

Khanom Electricity Generating Co. Ltd.

21 September 2010

Part 1

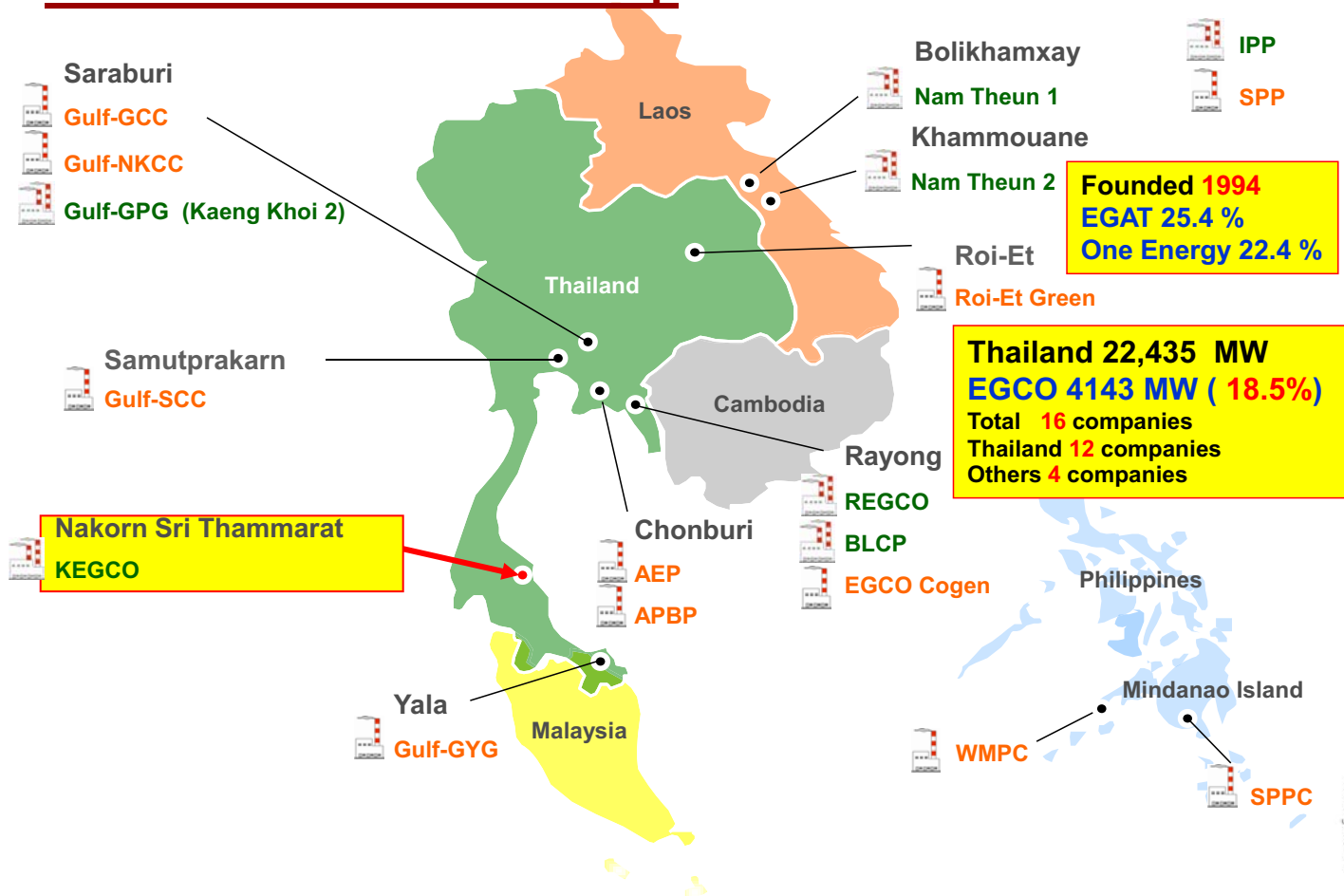
Good Corporate Government In Practice

(EGCO Group Case Study)

Agenda

1. EGCO Group Overview
2. Big Event Impact to Shareholder
Barring , ENRON , WORLDCOM , BBC
3. Company Structure
Policy : Growth , Sustainable
Monitor : Risk , Fraud , Scandal
Report : Disclosure , Transparency
4. Conclusion
Competition & Productivity
CSR , KPI (Balance Score Card) , COSO
Disclosure & Transparency (SET Award)

1. Overview : Investment Map





Founded : 1762

Collapsed in 1995

Nick Leeson: Loss \$1.4 billion (Future contracts)



Founded : 1990

Shares drop \$90 to 5 cent

World's biggest energy trader : 108 \$billions/quarter

Earning : 51 \$billion (mid July 2001)

Bankruptcy : December 2001



Founded : 1983

1997 The largest telephone service

2002 The largest bankruptcy in America history

Bangkok Bank of Commerce

Collapsed in 1996

June 1996 : Thai authorities charged Saxena , Krikkiat and others for embezzling 2.2 Billion US\$
(Other estimate 88 Million US\$)

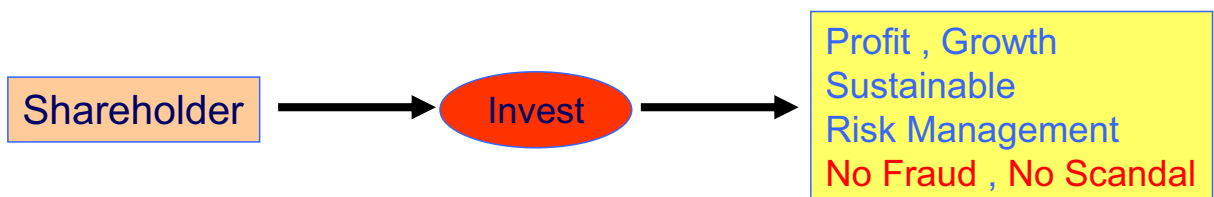
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Good Corporate Governance

2.Shareholder Need

SET Requirement



การดูแลกิจการที่ดี: Good Corporate Government

กระบวนการจัดการบริษัท(บรรษัทภิบาลที่ดี)

ที่จะทำให้ผู้ถือหุ้น(เจ้าของเงิน)เชื่อมั่นว่าจะเป็นไป

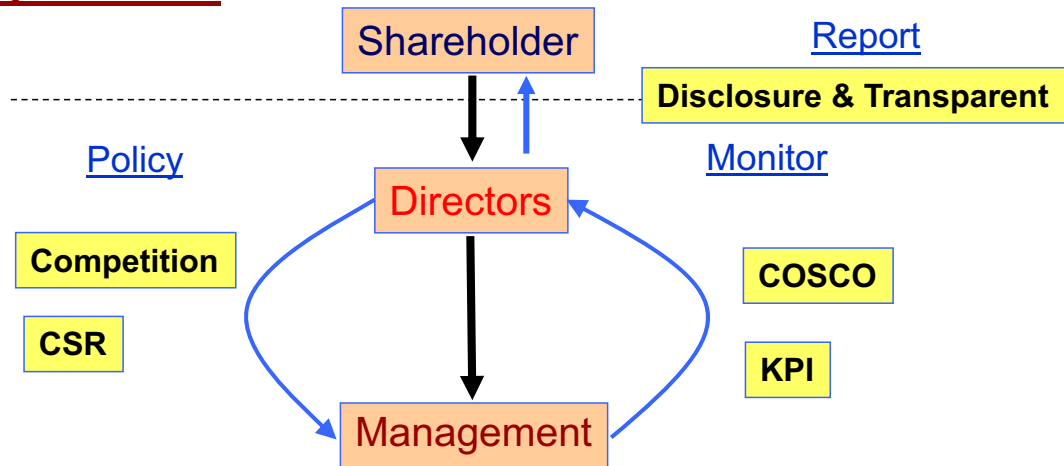
เพื่อประโยชน์สูงสุดของผู้ถือหุ้นในระยะยาว

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Good Corporate Governance

3. Company Structure



Report: Disclosure, Transparent

Policy: Competition, CSR

Monitor: COSO, KPI

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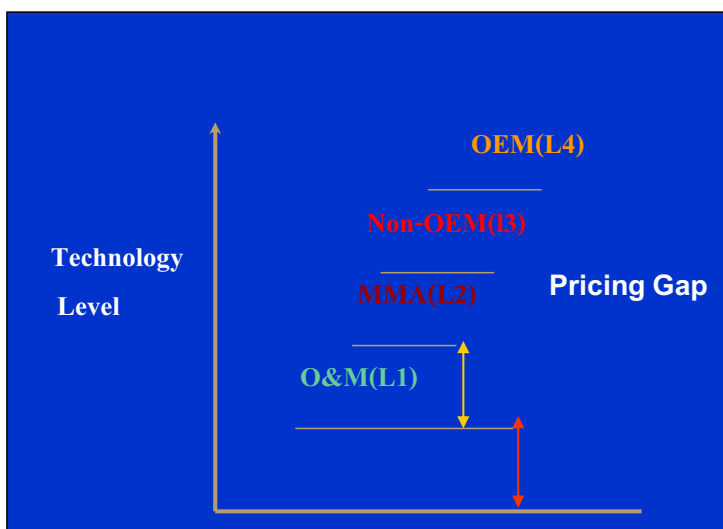
Competition Model



Technology Improvement (Q)

Process Improvement (n)

Technology & Price

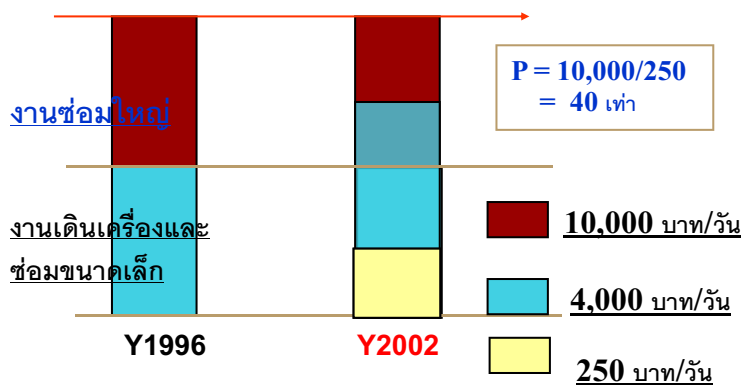


- (1) O&M(L1): User
- (2) MMA(L2): Maintenance
- (3) Non-OEM(L3): Reverse Engineering Part
- (4) OEM(L4): Original Equipment Manufacturing

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Technology Improvement (L1→L2)

Improve Man Power Technology



Productivity 60 MB/Yr



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Technology Improvement (L2→L3)



Reused Part
Save 100%



Repaired Part
Save 85%



Reverse
Engineering
Part
Save 65%

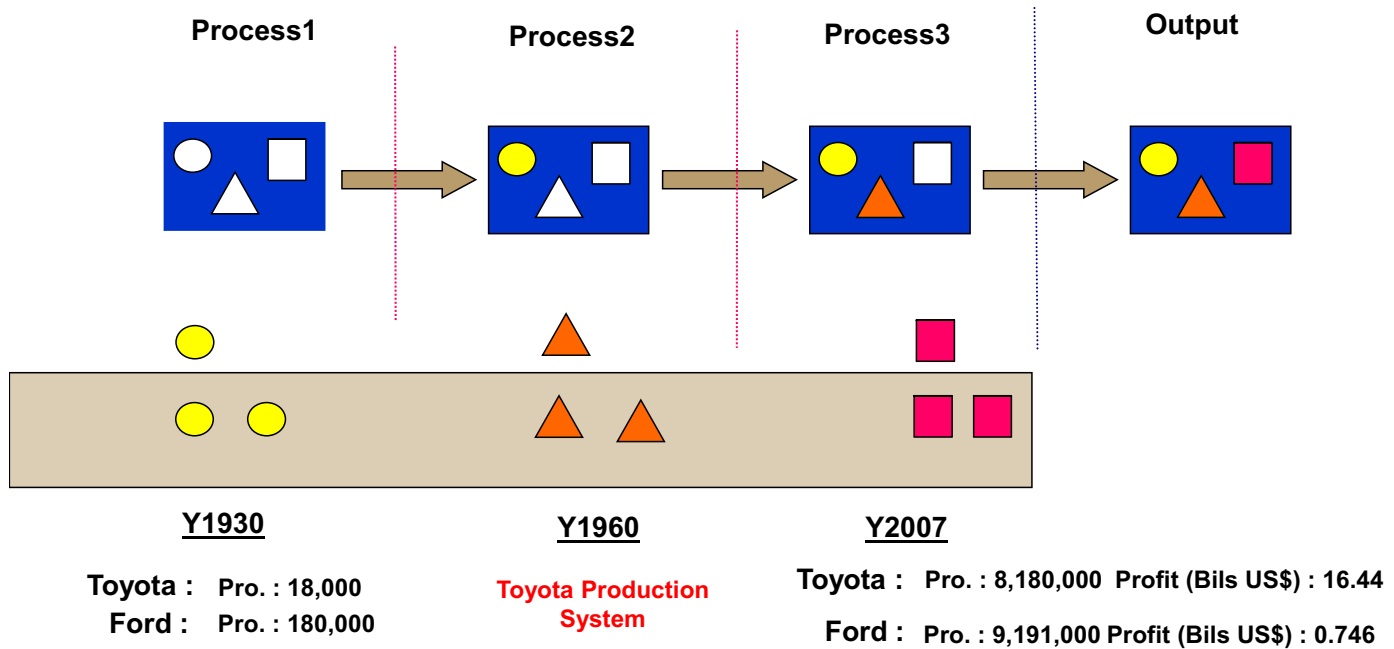
3R Technology

40 MB/Yr

Process Improvement (Speed, Loss, [n])

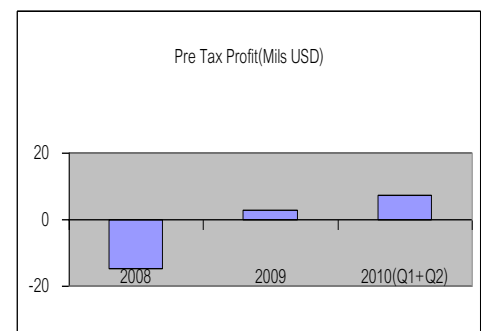
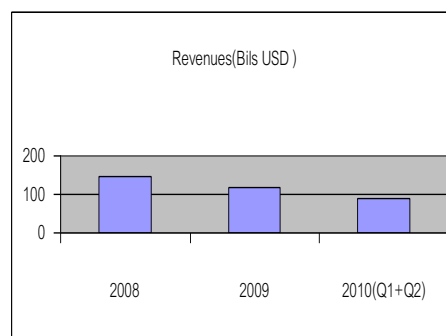
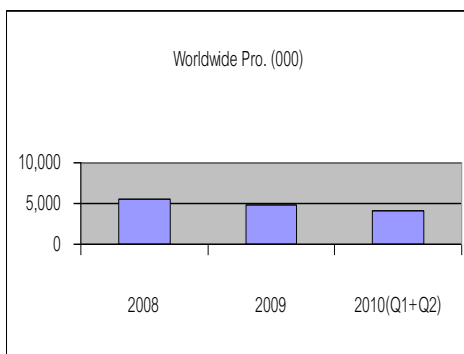
TQM, Pull System, Just in Time

TOYOTA Production System (One Piece Flow)

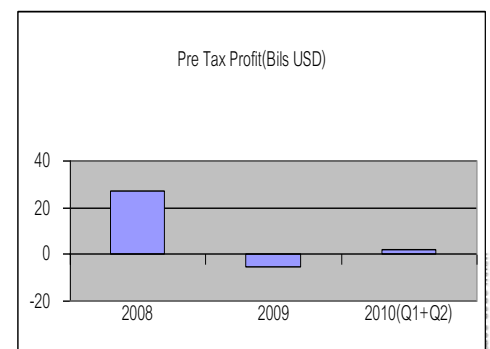
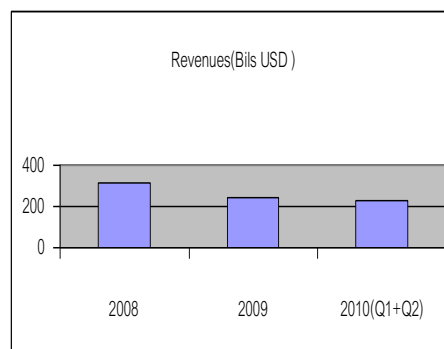
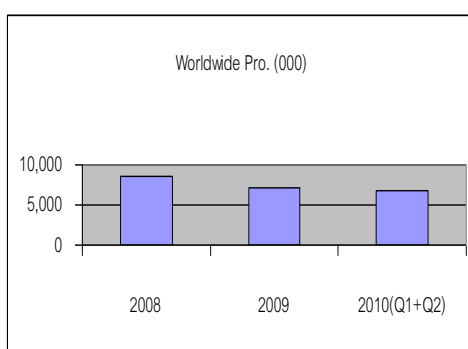


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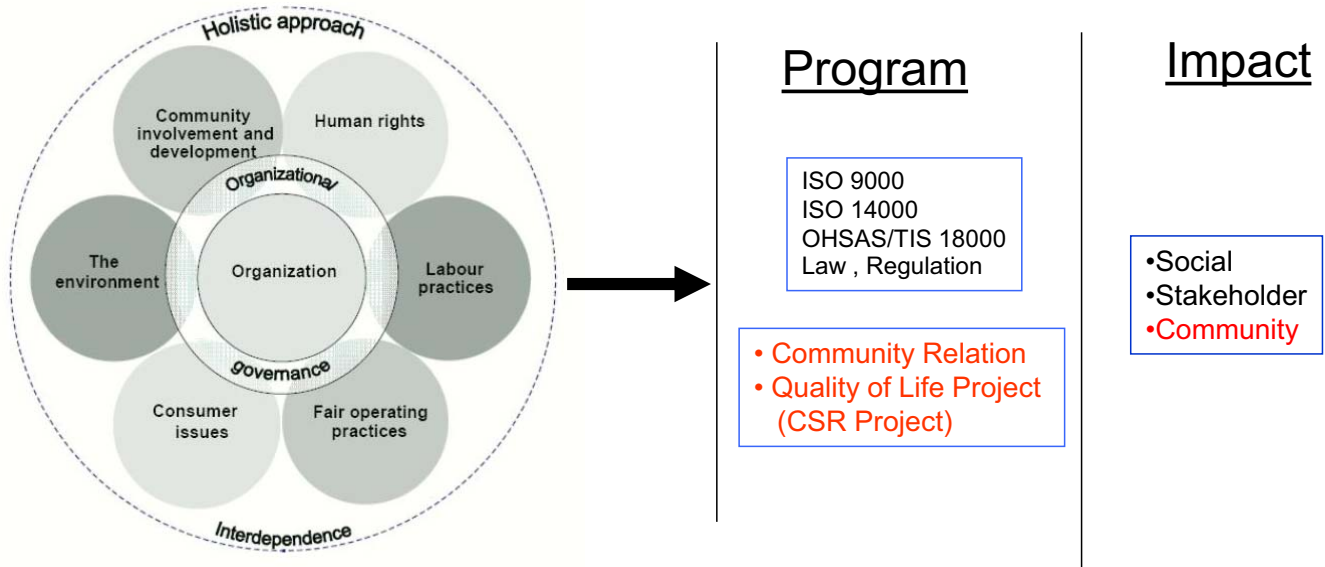
FORD



TOYOTA



CSR-DIW Model



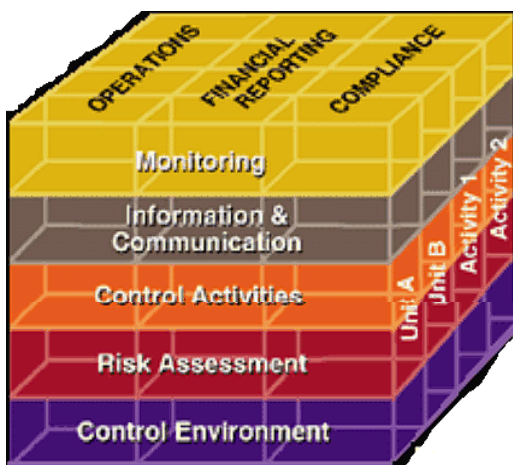
EGCO Group : 15 CSR Projects (Nation 4, Community 11)

KEGCO: CSR-DIW 2008

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COSO Framework



Risk, Fraud, Scandal

KPI (Balance Score Card)

Monitor : Financial, Operation, Customer, Innovation

Perspectives	Key Performance Indicators	Weight
FINANCIAL 35%	1. EBITDA	25%
	2. Total Controllable Cost (MB)	10%
OPERATION 30%	3. EAF	10%
	4. Unplanned Outage Factor	10%
	5. Lost Time Injury Frequency	5%
	6. Environment Exceedences	5%
	Qualitative KPIs	
Group KPI 20%	7. Good Corporate Governance	15%
	8. Rebranding	
	9. Corporate Social Responsibility (CSR)	
	10. Staff Development or HRD	
	11. Individual activities	5%
Specific 15%	12. New Project	15%

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CG SET Award

Rights of Shareholder
 Equitable Treatment of Shareholders
 Responsibilities of the Board
 Role of Stakeholders
 Disclosure and Transparency



Confident of Shareholder

4. Conclusion

Technique for GCG in practice

Competition & Productivity : **Guarantee growth today & tomorrow**

CSR : **Guarantee for sustainable**

Balance Score Card : **Performance Monitor**

COSCO Framework : **Risk , Scandal & Fraud Monitor**

Disclosure and Transparency : **Confident of Shareholder**

Part 2

Corporate Social Responsibility

Agenda

1. Business & Community
NGO , Community , National Protest , Business
2. Public Relation
3. Community Relation
 - (0) No Negative Impact from Project
Safety , Environment
 - (1) Community Supporting
Official, Community, Education etc.
 - (2) Community Relation
Monthly volunteer
 - (3) Environment Improvement
Scientific Coral, Crab Bank
 - (4) Quality of Life Improvement
Sufficient Economy
4. Conclusion

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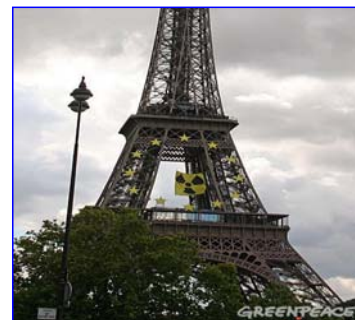
1. Business VS Community



Pak Moon Dam Protestors
Bangkok Post ,August 9 , 2000



Government Protestors (2008)
Democracy , Privatization



Greenpeace (13 Jul. 2008)
Nuclear symbol banner on Eiffel Tower

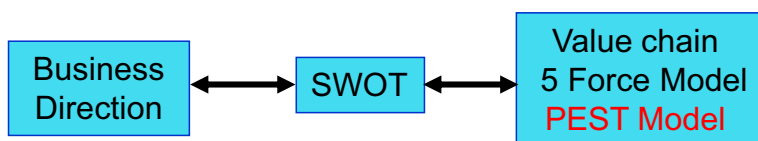


Greenpeace (30 Jul. 2008)
Protest coal shipping

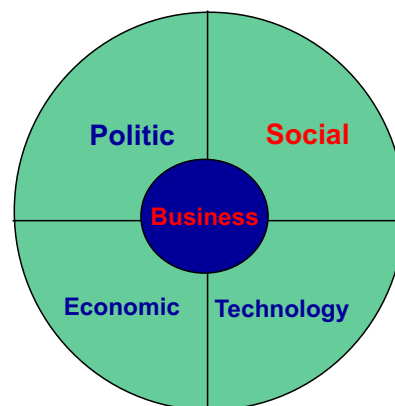
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Business VS Social Relation



PEST Model

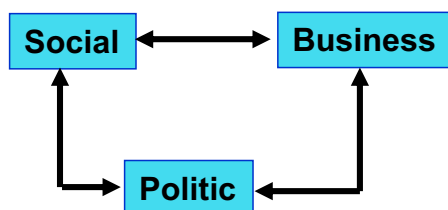


Community : Community Benefit

National Protester : Social Benefit

NGO : Environment Impact

Business : Maximize Profit



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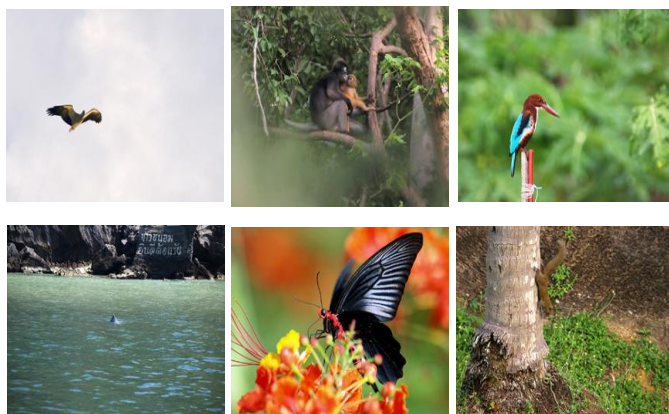
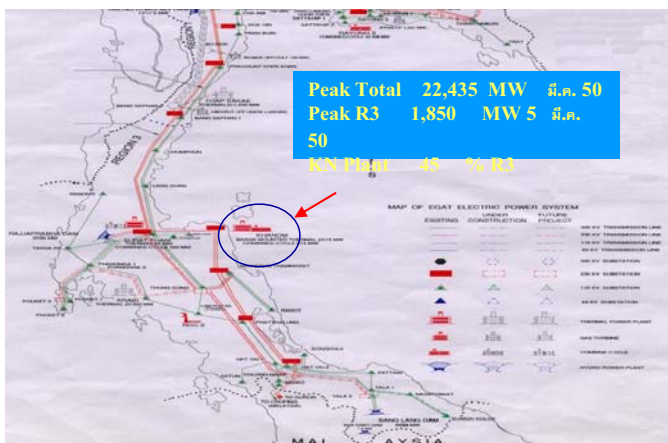
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2. Public Relation



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3. Community Relation



KEGCO : Power Plant in sensitive area

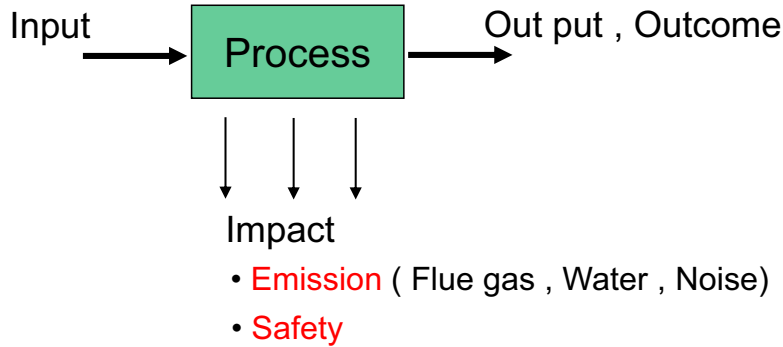
- KEGCO : 824 MW , IPP Power Plant
- Emission :
 - Flue gas : Nox , Sox
 - Cooling water , Process water
- Nearby :
 - Community
 - Very good environment

We start business in 1996 with community negative attitude :
Maximize profit , Destroy environment , Hazard for safety & health

0. Reduce for Negative Impact

(1) Make it right

Define Process Impact from EIA



Control Impact

- **By Law** : EIA
- **By Standard Management**
ISO 9000 , ISO 14000
OHSAS/TIS 18000
- **Award** :
National Safety Award
EIA Monitoring Award

Y2K : December 1999

- Leaflet declare KEGCO plant explosion by Y2K
- Community alert for safety
- Meeting with official and community
 - o Declare KEGCO plant safely
 - o All KEGCO's employee stay in power plant during Y2K

1. Support community

Official , Community , Culture , Religion , Health care



- Community advantage programs : (1999)
Support community activity , Use local resource
- Copper Slag : November 2000
 - Leaflet declare KEGCO disposal radio active material in community area
 - Community alert for healthy
 - Meeting with official and community :
Community declare fault of contractor

3. Community Relation

Monthly Volunteer working for community

- Keep good relation (2004)



3.Environment Improved with Community Economic

Housing for Fish (Scientific Coral) , Crab Bank



4. Quality of life Improvement Sufficient Economy

School to Community

Sufficient Economy for sustainable development

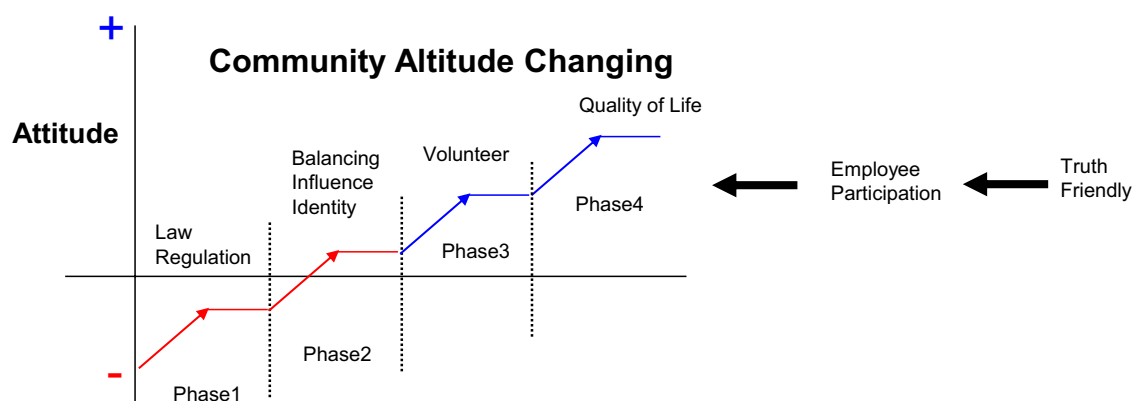
Non chemical vegetable planting project



▪ NGO protest from TV : November 2007

- EGCO/KEGCO TV advertising show very good environment nearby power plant . (Pink dolphin , Sea eagle)
- NGO claim EGCO/KEGCO a lie
- Community declare : It's real
- NGO accept

4. Conclusion



Phase1 : Start with negative altitude try to reduce impact from process community attitude still negative

Phase2 : Apply supporting program attitude built up to a little positive (It is still risky)

Phase3 : Apply community relation program attitude built up to high positive (It can protect from NGO)

Phase4 : Apply CSR program attitude built up to high positive (Believe & Sustainable)

END