



## MANAGEMENT COMPENSATION GUIDELINE

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### Management Remuneration

EGCO sets the policy to reward management with appropriate remuneration. In this regards, 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.

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.

Factors for consideration include the following:

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



**Corporate Key Performance Indicators**

Corporate KPI	President	Executives
Financial Perspective	✓	✓
Customer Perspective	✓	✓
Internal Business Process Perspective	✓	✓
Learning and Growth Perspective	✓	✓

Another factor taken into consideration for the management remuneration is a survey of the executive remuneration to ensure that the rate and financial metrics are comparable to their work and those of the peer companies. Such metrics include ROIC, ROA, and ROE

		Quartile Relative Ranking vs Peer				
<b>Pay</b>	<b>Lower</b>					<b>Higher</b>
<b>ROIC</b>	<b>Lower</b>					<b>Higher</b>
<b>ROA</b>	<b>Lower</b>					<b>Higher</b>
<b>ROE</b>	<b>Lower</b>					<b>Higher</b>

**Clawback Provision**

EGCO’s clawback provision conforms with the Securities and Exchange Act B.E. 2551 (2008), Section 85, Section 89/7 and Section 89/18 and Public Limited Companies Act B.E. 2535 (1992), Section 85. The requirement prescribes that director and an executive shall perform their duty with responsibility, due care and loyalty, and shall comply with all laws, the objectives, the articles of association of the company, the resolutions of the board of directors and the resolutions of the shareholders’ meeting.



### **Long-term Compensation (deferred bonus, time vesting, and performance period for variable compensation)**

EGCO was established through the partial privatization of the state enterprise, the Electricity Generating Authority of Thailand (EGAT) with the aim to reduce the state's financial burden, encourage the private sector to participate in energy sector and enhance the efficiency of the electricity generation. To achieve this, Board of Directors appoints President of EGCO to supervise and ensure the drive of corporate governance as well as sustainable value creation for all stakeholders.

President term of office is four years. Hence the longest performance period of variable compensation that the president is entitled to is four year, while the payout period is one year.

### **Promotion of Management Ownership**

EGCO encourages members of Management Team to obtain company share to demonstrate personal commitments and devotion to company, on a provision that they do not contradict with EGCO Good Corporate Governance Principles.

To efficiently drive the strategies and operations of the companies to achieve their goals, EGCO encourages members of Management Committee to obtain company share to build commitments and gain trusts from our investors provided that they do not contradict with the rules, regulations of EGCO Corporate Governance Handbook.