



Airport of Thailand PLC Corporate Performance Assessment

Corporate Performance Appraisal and Executive KPIs

State Enterprise Assessment Model (SE-AM)

- State Enterprise Assessment Model (SE-AM) 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.
- SE-AM 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.

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

Assessment Structure

- State Enterprise Assessment Model (SE-AM) is divided into 2 parts
- 1. **Key Performance Area (Weight 60% \pm 15%)**
 - Operational result according to the National Policy, Government Policy, State Enterprise Strategic Plan
 - Key results including financial and non-financial areas
- 2. **Core Business Enabler (Weight 40% \pm 15%) consisting of 8 aspects**
 1. Corporate Governance and Leadership: CG
 2. Strategic Planning: SP
 3. Risk Management and Internal Control: RM & IC
 4. Stakeholders and Customers: CSM
 5. Digital Technology: DT
 6. Human Capital Management: HCM
 7. Knowledge Management and Innovation Management: KM & IM
 8. Internal Audit: IA

Performance Criteria

Key Performance Area			Core Business Enabler
Weight: 60% (\pm 15%)			Weight: 40% (\pm 15%)
Operational Result According to the Strategy	Key Results		<ol style="list-style-type: none"> 1. Corporate Governance and Leadership: CG 2. Strategic Planning: SP 3. Risk Management and Internal Control: RM & IC 4. Stakeholders and Customers: CSM 5. Digital Technology: DT 6. Human Capital Management: HCM 7. Knowledge Management and Innovation Management: KM & IM 8. Internal Audit: IA
	Financial KPIs	Non-Financial KPIs	
i.e. National Policy, Government Policy, State Enterprise Strategic Plan/ Initiatives	<ol style="list-style-type: none"> 1. Economic Value Added (EVA) 2. Return on Asset (ROA) 3. Profitability i.e. EBITDA, Profit margin, etc. 4. Human Productivity i.e. Net profit per personnel 5. Cost i.e. Cost per personnel, Cost per unit service, etc. 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 	

Note: 1) 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.

2) Performance of the board of directors are also assessed by SEPO, an external party, as part of Core Business Enabler, through Corporate Governance and Leadership, Risk Management and Internal Control as well as Internal Audit Aspect.

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. EBITDA, Profit margin, etc.4. Human Productivity i.e. Net profit per personnel5. Cost i.e. Cost per personnel, Cost per unit service, etc.6. 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 SEPO 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 SE-AM score. The final SE-AM 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

Appraisal of AOT President Performance

Realization of Vision and Progress against Plan	Strategic plans and agreements made between AOT and the Government of Thailand (Key Result)	Fulfillment of Board of Directors' Assignment and Order	Annual Evaluation for Additional Compensation
<ol style="list-style-type: none"> Competitiveness enhancement Business development and marketing Organization and human capital development Social responsibility and corporate governance 	<p>Financial</p> <ol style="list-style-type: none"> Operating expense per passenger Investment management <p>Non-Financial</p> <ol style="list-style-type: none"> Airport user confidence Airport expansion and digital platform Business continuity 	Driving innovation internally and by open-innovation	<ul style="list-style-type: none"> - Operating expense - Gross Profit Margin

The determination of the annual adjustment of the President's remuneration is based on the performance outcome evaluation by the criteria and methods set by the AOT Board of Directors. The evaluation criteria used in considering the remuneration are the 4 key indicators as follows: 1) vision conversion and operations according to the President's plans as approved by the AOT Board of Directors, 2) the strategic plans and agreements made between AOT and the Government of Thailand, 3) fulfillment of Board of Directors' assignment and order and 4) annual evaluation for additional compensation.

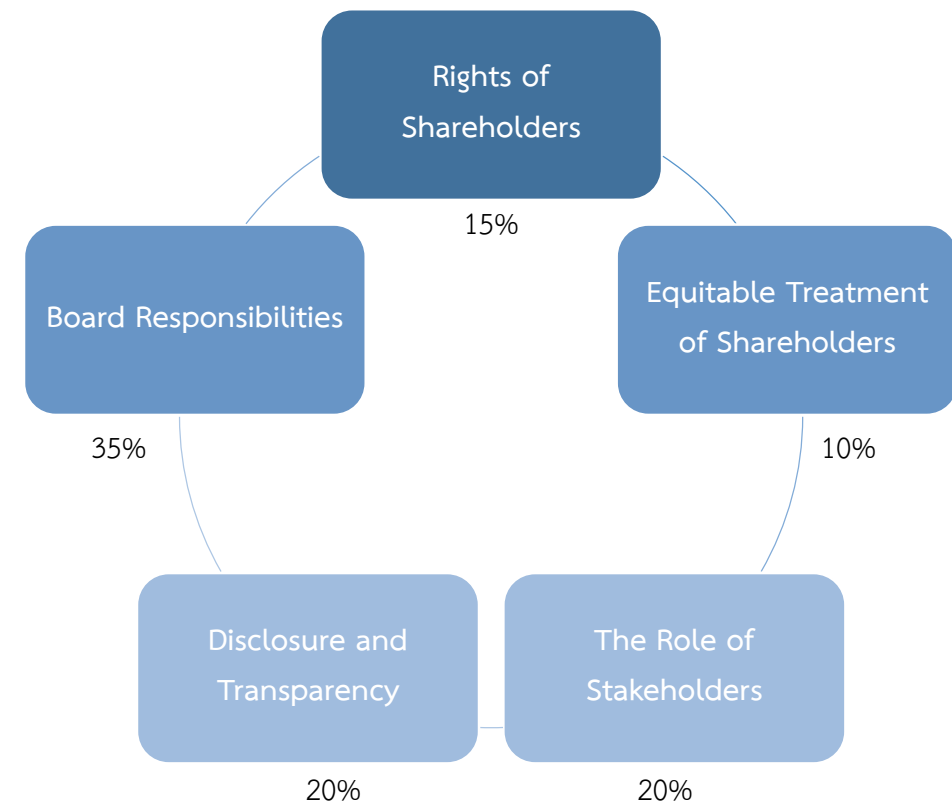
Relevant Assessment - Corporate Governance

Report of Thai Listed Companies

- Apart from SE-AM, 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 Association (IOD), 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 Institute of Directors Association (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.