.83	13,409,044.32
Total	536,138,871.76	203,026,938.49

^{/1} The 2016 bonus was paid in January 2017.

Human resource development policy is disclosed in Sustainable Business Operation.

9. Corporate Governance

9.1 Corporate Governance Policy

EGCO is committed to operating sustainable business by strictly adhering to good corporate governance principles and business ethics to achieve fairness, efficiency, transparency, and accountability in its operations that are free from all types of either direct or indirect corruption. EGCO ensures responsibility towards the community, society, and environment as well as build trust and confidence among shareholders, investors, and all stakeholders to enhance its competitiveness which will lead to financial stability and investments.

Good Corporate Governance Policy

The Board of Directors (“the Board”) established its good corporate governance principles in writing as guidelines on corporate management for the Board, executives, and employees in a fair, transparent, accountable, and efficient manner. The Board annually reviews and improves good corporate governance principles based on the criteria such as the Capital Market Supervisory Board, good corporate governance principles as in line with the Corporate Governance Report of Thai Listed Companies (CGR) of the Thai Institute of Directors (IOD) and ASEAN Corporate Governance Scorecard and in accordance with the changing environment.

In 2017, the Board acknowledged the Corporate Governance Code for Listed Companies 2017 (“CG Code 2017”) of the Securities and Exchange Commission (“SEC”) and reviewed good corporate governance principles and practice guidelines in comparison with the CG Code 2017, CGR’s criteria, and ASEAN Corporate Governance Scorecard. The Board then endorsed the revision of good corporate governance principles and practice guidelines as follows:

1. Improvement of director nomination criteria and procedures by adding qualifications in terms of directors’ knowledge and expertise as in line with corporate strategies.
2. Determination of criteria and procedures for nomination, assessment, remuneration and succession plan of the President in writing, improvement of information disclosure policy and practice guidelines with focus on disclosure of financial and non-financial information as well as disclosure of information on online social networks and confidentiality, and development of a written Code of Conduct for Investor Relations Practitioners as a framework and practice guidelines for the Company’s investor relations practitioners.

Moreover, the Board considered the CG Code 2017, regulations and criteria of regulatory agencies, CGR’s criteria, and ASEAN CG Scorecard which the Company had yet to accomplish as well as explained reasons and alternative practice guidelines as follows:

Unaccomplished Items	Reasons
The Board shall consider the appropriate number of directors who can efficiently perform duties. The Board shall comprise at least 5 directors and not more than 12 directors, depending on the size, type, and complexity of the business.	The Board consisted of 2 directors as representatives of major shareholders and independent directors who were suitable for the Company's business characteristics, especially overseas energy business, requiring knowledge and expertise in energy of representative directors, so that EGCO's successful operations were achieved according to the Company's objectives and strategic plan. The number and proportion of directors also reflected appropriate checks and balances.
A Chairman of the Board shall be an independent director	Although EGCO's Chairman of the Board was not an independent director, he performed his duties on fair and transparent basis, took the Company's interests into account, and did not subserve private interests. The Chairman of the Board also encouraged representative directors and independent directors to discuss and express opinions freely and there had never been a case of decisive votes exercised by the Chairman of the Board to pass any resolutions. Moreover, the Board approved that independent directors could nominate one independent director to be appointed as a Lead Independent Director to jointly determine agenda items for the meetings with the Chairman of the Board.
A Chairman of the Nomination and Remuneration Committee shall be an independent director.	Although the Chairman of the Nomination and Remuneration Committee was not an independent director, he had experience and expertise in management of international organizations beneficial to the formulation of human resource recruitment and development and compensation and benefit packages of directors and employees policies to be able to enhance competitiveness and accommodate expansion of overseas investments in energy as in line with the Company's strategic plan.
Consideration of suitability of remuneration proportion in terms of salary, short-term operating results such as bonus, and long-term operating results such as Employee Stock Ownership Plan ("ESOP")	The Nomination and Remuneration Committee endorsed the remuneration structure of directors, executives and employees by linking bonus to the Company's performance according to the KPIs, one of which was long-

Unaccomplished Items	Reasons
	term growth, despite no ESOP given to employees.

In addition, in the Board meeting No. 13/2017 on December 18, 2017, the Board provided suggestions for improvement of corporate governance mechanisms of EGCO and its subsidiaries to be aligned with the criteria of the above-mentioned regulatory agencies and comparable to international standards as stipulated in the Company's strategic plan. The management accepted recommendations for improvements in 2018. The Board also considered the following matters:

Code of Conduct

The Board has compiled best practices as in accordance with the Company's good corporate governance principles and reviewed a Code of Conduct on a yearly basis. The Code of Conduct has been continuously improved since 2003. The latest Code of Conduct was improved in 2017. The Code of Conduct for Directors comprises the guiding principles, directors' Code of Conduct, directors' commitment, duties and responsibilities, conflicts of interest, and use of information. The Code of Conduct for Employees embraces 1.Responsibilities to stakeholders; 2.Responsibilities to the Company; 3.Procurement and Transactions; 4.Prevention of conflicts of interest; 5.Employees; 6.Safety, health, and environment; 7.Anti-corruption and 8.Whistleblowing.

Communication of Good Corporate Governance Policy and Code of Conduct

Good corporate governance policy and principles and Code of Conduct are regularly communicated both internally and externally. For internal communication, they are communicated via channels such as meetings between employees and President (Communication Day), Intranet, and wire broadcasting on Fridays at EGCO headquarters. For external communication, they are made available on the Company's website (www.egco.com) and at the exhibition on good governance and anti-corruption in the Company's annual general meeting of shareholders, etc.

In 2017, EGCO arranged communication activities for directors and employees to enhance knowledge and understanding, and apply good corporate governance principles and practice guidelines, Code of Conduct, and anti-corruption measures in a correct manner as follows:

1. Adding corporate governance and Code of Conduct as one of the topics for director and new employee orientation.
2. Arranging CG Roadshows to enhance knowledge on good corporate governance principles, anti-corruption measures, and Code of Conduct for EGCO Group's employees at power plants and the companies in the Group, alternatively. In 2017, the Anti-corruption Working Committee provided knowledge to ESCO's employees in Rayon Province.
3. Arranging 2 batches of CG Camp to promote the implementation of good corporate governance policy and principles into practice as in line with the good corporate

governance strategy and support the cultivation of core values, including ethics and integrity.

4. Disseminating articles relating to good corporate governance practices, anti-corruption measures, and Code of Conduct via monthly wire broadcasting at Headquarters and the Company's Intranet to enable employees at both Headquarters and power plants to access to past articles.

Monitoring, Overseeing and Performance Appraisal

The directors will receive a director manual and Code of Conduct upon holding a position. All new employees will receive the Code of Conduct from the Human Resources Division to be signed for acknowledgement and strict compliance. Moreover, the President has required employees at all levels to act in compliance with good corporate governance principles, review their compliance activities and then sign the Code of Conduct acknowledgement and compliance form to submit to the superiors in a hierarchy on a yearly basis. In 2017, the Board intended to promote innovations and application of technologies in working process and therefore approved that the employees completed an online appraisal form to measure knowledge and understanding of good corporate governance principles and practice guidelines and Code of Conduct for the first year. The appraisal form was also used to measure satisfaction in communication and public relations. Recommendations and opinions from the employees would be used for improvement of activities and future communication. The appraisal results could increasingly measure understanding and awareness of employees in good corporate governance principles and Code of Conduct. Similarly, the Board also approved that employees at all levels signed the form for acknowledgement of Code of Conduct online.

Results of Compliance with Good Corporate Governance Policy

The Board, executives, and employees of EGCO Group has strictly and regularly adhered to the good corporate governance policy. In 2017, no non-compliance situation was found. From that commitment, EGCO then earned assessment results and awards according to good corporate governance principles as follows:

- EGCO achieved an excellent score of 96 for the Corporate Governance Report of Thai Listed Companies (CGR) Assessment Project conducted by the Thai Institute of Directors Association (IOD).
- EGCO was selected as one of the “sustainable stocks” under Thailand Sustainability Investment (THSI) arranged by the Stock Exchange of Thailand (SET), representing outstanding environmental, social, and governance aspects for 3 consecutive years.

The Board monitored and prepared this report to update EGCO's 2017 good corporate governance which can be summarized as follows:

1. Rights of Shareholders

EGCO values and respects shareholders as well as institutional investors, as the securities investors and the owners of the Company. Therefore, EGCO encourages all shareholders to exercise their basic rights including the right to share profits, the right to buy, sell or transfer the share, the right to receive adequate Company's information, and the right to attend and vote at the shareholders' meetings for appointment or removal of directors, determination of directors' remuneration, appointment of auditor and determination of audit fee, and consideration of other significant issues affecting the Company as well as inquiries and opinions in the shareholders' meetings.

Besides promoting shareholders and institutional investors to exercise such basic rights, EGCO endeavors to ensure equitable treatment to shareholders such as providing updated information via the Company's website in both Thai and English as well as newsletters and shareholders' site visits. It can be assured that EGCO shall not, at any period of time, violate or deprive the shareholders' rights.

1.1 Shareholders' Meeting

The Board considers the Annual General Meeting of Shareholders ("AGM") a very important event. AGM is held within 4 months from the Company's closing date of accounting period to accommodate shareholders' participation in monitoring the Company's performance. An extraordinary general meeting of shareholders can be held by the Board on a case by case basis to consider a special agenda that affects or involves the shareholders' interests and requires the shareholders' approval. In 2017, EGCO's AGM was held on April 19, 2017 at Vibhavadee Ballroom, Centara Grand Hotel at Central Plaza Ladprao, Bangkok. There was no extraordinary general meeting of shareholders during the year. EGCO's AGM was arranged in accordance with AGM Checklist issued by the Thai Investors Association, Listed Companies Association and SEC as follows:

Before the Shareholders' Meeting Date

EGCO provided shareholders with complete meeting documents in advance to support their decision making. Shareholders were encouraged to attend the meeting and EGCO strived to facilitate shareholders' exercise of voting rights, in case they could not attend the meeting as follows:

- Meeting schedule and agenda were distributed via SET portal and EGCO's website on February 21, 2017 before delivering the meeting documents by post, 58 days prior to the AGM date. The record date for the rights to attend the meeting and receive dividends was also detailed in the meeting notice.
- Meeting notice and agenda, in both Thai and English, were sent to shareholders by clearly separating each agenda item as prescribed in Chapter 4 of EGCO's Articles of Association: Shareholders' Meeting. The appointment of directors and consideration of directors' remuneration were under separate agenda items. Each agenda item consisted of background, objective and rationale, Board's opinions, number of votes needed, policy and

criteria of determination of remuneration, policy and criteria of director nomination, profiles of nominated directors, details of previous minutes, conditions and procedures of attending the meeting, 3 proxy forms (form A, B and C), as required by the Department of Business Development, Ministry of Commerce, and an annual report, which were delivered to shareholders on March 17, 2017, 34 days before the AGM date. Notice and supporting documents were published for 3 consecutive days in 2 Thai and 1 English newspapers to notify shareholders in advance, so that they could have adequate information before attending the meeting. Also, other relevant details were published on EGCO's website before sending hard copies to shareholders in order to allow them to have enough time to review such information. Meeting notices were delivered to shareholders by post 27 days prior to the AGM date. Contact numbers were also provided for further inquiries and for proposing additional information relating to the appointment of directors, as in compliance with the best practice guidelines by SEC and SET.

- To encourage the institutional investors' attendance, the Investor Relations Unit coordinated with the institutional investors on their submission of registration documents to EGCO 7 days in advance for document checking in order to facilitate the administrative procedures on the actual meeting day.
- Providing shareholders with communication channels to forward their inquiries on meeting agenda in advance to cs@egco.com or facsimile number 0 2998 5999 ext. 5020-5025 to ensure the shareholders' utmost benefits and full legal rights.

On the Shareholders' Meeting Date

EGCO strongly encouraged shareholders to exercise their rights by attending and voting at the shareholders' meeting. The meeting was conducted in a transparent, correct, and accountable manner ranging from the registration, vote counting to result announcement, in order not to violate or deprive of the shareholders' rights. Shareholders' inquiries and opinions were welcomed and taken into consideration as follows:

- Directors, executives and external auditors from Pricewaterhouse Coopers ABAS (PwC) attended the AGM altogether in order to answer shareholders' questions and acknowledge their opinions. For the AGM 2017, 14 directors including the Chairman and directors attended the meeting which accounted for 93% of the total number of the Board members. The Chairman of the Board, the Chairman of all subcommittees, directors except for Mr. Thanapich Mulapreuk, an independent director and member of the Audit Committee who was absent from the meeting due to an urgent mission, and the President together with senior executives also attended the meeting and explained details of information regarding agenda items and answered shareholders' questions.
- EGCO identified the names of directors having conflicts of interest in respect to any agenda item in the meeting notice. Those directors were not present in the meeting while any given agenda item was being considered.
- Shareholders and institutional investors' facilitation was EGCO's first priority. The map of the meeting venue was attached to the meeting notice and several registration counters were appropriately and adequately provided for shareholders' convenience.
- Exhibition on EGCO's business was arranged to provide full details of the Company's business operations to shareholders. Shareholders' inquiries were warmly welcomed and

clarified by the executives, Investor Relations Unit, Accounting and Finance Unit, and Business Development Unit.

- One volunteer shareholder was invited to observe the vote counting process. Representatives from the Thai Investors Association also observed the meeting.
- Shareholders, who registered after the meeting had already started, were allowed to vote for the ongoing and the remaining agenda items.
- The shareholders' meeting was convened according to the sequence of the agenda. Each agenda presentation included the background, supporting rationale and recommendation. The significant information and details were included in the meeting notice delivered to shareholders, without any ad hoc agenda during the meeting.
- Shareholders were equitably treated and were allowed to raise questions and opinions. All questions were addressed and clarified by the Chairman and completely recorded in the minutes of the meeting.
- Baker & McKenzie Co., Ltd. was hired as an inspector to audit shareholders' or their representatives' registration documents, meeting quorum, compliance of the voting and vote counting procedures with the Company's Articles of Association, as well as to inspect shareholders' ballot collection and voting results. In this regard, the inspector reported that the meeting and the voting procedures were transparent and in compliance with the Company's Articles of Association, relevant laws and SET's best practices of good governance. In addition, the inspector reported that EGCO highly respected the rights of its shareholders to actively participate in the meeting and voice out their opinions as well as efficiently facilitated shareholders in all matters.
- AGM quality assessment questionnaires were disseminated to gather feedbacks for future improvements for the best interests of the Company and its shareholders. The result of the 2017 survey indicated that the shareholders were satisfied with meeting notice, meeting facilitation, and meeting conduct.

For the AGM 2017, there were 492 shareholders attending in person and 1,146 shareholders by proxies, representing 384,803,301 shares which accounted for 73.0919 % of the total issued shares.

After the Shareholders' Meeting Date

- After the AGM, EGCO concluded resolutions for each agenda item to shareholders and SET via SET Portal according to SET's criteria of information disclosure. In 2017, meeting resolutions were notified before 9.00 a.m. on April 20, 2017, the day after the AGM.
- EGCO also prepared minutes of the meeting which recorded name list of directors and executives together with their titles, auditors, and meeting inspector attending the meeting, voting and vote counting procedures, voting card instructions, the Board's recommendations, inquiries and recommendations of shareholders, and clarifications from the management. Details on the number of approvals, disapprovals, abstentions, and voided ballots, and resolutions of each agenda item were also included and sent out for shareholders' review on EGCO's website: www.egco.com on May 2, 2017 which occurred within 14 days after the meeting date as required by SET's criteria. Moreover, EGCO

disseminated images and sounds recorded in the meeting on its website for absent shareholders' acknowledgement.

- EGCO coordinated with its securities registrar, Thailand Securities Depository Co., Ltd. (TSD), to ensure that shareholders received dividend in a complete and accurate manner.
- Recommendations and opinions raised by the shareholders and inspectors were taken for further consideration and continuous improvement of the AGM.

1.2 Shareholders' and Investors' Company Visits

The Company regularly organizes shareholders' and investors' company visits and meetings with executives for better understanding and monitoring of progress of EGCO's business operations. In 2017, several shareholders' and investors' company visits were arranged as detailed in Section 4 - Disclosure of Information and Transparency.

2. Equitable Treatment of Shareholders

2.1 Equitable Treatment

The Board regularly takes care of shareholders' interests, treats all shareholders, foreign shareholders, and institutional investors, in a fair and equitable manner, and ensures that shareholders are well informed of EGCO's important decisions as governed by laws or Articles of Association as follows:

- The Board allowed shareholders to propose an agenda item and nominate a qualified director candidate by announcing via SET Portal and on EGCO's website. The criteria and procedures were set clearly, transparently and in line with additional guidelines on the minor shareholders' rights regulated by SET. The shareholders had the rights to propose the qualified director candidate during September 1 - December 31, 2017 (about 8 months prior to the AGM). The minimum share was fixed at 0.05% of the Company's total shares (equivalent to 263,233 shares as of September 1, 2016). This was applicable for either a sole or combined shareholders, which was lower than SET's recommendation of 5% shareholding. However, in the 2017 AGM, there was neither proposal of AGM agenda item nor proposal of qualified director candidate.
- EGCO preserved the rights of all shareholders and no agenda item would be added at the shareholders' meeting without prior notice to ensure that the shareholders had adequate information ahead of time. Shareholders had the rights to vote according to the number of shares on a "one share one vote" basis and no share had any privilege which overran the rights of other shareholders.
- Ballots were employed in vote counting for all agenda items for transparency and accountability. The appointment of individual director was done by shareholders. Baker & McKenzie Co., Ltd. was invited as an inspector. Shareholders, who were unable to attend the AGM in person, could vote through proxy. The 3 proxy forms as introduced by the Department of Business Development, Ministry of Commerce were provided and 3 Company's independent directors who did not have conflicts of interest with the AGM

agenda could be alternatively appointed as volunteer proxies. The proxy forms were made available for shareholders on EGCO's website.

- Since most shareholders attending the AGM were Thai, the meeting was, therefore, conducted in Thai. However, in order to facilitate foreign shareholders, EGCO prepared the meeting notice in both Thai and English versions. English interpreters were also available in the meeting room.
- Minutes of the meeting were disseminated via SET Portal and the Company's website within 14 days from the meeting date to allow shareholders for revision.
- The Board realized that some shareholders could not access the minutes of the meeting on SET Portal or EGCO's website; therefore, a hard copy of the minutes of the 2017 AGM was mailed to each shareholder for revision.

2.2 Prevention of Improper Use of Internal Information

EGCO has strictly established guidelines on prevention of improper use of internal information in the Code of Conduct and good corporate governance principles in writing for directors and employees in order to prevent an improper use of internal information to illegally benefit oneself or others or cause any damages to shareholders. An internal control system has been established to prevent information leakage to the public before it is officially announced. Such measure and control system are part of the Company's essential risk control activities. It is the duty and responsibility of a supervisor to control and ensure that confidential information is kept and used well in accordance with related rules and regulations. An employee performing insider trading for oneself or for other family member is considered a breach of the Code of Conduct. The principles regarding this matter are as follows:

- Directors and employees shall, at all times, strictly observe the rules and regulations issued by SET, SEC, and relevant laws, and equally disclose information to the shareholders and/or the public.
- Directors and employees shall not make improper use of information acquired by virtue of the directors' and employees' position or cause damage to the Company.
- Matters such as trade secrets or any sensitive business information shall not be disclosed to any outsiders.
- Directors and employees who possess the internal information relating to financial statements shall refrain from their own security trading within 45 days before and 24 hours after the information disclosure. As for other significant information, they shall refrain from stock trading from the day of acknowledgement and 24 hours after disclosing information to SET. The Corporate Secretary will be responsible for sending emails to remind the directors, executives, and related employees of the period prohibiting stock trading before every fiscal budget announcement.
- Directors or senior executives together with spouses and minor children who wish to trade the Company's stock shall inform the Corporate Secretary at least one day prior to the trading.

- Information disclosure to the public that will affect the business as well as EGCO's stock price must be approved by the President. The President or the assigned person will be solely authorized to disclose such information.
- The Corporate Communications Division, the Corporate Secretary Division, and the Investor Relations Unit are the central units responsible for disclosing EGCO's information to the public and investors while the unit owning such information will be responsible for providing necessary fact sheets.

However, in 2017, the Board realized the importance of EGCO's information on all aspects that affected decisions of investors, stakeholders, and general public, an information disclosure policy and practice guidelines were therefore established to build confidence and trust among investors as detailed in Section 4 - Disclosure of Information and Transparency.

2.3 Prevention of Conflicts of Interest

EGCO has set the guidelines on disclosure of directors' and management's interests to ensure transparency and prevent conflicts of interest as follows:

- Directors shall promptly notify the Company when they or their family members are involved with or hold shares in any entity which may incur benefits or conflicts of interest with EGCO; acquire direct or indirect interests in any contract made with the Company or hold shares of the Company or any of its affiliates. Directors and executives with potential conflicts of interest shall refrain from discussing or voting on such agenda.
- Directors and executives shall report their security holding on a regular basis at every Board's meeting. In the meeting agenda, it shall be stated that directors and executives, including their spouses and minor children, as well as related parties under section 258 of the Securities and Exchange Act B.E. 2535, have the responsibility to prepare and disclose any changes arising from purchase, sale, transfer or acceptance of transfer of securities to SEC within 3 days from the day of purchase/sale of securities.
- Directors and senior executives shall prepare a report on their interests, including that of any related parties to comply with the notification of the Capital Market Supervisory Board No. Tor Jor 2/2552, effective from July 1, 2009 which indicates that directors and senior executives shall submit the quarterly report on interests in EGCO's business. In case there are any changes in the interests during the quarter, the Corporate Secretary shall be informed promptly. In addition, the Corporate Secretary shall submit a copy of such report to the Chairman of the Board and the Chairman of the Audit Committee within 7 working days after getting such report. In 2017, all directors and senior executives prepared the report on their interests and informed the Chairman of the Board and the Chairman of the Audit Committee for their acknowledgement.

3. Role of Stakeholders

3.1 Rights of Stakeholders

Besides the above-mentioned rights of shareholders, the Board also takes great care of the rights of all groups of stakeholders and gives priority to issues that affect its business both

internally and externally as well as corporate social responsibility. Therefore, the Board has clearly established guidelines to respond to the requirements of each group of stakeholder in EGCO's good corporate governance policy and Code of Conduct to be abided by directors, management and employees. Details of the policy and Code of Conduct is concluded in "Corporate Governance". The treatment of employees and stakeholders is disclosed in "Employee Caring" section and "Responsibility for and Participation with Stakeholders" subsection of "Sustainable Business Operations" section, respectively.

Employees

EGCO has formulated an employee policy with focus on recruitment and selection of employees which shall proceed through the recruitment and selection processes according to the employment policy which offers opportunities to all interested persons who possess knowledge, expertise and potential appropriate for their job positions and especially good attitudes towards the surrounding people, duties and responsibilities, and the Company. EGCO has also supported employment of local people to promote job creation and revenue generation in the communities in which EGCO operates its business. Since 2017, EGCO has supported the implementation of projects for the disabled in the provinces where power plants are located to replace payments of fund contributions. With respect to employee care, EGCO assures a safe working environment and appropriate and fair remuneration and welfare. EGCO supports its people to continuously enhance knowledge and capabilities through internal and external trainings. Employees are encouraged to participate in community and social development activities such as taking part in projects for the communities surrounding the Company and power plants in which EGCO operates its business. Activities between employees and executives are organized to foster good relationship which will further lead to a happy workplace. In 2016, it was the first year that the Company started preparing a survey of employee engagement towards the Company by hiring an external consultant expert in such matter to give advice and apply the survey results for further improvements. The survey results were also extended to develop a communication plan called "HR Communication" to correctly and clearly communicate welfare, benefits, performance assessment, growth, etc. to the employees. With the Company's employee caring, in 2017, there was no dispute or lawsuit between EGCO and employees. Also, there was no accident that caused work absence in all subsidiaries. Details of treatment of employees can be found in "Employee Caring" section.

Customers

As the power generator, distributor and provider, EGCO is strongly committed to operating its business with fair, transparent, accountable, and corruption-free operations by delivering good quality, timely, and reliable products and services to all customers. EGCO also keeps customers' confidential information and shall not use such information for its own or related parties' benefits to enhance sustainable customer relationship.

In 2017, there was no dispute or lawsuit between EGCO or its subsidiaries and the customers. As for the power generating business, EGCO Group could generate the contracted electricity with higher Equivalent Availability Factors (EAF) than that prescribed in the Power Purchase Agreement (PPA) and customers were satisfied with EGCO Group's operations of power

plants. For the maintenance business, EGCO Group's service was rated "excellent" with the average score of 94.99 from the customer's satisfaction survey.

Creditors

EGCO has fairly, responsibly and transparently treated all its creditors by strongly complying with all of the loan provisions and correctly disclosing Company's true financial status. In case that there is any suspected event to affect its creditors, the Company will take immediate action to prevent and correct the matter.

In 2017, EGCO and its subsidiaries fully complied with all the loan provisions and never failed to meet payment terms.

Suppliers and Contractors

EGCO is committed to operating sustainable business by adhering to good corporate governance principles to ensure equality, fairness, strict compliance with contracts or conditions as agreed, efficient, transparent, and accountable management system, and non-involvement in all forms of corruption by following the anti-corruption policy alongside responsibility towards the community, society, environment, and all stakeholders.

EGCO places importance on screening and monitoring suppliers and contractors to ensure that its suppliers and contractors conduct their business based on good corporate governance principles and give priority to fair treatment of labor and respect for human rights. EGCO has developed a "Code of Conduct for EGCO's suppliers and contractors" aiming at informing suppliers and contractors of its commitment to operating sustainable business by holding to good corporate governance principles. This is to ensure fair business management and efficient and transparent management system, and promote its suppliers and contractors to conduct business in an ethical manner in terms of anti-corruption, corporate social responsibility, human rights, and occupational health and safety as well as taking into account sustainable impacts on the environment. Suppliers and contractors are required to sign the Code of Conduct during the procurement process. In 2017, there was no dispute or lawsuit between EGCO or its subsidiaries and the suppliers and contractors.

Competitors

EGCO conducts its business ethically on a transparent, accountable, and corruption-free basis. The Company does not employ an inappropriate approach to gain confidential information of its competitors such as offering a bribe to the competitors' employees and attacking competitors' reputation with false allegations.

In 2017, there was neither dispute nor lawsuit between EGCO or its subsidiaries and the competitors.

Community and Society

EGCO Group operates its business with strong commitment to the community and society, especially in which the Company is located. As stated in the Company's mission to become a good and caring citizen, it is therefore the duties and responsibilities of all executives and employees to disclose truthful and up-to-date information, create a benevolent working environment with respect to local norms, traditions, and culture as well as participating in improving good quality of life to make a local community and society a pleasant place to live. This will eventually lead to sustainable development of the society at large. Since its establishment, EGCO has continuously executed various community and social contribution projects and activities which can be categorized in 3 main areas; namely the development of the quality of life for local communities surrounding power plants, the promotion of energy and environment, and the watershed conservation. There were 84 community and 1 social contribution projects. EGCO has also launched a quarterly newsletter "Sukjai" as one of the communication channels to strengthen good relationship with the communities surrounding its power plants as well as supporting the operation of Thai Rak Pa Foundation which was established to promote the sustainable watershed conservation conducted in collaboration with alliance networks from all sectors. In 2017, Thai Rak Pa Foundation expanded its operation from conservation to participation in watershed restoration by supporting watershed conservation of communities in approximately 72,000 rai of watershed forests in Doi Inthanon National Park, Chiang Mai Province and expanding its operation to watershed forests in the southern part of the country in Khao Luang National Park, Nakhon Si Thammarat Province and the northeastern part of the country in Lam Pa Thao watershed area, Chaiyaphum Province. EGCO carried out 2 projects of 1,300-rai watershed forest restoration within 5 years, namely the forestation and income generation project in the area of 1,000 rai in Mae Cham District and the Pa Pu Long forest restoration and spring conservation project in the area of 300 rai.

In 2017, there was neither dispute nor lawsuit between EGCO or its subsidiaries and people in the communities surrounding power plants and NGOs. However, nearby communities made complaints on smells from the Municipal Solid Waste-to-Energy power plant in Hat Yai Province. The problem was due to the fact that actual conditions of waste were considerably different from those previously explored before the project commencement. GIDEC therefore had to continuously improve various systems to solve the problem, whether to improve the engines to match the conditions of waste, waste sorting system, and combustion process to control pollutants in accordance with the standards and ensure constant monitoring.

3.2 Observation of Human Rights

The Company requires that its directors, executives and employees fully respect for human rights, laws, and traditional and cultural differences as follows:

- The Company treats all employees with respect and honor. It provides communication channels for employees to submit work-related inquiries, recommendations and complaints which will be seriously considered. The solution to the problem will then be given in order to benefit and promote pleasant working relations among all concerned parties.

- The Company encourages all employees to exercise their rights of citizenship in accordance with the constitution and relevant laws.
- Employees' personal information shall be kept confidential. Disclosure or transfer of personal information such as employees' biodata, health record, working experience, etc. without the permission of such employee is considered a violation of the Code of Conduct and may result in disciplinary action except when it is done in accordance with the Company's regulations or legal requirements.
- The Company does not support the violation of human rights and any frauds.
- Employees must refrain from any deliberate discrimination or harassment in word or action against others on the basis of race, gender, religion, age, and physical or mental disability.

In addition, EGCO Group has defined clear guidelines for staff employment both for the Company and its business partners to strictly conform to the Labor Act of Prohibition of Child Labor or Abusive Hiring. Also, the working process and environment are carefully designed to give priority on safety and occupational health issues. In the previous year, there was neither report nor complaint on the violation of human rights.

EGCO has established a Welfare Committee to accept opinions and recommendations that are beneficial and necessary for the current situation. Such opinions and recommendations are implemented for further improvements of employees' benefits and welfare.

3.3 Intellectual Property or Copyright

EGCO has a policy to comply with the laws on intellectual property or copyright. Careful checking is required before using the work or information that belongs to the third party so as to prevent the violation of intellectual property of others. Moreover, the Company has set practice guidelines for using personal computers and Company's notebooks and desktop computers. Employees must comply with copyright law to prevent violation of intellectual property and apply only software permitted by the Company. Also, they must not download or upload prohibited software via the Internet. The Information Technology Division, which is responsible for maintaining information technology, has required employees to sign a policy and procedure acknowledgement form every time new computers are installed.

3.4 Anti-corruption

The Board places importance on good corporate governance within the management framework of ethics, transparency, and accountability. The control, audit, and prevention processes of all direct and indirect forms of corruption are in place. Additionally, the Anti-corruption Measures Manual is established as guidelines for EGCO Group and also published to outsiders.

In 2017, the Board focused on fostering mutual cooperation within EGCO Group to conduct business without corruption. The Board therefore established an Anti-corruption Committee of EGCO Group, comprising representatives from EGCO and Group companies to implement the

Board's policy into practice, communicate and raise consciousness, and foster mutual cooperation among the Group companies to conduct business without corruption. The Board also encouraged and supported its subsidiaries to apply for membership of the Collective Action Coalition Against Corruption ("CAC"). This year, KEGCO, a subsidiary of EGCO Group, applied for membership of CAC and it was now under the consideration for certification of membership.

Moreover, to ensure the same standard of anti-corruption and practice guidelines of the Group companies, the Board has therefore established an Anti-corruption Committee.

Communication and Implementation of Anti-corruption Policy and Measures

- Communication from the President to articulate EGCO Group's business conduct principles by adhering to fairness and transparency and refraining from all types of corruption to foster corporate culture on ethics and integrity among employees on Communication Day (President Meets Employees)
- Key ideas and details of communication in 2017 focused on the implementation of policy into practice through internal communication channels on the Intranet "EGCO Groupnet" and wire broadcasting channel "EGCO Talk" such as video production derived from the viewpoints and ideas of senior executives in different groups to implement the anti-corruption policy and practice guidelines in their responsible jobs and pass on best practices to their subordinates under supervision, and PR posters on the office's bulletin board in the elevators where outsiders can also notice and become aware of EGCO's clear commitment.
- CG talk show under the topic of "Dharma Defeats Corruption" by Phra Maha Sompong Talaputto and Phra Ajarn Worawat Worawatano, preachers, dharma speakers, and hosts of Dharma Delivery program, was held to instill dharma and ethics to employees to prevent and stop fraudulent and corrupt actions. There were 80 employees from the Group companies such as ESCO, EGCO, Headquarters, and Khanom Power Plant participating in the event on Friday, July 21, 2017 at Jitpisoot Meeting Room, ESCO Office, Rayong Province.
- On September 6, 2017, EGCO Group's executives and employees joined "Anti-corruption Day 2017" under the concept of "New Government, Old Corruption", organized by the Anti-corruption Organization of Thailand, and attended the seminar on "New Government, Old Corruption" given by professional speakers from different agencies at Centara Grand at CentralWorld.
- Employees from the Law Division, Procurement and Administration Division, and Corporate Secretary Division participated in the event of "EGAT's 48th Year of Establishment towards Becoming a Clean and Transparent Organization to Carry on the Initiatives and Aspirations of His Royal Father", held at EGAT central office.
- 8 employees from KEGCO attended the Anti-Corruption: The Practical Guide (ACPG) program organized by IOD.

EGCO also joined membership of the Thailand Future Network to instill positive values, raise consciousness, and adjust attitudes and social behaviors in terms of economic, social,

cultural, and environmental aspects by promoting a “Don’t Let Anyone Say that Bad Things about Thais” campaign, collectively organized by the Office of the Permanent Secretary, the Public Relations Department, the Advertising Association of Thailand, the Internal Security Operations Command (ISOC), the Thai Chamber of Commerce, and the Thailand Sustainable Development Foundation.

Whistleblowing

EGCO has made available channels for whistleblowers, including employees and other stakeholders, to report on any suspected violation of law or Code of Conduct or fraudulent behavior or wrongful conduct of a person in the organization. A mechanism for the protection of whistleblowers and accused persons is also put in place. To ensure whistleblower’s trust, information obtained from whistleblowers will be kept confidential and known only among responsible parties. The complaint matters are as follows:

- Wrongful act against relevant laws, rules, or regulations and business ethics
- Corruption and bribery
- Suspected actions that may involve money laundering, wrongful actions related to accounting, finance, control and auditing

Whistleblowing channels and procedures: The whistleblower can report via 2 channels:

- Channel 1: by email to one of the following committees:
 - The Audit Committee at auditcommittee@egco.com
 - The Good Governance Working Committee at GoodGovernance@egco.com
 - The Board of Directors at directors@egco.com
- Channel 2: by post addressing one of the committees at the following address:
Electricity Generating Public Company Limited, EGCO Building, 222 Vibhavadi Rangsit Road, Tungsonghong, Laksi, Bangkok 10210

EGCO has set whistleblowing process, protection of whistleblowers and those being accused, penalty consideration, and clue reporting, and clearly published such details in the Anti-corruption Measures Manual. In 2017, EGCO received no significant complaint raised by both insiders and outsiders.

Monitoring, Reviewing and Assessment

The Anti-Corruption Working Committee is responsible for monitoring, reviewing and assessing risks on a yearly basis. When new risks are identified, the Working Committee shall prepare a prevention plan and guidelines to control such risks and report to the Audit Committee who is responsible for overseeing the implementation of anti-corruption measures and reviewing measures and related internal control activities. Moreover, the Internal Audit Division is responsible for reporting wrongdoings or violations of the Company’s Code of Conduct to the Audit Committee on a quarterly basis. The Audit Committee then reports such matter to the Board through the Audit Committee’s report which is included in the agenda of the Board Meeting at all times.

In 2017, The Audit Committee found no significant complaint related to fraud and corruption.

Anti-corruption Plan in 2018

EGCO still has a policy to promote EGCO Group companies to be certified as members of CAC. The policy is communicated to EGCO's subsidiaries by its representatives holding director and management positions in the Group companies. EGCO has also set goals to have all of its subsidiaries certified as CAC's members. In addition, the Board has approved that EGCO takes part in encouraging business partners in the supply chain to adhere to the anti-corruption policy and practice guidelines via business partner relations activities and is recertified for CAC membership on a continuous basis.

3.5 Social and Environmental Responsibility

As Thailand's first large private power producer, EGCO is committed to driving its business progress and sustainability. EGCO has not only carefully operated its business to support sustainable corporate growth, but also realized that environmental and social sustainability is the key to success. It has clearly set in its vision and mission the commitment to social responsibility as part of its role and responsibilities as the good corporate citizen. It will select power generating technology that effectively controls possible impacts on the environment and society arising from climate change and global warming; and strictly comply with laws and standards related to the environment in order to control pollution and waste, fairly treat stakeholders, and be involved in social development activities in the communities surrounding the power plants and operate business with good governance to ensure efficient, fair, transparent, and accountable operations. Such measures will not only enhance confidence among shareholders, stakeholders, and all concerned parties, but also promote sustainable growth and increase long-term competitiveness. EGCO has reported the details of progress of social and environmental responsibility activities in the "Responsibility towards the Community and Society and the Responsibility towards the Environment sections."

3.6 Communication Channels

All stakeholders can raise their opinions, recommendations, and other concerns non-related to anti-corruption to EGCO via the following channels:

Channels	Electronic mails	Telephone numbers
Board of Directors	directors@egco.com	-
Audit Committee	auditcommittee@egco.com	-
Corporate Secretary	cs@egco.com	0 2998 5020-5
Corporate Communications Division	corp_com@egco.com	0 2998 5130-7
Investor Relations Unit	ir@egco.com	0 2998 5147, 5150, 5165

The mailing address is Electricity Generating Public Company Limited, EGCO Tower, 222, Vibhavadi Rangsit Road, Tungsonghong, Laksi, Bangkok 10210.

The Corporate Secretary is responsible for receiving documents sent to the Board and then forwarding them to relevant committees or directors. Issues and recommendations will be summarized and submitted to the Board on a quarterly basis, except for documents addressing the Audit Committee which will be directly forwarded to the Audit Committee without screening. Electronic mails sent to auditcommittee@egco.com can be accessed solely by the Audit Committee.

4. Information Disclosure and Transparency

In 2017, the Board reviewed and improved the information disclosure policy and practice guidelines to be aligned with rules and regulations of regulatory agencies, SEC's good corporate governance principles, and revised criteria for assessment of good corporate governance as well as accommodating changing circumstances and corresponding to the roles of communication technologies and online media. The information disclosure policy and practice guidelines cover written information prepared in both Thai and English and non-written information and communication methods used by EGCO such as meetings, conference calls, interviews, and all communication channels including online media like websites and Facebook. The revised policy and practice guidelines were as follows:

4.1 Information disclosed

The Company must disclose both financial and non-financial information which refer to the information prescribed by laws and regulatory agencies and the information affecting shareholders' decisions, changing of business, operations, stock price, reputation, and corporate image.

Significant information includes:

1. Acquisition and disposition of assets, entering into agreements, joint ventures and mergers;
2. Report on the Company's operating results such as quarterly and annual financial statements, Management Discussion and Analysis; and
3. Non-financial significant information such as business objectives, goals, and strategies, shareholders and rights of shareholders, remuneration of Board and executives, employees and remuneration of employees, connected transaction policy and measures, measures for internal information management, etc.

4.2 Practice Guidelines for Information Disclosure and Confidentiality of Different Types of Information, including:

1. Disclosure of Material Non-Public Information
2. Disclosure of Forward Looking Information
3. Disclosure of Material Public Information
4. Disclosure of Non-Material Information
5. Disclosure of Information Affecting Business or Competition
6. Disclosure of Irregular Information such as rumour and data leakage
7. Disclosure of Information via Online Social Networks

4.3 Information Disclosure Channels

EGCO constantly updates significant information via the following channels:

- Regulatory agencies: SET's website (www.set.or.th) and SEC's website (www.sec.or.th)
- Shareholders, individual investors, securities analysts, and institutional investors
 - Press Conference to investors and analysts
 - Road Show
 - Company visit
 - Delivery of meeting notice by post
- Mass media: PR news, newspaper, advertising media, journals, and television
- Online media
- Annual report and Form 56-1
- Management Discussion and Analysis
- EGCO's website at www.egco.com

4.4 Responsible Units and Persons for Information Disclosure

- Responsible units for information disclosure
 - Corporate Secretary Division: To SEC, SET, and major shareholders
 - Investor Relations Unit: To minor shareholders, securities analysts, institutional investors, and individual Investors
 - Corporate Communication Division: To media, NGOs, and general public
- Responsible Persons for Information Disclosure
 - President
 - Senior Executive Vice President, Accounting and Finance Group
 - Senior executives assigned by the President

4.5 Information Disclosure of Concerned Units

In 2017, EGCO continuously and regularly communicated information and activities under the communication plan as in line with EGCO's strategies and business directions and took into account the quality of disclosed information via different units as follows:

Investor Relations Unit

The Investors Relations Unit is responsible for equally and fairly communicating to all institutional investors, shareholders as well as analysts and consistently sets its annual investor relations plan. Considering that equitable treatment of shareholders is very important, EGCO has provided information with duly care to ensure that all stakeholders equally receive the information. The quiet period, when no information or answer to questions related to performance forecast is given to analysts and investors, is 14 days before releasing the financial statements. In case earnings preview is arranged before disclosure of financial statements, EGCO will get it completed before the quiet period.

To ensure adherence to Principle 7: Ensure Disclosure and Financial Integrity of SEC’s CG Code, the Board assigned the Investor Relations Unit to develop a Code of Conduct for EGCO’s Investor Relations Practitioners as a framework and practice guidelines for investor relations practitioners. Significant issues were as follows:

1. Disclosure of significant and necessary information in a correct, adequate, and timely manner
2. Protection of internal information
3. Disclosure of information in a fair and equitable manner
4. Performance of duties with integrity

EGCO also emphasizes information disclosure via investor relations activities. The executives have participated in the activities by presenting information and meeting with investors in order to create a good understanding towards the Company’s management, foster good relationship with investors as well as encouraging continuous exchange of opinions. The main activities in 2017 were as follows:

Activities	Number of Activities
Quarterly analyst meeting	4
Shareholders and investors’ visit to Lopburi Solar Power Plant	2
Analysts and institutional investors’ visit to Xayaburi Hydro Power Plant	1
Seminar and meeting with domestic and foreign investors and securities analysts	14
Communication via emails / phones	8-10 times per day
Preparation of “Life” quarterly newsletter as a channel to communicate with shareholders on the Company’s significant activity and performance	4

In this regard, activities for investors and shareholders are stated in the 2017 Highlight Performance: Activities for Shareholders and Investors section.

Corporate Communications Division

The Corporate Communications Division is responsible for communicating the Company’s movements, activities and cooperation with other organizations to all media and the public. Major events in 2017 included 2 sessions of press conference on its operating results, business direction and progress on projects, 3 sessions of press interview and meeting with senior executives, 1 activity on environmental conservation for the media, and 20 pieces of published public relations news and articles.

Corporate Secretary Division

The Corporate Secretary Division is responsible for disclosing information as required by SET and SEC in a correct, complete, and transparent manner and proceeded through procedures. In 2017, 26 notifications were submitted to SET.

EGCO ensures that the information appeared on the website is always correct, complete, and up-to-date.

Efficiency of information disclosure is assessed by questionnaires every time the meetings with shareholders, investors, and analysts are held as guidelines for improvement of efficiency of information disclosure and investor relations affairs. In addition, EGCO delivers a feedback form on annual report together with the annual report and notice of the shareholders' annual general meeting to inquire about the quality of annual reporting, additional documents needed, and questions to be answered by directors and executives in the next shareholders' annual general meeting. In this regard, the Company receives positive feedback from shareholders.

4.6 Financial Statement Preparation

EGCO is responsible for preparing financial reports that are accurate, complete, and transparent and protecting the Company's assets against loss or utilization of unauthorized persons, and preventing corruption and unusual operations to be in line with Thailand's generally accepted accounting standards and relevant laws and regulations as well as enhancing stakeholders' confidence in financial reports. The Board has then assigned the Audit Committee to oversee preparation of EGCO's financial reports which must be correct, complete, and in compliance with relevant laws and notifications, and regular implementation of appropriate accounting policy. The Audit Committee requires a meeting with the auditor, without the presence of the management, at least once a year to inquire and seek opinions from the auditor on matters related to financial reports. The Board also prepares a report on the Board's responsibility towards the financial reports which covers significant matters according to the SET Code of Best Practice for Directors of Listed Companies as shown in the auditor's report in the annual report. In 2017, EGCO appointed auditors from the PricewaterhouseCoopers ABAS Ltd., who were professional experts with independence and impartiality, and experience in accounting audit, as the Company's auditor to enhance confidence among the Board and shareholders that the Company's financial reports reflected true, correct, and reliable financial status and business performance in all aspects.

EGCO also prepares a Management Discussion and Analysis to provide analytic information on the Company's financial status, business performance, and major changes to investors and securities analysts on a quarterly basis. This report is submitted via SET portal along with the Company's financial statements.

Moreover, the International Standard on Auditing (ISA) 720 (Revised), the Auditor's Responsibilities Relating to Other Information prescribes that the auditor shall read and consider other information such as financial and non- financial information (other than the financial statements and the auditor's report) which is included in the Company's annual report to ensure that the materiality appeared in other information and financial statements, and knowledge gained from the auditing of auditors does not significantly contradict the facts. Then, the financial reports prepared by the management, the report of the Board's responsibilities for the financial reports, and the auditor's report are correct, reliable, and consistent.

It should be noted that EGCO has never been demanded by SEC to restate the financial statements. In addition, the Company has disclosed quarterly and annual financial statements to shareholders and investors before the due date.

5. Responsibilities of the Board of Directors

5.1 Roles and responsibilities of the Board of Directors

Duties of the Board of Directors

All Board members completely understand their duties and responsibilities as well as EGCO's nature of business. They shall perform their duties with honesty, prudence, care and for the utmost benefits of the Company and fairness to all shareholders. Directors shall exercise their independent judgment and devote considerable time in performing their duties in accordance with the Company's good corporate governance principles. Directors also play significant roles in formulating corporate policy, vision and mission by working closely with the management in setting both short-term and long-term strategies and monitoring the implementation of corporate strategies as follows:

- Formulate a risk management policy, a business plan and an annual budget, and monitor the Company's performance as well as approve major investments, acquisition and disposal of assets
- Recruit, set the remuneration rate, monitor, and (if necessary) change the key management personnel as well as inspect the management succession plan
- Review the remuneration rate of directors and senior executives and ensure that the Board of director nomination process is conducted officially and transparently.
- Monitor and resolve conflicts of interest which may incur among the management, directors and shareholders as well as ensuring an independent audit, appropriate internal control system, risk monitoring, financial control, and legal compliance.
- Monitor the effectiveness of the existing corporate governance working methods and implement changes if necessary.
- Monitor the information disclosure and communication processes
- Conduct a self-appraisal on performance annually and declare its duties and responsibilities in the annual report

EGCO has 4 subcommittees with different areas of responsibilities according to their knowledge and expertise to help screen clearer job descriptions. The 4 subcommittees are

1. Audit Committee
2. Investment Committee
3. Nomination and Remuneration Committee
4. Good Governance and Social Responsibility Committee

Nomination, Selection, and Termination of Directors

The Board realizes that Board composition contributes to its efficient and effective performance of duties to oversee the Company. Criteria and procedures of nomination of qualified persons have been established to ensure that the appointed directors have qualifications, knowledge, competence, experience, independence, and time dedication. The Board has defined qualifications of EGCO's directors as follows:

1. General qualifications
 - 1.1 Not over 72 years of age
 - 1.2 Hold a maximum of 3 directorships in SET listed companies
 - 1.3 Have qualifications required by laws, relevant regulations, and the Company's articles of association
 - 1.4 Exhibit integrity, responsibility, and maturity
 - 1.5 Raise comments and suggestions freely without influence and interference from others
 - 1.6 Dedicate full time in overseeing the Company
2. Specific qualifications, comprising necessary skills beneficial for corporate governance which will enable the Company to fulfill the strategic plan and goals, namely:
 - 2.1 Power, energy, and engineering business
 - 2.2 Accounting, finance, economics, and business administration
 - 2.3 Law and political science
 - 2.4 Strategic and business planning
 - 2.5 Corporate governance, internal control, and risk management
 - 2.6 Human resource management
 - 2.7 Information technology

The nomination procedures are as follows:

1. The nomination of directors will be based on a list of persons nominated by shareholders as the Company grants shareholders the right to propose director nominees, names of current directors, names of director candidates selected by external consultants, and IOD's Director Pool.
2. The Nomination and Remuneration Committee is responsible for screening all director nominees by considering qualifications and skill matrix the Company needs and still lacks of, to support strategies and objectives, and create challenges for the Company's success. The Committee also takes into account diversity of directors in terms of sex, age, knowledge, competence, experience, and expertise in necessary areas.
3. The Board will consider the re-selection of directors retiring in rotation based on directors' past performance and appraisal results.
4. The Nomination and Remuneration Committee will propose a name list of all qualified director candidates, whether being directors as representatives of shareholders or independent directors, to the Board for appointment in case of a vacancy from any other reasons than the retirement by rotation and to the shareholders' meeting for appointment in case of completion of term of office.

The Board will review the Board structure and composition on a yearly basis.

The Board, appointed at the AGM, comprises no less than 5 directors and no more than 15 directors. No less than half of the directors must have residence in the Kingdom of Thailand. In case of a vacancy from any other reasons than the end of term, the Board shall select a qualified candidate in the next meeting with three-fourths majority votes of directors remaining in office. At each AGM, one-third of the directors shall retire by rotation. If the total number of directors cannot be evenly divided into 3 parts, the number should be closest to the ratio of one-third. In case any director intends to resign from the Company, he or she must submit a resignation letter which will be effective on the date the Company receives the letter.

In order to vote for the early retirement of any director before the end of term, there shall be no less than four-fifths of the votes of shareholders attending the meeting and entitled to vote.

Term and Age Limit

EGCO abides by the Public Limited Company Act B.E. 2535 which prescribes that one-third of the directors shall retire by rotation at the AGM. EGCO also specifies the office term of independent directors to be no more than 2 terms or 6 years to maintain the independence of independent directors from the management and shareholders as in line with the best practices, effective from the 2016 AGM date onwards. A director shall be no older than 72 years on the date of appointment. In case the director has already been 72 years old while in office, he or she can remain in office until the expiry of the term.

In 2017, none of EGCO's independent directors served the Company more than 2 terms or 6 years.

Segregation of Authority and Responsibility

The Board has clearly separated the formulation of a good governance policy, which is the Board's duty, from routine management, which is the duty of the management. A Table of Authority (TOA), as approved by the Board, was therefore set as practice guidelines that the Board would not intervene in any routine work or business carried out by the management under the President's responsibility.

Policy and Practice in Holding Directorships in Other Companies for Directors and Executives

The Board places importance on performance efficiency of directors. To allow directors to dedicate full time in governing the Company's businesses, the Board has therefore established a policy to limit the number of other listed companies that a director can hold a position. A non-executive director can serve as a director in no more than 3 other listed companies while an executive director can serve not more than 2 listed companies. Currently, none of the directors hold a position in other listed companies in excess of the required number.

Leadership towards Strategic Plan

The Board is involved in setting corporate vision, mission, strategies as well as goals and short-term and long-term business plans which are revised on a yearly basis. The Board and the management participated in the corporate strategy seminar on August 19, 2017. The management gathered the Board's opinions and recommendations to formulate short-term and long-term strategic plan that best addressed the current situation, current and future business challenges, and the Company's risk management as in line with the Company's vision and mission. The corporate strategic plan incorporated the concept of sustainable management, including business, social, and environmental strategies and action plans, and good corporate governance to ensure sustainable growth and responsibility towards stakeholders.

At the same time, the Company has set its goal to be an energy company in Asia-Pacific region and maintain the return on equity (ROE) at a minimum of 10% by implementing the following 3 strategies:

1. Business Strategy
 - 1.1 Investment in and seeking new opportunities to acquire operating assets in both Thailand and Asia-Pacific region to immediately recognize revenue
 - 1.2 Financial management, maintenance of adequate liquidity, and financial risk reduction
 - 1.3 Asset management and management of projects under development to be completed as scheduled and budgeted
 - 1.4 Organizational management and human resource management to accommodate business expansion
2. Social and Environmental Strategies, promotion of community development, and efficient use of resources in power generation
3. Good Corporate Governance Strategy
 - 3.1 Raise good corporate governance to be equivalent to global standards by holding to ASEAN CG Scorecard and improve corporate governance in the Group companies
 - 3.2 Develop and promote CG practice guidelines in the Group companies

For long-term goals, the Company will develop Greenfield projects to drive sustainable progress, expand more businesses overseas especially in the countries where the Company has already had its business base, including the Philippines and the Lao People's Democratic Republic, Indonesia and Australia. The Company will also consider new opportunities to invest in other Asian countries, including Myanmar, Vietnam, and India as well as set its goal to develop and invest more in renewable energy power plants by 30% of the total number of EGCO Group's power plants in the next ten years or 2026. The Board has also planned to expand its investments in related energy such as LNG business and utilization of Rayong power plant areas such as development of Rayong power plant areas into industrial estates. The Board strives to strengthen corporate management especially in developing employees' potential and capabilities so that they become skillful and have expertise supporting of business growth to be prepared for becoming an energy company in Asia-Pacific region.

Once the Board has approved the strategic plan, the management prepares an annual action plan, budget, and manpower as in line with the strategic plan which will then be submitted to the Board for approval. The management has also reported the progress of implementation of annual action plan to the Board on a quarterly basis.

Additionally, the Board has set the Corporate KPI on an annual basis which should be monitored and reported to the Board every 6 months. The Company's performance is overseen regularly by the Board. The management is assigned to report monthly in the Board's meeting for acknowledgement.

The President has also communicated the Company's strategic plan and goals to all employees on "Communication Day", enabling all employees to acknowledge the Company's operation plan and each division's responsibility leading to effective implementation and goal achievement.

Compliance

EGCO oversees its operations through two responsible units, namely (1) Compliance unit under the Corporate Secretary Division, responsible for overseeing EGCO and the Board's compliance with the Securities and Exchange Law, rules, regulations, and notifications of SET, and (2) Law Division, responsible for overseeing compliance with relevant laws.

Internal Control and Internal Audit

The Board has clearly determined duties, responsibilities, authority of executives and employees in writing. Authority is appropriately segregated to ensure checks and balances and safeguarding of the Company's assets for actual benefits. EGCO also sets a correct and timely financial report system. Moreover, EGCO's Internal Audit Division, with Mr. Natthanont Meesooksabai as Senior Vice President of Internal Control Division and Secretary of the Audit Committee, is responsible for auditing EGCO and its subsidiaries in Thailand and overseas, and providing advice to related units to mitigate operational weakness while strengthening preventive auditing practice. The Internal Audit Division reports its performance directly to the Audit Committee that is responsible for approving the internal audit plan, appointing, terminating, appraising the performance of Senior Vice President of Internal Audit Division in order to ensure operational independence, and preparing an Internal Audit Division report.

EGCO emphasizes on enhancing the capabilities of internal auditors regularly through in-house and outside seminars so that they can share their knowledge, experience, and opinions with professional internal auditors within EGAT's Group companies. EGCO encourages all employees in the Internal Audit Division to attend certification programs organized by the Institute of Internal Auditors of Thailand (IIA) such as Certified Internal Auditor (CIA) and Certified Professional Internal Auditor of Thailand (CPIAT). The employees in the Internal Audit Division attended trainings and seminars as follows:

1. Consulting Activities, Skills, Attitudes, organized by IIA
2. Annual seminar in 2017 under the topic of Unmasking Risk Management Strategy for SMEs
3. Sustainability in Thailand 4.0 Revolution, organized by IIA
4. Audit Report Writing, organized by IIA
5. COSO 2017, organized by Thammasat Business School
6. Major tax benefits in 2017, organized by CU Alumni Association
7. CG camp 1 and 2, organized by the Human Resources Division in collaboration with the Corporate
8. Secretary Division
9. Team Excellence for VP, organized by the Human Resources Division

Appointment and Remuneration of Auditor

The Audit Committee is responsible for selecting, nominating and terminating the Company's independent auditor, as well as determining the audit fee which afterwards have to be finalized and approved in the AGM. In 2017, the Board and the Audit Committee considered that the auditors from Pricewaterhouse Coopers ABAS Co., Ltd. ("PwC") performed their duties with professionalism, independence, impartiality, auditing experience especially in power generation business and auditing consistency, and knew all the Group companies very well. PwC also provided good audit services, gave beneficial advice, achieved a satisfactory standard of auditing, and delivered auditing work quickly and punctually. Moreover, PwC, as a well-known audit services provider using international standards on auditing, was widely recognized and had its accounting and auditing offices located in the countries in which EGCO invested in businesses. It was therefore deemed appropriate to appoint PwC as EGCO Group's auditor for the year 2017 and determine the audit fee for the year 2017 of 3,344,500 Baht and other actual expenses incurred from the audit performed in Thailand of not exceeding 175,000 Baht. The Company assumed responsibility of actual travel expense payment, incurred from the audit performed in the countries in which the Company invested in businesses, as deemed appropriate. In the 2017 AGM, the meeting mutually approved the appointment and remuneration of auditor as proposed by the Board. Moreover, the Board in the meeting no. 13/2017 on December 18, 2017, approved to expand the terms of reference for hiring auditor for the audit of financial statements for the year 2017 of 2 new projects implemented during the year, by determining an increase of the audit fee to 524,000 Baht and the Company assumed responsibility of actual travel expense payment, incurred from the audit performed in the countries in which the Company invested in businesses. This was proceeded according to the resolution of shareholders' meeting that had authorized the Board to approve the audit fee of EGCO's subsidiaries, associate companies, and newly formed joint ventures during the year.

Risk Management

The Board entrusts the Audit Committee to work with executives in reviewing the risk management policy, implementation and guidelines of EGCO Group under corporate goals of satisfactory return, growth and corporate excellence. EGCO presents a risk management report, issues, and recommendations to the Audit Committee on a quarterly basis and to the Board regularly for consideration the adequacy of risk management system and effectiveness of risk

management so that strategies, plans, and measures can be adjusted promptly. Recognizing the importance of risk management on EGCO Group's corporate governance, the Board thus approved the development of new organizational structure in 2017 by separating risk management and assessment tasks from the Planning Division and establishing a new division, namely Risk Management Division, to monitor risk management operating results throughout the organization in alignment with EGCO Group's policy and guidelines as well as conducting a risk assessments and report the results to related committees pursuant to each committee's responsibility. The Risk Management Division then reports to the Executive Vice President-Asset Management under the supervision of the Senior Vice President-Strategy and Asset Management Group.

EGCO has established a risk management framework as follows:

- A Risk Management Committee comprises EGCO's management with the President as the Committee Chairman. The objectives are to formulate an overall policy and monitor risk management of EGCO Group; to closely monitor and assess the risk management implementation; and to report to the Audit Committee and the Board. Each power plant also has its own Risk Management Committee to monitor and manage its own risks; and to better address the overall policy and business condition of each power plant.
- Risk management is under the Risk Assessment Division to ensure that it efficiently addresses EGCO Group's current business circumstances as well as collaborating with risk owners and Internal Control Division in risk management and presenting a risk management report to the Risk Management Committee and the Audit Committee on a quarterly basis.
- Risk management is embedded into the work process. The Company assesses risks from internal and external factors that may affect goals and risk probability and impact, establishes risk mitigation measures, develops operational plans to manage such risks, and raises awareness of risk management within the organization as part of the corporate culture, enabling all employees to be aware of risk management in their operations.

EGCO Group has adopted the risk management policy and manual as the Company's guidelines since 2001 and reviewed the risk management policy on a regular basis. In 2017, the Audit Committee viewed that such policy was still appropriate. The Board, in the meeting no. 12/2017 on November 29, 2017, determined EGCO Group's risk management philosophy to be applied throughout the organization and in accordance with the COSO Enterprise Risk Management Integrated Framework. Risk management assessment is also included as one of the elements for internal control assessment. The results of the 2017 assessment indicated that EGCO Group appropriately implemented risk management system. More details can be found in the "Risk Factors" section.

Conflicts of Interest

The Board has a policy to avoid conflicts between personal interest and corporate interest, which is prescribed in the good corporate governance principles, to be used as practice guidelines as follows:

- Directors or employees intending to serve as directors or advisors of other companies or organizations shall not have any conflict of interest with the persons' direct responsibility and shall inform the Board before engaging in any organizations.
- Directors shall promptly notify the Board of conflicts of interest (if any) in details and refrain from participating in the discussion or voting on such matter; or shall be absent from the meeting on such agenda; or shall not request documents relating to the meeting; or resign from the Board.
- Directors and executives shall report any changes in their securities holdings to the regulatory agency. The Corporate Secretary is assigned to report the security holdings of directors and executives at the Board meeting. Directors and executives shall also report their own and related persons' interests to the Company. The Corporate Secretary will use the information as reference to monitor and ensure that directors and executives perform their duties with integrity. The Corporate Secretary has to submit a copy of the report to the Chairman of the Board and Chairman of the Audit Committee for acknowledgement.
- Employees shall not borrow money from the Company's business partners, individuals, or juristic persons who have business with the Company, except from the financial institutions, as it may have an impact on the employees' performance as the Company's representatives.
- The steps for entering into a connected transaction as well as clearly disclosing such transaction shall be strictly executed as required by SEC's and SET's notifications. The Corporate Secretary shall verify the type of transaction and the approval authority and then submit the reports to the Audit Committee for acknowledgement.

EGCO also assigns the Audit Committee to consider and provide opinions on connected transactions by considering the appropriateness of transactions and comparing each item with transactions made with other outsiders. The Audit Committee is required to present the information and opinions to the Board and/or shareholders for consideration based on the criteria set by SET and the Capital Market Supervisory Board. The Committee shall ensure that information disclosure is complete to confirm all related parties that the connected transactions are made based on the best benefits of the Company and its shareholders.

Overseeing the Operations of Subsidiaries and Associate Companies

In order to ensure that EGCO Group's holding business operations meet the policy, goals, and appropriate returns for shareholders, the Board has set rules for overseeing subsidiaries and associate companies in writing as guidelines to monitor the Group companies with the following details:

1. Monitor EGCO Group companies' operations through appointed representatives who serve as directors or shareholders of its subsidiaries and associate companies. The appointment of the representatives shall be approved by the Nomination and Remuneration Committee.
2. Specify the roles and duties of EGCO representatives as follows:
 - 2.1 Monitor the preparation of guidelines for the management of subsidiaries or associate companies for scrupulous and efficient operations

- 2.2 In case of any major events, EGCO Board has the right to approve such matter with the exception of urgent cases which shall be firstly proposed to the Board for acknowledgement.
- 2.3 Propose the following matters to EGCO Board for approval prior to execution
- Nomination and removal of the President and Senior Executive Vice President
 - Determination of President's remuneration
 - Preparation, improvement or change of important rules
 - Capital increase or decrease
 - Business operations of the Company's new investments
 - Business operations affecting or competing with the business of EGCO or Group companies
 - Expansion of business operations other than core business
- 2.4 Require the management to report on business performance and major events of the Group companies which are included as an agenda for acknowledgement in the Board meeting.

5.2 Board Meeting

To ensure its responsibility towards the shareholders, the Board has reviewed significant business policies and corporate calendar and come to a mutual agreement to hold a monthly meeting. An extra meeting can be organized if there is any major unplanned event. The Board can authorize subcommittees to screen or approve the management's activities within the delegated authority. The Board has included business performance report as one of the meeting agenda items for the Board meeting in order that the Board can follow up with the business progress and provide their recommendations in case of any deviation from the approved plan or budget.

The Board sets meeting dates and agenda for the entire year in advance to enable directors to allocate their time to attend all meetings. The Chairman and the President jointly consider and select meeting agenda items while each director can propose an agenda to the Chairman and discuss independently at the meeting. The Board meeting notice is delivered to directors at least 5 days in advance except in an urgent case to preserve the rights or benefits of the Company. All meeting documents with sufficient information will be sent to the directors in advance to allow adequate time to contemplate the information. The agenda is set according to the priority; namely, follow-up matters, matters for consideration and matters for acknowledgement, to optimize the meeting time for the Board. The quorum requires no less than two-thirds of the total number of directors to pass resolutions. However, a director who has a potential conflict of interest shall not receive any related document and shall not take part in any Board discussion on that topic as well as voting on such item.

The Chairman shall allocate adequate time for the management to present matters and for directors to carefully discuss significant issues. The meeting minutes are prepared in writing. After the meeting, the secretary of the meeting shall prepare the Board's resolution and submit to the Board within 3 days to confirm the meeting resolutions. Then the draft minutes of meeting are submitted for the Board's review within 14 days after the meeting and prior to the

approval in the next Board meeting. As such, the approved meeting minutes and agenda documents are kept systematically as confidential document at the Corporate Secretary Division in both hard copy form and electronic form in order to be convenient for accessing. It is the directors' responsibility to attend every meeting, unless they have valid reason for their absence. In 2017, the Board held a total of 13 meetings. Each meeting lasted approximately 2.5 hours and the attendance rate was around 95.39%.

Since some of EGCO's directors do not reside in Thailand; therefore, the Group has established the policy to allow those directors to attend meetings through teleconference in order that EGCO can benefit from their opinions and recommendations. However, this type of attendance is not considered the meeting quorum and those who attend the meeting via teleconference do not have the right to vote. In 2017, there was no teleconference.

The Board encourages the President to invite Senior Executive Vice Presidents to attend all Board meetings. Other executives are also welcomed to join the meetings to provide insights and additional information on the related agenda item. This, in turn, enables the Board to know each executive better and subsequently can use this useful information for the succession plan. The Board can also request for additional important information from the President, the Corporate Secretary or other executives within the extent of the established policy. The Board and subcommittees can hire independent advisors for the benefits of the business at the Company's expenses. To provide an opportunity for directors to freely discuss and share opinions on various issues which will bring greater benefits to the Company, the Company held a Board meeting without presence of executives at least once a year; this year, such Board meeting held on August 18, 2017. The Board discussed and approved guidelines for appointment and change of senior executives as in line with EGCO's strategic plan and succession plan to replace the retiring senior executives in the future. The Chairman of the Board communicated the guidelines to the President for acknowledgement and further formulation of strategic plan and operational plan.

5.3 Board Self-Assessment

The Board regularly conducts self-assessment on yearly basis, allowing all directors to jointly consider their previous year's performance and problems for further improvement of the Board's performance efficiency. The Board approved the self-appraisal form reviewed by the Nomination and Remuneration Committee. In 2017, the Board approved the entire board assessment form by giving more weight to the good governance responsibility. The assessment form covers the performance of each area of the Board's responsibility and fits to the Company's business characteristics and conditions, including Code of Conduct and business ethics of the Company. The assessment forms comprise 3 sets, namely the collective self-appraisal form, the subcommittee appraisal form, and the individual self-appraisal form. The following evaluation criteria are calculated in percentage of the total score for each item. The Board self-assessment forms will be sent to the Corporate Secretary to evaluate and conclude a total score. The criteria are as follows:

1. Excellent for the score between 90-100%
2. Very good for the score between 80-89%

3. Good for the score between 70-79%
4. Moderate for the score below 69%

The score results and the Board's recommendations for each category will be implemented for further performance improvement each year.

Collective Self-Appraisal

The collective self-appraisal form comprises 6 topics; namely, (1) Structure and composition of the Board such as the number of directors, the sufficiency of knowledge and experience, the appropriateness of independent director, the appropriateness of executive directors, and the qualifications of each subcommittee; (2) The Board's roles, duties and responsibilities, including consideration of strategic plan, connected transactions, conflicts of interest, corporate governance policy revision and implementation, Code of Conduct, performance appraisal, and remuneration; (3) The Board meetings such as agenda setting and completeness of documents; (4) Director's performance, including regular meeting attendance and participation; (5) The relationship with Management (6) Self-development of directors and executives, including the management's succession plan. The appraisal results showed that the Board performed its duties in compliance with the Company's good corporate governance principles and Code of Conduct, participation in policy, vision and business plan setting, and annual budget preparation. The results also confirmed the appropriateness of the structure and composition of the Board. The Board meetings were held with high efficiency, with average score of 97.58% or "Excellent".

Subcommittee Appraisal

The Subcommittee appraisal comprises 4 committees, namely the Audit Committee, the Investment Committee, the Nomination and Remuneration Committee, and the Corporate Governance and Social Responsibility Committee. Their performance appraisal is a self-appraisal survey conducted in line with the good corporate governance principles and their specific duties and responsibilities of each committee. The appraisal covers 3 areas, namely (1) structure and qualifications of the committee; (2) committee's performance and efficiency; (3) roles, duties and responsibilities of the committee. From the survey result, it could be concluded that the Investment Committee, the Nomination and Remuneration Committee, and the Corporate Governance and Social Responsibility Committee had an appropriate composition and performed their duties as required by the Company's Charter. The details of their scoring were as follows:

- Investment Committee 99.07%
- Nomination and Remuneration Committee 99.28%
- Corporate Governance and Social Responsibility Committee 95.88%

As for the Audit Committee appraisal which is conducted annually, the collective self-appraisal approach has been employed; using the appraisal form for the Audit Committee issued by SEC. The form comprises 2 parts, including (1) the overall performance and (2) the specific tasks. The result of the Audit Committee self-appraisal in 2017 indicated that the composition, qualifications and performance of the Audit Committee were in line with the requirements

stated in SET guidelines, international best practices and duties as prescribed in the Audit Committee's Charter. The Audit Committee reported the self-appraisal result in 2017 to the Board for acknowledgement in the Board meeting no. 1/2018 on January 19, 2018.

Individual Self-Appraisal

The individual self-appraisal form comprises 3 topics, namely (1) structure and qualifications of the Board, knowledge and experience that match the nature of business; (2) roles, duties and responsibilities of the Board as required by laws and the Company's charter as well as self-development; and (3) Board meeting, including information preparedness during the meeting. The average score of the individual self-appraisal in all areas is 96.51% which is in excellent level. This can be concluded that the directors have appropriate qualifications, deliberately performed their duties and responsibilities in accordance with the directors' best practices, thus resulting in efficient Board meeting.

Use of Appraisal Results for Director Development

From the appraisal results, the Board considered that corporate governance was vital for efficient operations, stakeholders' confidence, and sustainable corporate values. In 2017, the Board dedicated more time to review good corporate governance principles and improve EGCO's corporate governance principles and practice guidelines to be in line with rules and regulations of regulatory agencies and criteria for assessment of domestic and overseas corporate governance to uplift EGCO Group's corporate governance standards which could be comparable to international standards and competitive in the ASEAN region as stipulated in the Company's strategic plan.

5.4 Performance Appraisal of the President and Executives

President's performance is collectively appraised by all non-executive directors against the corporate goals, implementation of policy assigned by the Board and the individual's competencies. Factors for consideration include the following:

- Qualitative indicators such as leadership, relationship with the Board, risk management and internal control, human resource management, good corporate governance, and Code of Conduct
- Key Performance Indicators (KPIs) against each year's performance and achievements as stipulated in long-term plans
- Capabilities to enhance business development each year

The Nomination and Remuneration Committee is responsible for approving the performance appraisal of the Senior Executive Vice Presidents and Executive Vice Presidents based on their individual achievement against the specified performance indicators.

5.5 Remuneration of Directors and Executives

EGCO has set directors' remuneration at an appropriate rate by considering remuneration criteria based on the Company's performance, assigned responsibility and comparison with other organizations in the same business sector and size. The remuneration comprises 3 parts: fixed remuneration, meeting allowance, and bonus which will be given once a year and tied to

shareholder's value to the Company. The Nomination and Remuneration Committee is responsible for considering preliminary remuneration scheme to be approved by the Board before proposing to the annual general meeting of shareholders for approval. It is EGCO's policy to disclose each director's remuneration for transparency. Directors who serve as subcommittee members are also entitled to earn extra remuneration to match their increased duties and responsibilities. Executives who sit in the Board and subcommittees are not entitled to any director remuneration.

The Board, comprising all non-executive directors, is responsible for determining the remuneration scheme for the President and approving the Company's remuneration structure. The Board periodically conducts the survey concerning executive remuneration to ensure that its payment rate is competitive and adequate enough to attract and maintain qualified executives.

The remuneration scheme for the President, consisting of monthly remuneration and bonus, will be considered based on the monthly remuneration of executives in the same industry and annual performance appraisal. The President's bonus will be based on the results of KPIs comprising each year's KPIs and KPIs according to long-term goals set in the strategic plan to generate future growth. The President's remuneration scheme is therefore aligned with EGCO's major objectives and goals and both short-term and long-term benefits of the Company.

Details of remuneration of directors and executives are disclosed under "Remuneration of Directors and Executives" in "Management Structure" section.

5.6 Development of Directors and Executives

The Board pays close attention to continuous development of directors and executives to foster their efficiency and effectiveness. Details are as follows:

Orientation: New directors' orientation is arranged and lectured by the President with focus on good corporate governance, anti-corruption policy, Code of Conduct for directors, business characteristics, EGCO Group's businesses, structure and composition of the Board and subcommittees, organizational chart, and the management. A director manual is also given to individual director for practice guidelines to provide new directors with good understanding of the Company's business and related regulations. A meeting with executives is arranged to allow new directors to inquire for in-depth information on the Company's business. The Company also encourages new directors to attend related trainings held by IOD.

Director Development: The Board has a policy to continuously improve knowledge and capabilities of directors. In 2017, the Company's directors attended trainings and seminars held by IOD as follows:

- Director Certification Program (DCP), aiming at enabling directors to understand their roles and duties according to the laws and be aware of potential risk issues as well as

roles of directors in the risk assessment and risk mitigation planning. One director attended this course.

- Risk Management: Issues for Boards, aiming at enabling directors to understand the importance of risk management structure that shall be put in place such as risk strategy, risk structure, and risk principles which can be applied to the business and organization. Seven directors attended the course.

Executive Development and Succession Plan

The Board ensures that EGCO has implemented executive development programs to improve knowledge and skills for executives to perform their duties more efficiently and to assign appropriate and challenging jobs. The Board determines a policy and criteria in selecting the President and his/her successor in the event of any emergency or the retirement of the President. The selection process is fair and transparent and the candidates will be assessed from their education, competency, experience, ethical values and leadership. The Nomination and Remuneration Committee is responsible for nominating the qualified persons to be the President.

The President is assigned to select knowledgeable, competent and experienced executives in accordance with the qualifications identified by the Nomination and Remuneration Committee. The appointment of the executives is in compliance with the Company's regulations on Work Rules 2010 and the resolutions of the Board as follows:

- The Nomination and Remuneration Committee shall approve the appointment of Senior Executive Vice Presidents, Executive Vice Presidents and other executive positions equivalent to EGCO's Executive Vice President level or higher in the Company's subsidiaries/ joint ventures that EGCO has the authority to do so.
- The President shall approve the appointment of the division and section managers.
- The Board shall appoint the Corporate Secretary according to the recommendation of the Nomination and Remuneration Committee. In addition, the appointment of the Senior Vice President of Internal Audit Division must be approved by the Audit Committee.

In 2017, the Company prepared a succession plan for executives at Executive Vice President level to ascend to positions at Senior Executive Vice President level in different areas in replacement of those who would retire in 2017 and Senior Vice President level to ascend to Executive Vice President level. Details are disclosed in "Employees Caring" section.

9.2 Standing Committees' Structure

For the Board utterly study and inspect significant issues and matters, the Board assigns directors with knowledge and expertise to be the members of the Board Committees namely Audit Committee, Investment Committee, Nomination and Remuneration Committee, and Corporate Governance and Social Responsibility Committee. The structure, duties and responsibilities as specified in the Charters of Board Committee are described in the Section 8: Management.

9.3 Nomination of Directors and Top Management

1) Director Selection and Appointment

EGCO endeavors to select capable directors to govern the company, designate the corporate policies and business plans for the benefit of EGCO and shareholders. With respect to this, EGCO puts an emphasis on the director nomination and selection process taking into account the following qualifications and experiences in considering each individual candidates.

1. Legal requirement and regulations and notifications of SET and SEC regarding the directors' qualifications,
2. Directors' qualifications prescribed in Directors' Code of Conduct namely honesty, virtue, initiative and achievement, excellence, accountability, justice, independence, equality of shareholder opportunity,
3. Knowledge and experiences beneficial to EGCO's business,
4. Trainings and experience in corporate governance and policy making,
5. Determination to represent the best interests of all shareholders, and
6. Willingness to devote time and effort to contribute to EGCO's development.

The Nomination and Remuneration Committee is responsible for the recommendation of prospective nominees, whether shareholders' representatives or independent directors, for the Board's approval, considering the appropriate mix of skills and experiences required by the Board, which shall periodically be reviewed to fit the situation. Appointment of directors to succeed the retiring directors must be individually approved at the shareholders' meeting according to the voting guidelines in the Articles of Association as follows.

1. Each shareholder shall be entitled to the number of votes equivalent to the number of shares held by him/her; one share shall have one vote.
2. Each shareholder shall elect one or more directors, provided that they shall not exercise their votes in excess of the number of directors required at such time.
3. In a case that a shareholder elects more than one director, s/he may exercise all the votes s/he has, provided that s/he may not split his votes among any such persons.

4. The persons receiving the highest number of votes in respective order shall be appointed directors depending on the requirements of directors set at such time. In the event that a number of persons receive an equal number of votes for the last directorship, the Chairman of the meeting shall have a casting vote.
5. Directors must be appointed by the vote not less than four-fifth of the shareholders present and having the right to vote.

To ensure that shareholders have adequate information to make their decision, EGCO provides details of director nominees including education background, occupation, directorship in other companies, relevant experiences, and illegal acts committed (if any) in the notice of shareholders' meeting. In case of the re-election, the attendance records and performance during the past year are also provided.

In the case of casual vacancies, the Nomination and Remuneration Committee will nominate qualified candidates for the Board's approval at the subsequent meeting. The directors who fill the vacancy shall retain the office for only the remaining term of office of the directors whom s/he replaces. The resolution of the Board in this respect shall be not less than three-fourth the votes of the remaining directors.

Right of Minority Shareholders

To ensure that EGCO treats shareholders equitably, the Board encourages minority shareholders to make recommendation on the director candidates and suggest AGM agendas between September 1 to December 31, 2017 with clear and transparent procedures as posted on EGCO website.

2) Management Selection and Appointment

The Board determines policy and guidelines for selection of the President as well as the position succession policy in the event of an emergency or the retirement of the President. Along with clear and transparent process, President's qualifications include educational background, experiences, capabilities, ethics and leadership. The Nomination and Remuneration Committee shall consider and propose the qualified candidates to the Board.

Meanwhile, the selection of other executives follows the qualifications and selection process stated in EGCO Regulation on Human Resource Management and the resolution of the Board as follows.

1. The Nomination and Remuneration Committee approves the appointment of Senior Executive Vice President, Executive Vice President, the subsidiaries' Managing Director and Deputy Managing Director.
2. The President shall appoint the division and section managers. The appointment of corporate secretary, Board's secretary and assistant secretary shall be approved by the Board while the appointment of Chief Internal Audit shall be endorsed by the Audit Committee.

9.4 Corporate Governance of Arm-Length Relation with Affiliate, Subsidiary and Joint Venture Companies

In order to ensure that EGCO Group's holding business operations meet with the policy and goals and create appropriate returns for shareholders, the Board of Directors has set measures in writing as guidelines to monitor and govern subsidiaries and joint ventures with the following main details:

- 1) Monitor EGCO Group companies' operations through appointed representatives who serve as directors or shareholders of its subsidiaries and joint ventures. The appointment of the representatives shall be approved by the Nomination and Remuneration Committee.
- 2) Specify the roles and duties of EGCO representatives as follows:
 - 2.1 Set up operational guidelines and regulations for the subsidiaries or joint ventures for scrupulous and efficient operations
 - 2.2 In case of any major events, the Board of Directors has the right to approve such matter before implementation with the exception of extremely urgent cases.
 - 2.3 Propose the following matters to the Board for approval prior to execution
 - The nomination and removal of the President and Senior Executive Vice President
 - The President's remuneration
 - The establishment, revision or adjustment of important rules and regulations
 - The capital increase or decrease
 - Business operations for the Company's new investment project
 - Business operations of activities affecting or competing with the business of EGCO Group or its subsidiaries
 - The expansion of business operations beyond the Company's main business
 - 2.1 Require the Management to include business performance and major events of the Company's subsidiaries as an agenda for acknowledgement in the Board meeting.

9.5 Prohibition of Abusive Conduct by Insiders

EGCO has prepared the Code of Conduct in writing for directors and employees in order to prohibit an improper use of internal information to illegally benefit oneself or others or cause any damages to shareholders. Internal control system has been established to prevent information leakage to the public before it is officially announced. Such measure and control system are part of the Company's essential risk control activities. It is the duty and responsibility for a supervisor to control and ensure that confidential information is kept and used well in accordance with related rules and regulations. An employee performing insider trading for oneself or for other family member is considered a breach of the Code of Conduct. The principles regarding this matter are as follows:

- Directors and employees must, at all times, observe the rules and regulations issued by SET, SEC and other; and equally disclose information to shareholders and public.
- Directors and employees shall not make improper use of information acquired by virtue of the directors' and employees' position or cause damage to the Company.
- Matters such as trade secrets or any sensitive business information shall not be disclosed to any outsiders.
- Directors and employees who possess the internal information relating to financial statements must refrain from their own security trading within 45 days before and 24 hours after the information disclosure. As for other significant information, they must refrain from stock trading from the day of acknowledgement and 24 hours after disclosing information to SET. The Corporate Secretary will be responsible for sending e-mails to remind the directors, the Executive and relevant employees of the period prohibiting stock trading before every fiscal budget announcement.
- Directors, Executives and spouses and minor children who wish to trade the company's stock shall inform the Corporate Secretary at least one day prior to the trading.
- Information disclosure to the public that will affect the business as well as EGCO's stock price must be approved by the President. The President or the assigned personnel will be solely authorized to disclose such information.
- The Corporate Communications Division, the Corporate Secretary Division and the Investor Relations Division are the central units responsible for disclosing EGCO's information while the unit owning such information will be responsible for providing necessary fact sheets.

9.6 Audit Fee for the Year 2016

Audit Fee

In 2017, EGCO and its subsidiaries paid the audit fee of 6,935,600 Baht to the Office of the Auditors, comprising EGCO's and subsidiaries' audit fees of 3,468,500 Baht and 3,467,100 Baht, respectively. No other audit fee had been paid to the auditors or related parties to the auditors and the Auditors' office.

Non-Audit Fee

EGCO's and subsidiaries' total non-audit fee was 26,047,012 Baht which was already paid of 23,266,809 Baht. In addition, EGCO would also be responsible for the expenses of undelivered work of 2,780,203 Baht. The details of the non-audit fee were as follows:

1. Payment to the Office of the Auditors:

In 2017, the non-audit fee for BOI auditing and accounting advisory service at EGCO's subsidiaries was 1,286,500 Baht which was already recorded as fee expenses for the Office of the Auditors.

2. Payment to Other Related Parties of the Auditors' Office:

In 2017, the non-audit fee for the advisory services on offshore investment structure and legal advisory service at EGCO was 24,760,512 Baht which was already paid of 21,980,309 Baht to other related parties of the Auditors' office. In addition, EGCO would also be responsible for the expenses of undelivered work of 2,780,203 Baht.

Management agreed that the engagements of the office of the Auditors and its related parties to provide the non-audit work did not involve any conflict of interest or any review of their own work which would contaminate the independence judgment of the auditors, and. This has been approved by the Audit Committee.

9.7 Compliance to Good Corporate Governance in Other Aspects

The Board, Management and employees in EGCO and its group companies have strictly and consistently complied to the Good Corporate Governance policy and monitored their compliance. In 2017, there was no any action violating the policy.

Standing Committee Reports

Audit Committee's Report

The Audit Committee of EGCO consists of independent directors who are knowledgeable and experienced in law, accounting and finance, management and energy business as follows.

- | | |
|--------------------------------|----------|
| 1. Ms. Jaruwan Ruangswadipong, | Chairman |
| 2. Mr. Anya Khanthavit | Member |
| 3. Mr. Paisan Mahapunnaporn | Member |

The Audit Committee has performed its duties assigned by the Board, as prescribed in the Audit Committee Charter which aligned with the regulations of the Stock Exchange of Thailand (SET) regarding Audit Committee's Qualification and Scope of Duties and Responsibilities B.E. 2558 and regularly reported the committee's meeting resolutions to the Board of Directors.

In 2017, the Audit Committee held 15 meetings with all Committee members attended.

In carrying out its duties, the Audit Committee had expressed the opinions that;

1. EGCO's financial reports were accurate, complete, and reliable.
2. EGCO's internal control systems were appropriate and adequate.
3. EGCO had fully complied with the Securities and Exchange Acts, SET regulations as well as other governing laws.
4. EGCO's auditors were qualified, knowledgeable and independent.
5. Information disclosure of the connected transactions or any conflict of interest was accurate and adequate.
6. In performing its assigned duties, the Audit Committee viewed that its composition, qualifications, and responsibilities aligned with the Audit Committee's Charter.
7. EGCO corporate governance is well in place and the whistleblower system has been set up to include the communication channels for shareholders and employees to directly access the Audit Committee to report complaints or suspect in financial reports or internal control systems.

Summary of the Audit Committee's Activities:

Review of financial statements

- Reviewed the quarterly and annual financial statements for 2017 with the external auditors and the Management. The Audit Committee also asked the auditors on the accuracy and completeness of the financial statements and significant adjustments which effected the financial statements to ensure that the financial statements complied with the generally accepted accounting principles

and that the information disclosed in the financial statements were adequate, accurate, reliable, and complied with governing laws and regulations.

- Reviewed the Management Discussion and Analysis (MD&A) with the Management to ensure its accuracy, completeness, adequacy and that the disclosed information benefitted the investment decision of the shareholders and investors.
- Held exclusive meetings with the external auditors in the absence of the Management to ensure their independence.
- Considered non audit services performed by the audit firm's group companies for EGCO and subsidiaries that such services were not significant to potentially influence the independence of the auditor.

Review of the internal control systems

In the Board's meeting no. 1/2018 on January 19, 2018, the Board considered and assessed the internal control by considering the internal control assessment result reviewed by the Audit Committee and acknowledged the risk assessment result in the company's strategic plan meeting. The Board agreed with the Audit Committee that

1. The internal control system of EGCO was considered appropriate and adequate. Sufficient staffs were assigned to uphold the internal control system and that the internal control system was properly set to monitor the subsidiaries' operations in order to safeguard EGCO's and subsidiaries' assets from misuse or unauthorized use by the Directors, the Management or employees.
2. In the previous year, the Audit Committee and the Board had not received any significant finding of internal control system reported by the external auditors and internal audit division.

Oversight of Internal Audit

- Approved the scope of work and annual audit plan.
- Reviewed the internal audit report of the Internal Audit Division, which was directly reported to the Audit Committee.
- Reviewed budget, manpower, the professional development of internal auditors, KPI and performance assessment of Chief Internal Auditor as well.

Compliance Review

Reviewed with the Management to ensure that EGCO's activities were conducted in compliance with the Securities and Exchange Acts, SET Regulations as well as other governing laws. It also acknowledged the representation statements of the employees, management and the President for the year 2017 that their respective tasks and duties well complied with the governing laws.

Review of Connected Transactions

Considered the connected transactions or any transactions that may cause conflict of interest to comply with rules and regulations of SET and that such transactions were reasonable, best beneficial to EGCO and approved by authorized persons having no interest in such transactions.

Review of Risk Management

In the year 2017, the Board approved EGCO Group's risk management philosophy to apply throughout the organization and to support enterprise-wide risk management complying with COSO Enterprise Risk Management Integrated Framework. The Audit Committee reviewed with the Management the risk management policy, execution and risk management guidelines. Also recommended the alignment of the risk management plan with the strategic plan in presenting to the Board of Directors.

Review of Good Corporate Governance

- Further enhanced EGCO's good corporate governance practices and considered whistleblower related to fraud or corruption such as providing the channel for employees and shareholders to direct their complaints, reports on suspected violation of laws and Code of Conduct and questions about the financial statements and internal control systems by email to the Audit Committee via auditcommittee@egco.com. Whistleblower system was also set up to include the whistleblower's protection measures and to treat all complaints with to protect the appellant and confidentiality.
- Considered and acknowledged the compliance statement on Code of Conduct, of EGCO employees. The representation process and the content of the statement ensured that EGCO's compliance with Code of conduct and relevant laws were well regarded.

Audit Committee's Self Assessment

Conducted its annual self assessment using the Audit Committee's self assessment form which aligned with SET's guidelines. The 2017 assessment which resulted that composition, qualifications, and performance of the Audit Committee well aligned with the Audit Committee Charter and the SET's guidelines, were reported to the Board.

Review of the Audit Committee Charter and the Internal Audit Regulation

The Audit Committee, in its meeting no. 15/2017 on December 18, 2017 reviewed and endorsed the Audit Committee Charter and the company's regulation regarding Internal Audit with certain adjustment. Such review aimed to ensure that its assigned duties were achieved and that its duties and responsibilities aligned with international and SET best practice and appropriated for EGCO's business.

Appointment of the external auditors

Despite the notification of Capital Market Supervisory Board No. TorJor 11/2552 : Rules, Conditions and Procedure for Disclosure of Financial Position and Result of Operation of Issued Securities Companies which stated that the rotation of the auditors should be conducted if such auditors performed their audit of financial statements of the company for five consecutive fiscal years, the Audit Committee in its Meeting No. 11/2012 on September 11, 2012 decided and resolved that from 2013 onward, the selection of EGCO's auditor by comparing the qualifications and audit fees among the leading audit firms would be conducted every 3 years which was earlier than the terms specified in such notification. In 2016, the selection of EGCO Group's auditors was due according to the resolution of the Committee and through the selection of the procurement committee due to its qualifications and competitive fees. Pricewaterhouse Coopers ABAS Ltd. (PwC) was selected to be EGCO group's auditors in 2016.

For 2018 which the 3 year selection period is not yet due, the Audit Committee reviewed PwC auditors' past performance and the audit fee and was of the opinion that the auditors performed their duties independently and satisfactorily with proficiency and extensive experiences. Therefore, Mr. Vichien Khingmontri, Certified Public Accountant (Thailand) No. 3977, Mr. Prasit Yuengsrikul, Certified Public Accountant (Thailand) No. 4174 and Mr. Pongthavee Ratanakoses, Certified Public Accountant (Thailand) No. 7795 were proposed as 2018 EGCO's auditors to the Board of Directors, to further submit for the shareholders' approval.

Ms. Jaruwan Ruangswadipong
Chairman of the Audit Committee

Investment Committee's Report

EGCO's Investment Committee was composed of 5 directors appointed by the Board of Directors namely Mr. Sombat Sarntijaree, the Chairman as Chairman of the Investment Committee; Mr. Kornrasit Pakchotanon, Mr. Ken Matsuda, Mr. Yasuo Ohashi, and Mr. Chanin Chaonirattisai, President. Due to the resignation of Mr. Yasuo Ohashi and Mr. Chanin Chaonirattisai, the former was replaced by Mr. Shunichi Tanaka while Mr. Jakgrich Pibulpairoj, was appointed as President in place of Mr. Chanin Chaonirattisai. All of them were expert and had experience in power business and management both domestically and internationally. The Corporate Secretary was assigned to serve as a secretary to the committee.

In 2017, the Investment Committee held 12 meetings to consider significant issues assigned by the Board of Directors as shown in the Charter of the Investment Committee. The Meeting results were regularly reported to the Board of Directors for acknowledgement with the following summary:

1. The Committee considered investment proposals for both domestic and international power projects, and proper financial sources of fund, taking into account the alignment of the Company's vision, investment policy and strategic plan. The Investment Committee also put an emphasis on potential risks and the mitigation measures, feasibility studies, project's target returns, aiming to meet the Corporate's objectives and targets for creating value to shareholders and stakeholders including sustaining the Corporate's long term growth. In 2017, the Committee considered and approved the proposals for binding bids to invest in renewable energy projects in Thailand and the investment of 25% of ownership interest in Nam Theun 1 Hydropower Plant Project, located on Nam Kading River in Bolikhamxay, Laos PDR, aiming to expand the Company's megawatt capacity and build long-term growth.
2. Taking into account the optimal benefits of EGCO, the Committee endorsed to the Board to consider the divestment of EGCO's 49% indirect ownership interest in Masinloc Power Partners Co. Ltd. ("MPPCL") in the Philippines to SMC Global Power Holdings Corp. On December 17, 2017, Gen Plus B.V. a wholly-owned subsidiary of EGCO Group, entered into the Share Purchase Agreement with SMC Global Power Holdings Corp. and AES Phil Investment Pte. Ltd. as approved by the Board.
3. The Committee was entrusted to endorse the corporate's short-term and long-term strategic plans, annual action plans, budget and manpower for the Board of Directors' approval to ensure that they were in line with EGCO's vision, mission and policy. The budget and manpower were set appropriately to facilitate the Executives' efficient operation to achieve the approved strategic and action plans.

4. Besides, the Investment Committee was responsible for monitoring, following up the project progress to achieve the plan. Guidance and suggestion were provided if there were some mismatches between actual performances and plans.
5. The Investment Committee followed up the progress of annual action plan on a quarterly report to give advice when the activities could not achieve as planned.

The Investment Committee had fulfilled its assignments as stated in the Charter and delegated by the Board of Directors. The Committee had performed its duties with care and diligence for the ultimate benefits of the Company and stakeholders, in accordance to the obligatory rules and the Company's regulations. Material matters and meeting results were constantly reported to the Board.

Mr. Sombat Sarntijaree
Chairman of the Investment Committee

Nomination and Remuneration Committee's Report

EGCO's Nomination and Remuneration Committee ("NRC") consisted of 5 members, 3 of whom were independent directors and the other two were non-executive directors. The Board of Directors based the selection of NRC members on their knowledge, skills and expertise in human management, and domestic and international organization management.

As of December 31, 2017, the NRC members were composed of Mr. Shunichi Tanaka, NRC Chairman, Associate Professor Dr. Chotchai Charoenngam, independent director; Associate Professor Dr. Nualnoi Treerat, independent director; Associate Professor Dr. Bordin Rassameethes, independent director; and Mr. Saharath Boonpotipukdee, director. The Corporate Secretary was assigned as a secretary of the committee. The NRC held 10 meetings in 2017 to perform the tasks assigned by the Board of Directors as stipulated in the NRC Charter and had subsequently been reported to the Board of Directors. The followings were its main activities in 2017:

1. Review and Revision of Criteria of Director and President Nomination and Selection

The NRC had reviewed the criteria of director and president nomination and selection, and recommended some revision in order to ensure the clarity, transparency and effectiveness of the process. The revision which was made on (1) qualifications of directors to support the governance of EGCO to achieve its vision and corporate strategies and changes in economic situation, (2) procedure and timing of director nomination, (3) president succession planning and (4) remuneration policy for president was approved by the Board of Directors in its meeting no. 6/2017 on May 26, 2017.

2. New Director Nomination and Director Remuneration

The NRC recommended director nominees for the Board of Directors' approval in case of casual vacancy, and for the shareholders' appointment in case of director retirement by rotation. With the recommendation of the NRC, the Board offered the right to minority shareholders to nominate directors under the regulated procedures and guidelines. The selection of director nominees was undertaken, considering the individual qualifications in compliance to SEC's and SET's regulations, diversity of board members in terms of knowledge, competencies, required skills, experiences, age and gender, professionalism and the time commitment to the Company's activities, including vision, positive attitudes towards the Company which would contribute to the efficient oversight of the Company and support the corporate's strategic plan. Additionally, the NRC considered board size, structure and composition appropriately with due care and through the fair and transparent selection process to support the good corporate governance and efficient management.

The NRC was also entrusted to nominate members of sub-committees to fill in the vacancies prior to proposing to the Board of Directors for appointment, taking into account the compositions of sub-committees, candidate's knowledge, expertise and experiences which could enhance the performance of each sub-committee.

Furthermore, the NRC recommended directors' remuneration for the Board and the sub-committees based on their duties, responsibilities, and performance of the previous year. The director remuneration was comparable to the companies of the same size and industry in order to ensure the justified remuneration and motivate capable directors to perform their duties in an attempt to achieve the Company's targets and direction, tied to the long term benefits of the Company and shareholders; and to build trust with the shareholders.

3. Self-Appraisal of the Board of Directors and the NRC

The NRC reviewed and proposed to the Board of Directors for consideration the Board's self-appraisal forms for both individual and a whole group including the NRC's self-appraisal form which was revised in 2015 to ensure that the forms still completely covered all required assessment aspects and complied with the SET's best practice. The Board in its meeting no. 12/2017 on November 29, 2017 agreed that the proposed Board's self-appraisal forms for both individual and a whole group were appropriate for board-performance evaluation and approved the adoption of the forms in 2017 as recommended by the NRC.

The NRC also conducted its self-appraisal of which the report was disclosed in the Corporate Governance Report.

4. Nomination of President

The NRC considered qualified candidates and proposed to the Board of Directors to consider a nominee for President. Mr. Jakgrich Pibulpairroj, Deputy Governor-Business Development of Electricity Generating Authority of Thailand, was selected as a nominee who was later appointed by the Board of Directors in the meeting no. 10/2017 on September 22, 2017 as the President to replace Mr. Chanin Chaonirattisai, who tendered his resignation from directorship on October 1, 2017.

5. Succession Planning

The NRC had followed up the executives' succession planning, employees' individual development plans, process and schedule for successor selection to ensure that the qualified successors with leadership skills were appointed timely to continue the operation and drive the Company towards the vision and strategies as determined by the Board. Especially, the successors would be appointed to replace the key executives namely CFO and Senior Executive Vice President-Strategy and Asset Management who were retired at the end of 2017.

6. Management Appointment and Employee Remuneration

The NRC's main responsibilities also covered the appointment and performance appraisal of the Company's executives at Executive Vice President and Senior Executive Vice President levels, and the Company's compensation schemes to be comparable to the market and to attract and retain competent employees as well as to boost up the employees' morale. The remuneration of employees was determined mainly based on the company performance. The corporate bonus to be rewarded to the president, executives and employees was linked to the 2017 key performance indicators which were determined by the NRC at the beginning of the

year, to motivate employees to drive the Company towards both short-term and long-term growth.

Due to the mandatory retirement of key executives namely CFO and Senior Executive Vice President- Strategy and Asset Management, the NRC had reviewed and adjusted the criteria and process for executive selection to ensure that the qualified successors were selected with the transparency, fairness and appropriateness. After due selection and consideration based on the rational criteria, the NRC eventually appointed the following executives to succeed the retiring ones with effect from January 1, 2018:

- Mr. Danuja Simasathien was appointed as CFO to replace Mr. Piya Jetasanon, and
- Mr. Gumpanart Bumroonggit was appointed as Senior Vice President- Strategy and Asset Management to succeed Mr. Sakul Pochanart

The NRC had performed its duties as prescribed in the Charter and delegated by the Board of Directors. Additionally, the duties had been fulfilled with care and diligence as well as fairness and transparency complying with the good corporate governance for the ultimate benefits of the Company and stakeholders.

Mr. Shunichi Tanaka
Chairman of the Nomination and Remuneration Committee

Corporate Governance and Social Responsibility Committee's Report

EGCO's Corporate Governance and Social Responsibility Committee ("CC Committee") comprised 5 directors; 3 of whom were independent directors, 1 non-executive director and the President.

As of December 31, 2017, the CC Committee was chaired by Mr. Chotchai Charoenngam, with 4 members, namely Ms. Nualnoi Treerat, independent director; Mr. Bordin Rassameethes; independent director; Mr. Jakgrich Pibulpairoj, EGCO's President and Mr. Wisak Watanasap, director who had been appointed by the Board of Directors in its meeting no. 13/2017 held on December 18, 2017 to replace the resigned director, Mrs. Puangthip Silpasart. The appointment was effective on January 1, 2017.

The CC Committee performed its duties as assigned by the Board of Directors. It oversaw and followed up the Company's operations by adhering to good corporate governance principles and promoting the corporate social responsibility policy with the ultimate objectives of the equitable treatment to all stakeholders, leading to the sustainable development.

In 2017, the CC Committee held 4 meetings, of which the significant issues were summarized as follows:

1. Good Corporate Governance

- 1.1 The CC Committee reviewed the good corporate governance policy and practices of EGCO Group with the reference of the Corporate Governance Code for Listed Companies 2017 issued by the Securities and Exchange Commission (SEC) and rendered sound recommendations for the development of EGCO's corporate governance mechanisms.
- 1.2 The CC Committee considered and endorsed EGCO Group's information disclosure policy and practices, prior to proposal to the Board of Directors for approval, to ensure the alignment of disclosure of both financial and non-financial and positive and negative information of EGCO Group. The information disclosed to the public must be correct, complete, sufficient and timely and must be kept confidential in accordance with good corporate governance principles and relevant laws and regulations. The Board of Directors, in its meeting no. 11/2017 held on October 27, 2017, approved EGCO Group's information disclosure policy and practices.
- 1.3 The CC Committee considered and endorsed the Investor Relations Code of Conduct, prior to proposal to the Board of Directors for approval, as a framework and practice guidelines for the Company's investor relations officers. This Code of Conduct, which was drafted with the reference of the Investor Relations Code of Conduct developed by the Stock Exchange of Thailand (SET), was approved by the Board of Directors in its meeting no. 11/2017 held on October 27, 2017.
- 1.4 The CC Committee considered and endorsed the 2018 action plans on CG activities and activities to promote anti-corruption. Also, in 2017, the CC committee followed up the progress of both CG and anti-corruption activities to ensure the compliance to EGCO's

CG principles and raise up the Company's CG practices to the international standard as specified in the corporate strategic plan.

- 1.5 The CC Committee continuously promoted and encouraged the dissemination, communication and training of the anti-corruption policy and measures, good corporate governance principles and business ethics for directors, executives and employees to establish good understanding and correct practices, leading to the cultivation of corporate culture.
- 1.6 The CC Committee encouraged EGCO Group's subsidiaries to appropriately adopt anti-corruption procedures.

In 2017, Khanom Electricity Generating Company Limited, EGCO's subsidiary, submitted its self-evaluation tool as part of membership application to Thailand's Private Sector Collective Action Coalition against Corruption (CAC). The submission was now under consideration of CAC.

2. Corporate Social Responsibility for Sustainable Business Operations

- 2.1 The CC Committee considered and endorsed a written "EGCO Group's Energy Conservation Policy", prior to proposal to the Board of Directors for approval, to extend the scope of energy conservation encompassing all companies in the Group. The policy was approved by the Board of Directors in its meeting no. 13/2017.
- 2.2 The CC Committee endorsed the projects on the improvement of quality of life of communities nearby power plants for the year 2018, covering support of local employment, development of children and youth, development of skills beneficial to occupation, promotion of sanitation and conservation of natural resources and environment.
- 2.3 The CC Committee followed up the progress of 2 long-term CSR projects which were "EGCO's Power Plants, Children's Schools", a community contribution project for child and youth development and "Khanom Power Plant Learning Center", a social contribution project to turn Khanom Power Plant Unit 1 into the Energy and Environment Learning Center, and the operation of Thai Rak Pa Foundation to conserve major watershed forests in Thailand.

The CC Committee reported to the Board of Directors after every meeting in accordance with good corporate governance principles.

Mr. Chotchai Charoenngam
Chairman of the Corporate Governance and Social Responsibility Committee

10. Corporate Social Responsibility

Sustainable Business Operations

EGCO Group's vision is to be a leading sustainable Thai power company with full commitment to environment protection and social development, or in other words, operation with a strong and steady growth and acceptance and trust from stakeholders and the public based on good corporate governance and accountability to stakeholders. Policies have clearly been established in writing and publicized on the Company's website as follows:

Sustainable Business Operation Policy

- 1) Be committed to excellent operations, covering economic, environmental, community, and social dimensions.
- 2) Reduce negative impacts and increase positive impacts on stakeholders, environment, community, and society, as well as business process of the organization.
- 3) Promote development of business and social innovations to enhance efficiency and effectiveness, together with value added to the organization and stakeholders.
- 4) Promote sustainable development of business counterparts involving ethical business operation with transparency and without fraud or corruption, respect for human rights, caring for safety and occupational health, and environmental management.

The Company has also established specific policies, including human rights policy, intellectual property policy, whistleblowing policy, anti-corruption policy, occupational health, safety and environment policy, and community and social development engagement policy.

1. Human Rights Policy

The Company requires that its directors, management and employees fully respect for the following human rights.

- The Company encourages all employees to exercise their rights of citizenship in accordance with the constitution and relevant laws.
- Employees' personal information shall be kept confidential. Disclosure or transfer of personal information such as employees' biodata, health record, working experience, etc. without the permission of such employee is considered a violation of the Code of Conduct and may result in disciplinary action except when it is done in accordance with the Company's regulations or legal requirements.
- The Company does not support the violation of human rights and any frauds.
- Employees must refrain from any deliberate discrimination or harassment in word or action against others on the basis of race, gender, religion, age, and physical or mental disability.

2. Intellectual Property Policy

The Company will comply with the legal requirements on intellectual property and copyrights. Any work or information belonging to third parties, obtained or to be used within the Company, shall be verified to ensure no infringement of intellectual property rights of others.

- Any work that is performed under EGCO Group is considered EGCO Group's intellectual property.
- All the intellectual properties which include the work in progress, innovation in all formats and so on shall be returned to EGCO Group once an employee vacates the office.
- Employees who use the Company's computers shall only use the licensed and authorized software program of the Company to avoid violating intellectual property of others.
- Employees must check beforehand that the work or information that belongs to third parties can be used within EGCO Group without infringement of intellectual property rights of others.

3. Whistleblowing Policy

The Company has made available channels for whistleblowers, including employees and other stakeholders, to report on any suspected violation of law or code of conduct or fraudulent behavior or wrongful conduct of a person in the organization. A mechanism for the protection of whistleblowers is also put in place. To ensure whistleblower trust, information obtained from whistleblowers will be kept confidential and known only among responsible parties.

4. Anti-Corruption Policy

The Company is strongly committed to preventing and countering all forms of corruption, both directly and indirectly, by insisting that "corruption is an unacceptable act in business conduct whether with the government sector and the private sector." (Details of anti-corruption policy are under the topic of Corporate Governance).

5. Occupational Health, Safety and Environment Policy

The Company is committed to setting up safety, occupational health, and environment management system with ongoing development. An operational framework is in place, covering operations of the Company's employees at all levels and those of its contractors as follows:

1. Execute and develop appropriate safety, occupational health, and environment management system in compliance with applicable laws and regulations.
2. Develop an operational framework to determine and review objectives and targets as well as monitor and assess the results of safety, occupational health, and environment operation.
3. Be aware of prevention and improvement of activities which may affect safety, occupational health, and environment operation.
4. Support appropriate use of resources for drawing up safety, occupational health, and environment management system.

6. Community and Social Development Engagement Policy

Participation in community development

1. Promote and develop quality of community life nearby power plants for their well-being by taking into account communities' participation and needs.

2. Instill and promote awareness of responsibility to the community in employees and relevant persons.
3. Consistently disseminate information on operating results to the community and the public.
4. Seek to regularly exchange knowledge and share experiences from working with other agencies for further improvement of operation.

Participation in social development

1. Taking part in social development by conducting projects or activities for the society that are consistent with core competencies of the organization.
2. Encourage employees and relevant persons to be aware of, understand, and take part in operation to stimulate their participation in social development.
3. Execute projects or activities continuously to bring about actual and sustainable benefits to the society.
4. Seek to regularly exchange knowledge and share experiences from working with other agencies for further improvement of operation.

7. Tax Policy

Aiming to comply with tax regulations with efficient tax management for the utmost benefits to the Company and create value to its shareholders, the Company places importance on compliance to relevant laws and regulations. This will help reduce the tax risks caused by complicated transactions and support EGCO's stable pace forwarding to sustainability, gaining acceptance from the society and keeping an image of good corporate citizen.

In 2017, the Company established an **"Information Disclosure Policy and Practices"** in writing. Realizing that the Company's all information affects to the decision-making of investors, stakeholders and the public, EGCO has set up guidelines of disclosure of both financial and non-financial information including positive and negative information through accessible channels in a correct, complete, and timely manner and in accordance with relevant laws and regulations.

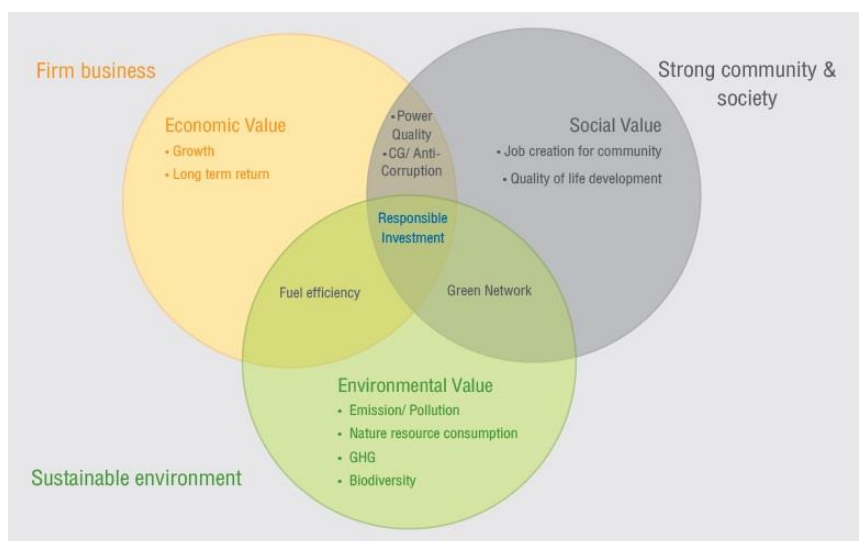
Material Issues of Sustainability and Framework

EGCO Group determines its material issues of sustainability drawn from the analysis of positive and negative impacts of the organization on the stakeholders, community, and society throughout its business process. It also applies sustainable development principles in drawing up its targets of sustainable business operation, covering economic, social, and environmental dimensions to enhance stability of the electricity system, build strong community and society, and ensure environmental sustainability as follows:

Material Issues of Sustainability of EGCO Group

1. Business growth
2. Corporate governance and business ethics
3. Anti-corruption

4. Respect for human rights
5. Control of quality of products and services
6. Local employment and participation in community and social development
7. Prevention of impacts arising from production process
8. Environmental management



Target of Sustainable Business Operation

Economy

- ROE is not lower than 10%.
- Plant availability is better than specified in power purchase agreement (PPA) and target set forth.
- Fuel use efficiency is better than that in PPA.
- The Company's corporate governance is developed to be equivalent to global standards.

Society

- Local workforce employment rate, including local contractors and contracted parties, is not lower than 80%.
- Projects are carried on continuously to improve quality of life for communities nearby power plants.
- Stability of electricity system and users is enhanced with plant availability better than PPA and annual target.
- Anti-corruption efforts are extended to business partners and also made through participation in the anti-corruption network.
- Operation of Thai Rak Pa Foundation is supported continuously to create operation network with all sectors.

Environment

- Environmental quality of power plants is better than standards set by laws.
- Investments are made in renewable energy power projects.
- Abundance of ecosystem and biodiversity in all EGCO Group's power plant areas is

maintained and restored.

- The Company continuously joins conservation of major watershed forests through operation of Thai Rak Pa Foundation.

EGCO Group Sustainability Operation Roadmap for 5 years (2014– 2018)

Roadmap					
Work	2014	2015	2016	2017	2018
<ul style="list-style-type: none"> • Review of business process and impacts on stakeholders • Review of EGCO Group sustainability operation • Validation by experts • Determination of material issues of sustainability 					
<ul style="list-style-type: none"> • Establishment of a sustainable business operation policy • Designation of person in charge and review of target and plan • Improvement of method to report to top executives 					
<ul style="list-style-type: none"> • Preparation of an operation manual 					
<ul style="list-style-type: none"> • Extension to business counterpart 					
<ul style="list-style-type: none"> • Promotion of innovation development 					

EGCO Group developed its operation manual for 3 material issues of sustainability, namely anti-corruption, occupation health, safety and environment, and participation in development of communities nearby power plants.

In addition, EGCO also developed its **Code of Conduct for Business Partners and Criteria for Application of Code of Conduct for Business Partners** to promote cooperation among business counterparts to operate business with ethics in the aspects of anti-corruption, community and social responsibility, and occupational health, safety, and environment.

Regarding sustainability efforts extension to its business counterparts, EGCO has extended the anti-corruption practices to Engineering & Service Co., Ltd. (ESCO) in 2016 and Khanom Electricity Generating Co., Ltd. in 2017, respectively.

Management for Business Sustainability Operation

EGCO Group developed the management structure for business sustainability operation to monitor business operation according to guidelines and policies set forth, at both Board of Directors level and management level to ensure the Group's efficient operation with ongoing development and improvement.

At the Board level, EGCO Group established a Corporate Governance and Social Responsibility Committee as a supporting committee to monitor sustainability operation.

At the management level, operating bodies were set up for sustainability operation emphasizing on sustainable development principles in economic, social, and environmental areas, and reporting to EGCO Management Committee (EMC) chaired by President and comprising top executives at the level of Executive Vice President from all function groups as members.

EGCO Group established a Corporate Sustainability Steering Committee chaired by Senior Executive Vice President - Strategy and Asset Management and comprising top executives at the level of Executive Vice President from all function groups as members to conduct an analysis of standards and practice guidelines on corporate sustainability as well as set plans and targets for improvements of work processes towards EGCO Group's sustainability. The committee reports progress and suggestions to EMC as shown in the management structure below:



Monitoring and Inspection of Sustainable Business Operation

Under sustainability management policy and guidelines, top executives in EGCO Management Committee (EMC) have primary duties to set sustainability practice guidelines with due regard to responsibilities to all stakeholders in decision-making process and business operation process of the organization, pass on such practice to each committee or working group, as well as define responsibilities and monitor operation results to ensure efficiency. Performance evaluation is conducted regularly and appropriately for operation in each area.

For companies or power plants in which EGCO Group has less than 50% shareholding, EGCO Group oversees their sustainability business operations through their boards of directors. EGCO Group top executives assigned to sit on those boards of directors have the duty to

monitor and ensure their operations are in line with EGCO Group sustainability management guidelines.

Responsibility for and Participation with Stakeholders

Management Direction

EGCO realizes the importance of business operation by focusing on stakeholders, including individuals or organizations that might be affected positively or negatively by the Company's business operation. We regard it as a policy to be responsible for and treat all stakeholders fairly with importance attached to review of identification of stakeholders in line with the changing business landscape or substantial business expansion, and commitment to developing continuous participation and communication with stakeholders to ensure fairness to all stakeholders in business operation. Practice guidelines on stakeholders are laid down in writing and disseminated on the Company's website for public acknowledgement.

Stakeholders of EGCO Group



Policy and Practice Guidelines on Stakeholders

1. Treatment of Shareholders Policy

The Company has respect for and strictly safeguards the basic rights of shareholders.

- Support shareholders in accessing information in an adequate and appropriate manner.
- Encourage shareholders to attend the meeting and exercise their voting rights in the shareholders' meeting.
- Refrain from any action that infringes or derogates the rights of shareholders.

- Strive to foster growth based on actual potential or capabilities of the Company so that the shareholders can receive sustainable returns from work efficiency and good operating results of the Company.

2. Treatment of Employees Policy

The Company recognizes the value of human resources and strives to ensure that employees are proud of the organization by working in a participatory atmosphere and with progress in career path on an equitable basis. Employees are developed and promoted to have knowledge and capabilities on a comprehensive and continual basis to create value and maintain business excellence.

- The Company will treat all employees with respect for honor and dignity.
- The Company will recruit personnel to various positions with fairness by taking into account the required qualifications for each position, educational background, experience, and other requirements necessary for the job and without discrimination on the basis of gender, age, race, and religion.
- The Company will determine employee compensation and benefits which are fair and appropriate for job descriptions and conditions, work performance, and the Company's ability to pay such compensation.
- The Company will encourage employees to participate in training and development activities to improve their proficiency and create better career opportunities.
- The Company realizes that good communication will bring about efficiency and good working relationship. Thus, the Company will facilitate employees' access to relevant news regularly at a suitable time and as best as possible.
- The Company will make available to employees communication channels through which they may raise suggestions and file work-related grievances. All suggestions and grievances will be seriously considered and remedial actions will be determined for the benefits of all parties and good working relationships.

3. Provision of Service to Customers Policy

The Company will abide by its commitment to all customers by

- Strictly comply with conditions agreed upon with customers and deliver quality and reliable services.
- Deliver services according to the specified standards with efficiency and politeness.
- Give customers advice on efficient use of electricity.

4. Procurement of Products and Services Policy

The Company intends to ensure standard procurement of products and services and is committed to maintaining and developing sustainable relationships with business partners and contract partners to deliver products and services which are worth the money, technical quality, and mutual trust. The Company will treat all business partners and contract partners by

- Competing on the basis of equitable access to data.
- Having criteria in place for evaluation and selection of business partners and contract partners.

- Executing contracts of appropriate forms.
- Having management and monitoring systems in place to ensure complete fulfillment of contract conditions and to prevent frauds or other malpractice in all stages of the procurement process.
- Making punctual payment to business partners and contract partners according to mutually agreed terms.

5. Treatment of Creditors Policy

The Company will abide by its commitment to all creditors by

- Ensure strict compliance with loan agreements and no concealment of true financial status.
- Take remedial actions promptly in case where there is any situation that may affect the creditors, such as the Company's insecure financial status or possible business dissolution.

6. Treatment of Competitors Policy

The Company conducts business on a fair play basis and does not seek confidential information of competitors in a dishonest or inappropriate way, such as offering bribes to employees of competitors, and damage reputation of competitors by way of false allegation.

7. Participation in Community and Social Development Policy

7.1 Participation in development of communities surrounding power plants

- Promote and develop the quality of life of communities nearby power plants for their well-being by taking into account community participation and community needs.
- Instill and promote employees and related parties' awareness of responsibility for the communities.
- Consistently disseminate information on operating results to the communities and the public.
- Seek knowledge and experience sharing opportunities with other agencies for further improvement of operation regularly.

7.2 Participation in social development

- Taking part in social development by conducting projects or activities for the society that are consistent with core competencies of the organization.
- Encourage employees and related persons to be aware of, understand, and take part in operation to stimulate their participation in social development.
- Execute projects or activities continuously to bring about actual and sustainable benefits to the society
- Seek knowledge and experience sharing opportunities with other agencies for further improvement of operation regularly.

8. Treatment of Business Partners Policy

The Company will abide by its commitment to all business partners by

- Operate business with accountability, transparency, fairness, and integrity in business cooperation.
- Disclose no confidential information of business partners without their consents.
- Respect for intellectual property rights and ensure no intellectual property infringement.

9. Treatment of Contractors/Subcontractors Policy

The Company will abide by its commitment to all contractors/subcontractors by

- Conduct business on an equitable, transparent, fair and honest basis.
- Ensure strict compliance with the conditions in the trade agreements in accordance with the Code of Conduct.
- Take or offer no benefits in a dishonest or inappropriate way to contractors/subcontractors in accordance with the anti-corruption policy.
- Require contractors/subcontractors to abide by and be aware of safety, occupational health and environment as well as comply with labor and human rights standards.

10. Treatment of Government Agencies Policy

The Company will abide by its commitment to all government agencies by

- Strictly comply with relevant laws and regulations.
- Disclose complete information as required by laws.
- Cooperate and build good relationships with government agencies

11. Treatment of Private Development Organizations Policy

The Company will abide by its commitment to all private development organizations by

- Disclose information in a complete, adequate and timely manner

Stakeholders' Expectations and Stakeholder Engagement Approaches

EGCO has conducted both official and unofficial surveys on stakeholders' expectations. The official surveys include satisfaction surveys and channels for voicing complaints, while the unofficial ones are ad hoc meetings, visits, or information from various media. The information derived from these sources is used for consideration in drawing up a roadmap and operation plan aiming to properly and comprehensively address the expectations of each stakeholder group.

Stakeholders	Expectations	Stakeholder Engagement Approaches
1.Shareholders and Investors	<ul style="list-style-type: none"> • Sustainable return on investment • Commitment to good corporate governance principles • Risk management • Respect for and safeguarding of rights with equitable treatment • Disclosure of genuine, complete and sufficient information • Compliance with relevant laws • Professional and honest executives 	<ul style="list-style-type: none"> • Shareholders' meetings • Preparation of annual reports • Power plant visits • Quarterly analyst meetings • One-on-One meetings • Conference calls • Roadshows • LIFE quarterly magazine • Acceptance of complaints through designated channels • Information dissemination through the Company's website

Stakeholders	Expectations	Stakeholder Engagement Approaches
2. Employees	<ul style="list-style-type: none"> • Compensation and benefits compared with peers in the same industry • Support of career paths • Capability development • Job security • Good and safe working environment 	<ul style="list-style-type: none"> • Annual compensation surveys of general labor markets and power plant business groups • Arrangement of trainings to enhance knowledge and skills necessary to perform the job • Business update meetings • Communication Day • Employee relations and team building activities • Arrangement of activities for public benefits • Internal communication through various channels such as e-newsletters, intranet, bulletin boards, posters, and wire broadcasting • Employee satisfaction surveys on internal communication • Employee engagement surveys
3. Customers	<p>Power generation and distribution as specified in Power Purchase Agreements (PPAs)</p> <ul style="list-style-type: none"> • Provision of correct information on production and transport system • Power supply stability • Reasonable price • Operations not affecting the community, society and environment 	<ul style="list-style-type: none"> • Meetings for exchange of information and opinions with Transmission Control Unit of Electricity Generating Authority of Thailand (EGAT) • EGAT Group relationship building activities • Meetings with customers in industrial estates to develop a production plan in response to customers' needs
4. Creditors	<ul style="list-style-type: none"> • Strict fulfillment of conditions in loan agreements • Repayment capacity in a complete, accurate, and punctual manner • No concealment of true financial status • Fair and equitable treatment of all creditors • No solicitation, acceptance, or payment of any wrongful benefits 	<ul style="list-style-type: none"> • Meetings for exchange of opinions • Power plant visits • Report of non-fulfillment of conditions in loan agreements to creditors in advance and mutual participation in the search for solutions to the problems
5. Competitors	<ul style="list-style-type: none"> • Conduct of business within the competition framework • Free, transparent, and fair competition • Strict compliance with good corporate governance principles • Conduct of business according to 	<ul style="list-style-type: none"> • Receipt of information from public forum • Dissemination of information through the Company's website, annual reports, and other publications • Commitment to becoming one of the companies receiving public praise for compliance with good corporate

Stakeholders	Expectations	Stakeholder Engagement Approaches
	international standards	governance principles
6. Community and Society	<ul style="list-style-type: none"> • Conduct of business with responsibility, safety and good environment • Disclosure of factual information without concealment • Participation in the improvement of the quality of life of communities 	<ul style="list-style-type: none"> • Meetings of Tri-party Committee (only power plants under EIA) • Power Development Fund meetings • Power plant visits of students and communities • Project for development of quality of life of communities in the form of tri-party cooperation among power plants, government agencies, and communities in the areas • SUKJAI quarterly magazine • Acceptance of complaints through designated channels
7. Business Partners	<ul style="list-style-type: none"> • Financial strength • Knowledge and expertise of personnel • Fair and transparent business operation • Synergy of strengths of each company 	<ul style="list-style-type: none"> • Meetings • Company visits • Mutual activities • Channels for raising complaints, opinions, and suggestions
8. Contractors/ Subcontractors	<ul style="list-style-type: none"> • Operating business as good business alliances and maintaining good relationships • Fair and equitable treatment with focus on mutual benefits • Appropriate and acceptable payment period • Financial stability 	<ul style="list-style-type: none"> • Meetings • Company visits • Activities for public benefits • Channels for raising complaints, opinions, and suggestions
9. Government Agencies	<ul style="list-style-type: none"> • Compliance with relevant laws, rules and regulations • Environmental management • Care for and support of community activities • Prevention of and resistance to corruption, and conduct of business with fairness • Disclosure of correct, complete, and sufficient information 	<ul style="list-style-type: none"> • Meetings • Company visits • Channels for raising complaints, opinions, and suggestions
10. Private Development Organizations	<ul style="list-style-type: none"> • Conduct of business having the least possible impact on the environment and community • Participation in caring for the environment and development of the community 	<ul style="list-style-type: none"> • Environmental conservation projects of Thai Rak Pa Foundation • Company visits • Channels for raising complaints, opinions and suggestions

Stakeholders	Expectations	Stakeholder Engagement Approaches
	<ul style="list-style-type: none"> Disclosure of correct, complete, and sufficient information in a timely manner 	

Business Operations in 2017

1. Shareholders and Investors

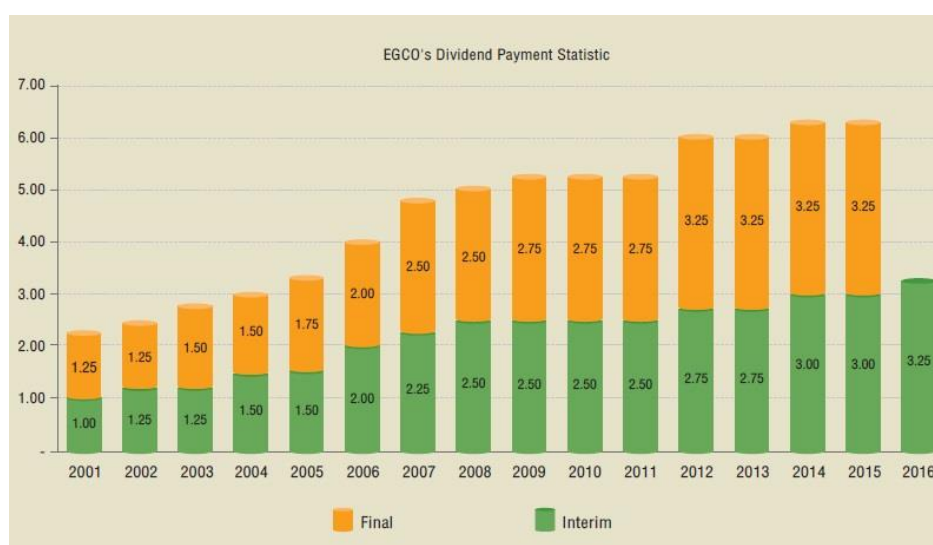
EGCO states in its Code of Conduct to foster growth based on genuine competencies or capabilities so that shareholders can gain sustainable returns from the effective and solid operational performance of the Company. EGCO respects the rights of shareholders and investors to equally access necessary information for their assessment of the Company, and will disclose its operating results and financial status as well as accurate supporting information as required by the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC).

Share Price

EGCO's average share price in 2017 was 216.10 Baht per share, up from 2016 by 16.53%, and closing highest at 217 Baht on September 15, 2017 and lowest at 198.50 Baht on January 5, 2017. The price-earning ratio (P/E ratio) as of December 29, 2017 was 10.48.

Dividend payment

EGCO has a policy of dividend payment to shareholders twice a year at the rate of approximately 40% of the net profits after deduction of income tax in consolidated financial statements, or in an amount that gradually increases, provided that there is no other fund utilization necessity like future business expansion through various projects or the dividend payment would not materially affect normal operation of the Company. Also, dividend payment shall not exceed retained earnings in separate financial statements.



Management of Shareholder Relationships

EGCO has in place an investor relations unit to take charge of providing shareholders with accurate, complete, and sufficient information in a timely manner, so that shareholders, investors, and analysts can equally access information, and compiling opinions and comments from shareholders and investors on a regular basis. Shareholders and investors may directly contact the Investor Relations Unit for additional information or to voice opinions at Tel. 0 2998 5147-9 or email: ir@egco.com. Moreover, EGCO has made available communication channels and activities among shareholders, investors, and top executives of the Company, as follows:

- **Investors and Executives Meetings**

EGCO arranges a quarterly meeting for presentation of the Company's operating results to investors and analysts. The President, Senior Executive Vice Presidents, and other top executives, are always available for the meeting to provide information and answer all questions raised.

- **Power Plant Visits**

EGCO organizes EGCO Group's power plant visits for shareholders and investors to enable them to understand its business operation and meet the Company's executives on a yearly basis. In 2017, shareholders and investors were invited to visit Lopburi Solar power plant, Lopburi Province, where presentation about the power plant was also provided, and Xayaburi Hydro power plant in Lao PDR.

- **One-on-One Meetings**

EGCO has held one-on-one meetings with investors and analysts, in which top executives and Investor Relations unit regularly participate as requested by investors and analysts. In case they cannot attend in person, a conference call can be arranged with the schedule set to be convenient for all parties concerned.

- **Roadshows**

In 2017, EGCO, in collaboration with SET and Bank of America Merrill Lynch, met individual investors and institutional investors both domestically and internationally.

- **Magazine for Shareholders**

EGCO has published "LIFE", a quarterly magazine for shareholders as a channel for providing information on operating results, activities carried out by EGCO Group together with activity calendar, and other essential information to shareholders. Shareholders can also obtain the Company's news and information through E-mail Alerts on EGCO Group's website.

- **EGCO Group's Website**

EGCO has compiled information disseminated during roadshows, quarterly operating results presented to analysts, and video/audio clips from analyst meetings in both Thai

and English versions on EGCO Group's website (Webcast) right after such meeting or event.

In addition, EGCO has regularly updated its website so that shareholders and investors have access to most recent information with convenience and maximum benefits. Some of the information is as below:

- 1) Updated and historical share price
- 2) List of analysts with analysis articles on EGCO share price
- 3) Analyst meeting schedule and so on

2. Employees

EGCO Group is well aware that employees are the key success factor of the organization. The Company has thus laid great emphasis on employees' well-being and potential development on a regular and continuous basis. In 2017, EGCO Group continued its human resource development roadmap with focus on enhancement of business knowledge and understanding for all employees so that they were equipped with capabilities to accommodate business expansion and had pride in being part of the organization.

The Company's responsibility for employees can be classified into 5 major areas as below:

- **Compensation and Benefits**

EGCO Group has in place a fair compensation system according to duties, responsibilities, and capabilities of employees to retain its best and talented employees. It also provides benefits and welfare for employees and family members mainly based on employees' necessity and demand and under proper rationale and principles. EGCO's annual pay increase for employees at all levels takes into account the following 2 main components:

- Organization's success, average pay increase of peers in the same industry, and economic condition in that particular year
- Work performance and efforts of employees

In addition, EGCO Group has regularly studied, analyzed, and compared compensation and benefits of the Group with those of peers in the same industry to ensure that employees receive compensation, benefits, and welfare which are appropriate and competitive in the market. Every year the Company joins hands with HR Power Network consisting of 14 human resource units of companies in the electricity business to consistently exchange ideas and information on human resource management, especially payment of compensation and benefits to employees, and use such information for development and improvement of compensation criteria of the Group.

For the benefits of employees, the Company has set up a **Welfare Committee** composed of members elected by employees with a term of not over 2 years to be representatives of employees for welfare management and offer opportunity for the employees to have a communication channel to give suggestions and raise work-related grievances, living, and welfare. Their suggestions will be seriously considered and corrective measures will be worked out for the benefits of all parties and building of

good relationships. So far, there has been no reporting or complaining of violation of human rights and unfair treatment of labor.

- **Competency development for career advancement**

Due to continued business growth of EGCO Group, employees have opportunities to grow in their career path. In addition to management of compensation and benefits for employees, the Company gives importance to employees' progress in their career path. Promotion to higher positions and levels is conducted based on clear criteria and in accordance with the human resource management policy which is employee-based. The consideration process is undertaken by a committee comprising related executives who jointly and reasonably consider, select and express opinions. In addition, the Company is committed to developing its potential employees to accommodate business expansion and growth.

In 2017, the Company held training courses for employees at all levels to increase their knowledge suitable for the competitive business environment and enhance work efficiency and effectiveness such as the courses on "Inspiring Innovation" and "Processing on SDGs through GRI Disclosure". The courses, which were designed to enhance necessary skills for employees and executives in preparation for higher positions and levels, included "Analytical Thinking for Problem Solving and Decision Making", "Executive Program for SVPs" and "Coaching Programs for "EVPs".

Moreover, the results of the employee engagement survey in 2016 showed that employees were much satisfied with the organization in the following areas: 1. Safety 2. Corporate Image 3. Work-Life Balance. Employee expectations towards the organization included 1. Talent management 2. Career advancement, and 3. Learning and additional development. The Company thus set up workshops for executives at the level of Senior Vice President to prepare an operation plan to further develop and improve things that were employee expectations.

In 2017, EGCO made some adjustments to the criteria for employee promotion to offer its best and talented employees more opportunities for career advancement. Also, the employee compensation and benefits system was modified to be more appropriate for the employees working overseas. Regarding employee learning and development, EGCO increased a training budget and required superiors and subordinates to jointly review, discuss, and develop individual development plans for employees at all levels to further accommodate business growth and career advancement.

- **Employee Relations**

EGCO Group realizes the importance of individual uniqueness and teamwork, the Group thus promotes corporate values and culture for employees to accept and respect each other's differences in order to lead to good collaboration and teamwork.

EGCO Group believes that good relationship takes part in bringing happiness to employees at work. Employees, who are happy at work and have capabilities as

continuously trained and developed for the assigned jobs, will be able to produce efficient and effective outputs to enable the organization to eventually reach the targets set forth.

In 2017, EGCO Group organized Employee Relations activities as follows:

- **Communication Day:** A semi-formal event held quarterly for the President and employees for updates of news, information, and movements inside and outside the organization, and as an opportunity for employees to share ideas and opinions as well as enquire about various issues with the executives.
- **“Dek Doi”:** A gathering of 40 employees to spend their lives at Doi Inthanon National Park, Chiang Mai Province, to foster unity, good relationship, learning capacity, and teamwork as well as raise awareness of natural resources and environmental values which were primary factors of electricity business operation.

Other activities were also arranged to strengthen internal relationships such as New Year’s party, and religious and cultural activities such as offering of robes to Buddhist monks off-season and after Buddhist Lent. In 2017, the Company held merit-making ceremonies on the auspicious occasion, made offerings to the Brahma or Phra Phrom shrine, offered food and robes to the monks, organized an event celebrating Songkran festival and a water blessing ceremony to ask for blessings from the former executives, held a company anniversary party, conducted activities to promote its core values as well as supported club activities of employees, namely Photo Club, Dhamma Practice Club, Golf Club, and Sports and Recreation Club.

Moreover, in 2017, EGCO Group communicated news, information, and movements of the organization in respect of business operation, social responsibility, and internal activities to employees via diverse forms of communication channels like e-newsletters, intranet, bulletin boards, posters, and wire broadcasting. This aimed to foster a learning society and encourage employee engagement in business and activities.

- **Safety, occupational health, and environment**

EGCO Group is well aware of the importance of safety, occupational health, and environment. “EGCO Group Safety, Occupational Health and Environment Standards Manual” has therefore been developed for EGCO employees and power plants in the Group together with persons concerned to follow. This is based on the management principles of prevention of work-related accidents, injuries, and sickness, alongside building of consciousness and understanding of safety, occupational health, and good environment at workplace among employees and persons concerned on a regular basis.

In 2017, EGCO Group organized annual health check-up for employees and rehearsal of fire drill and evacuation, safety exhibition, information dissemination, and organization of activities to enhance safety knowledge and consciousness. The Safety, Occupational Health and Environment Committee met once a month to consistently monitor the operation.

- **Participation in community and social development**

EGCO Group believes in employee involvement in community and social development activities as a way to develop capabilities and improve self-esteem of employees.

Therefore, the Group encourages employees to join hands with communities nearby power plants to initiate and execute activities which are beneficial to the betterment of quality of life and the good environment of the community. This is done by employees being “volunteering staff” to foster the society through activities to improve the quality of life of communities nearby power plants and those to promote power and environment learning among youths, together with conservation of watershed forests. This aims at reinforcing collaboration between EGCO Group employees and private and government agencies, as well as the communities.

In 2017, EGCO Group employees joined social and community activities organized continuously by the organization, namely volunteering in the “Youth Development” project by improving public utilities in schools surrounding EGCO Group’s power plants, an “EGCO Forest Youth Camp” project, and a “Repair and Maintenance of Public Electricity System” project, and so on.

Besides 5 major areas of responsibility for employees as mentioned above, the Human Resources Department developed a communication plan and increased communication channels for employees to access related information and matters by launching a column titled, “HR Corner”, on the intranet. Also, the Company still reached the new generation by continuously arranging EGCO Group site visits for engineering students to educate them about engineering careers in preparation for their career choices in the future.

3. Customers

EGCO Group is proud of its roles, duties, and responsibilities as a power producer and distributor to the Electricity Authority of Thailand (EGAT) and industrial estate users, and as an energy service provider in terms of plant operation, maintenance, engineering, and construction, as well as provision of training for power plants and industrial plants both domestically and internationally by jointly delivering quality and reliable products and services at fair prices and with promotion of good relationship. In 2017, its operations in relation to customers included:

Power Business: EGCO Group continues to produce and distribute quality electricity according to electricity system standards in the volume and period specified by EGAT and industrial estate customers to ensure adequate power supplies for the public and its own activities. EGCO Group’s power plants in overall have maintained supply availability higher than target set in the PPAs. Following the requirements of the quality management system standard ISO 9001, the Company conducted an annual survey of customers’ satisfaction with its products and services and the results showed that customers were satisfied with EGCO Group’s power plant operations at 95% on the average.

Power Service Provision Business: Satisfaction with EGCO Group’s service provision was maintained at an excellent level. According to a survey of customers’ satisfaction with its

maintenance business, customers were satisfied with EGCO Group employees' service provision and operations at 94.99%.

4. Creditors

EGCO Group fulfills its obligations to all creditors by strictly complying with the provisions in loan agreements and not concealing its true financial status. In 2017, EGCO Group traveled to meet, exchange viewpoints, and answer questions of creditor executives and teams. It strictly observed conditions and made loan repayments as scheduled. No dispute or event of default was reported.

The creditors were also invited to visit EGCO Group's operating power plants as follows:

- Visited Chaiyaphum Wind Farm and Theppana Wind Farm, Chaiyaphum province
- Participated in the opening ceremony and visited Klongluang power plant (Klongluang Utilities Co., Ltd.), Pathum Thani province

5. Competitors

EGCO Group operates its business on a fair play basis, without taking advantage of its competitors in a wrongful way. It also provides beneficial opinions concerning regulations and standards for common operating procedures. No access to information of business partners and competitors is made in a dishonest way, nor is business partners' and competitors' reputation tarnished with false accusation. In 2017, EGCO Group had no dispute with any competitors.

6. Community and Society

EGCO Group gives priority to living in harmony with the community, thus emphasizing on participation in promotion and development of quality of life of communities surrounding the power plants and with regard to corporate participation in and demand from communities, covering the following areas:

- Support of local employment
- Promotion of learning among children and youth in communities
- Development of skills beneficial to occupation
- Promotion of community sanitation
- Development of public utilities
- Conservation of natural resources and environment

In 2017, EGCO Group carried out operations on responsibility for community through local employment. Over 90% of contractors and subcontractors were local labor. The Group also developed and implemented 84 projects for the betterment of the quality of life of communities nearby power plants in Thailand and overseas. They comprised 17 projects on promotion of learning among the youth, 14 projects on development of skills beneficial to occupation, 19 sanitation promotion projects, 16 projects on development of public utilities and other supports, and 18 projects on natural resources and environment preservation.

For social responsibility, EGCO Group promoted learning about energy and environment among the youth, as they are in the early ages suitable for learning and growing a sense of goodness, which will contribute to sustainable growth in the future. Besides EGCO Forest Youth Camp project undertaken since 1997 until present to celebrate the 25th anniversary of the Company, in 2017, EGCO initiated a 5-year project (2017-2021) titled, **“Youth Development”**, as part of the development of children and youth surrounding EGCO Group’s power plants project covering 3 areas: youth sanitation promotion, learning and development of energy and environment skills, and awareness raising for energy and environment conservation, to reflect EGCO Group’s commitment to participation in development of all communities where the Company operated its business in a continuous manner. EGCO also launched a **“Khanom Power Plant Learning Center”** project by turning Thailand’s only power plant built on a large vessel assembled in Japan, of which the commercial operation contract had been expired, into the power learning center for youths and nearby communities. The project was to be completed by 2018.

Business Partners

To be a good business partner, EGCO Group operates business based on fairness, transparency, and accountability by strictly observing the agreements entered into between parties and takes no advantage of partnership through wrongful acts. In 2017, EGCO Group held meetings and visited its partners’ businesses to continuously exchange opinions and accept complaints and suggestions. The Company also organized activities to enhance relationships with its business partners such as field trips, and information exchange and team building activities. In 2017, EGCO Group had no dispute with any business partners.

7. Contractors / Subcontractors

EGCO Group places importance on good business partnership, and ensures equality and fairness for contractors/subcontractors. Meetings with contractors/subcontractors are held before starting operations to develop an understanding of scope of operations, work handover, and term of payment agreed upon by both parties, during the operations to ensure conformity to the contracts, and after the operations to conclude and hand over work as well as develop future joint operations. Throughout the operation period, EGCO Group is also open and responsive to opinions and suggestions for the achievement of goals as specified in the contracts. In 2017, EGCO Group had no dispute with any contractors/subcontractors.

8. Government Agencies

EGCO Group strictly abides by relevant laws and regulations, discloses complete information as required by laws as well as cooperates and establishes good relationships with government agencies at both national and local levels.

At national level, the Company supports joint operations in various areas such as arrangement of activities with the Ministry of Energy to diffuse knowledge in the field of power business and promote public benefits, cooperation with the Royal Forest Department and Department of National Parks, Wildlife and Plant Conservation under the Ministry of natural Resources and

Environment in environmental conservation and restoration, and preservation of religious events with the Ministry of Energy.

For the operation with government agencies at local level, in 2017, EGCO Group always held a meeting with government agencies at local level. The meeting is run by the Community Participation Committee (Tri-party Committee) comprising government agencies, community representatives and company representatives. The issues addressed in the meeting included follow-up of construction progress and operations of power plants, environmental and community development operations, and acceptance of community opinions.

In addition, the Company invited government agencies, community leaders, and general public to visit 2 construction sites of cogeneration power plants, namely Banpong Utilities Co., Ltd., Banpong District, Ratchaburi province and Klongluang Utilities Co., Ltd., Klongluang District, Pathum Thani province.

The Company also collaborated with government agencies in community development in a continuous manner such as a collaboration with health promoting hospitals in subdistricts surrounding power plants to provide health check-ups and vocational skills training for the seniors to help them deal with loneliness and generate their own income, which can be considered as part of the development of quality of life of the communities.

The Company has made available channels for raising complaints, opinions and suggestions from government agencies at the local level via telephone number and email as announced in each area as well as via the Community Relations Department at Tel. 0 2998 5670-4 or also email: CR@egco.com.

9. Private Development Organizations

EGCO Group conducts business in full compliance with all applicable laws and regulations, and the least possible impact on the environment and community and takes part in caring for the environment and development of community as well as discloses information in a correct, complete, adequate and timely manner.

In 2017, private development organizations collaborated with Thai Conservation of Forest Foundation (TCOF) which was a charity organization founded and supported by EGCO to undertake projects such as a reforestation project to generate revenues project, an occupation development project, a watershed network project, a nature study trail development project in Chiang Mai province, a Thai Rak Pa Village project in Nakhon Si Thammarat province, a forest restoration project to maintain water springs in Chaiphum province and a youth network project in Chiang Mai and Nakhon Si Thammarat provinces.

The channels for raising complaints, opinions and suggestions are made available at the headquarters.

Moreover, EGCO considers the media as instrumental to communicate with stakeholders and general public. The Company thus attaches importance to and gives cooperation by disseminating to the media news and information of the Company on a fact-based, equitable and timely basis and responding to the needs of the media. It also cooperates with the media in enhancing knowledge and understanding about electricity industry and business among the public on a consistent basis. EGCO Group's responsibility for and participation with the media is in 3 perspectives as below:

- **Dissemination of the organization's news and movements**

In 2017, EGCO held 2 sessions of press conference on its operating results, business direction and corporate social responsibility project, 3 sessions of press interview with top executives, 1 natural resources preservation activity for the media, and 22 pieces of press releases, photo releases and articles. Issues and target groups of communication were, for instance, dissemination of information on operations to shareholders, investors, and the public; dissemination of corporate social responsibility information, especially the participation in youth sanitation promotion, support of learning and development of energy and environmental skills; and instilling of consciousness among youths of energy and environment value and participation in conservation efforts. In 2017, 805 pieces of news were released, of which 713 pieces were business-related, and 92 pieces were related to corporate social responsibility.

- **Media Relations activities**

EGCO Group believes that good relationship will help gain trust, acceptance, and good cooperation. In 2017, EGCO Group enhanced relationship between the organization and the media through various activities, such as participating in New Year's party with the media, congratulating the media on their anniversary celebration occasions, and joining hands with the media in public contribution activities like charity golf tournament, etc.

- **Participation in development of the community and society**

Under the concept that each individual plays a role in creating good community and society, EGCO Group supports social contribution activities initiated and undertaken by the media. In 2017, the Company supported 1 activity to promote education and public utilities for the communities in remote areas and 1 activity for knowledge and competency development.

Employee Caring

In addition to business growth with satisfactory operating results, EGCO places importance on caring for its employees, human resources who has extreme value to drive business success. EGCO develops and implements the integrated policies for human resources management (HRM). The HRM policies comprise organizational structure and manpower planning aligned with Company's business strategies; fair recruitment and selection process; competitive remuneration and welfare package; fair and objective performance assessment; employee development plan to groom employees for their ultimate career potential and business goals; care of employees' safety, health and labor relations; together with increasing employee engagement and retention.

We believe that incorporating core values in business is a key driver for sustainable business growth. It is important to instill Company's core values in our employees' behaviors and to make those core values be core components of organizational cultures to enhance our business sustainability. EGCO's core values are as follows:

1. Teamwork
2. Result-oriented
3. Innovation
4. Ethics and Integrity
5. Stakeholder Concerns

Recruitment and Employment Policy

EGCO emphasizes taking care for its employees, starting from recruiting employees with knowledge and expertise under **appropriate recruitment and employment policy** and clear guidelines in line with “**respect for human rights**” and “**fair treatment for labor**” as follows:

Recruitment and Selection

- (1) Recruitment and selection shall proceed with consideration of success, moral, equality, competency, and necessity for business operation of EGCO Group.
- (2) Recruitment and selection shall be carried out only when there is vacancy according to the approved manpower.
- (3) Selection shall be made through a committee so that an appropriate person is employed regardless of personal relationship, privilege or any enticement.
- (4) EGCO Group has a policy to avoid employment of relatives or spouses of employees whether they have the same surnames or not to ensure transparency in its operation and to avoid favoritism that will affect its business management under a code of conduct according to corporate governance principles.

Respect for Human Rights and Fair Treatment for Labor

EGCO has set up a **Welfare Committee** in the workplace. The committee members are elected by employees with a maximum of two year term in dealing with welfare matters and recommendations beneficial to welfare arrangement. Also, there are communication channels for employees to voice concerns and file complaints on working and living in the workplace. Any recommendations will be seriously considered and corrective actions will be carried out in order

to achieve mutual benefits and promote good relationship at work. So far, there has been no report or complaint on violation of human rights and unfair labor treatment.

Moreover, EGCO has expressed its intention to promote and strengthen a strong labor relations system between the Company and its labor union along with legitimate labor organizations through the establishment of two **labor unions**, namely executive labor union and operational labor union. Guidelines and procedures dealing with the labor unions have been developed as practice standards to ensure clarity, compliance with labor laws, fair labor treatment, and mutual understanding.

Fair and Appropriate Remuneration and Welfare Policy

EGCO has set a policy on appropriate remuneration and welfare being consistent with the Company's operational performance. EGCO's Employees Provident Fund has been established to provide a stable financial security of its employees after their termination of employment or retirement. EGCO also provides other welfare programs on a par with leading peers in the industry for its employees, such as membership of EGAT Saving and Credit Cooperative Limited.

In 2017, a survey on remuneration of the industry peers was conducted by EGCO in cooperation with a consulting firm and HR Power Network, consisting of human resource units from 14 companies in power business. The HR Power Network has continuously exchange ideas and information on human resource management, especially remuneration and welfare package for employees. That information is applied to develop and improve the criteria for EGCO Group's employee remuneration.

In addition, EGCO adjusted overseas compensation package to attract employees to work at its overseas sites and to provide the appropriate costs of international living for the secondees on international assignment. The local national compensation and benefits were a significant factor to consider when EGCO determined the overseas package.

Fair Performance Assessment Policy

EGCO has a fair performance assessment policy covering both work performance and relevant competencies with emphasis on result-oriented performance, corporate goals or objectives, and mutual goal setting between supervisor and employee. Also, the performance assessment result is partly used to support career development planning for employees.

Personnel Development Policy

EGCO do put emphasis on developing employees' knowledge and ability so that they can accomplish their works and get prepared to work overseas according to EGCO's strategic plan to expand its business internationally. The employee development is also to prepare the potential ones to assume key positions in the future. The employee development plan is linked to employees' competencies: comprising core competency, managerial competency, and functional competency. Moreover, core values implementation is an important fundamental in employee development in order to help achieve business growth in the same direction.

EGCO carries out various kind of development plan as follows:

- In-house & Public Training
- Knowledge Sharing within the Organization
- Knowledge on SHE Awareness
- Job Rotation
- Succession Planning and Individual Development Plan

In-house & Public Training

EGCO has organized in-house training courses to develop employees' knowledge, skill, ability including personal attributes so that they gain a necessary level of knowledge and skill to productively and effectively perform their jobs.

The training process is as follows:

- (1) Identify performance gaps and assess training needs.
- (2) Create employee development plan according to position levels.
- (3) Implement the employee development plan.
- (4) Monitor and evaluate training results.



The in-house training courses are provided for employees at all levels, starting from officer level to top executive level, and are customized based on competency, training needs, and business direction. The courses are divided into three categories as follows:

Program	Position Level
Business Knowledge Program	All levels
People Development Program	Officer – Senior Officer
Management Development Program	First-line Manager to Senior Executive

In 2017, the in-house training programs were conducted for employees at all levels. Some were integrated with Company's core values such as "Inspiring Innovation". The training program for officers and first-line managers was "Analytical Thinking for Problem Solving and Decision Making". Some courses were arranged to support Company's competitive environmental strategy; that is, "Progressing on Sustainable Development Goals through Global Reporting Initiative (GRI) Disclosures" giving knowledge and practices of reporting Company's sustainability performance; and "Standards of Health and Safety Management System: TIS/OHSAS 18001". EGCO has also executed some training courses to create energy conservation awareness such as "Persistent Workplace Energy Awareness".

According to Company's succession plan, the executive development programs were implemented to prepare executives for succeeding higher-level positions with the learning and tools for managerial and leadership skills; for example, "Executive Program for Senior Executive Vice President (SEVP)" and "Coaching Program for Executive Vice President (EVP)".

EGCO supports sufficient budget resources for employees to attend public training courses, seminars and workshops so they gain knowledge and skills that help them more efficiently perform their functional duties and responsibilities.

Knowledge Sharing within the Organization

EGCO encourages knowledge sharing within the Company to exchange useful knowledge among employees so the session is open to employees at all levels to gain information, knowledge and perspectives from experienced coworkers, executives or expertise in such matter. The knowledge sharing is a development approach to create learning organization, broaden employees' viewpoints, as well as apply the knowledge in jobs.

In 2017, EGCO conducted knowledge sharing sessions on "Working in Philippines" and "Work in Indonesia" exchanged the knowledge and experience by experts in international business from Siam Cement Group Public Company Limited or SCG and Banpu Public Company Limited or BANPU, respectively. The sessions aimed to prepare employees for international assignment.

Besides, some Workgroups have conducted the knowledge sharing for their own colleagues but open for others who are interested. The sessions were to share information and knowledge so employees have been more understanding of Company's business. For instance, Asset Management Division exchanged knowledge regarding basic electric power system, electricity generation process of power plant in different types and power plant maintenance.

Knowledge on SHE Awareness

EGCO is committed to the effective prevention and management of safety, health and environment (SHE) affecting all employees and the community; therefore, Company has encouraged its employees to attend the training on awareness of Safety, Occupational Health

and Environment (SHE). In 2017, the average hour for SHE awareness training is equivalent of 12 hours per person per year; or 25% of all training hours.

Care of environmental impact and the community surrounding EGCO Group's power plants are also taken into account in all power plants and put into action. Especially, Khanom Power Plant, a pilot power plant in environmental friendly and living sustainably with the community, has stipulated its objectives and goals to operate power plant in conformity with the Environmental Management System: ISO 14001 in its annual business plan. Accordingly, the 17-hour training course on "Raising Environmental Awareness" has been organized annually.

Job Rotation

EGCO has developed its employees' potentials by job rotation to expose employees to a wider range of operations. This aims to improve their capabilities for higher positions in the future according to their career path. Job rotation is considered based on job family, including employees' potentials, education, work experience, and work performance.

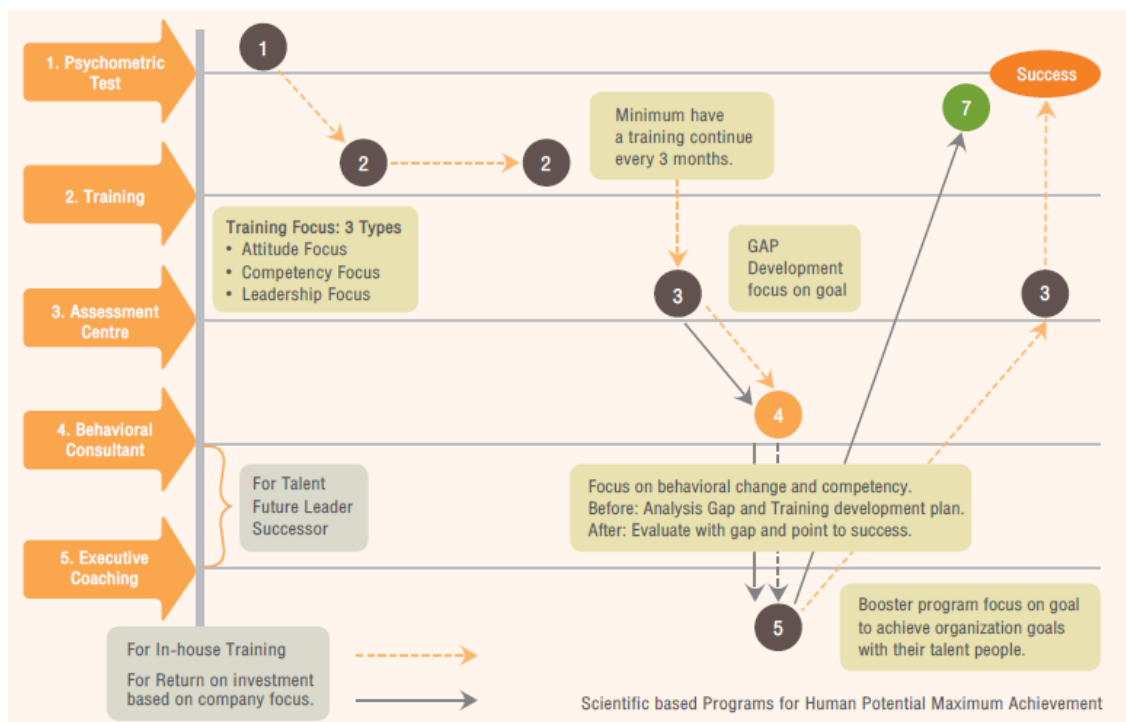
Succession Planning and Individual Development Plan

EGCO has developed a succession plan to get their employees prepared for succeeding executives of higher positions, or key positions, to be important drivers of the Company. The key positions are Senior Executive Vice President (SEVP) and Executive Vice President (EVP).

The process of succession planning for Key Positions is as follows:

1. Criteria are defined for screening qualified persons to be in the eligible list.
2. The Management of each Workgroup nominates successors for both SEVP and EVP level positions based on education and direct or work-related experience.
3. "Management Assessment Test" is conducted on competencies and personal attributes for gap analysis and further improvement of the successors. The Company will draw up an Individual Development Plan (IDP) to develop the successors.
4. Successors develop their skills via IDP.
5. The Company selects the potential and qualified person to be in successor shortlist via the tool of "Assessment Center".
6. The selected person in successor shortlist is further developed by "Executive Coaching (One-on-one)"
7. The Management will select the potential person for the position to be further proposed to the Nomination and Remuneration Committee (NRC).

In 2017, the Company executed the succession plan for executives at EVP level moving up to SEVP to replace those in the Workgroup who will retire at year-end. The successors were in the process of development as picture shown below:



As a result, the Management selected the potential person for the position to propose the NRC for consideration. The new executives were promoted to replace the Key Positions.

EGCO has adopted Individual Development Plan (IDP) as an employee development tool that emphasizes discussion and joint decisions by the employee and the supervisor on skills, abilities and knowledge needed to do the job. Then both the employee and the supervisor consider training and development process to fulfill the mutual goals of individual career development. Various training and development methods are applied; that is, On the Job Training, Project Assignment, Oversea Project Assignment, Coaching, Mentoring, Job Shadowing, Knowledge Sharing and Self-study.



Internal Corporate Activities or Labor Relations

Internal corporate activities or labor relations provide opportunities for employees at all levels to meet and take part in the activities of the Company. This helps foster good relationship among employees, promote teamwork, and enhance the employees' good attitudes towards the Company. When the Company has cohesive culture, the employees feel that they are part of the Company. This leads to employee engagement to the Company.

In 2017, EGCO Group organized activities to build good cohesion among the employees as follows:

“Communication Day”: The semi-formal town hall meeting between EGCO’s President and employees on a quarterly basis to inform information, news, and business updates both within and outside the Company together with to allow employees to raise opinions and enquiries to the executives.

“Dek Doi Project”: The group activity focuses on building team cohesion among EGCO Group employees working in the holding company and other sites both domestic and international. The activity also aims to promote awareness and participation in conservation of environment and sustainable use and management of natural resources. Such activity is combined theory into practice to learn that natural environment provides us with a wide range of ecosystem services. The group activity is held in forest environment of Doi Inthanon National Park such as forest trekking, camping in the forest.

Other internal relations activities aim at promoting good cultures in workplace and social traditions. In 2017 EGCO arranged Songkran Festival and Water Blessing Ceremony, EGCO Group’s 25th Anniversary Celebration, Annual Ceremony for Paying Respect at Shrine of Lord Brahma (Phra Phrom) and Merit Making Ceremony, Annual Merit Making for Robe Offering (Pha Pa) Ceremony, and New Year Celebration and Annual Party. The Company has also supported activities of employees’ clubs, such as Photo Club, Dharma Practice Club, and Sports and Recreation Club.

In addition, EGCO held some activities to promote employees’ awareness on the company’s core values; that is, Teamwork, Result-oriented, Innovation, Ethics and Integrity, and Stakeholder Concerns. For example, “Our Core Values – Easy Word” Contest was the competition in which employees proposed the only one word representing the five core values. The core values awareness was also linked into several company activities such as official opening of EGCO’s Core Values at EGCO Group’s 25th Anniversary Celebration.

Apart from those internal relations activities, employee retention is also important for the Company’s culture. After EGCO conducted employee engagement survey in 2016 to identify factors that influence overall employee satisfaction and engagement in the workplace, the Human Resources Division has made some improvements responding to the survey results. Firstly, “HR Communication” Project was a new channel to share the information and guideline regarding human resources concerns such as benefits, performance appraisal, etc. via

bulletin boards, posters and Company's intranet portal. Secondly, the other channel to communicate HR information was at "HR Corner" in intranet portal which helps employees find information more easily and at any time they want.

Occupational health and Safety Operation

EGCO realizes the significance of good occupational health and safety operation, and work environment, striving to make it accident-free, a workplace that is safe to work in, one that offers a good environment among employees, workers, and contractors. EGCO Group also highlights environmental conservation and responsibility for nearby community, which is considered a mission of the organization to develop and execute on a systematic basis. Our occupational health and safety management covers such areas as strict compliance with relevant laws, making available a safe work environment, and promotion of sanitary conditions. Employees are encouraged to participate in the ongoing enhancement of occupational health and safety at workplace, and creation of safety awareness among employees and nearby community.

Occupational health and Safety Operation Management

EGCO instituted a safety, occupational health, and environmental policy with a framework in place to ensure operation and development of safety, occupational health, and environment system is appropriate and compliant with laws and regulations. There are monitoring, assessment, and review of the operation to enable employees' and contractors' understanding and application for practical use to create preventive and remedial awareness of activities that may affect safety, occupational health, and environment. Moreover, to carry out safety, occupational health, and environment operation across the organization according to EGCO vision, policy and strategic plan, a Safety, Health, and Environment Committee of EGCO Group (SHE Committee) has been established. Chaired by Senior Executive Vice President - Operation, the SHE Committee takes charge of determining guidelines, criteria, and work plans, as well as monitoring and assessment of results, improvement and development of safety operation of EGCO Group power plants. In addition, a taskforce has been set up, being composed of representatives from EGCO Group power plants, to carry out operation according to the work plans, objectives, and targets as well as relevant activities as specified by the Committee. There is Safety, Health and Environment Management System Manual in order to guideline EGCO subsidiaries to operate strictly comply with relevant laws. Moreover, Emergency Response Plan is set for implement in case of emergency situation to recover damage as soon as possible.

The Standard of Occupational health and Safety Operation

Power plants of EGCO Group have adopted international standards, namely, Quality Management System (ISO 9001), Environmental Management System (ISO 14001), and Occupational Health and Safety Management Systems (OHSAS 18001) for power plants to prevent erroneous operation likely to bring loss of lives and properties to the organization, as well as to build confidence in power plants' efficient management that is harmless to the community, society and environment.

At present, EGCO Group power plants are certified by international standards, details of which are as shown in Table below.

No.	Power Plants	Fuel Type	Standard			Other
			ISO 9001:2015 Quality Management System	ISO 14001: 2015 Environmental Management System	OHSAS 18001: 2007 Occupational Health and Safety Management System	
1	KEGCO	Natural Gas	✓	✓	✓	TIS18001:2011
2	GPG	Natural Gas	✓	✓	N/A	
3	BLCP	Coal	N/A	ISO14001: 2004	✓	ISO/IEC27001:2005
4	EGCO Cogen	Natural Gas	N/A	N/A	N/A	
5	RG	Biomass	N/A	N/A	N/A	
6	GCC	Natural Gas	✓	✓	N/A	
7	NKCC	Natural Gas	✓	✓	N/A	
8	SCC	Natural Gas	ISO 9001:2008	ISO14001: 2004	N/A	
9	GYG	Biomass	✓	ISO14001: 2014	N/A	
10	NED	Solar	ISO 9001:2008	N/A	*	
11	SPP2	Solar	✓	N/A	N/A	
12	SPP3	Solar	✓	N/A	N/A	
13	SPP4	Solar	✓	N/A	N/A	
14	SPP5	Solar	✓	N/A	N/A	
15	GPS	Solar	✓	N/A	N/A	
16	TWF	Wind	N/A	✓	N/A	
17	Solarco	Solar	✓	N/A	N/A	
18	CWF	Wind	N/A	N/A	N/A	
19	NTPC	Hydropower	N/A	✓	✓	
20	Quezon	Coal	Own Standards developed from the previous Shareholder	EMSCOP (Environmental Standards of USA)	The Occupational Safety and Health Standards of the Department of Labor and Employment of the Philippines	
21	SEG	Geothermal	✓	✓	✓	ISO/IEC17025:2008
22	BRWF	Wind	N/A	N/A	N/A	
23	MPPCL	Coal	N/A	✓	✓	

*Remark: expect to get certification in Feb 2018

Occupational health and Safety Operation awarded in 2017

KEGCO	★ National Safety Health and Environment Award (Gold) by Ministry of Labor.
RG	★ National Safety Health and Environment Award for the 8 th consecutive year (Diamond) by Ministry of Labor. ★ National Labor Relations and Welfare Award for the 5 th consecutive year by Ministry of Labor. ★ Silver Award (National) in the workplace safe, disease-free, body pleasantly by the Department of Disease Control, Ministry of Public Health. ★ Good Occupational Health Management Award by Ministry of Public Health.

Occupational health and Safety Operation Performance

In 2017, The performance in terms of safety, occupational health and environmental of both domestic and international for EGCO Group employees and contractors are represented by the

Injury Frequency Rate per one million man-hours (IFR) and the Injury Severity Rate per one million man-hours (ISR) are recorded at 3.06 and 482.45, respectively. This is resulting from one accident case causing a contractor's death at BLCP. After this accident, BLCP had determined the cause of accident to review and improve its safety standard more securely as well as strictly controlled its operation in order not to repeat the same mistakes.

In addition, EGCO group's power plants continue to improve the working guidelines for the highest safety standard by setting clear annual goal, objective and action plan as well as closely monitoring and assessment to prevent any accident occurrence. As a result, there are improvement in quality of life of the employees and contractors along with the reliability of property in EGCO group. The safety and occupational health guideline includes;

- Conduct specific safety training courses for employees and contractors to ensure their full understanding and following of the guidelines
- Conduct job risk assessment beforehand and identify the ways to mitigate or eliminate such risks • Require special working permit in hazardous area or activities such confined-space entry permit, hot-work permit, etc.
- Ensure that everyone wears proper personal protective equipment (PPE) at all times
- Conduct and exercise emergency response and rescue plan in case an emergency
- Conduct and exercise evacuation plan in case of fire or an emergency

In 2017, EGCO Group has an Accumulated Safety Hours of both employees and contractors of 42,795,379 hours.

Activities for promote Occupational health and Safety Operation

EGCO realizes the significance of good occupational health and safety operation, the activities to promote occupational health and safety are held continuously, such as annual safety exhibition, and training courses on safety knowledge to ensure maximum safety for employees and workplace.

Not only safety work place, but also healthy worker will affect company performance. EGCO pay attention to all employee to be healthy both physically mentally in order to work effectively such as designing working environment for protect worker from danger, monitoring environmental workplace compliance with law and correct risky workplace as soon as possible to make workplace safe for working.

EGCO Group power plants have devised Emergency Response Plan (ERP). Under the ERP, measures and action plan are set for implementation in case of emergency situations in accordance with the standards stipulated by law, classified by severity level of incidents and covering evacuation of personnel as well as taking into consideration all living things in the nearby ecosystem.

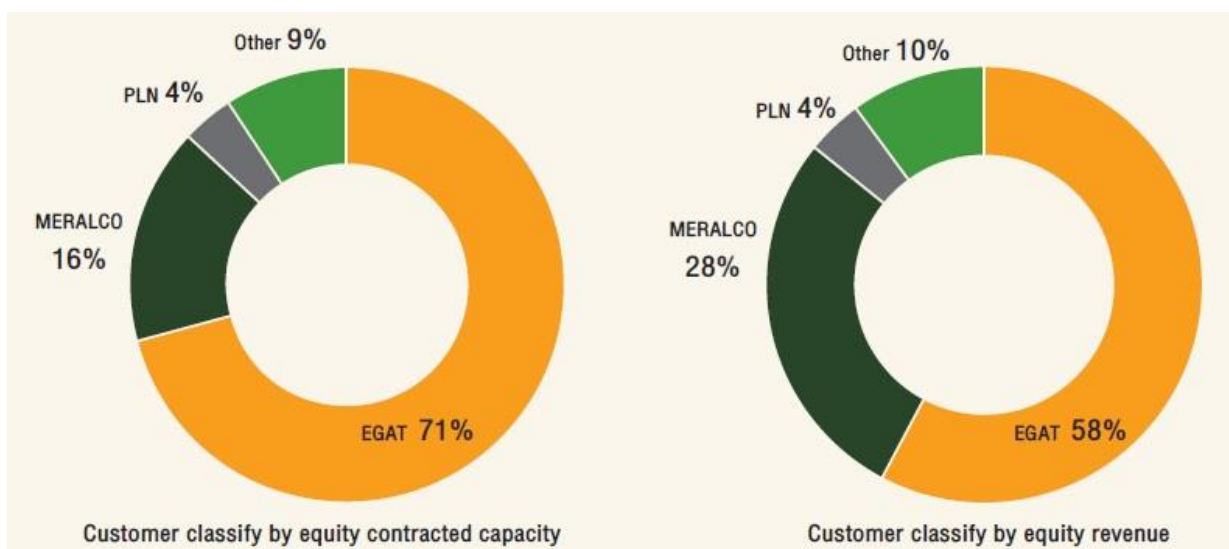
Responsibility towards the Community and Society

Value Chain Management

EGCO commits to operating its business on a sustainable basis with good corporate governance for community, social, and environmental benefits. The Company thus places importance on efficient supply chain management to prevent and reduce possible impacts in the areas of environmental and social risks, business partners relationship and strategic partners, which might have affected customers' and stakeholders' trust on the business operation.

Customer Relationship Management

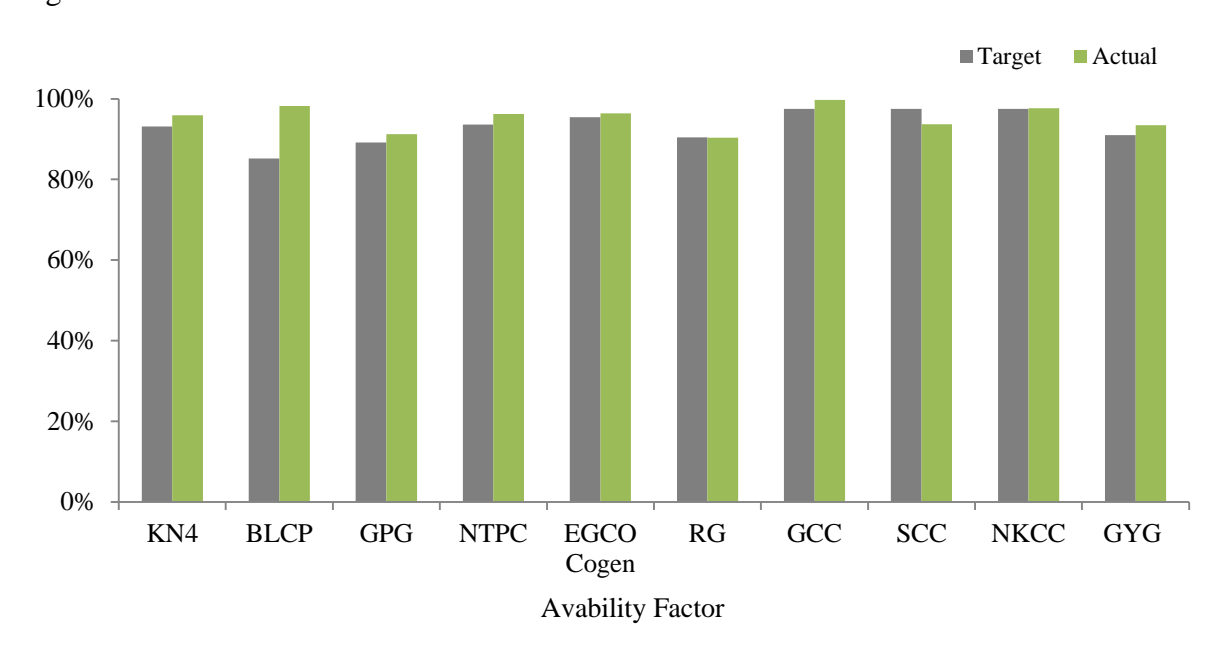
In 2017, EGCO commercially operates a total of 28 power plants which located domestically and internationally, with a total equity contracted capacity of 4,574 MW. The equity contracted capacity mostly has an agreement to sell electricity to Electricity Generating Authority of Thailand (EGAT), amounted to 3,247 MW, followed by Manila Electric Company (MERALCO), amounted to 749 MW, and PLN, amounted to 175 MW. The remaining capacity sell to Energy Australia Pty Ltd., Industrial Users (IUs) and Provincial Electricity Authority (PEA), respectively.



Furthermore, when considering customers based on equity revenues, electricity revenues from EGAT is up to 58%, followed by MERALCO and PEA in the proportion of 28% and 4% respectively. Obviously, in terms of equity contracted capacity and equity revenues, EGAT is a key customer.

EGCO is therefore committed to operating and distributing power supply in accordance with electrical system standards and Power Purchase Agreement (PPA) with EGAT, to ensure adequate power supply to the system consistently and being a part to support the reliability of the Nation's power system

Under the PPA with EGAT, the Contracted Available Hour (CAH) has been set yearly throughout the term of the agreement. The capacity to operate as prescribed in the agreement is thus a critical factor that will enhance EGAT's satisfaction since the customer needs has been fulfilled. Each year, EGCO power plants will use CAH for the calculation of Availability Factor which will be set as a key performance indicator (KPI) of all power plants. EGCO's target is to operate the power plant with a higher availability factor that specified in the agreement. During this year, the availability factor of EGCO power plants compared with the target can be illustrated in the chart below:



The Chart shows that most of EGCO power plants can maintain the availability factor at the rate higher than the target, except for SCC Power Plants of which the availability factor was below the target. It was caused by partial discharge, arising from the deterioration of insulation. Corrective actions were taken by replacing new insulation and conducting regular checks to prevent recurring incidents.

To ensure that all customers' expectations are fulfilled, customer satisfaction has been set as one of the KPIs for KEGCO, EGCO Cogen, RG, and ESCO. The target of satisfaction level was set at 85% and the results of the survey are shown in the table below,

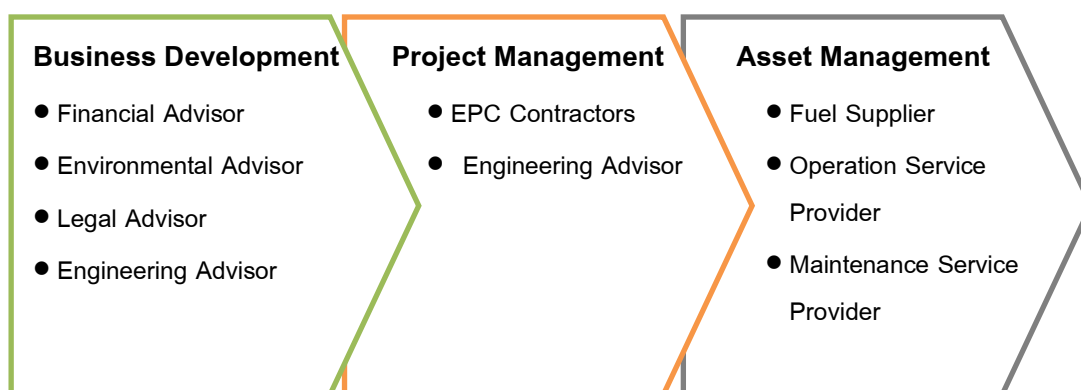
	Target	KEGCO	EGCO Cogen	RG	ESCO
Satisfaction Level	85%	91%	93%	91%	94%

In 2017, ESCO, a provider of operation, maintenance, engineering and construction services, received "Partnership Supplier Award" from BLCP Power Plant. It was the greatest award granted to the business partner demonstrating excellent performance and standards for 3 consecutive years.

Business Partner Relationship Management

EGCO believes that “**business partners**” are crucial part in supporting its business to deliver a quality and punctual services with fulfillment of a defined condition. Thus, the Company is committed to the treatment of our business partners based on equality and fairness, taking into account common benefit, developing an opportunity for knowledge sharing, experience and expertise between EGCO Group and business partners.

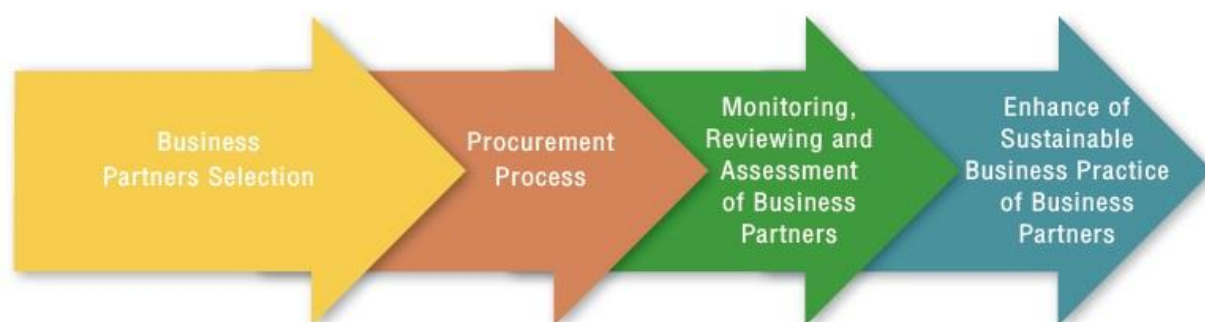
EGCO Group’s power generation business can be divided into 3 major stages starting from business development, project management and asset management. In each stage, EGCO Group has to enter into transactions with a wide range of business partners, ranging from small domestic companies to large multinational corporations. Partner relationship management thus varies based on risk level and severity of possible economic, social, and environmental impacts.



1. Business development: EGCO continuously seek new investment opportunities both greenfield projects and operating assets. Business partners at this stage are advisor. In 2017, the total value accounted for approximately 22 Million Baht.
2. Project Management: EPC Contractors are major business partners responsible engineering work, procurement and construction including commissioning work to ensure that power plants can commence its commercial operations on schedule. The total value of equity EPC contractors for 5 projects under construction accounted for approximately 9,000 Million Baht.
3. Asset Management: Fuel suppliers are key business partners. EGCO Group’s natural gas and coal-fired power plants have a long-term fuel supply agreements with fuel suppliers. Although biomass power plants have not a long-term fuel supply agreement, they have a fuel management team to monitor and mitigate risk from fuel shortages. In 2017, equity fuel costs of power plants can be summarized in the table below:

Country	Fuel	Fuel Cost (Million Baht)	Supplier
Thailand	Natural gas	14,934	PTT Plc.
	Coal	4,706	ACH
	Biomass	195	Local fuel supplier
Philippines	Coal	2,105	ADARO

Four phase to Partner Relationship Management



Business Partners Selection

EGCO recognizes the importance of supplier and contractor selection by specifying qualification requirement in the Term of Reference (TOR) including EPC contract, EPC contracts also stipulate that suppliers and contractors who intend to join bidding shall have dependable experience and expertise in the products and services concerned, and must not violate labor law, environmental law, and other relevant laws and regulations. Moreover, they must not be found to have “abandoned work” or been sued in cases relating to tenders for government sector contracts, human rights or corruption related issues. Inspection is mainly conducted on their financial position, relationship with other suppliers, and previous operational performances. EGCO shortlists candidates with priority given to suppliers registered or having established offices or branches in Thailand or countries where EGCO has business expansion. Local recruitment is also emphasized to contribute to the country’s industrial development and reduce operating expenses with enhanced efficiency.

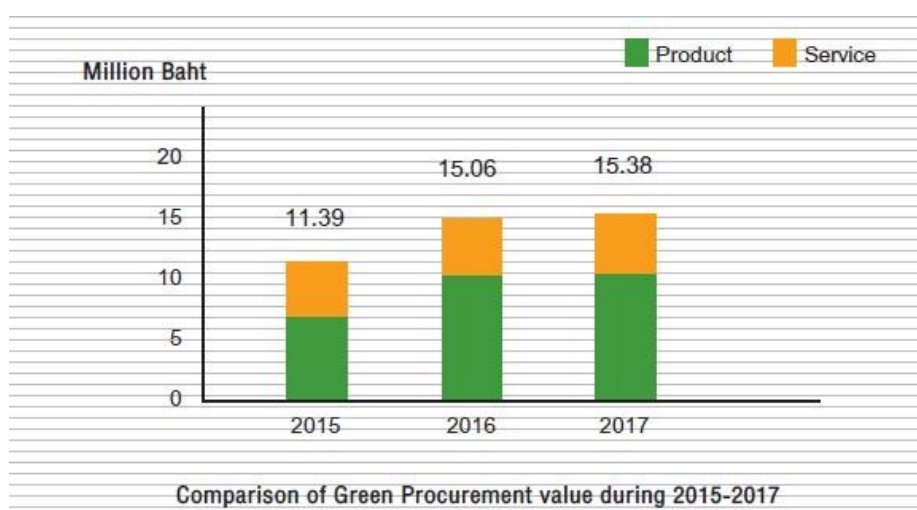
Procurement Process

EGCO has put in place a product and service procurement process along the entire business operation, taking into account the relevant internal and external stakeholders and being aligned with the procurement policy. This ensures that the Company will be able to procure quality and reliable products and services according to the specified standards with efficiency, price worthiness and available technical quality, and with competition on the basis of fair access to information for long-term business continuity. EGCO adheres to procurement regulations with clear procedures and practice in order to maintain sustainable relationship with business partners and confidence in one another.

All EGCO’s business partners are required to sign “EGCO Code of Conduct for Business Partners” during the procurement process. This is to inform them of EGCO’s commitment to operating sustainable business by adhering to good corporate governance principles, ensure fair business management and efficient and transparent management system, and promote its suppliers and contractors to conduct business with ethics in terms of anti-corruption, corporate social responsibility, human rights, and occupational health and safety as well as take into account sustainable impacts on the environment. In 2017, there was no dispute or lawsuit between EGCO and business partners.

Furthermore, in an attempt to reduce adverse impacts on the society and environment, EGCO recognizes the importance of **Green Procurement** throughout the Company's supply chain with focus on quality, price, and punctual delivery of products or services by keeping abreast of information on products and services that are environmentally friendly and contributing to energy and water resource conservation and waste reduction, products with least or no use of hazardous substances or chemicals, and biodegradable products according to Ministry of Natural Resources and Environment. Data updating is made in the procurement system accordingly.

In 2017, EGCO procured environmentally friendly products and services worth totally 15.38 million Baht, or increased by 2% from 2016.



Monitoring, Reviewing and Assessment of Business Partners

For the projects under construction, project management unit are assigned to be responsible for monitoring and supervising the contractors' work, including the assessments of work in progress at site. The progress report and measures to control social and environmental impacts as well as labor and safety measures are closely monitored. Furthermore, a report on social and environmental impacts is regularly submitted to related government agencies and financial supporters, i.e. banks and other financial institutions until the project completion and commencement of commercial operation.

In addition, to ensure that business partners are regularly aware of and care for sustainable business operations, EGCO submits a self-assessment form to existing business partners with questions relating to good corporate governance principles, ethical business operation in terms of anti-corruption, corporate social responsibility, human rights, and occupational health and safety as well as impacts on the environment. In 2017, EGCO conducted an assessment of 83 existing business partners, the result showing that our business partners operated business based on the principles of sustainable business practices.

Enhance sustainable development of Business Partners

As mentioned earlier, it is obvious that EGCO's major business partners are EPC contractors, natural gas suppliers, and coal suppliers. All of them are large domestic and overseas companies that apply best sustainable business practices, especially PTT Plc which was selected for a membership of Dow Jones Sustainability Indices (DJSI) for 6 consecutive years.

Furthermore, EGCO encouraged employees to join the "PTT Groups SDGs Green Week 2018" seminar during January 15-17, 2018, organized by PTT. The objective is to share experience to be an excellence in safety, health and environment management among PTT, stakeholders and related government agencies.

Moreover, BLCP Power Plant regularly hold a Suppliers Day to communicate its business conduct policy and future business opportunities with suppliers as well as give an opportunity for executives, employees, and suppliers to mutually share information or opinions for long-term sustainable growth and good partnership. It was also an opportunity to extend an admiration and present a Partnership Supplier Award to the companies with excellence performance to further maintain quality of work to the next higher level.

Strategic Partner Relationship Management

EGCO Group's strategic partners consist of both domestic and international companies, such as

- Banpu Plc. holds 50% stake in BLCP Power Plant
- J.Power Holding Co., Ltd. (Thailand) holds 49% stake in GPG, GCC, NKCC, SCC, and GYG Power Plants
- EDF International Co., Ltd. holds 40% stake in NTPC Power Plant
- AES Philippines Co., Ltd. holds 51% stake in MPPCL Power Plant

EGCO acts as a good strategic partner by conducting its business with fairness, transparency, and accountability. Throughout 2017, EGCO Group held meetings with strategic partners to share opinions, accept complaints and recommendations on a monthly basis. EGCO Group also undertaken activities, such as field trips, sports, etc., with strategic partners to foster good relationships.

Participation in Development of Community and Society

EGCO has operated business with due regard to participation in the community and society development starting from the communities in the vicinity of power plants, covering openly disclosure of factual information and promotion of appropriate participation of the society before construction, under construction, and after completion of construction of power plants. There is a process in place to assess and rectify possible impacts on the communities. Moreover, EGCO has cooperated with its employees and local and national agencies in initiating projects and activities for the communities and society on a continual basis. Operations mainly cover three areas as below:

Promotion and development of “quality of life of communities” surrounding power plants

EGCO regularly pays attention to the communities in the vicinity of headquarters and power plants by supporting, initiating, and developing projects covering education, occupation, sanitation, and caring for the environment to enhance the quality of life of the community people.

Promotion of learning about energy and environmental conservation among the “Youth”

The way to instill and create a sustainable growth of consciousness of energy and environmental conservation is through education and understanding. The Company has therefore supported and conducted energy and environmental activities for youth through both inside the classroom and hands-on experience outside the classroom as well as instilled public mindedness. Such learning is the basis for social, intellectual, and moral development, which will finally lead to the nation’s success in sustainable development.

Conservation of “watershed forest” natural resources

EGCO realizes the importance of conservation of such natural resources as forest and water, especially watershed forest, which is a source of natural water that originates streams and rivers as factors essential to all living things. It has thus promoted cooperation in sustainable forest preservation for the next generation through operations of Thai Rak Pa Foundation.

Management

EGCO focuses on collaborating with the communities in the vicinity of headquarters and power plants in implementing projects beneficial to the society by setting guidelines for participation in development of communities surrounding the power plants and development of society as follows:

Guidelines for participation in development of communities in the vicinity of power plants

1. Promotion and improvement of quality of life of community by taking into consideration participation and needs of community

- 1.1 Provide information and knowledge regarding operations of the organization to the community before commencement of any operations in any areas. For power plants already in operations, information shall be made available at least three months in advance of any expansion or bidding for contract renewal, and at least one year prior to a meeting to voice comments of stakeholders.
- 1.2 Establish a process for identifying stakeholders in the community to determine needs or concerns about impacts on the quality of life which is linked to or associated with the operations of the organization.
- 1.3 Offer opportunities for the community to share viewpoints with the organization based on issues or concerns of the community in an appropriate form at least once a year.
- 1.4 Disseminate knowledge and distribute income to the community by supporting employment and job creation in the locality based on appropriate conditions.
- 1.5 Support and promote development of capabilities and skills useful for occupation and

extra income generation of the community by giving the community an opportunity to participate in the development of projects.

- 1.6 Support the community to be competitive and self-reliant, and achieve sustainable growth through, for example, education, culture, tradition, promotion of sanitation and environment, and development of technology in alignment with local wisdom, etc.
- 1.7 Provide assistance to the community in times of crisis, emergency, and natural disasters, covering provision of necessities, food and medicine, shelter, support of expenses and other related actions.

2. Instillation and promotion of the sense of responsibility towards the community among employees and concerned parties

- 2.1 Disseminate policies, guidelines, targets, and operating results to employees and concerned parties thoroughly
- 2.2 Provide employees and concerned parties with training and seminar opportunities relevant to participation in the development of community
- 2.3 Encourage employees and concerned parties to share experiences from participation in the projects for the community and society to other employees and external parties.
- 2.4 Promote and support employees' participation in the projects for the community in an appropriate form
- 2.5 Support participation of concerned parties in the projects for the community in an appropriate form

3. Dissemination of operating results of the organization to the community and public on a regular basis

- 3.1 Arrange a power plant visit at least once a year
- 3.2 Prepare at least one document disseminating information and knowledge about the business operation process and participation in the development of community, and make a channel for accepting opinions from the community
- 3.3 Disseminate the information and the organization's corporate social responsibility performance and participation in community development to the community and public in the form of the annual sustainability report

4. Seeking of opportunities to exchange knowledge and share experiences from operations with other agencies to continuously improve operations

- 4.1 Participate in activities/projects of networks or agencies relevant to community development at least once a year
- 4.2 Compile knowledge and experiences from operations and participation in the exchange of experiences with agencies for the benefits of future operations as appropriate

5. Tracking and assessment of satisfaction of community with the operation of the organization

Conduct a survey to assess community's satisfaction with the development of quality of life for better living at least twice a year

Moreover, EGCO has jointly initiated and developed projects as well as supported activities covering education, occupation, sanitation, and environmental conservation under **the framework of improvement of quality of life of the communities surrounding the power plants**, which includes the following:

1. Support of local employment
2. Development of children and youth
3. Development of skills beneficial to occupation
4. Promotion of sanitation of the community
5. Development of public utilities
6. Conservation of natural resources and environment

Guidelines for participation in social development

1. Participation in social development by implementing social development projects or activities in alignment with the main capabilities of the organization

1. Support or initiate projects/activities which are aligned with vision, targets, values, and beliefs of the organization
2. Support or initiate projects/activities beneficial to the general public, focusing on operations which are aligned with or based on the main capabilities of the organization including knowledge, resources, and personnel

2. Encouragement of employees and concerned parties to learn, understand, and take part in social development operations

1. Disseminate progress on the implementation of social contribution projects to employees and concerned parties at least once a month
2. Allow employees and concerned parties to take part in operations or projects for social contribution as appropriate

3. Execution of projects or activities continuously for true and sustainable benefits to the society

1. Support or initiate projects/activities which respond to the needs of the society, and are aimed at enhancing potential and strength for sustainable social development
2. Regularly evaluate operating performance in terms of outcome, output, and impact to ensure true and sustainable benefits to the society

4. Seeking of opportunities to exchange knowledge and share experiences from operations with other agencies to further improve operations on a regular basis

1. Participate in activities or projects of relevant external agencies to exchange and share experiences regarding social development at least once a year
2. Compile knowledge and experiences from operations and participate in the exchange of experiences with external agencies to benefit future operations at least one issue per year

Operating Results

Development of operations to promote participation in improving community quality of life in 2017 through the following significant activities:

- **Arrangement of Knowledge-Sharing Activities to Promote Participation in Development of Community Quality of Life among EGCO Group Power Plants (2015-Present)**

Knowledge-sharing activities to promote participation in development of community quality of life among EGCO Group power plants are part of continuous development of operations in alignment with international practices and outside expectations on the role of business sector in the participation in community development. This is to ensure that all EGCO Group power plants and communities can coexist in a sustainable way.

The objective of this activity is to promote knowledge sharing among community relations practitioners of EGCO Group power plants, **especially on the issues of outside expectations, new knowledge beneficial to the operations**, and study visits on community development in actual areas as well as compile and define lessons, learned from community development practices of different types of power plants varying in terms of impacts and community contexts, to serve as guidelines for EGCO Group power plants' future operational improvements. Details of past operations are as follows:

- In 2015: knowledge sharing on an analysis of contexts and impacts of power plants on communities and a study visit of BLCP Power Plant
- In 2016: knowledge sharing on stakeholders of power plants and a study visit of Khanom Power Plant
- In 2017: knowledge sharing on assessment of success of community projects, especially in determination of key performance indicators, and a study visit of Lopburi Solar Power Plant, Lopburi Province along with a visit of GreenEducation learning center which was established to disseminate knowledge to the general public

In 2017, there were 40 participants coming from EGCO Group's Committee on Promotion of Participation in Community Development, community relations practitioners from EGCO and EGCO Group power plants both in Thailand and overseas as well as practitioners from the Asset Management Division and the Corporate Communications Division.

Utilization of EGCO Group Power Plants as Learning Centers for Power Generation Process

EGCO promotes dissemination of knowledge and understanding of power generation process by giving youths, communities, and external agencies the opportunities to visit EGCO Group power plants as learning centers for power generation process. Two learning centers, namely Kiang Saket Energy Center at BLCP Power Plant, Rayong province and GreenEducation at Lopburi Solar Power Plant, Lopburi province, were also established to disseminate knowledge on energy and power generation process for the youth as major target group. In 2017, there were 29,500 visitors in total at EGCO Group power plants and learning centers (only those of which EGCO holds more than 50% stake).

Establish a tri-party collaboration in community development

EGCO realizes that good relationship will allow sustainable coexistence with the community, which is a crucial factor affecting its business sustainability. EGCO Group power plants offer the stakeholders, in the areas in which it operates business, an opportunity to participate in the operation regarding promotion of participation in improvement of quality of life of communities surrounding the power plants. The operation of development of communities surrounding the power plants shall also be executed in the form of a tri-party collaboration, comprising power plant, public sector, and community. The operations of EGCO Group power plants are as follows:

IPP Power Plants comprises Khanom Power Plant, BLCP Power Plant, and Quezon Power Plant. The tri-party collaboration is implemented, including both at the tripartite committee level according to the regulatory framework of EIA and the community development project level. The tripartite committee according to the regulatory framework of EIA holds one meeting per quarter to jointly plan and give opinions on community development operations of power plants.

To participate in the community and environmental development, Khanom Power Plant has also established subcommittees to ensure efficiency in all steps for promoting participation, ranging from the project proposal to be approved by the stakeholders in the village-level committee to the project consideration of the Committee on Screening of Community Development Plans presided by the sheriff and comprising committee members, namely community representatives from 3 sub-districts in Khanom District as well as representatives from the Environmental Volunteer Committee and Khanom Power Plant. To take part in following up the environmental operation, an environmental volunteer team has been set up and comprised representatives from public health agencies, representatives from private hospitals, volunteers from subdistrict health promoting hospitals, professional association representatives, and power plant representatives as a team secretary.

Small Power Plant (SPP) and Very Small Power Plant (VSPP): EGCO Cogeneration Power Plant, Roi-Et Green Power Plant, Lopburi Solar Power Plant, SPP 2 Power Plant, SPP 3 Power Plant, SPP 4 Power Plant, SPP 5 Power Plant, Theppana Wind Farm, Chaiyaphum Wind Farm,

power plants under GPS , power plants under Solarco. The tri-party collaboration in the form of community development project was implemented to jointly plan and carry out with agencies and communities in the area.

Projects under Development and Construction: In 2017, there was no project under development and construction. However, in case where there are projects under development and construction, the Company will hold a public hearing for the community since the project development stage according to the legal framework and requirements of EIA, and participate in development of community quality of life through community relations activities that meet the community needs on a continuous basis.

In addition, EGCO Group power plants undertook activities for the community and youth to visit power plants in 2017 as follows:

- **“Morning Coffee Talk” Activity by Khanom Power Plant**

The activity was held to foster relationships among executives and employees of Khanom Power Plant, representatives from both public and private sectors, entrepreneurs, clubs, general public, and different agencies in Khanom District, exchange opinions, and report on progress of each agency and other PR news. There were approximately 140 participants in each morning coffee talk.

- “Open House” activity was held to welcome a group of students to visit Roi-Et Green Power Plant, which was a model biomass-fired power plant in Roi Et Province, and study the process of generating electricity from biomass derived from agricultural leftovers, and power plant’s environmental management. The activity was attended by 200 students.

Support of Local Employment

In 2017, EGCO Group power plants continued to support employment of community people for income distribution and improvement of their well-being. More than 90% of labor employment (excluding full-time employees) came from local labor living in the areas where power plants were located.

Quezon Power Plant in Philippines promoted local employment through employment in the cooperative group. It originated from the forest restoration project conducted in 2541 that Quezon encouraged people living in the Barangay community to assemble and carry out the project through a community cooperative. This triggered an extension of results by entering into an employment contract with local labor. The Cagsiay 1 Multi-Purpose Cooperative, Inc (C1MPC) initially consisted of 40 community members from the forest restoration group with the major objective to employ local labor to perform duties in various divisions of the power plant. At present, there were up to 732 members and revenues from the initial capital of 20,000 Php increased as follows:

Share Capital Php	7,153,448.96
Total Assets worth Php	39,784,622.10
Total Liabilities Php.	26,204,613.24
Net Surplus Php	4,661,319.46 as of October 2017

Apart from the results generated to the cooperative, there were also a total of 252 unemployed people who currently enjoyed stable income due to the employment contract entered into between them and the power plant to perform various duties.

Implementation of Projects for Communities Surrounding Power Plants

In 2017, EGCO power plants implemented a total of 84 projects for development of quality of life of communities nearby power plants in accordance with the operational framework, comprising of Development of Children and Youth 17 projects, Development of Skills Beneficial to Occupation 14 projects, Promotion of Sanitation 19 projects, Improvement of Public Utilities 16 projects, Conservation of Natural Resources and Environment 18 projects.

Community Development Operational Framework

	No.	Operational Framework
Major	1	Support of Local Employment
	2	Development of Children and Youth
	3	Development of Skills Beneficial to Occupation
	4	Promotion of Sanitation
Complementary	5	Improvement of Public Utilities
	6	Conservation of Natural Resources and Environment

Important Activities in 2017:

- Youth Development Project (2017 – 2021)**

EGCO Group initiated the Youth Development project to celebrate the Company's 25th anniversary, which is a 5-year project (2017-2021) aiming at improving capabilities among youth surrounding EGCO Group power plants. This project reflects EGCO Group's commitment to continuous community support and development everywhere it operates business, especially in child and youth development, by focusing on the use of its key competency in electricity generation, in terms of both locations of power plants and knowledge. EGCO Group's employees will volunteer and collaborate with local communities to jointly develop youth through a variety of activities covering 3 major areas: promotion of sanitation of youth for good learning, promotion of learning and development of energy and environmental skills, and awareness raising on energy and environmental conservation. In 2017, some important activities under the project were as follows:

- **Support of Vocational Scholarships to the 1st Batch of Students**
25 free scholarships were awarded to each of the 5 batches of continuing students in vocational and high vocational certificate levels, of which the recipients had no obligations to work for the Company. The objective was to give youth having high GPAs but lacking financial resources in 49 schools nearby power plants the opportunity to pursue vocational and high vocational certificates in 6 electrical industry-related fields beneficial to their basic living, and increase the proportion of skilled and effective labor force in the labor market as a key driver for Thailand's economic development. Those fields included **Automotive Technician, Industrial Technician, Electrical Power Technician, Electronics Technician, Maintenance Technician, and Mechatronics**. The value of scholarships amounted to **60,000 Baht** per academic year for students at **vocational certificate level** and **70,000 Baht** per academic year for students at **high vocational certificate level**. In 2017, there were 24 students awarded with vocational scholarships.
- Scholarship Student Orientation Activity, by leading scholarship students to enhance their knowledge on electricity at EGAT's Wang Noi Power Plant, located in Phra Nakhon Si Ayutthaya Province and EGCO Group's Lopburi Solar Power Plant, located in Lopburi Province, as well as visit the exhibition of Green Education inside Lopburi Solar Power Plant to develop an understanding of electricity and gain inspiration to pursue careers in the future.
- **Development of Public Utilities for Youth Sanitation Activity**
EGCO Group conducted a development of public utilities activity for schools nearby power plants to promote good sanitation to students which would be a foundation for learning in other areas. In 2017, the activity was carried out in a total of 24 schools in the areas of 9 EGCO Group power plants. The Company also planned to develop public utilities in a total of 46 schools by 2018.
- **1st Batch of Energy and Environmental Conservation Youth Camp Activity**
The activity aimed to enhance knowledge and understanding, raise awareness of energy and environmental conservation through hands-on experience, and improve thinking skills, answer finding, conclusion identification which would lead to inventions of preventive and corrective actions for surrounding energy and environmental problems. In 2017, there were up to 80 participants, comprising up to 40 junior high school students and around 20 assistant teachers from 19 schools nearby EGCO Group power plants, who were selected to learn from off-campus experience in this youth camp at Ruam Tawan Center, Saiyok District, Kanchanaburi Province.

Projects on Development of Skills Beneficial to Occupation

• **Khanom Power Plant Learning Center for Organic Agriculture Project**

The project was developed from the Organic Living for Sustainable Development project to support and promote the School Lunch Project in schools in Khanom District, Nakhon Si Thammarat Province, by supporting vegetable, livestock and freshwater farming for preparation of lunch recipes in schools. In 2017, the volume of vegetables gathered amounted to 3,000 kilograms and 2,000 kilograms was offered to Pun Thao Kong Shrine during the vegetarian festival.

Being succeed in Khanom power plant in 2012 by a group of voluntary employees in collaboration with local agencies specializing in agriculture biotechnology. Bring up knowledge and expertise, setting up a demonstration plantation area in the power plant, and shared trials in eco-agricultural and agricultural product development. It covers the production of organic fertilizers The production of insecticides and pesticides derived from locally natural ingredients. Workshop and training for interested persons in Khanom were arranged and carried out in 2013 onwards.

Later on, during 2015-2017, initiatives and experiments in the demonstration area have been tested, then the area have been developed into a learning center, **“Khanom Power Plant Sustainable Agricultural Demonstration and Learning Center” project**, aiming to help fighting rural poverty and ensuring the sustainable management of natural resources and reducing inequalities in the ownership of and access to productive assets by promoting sustainable agriculture to improve quality of life for the elderly, handicapped, and needed people to earn sufficient income for their livings. The project included;

- Demonstration area for workshop and plantation of organic vegetables that match with local market’s demand such as the Chinese Kale, Choy, Tomato, Melon, Beans, and etc..
- Mushroom house, demonstrates the control system in mushroom planting
- Collaboration with Surat Thani Department of Agricultural Extension in developing the production of bio fertilizer, using fungus based ingredient, promoting soil protection in agricultural activity.
- *Promotion and occupational development of organic farming in Khanom.* Ranging from foster integration. Allocation plantation species selection, training of product marketing and distribution, certification of GAP (Good Agriculture Practice) by the Department of Agriculture. Moreover, the contract with the Tesco Lotus, as major buyers were arranged, along with trusted quality control in packaging and logistic management by Pran Fresh Co.,Ltd., and Ek-Chai Distribution System Co.,Ltd.

- **BLCP Crab Nets Social Enterprise (BLCP Power Plant, Rayong Province)**

BLCP Power Plant was located on the coast. Its major stakeholders were 13 small fishing-boat local fishery groups in Mueang and Ban Chang Districts. They set up a small fishing-boat local fishery community enterprise comprising around 500 small fishing-boats. Approximately 80% of members earned a living by laying crab nets and thus have to buy expensive materials and equipment, without installment payments provided, to make crab nets which took 20 days to be completed. Sometimes they could not manage to make crab nets right in time for the crab season, they then missed opportunities and lost income. In 2017, BLCP Power Plant initiated a project under the master plan for sustainable development of quality of life of small fishing-boats local fisheries with the objective to develop readymade crab nets to be used in time for the crab season to enable them to generate stable income and make a sustainable living. In this regard, the participating members could buy crab nets at cost prices and on installments and get loans from the saving and credit cooperative established by BLCP. The dividends received would be circulated in the group. Initially, BLCP Power Plant collaborated with members of 10 fishery groups under the small fishing-boat local fishery community enterprise in Mueang and Ban Chang Districts. There were 79 interested members from 6 fishery groups participating in the project, all of them were those making crab nets and use them for their living.

- **NED-CSR Center for Community Participation Project** was a model project for demonstration and experiment to become a learning center for community people's self-reliance on renewable energy in agriculture that could actually be used in households and further continue to become a learning center of renewable energy for sufficiency economy to disseminate knowledge to schools and communities in the areas. The objective was to develop this learning center to be equipped with knowledge and a variety of activities and area utilization.

In 2017, the results of knowledge dissemination within the experimental area in NED CSR Center were extended to the communities and employees by developing the "NED Solar Cells for Ban Chor Muang Agricultural Land Plots" project to disseminate and pass on knowledge on the use of solar energy with agriculture in households to reduce expenses and promote self-dependence in terms of resource capital cost. The project was firstly conducted in Ban Chor Muang community as a model community for a learning center and further extended to other communities. The dissemination of knowledge and technologies covered the application of solar-powered water pump systems to water agricultural land plots in households, the plan to plant home-grown vegetables to reduce expenses/increase income for households to be developed in to model families of sufficiency economy, and the employee participation in learning and experiment with growing vegetables in the mock-up plots in front of Lopburi Solar Power Plant Office.

- **Skill and Occupation Development Project (Quezon Power Plant, Philippines)** has been carried out, in collaboration with Philippine Business for Social Progress (PBSP), to

provide skill development trainings for Mauban community since 2004 and promoted the development of community enterprises and activities until present. In 2017, local products of housewife groups were continuously produced and distribution of agricultural and meat products in the community cooperative and Quezon Power Plant canteen was promoted to ensure adequate distribution channels of products that were in continuous demand as well as initiate a pilot project of bee farming of Buklurang Magsasakang Mauban Group.

Community and Social Contributions

In 2017, EGCO power plants made contributions of over THB xx million to Electricity Development Fund, provided support in terms of budgets and donations through various projects of both government and private agencies, and supported arrangement of community relations activities and other public activities which were beneficial to the community and society in the total amount of over THB xx million.

Social Contribution Projects

Promotion of Learning about Energy and Environmental Conservation among “the Youth”

In 2017, EGCO further promoted learning about energy and environment for the youth as they were in the early ages suitable for learning and instilling good consciousness in a sustainable manner in the future. Consciousness of Value of Natural Resources coupled with promotion of conservation of natural resources, forests, water sources, and streams to ensure sustainability of the next generations, in particular, are primary factors of energy. Important activities included:

- **Khanom Power Plant Learning Center Project**

To promote knowledge and understanding of electricity generation processes and give youth, community, and external organizations an opportunity to benefit from EGCO Group power plant as a learning center for electricity generation processes in the actual place, the **Development and Improvement of Khanom Power Plant Building Unit 1** project was therefore initiated. Khanom Power Plant Unit 1 was Thailand’s only one power plant that was specially built on a large vessel assembled in Japan, of which the commercial operation contract was already expired, into **Khanom Power Plant Learning Center, Nakhon Si Thammarat Province**, which was expected to be completed by 2018.

Khanom Power Plant Unit 1

Thailand’s only one power plant specially built on a large vessel assembled in Japan to accommodate the country’s immediate needs for electricity during mid-year electricity shortage. This power plant is therefore of great importance and value in the history of Thailand’s electricity business.

Conservation of “Watershed Forest” Natural Resources

Thai Rak Pa (Thai Forest Conservation) Foundation was established according to EGCO Group’s commitment to supporting the preservation of environment and watershed forests for sustainability in alignment with the royal intention of His Majesty the late King Bhumibol Adulyadej and Her Majesty Queen Sirikit in the reign of King Rama IX, that encouraged their

subjects to take care and preserve watershed forests that were rich in natural resources beneficial to all people in a sustainable manner. This principle served as the permanent pillar for agriculture which was heart of all Thai people and another way to prevent disasters caused by environmental destruction. The initial capital came from the money that was presented, in celebration of His Majesty the late King Bhumibol Adulyadej's 6th Cycle Birthday Anniversary, to Her Majesty Queen Sirikit in the reign of King Rama IX who graciously returned the amount for the establishment of the foundation which officially began its operation on February 11, 2002. Since then, EGCO Group has continuously supported the foundation's operation.

Thai Rak Pa Foundation was acknowledged by Ministry of Finance as a charity organization no. 752 and certified as a member no. 8 of International Union for Conservation of Nature (IUCN) Thailand to focus on the prevention, awareness raising, and alliance formation for the conservation of watershed forests through a wide range of projects. It collaborated with Department of National Parks, Wildlife and Plant Conservation, Ministry of natural Resources and Environment, a major unit responsible for protecting and restoring natural resources as well as local networks, public and private sectors, communities, schools, and private development organizations to ensure sustainable outcome.

At the initial stage, the foundation continued the conservation of watershed forest project in Doi Inthanon National Park, Chiang Mai Province, as pioneered by EGCO Group, by developing a Thai Rak Pa Village project aiming at raising local communities' awareness of the importance of forests and balanced forest exploitation according to the approach "People can Live, Forest can Live" and developing Kew Mae Pan nature trail to be a natural classroom for learning of the value of watershed forests and Montha Than Waterfall nature trail in Doi Suthep-Pui National Park to be a learning center for watershed forests near the towns in Chiang Mai Province as well as promoting awareness raising of environmental conservation for the youth under the Thai Rak Pa School project.

Later, Thai Rak Pa Foundation expanded its operation to watershed forests in the southern part of the country in Nakhon Si Thammarat Province and the northeastern part of the country in Chaiyaphum province. It still focused on the formation of networks and awareness raising of forest conservation and the promotion of participation with strategic parties to establish mutual force to protect forests. To be aligned with this commitment, the foundation therefore developed Karom Waterfall, Ai Khiao Waterfall, and Phrom Lok Waterfall nature trails in Khao Luang, Nakhon Si Thammarat Province to disseminate knowledge on the importance of watershed forests in Khao Luang Mountain, the green roof of the south, as well as raise awareness of environmental conservation for the youth surrounding the national park and still supported the operation of forest rangers in 3 areas on a continuous basis.

At present, Thai Rak Pa Foundation still steps forward to preserve watershed forests in 3 areas under the 5-year master plan (2017-2021) covering 3 missions, namely preservation and restoration of watershed forests for sustainable coexistence, promotion of participatory

management of watershed forests, and awareness raising of environmental conservation and biological diversity.

In 2017, Thai Rak Pa Foundation expanded its operation from conservation to participation in restoration of approximately 72,000 Rais of watershed forests in 3 areas, namely the area in Doi Inthanon National Park, Chiang Mai province; the area in Pa Phu Long, Chaiphum Province, and the area in Khao Luang National Park, Nakhon Si Thammarat Province. Major activities were as follows:

- **2 Restoration of 1,300 Rais of Watershed Forests Projects within 5 Years (2017-2021):**

 - *Creation of forest revenue-generating project of 1,000 Rais of watershed forests in 7 villages and 3 sub-districts in Mae Chaem District, Chiangmai Province.*
Thai Rak Pa collaboration with the Royal Forest Department and Mae Chaem Model Plus Committee in establishing the “Reforestation and Income Generation for Local Community” Community Learning Center at Thepparatana Hospital. In order to support the forestation activities in long-term, the local species plants nursery has been set up. The local economic plants with a totaled of 1,000 young plants were distributed to local community, with an aim to help increase green area, reduce household expenses and generate income. Moreover, the pilot areas of reforestation and sustainable use of forest has been launched in 7 villages in 3 Districts; Thapa District, BaanTub District, and Chang Kherng District, comprising of 70 households with a totaled area of 505 Rais.
 - *Restoration of 300 Rais of Pa Phu Long Watershed Forests and Protection of Springs project* by adopting an imitation method of original forest structure , was carried out in collaboration with the Pa Bantadrinthong Wat Pa Mahawan Committee, supporting local community in seedling total 53 species of local plants. In 2017, the local community succeed in seedling total 28 types of local plants, and planted in total 8 Rais of reforestation areas. Moreover, a total of up to 70 plant species were collected for plant propagation. The number of local community partnering in the project are Total 35 households from 2 villages.
- **River Basin Network Project, Chiang Mai Province**, in collaboration with local non-governmental organizations; Sustainable Development Foundation (SDF), Rak Thai Foundation, Doi Inthanon Conservation Trust Fund Foundation, Hug Mueng Chaem Foundation, Community Economics Foundation, and Inter Mountain Peoples’ Education and Culture in Thailand Association (IMPECT), was undertaken to support and encourage all sectors to participate in conservation of natural resources, turn conflict between agencies and communities into an understanding and a sense of mutual ownership in soil, water, forest resources in river basins, and an establishment of 9 river basin network committees covering 2 river basins of Ping River to jointly propel rules and regulations, carry out conservation activities based on local wisdom, and address mutual issues in the community covering 64 villages in Chom Thong and Mae Chaem Districts, Chiang Mai Province.

- **Occupation Development Project** focused on, “Paka-kayaw”, Karen hill tribe villagers living an easy way of life in the forests and taking part in the protection of forests to generate an extra income and become less dependent on forests by developing quality natural dyed weaving fabrics for their sustainable living. The extra income from the distribution of products amounted to 112,305 Baht. This was also the preservation of local wisdom of Paka-kayaw villagers.
- **Development of Nature Trail Project** started with the development of Kew Mae Pan nature trail in Doi Inthanon National Park, Chiang Mai Province, in 2008 to serve as a natural classroom for learning of the value of watershed forests. The project has been continuously implemented to improve, maintain, and take care of safety and promote use of nature trails on a regular basis. In 2017, there were 28,xxx tourists and persons interested in the study on Kew Mae Pan nature trail. Moreover, communicating signs in Ang Ka nature trail were improved to be aligned with the changing ecosystem and the exhibition in the Tourist Service Center of Doi Inthanon, the Highest point of Thailand, was developed to enhance knowledge and raise awareness of the importance of conservation to tourists.
- **EGCO Forest Youth Camp Project (1997-Present):**
Since 1997, EGCO has collaborated with the Doi Inthanon National Park, and Thai Rak Pa, in hosting the EGCO Forest Youth Camp at Doi Inthanon National Park, Chaingmai Province, aiming to raise awareness of watershed forest conservation among the youth. The project was then expended to the Khao Luang National Park, Nakhon Si Thammarat Province, watershed forest in the South, in 2006. Until present, up to 50 Batches of camps were carried out, with a totaled number of over 3,000 youths attended.
- **Dek Thai Rak Pa Camp Project**, attended by 80 youth at Grade 4-6 and Grade 7-9 in Chiang Mai Province, and 40 youth in Nakhon Si Thammarat Province, was implemented to enhance understanding and raise awareness of the importance of natural resources and environment and the roles and duties of youth in natural resource and environmental conservation.

We are very proud to be part in all missions to preserve the environment and watershed forests in Thailand in order that they become the country’s legacy to pass on to future generations.

Responsibility towards the Environment

EGCO Group is committed to operating its power generation business along with highest responsibility towards the society, community, and environment to ensure sustainable business operation. Throughout the past twenty-five years, EGCO has proved its smooth business operation and confidence gained from the community to continuously maintain the power system stability domestically and internationally.

For the overall environmental operation in 2017, EGCO Group strived to improve efficiency in its environmental operation surpassing industrial standards to move towards becoming a social and environmental responsibility organization. EGCO prepared an environmental operation report covering operational performance of a total of 28 domestic and international power plants which have already started commercial operations. Major environmental issues included as follows:

1. Climate Change
2. Environmental Quality Management
3. Business and Social Innovations

1. Climate Change

Today's global warming has considerably affected weather conditions and caused unpredictable natural disasters. EGCO realizes that its power generation process is partly a contributor to emissions of greenhouse gas (GHG) from the use of fossil-fired power generation and produce carbon dioxide (CO₂) during the combustion of fossil fuels. For this reason, it is EGCO's crucial mission to take responsibility for the society and environment in reducing the risk of global warming by its systematic GHG management and resource efficiency.

1.1. Greenhouse Gas (GHG) Management

The 23rd session of the Conference of the Parties (COP 23) to the United Nations Framework Convention on Climate Change (UNFCCC) was held in Bonn, Germany, serving as the Meeting of the Parties to the Paris Agreement to promptly set out initiatives and practices to reduce GHG emissions and cooperate to tackle global climate change impacts. For Thailand, General Prayuth Chan-o-cha, Prime Minister of Thailand, ratified the Paris Agreement and submitted Intended Nationally Determined Contributions (INDCs) with the goals to reduce GHG emissions from all sectors of Thailand by 20-25% by 2030. To contribute the country to achieve the goals, EGCO Group has implemented GHG management in the following areas:

- Power Generation from Renewable Energy

EGCO Group continues to explore further investments opportunities in renewable energy power plant projects as part of its efforts to generate clean energy as well as take part in reducing environmental impacts and global warming problem. EGCO Group aims to increase renewable energy portfolio to achieve 30% by 2026 from both domestic and overseas.

At present, EGCO Group has a total of 17 renewable energy power plants which started their commercial operations domestically and overseas, accounting for electricity

generating capacity of 880.98 MW based on the contractual proportion under PPAs or 19.26% of EGGO Group's total electricity generating capacity. Electricity generation from such renewable energy power plants can reduce 1.95 million tons of carbon dioxide equivalent emissions per year or equivalent to plantation of 205 million trees. EGCO Group has also undertaken 2 more renewable energy power plant projects which are now under construction, namely Xayaburi project (Hydropower Plant), with a contracted capacity by shareholder proportion of 160 MW and NT1PC (Hydropower Plant), with a contracted capacity by shareholder proportion of 161 MW.

To demonstrate its strong commitment in reducing environmental impacts, the NED Power Plant under EGCO Group, as the first solar power plant in Thailand and one of the world's largest solar power plants, was certified by the Clean Development Mechanism (CDM) under the UNFCCC. It was registered in the Compliance Market and executed a contract of purchase and sale of certified emissions reductions (CERs) with the Asian Development Bank (ADB) for 7 years (2014 - 2020). This was an example of a great success of project model which contributed to the reduction of GHG emissions, thus further leading to expansion of other renewable energy projects of EGCO Group.

- **Enhancement of Efficiency of Power Generation Technologies**

All EGCO Group's power plants always prioritize in increasing efficiency of power generation by scheduling routine checks and maintenance of equipment. For future power plant investments, EGCO will adopt state-of-the-art technologies to increase efficiency of power generation, reduce fuel consumption, and alleviate impacts on the surrounding society and environment.

Commercially operated in 2017, the KLU and BPU Combined Cycle Thermal Power Plants using natural gas as the primary fuel. Technologies used in both power plants can reduce fuel consumption as well as increase efficiency of generation and reduce air pollution emissions as shown in the table below.

	EGCO Cogen	BPU	KLU
Contracted capacity (MW)	113.18	220.00	102.00
Heat rate (BTU/kWh)	8,680	7,707	7,751

- **Reduction of GHG Emissions from Business Partners**

Selection of business partners and contractors is one of the key success factors in business operation. EGCO not only selects business partners who are experienced, efficient, internationally accepted, and expert in such products or services, but also those who have an environmentally-friendly policy or operational guidelines and shall not violate environment-related laws or regulations EGCO realizes that procurement from business partners with appropriate environmental management can help reduce both direct and indirect environmental impacts arising from the production processes of business partners and the use of EGCO Group's products and services. In addition, business partners submit its self-appraisal form covering the reduction of GHG

emissions in operations for its existing to EGCO to ensure their regular awareness and attention.

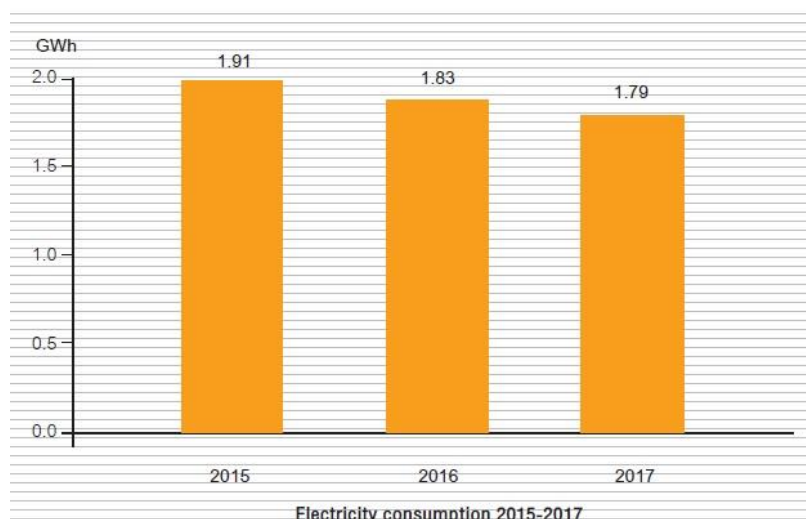
- **Increase of GHG Storage**

EGCO Group has supported and promoted an increase of GHG storage through ongoing projects conducted both in the areas nearby power plants, such as a green area project and outside power plants, such as an environmental restoration project in honor of HRH Princess Maha Chakri Sirindhorn. EGCO Group has also established and supported the operation of Thai Rak Pa Foundation to help preserve major watershed forests in Thailand in a sustainable way. Since 2002, Thai Rak Pa Foundation has started its operation in the northern region, in Chiang Mai Province and has currently expanded to the southern region, in Nakhon Si Thammarat Province and the northeastern region in Chaiyaphum Province. This year, the Foundation signed a Memorandum of Understanding (MOU) with the Department of National Parks, Wildlife and Plant Conservation to jointly execute a natural resources preservation in the protected forests project during 2017-2021 and hand over 3 nature trails, namely Phrom Lok Waterfall, Karom Waterfall, and Ai Khiao Waterfall which were watershed forests located in Khao Luang, Nakhon Si Thammarat Province. These nature trails would serve as learning centers of watershed ecosystem in the southern region for the youth, tourists, and general public and enable them to realize the importance and value of and jointly sustain watershed forests as well as offset carbon dioxide emissions to the atmosphere arising from EGCO Group's business operation.

1.2. Resource Efficiency

EGCO Group and affiliated power plants have organized activities aiming in raising employees' awareness of their behavior changes in efficient energy use to mitigate climate change problems.

- **Electricity:** In 2017, EGCO headquarters continued implementing activities that allowed employee participation in the maximum energy efficiency to achieve the energy conservation policy. The Committee on Energy Management and the Committee on Energy Management assessment have reviewed, improved, and monitored energy operations on a monthly basis as well as continuously disseminated knowledge on energy conservation through EGCO Group Net, internal broadcasting, and public relations media. It was found that EGCO employees' energy utilization was reductions in electricity consumption in EGCO headquarter building. At the same time, the Committee conducted an electrical energy saving project such as a project to change light bulbs in the meeting rooms which significantly reduced electricity consumption in the headquarters building as shown in the chart below:



In addition, EGCO Group extended the results of the energy consumption reduction activity to the power plants in the Group such as a project to change fan blades of 3 cooling towers of Cogen Power Plants which reduced energy consumption by up to 20-25%.

- **Water:** EGCO Group has continued the implementation of water management strategic plan based on the 3Rs (Reduce, Reuse, and Recycle) to increase water utilization efficiency and reduce impacts to the society and environment. EGCO Group also conducted analysis of water situation and prepared a plan for water utilization for each power plant to mitigate risks that might affect the Availability Factor of power plants and financial performance. As each type of power generation technology used different amount of water especially in coal, natural gas, and biomass-fired power plants which required substantial amount of water in the cooling system.

In 2017, EGCO Group's Power Plants utilized 232 m³ per MWh, a bit higher when compared to 2016. However, due to the 3Rs water efficiency measure strictly abided by power plants and care for maximum resource efficiency, the volume of water released to the environment can be reduced.

2. Environmental Quality Management

With its mission to focus on operation excellence at international level along with responsibility towards the society and environment, EGCO Group has regularly developed and improved its air, water, waste, and noise management systems to ensure the quality that meets standards and is in accordance with requirements, laws as well as relevant regulations on environmental quality management of each country in which the Group operates its business. The Company has also set environmental performance as a key performance indicator for all power plants and sustainability development performance as one of EGCO key performance indicators. Details are as follows:

2.1. Air Quality Management

As the power producer, EGCO Group places great importance on its power plant management by ensuring that the production process is recorded at the rate of environmental monitoring better than the standard rate of air quality required. Air pollutants come from the combustion of fuels. The combustion releases exhaust gas through the stacks. The emission is including NO_x, SO₂, and dust.

All power plants have been monitored and reported the air quality released through the stacks. The air pollution control equipment has also been inspected every 3 months by an external auditor registered under the Department of Industrial Works. In addition, the power plants are required to prepare reports of type and quantity of pollutants discharged (pollution control report forms 1, 2, 3 and 3/1) which can be conducted via the Department of Industrial Works' website (www.diw.go.th) every 6 months. Additional equipment has also been installed to help control or mitigate emissions of air pollutants. In 2017, it was found that all EGCO Group's commercially operated power plants recorded an environmental monitoring rate in line with the required standard, hence no penalty was applied.

2.2. Water Management

EGCO Group pays attention to wastewater management. Its objective is to ensure that the quality of wastewater and water discharged from power plants to be at the level better than the standards and regulations of each area to prevent possible impacts on retention pond of wastewater discharge and community utilization. For example, the BPU Combined Cycle Thermal Power Plant which using natural gas as primary fuel, divided wastewater into 2 categories:

2.2.1 Water discharged from the cooling system will be stored in the holding pond for 3 days before being discharged into the Mae Klong River.

2.2.2 Water from operation is categorized into:

- Wastewater from quality treatment system and laboratory will be released to the neutralization pond and the holding pond, respectively.
- Wastewater from offices will be treated by the septic tank before release to the holding pond.
- Wastewater from cleaning of floor and equipment will be released to the oil separator to separate oil from water before released to the holding pond.

After the treatment process, both 2 categories of wastewater will be stored in the holding pond. The water quality monitoring system will be installed to measure temperature, pH, and electrical conductivity of water discharged in accordance with the standards. Wastewater in the holding pond will be circulated for utilization in various activities as much as possible by watering green space in the project and the rest of water will be reused in the production process by mixing with tap water of the project to further produce demineralized water and be used in other activities.

2.3. Waste Management

Waste Management is based on the 3Rs – Reduce the amount of waste (Reduce), Reuse waste items (Reuse), and Convert waste materials to be used again (Recycle). In case where

such waste is not reusable, each power plant will further hire agencies or companies providing waste treatment or disposal services. Type of waste from power plants can be divided into 2 main categories:

- Non-hazardous waste is general municipal waste or low-hazard waste such as leftover food, wood, paper, electrical wire, plastic bags, construction materials, etc. Power Plants will segregate waste before disposal based on the 3Rs. In case of non-reusable or non-modified waste, such waste will be collected and then transported to sanitary landfills.
- Hazardous waste is waste that contains or is contaminated with hazardous substances or has hazardous properties such as transformer oil, engine oil, chemical containers, etc. Therefore, proper disposal is required. Power plants have strictly monitored and controlled waste collection and disposal in compliance with the laws. A list of waste and details of waste disposal is prepared at all times and a request for waste transport out of the plant area is conducted via the Department of Industrial Works website (www.diw.go.th) once a year. This information is publicly available and can be examined by outsiders. EGCO also places importance on the selection, verification of license, and monitoring of waste disposal operation of responsible agencies on a regular basis.

For the BLCP Coal-Fired Power Plant, it has set its target not to release ashes from the coal-fired power generation process (the zero discharge). Fly ashes will be sold to customers in the cement industry, while bottom ashes will be used for the production of concrete blocks.

3. Innovation

Strong business growth is based on knowledge along with ongoing development. EGCO Group has thus created new innovations that not only create its distinction and competitive advantage, but also focuses on creating positive impacts on both the society and environment. EGCO innovation as follow;

Half block operation

GCC is a cogeneration power plant which is the process that generates electricity and heat simultaneously. By utilizing the exhaust energy from gas turbine, useful steam can be generated in heat exchanger, with no additional fuel consumption. This is significantly more efficient and cost effective. However, in case of low demand during off-peak period, full load operation may cause higher fuel consumption and higher heat rate. Thus, the power plant switches the operation mode to one gas turbine and one steam turbine which decrease heat rate of around 40 BTU/kWh/Year or 7.8 million baht.

Wastewater treatment from wood yards by Activated Carbon

GYG is biomass-fired power plant using para-wood residue as the primary fuel. Para-wood is stored on ground before using in power generation. Wastewater from wood yards will be stored in sedimentation pond1, treated with Effective Microorganisms (EM), released to sedimentation pond2 and disposal to canal. The wastewater treated by EM still is not clear and

smelly. Thus, the power plant considers using Activated Carbon filtration instead of EM. A carbon particle has numerous pores that provide a large surface area for water treatment. Waste water after treated by Activated Carbon is colorless and no odor before releasing to sedimentation pond2.

Protection and Restoration of Ecosystem and Biodiversity

EGCO and Group power plants have implemented ongoing projects in the operations of large power plants as below:

EGCO

- ***Conservation of “watershed forest”***

EGCO gives priority to conservation of such natural resources as forest and water, especially watershed forest, which is land area containing natural water as the source and reserve that originate streams and rivers, hence essential to all living things. It has thus promoted cooperation in sustainable forest preservation for the next generation through the operations of “Thai Rak Pa” (Thai Forest Conservation) Foundation. The Thai Rak Pa was established in 2002 by EGCO Group and Department of Forestry with the objective of continuing natural resource conservation. An initial capital of Bt. 10,000,000 was presented to Her Majesty the Queen who graciously returned the amount for the establishment of the foundation which began its operation in 2007. Thai Rak Pa Foundation was acknowledged by Ministry of Finance as a charity organization no. 752 on 9 November 2011.

Khanom Power Plant

- **Mountainous Landscape Improvement Project**

Realizing the importance of community engagement and value of indigenous plants, Khanom Power Plant has therefore launched a project to improve the landscape of the mountains by planting 14 types of indigenous trees that represent 14 southern provinces in the area at the foot of the Chaison Mountain. Apart from being the recreational area for employees and general public, this area also provides knowledge about indigenous plants to the community.

In 2017, plant maintenance was continued so that they remained healthy and beautiful, including grass cutting, weeding, decorating, and fertilizing.

- **Biofertilizer to Reduce Chemicals Project**

As Khanom Power Plant realizes the importance of protecting ecosystem, environment, and sustainable use of natural resources, this project has therefore been carried out continuously. In 2016, grass residue from lawn mowing and fallen leaves were used and mixed with chicken manure and rice bran together with EM liquid for making bio fertilizers to replace the use of chemical fertilizers. Approximately over 19,683 kilograms of bio fertilizers could be produced this year.

- **Species Diversity and Abundance of Plankton and Benthic Animals Assessment Project**

Khanom Power Plant conducted biannual assessment of species diversity and abundance of plankton and benthic animals in the area of Khanom Gulf and Khanom Canal. It was found that the diversity and abundance of plankton and benthic animals were not directly affected by the water discharged from the power plant. Rather, they depended on environmental factors of Khnom Canal, namely chemical and physical properties of water, quantity of light and nutrients, water discharge from households, and development for land exploitation.

BLCP Power Plant

- **Saket Island Ecosystem Restoration Project**

Saket Island is a small island of approximately 10-rai area and is about 300 meters from Maptaphut Industrial Port to the east. Before the industrial development, Saket Island had an abundance of coral reefs. However, most of them have been damaged and only 10 – 20% is left today. Therefore, BLCP has initiated a 5-year project (2014 – 2018) to restore the ecosystem surrounding the island to maintain its abundance being habitat of aquatic animals. The Company has joined hands with experts in aquatic ecosystems to conduct a study on current conditions of this area, covering quality of seawater and underwater residue, existing coral reefs, and causes of diminishing coral reefs, and consult with local fishery groups on the past conditions, and prepare a master plan on sustainable development of Saket Island. Related communities and government agencies, including provincial fishery authorities, regional fishery authorities, Maptaphut municipality, Mapthaput Industrial Estate, and local fishery groups have taken part in proposing guidelines on development of Saket Island by establishing Saket Island Development and Rehabilitation Committee, as a provincial working committee, chaired by Rayong Deputy Governor. In 2017, project progress was as follows:

- *The detailed design of Saket Island Restoration* has been developed and was endorsed by Rayong Provincial Committee
- *Lay down 400 sets of 12x12 meters artificial coral reefs in January.*
- *Nursery Raft*
 - Coordinated with local fishermen group to construct coral nursery rafts ,and set up voluntary groups of 4 persons to take care each nursery raft.
 - Planted the first set of 3,000 corals during February-March, 2017
 - Planted corals were monitored. In June 2017, approximately 25% of coral reef nursery rafts were damaged by the sea urchin and the monsoon. The damaged raft were repaired and moved to Ko Mannai for additional nursery of 2-3 months.

- **Release of Aquatic Animal Breeds in Honor of HM The Queen's Birthday Anniversary on 12th August and HM The King's Birthday Anniversary on 5th December**

In honor of and as merit-making for HM The King and HM The Queen, approximately 5 million aquatic animals are annually released to increase and disseminate aquatic animals in the eastern region sea (Rayong estuary-Baan Chang District), in collaboration with 13 small local fishery groups. Since 2012, collaboration has been expanded to the government and private sector alliances in the area consisting of Maptaphut Industrial Port Office, Glow, SCG and PTT Group, in releasing aquatic animals eight times a year to an increased number to around 10 million aquatic animals a year.

Nam Theun 2 (The Lao People's Democratic Republic)

- **Protection, Restoration, and Conservation of Wild Animals and Ecosystems in Nakai–Nam Theun National Biodiversity Conservation Area**

Located in the east of Nam Theun 2 Dam, the area covers the plateau that slopes upward toward the ridge where the Lao-Vietnamese border lies and consists of watershed forest that conveys water to Nam Theun 2 Dam and is protected and undisturbed. The project budget of \$46.5 million has been allocated throughout 31 years for conservation of such area to the Watershed management and Protection Authority which was specially established to maintain the catchment area of approximately 4,000 kilometers as well as other conservation projects conducted with local communities, covering restoration and maintenance of wetlands, development of dry licks as a source of food for wild animals, protection, restoration, and preservation of plants, wildlife conservation and rescue by expert doctors, follow-up of terrestrial and aquatic animal population such as wild elephants and turtles as well as dissemination of knowledge and campaign to promote cooperation in natural resources and wild animals conservation for local communities. In 2017, project progress was as follows:

- *Wild Elephant Protection and Monitoring Program* by using the GPS tracking system and GPS collars installation, tracking the traveling route of wild elephants, avoiding the Human-Elephant Conflicts in local areas.
- *Artificial Mineral Lick Replenishment for Wild Elephant*
To help preventing wild elephant from roaming around outside the forest which might cause damage to the nearby plantations of local community. To help reducing and preventing the tension and conflict between human and elephants, the artificial mineral licks replenishment for 2017 dry season was conducted in February, in 3 areas with a total of 1,548 Kilograms of 4 mineral types, comprising of Sodium Chloride, Monosodium Phosphate, Calcium Carbonate, and Potassium Chloride.

- *Promotion of Forest and Wildlife Protection Program*, dissemination of information and knowledge, and raising awareness on forest and wildlife conservation among the local communities, and incident monitoring.
- *Invasive Species Program*
To restore the balance of natural ecosystem, and protect plantation areas of local community. In 2017, site survey and destruction of *Mimosa pigra* were conducted for 2 rounds with a total of 30,808,263 trees, comprising of 33,125 adult trees and 30,775,138 seedlings, were found and destroyed.

Quezon Power Plant (Philippines)

Realizing the importance of living creatures to the ecosystem, Quezon Power Plant has cooperated with employees and surrounding communities to keep record of animals found in the area in terms of size, weight, and quantity since 2007 until present and report to the Environment Management Committee of the power plant. The information has also been forwarded to related agencies for verification of species and status in comparison with the IUCN Red List Species and CITES List. After that, the animals have been released to natural settings as before to preserve the population of local animals and prevent impacts on biodiversity.

- **Tracking of Quantity of Living Population, Rescue of Wild Animals, and Protection of Biodiversity of Animal Species of the IUCN and CITES lists**

From the tracking and survey of living things in the ecosystem since 2007 until present, a total of 104 wild animals have been found, recorded, and rescued. During December 2016 – November 2017, 5 animals were found and recorded, comprising of birds and turtle. List of recorded animals are as below:

- **Sea Turtle Conservation Project** The project was initiated as sea turtles had been found at risk of being detained or consumed by people and extinction, and may have impacts on the entire marine ecosystems. Quezon Power Plant thus joined the sea turtle conservation project executed by government agencies in the local area to alleviate the problem, starting from holding knowledge dissemination activities and trainings for local communities, especially fishermen group to take part in the sea turtle conservation through photography, measurement of found animals, records, type identification, data collection as well as submission of records to related local authorities for data recording, rescuing, and releasing animals into the sea, respectively. From 2007 until present, a total of 44 sea turtles have been found and recorded.

From December 2016 to November 2017, four (4) sea turtles were rescued and two (2) dead sea turtles were sighted and documented.

Once there is marine turtle sighting at the plant's seawater intake pit area, chlorine injection at seawater intake is temporarily halted and rescue operation is thoroughly

planned taking into consideration the safety of rescue personnel. Rescue operations vary depending on the situation, location and size of the turtle and typically involve several personnel and resources. Upon rescue, turtles were assessed, tagged (if qualified for tagging) and immediately released back to Lamon Bay and corresponding report is submitted to the **Biodiversity Management Bureau, Department of Environment and Natural Resources (DENR-BMB)**

The four sea turtles rescued at QPL seawater intake pit structure are shown below:

- **Protection and Restoration of Submarine Ecosystem**

Quezon Power Plant has conducted a survey of the environment and population of submarine plants and animals vital to the ecosystem or living things under protection such as coral and scaly giant clam to compile information and follow up results every three years. In addition, during difficult weather and monsoon season, the agencies and communities in the area collaborate in moving plants and animals at risk of experiencing severe conditions to an area suitable to their survival. The goal is to help protect and preserve the abundance of ecosystem and marine biodiversity.

- **Giant Clam Relocation**

Due to the potential impacts from nearby construction site of QPL extension project, twenty three (23) giant clams were successfully relocated on Aug 18-19 to an area near the QPL jetty pier which was identified to be more suitable for the clam's survival because of presence of artificial reefs. The artificial reef served as refuge to the 23 relocated giant clams, together with 2 new giant clams found thriving near the artificial reef.

- **Plantation and Beach Cleaning Activity**

In 2017, Quezon Power Plant volunteer employees and communities surrounding the power plant joined hands in an activity to clean up the beach near the power plant and plant trees and mangroves altogether in September. Throughout the year, a totaled of 294 volunteers and local people collected 270 pieces of garbage and planted 2,600 trees and mangrove plants.

11. Internal Control and Risk Management

The Audit Committee reviews the internal control system and risk management as one of the duties. For 2016, the Audit Committee reviewed the appropriateness and effectiveness of the internal control system from the internal control system assessment report provided by the Management. This is to ensure that the internal control system of Electricity Generating Public Company Limited (EGCO) and monitoring of the subsidiaries' operation by EGCO is adequate, appropriate by considering compliance with the guidelines of The Securities and Exchange Commission (SEC), The Stock Exchange of Thailand's (SET), and the internal control framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Moreover, the Audit Committee considers the review to cover management control, operational control, financial control, and compliance control including the audit reports of Internal Audit Division as well as comments of the external auditors on the company's internal control system, and the Audit Committee's activities are reported to the Board.

Regarding risk management, the Audit Committee reviews and endorses risk management policy concerning significant risks of EGCO group which covers strategic, operation, financial, and compliance risks. Such risk management policy is included in EGCO's strategic plan for the Board of Directors' consideration. In addition, the Audit Committee monitors risk mitigation actions twice a year to ensure that such risks are managed to acceptable level.

In the Board's meeting no. 1/2018 on January 19, 2018, the Board considered and assessed the internal control by considering the internal control assessment result reviewed by the Audit Committee and acknowledged the risk assessment result in the company's strategic plan meeting. The Board agreed with the Audit Committee that

1. The internal control system of EGCO was considered appropriate and adequate. Sufficient staffs were assigned to uphold the internal control system and that the internal control system was properly set to monitor the subsidiaries' operations in order to safeguard EGCO's and subsidiaries' assets from misuse or unauthorized use by the Directors, the Management, or employees.
2. In the previous year, the Audit Committee and the Board had not received any significant finding of internal control system reported by the external auditors and Internal Audit Division. The 2017 Audit Committee's activities were disclosed under "Audit Committee's Report" in this Annual Report.

The Audit Committee's and the Board's opinions on the appropriateness and adequacy of the internal control system were supported by the followings:

1. Control Environment

- Clear vision, mission statements, and business objectives are set by the Board as guidelines for the management and employees. Operation was carried out and constantly

reviewed to ensure target achievements in consideration of fair treatment to all stakeholders to create sustainable shareholders' value both in financial and non-financial terms.

- Organization structure was designed by the Board to accommodate business growth, and would be adjusted over time to cope with the business environments.
- The Board set Code of Conduct and the good corporate governance principles in writing to be abided by directors, management and employees and be reviewed periodically. New employees were given the orientation to understand their roles and responsibilities in upholding the practices and to avoid the conflict of interest.
- The Board set regulations, orders and table of authority in writing and publicly announced to be abided by all employees.
- The Board set Anti-Corruption Policy and endorsed the Anti-Corruption Manual in 2015 to be complied by directors and employees.

2. Risk Assessment

- As assigned by the Board, the Audit Committee proposed the draft risk management policy for the Board's approval. The Audit Committee also monitored and gave advice to the Management regarding the implementation of risk management policy and practices including future risks and prevention measures.
- According to the current organization structure, risk management is regarded as all divisions' and all employees' duties. Meanwhile, Risk Assessment Division was assigned to support the company's integrated risk management to ensure the efficiency and effectiveness of the integrated risk management and in line with EGCO's current business situation. In addition, the Management shall submit risk management report to the Audit Committee before to the Board for acknowledgement on a quarterly basis.
- Risk assessment is based on external and internal factors that might affect the target. Risk likelihood and impact are assessed and prioritized. Key risks are identified, then risk mitigation measures are implemented to manage such risks. EGCO considers the risk culture as the corporate culture that the importance of risk management is well aware of in everyone's work.
- In the year 2017, the Board approved EGCO Group's risk management philosophy to apply throughout the organization and to support enterprise-wide risk management complying with COSO Enterprise Risk Management Integrated Framework.
- The Audit Committee assigned the Risk Management Committee as the Management to conduct the study in applying the COSO ERM Integrated Framework. Risk Assessment Division collaborated with risk owners in preparing a study report to continuously present to the Audit Committee for consideration with target to be fully implemented in 2018. The Board has approved this activity as part of the Corporate Governance Strategic Plan.

The details of risk assessment and risk management of EGCO Group were disclosed under “Risk Factors” in the annual report.

3. Control Activities

Control of accounting, finance, operation, and governance were implemented as follows:

- Authorities and levels of transaction approval were classified in the Table of Authority and reviewed regularly as appropriate.
- Responsible units for transaction approval, operation or account recording, and asset safeguarding were properly segregated for check and balance control.
- EGCO’s subsidiaries and joint ventures’ performance was regularly monitored by the Management who reported such performance to the Board for acknowledgement on a monthly basis.
- Connected transactions were executed in compliance with SET’s regulations, with consideration of all rationales and ultimate benefits of EGCO and that transactions were approved by the authorized approvers who have no conflicts of interest.
- The Corporate Secretary Division was responsible for the compliance, including information disclosure, of EGCO and the Board, with the Securities and Exchange Acts, SET’s and SEC’s notifications and regulations, and other related laws and regulations.
- EGCO’s IT compliance guidelines were to ensure full compliance with computer related crime acts 2017 and other governing laws and regulations, with all employees’ acknowledgement and signing the IT compliance statement to confirm their non-violation.

4. Information and Communication

Adequate important information was provided for the decision making of the Board, Committees, and the Management as well as the effective internal communication channels within the company as follows:

- The Board and committee members received the meeting notice together with the meeting documents which contain necessary and sufficient information well before the meeting which was not less than 5 days except for urgent cases. Discussions, recommendations, and remarks from the directors were recorded in the minutes of meetings for future reference or audit trail.
- Meetings among the Audit Committee, external auditors, and concerned Management were held to review the compliance of financial accounting with the General Accepted Accounting Principles and International Accounting Standards.
- Business Update Meetings between the President and the management team of each group were held every 2 months for progress monitoring and problem solving (if any) which provided all team members adequate information to perform their tasks and make decisions.

- Company's intranet was utilized as internal communication channel for corporate information on policies, regulations, orders, and good corporate governance including Anti-Corruption Manual. In 2017, Anti-Corruption activities were publicized through the company's intranet to educate employees continuously.
- Accounting records and supporting documents of the financial statements are completely kept in orderly manner and that EGCO's document storage is reliable. The auditors who use the stored information had no recommendation on improvement.
- Governing laws, regulations, and orders were kept as compliance database for reference and tracking. Legal Division was responsible for updating such database and providing consultations to responsible units.
- Various communication channels are provided to communicate with external parties. EGCO website at www.egco.com was provided as the communication channel for all groups of external stakeholders to reach corporate information. Meetings with investors and analysts were held quarterly as well as press conferences and EGCO newsletters.
- Whistleblower system was stated in EGCO's Code of Conduct and available in EGCO's website to provide shareholders and employees the channel to report suspected violations of the Code of Conduct to the Management, the Audit Committee, and the Board of Directors while message providers would be protected.

5. **Monitoring**

To ensure that the established internal control systems were sufficient and appropriate, the following activities are implemented.

- Asset Management, Power Plant Management, and Project Management functions were assigned for the follow up, monitoring, and appraisal of EGCO group's performance against the KPIs with constant reports to the Management and the Board together with the gap analysis.
- Information system was continuously developed. Performance monitoring system was adopted to increase efficiency and reduce operating cost of domestic and overseas subsidiaries.
- External auditors are encouraged to perform their tasks independently and regularly reported to the Audit Committee.
- EGCO's internal control systems were to be evaluated annually by using the internal control assessment form which was aligned with SEC's guidelines for the evaluation.
- The Management and employees are required to study regulations and Code of Conduct and confirmed their compliance with the company's Code of Conduct via the company's intranet system.
- The adequacy and appropriateness of internal control systems was reviewed, and compliance with Anti-Corruption Policy was monitored by the Internal Audit Division

regularly and proposed to the Audit Committee to endorse before proposing to the Board for acknowledgement.

- In accordance with SET's notification : The Audit Committee's Qualifications and Scope of Works B.E. 2558, the Audit Committee Charter defined its responsible to approve the appointment, rotation, and removal of the Chief Internal Audit
- The Audit Committee appointed Mr. Nattanont Meesuksabai who was considered having sound academic background and experiences as the Chief Internal Audit.
- External auditors' review of the financial statements included the review of internal control on accounting and finance to define the audit approach, timing and scope of work. For 2016, there was no significant finding for improvement on internal control systems.

12. Related Transaction

In conducting our business activities and services, there are related transactions between EGCO or its subsidiaries and persons or parties who may have potential conflicts of interest. EGCO endeavors to ensure that these transactions are justified and in compliance with the Stock Exchange of Thailand (“SET”) and the Capital Market Supervisory Board’s rules and regulations. Apart from designating the authorized persons to approve the transaction in accordance with the Table of Authority, the Audit Committee is entrusted to review the related transactions that need to be approved by the Board of Directors. The details of the related transactions are disclosed under the items 41 and 44 of the Notes to Financial Statements for the year ended December 31, 2017.

Procedures to Approve the Related Transactions

EGCO has materialized the following policies and guidelines in treating and approving the related transactions.

- In case of entering into any agreements or any related transactions with EGCO, subsidiaries, joint venture companies, associate companies and/or any concerned parties, EGCO will consider the necessity and justification of such transactions for the best interest of the Company. Costs are charged at the market price like transactions with any other outside parties (Arm’s Length Basis). If there is no such price, EGCO will apply the price of similar market transactions. EGCO may also compare the price with the one recommended by an independent appraiser to ensure that such price is reasonable to maximize the Company’s benefits.
- Business transactions that are considered connected transactions according to the SET’s rules and regulations have to strictly comply with the requirements of the SET’s and the Capital Market Supervisory Board. They are also to be reviewed by the Audit Committee in case that such transactions must be approved by the Board of Directors.
- Financial assistance to Group companies or business partners such as loans, guarantee, etc. will be conducted prudently to ensure the utmost benefits of the Group companies. Fees will be charged at the market rate as at the transaction date.
- For business transactions having terms and agreements that any ordinary person will agree with the counterpart under similar circumstances, EGCO always ensures its bargaining power without any influential privileges resulted from persons holding administrative titles as the director, executive or related authority. Such transactions shall be reported to the Audit Committee and the Board of Directors. This is aimed to ensure that such transactions are properly carried out and provide optimal benefits to the Company and in line with the procedures.
- In case that the shareholders’ approval is needed, the major shareholders who may have conflicts of interest can attend the meeting in order to constitute a quorum but will not have voting rights, thus does not affect the quorum and the vote counting.
- Directors and executives with potential conflicts of interest are not allowed to vote or attend the meeting

Related Transactions in 2017

EGCO's related transactions in 2017 were normal business transactions and there was no profit siphoning between EGCO or its subsidiaries, joint ventures and parties with potential conflicts of interest. Each transaction was duly approved under the transparent process and the persons with potential conflicts of interests were not involved in the decision making. Such transactions were well justified that they were carried out for the best interest of the Company like the transactions with any third parties. The checking and audit systems also ensured that all transactions were carried out in line with the established process.

Details of related transactions in 2017 that may pose conflicts of interest are as follows:

1. Related Transactions with EGAT

In carrying out EGCO Group's businesses and services, there were transactions relating to the power sales and maintenance services between EGCO Group and EGAT, a major shareholder which owns 25.41 per cent of EGCO stakes and has 4 representative directors on EGCO Board. However, all the transactions followed the established process and were in line with the disclosure and other requirements of the SET and SEC. The following are the transactions in 2017 in detail:

1.1 Electricity Sales with EGAT

Six subsidiaries of EGCO namely KEGCO, KLU, BPU, EGCO Cogen, RG and CWF were engaged in the Power Purchase Agreement ("PPA") with EGAT. The PPA term is 25 years, 25 years, 25 years, 21 years, 21 years and 5 years and continued for a period of 5 years automatically, respectively.

Such transactions were considered justified as power generation was EGCO Group's core business and EGAT was the sole wholesale buyer in Thailand. In addition, the pricing and conditions of those transactions were in accordance with the standardized contracts endorsed by concerned government agencies.

Companies	Relationship	Transaction value for the year ended December 31, 2017 (million baht)			
		Sales of electricity	Finance lease income under PPA	Service income under PPA	Trade receivable, Finance lease receivable and Trade receivable for services income under PPA
EGCO Cogen	Subsidiaries	1,174	-	-	210
KEGCO		-	3,291	9,835	1,665
RG		-	10	190	40
CWF		313	-	-	206
KLU		791	-	-	260
BPU		935	-	-	663

Since EGCO has recorded the share of profits from joint venture companies using equity method, the value of such transactions is not shown in the consolidated financial statements.

The values of the related transactions between joint venture companies and EGAT are shown in the following table.

Companies	Relationship	Transaction value for the year ended December 31, 2017 (million baht)			
		Sales of electricity	Finance lease income under PPA	Service income under PPA	Trade receivable, Finance lease receivable and Trade receivable for services income under PPA
GEC Group	Joint Ventures	3,495	1,765	2,443	846
BLCP		-	2,495	5,038	660
NTPC		3,207	-	-	399
NED		927	-	-	158

1.2 Operation and Maintenance Services with EGAT

EGCO Group has engaged in the operation and maintenance agreements with EGAT which are defined as the normal transactions to support its business operations of which are defined as the normal transactions of which the general trading items and conditions are applied. The fee can be calculated from the venue of assets or the referred price in accordance with SET's guidelines.

- KEGCO has entered into a PPA with EGAT for back up power. The agreement has been effective since June 19, 2016

Companies	Relationship	Transaction value for the year ended December 31, 2017 (million baht)	
		Back up Power Fee	Account Payables
KEGCO	Subsidiaries	17	3

- GEC Group has engaged EGAT as its advisor for maintenance works and back up power. The fee was charged in accordance with standard price for those contractual fees.

Companies	Relationship	Transaction value for the year ended December 31, 2017 (million baht)		
		Back up Power Fee	Maintenance Advisory Fee	Account Payables
GEC Group	Subsidiaries	47	5	8

2. Related Transactions between EGCO and TEPDIA Generating B.V. (TEPDIA)

In carrying out EGCO Group's businesses and services, there were transactions relating to the technical service agreements between EGCO and TEPDIA, a major shareholder which owns 23.94 per cent of EGCO stakes and has 4 representative directors on EGCO Board. However, all the transactions followed the established process and were in line with the disclosure and other requirements of the SET and SEC. The following are the transactions in 2017 in detail:

2.1 Operation and Maintenance Services

- KEGCO has entered into Major Maintenance Agreement with Mitsubishi Corporation which holds some stakes in TEPDIA and Mitsubishi Corporation Machinery, Inc, a subsidiary of Mitsubishi Corporation which indirectly holds some stakes in TEPDIA, in order for the latter to provide maintenance services to the power plant. The price for such services is calculated under the agreements on a cost plus basis and will be adjusted annually according to the Consumer Price Index. The agreements are effective for a period of 12 years, commencing from 19 June 2016 with the contract amount 18,560 million JPY.

Companies	Relationship	Transaction value for the year ended December 31, 2017 (million baht)	
		Maintenance Services Fee	Account Payables
KEGCO	Subsidiaries	547	88

- KEGCO has entered into long-term technical service agreement with JERA Co., Inc a joint venture of Tokyo Electric Power Company which indirectly holds some stakes in TEPDIA. The agreements is effective for a period of 25 years, commencing from 19 June 2016 with the contract amount of 0.42 million US Dollar per year.

Companies	Relationship	Transaction value for the year ended December 31, 2017 (million baht)	
		Technical Services Fee	Account Payables
KEGCO	Subsidiaries	14	4

2.2 Purchases of Spareparts Agreement

- KEGCO has entered into purchases of spareparts agreement with Mitsubishi Corporation Machinery, Inc, a subsidiary of Mitsubishi Corporation which indirectly holds some stakes in TEPDIA. The total contract price is 1,947 million.

Companies	Relationship	Transaction value as at December 31, 2017 (million baht)	
		Spareparts	Account Payables
KEGCO	Subsidiaries	64	-

- KEGCO has entered into purchases of spareparts agreement with Mitsubishi Corporation, which holds some stakes in TEPDIA. The total contract price is 34 million Baht.

Companies	Relationship	Transaction value as at December 31, 2017 (million baht)	
		Spareparts	Account Payables
KEGCO	Subsidiaries	13	-

3. Related Transactions between EGCO and Group Companies

EGCO has entered into the following agreements with Group Companies where EGCO is a major shareholder and in which EGCO's executives are appointed as directors and executives.

3.1 Office Building Rental and Service Agreements with 15 companies namely KEGCO, ESCO, EGCO Cogen, RG, CWF, BPU, KLU, Solarco, SPP2, SPP3, SPP4, SPP5, Yanhee EGCO, TWF and NED. The provision of space and the scope of services are specified in a yearly contract.

Such transactions were considered justified as EGCO maximized its building space usage and the fee was charged at the same market rate which charged to any third parties.

3.2 Management Service Agreement with KEGCO, ESCO, EGCO Cogen, EGCO Green, RG, EGCO BVI, PEPOI, Quezon, TWF, SPP2, SPP3, SPP4, SPP5, Yanhee EGCO, Solarco, CWF, BPU, KLU, BLCP, GPS, NED, KPI and SBPL. The scopes of work cover internal audit, legal counseling, Board's secretarial work, IT, public and community relations and financial work (except ESCO), including secondment of employee to NTPC.

3.3 Project Development Services Agreement with BPU and KLU.

3.4 Land Rental Agreement for construction with KLU.

Such transactions were justified as those Group companies did not have internal staff to take care of such work while EGCO had the expertise and capability to provide the services. The service fee was charged in accordance with the actual operating hours based on the cost plus basis.

Companies	Relationship	Transaction values for the year ended December 31, 2017 (million baht)
		Financial Statements
KEGCO	Subsidiaries	42
ESCO		4
EGCO Cogen		9
EGCO Green		1
RG		8
CWF		7
PEPOI		24
Quezon		9
TWF		5
SPP2		5
SPP3		5
SPP4		4
SPP5		5
Yanhee EGCO		2
Solarco		15
BPU		13
KLU		20
EGCO BVI		1
Total for subsidiaries		179

Companies	Relationship	Transaction values for the year ended December 31, 2017 (million baht)
		Financial Statements
NTPC	Joint Ventures	8
BLCP		14
GPS		6
NED		4
SBPL		3
KPI		2
Total for joint ventures		37

4. Financial Support to related business partners

EGCO has provided financial support to subsidiaries and joint ventures in proportional to its ownership in such companies. Such supports are normal business practices and are aimed at optimizing shareholders' returns. The transactions were approved by the Board under the Company's Table of Authority and disclosed in the notes to financial statements as of December 31, 2017.

4.1 Loan

Companies	Relationship	Transaction values by December 31, 2017 (million baht)	Terms and conditions
SPP 2	Subsidiaries	103	On January 7, 2013, EGCO entered into the loan agreement providing the loan of 103 million baht to SPP 2. Such loan has fully drawn down. The principal payment will be made on January 11, 2037 at the interest rate of MLR plus a certain margin, payable on a quarterly basis.
SPP 3	Subsidiaries	80	On January 7, 2013, EGCO entered into the loan agreement to provide the loan of 105 million baht to SPP 3. The full facility had been drawn down. The principal payment will be made on September 20, 2036 at the interest rate of MLR plus a certain margin, payable on quarterly basis.
SPP 4	Subsidiaries	80	On January 7, 2013, EGCO entered into the loan agreement to providing the loan of 80 million baht to SPP4. The full facility had been drawn down. The principal payment will be made on September 20, 2036 at the interest rate of MLR plus a certain margin,

Companies	Relationship	Transaction values by December 31, 2017 (million baht)	Terms and conditions
			payable on a quarterly basis.
SPP 5	Subsidiaries	78	On January 7, 2013, EGCO entered into loan agreement to providing the loan of 78 million baht to SPP 5. The full facility had been drawn down. The principal payment will be made on March 27, 2037 at the interest rate of MLR plus a certain margin, payable on a quarterly basis.
Yanhee EGCO	Subsidiaries	1,204	On October 22, 2012, EGCO entered into the loan agreement to provide the loan of 1,720 million baht to Yanhee EGCO. The full facility had been drawn down. The principal payment will be made at equal installment on a yearly basis at the interest rate of MLR, payable on a yearly basis.
TWF	Subsidiaries	26	On October 8, 2012, EGCO entered into the loan agreement providing the loan of 31 million baht to TWF. TWF drew down the loan amounting 29 million baht. The principal will be paid at a lump sum on the 10 th anniversary of the COD, at the interest rate of MLR minus a certain margin. The repayment should be made every 6 months starting from the COD.
CWF	Subsidiaries	150	On December 14, 2016, EGCO entered into the loan agreement providing the loan of 293 million baht to CWF. CWF drew down the loan amounting 150 million baht. The principal will be paid at a lump sum on the 10 th anniversary of the COD, at the interest rate of MLR. The repayment should be made every 6 months starting from the 12 th month of COD.
BPU	Subsidiaries	650	On September 7, 2015, EGCO entered into the loan agreement providing the loan of 1,000 million baht to BPU. BPU drew down the loan amounting 650 million baht.

Companies	Relationship	Transaction values by December 31, 2017 (million baht)	Terms and conditions
			The principal will be paid at a lump sum by the year 2038, at the interest rate of MLR. The repayment should be made every 6 months starting from 2018.
KLU	Subsidiaries	400	On May 22, 2015, EGCO entered into the loan agreement providing the loan of 500 million baht to KLU. KLU drew down the loan amounting 400 million baht. The principal will be paid at a lump sum by the year 2038, at the interest rate of MLR. The repayment should be made every 6 months starting from 2018.

4.2 Commitments and Liabilities

EGCO has commitments under the Sponsor Support Agreements from loan guarantees provided to the following subsidiaries and joint ventures.

4.2.1 Guarantee of Loan

EGCO's liability under Counter Guarantee, Standby Letter of Credit and Bank Guarantee for its subsidiaries and joint ventures as at December 31, 2017 as follows:

CWF

EGCO was liable under the Letter of Guarantee for the electricity sales proposal to PEA, Land Lease Guarantee to the Agricultural Land Reform Office, Chaiyaphum province, with the total amount of 5 million baht.

KEGCO

EGCO has the liability under the Standby Letter of Credit issued by Hongkong and Shanghai Banking Corporation (HSBC) to guarantee the decommissioning of Khanom Project 1-3 in the amount of 662 million baht and also has the liability under 2 Standby Letters of Credit issued by Mizuho Corporate Bank to guarantee the debt obligation in reserve accounts for Khanom Project 4 in the amount of 16 million USD (equivalent to 525 million baht) and 543 million baht, respectively.

SPP2

EGCO has the liability under the Standby Letter of Credit amounted to 77 million baht, issued by Kasikorn Bank to guarantee the debt obligation in reserve accounts for SPP2 Project.

SPP3

EGCO has the liability under the Standby Letter of Credit amounted to 85 million baht, issued by Kasikorn Bank to guarantee the debt obligation in reserve accounts for SPP3 Project.

SPP4

EGCO has the liability under the Standby Letter of Credit amounted to 64 million baht, issued by Kasikorn Bank to guarantee the debt obligation in reserve accounts for SPP4 Project.

SPP5

EGCO has the liability under the Standby Letter of Credit amounted to 37 million baht, issued by Kasikorn Bank to guarantee the debt obligation in reserve accounts for SPP5 Project.

NTPC

EGCO has the liability under 2 standby letters of credit issued by Mizuho Corporate Bank to guarantee the debt obligation in reserve accounts for Nam Theun project 2, in the amount of 5 million USD (equivalent to 156 million baht) and 646 million baht, respectively.

GPS

EGCO has the liability under the Standby Letter of Credit amounted to 92 million baht, issued by Kasikorn Bank to guarantee the debt obligation in reserve accounts for GPS .

SBPL

EGCO has the liability under the Standby Letter of Credit amounted to 143 million US Dollar equivalent to 4,697 million baht, issued by BNP Paribas to guarantee the capital payment for SBPL project.

SEGSD

EGCO has provided a guarantee from 31 March 2017 to 31 December 2037 of up to US Dollar 23.96 million (equivalent to 787 million baht) for an associate's obligations as the buyer under share sales and purchase agreements for geothermal operations in Indonesia. The guarantee will be for up to US Dollar 23.78 million (equivalent to 781 million baht) from 1 January 2038 to 31 December 2049. A subsidiary will pay US dollar 5 million (equivalent to 164 million baht) to Star Energy Group Holding Pte Ltd. during 2040 to 2047 in accordance with the relevant consortium agreement to be released from obligations.

Policy and Tendency of Future Related Transactions

EGCO's existing related transactions tends to continue and EGCO will seek to ensure that all of the related transactions be conducted transparently, fair and beneficial to the Company. The Audit Committee, external auditors or independent consultants shall be assigned by the Board to review and give their independent opinions on the pricing and justifications of those transactions. Disclosure of related transactions shall strictly follow the notifications of SET and SEC. In addition, EGCO will continue to provide the updated information, rules and regulations on related transactions to concerned staffs for thorough understanding which will certainly lead to full compliance and transparency for the optimal benefits of the shareholders.