

SUSTAINABLE DEVELOPMENT REPORT 2015



Thai Airways International Public Company Limited



C O N T E N T S



03
MESSAGE
FROM
THE CHAIRMAN

04
MESSAGE FROM
CHAIRMAN OF
THE CORPORATE
GOVERNANCE AND
SOCIAL RESPONSIBILITY
COMMITTEE

05
MESSAGE FROM
THE PRESIDENT

06
OPERATIONAL
EXCELLENCE

11
KNOW THAI



20
GOOD
CORPORATE
GOVERNANCE

30
ENGAGEMENT
WITH
STAKEHOLDERS

33 ABOUT
THIS REPORT

39
ECONOMIC
OPERATIONS

44
SOCIAL
OPERATIONS

75 ENVIRONMENTAL
OPERATIONS



87 GRI CONTENT INDEX





A. Bhoocha-oom

Mr. Areepong Bhoocha-oom
Chairman

MESSAGE FROM THE CHAIRMAN

In parallel with the implementation of THAI's transformation plan, THAI has continued to weather various business challenges and uncertainties this year. The plan will allow THAI to enhance its ability to compete and respond effectively to changes which are critical to THAI in all business dimensions including economic, social and environmental. Events within the national, regional and international framework also play a critical role in the successful execution of the Transformation Plan in accordance with the specified timeline.

In my capacity as the Chairman of the Board, I am fully aware of the Company's growth and development under effective management of Environmental Social and Governance (ESG) where THAI has continued to follow this good practice. As a result THAI was awarded the Certificate of ESG100 Company last year from Thaipat Institute. This reflects THAI's dedication and efforts in operating its business in parallel to its commitment towards social responsibility on a regular basis.

To move ahead and ensure sustainable growth for the future under the existing business constraints and limitations is not simple. The management and staff need to be connected through clear understanding in order to establish unified cooperation and drive the transformation plan forward. This joint responsibility will lead to acceptance of stakeholders, enabling THAI to weather the storm and position itself proudly as the national carrier

I am pleased that all THAI stakeholders have continued to support the Company's operations and I believe that the cooperation from all concerned and dedication of THAI staff will enable THAI to grow sustainably and again become the pride of the nation.



Air Chief Marshal Treetod Sonjance
Chairman of Corporate Governance and
Social Responsibility Committee

MESSAGE FROM CHAIRMAN OF THE CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY COMMITTEE

Over the past 55 years, THAI has continued to commit itself in the area of social contribution and provide all possible assistance to communities where THAI plays a key role in their business operations. THAI's commitment is reflected through a range of social contribution and environmental conservation activities and campaigns focusing on employees' participation. CSR in process and after process activities were conducted in parallel to create greater awareness and understanding of the importance of social responsibility among employees.

In 2015 social and environmental responsibility remained an important part of THAI's business operations. Employees at every level were encouraged to take part by improving work processes in accordance with the Company's transformation plan. This includes network and fleet development, safety management and innovation support and development. THAI aims to adopt innovative technology to further enhance its services and performance effectiveness while helping to reduce cost and promote revenue generation.

The Company's main mission, which is to assist, promote and display social and environmental responsibility as the national carrier, is expressed through important activities such as "THAI Returns Lives to the Land", blood donations to mark the 60th Royal Birthday of HRH Princess Maha Chakri Sirindhorn, and THAI's Goodwill Flight.

On behalf of the Good Governance and Social Activities Promotion Committee, I am pleased that THAI has published this Sustainable Development Report as the source of communication and information advising the public about THAI's performance in the area of CSR in response to the company's transformation plan. The voluntary activities in support of social development also reflect the commitment and dedication of the management and staff. I would like to take this opportunity to thank all employees in every unit for their cooperation and support in overcoming the difficulties and driving THAI forward into the future.



Mr. Charamporn Jotikasthira
President

MESSAGE FROM THE PRESIDENT

2015 marked another milestone in THAI's operations with implementation of the airline's Transformation Plan. Internal and external challenges including world economic recession, political instability both within and outside Thailand, intense airline business competition and international terrorism have continued to push THAI to the limit, and becoming increasingly alarming. These factors undoubtedly affected THAI's commercial performance.

In the past year, THAI's Transformation Plan was implemented throughout the organization to enhance the Company's competitive capability while creating sustainable financial stability. In 2015 THAI began to exercise measures to effectively improve its cost structure through different activities such as reduce the loss-making routes, select new market niche, improved aircraft fleet as well as increase efficiency and productivity of its internal management.

In addition, THAI demonstrated its social responsibility in its CSR-in process in line with the Transformation Plan such as Route Optimization project to reduce cost per flight by adjusting aircraft type and phasing out aging aircraft. Other projects included Effective Fuel Management and Safety Beyond Compliance by adopting guidelines established by European Aviation Safety Agency (EASA); MERS virus prevention measures and expression of intent to operate a child-friendly business according to the Children's Rights and Business Principles (CRBP) of the UNICEF.

The continual cooperation from everyone within THAI is the key to success of the Transformation Plan in finding solution to problems while driving the plan forward. This will help THAI emerge from crisis situations and reposition itself as the national carrier which is accepted by all the stakeholders on a sustainable basis.

On behalf of the THAI management, I would like to take this opportunity to thank everyone concerned both within and outside of the organization for their contribution and determination, ensuring business expansion in parallel to the country's economic growth and again bringing happiness to the Thai society.

OPERATIONAL EXCELLENCE

01 ECONOMIC



ROUTE OPTIMIZATION Project

From April 2014 to December 2015
Enabled THAI to reduce cost by approximately

190.60 million baht



Direct economics value generated by approximately

185,644 million baht



THAI was ranked among the top **100** Listed Companies in the Stock Exchange of Thailand with outstanding performance in Environmental Social and Governance aspects (ESG)

02 HUMAN RESOURCE

- Training hours of 24 hours per person per year
- 75 per cent of employees who are members of the Labor Union
- Total number of **22,864** employees
- A total of **1,401** employees were approved for the Mutual Separation scheme



03 SAFETY

- Passed **EASA** (European Aviation Safety Agency) safety audit and granted TCO (Third Country Operator) authorization
- THAI initiated **Safety Beyond Compliance** project to heighten safety standards in accordance with EASA standards

04 RESPONSIBILITY FOR CUSTOMERS



Achieved **92.9** per cent customer satisfaction from TCSS (THAI Customer Satisfaction Survey)



Reduced air fares for disabled and elderly persons as well as providing additional care for those passengers in line with the US DOT regulations (United States Department of Transportation)



05 ENVIRONMENTAL

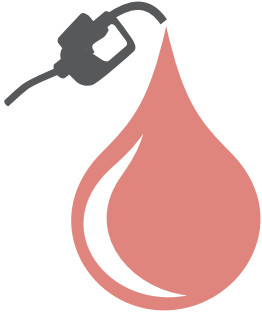
- Reduced the use of aircraft fuel from year 2014 by 27.47 per cent which is 814,887 million liters
- Reduced electricity consumption from year 2014 by 3.01 per cent which is 1,107,901 units (Kilowatt-hour)
- Reduced the amount of CO₂ emission from flight operation at 27.47 per cent

06 SOCIAL

- Expression of Intent for project “Child friendly business operations” following the CRBP (Children’s Rights and Business Principles)
- Provided air transportation in aid of disaster relief efforts carrying medical and rescue personnel to Nepal
- Facilitated air travel for those affected by the Rajaprasong incident



INNOVATIVE DEVELOPMENT AND IMPROVED OPERATIONS



In 2014-2015
Fuel Management project
Enabled THAI to reduce
the cost of fuel usage

by approximately

1,267.87

million baht



From April 2014 to December 2015
ROUTE OPTIMIZATION Project
Enabled THAI to reduce cost
by approximately

190.60

million baht

In 2015 THAI operated in accordance with the Transformation plan starting from the “stop bleeding” stage by reducing unnecessary expenses, focusing on revenue generation and improved operations. The plan was exercised throughout the organization in order to gain cooperation from all employees and achieve the target. The support for innovative development for the highest benefit of the aviation industry through the use of technology to further enhance services in the airline business, while increasing efficiency in working together, as well as reducing expenses and promoting revenue in 2015, was as follows:

1. FLIGHT OPERATIONS

- **The Fuel Management project** is the project to effectively manage the use of aviation fuel which has been constantly put into practice for many years. In 2014-2015 THAI was able to reduce the amount of fuel usage calculated approximately 1,267.87 million baht
- **The Route Optimization project** has been established to reduce expenses of flight operations, namely fuel and overfly permit costs. THAI adopts route optimization methods of TAFS (Thai Automatic Flight Planning System) as a tool to help preparation of flight plans by the Operations Coordination & Dispatch Services Department which enabled THAI to reduce cost of flight operations starting from the launch of the project in April 2014 until December 2015 by approximately 190.60 million baht
- **The New Potable water uplift project** was launched to help reduce the amount of water carried on board by calculating the amount of water required based on the number of passengers and distance travelled, as well as aircraft takeoff weight according to the amount of water carried. This allows accurate calculation of fuel for each flight and helps enhance effective use of aircraft fuel



2. IMPROVED WORK PROCEDURES OF FLIGHT SIMULATOR ENGINEERS

- The Flight Simulator Additional I/O project was established to help improve the B737-400 simulator by utilizing the modern Micro-controller to regulate input/output of the simulator. Electronic equipment available in the market that is both of good quality and cost effective was modified to suit our requirements. The benefits included reducing expenses on hiring the simulator manufacturer for maintenance which cost some 1,000,000 baht, and the procurement of long term spare parts of approximately 500,000 baht. This innovation enables THAI to make similar applications for other simulators in the future with an estimated total value of 1,500,000 baht
- The use of an electronic system in organizing the flight simulator timetable in order to make appropriate and accurate changes on time, enhancing utilization of flight simulators
- Installation of an electrical gauge for each simulator in order to analyze the use of electricity during training sessions of each type of simulator. The results were used to help control the use of electricity and also to help analyze flaws or system depreciation in the simulators. This will enable THAI to take prompt action in resolving any problems and extend the life span of flight simulators

3. IMPROVE IT SYSTEM

- The SAP-BU business program development system is the change from the use of current computer system to ready-made business SAP to collect and combine into a single system. This helps expand the scope of work in areas of production planning and sales for business units. SAP standards are applied comprising Production Planning, Sales and Distribution, Plant Maintenance, Quality Management, Product Costing, and Financial Accounting & Controlling. At present, SAP-BU system covers operations of business units related to flight services, ground service equipment, passenger ground handling and catering services



4. HUMAN RESOURCE DEVELOPMENT

- Provide recommendations for student trainees in designing the software and developing hardware to create tools or replacements that are used for flight simulators, such as creating mockup images of airports and runways. The equipment is developed to replace the old printers model, old screens, electricity and control systems, enabling trainees to develop their skills through the actual handling of real equipment and acquire knowledge in the advanced learning stages
- Develop an e-learning curriculum for the B777 CBT (Computer Based Training) for the mobile electronic B777 CBT (Computer Based Training) including iOS and Android as well as accommodating the Windows Vista operating system and higher for personal computers (PC). This development gives a range of benefits, enabling THAI to effectively plan operations utilizing the B777-300, B777-300ER, B777-200 and B777-200ER aircraft types. THAI is also able to save some 20 million baht on the purchase of B777CBT courseware

5. ENCOURAGE NEW INNOVATION IN OPERATIONS

In mid 2015 THAI organized a Planning competition/Supporting project for Strategic planning and was able to initiate some nine plans/projects. In the overall picture, these are projects that place special emphasis on the concept of innovation and improved work process with the objective of increasing work performance and reducing expenses.

In 2016 THAI also participated in the event “Airports Authority with New Innovation” organized by Airport of Thailand Public Company Limited. THAI joined the exhibition to communicate and highlight innovation from different units which help increase efficiency in support of the company’s policy to encourage the use of sustainable natural resources and reduce the Company’s cost.





KNOW THAI

KNOW THAI

Thai Airways International Public Company Limited (THAI) is the national carrier of the Kingdom of Thailand established as a limited company in 1960. In 1990 THAI became a member of the International Air Transport Association (IATA), an international organization acting as a center in determining international air transportation standards in areas such as Tariffs, Safety, and Agency Policies. Currently IATA has a total of 260 members worldwide. THAI therefore operates at international standard with high efficiency and safety similar to other airline members.

THAI operates both domestic and international commercial air services, comprising three main business sectors, namely air transportation as the core business, business units and other businesses.

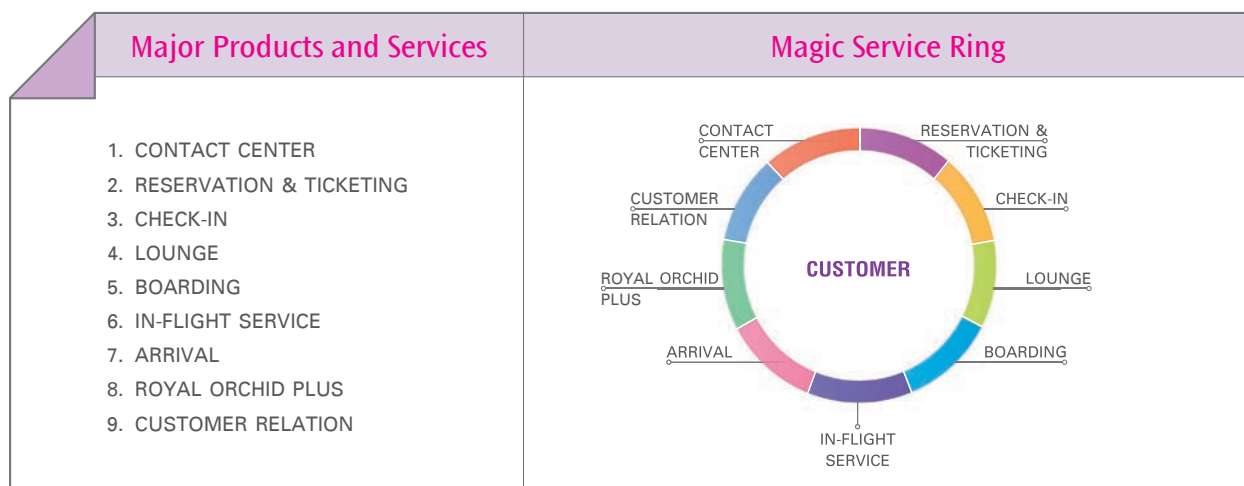
THAI's air transportation operations comprise passenger, cargo and mail transportation, while the Business units which are directly related to the air transportation are Catering Services, Aircraft Maintenance, Warehouse Services, and Inflight Services with the home-base at Suvarnabhumi International Airport as the transportation hub.

Other businesses that support air transportation are Dispatch Support Services, Sales on Board, and Souvenir Shop. In addition THAI expands its capability from existing businesses operated within the company to commercial services partnered with other airlines such as aircraft cabin Deep Clean services, aircraft washing equipment services and aircraft maintenance.

Besides the core business and business units offering air transportation and other business services directly related to air transportation, THAI has also invested in other related businesses in support of the air transport operations namely:



The major revenue is generated from air transportation and cargo and mail services and from other supporting services. In addition, THAI has continued to place special emphasis on providing services that appropriately respond to customer target groups at every customer touch point in order to maximize customer satisfaction as follows:



Product and service development is carried out in response to the company’s policy of providing a one-stop service for THAI customers. This is also in support of the company’s on-time performance policy according to its flight timetable for passengers, at pre-flight, in-flight and post-flight with maximum safety, on the network of both THAI and Star Alliance carriers. THAI also offers seamless services on code-share flights on other carriers through all these nine touch points.

As of 31 December 2015, THAI had a registered capital of Baht 26,989,009,500 Baht, with paid up capital of Baht 21, 827, 719, 170 Baht. THAI’s largest shareholder is the Thai Government through the Ministry of Finance and other major shareholders in the combined proportion of 53.16 per cent with the remaining shares of 46.84 per cent held by other shareholders.

Thai Airways International Public Company Limited’s Head Office is located at 89 Vibhavadi Rangsit Road, Jompol, Jatujak, Bangkok 10900, Thailand. Tel: 66 (0) 2545-1000, 66 (0) 2025-1000 and THAI Contact Center at Tel: 66 (0) 2356-1111, website www.thaiairways.com

SIGNIFICANT CHANGES IN THAI'S OPERATIONAL PERFORMANCE

As a result of intense competition and economic recession, THAI adjusted its business plans and operations to better meet the business environment through, for example, a cost reduction plan by reducing the different types of aircraft, terminating the use of older aircraft and considering their sale, reducing flight operations on loss-making routes and finally suspending those with accumulated losses while increasing flights on more profitable routes as follows:

1. FLIGHT OPERATIONS WITHIN THE ASIAN REGION

1.1 Passenger density on the Northern route is high and has continued to generate profits for THAI. Therefore THAI adjusted its flight frequencies and aircraft types to properly respond to market demand. THAI decided to utilize the A380-800 aircraft for major destinations, i.e. Bangkok- Hong Kong, and Bangkok-Narita and the Boeing 787-800 aircraft for operations on the route Bangkok-Haneda to increase THAI products' competitive capability. THAI reduced flight frequencies on some routes during the low season, such as flights between Bangkok-Sapporo from seven to five weekly, and Bangkok-Tokyo (Narita) from 21 to 14 weekly flights.

1.2 The Indochina routes are a strong factor in THAI's regional network. Their growth is satisfactory and THAI took delivery of the A320-200 aircraft to replace the Boeing 737-400 aircraft which were being phased out. THAI utilizes the A320 aircraft to serve passengers traveling between Bangkok and Phnom Penh and the A330-300 aircraft is used for operations between Bangkok and Ho Chi Minh and flight frequencies were increased from 14 to 17 weekly. In addition, services on the route between Bangkok and Luang Prabang were increased from three to four weekly to meet the market demand.

1.3 Passenger density on the western route is high with positive growth especially to key markets like India. Therefore THAI added more flight frequencies between Bangkok and Delhi increasing from 16 to 17 weekly. However, during the Ramadan festival THAI reduced services on some routes such as between Bangkok and Islamabad from four to three weekly, Bangkok Lahore services were reduced from seven to six weekly, starting from June 16, 2015 onwards, and flights between Bangkok and Karachi were also adjusted.





2. INTERCONTINENTAL ROUTES

2.1 On the Australia and New Zealand routes, THAI added flight frequencies on the route Bangkok Perth from five to seven weekly services, utilizing Boeing B787-8 aircraft in place of the previous B777-200ER. On the Bangkok Brisbane route THAI utilized the B787-8 aircraft in place of the B777-200ER.

2.2 Flight operations on the European routes were reduced to meet the market demand during low season. THAI's services on the Bangkok Frankfurt route were reduced from 13 to seven weekly, Bangkok London services were also reduced from 14 to seven weekly utilizing the A380-800 aircraft.

THAI also temporary suspended the service between Bangkok and Johannesburg from January 15, 2015, Bangkok Moscow service was suspended from March 29, 2015, Bangkok Madrid was suspended from September 5, 2015 and Bangkok Los Angeles from October 25, 2015.

3. DOMESTIC OPERATIONS

THAI promoted its product and services by using its subsidiary Thai Smile Airways on major routes such as Bangkok-Chiang Mai and Bangkok-Phuket. Thai Smile also operates in place of THAI on the northern route Bangkok-Chiang Rai since March 29, 2015, and on the southern route between Bangkok-Hat Yai since May 4, 2015. Thai Smile introduced a new service between Bangkok-Narathiwat on April 10, 2015.

Other important operations in response to THAI's Transformation Plan are as follows:

- Management of inactive assets by offering them for sale or rent
- Adoption of Route Optimization (TAFS14: Terminal Aerodrome Forecast) system to reduce cost for flight operations on European routes
- Reduction in the number of employees through introduction of MSP (Mutual Separation Plan)
- Employment of SAP Accounting system to improve performance to obtain immediate profit and loss information
- Adoption of internet technology to increase sales distribution channels and enhance customer convenience when buying tickets or for check in. In addition Digital ROP members are able to gain access to other carriers in the Star Alliance for check in and lounge services
- Training and standard development plan such as Technical Department staff training to further enhance knowledge and skills for the Trent 700 engine maintenance at Module Change and Test 772B level, enabling THAI to provide service to other customer airlines
- Safety Beyond Compliance project that will help THAI further develop its safety procedures and documents in line with the standards of EASA (European Aviation Safety Agency)



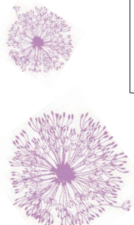
**SCOPE OF CORPORATE SOCIAL RESPONSIBILITY
IN FOUR KEY AREAS AS FOLLOWS:**

01 —————> To establish clear CSR policy and guidelines to demonstrate the Company's commitment and dedication to ensuring appropriate environmental management combined with green innovation

02 —————> To organize social contribution and conservation activities in line with the **Travel Green concept**

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

04 —————> To organizes THAI's own communication and public relations activities for social and environmental awareness as well as publication of a Sustainable Development report



THE COMPANY'S POLICY

Aviation Safety Policy

Safety is always at the heart of all THAI's operations. The standard of safety and all safety-related activities 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 for 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

THAI has continued to offer care and protection for its employees, who are its most valuable asset and resource, 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 to reduce pollution and environmental impact from operations.

Policy against Unfair Discrimination

THAI's operations related to all stakeholders must be conducted fairly without discrimination against any individual because of nationality, race, religion, age, sex, education or other reasons. There will be no unfair preference to provide services or undertake business transactions with any individual or entity from any specific country or nationality.

Risk Management Policy

THAI has adopted Risk Management as a tool for its management since 2003 to ensure that the company's key objectives and goals are achieved while creating added business value and security for maximum benefits for our stakeholders and in line with the Company's Good Corporate Governance.

Business Continuity Management Policy

THAI has adopted a Business Continuity Management Plan as a tool for its management to ensure that THAI is able to operate its business in case of incidents or crises with the least impact and interruption. The plan will also enable THAI to make faster recovery with maximum safety to create confidence among stakeholders and in line with the Company's Good Corporate Governance.

THAI'S CORPORATE SOCIAL RESPONSIBILITY

IN COMPLIANCE WITH THE GUIDELINES OF THE STOCK EXCHANGE OF THAILAND (SET)



FAIR BUSINESS PRACTICE

THAI believes in strictly following fair business principles which is the key factor in promoting and supporting effective business operations. Compliance and cooperation from the management and staff at every level is critical and part of the requirements of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Corporate Governance and Work Ethics are published which all employees must strictly follow.



FRAUD AND CORRUPTION PREVENTION

THAI fully recognizes the threat of corruption which can occur at every level of operations. Therefore the Corporate Governance plan is determined in parallel with plans to prevent fraud and corruption, while related training courses are organized for all levels of employees. Employees were sent on training courses with other fraud prevention organizations. THAI also adopted a “Whistle Blower” policy into its business management in order to engage employees in safeguarding and identifying instances or events related to fraud and corruption. THAI also participated in fraud and corruption prevention activities organized by both government and private sectors. THAI has adopted the Integrity Pact for its operations by inviting officers from the Corruption Prevention organization to observe the on board wine procurement process.



FAIR LABOR TREATMENT

THAI believes that effective and productive management of human resources throughout the organization plays a key role in achieving the Company's transformation plan. Therefore THAI takes exceptional care of employees' welfare, ensuring that they are entitled to fair benefits and privileges as well as working in a safe, healthy and hygienic environment. Employees receive proper training to enhance their skills and experience.



RESPECT FOR HUMAN RIGHTS

THAI fully recognizes the importance of respect for human rights on the basis of equality without any prejudice especially in the operations related to employee recruitment, employment, termination of employment, employee development, promotion, job transfer and assignment, all of which must be conducted fairly without discrimination against any individual because of nationality, race, religion, age, sex, education or other reasons. There will be no unfair preference to provide services or undertake business transactions with any individual or entity from any specific country or nationality.



RESPONSIBILITY FOR CONSUMER

THAI has continued to place special importance for safety and service quality especially flight operational safety. THAI established flight operations security to ensure maximum efficiency and meet international standards. THAI joined the aviation security network at national and regional level and initiated the Beyond Compliance project to promote and maintain the safety culture as well as create greater customers confidence.



ENVIRONMENTAL CONSERVATION

THAI recognizes the importance of and its responsibility for environmental conservation. Therefore THAI has set its target of becoming an environmentally-friendly airline following the Travel Green concept, placing special emphasis on various operational dimensions including reducing green-house gases, effective fuel management, development of biofuel, improving quality of waste water, the use of chemical-free substances, electricity conservation and re-use and recycling of materials. THAI also took part in environmental protection campaigns by banning the transportation of ivory and shark fins on board THAI's flights.



COMMUNITY AND SOCIAL DEVELOPMENT

THAI has continued to organize community and social development activities on a regular basis while promoting employee participation through various voluntary projects, such as providing educational support for schools and students in remote areas, organizing special flights in aid of crisis or emergency situations and cash donations to the underprivileged and disaster victims. Measures were also introduced in response to the spread of MERS virus.

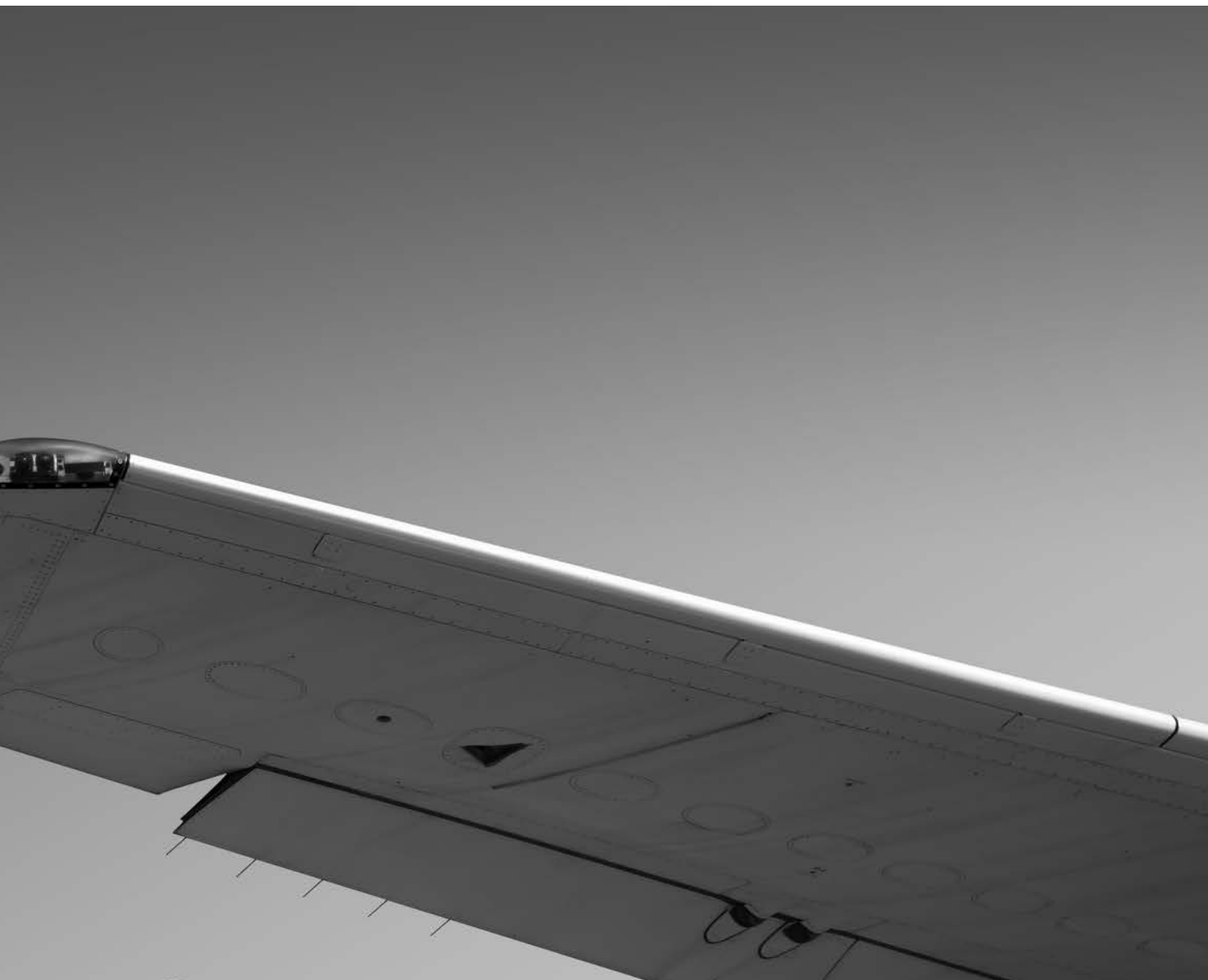


CSR INNOVATION

THAI has continued to introduce new innovations to enhance effectiveness of business operations and passenger service, such as Fuel Management to effectively manage the use of aircraft fuel, Route Optimization to reduce cost per flight, New Potable Water Uplift to reduce the amount of water carried on each flight, improved work process for simulator engineers to reduce the use of energy, system development to become paperless, development of application of SAP-BU to ensure a single database system which will help expand working parameters of production management and business units.



GOOD CORPORATE GOVERNANCE

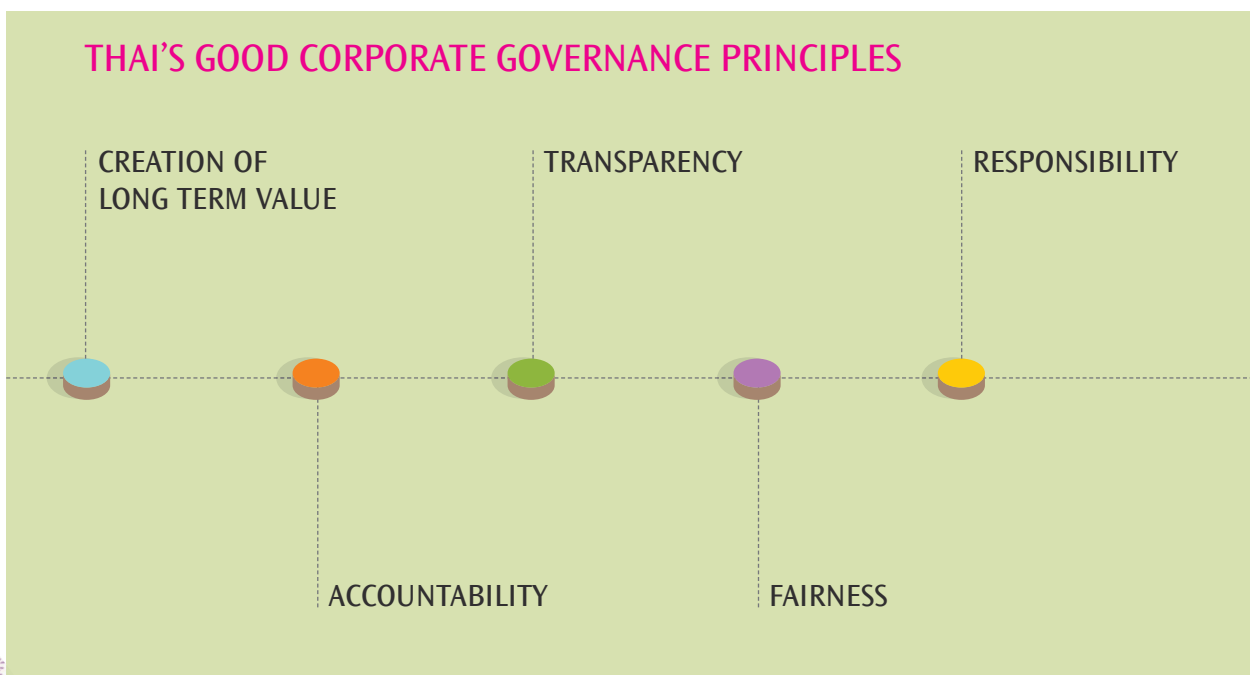


GOOD CORPORATE GOVERNANCE

THAI recognizes the importance of Good Corporate Governance principles and fair business practices. Therefore THAI is committed to operating its business in a trustworthy and transparent manner as this will lead the organization to achieve its desired objectives and goals in a secure and sustainable way. This will in turn create trust and confidence among the company's shareholders and stakeholders in all sectors.

THAI is confident that business administration that complies with good corporate governance principles is a critical element in helping to promote effective performance, displaying transparency and honorable operations which in turn result in fair treatment and maximize returns for stakeholders in all sectors.

The Board of Directors has established a policy that places special importance on Good Corporate Governance as an operational guideline. The policy framework covers four key areas as follows:



BUSINESS ETHICS

THAI is committed to good governance and strictly follows good business ethics, believing that this will lead to fair, transparent and effective work performance of the Board of Directors, Management and employees. In turn this will create greater confidence among shareholders, investors, customers and stakeholders in every sector.

THAI established the following ethics for its employees

Ethics

1. **Adhere to and work** in support of the democratic system with His Majesty the King as the Head of State
2. **Employees should** place the highest benefit of the company as the top priority without seeking privileges or benefits for themselves or others in their work
3. **Employees should work** with integrity and loyalty without allowing any fraud to occur in the work for which they are responsible
4. **Uphold integrity and not allow** any illegal activities to occur in the work for which they are responsible
5. **Maintain transparency and not deviate** from the truth in any way when giving information to the public, shareholders and stakeholders

RISK MANAGEMENT FOR SUSTAINABLE DEVELOPMENT

Amid the rapid changes in the world, sustainability has become an issue that we cannot overlook. It has clearly become a challenge in terms of economic wealth, environmental degradation and quality of life in our society.

With the implementation of the ASEAN Economic Community in 2015, cooperation at the regional level is required to not only focus on reducing inequality but also to promote a joint economic competitive effort. THAI therefore places special emphasis on sustainability in every dimension of its operations comprising.



MANAGEMENT OF ECONOMIC RISK

The 2015 report shows that demand for air travel has increased resulting in continual expansion of the aviation industry. The number of both inbound and outbound travelers domestically and internationally also increased. However, the development of the aviation industry causes intense competition as a result of expansion of both low cost and middle-eastern carriers. This in turn had a strong impact on the yield and market share of the full service carriers which can no longer operate and manage their businesses in the same way as in the past.

THAI is among the full service carriers that have been harshly affected by this development. Not being able to achieve its targeted financial performance was a critical indicator of the need for change and transformation in order to enhance the company's competitive edge and financial stability. This was done through improved route network, rationalized aircraft fleet and identification of suitable markets to compete strategically. In parallel, THAI works to enhance its efficiency and productivity in internal management as well as seeking more cooperation with related government organizations to ensure sustainable growth and development. This will help reposition THAI, as the national flag carrier, among the world's leading airlines with service excellence, moving forward to a sustainable future and again becoming the pride of the Thai people.

More details of the economic risk management are available in the Risk Factor section of the Annual Report 2015.



ENVIRONMENTAL RISK MANAGEMENT

THAI provides air transportation as its main business operation comprising passenger and cargo transportation for both domestic and international travel, all of which is connected with the travel and tourism industry. Therefore THAI's operations can be impacted by any decline in the industry as a result of various factors both within and outside the country. These factors include natural disasters, outbreak of diseases, terrorism, international disputes as well as domestic unrest - all of which can cause a halt to the company's operations.

THAI recognizes the need to respond to these situations appropriately and in a timely manner and therefore established the Crisis Management Operation Center or CMOC to closely monitor these situations. Preventive and corrective measures have been established in order to reduce the extent of the risk. A Crisis Management Committee was set up and the company's Business Continuity Management (BCM) was drawn up in order to accommodate various situations. Plans and operation manuals were established with practices and coordination with business partners and related government units and those under the supervision of the Ministry of Transport to ensure that THAI will be able to operate its business during crisis situations while maintaining its image and confidence among customers and passengers. To become even more dynamic in its operations, THAI's performance is evaluated on a monthly basis, as well as assessment of external factors within and outside Thailand that may impact THAI's operations both positively and negatively. The information is presented to the management as input for their decision-making in order to adjust strategies in response to these changes, for example, to reduce production when the number of passengers declines.

SOCIAL RISK MANAGEMENT

Thailand's Civil Aviation Authority was audited following the Universal Safety Oversight Audit Program (USOAP) of the International Civil Aviation Organization (ICAO). Significant Safety Concerns (SSC) were found and Thailand was red-flagged on ICAO's public website resulting in a lack of confidence in Thailand's safety standards by the safety authorities of other countries, and implementation of stringent safety measures for air carriers from Thailand.

THAI has continued to monitor the situation and strictly follows its risk management plans in preparation for future safety audits to be conducted by international organizations, focusing on the highest standard of Safety & Quality Management System while ensuring that THAI is prepared for the audit of its operational safety in every aspect.

However, THAI is dedicated to developing the highest standard of flight safety in order to create greater confidence among THAI customers and passengers as well as safety authorities of other countries, who may still be concerned about the SSC of Thailand's Civil Aviation Authority. THAI initiated a Safety Beyond Compliance programme to elevate its safety standard by adopting the standards of the European Aviation Safety Agency (EASA) as the model. THAI aims to be recognized for its high safety standard and able to operate into the air space of any country around the world. THAI's Business Continuity Plan is another undertaking that displays the airline's commitment to maintaining the highest standard of safety. The plan will help THAI prepare for any unexpected occurrences or circumstances taking into consideration the impact on THAI passengers and stakeholders, and a range of constraints as well as financial restrictions.

MEASURES AGAINST FRAUD AND CORRUPTION

Fraud and corruption have impacted on the country in many dimensions and can also impact the country's security and sustainability in the long term. THAI therefore recognizes that fraud and corruption can jeopardize the company's operations, impacting the company's status in every way. It is therefore necessary that every employee at every level should take part in activities and schemes showing strong intention and dedication to preventing all forms of fraud and corruption.

THAI initiated a Whistle Blower policy in order to ensure that the company has defined responsibility, guidelines and appropriate operational measures to prevent corruption in all of its businesses. The policy will also help THAI to ensure that businesses which may be at risk of corrupt actions are carefully considered and treated. The Whistle Blower policy is adopted for the company's business administration and is evaluated on an annual basis with the following operations:

1. Corruption and fraud is a serious threat that is of the highest importance to all units. They must be controlled, reviewed and supervised to prevent and protect against such practices occurring.
2. THAI employees at every level must be aware of and report any suspicious or dubious actions or those believed to be fraudulent or corrupt, to authorized persons in order to take appropriate actions in accordance with the company's regulations related to fraud and corruption or practices which are against the law and regulations based on the Company's Order of THAI's Good Governance and Work Ethics 2010.
3. The management and supervisory personnel have the duty of giving fair and unbiased treatment to all employees following the moral principles, legal requirements, rules and regulations, restrictions and the Good Governance and Work Ethics manual.
4. THAI places special importance on complaints from employees, staff, stakeholders and the general public who may have observed any actions against THAI, its employees, staff and stakeholders that may be fraudulent or against the law, or regulations or restrictions as stated in the Company's Good Governance and Work Ethics manual. The conduct of fact finding into the causes of complaints will be fair and transparent.

In 2015 THAI joined network forces in organizing activities against fraud and corruption as follows:

- THAI was one of 77 members to promote the Thailand campaign "Don't do things that others can criticize" organized by the Thailand Sustainable Development Foundation, the Government Public Relations Department, the Internal Security Operations Command, the Advertising Association of Thailand, and the Thai Chamber of Commerce. The campaign aims to initiate changes at grass-root level in values, behaviors, and the way people think in economic, social, cultural and environmental dimensions which will make Thailand a strong and stable nation, creating a good life and caring society for future generations
- THAI joined "National Day of Anti-Corruption" organized by the Anti-Corruption Organization of Thailand (ACT). Anti-corruption has been incorporated into the national agenda and also among those important to the country's transformation in order to ensure that corrupt acts are reduced and finally eliminated. Cooperation from all sectors of the economy is required to build an immune system against corruption



- The Anti-Corruption Progress Indicators method was used to evaluate THAI's operations conducted by the Thaipat Institute with the support of the Securities and Exchange Commission, Thailand. THAI was evaluated at level 3 (Established) which reflects THAI's strong commitment through its announcement of becoming part of the Collective Action Coalition of the Thai private sector in the flight against corruption
- THAI has adopted the Integrity Pact by inviting officers from Anti-Corruption Organization (Thailand) to observe the on board wine procurement process to ensure operational transparency and fairness. This will lead to THAI being an organization that operates with loyalty, honesty and transparency

THAI also signed an MOU between Office of the National Anti-Corruption Commission (NACC) and State Enterprise Policy Office (SEPO) with the joint objective of driving the national strategic plan to flight against corruption. In 2013, THAI achieved 75.84 points in an evaluation of its moral values and transparency. The evaluation of THAI for 2015 is underway. The results show the level of moral values and transparency with the following details:

TABLE SHOWING INDEX/INDICATOR IN THE EVALUATION OF THAI'S MORAL VALUES AND OPERATIONAL TRANSPARENCY 2014

Index/Indicator in the evaluation of moral values and operational transparency	Points (Per Cent)	Score
1. Transparency	75.57	High
2. Accountability	76.31	High
3. Integrity in Service Delivery	90.53	Very High
4. Integrity Culture	59.47	Moderate
5. Work Integrity	68.07	High



INTERNATIONAL STANDARDS IMPLEMENTED AT THAI

International Standard	Department or Business Unit	Valid to
<p>IOSA</p> <p>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</p>	Throughout the company	26 May 2016
<p>ISO 9001:2008</p> <p>Quality Management System</p>	<p>General Administration Department</p> <p>Technical Department</p> <p>Cargo and Mail Commercial Department</p> <p>Ground Services and Equipment Department (at Suvarnabhumi, Chiang Mai, Phuket and Krabi Airports)</p> <p>Ground Customer Services Department (at Suvarnabhumi, Chiang Mai, Phuket and Krabi Airports)</p> <p>Catering Department</p>	<p>6 October 2018</p> <p>27 May 2016</p> <p>30 June 2017</p> <p>15 December 2017</p> <p>15 December 2017</p> <p>8 March 2017</p>
<p>ISO 14001:2004</p> <p>Environmental Management</p>	<p>General Administration (Head Office, Laksi and Larn Luang offices, Operations Center at Suvarnabhumi Airport, Ground Customer Services at Suvarnabhumi Airport)</p> <p>Technical Department</p> <p>Catering Department</p>	<p>23 April 2016</p> <p>9 June 2016</p> <p>1 September 2018</p>
<p>ISO 50001:2011</p> <p>Energy Management System</p>	General Administration (Head Office, Laksi and Larn Luang offices, Operations Center at Suvarnabhumi Airport, Ground Customer Services at Suvarnabhumi Airport)	20 June 2016
<p>OHSAS 18001:2007</p> <p>Health Safety and Hygiene Management System</p>	Catering Department	3 August 2017

International Standard	Department or Business Unit	Valid to
<p>HALAL</p> <p>The Halal Standard</p>	Catering Department	31 December 2015
<p>HAL-Q</p> <p>The management system for the quality control of Halal food manufacturing factories</p>	Catering Department	27 April 2017
<p>HACCP</p> <p>Hazard Analysis and Critical Control Points for control of meal production</p>	Catering Department	8 March 2017
<p>GMP</p> <p>Good Manufacturing Practice The management of good environment at Operations Building</p>	Catering Department	8 March 2017
<p>FAR 145</p> <p>Federal Aviation Regulations 145</p> <p>FAA Repair Station</p> <p>Federal Aviation Administration of USA</p>	Technical Department	31 October 2016
<p>RSC 13</p> <p>THAI DCA Repair Station 145 (Department of Civil Aviation, Thailand) (Department of Civil Aviation, Thailand) DCA Thailand Maintenance unit</p>	<p>Technical Department (Don Mueang Airport) (Suvarnabhumi Airport) (U-Tapao Airport)</p>	<p>31 October 2017 25 September 2018 30 October 2018</p>
<p>EASAPart-145</p> <p>European Aviation Safety Agency-Approved Maintenance Organization of EU</p>	Technical Department	23 June 2016

ENGAGEMENT WITH STAKEHOLDERS

THAI has a clear mission with its operations in response to needs and expectations of stakeholders. A range of activities were regularly organized to promote the company's engagement with stakeholders throughout the year in support of operational development and improvements in reporting.

In 2015 THAI identified its stakeholders and categorized their importance into six main groups namely customers, partners/creditors/debtors, the nation, shareholders, subordinates/employees, and society and community. THAI has assigned functions to be responsible for each of these groups including provision of communication channels with its stakeholders. This will create greater engagement and involvement in line with the stakeholders' lifestyle in the most valuable manner.

Stakeholder	Participatory Communication Process	Needs and Expectations	Response
Customers	<ul style="list-style-type: none"> • Customer Board • Customer Airline Satisfaction Survey Survey (CASS) • Feedback: complaints, commendations, suggestions • Meeting with customers/ customer visits 	<ul style="list-style-type: none"> • High quality service with maximum safety and convenience as well as responding effectively and productively to needs in order to create greater confidence and maximize satisfaction 	<ul style="list-style-type: none"> • Good service attitude that is attentive to customers and service • Recognition of customers' needs • Building good customer relationships on a regular basis
Business partners/ Creditors/ Debtors/	<ul style="list-style-type: none"> • e-mail • Website • Joint meetings • e-mail • IT system for group members • Website 	<ul style="list-style-type: none"> • Equal and fair treatment based on business relationships • Fair returns and avoidance of any situations which may cause conflict of interest 	<ul style="list-style-type: none"> • Refusal to accept cash, goods or any other benefits from business partners • Refusal to ask for, take or pay or offer payment of benefits that are not honest in business undertaking • Maintain and fully follow conditions of agreement established with partners, borrowers and creditors
The Nation	<ul style="list-style-type: none"> • Social Media 	<ul style="list-style-type: none"> • Operation of business with transparency • Refusal to embark on any undertaking that will cause damage to the country 	<ul style="list-style-type: none"> • Take overall benefit into consideration and will not embark on any actions that will cause negative image of the nation. • Will not assist in any illegal undertaking

Stakeholder	Participatory Communication Process	Needs and Expectations	Response
Shareholders	<ul style="list-style-type: none"> • Conference Call • Company Visit • Annual General Shareholders Meeting (once a year) • Phone Call, Mail and email 	<ul style="list-style-type: none"> • Receive attractive benefits regularly and sustainably and provide equal treatment • Received direct feedback 	<ul style="list-style-type: none"> • Carry out duties with loyalty, honestly and fairness • Manage the organization effectively for future development and stability • Carry out duties to the best of the ability with prudence and expertise • Provide prompt and wholehearted services • Prevent any damage or loss of company's properties • Disclose information completely sufficiently, regularly and promptly
Subordinates/ Employees	<ul style="list-style-type: none"> • Intranet (THAI Sphere)/ Webboard/ e-mail • Line Group – TG Internal Network • Group Meeting (once every quarter) 	<ul style="list-style-type: none"> • Employee selection process must be conducted in accordance with the required standards and with transparency • Develop higher knowledge for workforce on a regular basis for future advancement opportunity 	<ul style="list-style-type: none"> • Respect for each other and for individual rights, courtesy in both physical and verbal expressions • Conduct oneself morally and decently to become a good example for others as well as treat other people equally
Society and community	<ul style="list-style-type: none"> • Social Media • Website 	<ul style="list-style-type: none"> • Recognition of natural resources and the environment as well as the overall benefits by creating greater awareness of responsibility for the environment and the public at large, and providing support and promoting social and community activities 	<ul style="list-style-type: none"> • Give support to social contribution activities • Promote greater awareness of social responsibility at every level • Maintain Political impartiality

THAI has adhered to the News and Information Act 2540 by establishing the Public Information Center to distribute news and information to create better understanding of the company's operations to the public as well as government and private organizations and stakeholders. THAI Public Information Center collects, stores and manages information systematically. Information can be effectively searched and retrieved according to required standards for future distribution to the public, which is made available via website www.thaiairways.com under the headline "Public Information Center" or <http://publicinfo.thaiairways.com> to better reach THAI stakeholders.

In 2015 THAI launched its website <http://social.thaiairways.com> to act as a communication tool in distributing travel experience and travel information on some 70 route networks worldwide to facilitate and better respond to the needs of THAI stakeholders. This website enables THAI to accommodate access to various types of communication equipment under the concept of "Everywhere is easy to connect with all devices" using the modern Cloud Computing technology which gives access to some 17 websites worldwide.





ABOUT THIS REPORT

ABOUT THIS REPORT

THAI's Sustainable Development (SD) Report has been published for five consecutive years with the objective of disclosing the Company's SD operations for our stakeholders. The information in this report covers performance and operations for fiscal year 01 January - 31 December 2015. This reporting concept is in accordance with the Global Reporting Initiatives (GRI) Issue G4, disclosing information at Core Level.

CRITERIA IN SELECTING KEY ISSUES TOGETHER WITH PARAMETERS OF IMPACT

1. Identification

The working group worked closely with related functions to consider and select key issues related to sustainability. Those selected issues were relevant to the Company's risk and company's strategies keeping in mind the stakeholders' expectations. Determining the parameters of each of the sustainable issues depends on the impact of operations throughout the value chain both within and outside the company.

2. Prioritization

The selected sustainable issues were prioritized taking into consideration their importance for the company and stakeholders.

3. Validation

The working group monitored and assessed the reporting process by reviewing and evaluating the key elements and content, giving consent to the disclosure of information. The working group also provided recommendations to ensure that the report offers complete and accurate information. In 2015 the working group considered additional aspects that were of interest to the stakeholders as well as suggestions obtained from participating at the SD report award presentation organized by the Thai Listed Companies Association and Thaipat Institution.



KEY ASPECTS AND ASPECT BOUNDARY

	Key aspects	Boundary within organization impact	Boundary outside organization impact
Economic Operations	Economic Performance	<ul style="list-style-type: none"> • THAI • Thai-Amadeus Southeast Asia Company Limited • Wing Span Services Company Limited • Thai Smile Airways Company Limited 	
	Indirect Economic Impacts	<ul style="list-style-type: none"> • THAI 	
Human Resource Operations	Employment	<ul style="list-style-type: none"> • THAI • Wing Span Services Company Limited • Thai Smile Airways Company Limited 	<ul style="list-style-type: none"> • THAI's Consulting Firm
	Labor/Management Relations	<ul style="list-style-type: none"> • THAI 	
	Training and Education	<ul style="list-style-type: none"> • THAI 	
	Diversity and Equal Opportunity	<ul style="list-style-type: none"> • THAI 	
Safety Operations	Occupational Health and Safety	<ul style="list-style-type: none"> • THAI 	
	Customer Health and Safety	<ul style="list-style-type: none"> • THAI • Thai Smile Airways Company Limited 	<ul style="list-style-type: none"> • Airports of Thailand Public Company Limited • CodeShare Agent Interline • Caring Agent • Outsource Staff • Partner Airline
Response to Customer Satisfaction	Customer Satisfaction (Product and Service Labeling)	<ul style="list-style-type: none"> • THAI 	<ul style="list-style-type: none"> • Agent Supplier • EU • Tour Agent • Handling Agent
	Marketing Communications	<ul style="list-style-type: none"> • THAI 	<ul style="list-style-type: none"> • Agent • Public Media
	Customer Privacy	<ul style="list-style-type: none"> • THAI 	<ul style="list-style-type: none"> • Outsource Staff • GSA (Ground Service Agent) • Partner Airline • Tour Company

	Key aspects	Boundary within organization impact	Boundary outside organization impact
Human Rights Operations	Children's Rights	<ul style="list-style-type: none"> • THAI 	
Environmental Operations	Energy	<ul style="list-style-type: none"> • THAI 	<ul style="list-style-type: none"> • Bangkok Aviation Fuel Services Public Company Limited • Airports of Thailand Public Company Limited • Metropolitan Electricity Authority • Department of Alternative Energy Development and Efficiency
	Water	<ul style="list-style-type: none"> • THAI 	<ul style="list-style-type: none"> • Airports of Thailand Public Company Limited • Metropolitan Waterworks Authority • Provincial Waterworks Authority
	Effluents and Waste	<ul style="list-style-type: none"> • THAI 	<ul style="list-style-type: none"> • Airports of Thailand Public Company Limited • Communities around airports • Department of Industrial Works • District Office/Subdistrict Administrative Organization
	Products and Services	<ul style="list-style-type: none"> • THAI 	<ul style="list-style-type: none"> • Airports of Thailand Public Company Limited • Communities around airports
	Emissions	<ul style="list-style-type: none"> • THAI 	<ul style="list-style-type: none"> • Airports of Thailand Public Company Limited • Communities around airports
Society Operations	Anti-corruption	<ul style="list-style-type: none"> • THAI 	<ul style="list-style-type: none"> • Agent
	Compliance	<ul style="list-style-type: none"> • THAI 	<ul style="list-style-type: none"> • Vendor/Supplier/Subcontractor • Office of The Consumer Protection Board • The Securities and Exchange Commission • The Stock Exchange of Thailand • Department of Civil Aviation • International Civil Aviation Organization • Office of the Public Sector Development Commission • Association of Thai Travel Agents

This report focused on presenting information on the company’s overall business operations in 2015 covering activities of every sector within the company to ensure that this report is of the highest quality. This report does not cover operations of the company’s subsidiaries, but THAI plans to add information on operations of its subsidiaries and related companies in future years.

INFORMATION IMPROVEMENT

This report has been developed from the last issue by adding information such as performance result of the company’s 2015 transformation plan, innovation development, critical changes that are important to business operations, risk management related to sustainable development, and operations related to human rights including children’s rights.

INQUIRIES

For more information interested public may contact the Department for Corporate Social and Environmental Activities at Thai Airways International Public Company Limited 89 Vibhavadi Rangsit Road Jompol Jatujak Bangkok 10900 Tel: 66 (0) 2545-3754 e-mail tgcsr@thaiairways.com Website www.thaiairways.com







ECONOMIC OPERATIONS

ECONOMIC OPERATIONS

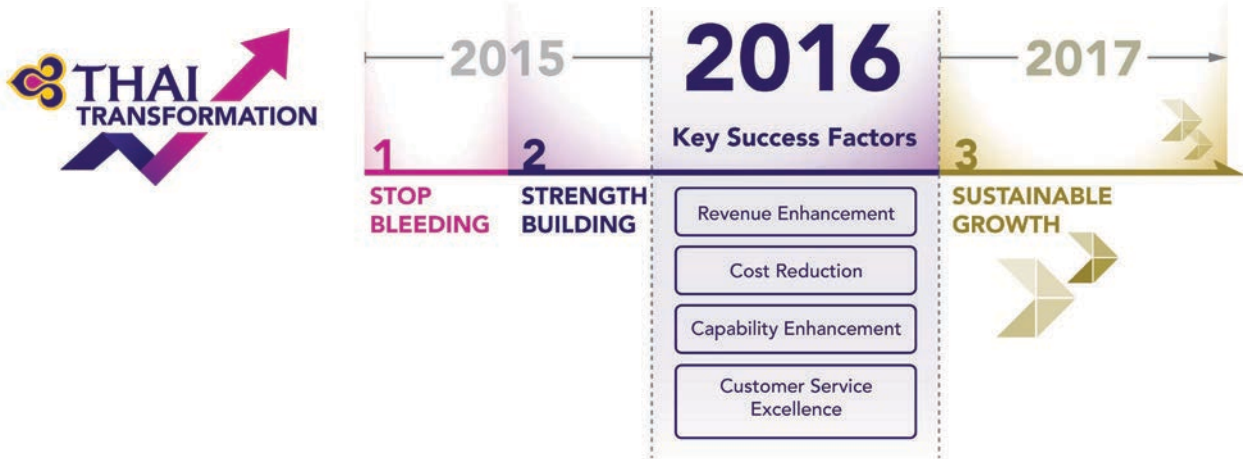
Under the intense competition of the airline business environment coupled with the burden of its existing company situation, THAI has experienced high operational costs and overall low performance efficiency when compared with competitors. As a result THAI was unable to respond to changes and business opportunities quickly enough, resulting in continual losses.

The THAI Transformation plan was put into action following approval from the Policy and State Enterprise Committee on 26 January 2015. The transformation plan was applied throughout the organization under the concept “Shrink to Grow” to initiate improvement of the organization and tackle problems within the organization such as operations on loss-making routes, too many types of aircraft in the fleet, underutilized aircraft, high operational costs, low efficiency, complicated work processes, service inconsistency and low staff morale. Other external problems included competition with the low cost carriers, competition with airlines with unlimited funding, capability of competitors and fleet expansion and increased flight frequencies of competitors.

DETAIL OF TRANSFORMATION PLAN



WHERE WE ARE?



THAI TRANSFORMATION PLAN

Strategy	Project Charter
1. Improved route network	Route and Network
2. Improved aircraft fleet	Fleet Rationalization
3. Commercial to increase efficiency in generating revenue	Revenue Management Enhancement Sales and Distribution Optimization Agent Management Customer Loyalty Program Enhancement Customer Services Improvement Business Class Service Upgrade
4. Improved operations and costs	Cost management Cash and Balance Sheet Management Flight Operations Efficiency Technical Efficiency IT Platform Cargo Revenue and Cost Optimization Procurement Optimization
5. Improved human resource management	Performance Management Organization Effectiveness and Efficiency Human Capital Strategic Launch
6. Management of subsidiaries and group companies	Portfolio Business Restructuring TG/WE Commercial and Network Integration

The success of the transformation plan will not be possible without understanding and cooperation from the management and employees. To achieve this plan's objectives, a Staff Meeting was organized at THAI's Head office to clarify the company's transformation plan to different departments and also to fine-tune their perception and behavior for the benefit of the company under the concept of "Think THAI First, not me first". The THAI President and management visited different units within the company and organized function meetings with the staff to provide clarification on any queries they might have in order to create greater and correct understanding as well as to request cooperation.

Although the plan has been able to move THAI forward along the right path, which can be seen from successful operations within the year such as improved route network and fleet composition, from a review of the time frame and objectives it was found that the transformation plan was slow moving. This can be seen from the operations during quarters 1-3 where THAI was unable to increase revenue as planned (target 146,000 million baht but achieved only 136,000 million baht) and to reduce expenses (target 10,700 million baht but achieved only 2,800 million baht). THAI was unable to achieve its desired targets due to various factors such as the Rajaprasong incident, intensified Middle East disputes, terrorist attacks in Paris, as well as the implementation of the plan that was not in line with the plan's objective.

THAI put together a quick win plan and presented it to the State Enterprise Policy Committee and expected to increase revenue and reduce expenses together at the figure of three billion baht. THAI's overall performance in 2015 is exhibited in the table below:

OVERALL PERFORMANCE IN ECONOMIC VALUE IN 2015

Economic Details	Amount (Baht)
Direct economic value generated	
● Revenues	185,644,561,913.00
Direct economic value distributed	
● Operating Costs	152,174,268,353.49
● Employee Wages and Benefits	30,248,536,927.00
● Payments to Providers of Capital	5,425,023,027.49
● Payments to Government	143,609,087.44
● Community Investment	10,116,940.00
Economic value retained	-2,356,992,422.42

OPERATIONS INFLUENCING MACROECONOMICS

THAI and Tourism Authority of Thailand promote tourism market and regain confidence among international travelers

A meeting was held between THAI and the Tourism Authority of Thailand (TAT) to promote the tourism market by focusing on three key areas, namely promotion of international market, promotion of domestic market and marketing communications. This cooperation is to drive the growth and expansion of Thailand's tourism market to reach the revenue target of Baht 2.2 trillion in 2015 and Baht 2.3 trillion in 2016 while encouraging more THAI passengers.

THAI Signs MOU for cooperation and support of processed agricultural products

THAI and Doi Kham Food Products Limited signed an MoU in support of processed agricultural products. One of THAI's key missions is to support processed agricultural products that are produced within Thailand. As a national carrier THAI is committed to providing high quality products and services with unique Thai identity throughout the journey while maintaining its standards at an international level. Therefore THAI has continued to place special focus on careful selection of healthy products such as strawberry and orange jams, and 100% natural ready to drink fruit juices to serve customers and passengers both on ground and on board. This cooperation is also in line with Their Majesties' initiatives of supporting Thai products produced by Thai farmers which will help generate revenue and strengthen the fundamental structure of our society.





SOCIAL OPERATIONS

- HUMAN RESOURCE OPERATIONS
- SAFETY OPERATIONS
- RESPONSE TO CUSTOMER SATISFACTION
- SOCIETY OPERATIONS



HUMAN RESOURCE OPERATIONS

Effective and productive human resource management is the key to successful organizational transformation. THAI has therefore developed and improved its human resources management policy to suit the current situation, covering all necessary human resource management systems. Principles and guidelines were determined in order to advance the human resource management plan since human resources are the most important and valuable resources needed for growth and sustainable development of the organization.

THAI employees are the most important factor to help drive the organization forward and achieve its aim of repositioning THAI among the top three best airlines. The role of human resources can be fine-tuned to accommodate changes in the business competitive environment by encouraging closer cooperation between functions and employees to prepare for future changes in the tasks and responsibilities.

THAI organized the “HR Transformation” and “Desirable qualities of THAI employees” workshop in support of Human Resource planning and in line with the company’s mission, objectives, and values as well as its proactive transformation plan. The workshop encouraged employees’ loyalty to the organization, to think of THAI before themselves. THAI is committed to transforming its employees to become change agents while making every effort to convince them that not doing anything is not the way. In order to move forward and accomplish the company’s six strategies and 21 plans, employees are encouraged to seriously focus on changes in three key areas – knowledge, attitude and skill – or KAS in short.

THAI developed appropriate workforce ratio by reduction in the number of employees through an early retirement scheme. THAI announced the Mutual Separation Plan (MSP) for its employees and Golden Handshake programme for its crew members and staff who have been affected by the closing of THAI offices overseas. Employees were required to meet the criteria of being at least 45 years of age and having worked with THAI for more than 15 years. This scheme will have an impact on the restructuring of personnel cost and help THAI reduce the burden of expenses in the long term. A total of 1,401 employees were approved under the scheme.

THAI also organized a scheme for its employees to reduce their amount of working hours with reduction of salary, on a voluntary basis. Employees who join the scheme must coordinate with their supervisor to determine the holiday days, which should be on-going and for not less than 3 months. For each month employees must identify one full holiday per week totaling four working days per month. While joining this programme, THAI will pay 80 per cent of their salary and employees will still be entitled to the usual benefits and privileges to help reduce expenses on personnel in the long term.



PERSONNEL REWARDS AND BENEFITS

In 2015 THAI determined employees' rewards in accordance with the company's long term and short term performance as follows:

Short Term Rewards

The Board of Directors approved payment of incentive in two parts

The first part of the payment aimed to enhance performance efficiency based on the on-time arrival performance of THAI's inbound flights.

The second part of the payment is to reduce expenses in 2015, considering whether THAI was able to achieve the reduction of the non-fuel cash cost according to target

Long Term Rewards

As for the long term rewards, THAI reviewed the performance evaluation criteria in relation to the rewards payment, and also better related with the company's performance. This included adjustment of performance-based management framework for every position, incorporating competency as part of the score in performance evaluation, but will be used only as supporting information for human resource development. Setting a higher or more challenging target when compared with past performance and also operational objectives should be in accordance with or in support of that of their superior and of the organization. Performance ranking must be arranged in line with the forced distribution curve.



In managing human resources THAI fully recognizes the importance of fair treatment regardless of the differences and diversity of human resources. Every step, such as employee recruitment, employment, termination of employment, employee development, promotions, job transfer and assignments, must be conducted fairly without discrimination against any individual.

THAI offers unrestricted opportunity, welcoming diverse human resources from other regions both within and outside the country and treats them on the basis of equality without any prejudice because of nationality, race, religion, age, sex, education, culture, birthplace or disability. THAI will consider putting the right man in the right job, which in turn gives opportunity to personnel to learn and further develop their skills in working together to increase operational efficiency.

MANAGEMENT COMPOSITION AND EMPLOYEE RATIO ACCORDING TO DIVERSITY

Type of diversity	Managing level		Executive level level 11 upwards		Executive level Level 8-10		Operation level level 1-7	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Male	13	100.00	29	87.88	706	51.31	13,131	61.19
Female	-	-	4	12.12	670	48.69	8,328	38.81
Age lower than 30 years old	-	-	-	-	-	-	1,188	5.54
Age between 30-50 years old	1	7.69	4	12.12	451	32.78	15,290	71.25
Age more than 50 years old	12	92.31	29	87.88	925	67.22	4,981	23.21

Remarks: The segmenting of ages in this table is in accordance with the GRI reporting framework

*** the percentage ratio will be calculated against the total number of employees in each segment at the ending of reporting framework



EMPLOYEE SATISFACTION

THAI places special emphasis on creating and promoting employees' satisfaction in various aspects. THAI is also dedicated to promoting good relations between employers and employees to further enhance effective management ensuring that it follows the objectives as stated in the Labor and State Enterprise Relations Act 2543. THAI uses the preferred method of joint discussion in the form of Internal Relations Committee. The members comprise representatives from both employers and employees as well as those from functions concerned with the issues. The law requires that Committee meetings are organized once a month, and the Committee is responsible for providing suggestions on possible improvements of the organization in order to enhance its efficiency. The Committee should also work to promote and support internal workforce relations as well as reconciliation and stopping any disputes within the organization, and improving internal regulations that will benefit employees. THAI holds discussions to hear views and find solutions to problems from employees and the labor union as well as making joint efforts to consider improvements in the terms of employment in order to ensure employee satisfaction.

When policies or issues concerning the organization or employees, such as company restructuring or evaluation criteria and annual salary increment are involved, THAI will immediately communicate key messages or important information to its employees through every available communication channel to create greater understanding of these issues, enabling THAI to prevent disputes and dissatisfaction.

In addition, THAI conducted a survey on employee relations within the organization. The results of the survey were incorporated when making plans and determining ways to further promote a closer bond between employees at organizational and line of duty level. This will help THAI to ensure that employees are happy at work, resulting in a sense of ownership and loyalty. This in turn will help contribute to employees' dedication and working to the best of their ability, which are important factors that will help drive THAI forward to achieve the desired target.

TRAINING AND EDUCATION

THAI has a policy of human resource development at every level, focusing on personnel development and training to enhance the quality and potential of its personnel on the basis of their competency and suitability. THAI also ensures the readiness of employees and executives to move up to higher positions in the future.

THAI's Training Unit therefore works in response to the company's human resources development plan to enhancing personnel competency and efficiency. The Core Business Training Unit is the personnel development and training unit and THAI's Business Unit organizes training programmes to enhance personnel potential in various aspects relevant to and critical for their positions in both soft and hard skills. Technology in the form of e-learning is adopted for training and education to increase training opportunities and reduce constraints in registering employees for training programmes while helping to reduce training expenses. Personnel development is divided into the following groups:

Permanent employees

THAI places special emphasis on human resource development for its permanent staff through introduction of a Training Roadmap and Training Programme in line with the TG characteristic and competency following their career path. This training is designed for employees at every level with annual performance evaluation to evaluate their productivity.

Senior executives

THAI recognizes the importance of personnel development for senior executives on an individual basis. The Executive Development Programme (EDP) is organized, while a range of development programmes for leaders and senior executives are also arranged such as training programmes with external institutions, attending both domestic and international conference as representatives to enhance their skills and strategic potential. These gatherings provide networking opportunity and knowledge exchange at organizational level.

High potential employees

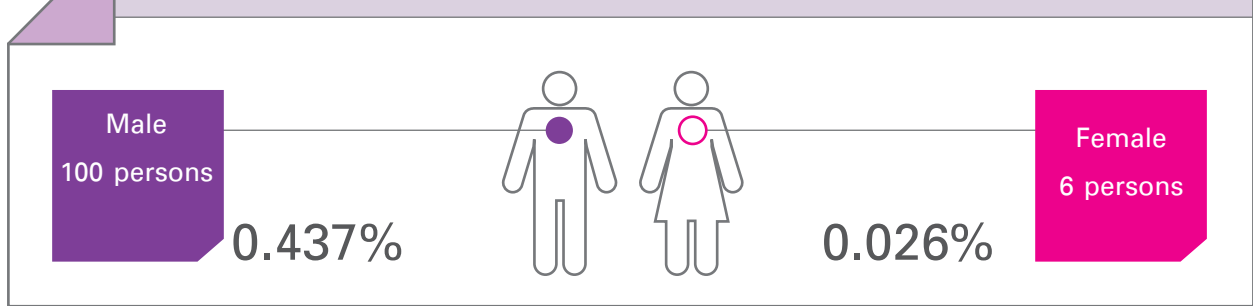
Plans are in place for THAI employees with high potential under the project Talent Management or THAI High Flyer. The programme focuses on developing employees with high potential to be ready for higher positions in both management and occupational line of profession. These include THAI High Flyer Development roadmap and individual development programmes to close their competency gap or build competency of talent to highlight their unique competency.

AVERAGE TRAINING HOURS PER PERSON PER YEAR

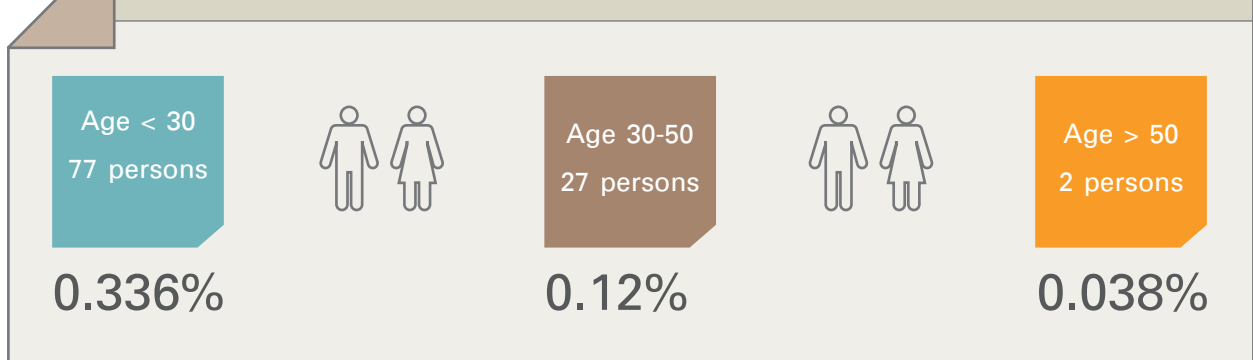
Employee training information	Year 2015
Average training hours (hour/person/year)	24
Average training hours separated by gender (hour/person/year)	
Male	24
Female	24
Average training hours separated by level of employees (hour/person/year)	
Operation level (level 1-7)	24
Executive level (level 8-10)	24
Executive level from level 11 upwards	18



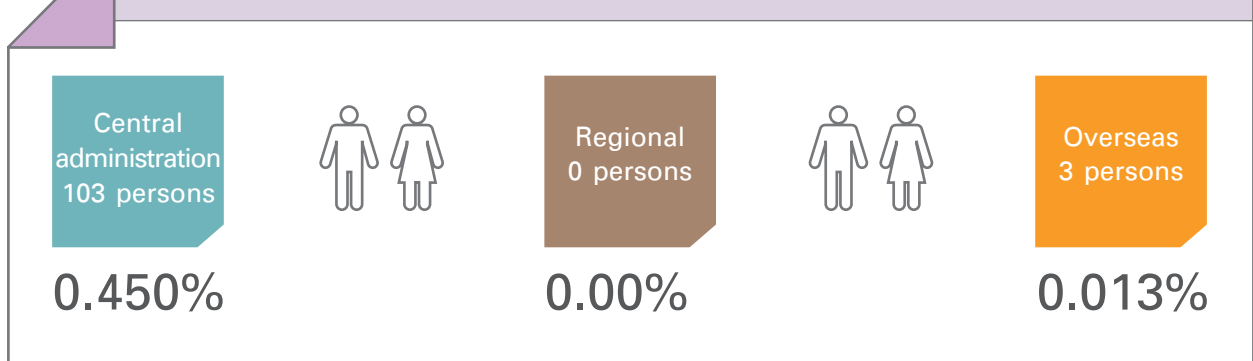
No. of new employees separated by gender (persons/percentage) year 2015



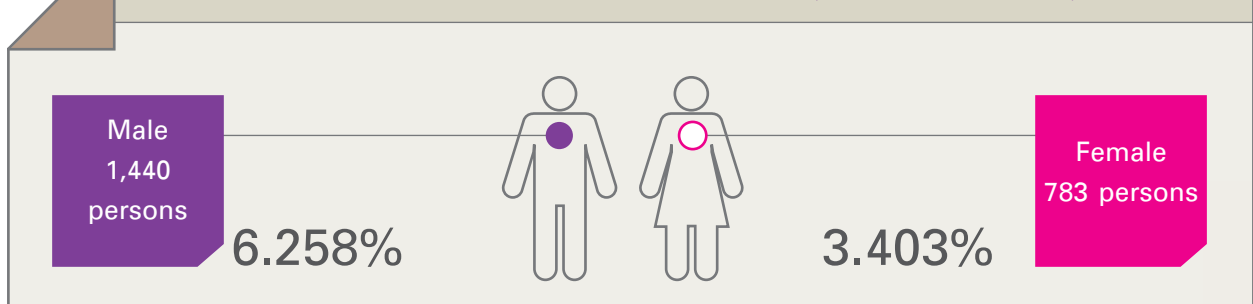
No. of new employees separated by age (persons/percentage) year 2015

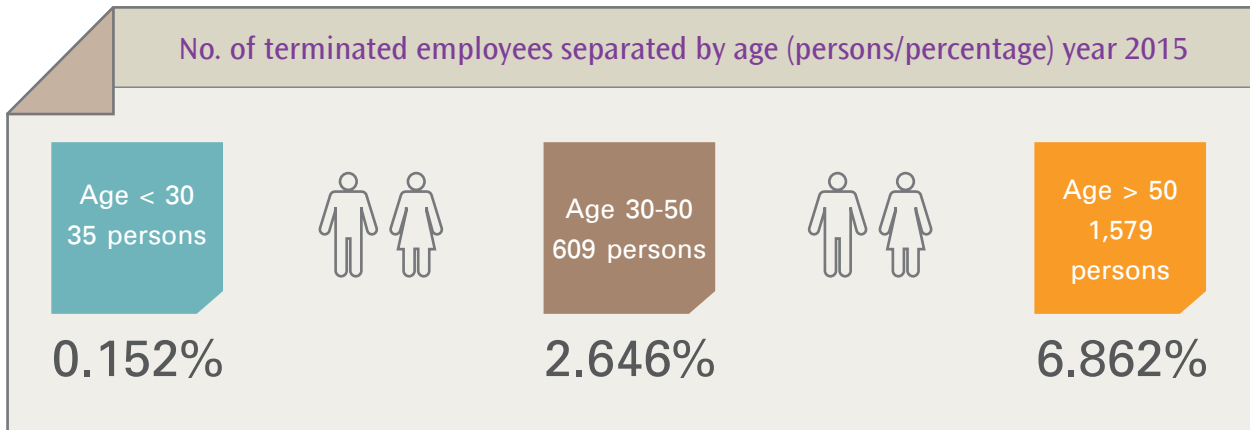


No. of new employees separated by area (persons/percentage) year 2015



No. of terminated employees separated by gender (persons/percentage) year 2015





RATIO OF EMPLOYEES RETURNING TO WORK AND REMAINING WITH THE COMPANY FOLLOWING MATERNITY LEAVE

Reasons for leave/Maternity Leave	Male	Female
No. of employees entitled to maternity leave	-	9,002
No. of employees who took maternity leave	-	153
No. of employees who took maternity leave and returned to work	-	153
No. of employees who returned to work after taking full maternity leave and remained with the company for another year	-	153
Percentage of employees who returned to work and remained with the company after taking full maternity leave	-	90

SAFETY OPERATIONS

Safety has always been THAI's top priority and the core value in driving safety culture throughout the organization. Therefore THAI is determined to maintain safety excellence which is reflected in every operational procedure and company activity. Safety is the responsibility of every employee at every level, starting from the President all the way through to the operations workforce under the fundamental belief in safety as follows:

FUNDAMENTAL BELIEF IN AREAS OF SAFETY

- Safety cannot be compromised and is considered the first and most important core value that must be exercised in parallel with the other corporate values such as health and environment, good practice and behavior in accordance with ethical principles as well as respect for others
- Safety excellence is essential and must be incorporated in every activity and is an important element in the company's airline business
- THAI maintains the highest standard of safety for every flight, with safety as the top priority
- Serious accidents and incidents can be prevented

SAFETY OF FLIGHT OPERATIONS

THAI operates with strict Aviation Security in accordance with standards and requirements of organizations and related units both within and outside Thailand, namely The Civil Aviation Authority of Thailand (CAAT), International Civil Aviation Organization (ICAO), Transportation Security Administration (TSA) Department of Homeland Security of the United States, Office of Transport Security (OTS) of Australia, European Union (EU) Regulations and The Federal Aviation Office (LBA) of Germany. THAI also follows regulations and measures of every country to which THAI operates, in accordance with the Aviation Security Policy which has been clearly announced and designated to cover all of THAI's activities. THAI established an operational plan related to aviation security in order to determine the direction for improvements of aviation security policy enabling THAI's Security Management System (SeMS) to be effective and coordinated throughout the organization.

THAI established aviation security policy and strategy in areas related to the standards and practices recommended by the International Civil Aviation Organization (ICAO) Annex 17 under the Article related to protection of civil aviation from Acts of Unlawful Interference. THAI is committed to giving special importance to exercising aviation security measures most effectively with continual development.

THAI has continued to develop and improve aviation security operations on a regular basis to ensure that its practices and operations are in accordance with international standards and requirements. In addition, THAI joined the Aviation Security Network at both national and regional levels, which systematically leads to the determining of aviation security measures and proactive prevention measures, creating confidence that the Company's aviation security practices are in accordance with required standards and accepted at international level.

THAI also places special emphasis on promoting knowledge and skills of employees responsible for aviation security and has arranged a number of activities in various forms to create greater awareness among employees of the importance of aviation security. Training programmes and workshops are organized as well as distribution of news and information, and information related to aviation security through various media channels for employees working both on the ground and on board. This is to create greater confidence among THAI customers, alliance partners and related individuals.

To further ensure the continual development and improvement of the aviation security operations, THAI utilizes the Aviation Security Quality Control system in various ways, such as audit, inspection, survey, testing, and exercise in accordance with the aviation security standards to ensure that it is most efficient and accepted at international level.

In 2015 THAI passed the aviation security audit/inspection/assessment conducted by external organizations and authorities of countries to which THAI operates including Germany, Spain, Belgium, Denmark, Singapore, United Arab Emirates, Japan as well as the Airports of Thailand Public Company Limited.

To ensure maximum safety for our passengers, employees and related individuals as well as to create confidence among customers, THAI fully realizes the importance of maintaining the highest standard of safety, security and flight operation standards and is committed to developing its efficiency and operational procedures in all areas on a continual basis.



IMPORTANT OPERATIONS RELATED TO SAFETY OF FLIGHT OPERATIONS

Safety Beyond Compliance Project

Following the inspection of the Thai Civil Aviation Authority according to the Universal Safety Oversight Audit Program (USOAP) of the International Civil Aviation Organization (ICAO) an announcement was made in 2015 with findings of Significant Safety Concern (SSC), which prompted the aviation authorities worldwide to conduct safety checks on Thai carriers operating into their respective countries. The frequency of ramp safety inspection was increased including checks on Flight Operations, Airworthiness, Cabin Safety and Aviation Security. Therefore, THAI must be fully prepared and prove itself by maintaining the highest standards of safety and security in order to ensure that flight operations will not be stopped and affect the Company's overall business.

THAI turned this crisis into opportunity by aggressively promoting and strengthening its Compliance Culture which prompted the launch of THAI's Safety Beyond Compliance project in May 2015. By adopting the world class safety standard scheme outlined by the European Aviation Safety Agency (EASA), THAI is committed to working to improve and maintain its flight safety standard from Compliance Level to Good Compliance, Great Compliance and finally Beyond Compliance. THAI has targeted achievement of its Beyond Compliance level by mid 2016 and to fully create safety culture throughout the organization by the end of 2016.

RESULTS OF SAFETY EVALUATION BY EXTERNAL ORGANIZATIONS IN 2015

Civil Aviation Authority Administrative Organizations

A total of 106 safety inspections were conducted on THAI's flight operations by the Civil Aviation Administrative organizations of countries around the world to which THAI operates, with greater frequency on ramp inspection. There were no significant safety concerns found which reflected the high standard of safety exercised by THAI.

The Federal Aviation Authority of the United States

The Federal Aviation Authority of the United States (FAA) downgraded the Thai Civil Aviation Authority from Category 1 to Category 2. As a result, Thai carriers under the administration of the Thai Civil Aviation Authority currently permitted to operate into US territory are prohibited from increasing operations into the US territory until the significant safety concerns are resolved. The US will not support code share cooperation between air carriers of countries with FAA category 2, with rigorous inspection when air carriers land at US airports. Currently, no THAI carriers operate into the US as THAI had already suspended its flight operations on the route Bangkok-Seoul-Los Angeles.

The European Aviation Safety Agency

The officials of the European Aviation Safety Agency or EASA conducted safety audit of THAI's safety standards and authorized THAI, as a carrier outside the EU, or referred to as a Third Country Operator (TCO), to operate into the EU member countries effective as of December 15, 2015. THAI currently operates to a total of 11 destinations in Europe, namely London, Copenhagen, Frankfurt, Brussels, Munich, Oslo, Paris, Stockholm, Zurich, Milan and Rome.

TRAINING PROGRAMME IN CASE OF HIJACKING HELD AT THAI TECHNICAL DEPARTMENT SUVARNABHUMI AIRPORT

A special training programme was organized by the International Terrorists Operations Center with participation by some 100 officers from the Special Units of the Royal Thai Army, Royal Thai Navy, Royal Thai Air Force and National Police Department. The objective of this training was to ensure the readiness and appropriate response to situations/incidents involving international terrorists. The Special Unit sees THAI as an important organization, well-equipped with modern and appropriate training tools to support this exercise. The A380 aircraft was used for this training to ensure maximum efficiency and in accordance with the National Policy related to terrorist activities.

THAI CABIN CREW HELPS CATCH THIEF IN BUSINESS CLASS

On September 23, 2015, THAI cabin crew were able to catch a group of thieves disguised among passengers on board flight TG518 operating on the route Dubai-Bangkok, departing from Dubai at 20:55 hours local time. The THAI cabin crew was notified and requested to pay special attention to a group of passengers who had a history of theft on board. The cabin crew was watchful and made more frequent walk-throughs to check. When theft situation was reported, the cabin crew guarded these passengers and found cash of many currencies in their possession. The Inflight Manager and Pilot in Command were notified respectively.

After the flight landed safely at Suvarnabhumi Airport, police were waiting to take this group of passengers for further proceedings. Witnesses were separated for questioning. This was one of the incidents where THAI received good and coordinated cooperation from passengers, crew, pilots and ground staff.

THAI INTRODUCES MEASURES TO PREVENT THE SPREAD OF MERS

THAI introduced measures to prevent the spread of MERS virus to ensure passengers' confidence as THAI has flight operations to some countries which are at risk of this virus. These measures focus on safety and services of both passengers and THAI employees.

THAI gives rights to passengers by waiving fees for changes made to their tickets including change of travel date and route to help facilitate customers and the public who are unable to travel due to the spread of MERS in some countries, minimizing any problems.

THAI had introduced a number of measures to prevent outbreak of diseases including SARS in 2003, Bird Flu in 2004 and Ebola virus in 2014. These measures were exercised with maximum efficiency to help prevent, control and limit the outbreak from expanding into a wider circle which might jeopardize the health of the world population in every region. THAI coordinated with the Ministry of Public Health to closely monitor the situation and follow measures introduced by the Ministry while rigorously providing all possible support to the Ministry's operations in accordance with the requirements of the International Health Regulations.



THAI SIGNS MOU OF JOINT COOPERATION TO PREVENT DANGER AND REDUCE RISK FROM FLOATING LANTERNS ON FLIGHT OPERATIONS AND AIRCRAFT

THAI signed a Memorandum of Understanding to prevent risk to flight operations and aircraft damage from the release of floating lanterns, between the Ministry of Transport, Ministry of Interior, Ministry of Defense, Ministry of Tourism and Sports, Ministry of Education, Ministry of Culture, Office of the National Police, Public Relations Department, Office of the National Buddhism and Bangkok Metropolitan. The signing ceremony was chaired by the Minister of Transport, at Samosorn Building, Ministry of Transport.

This MOU aimed to prevent possible risks and danger to flight operations and aircraft damage as well as people's lives and property as a result of fire from floating lanterns. The MOU will take effect from 2014 to 2018.

At present, Thailand has no legal restrictions to directly control the release of floating lanterns, which could jeopardize flight operations and cause aircraft damage. The current size of the lanterns is larger than the traditional ones with added fuel-burning materials which allow the lanterns to stay longer and higher in the air. The lanterns are able to glide as high as the flight operations level. There were reports from pilots that lanterns were spotted without prior warning while aircraft were in the air at the level of 20,000 feet, the ceiling level of general aircraft.

OCCUPATIONAL HEALTH AND SAFETY IN THE WORKPLACE

THAI has continued to offer care and protection for its employees who are its most valuable asset and resource, ensuring that they work in a safe and healthy environment. THAI therefore announced its Occupational Health and Safety in the Workplace policy to act as the operational framework for functions concerned and business operators and to ensure that practices are in the same direction.

THAI is a large public enterprise with various functions and units considered as workplaces and therefore must follow rules and regulations required for occupational health and safety in the workplace both at core business and regional offices. Therefore, occupational health and safety in the workplace has been systematically integrated into the company's operations to ensure its efficiency.



TRAINING

THAI organized occupational health and safety training for every level of employee in relation to their work and responsibility in order to create greater awareness of possible danger and risk involved in their daily work. Managerial staff and function chiefs as well as members of the Occupational Health and Safety (OHSC) Committee are also required to attend training to enhance performance efficiency. THAI also registered its Training Department with the Department of Labor Protection and Welfare, enabling the Training Department to conduct training programs for employees and outside individuals. Three training curricula were authorized for THAI namely OHSC Committee, Safety Officer at Supervisory Level, and Safety Officer at Managerial Level in order to ensure maximum efficiency.

HEALTH WATCH AND OCCUPATIONAL ILLNESS PREVENTION

THAI has continued to evaluate health dangers and risks to its employees working in various areas. Therefore THAI arranges regular health checks for employees whose work involves various risk issues which each relevant function can use for reference and conduct health checks for employees to help prevent work related sickness. At the same time, each function is able to monitor and improve working conditions and environment to ensure maximum safety at all times. Health checks are arranged at least once a year to include new employees and those who have been transferred to the new working environment.

FIRST AID AND RECUPERATION AFTER INJURY

THAI arranged medical clinics at work premises to treat injured employees or those who may be sick as a result of work. The injured or sick employees will initially be sent to a medical clinic which specializes in different health areas for appropriate treatment and health recovery to make sure that they can return to work and lead a normal life.

HYGIENE PROMOTION

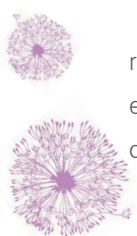
THAI organizes a range of activities to provide health and disease prevention information on a regular basis. In addition to provision of sports and exercise areas at each workplace, THAI has continued to give support to numerous sporting and recreational activities as well as those organized by THAI sports clubs to achieve their objectives. THAI also introduced a number disease prevention measures as well as Occupation Disease Prevention measures by identifying groups of employees who may be at risk.

ACCIDENT PREVENTION AND CONTROL AND DANGEROUS WORKING ENVIRONMENT

THAI has determined Occupational Health and Safety measures as a mandate for practice among top executives, employees and related individuals which include safety management of the work unit, staff and contractor or sub-contractor to prepare personal safety equipment, utilities and tools according to standard and safety requirements. These measures also include risk analysis and evaluation of health and safety at work related issues and established measures to control risks at an acceptable level.

SAFEGUARDS AND SAFETY MONITORING MEASURES

The Occupational Health and Safety Committee, Safety Unit and Safety Officers at each work place have the responsibility of reviewing and improving working conditions/environment which may be dangerous or endanger employees' health, including developing plans in preparation for any incidents that may jeopardize employees' lives, or physical and mental health.



RESPONSE TO CUSTOMER SATISFACTION

THAI as the national carrier places special emphasis on the importance of “Thainess” by incorporating Thai identity in its products and services. At the same time, THAI uses research information conducted by both internal and external organizations whose standards are accepted by the aviation industry as criteria for future development, such as the Passenger Demographics conducted by IATA (International Air Transport Association). Based on the information and criteria evaluation THAI was able to position itself by focusing on business class with the Service Beyond standard.

THAI places special emphasis on providing services for passengers in response to their individual needs and preferences, or what can be called “Individualized Service”, with Thai hospitality and grace. The level of services provided to THAI passengers is equivalent to that of a five-star hotel with a wide variety of meals focusing on the selection fine, high quality raw materials with modern and luxurious equipment.

THAI initiated its Service Beyond pilot project on the route between Bangkok and Tokyo operated by flight TG676 and TG677 from September 15 until the end of October 2015, and similar service was introduced for flights between Bangkok and London operated by TG910 and TG911 using A380 aircraft starting on November 2 and flights TG916 and TG917 operated by Boeing B777 starting from December 1, 2015. This service will gradually be introduced on all THAI international flights in 2016.

DETAILS OF INFLIGHT SERVICE ON THAI’S BUSINESS CLASS WITH SERVICE BEYOND STANDARD

- Manner of service equivalent to that of a five-star hotel
- Each dish is flavored and served according to individual preferences
- Thai snack menu
- All day menu is available for items such as sandwiches
- Thai dishes are offered in Thai style set or Samrab
- Fine selection of Coffee from the Royal Projects
- Bed make-up service offered to enhance passengers’ sleeping comfort
- Service that aims to provide feeling of a host welcoming house guests
- Passenger history and profile collected in electronic form



The 24-hour THAI Contact Center has been entrusted with the task of making pre-flight arrangements for THAI passengers for both domestic and international travel, such as making flight reservations, ensuring that passengers' information is correctly recorded, issuing tickets or providing flight information. In addition, THAI Contact Center will coordinate special arrangements for passengers who are unwell to ensure that they receive special care and attention while traveling with THAI. Group travelers and those who may have difficulties when making flight arrangements will also be well taken care of at THAI Contact Center.

The results of surveys of passengers' opinions traveling on Business Class and on all THAI's route network, or THAI Customer Satisfaction Survey, are used as a tool to measure passengers' satisfaction and expectations for future product and service development as well as for ensuring consistent service standard.

In order to ensure that THAI is able to achieve its goal of maximizing customer satisfaction, the Service Quality Standard Department is entrusted with the responsibility of evaluating and assessing Service Operation Procedure (SOP) at every service contact point. This will encourage staff at each service point to provide a consistent service standard on a regular basis and enable them to immediately solve problems in case the evaluation results do not meet the target. The actual cause of the problems can then be analyzed in order to propose a possible solution for future improvements. THAI is also able to monitor the operation, checking whether or not it develops in accordance with the product and service development plan, as well as service at each contact point.

Methods of conducting Customer Satisfaction, Preference and Expectation Surveys are divided into five types:

1. TCSS - THAI Customer Satisfaction Survey
2. e-TCSS - Electronic THAI Customer Satisfaction Survey
3. IATA-Airs@t - International Air Transport Association - Airline Satisfaction
4. OCSS - Online Customer Satisfaction Survey
5. CFMS - Customer Feedback Management System

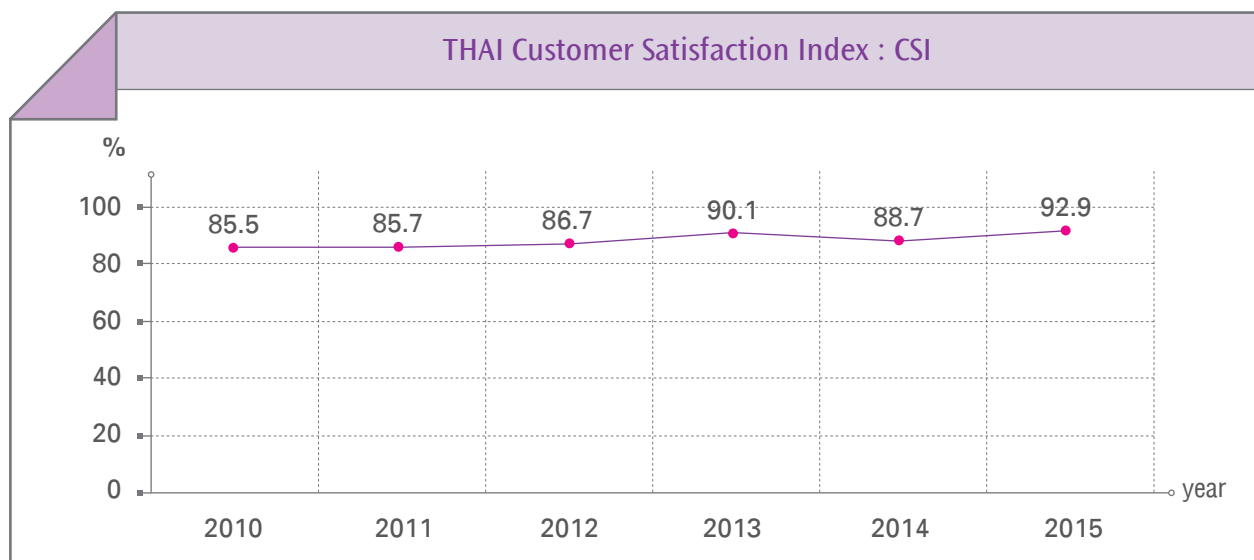


THAI divides service contact points into 15 locations and determines the service standard, called Service Operation Procedure and Service Delivery Standard (SDS) at each key contact point. A Service manual is also available for staff to use as guidelines in carrying out their tasks and for internal audit.

THAI's service contact points are located at 15 points, which are:

<p>1. Reservation & Call Center</p> 	<p>2. Ticketing</p> 	<p>3. Web Sales & Information</p> 	<p>4. Royal Orchid Plus</p> 	<p>5. Check-In</p> 
<p>6. Lounge</p> 	<p>7. Boarding</p> 	<p>8. Cabin Crew</p> 	<p>9. Seat</p> 	<p>10. Inflight Entertainment</p> 
<p>11. Food & Beverage</p> 	<p>12. Business Facilities</p> 	<p>13. Arrival</p> 	<p>14. Baggage</p> 	<p>15. Irregularities Handling</p> 

The results of Customer Satisfaction Index : CSI were analyzed together with customer opinion statistics. The management uses the results of the Customer Satisfaction Index : CSI as guidelines in support of establishing the company's strategy for service and product improvements. In 2015 THAI achieved the highest customer satisfaction rating in the last six years.



Systematic service improvement is critical in order to achieve a quality service standard that meets customers' needs as follows:

1. The Hardware aspect which means service equipment that passengers actually experience such as seats, inflight entertainment, facilities and meals
2. The Software aspect which means service procedures carried out by frontline staff at each customer contact point, where customers are able to recognize their dedication, attention and care

THAI achieved its target on-time arrival performance, enabling THAI to ensure that all THAI flights departed and arrived on time. This reflected THAI's efforts in maximizing customer satisfaction and enhancing passenger experience while traveling with THAI.

In addition THAI recognizes that on-line communication is crucial in today's world. THAI therefore introduced Wi-Fi service on board enabling passengers to use their Notebook, Tablet or smartphone via THAI SKY CONNECT network after the flight take-off and the seat belt sign has been turned off. Last year the response from THAI passengers on THAI SKY CONNECT was positive. To further enhance the travel experience, in 2015 THAI reduced the service fees and offered a wider range of packages to better meet their needs. Although THAI SKY CONNECT is available only on some flights, THAI plans to expand this service to other flights in the future.

MARKETING COMMUNICATION

THAI has continued to place special emphasis on communication, advertising, and creating better and more responsible communication through three key strategies, namely branding, product and services, and network. In the past year, THAI placed special emphasis on branding which accented the key strategy of becoming more of a premium brand and increasing confidence among passengers on the value for money as well as strengthening THAI's stand point/positioning. In addition, THAI operated in accordance with its Transportation Strategy with two major plans related to marketing communication, namely IMC (Integrated Marketing Communication Strategies) and proactive distribution of news and information through various press and media.

CUSTOMER PRIVACY

THAI realizes the importance of safety of personal information and safeguarding customer confidential information. THAI has established effective policy for customer privacy to prevent any damage which might be caused.



OPERATIONS RELATED TO HUMAN RIGHTS

THAI fully recognizes the importance of respect for human rights on the basis of equality without any prejudice especially in the operations related to employee recruitment, employment, termination of employment, employee development, promotions, job transfer and assignments, all of which must be conducted fairly without discrimination against any individual because of nationality, race, religion, age, sex, education or other reasons. There will be no unfair preference to provide services or undertake business transactions with any individual or entity from any specific country or nationality.

In 2015 THAI has become one of the first 31 organizations that expressed the intention to support business operations that are child friendly in line with the Children's Rights and Business Principles (CRBP), jointly set up by UNICEF, Save the Children and United Nations Global Compact. Thaipat Institution has been working in cooperation with UNICEF in driving, campaigning and raising awareness among Thailand-based organizations of the importance of child friendly business operations at the workplace, marketplace and in the community and environment, all of which are important factors that will lead organizations to business sustainability.

THAI adopted the Human Rights Operations Plan of the Ministry of Transport for the budget year 2014-2105 under the National Human Rights Plan Issue No.3 (2014-2018) as guidelines in various dimensions of its operations. These include prevention of human rights violation, legal development, legal mechanism as well as its implementation to further promote human rights protection and development of network organization in every sector to strengthen their potential in human rights protection. This will lead to equality of people in society with the following details:

WHEELCHAIR SERVICE

How to request the service?



Services on flight



Note: Wheelchair that weighs over 32 kilograms (71 pounds) must be authorized from THAI.

PRACTICES RELATED TO HUMAN RIGHTS

<p>1. Preparation of the surrounding environment</p>	<p>Laksi Office</p> <ul style="list-style-type: none"> ● Renovation of lavatories for disabled passengers and the elderly at Building 2, 1st floor ● Installing sign post with directions for disabled passengers <p>Larn Luang Office</p> <ul style="list-style-type: none"> ● Renovation of car parking area for disabled passengers at Building L2, 1st floor ● Installation of emergency system with the lavatories for disabled and elderly passengers at Building L1, 1st floor ● Ramp for disabled passengers at Building L1, 1st floor <p>OPC Building</p> <ul style="list-style-type: none"> ● Installing two sets of sign posts with directions for car parking area for disabled passengers ● Ramp Construction for disabled passengers in front of Building A2
<p>2. Reduced air fares for disabled and elderly passengers</p>	<p>THAI offers 50 percent discount for disabled passengers and 25 percent for escort passengers traveling in economy class on domestic routes (providing that they are registered or certified by the Association for Disabled Persons) in accordance with the EU Law</p> <p>Reduced air fares for elderly passengers traveling on domestic routes in accordance with the airline criteria and sales promotions with the following details:</p> <ul style="list-style-type: none"> ● 15 percent discount on Business Class ● 35 percent discount from the normal economy fares for travel on Mondays to Thursdays ● 30 percent discount from the normal economy fares for travel on Fridays to Sundays <p>* <i>only for travel on THAI flights (Only TG flight numbers with three digits) not inclusive of joint operations between THAI and Thai Smile</i></p>
<p>3. Special assistance for disabled and elderly passengers</p>	<ul style="list-style-type: none"> ● Incorporation of special assistance procedures for disabled and elderly passengers in accordance with the US DOT (The US Department of Transportation) at 14 CFR (Code of Federal Regulations) in the ISOP/ In-flight Service Operation Procedure, PHM/Passenger Handling Manual and DN e-Document

PRACTICES RELATED TO HUMAN RIGHTS

<p>3. Special assistance for disabled and elderly passengers</p>	<ul style="list-style-type: none"> ● Check in staff will arrange appropriate seats for disabled and elderly passengers taking into consideration the highest level of safety, which differs for each aircraft type ● Disabled and elderly passengers are given the special privilege of first priority boarding. Upon arrival at the boarding gate they will be advised to sit in the priority zone where they will be the first to be called for boarding ● Special check in counters are designated for disabled and elderly passengers with a clear disabled sign and manned by staff to facilitate and provide assistance ● Prepare necessary equipment to assist in the transfer of disabled and elderly passengers, such as wheelchair and high lift ● Prepare special safety manual for passengers who may be blind or visually impaired ● Prepare sign language safety video on board hearing impaired passengers ● Publicize news and information via website: www.thaiairways.com where disabled and elderly passengers are able to access THAI's services ● THAI is working on improving the company's regulations with regard to general qualifications for individuals who will be considered and employed by THAI "In case of disabled persons, they are required to be registered and declared disabled in accordance with the law prior to, or on the day employment with THAI takes effect, and in accordance with the conditions specified by THAI"
<p>4. Compensation for customers</p>	<p>Compensation for those who may be affected as a result of THAI operations or transportation service, and services provided are not in accordance with the conditions or agreement such as delayed, damaged or lost baggage, or belongings inside the baggage are either lost or damaged or flight delay or cancellation. THAI offers compensation for customers comprising cash compensation, ROP mileage accumulation, discount coupon or voucher, lounge access card and extra luggage allowance.</p>
<p>5. Development of Personnel performance related to human rights</p>	<ul style="list-style-type: none"> ● Enhance and develop staff knowledge ● Organize service and behavioural training programme for staff responsible for pushing wheelchairs prior to starting their duty in order to make sure that service level is according to standard and in line with medicines ● Organize training for staff who have been assigned to serve disabled passengers to ensure that services are provided fairly and without discrimination

SOCIETY OPERATIONS

THAI as the national carrier of Thailand operates on the basis of respect towards good practices, and restrictions as well as important legal requirements both within Thailand and overseas countries to which THAI operates. This is the fundamental practice with regard to social responsibility as a Corporate Citizen.

LEGAL AND REGULATORY COMPLIANCE

THAI organized and assigned units related to compliance as the center to collect legal information, regulations, specification and practice criteria related to THAI's operations. Knowledge and related information related to good practice will be distributed throughout the organization. The compliance unit for each operating line will act as a supervisory body to ensure that rules and regulations are properly followed at each function and in line with the overall company requirements. Employee engagement is also encouraged so that they follow the rules and regulations related to their duties which will complement the overall company activities.

THAI has determined the Corporate Compliance process to properly respond to the current changes while being able to operate in accordance with the compliance requirements systematically and acceptable to the compliance supervisory unit. This operational process is carried out in three key areas, namely supervising, collecting/distributing of information, creating greater awareness and result evaluation.

Legal disputes not related to Antitrust Action

Currently THAI and its business affiliates do not have any legal disputes that may negatively affect the assets owned by THAI or any business affiliates which are more than five percent of the stakeholders'/shareholders' interests. There are also no legal disputes that may significantly affect THAI's business operations. However, on December 31, 2015, THAI was the defendant in the following legal dispute cases:

Type of case	No. of case	Total asset (Million Baht)	Current Status
Labor dispute	31	1,356.00	The case is under the court's hearing
Losses or damages	24	512.64	The case is under the court's hearing

Disputes related to Antitrust Action

THAI was accused of engaging in a conspiracy with other airlines to fix the price of fuel surcharges, passenger surcharges, cargo rates and other special fees, all in violation of antitrust laws. The accusation and/or litigation consist of the antitrust class action lawsuit filed by the customers and/or accusation/investigations conducted by the government agencies of various countries. In terms of settlement, it comes in the form of financial compensation and other types of penalties. For financial compensation the court may order the company to compensate the plaintiffs as well as the government agencies. The accusation and litigation was not only filed against THAI but also against other airlines that collected fuel surcharges and other fees.

Case Summary

On December 31, 2015, THAI was investigated and/or subjected to an antitrust class action lawsuit in three countries, which were the United Kingdom, Republic of Korea, and Kingdom of the Netherlands. The lawsuits filed in the three countries were similar in nature in terms of the accusations. The Plaintiffs claimed that THAI and other airlines conspired to fix prices of airfreight shipping services which included other special fees. The progress of the antitrust lawsuits has the following details:

1. British Airways filed a cargo civil class action against THAI in the United Kingdom for the right of recourse

On February 4, 2014, British Airways' attorney sent legal documents to THAI notifying that British Airways has been prosecuted in a civil class action lawsuit in the United Kingdom. British Airways was also sued for financial compensation for engaging in a conspiracy with other airlines to fix the rate of fuel and security surcharges. During 1999-2007 British Airways filed a motion in court for the right of recourse against 18 other airlines, including THAI, on 28 November 2013. However, THAI was not the main defendant in this case which is currently in the disclosure stage.



2. THAI was prosecuted in a civil cargo case in the Republic of Korea

On January 22, 2014, THAI was notified by its branch office in the Republic of Korea that LG Corporation comprising LG Chemical, LG Electronics, LG Display and LG Life Science had filed a civil suit against 12 airlines including THAI on November 27, 2013, demanding financial compensation caused by price fixing of fuel surcharges between airlines during 2003-2007. LG Corporation has specified the amount of KRW 404 million with interest or equivalent to some 12.28 Million Baht and reserved the right to change the statement of claim and supplementary plaint under the condition that LG Corporation is able to prove additional evidence to the claim. The case is currently on trial in court.

3. A Recourse Law suit filed again THAI by British Airways, Lufthansa and KLM-AF, the Plaintiff in the Cargo Civil Class Action in the Netherlands

At the beginning of July 2015, THAI received a recourse law suit from British Airways, Lufthansa and KLM-AF. THAI was among some 20 airlines in the law suit filed by Koninklijke Luchtvaart Maatschappij N.V., Martin Air Holland N.V. Societe Air France S.A. (or referred to as “KLM-AF”). Deutsche Lufthansa and Lufthansa Cargo A.G. (or referred to as “Lufthansa”), Singapore Airlines and Singapore Airline Cargo (collectively referred to as “Singapore Airlines”) and British Airways since December 24, 2013, which were accused of price fixing. On June 25, 2014, all the defendant airlines in this case filed a recourse law suit again other airlines that were identified for the price fixing act and on March 25, the court took the case but THAI was not among the key defendant in this case and is currently preparing documents for the court hearing.



CSR-AFTER-PROCESS ACTIVITIES

For over 55 years, THAI has been proud to have had a role in the development of the welfare of the people in Thai society, enhancing their quality of life on a sustainable basis. THAI has continued to introduce social contribution related projects and activities in line with international standards and requirements. In 2015 THAI further expanded these projects and activities placing special emphasis on stakeholders. As a result of the changing domestic situation including political unrest and natural disasters, among others, as well as voices of employees, a number of projects and activities were initiated as follows:

SOCIAL PROMOTION IN THE AREA OF HEALTH



Flying Doctors and nurses

THAI transported a Medical team of THAI employees as well as doctors and volunteer dentists to provide treatment to school children at the THAI Border Police School, Ampur Klong Had, Sa Kaew Province as well as for the local people and underprivileged individuals living nearby. The project was organized to mark the auspicious occasion of HRH Princess Maha Chakri Sirindhorn's 60th birthday anniversary on April 2, 2015. THAI was able to assist some 300 children through this project.



Miles Give Kids A Smile Project

THAI together with the Department of Medical Service, and Ministry of Public Health signed an MoU to launch a fund-raising project "Miles Give Kids a Smile" in support of the Queen Sirikit National Institute of Child Health (QSNICH). Donated miles from THAI's Royal Orchid Plus frequent flyer members will be given to the institute and redeemed for air tickets to be used for the travel of child patients, enabling them to obtain immediate medical care and service. The miles will also be used for duty travel of pediatricians to further develop necessary medical care for children in the future.



Merit-making Blood Donation project to commemorate HRH Princess Mahachakri Sirindhorn's royal 60th birthday anniversary

THAI, together with the Thai Red Cross Society, organized a blood donation project among THAI staff to commemorate HRH Princess Mahachakri Sirindhorn's royal 60th birthday anniversary.

SOCIAL PROMOTION IN THE AREA OF ENVIRONMENTAL



The 2nd TG Travel Green Innovation Competition Project

THAI, in cooperation with Airbus, organized a TG Travel Green Innovation Competition Project with the objective of supporting the government's policy and developing Thailand's air transportation capability to become an aviation hub. The project also provided opportunity for students to develop their design and analytical capability, enabling them to express their creativity in environmentally friendly products. This project is one of the ways in which we are able to produce competent and quality individuals in our society.



SOCIAL PROMOTION IN THE AREA OF RELIGION AND CULTURE



THAI brought the sacred Boda tree sapling from Sri Lanka to Thailand

THAI, together with the International Meditation Center ChoernTawanFarm, transported the sacred Boda tree saplings from Sri Lanka and planted them at the Center in Chiang Rai for the Thai public to pay respect. THAI also provided ticket sponsorship for a group of monks from Sri Lanka traveling to Thailand for this ceremony.



THAI Boarding Pass Gives Free Access to Ratanakosin Exhibition

THAI, together with the Ratanakosin Exhibition, provided a special privilege for THAI domestic and international passengers to exchange their boarding pass for a complimentary ticket to visit the Ratanakosin Exhibition. Passengers simply showed their boarding pass at the Exhibition ticket office and THAI's Royal Orchid Plus members with their boarding pass were entitled to an additional complimentary ticket to access the Ratanakosin Hall. The Ratanakosin Exhibition Hall is under the supervision of Royal Crown Property Bureau which offers the most complete exhibition of the history, arts and culture of the Ratanakosin period.



SOCIAL PROMOTION IN THE AREA OF EDUCATION



THAI Science and Math Project

THAI, together with the Institute for the Promotion of Teaching Science and Technology (IPST), organized a Science and Maths camp for school children of Pratom 5-6 from schools located around Suvarnabhumi Airport, Don Mueang Airport and Hat Yai International Airport, as well as school children from THAI and IPST. Children had the opportunity to enjoy a number of activities and briefings conducted by THAI pilots to further expand their knowledge of science and mathematics. In 2015 two camps were organized at the Science Museum in Pathumthani province and Had Kaew Resort, Songkhla province, with participation of a total of 210 children.



THAI Sponsors International Academic Olympics

THAI has continued to provide its annual sponsorship of air tickets for the Institute of Science and Technology Promotion, bringing representatives from Thailand to compete in the International Academic Olympics in the host country. THAI also welcomed the participants and those who won the medals on their return trip to Thailand.



THAI Organizes Special Sky Tour for Kids

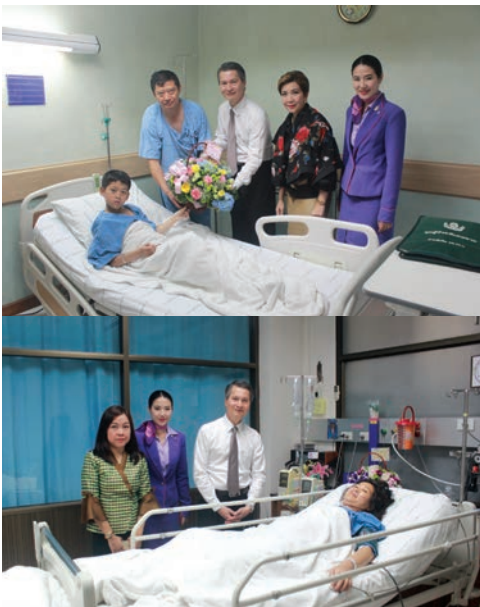
For seven consecutive years, THAI has worked in close cooperation with the Tourism Authority of Thailand in organizing a special project to promote educational experience as well as travel Thailand. THAI flew a group of 100 children from Chiang Mai and Phuket to Bangkok, where they had the opportunity to visit the largest aircraft hangar in Southeast Asia at THAI's Technical Department. The children were able to enjoy an educational and cultural tour as well as a number of activities at key tourist attractions in Bangkok.

SUPPORT AND ASSISTANCE IN THE EVENT OF NATURAL DISASTERS



THAI Provides Assistance to Nepal Earthquake Victims

Following the major earthquake in Kathmandu, Nepal, on April 25, 2015, THAI took the leading role in its capacity as the national carrier, bringing relief items and supplies as well as medical personnel to Nepal in aid of disaster victims. THAI also provided assistance in the setting up of a donation center and air tickets for engineers and volunteers. In addition, THAI granted cargo transportation for medical supplies from the Ministry of Public Health and donated items from various authorities and organizations.



THAI Facilitates Travel of Passengers Affected by Ratchaprasong Incident

THAI was concerned for passengers who were affected by the Ratchaprasong incident. Therefore THAI worked in close coordination with related functions at Suvarnabhumi Airport and Travel Department to assist passengers who wished to travel to their homeland. THAI also provided special assistance to the relatives of those who were injured and hospitalized in Bangkok. A separate check in counter was set up at the airport and THAI arranged seat upgrade to Business or First Class when space was available for those who were injured. At the arrival and departure airports, these passengers were accompanied by THAI staff through all airport formalities, and no fees were charged for the repatriation of the deceased back to their homelands.



SOCIAL PROMOTION IN OTHER AREAS



THAI's Goodwill Flight

THAI, together with the Boeing Company, organized THAI's 787 Goodwill flight bringing 21 boxes of donated items of medical supplies from Project C.U.R.E Foundation of the United States to Thailand. These supplies were First Aid equipment used for basic training of local chiefs and presented to those who completed the training which was conducted under the supervision of experienced medical personnel. The equipment and supplies were transported on board THAI's B787 aircraft for the Frontier Labourers for Christ Organization based in Chiang Mai, and some 100 community leaders who completed the training, medical students, as well as representatives from tribal communities such as the Karen, Lahu, Arkham, Mien, and Wah.

In addition THAI, together with Boeing Company, organized another THAI B777-300ER goodwill Flight transporting some 1,000 blankets from Another Joy Foundation of the United States and presented to The Girl Guides (Girl Scouts) Association of Thailand Under The Royal Patronage of Her Majesty The Queen in Chiang Mai province. These blankets were presented to 13 villages and eight schools located in a remote area at Women's Development Center at Ampur Wieng Pa Pao in Chiang Rai.



“Pun Rak Jark Karn Bin Thai Soo Pai Nao” Blanket Donation Project

THAI, together with Flying Squadron 46, presented 3,480 blankets to the people in Pitsanulok province and those living in the nearby communities at Flying Squadron 46 military airport. The blankets were presented to people living in 17 areas in seven provinces comprising Petchaboon 250, Nan 400, Phrea 750, Utaradit 200, Sukhothai 100 and Pitsanulok 1880.



Thai Airways Charity Night with Disney on Ice : Dare to Dream Project

THAI was one of the sponsors of the Disney on Ice : Dare to Dream performance presented in Thailand. Some 100 children from Pakkred Child Center, Ratchwithi Home for Girls and NokKamin Foundation had the opportunity to watch the performance at the Impact Arena, Muang Thong Thani to promote their creativity and enhance their experience with this international performance.



TG Police Support Unit

TG Police Support Unit or Smile Station Group is a group of volunteer cabin attendants working in close cooperation with Bang-Sue Police Station at Jatujak market. These volunteers help provide necessary assistance to both Thai and foreign tourists who were robbed or pick-pocketed.

THAI also supported other projects and activities such as

- Special Haj flight flying Thai Muslim pilgrims to Haj in Saudi Arabia
- THAI presented educational materials and equipment as well as sports equipment, medicines and other necessities to school children in remote areas of Thailand and to the underprivileged and disabled persons
- THAI promotes agricultural activities by supporting agricultural products produced within Thailand
- THAI promotes sports activities in Thailand by offering special airfares and excess baggage allowance for Thai athletes and disabled athletes together with necessary assistance in support of the Thai team
- THAI joined the promotion of Thailand network under the name “Don’t do things that others can criticize” by promoting “Don’t do things that others can criticize Thailand has lost its Thai charm”

In addition to the social activities above, THAI welcomed Thai Shareholders, youth and media to visit THAI facilities and observe THAI’s operations for various projects in order to create greater awareness of THAI’s efforts in these undertakings and business potential and to also to understand THAI’s commitment to operate with the highest standard of safety at international level. In 2015 THAI welcomed 148 groups of visitors with more than 6,200 individuals in total.





ENVIRONMENTAL OPERATIONS

ENVIRONMENTAL OPERATIONS

Thai Airways International Public Company Limited (THAI) is dedicated to developing and improving the efficiency of its environmental operations in accordance with international standards and environmental-related legal requirements covering key elements. Therefore THAI focuses on optimizing existing resources under well-defined environmental management policy.

Functions in related areas will adopt the established policy and determine their environmental objectives, targets and plans as well as suitable practices within each function. This is to ensure that the Company’s environmental management system achieves its desired outcome in accordance with the ISO14000 environmental standardization at THAI’s Head Office, Laksi and Larn Luang offices, and Operations Unit and Passenger Ground Handling at Suvarnabhumi Airport. To further enhance the policy, THAI appointed an Environmental Policy Committee, representatives of environmental management policy department, internal document control and environmental monitoring officers for THAI’s Head Office, and Laksi and Larn Luang offices.

THAI established concrete social responsibility strategy under the “Travel Green” concept with special emphasis on Climate Change, Sustainable Material Management, Sustainable Use of Resources as well as Biodiversity and Ecosystem Services.

DREAMLINER

Environmentally Friendly Flight and Flying Comfort





Cleaner Air



Spacious Design



Larger Overhead Bins



Dimmable Windows



Sky-like Cabin



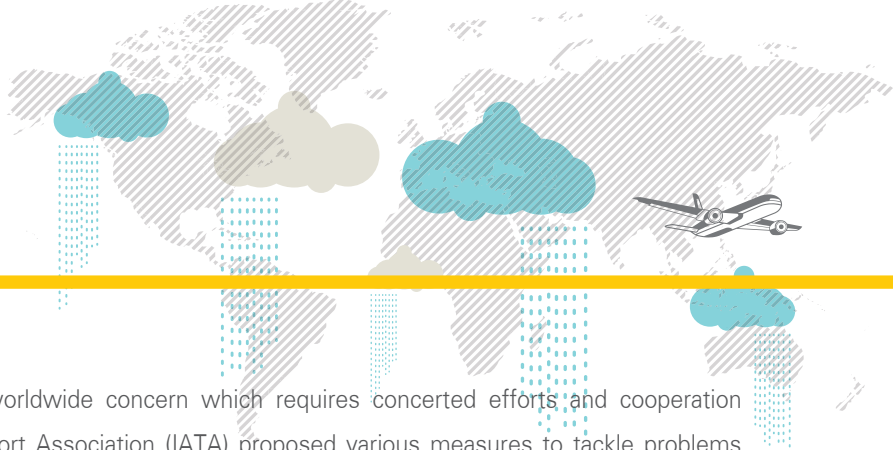
Pressurized Cabin
6,000 ft



Reduced Noise



Smooth Flying



CLIMATE CHANGE

Climate Change is a critical issue of worldwide concern which requires concerted efforts and cooperation from every sector. The International Air Transport Association (IATA) proposed various measures to tackle problems arising from aircraft emissions that contribute to the worsening of climate change, one of which is the Economic Measures covering tax measures and carbon emission measures.

The European Union (EU) as a leader in world environmental conservation introduced an aviation carbon emissions trading scheme (ETS) implemented on airlines operating in and out of Europe in 2012, under which airlines operating into Europe since 2012 are required to limit the amount of carbon dioxide emitted, which should be similar to the emission base during 2004-2006. In case the carbon emissions exceed the specified limit, airlines must offset in the form of Certified Emission Reductions/CERs and/or European Union Allowances/EUA.

At present the EU is in the process of deferring this scheme from 2012 until 2016 with key elements related to THAI as follows:

- The scheme is exercised on Intra EU flights
- Delayed submission of carbon emission report and delivery of carbon credit of 2013 and 2014 to be no later than March 31, 2015, and April 30, 2015, respectively
- EU ETS will be fully implemented in 2017 if there are no steps forward following the ICAO meeting in 2016

THAI has already forwarded its report on carbon emission and carbon credit for the year 2014 to the Deutsche Emissionshandlungsstelle (DEHSt) of Germany, which is a supervisory body for THAI, in March and April 2015, respectively. The report was reviewed and certified by the Verifier as required by the EU ETS. THAI is committed to working to reduce emission of Greenhouse gases which is the major cause of climate change through following projects:

THAI'S VOLUNTARY CARBON OFFSET

THAI encouraged passengers to take part in efforts to reduce the impact of climate change from air travel by introducing the voluntary carbon offset program. When passengers purchase a THAI ticket via website, there is a program to calculate the amount of carbon dioxide to be produced for the distance travelled as well as its value in monetary terms and details of the offset scheme. The carbon offset scheme was introduced as a joint effort between THAI and IATA with the offset method accepted at international level.





**In 2015 THAI offset
CO₂ Emission at an
Estimated amount of**

726,442

Kilograms

THAI's Voluntary Carbon Offset program was certified by the United Kingdom's Quality Assurance Standard (QAS), an independent organization for certification of carbon offset programs. QAS has developed accurate methods to calculate the release of carbon and transparency in determining carbon price information for passengers. The offset payments from passengers are used for investment in the Clean Development Mechanism (CDM) and Certified Emission Reductions (CERs) and Voluntary Emission Reductions (VERs) whereby passengers are able to participate in every destination to which THAI operates.

THAI joined with IATA to embark on this project, and in 2015 THAI was able to offset some 726,442 kilograms of CO₂, equivalent to US\$2,649. The offset money was given to CDM projects which have been certified with CERs, for example the biodiversity project in Ratchaburi by Nong Bua Farm and Country Home Village.

CHEMICAL FREE BUILDING MAINTENANCE PROJECT

THAI recognizes the impact from the use of chemicals which may affect the ozone layer, and therefore has continued to prohibit the use of such chemicals for building maintenance, which includes prohibiting the use of these chemicals in cleaning spray for electrical surfaces, cooling chemical R11 and R22 for air-conditioning systems and large water coolers as well as chlorine, and sodium hyperchloride for the swimming pool and fountains. THAI also bans the use of Chlorofluorocarbon (CFC) chemicals used in air-conditioning water cooling systems, and replaced the Halon 1301 fire extinguisher system with FM-200 for the large fire extinguisher system used at the computer center while 10 per cent of the Halon 1211 hand fire extinguisher system is also being replaced by a more environmentally friendly system over a period of five years.

SUSTAINABLE MATERIAL MANAGEMENT

Management of supplies and raw materials is implemented for production processes, service, and equipment maintenance to maximize efficiency. Effective management is essential as it helps reduce operating costs and consumption of resources used in production of these materials.

In 2015, an Information Technology system was adopted to enhance efficiency of supply management to become even more sustainable with the following details:

- Encouraging reduction of the use of paper and designing and developing the use of paperless systems such as paperless meetings, e-IOC and Service Request Management (SRM), Clock request and Medical request
- Conducting e-surveys instead of using paper surveys. In the past year, THAI produced a total of 18 sets of surveys for some 25,000 employees which helped reduce the use of some 1,400 reams of paper
- The use of Multifunction printers which have an environmentally friendly production process and ink powder
- The application of THAI Cloud Service to reduce the burden of server care and purchase of hosting service from service provider

In addition THAI has embarked on a number of activities on a regular basis to help reduce the use of supplies as follows:

REUSE OF PLASTIC SHEETS

Plastic sheets used in the transportation service of THAI Cargo and Mail Commercial for covering pallets to prevent damage from humidity carried on inbound flights to Bangkok are carefully checked and sorted. They are well stored for re-use on pallets for outbound flights. In 2015, THAI was able to reduce the use of plastic sheets by 21 percent or 58,853 sheets, accounting for 82,394 kilograms of plastic during the year, reducing carbon emission by 79,098 tons.

REPLACEMENT OF OFFICE SUPPLIES AND TOILET UTILITIES

THAI replaced damaged and worn out office supplies and toilet utilities with those having a more environmentally friendly production process and certified green label such as toilet bowls, water taps, roof tiles, office carpets, office wall decorations, office paint and office building insulator.

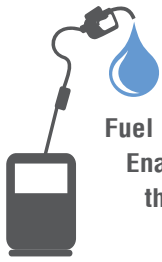
SUSTAINABLE USE OF RESOURCES

THAI is fully aware of the conservation of natural resources, especially energy conservation. Therefore, THAI is dedicated to operating its business in parallel to energy conservation efforts in line with its energy conservation policy and management, including organizing suitable training and activities to raise greater awareness of energy consumption for employees at each responsible area.

OPTIMIZE ENERGY USAGE IN FLIGHT OPERATIONS

THAI places special emphasis on minimizing the use of aircraft fuel and emissions contributing to air pollution. Therefore, THAI established measures and practice guidelines to help reduce the use of energy for the department and involved staff to follow. In 2015, a number of projects were initiated to ensure effective use of energy in THAI's flight operations as follows:





**In 2014-2015
Fuel Management project
Enabled THAI to reduce
the cost of fuel usage
by approximately**

1,267.87
million baht

FUEL MANAGEMENT PROJECT

Effective fuel management measures and practices have been established and exercised by THAI on a regular basis, such as operating flights in accordance with the requirements of Flight Operations Manual and reducing weight carried on board to reduce fuel consumption, which follow international standard requirements and restrictions. During 2014-2015, THAI was able to reduce fuel consumption in the amount of 1,267,870,000 Baht. This project is still implemented continuously.



**From April 2014 to December 2015
ROUTE OPTIMIZATION Project
Enabled THAI to reduce cost
by approximately**

190.60
million baht

ROUTE OPTIMIZATION PROJECT

The Route Optimization project was initiated and implemented to help reduce the cost of flight operations, namely fuel cost and overfly permits. Route Optimization of the Thai Automatic Flight Planning System (TAFS) is the tool to help prepare supporting flight documents for pilots to ensure maximum safety and help reduce the use of fuel. The system is utilized for flight planning by the Flight Coordination Department. The project commenced in April 2014 enabling THAI to reduce the cost of flight operations from April 2014 to December 2015 by 190,600,000 Baht. This project is still implemented continuously.

NEW POTABLE WATER UPLIFT PROJECT

The amount of water to be used on board is calculated by using the total number of passengers and distance, and take-off weight of the aircraft accurately recorded according to the amount of water carried on board. Launched in 2015, this project has enabled THAI to accurately calculate the amount of fuel to be used for the flight and fuel will be utilized with maximum efficiency.

The key benefit of this New Potable Water Uplift project is to help THAI reduce the use of aircraft fuel. As a result, the aircraft weight will be reduced enabling THAI to carry extra cargo and baggage. In addition, the risk of water contamination will be reduced as most of the water carried on board will be used each flight helping to maintain water quality and hygiene.

EFFICIENT FLEET PLANNING

In 2015, THAI implemented its fleet strategy to reduce the number and type of aircraft in its fleet while increasing aircraft efficiency and reducing operational costs. THAI took delivery of eight new aircraft comprising three Boeing B777-300ER, two B787 aircraft and three Airbus A320 aircraft. Approval was granted to THAI to phase out 16 of its aircraft comprising six Airbus A330-300 aircraft, six Airbus A340-600, two B747-400 and two B747-400 freighter aircraft.

As a result of efficient fleet planning, THAI was able to optimize the use of its aircraft and therefore reduce fuel consumption which is the major cost in Flight Operations. In 2015 the liter/Available Ton Kilometers (ATK) or the ratio of fuel consumption per ton per kilometer of THAI's fleet was recorded at 0.2502. THAI will continue to improve and develop its aircraft fleet to become more modern and fuel efficient while maintaining business sustainability.

FUEL CONSUMPTION RATIO

Aircraft fuel is an important resource in the airline business and therefore THAI is committed to optimizing the use of fuel to enhance efficiency for flight operations. In 2015, THAI recorded fuel consumption of some 2,151,171,000 liters and the amount of fuel used per passenger per kilometer (Litre/RP100Km) was recorded at 4.85, which was lower than the amount recorded during 2013-2014. However, THAI will continue to introduce new technology and projects to help reduce fuel consumption on a regular basis.

AIRCRAFT WASHING EQUIPMENT

In 2015 THAI had six aircraft washing machines which can be used to service two aircraft at the same time. The machines have maximum capacity of performing a total of 1,247 services per year. THAI provided Full Body Washing for a total of 577 THAI aircraft, and 170 customer airlines' aircraft. Half Body Washing service was provided for a total of 336 THAI aircraft. Two half body washing services equal one Full Body Service.

CLEAR CORE TM ENGINE CLEANING SYSTEM

THAI utilizes Clear Core Engine Cleaning System, a new innovation, which helps increase efficiency and extends the engine life span and enables THAI to continually reduce fuel consumption. This system also incorporates waste water treatment by treating the water from the engine cleaning process which can later be re-used. In 2015, 516 aircraft engines were cleaned using this system



Statistics of Effective flight operations Year 2015

Statistics of Effective flight operations	2015	2014	2013
Plan Fuel Consumption in T.Ltr	2,165,022	2,998,465	3,261,920
Actual Fuel Consumption in T.Ltr	2,151,171	2,966,058	3,225,841
Consumption less than Plan in T.Ltr	13,850	32,407	36,079
Consumption less than Plan in %	0.64	1.08	1.11
Carbon Emissions(Tons Carbon Dioxide)	5,319,308	7,334,319	7,976,697
Available Seat .Kilometre (ASK)	60,416,261,755	81,652,028,876	85,655,332,000
Revenue Passenger.Kilometre (RPK)	44,359,261,930	56,377,135,489	63,478,589,000
Cabin Factor(%)	73.4	69.0	74.1
Available Tonne.Kilometre (ATK)	8,598,458,114	12,024,928,659	12,728,446,021
Revenue Tonne.Kilometre (RTK)	5,994,553,977	7,522,487,245	8,388,427,191
Load Factor (%)	69.7	62.6	65.90
Litre/AT100Km	25.02	24.67	25.34
Litre/RT100Km	35.89	39.43	38.46
Litre/RP100Km	4.85	5.26	5.08
Carbon Emissions(Gramme)/RPKm	119.91	130.09	125.66

EFFECTIVE ENERGY CONSERVATION

As Thailand's national carrier and a leading airline in this region, THAI fully recognizes its responsibility to the country and the world community in the area of energy conservation. THAI is fully committed to operating business in parallel to making every possible effort to conserve energy in accordance with the ISO50001:2011 standardization for energy management as well as related legal requirements.

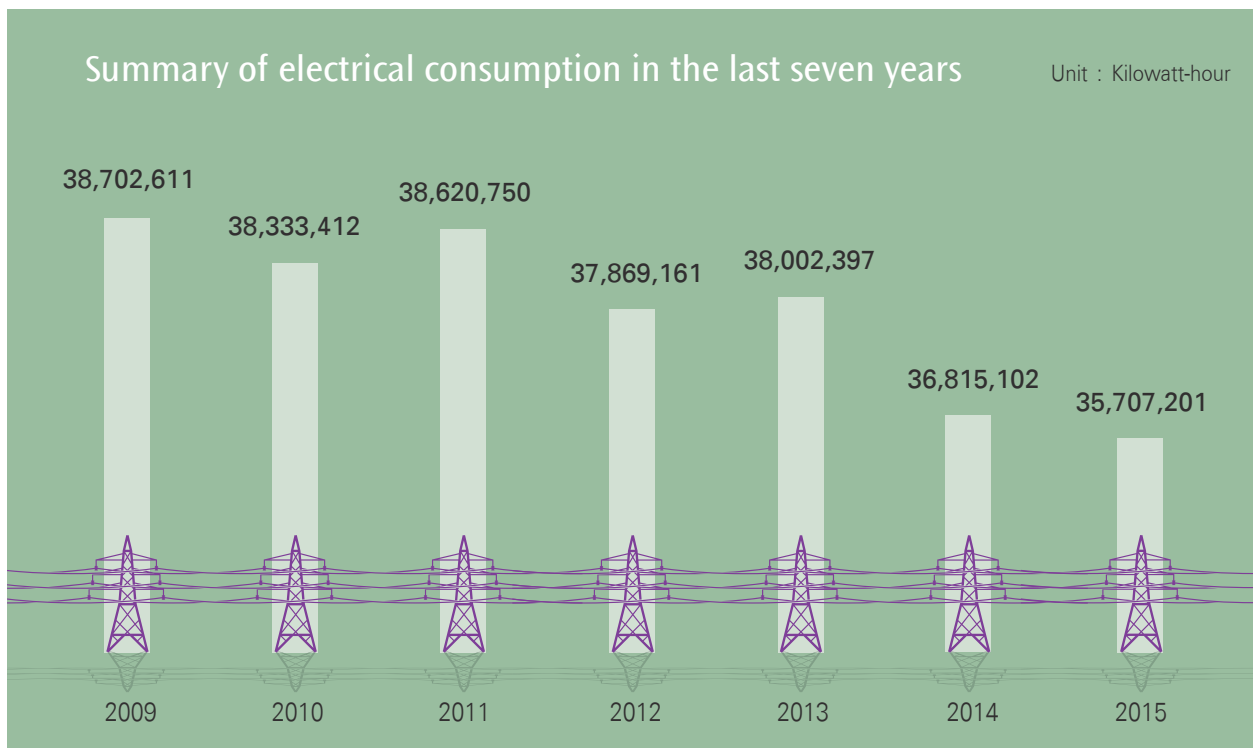
Following the implementation of the Company's Reform Plan to regain its operational performance, effective energy management at each operational unit has played a significant role in helping THAI to reduce operational costs. Personnel at every level participated in the transformation plan to help reduce costs which included electricity, water and phone bills.

In 2015, THAI offices including Head Office, Laksi/Don Mueang, Larn Luang/Silom and Operations Center were able to reduce expenses on monthly public utilities in an amount higher than expected, except that the 2015 water bills were higher. In 2015 THAI was able to reduce expenses on public utilities by 4,300,000 Baht with an exemption of expenses on water bill which seemed to increase in 2015.

Also in 2015 joined the Green Office campaign of the Department of Environmental Quality Promotion. The objective of this campaign is to encourage offices in the government and private sectors as well as those in the regional areas to change their office behaviors by adopting the Green Office practice. THAI aimed to convert all of its offices into Green Offices. The participation in this campaign is part of THAI's energy conservation effort to become even more sustainable and effective.

With the implementation of four key energy conservation measures, THAI has continued to exercise its conservation efforts aggressively and proactively. These measures cover Housekeeping measures which involve energy conservation within offices without any investment; Minor Changes to improve machinery and low efficiency equipment to reduce the use of energy; Green Building measures to improve building conditions and energy conservation schemes to raise greater awareness among employees of the importance of energy saving.

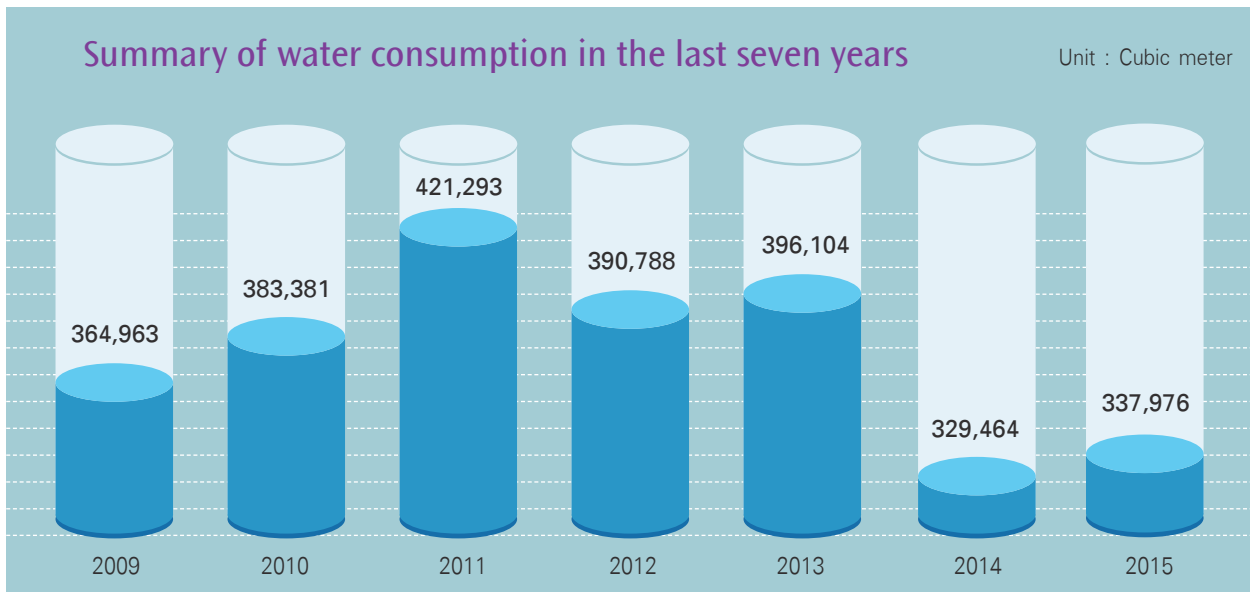
In 2015, when compared to 2014, THAI was able to save electricity in the amount of 1,107,901 units, or calculated at 3.01% or 4,400,000 Baht.



WATER RESOURCES

THAI gives special importance to consumption and optimization of water resources including water treatment and control of water quality before discharge into the community or reuse for other purposes in accordance with legal requirements. In 2015, THAI has continued to organize activities and campaigns to raise awareness among its personnel of water resource conservation through various media channels in order to ensure that they consume water wisely and effectively and with greater recognition of its irreplaceable value.

In 2015, compared with 2014, THAI consumed 8,512 cubic meters more water, representing 2.58 per cent, and as a result THAI was unable to achieve its desire target in saving water. This was due to an increase in workforce of some 200 persons in operational areas and several water pipe leaks that were found at THAI's Head Office. The leaks were repaired.



With installation of the Water Recycling System, THAI was able to reduce waste water discharge by 50 per cent at the Head Office and Laksi Office. The treated water can be reused for air conditioning systems, sanitation purposes, watering plants, cleaning aircraft parking areas, fountain spray and cooling tower system. This enables THAI to reuse some 260 cubic meters per day.

THAI employs effective methods to treat waste water in order to ensure maximum efficiency in accordance with the legal requirements at its Head Office, Laksi, Don Mueang, Larn Luang, and Silom Offices and Operations Center.

In 2015 the evaluated results of waste water passed the standard control requirements of waste water from building type Kor based on the announcement of the Ministry of Natural Resources and Environment with regard to the Specification of Control Standard for Waste Water from Certain Types of Building of Certain Sizes. The quality checks were conducted by an external company, Premier Products Public Company Limited. The results were in accordance with legal requirements and restrictions.

BIODIVERSITY AND ECOSYSTEM SERVICES

The ecosystem is a structural relationship between living organisms and the environment in which they live together interdependently. Maintaining the equilibrium of the ecosystem will ensure their survival and therefore environmental protection and restoration is the key responsibility to which THAI, as an environmentally friendly airline, is committed. As a result, THAI has continued to create greater awareness and understanding of the importance of environmental conservation through organized activities and projects “THAI Returns Life to the Land.”

THAI RETURNS LIFE TO THE LAND TO COMMEMORATE THE 60TH ROYAL BIRTHDAY OF HER ROYAL HIGHNESS PRINCESS MAHA CHAKRI SIRINDHORN

THAI organized THAI Returns Life to the Land to commemorate the 60th Royal Birthday of Her Royal Highness Princess Maha Chakri Sirindhorn on April 2, 2015. The project also featured the expertise of Her Royal Highness in the area of environmental and resource conservation at the Sirindhorn International Nature Reserve, Rama VI Military Camp, Ampur Cha-am, Petchaburi province.

Students from three of the schools located around Suvarnabhumi Airport, namely Thepsiri Romkloa, Prote Pitayapatyat and Wat Hua Kuu Samut Prakarn province, were selected to join this activity together with THAI management and staff volunteers to conserve mangrove forest by planting 600 saplings of various mangrove species which are *Ceriops tagal*, *Ceriops decandra*, *Lumnitzera littorea*, *Lumnitzera racemosa*, *Rhizophora* and also release fresh water fish and crabs into the area. Students were taken on a tour of a conservation energy garden and a combined manmade pond and waste water treatment system.

THAI CAMPAIGNS AGAINST ILLEGAL TRADING AND TRANSPORTATION OF IVORY ON ALL THAI FLIGHTS

THAI joined the protection of illegal transportation of ivory on all of its flights around the world in support of the government’s policy. Although products from domestic elephants can still be found in Thailand, the export or import of ivory or any products made from ivory are prohibited according to The Convention on International Trade in Endangered Species of Wild Fauna and Flora.

THAI introduced added restrictions and coordinated with the Customs Department and related functions at Suvarnabhumi Airport to conduct inspections on all inbound and outbound flights as well as transit shipments, especially on high risk routes, to effectively prevent this illegal transportation. THAI has established this policy which has been implemented at all THAI cargo offices worldwide to campaign against such illegal transportation, with the goal of solving this problem on a long term basis.

In addition, THAI also banned transportation of shark fins on all of its flights in support of marine environmental conservation, underscoring THAI’s commitment to become an environmentally friendly airline and to work in support of sustainable nature conservation.

RESPONSIBILITY FOR AIRCRAFT NOISE POLLUTION

THAI recognizes the impact of aircraft noise on the surrounding community located around the airports both within and outside Thailand to which THAI operates. Therefore, THAI operates strictly in accordance with the rules and regulations required by each of the airports. At the same time, some of these airports have imposed charges for noise pollution according to their restrictions.

THAI pays noise pollution tax to a total of eight international airports comprising six in the European region, namely Frankfurt and Munich in the German Federation, Zurich in Switzerland, Fiumicino in Rome, Italy, Stockholm-Arlanda in Sweden, Paris Charles de Gaulle in France, and two airports in Asia namely Taoyuan in Taiwan, Taipei, China (Taiwan) and Pusan in Korea.

MANAGEMENT OF WASTE

THAI places special emphasis on improved efficiency of systems for waste and dangerous waste management by focusing on employees' engagement in helping to discard their waste into the correct garbage bins labeled for general waste, recyclable, dangerous and toxic waste, prior to being sorted again by cleaning staff, who will also make a record of incorrect waste disposal in accordance with the ISO14000 environmental standardization. Waste is separated into different types such as general waste, toxic waste from medical establishments, and dangerous waste at Don Mueang and Suvarnabhumi Operations Centers.



GRI CONTENT INDEX

GENERAL STANDARD DISCLOSURES

General Standard Disclosures		SD Pages	Note
Strategy and Analysis			
G4-1	Statement from the most senior decision-maker of the organization.	3-5	
Organizational Profile			
G4-3	Name of the organization	12	
G4-4	Primary brands, products, and/or services.	12-13	
G4-5	Location of organization's headquarters.	13	
G4-6	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	12-13	
G4-7	Nature of ownership and legal form.	13	
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	12-15	
G4-9	Scale of the reporting organization.	6,12-13,42	
G4-10	Total workforce by employment type, employment contract, and region broken down by gender.	6,60	
G4-11	Percentage of employees covered by collective bargaining agreements.	6	
G4-12	Describe the organization's supply chain.	13	
G4-13	Significant changes during the reporting period regarding size, structure, or ownership.	14-15	
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	76	
G4-15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	18-19, 28-29	
G4-16	Memberships in associations (such as industry associations) and/or national/international advocacy organization advocacy organizations.	12-13	

General Standard Disclosures		SD Pages	Note
Identified Material Aspects and Boundaries			
G4-17	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	12	
G4-18	Process for defining report content.	34	
G4-19	List all the material Aspects identified in the process for defining report content.	35-36	
G4-20	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	35-36	
G4-21	State any specific limitations on the scope or boundary of the report (see completeness Principle for explanation of scope). Basis for reporting on joint ventures.	35-36	
G4-22	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	-	No significant change
G4-23	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	-	No significant change
Stakeholder Engagement			
G4-24	List of stakeholder groups engaged by the organization.	30-31	
G4-25	Basis for identification and selection of stakeholders with whom to engage.	30	
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	30-31	
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	30-31	
Report Profile			
G4-28	Reporting period (e.g., fiscal/calendar year) for information provided.	34	
G4-29	Date of most recent previous report (if any).	34	
G4-30	Reporting cycle (annual, biennial, etc.)	34	
G4-31	Contact point for questions.	37	
G4-32	Table identifying the location of the Standard Disclosures in the report.	87-90	
G4-33	Policy and current practice with regard to seeking external assurance for the report.	-	No significant change
Governance			
G4-34	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	22-23	
Ethics and Integrity			
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	23	



SPECIFIC STANDARD DISCLOSURES

Specific Standard Disclosures		SD Pages	Note
Economic			
DMA	Economic Performance	14-15,40-42	
G4-EC1	Direct economic value generated and distributed	42	
DMA	Indirect Economic Impacts	43,69	
G4-EC7	Development and impact of infrastructure investments and services supported	69,71-74	
G4-EC8	Significant indirect economic impacts, including the extent of impacts	43,71-74	
Environment			
DMA	Energy	79-81	
G4-EN3	Energy consumption within the organization	82-83	
G4-EN5	Energy intensity	82	
G4-EN6	Reduction of energy consumption	79-81	
G4-EN7	Reductions in energy requirements of products and services	80-81	
DMA	Water	84	
G4-EN8	Total water withdrawal by source	84	
DMA	emissions	77-78	
G4-EN18	Greenhouse gas (GHG) emissions intensity	82	
G4-EN19	Reduction of greenhouse gas (GHG) emissions	77-78	
DMA	Products and Services	76,79,85-86	
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	76,79,85-86	
DMA	Effluents and Waste	84,86	
Social			
DMA	Anti-corruption	26-27	
DMA	Compliance	66-68	
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	66-68	
DMA	Child's rights	63-65	
DMA	Employment	46-47	
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	51-52	
G4-LA3	Return to work and retention rates after parental leave, by gender	52	
DMA	Labor/Management Relations	49	

Specific Standard Disclosures		SD Pages	Note
DMA	Occupational Health and Safety	57	
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation Guidance	58	
DMA	Training and Education	49-50	
G4-LA9	Average hours of training per year per employee by gender, and by employee category	50	
DMA	Diversity and Equal Opportunity	48	
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	48	
DMA	Customer Health and Safety	53-57	
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	53-57	
DMA	Product and Service Labeling	59-62	
G4-PR5	Results of surveys measuring customer satisfaction	60-62	
DMA	Marketing Communications	62	
DMA	Customer Privacy	62	





THAI focus on creating recognition among stakeholders, placing special emphasis on development and improvement of the organization to ensure mutual and sustainable development.





Thai Airways International Public Company Limited
89 Vibhavadi Rangsit Road, Jompol, Jatujuk, Bangkok 10900
Tel. 66 (0) 2545-1000, 66 (0) 2695-1000



www.thaiairways.com