



Airport of Thailand PLC Corporate Performance Assessment

Corporate Performance Appraisal and Executive KPIs

State Enterprise Performance Appraisal (SEPA)

- **State Enterprise Performance Appraisal (SEPA)** is an evaluation scheme for state enterprises established by State Enterprise Policy Office (SEPO) under Ministry of Finance. Founded on a memorandum of agreement between the **government and enterprises**, **targets of enterprises are set and the rights and obligations of both parties are defined annually.**
- **SEPA evaluation covers areas under the management control of state enterprises.** In order to align the performance evaluation of all state enterprises and benchmark enterprises with those of similar business nature, the enterprises are grouped into branches.
- State Enterprises Evaluation Committee shall appoint a subcommittee to prepare the agreement and assess the operation of enterprises annually.
- It is an **obligation for Airport of Thailand PLC (AOT)** as a state enterprise under the branch of transportation to be evaluated under this scheme on annual basis.
- The performance appraisal of AOT will be in regard to the performance of enterprises (70%) including financial and non-financial KPIs, and the enterprise management (30%).

List of State Enterprises under Transportation Branch

- 1.1 ETA
- 1.2 The State Railway of Thailand
- 1.3 Mass Rapid Transit Authority of Thailand.
- 1.4 Bangkok Mass Transit Authority
- 1.5 Transport Company
- 1.6 PAT
- 1.7 Company Limited (Thailand).
- 1.8 Airports of Thailand (AOT).**
- 1.9 Aeronautical Radio of Thailand Limited.
- 1.10 Civil Aviation

Performance Criteria

The implementation of the policy	The performance of enterprises		Enterprise Management
<p>Only applicable for state enterprises that are not listed in the Stock Exchange of Thailand (Not applicable for AOT)</p>	Weight: 70%		Weight: 30%
	Financial KPIs	Non-Financial KPIs	<ol style="list-style-type: none"> 1. Management of the Committee (5%) 2. Internal Control (5%) 3. Internal Audit (5%) 4. Information Management (5%) 5. Human Resource (5%)
	<ol style="list-style-type: none"> 1. Economic Value Added (EVA) 2. Return on Asset (ROA) 3. Profitability i.e. EBITDA 4. Human Productivity i.e. Net profit 5. Cost 6. Debt Service Coverage Ratio (DSCR) 	<p>Example:</p> <ol style="list-style-type: none"> 1. Human Productivity/ Productivity 2. Utilization 3. Loss/ Defect 4. Quality of product / Services 	

AOT, as one of the enterprises listed in the Stock Exchange of Thailand (Listed SOEs), is required to consult the setting of financial KPIs and targets with the Ministry of Finance in relation to the performance of enterprises in the stock market. Whereas non-financial KPIs and targets are set by considering Corporate Governance Rating.

Operational Performance for Listed State-Enterprise (Financial & Non-Financial KPIs)



Financial KPIs	Non-Financial KPIs
<ol style="list-style-type: none">1. Economic Value Added (EVA)2. Return on Asset (ROA)3. Profitability i.e. EBITDA4. Human Productivity i.e. Net profit5. Cost6. Debt Service Coverage Ratio (DSCR)	<p>Example:</p> <ol style="list-style-type: none">1. Human Productivity/ Productivity2. Utilization3. Loss/ Defect4. Quality of product / Services5. Etc.

The effectiveness of the Operational Performance assessed by SEPA is a direct result of President's managerial responsibility overseen by AOT Board of Director. Therefore, financial & non-financial KPIs evaluated are taken into account for consideration of the KPIs of AOT President and the Board of Directors. Together with the Enterprise Management performance, good performance of the enterprise will be reflected in term of incentive for continual motivation and performance improvement.

Motivations and Evaluations Programs

SEPO aims to incentivize **employees, President***, and **Board of Director** through provision of bonus scheme based on SEPA assessment performance. The final SEPA score (from minimum 1.0 to maximum 5.0) is used to determine the bonus which is calculated from weighted and summed scores of relevant KPIs as per performance criteria. For example, at Score 3 (Meet expectation), the total payable bonus for employee is set to be not exceeding 9% of annual net profit or a maximum bonus of 5 times average monthly compensation. The same rationale also apply for Board of Director’s incentive. Deviations from normal performance are awarded as shown in below table.

Score		Board of Director’s incentive	Employee’s incentive	
		Bonus (THB/year/Person)	Bonus calculated from net profit for bonus allocation (%)	Maximum bonus (Multiples of average monthly compensation)
5.0	Very high improvement	Base salary + 100%	11.00	8.00
4.5		Base salary + 75%	10.50	7.00
4.0	High improvement	Base salary + 50%	10.00	6.00
3.5		Base salary + 25%	9.50	5.50
3.0	Meet expectation	Base salary	9.00	5.00
2.5		Base salary - 25%	8.50	4.50
2.0	Low improvement	Base salary - 50%	8.00	4.00
1.5		No bonus	7.50	3.00
1.0	Very low improvement	No bonus	7.00	2.00

*President = CEO of the AOT

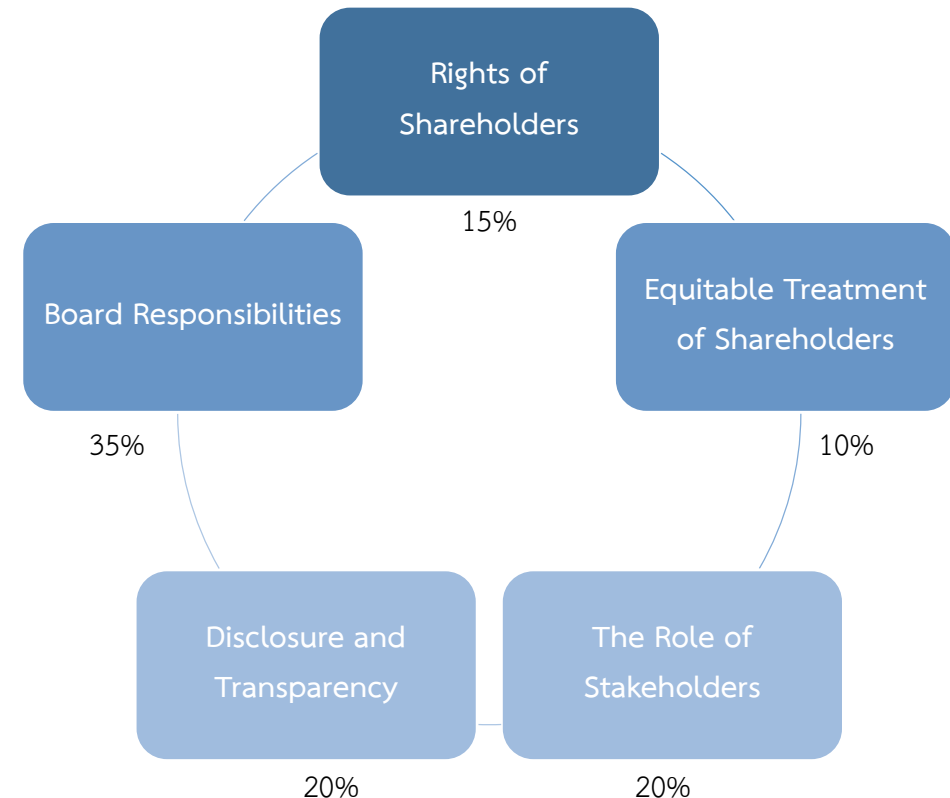
Relevant Assessment - Corporate Governance

Report of Thai Listed Companies

- Apart from SEPA, AOT is also evaluated for its effectiveness of Corporate Governance through **Corporate Governance Report of Thai Listed Companies project (CGR)** carried out by Thai Institute of Directors, supported by The Stock Exchange of Thailand (SET) and Securities & Exchange Commission (SEC).
- The CGR evaluation is based on **OECD Principles of Corporate Governance and the Principles of Good Corporate Governance for Listed Companies 2012** by SET; consisted of 5 sections (see chart on the right and determined weight for scoring)
- The evaluation will consider company's publicly disclosed information (i.e. Annual Report, 56-1 Form, CG Policy, Code of Conduct, Sustainability Report, Website, etc.)

5 Sections and scoring weights of Corporate Governance






Report of Thai Listed Companies



Relevant Assessment - Corporate Governance

Report of Thai Listed Companies

- A list of companies achieving the CG scores of “Good”, “Very Good”, and “Excellent” level of recognition are publicized along with the publication of the CGR report and the public seminar jointly held by The Stock Exchange of Thailand, and Thai IOD.
- Companies are classified into six groups according to their corporate governance scores in the CGR publication. Each group attains a different level of recognition denoted by the number of the National Corporate Governance Committee Logo, ranging from one to five, and none for those with a score of less than 50. Thai IOD also recognizes the Top Quartile Companies in each market-capitalization group.

ช่วงคะแนน Score	สัญลักษณ์ Rang Number of Logo	ความหมาย	Description
90 - 100		ดีเลิศ	Excellent
80 - 89		ดีมาก	Very Good
70 - 79		ดี	Good
60 - 69		ดีพอใช้	Satisfactory
50 - 59		ผ่าน	Pass
ต่ำกว่า 50	No logo give	N/A	N/A

- In order to recognize well performed companies, companies classified into the three highest score groups (Good, Very Good, and Excellent) will be announced to the public.
- By aligning company’s practices with Corporate Governance Report of Thai Listed Companies, the participating companies can improve their performance in good corporate governance and earn reputation which attracts investors both domestically and internationally.

Appraisal of AOT President Performance

Realization of vision and progress against plan	SEPA	Fulfillment of Board's direction	Annual evaluation for bonus
<ol style="list-style-type: none"> 1. Competitiveness enhancement 2. Business development and marketing 3. Organization and human capital development 4. Social responsibility and corporate governance 	<p>Financial</p> <ol style="list-style-type: none"> 1. ROE 2. Investment management 3. Non-Aeronautical Revenue Growth <p>Non-Financial</p> <ol style="list-style-type: none"> 1. Eco-Efficiency 2. Safety and Security 3. Digitization 	<p>Establishment of security service joint-venture</p>	<p>Gross Profit Margin</p>