



SUSTAINABLE DEVELOPMENT REPORT 2016

Thai Airways International Public Company Limited





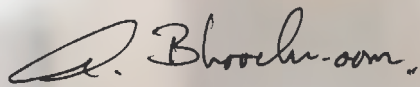
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 **THAI**
Smooth as silk

MESSAGE FROM MANAGEMENT

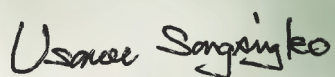


A. Bhoocha-oom

Mr. Areepong Bhoocha-oom
Chairman of the Board



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



Usanee Sangsingkeo

Mrs. Usanee Sangsingkeo
THAI Acting President



Message from the Chairman

Thai Airways International Public Company Limited (THAI) has implemented its Transformation Plan and improved operational procedures in various attributes including planning, marketing and service, enabling THAI to move forward and achieve its sustainable growth and development despite the critical changes in the economic, social and environmental dimensions. However, THAI remains committed to good governance principles and has placed special emphasis on operational transparency and accountability as well as establishing the highest disciplinary measures for all types of corruption without any exception.

I would like to thank all stakeholders for their continued support throughout the year. I am confident that the strong cooperation from all concerned, and the dedication of THAI employees, will help THAI accomplish its mission and desired goals, moving forward from strength to strength. This will also enable THAI to achieve its sustainable development objectives and reposition itself as the pride of Thailand and the Thai people.

Message from the Chairman of Corporate Governance and Social Responsibility Committee

Thai Airways International Public Company Limited (THAI) is committed to carrying out business operations with responsibility for society and the environment through CSR in process including effective network management, procurement and heightened service standards. The social responsibility through CSR after process is expressed through projects such as “Giving Life Back to the Land”, “Learning Airport”, “Smiles for Kids” and projects to help senior citizens.

I am pleased that THAI has published this report on a regular basis to put our stories into words showing our performance and operations with responsibility towards society and the environment in line with the Company’s Transformation Plan. I would like to thank all personnel and individuals concerned for their dedication and efforts to bring THAI forward to a successful future.

Message from the President

Through implementation of effective strategic transformation plans during the past years, Thai Airways International Public Company Limited (THAI) was able to gain and build its strength and stop the Company from “bleeding” or operational loss. These plans focused on generating revenue, reducing unnecessary expenses and enhancing operational efficiency and strengthening capability and excellence in customer service, to move towards future sustainable development. Therefore, THAI has placed special emphasis on CSR in process, which acts as a critical foundation for future development.

I would like to thank THAI personnel of all levels for their dedication, commitment and support in carrying out their duties in response to the Company’s transformation plan. As a result, we have seen steady improvements in our performance in moving towards a sustainable future.

OPERATIONAL IMPROVEMENTS AND INNOVATION

In 2015 THAI operated in accordance with the Transformation Plan focusing on enhancing management efficiency, reducing unnecessary expenses, generating quality revenue, and creating service excellence. Employee performance indicators were determined in accordance with this plan. However, in order to achieve the desired target, THAI has made innovative developments and improved operational procedures through various projects as follows:



1. Flight Operations

- **Fuel Management project** is the project to effectively manage the use of aviation fuel and has been practiced on a continuing basis. During 2014-2016 THAI was able to reduce the amount of fuel usage calculated at 1,384.72 million baht
- **Route Optimization project** has been established to reduce flight operation expenses, namely fuel and overfly permits. THAI adopts route optimization methods of TAFS (Thai Automatic Flight Planning System) as a tool to help flight planning from April 2014 to December 2016, which enabled THAI to reduce expenses from flight operations by approximately 251.937 million baht
- **New Potable Water Uplift is a project** launched to help THAI reduce the amount of water carried on board. In 2016 THAI created a communication channel to ensure that the calculation of water requirements based on the number of passengers and distance, is in line with the amount of water carried, when calculating takeoff weight for each flight. This allows for accurate calculation of fuel required for each flight in line with the actual weight of the aircraft. THAI aims to expand this project to cover all inbound flights from around the world.



2. Operational procedures and performance developments to reduce duplication and cost while increasing profits

THAI implemented the Cargo Process Efficiency Plan to help improve the overall operational procedures starting from creating greater awareness and understanding among employees of the Lean Management principles as well as learning how to further promote Work System and Work Process while reducing unnecessary procedures. This will help promote greater work efficiency and better working environment. These changes in turn help promote the THAI Spirit Corporate Culture and Core Values, strengthening work ethics among employees with special emphasis on customer satisfaction and safety.



3. Improvement of IT system

THAI has undertaken the HR Management Tools project by adopting the SAP-HCM system to manage the human resource management in the form of a single system. Real time data management enables THAI to operate with even greater efficiency. In addition, THAI regularly develops its main Home Page website of all the training departments to facilitate easier access for employees to receive suitable training through e-learning and self-learning, giving more training opportunities and reducing training limitations and expenses.



4. Human Resource development

THAI introduced a Competency Base training system for cabin crew serving on new aircraft types which will integrate safety, security and service. The program has been designed to further improve Customer Experience Management and awareness of safe and high quality service standards while taking pride in being THAI cabin crew and promoting THAI's global competitive advantage.



5. Encourage new innovation in Operations

THAI joined an "Innovation Day 2016" exhibition organized by the National Research Council of Thailand, displaying the THAI Pilot Training Management System that helps manage Pilot training, training resources, filing of data and training documents. Developed and improved by THAI personnel, the system also helps determine and log in training schedules and track past training records, all of which is stored in a smart card. In addition Real Time Web Application technology, developed on a Node JS platform together with Mongo DB platform. The system can be accessed through Google Chrome web browser or Firefox. A card reader has been developed on the hardware side made up of the standard equipment together with self-developed software to better manage pilot training curricular to be in line with the plan. This will help save budget and increase training efficiency as well as support the aviation personnel development policy.

“...For any kind of works, everyone must be dedicated and diligent as well as thoughtful and considerate using with wisdom. One must be careful and adhere to unity and loyalty, taking into consideration the benefits of the public at large/general public. In doing so, they will be able to do any work successfully and completely...”

Royal speech at Phra Putnavarajabophit, Nan province, 10 March 1969

KNOW THAI

Thai Airways International Public Company Limited (THAI) is a State Enterprise under the Ministry of Transport established on March 29, 1960 as a joint venture between Thai Airways Company (TAC) and Scandinavian Airlines System (SAS) with a registered capital of two million Baht.

On March 30, 1977, SAS transferred all of its shares to Thai Airways Company (TAC) marking the end of the joint venture. On April 1, 1988, the Royal Thai Government approved the merger between Thai Airways Company (TAC) and Thai Airways International Company Limited (THAI) raising the registered capital to 2,230 million Baht

THAI's business operations had grown and expanded and on July 19, 1991, THAI became a registered company under the Stock Exchange of Thailand with registered capital of 13,000 million Baht. As of December 31, 2016, THAI recorded a registered capital of 26,989,009,500 Baht with paid up capital of 21,827,719,170 Baht. The Ministry of Finance and Government Housing Bank combined hold 53.16 per cent of shares in THAI, and the remaining 46.84 percent are held by the public both within and outside Thailand as well as THAI employees.

THAI operates both domestic and international commercial air services, comprising passenger, cargo and mail transportation, as well as other related businesses such as warehouse services, ground equipment and passenger services, aircraft maintenance, and catering services. 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 schedule for passengers, at pre-flight, during-flight and post-flight, with maximum safety, on the network of both THAI and Star Alliance carriers.

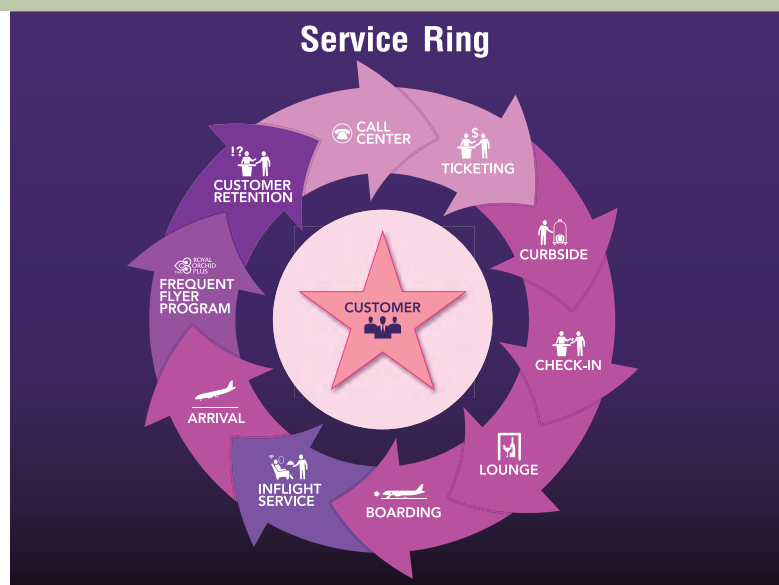


THAI together with four other leading international carriers, namely Air Canada, Lufthansa, United Airlines and Scandinavian Airlines System, formed a global alliance called Star Alliance in response to the rising demand of international travelers while coordinating mutual benefits between alliance members. Currently Star Alliance embraces 28 member carriers with a network reaching some 1,300 airports in 190 countries worldwide, offering more than 18,450 flights daily, making Star the largest airline alliance in the world today,

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) 2695-1000 and THAI Contact Center at Tel: 66 (0) 2356-1111, website www.thaiairways.com

Service Ring

1. CALL CENTER
2. TICKETING
3. CURBSIDE
4. CHECK-IN
5. LOUNGE
6. BOARDING
7. INFLIGHT SERVICE
8. ARRIVAL
9. FREQUENT FLYER PROGRAM
10. CUSTOMER RETENTION



THAI has set its strategic plan for 2016 to ensure smooth coordination and sharing of information between all business units so that they all move in the same business direction, or what is called as the "Service Ring" or one-stop service. THAI aims to provide a seamless travel experience from the start to the end of a journey by using modern system via smart phone throughout service units. At the same time, service quality has continuously been enhanced to meet international requirements.

Vision

“To become the first choice carrier with touches of Thai”

THAI is committed to becoming the first-choice carrier by maximizing customer satisfaction beyond their expectations while strengthening customers' relationship with THAI by creating an uninterrupted and impressive travel experience through unique Thai identity, with consistent service excellence at every customer touch point.

Mission

THAI's key missions comprise commitments to customers, shareholders, employees and society as follows:

- To provide high quality domestic and international air transportation services that are safe and convenient while promoting the unique Thai identity. This is to ensure high quality and reliable products that will help create a good impression and build the relationship between THAI and its customers
- To operate in compliance with international standards to ensure sustainable development and high investment returns for THAI investors
- To build a strong and knowledge-based organization, recognizing the importance of customers, strengthening employee responsibility, skills and expertise as well as promoting employee loyalty
- To assist in the promotion of social and environmental aspects while demonstrating responsibility as the national carrier

Core Values

To ensure the company's sustainable growth and development enabling THAI to compete in the fast-changing business environment, THAI promotes and strictly follow three main core values, namely

1. Customer Satisfaction
2. World Class Services
3. Value Creation

SIGNIFICANT CHANGES IN THAI'S OPERATIONAL PERFORMANCE

THAI's key business operations are to provide services and facilitate air travel, and therefore fully recognizes that customer satisfaction is of great importance. In 2016 THAI has modified its business operation to better respond to customer demands as follows:

- Establish new route network planning system which will enable THAI to make better Traffic Program Information (TPI) plans in advance for the next four seasons and arrange suitable flight frequencies in support of promoting Suvarnabhumi Airport as the regional hub of this region
- Expand route network and add more flight frequencies to Europe and the west namely Tehran, Moscow and Phuket-Frankfurt including more flight frequencies to London, Frankfurt and Oslo
- Establish effective price management system enabling THAI to compare its ticket prices with other competing airlines and make prompt adjustments. Currently, THAI employees are undergoing training for this new system to strengthen their skills and expertise in order to optimize its utilization

- Improvement of the level of products and services as well as meals on board in business class is being conducted following the procedures of new business class service
- THAI took delivery of two new Airbus A350-900XWB, both of which were utilized for flight test operations on the route Bangkok-Chiang Mai and Bangkok-Phuket during 4-15 September 2016, and later deployed to Bangkok-Melbourne, Bangkok-Singapore, Bangkok-Rome and Bangkok-Milan
- THAI has employed effective information system to connect inflight services information between THAI ground customer services and Technical units in order to quickly and properly attend to service-related problems and promptly offer compensation when appropriate
- Enhance work procedures to become more effective especially in the area of cargo and mail commercial unit, enabling them to reduce operational cost step by step. THAI plans to implement a similar system with ground equipment and customer handling departments and other business units in the future

In parallel THAI has also moved forward in developing and improving its operations in other areas such as Service Ring, cabin crew training for new aircraft and New Royal Silk Class Service.



FOUR KEY AREAS OF OPERATIONAL FRAMEWORK FOR THAI'S CORPORATE SOCIAL RESPONSIBILITY



1

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

2

To organize social contribution and conservation activities in line with the Travel Green concept

3

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

4

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

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 standards.

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

Employee recruitment, employment, termination of employment, employee development, promotions, job transfers and assignments 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

Since 2003 THAI has implemented a Risk Management approach as a tool to manage the organization in order to ensure that THAI achieves its business objectives while creating added value and confidence and maximizing benefits for the stakeholders in line with Good Corporate Governance principles.

Business Continuity Policy

Business Continuity management approach has been implemented as a tool to enable THAI to run its business as usual with the least impact in case of crisis or unexpected occurrences. With this approach THAI will be able to resume its normal operations quickly, creating confidence among its stakeholders and in line with the Good Corporate Governance Principle.

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



Fair Business Practice

THAI has continued to operate its business in accordance with Good Corporate Governance principles and ethics focusing on loyalty, proper business practice and transparency which will lead to the highest benefits for the company under the democratic concept. THAI management and staff are required to follow and practice these principles to ensure organizational efficiency.



Anti Corruption

THAI recognizes the importance of fraud and corruption prevention, and has therefore adopted a "Whistle Blower" policy into its business management and established regulations related to complaints on fraud cases or those related to practices which are not in line with the Company's policy, rules, regulations, measures, restrictions, orders, good governance policy and good business practice in accordance with the Good Governance and the Code of Ethics 2010 where all stakeholders are able to monitor and report any fraud or corruption via set channels. THAI will investigate and provide protection for the informer.



Fair Labor Treatment

THAI recognizes that its human resources are an invaluable asset that will drive the organization towards success. Therefore THAI is committed to regular development of its human resources management system in order to further promote individual skill and knowledge so that all employees are ready to handle the constant changes in the business environment and intense competition. THAI also organizes regular training for its employees to further enhance performance quality and effectiveness from management to staff at all levels.



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, promotions, job transfers 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.



Responsibility towards Consumers

Safety has been incorporated as part of THAI's corporate culture through all working procedures in accordance with the rules and restrictions of the Aviation Security requirements. At the same time, THAI has continued to place special emphasis on developing greater organizational efficiency to strengthen consumer confidence. In addition, THAI has employed an advanced IT system to further improve safety to control and analyze pilot performance to help reduce risks during flight.



Environmental Conservation

THAI is fully aware of the environmental impact as a result of business operations and therefore has focused on improvement of environmental management to be in line with international standards for every company activity, covering key elements such as the use of raw materials, energy, water resources, ecosystems and biodiversity, garbage and waste as well as air pollution as a result of the air transportation business. In 2016, THAI helped mitigate the impact by offsetting 418,000 kilograms of carbon dioxide emissions.



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 under privileged and disaster victims.



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, HR Management Tools, and THAI Pilot Training and Development program. These projects will play an important role in gaining recognition for THAI for its service excellence.

“...I ask each and everyone of you to adhere to loyalty and honesty taking into consideration the benefits of the public at large. This ethic acts as a strong and important foundation for future prosperity and unity in the Thai society, a source of unity. The word honesty means honest to your duty and responsibility as well as to yourself and those involved, having honest intention and not taking advantage of anything or anyone...”

Royal Speech at a degree presentation ceremony, Thammasat University, 23 May 1953

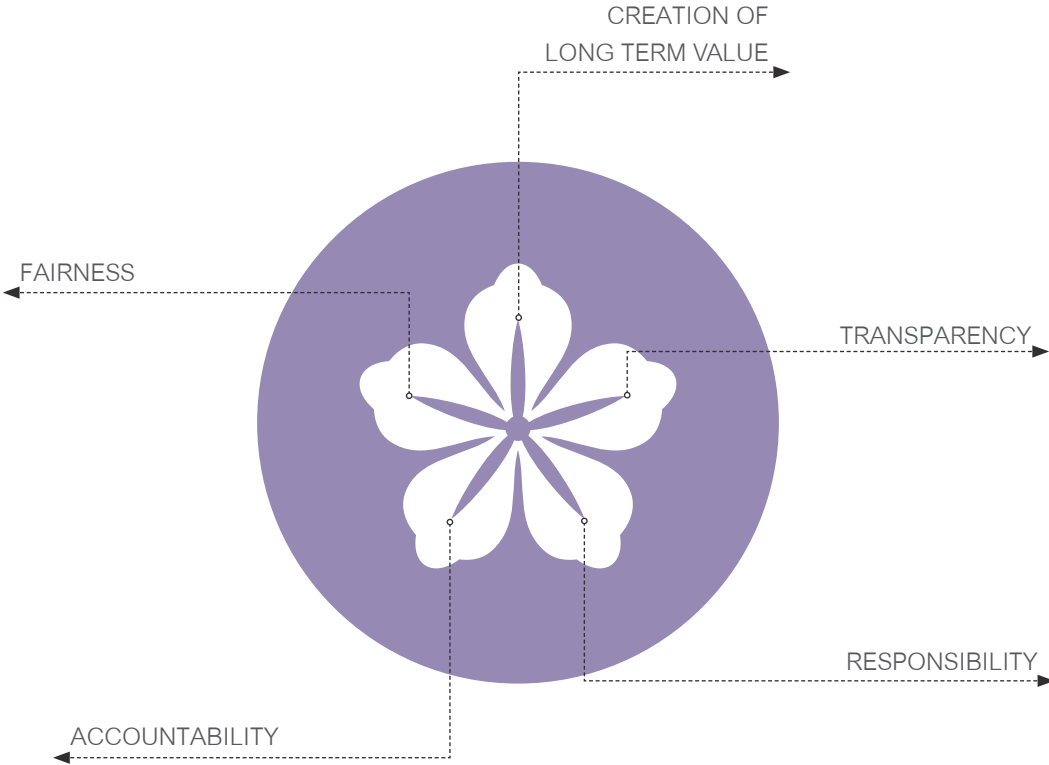
GOOD CORPORATE GOVERNANCE

THAI recognizes the importance of Good Corporate Governance principles and fair business practices. Therefore THAI is committed to operating its business with good faith and transparency as this will lead the organization to its desired objectives and goals in a secure and sustainable manner. 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, creating long term value and displaying transparency and accountability, resulting in fair treatment and maximizing returns for stakeholders in all sectors.



Business ethics

THAI is committed to good governance and strictly follows the practice of 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.

Business 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 make the highest benefit for the company the top priority without seeking privileges or benefits for themselves or others in their work, avoiding conflict of interest
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 do not allow any illegal activities to occur in the work for which they are responsible
5. Maintain transparency and do not distort the truth in any way when giving information to the public, shareholders and stakeholders

Risk Management for Sustainable Development

According to volatile business environment both internally and externally, risk management became a necessary management tool. Toward sustainability way, cooperation at regional level is required which will not focus on reducing inequality but also promote a joint economic competition effort, THAI therefore places Risk management which special emphasis on sustainability in every dimension of its operations comprising.



Management of Economic Risk

Competition within the aviation industry has heightened over the years as seen from the number of aircraft on order made by full-service and low cost carriers within the next 5-10 years. THAI has therefore established its responsive guidelines to this competition by closely monitoring performance of each route and optimize the flight frequency. In addition THAI also improved its revenue management and pricing to increase efficiency in responding appropriately to market needs. Cooperation with partner carriers has been strengthened to expand network, improving sales and modernizing its websales as well as ancillary revenue from existing products and services in order to accommodate every customer's need. THAI's Royal Orchid Plus frequent flyer programme has been enhanced to maintain customer base and attract repeat customers. THAI also proactively set up preventive procedures in order to handle risk that may occur in the future.

As for the expenses on aviation fuel, THAI has determined its fuel hedging process to reduce fluctuation through collection of suitable fuel surcharge, effective management of fuel stock and increase fuel management efficiency.

THAI may be affected by the fluctuation of foreign exchange due to the fact that both the revenue and expenses are in over 50 currencies. Therefore it has adopted the natural hedging technique by arranging expenses to be in the same currency as revenue as much as possible, and finding loans to be in response to net operating cash flow. Necessary financial tools are brought in to manage risk such as Cross currency swap or CCS by restructuring CCS and Forward during favorable market environment

Management of Environmental risk

Transportation of passenger and cargo both within and outside the country has a direct relationship with the travel industry, and environmental risks as well as natural disasters such as Typhoon, floods, earthquake and outbreak of diseases both within and outside the country may affect THAI'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 developed in order to reduce the extent of the risk. A crisis management committee was formed and the company's Business Continuity Management (BCM) was developed in order to accommodate various situations. Plans and operation manuals were prepared 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.

Management of Social Risk

THAI is dedicated to produce employees who are competent and productive with positive attitude towards the organization. Therefore improvements were made on company structure, work process and workforce to be in line with business strategies. THAI also initiated the Embed Corporate Culture and Core Values in THAI DNA programme to establish a firm foundation for employee development to becoming a Learning Organization.

THAI is committed to develop and improve its aviation safety and security to create greater confidence among customers and aviation authorities in other countries who may have some concerns on the safety oversight of Thailand's Civil Aviation Organization. THAI has implemented the Safety Beyond Compliance programme to further enhance its aviation safety standards and adopted the standards of European Aviation Safety Agency (EASA) as the model. THAI takes pride in being the airline that is permitted to fly to any countries in the world.



Measures Against Fraud and Corruption

THAI recognizes the importance of frauds and corruptions by adopting the whistle blower policy for its management. Company regulations related to frauds and misconducts as well as behaviors that are not in accordance with the law, company rules and regulations as well as company orders, good governance and business ethics in accordance with the Good Governance and Business Ethics Code of Laws 2010. This will provide channels for employees, staff, stakeholders and the public to express their concerns on acts that may be misunderstood to be against the law, rules and regulations. Investigation will be conducted in parallel to implementation of measures to protect those who voiced their complaints. This will in turn give the sense of safety and create greater confidence for those people which will then lead to fairness and transparency.

THAI joined the Integrity Pact project where the Anti-Corruption Cooperation Committee has passed resolution in selecting the procurement of white and red wine project to join the making of the pact for the 2016 fiscal year. External individuals and officials from the Anti-corruption organization (Thailand) were invited to observe the procurement procedures for wine served on board THAI flights.

In addition THAI joined the Integrity & Transparency Assessment (ITA) for fiscal year 2015 of the Office of the National Anti Corruption Commission where THAI received the evaluation of 75.84 points from 100. The figure reflected high level of moral and transparency in its operations. For the fiscal year, 2016 THAI received the evaluation of 79.30 points out of 100 reflecting similarly high level in moral and transparency.

Table Showing Index/Indicator in the Evaluation of THAI’S Moral Values and Operational Transparency 2015

Index/Indicator in the evaluation of moral values and operational transparency	Points (Per Cent)	Score
1. Transparency	78.42	High
2. Accountability	84.90	Very high
3. Corruption - Free	89.22	Very high
4. Integrity Culture	77.09	High
5. Work Integrity	64.80	High
Summary points/score ITA	79.30	High

THAI statement on Rolls-Royce’s admittance to bribery in Thailand

In response to a recent admission by Rolls-Royce to the Serious Fraud Office (SFO) of the United Kingdom on bribery payment for Rolls-Royce engine procurement in a number of countries including Thailand from 1991-2005, Thai Airways International Public Company Limited (THAI) has set up a special task force for investigating past engine procurement and another task force for corruption prevention.

Thai Airways International has reported to Thailand’s Minister of Transport on the following actions by THAI.

1. Corruption Prevention consists of two areas

1.1 Set up Task Force, headed by Mr. Pichait Riengvattanasuk, Vice President, Risk Management Department, to investigate past and present procedures for engine procurement and maintenance, and to ensure THAI’s process is sound and no loopholes exist in the process.

1.2 A Fraud Prevention Integrity Pact between THAI and engine procurement and maintenance companies is to be developed to ensure no bribery of THAI staff

2. Corruption Investigation

consists of setting up a Special Task Force headed by Mr. Niruj Maneepun, Advisor, Office of the President, to investigate the allegations made by Rolls-Royce concerning THAI engine and maintenance procurement from 1991-2005 and to take appropriate Company or legal actions on the findings.

International Standards Implemented at THAI

International Standard	Department or Business Unit	Valid to
TCO Third Country Operator EU safety authorizations for foreign air operators (non-EU) is issued centrally by the European Aviation Safety Agency (EASA)	Throughout the company	Valid together with Air Operator Certificate (AOC)
IOSA IATA Operational Safety Audit programme is an internationally recognized and accepted evaluation system designed to assess the operational management and control systems of an airline	Throughout the company	26 May 2018
ISO 9001:2008 Quality Management System	General Administration Department Technical Department Cargo and Mail Commercial Department Ground Services and Equipment Department (at Suvarnabhumi, Chiang Mai, Phuket and Krabi Airports) Ground Customer Services Department (at Suvarnabhumi, Chiang Mai, Phuket and Krabi Airports) Catering Department	6 October 2018 15 September 2018 30 June 2017 15 December 2017 15 December 2017 8 March 2017
ISO 14001:2004 Environmental Management	General Administration (Head Office, Laksi and Larn Luang offices, Operations Center at Suvarnabhumi Airport, Ground Customer Services at Suvarnabhumi Airport) Technical Department Catering Department	15 September 2017 15 September 2017 1 September 2017
ISO 50001:2011 Energy Management System	General Administration (Head Office, Laksi and Larn Luang offices, Operations Center at Suvarnabhumi Airport, Ground Customer Services at Suvarnabhumi Airport)	20 June 2019

International Standard	Department or Business Unit	Valid to
OHSAS 18001:2007 Health Safety and Hygiene Management System	Catering Department	3 August 2017
HALAL The Halal Standard	Catering Department - Don Mueang Airport - Suvarnabhumi Airport	10 June 2017 31 December 2017
HAL-Q The management system for the quality control of Halal food manufacturing factories	Catering Department - Don Mueang Airport - Suvarnabhumi Airport	16 June 2017 27 April 2017
HACCP Hazard Analysis and Critical Control Points Hazard Analysis and Critical Control Points for control of meal production	Catering Department	8 March 2017
GMP Good Manufacturing Practice The management of good environment at Operations Building	Catering Department	8 March 2017
FAR 145 Federal Aviation Regulations 145 FAA Repair Station Federal Aviation Administration of USA	Technical Department	31 October 2018
RSC 13 THAI DCA Repair Station 145 Department of Civil Aviation, Thailand DCA Thailand Maintenance unit	Technical Department - Don Mueang Airport - Suvarnabhumi Airport (U-Tapao Airport)	31 October 2017 25 September 2018 30 October 2018
EASAPart-145 European Aviation Safety Agency – Approved Maintenance Organization	Technical Department	Since 21 April 2013 Audit twice a year

“...When working with other people, it is difficult to expect that work will get done smoothly without any conflicts because many people have many views and needs, some have a lot and some have little. You will have to learn to be patient and tolerant and be wise. Try not to be emotional and consult each other as well as in agreement based on reasons. When people have different ideas it is not the reason to create conflict, quarrels, try to win over each other. Use these differences to help you see things clearer in both work mission and procedures...”

Royal speech at a degree presentation ceremony, Kon Kean university, 17 December 1998

ABOUT THIS REPORT

Guidelines in making this report

The Sustainable Development (SD) Report of Thai Airways International Public Company Limited has been published for six consecutive years (G4-29) with the objective of disclosing the Company's SD operations in economic, social and environmental dimensions for its stakeholders. The information in this report covers performance and operations for fiscal year 01 January – 31 December 2016. This reporting concept is in accordance with the Global Reporting Initiative (GRI) Issue G4, disclosing information at Core Level.

In addition, THAI recognizes the importance of Child Friendly Business Practice (CRBP) launched by UNICEF Thailand as well as taking part in the improvement of the Business Guidance on Older Persons (BGOP) by Thaiapat Institute under the Promotion of Cooperation to Develop Activities for Senior Citizens, Department of Older Persons, Ministry of Social Development and Human Security. The disclosure of information in this report therefore covers additional operational results in accordance with these principles.



Reporting Boundaries (G4-17)

In addition to the airline business operations framework, THAI also holds shares in subsidiary companies such as THAISmile Airways Co., Ltd., Thai-Amadeus Southeast Asia Co., Ltd, Wingspan Services Co., Ltd, Eurng Luang Tour Co., Ltd and Thai Flight Training Co., Ltd. Other joint ventured companies are Don Mueang International Airport Hotel Co., Ltd, Nok Air Plc., Suvarnabhumi Airport Hotel Co., Ltd, Phuket Flight Catering Co., Ltd, Royal Orchid (Thailand) Co., Ltd., Bangkok Aviation Fuel Services Plc., including other related companies such as Star Alliance GmbH, Trade Siam, AEROTHAI, Thai Hotel and Travel and Fuel Pipeline Transportation. More details of THAI's shareholding are displayed in the shareholding structure available in the Annual Report.

The disclosed information in this report only covers internal information of THAI due to limitation of the data collection system. However, plans are in place to further improve the data collection system in accordance with the GRI principle in order to ensure that content in this report is complete and clear.

Engagement with stakeholders (G4-25)

Stakeholder engagement has played an important role in sustainability management. Each year, THAI analyzed and reviewed stakeholders identification which means companies or groups of people both within and outside of the company who may be impacted by THAI's operations. In addition, THAI is making every possible effort to ensure to respond to the needs of all its stakeholders appropriately. For this 2016 SD report, THAI collected issues and suggestions from six major groups of stakeholders in order to determine the content of this report.

Table showing stakeholders and the responses

Stakeholders (G4-24)	Channels and frequency of communications (G4-26)	Expectations received from Stakeholders (G4-27)	Responses (G4-27)
Customers	<ul style="list-style-type: none"> ● Customer Airline Satisfaction Survey ● Direct opinion from customers (feedback: complaints, recommendations, suggestions) ● Meeting/ visit customers 	<ul style="list-style-type: none"> ● To receive quality services including safety, convenience and respond to their needs effectively and productively to create greater confidence and satisfaction 	<ul style="list-style-type: none"> ● Good attitude and recognize the importance of customers and service profession/ focus on customer service ● Gain better understanding of customers' needs ● Create good customer relations on a regular basis
Business partners/ creditors, debtors	<ul style="list-style-type: none"> ● Joint meetings ● e-mail ● IT system of the member group ● Website 	<ul style="list-style-type: none"> ● Receive equal and fair treatment based on business relations ● Receive fair rewards for both parties as well as avoid any situation which may create conflict of interest 	<ul style="list-style-type: none"> ● Do not accept any money or any benefit from business partners ● Do not pay or offer to pay any dishonest benefits ● Refusal to ask for, take or pay or offer payment of benefits that are not honest in business undertaking ● Comply strictly with the terms of contracts with business partners, creditors or debtors
The Nation	<ul style="list-style-type: none"> ● Social Media 	<ul style="list-style-type: none"> ● Transparent business operations ● Avoid any actions or undertakings that are harmful to the nation 	<ul style="list-style-type: none"> ● Take into consideration public benefits and avoid any activities that may damage the country's image ● Do not take part in any activities that will result in unlawful practices

Stakeholders (G4-24)	Channels and frequency of communications (G4-26)	Expectations received from Stakeholders (G4-27)	Responses (G4-27)
Shareholders	<ul style="list-style-type: none"> ● Conference Calls ● Visits to THAI ● Ordinary Shareholders' Meeting (once a year) ● Communication via telephone, letter and e-mail ● THAI Web site and SET Web site 	<ul style="list-style-type: none"> ● Receive good rewards consistently and sustainably with equal treatment ● Receive 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 System (THAI Sphere) / Web board/ e-mail ● Line Group - TG Internal Network ● Group meeting (Once every quarter) 	<ul style="list-style-type: none"> ● Clear and transparent personnel recruitment and selection process ● Ensure regular improvement or development of employee expertise and knowledge to ensure future career advancement opportunity 	<ul style="list-style-type: none"> ● Respect for one another as well as for individual privacy with courteous manner both physically and verbally ● Become a role model with good work morale and no discrimination
Society and community	<ul style="list-style-type: none"> ● Social Media ● Website 	<ul style="list-style-type: none"> ● Take into consideration the importance of natural resources and the environment as well as public benefit by encouraging the sense of social and public responsibility. Promote and support activities that will benefit the society and communities 	<ul style="list-style-type: none"> ● Give support to activities that contribute to social development ● Promote sense of social responsibility at every level ● Politically impartiality

Materiality Assessment of THAI (G4-18)

THAI has conducted the Materiality Assessment taking into consideration the opinions and views of stakeholders in order to review issues critical to the development of THAI and its stakeholders with the following steps:



Step 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.



Step 2

Prioritization

Through discussion the working group determined the content of the report jointly with the Management and staff concerned by prioritizing the importance of SD issues taking into consideration both sides of each of the issues comprising economic, environmental and social impact on the company's business operations as well as the importance to stakeholders.



Step 3

Validation

The working group assessed the completion of the important issues prior to submitting issues related to the sustainable development to the management. The issues and content were further reviewed by the management who then gave approval to information disclosure as well as provided suggestions to further enhance the report. In 2016 the working group considered additional issues which were of interest to the stakeholders.



Step 4

Review

THAI is dedicated to improving the Sustainable Development Report on a continual basis based on opinions and suggestions from stakeholders, who would be able to clearly reflect the company's sustainable development operations. In addition, THAI is scheduled to join the SD report award presentation organized by the Thai Registered Companies Association and will integrate all valuable suggestions for improvement of the SD report in the following years.

Quality Assurance of the Report

THAI management is entrusted with the role and responsibility of reviewing the SD report as well as providing suggestions and recommendations for further improvement of the report, covering all the key issues related to THAI and its stakeholders. The Management also grants approval and assesses the accuracy of information. A third party will be involved in reviewing the report to strengthen trust and confidence in the completion of the SD report in the future.

Results of the assessment and reporting boundaries

	Key issues (G4-19)	Boundaries of internal impact (G4-20)	Boundaries of external impact (G4-21)
Economic operations	Economic performance	<ul style="list-style-type: none"> Thai Airways International PCL Thai-Amadeus Southeast Asia Co., Ltd Wingspan Services Co., Ltd Thai Smile Airways Co., Ltd 	
	Indirect economic impact	<ul style="list-style-type: none"> Thai Airways International PCL 	
Human Resource operations	Employment	<ul style="list-style-type: none"> Thai Airways International PCL Wingspan Services Co., Ltd Thai Smile Airways Co., Ltd 	<ul style="list-style-type: none"> Consulting company
	Labor/ Relations Management	<ul style="list-style-type: none"> Thai Airways International PCL 	
	Training and knowledge management	<ul style="list-style-type: none"> Thai Airways International PCL 	
	Diversity and equal opportunity	<ul style="list-style-type: none"> Thai Airways International PCL 	
Safety operations	Occupational health and safety	<ul style="list-style-type: none"> Thai Airways International PCL 	
	Customer Health and Safety	<ul style="list-style-type: none"> Thai Airways International PCL Thai Smile Airways Co., Ltd 	<ul style="list-style-type: none"> Airports of Thailand PCL Codeshare Agent Interline Caring Agent Outsourced staff Airline partners
Customer Responsibility Operations	Customer satisfaction (products and service labelling)	<ul style="list-style-type: none"> Thai Airways International PCL 	<ul style="list-style-type: none"> Agent Supplier European Union Tour Agent Handling Agent
	Marketing communications	<ul style="list-style-type: none"> Thai Airways International PCL 	<ul style="list-style-type: none"> Agent Public media
	Customer privacy	<ul style="list-style-type: none"> Thai Airways International PCL 	<ul style="list-style-type: none"> Outsourced staff GSA (Ground Service Agent/General Sales Agent) Airline partners Tour company
Human Rights Operations	Children's Rights	<ul style="list-style-type: none"> Thai Airways International PCL 	

Results of the assessment and reporting boundaries

Key issues (G4-19)		Boundaries of internal impact (G4-20)	Boundaries of external impact (G4-21)
Environmental Operations	Energy	<ul style="list-style-type: none"> Thai Airways International PCL 	<ul style="list-style-type: none"> Bangkok Aviation Fuel Services PCL Airports of Thailand PCL Metropolitan Electricity Authority The Department of Alternative Energy Development and Energy Conservation
	Emissions	<ul style="list-style-type: none"> Thai Airways International PCL 	<ul style="list-style-type: none"> Airports of Thailand PCL Communities around the airports
	Water	<ul style="list-style-type: none"> Thai Airways International PCL 	<ul style="list-style-type: none"> Airports of Thailand PCL Metropolitan Waterworks Authority Provincial Waterworks Authority
	Effluent and waste	<ul style="list-style-type: none"> Thai Airways International PCL 	<ul style="list-style-type: none"> Airports of Thailand PCL Communities around the airports Department of Industrial Works District Office/District Administrative Office
	Products and services	<ul style="list-style-type: none"> Thai Airways International PCL 	<ul style="list-style-type: none"> Airports of Thailand PCL Communities around the airports
Social Operations	Anti-Corruption	<ul style="list-style-type: none"> Thai Airways International PCL 	<ul style="list-style-type: none"> Agent Vendor/Supplier/Subcontractor
	Compliance	<ul style="list-style-type: none"> Thai Airways International PCL 	<ul style="list-style-type: none"> Office of 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 Association of Thai Travel Agents

Inquiries

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



“...Prosperity on the path of not feeling hungry means you are not poor and well off and you also have the mental food, the food that is art or others things that you find convenient to help you build things futher. This is economic sufficiency. It is important that you know the economic sufficiency step by step. If you do things too fast that is not sufficiency, too fast and too slow is not sufficiency. But you have to know how to move forward, it may be fast but you move forward without affecting other people, this is sufficiency...”

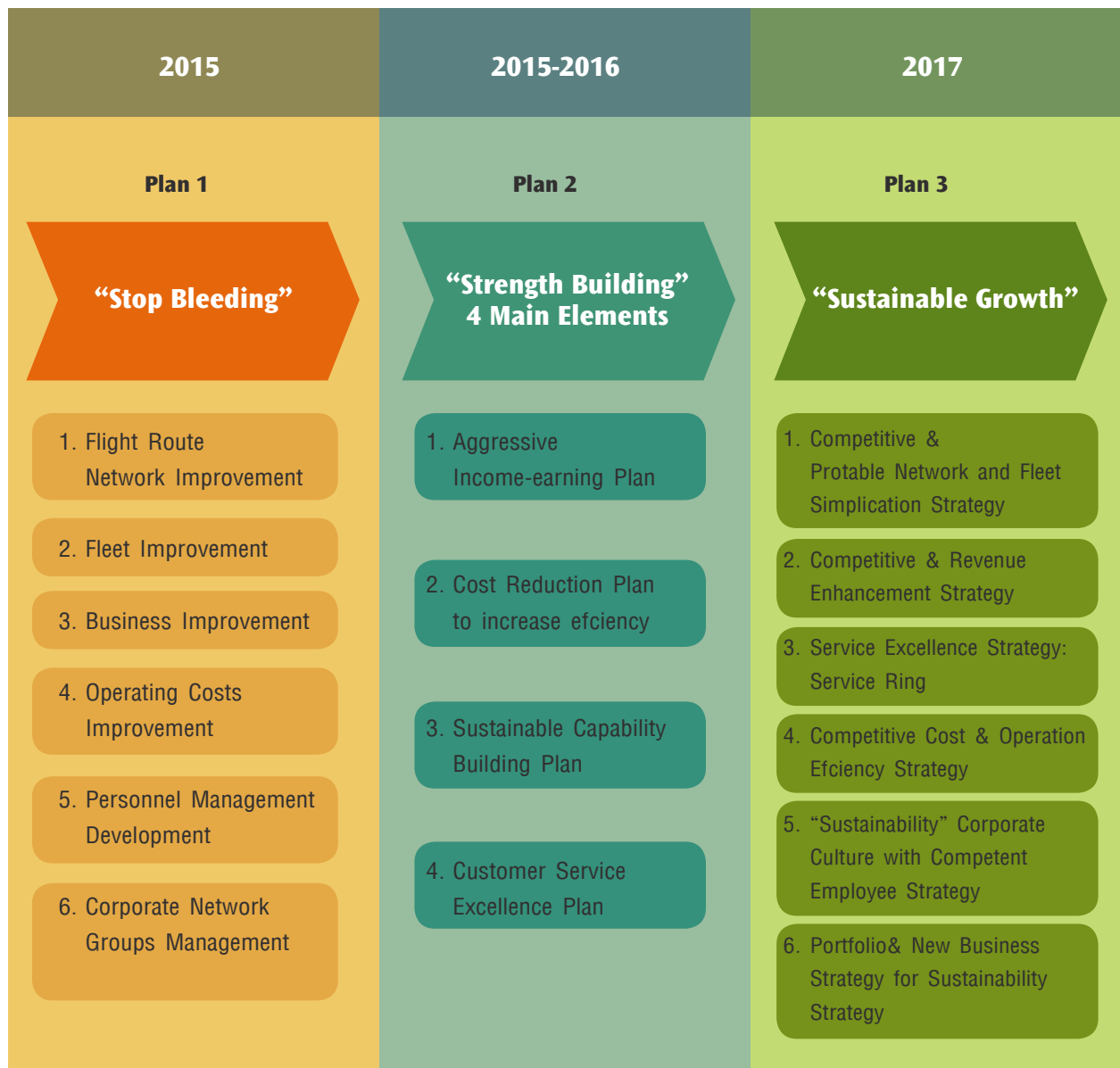
Royal Speech on Royal Birthday Anniversary, 5 December 2003

ECONOMIC OPERATIONAL DIMENSION

THAI carries out its operations in accordance with THAI's Transformation Plan under the “Shrink to Grow” concept which serves as the continual reformation plan ratified by the State Enterprise Policy Committee. In 2016, its operations were executed in line with THAI's Transformation Plan Stage 2, which aims to bring about “Strength Building,” whilst in competition with other companies. In addition, it also strives to streamline the main system that is regarded as the foundation on which THAI's operations are carried out. THAI's Transformation Plan was brought into play in order to increase the potential in management systems such as those used in aviation networks, incomes, customer service enhancement, and etc. Equally as important is the fact that THAI's Transformation Plan helps to increase efficiency in reducing operating costs relevant to a number of procedures: customer service in Economy Class, cargo and mail commercial service, and etc. In this regard, the task of keeping the operations in line with THAI's transformation plan has been continuously monitored by the Strategic and Organizational Transformation Committee through the Office of the Administrative Reform. The monitoring of these operations is done both on a weekly and monthly basis by the board of directors.



Overview of Transformation Plan



THAI's Transformation Plan

Strategy	Project Charter
1. Income Earning	<ul style="list-style-type: none"> ● Plans to increase income from passengers ● Plans to increase income for air cargo and mail services. ● Plans to increase income for commercial and maintenance units.
2. Cost reduction	<ul style="list-style-type: none"> ● Cost Management ● Cash & Balance Sheet Management
3. Capability Building	<ul style="list-style-type: none"> ● Flight Route Network Management & Optimization ● Fleet Plan & Rationalization ● Revenue Management Enhancement ● Sales & Distribution Optimization - Web Sales ● Sales & Distribution Optimization - Corporate & Government Sales ● Agent Management ● Simplified Menu & Meal production with high technology for Economy Class ● Ground Customer Services Process Efficiency ● Ground Equipment Services Process Efficiency ● Cargo and Mail Process Efficiency ● Technical Process Efficiency ● Flight Operations Efficiency ● Procurement Optimization ● Portfolio Business Restructuring ● TG/WE Integration
4. Customer Service Excellence	<ul style="list-style-type: none"> ● Customer Loyalty Program Enhancement ● Customer Services Improvement ● New Royal Silk Class Service Upgrade

Economic Performance in 2016

Economic Details	Amount (BAHT)
Direct economic value generated	
<ul style="list-style-type: none"> Revenues 	175,147,266,005.00
Direct economic value distributed	
<ul style="list-style-type: none"> Operating Costs Employee Wages and Benefits Payments to Providers of Capital Payments to Government Community Investment 	135,194,589,587.93 29,071,181,740.78 5,173,404,730.35 55,449,857.93 12,565,968.00
Economic value retained	5,640,074,120.01

Significant Operations in Support of Macro-Economy

Let us continue to realize His Majesty King Bhumibol’s wish to raise the quality of life for those who dwell in the mountains through “Royal Projects”

His Majesty King Bhumibol Adulyadej had long hoped to develop highland agriculture, reduce opium production, conserve watershed forests, and improve the lives of those dwelling in the mountains. For this reason, THAI has incorporated his hope into its operational procedures by jointly signing off on the royal project that produces products and carrying them under the brand of THAI's Catering Department. In addition, The Department also aims to bring the produce from the royal project up to standard and use them to cook food for passengers on all flights.



Signing of Agreement on Cooperation in Project Aimed at Selling OTOP products on board THAI Flights

THAI and other 8 government and private entities signed an agreement to cooperate on the project aimed at developing OTOP products and increasing channels of distribution for suppliers. Together, they make available a list of OTOP products, along with their QR Code used for scanning, on THAI flights. Purchasers can collect these products at the airport and have them dispatched to their residences. Furthermore, THAI makes use of these OTOP products in VIP rooms and use them as a travel kit provided to passengers.

THAI's Signing of Agreement on Cooperation in "Amazing Thai Taste" Project

THAI and other 37 public and private organizations signed an agreement to participate in a public-private collaboration to promote tourism in Thailand under the "Amazing Thai Taste" Project. It is aimed at encouraging tourists to consume Thai food, Thai rice, and Thai fruits, which will, in turn, increase value in Thai products and will be instrumental in distributing income to agricultural and communal sectors. In addition, THAI jointly publicizes brands of Thai food, Thai rice, and Thai fruits through its communication channels as a means to make foreign tourists aware of Thai products.



“The Royal Rainmaking” Project with THAI

THAI is greatly proud to have been a part of the effort that helps to continue partaking in one of the royally-initiated projects by sending its personnel on a normal THAI flight to photograph groups of clouds. We then presented these pictures to His Majesty King Bhumibol Adulyadej, in the hope that His Majesty could make use of them to analyze his “Artificial Rain” Project, easing the inconveniences caused by the drought for Thai citizens, especially peasants. Water is essential to their survival as explained by his saying as follows:



“...It is of utmost importance that we must have water to consume, use, and grow plants. There are many lives that depend on it. If there is water, humans can survive. If there is no water, humans will not be able to live. On the other hand, if there is no electricity, humans can live. But again, if there is electricity, but no water, we cannot survive...”

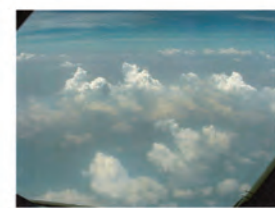
Royal remarks given by His Majesty King Bhumibol Adulyadej at Chitralada Park on March 18, 1986.

THAI is well aware of the fact that doing these tasks for His Majesty is of immense value, which will create a positive impact on the interests of our nation. THAI, therefore, has proceeded to carry out these tasks with steadfast determination, as evidenced by one of our employees' recollection of being in His Majesty's Service.

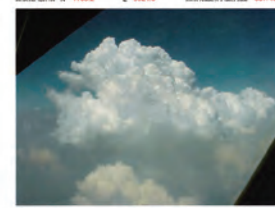
“Being in His Majesty's Service was a tremendous task. I had never imagined that a small person like me would get this chance. Therefore, once I got to do it, I was extremely determined. As soon as I was airborne, I rushed to take photographs of clouds, both in right and left directions. When I got off the plane, I, again, rushed to have those photographs printed and compared coordinates for His Majesty. This was one of the duties that a photographer like me had never done before and had never had a portfolio as such. I remember arranging the portfolio in a leather cover. It was not until the evening that I finally had a finished product. Because we did not have cutting-edge technologies at the time, His Majesty had to wait until the evening to see my work. I drove to the radio station in the vicinity of the Chitralada Royal Villa to hand-deliver the portfolio.

Because of the time constraint and of the fact that this was my first time taking on this type of task, I did not have sufficient experience to properly document this portfolio. His Majesty then asked his representative to relay a message to me. He said to him, “Please tell the photographer to take only pictures of Cumulus clouds. He does not have to take pictures of haze.” This was the point when I felt more motivated to study the making of artificial rain. It pushed me to find ways to produce my portfolio as best and fast as I possible could. I began to study clouds and haze. I also requested information and advice on how to make artificial rain, which included how to geocode data that contains provinces with latitude and longitude, height, speed level, wind directions and photography techniques needed to take those pictures. The entirety of these information must be studied only from a cockpit dashboard, with the need to jot down any important details pertinent to each photo. In addition, I was advised to be cautious about geocoding because His Majesty was an expert on the matter. During the first couple of times that THAI presented him with portfolios, we used colorful book covers. However, His Majesty told us to “economize and opt for only back and white ones.”

This magnificent task really brought pride to THAI and its personnel. THAI, as the national carrier, would like to be a part of the effort that continues to follow in his footsteps in order to bring about security to our nation in the foreseeable future.



วันที่ 4 มีนาคม 2542 เวลา 07:00 น. ความสูง 2000 ฟุต
ละติจูด N 17.52 E 99.10 ตำแหน่งที่บันทึก 33718



วันที่ 4 มีนาคม 2542 เวลา 08:00 น. ความสูง 1400 ฟุต
ละติจูด N 17.53 E 99.12 ตำแหน่งที่บันทึก 03916

“...Changes are the norm of any society in respond to various means and factors that encourage them. If you let these changes take place without any target without any control, supervision and improvements within suitable framework, it may turn into a deteriorating and chaotic society. It is therefore important that the people in the society help set guidelines for these changes to become constructive and creative in order to support these changes to develop on the right track in accordance with the rules and requirements and towards the uiltimate goal that is happiness and secure for everyone in our society. This is called social development...”

Royal speech to be read at the official opening of “Islamic way of life and social development” seminar at the Orphanage of Muslim women Foundation of Thailand during 7-11 November 1988

SOCIAL OPERATIONS DIMENSION

HUMAN RESOURCE OPERATIONS

THAI fully recognizes that human resource is the most importance factor in driving the organization to a successful and sustainable future. THAI has therefore developed and improved its human resources management systems for greater efficiency. Principles and guidelines were determined in order to push forward human resource management plan to be in line with the current situation. THAI's strength in areas of service is maintained in order to reposition itself among the top three best airlines as well as accommodating any likely changes that may take place in the future.

THAI established human resource development policy for every level by providing training to further enhance their quality standard, potential and competency suitable for the position. The training programmes are made available for employees working at core business and business unit. In addition, a Development & Training Roadmap has been designed to cover the core competency, Managerial competency, and functional competency suitable for employees, all levels of managerial staff and those with special skills and talent, through both training and non-training tools such as learning by doing and on the job training.

THAI has also employed and implemented technology in the form of E-Learning to improve training opportunity for employees to help reduce attendance limitations and training costs. This will enable staff and management to perform to their fullest potential and prepare them for future growth in both management and occupational career path.



Rewards and benefits for personnel

In 2016 THAI specified employee rewards in accordance with its operational results both short and long term as follows:

Short Term Rewards

Incentive payment is made based on performance of the employees with the objective of enhancing performance efficiency. The conditions are based on-time arrival performance of THAI flights at the final destination. The performance criteria and target for each month are considered based on either the number flights that arrived on time which must not be below the percentage of the total number of flights in that month or the on time record is within the top ten Asia Pacific leading carriers

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-base management framework for every position with incorporating competency as part of the score in performance evaluation, but will be used only as supporting information for human resource development. Set higher target or more challenging when compared with past performances 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.

THAI strictly follows fair practice amidst a variety of personnel regardless of their nationality, religion, age, gender, education, culture, domiciles or physical disabilities. THAI gives equal treatment to all employees at every operational process starting from the selection, development, promotion, transfer and assignment that will create equal opportunity for improvements and career advancement.

THAI has restructured overall employees' reward payment by rearranging salary structure under conditions that employees pay their own taxes. THAI also considered pilots and cabin crew's reward structures that clearly relate to their performance similarly practiced by other world leading airlines to encourage greater productivity and performance in respond to the company's expectation.

Management Composition and Employee Ratio according to Diversity

Type of diversit	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	15	100	31	75.61	838	53.41	12,409	60.85
Female	0	0	10	24.39	731	46.59	7,983	39.15
Age lower than 30 year old	0	0	0	0	0	0	1,190	5.83
Age between 30-50 year old	0	0	5	12.20	498	31.74	13,931	78.32
Age more than 50 year old	15	100	36	87.80	1,071	68.26	5,271	25.85

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

Total Monetary Rewards for Employees

Monetary Rewards for Employees	Year 2016 (million baht)	Year 2015 (million baht)	Year 2014 (million baht)
General Staff	19,465	23,195	21,514
Pilot	5,716	5,851	5,710
Cabin crew	7,591	8,398	8,169
Total	32,772	37,444	35,393

Employee Satisfaction

THAI places special emphasis on creating promoting employees' satisfaction in various aspects. THAI is also dedicated in promoting good relations between employers and employees through 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 for the issues. 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 stop any disputes within the organization; and improve internal regulations that will benefit employees. THAI holds discussion to hear views and find solutions to problems from employees and labor union as well as making joint efforts to consider improvements of terms of employment in order to ensure management efficiency in accordance with the State Enterprise Relations Act 2000 and result in employees' satisfaction.

In case of situations, policies or issues which are related to the organization or employees such as company restructuring or evaluation criteria and annual salary increment. THAI will immediately communicate key messages or important information to its employees through every available communication channels to create greater understanding on these issues, enabling THAI to prevent disputes and dissatisfaction.

In addition, THAI conducted survey on employees' relations to the organization. The results of the survey were incorporate into making plans and determine 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, well wishing thoughts and loyalty. This in turn will help contribute to employees' dedication and work to the best of their ability which is an important factor that will help drive THAI forward and to achieve the desired target.

Employee Development

THAI is committed to its Service Culture which is considered the strength that differentiates THAI from other carriers. It is an important factor which supports THAI's competitiveness in the service business that will also bring THAI forward to become the world's leading airline. Therefore THAI has placed strong emphasis on personnel care and development to enhance their performance potential in particular their readiness, morals and ethics among service staff which will lead to strong corporate culture.

Employee training and development spans to cover the management, permanent staff, contract and outsource as well as Out job / Outsourcing staff through organized Learning Development Road map designed to meet the need of every level of employees. The roadmap is also in line with the competency model, core values, corporate culture and TG Characteristics. The productivity of the training and development programme is evaluated on a yearly basis, and the training curriculum is divided into two main aspects as follows:

Soft Skill Development

Soft skill development curriculum is a competency based training which covers core competency and managerial competency as well as training on the legal aspects as well as standards related to each level of employees. This is to ensure that employees are equipped with the right qualification, knowledge, skills and capability and good working attitude appropriate for the position and able to handle changes in the business environment at international level.

Hard Skill Development

Hard skill development involves functional competency which focuses on special skills where employees must hold valid personnel licensing such as pilot, aircraft maintenance engineer and ground handling personnel.

Average training hours per person per year

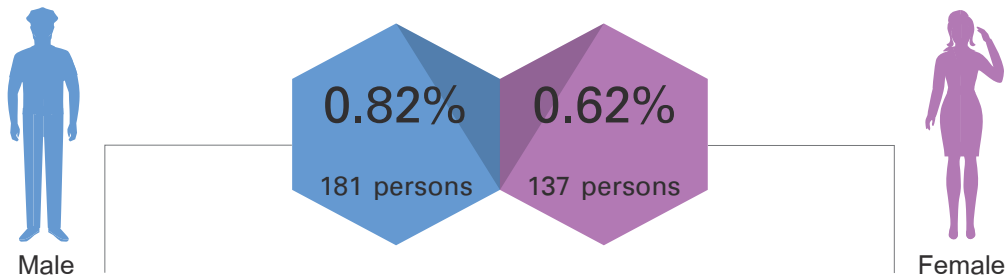
Employee training information	Year 2016
Average training hours (hour/person/year)	24
Average training hours separate by gender (hour/person/year)	
Male	24
Female	24
Average training hours separated by the working level (hour/person/year)	
Operational level (1-7)	24
Managerial level (8-10)	24
Management of level 11 and above	16

Expenses for Employee Development

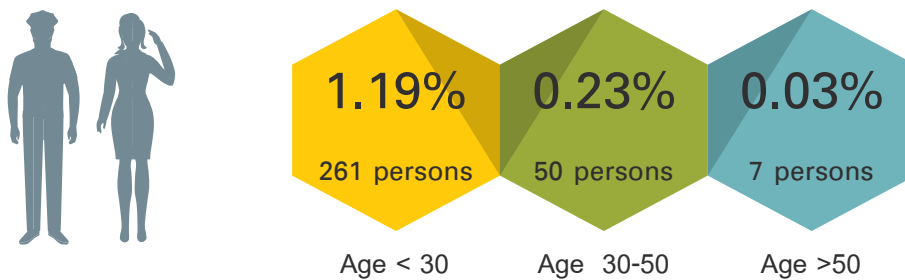
Expenses for Employee Development (million baht)	Year 2016	Year 2015	Year 2014
Individuals development plan expenses for office staff	55	28	58
Individuals development plan expenses for pilots	411	452	427
Individuals development plan expenses for pilots	10	1	5
Total	476	481	490

Number of Employees

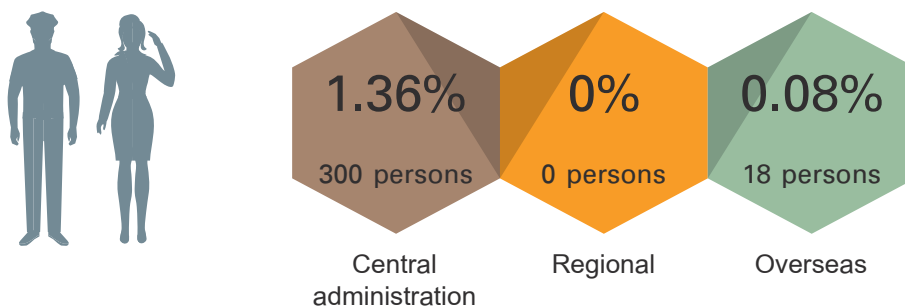
No. of new employees separated by gender (persons/percentage) year 2016



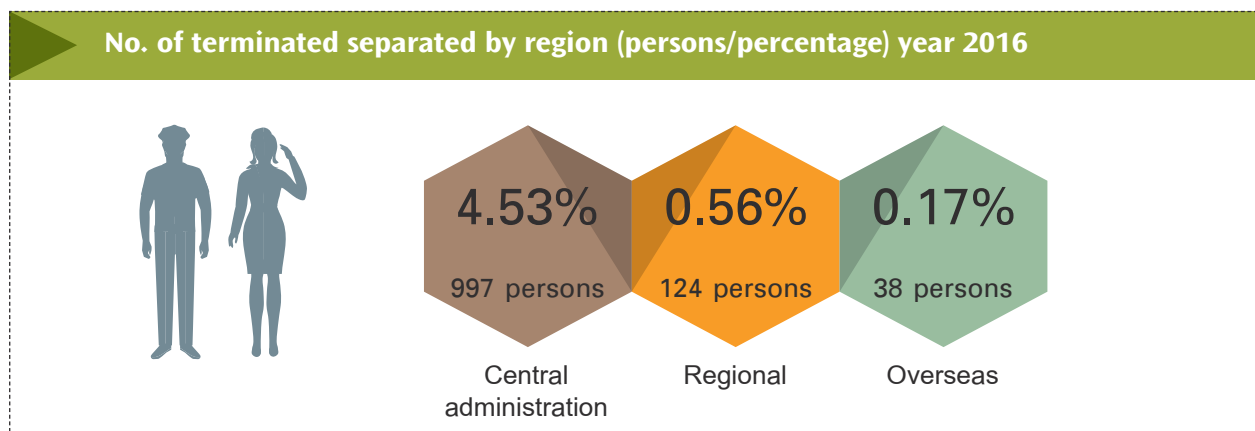
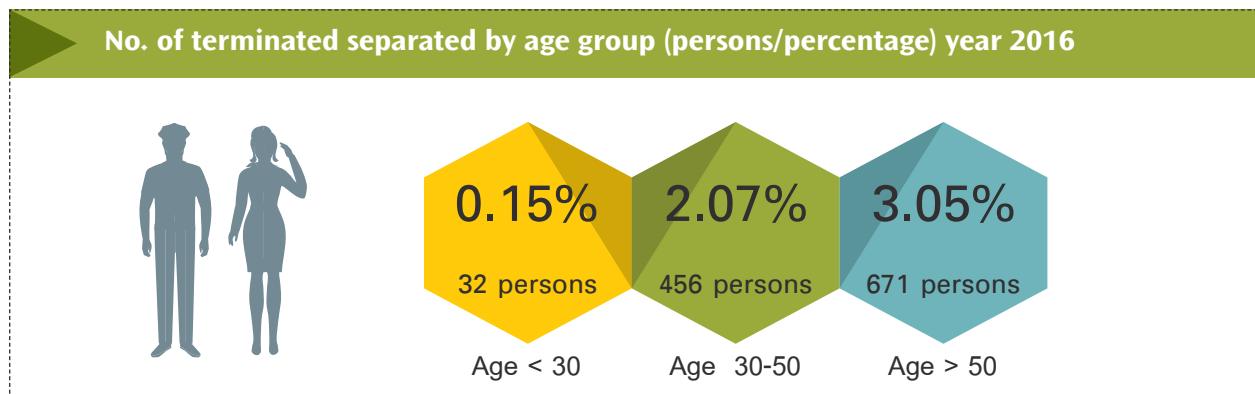
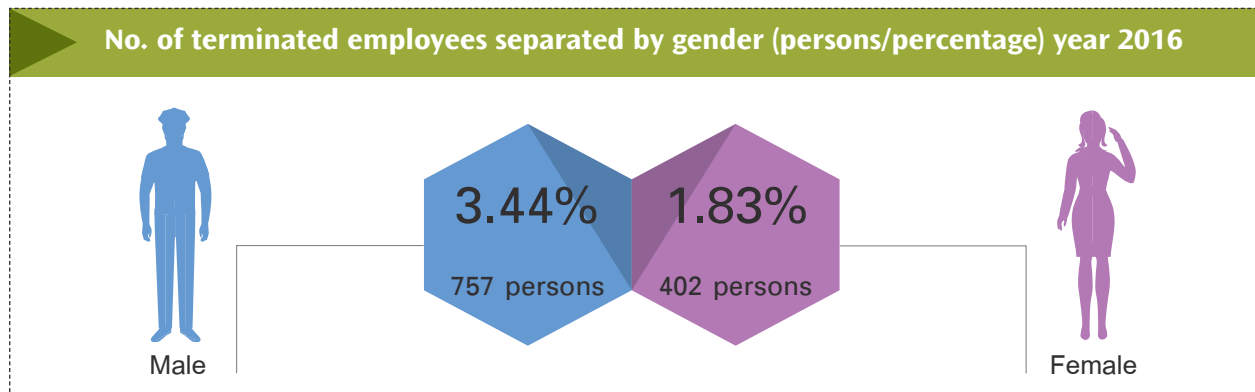
No. of new employees separated by age group (persons/percentage) year 2016



No. of new employees separated by region (persons/percentage) year 2016



Number of Terminated Employees



Ratio of employees return to work and remain with the organization following maternity leave (separated by gender)

Reasons for leave	Male	Female
No. of employees who are entitled to maternity leave	-	9,002
No. of employees who exercised their rights to take maternity leave	-	153
No. of employees who took maternity leave and returned to work	-	153
No. of employees who returned to work after completing their maternity leave and remain with the organization for another one year	-	153
Percentage of employees who returned to work after completing their leave and remain with the organization	-	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 reflects 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 operation staff level.

Safety of Flight Operations

For over five decades THAI has been fully aware of safety in flight operations and has always given this element the highest priority, as safety is at the heart of THAI business operations. THAI is committed to developing greater efficiency as well as building safety and confidence among THAI customers.

THAI strictly operates according to the Aviation Security standards and requirements of organizations and related units both within and outside Thailand and also follows regulations and requirements of every country to which THAI operates namely:

- The Civil Aviation of Thailand: CAAT
- International Civil Aviation Organization: ICAO
- Transportation Security Administration (TSA)
- Department of Homeland Security, USA
- Office of Transport Security (OTS), Australia
- European Union Regulations
- The Federal Aviation Office (LBA), Germany

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 directions for improvement of aviation security policy enabling THAI's Security Management System: SeMS to be effective and consistent throughout the organization.

In addition THAI has placed special emphasis on developing and sharpening skills and experience of aviation personnel through various programs and schemes such as classroom training, educational and operational workshops, and distribution of news and information on aviation security to cover all personnel working on ground and on board.



Key operations related to Flight Safety

Safety Beyond Compliance

Following a review 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 last year 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, especially increasing the frequency of ramp safety inspections.

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 internationally recognized aviation safety standards outlined by the European Aviation Safety Agency (EASA), THAI is committed to working to improve and maintain its flight safety standard.

Emergency & Crisis Response Management

THAI has strictly followed the Emergency & Crisis Response Management standard adhering to the international law and regulations that have been adapted to fit the internal management of each function and also at THAI overseas stations in line with the local requirements and changes.

In 2016, THAI participated in the SEMEX 16 aviation security training program which will help enable THAI to handle any emergency situations that may take place while reducing the impact of those situations. THAI's 24-hour Crisis Management & Operations Center or CMOC has been established to keep watch and monitor situations that may be of threat to the Company's operations. In addition, THAI's Family Assistance & Support Team or FAST has been set up to assist THAI as well as Star Alliance flights in case of emergency.

Effective safety and security standards as well as flight operations have enabled THAI to manage situations and occurrences that took place in 2016 successfully. The incidents included the Brussels bombing as well as in other European countries, and the spread of ZIKA virus. As a result of effective handling of these situations, THAI was able to further reassure its customers and passengers of its safety and security standards that are higher than that of international requirements. THAI also provided support to the government sector in transporting a number of evacuation teams and disaster relief items from worldwide destinations to help those affected by the earthquake in Nepal and volcanic eruption in Indonesia. THAI provided possible assistance to the affected passengers as well as their relatives. Business Continuity Management Plan has been established in order to handle any situation that may occur such as unable to operate at Suvarnabhumi Airport and route suspension. The plan is to ensure that THAI is able to maintain its business as usual environment.

Supporting Technology for Safety Management and Reduced Risks in Flight Operations

THAI is dedicated and utilize all possible resources to further develop safety elements through the use of four supporting IT systems for safety management and reduce risks as well as to control and analyze works related to safety as follows:



Safety recording system that engaged over 20,000 employees to contribute to such report through various tools. They are able to work offline and send information to the central system to connect with Internet. The information will be processed and shown in a form of Dashboard directly to the management



Program designed to monitor and record pilot's flying activities, and likewise the pilot is able to retrieve his past flying performance for future improvements and development



Flight Simulator system that will simulate different types of situations enabling the pilots to practice handling these situation to sharpen their skills and experiences such as thick fog, heavy snow and fire



This is the collection of data that connects the information with other systems such as flight path, aircraft system, passenger information and weather conditions. The information will be arranged for making data intelligence. This project is a joint cooperation between THAI, Scandinavian Airlines System (SAS), aircraft manufacturer, related hardware and software manufacturers. All the valuable information will be used for the benefit in analyzing, making risk analysis and making effective decision related to safety



Operational Results for Safety of Flight Operations

Safety organization of the European Union

THAI has employed the Aviation Security Quality Control system of various forms namely Audit, Inspection, Survey, Testing and Exercise in accordance with the standard of Aviation Security Quality Control system to ensure its efficiency and international standards

In 2016 THAI passed the flight safety evaluation and aviation security assessment from authorities of countries to which THAI operates namely Germany, Spain, Belgium, Denmark, Singapore, UAE and Japan.

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

Resolutions to rectify the SSC deficiencies of Thailand's aviation authorities is of utmost important to the assessment conducted by the Federal Aviation Authority of the United States in upgrading the category of the Thai Civil Aviation Authority from category 2 to category 1. When the significant safety concerns are resolved it will enable Thai carriers to operate into the US territory and operate with other carriers under the code share flight agreements. THAI has already made plans to accommodate flight resumption into the US in 2017.

Occupational Health and Safety in the Workplace

THAI recognizes that employees are its most valuable asset and resource in driving the organization towards sustainable future, and therefore is of utmost importance that proper care is provided to all employees, ensuring that they work in a safe and healthy environment. THAI therefore announce its Occupational Health and Safety in the Workplace policy to act as operational framework for functions concerned and business operators and to ensure that practices are on the same direction.

It is critical for THAI to systematically and effectively manage its Occupational Health and Safety at Workplace for its overall operations. THAI is a large organization which can be considered an operator premises, and therefore must follow legal requirements in area of Occupational Health and Safety at workplace both at core business and regional offices.

Training

THAI organized occupational health and safety training for every level of employees in relations 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 safety officers at supervisory level and chiefs are also required to attend training to enhance performance efficiency. These officers were appointed to supervise works and tasks related to Occupational Health and Safety at workplace in order to ensure maximum efficiency.

Health care and Prevention of Diseases from Work

THAI has continued to evaluate health danger and risk of its employees working in various areas. Therefore, THAI arranges annual health checks for current and new as well as those who were transferred to a new working environment, whose works involve various risk issues. Their health and safety are regularly monitored to ensure that they are not affected from any sickness while working conditions and environment are continually improved to ensure maximum safety at all times.

Treatment and Recuperation Following an Injury

THAI arranged for medical clinic at working premises to treat injured employees or those who may be sick as a result of work. The injured or sick employees will be sent to medical clinic for initial treatment which specializes in different health areas for appropriate treatment and health recovery to make sure that they can go back 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 working premise, THAI has continued to give supports 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 Diseases 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 includes 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 on health and safety at work related issues and established measures to control risks at acceptable level.

Safety Watch and Review

THAI appoint the Occupational Health and Safety Committee, Safety unit and Safety Officers at each working premise who has the responsibility of reviewing and improving working conditions/environment which may be dangerous or endanger employees' health including established plans in preparation for any incidents that may jeopardize employees' life, physical and mental health.



CUSTOMER SATISFACTION

THAI, as the national carrier, has incorporated the unique Thai culture and heritage into its products and services. Research findings from reputable organizations within the aviation industry, such as research by the International Air Transport Association (IATA) and passenger demographics, have been applied to THAI's development criteria. After processing relevant data and criteria, THAI has concluded its position emphasizing on its Service Beyond in the Royal Silk Class.

THAI prioritizes serving customers according to tastes and preferences through what it calls "Individualized Service" which highlights the distinctive Thai hospitality. Customer care resembles that of a 5-star hotel, with a wide and differentiated variety of high-quality food and improved on-board hardware in a modern and elegant design.

New Royal Silk Class Service

THAI has followed a corporate reform plan which includes launching the new Royal Silk Class service with the improved personnel system and food selection. The plan is based on the concept of differentiated service that responds well to customer needs while maintaining an appropriate cost in order to remain competitive. The new service has been implemented since September 17, 2016, starting with the flights Bangkok-Narita-Bangkok (TG676-TG677). Customer feedback has been considered since. Currently, the new Royal Silk Class is operated in the flights to Europe, Japan, the Middle East, Australia, and New Zealand.

Detail of New Royal Silk Class Service

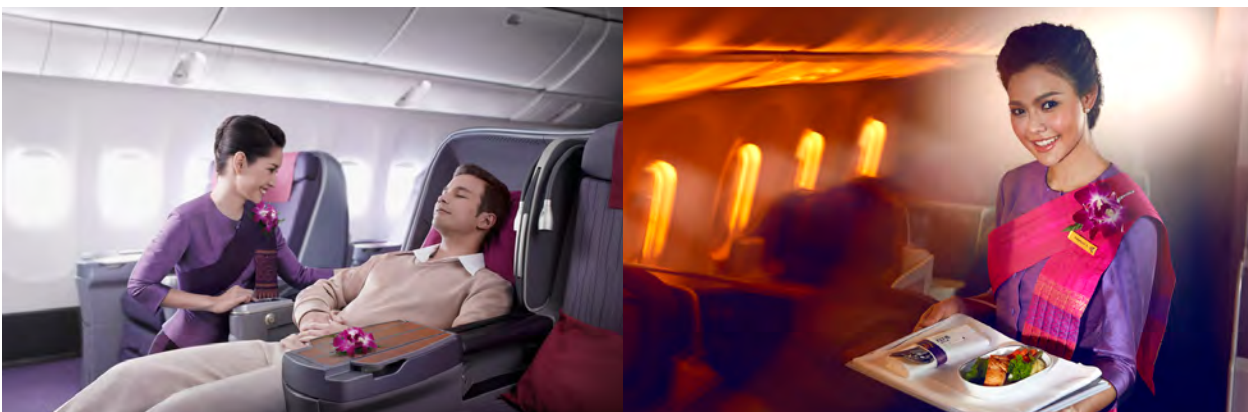


THAI Contact Center facilitates customer experience from their preceding trips either domestic or overseas, providing help with booking, editing information, ticketing, and route inquiries. The service is available 24 hours. In addition to that, THAI Contact Center provides special services such as coordinating for customers who require special assistance, supporting VIP customers, assisting with problematic transactions, and many more.

THAI uses the THAI Customer Satisfaction Survey filled out by customers of all service classes and routes as an evaluation for customer satisfaction, needs, and expectations. This supports its product and service development, as well as its effort to maintain a high service standard to maximize customer satisfaction. The Service Quality Standard Department is in charge of the assessment and evaluation following the Service Operation Procedure (SOP) in order to push for a consistent delivery of high-quality service. In case evaluation results turned out below expectation, the root of the problem would be scrutinized so that appropriate solutions could be recommended. THAI has also followed up on its product and service development plan at every service point.

**The 5 Survey Methods
for Evaluating Customer
Satisfaction, Needs, and
Expectations**

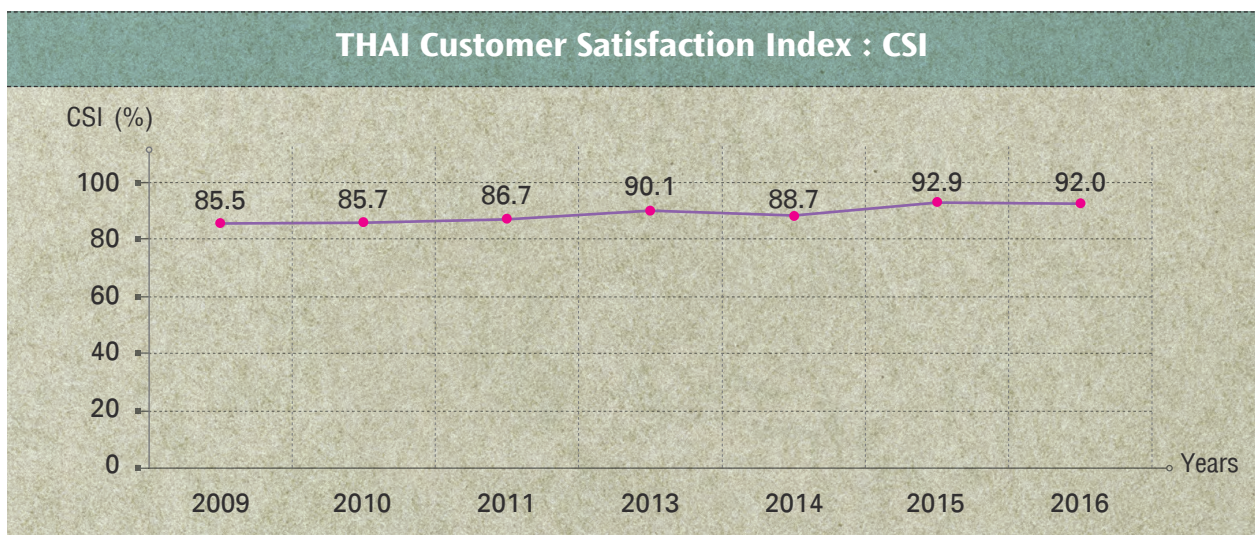
- 1. TCSS-THAI Customer Satisfaction Survey
- 2. e-TCSS-Electronic THAI Customer Satisfaction Survey
- 3. IATA-Airs@t - International Air Transport - Association Airline Satisfaction
- 4. OCSS-Online Customer Satisfaction Survey
- 5. CFMS-Customer Feedback Management System



THAI operates 15 points of service, with each major service point having Service Operation Procedure (SOP) and Service Delivery Standard (SDS). All staff received a service manual as a guideline for practice and internal audit. The 15 points of service are as follows:



The Customer Satisfaction Index (CSI) analyzed along with statistics from the customer surveys was employed in support of the planning of THAI's product and service development strategy in 2016. The following chart demonstrates the recent CSI.



THAI has made the following improvements in order to provide high quality services and gain maximum customer satisfaction:

1. Hardware improvement such as seats, in-flight edutainment, facilities on board, and food, and
2. Software improvement which means improvements in the procedures operated by frontline staff at all points of service where customers can gain impression of staff's dedication and care.

Among THAI's achievements is its timely operation as flights depart and arrive at destinations as scheduled, which is an evidence of customer satisfaction and the memorable experience customers received.

THAI also recognizes the necessity of online communication, having launched a Wi-Fi service on board called THAI SKY CONNECT. Passengers can access Wi-Fi through their notebooks, tablets, and smartphones once the seatbelt sign is off after take-off. In the past year, THAI SKY CONNECT has been well-received by passengers. To give back to customers in 2016, THAI has lowered the price and presented a wide range of packages in response to the varying demands. Although the service is currently available only on some flights, it is expected to support more THAI passengers in the future.

Marketing Communication

THAI has been prioritizing advertising to and communicating with customers in a clear and responsible manner using 3 main strategies: Branding, Product & Service, and Network. In the past year, THAI has focused on its branding strategy which is the key to accentuating the premium image. It aimed for a greater customer acceptance, a stronger recognition for the value for money, and an awareness of its market position. Furthermore, THAI has operated within the carrier business strategy which features two strategies relevant with marketing communication: an Integrated Marketing Communication Strategy (IMC) and proactive public relations through mass media.

Customer Privacy

THAI holds up to safeguarding customers' confidentiality and privacy of information. It has implemented a customer privacy policy to efficiently protect customers from potential damages.



Human Rights Operations

THAI recognizes the importance of equality of all humans and has therefore adopted the concept of human rights as part of employee recruitment, employment, employee development, promotion, transfer, assignment, employment termination, and provision of service processes as well as when entering into ordinary business transactions. These processes are conducted without any prejudice regardless of race, nationality, religion, gender, age, education or other criteria for consideration.

THAI has adopted the Human Rights Plan of the Ministry of Transport for the fiscal year 2014-2015 under the National Human Rights Plan issue No. 3 (2014-2018) as guidelines for its operations in different dimensions. These dimensions are human rights violation, protection from human rights violation, legal developments, legal mechanisms including human rights law enforcement and development of organizations and network to help promote human rights protection. This will eventually lead to equality of the people in society with the following details:

1. Wheelchair service for passengers who may have mobility limitations

THAI is committed to providing the best possible services for passengers who may have certain kinds of mobility limitation. Therefore, wheelchairs are made available for this group of passengers. Those who wish to utilize this service are required to make their request via THAI Call Center 48 hours prior to flight departure.

Passengers who may have certain mobility limitations include three major types, as follows:

WHEELCHAIR SERVICE

Passengers requiring wheelchairs are to be classified into one of the following categories:

- Category 1**
Passenger can ascend/descend aircraft steps and make own way to/from cabin seat.
- Category 2**
Passenger cannot ascend/descend steps but is able to make own way to/from cabin seat.
- Category 3**
Passenger is completely immobile.

2. Child friendly business operations

THAI has continued to place special emphasis on children's rights by becoming one of the 60 organizations to promote Children's Rights and Business Principle, phase 2, a joint cooperation between UNICEF and Thaipat Institute. THAI aims to further promote the competency of those responsible for CSR and those involved with children's activities through organized training and workshops. This will help evaluate business performance that is child friendly, find opportunity to further support children's rights in accordance with business principles as well as expand operational parameters that will integrate children's rights, and business policy and organizational process management systems.

To further promote human rights operations and heighten the level of service, THAI organized additional human rights activities in 2016 as shown in the table below:

Practices Related to Human Rights	
1. Special service for disabled and elderly passengers	<ul style="list-style-type: none"> Published service manual for disabled and elderly passengers in line with the US DOT (The US Department of Transportation) at 14CFR (Code of Federal Regulations) in the ISOP/In-flight Service Operation Procedure, PHM/Passenger Handling Manual and Sales Manual
	<ul style="list-style-type: none"> Check in staff will assign suitable seats for disabled and elderly passengers taking into consideration safety criteria for each type of aircraft
	<ul style="list-style-type: none"> Give priority boarding to disabled and elderly passengers. Upon arrival at the boarding gate, they will be invited to sit in the priority zone for priority boarding
	<ul style="list-style-type: none"> Assign special check in counter for disabled and elderly passengers with clear sign "Disabled" where staff will be available on hand to guide and provide assistance
	<ul style="list-style-type: none"> Arrange necessary equipment to transfer disabled and elderly passengers such as wheelchair and Invalid Hi-Lift Truck
	<ul style="list-style-type: none"> Provide safety manual on board for the blind
	<ul style="list-style-type: none"> Arrange for sign language to be available in safety video for disabled passengers

Practices Related to Human Rights

1. Special service for disabled and elderly passengers (continue)

- Provide public news and information via website www.thaiairways.com for disabled and elderly passengers to gain better access to services

2. Compensation for customers

- Remedial measures for those who may be impacted by the launch of projects or transportation and logistics services which are not in accordance with the conditions and agreements. For example, baggage lost or delayed or, flight delay or cancellation. THAI has established various remedial measures including cash, ROP mileage accumulation, discount coupon, Lounge card and extra baggage weight allowance

3. Development of Personnel performance related to human rights

- Knowledge development for employees
- Organized staff training for those who are responsible for providing wheelchair services, in order to ensure that a standard level of service is provided in accordance with the requirements THAI organized Service Mind training programme focusing on techniques in taking care of passengers on wheelchair, skills in properly operating the wheelchai and first aid, conducted by Colonel Komkrit Lakkham, Chief of Phramongkutklao Medical Center.
- Organized staff training for those who provide services to disabled passengers placing special emphasis on fair and equal treatment

SOCIAL OPERATIONS

THAI as the national carrier and a leading airline business operator in Thailand for 56 years has continued to operate its business on the basis of respect for business practices, restrictions, human rights as well as important legal requirements, both those within Thailand and those of countries outside Thailand to which THAI operates. This practice has been adopted as a guideline for fundamental social responsibility and corporate citizenship.

Practices according to legal requirements and THAI regulations

THAI has appointed and assigned a function related to compliance to act as a center to collect legal information, restrictions, requirements and criteria for practices related to THAI's business operations, and also to disseminate this important information regarding compliance with the related rules and regulations throughout the organization. The compliance unit for each function will supervise and audit appropriate practices to ensure they are in compliance with the rules and regulations. This should include employees' participation. This will result in the overall good governance becoming even more tangible.

THAI has established procedures related to practices in accordance with the rules and regulations to accommodate changing circumstances. It enables THAI to operate systematically and in ways that are acceptable to supervisory functions. These procedures are exercised in three key aspects, namely supervision, collection and dissemination of information to create awareness, and performance evaluation.

Legal Disputes

Legal disputes not related to Antitrust issues

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 with more than five percent of the shareholding. 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 lawsuits

Type of case	No. of case	Total asset (Million Baht)	Current status
Labor dispute	35	1,399.91	Pending trial
Losses and damages	17	460.30	Pending trial

THAI was accused of engaging in a conspiracy with other airlines of fixing the price of fuel surcharge, passenger surcharges, cargo rates and other special fees, all in violation of antitrust laws. The accusation and/or litigation consists 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, this comes in the form of financial compensation and other types of penalties. For financial compensation the court may subject 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 surcharge 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 prices of fuel and security surcharges. During 1999 - 2007 British Airways filed a motion in court for the right of recourse on 18 other airlines including THAI on 28 November 2013. However, THAI was not the main defendant in this case which is currently in 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 has filed a civil suit against 12 airlines including THAI on November 27, 2014, demanding financial compensation for price fixing of fuel surcharge 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 LM-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 against 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. The case is currently on trial in court.

CSR After Process

THAI has continued to operate its business alongside Thai society for many years adhering to ethics and good governance as well as social responsibility. THAI has continued to introduce social contribution related projects and activities focusing on building a strong foundation and long-term growth in productivity to ensure sustainable development in the future. THAI also supports a range of products and activities for growth and happiness in Thai society. In 2016, a number of social promotion and environmental conservation projects and activities were initiated as follows:

Health Promotion

- **THAI provided eye operations for people who suffered from cataracts in Nepal**
- **Flying Doctors and Nurses** : THAI together with THAI pilots who are doctors, dentists and volunteers, organized a mobile medical unit to provide medical check-ups and dental treatment in Nakorn Sawan province
- **Miles Give Kids A Smile Project** : THAI together with the Children's Health Institution under the royal patronage of Her Majesty the Queen and Population and Community Development Association, organized a public health mobile unit for children at Baan Pong Nok School, in Chiang Rai province.



Innovation Promotion

- **The 2nd TG Travel Green Innovation Competition Project** : with the objective of creating opportunity for students to express their creativity through environmentally friendly products and producing competent and quality individuals in our society
- THAI organized **an exhibition of inventions** by THAI employees from Operations to help enhance pilot training programs and in support of the Company's policy for Human Resource Development



Religion and Cultural Promotion

- THAI organized Thai classical music and dance training for Thai children living in the USA to strengthen the bond with Thai society and create awareness and love for their motherland under the **"Thai youth in the US mid-west visit Thailand" project**
- **"Special flights to attend the Haj ceremony"** : THAI arranged Haj flights transporting Muslim pilgrims to attend the Haj ceremony in Saudi Arabia
- **THAI organized the Royal Kathin 2016** ceremony at Wat Yanna Sangwararam Woramaha Viharn
- THAI signed an MOU with UNESCO, providing air tickets for travel on ASEAN routes under the **"TG supports UNESCO" project**
- THAI together with the Tourism Authority of Thailand (TAT) jointly organized an educational tour for teachers and students from the Chinese Culture University (Taipei) in Ayutthaya province including site visit for flight attendant training center



Educational Promotion

- the country's Children's Day at the THAI Border Police Patrol school in Sa Kaew Province
- THAI together with the Science and Technology Promotion Office organized a **Science Camp activity** for children who were selected to take part in this educational activity
- THAI together with air transportation related organizations embarked on **the "Learning Airport"** project to develop learning skills and knowledge among Thai youth in preparation for joining AEC.
- THAI together with The Institute for the Promotion of Teaching Science and Technology (IPST) and Rolls-Royce Plc (Thailand) organized a **"STEM Education"** learning activity in line with the government's policy to further develop the quality of education in Thailand
- THAI provided air ticket sponsorship to the representatives from Thailand to compete at the **International Science Olympiads 2016**



Other activities

- **"Share dream and smile for youth to fly" Project:** THAI helped to inspire youth with limited mobility by creating a one stop traveling experience
- **"Share love from THAI to encourage senior citizens" Project:** THAI welcomed senior citizens from Srisa Jorakae Noi in Samut Prakarn province on a visit to the THAI Technical Department and Cabin Mock-up
- THAI organized a **"Happy World Tour for Happy Child Foundation"** to raise funds in support of children made homeless as a result of natural disasters and Tsunami



In addition to the social contribution activities mentioned, THAI also offered opportunities for stakeholders and Thai youth to visit THAI offices and operations under numerous projects. THAI aimed to display high business potential and practices with safety standards at international level. In 2016, THAI welcomed 117 groups of visitors which is more than 4,691 persons.

“...problems related to the environment as a result of pollution or environmental depreciation that happen at one place or another will produce an impact on other places. Therefore everyone and every country in the world bears the responsibility in finding solutions, reducing the problems and restoring the environment to the state that will support living conditions of mankind and living things...”

Royal Speech with the royal permission to publish in the commemorative book to mark the delivery of oil spillage ship given to by the Government of Denmark on 20 November 1996

ENVIRONMENTAL OPERATIONS DIMENSION





ENVIRONMENTAL OPERATIONS

Air transportation for both domestic and international travel has become an essential for today's consumers. Air cargo is of equal importance as it is highly effective when compared to other means of cargo transportation. Fuel prices have decreased while competition has heightened in the airline industry, resulting in significant growth and expansion of the industry. This in turn brings about unavoidable environmental impact and problems.

Thai Airways International Public Company Limited (THAI), as the national flag carrier, is dedicated to developing and improving the efficiency of its environmental management in accordance with international standards and environmental legislation for all its activities, covering key elements under clear environmental policy. Functions in related areas will adopt the established policy and determine the 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.

THAI also appointed an Environmental Policy Committee, representatives of the environmental management policy department for internal document control and environmental monitoring officers, as well as 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.

Climate Change

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

The 39th International Civil Aviation Organization (ICAO) Annual General Meeting in Montreal, Canada, comprising 190 member countries, during September 27-October 7, 2016, approved and passed a resolution for implementation of a Global Market Based Measure in the aviation industry, called the Carbon Offsetting and Reduction Scheme for International Aviation - CORSIA to help offset and reduce emission of carbon dioxide by international air transportation. The time frame of participation and readiness of each country was divided as follows:

- Pilot Phase during 2021-2023
- First Phase during 2023-2025
- Second Phase 2026-2033

Thailand decided to join the scheme from the Pilot Phase, meaning that all Thai carriers operating international flights have to prepare relevant information for further reporting to the Civil Aviation Authority of Thailand (CAAT).

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

Currently, the EU is preparing for the exemption of the regulations starting from 2012 until 2016 with relevant information related to THAI as follows:

- Intra EU Flights
- Postpone the submission of carbon emission report and delivery of Carbon Credit for years 2013 and 2014 to within in the periods of March 31, 2015 and April 30, 2015, respectively
- EU is considering whether to bring back the EU ETS scheme in the year 2017

THAI has already forwarded its report on carbon emission and carbon credit for the year 2015 to the Deutsche Emissionshandlungsstelle (DEHSt) of Germany, which is the 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's Voluntary Carbon Offset

THAI encouraged participation and efforts to reduce the impact of climate change among its passengers by introducing the voluntary carbon offset program for air travel. The carbon offset scheme was introduced as a joint effort between THAI and IATA which was certified by the United Kingdom's Quality Assurance Standard (QAS), an independent organization for certification of carbon offset programs.

The 2016 performance report showed that THAI was able to offset some 418,000 kilograms of CO₂, equivalent to US\$1,881. 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.

Sustainable Material Management

Effective management of supplies as well as important raw materials such as those used in the production processes, for service and equipment maintenance, to maximize efficiency as well as maintain their quality, is both necessary and critical. Effective management helps reduce operating costs and consumption of resources used for producing these materials, while giving more time for the natural ecosystem to regenerate the natural resources.

THAI also adopted Information Technology to further improve material management through e-survey instead of paper forms. In 2016, THAI distributed 26 sets of e-surveys, five of which were sent to some 23,000 employees and the remaining 21 sets sent to specific groups of relevant employees, which amounted to a saving of some 1,345 reams of paper.

Reused Plastic Sheet

The re-use of plastic sheets means that sheets covering the THAI Cargo and Mail Commercial pallets to prevent damage from humidity 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.

2C-S Work Reprocess

THAI recognizes the importance of maximizing satisfaction for passengers of every level as well as improving on board service procedures to become more environmentally friendly. THAI was able to reduce expenses at 4,543,861 Baht per year with key operations as follows:

- The use of cotton pouch for amenity items instead of plastic bags. THAI was able to reduce the use of plastic by 20 percent
- THAI reduced the size of plastic bag for garbages and was able to cut down the overall weight of the plastic bag for garbages when compared to the previously used by over 11,200 kilograms per year
- Improved raw materials for plastic bag making it more durable and able to contain larger amount of garbages
- Reduction of cabin cleaning materials such as different types of gloves, colored rim cloth and other materials by controlling the inventory in respond to the actual usage

Sustainable Use of Resources

THAI recognizes the importance of natural resource conservation, especially energy conservation, as its availability is limited and is also part of the operating costs. Therefore THAI has continued to operate its business in parallel to its responsibility towards energy conservation. This practice is in line with the Company's energy conservation policy and energy management, including energy conservation related training and activities suitable for staff of related functions. The key operations and projects are as follows:

Energy efficiency in flight operations

THAI has placed special emphasis on fuel efficiency while minimizing aircraft emissions. Therefore suitable measures were established in order to help reduce energy consumption, to be put into practice by those concerned in flight operations. In 2016, a number of projects were launched to optimize energy consumption in flight operations as follows:

Fuel Management project

Effective fuel management measures through improved processes are critical, while maintaining flight operations in accordance international standard requirements and restrictions. During 2014-2016 THAI was able to reduce fuel consumption in the amount of 1,384,720,000 Baht and maintain its normal operations.

Route Optimization Project

The Route Optimization project was initiated and implemented to help reduce costs of flight operations, namely cost of fuel and overfly permits. Route Optimization by the Thai Automatic Flight Planning System (TAFS) is a 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 251,937,000 Baht.

New Potable Water Uplift Project

The amount of water to be used on board is based on the total number of passengers and distance, calculating take-off weight of the aircraft accurately 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, enabling maximum fuel utilization efficiency.

The project was launched at the beginning of 2015 by using a formula to calculate the amount of water needed in relation to the number of passengers on board. Software was created to help with the calculation, establishing channels of communication and designing new work practices as well as preventing and reducing errors. In 2016, information communication channels were created to calculate the take-off weight of each aircraft in line with the amount of water carried on board. This practice has been expanded to cover inbound flights from overseas stations worldwide. Eventually, THAI was able to reduce fuel consumption through reduced aircraft weight enabling THAI to carry extra cargo and baggage. In addition, the chance of water contamination is reduced as the water carried on board will be fully utilized, 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 in line with the aircraft market situation, the world aviation industry trend, and THAI's Marketing plan.

In 2016, THAI took delivery of two new A350-900 Airbus aircraft and approval was granted to THAI to phase out two Boeing B777-200 aircraft. As a result of efficient fleet planning, THAI was able to optimize the use of its aircraft thus reducing fuel consumption which is the major cost in Flight Operations. In 2016 the liter/Available Tones Kilometers (ATK) or the ratio of fuel consumption per ton per kilometer of THAI's fleet was recorded at 0.2481 compared to the figure of 0.2502 in 2015. THAI will continue to improve and develop its aircraft fleet to become more modern and fuel efficient while maintaining business sustainability.



Aircraft Washing Equipment

THAI has six aircraft washing equipment which can be used to service two aircraft at the same time. The machines have maximum capacity of performing a total 1,247 services per year. THAI provided Full Body Washing for a total of 422 THAI aircraft, and 157 customer airlines' aircraft. Half Body Washing service was provided for a total of 520 THAI aircraft. Two half body washing services equal one Full Body Service.

Clear Core™ 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 2016

Statistics of Effective flight operations	2016	2015	2014
Actual Fuel Consumption in T.Ltr	2,387,922	2,151,171	2,966,058
Carbon Emissions (Tons Carbon Dioxide)	5,904,734	5,319,308	7,334,319
Litre/RP100Km	4.86	4.85	5.26
Carbon Emissions (Gramme)/RPKm	120.13	119.91	130.09

Although the results of the 2016 energy management were not as planned, THAI remains dedicated to developing and creating projects as well as improving all the necessary processes to promote effective fuel consumption on a continual basis.



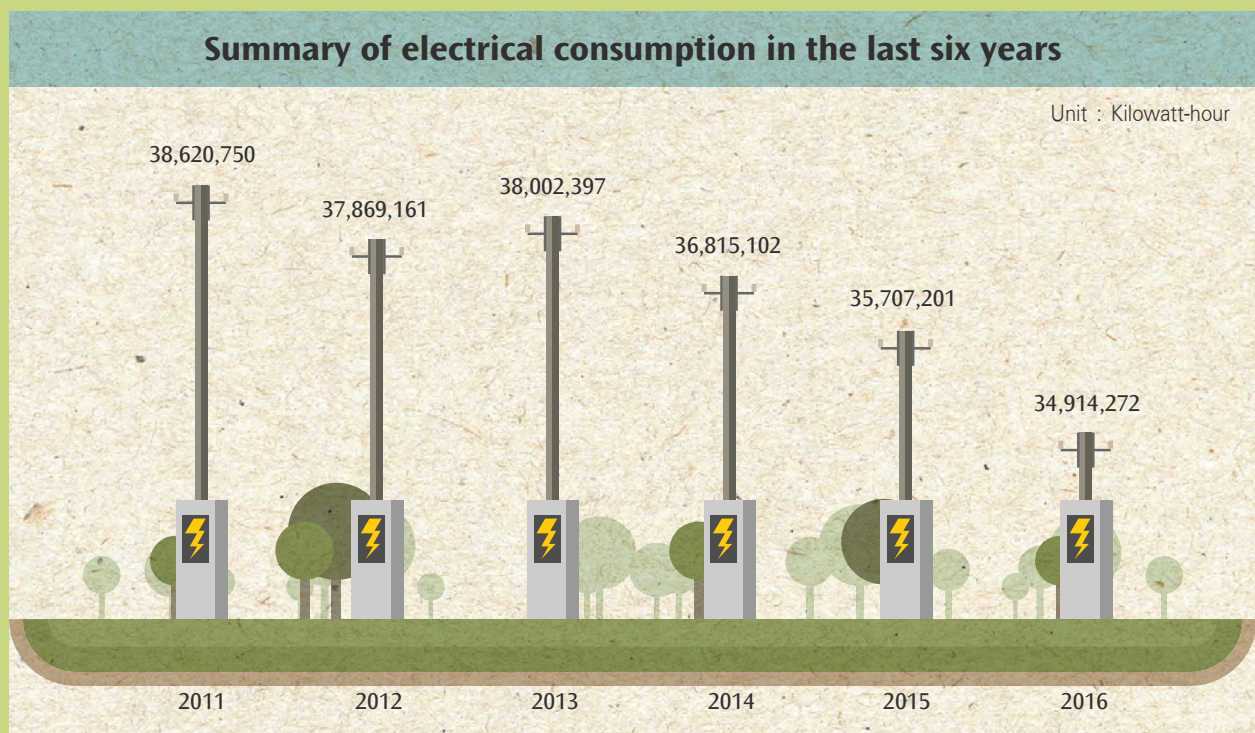
Effective Energy Conservation

As Thailand's national carrier and a leading airline in this region, THAI fully recognizes its responsibility to the country and world community in the area of energy conservation. THAI is fully committed to operating its business in parallel with making every possible effort to conserve energy in accordance with the ISO 50001: 2011 standardization for energy management as well as related legal requirements.

Following 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. Over 30,000 staff and employees took part in the transformation plan to help reduce costs which included electricity, water and telephone bills.

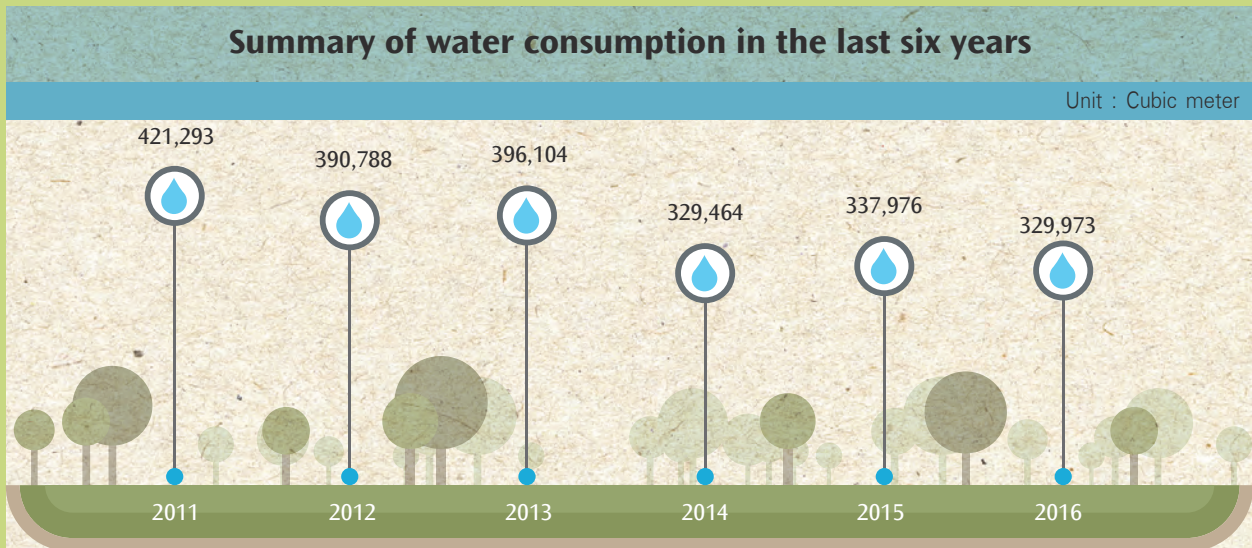
In 2016, THAI offices including Head Office, Laksi/Don Mueang, Larn Luang/Silom and Operations Center (OPC) were able to reduce expenses on monthly public utilities in an amount greater than expected except for the water bills that were higher. In 2016 THAI was able to reduce expenses on public utilities by 11.17 million Baht. THAI remains dedicated to exercising its energy conservation plan on a continual basis. THAI also launched its IT Transformation plan to further improve and develop its IT systems as well as other IT services in support of the company's businesses and to effectively accommodate changes in IT. The amount of electricity used at the Secondary Computer Center was reduced by 26.89 KVA (Kilovolt-amps) or calculated at some 70,000 Baht in expenses per month

In 2016 THAI was able to save the electricity used when compared to 2015 by 653,481 units or calculated at 11.6 million Baht



Water Resources

THAI gives special importance to consumption and optimization of water resources including water treatment and control of water quality before discharge to the community, or reuse for other purposes, in accordance with legal requirements. In 2016, 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 2016 THAI was able to save water usage when compared to 2015 by 8,603 cubic meters or equivalent to more than 180,000 Baht



In 2016 THAI adopted waste water discharge and control measures to ensure that the system has been effectively exercised in accordance with the legal requirements. The system has been implemented at THAI's Head Office, Laksi, Don Mueang, Larn Luang-Silom, and Operations Center (OPC). The results of waste water quality checks, conducted by Premier Products PCL., an external organization, passed the related required standards.

Biodiversity and Ecosystem Services

The ecosystem is the structural relationship between living organisms and the environment in which they live interdependently. Maintaining the equilibrium of the ecosystem will ensure its 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 the "THAI Returns Life to the Land" project.

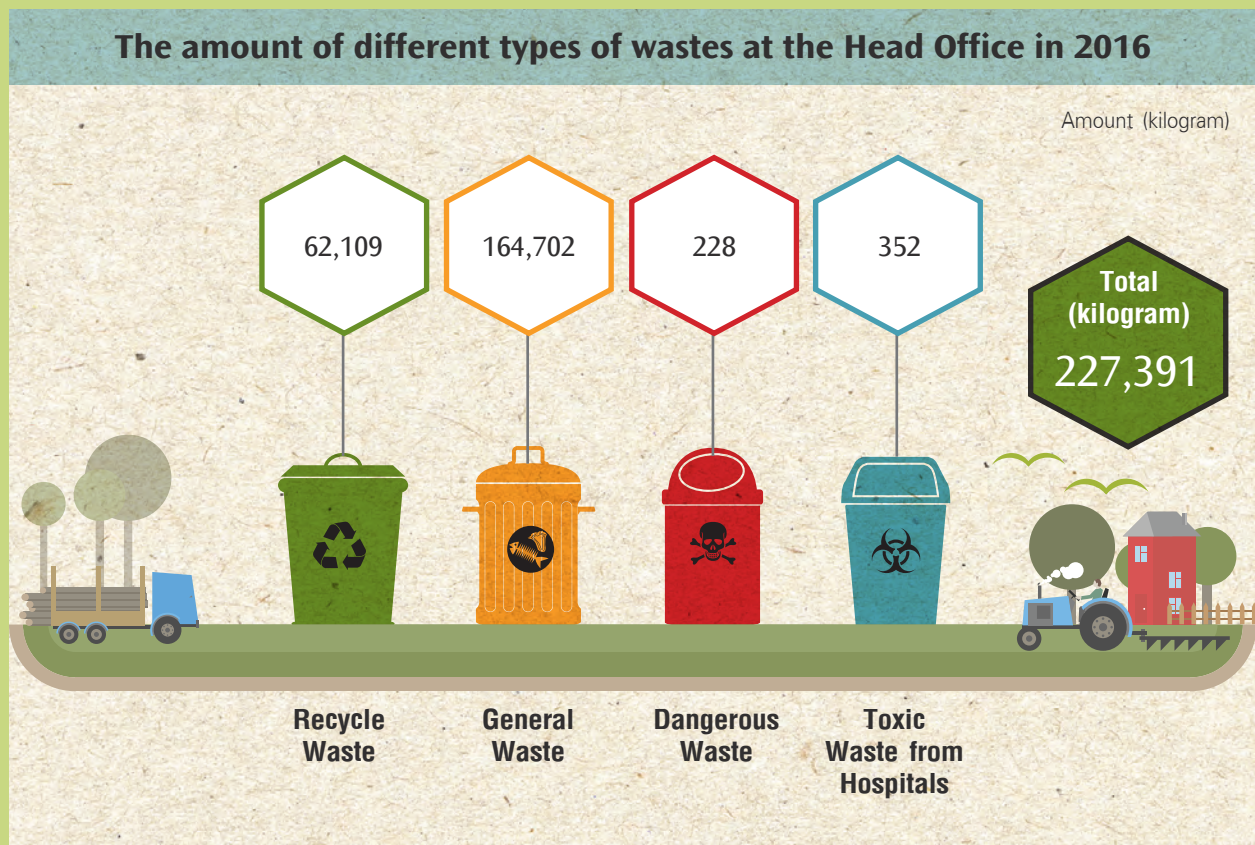


“THAI Returns Life to the Land” Project

THAI, together with THAI Employee Club, organized “THAI Returns Life to the Land” project bringing staff volunteers to plant trees at Thung Yai Pak Pli, Tambon Tha Reau, Ampur Pak Pli, Nakon Nayok province. The project was initiated with the objective of expanding and creating more green areas for Thung Yai Pak Pli. Cooperation and assistance from Pak Pli Subdistrict Administrative Organization, Thai Puan Cultural Center, OTOP team and the local communities reflected their commitment to maintaining the biodiversity while promoting it to become a natural and cultural tourist attraction. The community is therefore encouraged to take part in conserving and protecting the environment.

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. Records for 2016 waste management showed that 27.31 percent of waste was separated and recycled. Some of the waste paper and materials were collected and sold, earning 214,443 Baht



GRI CONTENT INDEX



Materiality Disclosures
Thai Airways International
Public Company Limited

Feb 2017
Service

General Standard Disclosures

General Standard Disclosures (G4-32)		SD Pages	Note
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G4-15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	22-23	
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General Standard Disclosures (G4-32)		SD Pages	Note
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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.	29-30	
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
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G4-31	Contact point for questions.	30	
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Specific Standard Disclosures (G4-32)		SD Pages	Note
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**Opinion Survey of the Sustainable Development Report
Thai Airways International Public Company Limited (THAI) 2016**

1. Please specify your status in relation to THAI

- Customers government agencies People/Local Communities
 Business partners Shareholders/Investors Other
 Creditors/Debtors Subordinates/Employees

2. From which channel did you receive THAI Sustainable Development Report 2016

- THAI website Received from THAI
 Annual General Shareholders Meeting QR Code
 Seminar/Lecture Other

3. Which aspects do you think are important for THAI sustainable growth

- Economic (please specify)
 Social (please specify)
 Environment (please specify)

4. Do you think the key aspects important to THAI sustainable growth have been completely specified in the report

- Yes
 No (please specify the issues that should have been included)

5. The level of your satisfaction with this Sustainable Development Report 2016

	Very satisfied	Fairly satisfied	Low satisfaction	Needs improvement
Completion of the content	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Key issues included in the report	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Interesting information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Writing style is easy to understand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Design of the report	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Overall satisfaction	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

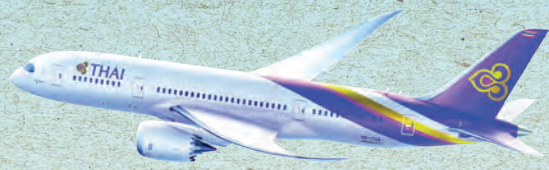
6. Your suggestions for the improvement of next year's Sustainable Development Report

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Please scan QR code for fill out online questionnaire or fill out a questionnaire and send to
The Department of Corporate Social Responsibility and Environment, Thai Airways International PCL.
89 Vibhavadi Rangsit Rd. Chompol, Chatuchak, Bangkok Thailand 10900

Your comments will be useful to improve Sustainable Development Report of THAI Airways International PCL.
Thank you





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