

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, 2018 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 3, 2018, 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	Social Security Office	12,182,800	2.31
4	Bualuang LTF	10,678,100	2.03
5	STATE STREET EUROPE LIMITED	10,481,517	1.99
6	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	8,374,152	1.59
7	Bualuang LTF 75/25	5,749,100	1.09
8	Mr. Suwan Aisuriyakornthep	4,162,300	0.79
9	Bualuang Flexible RMF	3,555,100	0.68
10	AIA COMPANY LIMITED - EQ3-P	3,531,100	0.67

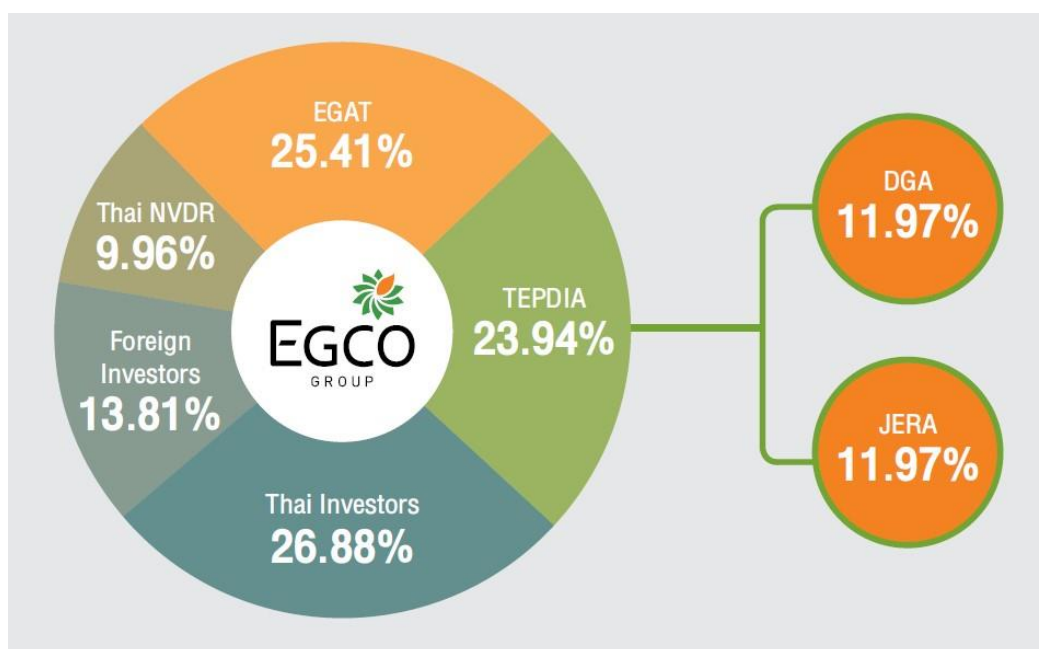
* Excluding 52,417,905 shares under Thai NVDR Company Limited which accounted for 9.96% of the total outstanding shares. Such NVDR holders do not have the right to vote at the shareholders' meeting. Information of investors under Thai NVDR Co., Ltd. is shown on the website: www.set.or.th

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.

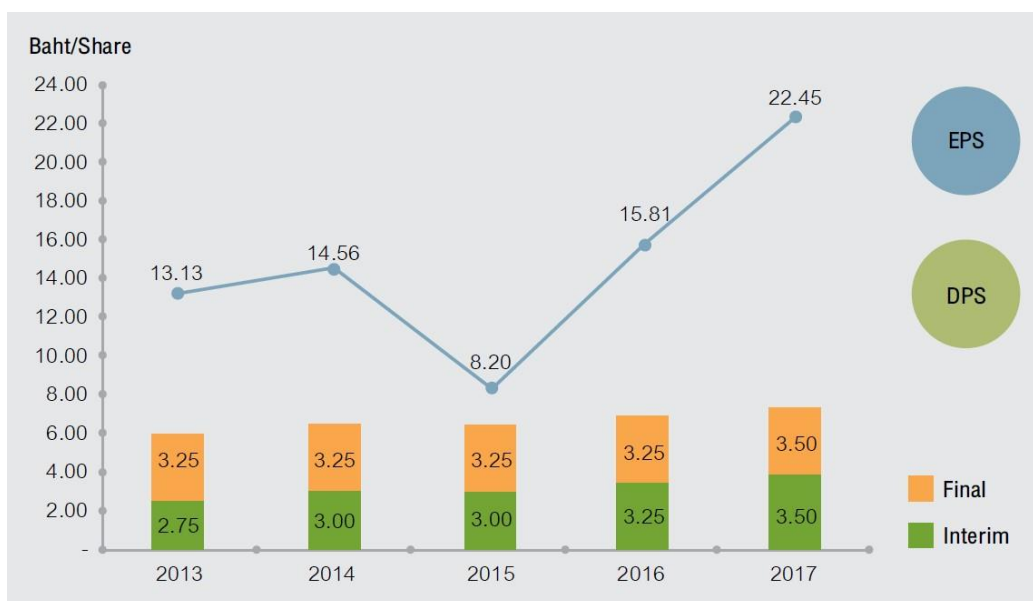
2.2 Tokyo Electric Power Company International B.V. (“TEPCO International”), a wholly owned subsidiary of JERA Co., Inc. (“JERA”), jointly established by TEPCO Fuel and Power, Inc. and Chubu Electric Power Co., Inc. JERA invests strategically and integrating in fuel procurement, fuel trading and thermal 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 3, 2018

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.



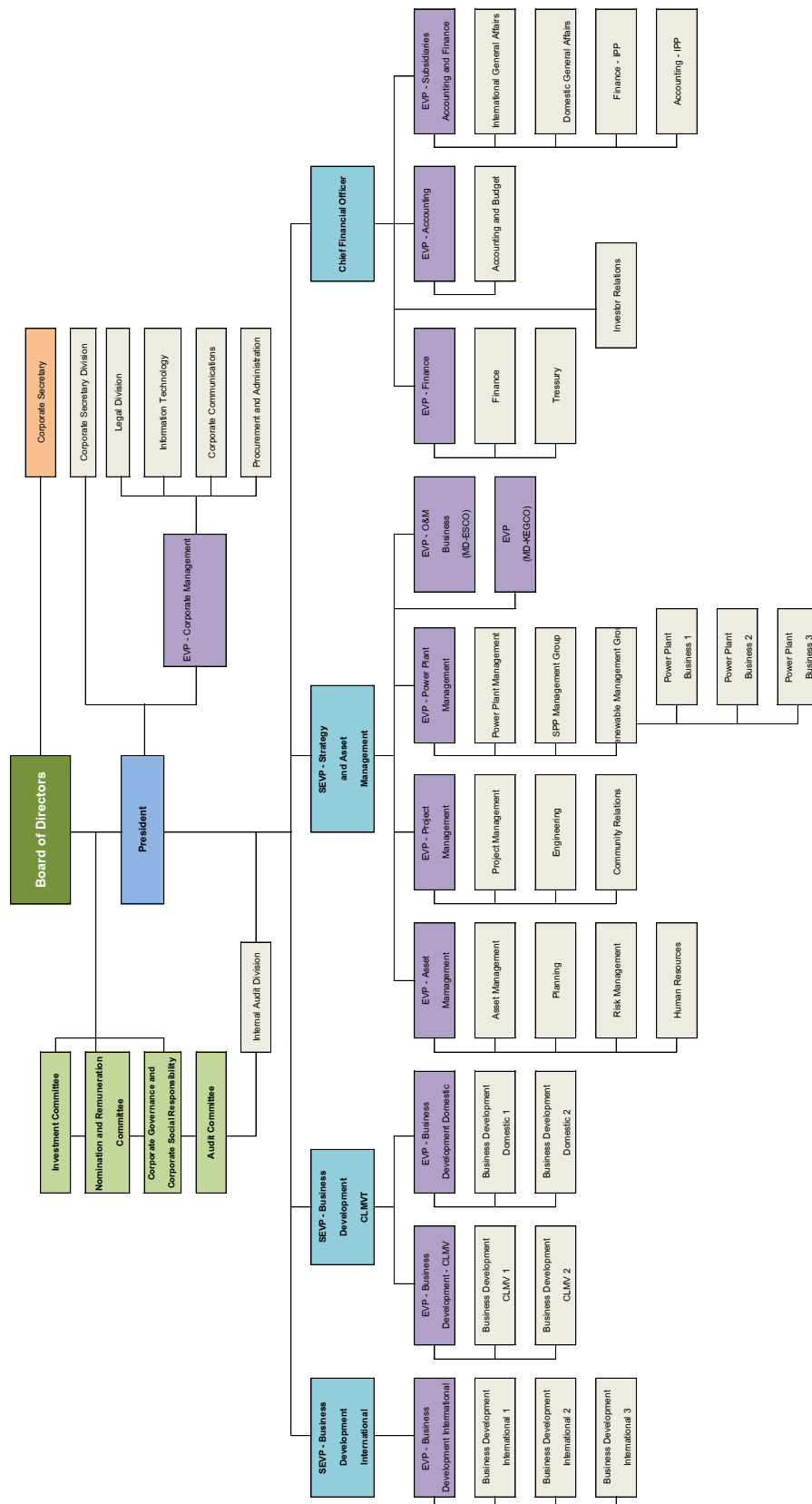
The comparison of the dividend payment between 2013 and 2017 is as follows:

Year	2013	2014	2015	2016	2017
Earnings per share (baht)	13.16	13.13	14.56	8.20	22.45
Dividend per share (baht)	6.00	6.00	6.25	6.25	7.00
Dividend payout Ratio (%)	47	46	43	76	31

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.

8. Management



(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 15 directors as follows:

- 14 non-executive directors, 93.33% of total directors, comprising:
 - 6 independent directors, 42.86% of total directors,
 - 7 representative directors, 53.33% of total directors, and
- President, the only executive member, 6.67% 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:

- Diversity of gender

	Number	Percentage
Gender		
- Male	13	86.67
- Female	2	13.33
Total	<u>15</u>	<u>100.00</u>

- Diversity of expertise and experiences

Director	Power business/ Energy business/ Engineering	Accounting/ Finance/ Economics/ Business administration	Law/ Political sciences	Strategy and Business Planning	Corporate governance/ Internal control/ Risk management	HR Development	IT
1.Mr. Witoon Kulcharoenwirat	✓			✓	✓	✓	
2.Mrs. Jaruwan Ruangswadipong		✓		✓	✓	✓	
3.Dr. Pasu Loharjun	✓			✓	✓	✓	
4. Assoc.Prof.Dr.Nualnoi Treerat		✓		✓	✓	✓	
5.Prof.Dr. Anya Khanthavit		✓		✓	✓	✓	
6.Mr. Paisan Mahapunnaporn			✓	✓	✓	✓	
7. Assoc.Prof.Dr. Bordin Rassameethes		✓		✓	✓	✓	✓
8.Mr. Wisak Watanasap	✓	✓		✓	✓	✓	
9.Mr. Nikul Silasuwan	✓			✓	✓	✓	
10.Mr. Patana Sangsriroujana	✓		✓	✓	✓	✓	
11.Mr. Hiromi Sakakibara	✓			✓	✓	✓	
12.Mr. Takao Onuki	✓	✓		✓	✓	✓	
13.Mr. Shunichi Tanaka	✓			✓	✓	✓	
14.Mr. Yoichiro Matsumoto	✓		✓	✓	✓	✓	
15.Mr. Jakgrich Pibulpairoj	✓			✓	✓	✓	
Total number	10	6	3	15	15	15	1

The Board and their share ownership in EGCO as of December 31, 2018 are as listed below:

	Name	Appointment Date	No. of shares		
			Director	Spouse/ Minor Child	Increase/ Decrease (Jan 1 – Dec 31, 2018)
1	Mr. Witoon Kulcharoenwirat Chairman	Apr 19, 2018	-	-	-
2	Ms. Jaruwan Ruangswadipong Independent Director	Apr 20, 2016	-	-	-
3	Dr. Pasu Loharjun Independent Director	Apr 19, 2018			
4	Assoc.Prof.Dr. Nualnoi Treerat Independent Director	Apr 19, 2018			
5	Prof.Dr. Anya Khanthavit Independent Director	Apr 19, 2017	-	-	-
6	Mr. Paisan Mahapunnaporn Independent Director	Apr 19, 2017			
7	Assoc.Prof.Dr. Bordin Rassamee Independent Director	Apr 19, 2018			
8	Mr. Nikul Silasuwan Director	May 1, 2018			
9	Mr. Patana Sangsriroujana Director	Oct 1, 2018			
10	Mr. Wisak Watanasap Director	Apr 19, 2018			

	Name	Appointment Date	No. of shares		
			Director	Spouse/ Minor Child	Increase/ Decrease (Jan 1 – Dec 31, 2018)
11	Mr. Shunichi Tanaka Director	Apr 20, 2016			
12	Mr. Yoichiro Matsumoto Director	May 26, 2017			
13	Mr. Hiromi Sakakibara Director	Aug 1, 2016			
14	Mr. Takao Onuki Director	Jan 1, 2018			
15	Mr. Jakgrich Piulpairoj President	Oct 1, 2017			

The list of directors who retired and resigned in 2018 – January 31, 2019 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. Ken Matsuda Director	Jan 1, 2018	-	-	-
2	Mr. Sombat Sarntijaree Chairman	Apr 19, 2018	-	-	-
3	Assoc.Prof.Dr. Chotchai Charoenngam Independent Director	Apr 19, 2018	-	-	-
4	Mr. Kornrasit Pakchotanon Director	May 1, 2018	-	-	-
5	Mr. Saharath Boonpotipukdee Director	Oct 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. Witoon Kulcharoenwirat, 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 corporate 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. Jaruwat 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:

Duties to EGCO

1. Understand its leadership role and assume its responsibilities in overseeing the Company, towards the sustainable value
2. 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
3. Establish and drive the core value which upholds ethics and be a role model
4. 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,
5. 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,
6. Define core objectives and targets and monitor the performance of the Company to achieve the defined objectives, targets and strategies,
7. Determine and review the board structure to support the achievement of objectives and targets
8. Select and develop directors and President and determine their remuneration as well as assessing their performance
9. Determine the employees' remuneration structure as motivation for employees to drive the Company to achieve the objectives and targets

10. 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
11. 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

Duties to Shareholders

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

Duties to Creditors

1. Ensure EGCO's full compliance with loan provisions and disclosure of EGCO's financial status
2. Promptly seek professional advice when in uncertain circumstance which might impact lenders such as unstable financial position or pending insolvency

Duties to other Stakeholders

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

Due Diligence

1. Attend all Board meetings, or give apology in advance when meeting attendance is not possible
2. Acquire a knowledge of the corporate objectives, mission and core business
3. Acquire a knowledge of EGCO business including statutory laws and regulations affecting the discharge of duties as director, and well aware of the business environment
4. Be provided substantial information in advance to allow adequate time to analyze; then make thorough judgment
5. 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.
6. Ensure that the communication system is established for directors to be provided regular and timely information to enable the thorough and careful judgment.
7. Ensure that the communication and information disclosure among stakeholders are executed correctly, appropriately and timely.
8. 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.
9. Ensure that EGCO complies with the governing laws, rules, regulations and business standard and ethics.

Board of Directors' Authority

The Board has the authority to approve the following matters:

The Board's Matters

1. Elect and appoint directors in the Board of Directors to replace resigning directors during the year, and to nominate directors to the shareholders to replace the directors who retire by rotation
2. Conduct the self-assessment annually and explain the Board of Directors' responsibilities and governance in the annual report
3. Establish and amend the sub-committees' charters
4. Appoint, remove and change members in the sub-committees.
5. Establish a new sub-committee during the year and determine its remuneration when considered as appropriate

Corporate Policy and Management

1. Approve and revise the Company's vision, goal, 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 Company's regulations
5. Determine, establish and revise the Company's Table of Authority
6. Establish and revise the organization structure of EGCO and EGCO Group's companies in which EGCO has management control
7. Consider risks related to corporate management in all aspects

Business Activities

1. 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
2. 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
3. Approve the interim dividend payment for the shareholders
4. Approve the change in significant accounting policy and compliance with new accounting standards
5. Approve the issuance of debt securities (excluding debentures), borrowing, refinancing and rescheduling with the value exceeding 3,000 million baht

6. Approve the guarantee, loan to group companies and other financial supports in the amount exceeding 500 million baht
7. Approve the revision of annual budget with the increased amount exceeding 15% of the approved budget
8. Approve the disposal of materials with the value exceeding 10 million baht per time

Human Resources

1. Approve hiring, employment, appointment, termination and compensation required by law for the President, top executives and Corporate Secretary
2. Evaluate the President's performance and approve the salary increase for the President
3. Consider the disciplinary action for the President
4. Approve the Company's salary structure, wages, compensation and benefits
5. Approve the succession plan for the position of Executive Vice President upwards

Other Business

1. Approve the court actions
2. Appoint specialists to provide in-depth information or take any related actions for the Company in case of the issues affecting significantly the Company's business, financial positions or reputation of Group Company
3. Authorize the President appropriately to manage the Company in accordance with the corporate strategy, directions, goal and policy by ensuring that the Company has a proper corporate governance and efficient monitoring and evaluation
4. Take other responsibilities in relation to the Company's business as assigned by the shareholders
5. Consider donation apart from what has been approved in the annual budget

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 2018, the Board and all sub-committee had reviewed their charters and opined that the Audit Committee charter covered all facets so the revision was not necessary whereas the charters of Nomination and Remuneration Committee, Investment Committee, and Corporate Governance and Corporate Social Responsibility were revised to cover monitoring the corporate risk levels within the levels designated by the Board with effect on January 1, 2019 onwards.

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. Establishment, review, and revision of the Company's regulation on human resource management
2. Establishment, review, and revision of the Nomination and Remuneration Committee Charter
3. Organization restructure of EGCO and EGCO Group's companies in which EGCO has management control (Senior Vice Presidents (SVP) upward)
4. Company's annual manpower planning
5. Structure and composition of the Board of Directors and committees together with the qualifications of their members

6. Recommendation of the list of nominees for the Board of Directors in case of vacancies by rotation and/or in case of casual vacancies
7. Remuneration structure, including meeting allowance, annual bonus, welfare, and other benefits in cash and in kind of EGCO Board of Directors and Board of Directors of EGCO Group's companies in which EGCO has management control
8. Board of Directors assessment form
9. Appointment of EGCO representative directors in EGCO Group's companies and joint venture companies based on the equity proportion or shareholders' agreements
10. Providing the policy on employees' remuneration structure and other benefits in cash and in kind to the representative directors of EGCO Group's companies in which EGCO has management control
11. Scrutiny of the list of nominees for EGCO President in case of vacancy
12. Appointment, promotion, rotation and removal of the Senior Executive Vice Presidents ("SEVP"), Executive Vice Presidents ("EVP") of EGCO and Corporate Secretary
13. Performance evaluation of EGCO President and SEVPs who are contract employees to renew or terminate the contract, and increase salary and determine bonus
14. Performance evaluation of SEVPs who are permanent employees, EVPs and Corporate Secretary to determine remuneration
15. Employees' remuneration structure and other benefits in cash and in kind
16. Corporate bonus criteria
17. Determination of bonus-linked KPI to decide bonus for EGCO and EGCO Group's companies in which EGCO has management control
18. Determination of annual bonus and special bonus
19. Budget for annual salary increase rate of the employees
20. Succession plans of EGCO's EVP upward
21. Early retirement program for the employees of EGCO and EGCO Group's companies in which EGCO has management control
22. Risks associated with human resource management, including preventive measures and mitigations of relevant risks
23. Other issues as assigned by the Board of Directors

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. Establishment, review, and revision of the Company's regulations and principles regarding investment, asset management and financial management
2. Establishment, review, and revision of the Investment Committee Charter
3. Company's strategic plan, business plan, action plan and annual budget

4. Determination of the Corporate KPI, monitoring progress, and assessment of the Corporate KPI
5. Increase or reduction of the registered capital
6. Acquisition, investment, and divestment of Company's assets
7. Operation of the Company's project and asset management pursuant to Regulation on Principle of Arm-Length Relation with Subsidiary, Affiliate, and Joint-Venture companies
8. Funding of EGCO
9. Financial management, profit allocation and significant financial transactions
10. Financial investment outside the Treasury Management Guidelines
11. Procurement and Disposal Material Management
12. Risks associated with investment and finance, including preventive measures and mitigations of relevant risks
13. Other issues as assigned by the Board of Directors and as stipulated in the Company's regulations and principles

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. Endorse policy and practice for the Board's approval
2. Endorse objectives and annual plans, to be in line with the strategic plan, for the Board's approval
3. Encourage and support the compliance of directors, executives and employees with the policy, practices, objectives and plans of CG, CSR and Anti-Corruption
4. Oversee, monitor and appraise the performance to comply with the policy, practices, objectives and approved plans
5. Regularly review and revise CG, CSR and Anti-Corruption policy and practices by comparing to the international standard, and endorse for the Board's approval in order to promote continuous improvement and development
6. Oversee the assessment of Anti-Corruption risks and risk mitigation

Table: Meeting Attendance of the Board of Directors

Name	Meeting Attendance in 2018 (number of times)					
	Board Meeting (12 times)	Non-Executive Director Meeting (1 time)	Audit Committee (14 times)	Investment Committee (11 times)	Nomination and Remuneration committee (7 times)	Corporate Governance and Corporate social Responsibilities Committee (5 times)
1. Mr. Witoon Kulcharoenwirat ^{/1}	9/9	1/1		8/8		
2. Mrs. Jaruwan Ruangswadipong	12/12	1/1	14/14			
3. Dr. Pasu Loharjun ^{/2}	8/9	-/1			5/5	4/4
4. Assoc.Prof.Dr.Nualnoi Treerat	11/12	-/1			7/7	5/5
5. Prof.Dr. Anya Khanthavit	12/12	1/1	14/14			
6. Mr. Paisan Mahapunnaporn	12/12	1/1	14/14			
7. Assoc.Prof.Dr. Bordin Rassameethes	10/12	1/1			6/7	4/5
8. Mr. Nikul Silasuwan ^{/3}	8/8	1/1		8/8		
9. Mr. Patana Sangsriroujana ^{/4}	1/3	-/1			1/2	
10. Mr. Wisak Watanasap	12/12	1/1				5/5
11. Mr. Shunichi Tanaka	12/12	1/1		3/3	6/7	
12. Mr. Yoichiro Matsumoto	12/12	1/1		8/8		
13. Mr. Hiromi Sakakibara	12/12	1/1				
14. Mr. Takao Onuki	12/12	1/1		11/11		
15. Mr. Jakgrich Pibulpairoj	12/12			11/11		5/5
16. Mr. Sombat Sarntijaree ^{/5}	3/3			3/3		
17. Assoc.Prof.Dr. Chotchai Charoenngam ^{/6}	3/3				2/2	1/1
18. Mr. Kornrasit Pakchotanon ^{/7}	4/4			2/3		
19. Mr. Saharath Boonpotipukdee ^{/8}	9/9				4/5	

Remarks : ^{/1} and ^{/2} appointed on April 19, 2018

^{/3} Appointed on May 1, 2018

^{/4} Appointed on October 1, 2018

^{/5} and ^{/6} retired on April 19, 2018

^{/7} Resigned on May 1, 2018

^{/8} Resigned on October 1, 2018

In 2018, the Board held 12 meetings, with 96.67% of the Board of Directors attending. Individually, each director attended more than 94.68% 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, 2019, 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: an EVP-Corporate Management supervises Corporate Communications Division, Information Technology Division, 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 President.

Management

The list of the Management team and their share ownership in EGCO in accordance with SEC notification as at January 31, 2019 is as follows:

Name	Title	No. of shares		
		Management	Spouse/ Minor Child	Increase/ Decrease (Jan 1, 2018 - Jan 31, 2019)
1. Mr. Jakgrich Pibupairoj	President	-	-	-
2. Mr. John Palumbo	Senior Executive Vice President- Business Development – International	-	-	-
3. Mr. Danuja Simasathien	Chief Financial Officer	-	-	-
4. Mr. Gumpanart Bumroonggit	Senior Executive Vice President-Strategy & Asset Management	-	-	-
5. Mr. Suvapan Chomchalem	Executive Vice President – Accounting	-	-	-
6. Ms. Somsiri Yoosuk	Executive Vice President – Finance	-	-	-
7. Mr. Somkiat Suttiwanich	Executive Vice President – Subsidiaries Accounting and Finance	-	-	-
8. Mr. Amornrat Debbasdin Na Ayudhya	Senior Vice President- Accounting and Budget	-	-	-
9. Ms. Ploy Suksrisomboon	Senior Vice President- International General Affairs Management	-	-	-
10. Mr. Surasak Ganjanakit	Senior Vice President – Domestic General Affairs Management	-	-	-

The list of the Management who retired in 2018.

Name	Title	No. of shares		
		Management	Spouse/ Minor Child	Increase/ Decrease (Jan 1 - Dec 31, 2018)
1. Mr. Niwat Adirek	Senior Executive Vice President – Business Development CLMVT	-	-	-

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 2018, 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 2018 is summarized below:

Name	Board of Director	Standing Committee				Bonus	Total Remuneration
		AC	IC	NRC	CC		
1. Mr. Witoon Kulcharoenwirat	426,875.00	-	404,924.72	-	-	-	831,799.72
2. Ms. Jaruwan Ruangswadipong	480,000.00	650,000.00	-	-	-	1,754,385.96	2,884,385.96
3. Mr. Pasu Loharjun	331,500.00	-	-	267,666.67	120,000.00	-	719,166.67
4. Ms. Nualnoi Treerat	470,000.00	-	-	380,000.00	120,000.00	586,397.50	1,556,397.50
5. Mr. Anya Khantavit	480,000.00	520,000.00	-	-	-	1,232,876.71	2,232,876.71
6. Mr. Paisan Mahapunnaporn	480,000.00	520,000.00	-	-	-	1,232,876.71	2,232,876.71
7. Mr. Bordin Rassameethes	460,000.00	-	-	360,000.00	72,000.00	317,231.43	1,209,231.43
8. Mr. Nikul Silasuwan	320,000.00	-	320,000.00	-	-	-	640,000.00
9. Mr. Patana Sangsriroj	100,000.00	-	-	80,000.00	-	-	180,000.00
10. Mr. Hiromi Sakakibara	480,000.00	-	-	-	120,000.00	-	600,000.00
11. Mr. Shunichi Tanaka	480,000.00	-	132,333.33	450,000.00	-	1,754,385.96	2,816,719.29
12. Mr. Yoichiro Matsumoto	480,000.00	-	327,666.67	-	-	793,078.60	1,600,745.27
13. Mr. Hiromi Sakakibara	480,000.00	-	-	-	-	1,754,385.96	2,234,385.96
14. Mr. akao Onuki	480,000.00	-	460,000.00	-	-	-	940,000.00
15. Mr. Jakgrich Pibulpiroj	-	-	-	-	-	-	-

The summary of remuneration of retired and resigned directors during 2017-2018 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. Mr. Somphot Kanchanaporn	Apr 19, 2017	4	-	-	-	-	521,509.25	521,509.25
2. Mr. Bandhit Sothipalalit	Apr 19, 2017	4	-	-	-	-	521,509.25	521,509.25
3. Mr. Thanapich Mulapruk	May 5, 2017	5	-	-	-	-	596,010.57	596,010.57
4. Mr. Yasuo Ohashi	May 26, 2017	5	-	-	-	-	696,947.85	696,947.85
5. Mr. Pongstorn Kuanusorn	Oct 1, 2017	10	-	-	-	-	1,312,184.57	1,312,184.57
6. Mr. Chanin Chaonirattisai	Oct 1, 2017	10	-	-	-	-	-	-
7. Mrs. Puangthip Silpasart	Dec 1, 2017	11	-	-	-	-	1,605,383.32	1,608,383.32
8. Mr. Ken Matsuda	Jan 1, 2018	12	-	-	-	-	1,754,385.96	1,754,385.96
9. Mr. Sombat Sarntijaree	Apr 19, 2018	12	3	3	173,125.00	165,416.67	2,192,982.46	2,531,524.13
10. Mr. Chotchai Charoenngam	Apr 19, 2018	12	3	3	138,500.00	142,333.33	1,754,385.96	2,035,219.29
11. Mr. Kornrasit Pakchotanon	May 1, 2018	12	4	4	160,000.00	120,000.00	1,754,385.96	2,034,385.96
12. Mr. Saharath Boonpotipakdee	Oct 1, 2018	12	9	9	360,000.00	260,000.00	1,754,386.96	2,374,385.96

Remarks

^{/1} Bonus of Board of Directors in 2017 was paid in May 2018 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 2018 is shown below:

Remuneration	2018
	Management (5 persons) ^{/1}
Total Salary	36,446,520.00
Bonus ^{/2}	13,380,185.78
Provident Fund	3,461,011.22
Total	53,287,717.00

^{/1} 5 executives as defined by SEC are (1) President (2) SEVP – BDI
(3) SEVP – CLMVT (4) CFO (5) SEVP – SAM

^{/2} The 2017 bonus was paid in January 2018.

(2) 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 2018, EGCO Group had 366 headcounts, 251 of which were EGCO employees while 115 people worked for subsidiaries namely KEGCO, ESCO, EGCO Cogen, Roi-Et Green, QMS, and PEPOI.

As of December 31, 2018, EGCO has 251 headcounts which include the President, 4 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	34
2. Business Development - International	7
3. Business Development - CLMVT	16
4. Strategy and Asset Management	78
5. Accounting and Finance	116
Total of EGCO	251
Subsidiaries' Employees	115
Total	366

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 2018 is as shown below.

(Unit : Baht)

Remuneration	Amount	
	EGCO	Subsidiaries
Total Salary	287,214,073.61	168,617,778.11
Bonus ^{/1}	157,098,834.96	61,025,066.59
Provident Fund	27,093,037.75	16,549,727.28
Total	471,405,946.32	246,192,571.98

^{/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. EGCO also strictly complies with good corporate governance principles.

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 six principles are as follows

- **Promotion of Best Practice** : Promote compliance with good corporate governance principles and Code of Conduct
- **Responsibility** : Operate business with responsibility towards the community and society and caring for the environment
- **Equitable Treatment** : Treat all shareholders and stakeholders equally
- **Accountability** : Perform duties with honesty and integrity
- **Creation of Long Term Value** : Create long-term value for the shareholders and increase competitiveness to create sustainable growth
- **Transparency** : Ensure fairness, transparency, accountability and no direct or indirect involvement in any form of fraud and corruption

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 2018, the Board acknowledged the Corporate Governance Code for Listed Companies 2017 (“CG Code 2017”) of the Securities and Exchange Commission (“SEC”) and reviewed the Company’s corporate governance principles and practice guidelines in comparison with the criteria of ASEAN Corporate Governance Scorecard. The Board then endorsed the revision of the Company’s corporate governance principles and practice guidelines as follows:

1. Develop a written Board Charter
2. Revise duties, responsibilities and authority of the Board and 4 subcommittees such as the Audit Committee, the Investment Committee, the Nomination and Remuneration Committee and the Corporate Governance and Social Responsibility
3. Appoint Ms. Jaruwan Ruangswadipong, Independent Director, as the Lead Independent Director and develop a Lead Independent Director Charter by determining the Lead Independent Director’s duties as below:
 - 1) Chair a meeting of Independent Directors and represent them in the discussion held between the Chairman of the Board and the management on the matters

relating to corporate governance and other significant matters as deemed appropriate

- 2) Held a meeting of Independent Directors at least once a year in which the management, or concerned persons or appropriate persons may be invited to attend the meeting and give explanations and information on relevant matters
 - 3) Act as the main coordinator between the Chairman of the Board, Independent Directors and President on matters relating to the Board
 - 4) Chair a Board meeting in case that the Chairman and Vice Chairman of the Board cannot attend the meeting
 - 5) Collaborate with the Chairman of the Board and the President in determining agenda items to ensure that significant matters are included to be proposed to the Board for consideration and acknowledgement in the Board meeting and the meeting of Non-Executive Directors
 - 6) Coordinate between shareholders who intend to negotiate, discuss or seek advice from the Board, with the collaboration of the Chairman of the Board and the President, and develop a written Lead Independent Director Charter
4. Set a minimum number of meetings each director should attend: at least 75% of meeting attendance for the meetings of the Board and subcommittees held throughout the year
 5. Define the diversity of board of directors in terms of race and nationality, other than age, sex, knowledge and expertise, in the criteria and procedures for board nomination

The details of all Committee Charters are made available on the Company's website.

In 2018, 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

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

The Board oversaw the Company's compliance with the corporate governance policy and practice guidelines which were adjusted in line with the Company's strategies, vision and mission and based on business ethics, relevant laws, rules and regulations and followed up the performance results which were disclosed in the annual report as follows:

1. 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 addition, EGCO Group believes that business management based on good corporate governance and ethics, caring for all stakeholders and social and environmental responsibility is crucial for its operational efficiency and can create long-term value for the shareholders. EGCO Group has then defined ethical practice and caring for the stakeholders as important characteristics of good employees which have been incorporated into the following core values:

1. Teamwork
2. Result – Oriented
3. Innovation
4. Ethics and Integrity
5. Stakeholders Concerns

In 2018, EGCO undertook more activities to promote the implementation of good corporate governance policy across EGCO Group companies as in line with the good corporate governance strategy and foster core values of ethic and integrity among directors, executives 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 2 CG Roadshows to enhance knowledge on good corporate governance principles, anti-corruption measures and Code of Conduct for EGCO Group's employees at Headquarters and power plants, alternatively. This year, the activity was held at Khanom Electricity Generating Company Limited in Nakhon Si Thammarat Province.
3. Arranging CG Day in which EGCO Group's directors, executives and employees, both at Headquarters and in provinces, participated to promote and provide knowledge on good corporate governance principles to EGCO Group's executives and employees. The activity was organized under the carnival theme with game booths where CG knowledge were embedded such as CG dartboards, balloon darts for transparency, wheels of virtue and pole hooking. Also, a play which was performed by senior executives, reflected anti-corruption matters in a clearer manner such as guidance on donations, giving and receiving of gifts, etc. Moreover, this included the activity to make elephants holding trunks pillows to be handed over to the bedridden patients for hand exercises. The satisfaction survey results for this activity accounted for 93%, thus achieving the defined target.



Based on the appraisal results of activities and communication in good corporate governance throughout 2018, directors, executives and employees were satisfied with the activities, had a better understanding of corporate governance and still requested that they were regularly organized.

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 and review their compliance activities. 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. In 2018, the appraisal form was 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 average score for online appraisal was 87% which could increasingly measure the 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 an online form for acknowledgement of Code of Conduct.

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 2018, no non-compliance situation was found. From that commitment, EGCO then earned assessment results and awards according to good corporate governance principles as follows:

- The Annual General Meeting of Shareholders (AGM) Assessment 2018: EGCO received a full score of 100 from the Thai Investor Association.
- “Excellent” for the Corporate Governance Report of Thai Listed Companies (CGR) Assessment Project: EGCO achieved a score of 95 for the assessment conducted by the Thai Institute of Directors Association (IOD).
- Thailand Sustainability Investment (THSI) 2018 Award or sustainable stocks for 4 consecutive years. EGCO is a listed company with market capitalization of over 100,000 million Baht and outstanding performance on environment, social, and governance (ESG) aspects.
- Selected as 1 of the 45 stocks listed in the “SET THSI” Index as a listed company with sustainable operations, arranged by the Stock Exchange of Thailand
- “ESG 100 Company” certificate from Thaipat Institute for 4 consecutive year as a listed company with outstanding performance in environmental, social and governance operations
- “Recognition” for Sustainability Report Award 2018 from the Thai Listed Companies Association in collaboration with the Securities and Exchange Commission and Thaipat Institute

2. Roles and responsibilities of the Board

2.1 Duties of the Board

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 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.

Tenure 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 2018, 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, 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 no 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 seminars on July 20, 2018 and August 18, 2018. 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 strategic plan was developed based on the Balanced Scorecard which embraced 4 perspectives: Financial Perspective, Customer Perspective, Internal Business Process Perspective and Learning and Growth Perspective. This process would lead to the strategic implementation by means of measurement or assessment which would ensure consistency in the Company and highlight the Company's critical success factors. Action plans were also consistent with key performance factors.

Besides the strategic plan for power business which is EGCO's core business, the Board also added new business opportunities to the strategic plan to increase the Company's competency, and included sustainable management concepts comprising the strategies in human resource management, promotion of innovative ideas, participation in sustainability assessment at an international level and good corporate governance so as to ensure that the Company would achieve sustainable growth and responsibility towards the stakeholders.

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 action plan and key performance indicators, the management prepares budget and manpower as in line with such strategic plan and action plan which will then be submitted to the Board for approval of annual budget and manpower. The management has also reported the progress of implementation of annual action plan as well as corporate KPIs to the Board regularly.

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 and 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 Miss Sudrudee Lertkasem 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 weaknesses while strengthening preventive auditing practices. 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.

Additionally, the Audit Committee has continuously supported knowledge enhancement of internal auditors through in-house and outside seminars for an exchange knowledge and experience. 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. Value Creation and Enhancement for Listed Companies with the New COSO 2017 Enterprise Risk Management (ERM), organized by the Faculty of Commerce and Accountancy, Thammasat University in collaboration with the Stock Exchange of Thailand
2. Application of COSO ERM Framework to create sustainable value added for the organization, the in-house training with the expert lecturer on risk management from the Faculty of Commerce and Accountancy, Thammasat University
3. PwC Thailand Symposium 2018 'Managing Challenges to unleash corporate growth, organized by PricewaterhouseCoopers ABAS Ltd.
4. PwC Forensics Seminar and Procurement Fraud, eDiscovery and Robotic Process Automation (RPA), organized by PricewaterhouseCoopers ABAS Ltd.
5. Minimizing Cyber Risk in Digital Transformation Age, organized by JP Insurance Plc. in collaboration with PricewaterhouseCoopers ABAS Ltd.
6. Catch up with Big Data analytics for business decisions, organized by Kasetsart University
7. Application of technologies as audit tools for efficiency and effectiveness, organized by the Federation of Accounting Professions
8. "Revised IFRS 15: Revenue from Contracts with Customers and IFRS 16: Leases", the in-house training with the expert lecturer from PricewaterhouseCoopers ABAS Ltd.
9. CIA Review, organized by the Federation of Accounting Professions

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 2018, the Board and the Audit Committee considered that the auditors from PricewaterhouseCoopers 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 2018 and determine the audit fee of 4,341,600 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 2018 AGM, the meeting mutually approved the appointment and remuneration of auditor as proposed by the Board.

Risk Management

The Board entrusts the Audit Committee to work with the management in reviewing the risk management policy, implementation and guidelines of EGCO Group under corporate goals of satisfactory return, growth and corporate excellence. EGCO regularly presents a risk management report, issues, and recommendations to the Audit Committee at least twice a year and report them to the Board regularly for consideration of the adequacy of risk management system and effectiveness of risk management so that strategies, plans, and management approaches can be adjusted promptly. Recognizing the importance of risk management on EGCO Group's corporate governance, the Board thus approved that risk management and assessment tasks were separated 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 conduct a risk assessment 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 review EGCO Group's risk management policy and monitor its implementation; to closely monitor and assess risk management according to EGCO Group's risk management approaches; and to report the results to the Audit Committee and the Board, respectively. 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 conditions of each power plant.
- Risk management is under the Risk Assessment Division's responsibility to ensure that it efficiently addresses EGCO Group's current business circumstances as well as collaborates with risk owners and presents a risk management report to the Risk Management Committee on a quarterly basis and to the Audit Committee at least twice a year.

- 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 accordance with EGCO Group's risk management philosophy to be applied throughout the organization and 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 2018 assessment indicated that EGCO Group appropriately implemented the risk management system. More details can be found in the "Risk Factors" section.

Information Technology Systems

The Board has placed emphasis on information technology systems by requiring the management to conduct a study on the use of information technology in support of EGCO's new businesses in a proper, correct, complete and safe manner. In 2018, the Information Technology Division improved information technology systems for higher operational efficiency as follows:

- Next-Generation Firewall to prevent cyber attacks and threats and information leakage
- Backup System to avoid damages that may arise in case of data damage or loss so that backup data can be promptly restored
- Protect and Control Documents System

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 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.

2.2 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 7 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. Each director is required to attend at least 75% of Board and subcommittee meetings each year. In 2018, the Board held a total of 12 meetings. Each meeting lasted approximately 3 hours and the attendance rate was around 96.67%.

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 2018, 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 November 23, 2018. The Board discussed and approved the revision of authority of subcommittees and senior executives as in line with EGCO's strategic plan. The Chairman of the Board communicated the guidelines to the President for acknowledgement and further formulation of strategic plan and operational plan.

In 2018, the Independent Director Committee held one meeting on January 19, 2018 to nominate Ms. Jaruwan Ruangswadipong to the Board for appointment as the Lead Independent Director as well as to propose the Lead Independent Director Charter the Board for consideration. The Board, in its meeting no. 1/2018, approved the matters as proposed by the Independent Director Committee.

2.3 Board Self-Assessment

The Board regularly conducts self-assessments on a 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 2018, 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 directors, 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 the 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 92.35% 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 90.67%
- Nomination and Remuneration Committee 91.65%
- Corporate Governance and Social Responsibility Committee 99.17%

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 2018 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 Charter. The Audit Committee reported the self-appraisal result in 2018 to the Board for acknowledgement in the Board meeting no. 1/2019 on January 24, 2019.

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 92.68% 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 2018, 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.

2.4 Performance Appraisal of the President and Executives

President's performance is collectively appraised by all non-executive directors against the Company's performance results, implementation of policy assigned by the Board and 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.

2.5 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.

2.6 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, electrical industry, 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 and others.

Director Development:

The Board has a policy to continuously improve knowledge and capabilities of directors. In 2018, the Company's directors attended trainings and seminars held by IOD and other institutes and shared knowledge among themselves as follows:

- Director Certification Program (DCP) held by IOD, 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. Two directors attended this course.
- Independent Director Forum (ID Forum) held by IOD under the topic "Tough boardroom situations-independent directors share lessons learned", offering independent directors opportunities to share experience in different duties and allowing them to apply ideas coming from such experience or problem-solving techniques to the performance of duties properly. Two directors attended this course.
- Strategic Board Master Class (SBM 5/2018) held by IOD, to enhance directors' understanding of roles and duties of directors in determining the Company's strategies and directions and encourage them to implement those strategies effectively. One director attended this course.
- Lecture on CG code update held by Pricewaterhouse Coopers ABAS Ltd. (PwC), to enhance directors' better understanding of the new CG Code 2017 which emphasizes the roles and duties of directors. 8 directors attended this course.
- Lecture on Project Acquisition held by Pricewaterhouse Coopers ABAS Ltd. (PwC), to provide an overview of business development activities, relevant transactions in the financial statements and steps for the preparation of project due diligence in terms of finance, account & tax and purchase price allocation principles according to financial reporting standards. 5 directors attended this course.
- Lecture on A Proposed Competitive Valuation Technique for EGCO, A Real Option Approach, given by Prof.Dr. Anya Khanthavit, Independent Director, to share experiences in project value assessment methodology among directors to broaden new perspectives on investment poroject consideration. 5 directors attended this 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 knowledge, 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 authorized by the Board 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.

In 2018, the Company executed a succession plan for executives at at Executive Vice President level to ascend to positions at Senior Executive Vice President level in different areas in replacement of those who retired and for executives at Senior Vice President level to ascend positions at Executive Vice President level. In addition, the Board entrusted the Nomination and Remuneration Committee to follow up the progress of succession planning. In this regard,

the Nomination and Remuneration Committee prescribed that the report on the execution of succession plan shall be set as an annual agenda item.

3. 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.

3.1 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 2018, EGCO's AGM was held on April 19, 2018 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 23, 2018 before delivering the meeting documents by post, 55 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 16, 2018, 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 2018, 15 directors including the Chairman and directors attended the meeting which accounted for 100% of the total number of the Board members. The Chairman of the Board, the Chairmen of all subcommittees 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 2018 survey indicated that the shareholders were satisfied with meeting notice, meeting facilitation, and meeting conduct.

For the AGM 2018, there were 503 shareholders attending in person and 1,119 shareholders by proxies, representing 405,066,541 shares which accounted for 76.9408% 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 2018, meeting resolutions were notified before 9.00 a.m. on April 20, 2018, 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, 2018 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.

3.2 Company Visit and Knowledge Enhancement for Shareholders and Investors

Shareholders and investors are invited to visit the Company and meet the executives to enhance their understanding of business and follow up the progress of the Company's business operations. In 2018, company visits were continuously arranged for investors, analysts and investors, of which the details can be found in the Information Disclosure and Transparency section.

4. Equitable Treatment of Shareholders

4.1 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, 2017). This was applicable for either a sole or combined shareholders, which was lower than SET's recommendation of 5% shareholding. However, in the 2018 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 to ensure that the shareholders' meeting was conducted transparently and in compliance with the laws and the Company's Articles of Association. 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 and supporting documents 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 2018 AGM was mailed to each shareholder for revision.

4.2 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

4.3 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.

Moreover, the Board, in its meeting no. 9/2018, acknowledged the new criteria of SEC pursuant to the Notification No. SorJor 28/2018 Re: Preparation of Report on Changes to the Securities and Derivatives Holding of Director, Executive, Auditor, Plan Preparer and Plan Administrator, effective from August 15, 2018.

- 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 2018, 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.

5. Role of Stakeholders

5.1 Rights of Stakeholders

Besides the 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 and environmental 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" section. The treatment of employees and stakeholders is disclosed in the Sustainability Report.

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. The employees will act like "givers" who willingly help others and make contributions to the public. Once the organization is filled with smart and good people, they will then advance the organization with cordiality and goodwill. 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 trainings. To live in harmony with the surrounding communities, 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. EGCO has developed a communication plan called "HR Communication" to correctly and clearly communicate welfare, benefits, performance assessment, career path, etc. to the employees. With the Company's employee caring, in 2018, there was no dispute or lawsuit between EGCO and employees. Also, there was no accident that caused work absence in all subsidiaries.

Customers

In 2018, 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 96.15 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 2018, 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 has developed a "Code of Conduct for EGCO's suppliers and contractors" which serves as a basis for screening and monitoring suppliers and contractors to ensure that they conduct their business based on good corporate governance principles and give priority to fair treatment of labor and respect for human rights. In 2018, EGCO organized a supplier and contractor relationship activity to exchange knowledge on good corporate governance principles and to inform 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 2018, 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 2018, 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 89 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 continuously supported 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 2018, Thai Rak Pa Foundation continuously pursued watershed conservation and restoration tasks in 3 areas. In the northern part of the country, Thai Rak Pa Foundation supported the conservation of approximately 72,000 rai of watershed forests of communities living in Doi Inthanon National Park, Chiang Mai Province and encouraged people living in Mae Cham District, Chiang Mai Province to join the forestation and income generation project by reducing the use of 605 rai of areas for single croppings. In the southern part of the country, EGCO supported the conservation of 30,000 rai of watershed forests of communities living in Khao Luang National Park, Nakhon Sri Thammarat Province. In the northeastern part of the country, EGCO carried out a project of 320-rai Lam Pa Thao watershed forest restoration in Chaiyaphum Province

In 2018, there was neither dispute nor lawsuit between EGCO or its subsidiaries and people in the communities surrounding power plants and NGOs.

5.2 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.

5.3 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.

5.4 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 2018, 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, Khanom Electricity Generating Co., Ltd., a subsidiary of EGCO Group, applied for membership of CAC and was certified for the CAC membership on May 17, 2018.

EGCO went through the assessment process to renew its CAC membership in June 2018. The CAC Committee required EGCO to improve the information on corruption risk assessment and internal control measures. Such information was already improved and is in the consideration process of the Committee. The assessment results are expected within the first quarter of 2019.

Communication and Implementation of Anti-corruption Policy and Measures

- The Corporate Secretary Division disseminated articles related to anti-corruption policy and practice guidelines to the employees via wire broadcasting on the last Friday of each month. The articles were stored on the Company's Intranet for retrievability.
- CG talk, CG Roadshow and CG Day were arranged for the employees at Headquarters and those in the Group companies to articulate the anti-corruption policy and practice guidelines.
- The Anti-corruption Working Committee, comprising representatives from different agencies and subsidiaries, jointly analyzed and assessed the causes and chances of risks that may lead to corruption in the Group companies' business processes as well as established measures against corruption. Such risk assessment was then submitted to the Corporate Governance and Social Responsibility Committee and the Audit

Committee to ensure that EGCO and Group companies had in place systematic and effective anti-corruption measures.

Trainings

1. EGCO Group's executives and employees joined "Anti-corruption Day 2018" under the concept of "Thai People's Awareness Against Corruption", organized by the Anti-corruption Organization of Thailand, and attended the seminar on "Thai People's Awareness Against Corruption" given by professional speakers from different agencies at Pirach Hall, BITEC Phase 2, Bangkok International Trade & Exhibition Centre (BITEC).
2. Two participants, comprising 1 director and 1 operator, attended the course on Responsibility and Practice Guidelines of Private Organizations in the Fight Against Corruption, organized by the Faculty of Law, Chulalongkorn University, for a total of 16 hours.



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 Tower, 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 2018, the Board received 1 complaint letter. The Chairman of the Board assigned the Audit Committee to examine and investigate such complaint according to the processes and methods. Based on the investigation, it was found that such matter related to non-compliance with rules which did not fall within the scope of wrongful acts against business ethics and anti-corruption policy and there were no significant damage value affecting the Company's operations. The Company already took disciplinary action against the wrongdoer.

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.

Anti-corruption Plan in 2019

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, to raise anti-corruption awareness of employees in the Group companies, EGCO has a plan to enhance their anti-corruption knowledge via an e-learning system in which the employees' levels of understanding will be assessed.

5.5 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 of the sustainability report.

5.6 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 5020-6
Corporate Communications Division	corp_com@egco.com	0 2998 5130-7
Investor Relations Unit	ir@egco.com	0 2998 5150 - 5153

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.

6. Information Disclosure and Transparency

In 2018, the Board reviewed and improved the information disclosure policy and practice guidelines. It viewed that the information disclosure policy and practice guidelines, which were revised in 2017, were proper and 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 accommodated changing circumstances and corresponded 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.

6.1 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

6.2 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

6.3 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

6.4 Information Disclosure of Concerned Units

In 2018, 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 practioners. 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 2018 were as follows:

Activities	Number of Activities
Quarterly analyst meeting	4
Shareholders and investors' visit to Ban Pong Cogeneration Power Plant	2
Analysts and institutional investors' visit to Quezon and San Buenaventura (under construction) Thermal Power Plants	1
National and international seminars and meetings with investors and securities analysts	12
Communication via emails and phones	4 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 2018 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 2018 included 2 sessions of press conference on its operating results, business direction and progress on projects, 1 sessions of press interview and meeting with senior executives, 1 activity on environmental conservation for the media, and 29 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 2018, 17 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.

6.5 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 2018, 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.

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 2018

Audit Fee

In 2018, EGCO and its subsidiaries paid the audit fee amounting to 6,493,200 Baht to the Office of the Auditors, comprising of 2,962,600 Baht for EGCO and 3,530,600 Baht for subsidiaries. No other audit fee had been paid to the auditors or related parties to the auditors and the Auditors' office.

Non-Audit Fee

EGCO and subsidiaries' total non-audit fee was 14,505,098 Baht. The amount of 13,847,033 Baht was already paid. In addition, EGCO would be responsible for the expenses of undelivered work of 658,065 Baht. The details of the non-audit fee were as follows:

1. Payment to the Office of the Auditors:

In 2018, the non-audit fee for BOI auditing, review and certification the financial ratios, and accounting advisory service of EGCO's subsidiaries was 3,405,600 Baht. The fee was already recorded as fee expenses for the Office of the Auditors.

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

In 2018, the non-audit fee for the advisory services on offshore investment structure and legal advisory service at EGCO was 11,099,498 baht which was already paid of 10,441,433 Baht to other related parties of the Auditors' office. In addition, EGCO would also be responsible for the expenses of undelivered work of 658,065 baht.

Management has considered 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 impair the independence and objectivity of the auditors. In this matter, the Audit Committee has considered as the Management proposed.

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 2018, the Audit Committee held 14 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 to the Audit Committee to report complaints or suspects in financial reports or internal control systems.

Summary of the Audit Committee's Activities in 2018:

Review of financial statements

- Reviewed the quarterly and annual financial statements for 2018 with the external auditors and the Management. The Audit Committee also asked the auditors about the accuracy and completeness of the financial statements and significant adjustments which affected 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 was 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 the group companies'audit firm 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. 1/2019 on January 24, 2019, the Board considered and assessed the sufficiency of internal control based on the result of the internal control assessment by the Management by using the internal control assessment form which was aligned with SEC's guidelines and reviewed by the Audit Committee. The Board agreed with the Audit Committee that

1. The internal control system of EGCO was considered appropriate and adequate. Sufficient personnel 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 Board and the Audit Committee received report from the external auditor that there was no any significant deficiency in internal control systems.

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 2018 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 conflicts 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. In 2018 there were no related transactions which required the endorsement of the Audit Committee prior to the approval of the Board and the Shareholders.

Review of Risk Management

The Audit Committee reviewed with the Management the risk management policy, execution and risk management guidelines. Also the committee 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 2018 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

The Audit Committee, in its meeting no. 12/2018 on November 12, 2018 reviewed and endorsed the Audit Committee Charter. 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

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. In 2019, 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., was selected to be EGCO group's auditors in 2019.

The Audit Committee reviewed the result of the auditors' selection and auditors' past performance and opined that auditors from the audit firm, Pricewaterhouse Coopers ABAS Ltd., performed their duties independently and satisfactorily, well qualified with extensive experiences and would therefore propose the appointment of Ms. Amornrat Pearmpoonvatanasuk Certified Public Accountant (Thailand) No. as 4599, Mr. Vichien Khingmontri Certified Public Accountant (Thailand) No. 3977, Mr. Boonrueng Lerdwiseswit Certified Public Accountant (Thailand) No. 6552 were proposed as 2019 EGCO's auditors to the Board of Directors, to be further submitted for the shareholders' approval.

Ms. Jaruwan Ruangswadipong
Chairman of the Audit Committee

Investment Committee's Report

As of December 31, 2018, the Investment Committee consisted of 5 directors appointed by the Board of Directors, namely Mr. Witoon Kulcharoenwirat as Chairman, Mr. Nikul Silasuwan, Mr. Yoichiro Matsumoto, Mr. Takao Onuki and Mr. Jakgrich Pibulpairoj, President. All of them had expertise and experience in power and energy business and management both domestically and internationally. The Senior Vice President of the Corporate Secretary Division was assigned to serve as the Secretary to the Committee.

In 2018, the Investment Committee held 11 meetings to consider significant issues assigned by the Board of Directors as shown in the Investment Committee Charter. The meeting results were regularly reported to the Board of Directors for acknowledgement which can be summarized as follows:

1. The Committee considered investments in both domestic and international power projects and proper sources of funds by taking into account the alignment between the strategic plans and reasonable returns. In 2018, the Committee considered and approved the investment of a 49% ownership in Paju Energy Service Co., Ltd. ("Paju ES"), a subsidiary of SK E&S Co., Ltd. ("SK E&S"). Paju ES operates the Paju Power Plant, a combined cycle gas-fired power facility with an installed capacity of 2 x 911.5 MW ("Paju Power Plant") which is located in Paju City, Gyeonggi Province, South Korea. The investment enabled EGCO to recognize higher revenues immediately as the Paju Power Plant has commenced its commercial operation date since February 2017 and supplied electricity to Korea Electric Power Corporation (KEPCO), the sole power buyer in South Korea, through Korea Power Exchange (KPX), the operator of power market in South Korea. Moreover, this investment offered EGCO an opportunity for LNG-related business synergies, LNG imports, gas-fired power plants and renewable energy investments as well as its emergence in South Korean market which represented the growth in power and energy demand.
2. To optimize the Company's asset management, the Committee considered and endorsed the proposals of 2 divestment transactions on asset disposition to the Board of Directors for consideration as follows:
 - (1) Disposition of all ordinary shares held by EGCO in East Water, representing 311,443,190 shares or 18.72% of the total shares, to Manila Water Company, Inc., a subsidiary of the Philippine conglomerate Ayala Corporation, at 16.78 Baht per share totaling 5,226,016,728.20 Baht
 - (2) Disposition of all ordinary shares held by EGCO in GIDEC, representing 2,000,000 shares or 50% of the total shares, to IEC Green Energy Co., Ltd. (IEC Green), another shareholder holding a 50% stake in GIDEC, for 24,583,971.18 Baht
3. The Committee considered and proposed to the Board of Directors to approve a special dividend of 2.50 Baht per share allocated from the difference between expected profits from the continuous investments in Masinloc and East Water projects and profits from the disposition of those two assets.
4. The Committee reviewed and revised its duties, responsibilities and authorities to strengthen corporate governance efficiency, with great emphasis on the investment proposals, asset management, strategic plans, action plans and annual budget, as well as corporate KPI setting and follow-up.
5. The Committee scrutinized both short-term and long-term strategic plans, annual action plans, budget and manpower before proposing them to the Board of Directors for

approval to ensure that they were in line with the Company's vision, mission and policy and that the budget and manpower were set appropriately to enable the Management to achieve the approved strategic and action plans.

6. The Committee followed up and appraised investment projects to ensure that they aligned with the plan. They also provided guidance and suggestions if there were mismatches between actual performances and plans.
7. The Committee followed up the progress of annual action plans through quarterly reports prepared by the Management and gave advice in case they were not implemented 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 and in accordance with the Company's rules and regulations. The meeting results were constantly reported to the Board of Directors.

Mr. Witoon Kulcharoenwirat
Chairman of the Investment Committee

Nomination and Remuneration Committee's Report

EGCO's Nomination and Remuneration Committee consisted of 5 directors, 3 of whom were independent directors and the other two were non-executive directors. The members of the Nomination and Remuneration Committee were selected based on their knowledge, expertise and experience in human resource management and organization management at both national and international levels.

As of December 31, 2018, the Nomination and Remuneration Committee comprised Mr. Shunichi Tanaka, Director, as Chairman; Mr. Pasu Loharjun, Independent Director, Assoc. Prof. Dr. Nualnoi Treerat, Independent Director, Assoc. Prof. Dr. Bordin Rassameethes, Independent Director and Mr. Patana Sangsrirojana, Director, as Committee Members; and the Senior Vice President of the Corporate Secretary Division as Secretary to the Committee. The Nomination and Remuneration Committee held 7 meetings to consider and provide suggestions to the Board of Directors according to the duties and responsibilities assigned by the Board of Directors as stipulated in the Nomination and Remuneration Committee Charter. The meeting results were regularly reported to the Board of Directors. Its main activities were as follows:

1. The Committee revised its duties, responsibilities and authority to be proposed to the Board of Directors for consideration. The Board of Directors, in its meeting no. 11/2018 held on November 23, 2018, approved the revision of its duties, responsibilities, authorities and Charters for improvement of corporate governance efficiency.

2. Director Nomination and Remuneration

The Committee nominated new directors for the Board of Directors' approval in case of resignation before the end of their term of office and for the shareholders' appointment in case of retirement by rotation. With the endorsement of the Nomination and Remuneration, the Board of Directors offered the right to shareholders to nominate directors according to the criteria and procedures. The directors were selected based on the individual qualifications of the SET and SEC regulations, diversity of directors in terms of knowledge, capabilities, necessary skills, experience, age and gender, professionalism, time dedication for the Company's business as well as vision and positive attitudes towards the Company which were beneficial to the Company's business operation and supportive of the Company's business strategies. Also, the size, structure and composition of the Board of Directors were properly; considered and fair and transparent nomination processes were carried out to promote good corporate governance and ensure effective management.

The Committee considered and nominated members of the subcommittees to fill vacancies before proposing to the Board of Directors for appointment, taking into account the composition of subcommittees, candidate's knowledge, expertise and experience which would enhance the performance of each subcommittee.

Moreover, the Committee considered and provided suggestions on directors' remuneration for the Board of Directors and subcommittees based on their duties, responsibilities and performance results of the previous year. The directors' remuneration was comparable to the companies of the same size and industry in order to ensure reasonable and attractive remuneration and motivate qualified directors to perform their duties so as to achieve the Company's goals and directions and align with the Company and shareholders' long-term benefits as well as to build shareholders' confidence.

3. Self-appraisal of the Board of Directors and the Nomination and Remuneration Committee The Committee considered and reviewed the Board's self-appraisal forms for both individuals and the whole group and the self-appraisal form of the Committee itself which were revised in 2015 to ensure that the forms still completely covered all required assessment aspects and compiled with the SET's best practices. The Board of Directors, in its meeting no. 12/2018 held on December 18, 2018, considered that the Board's self-appraisal forms for both individuals and the whole group were appropriate and then approved the adoption of the forms in 2018.

The Committee conducted its self-appraisal and disclosed appraisal results in the section of Corporate Governance.

4. Succession Planning

The Committee regularly followed up the progress of the succession planning, employee development plans, process and schedule for successor selection to ensure that the qualified successors were appointed in a timely manner to continue the operation and drive the Company towards the vision and strategies as determined by the Board of Directors.

5. Senior Executive Appointment and Employee Remuneration

The Committee was assigned to nominate knowledgeable and qualified persons to be appointed as executives at Executive Vice President and Senior Executive Vice President levels and appraised their performance. The company was also empowered to determine competitive remuneration for employees at all levels to attract competent employees with outstanding performance and boost employee morale. Furthermore it determined employee remuneration including bonus based on the Company's appraisal performance results against the Corporate KPI's set at the beginning of to motivate the employees to work towards the Company's short-term and long-term growth.

6. Welfare Improvement

To ease the employees' financial burden of medical expenditures, retain and motivate employees as well as ensure that EGCO employees' welfare can compete with other power companies, the Committee proposed to the Board of Directors to improve employee welfare in terms of inpatient and outpatient medical fees and insurance premium. The Board of Directors, in its meeting no. 12/2018 held on December 18, 2018, approved the increase of employee welfare as endorsed by the Committee, effective from January 1, 2019 onwards.

The Nomination and Remuneration Committee had performed its duties as prescribed in the Charter and delegated by the Board of Directors 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 consisted of 5 directors, 3 of whom were independent directors, 1 non-executive director and the President.

As of December 31, 2018, the Corporate Governance and Social Responsibility Committee comprised Dr. Pasu Loharjun, Independent Director, as Chairman; Assoc.Prof.Dr. Nualnoi Treerat, Independent Director, Assoc.Prof.Dr. Bordin Rassameethes, Independent Director, Mr. Wisak Watanasap, Director and Mr. Jakgrich Pibulpairoj, President, as Committee Members; and the Senior Vice President of the Corporate Secretary Division as the Secretary to the Committee.

The Corporate Governance and Social Responsibility Committee performed its duties as assigned by the Board of Directors. It oversaw and followed up the Company's operations to ensure the compliance with good corporate governance principles and anti-corruption policy and promote the corporate social responsibility policy with focus on equitable treatment to all shareholders, thus leading to sustainable and continuous development.

In 2018, the Corporate Governance and Social Responsibility Committee held 5 meetings which can be summarized as follows:

1. Good Corporate Governance

1.1 The Committee revised its duties, responsibilities and authority to be proposed to the Board of Directors for consideration. The Board of Directors, in its meeting no. 11/2018 held on November 23, 2018, approved the revision of duties, responsibilities, authorities and charter of the Corporate Governance and Social Responsibility Committee which covered corporate governance, anti-corruption and social responsibility operations as follows:

1. Determine the policy and practice guidelines to be proposed to the Board of Directors
2. Set goals and plans as in line with the strategic plans and propose for the Board of Directors' consideration
3. Promote and support the performance of directors, executives and employees in compliance to the policy, practice guidelines, goals and plans
4. Oversee, follow up and appraise the corporate's performance in order to comply with the approved policies, practice guidelines, targets and plans
5. Review the policy and practice guidelines regularly in comparison with the international standards to be proposed to the Board of Directors for continuous improvement
6. Assess potential risks associated with corruption and establish risk control measures

1.2 The Committee reviewed the good corporate governance policy and practice guidelines of EGCO Group in comparison with the SEC's Corporate Governance Code (CG Code) 2017 and provided suggestion to the Board of Directors to improve EGCO's corporate governance mechanisms.

- 1.3 The Committee considered and endorsed to the Board of Directors to consider the appointment of the Lead Independent Directors according to the SEC's CG Code 2017, in order to improve EGCO's corporate governance mechanisms and ensure that the Board of Directors' composition and operation contribute to the exercise of discretion. The Lead Independent Directors would be a representative of independent directors in the discussion between the Chairman of the Board of Directors and the management on corporate governance issues. The Lead Independent Director would also serve as a focal point between the shareholders and the Board of Directors. The Board of Directors, in its meeting no. 1/2018 held on January 19, 2018, approved the appointment of the Lead Independent Directors as proposed by the Corporate Governance and Social Responsibility Committee and the Independent Director Committee.
- 1.4 The Committee considered and endorsed to the Board of Directors to consider EGCO's request for recertification as a member of Collective Action Coalition against Corruption (CAC). The Committee also asked the Board of Directors to delegate it to review the filled self-evaluation form before submission to the CAC Committee.
- 1.5 The Committee considered and endorsed corporate governance and anti-corruption plans, followed up the implementation of corporate governance and anti-corruption plans as well as oversaw performance during the operating year to ensure the compliance with the good corporate governance principles and to uplift good corporate governance implementation which can be comparable to international standards according to the defined strategic plans.
- 1.6 The Committee continuously promoted and supported the dissemination, communication, trainings and activities. This year's activities were conducted as follows:
 - CG Roadshow to enhance executives and employees' knowledge and understanding of practice guidelines regarding communication and information disclosure in order to comply with the good corporate governance principles
 - CG Day included game booths and plays in which CG content was embedded
 - "Elephants hold hands" activity aimed to sew elephant-shaped dolls to be handed over to the patients with paresis and paralysis and bed-ridden patients
 - Supplier Day to exchange knowledge and practice guidelines on anti-corruption between suppliers and encourage suppliers to operate business ethically
 - Dissemination of CG knowledge via wire broadcasting and EGCO Groupnet

2. Corporate Social Responsibility for Sustainable Business Operations

- 2.1 The Committee followed up the progress of answering the assessment questionnaire of the DJSI Corporate Sustainability Assessment (CSA) Coaching Program
- 2.2 The Committee endorsed EGCO Group's Corporate Social Responsibility (CSR) plans to add value to the community, society and environment which was part of the EGCO Group's sustainable business policy as follows:
 - 2.2.1 Improvement of quality of life of communities surrounding power plants

The operational framework included the support of local employment, child and youth development, development of occupational skills, hygiene and sanitation promotion for the community, development of public utilities and conservation of natural resources and environment. Each power plant undertook projects/activities suitable for the community context.

2.2.2 Child and youth development project

The Company continued the development of 2 projects approved in 2016, namely Khanom Power Plant Learning Center and EGCO's Power Plants and Children's Schools Project.

2.2.3 Watershed Forest Conservation and Restoration

This project was organized by Thai Rak Pa Foundation, the non-profit foundation. With support from EGCO, the foundation promotes watershed forest conservation and restoration and biodiversity with other networks in the country's important areas, thereby leading to sustainable development.

The Committee reported the meeting results to the Board of Directors for acknowledgement after every meeting as in accordance with the good corporate governance principles.

Dr. Pasu Loharjun
Chairman of the Corporate Governance and Social Responsibility Committee

10. Corporate Social Responsibility

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, social development engagement policy, tax policy and information disclosure 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.

8. Information Disclosure Policy

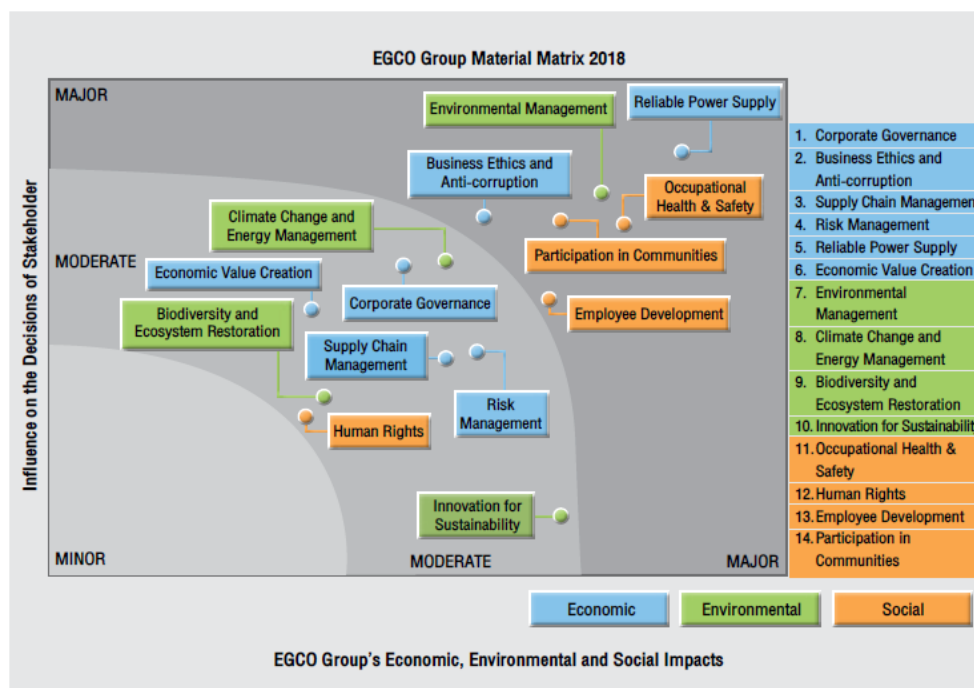
Considering that significant information has resulted in decisions of investors, stakeholders and general public, EGCO has set the policy and practice guidelines on information disclosure both financial and non-financial information and both positive and negative information through various channels that stakeholders can equally access. The completed, correct and update information is prepared to be aligned with relevant laws and regulations. (Please see more details about the information disclosure policy and practice guidelines in the Corporate Governance topic.)

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, society and environment throughout its business process. It also applies sustainable development principles in defining and prioritizing the key sustainability issues of the organization, as well as 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, ensure environmental sustainability and be a good corporate citizen for sustainable growth as follows:

Material Issues of Sustainability of EGCO Group

- Reliable power supply
- Business ethics and anti-corruption
- Environmental management
- Participation in communities
- Employee development
- Occupational health and safety



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 and business ethics are developed to be equivalent to global standards.
- Encourage business partners to adhere the anti-corruption policy and practice guidelines and join the anti-corruption network.

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.
- Continually and thoroughly develop employees at all levels to ensure they have knowledge and capabilities
- Develop and improve safety standards with zero accident covering operations of the Company's employees, contractors, suppliers and surrounding communities.

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 Conservation of Forest 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 4 material issues of sustainability, namely anti-corruption, occupation health, safety and environment, participation in development of communities nearby power plants and corporate risk management.

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.

After sustainability efforts extension to its subsidiaries and business counterparts, by extended the anti-corruption practices to Engineering & Service Co., Ltd. (ESCO) in 2016 and Khanom Electricity Generating Co., Ltd. in 2017, respectively. In 2018, EGCO organized the Supplier Day aiming to communicate with contractors and suppliers on EGCO Group's commitment to transparent and fair procurement process. Moreover, EGCO also conducted the EGCO Group Innovation Team Challenge 2018 competition to encourage creativity and innovation mindsets amongst employees in creating innovative ideas and innovations. (Please see more details about the Promotion of innovation development in the Sustainability Report 2018, Innovation for Sustainability topic and Personnel Development topic.)

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, 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 EGCO Management Committee: EMC as shown in the management structure.

In addition, EGCO appointed the Risk Management Committee, Corporate Governance Working Group, Anti-corruption Working Group, Promoting participation in Developing Quality of Life of Community Working Team, Safety, Occupation, Health and Environment Committee and Energy Management Working Group which are responsible for developing the operational process to be in accordance with sustainable development principles covering economic, social and environmental aspects as shown 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 in a timely manner • 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
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	<ul style="list-style-type: none"> • Power generation and distribution as specified in Power Purchase Agreements (PPAs) • Provision of correct information on production and transport system • Power supply stability • Reasonable price • Operations not affecting the 	<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

Stakeholders	Expectations	Stakeholder Engagement Approaches
	community, society and environment	
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"> • Clearly communicate to create mutual understanding in compliance with the loan agreement's conditions • 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 international standards 	<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 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 • Survey communities' opinions and get their suggestions for further improvement of operation
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

Stakeholders	Expectations	Stakeholder Engagement Approaches
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 • Support government agencies' activities and operations
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 • Disclosure of correct, complete, and sufficient information in a timely manner 	<ul style="list-style-type: none"> • Environmental conservation projects of Thai Conservation of Forest Foundation • Company visits • Channels for raising complaints, opinions and suggestions

Business Operations in 2018

1. Shareholders and Investors

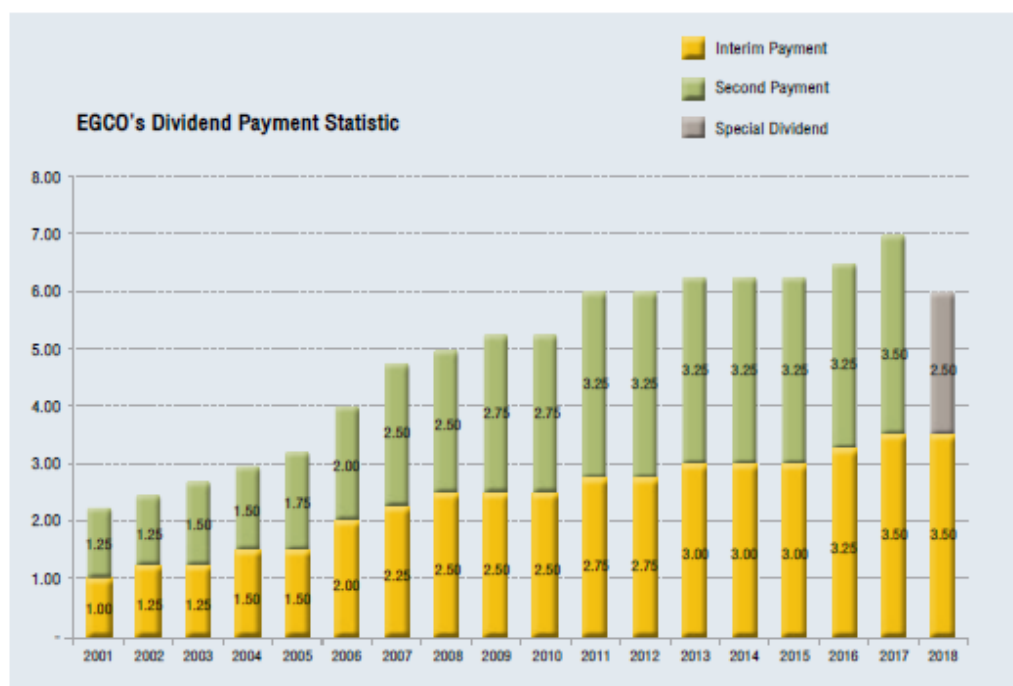
EGCO states in its Code of Conduct to foster growth based on genuine competencies or capabilities so that shareholders can gain sustainable returns from the effective and solid operational performance of the Company. EGCO respects the rights of shareholders and investors to equally access necessary information 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 2018 was 231.09 Baht per share, up from 2017 by 6.94%, and closing highest at 255 Baht on December 21, 2018 and lowest at 216 Baht on January 5, 2018. The price-earning ratio (P/E ratio) as of December 28, 2018 was 5.54.

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 5150-53 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 2018, EGCO invited shareholders and investors to visit Banpong power plant, Ratchaburi province from June 20-21, 2018 and gave them the power plant overview. Additionally, the Company brought analysts and institutional investors to visit Quezon and San Buenaventura power plants from November 29 – December 1, 2018.

- 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 2018, EGCO, in collaboration with SET, EGCO met individual investors and institutional investors both domestically and internationally. Also, EGCO participated in the Thailand Focus 2018 on August 28, 2018 and SET in the City, from November 15-18, 2018 at Bangkok.

- **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 2018, 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 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.

To prepare the Company for sustainable growth amidst rapid changes, EGCO introduced the "EGCO Group Innovation Team Challenge" competition in 2018. The concept and innovation competition encouraged the employees to promote teamwork and apply their knowledge, capability and creativity in conceiving new ideas and innovations that will drive the organization towards sustainable growth. While the innovations will be implemented in working or business processes that helps increase in operation efficiency for employees and their business units, including create both financial values/benefits and non-financial values/benefits for the Group.

The Company has continued to provide in-house training courses to develop employees' competencies at all levels in accordance with the Company's competitive environment, as well as encourage innovative mindsets. Highlights of training courses were "Practical Innovation" and "Prototyping and Testing" both aiming to give employees knowledge and understanding on innovation framework and design thinking that can be used as guidelines for creating and developing innovative ideas. An "Application of COSO ERM Framework" course was also conducted to sustainably create added values for the Company.

In addition, the training programs to enhance employees and executives' necessary skills were arranged such as 2 batches of "Effective Business Presentation" and the executive development programs for succeeding higher-level positions; for examples, "Executive Program for SVPs" and "Coaching Program for EVPs".

In 2018, EGCO reviewed 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 surveyed to ensure appropriate and competitive 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 2018, 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.
- **EGCO Group Sport Day:** In 2018, Khanom power plant in Nakhon Sri Thammarat province hosted a sport competition to strengthen the Group employees' friendship and teamwork.

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 2018, 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 2018, 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 2018, 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 2018, 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.

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 2018, 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. Most of the Group power plants generally had higher availability payment than specified in the power purchase agreement and annual target. 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 93.30% 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 96.15%.

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 2018, 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:

- Meeting with lenders for opinion exchange, and visiting Theppana Wind Farm, Chaiyaphum province together with talking to the community nearby the power plant
- The Lenders participated in the commercial opening ceremony of Banpong power plant, Ratchaburi 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 2018, 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 2018, 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 89 projects for the betterment of the quality of life of communities nearby power plants in Thailand and overseas. They comprised 27 projects on promotion of learning among the youth, 11 projects on development of skills beneficial to occupation, 26 sanitation promotion projects, 17 projects on development of public utilities and other supports, and 8 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, in 2018, EGCO continuously conducted 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. In addition, EGCO also developed 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 learning center will open to visitors in 2019.

7. 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 2018, 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 2018, EGCO Group had no dispute with any business partners.

8. 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 addition to placing importance on business cooperation, EGCO has engaged with contractors and suppliers to create understanding on good corporate governance principles by inviting to join a coalition of anti-corruption network alongside responsibility towards the community, society, environment, and all stakeholders through business partner activities and dissemination of "Code of Conduct for EGCO's suppliers and contractors" for sustainable business operations according to EGCO's guidelines. EGCO also organized the Supplier Day aiming to communicate with contractors and suppliers on EGCO Group's commitment to transparent and fair procurement process. In 2018, EGCO Group had no dispute with any contractors/subcontractors.

9. 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 2018, 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 sub-districts 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.

10. 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 2018, 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 Chaiyaphum province and a youth network project in Chiang Mai and Nakhon Sri 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 2018, EGCO held 2 sessions of press conference on its operating results, business direction and projects progress, 1 sessions of press interview with top executives, 1 natural resources preservation activity for the media, and 29 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 2018, 1,103 pieces of news were released, of which 1,014 pieces were business-related, and 89 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 2018, 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 has supported social contribution activities initiated and undertaken by members of the press. In 2018, the Company supported 2 activities to promote knowledge and capability development of youth in remote areas.

11. Internal Control and Risk Management

The Board has assigned the Audit Committee to be responsible for reviewing and monitoring the adequacy of the internal control system and risk management. For 2018, 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). The review of the Audit Committee are covered the internal control in 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.

In the matter of risk management, the Audit Committee reviewed and endorsed risk management policy and EGCO Group's risk management philosophy, significant risks of EGCO Group, which proposed the mitigation actions by the management. Such risk contained the risks related to EGCO Group strategies and investments in Asset Management, Management Project Implementation, Financial management, and Organizational Management. The Management shall submit risk management report reviewed by the Audit Committee to the Board for approval regularly. In addition, the Audit Committee continuously monitors risk mitigation to ensure that such risks are managed to acceptable level.

In the Board's meeting no. 1/2019 on January 24, 2019, the Board considered and assessed the internal control by considering the internal control assessment and the SET's Internal control questionnaire evaluation results reviewed by the Audit Committee.

The Board agreed with the Audit Committee that

1. The internal control system of EGCO was considered appropriate and adequate. Sufficient personnel 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 Board and the Audit Committee received report from the external auditor that there was no significant deficiency in internal control systems. The 2018 Audit Committee's activities were disclosed under "Audit Committee's Report" in this Annual Report.

The Internal Control System of EGCO complied with COSO Internal Control Integrated Framework Audit 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 to be complied by directors and employees.

2. Risk Assessment

- The Board approved EGCO Group's risk management policy and philosophy and communicated to executives and employees to acknowledge. In addition, 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.
- The 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 regular acknowledgement.
- 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, and then risk mitigation measures are implemented to manage such risks. EGCO considers the risk culture as the corporate culture.
- 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.

3. Control Activities

Control Activities of EGCO 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 company information disclosure to comply 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 regularly 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 2018, 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.

- Two-way 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. Stakeholders are also inquiring EGCO's information through the channels mentioned.
- 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 to be reached among responsible working group to provide confidence to message providers.

5. Monitoring

- Asset Management Unit, Power Plant Management Unit, and Project Management Unit are established to take responsibilities for monitoring and overseeing of EGCO group's performance against the KPIs with constant reports to the Management and the Board together with the gap analysis.
- 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.
- External auditors' review of internal control on accounting and finance to define the audit approach, timing and scope of work. For 2018, there was no significant finding for improvement on internal control systems.

EGCO values the implementation of the COSO Enterprise Risk Management Integrated Framework (COSO-ERM) for EGCO's risk management by linking with Strategies and hold risk management as a factor that created value for EGCO as follows:

1. **Governance & Culture**

The management has defined corporate culture including Teamwork, Result-oriented, Stakeholder Concerns, Innovation, and Ethics and Integrity.

The management has continuously set the policy for employee retention to motivate, develop and maintain talented employee by conducting company engagement survey

and responding to the survey results by creating activities with a consultant to improve employee relationship.

2. Strategy & Objective Setting

EGCO operates as holding company. The principal business operation is accompanying shareholding in other companies, which are located in both Thailand and the Asia Pacific region. EGCO Group companies either operate in the power sector with Power Purchase Agreement (PPA) or conduct energy and related business.

EGCO determines business strategies to explore investment opportunities in the Asia Pacific region. In 2018, EGCO has investments in the Philippines, Lao PDR, Indonesia and Australia.

3. Performance

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

4. Review & Revision

EGCO has assessed substantial changes, reviewed risks and performance, and pursued improvement in Enterprise Risk Management through the provided Internal Control systems

5. Information, Communication & Reporting

EGCO has developed to leverage information and technology system to improve its efficiency by implementing Business Process Management (BPM) to support activities in Human Resources, Accounting and Budget, and etc. In addition the Performance monitoring system was adopted to monitor the power plant operations in domestic and overseas.

In the Audit Committee's meetings no. 1/2018 held on January 17, 2018. The Audit Committee appointed Ms. Sudruedee Lertkasem as the Chief Internal Audit, which was effective on February 1, 2018. Ms. Sudruedee had auditing experiences and analytical skills with professional certificates as Certified Internal Auditor (CIA), Certified Public Accountant of Thailand (CPA-Thailand) and Certified Professional Internal Audit of Thailand (CPIAT). Her knowledge and expertise would help her succeed in her role.

In this regard, the appointment, rotation, and removal of the Chief Internal Audit are subject to the approval from the Audit Committee.

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 43 of the Notes to Financial Statements for the year ended December 31, 2018.

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 2018

EGCO's related transactions in 2018 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 2018 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 percent 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 The Securities and Exchange Commission (SEC). The following are the transactions in 2018 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, 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, 2018 (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	1,245	-	-	231
KEGCO		-	3,063	10,543	2,148
RG		-	6	205	40
CWF		344	-	-	137
KLU		1,839	-	-	373
BPU		3,905	-	-	750

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, 2018 (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	3,674	1,659	1,470	803
BLCP		-	2,096	5,288	887
NTPC		3,093	-	-	457
NED		915	-	-	165

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, 2018 (million Baht)	
		Back up Power Fee	Account Payables
KEGCO	Subsidiaries	19	1

- KEGCO has entered into a Maintenance Agreement and Service Agreement with EGAT

Companies	Relationship	Transaction value for the year ended December 31, 2018 (million Baht)	
		Maintenance/ Services Fee	Account Payables
KEGCO	Subsidiaries	40	1

- 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, 2018 (million Baht)		
		Back up Power Fee	Maintenance Advisory Fee	Account Payables
GEC Group	Joint Ventures	79	6	7

- BLCP 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, 2018 (million baht)		
		Back up Power Fee	Maintenance Advisory Fee	Account Payables
BLCP	Joint Ventures	31	-	14

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 2018 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 June 19, 2016 with the contract amount 18,560 million JPY.

Companies	Relationship	Transaction value for the year ended December 31, 2018 (million Baht)	
		Operation / Maintenance Services Fee	Account Payables
KEGCO	Subsidiaries	515	102

- 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 June, 19 2016 with the contract amount of 0.42 million US Dollar per year.

Companies	Relationship	Transaction value for the year ended December 31, 2018 (million Baht)	
		Technical Services Fee	Account Payables
KEGCO	Subsidiaries	14	3

- KEGCO has entered into technical service agreement with Mitsubishi Corporation with the amount of 22 million Yen.

Companies	Relationship	Transaction value for the year ended December 31, 2018 (million Baht)	
		Technical Services Fee	Account Payables
KEGCO	Subsidiaries	3	1

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, 2018 (million Baht)	
		Spareparts	Account Payables
KEGCO	Subsidiaries	-	-

Remark : There is no transaction during the year 2018

- KEGCO has entered into purchases of spareparts agreement with Mitsubishi Corporation, which holds some stakes in TEPDIA. The contract price in 2015 is 34 million Baht and in 2018 is 31 million Yen.

Companies	Relationship	Transaction value as at December 31, 2018 (million Baht)	
		Spareparts	Account Payables
KEGCO	Subsidiaries	-	-

Remark : There is no transaction during the year 2018

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 16 companies namely KEGCO, ESCO, EGCO Cogen, RG, CWF, BPU, KLU, Solarco, SPP2, SPP3, SPP4, SPP5, Yanhee EGCO, TWF, EGCO PLUS 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 PLUS, PEPOI, Quezon, TWF, SPP2, SPP3, SPP4, SPP5, Yanhee EGCO, Solarco, CWF, BPU, KLU, BLCP, GPS, NED, KPI, NTPC 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).

3.3 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, 2018 (million Baht)
		Financial Statements
KEGCO	Subsidiaries	45
ESCO		5
EGCO Cogen		9
EGCO Green		1
RG		9
CWF		8
PEPOI		23
Quezon		9
TWF		2
SPP2		5
SPP3		5
SPP4		4
SPP5		5
Yanhee EGCO		2
Solarco		16
BPU		12
KLU		20
EGCO PLUS		4
Total for Subsidiaries		184
NTPC	Joint Ventures	2
BLCP		14
GPS		7
NED		4
SBPL		3
KPI		1
Total for Joint Ventures		31

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, 2018.

4.1 Loan

Companies	Relationship	Transaction values by December 31, 2018 (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 drawdown. 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. SPP 3 has repayed the loan amounting 25 Million Baht. 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, 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	1,032	On October 22, 2012, EGCO entered into the loan agreement to provide the loan of 1,720 million Baht to Yanhee EGCO.

Companies	Relationship	Transaction values by December 31, 2018 (million Baht)	Terms and conditions
			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	18	On October 8, 2012, EGCO entered into the loan agreement providing the loan of 31 million Baht to TWF. TWF has repayed the loan amounting 11 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 Interest payment 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 Interest payment should be made every 6 months starting from 2019
BPU	Subsidiaries	710	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 710 million Baht. The principal will be paid at a lump sum by the year 2038, at the interest rate of MLR. The Interest payment should be made every 6 months starting from 2019.
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

Companies	Relationship	Transaction values by December 31, 2018 (million Baht)	Terms and conditions
			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 Interest payment should be made every 6 months starting from 2019.
XPCL	Other long-term investments	1,231	On 2 August 2016, EGCO entered into a Baht 1,231 million long-term loan agreement with Xayaburi Power Company Limited (“XPCL”) for construction of a power plant, the principal repayments and interest payments beginning in the year of 2021. The loan bears an interest at the rate of MLR plus a certain margin. XPCL drew down the full loan amount of the facility.

4.2 Commitments and Liabilities

EGCO’s liability under Standby Letter of Credit, Buyer Guarantee and Corporate Guarantee for its subsidiaries, joint ventures and Associates as at December 31, 2018 as follows:

TWF

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 527 million Baht) and 542 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 155 million Baht) and 632 million Baht, respectively.

GPS

EGCO has the liability under the Standby Letter of Credit amounted to 89 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 122 million USD equivalent to 3,990 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 23.96 million USD (equivalent to 781 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 23.78 million USD (equivalent to 776 million Baht) from 1 January 2038 to 31 December 2049. A subsidiary will pay 5 million USD (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.

Gen Plus B.V.

EGCO has provided a corporate guarantee to GEN Plus B.V.'s creditors under the principle amount of 400 million USD (equivalent to 13,046 million Baht), including interest and other expenses occurred due to Gen Plus B.V. defaulting.

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.