SUSTAINABLE DEVELOPMENT REPORT 2017

Thai Airways International Public Company Limited
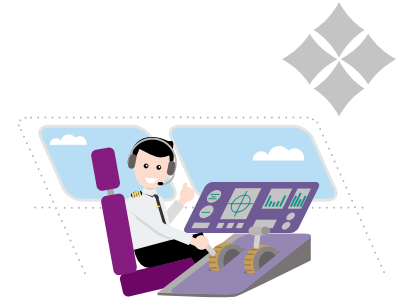
THAI
Smooth as silk

Travel Green

Content

Message from
Acting Chairman

and Chairman of the Corporate Governance and Social Responsibility Committee

Accomplishing "Sustainable Growth" - THAI's Transformation Plan phase 3 - has remained the focal point for THAI's Board of Directors, Management and staff to pursue. During the past years, THAI was unable to reach its operational target and there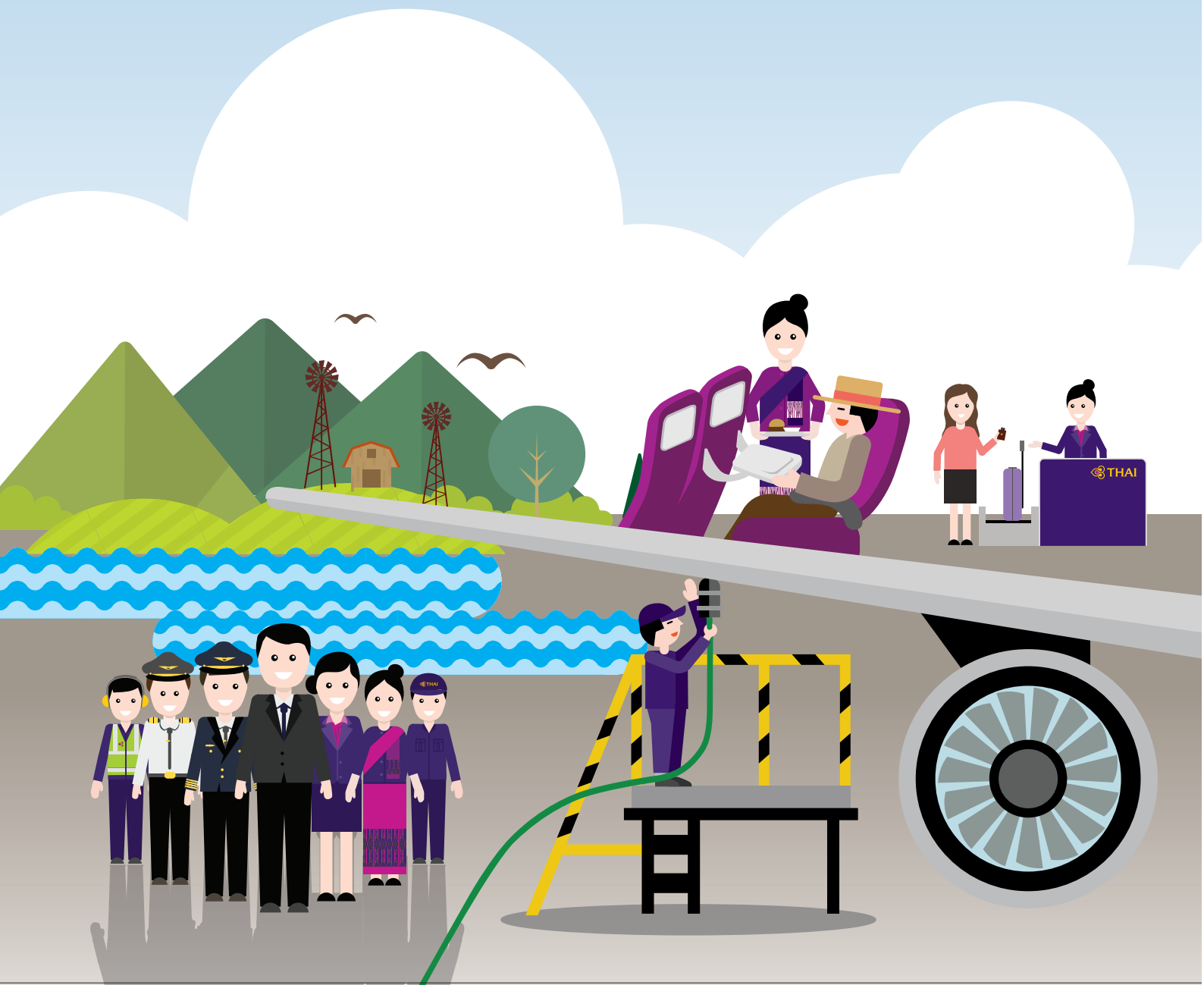fore THAI has refined and expanded its strategic plans to enhance the company's competitive advantage under the good governance practices. THAI remains committed to the principles of good governance and moral and ethical business operations in line with the Corporate Governance Code for Listed Companies 2017.

THAI has also incorporated Environmental, Social, and Governance (ESG) aspects into every important work process such as improving flight operations taking into consideration the environmental element, enhancing service quality at every customer contact point, developing skills and expertise of aviation personnel, introducing more stringent measures to prevent fraud and corruption and regular review of operations to ensure that they are in compliance with international standards and relevant legal requirements and restrictions. Activities and projects aimed to help create better quality of life have continued to be organized by THAI, including THAI Breathes Life Back to Earth which aims to help revive the Mangrove Forests to Increase Carbon Storage Capacity; Charity from THAI to help assist flood victims and their families, and the promotion of agricultural products from Thai farmers.

In order to ensure THAI's sustainable development and expansion, besides implementing the transformation plan and achieving the goal of being among the world's top five carriers, THAI must also seek to gain recognition from its stakeholders as they are play a critical role in repositioning THAI as a leading national carrier in the future.

As the Acting Chairman and Chairman of the Corporate Governance and Social Responsibility Committee, I am committed to providing all possible support to ensure that THAI is operating in accordance with international guidelines for sustainable development. I would like to thank THAI employees at every level for their dedication and commitment, enabling THAI to move forward and remain competitive on the world's stage.

Air Chief Marshal

Treetod Sonjance

THAI's Acting Chairman and Chairman
of the Corporate Governance
and Social Responsibility Committee

Message from Acting President

THAI's Transformation Plan was exercised throughout the 2017 and successfully accomplished within the three-year timeframe (2015-2017) according to the plan underlining on building organizational strength amid the intense competition in the aviation industry. THAI has set its goal of being among the world's top five carriers under the five-year strategic plan (2017-2021). The airline's initial Transformation Plan has been adjusted and its 10-year (2017-2026) strategic framework broadened to drive the organization forward and constantly develop in line with the Transformation Plan phase 3 which places special emphasis on "Sustainable Growth" in 4 critical areas namely Corporate business/Corporate Support Business Groups, Human Resources, Internal Processes, and Finances.

Simultaneously, THAI has always taken into consideration the element of responsibility towards its stakeholders at every level. During the past years, THAI carried out its businesses and undertakings in line with sustainable development principles under important economic development such as the Maintenance, Repair, and Overhaul Center (MRO) development project under the U-Tapao Aircraft Repair and Maintenance Center Project, and the sourcing of agricultural products from farmers' association. Significant areas of social development include participating in the revision process of the Air Operator Certificate (AOC) and Dangerous Good Certificate Re-certification incorporating the "Service Ring" plan in all service areas, personnel development; and restructuring of benefits and compensation. Equally important is the environmental development activities which include the preparation for ICAO's Carbon Offsetting and Reduction Scheme for International Aviation – CORSIA – in order to properly tackle the challenges as a result of climate change, and improved efficiency of aircraft fuel consumption.

Social and environmental responsibilities as well as the making of Sustainable Development report have always been an important part of THAI's operations. They act as a vehicle for THAI to communicate its fundamental operations to its stakeholders while raising awareness among the public as the national carrier of Thailand. I would like to express my sincere appreciation to those concerned for their dedication and commitment in promoting THAI to the world and repositioning THAI among the world-class carriers.

Mrs. Usanee Sangsingkeo
Acting President

Innovation
Development and Management Improvement

Throughout 2017, THAI has proceeded with transform plans with a goal to increase efficiency in management, reduce expenses, increase revenues, and achieve excellence in service through staff training to comply with the announced transform.

In order to accomplish these objectives, THAI has developed innovation and improved management through the following projects:

1. Aviation management

❖ Fuel Management Project : The project implemented efficient use of aircraft fuel. The decrease was gradual from 2014 to 2017, with approximately 1.6 billion baht in fuel cost saved.

❖ New Portable Water Uplift Project ; The project reduces amount of water onboard the aircraft. In 2016, THAI implemented information communication channel to calculate take-off weight of each flight to correspond to potable water uplift, and calculate required fuel amount to correspond to actual weight of aircrafts. In 2017 the system was applied to all inbound flights from all overseas stations.

❖ THAI has integrated safety database with Scandinavian Airlines and aviation information firms to compile Safety Intelligence System that collects information on safety, energy use, flight management and crew working in order to jointly analyze any flight issues and monitor all activities to comply with relevant procedures and regulations.

2. Improvement of staff operations to reduce redundancy and cost, and increase profits

❖ Cargo and Mail Commercial Department has adjusted operations to reduce redundancy and increase efficiency under the principle of Lean Management and Change Management.

❖ Ground Support Equipment Services and Ground Customer Services have improved operations in accordance with IATA Six Streams project which cover the following six aspects: safety / safety standard, control measures / cooperation, application of manpower management system, increase of efficiency in hangar services, increase of efficiency in customer service and marketing. Examples include improvement of equipping headrest covers and pillowcases in new plastic bags, which saved up to 528,527.30 baht per year. These improvements result in a gradual financial improvement.

❖ THAI has cooperated with PayPal as a payment gateway and an internationally recognized secure online payment trusted by customers all over the world.

3. Improvement of information technology system

Throughout 2017, THAI has reduced steps and improved services in information technology in order to support its financial operations and efficiently meet the ever changing needs in information technology. The improvements include:

❖ THAI Star Common Platform (TSCP) as part of Departure Control System (DCS), Reservation, Inventory and Ticketing (RIT)
These joint systems are used by partner airlines for processing ground passengers before flight, control and distribute loaded luggage, and issue boarding passes and bag tags. The systems also conduct a final headcount of passengers at departure gates before flights.

❖ Fare Management System
The system manages fares by comparing the latest fare of THAI and other airlines, including those sold on websites. The information is used in timely fare adjustment for market competitiveness.

❖ THAI Website Improvement for Disabled Project
Official website of THAI was improved to increase convenience and provide equal access for disabled customers, in compliance with the United States of America's Department of Transportation (DOT) regulations that require all inbound airlines to compile accessible websites for all based on WCAG 2.0 (Web Content Accessibility Guidelines). Any complaints from disabled customers would result in fines.

❖ Cabin Crew Preflight Readiness System
The system compiles preflight information and evaluates readiness level.

❖ SAP – BU System
The system manages production, management, sales, distribution, quality control and equipment maintenance for financial units.

❖ System Integration for Customer Service Excellent (SICSE)
The system seamlessly connects information of passengers for staff members in all service points in order to increase service efficiency or solve any problem.

Other improvements to basic structure systems include Firewall System for Oversea Station, Mail Gateway System and Cyber Security Roadmap. Major projects under work include BI Tools for Management Accounting, Penetration Testing and IT Professional Competency Development.
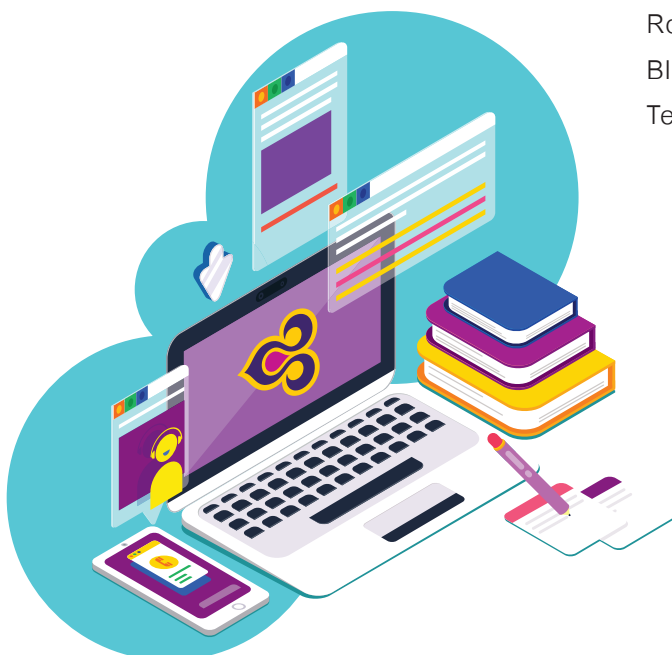
4. Personnel development

THAI has initiated communication and bonding project with an aim to retain aviation human resources. The project is expected to expand to other personnel sections by enriching staff knowledge, develop their skills and talents, and encourage positive thinking and motivation during their works. New generation of flight attendants was also trained through a system of Competency Based Training courses with focus on Safety, Security and Services, in order to encourage a professional mind trained toward Customer Experience Management, excelling in both safety and service aspects. Crew members are also trained to develop pride as THAI's flight attendants, whose role is vital to its success in international competition.

5. Support for operation innovation

THAI has implemented THAI Pilot Training Management System, which involves training, data storing, flight designation and recording, training agenda reminders and flight history search. Developed by THAI's staff, the system is capable of recording information on database through smartcards. Moreover, a Real-time Web Application technology developed on Node JS platform is combined with Mongo DB database and servers operating on Linux. Users can access the information via either Google Chrome or Firefox browsers. In the aspect of hardware, Card Readers were developed from standard equipment and in-house software in order to organize flight training to comply with projected goals of saving cost, increasing flight capability and developing quality aviation personnel.

About
THAI

Vision

"The First Choice Carrier with Touches of Thai"

Thai Airways International Public Company Limited (THAI) is determined to become the first choice carrier by maximizing customers' satisfaction and providing services beyond their expectation. THAI also aims to a establish cordial relationship between the company and customers by ensuring a pleasant and memorable travel experience offering the unique Thai identity with consistency of service excellence at every customer touch point.

Mission

THAI's main mission comprises mission for customers, shareholders, employees and society

❖ Provide both domestic and international air transportation services with special emphasis on maintaining the highest standard of safety and travel comfort through integration of unique Thai identity to deliver value products as well as promote good customer experience and relations

❖ Promote good governance in business operations in accordance with international requirements to create sustainable growth for the organization and good return on investment for shareholders

❖ To become a Knowledge Organization and create employees' strength giving them the opportunity to work with full capability while recognizing the importance of customers, enhancing their skills and responsibility as well as corporate relationship

❖ Promote corporate social and environmental responsibility as the national carrier

THAI should therefore operate under good governance principles.

Core Values

To ensure sustainable development and expansion of THAI, enabling the company to compete in a fast-changing business environment THAI follows three core business values as follows:

1 Focusing on creating customer satisfaction

2 Providing world-class services

3 Promote value creation for every business dimension
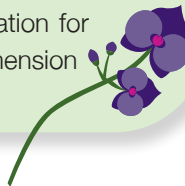
Four key CSR operational frameworks

1 To show dedication and commitment in managing the environment combined with green innovation and concepts

2 To establish social and environmental projects in line with Travel Green concept

3 To organize activities to create greater awareness of social and environmental responsibility for every level of employee

4 To organizes THAI's own communication and public relations activities for social and environmental awareness as well as publication of a CSR report
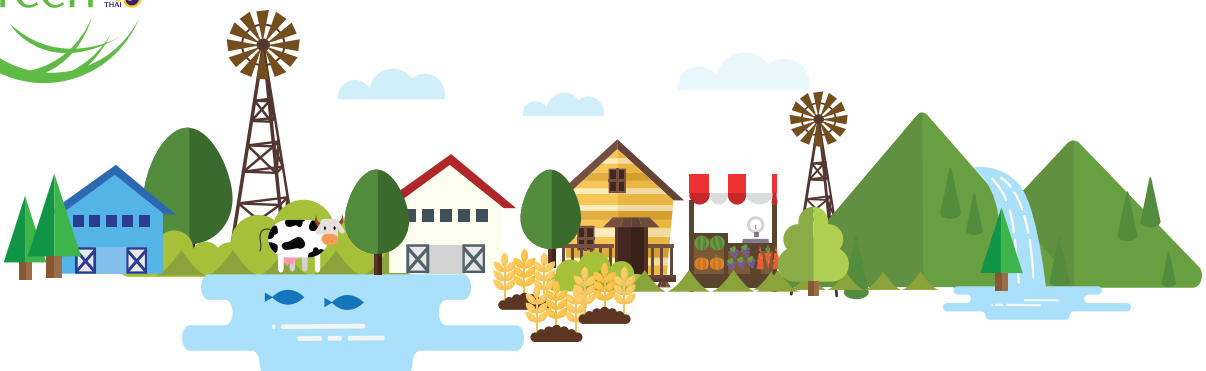
General information

Thai Airways International Public Company Limited (THAI) is the national carrier of the Kingdom of Thailand operating both domestic and international air transportation business. THAI is a state enterprise under the supervision of the Ministry of Transport. On January 19, 1991, THAI became a registered company in the Stock Exchange of Thailand (SET). Today, as of December 31, 2017, THAI has a registered capital of 26,989,009,500 Baht, and 21,827,719,170 Baht of paid capital. The Ministry of Finance and Government Savings Bank hold 53.16 per cent of shares while the remaining 46.84 per cent of shares are held by the public both in Thailand and overseas as well as THAI employees.

THAI's headquarters is located in Bangkok with airline business operations at Suvarnabhumi Airport. Its transportation network and center comprise air transportation services for both passengers and cargo and mail. The related businesses are cargo warehouse, ground customer services, ground equipment, catering and aircraft maintenance.

International membership

THAI is one of five founding members of Star Alliance which established since 1997 and recently reached its 20th year of establishment. Through its strong network of 28 member carriers which operate to some 191 destinations worldwide, Star Alliance has connected millions of people of different races and cultures.

As a member of the International Air Transport Association (IATA), which has played a key role in determining numerous air transport regulations and measures, THAI has adopted and implemented IATA principles and regulations in its operations.

THAI, under the supervision of the Civil Aviation Authority of Thailand (CAAT), has long been a member of the International Civil Aviation Organization (ICAO), which determines and establishes international regulations and measures to maintain safety, security and efficiency of air transport as well as to protect the environment which may be impacted by airline operations. THAI has strictly followed ICAO principles.

THAI's Head Office is located at

89 Vibhavadi Rangsit Road, Jompol, Chatuchak, Bangkok 10900

Tel: 66 (0) 2545-1000 and, THAI Contact Center at Tel: 66 (0) 2356-1111,

website www.thaiairways.com

Corporate's value chain

Service Ring

1. CALL CENTER
2. TICKETING
3. CURBSIDE
4. CHECK-IN
5. LOUNGE
6. BOARDING
7. INFLIGHT SERVICE
8. ARRIVAL
9. FREQUENT FLYER PROGRAM
10. CUSTOMER RETENTION
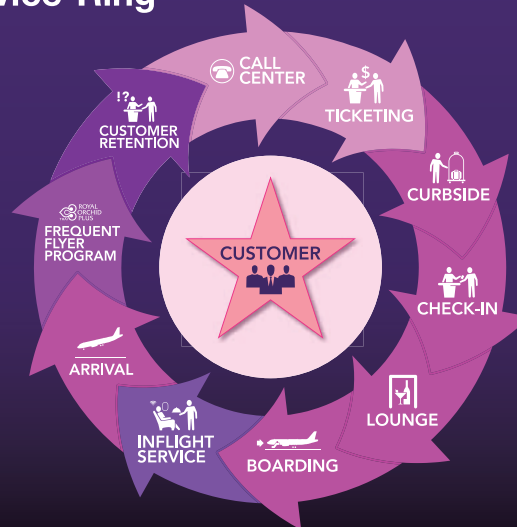
THAI has placed special emphasis on providing total services at every customer touch point from the start to the final destination of the passenger's journey. This is done through the use of associated mechanism for smooth coordination at each service point to respond appropriately to customer demand in this digital era. In addition, there is a mechanism to help provide possible answers to any queries and correctly solve problems for passengers.

In 2017 THAI added more channels for payment in its website and for making self check-in at Novotel Hotel Suvarnabhumi (and will expand to other hotels in the Novotel chain). More bag-drop counters at Suvarnabhumi Airport are also added for customers who prefer the method of e-check-in.

THAI's Policy

Good Corporate Governance Policy

THAI has strictly followed Corporate Governance principles for its operations, ethics and code of conduct in operating its business. This is in line with the CG Code for registered companies in 2017.

Policy for operations in accordance with the required criteria

THAI has placed strong emphasis on operating in accordance with the required laws, regulations, restrictions and related measures both domestically and internationally.

Policy against Unfair Discrimination

THAI has focused on placing importance on respect for human integrity, rights, freedom, and equality of those who are certified or protected under Thai and international laws. THAI also recognizes the importance of and respects human rights of any individual in every aspect as well as that of the society and community as required by the laws of each country.

Policy to protect the use of internal information for personal gain

THAI has placed special importance on supervision of the use of internal information which should follow good governance principles and legal requirements. THAI does not allow any employees at any level who have the knowledge of internal information during the period of six months following their retirement to sell the securities issued by the company one month prior to and three days following the announcement of financial performance. Every function is required to employ systems to effectively manage internal and confidential information.

Aviation Safety Policy

Safety is always at the heart of all THAI's operations. The standard of safety must be in compliance with international safety regulations and requirements. This also includes regular checks of the safety systems for both management and staff responsible and involved in the aviation safety-related activities.

Policy for Quality Products and Services

THAI places special emphasis on offering high quality products and services that maximize customer satisfaction and are in accordance with international standard requirements.

Policy on Occupational Safety and Health in the Workplace

Realizing that employees are the most valuable asset, THAI has always placed special emphasis on providing care and protection for its employees, ensuring that they work in a safe and healthy environment in line with international requirements on Occupational Safety and Health in the Workplace.
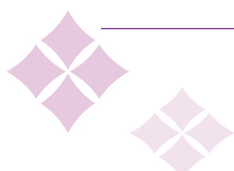
Environmental Policy

THAI's operations are in compliance with the Environmental Management System (EMS) ISO14001 and Aviation Environment Standards adopted for practice by commercial airline businesses.

Risk Management Policy

THAI has adopted risk management as a tool to manage the organization since 2003 to bring greater confidence, and achieve business targets as well as create added value, security, and the highest benefit for stakeholders in accordance with Good Corporate Governance.

Policy for Business Continuity

THAI has adopted techniques for the management of Business continuity as a tool to ensure that the company can carry out its business as usual in order to create confidence among THAI's stakeholder and in accordance with the Good Corporate Governance.

Sustainable Development Goals and THAI

"Sustainable Development" is regarded as an important aspect on which all sectors, either domestic or international, place emphasis. THAI is also one of those organizations that has long prioritized sustainable development in conjunction with the airline business operations and main business processes for which it is responsible. In particular, THAI implemented the Sustainable Development Goals: SDGS, which will have served as a guiding tool for international sustainable development projects until 2030, as one its important management frameworks. The content of this sustainability report will outline the significant operational performance that clearly corresponds with each of the Sustainable Development Goals.

THAI'S "CORPORATE SOCIAL RESPONSIBILITY" IN COMPLIANCE WITH THE GUIDELINES OF THE STOCK EXCHANGE OF THAILAND (SET)

Fair Business Practice

THAI has adopted good governance principles which are accepted at international level for its operations. Employees are encouraged to strictly follow business ethics, supporting and being dedicated to a democratic governing system with the King as the head of state. Employees put the benefit of the company before themselves, loyalty, and transparency with good governance principles to help create long-term added value for the organization. They must be responsible for their duties, and fair with excellent management that is transparent, traceable and accountable.

Fraud and Corruption Prevention

THAI realizes the importance of solving problems as a result of fraud and corruption and has therefore adopted and exercised the "Whistle Blower Policy" in managing the organization. THAI has also established measures and regulations related to complaints of fraud and misconduct, practices that are not in accordance with the laws, regulations, restrictions, company's announcements, good governance or ethics following the good governance and ethics code of conduct 2010.

ANTI CORRUPTION

Fair Labor Treatment

THAI is committed to improving human resource management systems to promote employees' potential in line with the current business competition and environment. In addition, THAI organizes regular employee training programs to enhance their skills and experience.

Respect for Human Rights

THAI places special emphasis on human equality and has therefore adopted the concept related to human rights as part of human resource management by giving respect for human rights without discrimination against any individual because of nationality, race, religion, age, sex, education or other reasons.

Responsibility for consumers

THAI is committed to creating safety elements to become Corporate Culture through every operational procedure in accordance with regulations and restrictions under the Aviation Security measures. In addition, THAI is dedicated to developing organizational efficiency to create greater consumer confidence. In addition, THAI has continued to further enhance its safety standard through implementation of IT systems to monitor and analyze pilot performance to reduce risk during flight.

Environmental Conservation

THAI fully recognizes the impact on the environment as a result of its business operations and has therefore placed special emphasis on improved efficiency in environmental management in accordance with international standards for every company activity. These include the use of materials, energy, water resources, ecosystems and biodiversity, garbage and waste as well as impact on the surrounding air as a result of air transportation.

Community and Social Development

THAI has continued to take part in community and social development by creating awareness among employees through organized activities and various voluntary projects such as providing education support to students to take part in academic Olympic competition, giving opportunity to underprivileged individuals in society to create equality, providing support and services to facilitate assistance or relief, offering donations in both cash and kind to the underprivileged and disaster victims.

Advanced Innovation

THAI has continued to introduce new innovations in response to the company's transformation plan aiming to enhance effectiveness of business operations, reduce costs and generate revenue through initiation of projects such as fuel management, route optimization, HR management tools and pilot training and development programs. These projects will play a key role in driving THAI forward and to be recognized for its service excellence.

Stakeholder
Engagement
(G4-25)

Thai Airways International Public Company Limited (THAI) has reviewed and taken into account a group of stakeholders who have both direct and indirect impacts on its business operations. These stakeholders can be categorized into 6 groups: 1) Customers, 2) Trading Partners/Creditors, Debtors, and Competitors, 3) Nation 4) Shareholders 5) Subordinates/Employees 6) Society and community. THAI also seeks to respond to its stakeholders' expectations in an appropriate fashion. With regard to the Annual 2017 Sustainability Report, THAI has taken into consideration its stakeholders' concerns and opinions within the sustainability context, using them as part the information that determines the content of this sustainability report.

6 Groups of Important Stakeholders of Thai Airways International Public Company Limited (THAI)

Table : Stakeholders and Company's Responses

| Stakeholders (G4-24)	Channels and Frequencies of Communication (G4-26)	Stakeholders' Expectations (G4-27)	Responses to Stakeholders (G4-27)
Customers	• CASS (Customer Airline Satisfaction Survey) • Customers' feedback, complaints, recommendations, and suggestions directly. • Customer board/ customer visits.	• Receive quality services including safety and convenience. Respond to stakeholders' needs efficiently and effectively in order to bring about confidence and satisfaction.	• Encompass a good attitude and place emphasis on customers and services. • Study and understand customer needs. • Build a good relationship with customers continuously and regularly.
Trading Partners / Creditors, Debtors, and Competitors.	• Joint meetings • E-mail • Information Technology systems used by group members • Website	• Receive fair and equal treatment on the basis of a business relationship. • Generate investment returns fair to both parties. Avoid situations that might lead to a conflict of interest.	• Abstain from receiving bribes, gifts, or any other favors from trading partners. • Avoid requesting, receiving, or proposing any benefits in an illicit manner. • Quickly take steps to rectify problems and follow due process in cases of corruption. • Fully maintain and comply with the contractual terms agreed upon by trading partners, creditors, and debtors. • Treat trading partners in accordance with the international standards

Stakeholders (G4-24)	Channels and Frequencies of Communication (G4-26)	Stakeholders' Expectations (G4-27)	Responses to Stakeholders (G4-27)
			and legal framework. Refrain from violating a confidentiality agreement, or seeking trading partners' confidential information. Keep away from tarnishing the reputation of trading partners and accessing their information in an unauthorized manner.
Nation	• Social Media	• Do business with transparency and accountability. • Avoid any actions that might adversely impact the nation.	• Take into account shared benefits and avoid any actions that might harm the nation's reputation. • Abstain from providing assistance that could lead to legal non-compliance.
Shareholders	• Conference calls • Company visits • Shareholders' General meeting (once a year) • Phones, letters, and e-mails	• Receive investment returns continuously and sustainably. Treat each other with equality. • Receive direct feedback.	• Perform duties with honesty and fairness. • Manage the organization's business with an eye toward prosperity and sustainability. • Perform duties with ability and attentiveness. • Provide services to shareholders willingly and quickly. • Manage and safeguard THAI's assets without letting them go to waste. • Disclose information in a complete, sufficient, regular, and timely manner.
Subordinates/ Employees	• Intranet (THAI Sphere) / Web board/ e-mail • Line Group - TG Internal Network • Group Meeting (on a quarterly basis) • DD Command Center	• Recruit and select personnel in a standardized, clear, and transparent manner. • Develop the body of knowledge for operators continuously in order to increase opportunities for career growth.	• Respect each other and individual rights. Be polite both verbally and physically. • Be a good role model who has integrity and does not discriminate.
Society and Community	• Social Media • Website	• Take into account natural resources, environment, and shared benefits. Instill a sense of social and communal responsibility. Support and promote activities that could benefit society and community.	• Provide support to socially constructive activities. • Promote and instill a sense of social responsibility at all levels. • Strictly pledge neutrality in politics.

Good Corporate
Governance

THAI has continued to conduct business operations in accordance good governance principles and international best practice following the standards of the Stock Exchange of Thailand (SET), the Office of the Securities and Exchange Commission and ASEAN CG Scorecard. This will enable THAI to become more effective with excellent management techniques and transparency. Its operations can be audited, and taking stakeholders into consideration, creating greater confidence and benefits for shareholders. THAI's Good Corporate Governance comprises the following :

❖ Creation of Long Term Value

❖ Transparency

❖ Responsibility

❖ Accountability

❖ Fairness
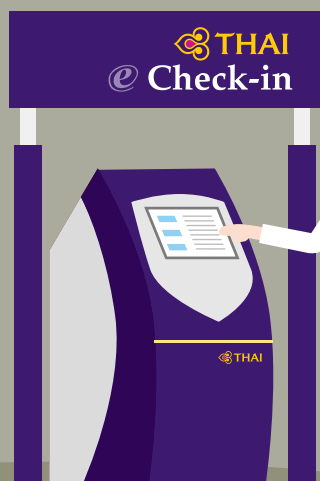
The Board of Directors has reviewed the Good Governance policy to ensure that it is exercised in line with the Good Governance principles of registered companies in 2017, adopting them as guidelines for practice of the Board of Directors as follows:

- ❖ Recognizing the role and responsibilities of the Board of Directors as the leader of the organization
- ❖ Determining the objectives and goals of any undertakings that will ensure sustainability of the organization
- ❖ Promoting the Board of Directors with high efficiency
- ❖ Selecting and developing top level executives and personnel management
- ❖ Promoting innovation and responsible business operations
- ❖ Ensuring that there is a suitable risk management and internal audit system
- ❖ Maintaining financial credibility and information disclosure
- ❖ Supporting shareholders' engagement and effective communication

Business Ethics

1. Adhere to and work in support of the democratic system with His Majesty the King as the Head of State

2. The highest benefit of the company should be placed as the top priority without seeking privileges or benefits for oneself or others in their work and there should not be any conflict of interest

3. Work with integrity and loyalty without allowing any fraud to occur in the work for which they are responsible

4. Uphold integrity and do not allow any illegal activities to occur in the work for which they are responsible

5. Maintain transparency and do not deviate from the truth in any way when giving information to the public, shareholders and stakeholders

Management Structure

As of December 31, 2017 the Company's management structure consists of the Board of Directors, sub-committees and the Executive Management team.

Board of Directors

Various Subcommittees [1]

Audit Committee

Operations Support Center
Chairman of Operations Support Center

Executive President [2]

Office of the internal Audit
President

Advisor to the President
Vice President [2]

Policy Management Board

Business Management Board

Advisor to the Executive President [2]
Executive Vice President *

Human resources and general management department
Executive Vice President [2]

Aviation Business Unit
Executive Vice President [2]

Operations department
Executive Vice President [2]

e-Commerce and Ancillary Marketing Department
Executive Vice President [2]

Aviation Service Support Department
Vice President [2]

Technical department
Executive Vice President [2]

Finance and Accounting department
Executive Vice President [2]

Catering Department
Managing Director

Commercial Department
Executive Vice President [2]

Corporate Strategy and Sustainable Development
Executive Vice President [2]

Ground Customer Service Department
Managing Director

Legal Management Department
Executive Vice President [2]

Ground Equipment Service Department
Managing Director

Cargo and Mail Commercial Department
Managing Director

Remarks :

(1) The subcommittees consist of Executive Committee, Risk Management Committee, Nomination and Remuneration Committee, Governance and Corporate Social Responsibility Committee, Thai Airways International Strategy and Transform Oversight Committee and other committees as designated by the Company

(2) means "Executive" according to the definition of The Securities and Exchange Commission, Thailand

The roles and responsibilities in ensuring THAI's

sustainable development comprise the following committees:

THAI's Sustainable Development

- Board of Directors
- Risk Management Committee
- Nomination and Remuneration Committee
- Govemance and Corporate Social Responsibility Committee
- Thai Airways International Strategy and Transform Oversight Committee
- Audit Committee

Risk Management

THAI has adopted and implemented risk management in various areas of operations such as strategic goals for legal operations, revenue and financial targets, aviation security including the company's transformation plans. Risks are managed so that they are at an acceptable level and in line with the Committee of Sponsoring Organization of the Treadway Commission (COSO) standards. The progress reports of THAI's Risk management are published and presented to the management, the Risk Management Committee and the Board of Directors on a regular basis.

In 2017 THAI exchanged information related to Governance Risk and Compliance (GRC) within the company in order to create better and correct understanding in the same direction. THAI also arranged meetings with related functions to review the Business Continuity plan to ensure that the plan covers more incidents and situations. THAI is part of the working group managing business continuity, together with the Airports of Thailand Public Company Limited (AOT) and the Aeronautical Radio of Thailand Public Company Limited (AEROTHAI), to develop the business continuity plans at Suvarnabhumi, Chiang Mai and Phuket International Airports.

Risk Management for Business Sustainability

	Risk factors	Management guidelines
Economic dimension	• Intense competition in airline business	• Monitor performance of each route and improve flight frequencies, revenue management and set appropriate market price • Network development through cooperation with airline partners • Improve sales and on-line distribution • Improve and develop Royal Orchid Plus frequent flyer program • Ground services development project for First Class and Business Class • Improve cabin's equipment and products • Service Ring Plan that has been integrated at each customer contact point
	• Fluctuation of fuel price	• Establish effective fuel hedging policy to reduce fluctuation • Establish suitable fuel surcharge • Effective fuel stock management • Increase efficiency of fuel management
	• Fluctuation of exchange rate of foreign currencies and interest rates	• Exercise Natural Hedging • Arrange loans in line with Net Operating Cash Flow • Establish Cross Currency Swap (CCS) • Arrange CCS Restructure to help the company reduce costs, which will help reduce costs and financial burdens • Forward exchange when market is favorable • Risk management as a result of interest rate fluctuation through the use of Interest Rate Swap as a tool
Social dimension	• Risk as a result of information leak	• Manage safety and security of information according to its importance and rights of each function/related users, to prevent information leak in parallel to guidelines in response to competition
	• Quality and effectiveness of Personnel	• Develop corporate structure, performance management, improve work process and workforce in line with business strategies • Embed Corporate Culture and Core Values in THAI DNA • Implement New Pay Structure • Provide talent management and succession planning including soft skill and hard skill development

	Risk factors	Management guidelines
Social dimension	• Aviation safety	• Safety beyond expectation scheme to raise the standards of aviation safety • Adopt the standards of European Aviation Safety Agency (EASA) to elevate the standard of safety
	• Quality of products and services	• Complete assessment of Quality Assurance in the form of proactive assessment such as monitor quality of service to be in line with the Service Operation Procedure, Mystery Shopping and monitor Service Level Agreement. Additionally, the reactive assessment such as Customer feedback which will be taken into account for further corrective action to meet customers' expectations • Promote loyalty of frequent customers and develop customer service excellence
Environmental dimension	• Natural disasters	• Set up the Crisis Management Operation Center: CMOC to keep watch, monitor, prevent and minimize the magnitude of risks • Appoint Crisis Management committee and organize Business Continuity Management (BCM) to be responsible for incidents • Practice and coordinate cooperation with airline alliance and partners as well as other state enterprise organizations under the Ministry of Transport to ensure that THAI is able to ensure business continuity in time of crisis • Make a monthly performance evaluation and impact assessment as a result of various factors both domestically and internationally which have both positive and negative influence on the company's operations enabling THAI to accommodate any changes in the situation • FAST project to provide humanitarian aid to air disaster victims and their families. The assistance is also extended to airline alliance and partners in times of incidents and those that have agreements with THAI
	• Climate change	• Improve efficiency of flight operations • Appropriate reduction of carry on weight • THAI Voluntary Carbon Offset scheme • THAI Gives Life to the Land - Mangrove forest for community to improve carbon collection • Corporate's Carbon Footprint

Anti – Corruption

THAI recognizes that fraud and corruption can produce significant impact on the organizational level as well as at national level. During the past years, THAI has exercised a Whistle Blower policy to raise greater awareness in the prevention of fraud and corruption. THAI also developed company regulations related to complaints on corruption and any actions that are against the law, regulations, restrictions, company's rules or good governance or business ethics in accordance with good governance and business ethics code of conduct 2010.

In 2017 THAI pushed forward important plans and policy to help prevent fraud and corruption as follows:

❖ THAI signed an MOU with the joint objective of driving the national strategic plan to fight against corruption phase 3 (2017-2021) to show a joint intent in exercising the national strategy regarding prevention and suppression of corruption and to use it as guidelines to prevent fraud in the organization

❖ To formulate operational plan in line with the prevention of fraud and corruption strategy for fiscal years 2017-2021 and operational plan in line with the prevention of fraud and corruption strategy for the year 2017 to work in parallel with the national strategy regarding the prevention of fraud and corruption phase 3 (2017-2021) and action plan of the Office of the National Anti-Corruption Commission

❖ To organize seminar on Prevention of Fraud and Corruption for all levels of employees ranging from Orientation Course to the level of Management by including the seminar in the company's standard curriculum

❖ Publicize Bulletin related to prevention of fraud and corruption such as related laws and case studies based on concluded disputes among employees via Thaisphere, employees' email and PD-Homepage on a monthly basis

❖ Establish TG network to jointly put forward efforts and power to help prevent fraud and corruption. The network currently has 531 members who help keep watch, monitor and prevent fraud and corruption for the company

In addition, THAI received an Integrity and Transparency Assessment (ITA) by the Office of the National Anti-Corruption Commission since fiscal year 2014. The overall results of the assessment are as follows :

Index/Indicator in the evaluation of moral values and operational transparency

Fiscal year	Points (Per Cent)	Score
2014	75.84	High
2015	79.30	High
2016	88.75	Very high
2017	87.89	Very high

Today, ITA has been set as an important strategy of the National Strategy regarding the prevention and suppression of fraud and corruption phase 3 (2017-2021). It was adopted as a proactive measure for prevention of fraud and corruption which must be exercised by government units. The information and results gained must be used to enhance and develop the work of each function to become more effective and to raise the level of Thailand's Corruption Perception Index (CPI).

Rolls-Royces admitted to bribery in Thailand

THAI set up a committee to investigate engine procurement procedures and prevention of fraud and corruption committee following the news that Rolls-Royce admitted to the Serious Fraud Office (SFO) of the United Kingdom that it had paid bribes in many countries that purchase Rolls-Royce engines during 1991-2005. Thailand is among one of those countries. THAI's response to this finding can be separated into two major areas:

1. Prevention of fraud and corruption comprising two detailed actions namely:

    1.1 Appoint a committee to investigate the engine procurement process and maintenance. The committee is entrusted with the responsibilities of investigating past and present engine procurement processes and maintenance. This is to ensure that THAI has procurement and maintenance process control in place.

    1.2 To prevent fraud and corruption, THAI arranged Integrity Pac agreement for the procurement of engine and aircraft maintenance of business partners to ensure that there will be no bribes paid to THAI employees.

2. As for the investigation and proceedings of the fraud and corruption cases, THAI set up a special task force to conduct investigate into the corruption of aircraft engine procurement and maintenance during 1991-2005. Following Rolls-Royce announcement, the task force is responsible for determining when the corruption related to THAI took place during this period in order to proceed in accordance with the company's rules and regulations.

Supervision of THAI's operations in accordance with rules and regulations

THAI operates its business in accordance with the rules, regulations and restrictions required. In 2017 THAI and its subsidiaries had no legal disputes that could impact the assets of the company or its subsidiaries which accounted for more than five per cent of the shares belonging to shareholders. There were no legal disputes that could seriously impact the company's business operations. The company recorded legal disputes where THAI was the plaintiff in various cases which can be summarized as follows:

Type of case	No. of case	Total asset (Million Baht)	Current status
Labor dispute	29	188.35	On trial in court
Losses and damages	55	785.66	On trial in court

In addition, THAI is still involved in legal dispute cases and under investigation and/or being prosecuted under the Antitrust law in three countries, namely the United Kingdom, the People's Republic of Korea and the Netherlands. The charges are similar in each country such as the Cargo Civil Case with British Airways, the Cargo Civil Case in the Republic of Korea and a recourse Law suit filed again THAI by British Airways, Lufthansa and KLM-AF. More information on the cases can be found in the 2017 annual report (form 56-1) under the heading "Legal Disputes".

International Standards awarded to functions and business units at THAI

International Standard	Department or Business Unit	Valid to
TCO Third Country Operator EU safety authorizations for foreign air operators (non-EU) is issued centrally by the European Aviation Safety Agency (EASA)	Throughout the company	Valid together with Air Operator Certificate (AOC)
IOSA IATA Operational Safety Audit programme is an internationally recognized and accepted evaluation system designed to assess the operational management and control systems of an airline	Throughout the company	26 May 2018
ISO 9001: 2008 Quality Management System	General Administration Department Technical Department Cargo and Mail Commercial Department	15 September 2018 15 September 2018 30 June 2020
ISO 9001: 2015 Quality Management System	Catering Department Ground Equipment Services Department (Suvarnabhumi, Chiang Mai, Phuket, Krabi)	8 March 2020 15 December 2020
ISO 14001: 2004 Environmental Management System	General Administration (Head Office, Laksi and Larn Luang offices, Operations Center at Suvarnabhumi Airport, Ground Customer Services at Suvarnabhumi Airport) Technical Department Catering Department	15 September 2018 15 September 2018 1 September 2018

International Standard	Department or Business Unit	Valid to
ISO 50001: 2011 Energy Management System	General Administration (Head Office, Laksi and Larn Luang offices, Operations Center at Suvarnabhumi Airport, Ground Customer Services at Suvarnabhumi Airport)	20 June 2019
OHSAS 18001: 2007 Health Safety and Hygiene Management System	Catering Department	3 August 2020
HALAL The Halal Standard	Catering Department - Don Mueang Airport - Suvarnabhumi Airport	10 June 2018 Completely audited, in the process of new certificate issuance
HAL-Q The management system for the quality control of Halal food manufacturing factories	Catering Department - Don Mueang Airport - Suvarnabhumi Airport	16 July 2019 27 April 2019
HACCP Hazard Analysis and Critical Control Points Hazard Analysis and Critical Control Points for control of meal production	Catering Department	8 March 2020
GMP Good Manufacturing Practice The management of good environment at Operations Building	Catering Department	8 March 2020
FAR 145 Federal Aviation Regulations 145 **FAA Repair Station** Federal Aviation Administration of USA	Technical Department	31 October 2018
RSC 13 THAI DCA Repair Station 145 Department of Civil Aviation, Thailand	Technical Department - Don Mueang Airport - Suvarnabhumi Airport - U-Tapao Airport	31 October 2020 25 September 2018 30 October 2018
EASA Part-145 European Aviation Safety Agency - Approved Maintenance Organization	Technical Department	Since 21 April 2004 Audit twice a year

About
This Report

Guidelines to Preparing a Sustainability Report

Thai Airways International Public Company Limited (THAI) has made its sustainability report for the 7th consecutive year in order to disclose its management approaches and overall sustainability performance to important stakeholders. The information in this report covers the operations executed from January 1 - December 31, 2017, in accordance with the Global Reporting Initiatives (GRI) G4 guidelines, as well as standard disclosures using the Core option.

Reporting Boundaries (G4-17)

The disclosure of information in this report specifically covers the internal operations of THAI and its subsidiaries. With respect to the details of shareholding, information can be obtained from THAI's Shareholding Structure Chart in its annual report.

Nonetheless, in order to disclose information and boundaries in accordance with reporting standards, THAI has streamlined its data collection process, which will allow the organization to report its sustainability performance in compliance with the GRI standards for the foreseeable future.

Defining Report Content (G4-18)

THAI has proceeded to assess material aspects using the GRI's report content principles with the engagement of senior-level executives and employees. It takes into account the concerns and expectations of its stakeholders. The process is as follows:

Step 1 — Identification

In identifying material aspects of sustainability, the working group has considered them in line with the sustainability context, THAI's risks and strategies, and those related to stakeholders, all of which cover economic, social, and environmental dimensions. It also defines the boundaries of each sustainability aspect, depending on the impacts and value chain occurring within and outside of the organization.

Step 2 — Prioritization

Prioritize material aspects relevant to the organization's sustainability. The work committee proceeds to discuss with senior-level executives and relevant employees by means of the Materiality Test that takes into account the significance of each aspect on two levels: 1) the influence on stakeholder assessments and decisions 2) the significance of the organization's economic, environmental, and social impacts.

Step 3 — Validation

The work committee has reviewed the completeness of material aspects and has validated material aspects of sustainability against the Scope and Aspect Boundaries both within and outside of the organization, so as to ensure coverage of the organization's economic, social, and environmental impacts. THAI has a plan to refine its future reports in an attempt to make them more thorough.

Step 4 — Review

THAI is committed to continuously developing its sustainability report by taking into consideration the opinions and suggestions of the stakeholders towards the report through online questionnaires. This makes way for stakeholders to clearly reflect on THAI's sustainability operations. In addition, the organization will then use their suggestions and opinions to improve its sustainability report in the following year.

Report Quality Control

This report was validated on the basis of its completeness and coverage of material aspects relevant to the organization and stakeholders. In addition, the information has been proven correct by issuing entities and THAI's central authority. In any case, the information disclosed in this report has been reviewed and approved by THAI's management team.

Summary of Assessment of Material Aspects and Reporting Boundaries

Aspects of Sustainability (G4-19)		Aspect Boundary within Organization (G4-20)	Aspect Boundary outside Organization (G4-21)
Economic	Economic Performance	• Thai Airways International Public Company Limited • THAI-Amadeus Southeast Asia Co.,Ltd • WingSpan Services Co.,Ltd • Thai Smile Airways	
	Indirect Economic Impacts	• Thai Airways International Public Company Limited	
Human Resources	Employment	• Thai Airways International Public Company Limited • WingSpan Services Co.,Ltd • Thai Smile Airways	
	Labor/Management Relations	• Thai Airways International Public Company Limited	
	Training and Education	• Thai Airways International Public Company Limited	
	Diversity and Equal Opportunity	• Thai Airways International Public Company Limited	
Safety	Occupational Health and Safety	• Thai Airways International Public Company Limited	
	Customer Health and Safety	• Thai Airways International Public Company Limited	• Airport of Thailand Public Company Limited • Codeshare Agent Interline • Caring Agent • Outsourced Employees • Airline Partners
Customer Responsibility	Customer Satisfaction	• Thai Airways International Public Company Limited	• Agent Suppliers • European Union • Tour Agents • Handling Agent
	Marketing Communications	• Thai Airways International Public Company Limited	• Agent • Media
	Customer Privacy	• Thai Airways International Public Company Limited	• Outsourced Employee • Ground Service Agents • Partner Airlines • Tour Companies
Human Rights	Children's Rights	• Thai Airways International Public Company Limited	

Aspects of Sustainability (G4-19)		Aspect Boundary within Organization (G4-20)	Aspect Boundary outside Organization (G4-21)
Environmental	Energy	• Thai Airways International Public Company Limited	• Thai Airways International Public Company Limited • Bangkok Aviation Fuel Services Public Company Limited • Airport of Thailand Public Company Limited • Metropolitan Electricity Authority • Department of Alternative Energy Development and Efficiency
	Emissions	• Thai Airways International Public Company Limited	• Airport of Thailand Public Company Limited • Communities Surrounding Airport
	Water	• Thai Airways International Public Company Limited	• Airport of Thailand Public Company Limited • Metropolitan Waterworks Authority • Provincial Waterworks Authority
	Effluents and Waste	• Thai Airways International Public Company Limited	• Airport of Thailand Public Company Limited • Communities Surrounding Airport • Department of Industrial Works • District Office/Sub-District Administrative Organization
	Products and Services	• Thai Airways International Public Company Limited	• Airport of Thailand Public Company Limited • Communities Surrounding Airport
Social	Anti-Corruption	• Thai Airways International Public Company Limited	• Agents • Suppliers
	Compliance	• Thai Airways International Public Company Limited	• Office of Consumer Protection • Securitas and Exchange Commission Thailand • Stock Exchange of Thailand • Department of Civil Aviation • International Civil Aviation Organization • Office of the Public Sector Development Commission • Association of Thai Travel Agents

Contact Point

For more information and suggestions. about THAI's sustainability report, please contact THAI's Corporate Social Responsibility and Environmental Department at 89 Vibhavadi Rangsit Road, Jompol, Chatuchak, Bangkok 10900. Tel. 66 (0) 2545-3754 Email: tgcsr@thaiairways.com
Website: www.thaiairways.com

Economic
Operational
Dimension

In the past years, THAI has continued to experience difficulties in its operations such as declined ability to compete, operations of loss-making routes, and high aircraft maintenance costs due to too many types of aircraft type in its fleet. As a result THAI's Board of Directors and Management worked together in establishing a three-year Transformation plan (2015-2017) with the target of quickly cut the losses and build the company's competitive strength to enable THAI to compete in the fast changing airline business environment while ensuring a sustainable growth of the airline.

Target of becoming among the top five world carrier

THAI has adjusted its transformation plan for 2017 into six strategies and 17 major plans/project charters out of which 12 plans are those already put into action since 2016 and five are those that need to be monitored closely with the following details:

Overview of Transformation Plan

Operation : 2015	Start operation : 2015 - 2016	Start operation : 2017 on wards
Plan 1 "Stop the Bleeding"	**Plan 2 :** "Strength Building"	**Plan 3 :** "Sustainable Growth"

Overview of Transformation Plan

Plan 1:
1. Network Strategy
2. Fleet Strategy
3. Commercial Strategy
4. Operation and Cost Strategy
5. Organizational Strategy
6. Portfolio Business Restructuring Strategy

Plan 2:
1. Aggressive Revenue Plans
2. Cost Reduction & Efficiency Plans
3. Capability Building for Sustainable Growth Plans
4. Customer Service Excellence Plan

Plan 3:
1. Competitive & profitable Route networks and Fleet Rationalization
2. Competitive & Revenue Enhancement
3. Customer Service Excellence (Service Ring)
4. Competitive costs & Operation Efficiency
5. Corporate culture Building for sustainability and Human Resources Excellence Development
6. Portfolio & New Business Development for Sustainability

Transformation Plan – Plan 3 in effect in 2017

1. Competitive & profitable Route Networks and Fleet Rationalization

- 1.1 Bank Structure Implementation at Suvarnabhumi Airport
- 1.2 Fleet Plan & Rationalization

2. Competitive & Revenue Enhancement

- 2.1 Revenue Management Enhancement
- 2.2 Sales Distribution & Optimization – Web Sales
- 2.3 Agent Management
- 2.4 Sales Distribution & Optimization – Corporate Sales

3. Customer Service Excellence (Service Ring)

- 3.1 Customer Services Excellence – System Integration
- 3.2 Premium Class Service Upgrade
- 3.3 Retrofit Program

4. Competitive Cost & Operation Efficiency.

- 4.1 Procurement Optimization
- 4.2 Ground Customer Service & Ground Equipment Process Efficiency
- 4.3 Technical Process Efficiency
- 4.4 A, B, Cabin Crew New Per dien System
- 4.5 THAI Operations Control Center : TOCC

5. Corporate Culture Building for Sustainability and Human Resources Excellence Development.

- 5.1 Personnel Management System Development
  Quality Personnel Development
  High-Potential Personnel Management and Succession Plan

6. Portfolio & New Business Strategy for Sustainability

- 6.1 TG/WE Integration Project

Legend:

- Corporate Strategic Plan Supervised by Human Resource Board
- Corporate Transformation Plan Supervised by Corporate Transformation Steering Committee
- Corporate Transformation Plan continued from Phase 2
- New Corporate Transformation Plan in 2017

In addition, the implementation of 2017 Transformation plan is considered part of the company's five-year strategic plan (2017-2021) which has been developed and improved as follows:

Strategic Plan 2017

1. Competitive & profitable Route Networks and Fleet Rationalization
2. Competitive & Revenue Enhancement
3. Customer Service Excellence (Service Ring)
4. Competitive Cost & Operation Efficiency.
5. Corporate Culture Building for Sustainability and Human Resources Excellence Development.
6. Portfolio & New Business Strategy for Sustainability

Strategic Plan 2018-2021

Aggressive Profit
Aggressive profit-making from proactive marketing and competitive costs

Business Portfolio
Development of business portfolio and opportunity

Customer Experience
Creating Customer Service Excellence

Digital Technology
Operating with Innovation and Digital Technology

Effective Human Capital Management
Effective human resources management

1) Aggressive profit-making from proactive marketing and competitive costs

❖ Revenue management focusing on proactive profit-making
❖ Appropriate and effective cost management of each function
❖ Effective fleet and route planning

2) Development of business unit capability and opportunity

❖ Strengthen cooperation between business units, Thai Smile airways and develop existing businesses or new business or form joint study with the private sector in prominent businesses. THAI should focus on projects that respond to the government's investments of the Eastern Economic Corridor (EEC) such as the setting up of U-Tapao Maintenance, Repair and Overhaul Center (MRO) as well as air cargo business phase 1 in support of the development of U-Tapao airport to provide a one-stop service

3) Strategies for creating good customer experience

❖ Create impressive and seamless service at each customer contact point to meet the needs of different group of customers as well as create exceptional travel experience to maximize their satisfaction through the use of Big Data concept in managing customer information

4) Strategies for operating with innovation and digital technology

❖ Improve modern architectural structure to accommodate innovation that will help enhance business competitive advantage

❖ Adopt modern technology that help increase operational efficiency and reduce costs by focusing on application of digital technology for maximum benefit of the organization under the company's strategic operational plans in two key areas namely establishing system structure and adapting technological innovation

5) Strategies for Effective Human Capital Management

❖ Human resource development and management to be in line with the company's strategic plan with special emphasis on two key areas namely the main strategic plan in managing human resource and supporting strategy that will result in the success of human resource operations

The results of the company's transformation plan phase 3 which is to ensure sustainable growth that have already been implemented in 2017 as follows:

1. Development of competitive and profit-making route network

❖ Adjustment of flight time at Suvarnabhumi Airport to improve network connection at key markets and those around Thailand

❖ Increase flight frequencies, route adjustment and adjustment of aircraft type to suit the service and operational costs

❖ Launch new destinations to improve network efficiency

2. Improve competitive ability and revenue generation

❖ Improve work process to establish better connection and integration between functions involved in generating revenue

❖ Improve efficiency of the revenue management system to enable the company to employ revenue management and pricing system in making proactive pricing

❖ Focusing on increase revenue via Internet sales

3. Strategies for creating "Service Ring" excellence

❖ Improve inflight and on ground service system by connecting passengers' data with our staff at each service point. Such service has been firstly introduced for services on board THAI's A380 flights

❖ Amplify results of the improved Business Class services in areas of food, beverage, and on board equipment

4. Strategies for achieving competitive operational costs and effective operations

❖ Improve procurement efficiency by making it flexible and transparent, so as to accommodate procurement needs at a reasonable price for the maximum benefit.

❖ Reprocess and streamline operational efficiency in order to attain international standards and bring about competitive operational costs. Focus on increasing operational efficiency in 2 areas as follows:

- Maintenance: Focus on reducing overtime pay and spending on the type of maintenance that is not conducted by external maintenance centers.

- Ground Customer and Equipment Service: Focus on improving management in order to reduce overtime pay and streamlining work and service procedures in order to keep them in line with the best practices, with the International Air Transport Association (IATA) acting as a consultant.

5. Strategies for creating organizational culture in support of sustainability and excellent personnel development

❖ Review the management of compensation and benefits. Tailor them to each group of employees as appropriate.

❖ Review the evaluation of employees' work performance. Make it measurable and fair. Monitor and consider annual bonuses based on indicators for their work performance, so that they could receive the level of compensation that goes hand in hand with the Company's operational performance.

❖ Start investing in the development of employees who possess multi-skills. Prioritize those who are ground service providers.

6. Strategies for Managing THAI's Subsidiaries and Business Groups and Developing New Business Strategy for Sustainable Development

❖ Improve the services provided by THAI and Thai Smile in order to strive for effective and seamless integration, which is also hoped to strengthen their flight route network and three service areas: Conducting joint sales and marketing operations and adjusting Thai Smile's passenger services system to be along the same lines as that of THAI.

In addition to the abovementioned transform plans, THAI has also laid down a ten-year strategic framework (B.E. 2560-2569) in order to continuously move the organization from Stage 3 of its transform plans towards the same direction and framework under which its business operations are conducted.

1) Corporate Business Direction
2) Corporate Portfolio Direction
3) Human Resource & Internal Process Direction
4) Financial Direction

In this regard, THAI has also set forth additional strategies in accordance with Thailand's National Strategy, Thailand's 12th National Economic and Social Development Plan, Thailand 4.0 Policy, Thailand's State Enterprise Strategic Plan, Ministry of Transport's Strategic Plan, and other relevant initiatives as follows:

❖ Invest in significant projects such as Aircraft Maintenance and Repair Center Development Project and Air Cargo and Logistics Center Development Project at U-Tapao International Airport.

❖ Expand potential business opportunities in order to continuously increase revenue and profit. Those opportunities include opening air catering houses in Chiang Mai and Phuket.

❖ Improve the organizational structure and streamline work processes and manpower by keeping them in line with the organizational strategy. Enhance employees' hard and soft skills.

❖ Promote the organizational safety culture by keeping its efficiency above standards, which will put THAI on a path to long-term growth.

Economic Performance in 2017

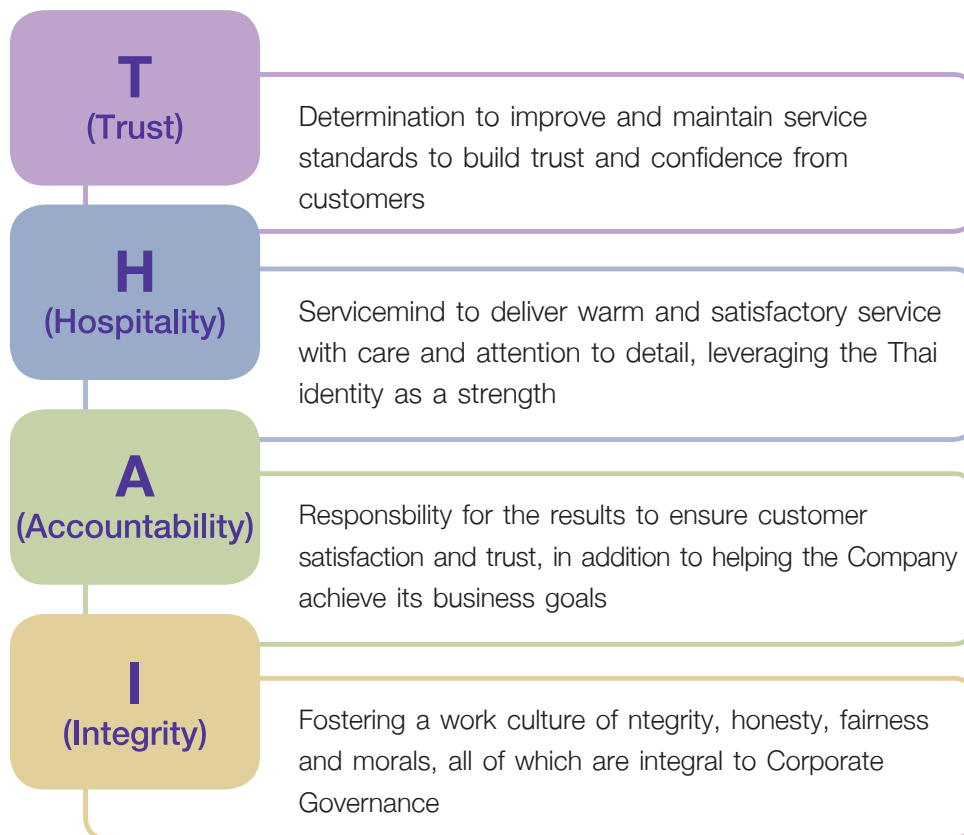| Economic Details	Amount (BAHT)
Direct economic value generated • Revenues	185,029,466,322.64
Direct economic value distributed • Operating Costs • Employee Wages and Benefits • Payments to Providers of Capital • Payments to Government • Community Investment	146,268,237,348.26 29,126,283,667.75 4,932,388,034.56 127,667,957.72 18,662,483.00
Economic value retained	4,556,226,831.35

Social
Operational
Dimension

Human Resources Operations

THAI has implemented Phase 3 of its Transformation Plan focusing on sustainable growth, which seeks to recalibrate and increase the efficiency in various aspects of operations. This includes optimizing human resources management, using strategies to foster an organizational culture that encourages sustainability and to develop the capacity of its human resources through Effective Human Capital Management. The plan will help streamline its corporate structure to become more flexible. THAI aims to strengthen employees' loyalty and encourage their engagement through building their skills and capacity to suit their roles, managing highly talented employees and arranging appropriate succession plan. All of which are under the responsibility of Human Resources Committee who will monitor, supervise and ensure that the plans are put into action.

To achieve concrete results of the transformation plan, THAI promotes the "THAI Spirit" organization culture and encourages it to be a part of staff's consciousness throughout its operation. The details are as follows:

T (Trust)	Determination to improve and maintain service standards to build trust and confidence from customers
H (Hospitality)	Servicemind to deliver warm and satisfactory service with care and attention to detail, leveraging the Thai identity as a strength
A (Accountability)	Responsbility for the results to ensure customer satisfaction and trust, in addition to helping the Company achieve its business goals
I (Integrity)	Fostering a work culture of ntegrity, honesty, fairness and morals, all of which are integral to Corporate Governance

The "THAI Spirit" Organizational

Towards Professional Excellence

Recruitment

THAI established clear guidelines for its recruitment process in accordance with the Suitable Manpower Alignment with Business Strategy by determining appropriate procedures and manpower structure as well as new positions and qualifications for areas of work directly related to customer products and services (Service Ring).

The recruitment process is carried out based on principles of transparency, fairness, accountability, compliance with principles of human rights, equality and non-discrimination, particularly in regards to race, religion, age, gender, education, culture, origin or physical disability, and without preference for any particular candidate. Following the recruitment system transform in 2017, THAI now has a total of 22,373 employees who are the driving force of the organization, according to the following figures:

Information on new and departing employees in 2017

Categories	Number of employees (person)	Percentage of overall employee
New employees, by gender		
Male	444	1.98
Female	513	2.29
New employees, by age group		
Under 30 years	830	3.71
30-50 years	106	0.47
Over 50 years	21	0.09
New employees, by areas		
Central	876	3.91
Regional	31	0.14
International	50	0.22
Departing employees, by gender		
Male	333	1.49
Female	228	1.02
Departing employees, by age group		
Under 30 years	44	0.20
30-50 years	257	1.15
Over 50 years	260	1.16
Departing employees, by areas		
Central	498	2.23
Regional	21	0.09
International	42	0.19

Demographic ratio of management and employees

Category	Board members		Executive levels 11 and above		Executive levels 8-10		Operational level	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Male	11	91.66	30	71.43	877	52.33	12,467	60.36
Female	1	8.33	12	28.57	799	47.67	8,188	39.64
Under 30 years	-	-	-	-	-	-	1,715	8.30
30-50 years	2	16.66	4	9.52	506	30.19	12,908	62.50
Over 50 years	10	83.33	38	90.48	1,170	69.81	6,032	29.20

Remark: The percentage is based on the total number of staff in each category as of 31 December 2017.

Staff Development

THAI has a policy to develop its human resources at all levels by training its employees to reach quality standards and to be equipped with adequate capacities and skills for their positions, whether they work in the Core Business or the Business Units. THAI also works to develop other aspects of human resource management to plan and develop employees, for example for Succession Planning, targeting high level executives (VPs) and above. Criteria and development plans for high capacity staff are divided into the following groups: Young Talent, Senior Talent and Management Talent (Level 8 and above).

Further, THAI also designs Learning Development Roadmap to train its employees in Core Competency, Managerial Competency, and Functional Competency as appropriate for staff, junior, middle or senior management, as well as those with talents. It utilizes various tools, whether through training and non-training, for example learning from mentoring, on-the-job training, etc.

Soft Skills Development

This is a Competency-Based Training, focusing on Core Competency and Managerial Competency. It includes training on laws and various standards that apply to different levels of employees to ensure that they have the qualities, knowledge, skills, capacity and the mindset appropriate to their positions. This is necessary in order for THAI to adapt to the changing international business environment. In total, 3,384 employees have successfully completed this training.

Hard Skills Development

This training targets employees' capacities for their respective jobs by focusing on specific Functional Competency. The course is in compliance with legal standards and international regulations, whereby employees are legally required to have Personnel Licensing such as pilots, aircraft maintenance technicians, and ground staff. 11,678 employees have already successfully completed this training.

In 2017, THAI strived toward lifting its standards for operational safety and the environment. To this end, trainings were organized to equip the employees with necessary skills and knowledge. A total budget of 11,197,939 baht was allocated for staff development. It provided a total of 71 trainings, building the capacities of 14,903 employees who completed different courses for example on quality, safety, and environment.

On quality
- ❖ Internal quality audit ISO9001:2015
- ❖ Changing Quality Management System (QMS) to ISO9001:2015

On safety
- ❖ FAMILY ASSISTANCE & SUPPORT TEAM (FAST)
- ❖ HUMAN FACTORS
- ❖ HUMAN FACTORS (TRAIN THE TRAINER)
- ❖ Security officers working at the management and supervisory levels
- ❖ Scaffolding installation and quality test for workers and supervisors
- ❖ Basic fire suppression

[1] Information on budgets allocated to human resources development can be obtained from an annual 2017 report.

❖ First aid and Cardiopulmonary Resuscitation (CPR)
❖ Committee on occupational safety, health and workplace environment
❖ Occupational safety
❖ Occupational safety when working with electricity
❖ Occupational safety when working with cranes
❖ Occupational safety when working in poorly ventilated areas
❖ Occupational safety when working with Lock Out / Tag Out system
❖ Basic occupational safety when working at height
❖ Safety management system
❖ Principles of danger identification and occupational health risk evaluation

On environment

❖ Environmental Management System awareness course based on ISO14001:2004

In addition, THAI organized a seminar on "Mechanisms for greenhouse gas emission reduction to reduce global warming" with guest speakers from Thailand Greenhouse Gas Management Organization (Public Organization) to provide information to the Thailand Voluntary Emission Reduction Program (T-VER) on Thai standards, the Low Emission Support Scheme (LESS), Corporate Carbon Footprint and Carbon Offsetting. This was attended by 66 employees from different departments, and was intended to encourage employees' active participation in reducing greenhouse gas emissions.

Hours of training per person per year

Information on employee training	Year 2017
Average number of hours of training (hours/person/year)	35.68

Performance evaluation

Staff performance evaluation results	Year 2017
Staff receiving performance evaluation results (percent)	100

Return to work and retention rates after parental leave

Reason for taking leave	Male	Female
Total number of employees that were entitled to parental leave	-	8,999
Total number of employees that took parental leave	-	172
Total number of employees who returned to work after parental leave ended	-	158
Percentage of the return to work and retention of employees who took parental leave	-	91.86

To advance and enhance the efficiency in human resources management and foster good relationship between employers and employees, THAI conducted an employee satisfaction and engagement survey. The findings are as follows:

43.69% Satisfied   **44.44%** Average   **11.87%** Unsatisfied

Employees are most satisfied with their responsibilities and with other areas as follows: colleagues, supervisors, quality of life, safety, internal communications within the organization, human resources development/opportunities for career advancement, and remuneration. Nonetheless, employees hope THAI will improve on remuneration and benefits. In conjunction with expectations gathered from other surveys, THAI will take the feedback into account for future development and the adaptation of its operations in order to be appropriate and responsive to its employees.

Safety Operations

Operational safety is at the heart of the aviation industry. Over the past five decades, THAI is committed to providing the highest standard of safety for its flight operations placing special emphasis on operating in accordance with safety standards, regulations, rules, measures established by

In the past, THAI focused on ICAO's Standards and Recommended Practices (SARPs) that require airlines to establish a Safety Management System (SMS) and Compliance Management System (CMS) in line with regulations and to continuously improve its operations. However, THAI started its Safety Beyond Compliance initiative in 2015 by adopting the European Aviation Safety Agency (EASA) world class standard as the model. The objective was to improve its safety standard to be the Best in Class, through efforts such as

❖ Making safety and compliance an integral part of the organizational culture

❖ Developing capacity for Safety and Quality Management and Safety Performance Indicator

❖ Utilizing Information Technology Solution System

As a result, THAI was authorized as one of the Third Country Operators (TCO) by EASA, through its EU Air Safety Committee (ASC). With this authorization, THAI was able to operate flights into Europe from 15 December 2015 onwards.

In 2017, the civil aviation authorities worldwide have continued to increase the frequency of safety standards assessments for Thai airlines that operate into different countries.

THAI has always been prepared for organizational development in parallel to providing support to the Civil Aviation Authority of Thailand to help Thailand eliminate any Significant Safety Concern (SSC), as part of the Universal Safety Oversight Audit Program (USOAP) of the International Civil Aviation Organization (ICAO).

105

THAI underwent 105 safety standard assessment (Ramp Inspection) according to international standards and found no significant concerns.

THAI had participated in AOC Re-certification process which is an on-going practice in accordance with the company's plan since 2016. As a result, the new Air Operator Certificate (AOC) and Dangerous Goods Certificate were issued to THAI on 8 May 2017, reflecting THAI's capacity in transporting passengers, agricultural products, fresh foods, in addition to other items under effective safety control measures.

Enhancing flight safety with ICT systems

THAI is dedicated and has utilized necessary resources to further enhance flight safety through the use of ICT systems to support safety management and risk minimization to help control and analyze safety related operations. Four systems have been employed namely:

1. **Safety Reporting & Information System** which allows over 20,000 employees to take part in the reporting process through different devices such as Desktop Computer, Laptop Computer, Tablet, and Mobile. This can be done either online or offline, and the information will be relayed to the information center through Internet. The processed data will appear on the dashboard, which is then shared directly with the management.

2. **Flight Data Monitoring & Animation Program** is used to observe, monitor and record flight operations in order to perform analysis of operational risk at different airports.

3. **Flight Simulator System** is an aircraft mock up with simulated flight situations that will allow pilots to experience hypothetical scenarios and sharpen their skills in responding to real situations such as dense fog, snow, engines on fire and bird strikes.

4. **Big Data System** consists of data collection from various interconnected systems including information on flight routes, aircraft operating system, passenger information, and weather conditions to feed into Data Intelligence. This is a joint initiative between THAI and Scandinavian Airlines System (SAS), and relevant aircraft manufacturers, hardware and software developers, to utilize this valuable data for risk analysis and efficient decision making related to safety.

Aviation Personnel Development

THAI has been active in enhancing capability of its aviation personnel, providing them with knowledge and skills on par with international standards, as well as fostering safety awareness. THAI has also focused on selecting personnel with international qualifications by assessing their readiness both physically and mentally as well as their knowledge, skills and behavior through the following methods:

❖ Aptitude Test for commercial pilots from Scandinavian Institute of Aviation Psychology (SIAP) in Sweden

❖ Aviation Psychology Test from Air Force Institute of Aviation Medicine

❖ Pilot Check Ride

❖ English ICAO Proficiency

For cabin crews, THAI focuses its training on both the theory and practice of safety systems and services to provide them with professional expertise, positive attitude and service mind, along with their on-going awareness for safety.

Furthermore, THAI organized training courses on Enhanced Safety Management System for its aviation personnel and relevant employees. It seeks to ensure that THAI's aviation personnel have the capacity and readiness necessary for safe flight operations, in line with ICAO requirements. It also provided Engagement training to foster good relationship between personnel and the organization and build closer cooperation to ensure that everyone is working on the same direction. The goal is to maintain the highest level of safety efficiency, as well as to employ e-Learning and Knowledge Management to promote knowledge exchange among the operators which will also contribute to higher efficiency in customer service.

Occupational health and safety in the workplace

THAI recognizes the importance of occupational health and safety, including danger prevention and promotion of health and sanitation, to preserve healthy body and mind. THAI also recognizes the necessity of good working environment existing alongside its business operation. Hence, THAI has a policy on occupational health and safety in the workplace, to be used as part of an operational framework to guide operations in the same direction under the Occupational Safety, Health and Environment Act B.E. 2554 which centers on employees' interests.

To this end, THAI has comprehensively worked on health and sanitation promotion, safety monitoring and evaluation, prevention and control of accidents and dangerous working environment, health watch and occupational illness prevention, first aid and physical recuperation after injuries.

THAI established the Occupational Health and Safety Committee (OHSC), with representatives from the various departments seated as members of the committee. They are entrusted with the responsibilities of determining plans and policies and operational guidelines in accordance with relevant laws and regulations. Meetings are organized to monitor operations related to occupational health and safety as well as working environment for the overall THAI's operations to ensure highest efficiency. The OHSC is required to be established in each workplace with a governing structure required by the Ministerial Regulation

on the Prescribing of Standard for Administration and Management of Occupational Safety, Health and Environment B.E. 2549 Section 2 Article 23. It requires OHSC of 19 business operators to report, examine and assess safety operations in the workplace, along with providing guidance on measures and processes for improvement. This is to protect and prevent accidents, as well as to promote and support activities related to occupational safety in the workplace.

Annual health checks for THAI's full-time employees can be divided into

1. General health check for employees who do not have special occupational health risks.

2. Health check for employees with various occupational risks, with special consideration for the nature of their work, occupational health risks, done by Doctors of Medicine with license to practice or training in Occupational Medicine.

The Occupational Health and Safety Department must inspect the workplace and assess the risk factors present in the workplace and operations. Whenever issues in the workplace environment which may be a result of pollution or contamination, an investigation shall be undertaken to identify the level of pollutants in that area and determine whether they are within the legally permitted range. A strategy should also be devised to improve the situation, such as tackling the pollution source, using personal protective equipment. In the case where employees are sick or affected by occupational illness, the department shall consider the nature of the employee's work. If the employee was unable to fulfill that work scope, then a more appropriate work scope should be negotiated for the employee.

Aviation Risk Assessment

THAI is a member of the Aviation Security Network, both at the national and regional level. The objective is to share news and information, and to monitor security situation at all airports and operation areas. The information can be analyzed and assessed to identify and evaluate risk elements that, may jeopardize the Company's operations. The results will be used to assist the management in making appropriate decision on whether to increase or decrease the level of Special Security Arrangement (SSA) in order to be responsive to the situation, in both normal circumstances and emergencies.

THAI conducts its operations in compliance with the Aviation Security standards and regulations, as determined by the following relevant organizations and agencies, both at the national and international level

- ❖ International Civil Aviation Organization (ICAO)
- ❖ Civil Aviation Authority of Thailand (CAAT)
- ❖ Office of Transport Security (OTS)
- ❖ European Union Regulations (EU Regulations)
- ❖ German Civil Aviation Authority (LBA)
- ❖ Department for Transport (DfT)
- ❖ Federal Office of Civil Aviation (FOCA)
- ❖ Japan Civil Aviation Bureau (JCAB)
- ❖ IATA Operational Safety Audit (IOSA)

This also extends to rules, regulations and requirements of all the countries in which THAI operates. Further, THAI also has an effective Security Management System (SeMS) integrated into all parts of its organization to ensure operations related to aviation security are always better than required by international standards.

Crisis Management

THAI strictly adheres to the Emergency & Crisis Response Management standards, and follows all legal principles and international requirements. It devised plans to ensure it is ready to handle the various types of crises, including plans for moving operation bases and Public Health Emergency plan. THAI also regularly participates in the public sector's emergency response training. In 2017, THAI joined the full-scale Phuket International Airport Emergency Plan Exercise (PEMEX 17) and Suvarnbhumi Airport Emergency Exercise (SEMEX 17), and other full-scale exercises on medical emergencies, contagious diseases and quarantine at Don Mueang Airport to ensure readiness in emergency situations.

To enhance the quality and efficiency in handling crises, THAI established its Crisis Management & Operations Center (CMOC) to conduct 24 hours monitoring for any potential threats to THAI's operations. THAI has also established the DD Command Center, an information sharing center for high level management and relevant units, to review and conclude on the monitoring results of important events. This allows timely reports to supervisors, three days per week.

Given the high standards for Aviation Security Management and Emergency & Crisis Response Management, THAI was able to precisely and timely manage situations in 2017. Examples include managing situations related to terrorism in Europe and across the world, or the tension in the Korean peninsula. THAI had supported the public sector and ensured safe passage for its passengers. It also responded to natural disasters such as the eruption of Mount Agung volcano in Bali, Republic of Indonesia, and the smog situation New Delhi, Republic of India.

Humanitarian support (Family Assistance & Support Team - FAST)

At present, natural disasters continue to intensify its severity and occur more regularly. Consequently, THAI established its center for Family Assistance & Support Team (FAST Center), in line with international regulations and guidelines. The Center supports all of THAI's flights as well as those of THAI's alliances or with existing agreements. It aims to quickly employ humanitarian response to those affected by aviation accidents, and including to their family. It also expands its efforts to members of its airline alliances and other airlines that have existing agreements with THAI. THAI currently has over 600 members on its FAST Team.

Social Operations

THAI, as a national flag carrier, has recognized the importance of sharing and developing the quality of life of the Thai people. THAI has continuously initiated social activities and projects focusing on building a foundation and expanding long-term growth in order to bring about sustainable development. In 2017, THAI carried out important social activities and projects as follows:

Educational Promotion

❖ **Provided scholarships** to youths and employees' children.

❖ **THAI in tandem with the Institute for the Promotion of Teaching Science and Technology provided ticket sponsorship tickets** for students participating in International Academic Olympics.

❖ THAI in cooperation with the Institute for the Promotion of Teaching Science and Technology hosted the **"TG Science and Math Camp for Kids"** Activity for 100 hill tribe students at Omkoi District, Chiang Mai Province.

❖ **THAI provided tickets sponsorship** for students who won prizes in the 2017 STEM Young Pilot Challenge to visit, Rolls-Royce Machinery Manufacturing Factory in Singapore.

❖ THAI organized an educational tripflying youths in the North of Thailand to Phuket, South of Thailand, under the **"THAI Takes Youth to Sky"** Project.

❖ THAI employees engaged in the **"Airport of Learning"** Project, providing knowledge about the aviation industry to high school students at the schools surrounding Suvarnabhumi Airport and Phuket International Airport.

Public Health Promotion

❖ Carried out projects in tandem with the Thai Red Cross Society to facilitate the team of surgeons of THAI's Organ Donation Center in transporting organs to other provinces across Thailand.

❖ Hosted the **"Run for Life"** Charity Event to raise funds in support of cancer patients.

Environmental Promotion

❖ Organized the "Star Alliance Free the Sea Turtles" Activity to release sea turtles to their natural habitats.

❖ Held the "THAI Revives Canal Water Along Vibhavadi Road" Event to help improve the quality of water.

❖ Held the "THAI Breathes Life Back to Earth - Revive Communal Mangrove Forest for Increasing Carbon Storage Capacity" Activity under the "Public-Private Tree Planting Collaboration" project in order to preserve forests and environment in accordance with the royal initiative in the mangrove forest plantation under THAI's area of responsibility. The plantation is located at Baan Tai Lud, Bo Sub-district, Khlung District, Chanthaburi Province.

Assistance in the event of Natural Disasters

❖ Hosted the "THAI Volunteers Share Love – Assist Flood Victims" Activity. THAI provided assistance to the flood victims in Northern and Northeast Thailand, including adjacent areas. THAI provided cargo services for necessary products at no cost.

❖ Hosted the "Happy World Tour for Happy Foundation" Project to raise funds in support of flood victims in Southern Thailand.
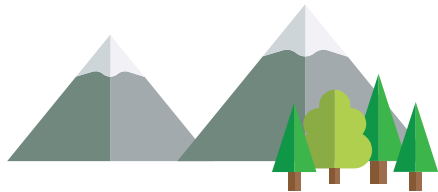
Promotion of Religion and Culture

❖ Arranged special flights to Saudi Arabia for Haj Pilgrimage for Thai-Muslim citizens. There were 31 flights in total, with approximately 9,000 passengers.

❖ THAI and Thai Smile added more flights to facilitate citizens from other provinces to fly to Bangkok in order to participate in the Royal Cremation Ceremony of the late King Bhumibol Adulyadej. There were 440 flights in total, accommodating more than 72,000 passengers.

Promotion of Citizens' Welfare in Different Sectors

❖ **Carried out the project to assist Thai farmers** by supporting and purchasing agricultural products to produce in-flight meals for passengers.

❖ Carried out the "THAI Volunteers Share Love" Project to give moral support to veterans.

❖ Carried out the activity "THAI Raises Funds for Soldiers and Police Officials in Narathiwat Province."

❖ Carried out the "Thai Volunteers Share Love" Activity to give moral support to senior citizens.

Promotion in Other Areas

❖ In cooperation with the Ministry of Social Development and Human Security, THAI supported the "Film-Screening" Activity for child development. Under the supervision of the Ministry, two hundred children from nine state organizations for underprivileged children and orphanages for the handicapped were taken to the cinema to watch movies.

❖ THAI purchased white sea bass from the Thai Marine Finfish Farmers Association and used it to produce in-flight meals for passengers in line with the "From Sky to Sea" Project. THAI Catering used approximately 155 tons of white sea bass per year as raw materials for its excellent food production.

❖ THAI purchased shrimps from Thai marine farms and used them to produce in-flight meals for passengers in line with the "Water to Sky (Winged Shrimps)" Project of the Ta Thong Basin Shrimp Farm Cooperative in Surat Thani Province. THAI Catering used approximately 330 tons of shrimps per year as raw materials for its excellent food production.

Facilitating Customer Satisfaction

Thai Airways International Public Company Limited (THAI) is committed to managing areas associated with customer satisfaction, relationship, and service in accordance with passengers' preference also known as "Individualized Service." This concept focuses on providing services with hospitality – the component that goes hand in hand with the unique quality of the Thai people. THAI also aims to provide its passengers with the type of service that is equal to that of a five-star hotel. Additionally, THAI aims to provide a wide selection of food, while also paying attention to the quality of food and modernizing in-flight entertainment to accommodate technological advancement in today's world.

Emphasis on Creating Customer Satisfaction

As the national carrier, THAI has continued to enhance the level of service by integrating the Thai identity into its service areas in hopes of catapulting them into global recognition, while also pushing for excellence with the goal to become a world-class airline.

In 2017, THAI introduced strategies which enabled all of its aviation business units to closely cooperate with each other and share their data.

THAI also invited its passengers at all levels from public, business and media sectors to participate in the "2017 THAI Customer Board" in order to gain their in-depth views and opinions to help THAI make necessary service improvements and provide services that meet the needs of its passengers at all levels. THAI had improved the provision of important services as follows:

	2016 Operations	Operations In Progress
Call Center/ Flight Booking	• Improve the period of time involved in the provision of services at ticket sales offices. • Open special contact numbers for Royal Silk Class and Royal First Class passengers.	• Renovate the ticket sales office in the vicinity of Suvarnabhumi Airport.
Passenger Lounge	• Renovate the passenger lounge at Phuket International Airport. • Offer two rounds of buffet meals every day: 11 am-2 pm and 6 pm-9 pm. • Provide food services to customers running short of time.	• Offer full-fledged toilet and bathroom services. • Renovate and expand the lounge area within the grounds of Chiang Mai International Airport. • Build a new lounge within the grounds of Suvarnabhumi Airport under the "Green Ecology" concept.
Boarding	• Arrange five Microbuses for First Class passengers in the event that their vehicles are parked far away from the aircraft. • Arrange fourteen Microbuses for Business Class passengers in the event that their vehicles are parked far away from the aircraft. • Prioritize boarding for First Class and Business Class passenger.	

	2016 Operations	Operations In Progress
In-flight Service	<u>Business Class Passengers</u> • Pre-order of meals for outbound flights.	<u>First Class Passengers</u> • Install luxury devices on the aircraft to facilitate passengers such as headphones and other facilities. <u>Business Class Passengers</u> • Pre-order of meals or inbound flights. • Improve flight attendants service efficleney. • Install luxury devices on planes to facilitate passengers such as headphones and other facilities <u>General Passengers</u> • Improve the effectiveness of the services and use of a third language by flight attendants. • Add comedy shows to in-flight entertainment: Talok Hok Chak and The Dish. • Categorize the genre of movies playing on overhead screens.
Arrival	• Arrange five Microbuses for First Class passengers in the event that their vehicles are parked far away from the aircraft. • Arrange fourteen Microbuses for Business Class passengers in the event that their vehicles are parked far away from the aircraft.	• Improve the effectiveness of baggage management.
Aircraft	• Add Airbus A350-900 XWB • Add Boeing 787-9 Dreamliner • Replace Business Class seats with Retrofit seats, or Flat Bed seats.	
Food	• Improve food and beverage services.	• Replace old airline dish and bowl sets with new ones
Baggage	• Integrate a tracking system for lost baggage into the World Tracer System. • Free baggage wrapping service for First Class passengers and ROP Platinum members.	
Website and Application	• Develop and refine THAI's website and THAI Mobile Application (THAI Booking New UI). • Improve "My ROP" System.	

In addition, THAI had used the feedback of all customers in each class of service and flight route, gleaned from THAI Customer Satisfaction Surveys, as a tool to measure customer satisfaction, needs, and expectations. THAI also used their feedback to develop its products and services and to continually maintain service quality standards

THAI entrusted the Service Quality Standard Department with the responsibility of evaluating and gauging the outcome of services provided at main customer service contact points in hopes of encouraging all staff members to deliver quality services on a regular basis. THAI had proceeded to develop, improve, and monitor the operations in line with the product and service development plan of all customer service contact points.

5 Methods of Surveying Customer Satisfaction, Needs, and Expectations

1. Distribute THAI Customer Satisfaction Survey (TCSS) to in-flight passengers.
2. Send Electronic THAI Customer Satisfaction Survey (ETCSS) to passengers.
3. Procure product and service comparison results of airline satisfaction surveys from IATA-Airs@t - International Air Transport Association.
4. Conduct joint Online Customer Satisfaction Survey (OCSS) with Star Alliance member airlines.
5. Analyze customer feedback using the Customer Feedback Management System (CFMS)

The Customer Satisfaction Index (CSI) together with the statistics of customer feedback were used to analyze ways to lay out strategies for THAI's product and service improvements. The below line chart shows the customer satisfaction rating in 2017 (Pending updated information).

THAI's Customer Satisfaction Rating

Percent

| Year	Rating
2014	72.9
2015	72.8
2016	74.6
2017	76.5

Years
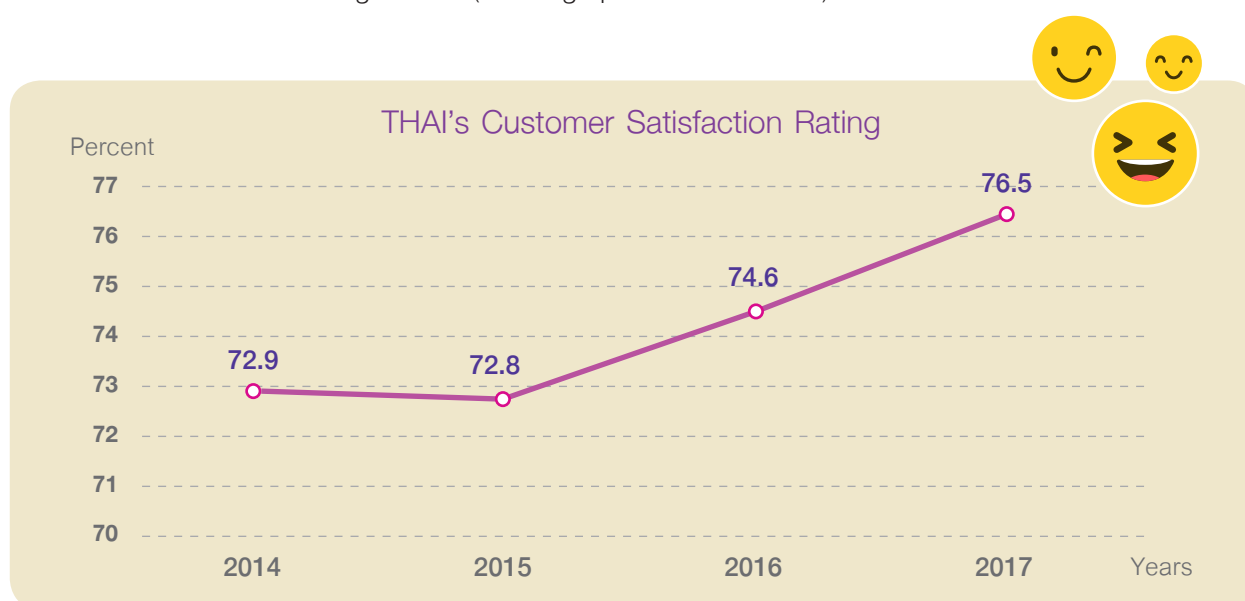
Customer Service Excellence

THAI had adopted an array of systems that help to facilitate passengers' uninterrupted travel experience by connecting one service contact point to the others, covering the provision of services before, during, and after travel. All service contact points are equipped with passenger data, while standing ready to create a good travel experience for passengers by placing emphasis on what is known as "individualized service." They also have access to the same customer database in their respective systems allowing them to be able to manage customer experience, according to their preferences and lifestyles. This also allows THAI to come up with campaigns and promotions as appropriate and better respond to customer groups. In addition, THAI had built channels for customers to become Royal Orchid Plus members. Customers can now use more of their accumulated mileage points for the maximum benefit. For instance, they can now get flight upgrades. Also worth mentioning is that this system helps THAI to manage a variety of complaints more quickly and effectively, so as to increase customer satisfaction.

Factors Contributing to Success

❖ Access to customer database comprised of customers' traits, preferences, and behavior.
❖ Managing customer experience results in the expansion of THAI's customer database, which can be used to categorize customer groups, design services, and deliver campaigns and promotion, according to each group's preferences and behavior.

Approach to Customer Experience Management

| Customer 360° | Analytics (BI & AI Tools) | Enhancement to Big Data |
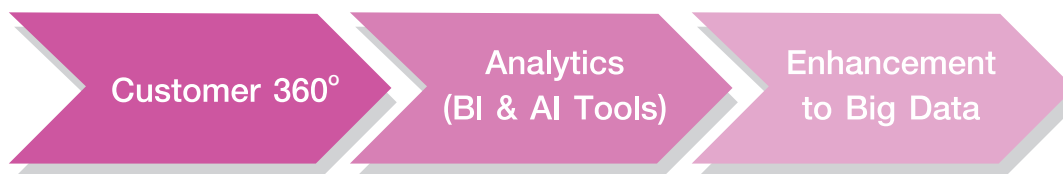
Next Challenge

Because THAI has data available in a variety of formats; therefore, the "Big Data" system is employed to assist with its data management for maximum effectiveness. The "Big Data" system can manage different kinds of data using the operational framework as follows:

Operational Framework

M1 Strategy and Action Plan

- Study, analyze, and gather organizational data and customer needs to use information at all service contact points.
- Recruit experts to devise road maps connecting people, data, process, and technology when it comes to the management and analysis of customer data.

M2 Operational Plan

- Manage the acquisition of data and data storage tools.
- Obtain appropriate data analytics tools.
- Lay out processes and develop personnel to conduct an in-depth analysis of customer data and in order to use effectively.

Marketing Communication

THAI focuses on responsibly communicating, advertising, and providing a clear understanding to its customers by continuously employing 3 main strategies: Branding, Product & Service, and Network.

In 2017, THAI paid attention to the development of branding which was at the heart of the main strategy driving premiumness. In addition, THAI publici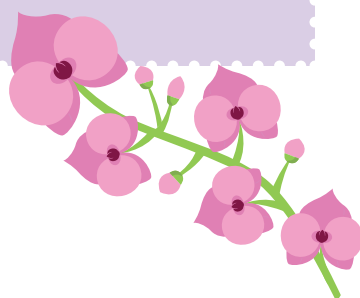zed its information in various formats through media outlets on the basis of reality by avoiding exaggerated terms. All publicized items must be subjected to scrutiny and granted permission for distribution by the Film and Television Censorship Board

According to this year's operational performance, THAI did not receive any complaints alleging that its advertisements and public relations contained exaggerated claims.

Customer Privacy

THAI recognizes the importance of the safety of personal information; therefore, all information obtained from customers is stored in a confidential and safe manner. THAI operated in accordance with the new EU General Data Protection Regulation (GDPR). The subject of GDPR was ratified and deemed as an organizational risk. The regulation will become effective on May 25, 2018 in order to bring about the readiness of all agencies' protection compliance. It is hoped to mitigate the risks involved in the operations that might result in the leakage of customers' and employees' personal information.

GDPR is the data protection regulation passed by the European Union (EU). It extends the scope of the EU data protection law to organizations and agencies tasked with processing personal data. Those organizations and agencies must have offices located in the European Union and offer products and services that deal with the personal data of EU residents.

Environmental Operational Dimension

At present, the aviation industry has become more competitive, whether in terms of air transport or cargo, which inevitably has significant environmental implications. THAI, as the national carrier, therefore has an obligation to continuously mitigate the impact on the environment. It had always strived to do so by enhancing the effectiveness of environmental management, aligning all its operational processes with international standards, particularly the Environmental Management ISO 14001. Under the "Travel Green" concept, the different issues can be divided into 4 areas: Climate Change, Sustainable Material Management, Sustainable Use of Resources, as well as Biodiversity and Ecosystem Services.

Climate Change

Climate change is a global environmental issue, for which all sectors must take part in tackling, under the United Nations Framework Convention on Climate Change (UNFCCC).

Following the International Civil Aviation Organization's (ICAO) 39th Assembly, a resolution was passed to apply the global Market-Based Measure scheme, under the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) in order to offset and reduce CO_2 emissions of the international aviation sector.

CORSIA Preparations to implement the scheme were made in 2017. The Civil Aviation Authority of Thailand (CAAT) had pushed policy measures and appropriate implementation guide-lines in regards to climate change. It also organized training for all airlines, especially those in Thailand, to create understanding and readiness necessary to implement the CORSIA.

The European Union (EU), as a global leader in environmental conservation, had made exemptions in aviation CO_2 Emission Trading Scheme (ETS) for airlines operating both in and out of the European Economic Area in 2018. It is retroactive to 1 January 2017, before airlines were required to report on their annual CO_2 emission and offset extra emissions in March and April 2018.

THAI reported on its CO_2 emissions and carbon credits in 2016 to the German Emissions Trading Authority (DEHSt), which oversees these matters for THAI, in March and April 2018 respectively. The report had been reviewed and certified by the Verifier according to the EU ETS requirements.

Carbon Footprint Project

Climate change issues are becoming ever more severe in their impact to the environment, and one of the main driving factors is greenhouse gas emission released by all sectors' operations.

THAI recognizes the impact that has occurred, and the necessity of cooperation in tackling this issue. Hence, it joined the **"4th Year of Voluntary Enhancement of Carbon Offsetting to Support the Carbon Market in Thailand"** Event to assess THAI's greenhouse gas emissions using TGO's Carbon Footprint for Organization evaluation scheme.

The timeframe for the assessment is 1 January 2016 - 31 December 2016. It was found that THAI emitted 16,002.22 tons of CO_2e. The main source of greenhouse gas emissions was electric power consumption. In this instance, THAI had proceeded to offset carbon emissions by sponsoring Mitr Phol Bio-power (Dan Chang) – the renewable energy development project.

Greenhouse gas emissions in 2016

Scope of Evaluation Emissions of Greenhouse Gas Scope 1	Greenhouse gas emissions (TonCO$_2$e)
Total of Diesel, Gasoline, LPG, Extinguishing agent, R-134a refrigerant, Methane and SF6 consumption	1,110.89

[1] Scope of Operation Emissions of Greenhouse Gas is Carbon dioxide (CO2), Methane (CH4), Nitrous oxide (N2O2), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs), Sulfur hexafluoride (SF6), Nitrogen trifluoride (NF3), R-22 refrigerant (FCFC-22)

Scope of Evaluation Emissions of Greenhouse Gas Scope 2	Greenhouse gas emissions (TonCO$_2$e)
Total of Electricity consumption	13,415.09

* Electricity consumption in Buildings 1-13

Scope of Evaluation Emissions of Greenhouse Gas Scope 3	Greenhouse gas emissions (TonCO$_2$e)
Total of Paper, Tap water, Electric power (Rented spaces) and General waste production	567.89

Scope of greenhouse gas emissions that are reported additionally	Greenhouse gas emissions (TonCO$_2$e)
Total of R-22 refrigerant consumption (for air conditioners)	912.24

THAI's Voluntary Carbon Offset

THAI encourages passengers' participation to help reduce the impact of climate change by recommending the voluntary carbon offset program for air travel to those interested. THAI's voluntary carbon offsetting is done in cooperation with IATA, whose methodology has been widely respected at the international level, as well as certified by the United kingdom's Quality Assurance Standard (QAS).

In 2017, THAI was able to offset 695,000 kilograms of CO_2e, equivalent to approximately 4,404 USD. IATA then contributed the amount to Clean Development Mechanism projects that yield Certified Emission Reductions (CER) carbon credits such as the biogas plant in Ratchaburi province by the Nongbua Farm & Country Home Village Co., Ltd.

Sustainable Material Management

THAI has made all possible efforts to minimize its environmental impact, throughout all stages of its operations by ensuring effective material management, using limited resources with maximum efficiency such as production process, provision of services and equipment maintenance to ensure that they are serviceable, as well as reuse of materials. Effective material management helps reduce cost, as well as conserving the resources needed to produce those materials. It also prolongs the natural ecosystem's cycles.

THAI employs Information Technology systems to continually improve material management. For instance, it conducted e-Survey instead of pursuing the traditional paper-based surveys. In 2017, 54 sets of e-Surveys were conducted. 15 sets were distributed to approximately 23,000 employees in total, while the remaining 39 sets were sent to specific groups of relevant employees. This is calculated as approximately 5,600 reams of paper saved.

"Reused Plastic Sheet"

Plastic sheets used to cover cargo to prevent damages from humidity, arriving at the Suvarnabhumi Airport are inspected, sorted and stored for reuse such as for covering goods on export pallets. In 2017, THAI was able to reduce plastic usage by 38.08 percent, compared to the 99,248 new sheets of plastic that had to be bought. This is equivalent to 138,947 kilograms, or 133,387 tons of CO_2 (0.9599 ton/kg) reduction which translates into cost saving of 63.8 baht/Size A sheets, totaling to 6,332,022 baht.

"Reused Wooden Planks"

The use of imported wooden planks following the delivery to recipients or local representatives will leave scraps of wood at the total weight of some 93,680 kilograms (figure from Jan-Oct 2017) out of which, 7,720 kilograms can be reused for office equipment, while the remaining 85,960 kilograms were sold to recycling businesses. This helped generate revenue for the company, and also save cost of extermination, transport and removal. Comprehensively, THAI was able to reduce waste from wooden planks by 93.6 tons and, saved 1,500,000 baht from purchasing extra equipment.

Enhancing operations management

THAI has continued to improve its service operations in the aircraft to maximize customer satisfaction at every level. It strives to become more environmentally friendly; and as a result, managed to save 4,543,861 baht each year in its major operations such as

❖ Arranging different cabin articles, such as the headrest covers and pillowcases, together as a package before servicing on the plane. This saved 528,527.30 baht per year.

❖ Canceling the pre-made packaging and ordering by the bulk instead, and packing only the spare or extra load to save time, labor and decrease toilet article loss.

❖ Creating a roster that fits with each operation shift.

❖ Separating cabin articles and toilet articles when offboarding the aircraft in order to reuse them. For example, air-sickness bag, displays pillowcase Y, headrest cover Y and paper toilet roll.

Sustainable Use of Resources

THAI recognizes the importance of natural resources conservation, especially energy conservation which is a limited resource that also adds to THAI's operational costs. Thus, the Company is intent on coupling its operations with the responsibility to conserve energy, in line with energy conservation policy and energy management. THAI also organizes seminars and activities related to energy conservation for employees in relevant roles. Efforts toward this end are done through the following initiatives:

Energy efficiency in flight operations

THAI places special emphasis on fuel efficiency and minimizing aircraft emission. Measures and guidelines for energy conservation have been established for those involved in flight operations to follow. In 2017, the following initiatives were implemented to promote energy efficiency in flight operations:

Fuel Management project

The Fuel Management initiative aims to optimize fuel use to maximize its efficiency. It has been implemented continuously since 2014, and through 2017, it had already helped save approximately 1,610.39 million baht in aircraft fuel costs.

Route Optimization project

THAI employs Route Optimization to reduce flights' operational costs such as on fuel and Overfly Permit. The Thai Automatic Flight Planning System's (TAFS) Route Optimization is a tool used to prepare supporting flight documents to guide pilots in flying safely and with fuel efficiency. It is utilized by the Flight Coordination Department for planning, and through the various processes, the safest and fuel-efficient route can be calculated. This then guides Dispatchers' work in mapping the aforementioned route, which may be adjusted after taking into account the safety in flying over different countries' airspace and other factors such as the weather.

New Portable Water Uplift project

The project seeks to reduce the amount of water carried onboard the aircraft. It calculates the number of passengers, distance and the aircraft's take-off weight to reflect the amount of water needed onboard. This is to allow THAI to calculate the amount of fuel necessary for each flight more accurately, thus enabling overall higher fuel efficiency.

This project has been active since 2015. Initially, it calculated the amount of water necessary based on the number of passengers for each flight. However, the procedures for water onboard loading was not yet soundly established, and determining how much fuel can be saved by reducing the amount of water onboard involved complicated and intricate calculations. Therefore, THAI developed a software to calculate, create a communication channel and design new ways of operating, including to plan for ways to prevent and minimize risks of mishaps. Through this effort, THAI was able to reduce its fuel usage, because of the lower aircraft weight, in addition to being able to accommodate more luggage and products. Furthermore, it also helped reduce the risk of water contamination. Since the water onboard is depleted after almost every flight, it also contributes to better hygiene as well.
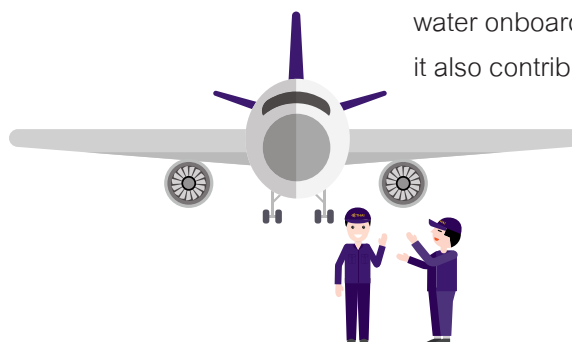
Efficient Fleet Planning

THAI implemented its fleet strategy to reduce the number and types of aircraft in its fleet, in order to enhance its operational efficiency and reduce operational costs and to be in line with aircraft market situation and the global aviation industry's trend, as well as THAI's marketing strategy.

In 2017, THAI added five Airbus A350-900 XWB and two Boeing 787-9 Dreamliner aircrafts to its fleet. It also discharged two of its previously rented Airbus A330-300. All this contributed to the overall higher efficiency of fleet management, and helped to further reduce fuel cost, which is one of the major costs in flight operations. In 2017, THAI's fuel consumption rate for one passenger per one kilometer is 4.51 liter, which is better than those of the past three years. Nonetheless, THAI will still relentlessly continue to improve its fleet efficiency.

Airbus A350-900 XWB

THAI recently added new planes to its fleet, namely five Airbus A350-WXB and two Boeing 787-9 Dreamliner aircrafts. They are state-of-the-art, comfortable, made of very strong yet light materials, and thus have high fuel efficiency. They emit less CO_2, and therefore is also another way to protect the environment.

THAI's Airbus A350 XWB has the Rolls-Royce Trent XWB engine, which is a new model with highly efficient fuel consumption rate. It reduces up to 25% of CO_2 emissions, and consumes up to 25% less fuel than other similar models. The design of the body and wings of the aircraft incorporates composite materials such as carbon fiber, which is lightweight, strong, durable, and is effective in withstanding various impacts while flying. It also adapted the wings' spoiler mechanisms, using flight control computer to adjust according to the weather, distance, gross tonnage and the conditions of the destination airports.

The Airbus A350 XWB's interior is made in contemporary Thai style, equipped with LED Mood Lighting, has more headspace, larger overhead compartment, and wider windows. These improvements are meant to help passengers relax better, throughout their journey. All travel classes are also designed to have even more usable area.

Aircraft Washing Equipment

THAI is equipped with six units of Aircraft Washing Equipment capable of cleaning two aircraft simultaneously with a maximum capacity of 780 services per year. With these equipment, THAI has provided 334 TG Full Body Washing services, 170 Customer Full Body Washing services and 551 TG Half Body Washing services. Two half body washing sessions equal one full body washing session.

Engine cleaning operations through Clear Core™ system

THAI has adopted the engine cleaning system Clear Core™ to increase engine efficiency and longevity. The innovation also reduces fuel use during flights. By injecting water into the engine and cleaning it, the engine efficiency is maintained while wastewater from the cleaning is treated and reused. Throughout 2017, THAI has cleaned 382 engines.

Important statistic of aviation efficiency index, 2015-2017

Statistics of Effective flight operations	2015	2016	2017
Actual Fuel Consumption in T. Ltr	2,151,171	2,387,922	3,057,601
Carbon Emissions (Tons Carbon Dioxide)	5,319,308	5,904,734	7,560,684
Fuel consumed per passenger per kilometer, Litre/RPKm	4.85	4.86	4.51
Carbon Emissions per passenger per kilometer, (Gramme)/RPKm	119.91	120.13	111.51

Energy conservation

As a flag carrier and environmentally-conscious airline, THAI prioritizes conducting business alongside social responsibility in energy conservation. THAI has complied with ISO 50001: 2011 energy management system and other related laws.

Efficient energy conservation procedures have been implemented in all operation areas, such as the head office, Lak Si office, Lan Luang office, Suvarnabhumi Airport operations center, and Suvarnabhumi Airport ground customer service center. The policy plays a vital role in saving operational costs, with the involvement of THAI employees.

From the 2017 operational performance, it was found that more electrical power was used at THAI Technical Department compared to 2016 at the amount of 134,216 units. Following the campaign for energy conservation at THAI's Head Office, THAI was able reduce approximately 549,000 units of energy use compared to 2016. Similar campaign will be initiated throughout the company.

Information of electricity use, 2016-2017

Location	Year (Kilowatt - Hour)	
	2016	2017
Head Office	23,062,000	22,513,000
Don Mueang	18,548,700	18,735,710
Suvarnabhumi	13,022,391	13,444,477
U-Tapao	5,430,960	5,505,080
Total	60,064,051	60,198,267

Water resource

THAI prioritizes water management and efficient water consumption, including control quality of water to comply with relevant regulations. In order to maintain water quality and quantity for operations, with consideration of impact on community water use, THAI throughout 2017 focuses on raising awareness of water conservation. The program encourages personnel to use water resources in an efficient manner. In 2017, THAI succeeded in saving more water amounting to 6,011 cubic meters compared to 2016.

Information of water use 2016-2017

Location	Year (Cubic Meter)	
	2016	2017
Head Office	329,373	293,017
Don Mueang	111,243	105,350
Suvarnabhumi	104,720	140,082
U-Tapao	16,307	17,183
Total	561,643	555,632

In 2017, THAI has implemented measures to control and reduce wastewater along with inspecting wastewater treatment system in order to reuse treated wastewater, and to increase value in production procedure instead of releasing wastewater outside facilities. The measures are in compliance with relevant laws covering areas of the head office, Lak Si office, Don Mueang office, Lan Luang - Silom office and operations centers. Results of the waste water examination, conducted by an external firm, Premier Products PLC, showed that majority of wastewater passed standards required by relevant laws and regulations.

Biodiversity and Ecosystem Services

THAI's business operations have produced in impact on ecosystem and biodiversity. As an environmentally-conscious airline, THAI focuses on preserving the ecosystem and biodiversity as part of its business operations. In order to revive and preserve local ecosystem, THAI controls its operations to comply with international standards on bio-resource management. THAI also prioritizes creating greater awareness of the value of environment preservation among its employees through activities and projects. Examples include:

"THAI Breathes Life Back to Earth – Revive Communal Mangrove Forests to Increase Carbon Storage Capacity" Project

Launched jointly by THAI and Department of Marine and Coastal Resources, the project is part of "Pracharath Binds the Heart" at mangrove forests in Pak Nam Welu National Reserve Forest, Chanthaburi province, a 500 rai area under the jurisdiction of Department of Marine and Coastal Resources. The project aimed to preserve the forest; revive the environment and breeding grounds of marine lives; restore biodiversity; decrease greenhouse gas emission; and increase carbon storage in mangrove forests. Approximately 300 Thai Airway volunteers and locals joined the event, which includes planting 1,000 trees and releasing over 1,000 fish and crabs to the wild.

THAI joins the fight against ivory smuggling

THAI joins hands with worldwide effort to stop ivory trade by preventing ivory smuggling on all of its flights. Although products made from ivory can be sold and purchased domestically, any import or export of ivory or products made of ivory is strictly banned under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). THAI also laid out its measures to prevent illicit trade in wildlife and gave instructions to its agents worldwide to ensure that they are fully aware that transportation of elephant ivory or any other related products, shark fins, and parts of animals obtained from trophy hunting are prohibited on all THAI flights.

Waste management

THAI has improved its management of general waste and dangerous waste in efficient manner, from the production, service, equipment maintenance to recycling procedures. The principles of 3Rs (Reduce, Reuse and Recycle) are implemented. Employees are encouraged to separate types of waste: general waste, recyclable waste and infectious waste. The process and storage is overseen to comply with ISO 14001 environmental management system. The separation is implemented in Don Mueang Airport and Suvarnabhumi Airport operation centers.

In 2017,

recyclable waste accounted for

2.46 percent

of all waste collected

Amount of wastes from office buildings in 2017

Location	Type (kilogram)				Total (Kilogram)
	Recycle waste	General waste	Hazardous waste	Infectious waste	
Head Office	52,838	153,091	206	244	206,379
Don Mueang	12,946	720,000	849,551	-	1,582,497
Suvarnabhumi	5,106	151,910	436,020	-	593,036
U-Tapao	1,320	120,000	435,120	-	556,440
Total	72,210	1,145,001	1,720,897	244	2,938,352

Some of the figures are shown as estimation due to irregular collection of data.
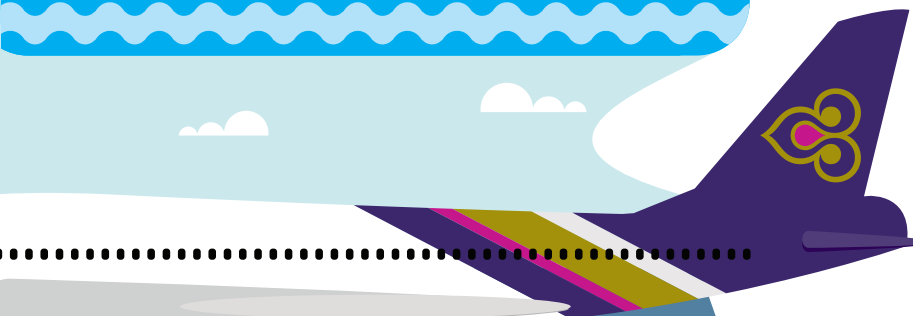
Management of waste from in-flight services

This type of waste includes food leftovers, food package, damaged equipment, blankets, newspapers, and magazines. Different agencies are tasked with responsibility in relevant waste management. For this aspect, service equipment depot department is in charge and responsible for processing waste from all in-flight services, such as magazines, newspapers, menus and other papers. Equipment damaged beyond repair is collected and sold for recycling procedures. In 2017, a total of 76,293 kilograms of paper were sold.

Amount of waste from in-flight services in 2017

Items	Amount (Kilogram)	Price per unit (Baht)	Money (Baht)
Magazines	27,316	5.00	136,580.00
Newspapers	21,661	7.50	162,457.50
Menus	21,474	4.00	85,896.00
Paper	5,842	3.00	17,526.00
Total	76,293*		402,459.50*

(*The operational performance from February 2017 to November 2017, excluding January 2017, is pending preparation for information gathering.)

Collaborative
Efforts in
Sustainable
Development

Development	Projects/Operations
Economic	• THAI signed an MOU with the Royal Thai Navy to develop the Maintenance, Repair, and Overhaul (MRO) Center in accordance with the Royal Thai Government's Eastern Economic Corridor B.E. 2560-2564 Development Plan. • THAI organized the "Sky to Sea" Project supporting Thai farmers raising white sea bass in the Bangpakong River Basin, Chachoengsao Province. THAI had continuously purchased approximately 155 tonnes of white sea bass from Thai farmers per year. • THAI organized the "Water-to-Sky" Project supporting the Tha Thong Basin Shrimp Farm Cooperative in Surat Thani. THAI purchased approximately 330 tonnes of shrimps from the cooperative per year.
Social	• THAI in cooperation with the Aeronautical Radio of Thailand and Airports of Thailand (PCL) established a task force to take joint action in preparation for the Universal Security Audit Programme Continuous Monitoring Approach (USAP-CMA) in order to raise the level of aviation security. The scope of the audit covers airports, air operators, air traffic controllers, ground cargo staff, and THAI Catering Department. • THAI Catering Department and Central Laboratory Thailand, or "Civil-State Laboratory" signed an MOU on the development of food safety standards of THAI Catering Department, assessing and analyzing contaminants in vegetables and fruits. • THAI and the Civil Aviation Training Center signed an MOU on the collaborative development of an aviation and aerospace training center. It is expected to enhance the capacity of personnel in areas of aviation and logistics in Thailand; research and develop relevant innovation and technology in the aviation industry.
Environmental	• THAI and the Department of Marine and Coastal Resources jointly organized the "THAI Breathes Life Back to Earth – Revive Communal Mangrove Forests to Increase Carbon Storage Capacity" activity under the "Public-Private Tree Planting Collaboration" project. • THAI joined with the Star Alliance Network where 16 representatives from each of the Star Alliance member airlines attended the "Star Alliance Frees the Sea Turtles" activity at the Sea Turtle Conservation Center, Sattahip Naval Base, Chonburi Province. • THAI and the Chaipattana Foundation jointly organized the "THAI Revives Canal Water Along Vibhavadi Rangsit Road" activity as a way to implement the royal initiative of the late King Bhumibol Adulyadej to collaboratively preserve the nation's valuable resources.
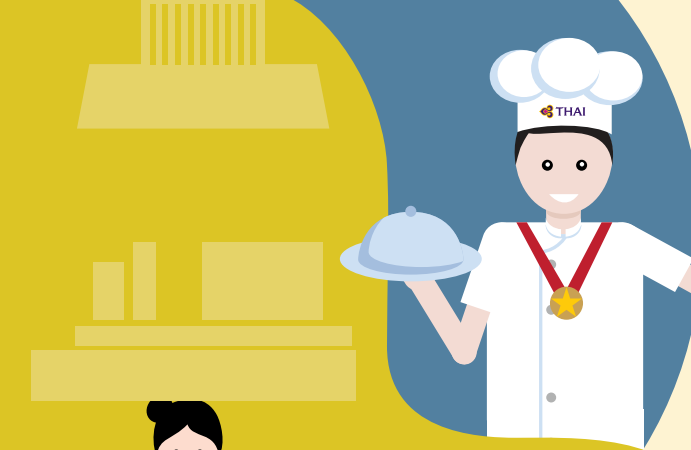
THAI's Pride

In 2017, Thai Airways International Public Company Limited (THAI) was named for various awards in recognition of achievements in different areas,reflecting the company's operational effectiveness in parallel to its corporate social responsibility.

❖ THAI was awarded first place for the Skytrax World Airline Awards 2017 under the catagories : World's Best Economy Class, World's Best Airline Lounge Spa, and Best Economy Class Onboard Catering. THAI was also ranked among the top three airlines for Best Economy Class Airline Seats.

❖ THAI was named "Best Airline of South East Asia" at the TTG Travel Awards 2017.

❖ THAI received the 8th ranking in the category of "Best Intercontinental Airline" from a well-renowned tourism website at the Telegraph Travel Awards 2017.

❖ THAI was awarded the Most Influential Thai Company in Belgium and Luxembourg by the Belgium-Luxembourg/Thai Chamber of Commerce.

❖ THAI was voted the most favorite Airline by Chinese tourists (People's Choice Awards – Top Choice – Airline Category).

❖ THAI received the "Honorable Award for Excellent Service" for Ground Service Department from China Eastern Airline.

❖ THAI received the "Honorable Award for Excellent Service" for Catering Department from China Eastern Airline.

❖ THAI was voted for 2017 best in-flight food by members of IFSA (International Flight Service Association).

Corporate Social Responsibility Awards

❖ THAI was named for the "Corporate Social Responsibility Award" in the category of Customer Choice Awards at the Payload Asia Awards 2017.

❖ THAI was selected as a member of FTSE4Good Index Series by the Financial Times and London Stock Exchange (FTSE), affirming that the Company's operations in the areas of environment, social and governance are of world-class standards.

❖ THAI received the Sustainability Report Award under the Recognition category from the Thai Listed Companies Association.

Environment and Safety Awards

❖ THAI received the award for Best Workplace with Occupational Health and Safety 2017 (Diamond Level) from the Ministry of Labor. The award was given to the Cargo and Mail Commercial Department and the Operations Center.

❖ THAI also received carbon-offsetting and carbon footprint certificates from Thailand's Greenhouse Gas Management Organization (Public Organization).

Other Awards

❖ THAI won the Adam Smith Awards Asia 2017 for Best Risk Management Solution, organized by Treasury Today Asia.

GRI Content Index

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Materiality Disclosures
Thai Airways International
Public Company Limited

Mar 2018 Service

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G4-22	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such restatement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods)	-	No significant change	
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Opinion Survey of the Sustainable Development Report
Thai Airways International Public Company Limited (THAI) 2017

1. **Please specify your status in relation to THAI**

   ○ Customers   ○ Shareholders/Investors

   ○ Trading Partners/Creditions, Debtors and   ○ Employees

      Competitors   ○ Society and Community

   ○ Government Sector   ○ Other ....

2. **From which channel did you receive THAI Sustainable Development Report 2017**

   ○ THAI website   ○ Sent directly by THAI Received from THAI

   ○ Annual General Shareholders Meeting   ○ QR Code

   ○ Seminar/Lecture   ○ Others ....

3. **Which aspects do you think is critical for THAI's sustainable growth**

   ○ Economic   (please specify...)

   ○ Social   (please specify...)

   ○ Environment (please specify...)

4. **Do you think the key aspects important to THAI's sustainable growth have been completely addressed and covered in this report**

   ○ Yes

   ○ No (please specify the issues that should have been included ....

   ....

5. **The level of your satisfaction with this Sustainable Development Report 2017**

   ○ Completion of the content   (Very satisfied, Fairly satisfied, Low satisfaction, Needs improvement)

   ○ Key issues included in the repor   (Very satisfied, Fairly satisfied, Low satisfaction, Needs improvement)

   ○ Quality information   (Very satisfied, Fairly satisfied, Low satisfaction, Needs improvement)

   ○ Language used is easy to   (Very satisfied, Fairly satisfied, Low satisfaction, Needs improvement)
      understand

   ○ Attractive Design   (Very satisfied, Fairly satisfied, Low satisfaction, Needs improvement)

   ○ Overall satisfaction   (Very satisfied, Fairly satisfied, Low satisfaction, Needs improvement)

6. **Your suggestions for the improvement of next year's Sustainable Development Report**

   ....

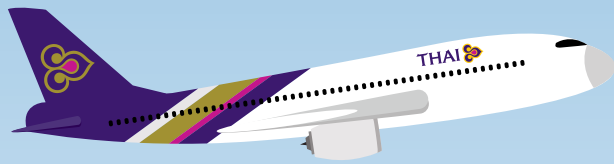   ....
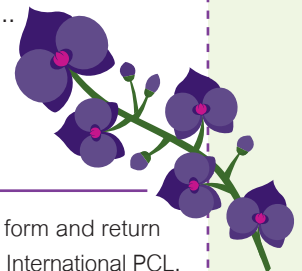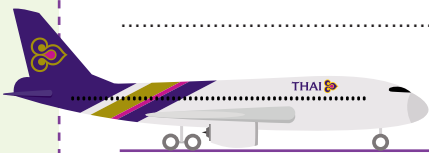
Please send your views and suggestions by scanning the QR code or fill in the form and return to The Department of Corporate Social and Environmental Activities, Thai Airways International PCL. 89 Vibhavadi Rangsit Road, Jompol, Jatujak Bangkok 10900

Your feedback will help THAI make future improvements of the sustainable development report

Thank you for your kind attention and cooperation.
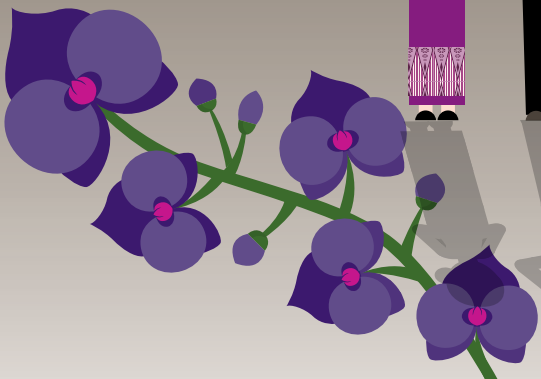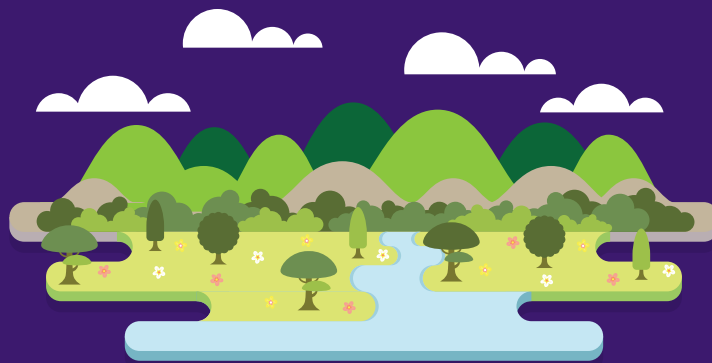
we believe the Sustainable Development Goals so we have decided to print this book
using green printing innovation " which helps lesson greenhouse gases during the production.
Comparable to switch off one light for an hour, the green printing process saves energy
equivalent to turning off 8.25 lights per book or 3,298 lights per 400 books.
The process can also be compared to planting 1 tree.
For the 0.56 tons of greenhouse gases emitted in the production of this book,
we've complemented it with carbon credits to produce a quality book
that helps with the world's sustainability "

THAI
Smooth as silk

GreenPrint
Carbon Neutral
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