

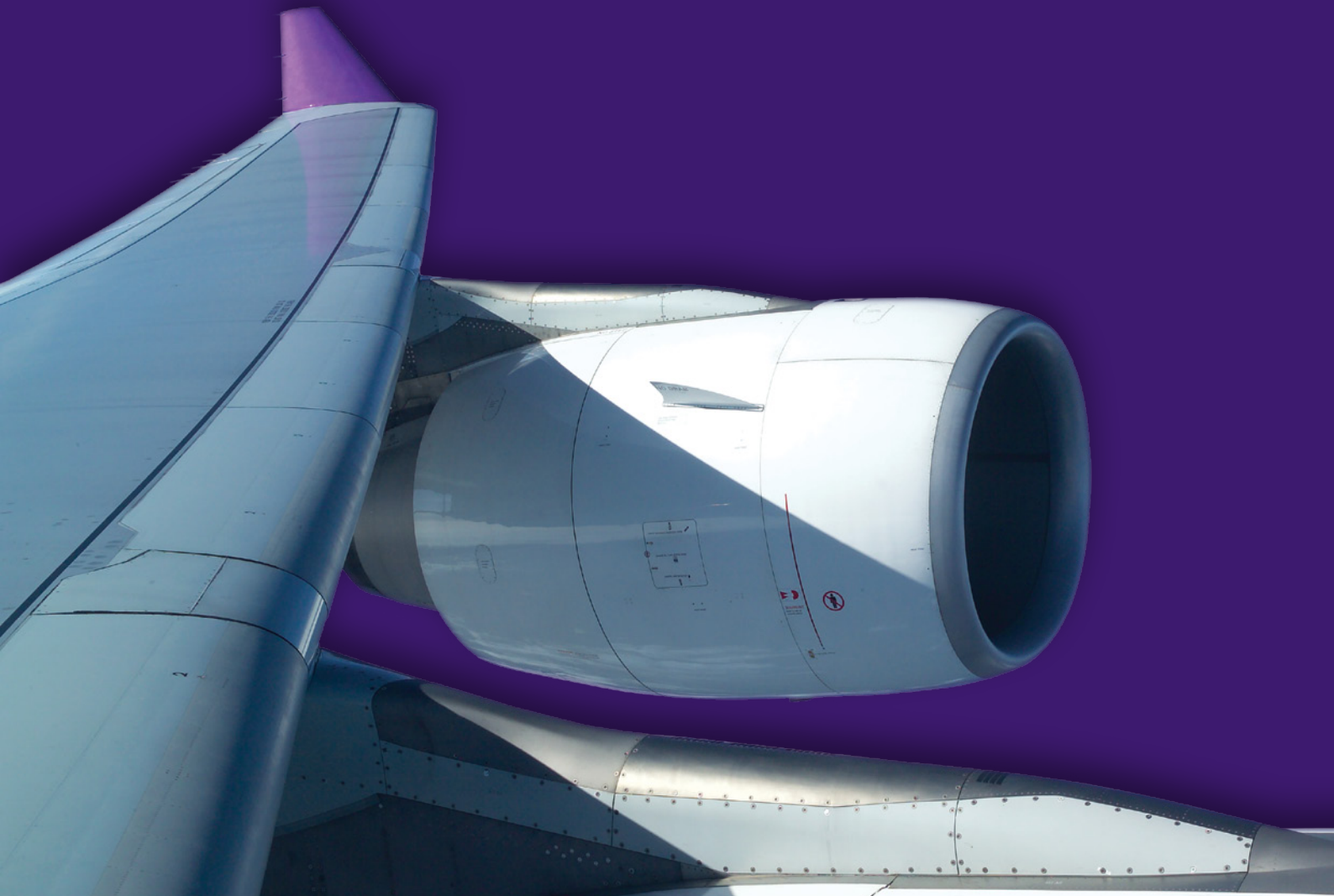


**THAI**  
Smooth as silk

# Sustainable Development Report **2012**

Thai Airways International Public Company Limited







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# Sustainable Development Report **2012**



Message from the  
Chairman



2012 is another challenging year for THAI due primarily to global economic slowdown, and intense competition yet thanks to THAI's management and its employees's dedication in executing their tasks, the Company was able to return to satisfactory profitability, which help bring THAI back to financial health and support its long-term growth.

Nonetheless, as the national carrier, the company realizes that its success cannot be assessed solely by its performance. THAI, thus, also places great importance in the Corporate Social Responsibility (CSR) through His Majesty's principles of Sufficiency Economy as the basis of the business operations. The Company has implemented the CSR projects to help promote social development in education, health, and job creation through various activities held regularly, including bestowing scholarship upon children and youth, providing learning materials and computers to schools in remote areas, and delivering medical devices and financial supports to the Thai Red Cross Society and the Veterans General Hospital. Through the aforementioned activities, humanitarian assistance can be accessible to many disadvantaged people and will ultimately help them develop self-dependence and achieve a better living. The Company also welcomes the participation of its customers in many CSR activities, such as the "Tid Peek Khuam Dee" activity in which customers are able to donate accumulated mileage as the support for the Mae Fah Luang Foundation under Royal Patronage, whose mission focuses upon disadvantage people's life improvement domestically and internationally.

Regarding environmental responsibility, THAI is determined to reduce atmospheric pollution caused by flight operations through a variety of strategies adopted, particularly promoting the use of biofuels in replace of fossil fuels in order to reduce carbon emissions (CO<sub>2</sub>) into the atmosphere, which is the Company's priority to be fully implemented in the near future. Moreover, THAI has undertaken cabin retrofitting programs in which facilities have been replaced with those made of easily decomposed and environmentally friendly materials, in accordance with the business development guidelines based on the "Travel Green" initiative along with the good corporate governance principles, transparency and accountability. The Company also allows the participation of its employees at every level in sharing their useful opinions and concerns related to the business operation which then will be considered to be inserted in the Company's devised policies.

On behalf of the Company's administrative committee, I am proud to be a part of the Company's ongoing development and foundation laying process which are key drivers to move THAI forward to achieving sustainable development. I would like to affirm my commitment to see that Thai Airways International Public Company Limited will continuously focus on organizational development, with equal emphasis on economic, social and environmental aspects in order to ensure firmness in every step taken and remain the national pride as the flag carrier of Thailand.



(Mr. Ampon Kittiampon)

Chairman

Message from the  
Chairman of the  
Corporate Social  
Responsibility  
Committee



Thai Airways International Public Company Limited has taken to heart the importance of social and environmental responsibilities reflected in all aspects of the Company's operation and perceived as another THAI's key mission functioning as a mechanism to contribute for a better society. The Company believes that in order to achieve long-term sustainable growth, it is necessary to grow strongly together with society and environment.

In 2012, THAI proactively undertook a variety of activities in accordance with Corporate Social Responsibility (CSR) framework including offering humanitarian aids to relieve and mitigate sufferings of natural disaster victims and underprivileged people in several communities; providing necessary things to relieve those who face difficulties and live in undeveloped areas; facilitating transportation of blood to hospitals in all parts of Thailand; providing essential medical equipment and medical supplies to various hospitals; and supporting "Salayapat Peu Pandin" (The Surgeons, for All) project.

THAI has also implemented social development projects focusing mainly on youth through education and sport promoting activities. Furthermore, in previous year, the Company also expressed its environmental responsibility via ecological and community restoration activities held in many provinces, such as "Plook Cheewit Hai Pandin 2012" (Plant Life for the Country) project, "Rong Rien Noo Soo Pai" taken place at schools in Don Muang, Bangkok, restoring the landscapes of Ayutthaya, and replanting forest in Ban Rong Bon community in Chiang Rai province.

THAI has also encouraged its employees to participate in volunteer activities as a way to fulfill the Company's CSR policies and instill employee awareness in their social responsibility, regarded stepping stone for the Company and society as a whole to sustainably heading forward together.

As the Chairman of the Corporate Social Responsibility Committee, I am delighted to be a part of an organization that highly supports social and environmental activities, which play the significant roles in social improvement and serve as the reflection of good corporation. I hope that this Sustainable Development Report will be beneficial to CSR practice development. Lastly, I would like to thank THAI employees at every level and involved parties for their continuous cooperation and support in CSR activities all through these years.



**(Mr. Apiporn Pasawat)**

Chairman of the Corporate Social Responsibility Committee

Message from the  
THAI President





Amid rapid changes of global business and consumer demand, Thai Airways International Public Company Limited (THAI) realizes that for a company to remain strong with sustainable growth not only financial performance and commercial success must be taken into account, the company must also take to heart concerns over social impact awareness along with social contributions.

Through these years of operation, THAI recognizes the importance of environmental responsibility and has consistently placed great emphasis on environmental protection, determining to operate and develop the organization in line with the idea of “Travel Green” to fulfill its duty as an “environmentally friendly airline”. The Company has proactively promoted the use of biofuels in commercial flights aiming to reduce carbon emissions (CO<sub>2</sub>) into the atmosphere through the “Sustainable Biofuels Development for Aviation Industry” project coupled with upgrading THAI fleet by welcoming the A380-800 and B777-300ER aircraft, regarded outstanding energy saving engines, to join the fleet. Moreover, pertaining to service improvement, e-service has been adopted for booking tickets, reservation, Check-in, and boarding pass via 2D Mobile Boarding so as to reduce the use of paper and conserve environmental resources. The company also has undertaken a continuous program of energy conservation within its office buildings and the operation center in order to erect energy conservation and environmental friendly buildings which will help minimize environmental impacts from business operations.

As a reflection of the Company’s contribution to society, THAI has implemented the Corporate Social Responsibility (CSR) projects throughout the year, including providing humanitarian aids to disadvantage people, bestowing scholarships upon youth and undertaking environmental and community restoration projects.

Recognizing the significance of the aforementioned business ideas, the Company has conducted the Sustainable Development Report 2012, as the second issue following the first report published in 2011, in accordance with the Global Reporting Initiative (GRI) Reporting Framework. The report will act as a guideline to evaluate the Company’s CSR performance and to be beneficial in terms of future CSR project planning and implementation.



(Mr. Sorajak Kasemsuvan)

President

Reporting  
Methodology



The Sustainability Development Report (SD Report) 2012 conducted by THAI Airways International Public Company Limited (for the fiscal year of January 1 - December 31, 2012) is the second corporate sustainability report, following the first issue of 2011, within the scope of the Company's operations at the Head Office and its business units at Suvarnabhumi Airport.

This Sustainability Development Report was created to inform the general public and the various stakeholders of the Company's performance pertaining to the Corporate Social Responsibility (CSR) practices as well as the organization's determination to develop business that simultaneously meets the society's expectations, reflects its concern on the benefits of stakeholders and operates in response to rising environmental concerns. This will ultimately lead to the sustainable developments in all aspects.

To correspond with the needs and opinions regarding the engagement of stakeholders, THAI considers both the significance and rights of internal and external stakeholders as follows:



### • Shareholders

The Company follows its policies in protecting and maintaining the basic rights owed to the shareholders such as rights to purchase and transfer their assets, the rights to have a share in profits and provision of adequate information in a timely manner, the right to authorizing proxies, voting and voicing opinions at shareholders' meetings. Additionally, all shareholders are provided equivalent convenience and treated equally under related laws and regulations. THAI also conducts business with honesty, transparency and fairness, with consideration to the highest benefits of shareholders and related persons, continuously and sustainably yielding good returns to shareholders by preventing company assets from losing value or going to waste, disclosing factual, complete and timely information and media, both financial and non-financial, related to the organization's operation and performance.

## • Employees

The Company places high emphasis on the process of employee selection and recruitment that are clear, standardized and transparent. All employees are treated equally and fairly and are ensured a quality professional life, appropriate and just returns and benefits. Moreover, there is consistent development of employees' knowledge to create opportunities for advancement, increase the potentials of employees and the organization, and a system of retaining skilled and virtuous workers within the organization. There are also channels for complaints with clear operating steps in accordance with the Whistle Blower Policy in case of corruption or non-compliance with the law, rules, regulations, company orders, good governance and organizational morals. Furthermore, THAI places importance on ensuring that the employees' occupational health and safety, as well as work environment in all company-run establishments meet related standards and laws.



## • Customers

THAI's air transportation services in both domestic and international destinations are based on safety, convenience and quality standards. Having a positive attitude and placing importance on its customers and services, THAI treats customers with willingness, enthusiasm, good spirit, generosity, politeness and gentleness, and customers' information will not be used without permission for personal gain or benefits to others. Together, all customers receive equal respect and treatment, with no discrimination against any particular individual. In order to be responsive to customers' needs and expectations, THAI employees will study and come to a correct and accurate understanding of customer needs while constantly increase their work efficiency and create new services for customers. THAI continuously and consistently nurtures good relationships with customers by allowing customers to play a part in creating services; arranges a system to receive customer complaints and promptly respond to complaints. All of this will ensure the highest level of customer satisfaction and will lead to customer loyalty in the Company's services.

## • Business Partners, Creditors and Debtors

THAI's treatment of business partners, creditors or debtors is based on equality and fairness with consideration to the highest Company benefits and on the basis of just returns for both parties. THAI avoids all situations that may cause any conflict of interest; complies with agreements; gives factual and accurate information and reports; and negotiates problems and seeks solutions on the basis of business relationship.



- **Business Opponents**

Treating its competitors in accordance with international practices within the laws regarding business competition practices, THAI does not violate or covet financial secrets through corrupt means and has established clear guidelines such as behaving within the boundary of good competition, not discrediting business opponents with adverse or groundless accusations, and not accessing opponents' secret media by dishonest or inappropriate means.

- **Society and General Public**

THAI places high concern on common interest and does not take any actions that might cause negative impact on the country's reputation, natural resources, environment and public benefits. Thus, THAI supports any activities that contribute to society benefits and also promotes and instills awareness of social responsibility for employees at all levels. The Company does not assist, support or allow any non-compliant act with the laws and its political position is strictly neutral with no political support or inclination.



## • The Environment

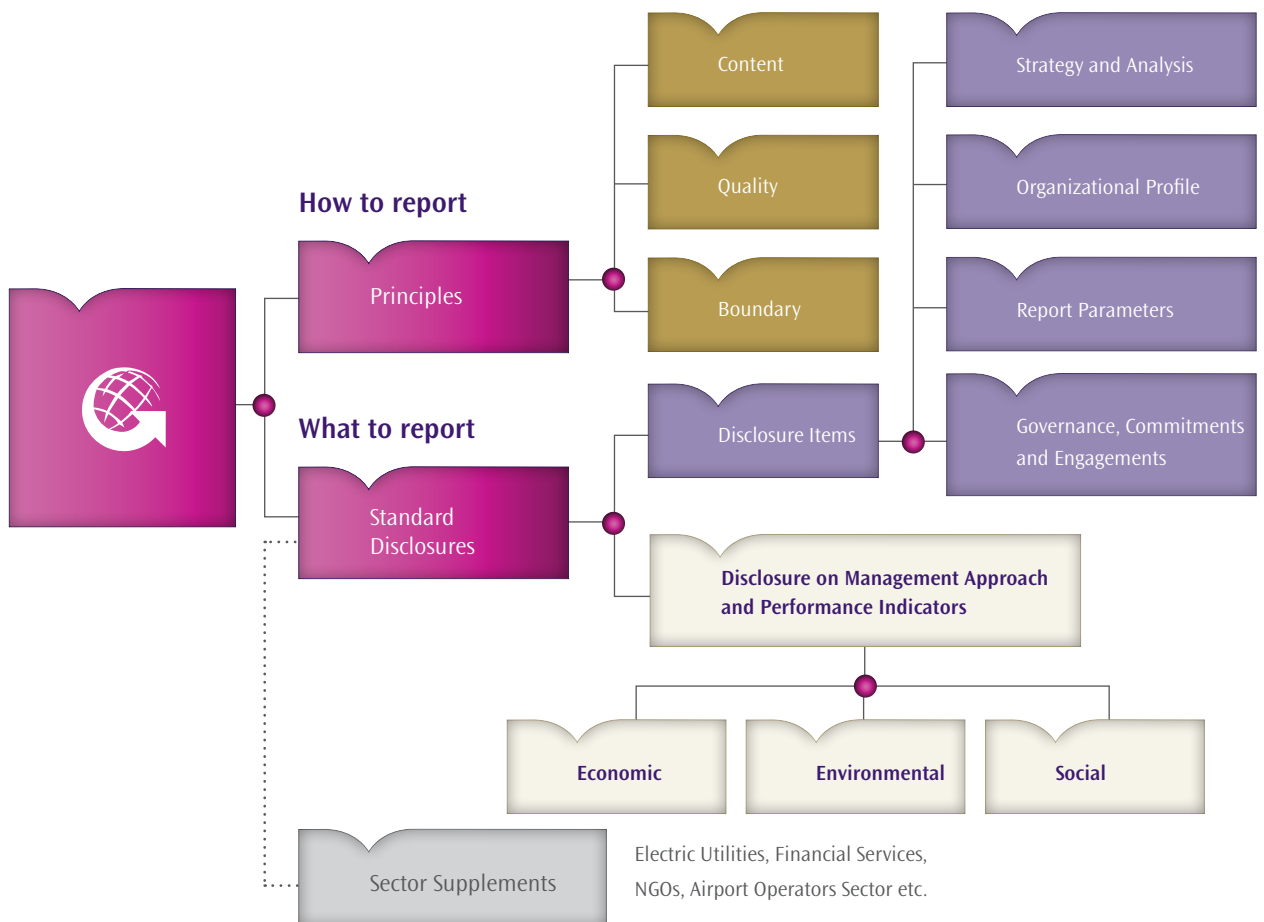
The concept of environmentally friendly aviation business is perceived as the roadmap which THAI is strongly determined to follow with clear policies on environmental management, as well as regular campaigns that are conscious-raising and other relevant trainings which will lead to effective environmental management in the boundary of aviation business competition. THAI also has developed a system to manage a good environment for operations in all sectors, economically manage resources for the highest efficiency while remaining and creating environmentally innovative, and reducing negative environmental impacts.

THAI realizes that in order to progress solidly and sustainably, the Company must take to heart the importance of treatment and engagement of stakeholders. THAI therefore clearly indicates the importance ranking of each group of stakeholders while taking priority of stakeholders' benefits and loss with equal and appropriate treatment. With this report, THAI has created a mechanism to encourage employee engagement to determine the report's scope and present the Company's performance in terms of economy, society, and environment according to the reporting scope of GRI (Global Report Initiative). The GRI's Economic Category emphasizes economic potential by considering the economic value, service potential, and protection of employees' rights after employment termination. The Environmental Category emphasizes the importance of reducing greenhouse gases, saving energy, improving proficiency of each process and soothing negative impact on the environment. The Social Category places significance on safety and occupational health, compliance with the law, regulations regarding products and services, and prevention and alleviation of significant negative impact on the community.

The objectives of the reporting framework of GRI are to report the organization's performance to the general public and to be used in future improvement and development of the operation. Important information is accumulated from various departments of the Company through methods of recording and collecting data from business units and departments directly responsible, for example, information of carbon offset and carbon footprint are collected from the Department of Environmental Strategies and Carbon Trading and information of wastewater management is collected from the Department of Aircraft Maintenance. The gathered information is then stored in the central database for further organization development. The Company is aware of the great importance of conducting Sustainability Development Report and will continually improve its contents in the following years. The details on the aspects in each indicator included in the report can be found in the index on GRI Reporting Framework.

### • GRI Reporting Framework

Conducting the report in compliance with the reporting scope of GRI, the Company strictly adheres to the standard of the reporting framework with great emphasis on content and quality while endeavoring to extend its boundary to cover all aspects necessarily to be included in the Sustainable Development Report, as far as the data collected are concerned. In regards to Standard Disclosures in terms of Disclosure Items, the report crucially focuses on several approaches concerning Strategy and Analysis, Organizational Profile, Report Parameters and Governance, Commitments and Engagements. The Disclosure on Management Approach and Performance Indicators is based on economic, environmental and social facets altogether.



Reference : GRI G3 Guidelines

# Operations of

Thai Airways International  
Public Company Limited



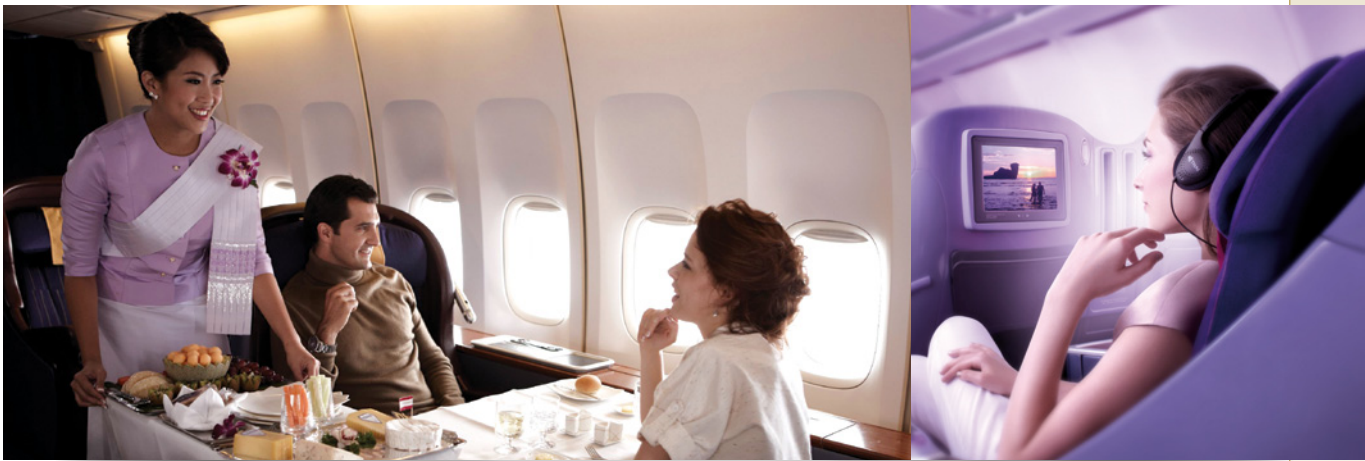


## Operations of Thai Airways International Public Company Limited

Thai Airways International Public Company Limited, a state-owned enterprise under the administration of the Ministry of Transport, is the national carrier of Thailand operating domestic and international commercial flights. The Company was registered in the Stock Exchange of Thailand on July 19, 1991 to strengthen its commercial competitiveness via fundraising from private sector and ensure sustained growth in the longer term. THAI's significant operation is divided into the main businesses, comprised of the Aviation Business, and Business Units related to air transport, as follows:

### • Aviation Business

Aviation Business is the heart of THAI's business including passenger, cargo and mail transportation. THAI offers regularly scheduled and chartered flights in both international and domestic routes.



### • Operations of Business Units Related to Air Transport

Operations of Business Units related to air transport are regarded THAI's businesses which play important role in strengthening the Company's potentials and supporting its growth amid the intense competition in the airline industry in which convenience, promptness and safety are placed priority on. THAI's Operations of Business Units related to air transport include ground services, cargo and mail commercial, catering services, and technical services. Moreover, other activities in support of transportation are also undertaken, including dispatch services, sales on board, and THAI shop.



THAI, as the national carrier, operates as Thailand's representative in maintaining and increasing aviation rights; supports the tourism industry, a key driver for Thailand's economic growth and strengthened international relations; seeks and maximizes income both in Thai and foreign currencies to increase the money in circulation and support the country's long-term economic development. Additionally, THAI encourages its employees' skill and career development at international standards; supports the development of technology in global commercial aviation; and continuously promotes Thailand's culture, traditions and uniqueness to the world.

At present, the majority of THAI's shares are held by the public sector through the Ministry of Finance and the Government Savings Bank Fund at 53.16% of total stocks while remaining shares are held by institutions, and local and foreign investors. As a state enterprise, the Company has 26,989,009,500 Baht of registered capital and 2,698,900,950 ordinary shares worth 10 Baht each, with 21,827,719,170 Baht of paid-up capital. The Head Office is situated at 89 Vibhavadi Rangsit Road, Chompol, Chatuchak, Bangkok, 10900. Telephone number: 66 (0) 2545-1000 or 66 (0) 2695-1000. THAI Contact Center: 66 (0) 2356-1111. Website: [www.thaiairways.com](http://www.thaiairways.com). As of 2012, THAI has 23,990 employees and workers, excluding those employed overseas.

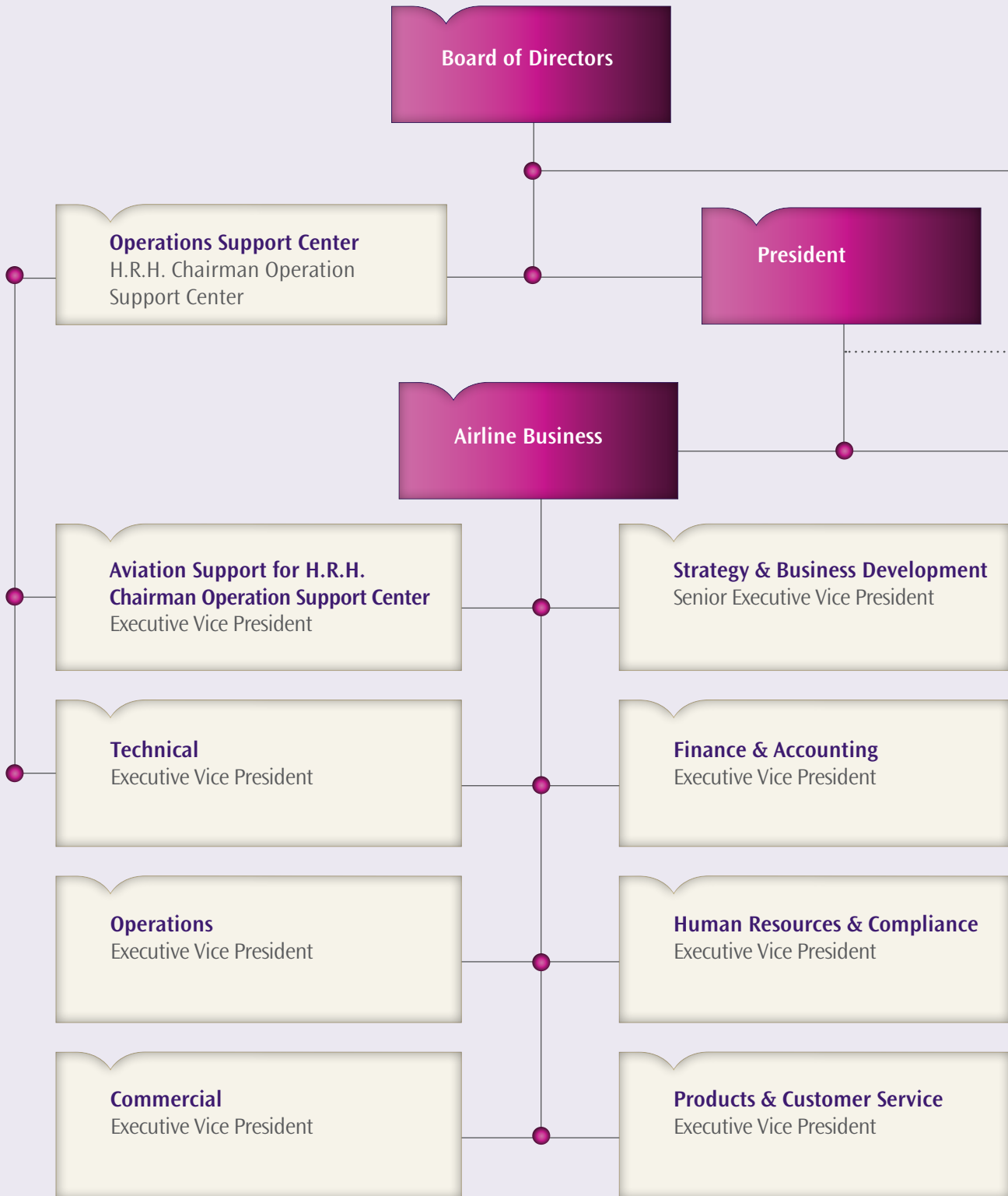
## List of Subsidiaries and Affiliates in which THAI's Shareholding Exceeds 10%

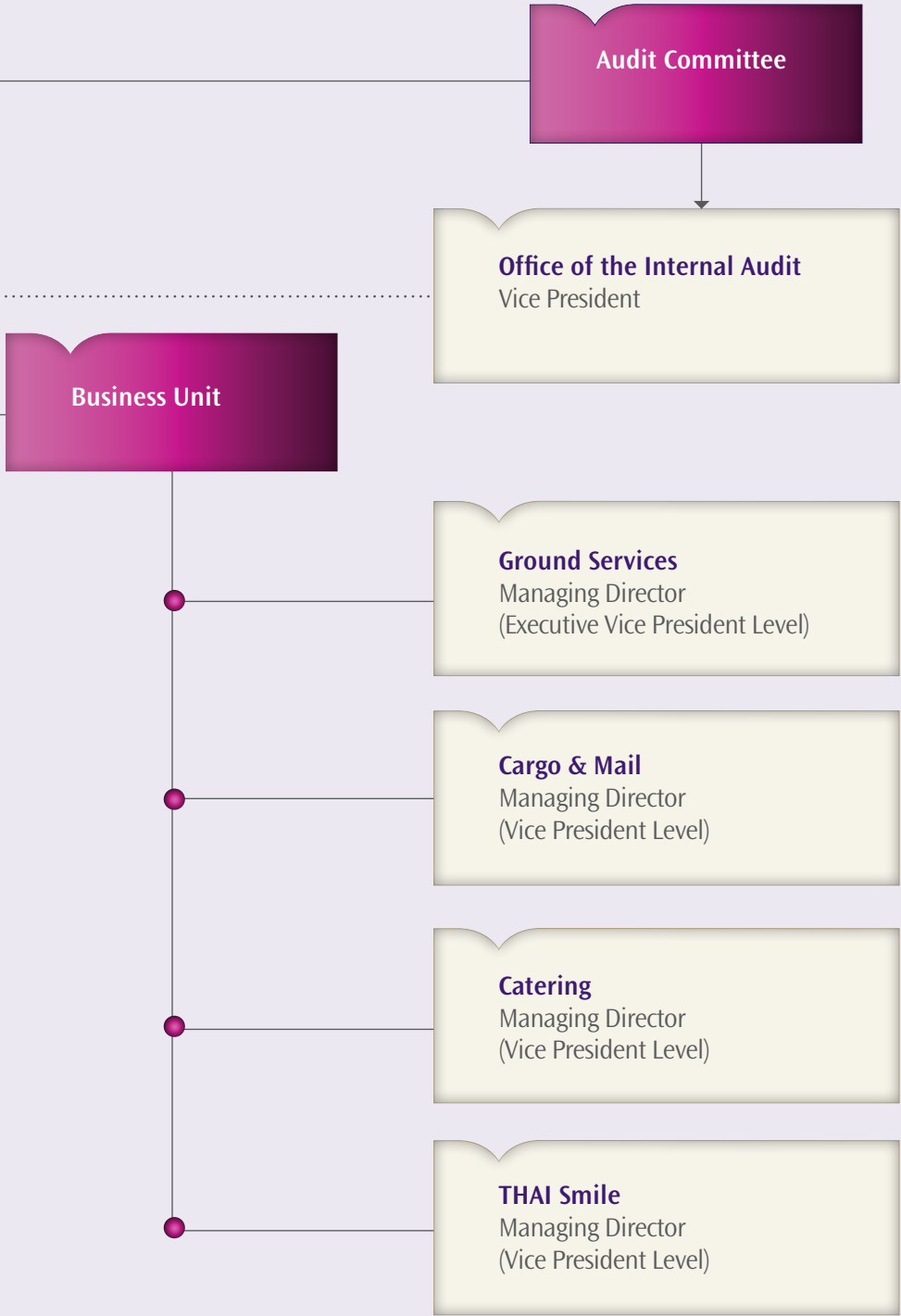
Company Name	Business Type	Share Type	Paid-up Authorized Shares (Million Baht)	Percentage of Shareholding (%)
<b>Thai-Amadeus Southeast Asia Co., Ltd.</b> The Offices at Central World 999/9 Unit 3406-3412, 34 <sup>th</sup> Floor, Rama 1 Road, Pathumwan, Bangkok 10330 Tel. 66 (0) 2207-9090 Fax. 66 (0) 2207-9191	Online Ticketing Services and Other Travel Services to Agents	Ordinary	15.00	55.00
<b>Nok Airlines Co., Ltd.</b> 17 <sup>th</sup> Floor, Rajanakarn Building, 183 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 Tel. 66 (0) 2627-2000 Fax. 66 (0) 2286-9830	Air Transport Services	Ordinary	500.00	49.00 (with controlling authority)
<b>WingSpan Services Co., Ltd.</b> 89 Vibhavadi Rangsit Road, Chompol, Chatuchak, Bangkok 10900 Tel. 66(0) 2545-1267, Fax. 66(0) 2545-1535	Human Resources Management Services	Ordinary	2.00	49.00 (with controlling authority)
<b>THAI Flight Training Co., Ltd.</b> 89 Vibhavadi Rangsit Road Chompol, Chatuchak, Bangkok 10900 Tel. 66 (0) 2545-3330, Fax. 66 (0) 2545-3992	Aviation Training Services	Ordinary	2.00	49.00 (with controlling authority)
<b>Tour Eurg Luang Co., Ltd.</b> 89 Vibhavadi Rangsit Road Chompol, Chatuchak, Bangkok 10900 Tel. 66(0) 2356-2888 Fax. 66 (0) 2288-7158	Tourism services and tourism related services	Ordinary	1.00	Holding shares through WingSpan Services Co., Ltd. 49.00 (with controlling authority)
<b>Don Mueang International Airport Hotel Co., Ltd.</b> 333 Moo 10, Chert Wudthakas Road, Sikan, Don Mueang, Bangkok 10210 Tel. 66 (0) 2566-1020-1 Fax. 66 (0) 2566-1941	Hotel and Restaurant	Ordinary	120.00	40.00
<b>Phuket Air Catering Co., Ltd.</b> 10/3 Moo 6, Sanambin Road, Tambon Mai Khoa, Thalang, Phuket 83000 Tel. 66 (0)-7632-7497, 66 (0)-7632-7500-6 Fax. 66 (0)-7632-7123-4	Airline Catering	Ordinary	100.00	30.00
<b>Royal Orchid Hotel (Thailand) PLC.</b> 2 Captain Bush Lane, Charoen Krung Road, Bangrak, Bangkok 10500 Tel. 66 (0) 2266-0123 Fax. 66 (0) 2236-6656	Hotel and Restaurant	Ordinary	937.50	24.00
<b>Bangkok Aviation Fuel Services PLC.</b> 171/2 Moo 10, Vibhavadi Rangsit Road, Sikan, Don Mueang, Bangkok 10210 Tel. 66 (0) 2565-3811-8 Fax. 66 (0) 2565-3825	Aviation Depot, Aircraft Refueling Service	Ordinary	510.00	22.59
<b>Suvarnabhumi Airport Hotel Co., Ltd.</b> 999 Suvarnabhumi Airport Hotel Building Moo 1, Nongprue, Bang Phli, Samutprakarn 10540 Tel. 66 (0) 2131-1111 Fax. 66 (0) 2131-1188	Hotel and Restaurant	Ordinary	1,017.78	30.00

Note : As of December 31, 2012

## Administrative Structure

THAI's administrative structure consists of the Company's Board of Directors, Sub-Committees and administrative officials, as shown in the following diagram:





According to the administrative structure of Thai Airways International Public Company Limited, the Board of Directors holds the highest responsibility in the Company's operation and management with terms and obligations that stipulate there be no fewer than 5 but no more than 15 members on the board, in the shareholders' discretion, and no less than half of the members of the board must reside in the kingdom. In each annual ordinary meeting, one third of the members of the board have to leave office at the end of their term, and their positions will be filled by either newly elected or re-elected members. As of December 31, 2012 THAI's Board of Directors consists of 15 members as follows:

1.	Mr. Ampon	Kittiampon	Chairman and Independent Director
2.	Mr. Chulasingh	Vasantasingh	Vice Chairman, Chairman of Audit Committee and Independent Director
3.	Mr. Areepong	Bhoocha-oom	Vice Chairman
4.	Mr. Kanit	Sangsubhan	Independent Director
5.	Mr. Chutinant	Bhirom Bhakdi	Audit Committee
6.	Mr. Dheerasak	Suwannayos	Director
7.	Pol. Gen. Pongsapat	Pongcharoen	Director
8.	Mr. Voradej	Harnprasert	Director
9.	Mr. Weerawong	Chittmittrapap	Independent Director and Audit Committee
10.	ACM. Satitpong	Sukvimol	Director
11.	ACM. M.L. Suprija	Kamalasana	Director
12.	Mr. Sutham	Siritipsakorn	Director
13.	Mr. Silpachai	Jarukasemratana	Director
14.	Mr. Apiporn	Pasawat	Independent Director
15.	Mr. Sorajak	Kasemsuvan	Director

Mrs. Suvimol Bualerd (Vice President, Corporate Secretariat Department) as Secretary.





The Company's members of the board are to perform their duties abiding by the Company's laws, purposes and obligations, as well as the shareholders' resolutions. The board is entrusted with the authority to appoint individuals to operate the Company under the board's supervision or authorize such individuals for actions as the board sees fit within the given time, and the board may cancel, revoke, alter or edit such authority. The board can also name the members to sign and bind the Company and the Sub-Committees for specific administrations.

With regard to its CSR efforts, specific departments have been appointed to operate the Company's CSR activities through various administrative branches. The activities include projects concerning energy and environment conservation, social development promotion in education among youth and restoration of communities suffered from disasters. The departments pay close attention to operation process and ensure close monitoring, together with focusing on the benefits of relevant stakeholders including society as a whole and the nation.

**Good**  
Corporate Governance





Thai Airways International Public Company Limited continuously places great importance on following good corporate governance in business management and administration in compliance with the Good Corporate Governance Guidelines 2006 prepared by the Stock Exchange of Thailand as well as the International Best Practices. To ensure success, continuity and accountability of the corporate governance procedure, the Good Corporate Governance Committee has been set up to be responsible for surveillance of the business operation and internal administration to ensure abidance with policies on good corporate governance; build good corporate governance culture; increase the Company's competitiveness; and support its sustainable growth in the long run.



With an aim to provide guidelines for the committee, executives and employees to abide by, along with the main goal of maximizing shareholders' benefits with transparency, fairness in operation and determining to execute responsibilities for stakeholders, environment, society and country, the Company has established a code of good corporate governance and ethics, implemented on September 28, 2010. This reflects THAI's determination to follow the principles of good corporate governance and ethics in business administration, in compliance with the Constitution of the Kingdom of Thailand, B.E.2550 stipulating that ethical evaluation be administered in order to determine the ethical standards for committees, executives, and employees in state enterprises. This also promotes THAI as a company with good management, morals, transparency, accountability, efficiency and productiveness, without conflict of interest between the individuals and the Company, perceived the foundation leading to sustainable growth.

## • Mechanisms for Stakeholders to Give Beneficial Suggestions to the Organization

To improve the Company's operations, shareholders, employees, workers, customers and business partners are welcomed to leave opinions, comments, suggestions and complaints for the Company through several channels such as the Company's website [www.thaiairways.com](http://www.thaiairways.com) under the "Contact Us" menu. In addition, the Company is open to opinions and complaints on corruption, breaches of the law, rules and regulations, company procedures and policies, good corporate governance and ethics through oral or written complaints, e-mail and post, in accordance with the Whistle Blower Policy, in order to help facilitate convenience for stakeholders to promptly contact the Company. This is another efficient communication channel in which employees, workers, stakeholders and any witnesses of the aforementioned breaches could send a complaint directly to the authorized complaint correspondents who are: Chairman, Directors, President, Corporate Secretary, Executive Vice President, Chief Executive Officer and the Director of each field of operation.

THAI's another important mechanism for establishing good relationships with external parties is the Investor Relations Department, responsible for maintaining a healthy relationship with investors, shareholders and stakeholders; publicizing clear up-to-date news; and answering queries that pertain to the administration and operation of the organization in order to ensure that shareholders, individual investors, institutional investors, stock analysts, fund managers, employees and stakeholders receive correct, transparent, and equal information. This Department is also responsible for providing basic information and news such as financial information, the company performance and corporate strategies through financial reports and other relevant reports, in accordance with the regulations of the Stock Exchange of Thailand.

### In 2012, the Investor Relations Department undertook the following activities:

Activity	Activity
Road Shows (Local/Abroad)	6 times per year
Meetings/teleconferences with executives	40 times per year
Inquiry and information responses by phone and e-mail	3-5 times per day
Quarterly Reports	4 times per year
Company Visits	4 times per year
Other Special Activities	2 times per year



The Company has also appointed the Customer Board, in which the candidates are selected from THAI frequent flyers. The Customer Board, representative of all THAI passengers, will act as Independent Committee capable of regularly exchanging opinion with the Board of Directors. This direct communication between THAI and its passengers enables the Company to directly receive passengers' voicing opinions and obtain necessary information for future service and product development which will better serve the passenger needs.

Additionally, the Company arranges meetings between chief executives, stock analysts, investors, shareholders and stakeholders to give management executives the opportunity to clarify policies and vision, including respond to inquiries pertaining to the company operation in all aspects, to foster stakeholders' trust. Regular updates are available on THAI's Investors Relations website ([www.thaiairways.com/about-thai/investor-relations/th/investor\\_th.html](http://www.thaiairways.com/about-thai/investor-relations/th/investor_th.html)), which is made up-to-date and easier to navigate and search for information. Investors or interested parties may request information directly from THAI's investor relations office, as follows:

- Telephone : 66 (0) 2545-1000, 2545-2113, 2545-4053
- Fax : 66 (0) 2545-3971
- E-mail : [irtg@thaiairways.com](mailto:irtg@thaiairways.com)
- Post : Investor Relation Department Thai Airways International Public Company Limited, 89 Vibhavadi Rangsit Road, Chompol, Chatuchak, Bangkok 10900

## • Procedures for Performance Monitoring and Assessment

THAI possesses sufficient internal control system in business administration, and assesses its operation regularly to ensure that the established system is able to run smoothly in parallel with changing business environment and in accordance with acceptable level of risk. The structure of the Company's internal control system fulfills the standards of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) which consists of 5 main elements as follows:

**1. Control Environment** THAI determines performance indicators for executives from the president level and higher to ensure the Company's highest productivity and goal achievement. Appropriate manpower requirement and planning is regularly assessed as well as the regular revision of job descriptions for management and employees including the employee handbook. THAI also promotes the "THAI Spirit" culture within the organization and encourages its employees to participate in various trainings for development of knowledge and skills while taking to heart moral and ethics in the business operation.

**2. Risk Management** The Company includes objectives, vision and obligation in its strategic plans and organization action plans each of which is evaluated by following Strategic Success Measures (SSM). Risk assessment is performed on external and internal factors. Moreover, Key Risk Indicator (KRI) is applied to serve as an early warning system for all corporate level risks. Risk management is undertaken at the Department level with quarterly reporting as required by the risk management handbook. The Risk Management Department is responsible for regular monitoring of the progress made on risk control action plans and reporting to the Company's Executive Management Committee, the Risk Management Committee and the Board of Directors on a regular basis.

**3. Oversight of Management** The Company provides written manuals for operations and practices for important activities such as regulations concerning financial control, personnel management and inventory, by which employees abide with oversight of supervising directors. The Company ensures segregation of duties and safeguards its assets which must be physically checked on an annual basis by the Comptroller General Department and are regularly accounted for by the management team. The Company abides by international standards such as IATA, ICAO and ISO. Inspection duties and performances are conducted by the Office of internal Audit and other related organizations.

**4. Information Technology and Communication** THAI has an information and communication system to support management decisions. The Company website and the THAISphere, intranet portal, provide a comprehensive platform for information dissemination within and outside the Company. The Company has promoting the development of information technology for improving operations to adhere to the strategic plans, as well as establishing the internal and external communication for usage in meetings, issuing orders, announcements and to acknowledge complaints from customers, business partners or shareholders for consideration to improve the Company's operations.

**5. Monitoring and Evaluation** THAI executives at all levels must submit to monitoring and assessing their performance to follow the strategic plans and ensure the Key Performance Indicators (KPIs) is reached, and regularly conducting reports that show the results of the operation in comparison with the predetermined targets or budget, to be submitted to the executives for consideration of appropriate adjustments. A Control Self-Assessment (CSA) is implemented in accordance with rule 6 of the State Audit Commission Regulation on Internal Control B.E. 2544, requiring every department and division to undertake the CSA and submit a report to the State Audit Commission, the Company's Board of Directors, and the Company Audit Committee on annual basis. The internal control monitoring and evaluation are conducted by auditors from the Office of internal Audit and external audit representatives from Bureau Veritas, IATA Operational Safety Audit (IOSA), the Department of Civil Aviation and other international standardization organizations.

The Company determines the Internal Audit Department to possess a direct reporting channel to the Company's Board of Directors with oversight of the Audit Committee and ensuring independence and fairness in executing their tasks and responsibilities. In addition, strong support is given to risk management, internal control with sufficient and effective governance, providing confidence that the overall Company performance is efficient while ensuring optimal spending. The Internal Audit Department also plays a role in ensuring the correctness and reliability of the Company's financial reports and ensuring that the undertakings by each individual business function is in line with the Company's overall policies, rules, regulations and applicable laws. The Internal Audit Department is responsible for preventing the Company's assets from losing value from corrupt means as well as maximizing its benefits. Work process improvement is constantly being made while ongoing assessment is made of its subsidiaries and affiliated companies. Moreover, the Internal Audit Department also serves as a consultant in recommending enhancements in internal control including regulations. The department is tasked for auditing internal procedures and undertaking IT audit in accordance with the auditing guidelines sanctioned by the Audit Committee. The audit process takes into consideration the possible outcomes of existing risk management procedures and anticipates potential future risk factors which would impede the Company from achieving its objectives. Unique audits are also undertaken under the directive of the Audit Committee and the results of such audits are presented to the respective person in charge, the Company President and the Audit Committee on a quarterly basis. In case there are any significant findings that may bear significant impact on the Company's operations, the Vice President of the Internal Audit Department will immediately report such findings to the President and the Audit Committee.



## Organizational

Vision, Commitments,  
and Culture



### • Vision

The First Choice Carrier with Touches of Thai

### • Company Commitments

- To offer domestic and international air travel and related services that are safe, convenient, and of quality to ensure customer satisfaction and trust.
- To work in compliance with international standards in terms of efficient, transparent and integrity-based business management and to achieve satisfactory operating results in order to maximize shareholders' benefits.
- To create a suitable working environment and offer appropriate level of salaries and wages as an incentive for staff to reach their full potential through learning and working, and be proud to be a part of the Company's success.
- To be socially responsible as the national carrier.

Moreover, THAI has established a clear commitment in its business operation : “to move forward to being a corporation with high proficiency, transparency and accountability, which focuses on maximizing shareholders' benefits, while not neglecting other groups of stakeholders' interest.”. This has become the policy all THAI employees strictly adhered to.



### Policy on Aviation Safety

THAI will ensure that its officers adhere to the safety procedures as the key of business operation. Thus, the aviation safety and security and standards were established to be in compliance with laws and international standards, along with system maintenance and periodic reports on safety to be submitted to the executives and the relevant employees. Provided that, any reports of operation error affecting the aviation safety will not result in the disciplinary punishment.

### Policy on Quality of Product and Service

THAI will ensure that its officers place great emphasis on the quality of products and services in order to meet customers' demand which will lead to optimal satisfaction and to be in compliance with the aviation business international standards.

### Policy on Safety, Occupational Hygiene and Working Environment

THAI will emphasize the significance of rights protection and well-being of its employees, regarded as the heart of business operation, to work safely, stay healthy, have supportive working atmosphere under the safety management system, occupational hygiene and working environment with accepted standard.

### Policy on Environment

THAI will operate its business to be in line with the Environment Management System/EMS : ISO14001 and Aviation Environment, which is the commercial aviation's practices in order to minimize atmospheric pollution and impacts on environment caused by each activity in business operation.



### Policy against Unfair Discrimination

THAI's operation in terms of personnel recruitment, employment, employment termination, employee performance improvement, promotion, transfer, assignments, must be without any discrimination against any person due to the differences in race, nationality, religion, sex, age, educational background or any other reasons. In addition, there must not be an unfair discrimination in providing services or doing business with juristic person/person from some countries or nationalities.

### Policy on Corporate Governance and Ethics

THAI will adhere to the basis of Good Corporate Governance principle by ensuring that its officers strictly comply with the Good Corporate Governance principle and Ethics Code together with laws, rules, regulations and other orders.

### • Organizational Culture

THAI's organizational culture incorporates the idea of "THAI SPIRIT", with the word "THAI" representing the concepts based on each letter as follows:



## T = Teamwork & Trust

**Teamwork** means employees have positive attitude in working in teams to support and improve the business operation, while increase the organization's competency. The cooperation among employees is perceived the cornerstone to help strengthen the overall organization and enhance its competitive advantage.

**Trust** means along with trust and mutual respect, employees are reliable and welcomed to express their creativity. This is a key driver which will enable the working process to achieve highest efficiency and be able to promptly respond to any unforeseen situations. Ultimately, it will help build more clients' trust and confidence in the products and services provided by THAI.

## H = Happiness & Hospitality

**Happiness** means employees maintain good health and positive attitude. They love the organization and are willing to express their fullest potential in their works. Accordingly, this will result in augmenting working efficiency and excellent services.

**Hospitality** means employees are fully aware of their duties as the excellent service providers who promptly respond to client demand with politeness, gentleness, generosity and cheerfulness, regarded characteristics of Thai culture. Additionally, they are committed to forward impressive experiences through services with priority on customer needs and expectations in order to maximize customer satisfaction.

## A = Awakening & Accountability

**Awakening** means employees are able to retain enthusiasm in their works, ready to learn new things and always desirous to consistently improve their performances. Not only this will result in the constant improvements of employees and organization in terms of operations and services, it will also help THAI achieve higher level of business competitiveness along with endless innovation creation.

**Accountability** means employees take on the responsibility of the role assigned/to assign to others and working outcomes. Employees are able to explain causalities and to sustain their promises without throwing blame on others. This will accordingly result in the increase of working efficiency.

## I = Inspiration & Integrity

**Inspiration** means employees have inspiration in working, resulting from the strong feeling that they are part of the organization. They are hungry for success and desirous to take part in the organization's advancement. It is considered another key factor for employees to be passionate about their work and determined to move THAI forward to higher level of achievement with their earnestness and devotion.

**Integrity** means employees possess honesty, morality, virtues and ethics; work according to principle of transparency, protect shareholders' interest and are responsible for stakeholders in accordance with the Good Corporate Governance principle.

Apart from strong determination to have its operations developed and improved in order to achieve objectives indicated in its vision and missions, THAI has been creating a benevolent culture within the organization, particularly instilling awareness of social responsibility and promoting its employees to engage in many social contribution activities. This will thus create a feeling of unity amongst THAI employees and encourage them to wholeheartedly contribute their highest potentials in accomplishing their assigned duties, leading ultimately to the Company's stable and sustainable growth as well as its involvement in development of society and the country as a whole.

# Corporate

Social Responsibility  
Declaration

- **Vision for Social Responsibility**

To be a socially and environmentally responsible airline

- **Declaration on Adhering to the International Practices Regarding Social and Environmental Responsibility**

Thai Airways International Public Company Limited is determined to becoming the leader in the conservation of energy and environment both domestically and internationally. The Company supports the proficient consumption of local resources and intends to showcase its social responsibility as the national airline. It is also THAI's goal to raise awareness in engagement in social responsibility of all sectors including the Company's stakeholders, customers, employees, business partners, the community and the general public.

**Scope of**  
the Corporate Social  
Responsibility Practices



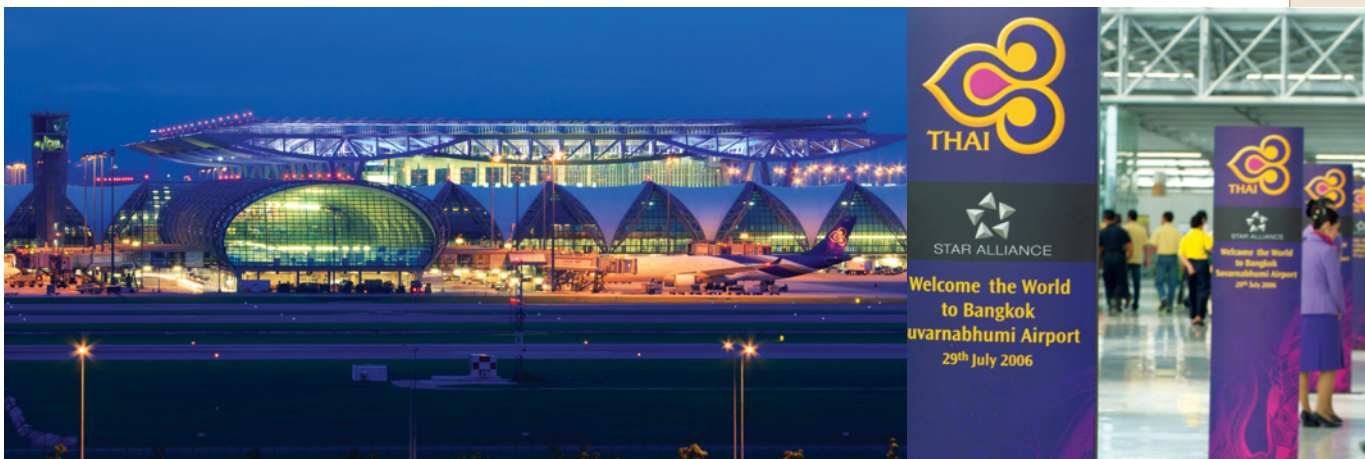
## Scope of the Corporate Social Responsibility Practices

### • Compliance with the Securities and Exchange Commission Thailand (SEC)'s Guidelines for Corporate Social Responsibility

To ensure that the Company's corporate social responsibility can be practically implemented with clear policies and acceptability, THAI has integratedly adapted in its operation the Corporate Social Responsibility (CSR) Guidelines conducted by the SEC's CSR Working Group. The CSR practices are divided into 8 categories as follows:

#### 1. Good Corporate Governance

The Company has established an administrative system in which all related employees operate based on responsibility, transparency, impartiality, fairness, efficiency, and accountability. THAI believes that good governance will build trustworthiness and confidence amongst shareholders, investors, stakeholders and all persons involved, leading to the business' continuous and sustainable growth.



#### 2. Fair Business Practices

Emphasizing the operation under good practices, the Company has established an internal auditing system to which all executives and employees must cooperate and consider part of their duties. Complying with the principles of COSO (Committee of Sponsoring Organizations of the Treadway Commission), the Company has set up an internal control system to prevent loss, improve performances, reduce and eliminate risks that might occur, regularly monitor and evaluate business projects. It also combines company governance and ethics into a clearly written guideline for personnel to follow.

### **3. Respecting Human Rights and Fair Labor Practices**

Realizing the importance of respect for human rights as the cornerstone of human resource development and the increase of business' added value as well as productivity, the Company is regularly improving and training its personnel to enhance their efficiency. Additionally, it treats employees with fairness in the process of recruitment, promotion, employee transfer and assignment of work, and ensures that employees receive the privilege, safety, occupational health and working environment that provide them a better quality of life.

### **4. Responsibility towards Consumers**

Since quality and safety are consumers' top priorities particularly in flight operation, the Company offers intensive training for employees to ensure their readiness and provide more experience in operation specifically in terms of safety in the cabin. THAI has also continuously improved its services such as IT system for quicker and more efficient handling of passengers' needs.

### **5. Social and Community Development**

The Company has consistently undertaken community and social development projects and has instilled social responsibility awareness through various activities such as bestowing financial donation upon disadvantage people and disaster victims, establishing school buildings, providing learning materials and scholarships to qualified students of schools located in remote areas, planting trees and restoring communities' environment under "Plook Cheewit Hai Pandin 2012" (Plant Life for the Country) Project, organizing beach cleanup and supporting employees' volunteer activities.

### **6. Environment Conservation**

Being aware that environment is a public domain that the world must take responsibility of, THAI is determined to be an environmentally friendly airline through a variety of projects such as reducing the emission of gas and chemicals depleting ozone layer, saving energy in processes, biofuels development, fuel management, optimizing the natural resource at hand, introducing new aircraft to the fleet which will lead to reduction of fuel usage and pollution.

### **7. Innovation and Corporate Social Responsibility**

Not only the Company has continuously adopted and developed the Safety Management System (SMS) in its operation, it also installed SMS Course Ware as a way for all employees to learn through the e-learning system, helping to increase safety in the working place. Regarding environmental innovation, the Company has consistently continued its study on biofuels.



## 8. CSR Report

The Company has prepared its Sustainable Development Report according to the GRI Reporting Framework for the purpose of information disclosure and reflection on the Company’s CSR practices in economic, social and environmental aspects. It also provides guidelines to further improve the Company’s CSR practices in the future.

### • Framework of THAI’s Corporate Social Responsibility Practices

Apart from integratedly adapting the SEC’s Corporate Social Responsibility (CSR) Guidelines in its operation, THAI has determined a clear scope on its CSR practices consisting of: Determining a clear social responsibility policy and guideline to show the Company’s strong determination and dedication to environment management integrated with concept of “Green Innovation”; Undertaking social and environmental projects based on the “Travel Green” initiative by inviting all persons involved including stakeholders, passengers, business partners and employees, to participate in the projects; Hold activities that create and nurture environmental and social awareness in employees at every level; Publicize and advertise the Company’s social and environmental activities of the Company and prepare a report on its social responsibility aspects in compliance with international reporting guidelines and emphasize accurate, complete and prompt disclosure of CSR information.

**THAI's**

Environmental Initiatives





Through all these years of operation, environmental responsibility is regarded by THAI as its core commitment. Despite the fact that greenhouse gas emission of aviation business is merely 2 percent of entire industrial sector, aviation business is yet another major cause of the increasing greenhouse gases in the atmosphere, considering from its growth rate and forms of green house gas emission together with the forecast of IATA indicating that aviation business annual growth rate and greenhouse gas emission rate will reach 5 percent and 3 percent per year respectively. Consequently, leading global airlines nowadays has been developing and improving their operational efficiency, specifically in energy optimization. Additionally, there is intense competition among airlines in initiating new innovations including designing lower weighted aircraft and engines together with conducting researches on alternative fuel sources to replace fossil fuels which is the main cause for high level of greenhouse gas emission.

Being aware of its responsibility toward the country, global community and environment, Thai Airways International Public Company Limited, as the national carrier and one of leading global airlines, is determined to optimize natural resources under its clear environmental policies.



### • Environmental Policies

THAI is determined to improve its environmental management system to ensure the compliance with international standards and assure that all activities are in accordance to related standards and environmental laws. This will simultaneously help reduce pollution and environmental impacts with clear objectives, targets, action plans and evaluation procedures covering all significant topics, including air pollution, noise pollution, fuel oil, waste water treatment, the use of chemicals, electricity conservation, garbage management and recycling. Moreover, the Company has increased environmental awareness amongst employees through a variety of training programs in order to ensure that its environmental policies are effectively implemented. THAI also has provided essential supports to environmental preservation programs undertaken by various communities and organizations, including news and information to be publicized in order to create good corporate image and promote a better understanding of the Company's efforts toward environmental management.

To ensure continuity and efficiency of environmental operation aligned with the Company’s organizational structure, THAI appointed the Environmental Management Committee (EMC), representatives of Environmental Management Office, document controllers and internal auditors to be responsible for the Company’s environmental operation surveillance; ensuring its compliance with the standard of ISO 14001; determining policies, objectives, targets and action plans; coordinating with internal and external business units in environment issues; assessing, monitoring, improving and developing environmental management system and solving any problems arising.

THAI has prepared itself to handle uncertain conditions of the globe, including slowdown economies, unstable political situations and continually rising fuel prices, all of which result in the increase of aviation expenses. THAI, therefore, has focused on efficient fuel management to further reduce expenses. It also has adapted its operation to be in line with regulations such as the European Union Emission Trading Scheme by which the Company is paying closer attention to reducing greenhouse gas emission caused by aviation fuels, adopting light weighted aviation equipments, implementing a more efficient new flight planning system, procuring new aircraft with saving fuel engines, and developing the Company’s internal information storage and data processing system as ways to increase the efficiency of overall fuel management.



### • THAI’s Move Towards “Travel Green”

Being aware of its impacts on the environment, the aviation industry has encouraged technological and innovative development as well as determining measures to control greenhouse gas emission from the aviation activities, leading to integrated management. This includes designing aviation innovations such as aircraft and engines which have lower weights, higher efficiency and fuel saving engines; increasing efficiency of air traffic control by improving management of air traffic from the flight to the arrival at the destination airports, reducing time spent from aircraft parking space to runway, shortening flight routes and developing communication devices; replacing fossil fuels with alternative biofuels; implementing stricter trade and tariff barriers such as the European Union Emission Trading Scheme which aims to require airlines to take responsibility for greenhouse gas emission through the use of economic mechanism.



THAI, aware of the importance of environmental conservation, is determined to conduct its operations by focusing on environmental conservation under “Travel Green” concept covering 4 dimensions: Climate Change, Sustainable Material Management, Sustainable Use of Resources and Biodiversity and Ecosystem Services. THAI has been forwarding its concept of environmental conservation through its products and services by adopting environmentally friendly materials, recycling process and pollution control, in which passengers of all THAI flights can engage.



Additionally, cooperating with public and private organizations, THAI has planned its sustainable environmental management in the aspect of developing biofuels which are environmentally friendly in order to reduce greenhouse gas emission, leading to sustainability in business operation.

THAI appointed Sustainable Aviation Biofuels Development Committee that works together with related local and international organizations, and research institutions including committee of the PTT Public Company Limited, in sustainable biofuels development for Thailand’s aviation industry in order to meet increasing energy demand. Moreover, the biofuels development plays an important part in country development and income distribution among agriculturists as well as helping strengthen the country’s energy stability and security. THAI, as the national carrier with social responsibility, has been prepared to adopt biofuels in its business operation, reflecting THAI as an environmentally friendly airline and a part in sustainably reducing greenhouse gas emission. The Company is planning to apply biofuels in its commercial flights to become the pioneer in the South East Asia’s aviation industry.



## • Mitigation of Climate Change

In 2012, the Company undertook several important projects aiming for mitigating the impacts from climate change as follows:

### THAI Voluntary Carbon Offset Project

The Company has undertaken the continuous project to provide customers with the opportunity to virtually offset carbon emissions in every route. The following information is available in THAI website: carbon emission in each flight, expenses of carbon offset, expenses to be invested in clean development mechanism projects as well as projects aiming to reduce greenhouse gas emissions domestically and internationally, such as the Korat Waste to Energy of Thailand and the Braco Norte IV Small Hydro of Brazil.

### Reducing the Emission of Ozone Depleting Gases and Chemicals

The Company is continuously determined to lower the emission of other gases which are hazardous to the ozone layer and are the main causes of the global warming, through its plans regarding a reduction of Halon emission in the retrofitting of aircraft's and offices' fire extinguishing devices, a reduction of ozone depleting chemicals from the retrofitting of engines and aircraft, and replacing chemicals with constituent CFC with Light Alkaline Solution.

## • Sustainable Material Management

Considering good material management a way leading to operating cost reduction and production resource saving, THAI has continued several projects in accordance with the concept of sustainable material management which are managing resource categorized as the main cost through replacing aging aircraft with new one in order to reduce the overall average fleet age, increase fleet's efficiency and optimize the use of fuels. This includes the introduction of B777-300ER of which the fuel consumption rate is 34.23 liters per 100 RTKm in comparison to those of B747-400 which is 40.89 liters per

100 RTK, leading to the decrease of the maintenance and fuel costs at the minimum of 20 percent. In addition, the Company places high importance on undergoing aircraft and equipment retrofit programs to be responsive to THAI's traffic program.

In 2012, the Company possesses aging aircraft with age ranging from 12-22 years and new aircraft with age from 1 month up to 7 years, 53 percent of which is Airbus with 8.81 years of average age, while the remaining is Boeing with 14.15 years of average age. Consequently, in 2012, the average THAI fleet age is 11.37 years, lower from 12.11 years in 2011. Therefore, the unscheduled maintenance has been gradually replaced by routine maintenance resulting in higher readiness in operation. According to analysis of information pertaining to aviation operation's fuel efficiency, in 2012, the Company was able to reduce 11,000 tons of fuels per year. Moreover, due to the acquirement of new aircraft in place of the aging ones THAI's average fleet age is gradually lowering and expected to reach 9.41 years and 8.47 years in 2013 and 2014 respectively. This will lead to the increase of aircraft's efficiency and reduction of operating cost especially fuel cost.



Apart from the fleet management, THAI understands the importance of reduction of paper use and energy conservation thus it initiated the e-Meal Menu and the e-Duty Free Magazine programs by which passengers can view food & beverage menus, lists and descriptions of duty free products on the Inflight Equipment (IFE) screen in place of the paper menus and Duty Free Magazine, resulting in the reduction of cabin weight by 0.5 kilogram per seat. In addition, THAI implements the Light Weight Container project in which containers with high weight are replaced by those which are lighter, leading to the reduction of weight by 20 kilogram per containers. In 2012, 300 from the target of 1,500 containers were replaced. Simultaneously, the Company has conducted Route Manual, Voyage Report, Air Safety Report and Operating Manual in electronic form as a way to conserve natural resource, as well as adopting PET plastic bottles with lower weigh instead of the glass bottles and food containers made of low weight material instead of porcelains.

THAI's internal sustainable material management and administration focus on the use of environmentally friendly information technology over paper in accordance with the Green IT concept. As a result the Company has developed and improved its e-Meeting System to facilitate management executives in locating meeting documents and other references; has developed e-document system under the E-IOC (e-inter Office Communication) program to ensure the easiness in communication between the organization's departments; has improved the e-document system to increase the efficiency, reduce operating cost and act as a way to reduce global warming. Regarding to the ground service, THAI has undertaken the Reused Invitation Card program in which passengers' Invitation Cards including Fast Track Cards are reused in order to alleviate operating cost, reduce paper use and sell used paper to recycling factories which will help reduce global warming.

A simple initiative of reusing plastic sheets is the origin of the "Reused Plastic Sheet" project. The Company has reused plastic sheets, which once were used to prevent cargo on arriving flights at Bangkok airports from humidity, to cover cargo to be exported to other countries. This results in the reduction of plastic use by 16.82 percent or approximately 53,764 sheets per year, amounting to 75,270 kilogram per year and the declination of carbon dioxide by 72,259 tons per year.

THAI employees has rendered good cooperation in following the sustainable material management concept reflected by the Increase Value of Magazine Onboard project in which employees jointly separate and return magazines which have not reach expiry dates, with enclosure of receive forms to departments in charge in order to be redelivered to THAI flights. In the past, any usable magazines removed from aircraft would be regarded leftover to be sold at cheap prices. This project helps reduce the cost of new magazine purchase by 652,451 Baht (from the data collected on 5<sup>th</sup> - 25<sup>th</sup> days of every month for 1 year).



## • Sustainable Material Management

In 2012, the Company undertook various projects which are in accordance with the concept of sustainable use of resources as follows:

### Fuel Oil

Fuel oil is the Company's main operating cost hence the Company is strongly determined to optimize the resource. In 2012, THAI conducted many fuel oil reduction projects as follow:

- **Development of Sustainable Aviation Biofuels Project**

THAI is planning to develop biofuels utilized in commercial flights, aiming to become the pioneer in Southeast Asia in flying a commercial passenger flight using biofuels. After taking to the skies with its experimental biofuels flight in 2011, THAI has continued its mission to formally launch its biofuels flights in the near future. In 2012, the Company hosted "Thai Aviation and Environmental Workshop - Biofuels and Efficient Flight Operation" cooperating with several air transport related organizations such as PTT Public Company Limited, Aeronautical Radio of Thailand Limited and the Boeing Company, as a channel for exchanging information of biofuels production technologies and new technologies for air traffic control. Furthermore, THAI and PTT have signed the Memorandum of Understanding regarding aviation biofuels development, and expected to use biofuels in aviation operation by 2015.

- **Fuel Management Project**

The main objective of oil management in accordance with the Fuel Management project is to optimize the oil use in aviation operation and reduce the use of fuel oil. The Company has adjusted its Flight Plan along with the calculation methods and ensure higher accuracy in measuring loaded weight carried by each flight. This results in correctness of estimating fuel oil used in each flight and the quantity of fuel oil to be filled in aircraft's oil reservoirs. In addition, THAI has closely monitored the level of fuel oil spent in each flight by applying the Fuel Management Tool.

The information pertaining to the aviation operation's capacity, particularly in the area of efficiency of oil consumption, is reported to the Management, air crew as well as all related persons in order to be applied for the future operation efficiency improvement. This significantly helps improve THAI's overall oil consumption of which Revenue Ton-Kilometers decline from 0.4018 liters/RTK in 2011 to 0.3745 liters/RTK in 2012, reducing carbon dioxide emission for approximately 511,299 tons.

- **Increasing Efficiency in Aviation Operation**

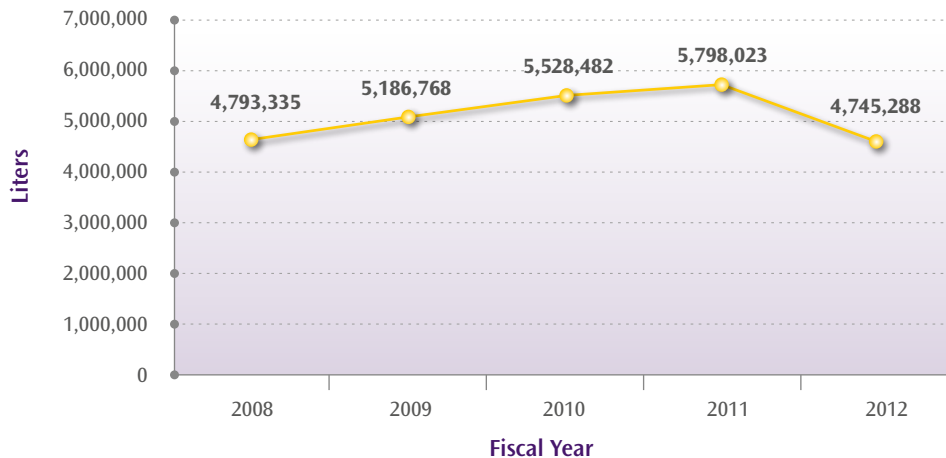
In order to increase efficiency in aviation operation, THAI has replaced the Gross Weight Charge paper system with the Onboard Performance Tool (OPT), the new versioned software capable of calculating the Take Off and Landing Performance of Boeing aircraft, and the Less Paper in the Cockpit for calculating that of Airbus aircraft. The Company also has monitored and recorded the Aircraft Performance to indicate each aircraft's Aircraft Performance Factor and to be utilized to plan the level of fuel oil usage in each flight.

- **Engine Cleaning with Clear Core TM**

The Clear Core TM, the innovation served for aircraft’s engine cleaning has been employed in order to augment the efficiency and extend engine life. The system is also capable for treatment of waste water from engine cleaning process to be reused. Applying the Clear Core TM with 10 B777-300ER aircraft with the installation of GE90-115B helps reduce fuel cost by approximately 500,000 USD or 15 million Baht per year, leading to the reduction of carbon dioxide by 1,900 tons per year.

The Company is determined to continuously undertake various projects which take parts in aviation operation’s efficiency management, including aircraft retrofit programs, and reducing unnecessary items causing extra weight. The aforementioned projects contribute to the reduction of fuel oil by 18 percent from 2011, amounting to more than 1 million liters of fuel oil.

**Level of oil use in THAI’s operation**



### Electricity

According to the Electric Generating Authority of Thailand, in 2012, the generation of 1 kilowatt-hour of electricity emits 0.625 kilogram of carbon dioxide. Being aware of the significance of electricity saving as a method to reduce carbon dioxide emission, many projects have been conducted as follows:

- **Save the Cargo Warehouse Electricity Project**

The Company has replaced 400 watt High Pressure Sodium bulbs with 122 watt Fluorescent High Bay ones and 525 lamps, reducing electricity use of 1,324,512 kilowatt-hour per year and 827.82 tons of carbon dioxide emission per year.



- **Installing Energy Saving Bulbs**

The Company has substituted 200 T8 bulbs in the Building 4’s parking area for LED bulbs and has replaced 100 T8 bulbs in the first floor of the Building 4 with T5 bulbs. This helps reduce electricity use by 52,857 kilowatt-hour per year and 33 tons of carbon dioxide emission per year.

- **Increasing Temperature of Water-Cooling Devices**

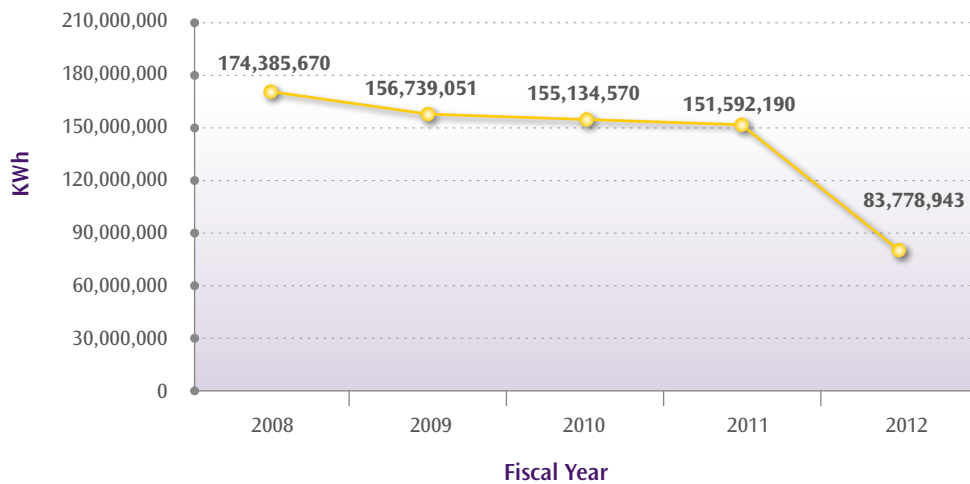
Higher temperature has been set for 5 main water-cooled devices located in the Building 4 and the Building 5, reducing electricity use of 154,440 kilowatt-hour per year and 97 tons of carbon dioxide emission per year.

- **Shortening Operating Time of Air-Cooling Devices**

Shortening operating time of 48 air-cooled devices situated in the Building 1 for 10 minute per day results in the electricity reduction of 11,048 kilowatt-hour per year and 7 tons of carbon dioxide emission per year.

To raise awareness for THAI employees in appreciating the value of natural resources and give them opportunities to join in several resource saving activities, the Company has maintained its “Green Building” project for continuous energy conservation. The Company’s electricity saving projects throughout the year has enabled the 2012 total electricity use to decline more than 40 percent from 2011 or in other words, from 151,529,190 kilowatt-hour to 83,778,943 kilowatt-hour.

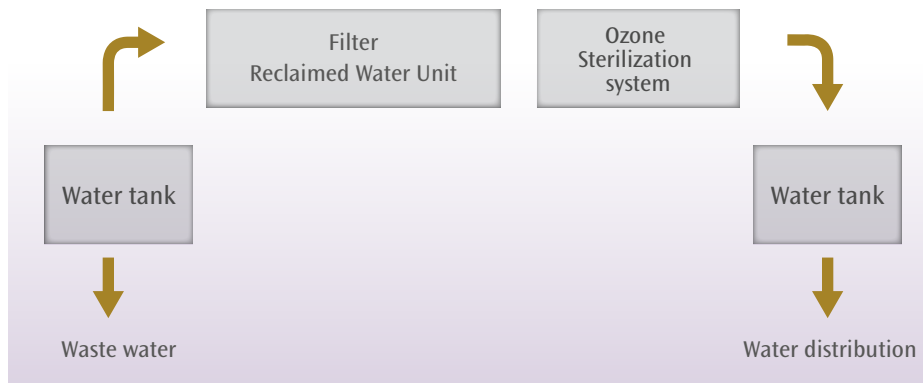
**Level of electricity use in THAI’s operation**



### Water Resource

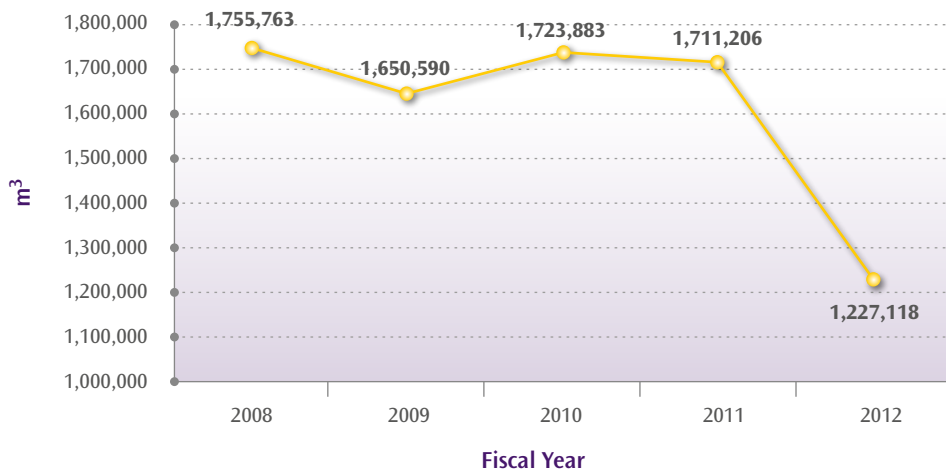
Optimizing water resource is another aspect considered THAI’s priority, the Company hence has installed water treatment and water recycling systems as a method to reduce the use of water resource. In the recycling process, the waste water after the treatment and quality assessment will be utilized with sanitary ware not directly in-touch with body and will be used to water trees and plants around the buildings. The current productivity rate of the mentioned system is 100 m<sup>3</sup> per day and the systems save 36,000 m<sup>3</sup> of water per year, valuing 612,000 Baht of water expense per year.

## Water Recycling System



Other miscellaneous measurements including repairing water pipes, adjusting water valves to be proper for the usage, installing automatic faucets in the buildings, instilling the importance of water saving for all employees as well as presenting posters and stickers in various areas in the office buildings enabled the 2012 water use to decline 28 percent from 2011 or in other words, from 1,711,206 m<sup>3</sup> to 1,227,118 m<sup>3</sup>.

## Level of water use in THAI's operation



## • Biodiversity and Ecosystem Services

As a way to maintain balance in the environment and biodiversity, the Company does not neglect to raise awareness for its employees as well as society in taking care of the environment through activities and projects such as the Green Tour on Royal Orchid Holiday Program, which cooperates with hotel partners achieving environmental conservation standard to offer ecotourism services to travelers. Simultaneously, the Company also supports the use of raw materials from the Royal Project and agriculturists who follow the Good Agricultural Practice (GAP) for the products of high quality and safety as requested, as well as “Plook Cheewit Hai Pandin 2012” (Plant Life for the Country) project which is continuously undertaken. THAI is strongly determined to play a part in the reduction of waste and pollution emission, an important pavement leading to the conservation of ecosystem and biodiversity, through the internal operation improvement as follows:



### **Waste Water Disposal**

The water quality assessment guarantees that throughout the year 2012 the Company's waste water quality control conforms to standards due to its high standard of water treatment and water quality assessment before disposal.

### **Waste and Hazardous Waste Management**

Improving its waste and hazardous waste management, the Company has encouraged employees to undertake the sorting of wastes including general wastes, recyclable wastes, hazardous wastes and infected wastes. After that the Company's cleaners will check for any wastes disposed to wrong waste containers to be discarded in the right ones and make report concerning the matters for future evaluation and correction. Any hazardous wastes and infected wastes will be stored and disposed in compliance with the law. The Company places emphasis on the improvement of recyclable waste sorting process to be a part of ecosystem conservation. In 2012 (Jan-Nov) the Company's recycle wastes add up to 26.35 percent of total wastes, higher than targeted at 20 percent.

### **Reducing the Use of CFC Based Equipment**

In 2012, the Company eliminated any equipment with CFC constituent, which is the main cause of the greenhouse effect, from its operation by replacing the existing water-cooling devices with the new ones which are highly efficient and non CFC, substituting CFC based fire extinguishing devices with the new non CFC ones, and changing audio visual equipment cleaning apparatus. All of those can reduce CFC emission up to 80 percent.

### **Undertaking Activities to Boost Employees' Awareness of Environmental Protection**

The Company has undertaken environmental activities throughout the year in order to instill awareness of environmental conservation and management. The activities are such as the World Environment Day, the Big Cleaning Week, and the Recycled Inventions Competition.

# Corporate Social

Responsibility  
Practices of THAI



In the aviation business, apart from concerns on the environmental impacts, an organization needs to take to heart the importance of minimizing the negative impacts on all stakeholders, which THAI considers its top priorities in terms of social responsibility. To achieve the aforementioned missions, the Company proactively acts through the measures described below.

- **Safety Management is divided into:**

- **Flight Safety**

- In all areas of flight operations, THAI strictly adheres to the Excellent Performance Based standard by implementing Proactive Safety Strategy and Predictive Safety Strategy as well as inspecting and monitoring flight operations in every flight through the flight data analysis system to ensure the highest security and avoid any accidents with the utmost care.

- Since 2012, the Company has organized the Safety Management System (SMS) trainings to be participated by its pilots, cabin crew and operation officers. Moreover, it has developed the Safety Report System which functions via eASR system as a channel to deliver message to relevant departments with promptness and completeness.



- **Passenger Safety**

- To enhance knowledge and understanding of all interested persons, information regarding passenger safety is currently available in the Company's website: [www.thaiairways.com](http://www.thaiairways.com) and is expected to be fully accessible through social networks by 2013. THAI has also trained its cabin crew to be aware of the SMS and to instill the safety culture within the Company along with the service excellence, determining to augment air crew's role in the cabin safety as the leading global airline with great pride.

- Operations undertaken by all departments and business units are guided and directed in compliance with international standards to enhance overall customer confidence in safety and quality provided by THAI flights. As a result, THAI has received recognition from international standard organizations as follows:

Certificate	Department Function	Expiry Date
1. IOSA (IATA Operational Safety Audit)	Corporate Certification	May 28, 2014
1. ISO 9001:2008 (Quality Management System)	General Administration Department	October 6, 2016
	Personnel Development & Training Departmen	May 1, 2013
	Technical Department	May 27, 2013
	Cargo & Mail Commercial Department	June 30, 2014
	Ground Services Business Unit	December 15, 2014
	Catering Department	March 8, 2014
2. ISO 14001:2004	General Administration Department (Head Office, Laksi Office, Larnluang Office, Operation Center at Suvarnabhumi Airport, Ground Customer Services at Suvarnabhumi Airport)	April 23, 2013
	Technical Department	June 9, 2013
	Catering Department	September 1, 2015
3. OHSAS 18001:2007 (Occupational Health and Safety Assessment Series)	Catering Department	August 3, 2014
4. HALAL	Catering Department	December 31, 2012 (Within recertification period)
5. HACCP	Catering Department	March 8, 2014
6. GMP	Catering Department	March 8, 2014
7. FAR Part 145 FAA Repair Station	Technical Department	
	Technical Department (Don Mueang Airport and Suvarnabhumi Airport)	October 31, 2014
	Technical Department (U-tapao Airport)	October 31, 2014
8. RSC Part 13 THAI DCA Repair Station	Technical Department	
	Technical Department (Suvarnabhumi Airport)	September, 2015
	Technical Department (Don Mueang Airport)	October, 2014
	Technical Department (U-tapao Airport)	September, 2015
9. EASA Part 145 (Approved Maintenance Organization)	Technical Department	June 23, 2014

Note : The General Administration Office is planning to apply for the ISO 50001 (Energy Management System) certification during April-May 2013.

To be in compliance with ICAO regulations, the SMS has been employed in all aspects of the Company's operations and continuously improved to fulfill the Company's safety policy and reflect the THAI management executives' strong commitment in highest safety. The Company has therefore undertaken important activities such as providing SMS Course Ware via e-Learning tools to facilitate and enhance knowledge related to safety of employees at all levels and strengthen understanding and awareness of their duties as part of THAI in placing highest concerns on safety. Ultimately, the right decisions will be made, ensuring the highest level of safety in flight operations.

Additionally, THAI has installed the e-Reporting tool as a part of Safety Reporting System to facilitate all related persons in submitting the relevant reports via Web Base System and instantly acknowledging problems so that reactive resolutions can be promptly accomplished, together with analytic working and risk avoiding in accordance with proactive approach. The Flight Safety Index (FSI) and the Safety Performance Indicator (SPI) can be also derived from the Safety Report System as tools for the executives to monitor, check and promptly have the problems solved. For Safety Assurance, the Flight Data Analysis Program (FDAP) has been applied in flight operations and consistently developed to minimize the accident probability. The FDAP together with the Safety Reporting System will ensure the completeness of the SMS.



The Company possesses audit procedures as an essential tool to examine and ensure the efficiency of its safety control, which has been certified for safety assessment by IATA. The assessment is divided into the Internal Audits Program, undertaken annually to guarantee the safety and quality control of each department and quality improvement of operation; and the Vendor Audits Program under which the Company's outsourcers are audited in every 2 years to ensure quality and safety obtained from the services provided by the outsourcers.



Regarding other projects relevant to safety management, the Company holds regular conferences with ICAO, IATA and AAPA with an aim to exchange knowledge pertaining to security and modern technologies which could be adopted in the organization improvement process to meet international standards. THAI also participates in the IATA Safety Trend Evaluation, Analysis & Data Exchange System (STEADES) by which exchanged information on safety in flight operations can be used in the Company's proactive actions to improve THAI flight safety.

### • Responsibilities for Employee's Health and Safety

THAI protects and maintains employees' safety and health by providing a safe and hygienic work environment to prevent its employees from any occupational hazards and illness. The Company also improves its security, occupational health and working environment management system to meet international standards and strictly comply with related laws, regulations, announcements, standards and other principles. THAI determines the purposes and goals regarding safety, occupational health and the working environment for departments or related persons to follow in improving and preventing any occupational hazards. Moreover, the Company encourages employee continuous engagement in improving and developing the aforementioned operations.

The Company has undertaken complete operations in safety occupational health and working environment by organizing regular health sessions to educate employees on healthcare and disease prevention issues. It also provides standardized exercise facilities for employees and facilitates employee activities, sport club, entertainment and recreational clubs. THAI has appointed a Safety, Occupational Health and Working Environment Committee and security officers, to monitor, inspect and solve problems which may be hazardous or may cause negative impacts to employees' health and hygiene.



THAI determined measures on the safety, occupational health and working environment to act as practice guidelines for executives, employees and related persons to follow, in order to ensure operational safety and reduce the loss and injury rates of employees. Furthermore, the Company takes its responsibility in providing trainings regarding safety, occupational health and working environment to employees at all levels, along with those for heads of each department and Safety, Occupational Health and Working Environment Committee to enhance their operating efficiency.

### • Human Resource and Employee Information Management

The Company determines its strategic plans, focusing on increasing efficiency of human resource management and adjusting the organizational structure to be in line with future business direction, in which companies possess flexible and competitive human resource expenses as key drivers for efficient, skilled and high potential employees. In 2012, THAI's significant strategy is to establish the flat organizational structure with emphasis on being lean and mean with appropriate span of control, ensuring suitable number of chains of command to achieve appropriate administrative power distribution. THAI places emphasis on promoting the knowledge and skill development of personnel which will lead to enhancement of efficiency; and enabling greater administration agility by reducing number of the chains of command as a mean to allow more participation of officers. Moreover, the process of successor development is constantly improved and consequently, this will result in efficient personnel and suitable business size.



In order to boost the efficiency of its personnel, THAI has undertaken various measures on human resources management, which are: enhancing the Performance-based Culture to strengthen teamwork collectively driving the Company to achieve its objectives, developing corporate Knowledge Management to instill knowledge sharing culture, promoting Employee Engagement to strengthen employees' loyalty to the Company which is the key factor for the dedicatory contribution of efficient work in the long term, providing employee trainings to educate and build necessary skills to prepare them for future growing and changes of the Company.

Recognizing the importance of protecting employee benefits, the Company's operational plan for 2011-2012 clearly states that human and labor rights, including protection of employee benefit rights, rights of forming a union and negotiating, prohibition of compulsory recruitment and child labor, are regarded a part of its social responsibility. Moreover, the Company has set the scope to design an employee manual on social responsibility in the next phase.

As of 2012, THAI has a total of 23,990 employees: 14,824 male employees and 9,166 female employees, excluding those employed overseas. Among these, there are 15,912 employees at Suvarnabhumi Airport; 2,750 employees at the Head Office; 2,335 employees at Don Mueang Airport; and 2,993 employees in the Company's business units located in Bangkok and other provinces. Moreover, there are 6 workers, decreasing by 1 from 2011; and 185 alien labors (0.77 percent of total employees) responsible for duties requiring specific skills to help solve the problems of insufficiency of Thai labors. THAI believes that employees are the key building blocks for strengthen the Company and ensure THAI's position as a leading global airline.



In 2012, THAI has 75 new employees (0.31 percent of total employees): 55 male employees and 20 female employees. 64 of those are below 30 years old and 11 of those are between 30-50 years old. There are 436 employees: 233 male employees and 203 female employees whose employment has been terminated due to resignation or retirement (1.82 percent of total employees). 95 of those are below 30 years old; 138 of those are between 30-50 years old; and 203 of those are 50 years old or more.

In order to increase employee efficiency and sharpen their skills, THAI has continuously followed its policy on regular employee trainings. On average, employees at the Head Office and Suvarnabhumi Airport clocked 36 hours of trainings in 2012. Each of those in Practitioner Level up to the Executive Level (Level 1-10) is provided the average of 36 hours per year of trainings while each of those in the Executive Level (Level 11 and higher) obtains the average of 18 hours per year of trainings. Additionally, THAI continuously supports its internship program with objectives to provide real work experience with improved skills to university students who will soon enter the labor market and play a significant role in country development as well as aviation business. In 2012, THAI has a total of 1,572 interns distributed among its departments.

Regarding maternity leave and return to work, in 2012, there are 182 female employees who exercise the right to maternity leave and all of those return to work after the leaving period terminates and continue working for the Company for approximately 1 year.

Pertaining to the proportion of Management Executives to total of THAI employees in the previous year, there are 44 senior executives (Level D and higher) (0.17% of total employees), 32 of those are male and 12 are female. Among these, 38 executives are 50 years old or more while 6 executives are between 30-50 years old.

The Company recognizes the importance of treating male and female employees with equality by providing equivalent standard salaries and payments for officers at the same level.

THAI created and registered a provident fund for employees on June 26, 1992, to which the Company contributes 9 percent of the employee's salary for employees with employment up to 20 years and 10 percent for those with employment more than 20 years. Employees contribute no less than 2 percent of their salary but no more than the Company's contribution. In 2012, the Company reserved 1,107.44 million Baht for the employee provident fund.

Additionally, THAI has a premium fund for employees to which the Company contributes 10 percent of the salary. The fund gives profit in terms of interest, which comes from investment. In the case that the balance in the fund is below the obligations, THAI will even the balance at the end of the accounting period. The employees in the premium fund must have no fewer than 3 years of employment to receive the premium of their employment duration after resignation, retirement or death. Any employees joining the company after June, 1992 can merely join the provident fund but not the premium fund. Consequently, the premium fund has not obtained any new members since the provident fund was established. In 2012, THAI has reserved 562.01 million Baht for the premium fund.

## • **Community Engagement and Social Development**

Social responsibility is another important aspect to be placed to THAI's priority reflected by the Company's on-going social contribution activities, nature protecting activities, donations to communities and society. Apart from that, THAI promotes the volunteer activities to build employee engagement in various social responsibility activities. In 2012, THAI organized activities regarding community and social development as follows:



**Social Contribution Projects** The Company provided humanitarian aids such as money and necessary things to underprivileged people and those affected by natural disasters in order to create equal educational opportunities and hospital accessibility, ultimately leading to a better living standard and mitigated negative impacts caused by natural disasters and unpredictable events. The important activities undertaken in 2012 are as follows:

- **Pan Rak from THAI (THAI Volunteers share love) to Peripheral Community** On February 17, 2012, THAI volunteers donated relief items, medicines, clothes and commodities to flood and landslide victims in the southern provinces of Thailand (Narathiwat, Yala and Pattani).



- **Pun Fun Wan Dek THAI** bestows scholarships and learning materials upon students of THAI's Border Patrol Police School under Royal Patronage located in Sakaeo Province on children's day to support of the school's activities since 1982.

- **Goodwill Flight Project** THAI cooperated with the Airbus Foundation in delivering financial donation amounting 50,000 Euro to the Thai Red Cross Children Home and provided medical tools and medicines to the Veterans General Hospital, via the transportation by THAI's second A380-800 aircraft.



- **Job Creating for Deaf People** THAI gave revenue from lottery selling to support activities undertaken by the Alumni of Setsatian School for the Deaf under Royal Patronage.



**Social Development Promoting Projects** The Company has implemented projects focusing on people's potential development including job creations to generate income for individuals and communities as well as education and sport promoting activities. In 2012, the important activities undertaken are as follows:

- **Rong Rien Noo Soo Pai Project** On September 19, 2012, approximately 300 of THAI Management Executives, volunteers, together with employees of Nok Air, Amari Don Muang Bangkok Hotel and local people organized the Don Muang community and environmental restoration volunteer activity to help Wat Don Muang School (Tahan-Arkat Utid), situated in Don Muang, Bangkok, in restoring environment and preventing any possible damages caused by flood disaster.

- **The 2<sup>nd</sup> - 4<sup>th</sup> Krua Kanbinthai Hai Archeeb** As the vocational training, cooking workshops have been held to welcome teachers and high school students. The activities include Snack Meals Training Course provided to 40 teachers and students of Phayalorwittayakom School located in Thung Ruang Thong, Jun, Phayao Province; Single Dish Training Course (Chicken and Rice with Fermented Soybean Sauce and Stewed Pork Leg on Rice) and Bakery Training Course (Cake, Cookies, Bread) offered to Ratprachanukro School, 33 Don Din Daeng, Nong Muang, Lopburi Province.

- **Mangosteen Ice-cream Project** THAI provides mangosteen ice-cream to passengers in THAI flights as a mean to help Chantaburi orchardist expand the market and generate higher income.

- **Swiss Wheelchair Series 2012** THAI supports the issuing of flight tickets to the team of Thai national wheelchair racers in order to participate in the Swiss Wheelchair Series 2012 in Switzerland, and achieve sufficient cumulative scoring for the United Kingdom's 14<sup>th</sup> London 2012 Paralympic Game.



- The 14<sup>th</sup> Paralympic Game THAI provided sponsorship for the participation of the team of Thai national handicapped athletes in the London 2012 Paralympic Game through the exemption of charges for extra baggage value 441,025 Baht to reduce the participants' cost for transportation of wheelchairs and athletic equipments used in training and the Game.



**Environmental Conservation Projects** THAI hosts projects for environmental purposes in accordance with the “Travel Green” concept to support communities in environmental management and assist them in sustainably optimizing natural resources in terms of economy, society and environment, which will lead to a better living. The important activities undertaken in 2012 are as follows:

- **“Plook Cheewit Hai Pandin 2012” (Plant Life for the Country) consists of**
  - Plook Cheewit Hai Pandin (Plant Life for the Country), an environmental and community restoration project, was held at the Chao Sam Praya National Museum located in Pranakorn Sri Ayutthaya province on April 28, 2012, in which THAI Management Executives joining hands with a variety of groups of volunteers help restore the cultural site, negatively impacted from flood disaster in late 2011.



- Plook Cheewit Hai Pandin (Plant Life for the Country), an environmental and community restoration project, took place at the forest site of Ban Rong Bon community, situated in Mounghkam District, Phan, Chiang Rai province on December 8, 2012. 300 of THAI volunteers and local people jointly planted trees, built Check Dam to slow water current and preserve humidity in the forest, established Firebreaks as the forefront of fire extinguishing, procured forest fire extinguishing devices, and constructed forest road pavement.

**THAI Employees' Volunteer Activities** THAI employees jointly undertake various activities based on individual's interest and ability, to consistently follow its commitment of social responsibility.

- TG Police Support Unit (TG PSU) is originated since 2008 by the cooperation of THAI flight attendants who volunteer to perform the duty of assistant investigators on every Saturday and Sunday at Bangsue Police Station located in front of the Chatuchak Weekend Market. They contribute their language skill in communication between police officer and tourists, such as requesting banks in other countries to block credit cards, contacting embassies for document issuing, postponing flights, providing first aid, paying for meals, finding temporary housing with inexpensive lending price until the tourists are able to contact their home countries. As a result, the activity is applauded by tourists from all over the world who visit the Chatuchak Weekend Market. On January 21, 2012, the TG PSU hosted its 1<sup>st</sup> Member Training joined by THAI officers from various departments who volunteer to contribute their valuable help to tourists. The unit currently has gained more than 200 members.



- Champeelek Peu Dekdoi Group originated since 2005 is comprised of officers from THAI's Technical Department and other people outside the Company. The members with community and local organization jointly constructed 7x9 meters wooden school buildings, following the typicality of the Mae Pha Luang School, for schools in undeveloped areas under the surveillance of the Non-Formal Education Centre and Educational Center for the Communities in Mountainous Areas, which have gain no financial assistance from any organizations at least 3 years, have at least 30 students and 1 teacher. In 2012, the 7th Champeelekpeudekdoi Project was undertaken through establishing school building, pavilion, rest rooms, canteen, dormitory and playing ground for Sa-ngintai School, Nakien, Omkoi, Chiangmai Province.





- Champee Srinakorn Group consists of officers from Flight Simulator Department, who provide financial support for schools in remote areas. In 2012, the group members held the 9<sup>th</sup> Kongfak Chak Nakorn, the religious lecturing of which the lecturer was Pra Maha Sompong Tal Pud To, along with serving lunch, providing scholarship, athletic equipments and learning materials to more than 300 students of school at Ban Nong Rod, Tung Luilai, Kon San, Chaiyaphume Province. Additionally, the Group provided support for the Remote Areas Development Volunteer Camp initiated by the Civil Aviation Training Center and held at Ban Huai Sai Thong School, Nakorn Sri Thammarat Province.



- Dog Tag Outdoor Club, initiated by THAI flight attendants since 1996, is committed to provide humanitarian assistance to poor communities or those in remote areas and lend hand in forest conservation. The group has surveyed for appropriate locations to build and search for sufficient funds for Mae Pha Luang school built for mountainous communities and public health office of villages under the royal thought of H.R.H. Princess Mahajakri Sirinthorn.

- Pilot Doctors and Air Hostess Nurses Project brings together pilots and air crew who are certified physicians and registered nurses, and the Company's physicians as volunteers to form a mobile medical unit to provide basic disease diagnosis, curing and medicines to natural disaster victims and the Company's focused communities. The unit is held at THAI's Border Patrol Police School in Sakaeo Province.





Apart from aforementioned activities, volunteers from several of the Company's departments have also continuously organized activities to benefit society as follows:

- The Ground Services Business Unit initiated various programs which are the elephant health check program to dedicate merit to His Majesty the King, planting grass to be fed by elephants, Por Mae Upathum Chang Plai Champee project, providing aids to flood victims, bestowing bicycles upon students in remote areas, returning turtles and soft-shelled turtles to nature to dedicate merit to His Majesty the King, releasing crabs, planting mangrove forests in honor of His Majesty the King.

- The THAI Diving Club, in 2012, organized "Pon Chak Pha Kor Hai Ban Pla Sa aad" project which includes picking trash under the sea and removing nets and seine which cover coral reefs in the area of Hin Sam Liam and Koh Lakngam in Chumphon Marine National Park.



- The THAI Bike Club arranged "Had Suay Duay Mue Rao: Pan Kin Lom Chom Talay" to instill the importance of exercise for employees as well as encourage them to make social contributions through picking trash and cleaning up the Namrin Beach located at Ban Chang, Rayong Province.

- The Human Resource Development Department, Department of Teaching Innovation and Electronics Center donated books to support the establishment of library in commemoration of the 100<sup>th</sup> anniversary of Ministry of Transport and the 9<sup>th</sup> anniversary of Office of Transport and Traffic Policy and Planning (OTP).



- THAI Catering through “Fak I-oun Pan Sai Lom Nao” provided blankets, computers, clothes and snacks to schools in Chiang Rai Province for the second time.
- Department of Aerospace Engineering arranged “Sarn Fun Pun Nam Jai Pee Hai Nong” through which scholarship was provided to students in Prachinburi Province.

### • Community and Social Contributions

Apart from helping people in times of crisis, providing financial contribution to help the community and society is one of THAI’s responsibilities as a Corporate Citizenship to successfully fulfill the society’s expectation. In 2012, the Company’s projects regarding community and social contributions approximately value 55 million Baht. They are divided into: financial donations and support for ticket issuing, sponsorship for cargo weight fee, sponsorship for excess baggage fee and other forms of sponsorship.

The economic value from THAI’s business and CSR practices, both CSR-in-Process, through projects and activities in 2012 can be summarized as follows:

Economic Details	Amount (Baht)
<b>Direct economic value generated</b>	
• Revenues	194,213,197,061
<b>Direct economic value distributed</b>	
• Operating Costs	161,600,607,956
• Employee Wages and Benefits	30,964,018,415
• Payments to Providers of Capital	8,385,086,193
• Payments to Government	241,814,214
• Community Investment	7,552,289
Economic value retained	(7,025,882,006)

Note : As of February 28, 2012

Apart from generating income to the Company itself, THAI's business operation also creates a great amount of economic value to the country, specifically in terms of boosting Gross Domestic Product (GDP) through revenues obtaining from both aviation business and other businesses in related supply chains such as ground service, airline ticketing agents, transporting service agents, tourism industry and hotels, simultaneously driving growth of other economic sectors.

Moreover, THAI's operation has play a part in strengthening the country's financial status through corporate income tax, value added tax and personal income tax of Management Executives and employees as required by law. It also improves the country's balance of payment since revenues from fare, freight and other service fees are in foreign currencies. Additionally, the Company facilitates domestic business sectors in exporting agricultural and industrial products with promptness to countries around the world included in THAI's route network.

Requiring officers with specific skills to efficiently carry out their tasks, it is necessary for the Company to dedicate longer hours in training its employees. Consequently, THAI has become the important source of producing and developing skilled labors specialized in various specific fields, which act as one of significant drivers to constantly boost Thai economic growth.

#### • **Responsible Marketing Communication**

Marketing communication is one of the most significant linking mechanisms which inform consumers of the Company's commitment and its pledge. In 2012, THAI undertook tasks following the Company's commercial strategy as follows:

- Build greater understanding of the general market and customers in each market in order to be able to present products and services that meet customer demands and expectations and to efficiently follow its marketing strategies and enhance better communication with customers
- Improve its distribution channel and augment direct marketing proportion through up-to-date channels which are conveniently and quickly accessible to customers
- Expand channels for advertisements and marketing communications through on-line social network such as Line application to penetrate the young customer market as targeted

The aforementioned operation complies with the Consumer Protection Act B.E. 2522 (1979) revised in (2<sup>nd</sup> edition) in 1998, concerning consumer rights, stating that advertisements or depictions on labels should reflect the real content of the service or product and do not harm the consumers. In addition, consumers also possess the right to acknowledge correct and adequate information about the products or services in order that the consumer will not be misled into buying mentioned product or service. This totally reflects the Company's strong commitment in focusing on the consumers' highest benefits through all these years of its operation.

## Success Awards



With strong determination and dedication of THAI Executive Management Team and employees at all levels in executing their duties aiming for consistent improvement of the Company's overall competitiveness, including product quality, technology advancement, safety in working place and service standard, in 2012, THAI proudly received a multitude of awards and accolades of local and international standards, which encourage all parties involved to continue their valuable contribution as a key driver to move THAI forward to the next level.

**1. THAI won the prestigious award for “Best Intercontinental Airline”** in the Norwegian Grand Travel Award 2012. This marks the 8<sup>th</sup> consecutive year in which Thai Airways International has acclaimed this award.

**2. THAI was awarded for the Head Office as an Energy Controlling Building and an outstanding creative building to conserve energy in the “Green building”** category from Thailand Energy Awards 2011.

**3. THAI Cargo & Mail Commercial Department received awards for the best Safety Hygiene and Environment in working place and for Professional Security Officer at the national level for 2012.** This marks the 4<sup>th</sup> consecutive years in which the department has obtained these awards. Moreover, in 2012 THAI entered “THAI Operation Center” (OPC) located at Suvarnabhumi Airport into the competition for the first time, which resulted in THAI being rewarded the Best Safety Establishment at the national level.

**4. THAI received TTG Travel Awards 2012 for Best South-East Asian Airline and Best Airline Business Class** at the 23<sup>rd</sup> Annual TTG Travel Awards 2012 Ceremony.

**5. THAI received Three Smart Travel Asia 2012 Best in Travel Poll Awards** in which THAI was ranked Third Best Airline Worldwide for Cabin Service and was cited as one of the Top 10 Airlines for Business Class.

**6. THAI received best award in “The effective implementation of an integrated package”** and was awarded for “The project development of Public Information Centre” from The Office of the National Anti-Corruption Commission (ONACC).

**7. THAI accepted the CSRI Recognition 2012 Award for Most Improved CSR** from Chairman of the Stock Exchange of Thailand. The award honors and inspires Thai listed companies that have exhibited commitment to sustainably running their businesses for the benefit of society.

**8. THAI’s “Out From the Shadows” article from the in-flight magazine “Sawasdee” May 2012 issue achieved an award of Excellence in the Best Feature On Asian Travel** category at the Asian Publishing Awards 2012 Ceremony. It also obtained Bronze Award for Design : Most Improved Publication at the Pearl Awards 2012 Ceremony held by the US-based Custom Content Council.

# Engagement of THAI Administrative Committee

in Corporate Social  
Responsibility Activities



## Engagement of THAI Administrative Committee in Corporate Social Responsibility Activities

THAI's Board of Directors appointed the Corporate Social Responsibility Committee on May 2, 2011, and assigned the following duties:

1. Establish clear policies and directions regarding THAI's corporate social responsibility strategy, reflecting the Company's determination and dedication to green initiatives and innovations as part of environmental management
2. Host projects for social and environmental purposes in accordance with the "Travel Green" concept and continuously engage stakeholders, shareholders, passengers, business partners and employees
3. Raise employee consciousness and awareness on all levels regarding environment and society, and grant authorization for activities that are beneficial to the public and support charity



4. Communicate and promote the Company's activities for society and environment, as well as prepare a regular CSR Report for the general public
5. Proceed with other operations as assigned by the Board

The Company's Board of Directors also emphasizes its CSR practices by allowing employees to participate in opinion exchange and CSR activity development and by attending seminars for knowledge-sharing and exchange with other organizations for further adjustment with the Company. In 2012, THAI demonstrated its firm CSR stance through following activities:

## • Undertaking “Plook Cheewit Hai Pandin 2012” (Plant Life for the Country) Project

On April 28, 2012, Thai Airways International Public Company Limited undertook a volunteer activity under “Plook Cheewit Hai Pandin 2012” (Plant Life for the Country) Project, in which THAI Management Executives and employees jointly planted trees as a way to restore the site of Chao Sam Praya National Museum, negatively impacted as flood engulfed Bangkok in late 2011. The inauguration ceremony was presided over by Mr. Apiporn Pasawat, THAI Director and Chairman of the Corporate Social Responsibility Committee; and was attended by Mr. Chutinant Bhirom Bhakdi, Director, Mr. Piyasvasti Amranand, THAI President during that time, Mr. Teerapol Chotichanapibal, Executive Vice President of Product and Customer Services Department, Mrs. Chuda Dhanabhum, Vice President of Personnel Development and Training Department. THAI was warmly welcomed by Mr. Chairat Busayarat, Director of Ayutthaya Historical Park, at the Chao Sam Praya National Museum located in Pranakorn Sri Ayutthaya province.

On December 8, 2012, Mr. Apiporn Pasawat together with 300 volunteers comprised of THAI Management Executives, employees, Royal Forest Department, Mougkham Subdistrict Administrative Organization, Ban Rong Bon community, students of Ban Fang Tuen school and Pukeang school (Intraraj Uppatum), jointly constructed Check Dam, established Firebreaks, procuring forest fire extinguishing devices and replanting forests. These environmental and community development activities followed THAI’s Travel Green concept aiming to restore land fertility in Thailand and determined to develop newly ecotourism sites in Ban Rong Bon community, situated in Mougkham District, Chiang Rai province.



## • Organizing “Rong Rien Noo Soo Pai” Project

On September 19, 2012, Thai Airways International Public Company Limited cooperating with SCG Foundation and Nok Air, organized the Don Muang environmental and community restoration project entitled “Rong Rien Noo Soo Pai”, with objectives to assist Wat Don Muang School (Tahan-Arkat Utid) in sustainably preventing and handling possible unforeseen disasters. The opening ceremony, taken place at Wat Don Muang School (Tahan-Arkat Utid) on Cheudwuthakard Road, Bangkok, was presided over by Mr. Apiporn Pasawat, Chairman of the Corporate Social Responsibility Committee; and was attended by Mr. Chokchai Panyayong, Executive Vice President of Strategy and Business Development Department and Acting President of THAI at that time, THAI Management Executives and employees, along with Mrs. Suriyapa Bunnag, President of Corporate Communication Department of Nok Air and Miss Suranuch Thongsila, Director and Manager of SCG Foundation.



- **Providing Funds for the Establishment of “The Children’s Medical Center in Honor of Her Majesty the Queen’s 80<sup>th</sup> Anniversary”**

THAI provided financial assistance of THB 10 Million, equally divided and contributed to the Queen Sirikit National Institute of Child Health’s fund raising program in 2012 and 2013 consecutively, for the establishment of “The Children’s Medical Center in Honor of Her Majesty the Queen’s 80<sup>th</sup> Anniversary” to commemorating Her Majesty the Queen’s 80<sup>th</sup> Birthday Anniversary and the foundation stone laying ceremony presided over by Her Majesty the Queen on June 29, 2012. Mr. Apiporn Pasawat, Chairman of the Corporate Social Responsibility Committee, acted as THAI representative to welcome and had an audience with Her Majesty the Queen to humbly beg for Her Majesty’s grants at the Queen Sirikit National Institute of Child Health.

- **Supporting “Salayapat Pue Pandin” (The Surgeons, for All) Project**

THAI is committed to provide financial support up to THB 900,000 during 2012-2014 for the “Salayapat Pue Pandin” (The Surgeons, for All) Project operated by the International College of Surgeons, Thailand Section under the Royal Patronage of His Majesty the King, as to cover travel, accommodation, and meal expenses, spent on the ICS Thailand’s on-going missions of providing academic medical and public health services domestically and internationally. On November 1, 2012, the ICS Thailand held the seminar and the workshop entitled “Update Surgery” joined by medical doctors at Khon Kaen Hospital. Mr. Apiporn Pasawat, Chairman of the Corporate Social Responsibility Committee, acted as THAI representative to attend the project announcement taken place on January 16, 2013 at Chaoprayayomraj Hospital located in Suphanburi province.



## Index of GRI Reporting Framework

This Sustainable Development report is rated B according to the GRI Reporting Framework. All following indicators are derived from GRI G3.1.

Profile Disclosure		Partially Reported	Fully Reported	Page No. in AR	Page No. in SD	Note
<b>1.</b>	<b>Strategy and Analysis</b>					
1.1	Statement from the most senior decision-maker of the organization (e.g. president, executive officer, Chairman of the Board, or equivalent position) regarding the relevance of sustainability and related strategy.		✓	2-6	2-7	
1.2	Description of key impacts, risks, and opportunities.	✓		61-64		
<b>2.</b>	<b>General Organizational Profile</b>					
2.1	Name of the organization.		✓	12	15	
2.2	Primary brands, products and/or services.		✓	12-15	15-17	
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.		✓	66-67	18-19	
2.4	Location of organization's headquarters.		✓	190	16	
2.5	Number of countries where the organization operates, and names of countries with either major operations of that are specifically relevant to the sustainability issues covered in the report.		✓		15-16	
2.6	Nature of ownership and legal form.		✓	12	15	
2.7	Market served.			12-15, 20-23	15-17	
2.8	Scale of the reporting organization (number of employees, net sales, net income, registered capital, number of products and services etc.).		✓	11, 16, 67, 189-190	15-17	
2.9	Significant changes during the reporting period regarding size, structure or ownership.		✓	18	16-17	
2.10	Awards received in the reporting period.		✓		66-67	
<b>3.</b>	<b>Report Parameters</b>					
<b>Report Profile</b>						
3.1	Reporting period.		✓		9	
3.2	Date of most recent previous report.		✓		9	
3.3	Reporting cycle.		✓		12-13	Annually
3.4	Contact point for questions regarding the report or its contents.		✓	190	25	
<b>Scope and Boundary</b>						
3.5	Process for defining report content.		✓		12-13	
3.6	Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.		✓		9	
3.7	State any specific limitations on the scope or boundary of the report.		✓		72-76	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.		✓		12-13	

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Profile Disclosure		Partially Reported	Fully Reported	Page No. in AR	Page No. in SD	Note
<b>Scope and Boundary</b>						
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report.		✓		42-48	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. merger/acquisitions, change of base years/periods, nature of business, measurement methods).		✓		9	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.		✓		9	
<b>GRI Content Index</b>						
3.12	Table identifying the location of the Standard Disclosures in the report.		✓		72-76	
<b>Assurance</b>						
3.13	Policy and current practice with regard to seeking external assurance for the report. In case the contents are not indicated in the Assurance report enclosed with the Sustainability report, explain scope and methods applied by the external assurers including linkage between the reporting company and the assurers.		✓		NA	No external assurance for this report
<b>Governance, Commitments and Engagement</b>						
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.		✓	66-79	18-21	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (If so, explain the reasons of appointment and the managerial role in the organization).		✓	68	20	
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.		✓	68	20	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.		✓		24-25	
4.5	Linkage between compensation (including departure arrangements) for members of the highest governance body, senior managers, and executives, and the organization's performance (including social and environmental performance).		✓	82-83		
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.		✓	93-95	23-27	
4.7	Process for determining the composition, qualifications and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.		✓	79-81		
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.		✓		29-31	
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence of compliance with internationally agreed standards, codes of conducts and principles.	✓		52-53		

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Profile Disclosure		Partially Reported	Fully Reported	Page No. in AR	Page No. in SD	Note
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.		✓	95	26-27	
<b>Commitments to External Initiatives</b>						
4.11	Explanation of whether and how the precautionary approach or principle (according to Rio 15) is addressed by the organization.		✓	36	51-52	ISO 14001 : 2004
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.		✓	36	51-52	
4.13	Memberships in associations (such as trade or industry associations) and/or national/international advocacy organizations in which the organization: Has positions in governance bodies; Participates in projects or committees; Provides substantive funding beyond routine membership dues; or Views membership as strategic.		✓		41, 45	
<b>Stakeholder Engagement</b>						
4.14	List of stakeholder groups engaged by the organization.		✓		9-12	
4.15	Basis for identification and selection of stakeholders with whom to engage.	✓			12-13	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	✓		99	23-24	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.		✓	88		

Disclosures on Management Approach		Page No. in AR	Page No. in SD	Note
<b>DMA EC</b>	<b>Disclosure on Management Approach EC</b>			
	Economic performance		16	
<b>DMA EN</b>	<b>Disclosure on Management Approach EN</b>			
	Energy		32-33, 39-41, 48-49	
	Emission, effluents and waste		30, 39-40, 48-49	
	Products and services		30, 39-40, 48-49	
<b>DMA LA</b>	<b>Disclosure on Management Approach LA</b>			
	Employment		30, 55	
	Occupational health and safety		31, 54-55	
	Training and education		55-57	
	Diversity and equal opportunity		30, 57	
	Equal remuneration for women and men		30, 57	
<b>DMA HR</b>	<b>Disclosure on Management Approach HR</b>			
	Child labor		56	
<b>DMA SO</b>	<b>Disclosure on Management Approach SO</b>			
	Local communities		36, 57	
	Public policy		33-37	
	Compliance		65	
<b>DMA PR</b>	<b>Disclosure on Management Approach PR</b>			
	Marketing communications		65	

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Economic		Partially Reported	Fully Reported	Page No. in AR	Page No. in SD	Note
<b>Economic Performance</b>						
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.		✓	141-183	64-65	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.		✓	63		
EC3	Coverage of the organization's defined benefit plan obligations.		✓		57	

Environmental		Partially Reported	Fully Reported	Page No. in AR	Page No. in SD	Note
<b>Energy</b>						
EN5	Energy saved due to conservation and efficiency improvements.		✓		42-47	
<b>Emission, Effluents and Waste</b>						
EN18	Initiatives to reduce greenhouse gas emissions and reduction achieved.		✓		40-44, 49	
EN21	Total water discharge by quality and destination.		✓		47-49	
<b>Products and Services</b>						
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.		✓		42, 45-49	

Labor Practices and Decent Work		Partially Reported	Fully Reported	Page No. in AR	Page No. in SD	Note
<b>Employment</b>						
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.		✓		56-57	
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.		✓		56	
LA15	Return to work and retention rates after parental leave, by gender.		✓		57	
<b>Occupational Health and Safety</b>						
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workplace members, their families, or community members regarding serious diseases.		✓		54-56	
<b>Training and Education</b>						
LA10	Average hours of training per year per employee by gender, and by employee category.		✓		56	
<b>Diversity and Equal Opportunity</b>						
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity.		✓		57	
<b>Equal Remuneration for Women and Men</b>						
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.		✓		57	

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Human Rights		Partially Reported	Fully Reported	Page No. in AR	Page No. in SD	Note
<b>Child Labor</b>						
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor and measures taken to contribute to the effective abolition of child labor.		✓		56	
<b>Society</b>						
<b>Local Communities</b>						
S09	Operations with significant potential or actual negative impacts on local communities.		✓		48-49	
S010	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.		✓		48-49	
<b>Public Policy</b>						
S05	Public policy positions and participation in public policy development and lobbying.		✓		11, 57, 69-71	
<b>Compliance</b>						
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.		✓	182-183		
<b>Product Responsibility</b>						
<b>Marketing Communications</b>						
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.		✓		65	

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Report Application Level	C	C+	B	B+	A	A+
Standard Disclosures	Report on: 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach disclosed for each Indicator Category	
	Report Fully on a minimum of any 10 Performance Indicators, including at least one from each of: social, economic, and environment.**		Report fully on a minimum of any 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.***		Respond on each core and Sector Supplement* indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	

\*Sector supplement in final version

\*\*Performance Indicators may be selected from any finalized Sector Supplement, but 7 of the 10 must be from the original GRI Guidelines

\*\*\*Performance Indicator may be selected from any finalized Sector Supplement, but 14 of the 20 must be from the original GRI Guidelines

Reference: GRI G3.1 Guidelines – Application Level Section pp. 1-2





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