Profile of the Directors and Management

Mr. Kan Trakulhoon   Age 62 Years

Appointed 3 August 2015
Appointed as Chairman of the Board of Director on 8 Nov 2016
- Chairman of Board of Directors
- Independent Director
- Chairman of Leadership Development and Compensation Committee

Share Ratio (%)*	None
Relationship with Management	None

Highest Education
Honorary Degrees of Engineering, Chulalongkorn University
Honorary Degrees of Manufacturing Engineering,
Mahasarakham University

Related Training Program held by IOD
- Director Certification Program (DCP 29/2003)

Position in Company
2017 - Present	Independent Director / Intouch Holdings Plc.
2016 - Present	Chariman of the Board of Directors, Chairman of the Leadership Development and Compensation Committee / Advanced Info Service Plc.
2015 - Present	Independent Director / Advanced Info Service Plc.
2015 - 2017	Chairman of Sustainable Development Committee / Advanced Info Services Plc.

Position in Other Listed Companies
2017 - Present	Independent Director / Bangkok Dusit Medical Services Plc.
2016 - Present	Independent Director / Siam Commercial Bank Plc.
2006 - Present	Director / The Siam Cement Plc.
2006 - 2015	President / The Siam Cement Plc.

Position in Non Listed Companies
2015 - Present	Advisory Board / Nomura Holdings Inc.
2011 - Present	Consultant / Kubota Corpration (Japan)

Illegal Record in past 10 years	None

*Includes holding by spouse and minor childern

Mr. Somprasong Boonyachai   Age 62 Years

Appointed 28 March 1994
- Vice-Chairman of Board of Directors
- Member of Leadership Development and Compensation Committee
- Authorized Director

Share Ratio (%)*	None
Relationship with Management	None

Highest Education
Master of Engineering, Asian Institute of Technology

Related Training Program held by IOD
- Role of the Chairman Program (RCP 21/2009)
- Director Certification Program (DCP 65/2005)
- Director Accreditation Program (DAP 30/2004)

Position in Company
2007 - Present	Director / Intouch Holdings Plc.
2008 - Present	Vice-Chairman of Board of Director Member of Leadership Development and Compensation Committee / Advanced Info Service Plc.
2006 - Present	Director / Thaicom Plc.
2016 - 2017	Advisor to CEO / Intouch Holdings Plc.
2008 - 2017	Chairman of Executive Committee / Intouch Holdings Plc.
2008 - 2017	Member of Nomination and Corporate Governance Committee / Advanced Info Service Plc.
2010 - 2015	Acting-President / Intouch Holdings Plc.
2009 - 2011	Chairman of Executive Committee / Thaicom Plc.

Position in Other Listed Companies
2017 - Present	Director, Chairman of Executive Committee / BEC World Co., Ltd.
2017 - Present	Director / Dusit Thani Plc.
2002 - Present	Independent Director and Member of Audit Committee / Power Line Engineering Plc.

Position in Non Listed Companies
2017 - Present	Director / National Strategy Committee for the Development and Capacity Building of Human Resources
2016 - Present	Director / Osotsapa Co., Ltd.
2016	Independent Director / Pruksa Real Estate Plc.
2004 - 2016	Director / Praram 9 Hospital Co., Ltd.

Illegal Record in past 10 years	None

Mr. Prasan Chuaphanich — Age 65 Years

Appointed 30 March 2017
- Independent Director
- Member of Audit Committee
- Chairman of Sustainable Development Committee

Share Ratio (%)*	0.0001
Relationship with Management	None

Highest Education
Bachelor of Commerce and Accountancy (2nd Class Honor),
Chulalongkorn University

Related Training Program held by IOD
- Director Certification Program (DCP 119/2009)
- Financial Institution Governance Program (FGP 6/2013)

Position in Company

2018 - Present	Chairman of Sustainable Development Committee / Advanced Info Services Plc.
2017 - Present	Independent Director, Member of Audit Committee / Advanced Info Service Plc.

Position in Other Listed Companies

2016 - Present	Independent Director, Member of Audit Committee / PTT Global Chemical Plc.
2013 - Present	Independent Director, Chairman of Audit Committee / Siam Commercial Bank Plc.
2013 - Present	Independent Director, Member of Audit Committee Chairman of Nomination and Compensation Committee / Thai Solar Energy Plc.

Position in Non Listed Companies

2017 - Present	Expert Member on Accounting / Public Senior Audit Evaluation Committee
2016 - Present	Member of the Mahidol University Interanl Audit Committee Mahidol University Council
2015 - Present	Member of the Financial and Property Committee / King Mongkut's University of Technology Thonburi
2017 - Present	Chairman of the Board of Directors / Thai Institute of Directors Association (IOD)
2015 - Present	Director, Member of Audit Committee / Thai Institute of Directors Association (IOD)
2015 - Present	Member of Thailand's Private Sector Collective Action Against Corruption Certification Committee / Thai Institute of Directors Association (IOD)
2014 - Present	Member of Advisory Committee on Corporate Governance and Policy / Thai Institute of Directors Association (IOD)
2015 - Present	Director / OIC Advanced Insurance Institue
2014 - Present	Member of Audit Committee, Expert Member on Accounting / Office of Insurance Commission (OIC)
2014 - Present	Member of Anti-Dumping and Subsidies Committee / Ministry of Commerce
2012 - 2017	Expert Member of General Insurance Fund / Ministry of Finance
2014 - 2017	Director / IFRS Advisory Council

Illegal Record in past 10 years	None

Mr. Surasak Vajasit — Age 64 Years

Appointed 10 May 2006
- Independent Director
- Chairman of Nomination and Corporate Governance Committee
- Member of Audit Committee

Share Ratio (%)*	None
Relationship with Management	None

Highest Education
Barrister at Law, Lincoln's Inn, UK

Related Training Program held by IOD
- Director Accreditation Program (DAP 29/2004)

Position in Company

2014 - Present	Chairman of Nomination and Corporate Governnance Committee, Member of Audit Committee, and Independent Director / Advanced Info Service Plc.
2008 - 2014	Member of Audit Committee, Member of Nomination and Corporate Governance Committee and Independent Director / Advanced Info Service Plc.
2007 - 2008	Member of Nomination and Corporate Governance Committee / Advanced Info Service Plc.
2006 - 2007	Director, Member of Audit Committee, Independent Director / Advanced Info Service Plc.

Position in Other Listed Companies
None

Position in Non Listed Companies

2014 - Present	Manging partner / R&T Asia (Thailand) Ltd.
2005 - 2014	Executive / Hunton and Williams (Thailand) Ltd.
1997 - 2008	Director / Thai Tallow and Oil Co., Ltd.

Illegal Record in past 10 years	None

Ms. Jeann Low Ngiap Jong   Age 57 Years

Appointed 27 March 2013

• Director
• Member of Nomination and Corporate
  Governance Committee

Share Ratio (%)*	None
Relationship with Management	None

Highest Education
Bachelor of Accountancy, National University of Singapore

Related Training Program held by IOD
-

Position in Company
2016 - Present	Director / Intouch Holding Plc.
2013 - Present	Director, Member of Nomination and Corporate Governace Committee / Advanced Info Service Plc.

Position in Other Listed Companies
None

Position in Non Listed Companies
2016 - Present	Director / Amobee Asia Pte. Ltd.
2015 - Present	Group Chief Corporate Officer / Singapore Telecommunications Ltd.
2015 - Present	Director / Singtel Enterprise Security Pte. Ltd.
2015 - Present	Director / Trustwave Holdings Inc.
2014 - Present	Director / Amobee Inc.
2014 - Present	Director / Kontera Technologies Ltd.
2013 - Present	Director / Optus Australia Investments Pty Limited
2012 - Present	Director / Singtel Digital Life Pte. Ltd.
2012 - Present	Director / Amobee Group Pte. Ltd.
2012 - Present	Director / Comcentre PCC Limited
2012 - Present	Director / Singtel ICT Pte. Ltd.
2012 - Present	Director / GDL Lifestream Pte. Ltd.
2008 - Present	Director / Singtel Asian Investments Pte. Ltd.
2008 - Present	Director / Singtel Strategic Investments Pte. Ltd.
2007 - Present	Director / OPEL Networks Pty Limited
2006 - Present	Director / Singtel Services Australia Pty Limited
2006 - Present	Director / Singtel Telecom Australia Pty Limited
2006 - Present	Director / Singtel Optus Pty Limited
2006 - Present	Director / Integrated Data Services Limited
2008 - 2015	Group Chief Financial Officer / Singapore Telecommunications Ltd.

Illegal Record in past 10 years	None

Mr. Allen Lew Yoong Keong   Age 62 Years

Appointed 20 March 2006

• Chiarman of Executive Committee
• Director
• Member of Leadership Development and
  Compensation Committee

Share Ratio (%)*	None
Relationship with Management	None

Highest Education
Master of Science (Management),
Massachusetts Institute of Technology, USA

Related Training Program held by IOD
-

Position in Company
2008 - Present	Chairman of Executive Committee, Member of Leadership Development and Compensation Committee / Advanced Info Service Plc.
2006 - Present	Director / Advanced Info Service Plc.
2006 - 2008	Member of Executive Committee / Advanced Info Service Plc.

Position in Other Listed Companies
None

Position in Non Listed Companies
2014 - Present	Chief Executive Officer Consumer Australia and Chief Excutive Officer / Optus Pty Limited
2012 - 2014	Chief Excutive Officer Group Digital Life and Country Chief Officer (Singapore) / Singapore Telecommunications Ltd.
2006 - 2012	Chief Executive Officer (Singapore) / Singapore Telecommunication Ltd.

Illegal Record in past 10 years	None

*Includes holding by spouse and minor childern

Mr. Krairit Euchukanonchai   Age 63 Years

Appointed 26 March 2014
- Chairman of Audit Committee
- Member of Nomination and Corporate Governance Committee
- Independent Director

Share Ratio (%)*	None
Relationship with Management	None

Highest Education

Master of Business Administration, North Texas State University, USA

Related Training Program held by IOD
- Director Certification Program (DCP 59/2005)
- Role of the Chairman Program (RCP 16/2007)

Position in Company

2014 - Present   Chairman of Audit Committee,
Member of Nomination and
Corporate Governance Committee and
Independent Director /
Advanced Info Service Plc.

Position in Other Listed Companies

2015 - Present   Vice-Chairman of Board of Directors,
Chairman of Executive Committee,
Chairman of Risk Management Committee /
Krungthai Bank Plc.

2011 - 2012   Director and Member of Audit Committee /
PTT Plc.

2006 - 2012   Chairman of Board of Directors and
Chairman of Risk Management Committee /
Krungthai Asset Management Plc.

Position in Non Listed Companies

2017 -Present   Chairman /
Mass Rapid Transit Authority of Thailand

1998 - Present   Chairman / V Group Honda Car Co..Ltd.

Illegal Record in past 10 years   None

Mr. Stephen Miller   Age 54 Years

Appointed 2 June 2015
- Director

Share Ratio (%)*	None
Relationship with Management	None

Highest Education

Bachelor of Economics and Finance (1st Class Honor),
University of New South Wales

Related Training Program held by IOD

-

Position in Company

2015 - Present   Director / Advanced Info Service Plc.

2015 - 2016   Member of Executive Committee /
Advanced Info Service Plc.

Position in Other Listed Companies

None

Position in Non Listed Companies

2017 - Present   Director, CEO, President /
Singapore Technologies Telemedia Pte. Ltd.

2016 - Present   Member of Executive Committee,
Member of Remuneration Committee /
STT GDC Pte. Ltd.

2017 - Present   Director / Asia Mobile Holding Company Pte. Ltd.

2017 - Present   Director / Asia Mobile Holding Pte. Ltd.

2017 - Present   Director / i-STT Investment Pte. L:td.

2017 - Present   Director / Shenington Investment Pte. Ltd.

2017 - Present   Director / StarHub Ltd.

2017 - Present   Director / STT APDC Pte. Ltd.

2017 - Present   Director, CEO, President / STT Communication Ltd.

2017 - Present   Director / STT Crossing Ltd.

2017 - Present   Director / STT International Vietnam Pte. Ltd.

2012 - Present   Member of Executive Committee /
U Mobile Sdn. Bhd.

2017 - Present   Director / TeleChoie International Limited.

2017 - Present   Director / STT Global Data Centres India
Private Limited.

2017 - Present   Director / Datameer Inc.

2017 - Present   Chariman / STT Communication (Shanghai) Co. Ltd.

2017 - Present   Director / STT inTech Pte. Ltd.

2017 - Present   Director / STT Quantum Global Pte. Ltd.

2017 - Present   Director / STT Connect Holdings Pte. Ltd.

2011 - Present   Adviser / Sky Cable Pte. Ltd.

Illegal Record in past 10 years   None

Mr. Somchai Lertsutiwong — Age 55 Years

Appointed as director on 27 June 2014
Appointed as Chief Executive Officer on 1 July 2014
- Director
- Member of Sustainable Development Committee
- Member of Executive Committee
- Chief Executive Officer
- Acting Chief Strategy Officer
- Aurthorized Director

Share Ratio (%)*	0.0027
Relationship with Management	None

Mr. Gerardo C. Ablaza, Jr. — Age 64 Years

Appointed as director on 27 April 2017
- Independent Director
- Member of Executive Committee
- Member of Sustainable Development Committee

Share Ratio (%)*	None
Relationship with Management	None

Highest Education
Master of Business Administration, Chulalongkorn University

Related Training Program held by IOD
- Director Certification Program (DCP 107/2009)

Position in Company

2014 - Present	Director, Member of Sustainable Development Committee, Member of Executive Committee, Chief Executive Officer, Acting Chief Strategy Officer and Authorized Director / Advanced Info Service Plc.
2012 - 2014	Director, Chief Marketing Officer / Advanced Info Service Plc.
2007 - 2012	Executive Vice President - Marketing / Advanced Info Service Plc.
2004 - 2007	Senior Vice President - Wireless Communication / Advanced Info Service Plc.

Position in Other Listed Companies
None

Position in Non Listed Companies
None

Illegal Record in past 10 years	None

Highest Education
Bachelor of Arts (Mathematics) De La Salle University, Manila

Related Training Program held by IOD
-

Position in Company

2017 - Present	Independent Director, Member of Sustainable DevelopmentCommittee, Member of Executive Committee / Advanced Info Service Plc.

Position in Other Listed Companies

2017 - Present	Director / Bank of the Philippines Islands
2010 - Present	Director, Vice Chairman, Member of Executive Committee / Manila Water Company Inc.
1998 - Present	Senior Managing Director / Ayala Corporation

Position in Non Listed Companies

2012 - Present	Director / AC Energy Holding Inc.
2012 - Present	Director / AC Infrastructure Holding Corp.
2010 - 2017	President, CEO / Manila Water Company Inc.
1998 - 2009	President, CEO / Globe Telecom Inc.

Illegal Record in past 10 years	None

*Includes holding by spouse and minor childern

Mr. Hui Weng Cheong   Age 62 Years

Appointed as director on 27 July 2017
- Director
- President
- Chief Operating Officer
- Authorized Director

Share Ratio (%)*	None
Relationship with Management	None

Highest Education
Master of Business Administration
University of Southern California, USA

Related Training Program held by IOD
- Director Certification Program (DCP 230/2016)

Position in Company

2017 - Present	Director / Advanced Info Service Plc.
2016 - Present	President / Advanced Info Service Plc.
2013 - Present	Chief Operating Officer / Advanced Info Service Plc.
2009 - 2010	Chief Operating Officer / Advanced Info Service Plc.
2006 - 2009	Deputy President / Advanced Info Service Plc.

Position in Other Listed Companies
None

Position in Non Listed Companies

2010 - 2013	CEO International / Singapore Telecommunications Ltd.

Illegal Record in past 10 years	None

Mr. Paiboon Panuwattanawong   Age 57 Years

Appointed as director on 4 Feb 2016
- Member of Executive Committee

Share Ratio (%)*	None
Relationship with Management	None

Highest Education
Master of Science in Electrical Engineering
Carnegie Mellon University, Pittsburgh, USA

Related Training Program held by IOD
- Director Certification Program (DCP 156/2012)

Position in Company

2016 - Present	Member of Executive Committee / Advanced Info Service Plc.
2015 - Present	Director and Chief Executive Officer / Thaicom Public Plc.
2011 - Present	Member of the Executive Committee / Thaicom Public Plc.
2015 - Present	Director and Chairman of the Executive Committee / CS Loxinfo Plc.

Position in Other Listed Companies
None

Position in Non Listed Companies

2015 - Present	Director / Teleinfo Media Plc.
2015 - Present	Director / TC Broadcasting Co. Ltd.
2015 - Present	Director and Chairman of the Executive Committee / Shenington Investment Pte. Ltd.
2015 - Present	Director / International Satellite Co. Ltd.
2015 - Present	Director / Lao Telecommunications Co. Ltd.
2007 - Present	Director / Star Nucleus Co. Ltd.
2007 - Present	Director / IPSTAR International Pte. Ltd
2007 - Present	Director / IPSTAR Global Services Limited
2007 - Present	Director / IPSTAR Australia Pty Ltd.
2007 - Present	Director / IPSTAR New Zealand Ltd.
2007 - Present	Director / IPSTAR New Zealand Ltd.
Present	Director / IPSTAR Japan Limited

Illegal Record in past 10 years	None

Ms. Sunitaya Shinawatra — Age 57 Years

Appointed 1 June 2016
- Chief Finance Officer

Share Ratio (%)*	0.0005
Relationship with Management	None

Highest Education
Master of Business Administration (Finance),
North Texas University, USA

Related Training Program held by IOD
- Director Certification Program (DCP 156/2012)

Position in Company

2016 - Present	Chief Finance Officer / Advanced Info Service Plc.
2012 - 2016	Senior Vice President - Finance / Advanced Info Service Plc.
2009 - 2010	Vice President - Finance / Advanced Info Service Plc.

Illegal Record in past 10 years	None

Ms.Kantima Lerlertyuttitham — Age 47 Years

Appointed 1 July 2015
- Chief Human Resources Officer

Share Ratio (%)*	None
Relationship with Management	None

Highest Education
Master of Psychology Counseling Service, Rider University, USA

Related Training Program held by IOD
Director Certification Program (DCP 244/2017)

Working Experiences in 5 years

2016 - Present	Chief Human Resources Officer / Intouch Holding Plc.
2015 - Present	Chief Human Resources Officer / Advanced Info Service Plc.
2013 - 2015	Deputy Chief Operation Officer / MC Group Plc.
2011 - 2013	Chief Human Resources Officer / Prudential Life Insurance (Thailand) Plc.
2007 - 2011	Human Resources Director / Microsoft (Thailand) Co., Ltd.

Illegal Record in past 10 years	None

Mr. Weerawat Kiattipongthaworn — Age 58 Years

Appointed 1 October 2016
- Chief Corporate Officer

Share Ratio (%)*	None
Relationship with Management	None

Highest Education
- Master of Engineering (Computer) University of Michigan at Ann Arbor, USA
- Master of Business Administration, Thammasat University

Related Training Program held by IOD
- Capital Market Academy

Working Experiences in 5 years

2016 - Present	Chief Corporate Officer / Advanced Info Service Plc.
2013 - 2016	Senior Executive Vice President - Operation / Advanced Info Service Plc.
2011 - 2015	Director of Jor Group / Telephone Number Portability Service Center Ltd.
2006 - 2013	Executive Vice President - Operation / Advanced Info Service Plc.

Illegal Record in past 10 years	None

*Includes holding by spouse and minor childern

Profile of Company Secretary and Head of Compliance

Mr.Chavin Chaivatcharaporn — Age 45 Years

Appointed 3 January 2013
• Company Secretary

Share Ratio (%)*	None
Relationship with Management	None

Highest Education
Master of Law (LL.M), University of Pennsylvania, USA

Related Training Program held by IOD
• C-Seminar-Anti Corruption Seminar 1/2016
• Role of the Compensation Committee (RCC 19/2014)
• Director Certification Program (DCP 192/2014)
• Company and Board Reporting Program (CRP 6/2013, BRP 11/2013)
• Anti-Corruption for Executive Program (ACEP 10/2014)
• Fundamental Practice for Company Secretay (FPCS 29/2014)
• Company Secretary Program (CSP 51/2013)

Working Experiences in 5 years
2013 - Present	Company Secretary / Advanced Info Service Plc.
2010 - 2013	Assistant Vice President-Legal / Advanced Info Service Plc.
2003 - 2010	Associate / Hunton & Williams Thailand Ltd.

Illegal Record in past 10 years
None

Ms.Nattiya Poapongsakorn — Age 42 Years

Appointed 1 April 2013
• Senior Vice President, Investor Relations and Compliance

Share Ratio (%)*	0.00025
Relationship with Management	None

Highest Education
• Master of Technology Management, Washington State University, USA
• Master in Finance, Chulalongkorn University

Related Training Program held by IOD
-

Working Experiences in 5 years
2017 - Present	Senior Vice President, Investor Relations and Compliance / Advanced Info Service Plc.
2015 - 2017	Vice President, Investor Relations and Compliance / Advanced Info Service Plc.
2013 - 2015	Assistant Vice President, Investor Relations / Advanced Info Service Plc.
2011 - 2013	Acting Assistant Vice President, Investor Relations / Advanced Info Service Plc.
2008 - 2011	Investor Relations Manager / Advanced Info Service Plc.

Illegal Record in past 10 years
None

Directors and Management's Shareholding in AIS and Subsidiaries

As of 31 December 2017, the number of ordinary share includes holding by spouse and minor child

Name	Position	ADVANC Ordinary share			ADVANC ESOP (warrants)			AWN Ordinary share		ADC Ordinary share	
		31/12/2016	Buy(+)/Sell(-)	31/12/2017	31/12/2016	Grant (+) [4]	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017
1. Mr. Kan Trakulhoon	Chairman of the Board of Directors and Independent Director	-	-	-	-	-	-	-	-	-	-
2. Mr. Somprasong Boonyachai	Vice-Chairman of the Board of Directors	-	-	-	-	-	-	-	-	-	-
3. Mr. Krairit Euchukanonchai	Independent Director and Chairman of Audit Committee	-	-	-	-	-	-	-	-	-	-
4. Mr. Prasan Chuaphanich [1]	Independent Director and Member of Audit Committee	-	-	-	-	-	-	-	-	-	-
5. Mr. Surasak Vajasit	Independent Director and Member of Audit Committee	-	-	-	-	-	-	-	-	-	-
6. Mr. Allen Lew Yoong Keong	Director and Chairman of Executive Committee	-	-	-	-	-	-	-	-	-	-
7. Ms. Jeann Low Ngiap Jong	Director	-	-	-	-	-	-	-	-	-	-
8. Mr. Stephen Geoffrey Mille	Independent Director	-	-	-	-	-	-	-	-	-	-
9. Mr. Gerardo C. Ablaza, Jr. [2]	Independent Director and Member of Executive Committee	-	-	-	-	-	-	-	-	-	-
10. Mr. Paiboon Panuwattanawong	Member of Executive Committee	-	-	-	-	-	-	-	-	-	-
11. Mr. Somchai Lertsutiwong	Director, Member of Executive Committee, Chief Executive Officer, and Acting Chief Strategy Officer	80,126	-	80,126	158,040	88,700	246,740	-	-	-	-
12. Mr. Hui Weng Cheong [3]	Director and President	-	-	-	-	-	-	-	-	-	-
13. Mr. Weerawat Kiattipongthaworn	Chief Corporate Officer	-	-	-	107,354	44,300	151,654	-	-	-	-
14. Ms. Sunitaya Shinawatra	Chief Finance Officer	15,157	-	15,157	41,674	35,440	77,114	-	-	-	-
15. Ms. Kantima Lerlertyuttitham	Chief Human Resource Officer	-	-	-	33,200	44,300	77,500	-	-	-	-

Note:

[1] Appointed by the 2017 shareholders' meeting on 30 March 2017 replacing Mrs.Tasanee Manorot who retired by rotation.

[2] Appointed as the member of Board of Directors and member of Executive Committee on 27 April 2017.

[3] Appointed as the member of the Board of Directors on 27 July 2017 replacing Mr. Philip Chen Chong tan who resigned.

[4] The change in number of warrant holding is derived from the approval of shareholders' meeting on 30 March 2017. See more details in page 77.

	DPC		AMP		SBN		ACC		AMC		AIN		SBN		WDS		MMT		FXL	
	Ordinary share		Ordinary share		Ordinary share		Ordinary share		Ordinary share		Ordinary share		Ordinary share		Ordinary share		Ordinary share		Ordinary share	
	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017
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Message from Nomination and Governance Committee

The Nomination and Governance Committee (NGC) consists of three (3) members namely: Khun Surasak Vajasit as Chairman, Khun Krairit Euchukanonchai and Khun Jeann Low Ngiap Jong as members.

During the year 2017, the NGC held a total of six (6) meetings. All members of NGC attended all the meetings. The summary of NGC's performance for the year 2017 are described as follows:

1. Corporate governance policy

The committee monitored performance in compliance with the Corporate Governance Policy and viewed that the policy is suitable for the Company's management structure and the current business environment. However, in order to improve the board of directors' performance efficiency, in 2017, the committee has proposed the amendment to Corporate Governance Policy concerning the board size, board nomination process by increasing the reference sources in order to identify potential candidates and preparing the board skill matrix in connection therewith. The improvement of such policy aims to comply with the Company's sustainable development target under the good corporate governance principles of the Securities and Exchange Commission and Thai Institution of Directors.

2. Endorsement of material corporate policy

The committee considered and concurred new policies/amendment of the current policies of the Company as follows:

• Corporate Governance Policy
• Securities Trading Policy
• Connected Transaction Policy
• Market Disclosure Policy
• Supplier Code of Conduct
• Code of Business Ethic

To elevate good governance of the organization in accordance with sustainable business guidlines

3. Director nomination process

The committee has invited shareholders to propose candidate(s) to be nominated as a director during 1 October – 31 December 2017. In addition, the NGC has also enhanced the methods concerning nomination process such as hiring of HR professionals so as to be an adviser and recommend qualified candidate. In this regard, NGC considers qualification of proposed candidate(s) to be nominated as director thoroughly by referring to Board Skill Matrix, expertise and experience of proposed candidate before proposing the qualified candidate to the Board and shareholders for consideration.

In 2017, the NGC has considered and nominated a total of three (3) qualified candidates to be appointed as directors provided that two (2) are independent directors and one (1) is executive director.

4. NGC's Structure

The committee considered and reviewed the NGC's structure by decreasing the number of non-executive director from two (2) to one (1) which causing the number of independent director to be more than half of the total number of the committee so as to be in line with the good corporate governance of a listed company.

Mr. Surasak Vajasit
Chairman of Nomination
and Governance Committee

Message from Leadership Development and Compensation Committee

The Leadership Development and Compensation Committee consists of three (3) members namely: Khun Kan Trakulhoon as Chairman, Khun Somprasong Boonyachai, and Khun Allen Lew Yoong Keong as member.

In 2017, LDCC held a total of four (4) meetings. In addition, the Committee views that their performance is in accordance with LDCC's Charter. The summary of LDCC's performance for the year 2017 are described as follows:

1. Compensation

Directors and top executives' compensation
The Committee considered and concurred the directors and top executives' compensation based on study and analysis of benchmarking with the top 30 listed companies of the Stock Exchange of Thailand which could retain quality directors and top executives to the Company.

Further, the Committee has also considered and concurred long term incentives for executives which is an issuance of warrants under Performance Share Plan (PSP) and EV Bonus (Economic Value Bonus)
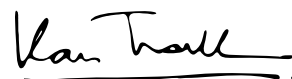
Employees' compensation
The Committee approved the employees' compensation by benchmarking with the top leading companies within the market and industry and also approved annual bonus budget for employees that is in line with KPI Achievement.

2. Leadership development
The Committee promotes the development of executives' capabilities of the Company so as to lead its telecom business which has been facing the rising competition and the rapid change in technology and consumer behavior towards success. The LDCC has approved leadership development programs from two (2) of the world's leading universities, Harvard University's Leadership Development Program and the Industrial Liaison Program of the Massachusetts Institute of Technology (MIT).

In this regard, the Committee urges the management to follow up the success of this project as and how it could improve the management of the company to be more effective in concrete ways.

Mr. Kan Trakulhoon
Chairman of Leadership Development
and Compensation Committee

Management Structure

Management Structure of Advanced Info Service Public Company Limited As of 31 December 2017

Board of Directors

Nomination and Corporate Governance Committee

Executive Committee

Leadership Development and Compensation Committee

Sustainable Development Committee

Chairman of Executive Committee
Mr.Allen Lew Yoong Keong

Audit Committee

Chief Executive Officer
Mr. Somchai Lertsutiwong

Chief Strategy Officer
Mr. Somchai Lertsutiwong (acting)

Chief Finance Officer
Mr. Sunitava Shinawatra

President
Mr. Hui Weng Cheong

Cheif Human Resources Officer
Mr. Kantima Lerlertyuttitham

Cheif Corporate Officer
Mr. Weerawat Kiattipongthaworn

Regional Operation

Technology

Solutions

Customer & Service Management

Consumer Business

Enterprise Business

Fixed Broadband Business Management

Cheif Audit Executive
Mr. Suvimon Kulalert

Board of Directors and Sub-Committees

The Company's board structure comprises the Board of Directors and five sub-committees:

1. The Audit Committee
2. The Leadership Development and Compensation Committee
3. The Nomination and Corporate Governance Committee
4. The Sustainable Development Committee
5. The Executive Committee

The names of their members and directors as well as their meeting attendance information in 2017 are listed in the following table:

Name	Title	Attendance[1] / Total Meetings in 2017					
		Board of Directors	Audit Committee	Nomination and Corporate Governance Committee	Leadership Development and Compensation Committee	Executive Committee	Sustainable Development Committee
Mr. Kan Trakulhoon	• Independent Director • Chairman of Board of Directors • Chairman of Leadership Development and Compensation Committee	8/8 (Attending the meeting in person all time)	-	-	4/4 (Attending the meeting in person all time)	-	2/2[8] (Attending the meeting in person all time)
Mr. Somprasong Boonyachai[2]	• Vice Chairman of Board of Directors • Member of Leadership Development and Compensation Committee • Authorized Director	8/8 (Attending the meeting in person all time)	-	-	4/4 (Attending the meeting in person all time)	-	-
Mr. Prasan Chuaphanich[3)4)7)]	• Independent Director • Member of Audit Committee • Chairman of Sustainable Development Committee	5/5 (Attending the meeting in person all time)	8/8 (Attending the meeting in person all time)	-	-	-	1/1 (Attending the meeting in person all time)
Mr. Surasak Vajasit	• Independent Director • Member of Audit Committee • Chairman of Nomination and Corporate Governance Committee	8/8 (Attending the meeting in person all time)	12/12 (Attending the meeting in person all time)	6/6 (Attending the meeting in person all time)	-	-	-
Ms. Jeann Low Ngiap Jong[3)]	• Director • Member of Nomination and Corporate Governance Committee	7/8 (Attending the meeting through Video Conference 1 time)	-	6/6 (Attending the meeting in person all time)	-	-	-
Mr. Allen Lew Yoong Keong[2)]	• Director • Chairman of Executive Committee • Member of Leadership Development and Compensation Committee	4/8 (Attending the meeting through Video Conference 1 time)	-	-	3/4 (Attending the meeting in person all time)	11/11 (Attending the meeting through Video Conference 4 time)	-

Name	Title	Attendance[1] /Total Meetings in 2017					
		Board of Directors	Audit Committee	Nomination and Corporate Governance Committee	Leadership Development and Compensation Committee	Executive Committee	Sustainable Development Committee
Mr. Krairit Euchukanonchai	• Independent Director • Chairman of Audit Committee • Member of Nomination and Corporate Governance Committee	8/8 (Attending the meeting in person all time)	12/12 (Attending the meeting in person all time)	6/6 (Attending the meeting in person all time)	-	-	-
Mr. Gerardo C. Ablaza Jr. [5]	• Independent Director • Member of Sustainable Development Committee • Member of Executive Committee	3/4 (Attending the meeting in person all time)	-	-	-	6/7 (Attending the meeting through Video Conference 1 time)	-
Mr. Stephen Miller [3]	• Director	7/8 (Attending the meeting through Video Conference 2 times)	-	-	-	-	-
Mr. Philip Chen Chong Tan [6]	• Director • Member of Executive Committee • Authorized Director	5/6 (Attending the meeting in person all time)	-	-	-	5/5 (Attending the meeting in person all time)	-
Mr. Somchai Lertsutiwong [2]	• Director • Member of Sustainable Development Committee • Member of Executive Committee • Chief Executive Officer • Authorized Director	8/8 (Attending the meeting in person all time)	-	-	-	11/11 (Attending the meeting in person all time)	2/2 (Attending the meeting in person all time)
Mr. Hui Weng Cheong	• Director • President • Chief Operating Officer • Authorized Director	2/2 (Attending the meeting in person all time)	-	-	-	-	-
Mr. Paiboon Panuwattanawong	• Member of Executive Committee	-	-	-	-	10/11 (Attending the meeting in person all time)	-

Notes :
1) The meeting attendance includes physical and video conference participation. However, the quorum and resolution of the Board of Directors' meeting was counted only for member who was present at the meeting.
2) Mr. Somprasong Boonyachai, Mr. Allen Lew Yoong Keong, Mr. Gerardo C. Ablaza, Jr. and Mr. Somchai Lertsutiwong are directors who have expertise in telecommunications business. Summary profiles of these four (4) directors are shown in Appendix 1.
3) Mr. Prasan Chuaphanich, Ms. Jeann Low Ngiap Jong and Mr. Stephen Miller are directors who have expertise in account and finance. Summary profiles of these three directors are shown in Appendix 1.
4) Mr. Prasan Chuaphanich has been appointed as the member of the Board of Directors at Annual General Shareholders' Meeting 2017 on 30 March 2017 replacing Mrs. Tasanee Manorot who retired by rotation.
5) Mr. Gerardo C. Ablaza Jr. has been appointed as the member of Board of Directors and member of Executive Committee on 27 April 2017 and as the member of Sustainable Development Committee on 2 November 2017.
6) Mr. Hui Weng Cheong has been appointed as the member of the Board of Directors on 27 July 2017 replacing Mr. Philip Chen Chong tan who resigned.
7) Mr. Prasan Chuaphanich has been appointed as Chairman of Sustainable Development Committee in 22 January 2018.
8) Mr. Kan Trakulhoon has resigned from Sustainable Development Committee on 1 November 2017.

The Authorized Directors

Any two of the following directors namely: Mr. Somchai Lertsutiwong, Mr. Hui Weng Cheong or Mr. Somprasong Boonyachai jointly sign with the Company's seal affixed.

The Board of Directors

The Board of Directors is comprised of 11 directors whose expertise and experience cover various fields. Four (4) directors are experienced in the area of telecommunications and another three (3) directors are experienced in the area of finance and accounting. In order to maintain a balance between the supervisory and management functions of the Company, the Chairman of the Board of Directors must not hold the Chief Executive Officer position simultaneously as well as their role and responsibility is explicitly separated. There are five (5) independent directors, representing over one-third of the members, and there is one (1) non-executive female director sitting in the Board of Directors.

The Board of Directors is the representative of all shareholders, not of a particular group of shareholders. Nonetheless, the number of non-executive directors nominated by the controlling shareholders is in corresponding fairly to the shareholding percentage in the Company.

Skill & Expertise of Board of Directors

3 Finance & Accounting	3 Auditing	1 Capital Market	7 Risk & Crisis Management
1 Legal	1 Logistic/Supply Chain	2 Information Technology	1 Environment
2 Human Resources	3 Transformation	4 Marketing/PR	3 CSR/Sustainable Development
3 Star-up/ Innovation	5 Corporate Governance	4 Telecom Industry	4 Regulatory/Public Policy

The scope of authority and duties of the Board of Directors

1. Perform its duties with honesty, integrity and prudence in accordance with the law and the Company's objectives and Articles of Association including the resolutions of shareholders' meeting, and carefully protect the Company's interests;

2. Set out the vision, policy and direction of the Company's operations and supervise the management team to act in accordance with the plans which are set out efficiency and effectively, and thereby maximize the economic value and wealth of the Company and its shareholders;

3. Consider and approve major issues such as large investments, purchase of assets etc. and any actions/ transactions as prescribed by law;

4. Approve and/or agree to major related transactions between the Company and its subsidiaries in compliance with the relevant notifications, regulations and guidelines of the Stock Exchange of Thailand;

5. Assess the performance of the Chief Executive Officer and high level executives, and assign appropriate remuneration on a regular basis;

6. Be responsible for overseeing operational results and the management team's performance to ensure due attentiveness and care;

7. Arrange appropriate accounting systems, including the production of financial reports and a reliable auditing system; oversee and monitor the effectiveness and efficiency of the internal control, internal audit and risk management systems;

8. Ensure avoidance of conflict of interests amongst the Company's stakeholders;

9. Supervise business operations to enforce ethical work standards;

10. Annually review the Company's Corporate Governance Policy and assess due compliance;

11. Report on the execution of the Board of Directors' responsibility to prepare financial reports, along with the external auditor's report in the annual report covering key issues according to the Company's policy statement and the Stock Exchange of Thailand's Code of Best Practices for Directors of a Listed Company.

Reserved key matters for the Board's approval

Although the Board of Directors has delegated specific powers to Sub-Committees, the Chief Executive Officer and high level executives, the Board of Directors has reserved its authorization over certain matters so as to protect the highest interests of the Company and its shareholders, including:

- Strategy, business plan and annual budget
- Capital expenditure and expense which exceeds the approved authority of the relevant sub-committee or executives
- Strategic investments in new business and divestments
- Significant policies
- Material contracts
- Material litigation
- Dividend policy

Independent directors

The Company's independent director criteria has been defined stricter than criteria established by the Securities and Exchange Commission and the Stock Exchange of Thailand in order to avoid conflict of interest and balance the power between committee. An independent director must:

1. Holding shares not exceeding 0.5 percent of the total number of voting rights of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, including the shares held by related persons of the independent director;

2. Neither being nor having been an executive director, employee, or advisor who receives salary or controlling person of the Company, its parent company, subsidiary, affiliate, same-level subsidiary or juristic persons which may have conflicts of interest. Audit Committee Member who shall be appointed on or after 1 July 2010 shall have ended the foregoing not less than two years prior to the date of appointment.

3. Not having any business relationship with the Company, its parent company, subsidiaries, affiliates or juristic persons which may have conflicts of interest, in any manner that may interfere with his or her independent judgment, and not be, or used to be, a substantial shareholder or controlling person in its parent company, subsidiaries, affiliates or juristic persons which may have conflicts of interest. Any Audit Committee Member who shall be appointed on or after 1 July 2010 shall have ended the foregoing relationship not less than two years prior to the date of appointment.

   The term 'Business Relationship' aforementioned under paragraph one, includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the Company or its counterparty being subject to indebtedness payable to the other party in the amount of three percent or more

of the net tangible assets of the Company or twenty million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Capital Market Supervisory Board Re: Rules on Connected Transactions mutatis mutandis. The consideration of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences;

4. Not being a person related by blood or registration under laws, such as in the manner of father, mother, spouse, sibling, and child, including spouse of children, executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the Company or its subsidiary;

5. Not being a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the Company's major shareholder;

6. Neither being nor having been an auditor of the Company, its parent company, subsidiaries, affiliates or juristic persons which may have conflicts of interest and not having been a substantial shareholder, controlling person or partner of an audit firm which employs auditors of the Company, its parent company, subsidiaries, affiliates or juristic persons which may have conflicts of interest. Any Audit Committee Member who shall be appointed on or after 1 July 2010 shall have ended the foregoing relationship not less than two years prior to the date of appointment;

7. Neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million Baht from the Company, its parent company, subsidiaries, affiliates or juristic persons which may have conflicts of interest, and not having been a substantial shareholder, controlling person or partner of the professional advisor. Any Audit Committee Member who shall be appointed on or after 1 July 2010 shall have ended the foregoing relationship not less than two years prior to the date of appointment;

8. Not conduct any business of the same nature as the Company's or its subsidiaries' businesses and is in competition with them in any material respect, nor being a substantial partner, shareholder holding more than one (1) percent of the voting shares, director (having management role), employee, officer or advisor (obtaining a regular salary) of any company whose business is of the same nature as the Company's or its subsidiaries' businesses, and is in competition with them in any material respect.

9. Not having any other manners, which may render him or her incapable of expressing independent opinions with regard to the Company's business affairs;

After having been appointed as an independent director with qualifications complying with the criteria under 1 to 9, the independent director may be assigned by the Board of Directors to take part in the business decisions of the Company, its parent company, subsidiary, affiliate, same-level subsidiary or legal entity who may have a conflict of interest, on condition that decisions must be collective ones.

The Company may appoint a person who has a business relationship or provides a professional service described in item 3 and 7 above if the Board carefully considers the business relationship or service provided and concludes that the appointment will not interfere with the exercise of independent judgment in the independent director's responsibilities. The Company must disclose the following information in the item regarding the appointment of independent directors on the agenda of the shareholders' meeting:

(1) The nature of the business relationship or professional service that excludes the nominated independent director from the standard requirements.

(2) The reason or need to retain or appoint this person as an independent director.

(3) The Board's opinion on proposing the appointment of this person as an independent director.

It is the Board's policy that an independent director may not be considered to remain "independent" after he or she has completed three (3) consecutive terms or a total of nine (9) years. In this regard, the board will consider the independency of such director every year thereafter.

The segregation of duty of the Board of Directors and management

The Company clearly separates the roles and responsibilities of the Board of Directors and the Management. The Board of Directors has its duty to govern the operations in accordance with the provisions of the law, the Company's objectives, articles of association, the resolutions of the shareholders' meetings, and the Corporate Governance Policy. In governing the Company, the directors must exercise their business judgment and act in what they reasonably believe to be the best interests of the Company and its shareholders. The Management is responsible for implementing the Company's strategy, achieving the planned objectives, and handling the day-to-day administration and affairs of the Company.

The segregation of duty of Chairman of the Board of Directors and Chief Executive Officer

Both the Chairman of the Board of Directors and the Chief Executive Officer must be competent and have the appropriate experience and qualifications for their positions. In order to maintain a balance between the supervisory and management functions of the Company, one person cannot hold both of these positions simultaneously.

The Chairman of the Board of Directors, an independent director, does not participate in the day-to-day management of AIS's business; nor shall the Chairman be authorized to sign binding agreements on behalf the Company. This is to clearly separate roles between supervision of the Company's overall policy, and day-to-day management. In addition, the Chairman of the Board of Directors is the leader of the Board of Directors who acts as the Chairman of both Board of Directors and shareholders' meetings

The Chief Executive Officer is the head and leader of the Company's executives, and is accountable to the Board of Directors for managing the Company in order to achieve all its planned objectives.

The Scope of Authority and Duties of the Sub–Committees

1. The scope of authority and Duties of the Audit Committee

1. To review the accuracy of the Company's financial reports in accordance with legally defined accounting principles, and to ensure that there is adequate disclosure;
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine the internal audit unit's independence, as well as to approve the appointment, transfer, dismissal, performance appraisal and remuneration of the Chief of Internal Audit;
3. To review that the Company complies with the requirements of the Securities and Exchange Commission, SET, and all laws relating to its business;
4. To review the overall performance of the external auditors and recommend to the Board on the proposal to shareholders on the appointment, reappointment or removal of the external auditors and the auditor's remuneration;
5. To hold a meeting with the external auditor without management in attendance, at least once a year;
6. To review the policy on the engagement of the external audit firm to provide non-audit service to the Company;
7. To review all connected transactions and possible conflicts of interests to ensure they are in compliance

with the laws and regulations of SET to ensure that all transaction are reasonable and beneficial to the Company and all its stakeholders;
8. To review that the Company has established an appropriate and effective risk management system;
9. To review and approve the Charter of Internal Audit activities, annual audit plan and activities of Internal Audit, and coordinate with the external auditor;
10. To review the Company's compliance with Reporting and Investigation of Misconduct and or Fraud and Whistleblower Protection Policy, and consider all concerns of misconduct or fraud and the final investigation report quarterly, and be one channel to receive complaints according to such policy;
11. To oversee Anti-Bribery and Corruption policy and its programme to ensure compliance with legal and ethical obligation;
12. To prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the Audit Committee's Chairman and consist of at least the following information
    (1) An opinion on the accuracy, completeness and creditability of the Company's financial report;
    (2) An opinion on the adequacy of the Company's internal control system;
    (3) An opinion on the compliance with the law on securities and exchange, SET's regulations, or the laws relating to the Company's business;
    (4) An opinion on the suitability of an auditor;
    (5) An opinion on the transactions that may lead to conflicts of interests;
    (6) The number of Audit Committee meetings, and the attendance of such meetings by each committee member;
    (7) An opinion or overview comment received by the Audit Committee from its performance of duties in accordance with the charter; and
    (8) Other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors;
13. To continue the inspection when the external auditor informs regarding any suspicious circumstance that the director, manager or any person responsible for the operation of such juristic person commits an offence under the law on the Security and Exchange and the Audit Committee shall report the result of preliminary inspection to the Office of the Securities and Exchange Commission and the external auditor within thirty days;

14. To report the discussion and/or decision of the Audit Committee at its meetings and make recommendation as necessary to the Board of Directors at least four times a year. In its performance of duties, if it is found or suspected that there is a transaction or any of the following acts, which may materially affect the Company's financial condition and operating results, the Audit Committee shall report it to the Board of Directors for rectification within the period of time that the Audit Committee thinks fit:
    (1) Any transaction which causes any conflict of interest; or
    (2) Any fraud, irregularity, or material defect in an internal control system; or
    (3) Any infringement of the law on securities and exchange, SET's regulations, or any law relating to the Company's business,
    If the Company's Board of Directors or management fails to make a rectification within the period of time under the first paragraph, any Audit Committee member may report on the transaction or act under the first paragraph to the Office of the Securities and Exchange Commission or SET;
15. To have the authority to invite concerned executives, management and officers of the Company to express opinions, attend meetings or deliver documents as deemed necessary;
16. In performing their duties and responsibilities assigned, the Audit Committee may engage consultants or experts to provide opinions, advice or work, if necessary;
17. To evaluate the scope of the performance of the Audit Committee on an annual basis;
18. To review the charter annually and propose to the Board of Directors for approval if changes are needed;
19. To perform other duties as assigned by the Board of Directors of the Company with the consent of the Audit Committee.

2. The scope of authority and duties of the Leadership Development and Compensation Committee

1. Fix appropriate annual remuneration in monetary and/or non-monetary form for the Board of Directors, committee members, and high level executives for the benefit of shareholders as a whole;
2. Prepare policy and guidelines to designate appropriate remuneration of the Board of Directors and high level executives to be proposed to the Board of Directors and/or the shareholders' meetings for approval;
3. Review and approve the Company's performance in order to determine the annual KPI bonus and merit-based salary increase across the Company;
4. Consider and approve the Long Term Incentive Plan and related practices;

5. Consider and approve the performance evaluation of the Company's Chief Executive Officer and those high-level executives who report directly to the Chief Executive Officer in order to determine their annual bonus, merit-based salary increase and long term incentives;
6. Consider and approve the annual bonus allocation of the Board of Directors;
7. Disclose policies governing the directors' remuneration in the annual report;
8. In consultation with the Chief Executive Officer, identify and evaluate potential successors for the Chief Executive Officer position and those high level executives who report directly to the Chief Executive Officer, and report annually to the Board of Directors on executive succession planning;
9. In consultation with the Chief Executive Officer, prepare succession planning policies for the Chief Executive Officer position and those high level executives who report directly to the Chief Executive Officer;
10. Oversee the process by which the Chief Executive Officer and high level executives;
11. Engage consultants or independent persons to provide opinions or advice if necessary, especially on leadership development;
12. The Committee is accountable to the Board of Directors and under obligation to explain its decisions at the shareholders' meetings, and answer any questions that may arise;
13. Annually review and reassess the adequacy of the charter and proposed any changes to the Board of Directors for approval;
14. Report regularly to the Board of Directors on matters within the scope of the Committee, as well as any special issues that merit the Board of Directors' attention;
15. Request members of the management or staff to attend the Committee meetings or provide pertinent information on the matters under discussion;
16. Perform other tasks requested by the Board of Directors.

3. The scope of authority and duties of the Nomination and Corporate Governance Committee

1. Draw up criteria and policy with respect to nomination of Board members and committee members of the Company;
2. Supervise implementation of the policy on the good corporate governance of the Company, annually review such policy including recommendation of any revision thereof for further consideration by the Board of Directors;
3. Consider and nominate appropriate persons to become Board members and/or committee members to be proposed to and approved by the Board of Directors and/or at shareholders' meetings, as the case may be; and
4. Perform other tasks as designated by the Board of Directors.

4. The scope of authority and duties of the Sustainable Development Committee

1. Define policy, strategy, operating target and sufficient budget including any other relevant action in connection with sustainability development and propose to the Board of Directors for approval;
2. Propose any material issues of the Company in connection with sustainability development to the Board of Directors for consideration;
3. Ensure that the implementation of sustainability development policy and strategy meets the target;
4. Advise and assist the Chief Executive Officer concerning the sustainability development operations;
5. Report the sustainability development performance to the Board of Directors;
6. Review the sustainability development report and propose to the Board of Directors for approval;
7. Perform other tasks as designated by the Board of Directors.

5. The scope of authority and duties of the Executive Committee

1. Formulate the Company's strategic direction, management structure, and annual business plan and budget for the Board of Directors' approval;
2. Manage the Company's business operations in order to achieve the planned objectives and targets;
3. Monitor the Company's financial and operating results, and keep the Board members informed by monthly report;
4. Identify and evaluate new business opportunities;
5. Review and make recommendations to the Board of Directors regarding the Company's dividend policy;
6. Review and approve all transactions concerning investments and disposal of assets, human resource management, finance and treasury, general administration and any other transaction related to the Company's business within the limits of delegated approval authority granted by the Board of Directors;

7. Review matters that require the Board of Directors' approval and make appropriate recommendations with the exception of activities that have been delegated to other Board sub-committees;
8. Consider and review the Company's risk management and control system;
9. The Committee may delegate its authority to any member of the management or staff as it deems appropriate. However, such authority does not permit the Committee or appointed persons to approve any transaction between them or related persons having mutual benefits or conflicts of interest (as prescribed in the Company's Articles of Association and Notifications of the Securities and Exchange Commission). The approval for transactions shall be in accordance with the policies and principles already determined by the Board of Directors and regulatory bodies;
10. Engage consultants or independent persons to provide opinions or advices if necessary;
11. The Committee may ask members of the management or other persons to attend its meetings or provide pertinent information as necessary;
12. Report to the Board of Directors on a quarterly basis regarding the material actions taken by the Committee under the Chief Executive Officer Report agenda;
13. Annually review its own performance and assess the adequacy of the Charter, which may be done in conjunction with the annual evaluation of the Board of Directors and its other committees, conducted under the oversight of the Nomination and Governance Committee; and
14. Take any other action or assume any other powers and responsibilities that may from time to time be assigned or delegated to the Committee by the Board of Directors.

In addition to the Board of Directors and the Sub-Committees, the Company supports the performance of the Board of Directors with the following management team:

Management Team

Mr. Somchai Lertsutiwong	Chief Executive Officer and Acting Chief Strategy Officer
Mr. Hui Weng Cheong	President
Mr. Sunitaya Shinawatra	Chief Finance Officer
Mr. Weerawat Kiattipongthaworn	Chief Corporate Officer
Ms. Kantima Lerlertyuttitham	Chief Human Resources Officer

Notes: List of Management Team members as of 31 December 2017 was prepared in accordance with their definitions as stipulated in the notification of the Securities and Exchange Commission.

Nomination of Directors and Management

1. Criteria and procedure for Director Nomination

1. The Nomination and Corporate Governance Committee is responsible for identifying and selecting qualified candidates to be appointed by the Board of Directors or proposed through the Board of Directors for election at the shareholders' meetings in accordance with the Company's Articles of Association.

2. The Nomination and Corporate Governance Committee is responsible for annually reviewing the skills and characteristics required of directors in the light of the Board of Directors' compositions and the Company's current and future business directions. The Committee must develop a skill matrix to identify gaps in the Board of Directors' current profile and make recommendations accordingly. In conducting this review, the Committee will also consider diversity in term of skills, experience, knowledge, independence, age, and gender.

3. In determining whether to recommend a director for re-election, the Nomination and Corporate Governance Committee will consider relevant factors such as the director's performance, history of attendance at and participation in meetings, and other contributions to the activities undertaken by the Board of Directors. In the case of independent directors, their respective independence qualifications shall also be considered.

4. The appointment of the Board members shall comply with the Company's Articles of Association and all relevant laws. Selection of the directors shall be transparent and clear through initially consider of Nomination and Corporate Governance Committee. In the shareholders' meeting:

    (1) Each shareholder shall be entitled to one vote for each shareholding;

    (2) Each shareholder shall be entitled to cast all the votes as defined under (1) to elect one or several persons to be the Company's director(s) but cannot split their votes for any particular person or persons;

    (3) Persons who receive the highest number of votes, arranged in order from highest to lowest in a number equal to that of the number of directors to be appointed, are elected to be the Company's directors. In the event of a tie at a lower place, which would make the number of directors more than required, the Chairman of the meeting shall have the casting vote.

In the case of a vacancy in the position of director, for reasons other than the completion of the term, the Board of Directors shall appoint a new director, with the required qualifications, and without any characteristics that would prohibit him/her from acting as director, to serve as a new director in the board meeting, excluding such case where the remaining term is less than two months. Such appointed director shall assume the position for the remaining term of the vacating director. To approve such new director appointment, a resolution must be passed by not less than three-fourths of the total remaining directors.

The Company provides an opportunity for minority shareholders to nominate qualified candidates for election as the Company's directors in advance, at least three months prior to the fiscal year end date. The information is published as an SET Announcement and on the Company's website and includes the criteria and consideration procedure. In 2016, no minority shareholder nominated a candidate for directorship.

2. Nomination of management

The Leadership Development and Compensation Committee shall nominate the suitable person(s) to be appointed as the Chief Executive Officer and other senior management positions which report directly to the Chief Executive Officer, including the preparation of a succession plan relating thereto. In this regard, the Leadership Development and Compensation Committee shall seek to recruit the qualified person(s) either internally or externally with support from professional consultants if required.

In addition, the Company shall prepare the succession plan of the high level executives (AVP up) by identifying the suitable persons to hold such positions, and shall utilize the human resource development and management system to prepare the subordinates for succession.

Term of Directors

(1) According to the Public Companies Act B.E. 2535 and the Articles of Association, at the annual general meeting of shareholders, one-third of the directors shall vacate office. If one-third is not a round number, the number closet thereto shall be the applicable number. The directors who have held office the longest shall vacate. The vacating directors may be re-elected.

(2) In the case of a vacancy in the position of director, for reasons other than the completion of the term, the Board of Directors shall appoint a new director, with the required qualifications and without any characteristics that would prohibit him/her from acting as director, according to article 68 of the Public Companies Act B.E. 2535, to serve as a new director in the board meeting, excluding such case where the remaining term is less than two months. Such appointed directors shall assume the position for the remaining term of the vacating director.

1. Term of Membership of Audit Committee

(1) A Committee Member shall serve for a term as long as they are serving on the Board of Directors. A retiring member may be re-elected. For a committee member who has completed a total of nine years, or three consecutive terms, the Board of Directors shall review their respective independent qualifications each year.

(2) A Committee Member who wishes to resign during his or her term of office must give notice to the Chairman of the Board of Directors. The resignation date is effective upon the Company receiving the notice in order that the Board of Directors can appoint a qualified director(s) in replacement. The Board of Directors must fill the vacancy within 90 days from the date on which such Committee Member resigned.

In the case that all members vacate office except otherwise by reason of disqualification or as prohibited by law, the Audit Committee shall remain in office as necessary until a new Audit Committee is appointed.

2. Term of membership of Other Sub–Committees

(1) Members of the Committees may hold their posts for as long as they are serving on the Board of

Directors. Any Member who vacates office at the end of their term may be re-elected.

(2) In addition to section (1), membership of the Sub-Committees will be automatically cancelled in the following situations:
- Death;
- Resignation;
- Being disqualified as sub-committee;
- Removal from office by resolution of the Board of Directors.

Remuneration for Directors and Management

The Company has specified the remuneration for directors which reflect to their duties and responsibilities and at a rate similar to the industry standards and companies of similar size. The remuneration is considered to be appropriate to retain quality directors within the Company. The remuneration for the directors and management is in accordance with the Company's operational performance and the performance of the individuals.

The Leadership Development and Compensation Committee will determine necessary and appropriate remuneration in both monetary and non-monetary terms for the Company's directors, members of the sub-committees, and the Chief Executive Officer, including senior executives reporting directly to the Chief Executive Officer. Additionally, the Directors' Compensation Survey published by the Stock Exchange of Thailand and the Thai Institute of Directors Association shall be considered annually.

The remuneration for directors and members of the sub-committees shall be proposed, respectively, to the Board of Directors meeting and the Company's general shareholders' meeting, which is held on an annual basis.

1. Directors' remuneration

Total monetary remuneration for the Chairman of the Board of Directors, independent directors, and non-executive directors totaling 8 persons was Baht 28.63 million. The remuneration was paid from 2017 operating results as approved by the general meeting of shareholders, held on 29 March 2017, in an amount not exceeding than Baht 36 million which was approved by the shareholders and comprised of monthly allowances, meeting allowances and bonus payments. The criteria of payment are the same as those of year 2015.

The remuneration for 8 directors in year 2017 is as follows:

Director	Monetary Remuneration (Baht)		
	Monthly Retainer	Meeting Allowance	Bonus
The Board of Directors			
• Chairman	300,000	x	✓
• Member	75,000	25,000	✓
Audit Committee/Executive Committee			
• Chairman	25,000	25,000	✓
• Member	x	25,000	✓
Other Sub-Committees			
• Chairman	10,000	25,000	✓
• Member	x	25,000	✓

Notes:

1) Directors who are executives or employees of the Company or its controlling shareholders are not entitled to receive such remuneration.

2) Chairman of the Board of Directors is not entitled to receive an additional monthly retainer or meeting allowance when he or she holds any chair or membership of the sub-committees.

The remuneration for 8 directors in year 2017 is as follows:

Name	Position	Monthly Retainer (Baht)	Meeting Allowance[1] (Baht)	Bonus (Baht)	Others
Mr. Kan Trakulhoon	- Independent Director - Chairman of the Board of Directors - Chairman of Leadership Development and Compensation Committee	3,600,000	-	3,150,000	-
Mr. Somprasong Boonyachai	- Vice Chairman of the Board of Directors - Member of Leadership Development and Compensation Committee	900,000	350,000	2,253,600	-
Mr. Krairit Euchukanonchai	- Independent Director - Chairman of Audit Committee - Member of Nomination and Corporate Governance Committee	1,200,000	650,000	3,150,000	-
Mr. Surasak Vajasit	- Independent Director - Chairman of Nomination and Corporate Governance Committee - Member of Audit Committee	1,020,000	650,000	2,289,000	-
Mr. Prasan Chuaphanich[1]	- Independent Director - Chairman of Sustainable Development Committee - Member of Audit Committee	679,839	350,000	1,737,132	-
Mr. Gerardo C. Ablaza, Jr.[2]	- Independent Director - Member of Executive Committee - Member of Sustainable Development Committee	610,000	225,000	2,372,387	-
Mr. Stephen Miller	- Director	900,000	175,000	2,253,600	-
Mrs. Tasanee Manorot[3]		225,000	175,000	558,140	-
Total[4]		**9,134,839**	**2,575,000**	**16,928,859**	**-**

Notes:

1) Mr. Prasan Chuaphanich was elected to be an independent director and member of Audit Committee at Annual General Shareholders' Meeting 2017 and at the Board of Directors' Meeting No. 2/2017 on 30 November 2017, respectively and was appointed as member of Sustainable Development Committee on 2 November 2017.

2) Mr. Gerardo C. Ablaza Jr, was appointed as director and member of Executive Committee on 27 April 2017 and was appointed as member of Sustainable Development Committee on 2 November 2017.

3) Mr.Tasanee Manorot expressed her intention not to continue her directorship in Annual General Shareholders' Meeting 2017.

4) The above payments are the transactions during 2017 period including bonus 2017 paid in February 2018.

2. Management's remuneration

The Company's compensation philosophy seeks to recognize and reward the executives' performance in implementing the approved business plans and policies. The Leadership Development and Compensation Committee, as delegated by the Board, annually reviews and approves the Executives' Compensation Policy, which incorporates the following key elements:

Pay for performance

- Variable compensation is tied directly to the achievement of Company's strategic targets.
- A Key Performance Indicator (KPI) scorecard is used to measure performance, comprising of financial and non-financial metrics.

Shareholder alignment

- Appropriate performance metrics are selected for annual and long-term incentive plans that will support business strategies and enhance value for shareholder.

  - Appropriate goals are set for threshold, target and stretch levels of performance.
  - A sound compensation structure is established to ensure affordability.

Competitive compensation

- Compensation benchmarking helps the Company attract and retain highly experienced and talented individuals.
- A significant proportion of remuneration is linked to performance, both on an annual and long-term basis.

3. Compensation structure

The compensation provides to CEO and Executives, as approved by the Board, consists of the following components:

Fixed compensation and benefits			Performance-related variable compensations		
Base Salary	Benefits	**+**	Performance Bonus	Value-Sharing: Cash	Value-Sharing: Equity

Fixed compensation and benefits

Base salary

- The level of base compensation reflects each associate's key responsibilities, job characteristics, experience and skill sets. It is paid in cash, monthly. Base compensation is reviewed annually, and any increase reflects merit based on performance, as well as market movements.

Benefits

- The primary purpose of benefits is to establish a level of security for employees and their dependents with respect to age, health, disability and death. The provident fund, insurance plans, and other welfare provisions are in line with market practices and legislative requirements.

Performance–related variable compensation

Performance bonus

- Provides a variable level of remuneration dependent on short-term performance against the annual plan, as well as relevant market remuneration benchmarks. The performance bonus is tied to annual Key Performance Indicator (KPI) and weights the various scorecard measures in order to determine overall company and individual performance evaluations and bonus awards.

Value–Sharing cash

- Value-Sharing Cash drives fundamental performance and aligns the interests of shareholders and executives based on economic profit. Part of the award is paid in cash provided that is positive in the current year. The remaining balance will be carried forward into cumulative bonus bank and at risk as it is subject to performance-related clawback and could be reduced as negative in the event of underperformance in the years.

Value–Sharing equity

- Value-Sharing Equity focuses on a long-term incentive to reinforce the delivery of sustainable growth and increase shareholder value by fostering an ownership culture and retaining key talent. In order to retain valuable executives and to show gratitude for their devotion at work which contribute greatly to growth and prosperity of the company, the company considers the allocation of the warrant to executives who possess high level of expertise and play a significant role in strengthening future business success. This allocation of warrant will contribute more benefit to the organization through sustainable leadership.

Company's compensation structure

	CEO	Executives	All Employees	Description	Link to compensation principle
Base Salary	✓	✓	✓	Cash - all employees	Attract and retain high quality employees and provided for ongoing performance and delivery in position
Performance Bonus	✓	✓	✓	Cash - all employees	Performance-based compensation that reward employees on annual to individual performance
Value-Sharing Cash	✓	✓		Cash - Executive	Drives fundamental performance that aligns interests of shareholders and the Executives based on economic profit performance of the Company
Value-Sharing Equity	✓	✓		Warrant - Executive	Reinforce the delivery of long-term growth and shareholder value

In 2017, the total amount of remunerations for five (5) executives of the management team was calculated at Baht 48.60 million comprised of salary, bonus, provident fund and other benefits.

4. Performance share plan

To enhance the Company's sustainability for long-term growth and to promote mutual benefits between the Company, its shareholders and the management team, the Company has issued warrants to be converted into the Company's ordinary shares to the management. This is pursuant to the Performance Share Plan since 2013 to 2016

As defined by the notification of the Office of Securities and Exchange Commission, the members of the management team who were granted the warrants are as follows:

Name		The Amount of Warrants (unit)										
		2017	Percentage of Total Warrants	2016	Percentage of Total Warrants	2015	Percentage of Total Warrants	2014	Percentage of Total Warrants	2013	Percentage of Total Warrants	Total
1. Mr. Somchai Lertsutiwong	Units	88,700	6.3	56,800	6.87	51,600	5.92	29,816	4.38	19,824	4.89	246,740
2. Ms. Sunitaya Shinawatra	Units	35,440	2.5	11,900	1.44	11,890	1.36	11,020	1.62	6,864	1.69	77,114
3. Mr. Weerawat Kiattipongthaworn	Units	44,300	3.1	30,200	3.65	30,174	3.46	27,116	3.99	19,864	4.90	151,654
4. Ms. Kantima Lerlertyuttitham	Units	44,300	3.1	33,200	4.01	0	n/a	0	n/a	0	n/a	77,500

Company secretary

Mr. Chavin Chaivatcharaporn has been assigned to perform duties in accordance with Section 89/15 of the Securities and Exchange Act B.E. 2535 (1992) and to give advice to the Board of Directors in order to comply with relevant rules and regulations pertaining to responsibilities of directors. In this regard, Company Secretary also ensures that the Company acts in accordance with the Board of Directors' resolution as well as ensures that the Board of Directors acts in compliance with related laws and Notifications.

Head of compliance

As Head of Compliance, Ms. Nattiya Poapongsakorn is responsible for overseeing the Company's operations and transactions to ensure that the company is in compliance with SET/SEC regulations for listed companies and other enforcements related to Public Company Limited Acts.

In this regard, the credentials of the company secretary and head of compliance are provided on page 59.

Corporate Governance Policy and Report on Practice

Award of achievement 2017

1 Announce the Securities Trading Policy for Directors, Management and Employees: All designated person whose position or duty entitled them to access the insider information are prohibited to buy/sell AIS and INTOUCH's securities for a period of thirty (30) days prior to the date of disclosure of the quarterly and annual financial statements, or any period that the company will announce (Blackout Period).

2 Received "Excellent CG Scoring" from Corporate Governance Report of Thai Listed Companies 2017 by Thai Institute of Directors Association.

3 Received "Best Investor Relation Awards" for 6 consecutive years from SET Awards with the recognition of analysts and institutional investors on the reliability and transparency of information, the involvement of executives, performance, diversity of communication channels, Investor Relations Activities, and a policy which focused on the benefits of shareholders and investors.

Corporate governance policy

Since 2002, the **Corporate Governance Policy** has been prescribed by the Board of Directors and is applicable to all directors, executives, and employees within AIS group. The Board reviews such policy annually and potentially revise so as to be applicable for current business operations and in accordance with the laws, regulations, articles, and guideline of relevant authorities. The Board of Directors has authorized the Nomination and Corporate Governance Committee to review before proposing to the Board of Directors for approval. The latest revision was considered and approved in 2017.

Corporate Governance of AIS adheres fundamentally to laws and developed to be transparent, reliable and acceptable in line with best practice of good corporate governance and sustainability growth, both domestic and international level, such as criteria of Corporate Governance Report of Thai Listed Companies (CGR) by Thai Institute of Directors Association, ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard) and DJSI indices (Dow Jones Sustainability Indices).

Further, in order to ensure that AIS's operations and the performance of employees in the organization are honestly and ethically in accordance with law which is the heart of sustainable business, the Board of Directors has established **"the Code of Business Ethics"** comprising of 12 sections of responsibilities ranging from stakeholder responsibility, prevention of conflict of interests, respect for human rights as well as compliance with the laws and regulations. The Ethic Committee has been formed and comprising of Chief Executive Officer (CEO) as chairperson and other executives. This Committee acts as a driving force and integrates the ethics into a corporate culture as well as provides secure channels for employees and outsiders to inform relevant responsible parties concerning the actions that may be deemed a violation to the Code of Business Ethics. The informant is entitled to protection under **the Reporting and Investigation of Misconduct and/or Fraud and Whistleblower Protection Policy.** In this regard, the Board of Directors communicated these policies within the organization through a variety of channels and activities, such as e-mail, intranet, billboards, announcements, and internal campaigns.

Shareholders may further study all of these three (3) policies on "http://advanc-th.listedcompany.com" under Corporate Governance section.

Performance report on corporate governance for the year 2017

Section 1 The Board of Directors

1. The Board of Directors is the experts who have a strong leadership and vision to drive AIS to be a leader in creating various market formats of telecommunication industry and is aiming to lead the Company to be an acceptable digital service provider. The Board has set up vision and mission of the Company so as to lead the management in formulating strategy and long-term goal and reviews and monitors this matter annually.

○ 5 independent directors   ● 4 other non-executive directors   ● 2 Executive directors

2. The Board of Directors is composed of eleven (11) legally qualified experts with wide ranging leadership, vision, expertise and experience in various fields. There are five (5) independent directors namely: Khun Kan Trakulhoon, Khun Krairit Euchukanonchai, Khun Prasan Chuaphanich, Khun Surasak Vajasit, and Khun Gerardo C. Ablaza Jr. which are to more than one third of the Board of Directors and there are four (4) other non-executive directors which totally forming 82% of the total board number. As such the board would be able to make decisions independently as a representative of all shareholders and balance the power of management. The number and proportion of the board is appropriate by considering the required skills and experience which could support organizations to achieve vision and long-term goals.

In term of power separation, the Chairman of the Board of Directors: Khun Kan Trakulhoon, an independent director, and Chief Executive Officer are not the same person nor have any genetic or personal business relationship. The Board of Directors has mandated the segregation of the roles and responsibilities of the Chairman of the Board and Chief Executive Officer explicitly in Corporate Governance Policy.

3. Nonetheless, apart from such segregation, AIS has set the separation of roles and responsibilities between the Board of Directors and management. The Company reserves the right to consider any material issues that may affect the business operation of the Company with a view to maximizing the benefit of the Company's shareholders, such as the determination of strategies, business plans, investment budgets in new business. In any case, the Board of Directors encourages the directors and management forming a good relationship on the culture of respect for each other's roles and responsibilities.

4. The Board has formed its subcommittees so as to consider key materials such as governance, compensation, audit, and sustainable development etc., and to give recommendations to the Board for consideration, and chairmen of all subcommittees (except for the Chairman of Executive Committee) is an independent director.

5. Independent Director qualification has been defined stricter than criteria stipulated by laws such as holding shares not exceeding 0.5 percent, not 1 percent as required by law, of the total number of voting right of the Company, its parent company, subsidiary, and juristic person which may have conflicts of interest, including the shares held by related persons of the independent director Shareholders may further study AIS's independent director eligible qualification at http://advanc-th.listedcompany.com on Corporate Governance section: "Governance Policy".

6. In 2017, the Board meeting was held eight (8) times as scheduled whereas such scheduled was set in advance. The Company Secretary will circulate notice and the supplement documentation to the Board at least seven (7) days before each meeting so that each director shall have sufficient time to analyze the information in advance. The Chairman of the Board of Directors presides over the meetings and ensures that sufficient time is allocated for directors to discuss and express their opinions freely on each agenda item. Nevertheless, in order to facilitate directors to attend the conference and promote the use of digital technology to enhance the efficiency of the

meeting along with reducing the impact on the environment. AIS has set up a video conference system so as to facilitate directors, who could not attend the meeting, and to reduce greenhouse gas emissions from their travels. The Company also supports the submission of the meeting documents via the Board Portal, a secure electronic channel that the management uses to communicate material issues or submit the summary reports of the Company and its subsidiaries. In case of there being no Board's meeting in any particular month, the Company Secretary will provide the Board with the monthly operating report for their acknowledgement.

7. Non-Executive Directors Meeting was held independently without presence of executive directors and management. There were discussions on issues related to internal control system and other matters related to AIS business. After the meeting, the results of the meeting were reported to the Board of Directors and Chief Executive Officer for acknowledgement.

Details of the names and composition of the Board of Directors, the criteria for selection, nomination process and appointment of directors, definition of Independent Directors, and the separation of the roles and responsibilities of the Chairman of the Board of Directors and the Chief Executive Officer are listed in "Management Structure" section on page 64-73.

Succession Plan

The Board of Directors has developed a succession plan for the Company's Chief Executive Officer and executives in order to maintain the confidence that the Company's business operations shall continue without interruption when these positions become vacant. The Board of Directors has authorized the Leadership Development and Compensation Committee to set up the succession plan which shall be reviewed, updated and reported to the Board of Directors annually.

At AIS, our Human Resources Department has formulated the succession plan and strategies in order to manage our diversified groups of talent. The succession plan has been incorporated into the Company's KPI Step Targets to ensure that succession plan has been implemented according to the Strategic Human Resources Management and Development Plan.

The Company's key priorities in 2017 involves four (4) main areas as follows:

Talent Identification and Assessment	Talent Management Process and Planning	Talent Development and Metrics	Talent Management Governance Structure.

The talent model is categorized based on their competency, personal grade as well as successor grade. Each of these buckets require expected roles such as leading for business impact, leading the function, leading managers, leading others and equipping self which leads to the focus areas for development.

Leadership competencies are being aligned with the Company's evolving business strategies. Internal talents and successors are being identified based on their performance and potential via "9 Boxes Talent Matrix" and assessed regularly across the organization based on their performance and achievements in their respective functions. Identified

talents are required to go through verification process which requires certain demonstrated qualities such as a sense of aspiration, engagement, mobility and agility. Individual talent must have the ability to learn from his/her experience and applies insights to perform well in new and challenging situation. Qualitatively, individual talent must possess four (4) main agilities such as mental agility, people agility, change agility and results agility which will be assessed by the Assessment Center.

These identified talents and successors will be placed in the corporate's "Talent Pool" and being reviewed by People Committee of each business unit via "People Quarterly Review" process. Currently, there are five hundred and thirty talents (530) being identified in the Talent Pool. Managers are encouraged to engage in discussion with individual talent by using the Individual Development Plan (IDP) to better understand and to give guidance to individual talent based on their specific goals and areas of skills and knowledge development. On-going discussion could help facilitate both manager and individual talent to develop their mutual understanding and work results.

In addition to the Talent Development and metrics, Human Resources Department, sponsored by AIS Academy, also designs tailored development programs which specifically aligned development program with each talent segment. In this regard, critical development opportunities are being prioritized based on the business needs and requirements and implement consistently with the outcome-based Talent Development metrics. Finally, the succession plan and talents are being reviewed on an annual basis. The review process also includes an assessment on talent readiness for a more challenging career path. The summarized report of succession plan is scheduled to be reported to the Board of Directors at the end of 2017.

Communication with Management

1. The Company Secretary shall act as the coordinator between directors and the management team provided that the secure Electronic Board Portal system has been utilized so as to provide security for data protection when circulating meeting material. The Board is eligible to study meeting agenda in advance as well as receive meeting appointment and solicit any advice on any matters (if any) etc.

2. The Internal Audit Office shall act as the coordinator between the Audit Committee and management team.

AIS shall not obstruct any communication between directors and management. The Company Secretary Office has provided the directors and management with the opportunity to join the meal and share ideas before/after the meeting. However, this access and communication shall neither interfere with nor interrupt the normal business operations or the authority.

Remuneration of Directors

The Leadership Development and Compensation Committee (LDCC) has been authorized by the Board of Directors to consider and review a policy and structure of director's remuneration. In 2017, the LDCC has considered remuneration policy by taking into consideration of directors' roles and responsibilities, remuneration payment by comparing to industry standards and companies of a similar size, the Company's performance and direction as well as individual performance of each director.

In addition, the remuneration shall propose to the AGM for approval. Shareholders may further study in "Management Structure" section on page 74-77.

Orientation and Training for Directors

In 2017, the Company appointed three (3) new directors. The newly-appointed directors have been provided with all necessary business information about the Company required to perform and exercise their fiduciary duties. In this regard, in organizing the director orientation, the management has been invited to present a summarized work of each business unit including in-depth information of the related business lines.

AIS also places a great emphasis on continuous development of and offering training to directors. In 2017, the training programs and activities are listed below:

Training Program/Activity	Objectives	Participants
Board Trip in China for learning innovation	To provide an opportunity for the board as well as strengthening relationship with key business partners aboard and to learn innovation and technology	Khun Kan Trakulhoon Khun Somprasong Boonachai Khun Surasak Vajasit Khun Jeann Low Ngiap Jong Khun Krairit Euchukanonchai Khun Prasan Chuaphanich Khun Somchai Lertsutiwong Khun Hui Weng Cheong Khun Gerardo C. Ablaza Jr.
Seminar on "Corporate Governance Code 2017 for listed Companies"	The Company has invited Mr. Rapee Sucharitkul, Secretary-General of the Securities and Exchange Commission (SEC), to join the Board of Directors' meeting and to exchange knowledge and experiences concerning the compliance issues pursuant to the Corporate Governance Code for Listed Companies 2017.	Khun Kan Trakulhoon Khun Somprasong Boonachai Khun Surasak Vajasit Khun Jeann Low Ngiap Jong Khun Allen Lew Yoong Keong Khun Krairit Euchukanonchai Khun Stephen Miller Khun Somchai Lertsutiwong Khun Hui Weng Cheong Khun Gerardo C. Ablaza Jr. Khun Prasan Chuaphanich

Board of directors' assessment

The Board of Directors shall evaluate their own performance as individual and as a group on an annual basis. The assessment form is developed from the Stock Exchange of Thailand's recommendation and is adjusted to suit the Board's duties and responsibilities in order to assess and improve the directors' own fiduciary duties and their compliance with corporate governance policy as well as to reflect any problems and obstacles that may take place during the year.

Assessment objectives

1. To help review and consider the performance, issues, and obstacles of the past year;
2. To help improve the effectiveness of the Board and to raise awareness of the scope of responsibility;
3. To help improve the relationship between the Board and management.

Criterion

The Company has developed Board Self-Assessment Forms comprising of two (2) categories as follow:

- **Category 1:** "Board Self-Assessment Form for the Board of Directors" To assess overall performance of the Board

- **Category 2:** "Board Self-Assessment for Board" To assess overall performance of the Committee

Further, each type of assessment form consists of two (2) key components as follows:

Component I : The evaluation is related to the following six (6) aspects of its operation :

- Board of Directors' structure and qualifications of the Board of Directors;
- The roles, duties and responsibilities of the Board of Directors;
- Board of Directors' meetings;
- The Board's performance;
- Relationships with management;
- Directors' self-development and executive development.

Component II: The opinions and suggestions provided by the Board of Directors so as to identify special issues in its performance or any aspects of the Company's operation.

Procedure

1. The Company secretary proposes the form to directors every year.

2. Then gather and report the result of assessment to the Chairman of Board of Directors and the Chairman of each subcommittee for consideration so as to study and jointly analyze result of assessment and to determine development direction for director's performance.

In 2017, the Board views that their performance evaluation of the year 2017 is in accordance with the Board's charter and good corporate governance principles.

Evaluation of the Chief Executive Officer's performance

The Leadership Development and Compensation Committee is responsible for setting CEO performance targets and evaluating performance against the annual targets in order to determine the CEO's compensation.

Section 2 Rights and equitable treatment of shareholders

AIS respects the shareholders' rights and treats to all shareholders equally, including the right to approve and receive dividend at the same rate per share, right to purchase, sell, and transfer of their own securities independently, do not intervene in market transactions, right to nominate, appoint and dismiss directors, right to appoint independent auditors and fix annual audit fee, right to express opinion in the shareholder's meeting independently, right to participate in deciding and approving concerning major corporate action which affect AIS's financial statement and operating result etc.

In addition, apart from aforementioned right, AIS also arranged various activities to support its shareholders. Key action are being summarized as follows:

1. Disclose important information related to operations, execution of transactions, quarterly and annual financial result through website of the Company and SET so as to facilitate shareholders to access the Company's performance data in a variety of channels and a timely manner.

2. Establish the investor relation department to be function as the center of communication between shareholders and the Company, to provide an opportunity for minor and institutional shareholders to raise questions and to recommend matters deemed as beneficial to the management as well as suggest useful information for investment decisions, participate in Opportunity Day organized by SET on the quarterly basis in order to meet with investors and to present the Company's performance result and engage road show to meet up with domestic and foreign institutional investors. Further details, please see "Relationship with Investors", page 96-99.

3. AIS strives to treat all shareholders equitably, transparently, and fairly. Therefore, the Company announced the "Securities Trading Policy for Directors, Executives and Employees" to prescribe rules and guidelines related to securities trading for directors, executives, and employees, and to prevent the use of inside information that has not been publicly disclosed for their own interest and/or related persons. In this regard, the policy encompasses the securities of AIS and Intouch Holdings PCL., a listed company and a major shareholder of AIS.

Further, the Company also identify persons, who are in the position or duty, that have access to or possess inside information (Designated Person). This group of persons is prohibited to trade, or accept transfer AIS and Intouch's securities during the thirty (30) days period prior to the disclosure of quarterly and annual financial statements including any other period occasionally announced by AIS. Directors, Executives (Black out period), and Designated Person are obliged to file report on their securities holding including those held by their spouse and minor children and any changes thereto with Compliance Department within three (3) working days as from the date of such changes.

General employees are also encouraged to do not buy or sell AIS's securities during the thirty (30) days period prior to the disclosure of quarterly and annual financial statements. The Company will announce such a period via intranet prior 7 days to the date of financial disclosure.

4. When entering into any transactions with related persons that might lead to conflicts of intertest, AIS shall comply with the Notification of Capital Market Supervisory Board regarding Rules on Connected Transactions as well as the Connected Transaction Policy set by the Board of Directors to prevent such conflicts of interest.

Annual general shareholders' meeting

》 Before the meeting date

1. The shareholders are entitled to propose items for inclusion on the meeting agenda and nominate qualified person(s) to be considered and appointed to be directors at the shareholders' meeting. For the 2018 annual general shareholders' meeting, this entitlement was from 1 October 2017 to 31 December 2017, the rules and procedures of which are posted on the websites of the Stock Exchange of Thailand and the Company. Nonetheless, the Company did not receive any proposed items for inclusion on the agenda nor any director nominations prior to the expiry of the said period.

2. AIS discloses AGM notices and other supporting documents which comprises of rationale for each agenda item, proxy A, B and C on its website at least thirty (30) days prior to the AGM meeting date in order to provide shareholders with sufficient time to study notices of the AGM and other supporting documents. Shareholders may submit any question to directors or company secretary office. In case that shareholders could not attend the meeting in person, they may also appoint an independent director or any person to be the proxy to participate the meeting on their behalf. AIS discloses such information through SET portal and its website. In addition, the hard copy of such notices of AGM and supporting documents shall be delivered to shareholders at least twenty one (21) days prior to the meeting date.

3. The Company prepares the notice of AGM and supporting documents both in Thai and English version. In this regard, shareholders could acknowledge and understand information thereto that will be presented to shareholders accurately and equally.

4. The Company has provided clarification relating to documents and evidence that shareholders shall bring to attend and vote at the Meeting including those for attaching to the proxy. The description was prepared in a manner there is easy to understand by classifying the participation into categories such as attending in person or by proxy, as well as individual or juristic person. In this regard, the requirement is applicable to the law for identifying shareholders and proxy but not to restrict the shareholders' right or to create unnecessary burden.

5. In 2017, two (2) independent directors served as proxies namely Khun Krairit Euchukanonchai and Khun Surasak Vajasit.

6. AIS adheres to a policy and practical guideline to facilitate institutional shareholders and custodian by sending in inquiry requesting the examination of the details of shareholding and submission of the proxy form in advance. In case institutional shareholders and custodian, who grant a proxy to the independent directors, the Company will send a copy of proxy form having a signature of independent director to the institutional shareholders and custodian after the meeting in order to use as evidence documents.

1. The Company started the meeting registration two (2) hours prior to the commencement of the Meeting due to large numbers of shareholders attending the meeting each year. The barcode system has been utilized to quickly and accurately facilitate the registration and vote counting. The registration counters were set up and segregated for minority shareholders and institutional shareholders due to the large number of institutional shareholders' documents. In addition, the Company assigned adequate staffs and other amenities to facilitate shareholders (i.e. copy machine, duty stamp, and signage for registration process). In this regard, based on the result of survey conducted on the satisfaction of shareholders with regard to the quality of the AGM meeting, it was found that the shareholders' satisfaction level is at highest level.

2. The Board had scheduled the AGM on March 30, 2017 which is not a holiday or a weekend and the meeting time was appropriate. The venue of AGM was at Centara Grand Central Plaza Ladprao which is convenient in terms of transportation and access and is appropriate to accommodate large numbers of shareholders.

3. The Chairman of the Board of Directors, the Audit Committee, the Nomination and Corporate Governance Committee and the Leadership Development and Compensation Committee including senior executives attended the meeting so as to address and clarify any queries or concerns of the shareholders.

4. The Chairman presided over the meeting in sequence in accordance with the meeting agenda stated in the meeting notice without adding any additional matters and allocated sufficient time for shareholders to make any queries on each item in the agenda. Prior to the onset of the meeting, a company representative explained the meeting procedure and voting method to the shareholders.

5. Company Secretary, the moderator, has notified to the shareholders, who participated in the meeting in person and or with proxies, the amount of participants, procedure of the meeting, casting votes and vote counting.

6. The Company issued voting cards for each item on the agenda. For the director appointment item, the voting related thereto was organized on an individual basis. Independent legal counsel was also engaged to examine vote counting process in order to ensure accuracy and reliability of vote counting process.

7. Participants were informed by the Chairman of the meeting regarding the voting results for each agenda item and there was no objection in relation thereto from shareholders.

1. The Company notifies the resolutions and voting results of the meeting to the Stock Exchange of Thailand promptly, including posting those resolutions on the Company's website.

2. The Company Secretary prepares the minutes of the meeting and posts them on the Company's website within fourteen (14) days after the meeting date. The minutes cover all material facts in compliance with the good corporate governance of the Stock Exchange of Thailand such as list of director and management who participated in the meeting, resolution of the meeting, issues, queries and recommendations of shareholders and clarification of director/management. The publications are posted on the Stock Exchange's website.

Communication with stakeholders

The stakeholders may provide any suggestions to the Board of Directors or report any illegal or unethical action through:

Department	Address
Company Secretary Office	Advanced Info Service Public Company Limited 414, 28th Floor, AIS 1 Tower, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok 10400 Tel: (66) 2029 5352 Fax: (66) 2029 5108 E-mail: companysecretary@ais.co.th

All suggestions, complaints or reports shall be forwarded to the related departments and all actions taken with respect to the abovementioned shall be reported to the management and the Board of Directors including notify the results to relevant stakeholders. In case of fraud and breaches against the Code of Business Ethics, the Company shall conduct the investigation of such misconduct or fraud in compliance with reporting and investigation of misconduct and or fraud and whistleblower protection policy.

For other matters apart from those aforementioned, AIS has established responsible units to deal with AIS and stakeholders such as the Community Relation Unit to receive and make a good relationship with communities and NGOs, the Business relation department to act on behalf of the Company in dealing with government agencies and voice as the Company in public hearing. Further details, please see page 312-313.

Roles & responsibilities to stakeholders

AIS is aware of the rights of every group of stakeholders, irrespective of whether they are customers, partners, communities, society, or the environment. As a result, the Company has established guidelines on how to treat for all stakeholders according to the law and the sustainable co-existence principle pursuant to the Company's sustainability development policy, Code of Business Ethics, management policy and other relevant policies of the Company. Additionally, the Company also designates appropriate guidelines, internal control systems and anti-bribery and corruption policy to prevent corruption in the organization, and assigns the Business Ethic Committee to operate measures or activities for creating the awareness of such matters among employees and partners of the Company. In this respect, the shareholders can study the guidelines from the sustainability development report 2017.

Section 3 Disclosure of information and transparency

1. The Company discloses the Company's financial and non-financial information, such as article of association, memorandum of association, risk management policy, financial statements, and analysis and performance report, in accordance with the relevant laws and regulations accurately, completely, punctually, and transparently to all shareholders and investors. As such, the investors can have confidence in the Company's reliability and integrity. In 2017, the Board reviewed the market disclosure policy applicable to changes in the regulatory landscape and assigned the management to implement such revised policy.

In disclosing information, AIS adheres strictly to three (3) principles as follows:

1.1 Compliance with all legal and regulatory requirement
1.2 Transparency and accountability
1.3 Fair and equitable access to information

2. The Company set up an Investor Relations Department to be responsible for communicating material information that may affect to investors' decision and analyst' view. Such disclosure shall accurate, adequate, on-time and consistence in compliance with the Market Disclosure Policy as well as Investor Relations' ethics. All inside information shall not disclose or disseminate to public until it has been disclosed to the Stock Exchange of Thailand. Further details, please see "Relationship with Investors", page 96-99.

3. The Company has specified a period of non-communication with analysts and investors (Silent periods) with respect to financial results. Executives and employees whose roles and responsibilities entitled them to access inside information are also not allowed to trade AIS and INTOUCH's securities during 30 days prior to financial disclosure. They also required to disclose the report on their securities holding in AIS and INTOUCH which included spouse, minor child and unmarried partners' information. In case of any changes, such report shall be submitted to Compliance Department within 3 days from the date of changing.

4. The Board stipulated the rules and procedures for reporting the declaration of directors and executives' interests since 2008 so as to provide AIS with necessary information in order to monitor interests and transactions that may cause conflict of interests of directors and executives. This policy encourages the Company's directors and executives to exercise their duties of care, integrity and honesty and to avoid any conflict of interests by disclosing their interests, including those of their related persons when entering into any transaction with the Company and its subsidiaries and abstain from expressing any comment and casting vote considering such transaction.

5. The Board of Directors and executives of AIS shall report their shareholding of the Company including those held by their minor child and spouse in the annual report.

6. When executing connected transaction, AIS abides to Notification of Capital Market Advisory Board, and discloses the information in accordance with SET's regulations and Thai Accounting Standards so as to execute such transaction accurately and transparently with the best interest for the Company as if the Company executes transaction with other third parties (Arm's length basis) and is in compliance with the good corporate governance principles. The Board of Directors has approved "Connected Transaction Policy" and assigned Compliance Department to be responsible for communicating, supervising and disclosing the information when executing transactions to the Stock Exchange of Thailand and in the annual report. Such details are demonstrated on page 290-298.

Section 4 Internal control and risk management systems

As the Board considers the internal control, audit and risk management systems crucial for protecting the shareholders' investment capital and the Company's assets, it has therefore set up relevant policies, measures and supervising departments, the details of which are listed in the "Internal control, Internal audit and Risk management" section on page 103-122.

Monitoring the business operations of subsidiaries and associated companies

The Board of Directors has monitoring each Subsidiary and Associated Company's business operations for the best interest of shareholders as follows:

1. Support the subsidiaries and associate companies to perform their duties in compliance with good corporate governance policy;

2. The Board of Directors selects the representative of the Company to be appointed as directors of the Subsidiaries and Associated Companies in order to monitor and control business performance in proportion to its shareholding percentage;

3. Monitor through representative directors, executives, and policies which were issued at the parent company level;

4. Consider any significant matter including strategic, business plan, capital increase/decrease, dissolution, and any other important policies;

5. Follow up the performance result through the Company's executives, Executive Committee, and the Board of Directors;

6. Monitor the Subsidiaries and Associated Company to operate business under the rules and regulation of competent authorities including connected transaction, asset acquisition and deposition, information disclosure, and accounting and financial statement report;

7. All transactions in any subsidiary, which may significantly affect the business operation or financial status of the Company, must be reviewed and approved by the Board of Directors of the parent company;

8. Being audited by the Company's Internal Audit Department to ensure that there is sufficient and effective internal control system;

9. In order to disclose the financial information and operating results of the subsidiaries, the Company has engaged auditors from the same auditing firm that provides auditing services for the Company to perform audits and disclose the financial and non-financial information of the Subsidiaries in the consolidated financial statements of the Company.

The information of positions held by directors and executives in the subsidiaries are shown in Appendix 2 (in form 56-1)

Section 5 Code of business ethics
Equitable treatment to stakeholders

AIS recognizes the rights and equality of all stakeholders then sets out our Corporate Governance Policy with establishing Right and Equitable Treatment of Shareholders, and the Role of Stakeholders according to the law and sustainability coexistence as follows:

Responsibility to shareholders

1. AIS strives to be a good representative of shareholders in carrying out the business in order to maximize shareholder satisfaction with regards to sustainable growth of the Company's value in the long run. Therefore, the Board of Directors, executives and employees are responsible for acknowledging and understanding the corporate governance principles, organization culture, and company policies so as to be able to formulate strategies and plans that will achieve the goals of the organization and the expectations provided by the shareholders.

2. AIS respects the rights of shareholders and realizes equitable treatment of shareholders. The Company has planned to embrace the relationship with, and to communicate to all group of shareholders in line with annual plan of investor relation. The Company also set out the market disclosure and security trading policy for directors, executives and employees so as to create transparency and fairness to all shareholders.

Responsibility to Customers

1. AIS strives to develop and maintain quality of products and services, including the reliability of network, safe and valuable use of mobile packages and devices with affordable price that can meet the customers' lifestyle.

2. Fair marketing communication shall be focused when communicate with customers.

3. All directors, executives and employees has placed important to protect customer data information and will not use illegally or without permission from customers. The only exception to this is information requested by law enforcement officers.

Responsibility to business partners and creditors

1. AIS promotes fair business operation and sustainable growth. This will neither cause any damage to the reputation of AIS nor its business partners. In 2017, AIS has announced the Supplier/Partners Code of Conduct which serves as a guideline to select partners by focusing on fairness and equality as well as prescribing guideline for business partner and dealers of AIS, such business partners shall not act in any manner which violates human rights and infringes on intellectual property, employing and employees of business partners shall comply with the law. Business partners shall be responsible to society and environment. Further, they shall not cause unsafe and leakage of customer data.

2. AIS adheres to the agreement and terms and conditions of the creditors without delay of settlement and interest which may cause penalty or loss of confidence among each other.

Responsibility to employees

1. AIS strives to enhance and promote a good culture, safe working environment as well as team work. AIS respects for individually and equitability of employees according to human rights principles.

2. Employees' recruitment, appointment and promotion is conducted in a fair manner based on ethical standard, employees' performance and the corporate policy.

3. Since 2016, AIS academy has been set up to take care of employees' development and training based om their competency and leadership skill in accordance with the Company's business directions and strategy. In 2017, the digital technology has been used to enhance learning method and efficiency as well as to facilitate AIS's staffs to easy access to the beneficial courses such as the development of Learn Di application that employees can access knowledges and seminar's material via mobile devices or tablets and Read Di application, the online library application.

4. AIS has placed an important on building a good occupational health and safety of employees by establishing the long-term wellness program, "AIS Wellness", to take a good care of employee's physical health, mind health and financial health. AIS also set up physical therapy room, fitness center, family and organization relationship building program, fire drill rehearsal as well as knowledge sharing via internal channels.

Responsibility to society and environment

1. The Board of Directors has specified the Environmental Management Policy and published in AIS's website that all stakeholders can access and study.

2. For society management, AIS set us as a group-wide strategy which focused on society as a whole and surrounding communities. The Community Relation Department and Engineering Department shall work together to reduce social impact from network expansion and to gain understanding from communities prior to operation. This effort resulted to the reduction of disputes between AIS and communities. AIS also supports all employees to submit their project that help improve well-being and quality of life of their hometown.

3. AIS strives to promote green products and services by using the strength of digital technology to design its products and services, including eco-efficiency network installation. In 2014, AIS started to collect data on carbon emission from all of our business operations in order to analyze and set up proper mitigation plan.

4. Almost 27 years of service, AIS strictly comply with environmental laws and regulations. This resulted in zero (0) disputes and fines.

5. AIS has policy to cooperated with ethical partners whose operation is eco-efficiency and will not breach any ethics of society. The procurement policy and selection process as well as suppliers' code of business ethics is prescribed. AIS also set up audit plan for partners.
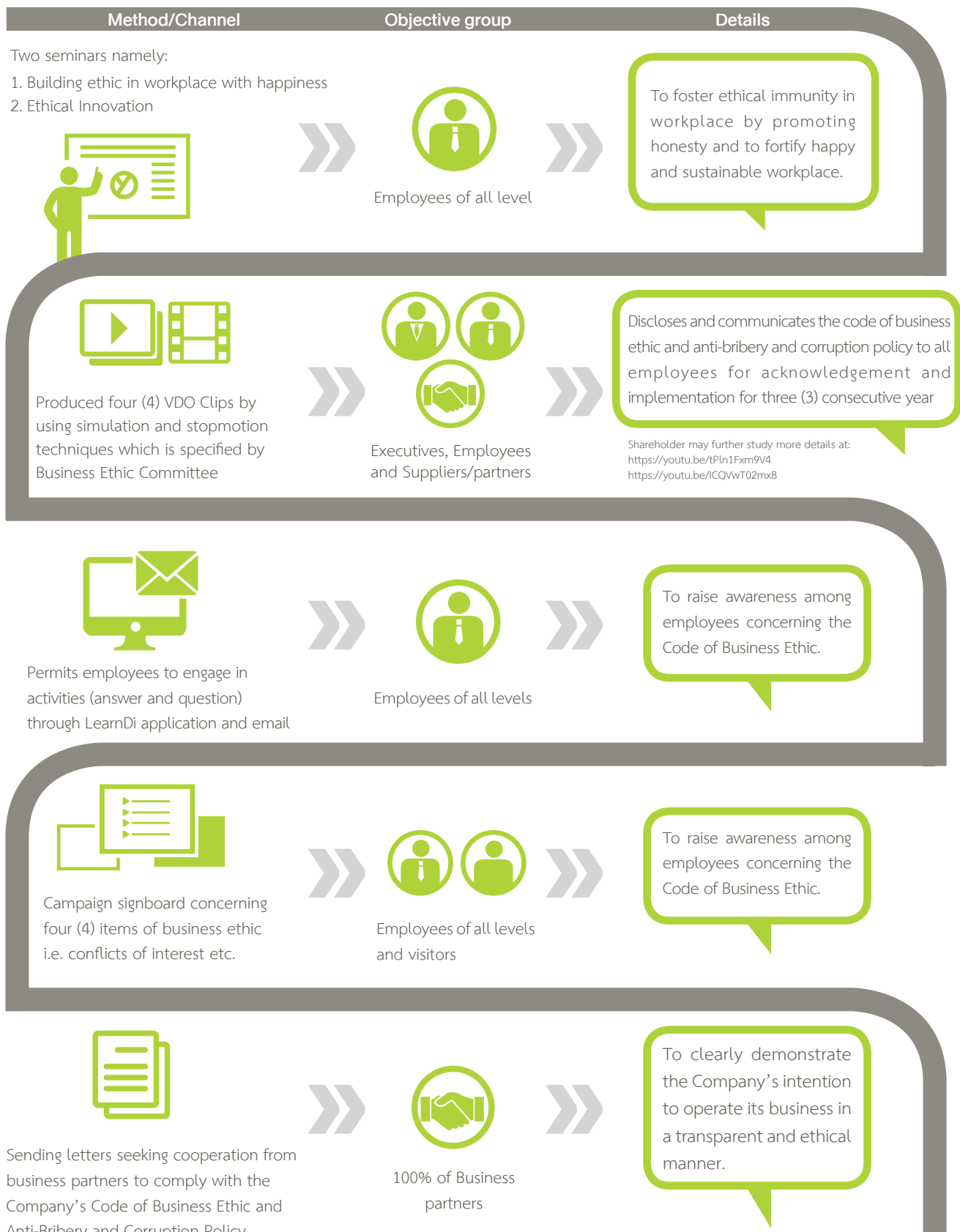
   Further details, please see page 148-151.

Conflicts of interests

The Company encourages directors, executives and employees to perform their duties and make decisions transparently, in accordance with law and adheres to morality and ethics. The Company has established guidelines for performing duties for which all employees are required to acknowledge and sign. Such guideline encompasses accepting money or other remuneration, receiving gifts and business entertainment, accepting invitation to seminars, business event, and company visits, giving gift, entertainment and gratuities, engaging in other business outside the Company, engaging in any transaction and outside directorships.

The Code of Business Ethics and Directorship in other companies

The Code of Business Ethics has been prescribed as part of the Corporate Governance Policy. It is a guideline and standard applicable to everyone in the organization. Since 2006, the Company set up the Business Ethics Committee and is chaired by Chief Executive Officer in order to oversee and govern the implementation of the Code of Business Ethics and compliance with the Corporate Governance Policy, as well as to raise awareness among directors, executives and employees who are required to perform their duties honestly, by taking into account the benefits of stakeholder and Company. In 2017, the Business Ethics Committee initiated several activities to promote compliance with the Code of Business Ethics as follows:

1. **Communicating on business ethics to employees and business partners**

   In 2017, the Company places a great emphasis on raising awareness concerning Anti-Bribery and Corruption Policy, respecting and protecting intellectual property of the Company and those of business partners, Online and Social Media Guideline and prohibition the use of inside information to trade AIS and Intouch's securities. The communication activities were conducted by way of

Method/Channel	Objective group	Details

Two seminars namely:
1. Building ethic in workplace with happiness
2. Ethical Innovation

Employees of all level

To foster ethical immunity in workplace by promoting honesty and to fortify happy and sustainable workplace.

Produced four (4) VDO Clips by using simulation and stopmotion techniques which is specified by Business Ethic Committee

Executives, Employees and Suppliers/partners

Discloses and communicates the code of business ethic and anti-bribery and corruption policy to all employees for acknowledgement and implementation for three (3) consecutive year

Shareholder may further study more details at:
https://youtu.be/tPln1Fxm9V4
https://youtu.be/ICQVwT02mx8

Permits employees to engage in activities (answer and question) through LearnDi application and email

Employees of all levels

To raise awareness among employees concerning the Code of Business Ethic.

Campaign signboard concerning four (4) items of business ethic i.e. conflicts of interest etc.

Employees of all levels and visitors

To raise awareness among employees concerning the Code of Business Ethic.

Sending letters seeking cooperation from business partners to comply with the Company's Code of Business Ethic and Anti-Bribery and Corruption Policy

100% of Business partners

To clearly demonstrate the Company's intention to operate its business in a transparent and ethical manner.

The Business Ethics Committee has specified the methodology to assess the employees and business partners' level of understanding of the Code of Business Ethics. In this regard, the committee has prepared and circulated an assessment test both internally and externally so as to assess the effectiveness of the campaign and the procedure deployed and to improve the campaigns in relation thereto in the future.

In 2017, the employees (including executives) have harmoniously cooperated to take the ethic test which is accounted for 99.88 percent of total employees. The average score is 87.16 percent of total scores which is close to the expectation 90 percent of the total scores.

Further, the Business Ethics Committee has set up a channel so as to address and clarify any queries concerning the business ethics of the Company. The employees can contact the committee by e-mail at ethicclinic@ais.co.th

2. Investigation and punishment

Enforcing the Code of Business Ethics is very important; good governance practices are an essential part of the successful running of the business. The Committee has established appropriate punishment for offenders and ensured protection of the identity of any person reporting an act of unethical conduct. In 2017, there are 2 breached situations/circumstances against code of business ethics, detail is shown below:

Case	Unethical conduct	Company action
1	Employees had conflict of interests to be the Company's contractor without notified to the Company. In some case, such employee involved in the procurement process.	After investigation by the Business Ethics Committee, Internal Auditor, Legal and Human Resources Management, disciplinary punishment was imposed in accordance with the Company's regulations.
2	Employees received gifts from suppliers or partners which is not in compliance with business ethics.	After investigation by the Business Ethics Committee, Internal Auditor, Legal and Human Resources Management, disciplinary punishment was imposed in accordance with the Company's regulations.

Related policy to support a good governance

Anti-Bribery and corruption policy

The Company intends to operate its business with a sense of honesty, transparency and is in accordance with good corporate governance principles. The Company is also against any types of giving, bribing and corruption by recognizing that giving or bribing and corruption is a serious threat that destroys free and fair competition including causes damages to the economic and social development. In this regard, the Board of Directors recognizes the importance and consideration of Anti-bribery and Corruption Policy in order to use as the guideline for performing duties of directors, executives and employees and to comply with the rules and guidelines as well as to prevent the company and directors, executives, employees and other stakeholders from violating the law concerning anti-bribery and corruption. The policy can be found at http://www.ais.co.th/sustainability/en/ais-business-code-of-ethics-cg.html

On December 16, 2013, AIS signed a Declaration of Intent to join the Thai's Private Sector Collective Action Against Corruption (CAC) program in order to demonstrate its anti-corruption intention and not to accept any types of fraud that arise from business operation. On January 22, 2016, the company received a formal letter confirming membership of the Thailand's Private Sector Collective Action Against Corruption (CAC).

The Board of Directors has considered and approved the Anti-Bribery and Corruption Policy of AIS and AIS Group of Company and made corporate wide announcement including specified that such policy shall be part of the Code of Business Ethics and is used as a guideline for the supervision of the Company and the AIS Group of Company in order for the AIS Group of Company to have similar standard and management approach.

Anti-Bribery and Corruption Policy requires AIS and AIS Group of Company's personnel not to undertake or engage in any form of corruption either directly or indirectly provided that AIS and AIS Group of Company's personnel shall strictly comply with the Anti-Bribery and Corruption guidelines which encompasses several operations such as charitable donation and sponsorship, human resource management, etc.

In addition, AIS has communicated its Anti-Bribery and Corruption Policy to 100% of AIS's subsidiaries, joint venture and other controlling companies, business partners and stakeholders including the public via various communication channels such as e-mail, website, social intranet, exhibitions or inclusion in the Board' meeting agenda, etc., in this regard, in order to ensure that all stakeholders acknowledged and comply with the guidelines as specified by the Company.

Furthermore, AIS has continuously communicated and offering training to its personnel in order to offer knowledge and to gain an understanding related to Anti-corruption measures, Company's expectations and penalties for failing to comply with such measures such as offering training related to Anti-Bribery and Corruption to new employees as part of the orientation program, organizing training related to Code of Business Ethics via Information technology (LearnDi) as well as initiate an assessment related to business partners, executives, employees' level of understanding concerning the Code of Business Ethics and Anti-Bribery and Corruption. In the year 2017, Company Secretary organized a workshop with top 13 executives (UC-Levels) to jointly discuss issues related to anti-bribery and corruption by dividing into different business units including assess any risks while develop anti-corruption measures and encourage all business units to implement in order to minimize the risk that may arise.

AIS has made an announcement related to the implementation of "No Gift Guideline" during New Year including amended and promulgated Anti-Bribery and Corruption policy, Guideline related to Accepting Gifts of Executives and Employees in order to inform business partners and other stakeholders, who are involved in the business, and to promote a good standard among employees at all levels to implement provided that the Company expects employees at all level shall perform his/her duties without illicit compensation. This will reinforce the Company's compliance with the good corporate governance principles.

To establish requirements and guidelines related to complaints and fraudulent clues. (Whistleblowing) to be more appropriate and is in the same direction throughout the organization. The measures to protect and to treat complainants fairly has been put in place provided that Whistleblowing shall be used as a tool as an advance warning signal and as a channel to counter frauds because it permits the Company to solve the problem promptly before the problem is enlarged and may cause serious impact to the image and financial status of the organization thereafter.

Market disclosure policy

AIS, a Thai publicly listed company, has consistently made the material information disclosure in accordance with the laws. The board of directors reviewed and approved the Market Disclosure Policy in order to ensure the compliance with the present rules and regulations as well as current situation. The objective of the policy is to ensure the compliance with any market disclosure policy which is based on transparency, ethics and equality of investors. This will help AIS to meet expectation of investors on disclosure information, while investors can accurately analyze the assets of the Company. The significant information of the policy is characteristics, process, and practice which specifies as follows:

(A) Characteristics of Material Information
(B) Disclosure Procedure
(C) Spokesperson's Responsibilities
(D) Communication with Investors, Analyst

Connected transaction policy

The Board of Directors recognizes the essence of corporate governance on business transactions between the company or its subsidiaries and its connected persons for transparency and free from conflict of interest as stated in the company's corporate governance policy and other relevant notifications. Nevertheless, the internal control mechanism relating thereto shall be reviewed and revised from time to time so that it shall be up-to-date for the current business operation and comply with the existing rules and regulations governing the company's business operation. In this regard, the Board of Directors approved and announced the new Connected Transaction Policy on 17 March 2017 which has the material terms as follows:

• Business transactions between the company or its subsidiaries and its connected persons shall be transparent, reasonable and for the ultimate benefit of the company similar to those transacted with external parties under arm's length basis.

• Business transactions between the company or its subsidiaries and its connected persons that are considered normal business transactions or supporting normal business activities under arm's length basis can be approved by the management according to the power authorization of the company. In an event that it is unclear whether or not a business transaction is under arm's length basis, the audit committee shall review and provide the consent before executing business transactions between the company or its subsidiaries and its connected persons or other business transactions which may have conflict of interest concern.

- In other cases, the Board of Directors shall have the authorities to approve and/or provide the consent to any business transaction between the company or its subsidiaries and its connected persons. In this regard, the Board of Directors has assigned the audit committee to review and consent the transaction before proposing to the Board Meeting or the shareholders' meeting for approval (as the case maybe).

- Board of Directors and the executives who are interested parties or have conflict of interest concern shall not participate in the consideration and approval process nor vote in any agenda relating thereto.

Securities trading policy for directors, executives and employees

In 2017 the Board of Directors has considered and approved the Securities Trading Policy for directors, executives and employees with the objective of maintaining the sense of confidence among shareholders and investors who invest in the Company and Intouch Holdings Plc's securities. (INTUCH is the Company's major shareholder.) The essential part of this policy is to prohibit the Company's personnels from using inside information to gain the benefit of trading AIS and INTUCH securities, whether directly or indirectly. This is in line with the Securities and Exchange Act (as amended) including other related announcements.

The requirements and guidelines has encompassed several groups of people such as directors, executives, and employees. Furthermore, the requirements also spelled out special duties for designated persons namely directors, executives and employees, whose roles and responsibilities entitled them to assess the insider information that they shall disclose to Compliance Department any securities holding in AIS and INTOUCH HOLDINGS PUBLIC COMPANY LIMITED. This also includes filing a report for any changes in securities holding for the benefit of good corporate governance and transparency. In addition, the designated persons are prohibited from trading securities for a period of thirty (30) days prior to the date of disclosure of the quarterly and annual financial statements (Blackout Period).

Online and social media guideline

Technological development has changed the way people communicate. As such, the Business Ethics Committee has endorsed the appropriate guideline – which is in compliance with applicable laws – with the purpose of guiding Company's employees when using the Internet and social media. The essence of the guideline is to recognize the impacts that may arise as a result of using the Internet and social media inappropriately, especially when the employees use the Internet and social media with lack of care. This also includes avoiding any violation related to the computer law, for instance, employees shall use the Internet and social media in compliance the intellectual property might not belongs to Company, etc.

Audit fee and non–audit fee

- In 2017, the Company had the audit fee and quarterly review fee of total Baht 2.56 million and the audit fee and quarterly review fee of its subsidiaries was Baht 6.42 million.

- The Company had a non-audit fee of total Baht 0.22 million.

Relationship with Investors

The Investor Relations (IR) unit of AIS is the channel through which the Company discloses important and useful information for investors to support their investment decision and for security analysts to analyze the company. The Investor Relations unit operates under the supervision of the Chief Finance Officer. It is the aim of Investor Relations to build trust and understanding of the Company's direction, strategies and operations to reflect the Company's fair value. Committed to transparency, fairness, and trustworthiness, Investor Relations adheres to the disclosure policy and IR code of conduct, the key points of which are as follows.

Disclosure Policy & IR Code of Conduct

Transparent and fair disclosure

1. Disclosure of information shall be in compliance with applicable legal and regulatory requirements.
2. Disclosure of information shall be accurate, adequate, timely and consistent, regardless of whether it has a positive or negative impact on the Company, the investors or the market.
3. Disclosure of information shall ensure fair and equitable access by all investors. Selective disclosure of such information to specific individuals or groups is prohibited.

Protection of Use of Inside Information

1. The Company must not publicly disclose material price sensitive information until it has notified publicly through the Stock Exchange of Thailand (SET).
2. The Company observes a 30-day silent period prior to its planned earnings release to the SET. During the silent period, the Company refrains from arranging meetings, commenting on or answering questions regarding business performance.
3. The Company's designated persons, including the executives and the employees whose position might have access to insider information, must refrain from trading the Company's securities for a 30-day period prior to the disclosure or publication of the quarterly or annual financial statements.
4. The Company's designated persons are required to report the Company's securities holding, including the holding of their spouse, minors, and unmarried partners. Once there is any changes to the holding, subsequent report shall be submitted within 3 days.

To provide consistent and sufficient information to investors, the Company discloses information on a quarterly and full-year basis, which can be found in both the Thai and English languages with the following details.

Quarterly Information	Full–year Information
Quarterly financial statements	Full-year financial statements
Quarterly operational information and Management Discussion and Analysis (MD&A)	Full-year operational information and Management Discussion and Analysis (MD&A)
Significant events that affect the Company's financial status	Business strategy and direction including financial guidance
Quarterly investor newsletter	Annual report and sustainability report
Quarterly financial and operation result press release	

Also, to provide investors with clear messages in a timely and convenient manner, we disclose information to shareholders and investors through a variety of channels in addition to the conventional means of distributing updates through the SET. However, all information must first be disclosed through the SET prior to being distributed via additional channels. We organize and manage the following information disclosure channels to communicate with investors and security analysts.

Channels for Disclosing Information	Type of Information Disclosed
Investor relations' email: investor@ais.co.th	To disseminate information regarding quarterly and full-year financial and operational performance after disclosure to the SET, as well as announcement and invitation of IR activities. Recipients are investors and analysts who have subscribed to the mailing list.
Company visit and conference call	To provide an opportunity for both local and foreign investors to discuss the Company's operation and business direction with the Company's top executives.
Roadshow	To provide an opportunity for both local and foreign investors to discuss the Company's operation and business direction with the Company's top executives via both local and overseas roadshows.
Website: http://investor.ais.co.th	To disclose relevant financial and non-financial information related to company's performance and direction such as historical information, financial statements, annual reports, form 56-1, Telecom background packages, news disclosed to the SET, investor calendar, AGM agenda, stock information, dividend policy, organization structure, and corporate governance policy.

Channels for Disclosing Information	Type of Information Disclosed
Investor newsletter	To disseminate the latest quarterly performance summary and business development including new products and services.
Other channels such as printed materials, television, seminars	To disclose general operational information and business update through media disclosure.

In 2017, Investor Relations team strongly realized the importance of having company's strategies and essential information carefully communicated to investors as the situation in the industry swiftly developed. The Company implemented a multi-faceted plan of providing closer communication with different investor groups by starting to visit brokerage firms to meet retail investors once a quarter, replying to investors' questions on investment websites, and meeting a better mix of foreign investors such as funds with medium-sized assets under management, etc. In addition, all activities held by the department were well supported by the company's management, such as the CEO, CFO, and other top executives. Management regularly dedicate their time to participate in the activities in order to convey the Company's strategy and direction and to meet with both local and foreign investors. A summary of activities held during the year is provided below.

Activities Related to Quarterly Results Announcements

Activity	2017	Objective	Attendees	Executives
Results Conference Call	Quarterly (4 times)	Quarterly results announcement and Q&A	Local and foreign analysts and institutional investors	Chief Executive Officer / Chief Operating Officer / Chief Finance Officer
Analyst Briefing	Semi-annually and annually (2 times)	Presentation of the Company's semi-annual and annual performance, strategy, and Q&A	Analysts and local institutional investors	Chief Executive Officer / Chief Finance Officer / other members of management team
Opportunity Day by SET / Brokerage Firm Visit	Quarterly (12 times)	Quarterly results announcement and Q&A	Retail investors, investment consultants and analysts	Investor Relations Team

Investor Activities

Activity	2017	Objective	Attendees	Executives
Road Show/ Conference (domestic and international)	20 times	Communicate business direction, performance and strategy	Local and foreign institutional investors	Chief Executive Officer / Chief Finance Officer
Company Visit and Conference Call	80 times	Provide access to management for discussing the Company's performance, direction, and strategy	Local and foreign analysts and institutional investors	Chief Executive Officer / Chief Finance Officer

In addition, we collect investor feedback on a regular basis, and continue to improve the effectiveness of the roles of Investor Relations. In the past 6 years, the Investor Relations unit of AIS has consistently received recognition for its diligent and transparent working through a variety of awards such as the SET Award by the Stock Exchange of Thailand and the "Best in sector: Communication" award at the IR Magazine Awards – South East Asia.

The AIS Investor Relations team provides shareholders and investors with a direct point of contact by telephone at: +662 029 3112, +662 029 5014; or by email at: investor@ais.co.th

Audit Committee Report

To the Shareholders of Advanced Info Service Public Company Limited

The Audit Committee of Advanced Info Service Public Company Limited is composed of three independent directors with combined skills and expertise in finance, accounting, laws, and business administration. All members possess adequate qualifications as required by the Audit Committee Charter and the regulations of the Securities and Exchange Commission, Thailand (SEC) and the Stock Exchange of Thailand (SET). Its members include:

1. Mr. Krairit Euchukanonchai   Chairman of the Audit Committee

2. Mr. Surasak Vajasit   Member of the Audit Committee

3. Mr. Prasan Chuaphanich[1]   Member of the Audit Committee

The Audit Committee held twelve meetings in 2017. All members of the Audit Committee attended every meeting. Mrs. Suvimon Kulalert, the Company's Chief Audit Executive, acts as secretary of the Audit Committee. The summary of meeting attendance of the members in 2017 is shown in "Management Structure".

The Audit Committee performs duties independently and with objectivity according to the Audit Committee Charter and the regulations of the SET, and performs reviewing in accordance with current situations as approved by the Company's Board of Directors every year. The Audit Committee performs its responsibilities in auditing and reviewing to assure the good corporate governance, the accurate and reliable financial reports, and the adequate internal control; and assures that the Management executes its duties with integrity, accountability, and in accordance with the Company's policies for the interests of its shareholders and all stakeholders. The Audit Committee's operations in the year 2017 are summarized below:

1. **Financial Report:** The Audit Committee reviewed the accuracy, completeness and reliability of the quarterly and annual separate and consolidated financial statements of the Company and its subsidiaries for 2017, conducted in accordance with Thai Financial Reporting Standards and the International Financial Reporting Standards. The Audit Committee discussed significant issues, important accounting policies, estimates, and judgments applied in the preparation of these financial statements with the external auditor. The Audit Committee also discussed the disclosure in the notes to the financial statements with discretion to assure that the preparation of these financial statements and the disclosure in the notes to the financial statements are reliable, transparent, and in accordance with Thai Accounting Standards and the Financial Reporting Standards.

In addition, The Audit Committee held a private meeting with the external auditor without the Management's participation for an independent discussion on important issues concerning independence in operations, significant information in the preparation of financial statements, and recommendations for the internal control over financial reporting. For the year 2017, the external auditor did not have any significant remark.

The Audit Committee concluded that the Company's accounting and financial reports were prepared in accordance with the appropriate internal control system. The external auditor performed auditing duties independently, regardless of any audit limit scope. This assures that the financial reports reflect actual the Company's financial status and operation performance accurately including adequately disclosure according to Thai Accounting Standards and the Financial Reporting Standards.

2. **Connected Transactions or Any Transactions that Potentially Conflicted with the Company's Interests:** The Audit Committee reviewed, oversaw, and provided opinions concerning the connected transactions or any transactions that potentially conflicted with the Company's interests quarterly based on reasonability, transparency, adequate disclosure, business normality and the interest of the Company.

The Audit Committee concluded that the Management conducted these transactions in the interest of the

Company and at arm's length basis, with general business trading conditions and reasonable prices, which were compared with the general market price in a similar industry. During the year 2017, the Audit Committee reviewed significant issues concerning tender offer of CS Loxinfo Public Company Limited's securities which was the acquisition of assets and the connected transaction of the listed company. Such transaction was transparent and reasonable; aligned with fair pricing under the standard valuation methods conducted by the independent financial advisors; and conducted for the interest of the Company and the Shareholders. The disclosure had been submitted to the SET accurately and timely.

3. **Legality:** The Audit Committee reviewed the Company's compliance with the Securities and Exchange Act, the regulations and requirements of the SEC, SET, National Broadcasting and Telecommunications Commission (NBTC), and other relevant laws related to the Company's business operations as well as business commitments with third party agreements.

   The Audit Committee concluded that the Company fully complied with the aforementioned regulatory requirements in all material respects. The Audit Committee and the external auditor assured that all relevant issues under dispute, which the Management believes that such issues shall turn out to be in the Company's favor, were disclosed in the notes to the financial statements adequately.

4. **Internal Control System and Internal Audit:** The Audit Committee reviewed the effectiveness and adequacy of the internal control system from the annual internal audit report in 2017. The Audit Committee consistently considered and monitored results pertaining to the recommendations in the internal audit and external audit reports to acknowledge root causes and provide guidelines for the management to prevent future potential loss. The Audit Committee monitored and reviewed the results to ascertain that the Management performs duties in accordance with the recommended internal control system guidelines to prevent from recurrence.

   The Audit Committee approved the annual internal audit plan for the year 2018, conducted in accordance with the

Company's strategies and risk-based principles, emphasizing the effectiveness of the preventive key control function. The preventive control of fraud and the control self-assessment of the Management will also be conducted and reviewed, together with determination of operation scope, responsibilities, adequate number of personnel, competence of personnel, and the digital automation audit development used in analyzing big data as an audit tool to speed up the operation and meet with the International Standards.

The Audit Committee encouraged Internal Audit Office to enhance an advisory role to be Trusted Advisor. For example, Self-Business Assurance will be consistently conducted to create a better understanding of the internal control principle according to the Three Lines of Defense. The Management will be tasked with the role of the second line of defense to enhance the internal control effectiveness and mitigate risks to the acceptable level in a timely manner.

The Audit Committee also oversaw the Internal Audit Office and independently held a formal exclusive meeting with the Chief Audit Executive to ensure that all assurance and advisory activities concerning the internal control systems, risk management systems, and corporate governance systems were performed effectively and efficiently, and achieved objectives by comparing with the efficiency indicators. The Audit Committee also evaluated the performance of the Chief Audit Executive and acknowledged the External Quality Assessment Review for the year 2016. The assessment was completed in Q1/2017 and showed that the Company's Internal Audit Office performed duties in conformance with the International Internal Auditing Standards and quality standard according to benchmarking with global companies.

The Audit Committee concluded that the Company's internal audit processes had been operating appropriately, effectively, and independently, in conformity with the Company's goals and key risk areas. The Internal Audit Office had achieved its performance targets.

5. **Review of Risk Management:** The Audit Committee reviewed the Company's risk management in four meetings with participation of representatives from the Risk Management Committee in 2017. The Audit Committee concluded that the Company has the appropriate risk management system facilitating the efficient and effective business operations. The Audit Committee also suggested that new potential risks including significant changes concerning the Company and the telecommunication industry should be identified in order that the Company can manage risks in the world of Disruptive Technologies in a timely manner.
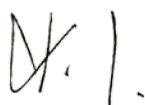
6. **Review of Fraud Investigation:** The Audit Committee reviewed and oversaw the Company's adherence with Reporting and Investigation of Misconduct and Fraud and Whistleblower Protection Policy. Twelve meetings with the Company's Investigation Committee and Internal Audit Office were conducted in 2017 to review complaints and investigation results according to the Company's process, including the efficiency of the Whistleblower Systems.

The Audit Committee concluded that the complaints were managed by appropriate actions and fair treatments, and in compliance with the Company's Corporate Governance Policy and Fraud Risk Policy. In 2017, the Company was notified by external parties and employees (via the Whistleblower Systems) of 19 cases. Some cases were recorded as related to non-compliance with the Company's Code of Business Ethics and non-compliance with the Company's regulations, but with no material value loss. Complaints submitted were taken into consideration for the future preventive measures.

7. **Nomination and Appointment of the External Auditor and the Annual Audit Fee:** The Audit Committee took into consideration the nomination and appointment of the external auditor and the annual audit fee for 2018 based on the assessment of qualification, competency, experience in auditing, independence in auditing according to the Code of Ethics for Professional Accountants and requirements of the SEC, auditing quality in the past year, and the audit fee. After careful consideration, the Audit Committee therefore proposed to the Board of Directors to seek approval to appoint the external auditor from Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. as the external auditor for the year 2018 at the Shareholder Meeting.

8. **Performance Assessment:** The Audit Committee's self-performance assessment was conducted annually, as an individual and group assessment, according to the SET guidelines. The result showed that the Audit Committee had performed its duties and responsibilities, according to the Audit Committee Charter, with a commitment to accuracy, discretion, transparency, and independence. The Audit Committee had full access to all pertinent information from management, employees and associated parties. The Audit Committee had given beneficial and practical comments and recommendations benefiting all stakeholders.

In summary, the Audit Committee concluded that the Board of Directors, Management, and Executive Directors had performed their duties with integrity and diligence in pursuit of the Company's goals, and that the Company demonstrated commitment to effective and transparent Corporate Governance which included appropriate risk management and internal control system.

Mr. Krairit Euchukanonchai	Mr. Surasak Vajasit	Mr. Prasan Chuaphanich
Chairman of the Audit Committee	Audit Committee Member	Audit Committee Member

[1] Mr. Prasan Chuaphanich was appointed by the Board of Directors on 30 March 2017.
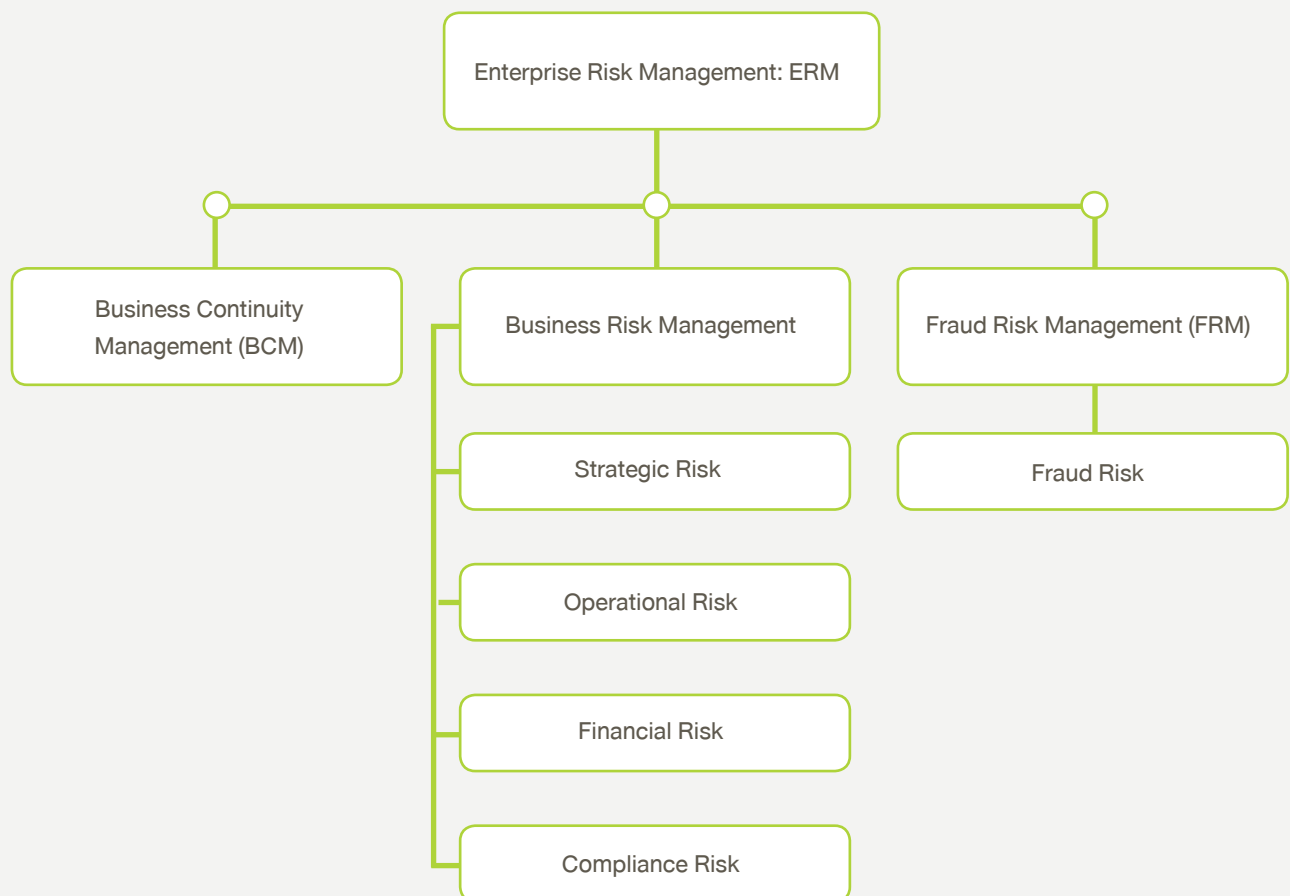
Risk Management, Internal Control, and Internal Audit

Risk Management

1. Enterprise risk management

Risk management is an important process will help AIS achieves the objectives and goals of the company. Including it can also respond the expectations of various stakeholders appropriately. AIS has established an Enterprise Risk Management Policy and Framework which applicable to corporate level and operational level in order to manage and maintain risks at an acceptable level (Risk appetite). The Enterprise Risk Management framework of AIS is consists of the following components,

```
Enterprise Risk Management: ERM
├── Business Continuity Management (BCM)
├── Business Risk Management
│   ├── Strategic Risk
│   ├── Operational Risk
│   ├── Financial Risk
│   └── Compliance Risk
└── Fraud Risk Management (FRM)
    └── Fraud Risk
```

AIS Enterprise Risk Management Framework & Processes

The AIS Enterprise Risk Management framework and process are aligned with the integrated framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and applied to business risk management and fraud risk management. The 6 steps in the risk management process are

1. Set objectives at both corporate and functional level which are aligned with AIS's corporate strategy and are within its risk appetite levels as approved by the Board of Directors and reviewed annually.

2. Identify the events that could have a negative impact (risks) on AIS's ability to achieve its goals and its targets from both internal factors, for example, operational processes and human resources, and external factors, for example, customers, the economy, politics, and regulations.

3. Assess the identified risks by considering the likelihood of the risk occurring and the potential impact if the risk occurred; in addition, the correlation between the impact of any risk and how it could affect another risk must also be assessed.

4. Plan risk response measures with consideration given to the level of risk involved and the corresponding cost and benefit.

5. Establish control activities to help ensure that the desired risk responses are implemented as intended and are carried out effectively.

6. Monitor and report the status of the risks and the effectiveness of the risk management processes. The report shall be made and informed to the Audit Committee, the Executive Committee, and the Board of Directors on regular basis.

Roles and Responsibilities of AIS Risk Management
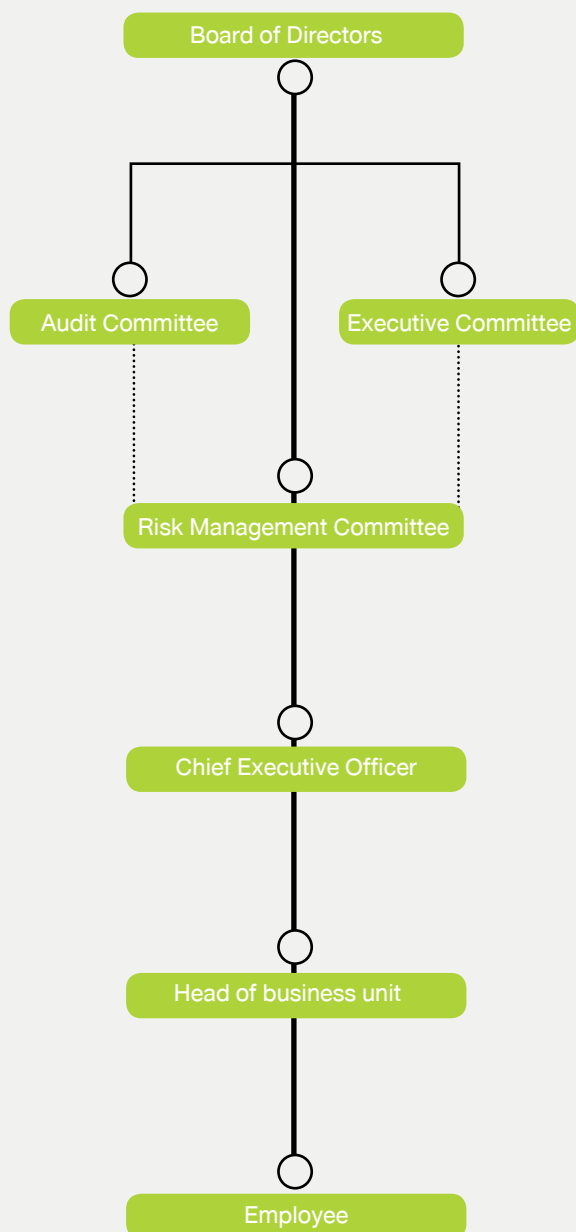
Board of Directors
- Establish the Enterprise Risk Management Policy.
- Oversee and ensure that risk management will be performed properly.
- Assign the responsible to Risk Management Committee.

Audit Committee / Executive Committee

Audit Committee
- Review the suitability and effectiveness of risk management system.

Executive Committee
- Oversee and monitor the status of company's key risks.

Risk Management Committee
- Define the enterprise risk management framework.
- Assign the responsible for managing the risk properly.
- Monitor the risk management result in accordance with risk appetite level.

Chief Executive Officer
- Accept the policy and risk management framework for apply within entire organization.
- Monitor the risk management result to achieve targets.
- Build risk awareness culture for all levels of employee.

Head of business unit
- Define the risk management strategy under their business unit.
- Responsible to identify, assess and manage risks under their business unit.
- Build risk awareness culture for under their business unit.

Employee
- Learn and aware of the important of risk management.
- Implement the risk management policy and framework for apply in their daily operations.

The Risk Management Committee consist of Chairman of Executive Committee as the Chairman and head of business units. The Risk Management Committee held quarterly meetings in order to identify and assess both new risk levels and correlation with other identified risks as well as to review and follow up on the accomplishments of its risk management strategy. This was achieved by comparing the management action plans against the reliable measured results of the plans. At each meeting, the responsible management representative reported the results of the risk management approach identified in the previous meeting to the Risk Management Committee.

In 2017, AIS set up meetings chaired by the CEO in order to report on all functional risk management, to acknowledge all functional risk issues and risk management as well as to ensure the effectiveness and productivity of the risk management system of all levels and determine whether the risk level has been successfully mitigated within the acceptable risk appetite of AIS.

The Risk Management Committee submits its report on risk management to the Audit Committee, the Executive Committee, and the Board of Directors on a quarterly basis for close monitoring to ensure that its risk appetite is acceptable and that is able to accomplish its goals and objectives.

2. Fraud risk management

AIS announced the Fraud Risk Management policy with a view to preventing, investigating, reporting and managing fraud matters. This policy has established the practical guideline in relation thereto in three (3) areas namely:

1. Prevention – to proactively identifying, assessing, reviewing and responding to all possible frauds in the organization and communicate them to the employees in all levels for building awareness and the importance of reporting fraud, corruption and misconducts.
2. Detection – to check or investigate any misconduct or fraud or case where there is a reasonable suspicion of such activity.
3. Response – to perform investigation processes and through it to punishment process.

AIS anticipates that directors, executives and employees are aware of the essence of fraud risk and shall notify the Company of any action possibly leading to fraud immediately as well as cooperate fully in any investigation relating thereto. In this regard, the Company has appointed Fraud Risk Management Committee (FRMC) to oversee the policy and fraud risk management process. Also to support other functions to develop fraud risk management including self-manage and systematically control risk.

3. Building an organizational culture in risk management

In addition to the determination of Risk Management framework and roles and responsibilities of all level employees, AIS has also promote and cultivate Risk Management culture for build an awareness and understanding about the Risks conformed to achieving the organization's objectives and goals. AIS performed to create an organizational culture in Risk Management as following:
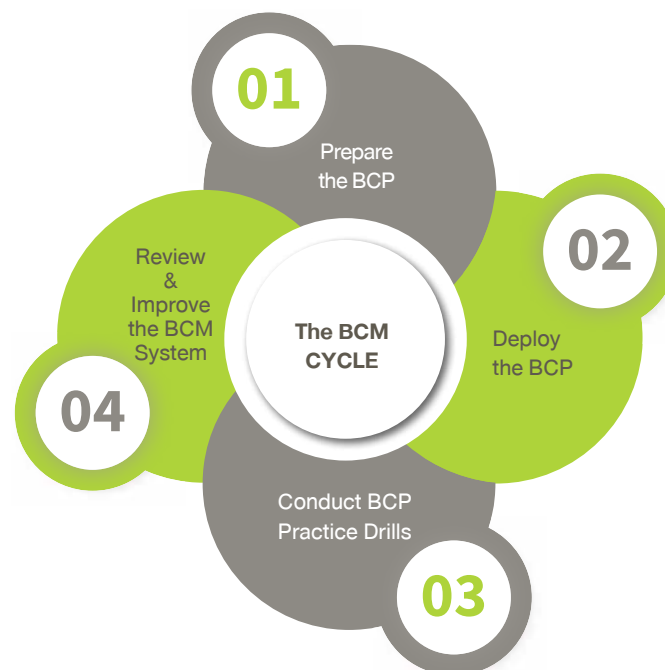
- Establish the Risk Management policy, manual and procedures, publish on social intranet for employees can read and understand.
- Develop the Risk Management plans in both corporate level and functional level covers efficiency internal control process and internal audit.
- Communicate through the semi-annual performance review event to ensure that employees at all levels have same understanding and acknowledge the direction and obstacles/challenges of the company's business operations in short-term and long-term.
- Provide knowledge of Risk Management principle to employees via presentation documents and publish on social intranet.

4. Business continuity management

AIs has set in place a business continuity management system in accordance with international standards. The objective is to continue operations in the event of natural disasters or any other situations that are beyond the Company's control and which have the potential for causing an interruption to the core operating system and a loss of company property and personnel at both central and regional levels, including AIS group and subsidiary companies.

To support this system, the Company has established the Business Continuity Management policy and manual, also appointed the Business Continuity Management Committee, comprised of top executives from each business unit and chaired by the Chief Executive Officer, to oversee the effectiveness and sustainability of the Company's business continuity management.

The business continuity management (BCM) process comprises 4 main steps.

01 Prepare the BCP

02 Deploy the BCP

03 Conduct BCP Practice Drills

04 Review & Improve the BCM System

The BCM CYCLE

01 Prepare business continuity plan
Prepare a business continuity plan to cope in the event of a disaster in accordance with the objectives of the business continuity management of the core business processes. This will be based on consideration of both business impact analysis and risk assessment to determine the critical business process of each unit, as well as to define the period of time after which outages of the business process become unacceptable.

02 Deploy business continuity plan
Distribute and communicate the approved business continuity plan to all related parties and ensure its understanding. This also includes the preparation of the resources, both internal and external, that are necessary and sufficient to implement the business continuity plan.

03 Conduct business continuity plan practice drills
Arrange to conduct business continuity plan practice drills according to the defined schedule and targets; update the plan to make it current and report the results of the practice drills to the commander accountable for the business continuity plan; gain acknowledgement from the Business Continuity Management Committee.

04 Review & improve business continuity management system
Review and improve the business continuity management system to ensure its effectiveness and alignment with the risk level currently faced by the organization.

5. Overall of business continuity management framework

Put in place enterprise and departmental BCP: AIS has in place a Business Continuity Management System that is comprised of an Enterprise Business Continuity Plan (Enterprise BCP), Departmental Business Continuity Plan (Departmental BCP) and significant functions of AIS. Risk assessment of any threat to the Company must assess both the likelihood of that threat occurring and its impact in order to prepare the Enterprise BCP for coping with the crisis or any emergency situations which adversely affect or damage the working facilities or staff.

Based on the findings of the business impact analysis, **Departmental BCPs** are also in place to manage the situation in the event that any department is not able to perform any process that could directly impact the company's products or services.

A Disaster Recovery Plan (DRP) of IT systems has also been established to provide the strategy and working process in order to recover all information technology systems that support critical processes. This includes all of the resources required to ensure our business continuity within an acceptable recovery time period and at an acceptable operational level.

BCP for critical business process: AIS's Business Continuity Management Committee has assigned senior executives and the heads of related parties to prepare the business continuity plan to ensure continuation of the critical business processes which have a direct impact on AIS's ability to deliver its Critical Services. It is the responsibility of all management and staff to support the activities related to business continuity management, such as the preparation of the business continuity plan; the allocation of resources according to the business continuity plan, especially in the practice drills; and the review of the plan to ensure the effectiveness of the business continuity management.

6. Performance result of 2017 and goal in 2018

In 2017, AIS conducted business continuity plan practice drills on the continuation of critical business processes, such as coping with a critical situation at head office in which the working facilities became inaccessible, requiring alternative sites to be activated. A simulation exercise was carried out to test response to physical damage at our data center which caused an interruption to our network and services. In this exercise, AIS practiced the activation of an identified BCP to ensure the continuity of our service. Based on the findings from this exercise, AIS also reviewed and updated the plan in order to align it more appropriately with the current situation and ensure that AIS is ready and able to respond to and manage a variety of situations in times of crisis.

Additionally, AIS has aimed to certify ISO 22301: Business Continuity Management System (BCMS) in scope of Cloud Service which expects to apply certification completed in the first quarter of 2018.

Internal control

AIS has established a comprehensive internal control system based on the COSO Internal Control – Integrated Framework 2013 (COSO 2013) of the Committee of Sponsoring Organizations of the Treadway Commission, which comprises 5 components and 17 principles. The objective of this control system is to help the Company achieve its key objectives relating to operations, financial reporting and compliance with all relevant regulations. It also supports and enhances performance, as well as safeguarding the Shareholders' investment and the Company's assets. The internal control activities undertaken in 2017 can be summarized as follows:

Components and Principles according to the COSO framework	AIS internal control system

1. Control Environment

1. The organization is committed to integrity and ethical values. The Board of Directors and the Management serve as role models for all Company employees. Clear standards of conduct have been established, and processes have been put in place to evaluate adherence to these standards and address any deviations in a timely manner.

Whistleblower Channel

1. Board of Directors via Chairman of the Audit Committee
e-mail: AuditCommittee@ais.co.th
2. Head of Internal Audit Office
e-mail: internal-audit@ais.co.th
3. Head of HR Department
e-mail: human-resource@ais.co.th
4. Ethics hotline: 020293333

- The Business Ethics Committee, including the Chief Executive Officer (CEO) as the chairman, was appointed with the responsibility of promoting integrity and ethical values among AIS executives, all Company personnel, and any related parties. The Code of Business Ethics (the "Code") was communicated to all relevant parties by the designated team in easy-to-understand formats such as videos and posters. The Code is available in Thai and English languages in order to provide clear understanding for both Thai and foreign employees. The Ethic Clinic has been established to clarify and communicate the ethical values to all levels of employees through the social intranet. The Business Ethics Committee reports its operational performance to the Executives Committee and the Board of Directors annually.

- Communication regarding the Code has been extended to include outsourced staff and business partners through multiple channels, such as mail, applications and website for partners. The Code is also embedded into all commercial contracts or employment agreements. An annual evaluation of related parties' understanding of the Code has been conducted for six consecutive years. The results of the 2017 evaluation are as follows:

Target Group	Response Target		Response Results	Score Target		Score Results
	2016	2017	2017	2016	2017	2017
1. AIS executives and employees	80%	100%	99%	80%	90%	88%
2. Outsource staff	60%	90%	86%	70%	90%	83%
3. Business partners	50%	60%	61%	70%	80%	76%

- The Anti-Bribery and Corruption Policy (the "Policy") has been established and enforced among all staff and management levels and business partners. This Policy was communicated through the social intranet and the AIS website to all business partners. The Purchasing Team and the Channel Management Team communicated the Policy through email, application and channel website; and incorporated it into the conditions attached to all business contracts.

- When registering new vendors, the Purchasing Team selected vendors through a process of evaluation which covers legal compliance, integrity and ethical operations. Moreover, vendors must not have any history of corruption or bribery, and shall respect human rights as well.

- The Reporting and Investigation of Misconduct and/or Fraud and Whistleblower Protection Policy has been established together with various communication channels for reporting any cases of fraud or misconduct since 2014. Guidelines on the reporting process, confidentiality, protection of the person providing such information, the investigation process and penalties for perpetrators have been communicated through the social intranet and AIS website.

Components and Principles according to the COSO framework	AIS internal control system
1. Control Environment	
	• The Company implemented a zero tolerance policy against fraud, bribery and corruption as stipulated in the AIS Fraud Risk Management Policy. The principle of zero tolerance dictates that no penalty will be waived for any directors, executives, or employees guilty of engaging on fraudulent activities. To raise awareness of the need for good practice among employees, the Company also published internally actual fraud cases and the penalties imposed, with identity of the perpetrators censored. • The Board of Directors met on a quarterly basis to consider cases of fraud, misconduct or ethics nonconformance after such cases had been reviewed by the Audit Committee in order to promote good corporate governance and transparency, and prevent such actions from reoccurring in the Company. • In 2017, AIS participated in the Thailand's Private Sector Collective Action Coalition against Corruption ("CAC").
2. The Board of Directors is responsible for overseeing the Management. The Board remains independent from the management is comprised of individuals with the necessary relevant expertise.	• The Board of Directors emphasized that all business be conducted in a responsible manner, with transparency, and in such a way as to maximize the value of the Company and its shareholders. In each meeting, the senior management were invited to report on their performance in relation to the business plan and strategies and on any required corrective actions, as necessary. Moreover, the Board engaged both internal and external auditors as appropriate to evaluate the level of awareness of the entity's strategies and specified objectives. • Each board's sub-committee reported to the Board of Directors with an overview of its performance on specialized topics such as its effectiveness in internal control and risk management, legal compliance, good corporate governance, ethic compliance, sustainability and innovation as well as presenting its financial reports • Board members had a high level of experience and relevant expertise. The Chairman of the Board of Directors was independent from the management and a minimum of one-third (currently 45%) of board members were independent. For more details, please see the Structure of the Committee, page 67. • The Company supported the Board of Directors and Executives in the ongoing development of their competency through in-house and external trainings and seminars which covered integrity, leadership, critical thinking and problem solving skills. A Board portal channel has been developed to share knowledge and information, such as the government's Thailand 4.0 plan and the Eastern Economic Corridor opportunity. Moreover, operating reports were submitted to the Board of Directors and Executives when there was no meeting. For more details of past trainings, please see Corporate Governance, page 82.

Components and Principles according to the COSO framework	AIS internal control system
1. Control Environment	
	• The authority and duties of each board's sub-committee were defined in regard to internal auditing, risk management, sustainability, good corporate governance, and remuneration for the committee. The results of each committee were reported to the Board of Directors every quarter. For more details, please see the structure of the Committee, page 68-72.
3. The Management has established proper structures and reporting lines to support the achievement of objectives with checks & balance and with a clear definition of authority and responsibilities.	• The structure and reporting lines of AIS are defined in accordance with the Company's business goals and objectives, balance, flexible operation, and disruptive innovation. The Company's structure comprises a technology unit, accounting and finance unit, human resources unit, marketing unit, corporate strategy unit, and operation units. The operation units under the authority of the President include customer services management, consumer or enterprise customer management, fixed broadband service, regional operations, etc. A segregation of duties was applied to avoid task redundancy and enable different units to support each other. The approval of authority was clearly defined. The Internal Audit Office was responsible for reviewing unit performance independently.
	• AIS applied Three Lines of Defense in its risk management strategy. This supported a more comprehensive definition of responsibilities and improved organizational structure. It also prevented the likelihood of risks occurring in the future. For example, AIS segregated the duties of network installation/expansion from the duties of network quality control.
	• The Board of Directors delegated authority and defined and assigned responsibilities to Senior Management, Management, and Operation Officers based on the demonstrated competence of each person. The Board of Directors and/or Senior Management defined the degree to which individuals and teams are authorized and encouraged, or limited, to pursue the achievement of specified objectives or address issues as they arise. However, the Company has clearly defined the scope of authority and responsibilities within the Company. For example, the Chief Executive Officer ultimately answers to the Board of Directors for establishing directives, guidance and control to enable management and other personnel to understand and carry out their responsibilities. The Internal Audit Office (IAO) shall perform auditing duties independently to counterbalance departments. Clear objectives have been established for each operational level with regard to the roles and responsibilities of the Chief Executive Officer, Senior Management and employees.
	• A Corporate Compliance unit has been formed to manage the Second Line of Defense, provide guidance on internal control requirements and evaluate adherence to defined standards in core operations, such as service quality control, network quality, legal compliance, financial control, business operations deployment, risk management, etc.

Components and Principles according to the COSO framework	AIS internal control system
1. Control Environment	
4. The Organization is committed to attracting, developing, and retaining competent individuals. To this end, policies and procedures on competency in addition to a succession plan have been established. Competence is evaluated and any shortcomings are addressed.	• AIS gives priority to the Company's employees as stipulated in the AIS mission and encourages them to perform their duties with expertise and a sense of ownership. A work and life balance is also promoted among them to create a sense of family and retain the employees in the Company. • As AIS is transforming into the Digital Life Service Provider, the Human Resource Department has encouraged employees to become familiar with "The NEXT AIS" by incorporating digital technology into day-to-day operations and learning. For example, the LearnDi application includes a collection of essential courses and seminars on operational procedures, which employees can download and access anytime and anywhere, while the ReadDi application features an online library of books to promote reading among employees and facilitate necessary learning. The Company also encourages employees to experience the digital lifestyle through AIS mPAY which can be used to pay for goods in the AIS Save Market and for food in the AIS canteen. • AIS has created a culture of innovation in which employees are encouraged to achieve the goal of being an Innovation Organization through communication, activities, and management support. For more details, please see Innovation Management, page 163-166. • The Company conducted the AIS Creative Talents (ACT) program to differentiate its business and foster leadership. This program emphasized motivation and creative business innovation. All attendees could learn directly from various successful professionals. • As employee health is a main concern of the Company, the AIS Wellness program was established in 2016 to promote awareness of physical, mental and financial health among employees. In 2017, AIS focused on exercising, emotional management and nutrition. The Company also provided a gym and trainers, exercise courses, a fat burning competition, annual health check-ups and a sports day to build strong relationships among employees. • The Company has been supporting continuous learning, including both hard skills and soft skills, according to the roles and responsibilities of all employees. Employees were encouraged to set their own Individual Development Plan (IDP) which can be evaluated according to the criteria in the areas of knowledge sufficiency, learning, and implementation as required by the Company. Employees' IDPs were recorded in the Company system to allow progress monitoring by management.

Components and Principles according to the COSO framework	AIS internal control system
1. Control Environment	
	• The AIS Academy is responsible for developing competency regarding management and leadership, and encourages employees to improve their knowledge and skills through various approaches such as on-the-job training, internal and external training, and electronic courses on the "AIS LearnDi" application. In 2017, AIS invited professors from Harvard University in the USA to conduct in-house leadership development program for management in order to prepare them to become senior management in the future.
	• Apart from the AIS Academy, knowledge management was clearly assigned to the relevant teams in order to support the Company's operations regarding sales, customer service, IT and engineering. Relevant courses have been conducted for employees and business partners to maintain the quality of operations at the required standard.
	• The Company supports employees to acquire professional certification and accreditation regarding IT, engineering and other fields, as well as covering expenses and providing other rewards to retain talented employees and knowledge with the Company.
	• The Board of Directors has established a clear succession plan to ensure business continuity. The significant responsibilities and impact from not having a successor temporarily or permanently have been assessed. The succession plan covers successors from Senior Management, such as the Chief Executive Officer, to the heads of core business units. In this matter, a succession plan, training, and advice have been developed to equip the potential successors with the necessary competency. In addition, the Company identified key functions that need to be included in the plan to facilitate business continuity. For Example, the system development process relating to engineering and IT systems, which are performed by service providers, will be included in the knowledge sharing program for the IT and engineering team and systematic collection process. Moreover, related documents will be stored systematically to faciliate uninterrupted workflow.
5. The Organization holds individuals accountable for their internal control responsibilities through a clearly defined structure, level of authority, and responsibilities; performance measures, incentives, and rewards in both short-term and long-term; and consideration on excessive pressure.	• In order to support the achievement of business direction, the Board of Directors and Senior Management have established the Balanced Scorecard and Key Performance Indicators (KPI) to evaluate actual performance in comparison to goals.
	• AIS has established performance measurements for all levels. The Board of Directors evaluates the CEO; the CEO evaluates Senior Management; and so on.
	• The process of measurement requires a participation approach in order to set performance indicators and expected behaviors. Supervisors coordinate with their subordinates to establish and manage objectives, goals, and performance measurement tools that align with the short-term and long-term corporate business plan. Steps are also taken to avoid excessive work pressure. In addition, the performance indicators must be balanced between quantitative and qualitative attributes.

Components and Principles according to the COSO framework	AIS internal control system
1. Control Environment	
	• In establishing goals and performance evaluations, AIS requires performance evaluations to be held twice a year: i.e., for a 6-month period and a 12-month period. In every performance evaluation, the supervisors provide both positive and negative feedback to their subordinates in order to encourage them to improve their performances efficiently.
	• AIS has established a salary structure and remuneration package that includes pecuniary or non-pecuniary benefits suitable to each employee's responsibilities and performance; and informs employees clearly of these benefits. This has been carried out without prejudice concerning gender, race and residence. The Human Resources Department consistently revises its policy and practice regarding the Company's salary structure, rewards, recruitment and promotion to ensure appropriate practice and competitive market rates. This policy has been established to attract and retain high caliber talents.
	• The performance evaluation system is completely transparent, comprising objective appraisals and behavioral appraisals for all levels, from the management and permanent employees to temporary employees and outsource employees.
2. Risk Assessment	
6. The Organization specifies the need for proper operational objectives, reporting objectives, and compliance objectives with sufficient clarity and an acceptable level of risk or variation from the target.	• AIS has set clear business objectives in its annual business plan, including for service revenue, telecommunication network quality, development of goods and services, customer management, regulatory compliance, cost and expense management, human resource management, sustainable development, etc. The objectives are clear and measurable, and align with the Company's objectives, vision, mission, and strategies.
	• In the process of identifying the acceptable risk level, the AIS Risk Management Committee took the business objectives, financial impact and sustainability of the Company into consideration, and sought approval from the Board of Directors.
	• The acceptable level of variation from the target was ingrained within the achievement evaluation criteria.
7. The Organization has in place a process to identify and assess risks and to determine appropriate risk responses. The process should be included in every level of the Organization. Internal and external risk factors are analyzed.	• The AIS Risk Management Policy and Manual have been established to serve as a framework and guidelines for every level of management and employees in accordance with the Company's strategy and business plan and with the enforcement of laws and other regulations. The roles and responsibilities of the relevant employees have been clearly defined and proposed to Risk Management Committee for approval.
	• AIS risk management covers both corporate and functional levels, under the supervision of the Risk Management Committee and with the coordination of the Enterprise Risk Management Department. Both internal and external risk factors were given consideration, such as the regulations stipulated by relevant organizations, economic, environmental, strategic, operational, personnel and technological factors.

Components and Principles according to the COSO framework	AIS internal control system
2. Risk Assessment	
	• The risk assessment criteria at both corporate and functional levels have been established to prioritize and determine how risk should be managed. For more details, please see page 103-105.
8. The Organization assesses risk of fraud by taking various types of fraud into consideration. The fraud assessment focuses on fraud incentive, opportunity, and attitude.	• The AIS Fraud Risk Management Policy has been established to manage fraud risks from both internal and external sources under the supervision of the Fraud Risk Management Committee and with the coordination of the Enterprise Risk Management Department. • In 2017, the Company established a process to monitor and evaluate fraud risk; considered the causes of fraud and misconduct; measured the factors of pressure, opportunity and rationalization; and assigned them to relevant departments for proper remediation, such as to the departments responsible for risk management, security, analysis of customers' abnormal usage, accounting, procurement, human resources, etc.
9. The Organization identifies and assesses changes that could significantly impact the internal control system such as changes in the external environment, in the business model, in leadership, etc.	• The Risk Management Committee and the Enterprise Risk Management Department have been appointed as the main units responsible for the identification and assessment of changes affecting internal control. Change management is an important component of corporate risk management as it has the potential to affect internal control efficiency. The existing internal control might not cover new changes, such as new laws and regulations, economic change, a new business model, disruptive technology, mergers and acquisitions, and change of company's leaders. In this regard, the Risk Management Committee identified and assessed such risks, including determining the manageable risk levels. • The Company has established a process of gathering and summarizing news relating to the Company and industry it to the Committee and Management every morning in order to ensure the complete identification and assessment of significant changes. • The Enterprise Risk Management Department suggested solutions regarding corporate and business unit risk management to ensure that the risk level remains acceptable, and reported to the Risk Management Committee on a quarterly basis. In cases of critical risks, reports would be submitted to the Board of Directors for consideration as well.

Components and Principles according to the COSO framework	AIS internal control system
3. Control Activities	
10. The Organization selects and develops control activities to manage risks and keep them within an acceptable level by considering the suitable control measures, the mix of various control types as well as segregation of duties.	• AIS regularly and continuously provided training sessions on good internal control for the executives and supervisors. The training sessions were delivered via online courses, seminars, and workshops to ensure that proper controls will be selected and implemented in AIS, whether they are preventive or detective, or involve manual or automated controls. • AIS has selected and developed internal control activities in response to the specific risks that need to be controlled regarding the environment; the complexity, manner and scope of operations; and unique corporate features. For significant matters, there was a balance between manual and automated control, which included both preventive and detective controls. In addition, the Company segregated the duties performed regarding record, approval and asset management to mitigate risks caused by failure, inappropriate behavior or fraud. For example, the person who is responsible for receiving payment will not be responsible for recording accounts receivable in the system. • The departments tasked with the role of the second line of defense and the Internal Audit Office as the third line of defense were responsible for advisory services regarding the design of effective and efficient internal controls.
11. The Organization selects and develops appropriate general controls for technology to ensure integrity, continuity, and safety, as well as the proper acquisition, development and maintenance of technology systems.	• AIS has assigned certain departments to be responsible for technology infrastructures and software in terms of budgeting, planning, procurement, development, optimal utilization, continuity management, preventive and corrective maintenance, and security. • AIS has appointed the Information and IT Security Committee to establish policy, control confidential information, seek out disruptive technology, and oversee cases of piracy in order to inform relevant departments to take actions accordingly. Necessary training sessions have been provided to ensure that employees understand the practice correctly. For more details, please see page 144-147. • The Company has managed internal and external threats by setting authority to access the critical information systems, such as the mobile network, computer network and database. The Level of authority has been set to limit access to information and network operation system. Automated tools are also in place to monitor continuously for cases of piracy or intrusion. In the event that an intrusion is observed, the relevant team will automatically be notified to take actions accordingly.

Components and Principles according to the COSO framework	AIS internal control system
3. Control Activities	
	• The Company has been continuously developing information technology systems to keep pace with disruptive technology in order to provide state-of-art services to customers. The Company has established in writing a clear policy and practice for the System Development Life Cycle (SDLC) which specifies the critical control activities for sourcing, development, testing, and maintenance in accordance with relevant laws and in order to set the same standard for AIS employees and external service providers.
12. The Organization deploys controls through the establishment of clear policy and procedure, which includes responsible person and accountable for control, controlled timing, corrective actions, and required competence. Policies and procedures are updated and revised to maintain relevance.	• The Committee, Management, and supervisors explained the control purpose and procedure in clear terms to the responsible personnel. For the key control measures or controls performed by various personnel, AIS has developed clear and concise policies and procedures in writing, such as financial policy and regulation, personnel policy and management, purchasing policy and regulation, and operation guidelines for AIS Shop employees. • The roles and responsibilities regarding each policy have been defined for each department. For example, the Corporate Governance Team is responsible for related party transactions and the securities trading policy enforced on the Board of Directors, management and employees. The Company Secretary Department is responsible for corporate governance policy and the Code of Business Ethics. The Enterprise Risk Management Department is responsible for risk management. All policies must be revised at least once a year. Corporate level policy shall be presented to the relevant sub-committee for consideration before being proposed to the Board of Directors for approval. Each department's policy will be presented to the CEO.
4. Information and Communication	
13. The Organization has high quality sources from which it obtains information to support internal controls with consideration for costs and benefits. The information system, including a database, processes data accurately and completely into usable information in a timely manner.	• According to the Audit Committee Charter, the Audit Committee is authorized to acquire information from the management, executives and relevant employees; hire consultants; or seek advice from professionals to support operations if necessary. • AIS information systems are efficient, updated, and improved continuously to enable the processing of high volumes of data into managerial information (big data analysis) in a timely manner in order to remain competitive. For example, information on customers' mobile usage is collected so that usage behavior can be analyzed and appropriate services can be offered to customers. Also, the mobile signal is measured to assess the quality of the mobile network service. • The Company has assigned certain departments to be responsible for the Company's database regarding budgeting, planning, administration and monitoring, access control, and security. • A data protection framework has been developed to secure customer and other sensitive information. Information Security Management standard (ISO27001:2013) and Cloud Security standard (CSA) have been acquired.

Components and Principles according to the COSO framework	AIS internal control system
4. Information and Communication	
14. The Organization has in place an effective and efficient internal communication system. The appropriate method of communication is selected. Sufficient information regarding internal control system is communicated to the responsible personnel and also the Board. A separate communication line is provided.	• AIS maintains several efficient internal communication channels through the Company's website social intranet, SMS, email, CEO Weekly Talk (5 minutes), and Half Year Business Plan Report. Certain departments have been assigned to communicate necessary information within the organization. This certain department is a channel that the Management can use to communicate their expectations clearly concerning critical control to which every employee should be committed. Moreover, employees can express their opinions via the social intranet and People Champion. • Any employee can safely report actual and suspicious cases of misconduct or fraud via the internal Nokweed hotline 3333 or directly to the Audit Committee at AuditCommittee@ais.co.th. Employees will be protected under the policy of reporting misconduct or fraud, investigation and protection. • In addition, the Company provides a communication channel via the Board Portal and the Company Secretary Office for the Board of Directors, Executive Committee and sub-committees.
15. The Organization has in place an effective and efficient communication system through which to send and receive information from external parties such as customers, vendors, business partners, shareholders, and regulators. An appropriate method of communication is selected. A separate communication line is provided.	• AIS has assigned certain departments to be responsible for communication and interaction with external parties according to the types of stakeholders. Processes are in place to track troubleshooting and complaints from all parties. For more details, please see page 304-306. • Any external parties can report actual and suspicious cases of misconduct or fraud relating to the Company directly to the Audit Committee at AuditCommittee@ais.co.th. This has been promoted on the Company's website and in the Annual Report. Investigations shall be carried out and protection provided accordingly.

Components and Principles according to the COSO framework	AIS internal control system
5. Monitoring Activities	
16. The Organization monitors the internal control systems to ensure that they are operating effectively and in a consistent manner, including monitoring process within the systems and the periodical audit by independent and knowledgeable auditors.	• AIS Management and supervisors have established processes to monitor the effectiveness of the internal control system through periodical meeting and review, etc. • The Internal Audit Office and an External Auditor are the main independent parties monitoring the effectiveness of the internal control system. Audit plans are adjusted on at least an annual basis in line with changes in the level of risk, business model and environment. • In the Board of Directors Meeting no. 2/2018, held on 5 February 2018, the Board assessed the adequateness of the Company's internal control system by using the internal control system assessment form provided by the Securities and Exchange Commission, Thailand (SEC), and concluded that the overall internal control system is adequate and effective for AIS's operations. • The Audit Committee reported the performance on reviewing of the internal control system and risk management of AIS and its subsidiaries to the Board of Directors quarterly. • Additionally, Deloitte, the Company's external auditor, evaluated the effectiveness of the Company's internal control system in 2017 and concluded that the Company has an effective, sufficient and appropriate internal control system.
17. The Organization prioritizes and communicates any detected internal control abnormalities to the responsible person, the Management and the Board of Directors for them to analyze the root cause and remediate the problem in a sustainable manner. The Management tracks the progress of the corrective actions taken.	• When any significant internal control deficiency was detected, the Management analyzed its root cause and assigned the employees responsible for remediation in a timely manner. • The Board of Directors has established the level of deficiency that requires the Management or the Internal Audit to report to the Board promptly. This includes, for example, matters with a high financial impact, damage to the Company's reputation, non-compliance to the relevant laws and regulations, violation of the key control system, or possible cases of fraud. • The Internal Audit Office and any other assigned departments are responsible for following up on the Management's corrective actions and reporting to the Audit Committee until the matter is fully remediated.

Internal audit

Profile Of Chief Audit Executive

Mrs. Suvimon Kulalert, the Chief Audit Executive, was appointed on 1st January 1999.

Highest Education

Master of Business Administration Track Management Information System, Oklahoma City University, USA

Professional Certificates
- Certified Public Accountant (1985)
- Certified Internal Auditor (2000)
- Certificate in Risk Management Assurance (2013)

Training Programs
- Director Certification Program (DCP) held by IOD in 2010
- Harvard Leadership Development Program

Working Experiences for 5 years
- Chief Audit Executive / Advanced Info Service Plc. since 1999
- Special instructor and speaker on the internal control system and internal audit for the Federation of Accounting Professions (FAP) and University of the Thai Chamber of Commerce since 2009

Roles and responsibilities of Chief Audit Executive and Internal Audit Office

1. The Chief Audit Executive (CAE) reports directly to the Audit Committee who oversees the Internal Audit Office (IAO) to ensure that it carries out all internal auditing with independence, objectivity, integrity, and professional adherence to the internal audit standards. The CAE reports administratively to the Chief Executive Officer.

2. The IAO operates independently under the internal audit charter which clearly specifies the internal audit mission, scope, authority, duties, responsibilities and procedures. The charter is revised for its appropriateness periodically.

3. The IAO's duties include the provision of assurance and consulting services through evaluation of the effectiveness and efficiency of the internal control systems, risk management systems, and good governance in order to support the Company's business objectives and targets.

4. The IAO prepares its annual audit plan to align with the strategic direction of AIS and its subsidiaries, any changes in the risk level, and the Audit Committee's directives. The plan is risk-based with a focus on significant risks to AIS's operations, objectives, and strategies. In 2017, the IAO plan focused on high value purchasing processes, including in the areas of engineering, sales and marketing, customer service and management, and compliance control, including prevention of fraud. The plan was approved by the Audit Committee. Audit reports and follow-up on the Management's corrective actions are reported regularly to the Audit Committee for consideration.

5. Additionally, the IAO acts as the secretary to the Audit Committee, supporting their supervisory responsibilities as assigned by the Board of Directors. The IAO is also serves as a channel for receiving any complaints on possible misconduct and fraud by internal or external parties, finding the facts, investigating in accordance with the Whistle Blower Policy, and reporting the case results to the Audit Committee on a monthly basis.

6. Beyond the internal auditing activities, the CAE also gives advice relating to internal control, risk management, business ethics, information security, etc. The Audit Committee oversees all of the CAE's roles beyond internal auditing to prevent impairments to the independence of the IAO.

7. The IAO adheres to the International Professional Practices Framework and the internal audit charter. The IAO revises the internal audit manual and conducts an internal audit quality self-assessment on an annual basis. It also receives an independent audit in the form of an external Quality Assessment Review (QAR) every five years to ensure that the IAO adds value to its stakeholders and promotes the sustainable development of the Company's internal control system, risk management and good governance. In the second external assessment in 2016, the IAO was assessed by KPMG and the results of this assessment, revealed in Q1/2017, suggested that the IAO generally conformed to the international standards and was ranked as "Standard" when benchmarked against other internal audit functions globally.

Internal audit activities in 2017 and plans for the future
1. Encourage management to implement internal control system and self–business assurance effectively

In 2017, the IAO focused on assessing the effectiveness and efficiency of internal control and consulting on the procurement process as well as revenue and expense management as per the instructions from the Audit Committee. The IAO also supports AIS and its subsidiaries in their understanding and implementation of good internal control systems in accordance with the COSO framework 2013 and the model of three lines of defenses. To remediate several internal control issues, twelve facilitating workshops with a total of approximately 340 participants were held for the Management. The IAO promotes self-business assurance concepts which let the Management monitor and investigate abnormalities in their operations by themselves.

2. Transform internal audit activities into digital technologies

The IAO has developed and started deploying digital automation audit whereby the information system extracts and analyzes data from various databases by itself using big data analysis techniques. This automation speeds up the internal audit work and frees up the internal audit personnel resources to focus their attentions on other pressing matters.

3. Create Risk Center to enhance efficiency of audit activities

The IAO also focuses on building awareness of risk management among internal audit staff. The Risk Center was established to gather and analyze risk issues in order to create an internal audit plan for high risk areas including operating risks and fraud risks. The integrated risk management is implemented according to COSO ERM 2017 and Fraud Risk Management Policy. All internal audit staff are encouraged to propose ideas relating to preventive control.

4. Transform into Trusted Advisor role

For 2018, the IAO has proposed 221 audit jobs and plans to enhance its advisory role including the review of all functions covering revenue and expenditure assurance and compliance, such as control related to new product development, sales and marketing to enterprise and consumer customers, billing and collection, engineering, disbursement, channel management, customer service and management, NBTC's regulations, and other support process, among others. More digital automation and self-business assurance concepts will be adopted to transform IAO into a Trusted Advisor according to the Internal Audit Roadmap.

Training and competency development of Internal Audit Office
1. Pursuit of knowledge and updated international professional practices standards

To ensure AIS's internal audit operations remain up-to-date, the IAO regularly reviews and upgrades leading domestic and international professional practices and standards relating to the internal control system, risk management, good governance and other fields relating to AIS's business. In 2017, the IAO implemented integrated risk management in accordance with COSO ERM 2017, which was executed on 6th September 2017, and which will be used in internal audit activities in 2018.

2. Promote integrated and innovative auditing

The IAO supports the development and enhancement of the internal audit team's capabilities to perform multidisciplinary or integrated audits. Internal audit staff are encouraged to be innovative in developing more effective and efficient audit techniques.

3. Develop competency roadmap under the Global Internal Audit Competency Framework

The internal audit staff are encouraged to seek continuous development in order to acquire the knowledge and skills critical to AIS's business operations. In 2017, the IAO formulated the "Development Roadmap" according to the roles and responsibilities of the IAO under the Global Internal Audit Competency Framework of The Institute of Internal Auditors (The IIA) as follows:
    3.1 Functional Core Competency
    3.2 Functional Essential Competency
Each internal audit staff member shall participate in 11 days of training per year in accordance with the established strategy.

4. Acquire related professional certificates to promote internal audit profession

The internal audit staff are encouraged to participate in self-development in order to build internal audit expertise by acquiring professional auditor certification or other relevant qualifications. In 2017, the IAO set a target of having 50% of the total number of the IAO staff acquire professional certificates. At present, 15 out of 57 IAO staff members, or 26%, are holders of a total of 35 professional certificates as follows:

Certificates	Details	Number of IA staff members certified (persons)
Certified Internal Auditor (CIA)	This internal audit certificate requires competency in internal auditing, risk management and related matters.	7
Certified Information System Auditor (CISA)	This certificate relates to control activities and information system security with the aim of raising such activities and security to professional international standards.	5
Certified Information Systems Security Professional (CISSP)	This certificate requires competency in 10 aspects of information security, collectively referred to as the "Common Body of Knowledge" (CBK): access control, telecommunications & network security, application & system development security, security management, cryptography, operations security, business continuity planning & disaster recovery planning, law investigation & ethics, and physical security.	1
Certification in Risk Management Assurance (CRMA)	This certificate requires competency in business environment assessment and enterprise risk management.	10
Certified Public Accountant (CPA)	A Certified Public Accountant has competency in accounting practices and standards, auditing, related laws, information systems, computer literacy and accounting reporting.	5
Certified Fraud Examiners (CFE)	A Certified Fraud Examiner has competency in fraud knowledge, fraud investigation, related laws, communication and technology.	1
Tax Auditor (TA)	A Tax Auditor has competency in accounting practices and standards, auditing, Revenue Code, and Civil and Commercial Code.	1
Information Security Management Systems Auditor/Lead Auditor: ISO/IEC 27001:2013	This certificate requires competency in information security management systems and the principle of assessments regarding the ISO/IEC 27001:2013 standard to perform auditing as defined by the standard.	4
Business Continuity Management System Auditor/Lead Auditor : ISO 22301:2012	This certificate requires competency in internal and external threat management for business continuity and the ability to perform auditing according to the international standard ISO 22301:2012.	1

A number of staff members are currently studying to acquire the CIA, CISA, CRMA, and CFE in order to support internal audit tasks as qualified professionals and to meet international audit control standards.

STRATEGY AND APPROACH FOR SUSTAINABILITY OF AIS

Message from Sustainable Development Committee

The Sustainable Development Committee (SDC) consists of three (3) members namely: Khun Prasan Chuaphanich as Chairman, Khun Garardo C. Ablaza Jr., and Khun Somchai Lertsutiwong as members. The summary of SDC's performance for the year 2017 are described as follows:

- The committee has inspired the efficiency development concerning supply chain management by suggesting the management to set up a special unit to be responsible for this matter both in corporate and function levels. Further, the company should engage an expert to educate and provide recommendation to the employees with a view to developing the staffs' knowledge and skill which will directly and positively improve the efficiency of sustainable development.

- The committee has emphasized on the customer data protection measure by urging the management to educate the staffs concerning the new rules and regulations newly issued by the competent authorities.

- Besides the sustainability development in relation to business operation, the committee has encouraged the management to also contribute to the society development in term of innovation creation by advising the management to plan a clear roadmap so as to establish the innovation corporate culture in accordance with, the corporate's vision: The most-admired Digital Life Service Provider in Thailand.

- The committee has summarized the sustainability development projects of the company in this Annual Report.

Mr. Prasan Chuaphanich
Chairman of Sustainable
Development Committee

5 Focus Areas Strategy

- Our Community and Society
- Our Customers
- Our Partners
- Our People
- Our Environment

Since 2012, the Chief Executive Officer together with senior management from all business departments has established a sustainability strategy based on five key stakeholders whose expectations should be taken into account and appropriately managed by AIS as follows:

5 Focus Areas	Commitment
Community Bringing our society together	• To thoroughly understand and take into account the needs of the direct community, and develop the appropriate strategic, integrated and systematic responses to ensure our social license to operate. • To leverage our strengths as a network provider to meet the needs of the larger society and be viewed as an industry leader in a socially responsible business.
Customer Providing the best customer experience	• To provide the best customer experience while tapping into new markets, through gaining deep insight into people's needs, providing the personalized products and services that meet those needs, and delivering the unparalleled service that says we will do our best to assure you "Live Digital, Live More".
Partners Sustainable partnerships	• To share the responsibility for our partners' behaviors and actions. • To build win-win partnerships through mutual growth.
People Growing our people with their strengths	• To develop visionary leaders with our brand character. • To create opportunities for people to learn and develop so that they can guide AIS toward its goal within the framework of sustainability.
Environment Greening our future	• To develop innovative, yet easy-to-understand and environmentally-friendly products and services that will empower people today and meet the needs of future generations.

Digital for Community and Society

Challenges and Opportunities

As prosperity and development in Thailand are not evenly distributed, remote communities are left behind on opportunities and unable to bring out their full potential. This due to several limitations such as little access to knowledge, insufficient resources and human personnel for development. Such limitations disturb the development in education, healthcare, and livelihood. Therefore, creating digital technology to reach out to the underprivileged is essential to strengthen the community and better quality of life.

Additionally, wavering social contexts and digital technology, particularly social media, have become part of our everyday life and altered the lifestyles of many people and families. Time spent on social media and internet increases in all ages and genders, creating both positive and negative results on our society. The appropriate use of technology becomes crucial and is one of the duties for telecommunications service providers to promote in order to yield positive effects on the society.

AIS, as a major telecommunications and digital life service provider, sees the opportunity to employ digital innovation to improve knowledge and skills in various fields to enhance the quality of life of all Thai people in different communities and localities nationwide, as well as create business opportunities for the whole society. We are determined to use digital technology to strengthen family bonds, allowing family members to better understand each other and feel closer via online media and social media. With these objectives, AIS announces "Digital for Thais", a concept aims to use digital innovation technology as a tool to promote and develop the quality of life of all Thai people. This is part of the company's sustainable strategy, which focuses on bringing the society together and gaining the acceptance from the society and the community, and is in accordance with the company's mission to become significance to businesses partners. The concept will be conducted in 2 levels;

1. Our Community - to establish common value between the community and the company.

2. Our Society - to strengthen family ties among Thai families and the Thai society to create strong people-to-people bonds in Thailand.

Our Community and Our Society

> "Digital For Thais" to fulfil and enhance the quality of Thai people's lives with Digital Technology.

Digital for Thais concept is our commitment to apply digital innovation to help and develop the community, allowing access to information and knowledge for future development. Today, AIS has a wireless telecommunications network with 3G and 4G technologies as well as a nationwide fiber network, which act like roads to bring technology to the community effectively.

Digital for Thais concept lies on 4 key axes;

1. **Education** - Education is a cornerstone of human development. It enables us to access resources, either academic or recreational. The education development program by AIS emphasizes on enhancing education opportunities and life experiences for students.

2. **Public health** - Our program focuses on building a communication tool to promote and support public health officers to work effectively, and raise awareness about personal health and hygiene in remote areas to reduce illness rate and encourage health prevention.

3. **Agriculture** - We promote the creation of digital technology and provide agricultural knowledge for farmers to efficiently produce agricultural yields. We also develop an application to work as a market place for farmers.

4. **Startup businesses** - We develop and endorse startup businesses for sustainable business growth through real business, technology opportunity, and we also do marketing for them.

Digital for education of Thai youth

> **Education is a vital element for human resources development, which is the main force for the development of the country.**

Education, these days, is not only limited to classroom. Developments in communication technology, internet, for example, makes education and learning possible at your fingertips. But while kids in urban areas can access abundance knowledge and information effortlessly, children in remote areas are facing problems like shortage of teachers - the key personnel who will shape and mold these young futures.

"Sarn Rak Connections for Knowledge" (Sarn Rak Sarn Khamru) is a project which fixates to use technology to uplift education quality for children in remote areas by installing high speed internet and AIS's Sarn Rak Connections for Knowledge - a digital box full of knowledge and amusing contents - to bolster out-of-classroom learning among Thai children and youths and open up new experiences for the children to the rapidly changing world.

Project milestone: This project is still in an experimental stage and had only been implemented to 30 prototype schools from 33 targets. Another 3 schools are expecting to be completed with the beginning of the year 2018 After that, a focused group will be conducted during February – March 2018 as a database for project development as the project expands to other schools.
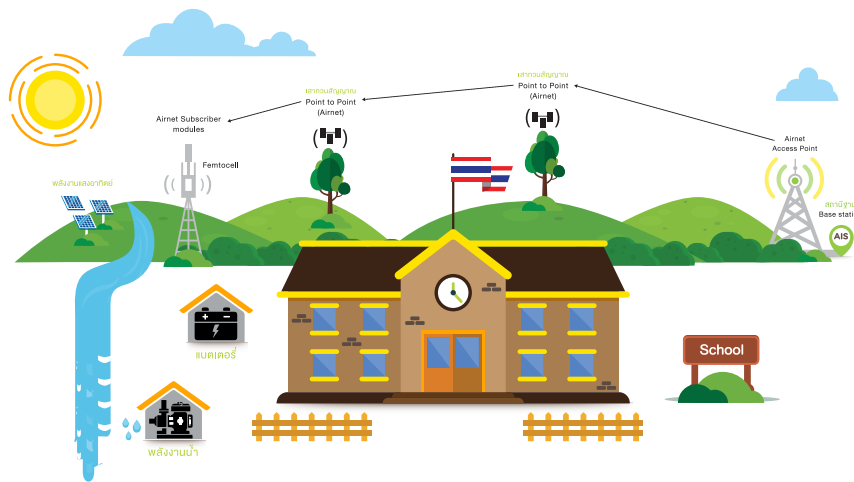
Digital public health and the health of Thai people

> **If Thais are healthy and strong, they can be a great driving force for the country.**

The inadequacy of medical staffs in remote areas has influenced the participation of the civil society in the Thai public health structure under the name Village Health Volunteers or Aor Sor Mor. Aor Sor Mor works closely with Tambon Health Promoting Hospitals (THPH) in 4 aspects; promote and inform the public about health and hygiene, prevent diseases, give medical treatment, and rehabilitate patients in the area of responsibility. One challenge for Aor

Sor Mor is to effectively communicate with THPH in order to work proactively with their responsibility.

Aor Sor Mor Online application - With a strong intention to maximize the quality of public healthcare service and the health of Thai people revolving around thoroughness, quality, and efficiency of the public healthcare service and focusing on diseases prevention more than illness treatment, AIS has developed **Aor Sor Mor Online Application.** The application acts as an online community for THPH and Aor Sor Mor to transfer information, images, voice clips, video clips, messages, and location sharing via messages and conversations to keep every member informed about the latest news and movement in the community's public health care activities and threats. Ultimately, the application will allow all Thais to access medical service and healthcare thoroughly, more conveniently and more easily.

Project milestones:
Aor Sor Mor Online Application has been downloaded more than 23,000 times, and is accessible by more than 1,200 THPHs across Thailand. AIS plans to penetrate 1 million Aor Sor Mor nationwide by 2023.

• With a commitment to create common value between AIS and the community, the application has won numerous awards both in Thailand and abroad such as;

- WSIS Prize 2017 for Sustainable Development that Encourages Learning and Healthcare from International Telecommunication Union (ITU)

For **Aor Sor Mor Online application promotion project** in 2017, the community relations unit plans to build awareness, promote, and stimulate the use of the application by hosting an online competition on the use of Aor Sor Mor Online Application, and hope to spark Aor Sor Mor across countries to use digital technology for work. The project is emboldened by the Ministry of Public Health, Ministry of Digital Economy and Society, and caught the attention of 448 THPHs from all over Thailand to participate. The top 10 outstanding THPHs are entitled to win the prize worth 100,000 Baht.

- Outstanding Business Sustainability Project Prize in the Thailand ICT Excellence Awards 2017 from Thailand Management Association (TMA) and the Ministry of Digital Economy and Society.

- Runner-Up for Thailand ICT Awards 2017 in Inclusion & Community Category from the Association of Thai ICT Industry (ATCI), which praises and honors an organization who applies ICT technology in social aspect and reduce digital gap.

Digital for Thai farmers

> " Communication technology can bolster and support Thai farmers to become more efficient and effective. "

Agriculture is one of the oldest occupations in Thailand. Local wisdom and knowledges on farming and cultivation have been passed on from generation to generation. However, nature and environment variances, as well as the changing demands for agricultural products, and have affected farming and agriculture in terms of yield and quality. This creates a chance to introduce new telecommunications technologies such as weather prediction, internet of things (IoT), smart farm, and local wisdom library. Putting everything together in one place then we have a knowledge and information center for Thai farmers.

"Farmsuk" Platform - AIS has developed a digital platform for sustainable agricultural development, with objectives to support Thailand 4.0 national strategy on agriculture and endorse farmers in target fields to upgrade their farming methods using the right technology. Not only that, it hopes to strengthen the connectivity and communication between farmers and enterprises in related sector, in order to generate the public and private cooperation to develop agricultural products.

Objectives:
• Create a new generation of Thai farmers
• Create a strong online community for Thai farmers
• Create an online market for Thai agricultural products

4 Target recipients
• Government officials in the agricultural sector responsible for sustainable agricultural development in Thailand.
• Farmers who wish to improve themselves and their communities with ICT.
• Prospect farmers who are interested in farming as fulltime or part-time occupation
• Consumers who support Thai agricultural products.

"Farmsuk" Platform Key Elements: Farmsuk is an application that allows Thai farmers to access essential information about agriculture and farming along with other knowledge and wisdoms ranging from farming plots environment information retrieved from NB-IOT to agricultural products trading prices, farming knowhow from experts and local philosophers, and high precision weather forecast. In the end, this will boost farmers' product quality using the concept of "teaching, strengthening, and building".

"Farmsuk Shop" application is a mobile market place for farmers to sell primary and processed agricultural products including local wisdom or One Tambon, One Product (OTOP). Farmers can independently adjust prices for their products as well as confidently shop by comparing prices, quality, and place of origin of the products and each farmer through our "Farmsuk Shop" application.

"Farmsuk Mart" website" is a tool to manage store, merchandise, inventory, payment history, and store's transactions, for farmers who sell products in "Farmsuk Shop" application.

Project Result: "Farmsuk Shop" application has been downloaded more than 7,500 times, and gained over 300,000 baht sales through the application. The amount was conducted during the application trial period since July 2017.

Our Goals in 2018: We aim to partner with more enterprises and farmers to expand the diversity of products presented in Farmsuk Shop application, while aiming for the download to hit 300,000 – 500,000 times, and in-app sales to reach Baht 3-5 million.

Digital for Startup Enterprises

> **Startups will be an economic steering wheel if they are being supported enough to reach their full potential and appropriately use technology to create values.**

The rapid technology transition has created many new opportunities for startups to adapt technology and reach out to people in timely manner using only handful resources. The new generations are trying to create their own startup and make it their profitable careers. However, despite plentiful emergence of new startups, survival and sustainability rate remains low due to numerous factors such as market understanding and customer penetration to generate sufficient and regular income, as well as appropriate business model for expansion and business management skills.

AIS The StartUp Project has been operating for more than 5 years to provide platforms for startups to present their business ideas and be selected to become business partners with AIS. AIS allocates personnel and resources for the selected startups to embolden the capacities of both the startups and its executives, enabling them to expand efficiently and bring their businesses to showcase in international level. Considerably, the project opens new business perspectives for enterprises.

With our intention to support startups, we aim to strengthen their business growth in 3 aspects

1. Support technology infrastructures and other benefits to enhance startups' potential and capability.

2. Initiate a joint market to share customers database for AIS and the startups both in local and international level to access, and to create business opportunities and business expansions in other regions for startups under the guidance and informative support of each region by AIS local staffs.

3. Create joint values in terms of revenue sharing and servicing large enterprise; as AIS is a customer for these startups, it provides them chances and experience to work with a large firm. Startups can learn to develop their products and services to answer to the demand of other large firms in the future.

Project results in 2017
- 841 startups submitted the projects
- There are currently 45 startups in the portfolio

Goals in 2018
We aim to help startups to securely expand for sustainable growth by doing these steps;

- Set up "AIS The StartUp Business Development" to collaborate with startups on their business growth. Startups will be selected to join the development in 2018.

- Cumulate the cooperation with the Massachusetts Institute of Technology (MIT) in sending our startups to attend Startup Exchange program. The program will allow AIS-supported startups to meet and learn about useful business tips, access world class researches, and connect with companies and startups from all over the world.

- Select growing startups with solid potential to become AIS partners and to take part in AIS The StartUp as advisors for next generation startups.

AIS D.C. Designed for Creation - In 2017, AIS collaborated with Thailand Creative & Design Center (TCDC) to open a venue for startups and digital entrepreneurs to share creativity and inspiration and to enhance knowledge for the new generation. In AIS D.C., new generation creators can find the services they need along with AIS Playground, the first ever venue in Thailand that startups can run test their products on API, AIS Digital Platform that supports varieties of digital business, and a team of experts from AIS who are willing to give exclusive advice. The project hopes to provide more opportunity for youngsters to become startups, and the AIS D.C. Design Creation welcomes everyone who wants to learn and experiment their ideas to create new startups in the future

Project Results in 2017 – AIS D.C. welcomed more than 300 visitors per day (over 9,300 visitors/month), with yearly membership of 1,306 people. Last year, 27 events were held and received 1,175 guests in total.

Prototype Community Internet, Co-Working Space AIS model – Our intention to support local community enterprises transform into the cooperate with the Northern branch of Women and Family Development Learning Center (WFDLC) in Lampang province to set up a prototype Co-Working Space AIS to incubate community enterprises by providing them with support and digital knowledge.

Project Result in 2017: From May to December 2017, 8 sessions were conducted for 30 small and medium size enterprises and community enterprises in Lampang province. In the sessions, enterprises learned about digital knowledge like how to use online media like facebook for modern era marketing, online marketing via Farmsuk application, online marketing on ready portal, and cost accounting management technic. The assessment conducted during and after the course showed that enterprises gained better knowledge about digital technology than they did before attending the training. The course could allow them to expand sales channel options and thus results in higher sales.

Goals in 2018, AIS plans to extend the training to 3 more provinces: Chiang Rai, Lampoon, and Nakhon Si Thammarat.

Our community

AIS values the sustainable coexistence between AIS and the communities it brings telecommunication access into. Apart from installing cell site tower station in those communities to improve telecommunication service, AIS also encourages local values to create happiness, safety, and quality of life among communities through several projects such as;

- Public discussion on "Electromagnetic wave from Cell Site Tower is Not Harmful to Health" this public discussion aims to raise awareness and correct understanding about electromagnetic wave released from the cellular phone tower as well as the information about cell site installation standard to the public, media, and local officials. The discussion is led by a specialist in electromagnetic wave.

One of the important information from the seminar is that the electromagnetic wave released from cellular phone tower is not harmful to neither the health of human nor animals, because the wave is released at a frequency below the standard set by the National Broadcasting and Telecommunications Commission (NBTC). The transmitting towers are also constructed strictly in accordance with engineering standard issued by the Engineering Institute of Thailand (EIT) and the NBTC. We ensured that the construction of each cell site is done rigorously following the standard, and our towers are stable and capable of withstanding the wind speed of up to 130 km per hour, which is the speed of typhoon and earthquake. In 2017, the seminars have taken place in 5 provinces; Chonburi, Ayutthaya, Prachinburi, Songkhla, and Uttaradit.

Our society

Throughout 27 years of telecommunication service, AIS has been widely recognized for its policy in CSR (Corporate Social Responsibility). Bringing together its business potential and resources, AIS can simultaneously generate businesses while uplifting the living quality of Thais. To implement CSR, AIS sets two strategies under the concept "**Strong Thai Families, Strong Thailand**" with two Sarnrak projects: **Sarnrak Promoting Family Bonding and Sarnrak Enhancing Thai Society.**

- "Oon Jai Fai Rim Tang" (Safer with Streetlights – Lighting communities) project – We installed street lights and electricity posts to brighten up the communities with insufficient light in order to improve the safety of the locals, using the electricity from our transmitting tower bases. In 2017, we installed street lights in 201 communities, which bring the total coverage to 431 communities nationwide.

- Flood relief and winter relief campaigns – AIS handed out aid packages to transmitting tower base landlords and villagers in Sing Buri, Lopburi, Pathum Thani, who were affected by the flood. Additionally, we also distributed blankets to communities affected by the cold weather in the northern region (Chiang Rai, Phayao, Chiang Mai, Nan, Lampang, Phitsanulok, Petchabun, Tak, Kampaengpetch), and Northeastern region (Sakon Nakhon, Ubon Ratchathani, Nong Bua Lamphu, and Roi Et).

- Knowledges promotion – we spread information about digital technology, healthcare, and occupations through Mit Chumchom (Community Friends) Magazine. Not only that, we are also trying to create correct understanding about the safety of electromagnetic wave released from the transmitting tower to community leaders and people in various areas.

- Hotline for landlords' cell site tower– Our landlords and landladies who lend us their lands for the cell site towers can contact us directly via 0 2029 555 and 09 2923 6868. We also initiated "Sathanee Oun Jai" (at ease station) periodical journal to inform our landlords and landladies about digital technology and assist them to have a quality living in daily routine.

Strategy 1 Sarnrak promoting family bonding

Sarnrak – Promoting Family Bonding is operating under the concept "**Strong Thai Families, Strong Thailand.**" We believe that family is the steppingstone to a good society. As long as Thai families are strong, the country will be strong. The current economic and social transitions have made great impacts on traditional Thai families – what used to be an extended family comprising members of different generations living in harmony and taking care of each other has become a nuclear family with each member focusing on his own roles and responsibilities and having less time to engage with one another. This evolution leads to family gaps and problems, and social problems eventually.

AIS introduced "Sarnrak" project as a platform for all Thais to recognize the importance of the family and strengthen family bonding. Because families are a solid foundation of Thai society, AIS organizes a few activities to support and promote love and understanding among family members.

AIS Family Rally for Sai Jai Thai Foundation and AIS Family Walk Rally for Ananda Mahidol Foundation

These events take place annually under Sarnrak project. AIS Family Rally has been ongoing for 24 consecutive years. Its proceeds worth Baht600,000 were given to Sai Jai Thai Foundation every year. AIS Family Walk Rally, which is in its 17th year, raises approx. Baht500,000 and is donated to Anada Mahidol Foundation yearly.

Projects results:

• In 2017, AIS utilized its strength in digital technology to develop AIS Rally application featuring games, quizzes, findings RC and TC, score assessment, and winner announcement all in one application. Participating families found modernized AIS rallies more fun through new digitally-learning experiences

• Not only the families give to charity but also spend quality time together through games and quizzes that promote teamwork and problem solving, and enhance family's understanding and unity

• Each family activity held annually attracts more than 120 families each year.

Campaigning Content for Good Relationships within Families

Nowadays, social media plays a vital role in our daily routine, influencing every user demographic including family segment. According to a focus group on family use of social media conducted by AIS, we found that social media causes family gap between parents and children with noticeable lack of understanding and different perceptions on social media.

In response to the findings, AIS Sarnrak introduced "Family Reconnect Program" designed to restore vibrant communication among Thai families during the digital era by promoting constructive use of social media. Besides video presentation "Family Reconnect," AIS also launched Family Reconnect Workshop and Family Reconnect contents via AIS Sarnrak Facebook to create understanding online among family members despite having different views and usage on social media.

Project results:

Launched in August 2017 via AIS Sarnrak Facebook, Family Reconnect video presentation has received more than two million views and earned likes and shares in high volumes.

Sarnrak Kon Geng Hua Jai Grang (Weaving Love: Good Kids Great Hearts)

Through the implementation of Sarnrak Promoting Family Bonding emphasizing love and understanding within families, AIS realizes that a large number of families throughout Thailand remain in poverty waiting for supports. In 2001, AIS introduced Sarnrak Kon Geng Hua Jai Grang program to encourage underprivileged children and families to overcome hardships in their lives through self-dependence. A happy family does not necessarily require everyone's presence. All they need is great heart.

In order to help Thai families develop sustainable living, AIS directs our attention to children – the most important members of the family – and provides them with opportunity in education. We believe that education is the key to job security and decent income, empowering them to support themselves and their families sustainably in the future. In addition, stories of good kids with great hearts contain numerous valuable lessons very inspirational to the public. Therefore, AIS produces video presentation "Sarnrak Good Kids Great Hearts" based on their true stories to share the values of gratefulness, perseverance, and responsibility demonstrated by GKGH members early in their childhood. Believing that education is the key to improve their quality of living, these children are committed to working their way through college and earning a university degree.

Project results:

• Sarnrak Good Kids Great Hearts provides scholarship and financial aid for families to qualified youths until they graduate with a Bachelor's degree. Through student scholarship and financial aid for their families, AIS has been able to help more than 775 underprivileged children across Thailand. One hundred and seventy-five individuals have completed a Bachelor's Degree, earned a decent job with stable income, and improved their family's lives. The total value of financial support provided by AIS is amount to Baht 42,534,000.

- Currently, stories of Sarnrak Good Kids Great Hearts are broadcast every Sunday at 10:00 am via multiple digital platforms including AIS Play mobile application, AIS Playbox for fixed broadband viewing, Youtube, Facebook, Sarnrak website. GKGH presentation receives good reviews both in terms of like and share numbers, including increased donation and comments through www.facebook.com/sarnrak.ais.

- The broadcast of GKGH stories via online media produces cash donation and mental support from the audience almost instantly to underprivileged children. It proves that digital media have become influential in story-telling and public awareness, both locally and nationally. It is evident that the amount of cash donation to children has been increased significantly, contributing to greater financial support and better quality of living. It is AIS honor and pride to tell children's stories, raise public awareness, and encourage everyone to do his part for Thai society.

Strategy 2 Sarnrak enhancing Thai society

Sarnrak Enhancing Thai Society adopts the concept of **"Strong Thai Society, Strong Thailand."** The objective of this program is to make an array of contribution to Thai society, being a part of social development and the improvement of quality living of Thai people sustainably particularly those who face unfortunate hardships in their lives. AIS gives high importance to value creation and common benefits between the organization and the society by implementing the concept of Creating Shared Value (CSV) in order to create values and sustainable growth to both the society and the organization.

AIS Call Center providing job opportunities for people with disabilities

"AIS Call Center Providing Job Opportunities for People with Disabilities" is one of AIS's most recognized programs having been ongoing for over a decade bearing CSV concept. According to an early AIS pilot project, persons with disabilities have demonstrated that they are capable of producing quality works as good as ordinary employees if not better in some areas. For instance, visually-impaired and physically-handicapped employees are keen to calling customers and informing them about special promotions, services, and campaigns from AIS; sending SMS to customers and canceling unwanted messages. Meanwhile, hearing-impaired staffs are capable of communicating with deaf customers through the use of sign language and web cam. AIS pioneers the use of advanced technology to assist and facilitate disabled staffs at work such as installing online network and keyboard, and on-screen motion captures capable of transforming visuals into speeches to be used in conjunction with Tatip Program from the National Institute for the Blinds. In addition, AIS provides not only proper work environment for PwD but also competitive salaries and compensations similar to those given to general staffs.

AIS initiative in equal opportunity employment encourages PwD to work side by side with normal staff and provides job security and decent income. More importantly, working with AIS boosts PwD self-esteem and provides financial independence allowing them to take care of themselves as well as their families. The media and the public praise AIS highly for initiating such program which has later become a role model for other companies to follow.

Project results:
Presently, 126 disabled employees are working at AIS call centers; 55 are visually-impaired, 8 are hearing-impaired, and 63 are physically-disabled. They station at 13 different locations nationwide. In the future, AIS hopes to build more call centers capable of hiring more people with disabilities to provide job opportunities so that they can take care of themselves and their families sustainably.

Hiring special persons as trainees:
Recognizing exceptional work ethic and dedication from people with disabilities, AIS is now conducting an experimental program by assigning specific works to special persons who have completed a Bachelor's degree. Currently, a person with Down syndrome joins an AIS team in Corporate Sales, and an autism person is working as a librarian. More special persons may be given job opportunities

Superior Network and Customer Digital Experience

Key milestones in 2017

NEXT G

Launched the "AIS NEXT G", the high-speed network by integrating the AIS 4G and AIS Super Wifi to offer a maximum mobile speed of 1 Gbps

SPEEDTEST AWARDS 2015 - 2017 : THAILAND'S FASTEST MOBILE NETWORK

Awarded "Thailand's Fastest Mobile Network" for three consecutive years (2015-2017) by OOKLA

50% » 80%
in 2013   in 2017

The number of customers using AIS's digital online service has gone up from 53% in 2013 to 80% in 2017

customer satisfaction score of IVR Speech Recognition
74%

accuracy rate of response
88%

The IVR Speech Recognition service granted customer satisfaction score at 74% higher than our projected target of 72%, and the accuracy rate of response reached 88%

425 » 430
in 2016   in 2017

Digital Guru who able to offer expert help and suggestions to the customer has been developed from 425 persons in 2016 to 430 persons in 2017

Challenges and opportunities

The rising demand for mobile data is nearly doubled YoY from video streaming and increased smartphone penetration. To compete for acquiring/maintaining subscribers, the operators continued to invest for network quality and handset/privilege campaign.

Additionally, customers have an increasing level of knowledge and understanding, mainly from digital experience and variety of information sources. This causes the complexity and higher expectation of customers. The customers' lifestyle become more personalize and intend to express themselves among social network. This means that existing products and services are no longer enough to attract customers. The telecommunications market has become highly saturated, making it all the more difficult to attract new customers, which in turn has caused greater competition in both price and privileges provided in order to retain existing customers, as well as attracting new subscribers.

Providing products and service to meet customers' needs in this digital era has become more challenge, requiring design, development, and products/services presentation should be easy-to-use, fast, and fit with the customers' individual lifestyle. Digital technology has been used to provide the best customer service experience, as well as reducing waiting time. AIS also invests in developing digital competency for its employees and digital tools in order to better equip with customers' individual needs and brings more value to the AIS.

In the past year, AIS has focused on incorporating technology into all aspects of the customer service experience, included AIS shop, distribution channels, call center service as well as online self-service. Customer service staff have been able to develop their skills to become 'Digital Gurus', able to give help and advice which caters to each customer's specific individual need. AIS also use data analytics tools to develop personalized products and services for individual customer.

Factors/Input	AIS's Action	Output
• High customers' demand • Harder to attract new customers. • Demand for more personalized products.	• Introduced the use of digital technology across a wide range of services. • Introduced omni-channels • Used customer data analytics tools • Developed personalized products and services	• Customer Satisfaction Score for human touch point was 88%, increased from 86% in 2016 • Customer Satisfaction Score for online-touch point was 76%, maintained from 2016

Overview of strategic direction and goal

To compete for quality subscribers, AIS continued to invest for 4G network coverage as well as the quality and capacity of overall network through deployment of additional bandwidth recently acquired. AIS also offers variety of packages to meet customers' individual needs. Further details, please see page 29-34. Last year, the first Fixed Mobile Convergence packaged was introduced. The package combines fixed broadband, content, mobile data allowance, and AIS Super WiFi in order to create differentiation and leadership position of digital life service provider. For AIS fibre, AIS maintains its goal to become a significant player in the next three years. AIS pursues selective expansion of new service areas with due consideration to demand and return on investment. At the same time, AIS also puts focus on increasing capacity utilization in the existing coverage areas through more effective sales and distribution channels.

For customer relationship management, AIS has placed a strategy and direction to enhance digital experience for customers in order to maintain and provide superior customer experience. We focus on 2 key areas as follows:

> 1. Promote self-service touch points and enhance digital experience
> 2. Empowered customer service excellence using analytic tools to gain customer insights

Management approach

1. Enhancing of network quality to constantly provide best customer experience

1.1 Mobile network

"Bringing our network innovation to enhance network quality and reliability with more cost efficiency"

AIS is committed to improving network quality through the utilization of new engineering techniques based on the research and development conducted by AIS with several vendors. An example of this is the implementation of Carrier Aggregation, a technique which combines more than one frequency to enhance network speed for customers. Another example is the development of the 6-sector antenna as well as the deployment of Massive MIMO which will be a fundamental aspect of the upcoming 5G.

Example of Carrier Aggregation

1800MHz frequency

15MHz

Carrier Aggregation

15MHz

2100MHz frequency

30MHz

2x speed
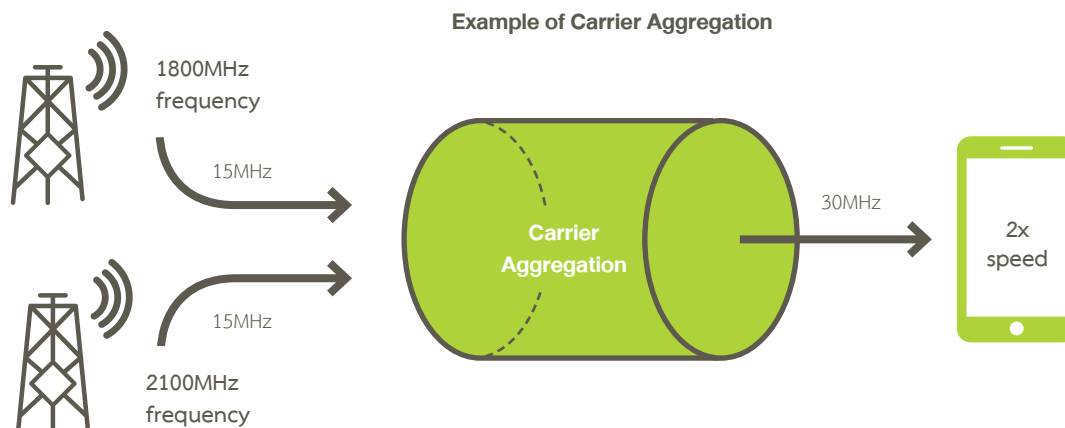
AIS has in place measures which are carried out through a drive test process that provides direct comparisons with our competitors. The network quality management teams perform drive tests every day, which involves passing all the main roads at least once every month and covering all districts in Thailand every half year. The drive test is on top of the regular 24-hour quality monitoring that takes place at the central headquarters. In addition to complying with the NBTC's mandates, AIS uses our own measures to test quality. Examples of the voice-quality measurements AIS tests include time to connect a call, successful rate of calls, as well as percentage of calls without dropping. Mobile internet quality benchmarks include the throughput speed to run famous applications as well as upload and download speeds for both normal and video files. All of these measures enable AIS to detect and fix any irregularities early and ensure that the network remains on par with or better than that of our competitors. AIS also has a clear business continuity plan in the event of an unexpected calamity, such as a natural disaster. Any crucially important equipment affected will be fixed or changed within three hours. The network is designed for redundancy to ensure service continuity so customers is expected to be least impacted.

1.2 AIS fibre network

"Leverages the strength in the field of fibre technology and high calibre staff"

It has now been three years since AIS Fibre entered the fixed broadband market, during which time we have played a crucial role in developing the industry standard and technology in Thailand to accommodate the increasing demand of customers to use the internet at home and the new trend of high data-consuming content. The fibre technology is the main infrastructure of our mobile business, to co-utilize and serve the fixed broadband market. It's quality and latency are better than the former home broadband network.
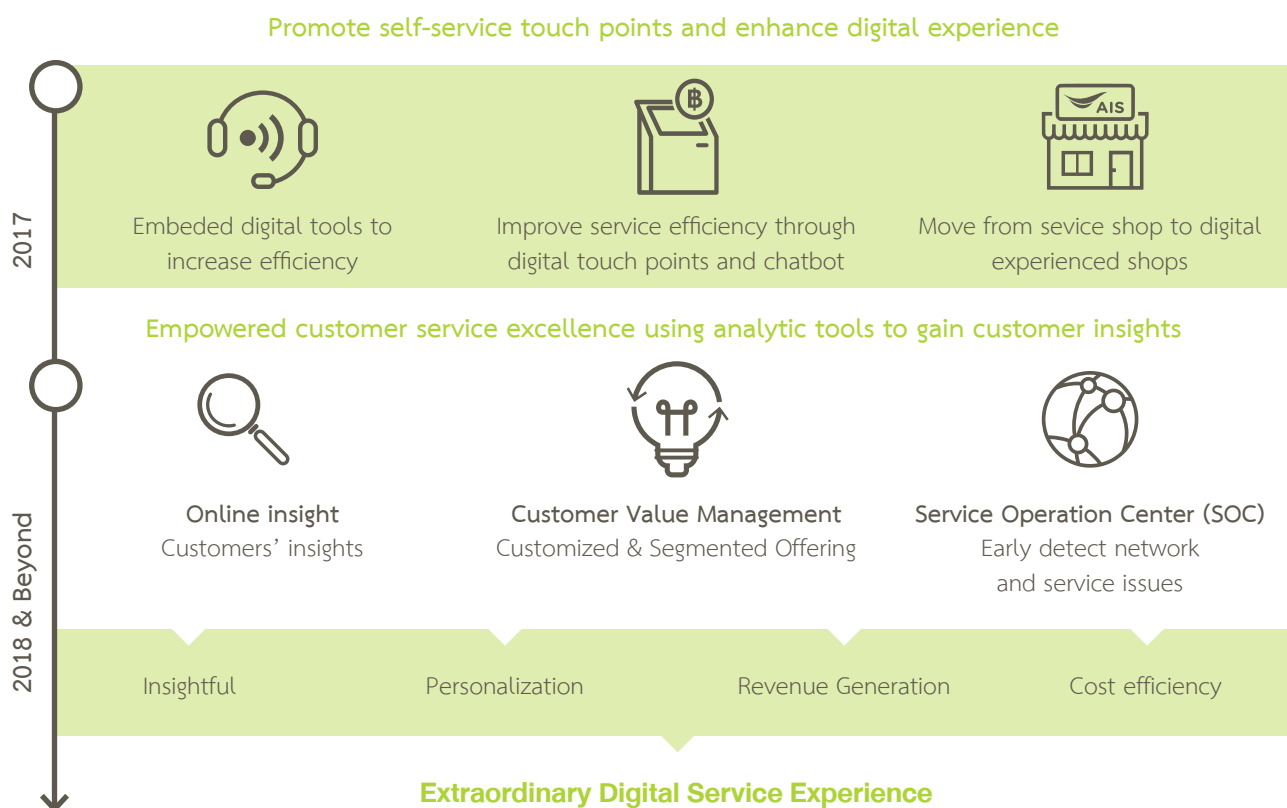
Number of AIS Fibre's customers
(Unit: in thousands)

■ Total subscribers
■ Net additions

521

302
258

219

44
18

2015   2016   2017
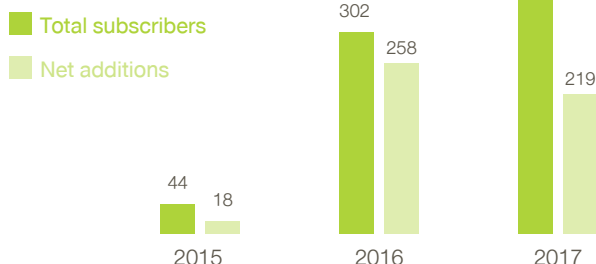
Although AIS Fibre is a new brand in the market, we focus on the quality of the products and services the same way as we do in the mobile business. For employee skills, we hold both technical knowledge training and practice workshop for our staff so that they can quickly resolve any issues our customers may have. This resolution process includes bringing up the problems for analysis and planning ahead to prevent the same issues from reoccurring. Regarding the system improvement, AIS Fibre has developed an automatic system to detect, analyze, and segregate network issues which can be fed back immediately for resolution through the SMART systems. We have also developed a trusted and secured database, ready for analysis and to be used such as for the expansion of bandwidth and nodes to serve high customer demand. The current maintenance plan is also reviewed on both a monthly and an annual basis to ensure that equipment efficiency is constantly enhanced.

2. Customer relationship management

Promote self-service touch points and enhance digital experience

2017

Embeded digital tools to increase efficiency

Improve service efficiency through digital touch points and chatbot

Move from sevice shop to digital experienced shops

Empowered customer service excellence using analytic tools to gain customer insights

2018 & Beyond

Online insight
Customers' insights

Customer Value Management
Customized & Segmented Offering

Service Operation Center (SOC)
Early detect network and service issues

Insightful   Personalization   Revenue Generation   Cost efficiency

Extraordinary Digital Service Experience
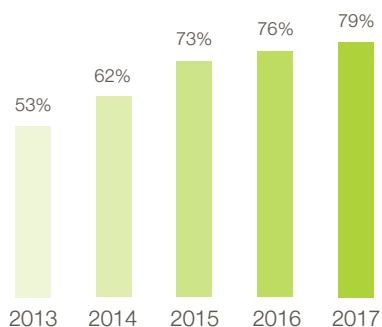
2.1 Strategic direction in 2017

"Promote self-service touch points and enhance digital experience"

AIS has advanced the development of our digital platform in order to provide more effective customer service and serve more online experience of customers through improved speed, convenience, and individualization, as well as by promoting self-service touch points that customers can do their own transaction anywhere, anytime, 24 hours a day. To create differentiation and full potential of customer service, AIS has invested in digital technology to develop and design our service platforms and tools. Last year, AIS launched the following innovative services;

- **Embedded digital tools to increase efficiency**
1) **IVR Speech recognition** an innovative call center service which helps customers to reach the appropriate menu quickly through voice commands, as speech recognition will take the customer to the requested menu immediately. There are currently 12 major services supported by IVR Speech Recognition with over 3,000 recognized sentences supported, meaning the average call time of 1.40 minute has been reduced to only 40 seconds, and the number of calls to a human staff member has been reduced by 3%. Subsequently, we have been able to create value to call center staff from answering customers' questions to helping provide them with goods and services, which generates more revenue, as well as creating a better relationship with the customer.
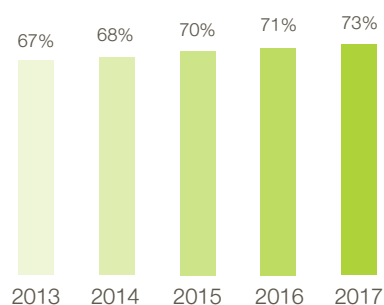
2) **Dynamic menu service within IVR** is technology that can record a customer's history, and then add shortcuts based on their usual behaviors, and what options they used in the previous call. Customers no longer have to listen to long recorded messages in full. For example, they would be provided with a list of products that a customer would be interested in or has purchased previously, rather than a full list of products that are irrelevant to that specific customer. The software is also able to analyze the customer's contact-data in order to recommend a service which will benefit them.

3) **Omni channel** helps provide customers with a seamless and immediate customer service, by using the history of their previous calls, packages or purchases to inform and enable the AIS employee to answer the customer confidently, eliminating waiting time, and linking the offline and online customer service worlds.

- **Improve service efficiency through digital touch point and chatbot**
1) **"MyAIS application"** allows customers to experience like walking into an AIS Shop that customers can browse our services and products 24 hours a day from their mobile or tablet. This allows customers to conduct transactions with ease, such as applying for a new package, modifying their current package, checking their usage, checking their current reward points, or paying AIS bills as well as cancelling SMS advertising. This application dramatically reduces the time it takes customers to use our AIS Shop by 6-8 minutes and also saved customer's travel expense to an AIS Shop. Presently, 2.5 million customers have applied to use the "myAIS" application.

% Interactive Voice Response (IVR) vs Total Contact

Year	%
2013	53%
2014	62%
2015	73%
2016	76%
2017	79%

% Customer Satisfaction Index (CSI)

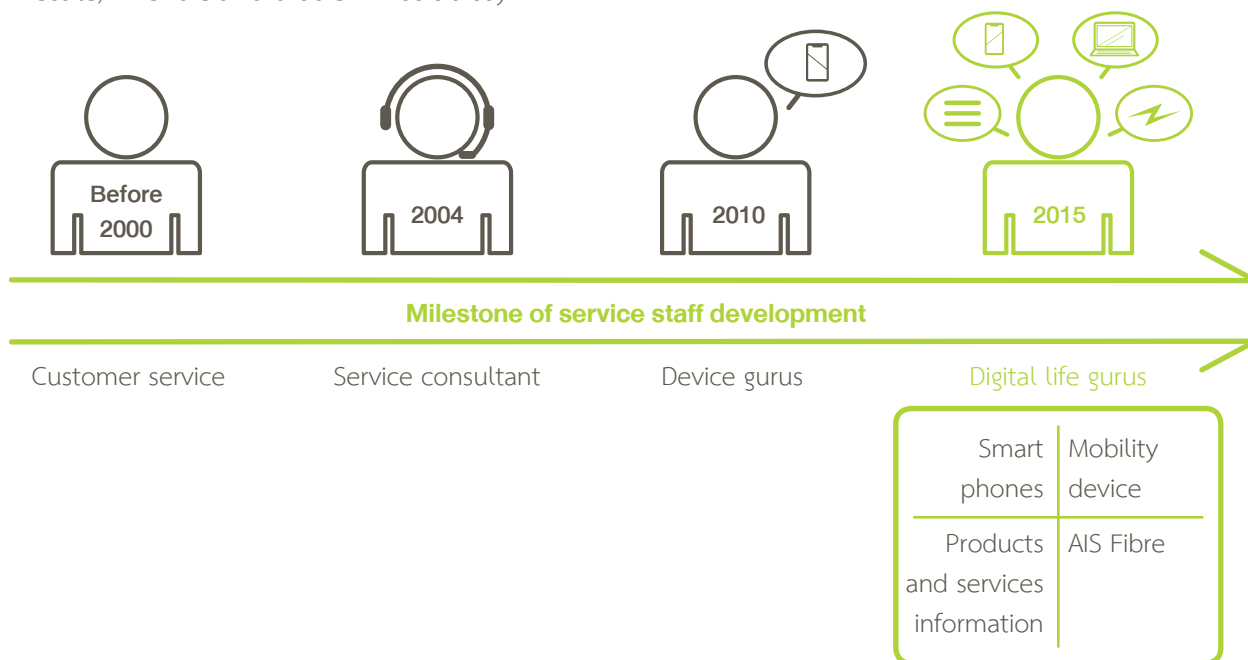| Year	%
2013	67%
2014	68%
2015	70%
2016	71%
2017	73%

2) **"Ask Aunjai virtual agent"** is an innovation for providing customers with timely answers to online inquires, via social media channels, the AIS website and my AIS application. The Ask Aunjai able to reduce the number of customers calling the AIS Call Center and their waiting time. The Ask Aunjai is a combination of artificial intelligence, chatbot, and information taken from the smart knowledge base, with an in-built manner that leaves customers feeling as though they are talking to a real person who they can ask questions and request help from round the clock.

3) **Providing customer service in digital and social media platforms,** the innovative call center service that provide customer service with more convenient through Facebook, Instagram, Line live chat video call, email and the AIS website, which are all available 24 hours a day.

• **Move AIS shop from service shop to digital experienced shop**

1) **Improving the image of the AIS shop** to make it appear like a digital gallery, showcasing the technological innovations made as though they were works of art, including communication products and modern gadgets from leading brands for customers to try.

2) **Developing staff to be Digital Gurus** who have expertise in a wide variety of digital products, and are able to offer customers help and advice without fail, as well as preparing our staff to offer more professional customer service, and ensure they are equipped to face the changes in customer needs and demands with enhanced technological capability.

| Before 2000 | 2004 | 2010 | 2015 |

Milestone of service staff development

Customer service   Service consultant   Device gurus   Digital life gurus

Smart phones	Mobility device
Products and services information	AIS Fibre

3) **Increase the performance of the queue system at the AIS Shop** by enabling managers to be able to see the queue in full and to then make more informed decisions on the best way to manage the customer numbers so as to achieve the highest level of satisfaction possible, for example, being able to see the full waiting time for customers, and see the amount of time spent for employees to offer services to customers.

4) **Service mobility through the use of tablets** so that customers do not have to conduct their business at counters, and our employees can help our customers anywhere within the store.

5) **Installation of payment kiosk** to promote self-service among customers. The payment kiosks are installed in places where customers would usually be, for example, underground stations, BTS skytrain stations, and shopping malls, which means that customers can complete these tasks 24/7 without concerning the closing time of AIS Shop. This year, AIS has planned to increase the screen size of these devices in order to make them more elderly-friendly, as well as introducing the capability to pay with a credit card without having to register.

6) **Introduction of service vending kiosk** It is a self-service machine that focuses on offering the "right" functions for customers' needs, for example, mobile number portability, change of sim card and checking their usage. The service vending kiosk is also "easy-to-use" for people of all ages and all nationalities. It is also considerably "faster" than using a service at AIS Shop with an average usage time of no more than 5 minutes. In a survey conducted last year, we have seen that the number of customers using this service has increased by 20% when compared to 2014, which was the year that this service was first introduced.

2.2 Strategic direction over 1-3 years

"Provide a superior service through deep analysis and understanding of customer habits by using benefit from technological advancement"
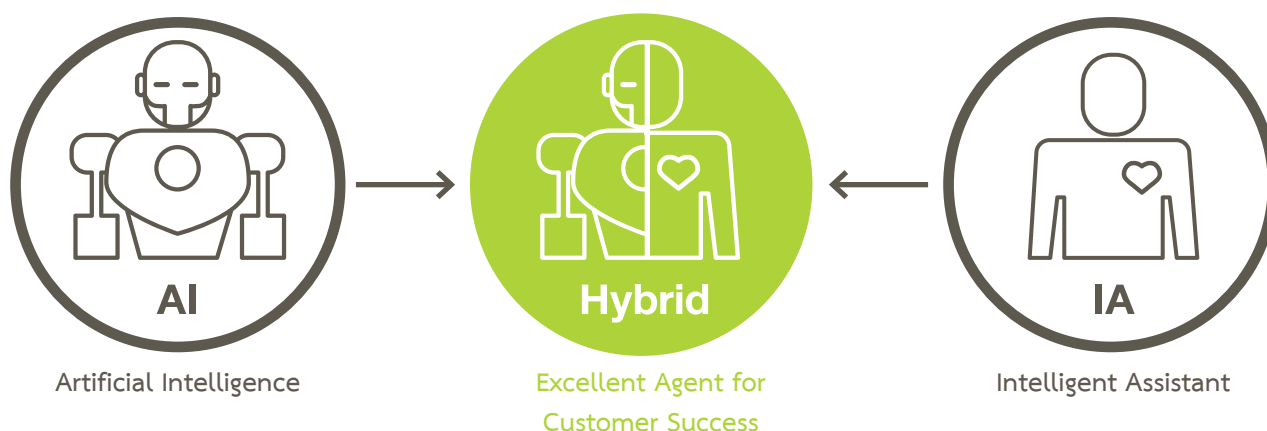
- **Online insights – Customers' insights**

Resulting from a key strategy to promote omni-channels, AIS has developed a tool called 'Digital Brain', which keeps customer information for use both online and offline with 360 degree data gathering and is beneficial in two contexts: 1) It supports the development of new products and services which answer our customers' growing modern needs. 2) It will increase customer loyalty through 4 key features, which are right place, right time, right offer, right target, which will provide reliable and sustainable revenue and increase our profits.

In 2018, AIS will introduce further tools to improve the analysis of customer habits and customer data to continue offering services which meet our customers' needs, and create more customer satisfaction and more subsequent customer loyalty.

- **Customer value management**

AIS has changed its marketing strategy and products and services offering to emphasize customer value. This is achieved by using a tool called Customer Value Management (CVM) to study customers' experience life cycle and reach the correct understanding of each customer. This will be entitled AIS to well-develop communication strategy and new service/ products offering appropriately and efficiently. The CVM will bring a capability of artificial intelligence technology to analysis customers' data as well as help support customer's general problems.

The benefit of using AI is that customers are able to access the services they actually want much faster, and reduces times waiting to speak to an employee by telephone. Using AI also helps to reduce errors, and in the last year, 57% of human error have been eliminated from our customer services, while our human staff have been able to focus on developing their skills and knowledge in order to assist customers with more difficult problems which AI cannot resolve. Therefore, CVM also benefits our employees' development, and when their skills are combined with the capabilities of AI, a new model of customer service is born which will lead AIS to success in creating a brand that is synonymous with 'value' in our customer's eyes.

AI
Artificial Intelligence

Hybrid
Excellent Agent for
Customer Success

IA
Intelligent Assistant

- **Establish a Service Operation Centre (SOC)**

AIS has developed a Service Operation Centre (SOC) which collates information on both network access issues and service issues, which can then be linked to IVR for customers who are experiencing the same problem. The next time the customer contacts us to report a network or service issue, we are able to inform the customer that we are aware of the problem, and we will send them a text message confirming the result of our inquest, and whether the problem is fixed.

2.3 Supported strategy to create service differentiation through "AIS LIVE 360°"

The AIS customer loyalty programs have been running continuously for over 10 years. They play an important role in building customer loyalty and satisfaction for our customers. Currently, the "AIS LIVE 360°" focuses on 3 key aspects, "Reach More", "Unique More", and "Exclusive More". All three initiatives are undertaken with the aim of building the best daily experience possible for our more than 40.1 million customers.

- **"AIS Privilege"** is a program for AIS customers all over Thailand. The program provides products and services which respond to each type of customer lifestyle. In the year 2017, AIS launched the program under the concept of "7 good times with AIS Privilege".

1) Coffee Time, offering customers reductions at their local coffee shops throughout the 77 provinces of Thailand, as well as at over 1,200 branches of famous coffee shop brands, such as Black Canyon, Inthanin, 94 Coffee and Mezzo.

2) Dining Time, offering up to 50% discounts available at popular restaurants located in shopping malls like Central Plaza, Siam Paragon and The EmQuartier.

3) Family Time, aiming to bring happiness to customers and their families by offering discounts at fun fairs and famous zoos throughout Thailand.

4) Entertaining time, offering our customers the chance to rest and relax after a hard day's work or study with special discounts on the latest movie releases. The program offers tickets for just baht 80, outside of normal reductions, on Fridays, Saturdays and Sundays at SF and Major Cinema outlets all over Thailand.

5) Shopping time, offering reductions on products in shopping malls and famous shops such as Siam Paragon, Tops Supermarket, Central Plaza, B2S book stores and SE-Ed book stores.

6) Travelling Time, offering privileges to customers whichever way they travel, from the MRT underground rail system and bus tour services with the Transport Company Ltd, to promotions on airline tickets and stays at hotels participating in the scheme.

7) Luck Time, giving our customers the opportunity to win free gold when watching the "Golden Mic" program on the Workpoint channel.

Number of customers who have joined the loyalty program and their satisfaction ratings.

2015	👤👤👤👤👤	5 million people.
2016	👤👤👤👤👤👤👤	7 million people.
2017	👤👤👤👤👤👤👤👤	Over 8 million people.
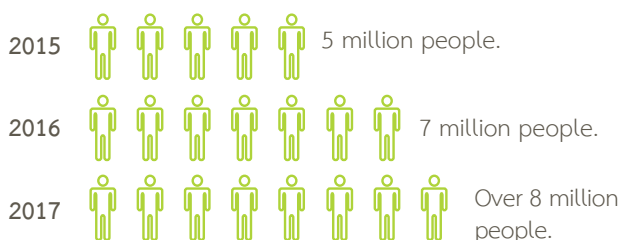
• **"AIS Serenade"**

AIS Serenade is a special loyalty project for our loyal customers who meet specific criteria. Currently, AIS Serenade has over 4 million members, and in 2017, up to 89% of those members were satisfied with the service provided. Furthermore, 54% said that the service made them feel more special than their peers. In addition to this, the churn rate for the group of users on AIS Serenade has been lower than 1%. Last year, AIS Serenade highlighted the following 4 special privileges for "The Ultimate Life Experience":

1) The Ultimate Service: Increasing the number of Serenade Clubs to 11 throughout the Kingdom and upgrading them to become Premium Service Centers.

2) The Ultimate Happening: Unforgettable entertainment experiences with the most exclusive parties in town, with the best artists and special discounts on concert entry all over Thailand.

3) The Ultimate Inspiration: Routes to success and inspiration for businesses from a new generation of entrepreneurs, start-ups and more established industry entrepreneurs working in partnership with Google Thailand to organize a business seminar on the digital world. A trip to Singapore was also organized to inspire members in the world of business through experiencing operations at the Google offices there.

4) The Ultimate Privilege: Special privileges and reductions at famous restaurants carefully selected by the Wongnai website. There are also special promotions for both domestic and international travel, whether in the form of our data roaming packages, free airport taxi services, reductions when using UBER services, or one of our 11 VIP rooms located at Suvarnabhumi International Airport and Don Mueang International Airport.

• **Personal assistant**

Offered exclusively to our Platinum members, Personal Assistant is a service which offers preferential treatment in every area, making it comparable with having your very own personal assistant. Focused on providing services that are more than our customers could have ever wished for, the service pays attention to and cares for our customers in a way that leaves a lasting impression. Just some of the examples of this service include offering advice on the latest mobile phone promotions and helping with various tasks such as booking a table at a restaurant, making hotel reservations, booking a golf session, and even giving advice on various data services, all through the free personal assistant phone number.

Another example of a situation when the Personal Assistant can make a real difference is when a customer experiences an accident while overseas and would like help with making an insurance claim. The personal assistant team will do their utmost to make sure everything runs smoothly by contacting the insurance company and opening channels of communication with the customer until the issue has been completely resolved. This kind of service is bound to leave a lasting impression on the customer who will no doubt complement his or her personal assistant team on the "heartfelt service" they provided.

2.4 Complaint center

AIS has a policy of providing a dedicated channel specifically for offering advice and dealing with customer complaints both online and offline. This includes offering effective solutions to our customers through our Service Level Agreement (SLA) in order to quickly and efficiently manage any issues that our customers may encounter. The timeframe of the Service Level Agreement is determined depending on the complexity and difficulty of each case. The stages of the customer's complaint are determined and then resolved. Within their level of responsibility, employees are given the power to make key decisions on taking care of the customer, offering appropriate solutions, and when possible, providing immediate resolution to the customer's issues at its source.

Aside from the AIS Call Center, our main channel through which customers can contact AIS is through a complaints hotline which can be reached on 080-000-9623. This is yet another communication channel that enables our customers to contact AIS and notify us of any issues at no charge. This channel can also be used to contact and lodge concerns with government agencies such as The Office of National Broadcasting and Telecommunications Commission, The Office of The Consumer Protection Board, etc. so that the customer's concerns can be dealt with as quickly as possible.

- **Using technology to help reduce the complaints.** In the last year, AIS has developed a system for customers who subscribe to digital content services. Customers confirm their identity by entering a number, password, taking a photo or using a Captcha password. This process ensures a reduction in complaints from customers who mistakenly applied for content packages. It has been found that since the system was first trialed in July 2017.

- **The process of following customers' experiences and listening to their concerns** is applied to ensure that the standards of quality in our services are maintained, as well as to provide our customer with the best experience possible. AIS has in place a process for following customers' experiences and listening to their concerns in order to quickly and effectively respond to each unique situation. Apart from the analysis and management of

customer complaints through our various channels of communication, AIS has also developed strategies to support the management of customer concerns which are of great importance to use us as a company. These strategies are utilized at every stage of the process from the Chief Executive and Senior Management team, and are as follows:

- **Organizing voice of customer reports:** undertaken on a monthly basis and based on both internal and external information. The internal information is gleaned from the complaints and concerns of customers. This information is then organized into a table of the 10 most common concerns, their causes, resolutions, and finally the results of the resolution process. With regard to external data, information is gathered from various online channels and social media such as the Panthip web board, Facebook, Twitter, and Instagram. The trends identified are then presented to the Company CEO and relevant members of the senior management team to inform company policy and direction, this enabling the Company to achieve its objectives in the provision of outstanding services for our customers.

- **Customer evaluation dashboard reports:** formulated on a monthly basis to present results of measures that have had a direct influence on customer experiences, and compare them with how the Company intended said measures to play out. This includes, for example, the customers' experiences when using the AIS Call Center, visiting AIS and Telewiz shops, using Self-Service channels, topping up credit, checking balance, using roaming services and also using AIS Fibre internet. Each service area is given an analysis rating according to time taken, customer satisfaction, failure rate, success rate and number of customer complaints. The aforementioned reports are then presented to the Board of Directors along with the causes which have been identified, possible resolutions, results of the resolution process, and development plans. All steps are undertaken with the aim of preventing repeat occurrences, and to improve quality control. The conclusion of meetings of the Board of Directors held to review the dashboard system have led to more secure developments than ever before.

Protection of IT Security and Data Privacy

Challenges and opportunities

In recent years, information technology has become increasingly important due to the growing demand for electronic commerce and easy access to personal online information. From a report by the Bank of Thailand, as of June 2017, mobile banking transactions had a value of Baht 695 million, representing an increase of 58% YoY. This trend encourages service providers in both the business and banking sectors to rise to the challenge by transforming their business to meet the new behaviors of their customers in order to ensure success and growth in the long-term. This includes building trust in the efficiency of their service, safety of their information technology system, and security of their customer personal data. As much as this trend represents exciting new opportunities, the threat of security issues is also rising.

Overview of strategic planning

AIS is exposed to a high volume of customer information, both public and sensitive, for business purposes and to deliver both mobile services and digital life services. Hence, information security is crucial to the Company in order to protect sensitive information.

AIS has recently adopted new technology to prevent relevant security threats. Various information security standards have been adopted in managing information, systems, processes and personnel. To oversee the security concerns and privacy challenges, senior management assigned dedicated teams, including the Information and IT Security Committee who responsible for policy prescription and monitoring the IT security system management of AIS, and Customer Data Protection Program Working Team who responsible for managing any matters related to customer data protection such as guideline prescription, internal communication, monitoring and auditing as well as incident management.
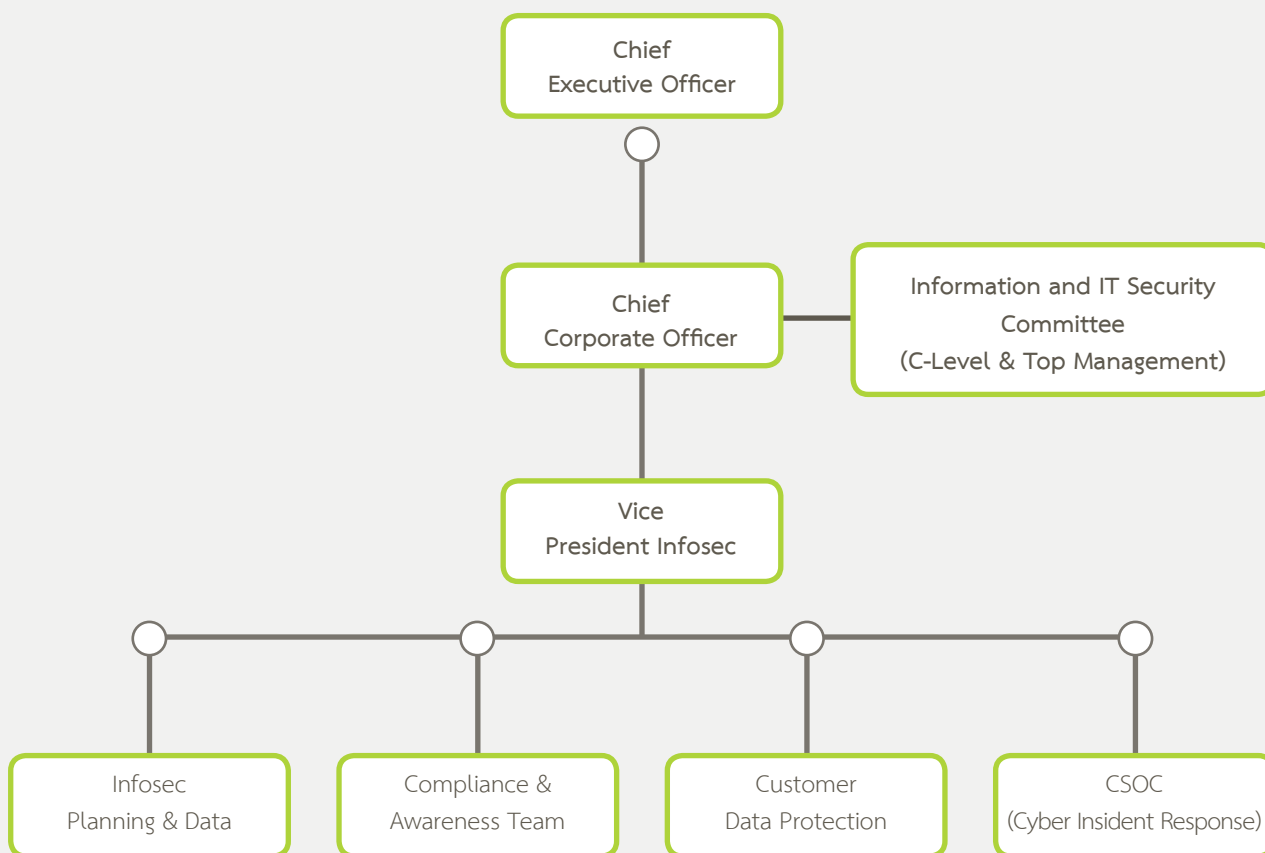
Management approach

- Certified ISO 27001 standard (information security management system (ISMS)) since 2015, CSA STAR (Cloud security Alliance) Self-Assessment in 2016

- Granted CSA STAR Certificate and PCI DSS (Payment Card Industry Data Security Standard) to ensure customer confidence in using services in 2017

In 2018, the policy governance structure will be revised by adopting a new policy framework and reviewing related information security policy to ensure compliance with various related laws and regulations, e.g. Computer Crimes Act (No. 2) B.E. 2560 (A.D. 2017), etc. The cooperation with global telecom sector leaders (Alliance). e.g. Singtel and OPTUS, involves sharing various operational practices to handle and minimize security risks in a timely manner based on best practices.

At policy level, senior management endorsed the policy development in information security matters, defining the accepted and updated technical standards for the adopted technologies. A risk-based approach had been used to create a strategic balance that maintains business activities in secure, reliable and effective manners to achieve customer confidence and satisfaction.

Strategic plan for 2017–2018

	2017	2018
Organization	CDPP working team	
Compliance	Privacy code of conduct for external parties, targeting 100% coverage	• New policy framework • Law and standard compliance
Practice	Business alliance coordination	• Privacy protection control
Awareness		• CEH, CISSP, ECSA certification acquisition • On-the-job training • News updates on emerging digital service securities and threats
Protection	RBAC	• New password management mechanism • Patch management improvement • Monitoring process enhancement • Incidence rehearsal
Detection and monitoring		• Detection visibility improvement • Cyber Threat Intelligence feed deployment • Advanced analysis tools implementation

With regard to prevention, AIS had introduced the following related activities:

- Regular vulnerability testing and penetration testing with up-to-date definitions and a security threats database referencing national and worldwide standardized data sources. The timeframe and time schedule for testing and monitoring the security of the system has been set to be in line with the requirements of the PCI-DSS, ISO 27001 and CSA STAR standards. In 2017, AIS implemented 100% system auditing to meet the requirements of international standards, including PCI-DSS, ISO 27001 and CSA STAR.

- System hardening and security configuration baseline kept up-to-date regarding standards and readiness to optimize the new system updates, e.g SUSE and Redhat operating systems and hypervisors.

- Patch management process re-processed systematically to minimize risks from emerging threats or attacks and to ensure response in timely manner.

- Policy established and acknowledgement process revised to define in-line practices across the Company and its business partners and lawful obligations, including the practice to protect the rights of users of telecommunications services regarding personal information. Such guideline has been incorporated into contracts with supplier of goods and services, outsourcing contracts, contracts with the service providers and the copyright holders, and contracts with distributor and reseller channels.

- Personal information access improved by restricting the access to all sensitive information and implementing data encryption. Physical access had been further restricted with special controls required in order to access sensitive personal information and prevent data leakage, such as limiting the access of external devices and implementing a Data Loss Prevention (DLP) system. The DLP implemented for detecting and monitoring the transmission of sensitive information and personal information outside the Company is planned to be deployed in 2018.

- Role Based Access Control (RBAC) established to restrict application access based on role with the application rights management; now enhanced and expanded to cover more than 200 applications.

- Password management systematically improved with encryption to align with the global standardin 2018. This improvement is to minimize risk of try-password-like attacks, e.g. brute force attacks, by changing password after use and logging all usage for future reference.

In addition, the 24x7 Cyber security monitoring and incident response infrastructure was established to provide a centralized notification system and ensure the timely response to incidents through the cooperation of related teams. This involved the implementation of a security infrastructure that included an Intrusion Prevention System and an Advance Threat Protection System to detect unknown malware and prevent DDoS attacks. The study of previous cases of intrusion was proposed in order to identify attack patterns and behaviors in correlation with a mechanism to improve incident response efficiency.

In 2017, the following significant cyber security incidents were detected:

- A DDoS (Distributed Denial of Service) attack, which involved sending a high volume of data and thus consuming resources, was detected every week but with no or non-significant effects. However, in one incident, a DDoS attack caused one of the gateway capacities to drop during off-peak hour but there was no impact on the service customers. The gateway was designed with an appropriately redundant capacity to handle services during peak hour traffic. After the incident, the protection equipment was expanded to cover additional critical services successfully.

- The deployed detection equipment found a WannaCry malware attack originating from an external personal computer. AIS was not affected by this attack due to its installed Antivirus and software patch.

- E-mail phishing was detected every month (a few e-mails each month) which distributed malicious links to extract personal information, usually by asking to fill in a username/password or credit card number. Hence, the malicious links were blocked and caused no impact.
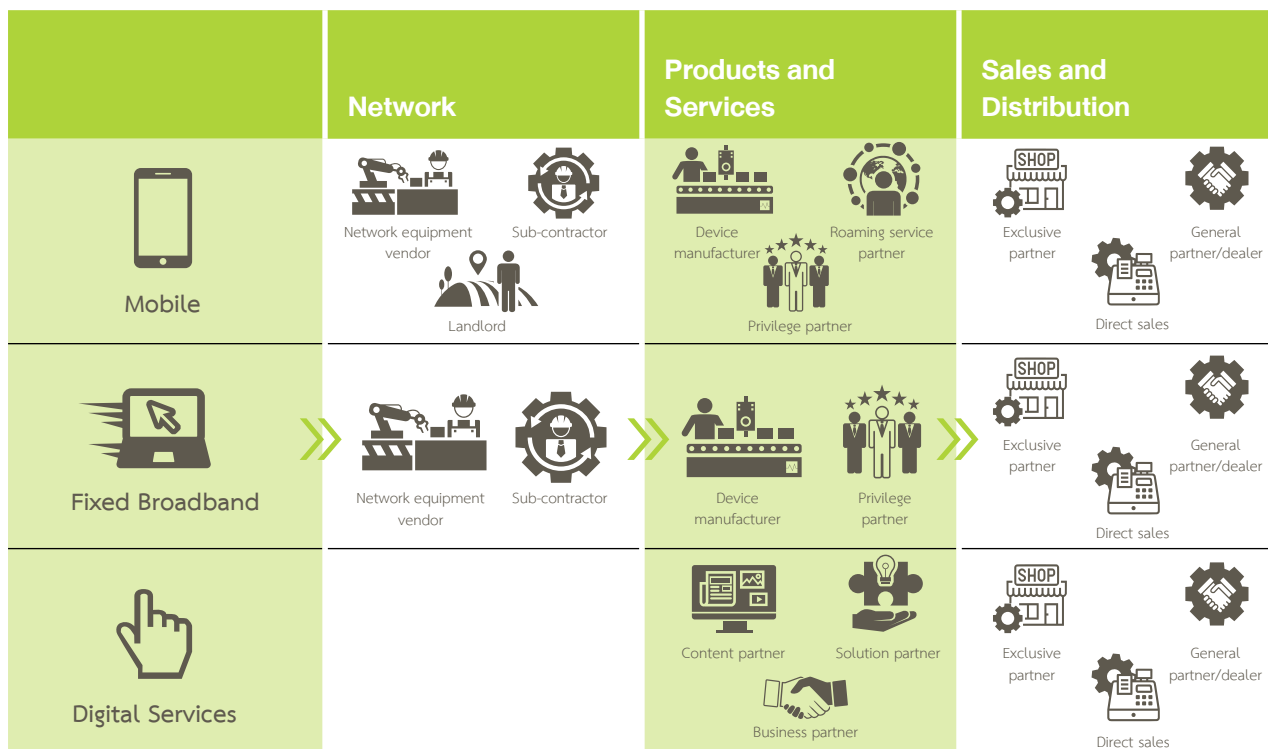
AIS took steps to educate all employees on information security and prevent them from falling victim to attacks by raising awareness of issues such as ransomware, phishing, password protection, smartphone usage, social media protocol, malware (e.g., WannaCry), etc., through regular news updates. Apart from employees, other stakeholders who utilize or use AIS services were also educated on how to use the services appropriately and securely.

Achievement in 2017

Year	Number of inquiries submitted to AIS from customers concerned about the dissemination of their personal data	Number of inquiries submitted to the department in charge of data protection from customers concerned about the dissemination of their personal data	Cases in which it was proven that there had been dissemination of personal data	% of customers' complaints that have been solved	% of customers' complaints that are in process
2014	412	9	-	100	-
2015	271	13	-	100	-
2016	321	11	1	100	-
2017	575	15	-	100	-

Digital for Enhancing Partner Capability

AIS key partners along its supply chain

	Network	**Products and Services**	**Sales and Distribution**
Mobile	Network equipment vendor · Sub-contractor · Landlord	Device manufacturer · Roaming service partner · Privilege partner	Exclusive partner · General partner/dealer · Direct sales
Fixed Broadband	Network equipment vendor · Sub-contractor	Device manufacturer · Privilege partner	Exclusive partner · General partner/dealer · Direct sales
Digital Services		Content partner · Solution partner · Business partner	Exclusive partner · General partner/dealer · Direct sales

Among those partners, AIS has placed a focus on "Distribution Channel" management which is a major touch point that represent AIS brand image to our customers as well as the main channels that generate our revenue growth.

Key milestones in 2017

○ Renovated AIS Shop image to a digital gallery, with a focus on building a digital experience for customers, enabling customers to test real products before deciding to buy.

○ Deployed AIS Easy Plus, AIS myPartner, and AIS myGoal applications to enhance sales competency and improve the efficiency of distributor management.

○ Developed the AIS Easy App and AIS Online Top-Up applications to fully enhance the potential of service. By using the application, the service time is decreased from 20 minutes to only 3 minutes, enabling the support of future sales and services.

Challenges and opportunities

The digital technology of today continues to evolve rapidly and play a major role in changing consumer behavior. This includes the widespread use of smartphones and wireless internet connectivity, with a focus on comfort, speed and efficiency. From the higher expectation of service standard such as 24-hour customer support services or the rapid growth of online purchasing and services, AIS recognized that the existing strengths both the nationwide coverage of its distributor stores (physical shops) and traditional operating systems might no longer be enough to comprehensively meet current consumer behavior trends. AIS, therefore, has foreseen and placed its focus on development of distribution channels and services by utilizing technology to increase efficiency in sales and in services, thereby enhancing the digital service experience for increased convenience and speed, and to better satisfy customer needs. This also includes the development of online distribution channels to accommodate and meet the needs of consumers in the digital age.

Overview of strategic direction and goal

AIS has set a clear vision to become the Digital Life Service Provider in response to the increasingly complex needs and lifestyle trends of customers in an era of rapidly developing digital technology. In addition to designing digital services to meet the needs of consumers, the development of distribution channels is one of our key strategies in order to promote the growth of AIS in the digital age. AIS has been advancing toward the creation of a comprehensive digital channel to meet changing customer behaviors and lifestyles, in which technology plays an increasingly important role in the purchase of goods and services, and where digital tools are used to enhance the efficiency of sales and management. This includes, for example, smartphone platforms to help reduce the service time and a platform providing distributors with swift access to information and communication with AIS. AIS is also moving forward in the promotion of customer self-service channels, such as service vending kiosks and online channels, which enable customer to access AIS services via their smartphones 24 hours a day. At the same time, AIS focuses on improving the skills and knowledge of our employees and distributors in their use of technology in order to ensure the effectiveness of our services and promote sales. In the future, AIS will further develop our channel structure into an Omni-channel approach that combines both offline and online channels. Including AIS Shops, distributors, websites, and a call center, this Omni-channel approach will provide greater convenience for AIS customers, empowering them to purchase and pay

for goods or services anytime, anywhere. The in-depth customer analysis and database will also enhance the ability to offer personalized products and services to customers.

Management approach

1. Create a variety of distribution channels in order to reach all customer groups

AIS distribution channels are divided into 4 main categories as stated in page 35, each of which can provide different services, from comprehensive distribution and service channels to electronic channels, to directly meet the needs of customer segment and area with proper sales and services across the country.

2. Develop digital technology for channels to increase both operation efficiency and customer satisfaction

In 2017, AIS has strategically focused on using digital technology to develop products and services for our customers while also developing applications designed to help our distributors expand their capacity and efficiency in sales and services, and provide a faster service for their customers.

More information regarding the use of digital technology in channel development for customer self-service can be read on page 137-140.

Applications to enhance distributor potential throughout the year 2017 are as follows:

Application	Uses	Benefits to AIS	Benefits to Partners	Benefits to Customers
AIS Easy App	Smartphone application for the sales and services of major distributors, covering services such as launching new numbers, porting mobile numbers to/from the other mobile operators, distributing supplementary packages, etc.	Increased sales and profits.	Provides greater convenience and speeds up processing time, reducing it from 20 minutes to only 3 minutes.	Increased speed of services.
AIS Easy plus	Tablet application for sales, services, and registrations of general distributors. A comprehensive, easy-to-use service that does not require as many procedure steps as AIS Easy App.	Increased sales, profits, and customer satisfaction with AIS.	Provides greater convenience and speeds up processing time, reducing it from 20 minutes to only 3 minutes.	Increased speed of services.
AIS Online Top-Up	For the top-up and sale of on-top packages.	Increased sales and profits.	Provides greater convenience and increases speed of sales.	Increased speed of services.
AIS myPartner	Used to perform various transactions with AIS, such as placing orders, checking status and payments, checking AIS rewards, and using as a channel for following news and information from AIS.	Reduced workload in communication with partners and increased speed in transfer of news and information.	Provides greater convenience and increased speed of receiving news and information.	Provides greater customer confidence in the quality of AIS distributors.
AIS myGoal	Used to track and monitor sales and service performance, to enhance ability to achieve goals, as well as to allow distributors to review employee performance.	Simplifies processes using an uncomplicated, fast transaction model.	Helps to monitor and improve performance of employees and stores.	Provides greater customer confidence in the quality of AIS distributors.

3. Optimize partner communication by focusing on digital communication channels

AIS has continued to develop the communication of marketing information and data between AIS and our partners. From our original model in which the majority of communications were in written form, we have revised the format of our data communication to be in an easy-to-understand visual format or infographics in order to better explain work processes. We also create video clips to highlight the selling points of each campaign and to communicate policies from AIS executives. This allows us to provide timely and accurate sales information and other data, relevant to the current marketing situation, as well as to deliver products and services to our customers with maximum efficiency.

4. Quality control standards for distribution channels

Because AIS does not manage every distribution channel ourselves, in order to control the quality and standards of service of those channels, we have therefore set criteria for measuring the quality of these channels. These standards vary according to the operating capabilities of primary partner channels. For example:

1. **Determine criteria for selection of major distributors** in order to acquire distributors with operational capabilities, including knowledge and expertise in sales, stable financial status, ability to adapt quickly to business conditions and competition, and fair and legal practices in both business and employment.

2. **Establish guidelines for distributor and dealer operations** to ensure quality and service standards under AIS brand, such as in the selection of location, store development, advertising and sales promotions.

3. **Set criteria for the quality measurement of sales and services** in order to develop and control the quality to ensure that it meets standards. This includes, for example, surveying and measuring customer satisfaction with distributor service through the Consumer Satisfaction Index (CSI), competency testing and quality testing of distributor and dealer employees in various core areas.

4. **Establish sales assessment guidelines to determine compensation** and to provide fair and appropriate compensation for distributors in each category, taking into account store size, distribution area, quality income generation, and promotion of new products according to AIS targets.

5. **Evaluate dealer satisfaction** through the Dealer Satisfaction Index (DSI) with annual assessments via interview, and measure and compare results against industry averages regionally, globally, or against the previous year, in order to improve distribution channel management.

Management approach to improve quality of distribution channels

Training to enhance skills and knowledge

AIS has supported the development of distributor potential via the annual "AIS Channel BIZ Forum" program. The program objective is to promote new knowledge that is consistent and appropriate with the current market situation to our "AIS Shop" and "AIS Telewiz" dealers at the business owner level throughout the country. We invite academics, as well as successful and well-known individuals, to lecture and exchange knowledge and experiences. Additionally, AIS also supports the long-term growth of business with our partners via the "Young AIS Management Program (YAMP)" for the successors of current dealers and distributors. The goal of this program is to prepare the successors of current distributors to ensure a smooth takeover or business succession, by allowing the attendees to apply their knowledge to suit their specific business model and to adapt easily to the rapidly changing telecommunications business market. In the past year, a total of 23 participants joined the program, accumulating a total of 1,840 hours of training.

Regular assessment of partner quality

AIS reviews our distributors and dealers on a quarterly basis, including sales and service quality, store decor, and employee knowledge of products and services. The Quality Assurance team of AIS will evaluate compliance with codes and standards that have already been defined and communicated to partners in advance. The results of these inspections will be presented in a summary report to the responsible partners and executives. For any findings that are not in line with AIS guidelines and regulations, a team of consultants will be sent by AIS to help guide and develop the partner standards to meet AIS requirements. In the past year, 100% of all partners subject to quality control were reviewed, with a focus on major distributors.

People Management and Development for Digital Tranformation

"Under the global transition state, we become more and more familiar when we hear the Terminology of "Digital Disruption" which affects the competitive change in the markets in every contexts. The transition is the inevitable matter for every organization especially when the technology is developing relentlessly and more effectively to respond human needs. It is the matter for all organizations to accelerate the development of human resources to be able to serve such changes and to maximize customer satisfaction.
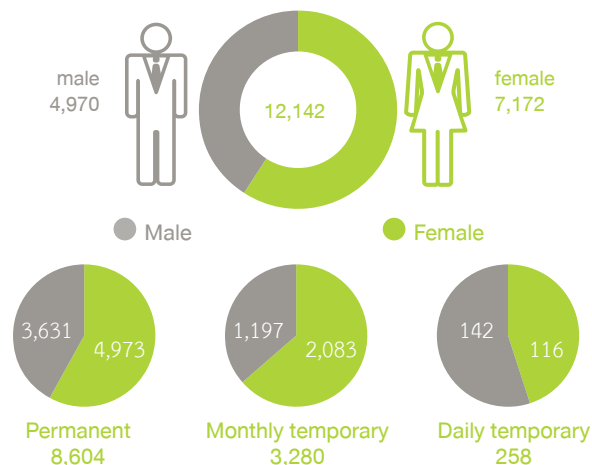
When the context changed, the strategic planning as well as work plans may not be as familiar to us. It is more challenging that the strategic process having brought the success to every organization may not be the answer that meets future challenges. To be careful in being caught in the "Trap of Success" is the driving force for AIS to accelerate its strategic planning and personnel changes in various contexts in order to ensure that all AIS employees can have competencies and opportunities to grow with the organization. More importantly, it is the capability in meeting the needs of our customers in the context that is changing following the digital world. "

Ms. Kantima Lerlertyuttitham
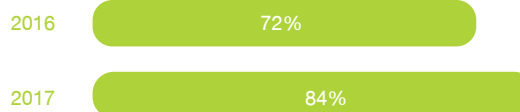**Head of Human Resources Management**

AIS aims to develop and upgrade the status from Thailand's No. 1 cellular network provider to become the **Digital Life Service Provider** who provides digital services in daily life as well as being the organization with strong operational performance and availability for the transition and the good governance in the business operation. This mission cannot be achieved without "all efficient staffs or employees of AIS" which is an important mechanism to drive the organization. AIS, then, has placed an importance on "People Development and Well-being".

"AIS employees" are the most important factor to drive the organizations in the digital era and this will lead the organization to maintain the achievement sustainability.

Total employees 2017 (incl. daily temp)

male
4,970

12,142

female
7,172

⬤ Male   ⬤ Female

3,631 4,973	1,197 2,083	142 116
Permanent 8,604	Monthly temporary 3,280	Daily temporary 258

Employee engagement score (%)

2016 — 72%

2017 — 84%

Opportunities and challenges

On the days which the world changes so rapidly, the service users have different behaviors and needs. Many organizations start asking questions how the organizations can move forward and grow sustainably on the conditions of fast and frequent changes?

Over the past several years as the strong organization and the leader in the telecommunications market, AIS must be ready and not be caught in the trap of success and

leadership. We continue to advance the organization development to meet the challenges that the world is facing with the mobility, the potential and speed of digital world affecting people's daily lives. It is the driving force behind transformation of the organization to maintain the leadership and provide the digital life services as aimed.

One of the major backlashes for driving and supporting changes in the digital era is the HR team in **"Recognizing the differences to create the new and stronger corporate cultures."** Moreover, another important mission of HR is the management of the whole organization to work effectively including the responsibility in managing the differences of people in each generation. HR's responsibility is to step out of the original concept and framework or the Comfort Zone to create the different idea which dares to lead to the development of the so-called Cross Culture to diversify.

In the past 2017, more than 12,000 employees in AIS consisted of Gen Y (Generation Y) or the newly-grad for more than 70 percent in the organization. They had new viewpoints for the digital world and began to play the larger role in the organization compared to the Gen X group being in the age of 28 and Baby Boomers (BB) which was only 2 percent. However, with the commitment in becoming the Digital Life Service Provider, the age does not impede this mission as everyone has the idea in the same direction in the concept of Digital to be used as the link to incorporate and transfer the experiences from generation to generation. Therefore, the knowledge management can be transfered from one generation to the another generation very well.

For the year 2018, Gen Z is entering the labor market. However, this challenge in the management of individuals in this group is not an obstacle to the organization as AIS prepares for the adaptation and changes to serve the new generation employees including the care on every generation of AIS's personnel through the strategies, policies, practices in human resource development and management. This includes the arrangement of various activities to motivate and inspire the employees of all generations to work altogether under the corporate culture and with the same goal. From this reason, the merger of all AIS personnel is the key for becoming the Digital Life service provider and bringing AIS to become "Sustainable Organization".

Overview of Strategic Direction

"Put the people first with 6Ps' strategies has been ongoing operated with the framework of "Employee Well-being" such as cares for the enhancement of knowledge and skills for the operation, career advancement, development of the readiness of leaders both physically and mentally for the performance, good relationship between the supervisor and co-workers, and the environment in the workplace such as creating a suitable working environment, encouraging the motivation to work. The executives at all levels also work closely with the employees in order to listen to the opinions of employees for the development of the organization better. This can ensure that the policies and goals of the organization are communicated to all employees thoroughly and effectively mainly through digital communication channels.

Materiality
- Employee engagement
- Human Capital Development
- Occupational Health and Safety

Long-term success goal
- Be the sustainability organization

Management approaches
- Employee well-being
- Create corporate culture to prepare for changes in the Digital Age
- AIS Academy- Unleash employees potential with Digital Transformation
- Aun Jai Ar-sa – Return to the Society

Indicators
- Employee Well-being index
- Safety, Occupational Health and Safety Assessment
- Be recognized through the Global Human Resources Management and Development Awards.

Management approach

In preparing and serving the rapid changes of the digital world, the human resource management has defined two main approaches for supporting the digital world.

Approach 1 To recruit qualified candidate to support the New Abilities of the Digital world as well as having the good attitude and ability to respond to the changes faster.

Approach 2 To elevate the level of knowledge and competences of the employees to be able to grow with the growth of the company as well as being able to effectively meet the needs of our customers.

However, all AIS employees have the opportunity to show their potential fully including holistic care on the employees from the level of consistency of policies, regulations, personnel management made up of labor laws and the human rights law of the country. The policies were reviewed in the past year by considering the upgrading of the operational plan in line with the UN Global Compact on Human Rights focusing on the equality in the recruitment process, compensation, and welfare, performance appraisal, and employee development along with giving the opportunity for people with physical disabilities to work with AIS and focusing on local employment.

1. Talent attraction and retention

The new wave of major economies that drive the digital economy is the next generation of Gen Z. This group of people is entering the labor market and has the new ideas to begin to play the greater role in the digital world. From this reason, Human Resources Management has stipulated the potential recruitment strategy under the "The Bloom "

program with the cooperation from the top universities both in Thailand and abroad to participate in the recruitment program and to provide the opportunities for the students with specific potential in various fields to join in the mission with AIS to support and prepare in the Digital Age. The AIS talent acquisition team has met the group of students and public relations with media planning in taking care of the new generation of digital talent such as QR code, online registration system. The "Bloom Talent" project also provides the opportunities and challenges for students who are going to graduate to know the natures of work by identifying the identity of the employees of the Gen Y and Gen Z and by introducing a variety of different features to increase the opportunity for new generation employees to find their own potential that suits their needs before deciding on the job placement of each agency.

In 2017, the AIS talent acquisition team has had the opportunity to hold the University Road Show with 17 universities approaching 1,240 university students to participate the project. There were 18 graduated students join AIS family in the last quarter of 2017.

2. Employee well-being

All AIS personnel are valuable resources of the organization and are one of the most important factors in driving the enterprise in modern era to be sustainably successful organization. AIS, by the management and HR development, have formulated the strategies, policies, and practices variedly based on the conceptual framework of "Employee Well-being". In the year 2017, six guidelines were adopted using the digital media as the tool for all AIS employees to experience digital life in person and to deliver the experiences to digital life subscribers.

AIS Wellness Program

Story Timeline 2560

Under the concept of Holistic Employee Well-being, we emphasize the physical and mental health and the well-being of employees since the beginning of membership of AIS until the termination of employment. It is the foundation for employees to work effectively. In addition, engagement within the organization is an important critical driver for the organization toward the achievement of vision.

AIS Wellness is the project that helps promoting and developing the employees in preventive health through 4 themes. Activities namely first theme for food, second theme for emotion management, third theme for exercise, and final theme for financial well-being. In 2017, the financial experts were invited to give knowledge about how to save money, revenue and expense management including preparation for early retirement. The digital technology is applied to help designing the programs for the employees to be aware of their health status and how to take care of and prevent the development of the application together with a specialist partner that encourages employees to focus on health and wellbeing. The methods in exercising are presented more. This knowledge is also transferred to the families and communities with the goal to achieve and

deliver prizes to motivate when employees can achieve their goals at each level.

According to the analysis on the sickness statistics of AIS employees in recent years to guide the activities to help promoting better health both physically and mentally, AIS Wellness Program is emphasized and supported by the management team. It is included as the KPI or corporate goals of the business plan of the executive meeting continually by specifying Corporate KPIs. For the year 2017, AIS elevated the care on the employees and gave priorities on health by establishing the "AIS Health Care Center". The team of professionals from Phayathai 2 Hospital was brought to provide basic medical services and health care counseling to employees including providing the modern tools and equipment with hospital standard. The application was also developed with expert partners to help in designing programs to keep employees informed of their health status, how to prevent the illness. The methods in exercising are presented more to fit the physique of the individual by clearly targeting the goals and giving the prizes to motivate when employees can achieve their goals at each level.

The AIS Wellness program received the positive feedbacks from the employees. In the year 2017, the 7,024 employees participated in the program higher than target at 5,000 employees. As a result, the overall sickness rate of AIS employees decreased to 11,746 days. The cost of medical expenses was also reduced by 6.3 million baht compared to the statistics of 2016.

In addition, the AIS Wellness program was also supported and accepted by leading organizations with the award-granting of "Global HR Excellence Award 2017" in the excellent care on the employees in Mumbai, India, and "Best HR Practices from Oversea" in the top 5 health care on the employees from the HR Excellences Awards in London, UK, and the "Asia's Best Employee Brand Awards 2017" which is the Asia's Best Employee Brand Awards in Singapore. This achievement can confirm the Company's commitment in the management and development of holistic human resources very well.

Occupational safety, health and working environment

AIS is committed to operate in safety, occupational health and working environment to have the results in concrete practice in order to achieve the ultimate goal of the company in being the place where the employees work safely with hygienic and good working environment. It also creates a culture of safety, occupational health and work environment in compliance with safety and health regulations, occupational health and safety standards for employees and contractors. The activities are emphasized to cover both inside and outside the establishment. Apart from the above, AIS has two main security management functions:

- Operation Safety
- Personal Safety

The objectives are to set the direction for the operation to the excellence in safety following the Good Corporate Governance principles and acceptance of stakeholders to sustain the business operation of the company.

In the year 2017, the results of the preventive measures have been done in so many activities, for example;

- Employees Randomized measurement of air quality in the head office buildings, telephone center buildings, warehouse buildings. The parameters to be measured are carbon dioxide, temperature, humidity, light, sound, heat, etc.

- Disinfect and deodorize in buildings and establishments during the respiratory disease outbreaks to prevent the workplace from germ spreading.

There are also activities to provide knowledge through various types of digital media for AIS employees to learn more. Based on the performance of the control and strict inspection, in the year 2017, no injuries or deaths from work were reported.

Well-being through development program
AIS Academy-Leadership development through Digital Channels

The strategies of human resource development of AIS are critical to the success of the organization and to achieve the missions. AIS has restructured the work of human resource development to become the center for learning and development of personnel or AIS Academy since 2016 to expand capacity and prepare employees of AIS. AIS Academy is dedicated to the development of human resources in a holistic and diverse learning environment that is tailored to every individual. AIS Academy also develops various learning styles, both online and offline, to suit each student's learning style. The Employee's life cycle in design starts from the first day of work to the preparation for retirement. Due to the above challenges, the personnel development plan is designed to be in line with the business direction and the goal of success. The individual development plan is developed together with the competency model. It is planned, developed and analyzed jointly by employees, supervisors and human resources management in order to lay the foundations for the skills necessary for work and career development.

The employees are promoted and encouraged for the employees to experience just the Digital world. AIS Academy has developed and adopted technology to support the learning process through its online intranet and has begun to use map applications for learning through employee mobile devices. The human resources development and training can be enhanced to be accessible from anywhere, anytime from various devices through the projects called "LearnDi" and "ReadDi". The development development and training model on the employees are developed to be varied and appropriate for each employee's learning style. For learning in the classroom, it has been used for training in operational models and for engagement and group work.

Based on the past performance in 2017, AIS Academy has completed 287 courses in Digital system (LearnDi). The assessment had been done after the recruitment. AIS Academy provides all employees with equal opportunity to learn through Digital system (LearnDi) in the compulsory courses, such as AIS Business Ethics, Customer Data Privacy Protection Policy, etc. The Digital Learning System has received the good feedbacks from over 12,000 AIS employees as the employees can learn freely without the limitation in terms of location and time. It also reduces costs and saves costs by up to 95 percent compared to the cost of traditional learning systems. Moreover, ReadDi / E-book also received the good response as well because it saves time for the convenience and increase of access. They can also provide knowledge to more employees and lower the costs than traditional libraries.

In addition, AIS has determined strategies and plans to manage risk and lead the way through the 'New Way of Succession Plan' by defining the indicators clearly. There is the selection process on the executives with appropriate performance and qualifications to attend the projects by considering the performance over the past 3 years in conjunction with the Potential test to develop an individual executive development plan. AIS Academy has cooperated with Harvard Business School to arrange the curriculum for the executive potential development, Generation 1 (LDP1). 39 executives attended and University of Manchester, UK, was assigned to design the Middle Management Development Program (MDP1) to be implemented to commence development in 2018.

Finally, AIS Academy continues to strive in developing our employees and prepare them for the changing world continually though finding new things in the ideas, digital media formats, and methods to promote learning and development for future employee progress continually in accordance with the missions and goals of the organization.

Performance management systems and fair remuneration

AIS's performance appraisal will be conducted 2 times a year, covering 100% of employees. The methodology will be focus on 2 areas as follows:

(1) Employees' performance according to the objective and target set by employees and supervisor.

(2) The assessment on individual development based on their development plan.

In addition to the performance appraisal, AIS understand that remuneration which is both fair and motivating is an incentive and an important strategy in retaining valuable employees. This is an area on which management places high priority and which we review annually, by comparing our compensation packages with those throughout the industry, and holding to the principles of equality, consistency with the performance of the organization, and individual employee performance. AIS also hires independent consultants to conduct research and obtain data on wages and benefits in our labor market to be evaluated against the current AIS remuneration rates and criteria, as well as to monitor methods and forms of compensation management in other leading corporations. This helps us to better analyze and develop the AIS compensation model for our employees, so that it is both appropriate and continues to motivate current employees and those interested in working with AIS in the future.

AIS uses the 3-Ps principles in determining employee remuneration as follows:

- **Pay for Performance:** Based on the results, behavior and potential of employees

- **Pay for Position:** Based on employees' duties and responsibilities

- **Pay for People:** Based on specific skills required by AIS

Corporate culture for the digital age

From the consumers' behaviors varied according to technological progress, this is the factor in the behavioral adjustment factor changing the way of people living, AIS has stepped in to change the potential for service provision to meet the needs of customers. The vision behind this is to transform to the real digital lifestyle service provider under the concept of The Next AIS which cannot deny that it is the factor important to the success consisting of AIS employees to have the consistent behaviours and the ability to adapt people to the current rapid change to create a corporate culture under the value of the organization; FIND-U, as follows:

(1) **Fighting Spirits:** the employees must have fighting spirits to endure the severe competition.

(2) **Innovation:** in the creativity both in the methods of operation and innovative service provision

(3) **New ability:** There must be new knowledge for the employees in the customer service center to have knowledge more covering including the increase of knowledge in the service provision of Fixed Broadband from previously providing only the mobile phone signal service.

(4) **Digital Service:** The employees must understand the services AIS provided to the customers such as the trial on the services.

(5) **Sense of Urgency:** The employees must have the speed they need to transition to digital in order to meet the needs of the customer immediately.

Human Resource Management and Development has consistently supported and motivated the above corporate culture through the scheme and programs throughout the year 2017 as follows:

1. Effective communication through various channels: to emphasize corporate culture from top management of AIS. The "AIS Business Plan" is held twice a year to give AIS employees the opportunity to listen to the strategies, plans and guidelines of the organization in the conference room prepared and conducted live Broadcast from the conference room to the employee communication devices. This is for all AIS employees to receive the full information on the situations including the announcement of the intent of the management team to create a corporate culture as a part of the employee's DNA as well as delivering the experiences in Live Digital Life to the employees. More than 1,000 employees attended the AIS direction and strategy and there were over 7,000 employees attending via the live broadcast across the country.

2. Communicate and emphasize on the corporate culture through employee representatives in each agency (People Champion): The representative of each agency receives policy from Human Resource Management and Development in planning the event and setting the budget for management activities in the form of activities for members in their own departments to support the missions of the organization. On the other hand, these employee representatives continue to serve as a hub for fellow employees in gathering feedback and responses from each employee to convey to the Human Resources and Management. It is a communication channel and is the employee relations in their own departments and is also the connection between the employees and this organization as well as being the People Champion as the leader in making changes. The engagement can also be created to the employees with the organization and the leader of AIS communication to the employees and the persons influencing the ideas of the employees in the agencies as well. In the year 2017, there were 220 employee representatives from 77 agencies and 109 activities were created.

3. AIS Innovation Center: AIS Innovation Center was established to support the innovation in delivering new products, responding the customer's demands, and delivering the experiences in digital continually. In addition, AIS Innovation Center has provided AIS employees to have the discussion experiences with the colleagues. It is also served as an area for promotion, development, and inspiration activities for employees aiming to create the Collaboration between employees in various agencies. In addition, AIS has provided the "AIS DC" facility to meet the needs of the full range of Start Up employees consisting of the library, seminar room, exhibition hall, and recreation room with the same purpose to learn and share business experiences.

There are also a number of other supporting activities such as: 1) No Meeting half-day policy to allow employees to use this time for their own development, talking and sharing experiences with the colleagues such as AIS Wellness AIS Innovation 2) Modification of the new employee card format by adding the part of QR Code to reflect the lifestyle of new generation.

Communication within AIS in the digital age

The missions, goals and plans of the organization will not be achieved if it lacks of effective data management strategies and effective internal communication channels. Due to the strength of cooperation of AIS personnel, it is the driving force for the missions to deliver digital experience to all AIS employees. From this reason, digital communication channels can be used. The registration form for all activities within AIS has also been adjusted in the form of QR Code.

Voluntary Mind makes AIS be the good member of the society

The "Volunteer Mind" project works by bringing the concept of social responsibility into the daily work processes of employees. The knowledge transfer can raise the consciousness into employees to have social responsibilities. The "Volunteer Mind" is a name for AIS employees who have the heart to help each other when suffering or experiencing problems. This includes the support and social development. The beginning of "Volunteer Mind" comes from the culture

of the AIS people who believe that "AIS members must be excellent and good people," resulting in many projects in the organization starting from the project "Friends help friends", which is the center of the employee spirit helping each other when an employee suffered or experienced a problem in the form of items and funds apart from the welfares that the employees receive under corporate policies.

In the operational performance of the year 2017, more than 900 employees participated in the " Volunteer Mind" project to present 21 projects for the society such as the voluntary mind project to pay the mournfulness of King Rama 9, the voluntary mind project to decorate the trees at the imitate royal funeral pyre on Ratchadamnern Road, the voluntary mind project for free transporting by motorcycles, the voluntary mind project for blood Donation, the voluntary mind project to help the schools and communities across the country.

Apart from helping one another within the organization, the "volunteer mind" under the promotion of AIS has been extended to the return to society. Through this project, AIS encourages employees to use their strengths to apply for social assistance. It also offers the opportunity to present creative ideas to develop and solve problems found at both community and social levels as well as creating good people to society. This engages employees with the organization and builds community acceptance for AIS's business as an organization with good governance and responsibility. The Project Implementation Model encourages the employees to propose projects that will help them develop their homeland or where their former employees are located. AIS sponsors the project up to Baht 100,000 per project and encourage employees to attend activities on the working days.

2.8 Best employer award 2017

According to our HR practices as mentioned above throughout the year 2017, this is indicated that AIS implemented all HR practices to meet with global HR practices. AIS has been awarded the Best Employer of the Year Award for 4 consecutive years from Aon Hewitt (Thailand) Co., Ltd. Furthermore, AIS also received the Outstanding Employer of the Year Award from Forbes,

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Moreover, AIS was also nominated for the award "Best HR Practices from Overseas" by being ranked in the top five organizations from HR Excellence in London, United Kingdom.

Performance Table

1. Overview

	Unit	2014	2015	2016	2017
Total number of employee	person	11,058	11,885	12,207	11,884
By gender - Male - Female	person person	4,456 6,602	4,748 7,137	4,944 7,263	4,828 7,056
By age - Over 50 years - 30-50 year - Under 30 years	person person person	232 5,335 5,491	254 6,741 4,890	375 6,800 5,032	463 6,894 4,527
Total number of employees who voluntary resigned	persons	400	363	591	635
Ratio of employees who voluntary resigned/ total number of employees	%	5.52	4.53	7.08	7.44
Percentage of employees who received formal performance reviews	%	100	100	100	100
Total training hours	hours	1,257,864	588,810	1,061.922	1,1014,115
Average training Hour	per person	1,189	50	87	85
Total training cost	mn	110.57	111.98	111.05	111.05
Total number of employee fatalities	person	0	0	0	0
Total number of employee injuries	person	6	5	0	0

Note: excluded daily temp staffs

2. Total number of employees broke down by gender, age, and employee level in 2017

	Male (person)	% of total employees	female (person)	% of total employees	Total (person)
Top management	115	63%	68	37%	183
- Over 50 years	59	32%	33	18%	
- 30-50 year	56	31%	35	19%	
- Under 30 years	0	0	0	0	
Middle management	1,628	49%	1,704	51%	3,332
- Over 50 years	85	2.6%	86	2.6%	
- 30-50 year	1,535	46.1%	1,612	48.4%	
- Under 30 years	8	0.2%	6	0.2%	
Operating and staff level	3,085	37%	5,284	63%	8,369
- Over 50 years	74	1%	19	0%	
- 30-50 year	1,445	17%	2,318	28%	
- Under 30 years	1,566	19%	2,947	35%	

Note: excluded daily temp staffs

3. Total number of employees broke down by operation

AIS

Key department	persons
Corporate finance and accounting	235
Human resource	236
Internal audit	50
Corporate strategy	45
Executive office	15
Company secretary	8
Corporate office	98
Organization transformation	18
Total	705

AMP/ ADC/ AIN/ WDS/ SBN/ AWN/ FXL/ MMT

	persons
AMP	50
ADC	0
AIN	21
WDS	387
SBN	41
AWN	6,693
FXL	135
MMT	1,618
Total	8,945

ACC

Key department	persons
MD office	4
Contact center-BKK	1,526
Contact center-Nakhun Ratchasima	464
Contact center-Operation deployment	58
Contact center platform	31
Human resource	318
QA and complaint management	76
Central intelligence analysis and strategic planning	12
Total	2,489

DPC

Key department	persons
Executive office	3
Total	3

Note: Included daily temps staffs

In 2017, the total amount of compensation for all employees of the Company and its subsidiaries was Baht 7,023.41 million, comprising salary, bonus and provident fund payments.

Innovation Management

The importance of innovation to AIS's business

Even though AIS is the number one mobile operator in Thailand and in a strong position, the biggest present challenge is that the compition is no longer limited to other mobile operators or broadband internet providers. The fast development of technology, the increasing importance to business of digital technology such as social media, the rise of artificial intelligence, and the growth of virtual reality technology have all changed the way that companies today do business. These advancements have had a significant impact to the way that existing operators make a new source of revenue, while providing more options for the customers. In particular, the entrance of new players who possess global platforms and applications, the so-callled Over The Top (OTT) players, such as Line, Google, Amazon and Facebook, which do not have their own telecommunications networks. While these changes in customers' lifestyles have benefited the OTT players due to the high demand for data usage, voice call usage has been declining continually. Such challenges have motivated AIS to transform itself from a telecommunications service provider to a digital life service provider, and this requires adopting the innovations to strengthen and reshape the company culture from its old one to a "Find U" culture. The letter "I" in "Find U" reflects the innovation of AIS's people to create new products and services that meet customers' future needs by collaborating with partners to create differntitaion through process, product and service innovation.

Overview of strategic direction and goal

The innovation development strategy of AIS has been to adopt the concept of the incremental innovation approach by leveraging the Company's expertise in digital technology to create new ideas and connect this process with digital technology to initiate better and more valuable assets. This strategic direction aims to create new source of revenue and a new S curve. In doing this, AIS focuses on 4 types of innovation:

1. **Product and service innovation:** a new tools to enhance the development of personalized products and services that meet the needs of both retail and corporate customers.

2. **Process innovation:** starting from optimizing the working processes within the Organization to create a competitive advantage, reduce unnecessary operating costs, and develop new products and services for the corporate customer segment.

3. **Social innovation:** a tool to enhance the national economy and living standards of all Thais. In this regard, AIS announced AIS Vision 2017, Digital for Thais to uplift the social well-being standard of Thai people and support the implementation of Thailand 4.0 through digital technology and innovation. This vision focuses on 4 dimensions: public health, agriculture, education and startups.

4. **Innovation for the environment:** AIS will support the use of environmentally friendly technologies as well as digital technology to develop responsible products and services for customers, society and the environment in order to help customers live more while creating a positive impact on society and the environment.

Governance structure to promote an innovative organization

Top management
- Set policy and target
- Select innovation program for testing

Innovation committee
- Govern the program
- Provide consultation as a project manager

Working team

Baht 100 mllion Innovation buget

Innovation Framework

Promote internal drive from "AIS InnoJump" program

| New knowledge & inspriation | **+** | Top management support | **+** | R&D investment and tools to support internal innovation development |

Collaboration with knowlegeble external partners

| Universities and research instituttes | **+** | Business partners | **+** | AIS the StartUp program |

1. Promote internal drive from the "AIS InnoJump" program

The culture of creating innovation and experimenting is defined as one of the indicators and goals associated with the corporate balance scorecard. For promoting the process of driving innovation, AIS has set the following methodology;

1. At strategic level: The Board of Directors approved the innovation strategy and incorporated it as one of the KPI on the corporate balance scorecard (Corporate KPI)

2. At operational level:

• An Innovation Strategy Development Committee was appointed, comprising top regional and central management. The committee is responsible for the development of an efficient innovation framework, risk mitigation procedures related to innovation, and guidelines on how employee can incorporate the innovation concept into their daily work.

• The Innovation Collaboration Office (ICO) will be a hub for innovation within the organization using a collaborative approach with various departments. The ICO will focus
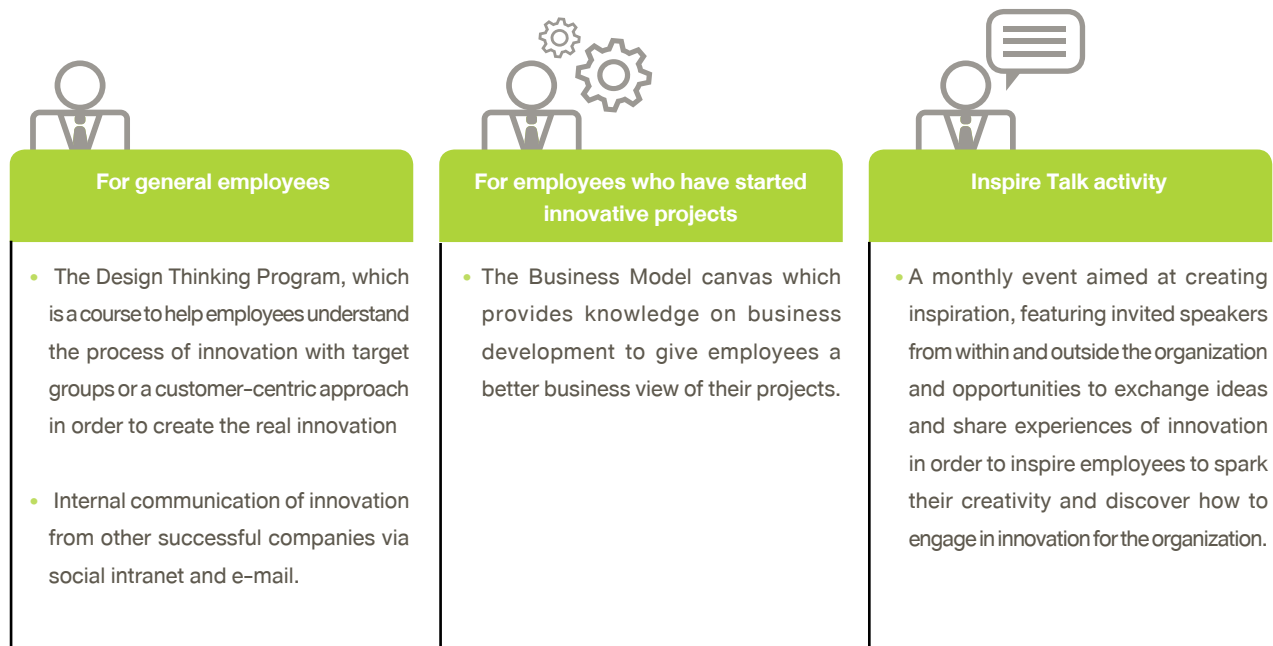
on creating mechanisms to facilitate and promote innovation in the organization. The ICO is under the supervision of the Innovation Competitive Development Steering Committee in accordance with the target set by top management.

In July 2017, The ICO launched the "AIS InnoJump" program, which aims to set the pace of innovation in the Organization. With InnoJump, employees will not only be given the opportunity to innovate processes for use in the Organization but will also be able to take part in creating new business opportunities with the Company. In this first year of implementation, the target is set for 30 innovation projects, including process innovation, products and service innocation, and working innovation. At minimum of 2 projects should be launched in 2018.

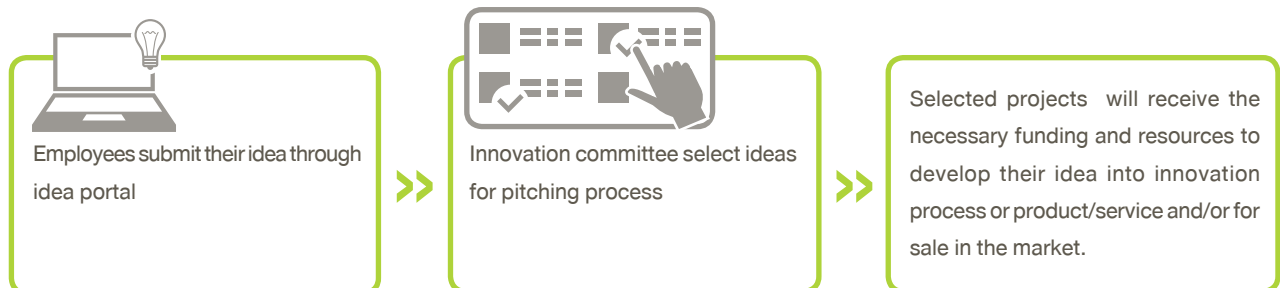The AIS InnoJump program consists of 3 main components;

1.1 Supporting New Knowledge Building and Inspiration.
To support the creation of knowledge and transform it into innovation development, in 2017, AIS provided the following courses and activities to 1,700 staffs:

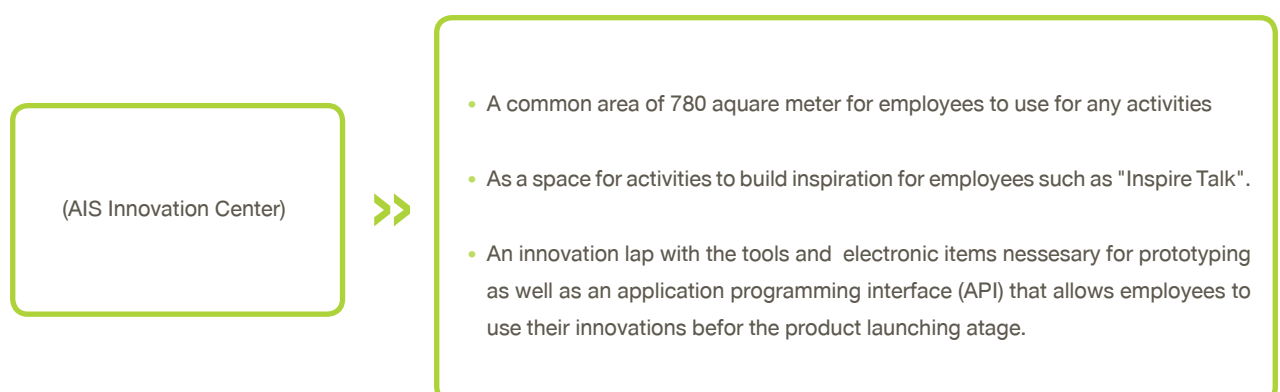| For general employees	For employees who have started innovative projects	Inspire Talk activity
• The Design Thinking Program, which is a course to help employees understand the process of innovation with target groups or a customer-centric approach in order to create the real innovation • Internal communication of innovation from other successful companies via social intranet and e-mail.	• The Business Model canvas which provides knowledge on business development to give employees a better business view of their projects.	• A monthly event aimed at creating inspiration, featuring invited speakers from within and outside the organization and opportunities to exchange ideas and share experiences of innovation in order to inspire employees to spark their creativity and discover how to engage in innovation for the organization.

1.2 Top Management Support. There are processes in place that allow employees to submit their ideas for projects directly to top management. In this regard, AIS has developed the Jump Workshop to provide candidates with knowledge on the innovation thinking and development process, pitching ideas as well as conducting market reserch which helps candidate explore the real market.

Employees submit their idea through idea portal	»	Innovation committee select ideas for pitching process	»	Selected projects will receive the necessary funding and resources to develop their idea into innovation process or product/service and/or for sale in the market.

1.3 Support with the budget and tools for the research and development of innovation. In the year 2017, the Board of Directors approved a budget of Baht 100 million to support the development of an innovation lab and tools as well as to support the program under AIS Innojump.

(AIS Innovation Center)	»	• A common area of 780 aquare meter for employees to use for any activities • As a space for activities to build inspiration for employees such as "Inspire Talk". • An innovation lap with the tools and electronic items nessesary for prototyping as well as an application programming interface (API) that allows employees to use their innovations befor the product launching atage.

2. Collaborate with knowledgeable external partners

2.1 Through collaboration with business partners AIS provides opportunities for business partners to share knowhow and resources with AIS under the concept of creating a strong business ecosystem in which AIS and its partners will grow together sustainably.

Colloboration objective: The aim of collaboration is focused on innovation for the next generation of telecommunications products and services and to reduce the disparity in technology limitations that prevent some Thai people from having access to reliable and effective telecommunications technology.

Example of program: The "Joint Innovation Center" (JIC) was launched 5 years ago in collaboration with Huawei, the leading telecommunication service provider

Benefit to AIS	Benefit to partners
Access to human capital, researchers and the new technology of partners	Access to the real market environment and AIS's customers
Reduce operating cost	Access to the digital technology expertise of AIS
Enhance the quality of origital products and services	Possess a patent for collaborated reseach or innovation
Able to provide new products and services to customers	Able to expand to other customers of partners

2.2 Collaboration with universities and research institutes

to exchange knowledge, especially in industries related to telecommunications and other industries beyond which has no aptitude.

Collaboration objective: to enhance competency and human resources for the creation of digital innovation and to become a tesing hub of possibility in technical aspects and in real-life situations.

Example of program: AIS introduced the NB-IoT service (Narrow Band IoT) in 2017 with the ability to support IoT equipment for use in future services in the live network. This has attracted attention from many universities which require the NB-IoT to support the testing of their projects. AIS then expanded the NB-IoT to those universities that have collaboration agreements with AIS to support their experiments. AIS believes it will be of mutual benefit to AIS and its collaboration partners to study and develop a business model relevant to the Internet Of Things. Examples of collaboration projects include the Smart Parking Project carried out in collaboration with the Enginnering Faculty of Chulalongkorn University. Users can easily reserve a parking lane via the Smart Parking application on their mobile or tablet devices. The application interface will show all parking lanes with a color coding system - green for available, yellow for reserved, and red for unavailable. Smart Parking also includes a navigation feature.

2.3 AIS the StartUp

Collaboration objective: AIS wants to extend its partnership wth Thai startups that create digital products or services aimed at the needs of the new generation, including leading companies in the same industry in other regions. Through this collaboration, AIS offers suitable startups an opportunity to access AIS's extensive resources. In return, AIS will be able to provide new products and services to the market and target customers.

Progress of the program: AIS The StartUp was first launched in 2011 and has been continuing every year in the format of a competition to select new startups to become business partners with AIS. In 2017, the model was changed from an annual competition to an unlimited-access concept, called "AIS The StartUp Connect". This format is open to any startup, allowing them to present their business model or idea 24 hours a day through a dedicated online channel at: www.ais.co.th/thestartup. Any business models that are in line with AIS's strategy and business directions will be selected and the startups which developed the idea will have an opportunity to become AIS's partners as well as receiving AIS's support in attracting other business angels. Currently, there are 44 startups which qualified and more than 50% of these have already begun collaboration with AIS.

Respect to Human Rights

Challenges and opportunities

Technological advancements in telecommunications have played a huge part in building the economy as well as bringing about significant change across many areas of society. People are able to connect with one another even though in rural areas. They can access the latest news and knowledge, as well as basic needs easier as people are no longer limited by physical or geographical factors. Telecommunications technology also have an effect to people behavior such as the change in social value to focus on social movement, the new lifestyle to exchange knowledge and express own opinions through social media, or the online transaction behavior. These effects have a positive effect on enhancing social and economic opportunity, as we can save time, reduce travel expenses, and minimize impact on the environment.

However, the aforementioned technological advancements have also opened up an increased risk of human rights violations, most notably in:

1) Personal data breaches or illegal use of personal data without permission.

2) Sharing news and information without considering on source of information or truth - cause an adverse effect to third party.

3) Breaches of the intellectual property or patents through imitation, or even falsely claiming to be the innovator.

Therefore, it is an essential role of the service provider to use the beneficial technology to raise an awareness on proper use of technology and respect to other intellectual property as well as reduce inequality gap in society. The service provider also urged to take their responsibility to understand, control and ensure that all companies in ecosystem are conducting business in an ethical manner.

Overview of strategic direction and goal

AIS has utilized the company's technological advancement, experience, skill and its relationship with business partners in various industries to develop the capabilities of national digital infrastructure with an aim to ensuring that Thai people have as much equal access as possible to the technology, goods, and services of AIS. This has been combined with an effort to raise awareness on appropriate use of technology, without violating the rights and freedoms of others through the current existing platforms. AIS has set an ambitious target to fully adopt the principle of human rights according to the UN Guiding Principle on Human Rights within 2030 by utilizing our competency to uplift the human rights awareness and practice within AIS Group. The human rights strategy will focus on four key areas as follows; 1) Providing equal employment opportunities and practices, 2) Partnering with ethical partners, 3) Protecting customers' personal data through the innovative products and services, 4) Respecting the intellectual property of others. These 4 key areas is recognized as both challenges and opportunities for the long-term business operation by considering the corporate's strategy and business direction.

1. Providing equal employment opportunities and practices

AIS has a policy of equal employment opportunities for all applicants in compliance with the law, and does not take gender, skin color, race, religion or physical appearance into account during the application process. AIS only seeks potential employees on the basis of their qualifications and experience relevant to the position, provided they are over the age of 18. Further information on the employee demographic of AIS can be found at 161-162.

Furthermore, AIS provides a proper welfare package which is much higher than the minimum amount specified by law, and which includes a variety of different healthcare options. This means that AIS employees have the freedom to choose a healthcare plan depending on their role and lifestyle. Our call center staffs are provided with the appropriate tools and technology to do their jobs, especially those call center employees who have disabilities. For example, we supply staff who have hearing issues with a webcam in order to communicate in sign language with customers who have the same issue. These call centers also feature voice recognition technology which can transcribe and type speech, or can convert typed information on-screen into audio, which is used in combination with software from The National Institute of the Blind for Research and Development. At present, AIS has 126 disabled staff members working in our call centers.

2. Partnering with ethical partners

The partners selection process and contract renewal process has been adopted human rights criteria for screening. After all this time, AIS has communicated and explained its code of business ethics for partners via our representatives, website and application for partners. We also send a letter to partners to reiterate the importance of strictly following the ethical principles set out by AIS. In the past year, we have been able to send letters to 100% of the business partners within the AIS group, a summary of which will follow below.

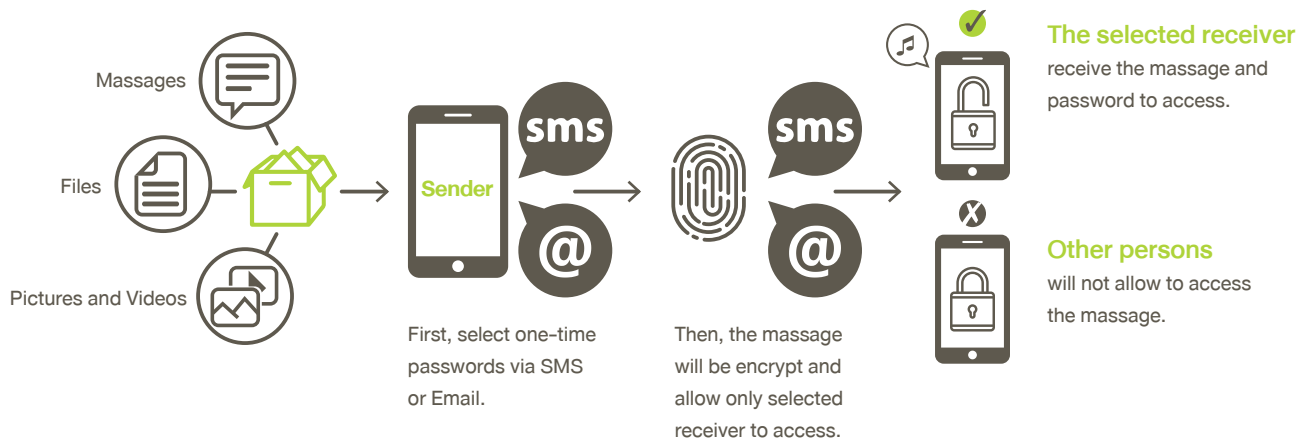| Audited Human Rights Issues	% of Partners	Number of issue found	Number of disciplinary action are taken
Child Labor and Illegal Labor	100	0	0
Forced Labor and Slavery	100	0	0
Unfair and Unpaid Wages	100	0	0
Breach of Customer data privacy	100	0	0

As for 2018, the procurement department has developed a roadmap and tools for checking partner companies by conducting quarterly on-site audits with companies considered 'critical suppliers', along with any company of which there is a perceived possibility of human rights violations. AIS has an aim of conducting on-site audits at the premises of every critical suppliers by 2021 and at least one partner organization from each industry category that considered as high risk suppliers for human rights violation. Some examples of the types of issues considered are contractors hired to install telecommunications poles to expand the network for whom there may be a risk of an infringement of the rights of those in the local community, or sales representatives who must observe strict regulations regarding obtaining and storing the personal data of our customers.

AIS also announces the Blacklisted policy regarding the type of blacklist behaviors and persons who prohibited from conducting any transactions with the AIS Group in the hope

of furthering our advocacy objectives of promoting transparency within business, as well as further winning the trust and confidence of our stakeholders. This 'blacklist' policy covers all aspects of corruption, the failure to comply with contractual obligations, the distribution and receipt of bribery, and any other violation in terms of physical, mental or asset abuse, or not allowing an individual their freedom and liberty.

3. Protecting customers' personal data through the innovative products and services

Not only the policies and measures specific to protect information security systems and customers' personal data that stated in page 144-147, but AIS has also developed an innovative "AIS Private Message" application which enables the user to send messages, photos, or files by SMS or email securely. This is made possible by the implementation of a passcode, which can then only be used by the named recipients, ensuring only the correct person is able to open and read the information sent.

Massages

Files

Pictures and Videos

Sender

sms

@

First, select one-time passwords via SMS or Email.

sms

@

Then, the massage will be encrypt and allow only selected receiver to access.

The selected receiver receive the massage and password to access.

Other persons will not allow to access the massage.

During the past 3 years, AIS has started a campaign called "Think before Social" on the AIS YouTube Channel. Social networking is now being a widest source of information, so if users are not aware on the truth or personal privacy breaches, it might have a huge impact to their own and those referred persons. In this regards, the clip VDO can be viewed in https://www.youtube.com/watch?v=RapiHK34_rl&list=PLdjP9GAU30E1DCm7iVYkXWtRobyMGslSZ

4. Respecting the intellectual property of others

AIS has set the clause of respect of intellectual property in the Corporate Governance policy and its code of business ethics, which all AIS employees and AIS partner organizations must acknowledge and comply. Besides of the policy and ethics code, there are legislative measures in place which operate on both an internal and external level, which are as follows:

4.1. Internal practice: the Ethics Committee is decided to put the issue of intellectual property as one of priority issues to set a roadmap for raising an awareness of all staffs throughout 2017. This includes internal communication, knowledge sharing as well testing on their understanding in ethics assessment form.

4.2. In all AIS contracts with external partners, there is a specific clause that partners must guarantee their ownership of the patent or rights to use such offered products and services. AIS has also stipulated measures to ensure the originality of high-risk products. For example, music and karaoke-related products will require an external investigator to investigate and ensure the legitimacy of patent or copyright, prior to entering a business transaction.

Operational Eco–Efficiency

Challenges and Opportunities

The Global challenge on climate change is becoming more intense. People, business and economy are facing the significant impact derived from changing weather, flood, earthquake, as well as pollution from greenhouse gas produced by both home and business activities. It is costing national economies, affecting lives, and disrupting business operations. To be successful and sustainable, AIS has recognized the vital role in addressing the major challenge and opportunities that may impact to the long-term growth and business opportunities. Enabling Thailand 4.0 and digital economy, ICT industry are fundamental for developing country infrastructure. However, the challenging of growing a business are how we can manage the environmental impact and assist in the transition towards a green digital economy. In doing this, the green products and services and emission and waste reduction have been considered as AIS's materiality issues for sustainable growth of business. Focusing on climate change, resource scarcity as well as waste management, AIS started collect data related to greenhouse gas emission, energy consumption and electronic waste disposal in order to evaluate the environmental impact from all business operations and find an appropriate way to mitigate those effects. AIS is also looking into an opportunity to leverage the coming 5G or IoT technology to come up with a product or service that will handle these environmental issues. Besides reducing our own environmental footprint, we also urge our customers to help keep our planet clean by recycling their own e-waste from using our service. This year 2018, AIS has been certified by the Thailand Greenhouse Gas Management Organization (a public organization) for the accuracy and efficiency in the greenhouse gas data (direct and indirect emission) collected from our business activities.

Our focuses on Environmental Management

In addressing environmental impacts and seeking practical solutions to prevent or mitigate them, AIS places great emphasis on three elementary environmental issues which we consider relevant to our operations and material to our stakeholders:

1. Climate Change

CO_2 and other greenhouse gases are the main cause of global warming, which in turn causes weather-related disasters like flooding from cyclone and heavy rain storms, rising sea levels, drought and forest fire. AIS has been monitoring and reporting our carbon footprint according to international standard recommendations for the past few years. We are determined to reduce our own footprint in line with Thailand's National Master Plan and the world climate change community. In the meantime, we take efforts to make sure that our operations are resilient enough to withstand the impact stemming from this climate change as well.

2. Resource Scarcity

Water is an essential part of our lives. Even though our business does not consume water as part of its operations, we are trying very hard to conserve it by using this precious resource wisely in our facilities nationwide. No less important, trees and forests are another vital resource for human living. Here we have established a rigorous program which not only reduces paper consumption but also encourages the planting of new trees thus help to conserve our dwindling forests and their inhabitants.

3. Waste

E-Waste is the end-of-life by-product that is an unavoidable part of the eco-business system. Whether the waste is from our clients, such as their disregarded mobile handsets, or from our own operations, including network equipment, towers, antenna, cables and so on, the disposal of all this waste has to be properly and professionally managed. We have put our efforts into having this type of waste recycled by government-certified hazardous waste disposal companies so that some valuable metals like copper, silver and other reusable materials can be retrieved while also ensuring that the residue posts no harm to the environment after the waste ends up in landfills.

Besides electronic waste, AIS also focuses on encouraging customers to use electronic statements and services instead of paper versions. This is another one of our programs to reduce waste disposal as well as environmental impacts.

Key strategies moving forward as a responsible telecommunication company

With clear environmental focuses established, AIS has set corresponding strategies for moving forward in order to mitigate or eliminate the impact the company might have on the ecosystem while we continue our business operations AIS commits to:

• *Reduce our Carbon Footprint through our business* - From 3 years of GHG data collection, we have found that our main emissions come from the electricity used in running our network and data centers (Scope 2). AIS has therefore set a goal that is highly ambitious yet science-based and practical in seeking to reduce our carbon footprint in line with the Thailand Master Plan, ratified at COP21 in Paris, in order to support efforts to keep global temperature rises well below 2ºC. To this end, we have implemented various initiative projects with the aim of minimizing the carbon footprint caused by our activities across the value chain.

For the past 3 few years, AIS has been monitoring and reporting our GHG emissions using the GHG Protocol in line with ISO 14061-1, which was developed by WRI together with WBCSD. AIS's carbon footprint report is verified and registered with the Thailand Greenhouse Gas Management Organization (TGO), the government body specifically handling the GHG situation in Thailand.

To improve the efficiency of these efforts, our environmental policy was developed in 2016, while the governance body was set up in 2017 and is headed by the Chief Technology Officer. The environment expert team has set their KPIs for developing the environmental management plan as well as a monitoring and reporting timeline.

• *Energy Efficiency Improvement* – AIS is focused on achieving efficient energy consumption, both from fossil fuels as well as, to a far greater extent, from electricity. We are always open to doing more to reduce our energy consumption whenever practical. The reduced and efficient use of energy from current sources also contributes to carbon footprint mitigation.

AIS has been improving and replacing our network equipment to be more energy efficient, i.e. consuming less energy while producing the same output. We have also retrofitted some of the facilities to reduce energy consumption, without sacrifice of the service quality. The data centers we built and operate are designed with energy efficiency in mind. Our low PUE, even in the hot climate region where Thailand is located, is a good testament to our effort.

• *Renewable Energy Usage* – AIS directs our attention and efforts into utilizing green and renewable energy, such as solar power and wind energy, in our operations where possible and practical. This zero-carbon renewable energy also helps to save our planet from the current effects of global warming.

Currently AIS has more than 40 base station sites using electricity purely fed by solar panels. We are implementing as a trial another 4 base stations having mixed power feed between grid and solar PV. We also have one data center and a call center whose power from the grid is shared by substantial amount of electrical power produced by roof-top solar panels. Our strategy is to harness the sun energy on our existing data centers, at least one building a year. Future data center will incorporate this solar energy sharing concept started from their design. Besides solar energy, we also showcase and trial other alternative energy forms like wind energy and substitute energy by fuel cell. These are special types of energy source, which though find a specific and somewhat limited use in Thailand, might prove to be potential alternative energy in the near future.

• *Network Resilience and Adaptation* – AIS has long been adapting the planning, operations and maintenance of our network to ensure that it is always resilient to climate change. By identifying areas prone to climate change disaster, we have adapted our network design and operations to ensure better immunity to such risk. Transmission and node redundancy is one of the measures that we incorporate into the design and implementation of components that are critical to our network. We have also come up with a new design concept for base station equipment enclosures which can operate well in warmer climate without any increase in energy consumption.

We have already put in place a Business Continuity Plan (BCP) where we normally carry out simulation drill every year to make sure that plan really works at time of operation disasters, some of which are climate related. Flooding caused by heavy storm is top of climate change effects that wreak havoc on our network operations in a large scale. Redundant network routing, cell-site elevation and flood-wall for the mobile exchanges are among the measures implemented to mitigate the impact of severe climate change events.

• *Water and Forest Conservation* – AIS has always encouraged a sense of conservation, which has resulted in the development of the technology currently in use for reducing clean water consumption, be it the substantial amount of water used in our data center cooling system or to the extent of daily consumption in the office environment. AIS also uses our ICT capability to reduce the use of paper in order to save trees and our precious forests.

We have raised our staff's awareness in helping to save precious water in all office locations. We even held a special contest offering a prize for least water consumption in the office. Where possible, in our own buildings, we install faucets and toilet facilities that utilize less water. In our data centers, fan-less cooling towers, which lose less water loss than conventional fan cooling towers, have been implemented to save water. We also design our data centers and calling centers that facilitates the utilization of natural rain water as much as possible.

We also encourage our customers to turn to electronic invoices and receipts in preference to paper versions in order to minimize the number of trees cut down for making paper. Our staff also volunteer in special activities to plant tree saplings in a drive to help restore our nation's dwindling forests.

• *Waste Disposal* – AIS always ensures that the management of e-waste disposal adheres to professional standards. First of all, we consider the three-pronged 3R approach when handling our operating assets: Reuse, Reduce and Recycle. Our e-waste, i.e. end-of-life equipment, is sold to organizations which are able to recycle any of the reusable material before the remains end up in an environmentally-controlled landfill. These phases are all processed by a government-authorized specialist company.

Besides managing the waste from our own operations, we also encourage our customers to dispose of their unwanted mobile phones and end-of-life batteries with us. This e-waste will then be collected and sent to a certified recycling company for the same environmentally -certified disposal.

• *Environmental Management System (EMS)* – AIS is working toward the implementation of an Environmental Management System, a systematic process designed to help us manage our environmental impacts and improve the environmental performances that are material to our business activities.

We are currently studying and developing an Environmental Management System that covers areas such as policy commitments, organization, the identification of environmental issues and relevant legal impacts, the establishment of objective/targets, progress monitoring as well as reviewing the performance. When fully implemented, the system adopted to support our environmental policy and strategies will be in line with ISO 14001 recommendations.

Our environmental framework, goals and performance

Carbon Footprint Reduction

Our goal has been set to align practically with Thailand's Climate Change Master Plan 2015-2050. At the 21st United Nations Framework Convention on Climate Change (COP21), Thailand pledged to achieve a reductions of greenhouse gas (GHG) emissions in the range of 7-20% by the year 2020 and 20-25% by 2030. With the national target coupled with the nature of telecom industry expansion and technology advancements, we set our normalized working target at an annual reduction of 4% in carbon intensity (carbon per traffic generated), with overall carbon reduction in the middle and long term aimed at 10% and 20% (from the base-year of 2015) by the years 2020 and 2030, respectively. The table below illustrates our GHG emission performance (in carbon equivalent) up to the year of this annual report.

	Unit	2015	2016	2017
Direct Greenhouse Gas (Scope 1)	Tonnes CO^2 equivalent	7,208.68	12,965.47	11,430.89
Indirect Greenhouse Gas (Scope 2)	Tonnes CO^2 equivalent	321,559.71	446,853.62	508,519.07
Total Greenhouse Gas (Scope 1&2)	**Tonnes CO^2 equivalent**	**328,840.39**	**459,819.09**	**519,949.96**

• *Energy Efficiency Improvement*

Most of the energy we consume is electricity used to power up our cell sites, mobile telephone exchanges and data centers nationwide. The remainder comes from fossil fuel, gasoline and diesel, used for our operation and maintenance vehicles as well as to power back-up generators. Not only is this non-renewable energy being depleted and becoming scarce but it is also closely related to the volume of greenhouse gas emissions we produce.

Even though our network continues to expand every year with a corresponding increase in energy requirements, we are making efforts to improve our network efficiency, meaning the same output from less energy input. We aim to reduce our total energy consumption by 10% in the year 2020 (against our base-year 2015) while maintaining our level of network growth as planned. Our energy performance report is summarized in the following table.

	Unit	2015	2016	2017
Direct Energy Consumption	Terajoule	100	143	136
• Diesel Fuel	Liter	1,765,601	2,824,990	2,419,675
• Benzene Fuel	Liter	1,144,857	1,316,778	1,535,575
Indirect Energy Consumption	Terajoule	2,263	2,764	3,145
• Electricity	MWh	628,840.46	767,657.84	873,594.01
Total Energy Consumption	**Terajoule**	**2,364**	**2,907**	**3,281**
Total Cost of Energy Consumption	**Baht mm**	**2,600**	**3,184**	**3,607**

The average Pue for all of our data centers is as follows.

	2015	2016	2017
PUE	1.8	1.8	1.88

• *Renewable Energy Usage*

We have been using solar energy for quite some time now as a form of clean and renewable sharing energy. Currently, more than 40 of our base-stations are using electrical power purely from solar PV. We are also trialing a mixed solar-grid energy solution for the cell sites with plans to launch this system for actual use in the future. In 2017 year, we also implemented a 2nd roof-top solar panel of 200kWp capacity for another data center. This adds to the currently-running 160kWp solar roof-top of the data center we implemented in the previous year. We plan to equip all our existing data centers with solar roof-tops at a rate of at least one building every year. We are striving to harness this kind of substitute clean energy as much as possible, including for our base-stations. Our renewable energy performance is summarized below.

	Unit	2015	2016	2017
Total Renewable Energy (Solar Energy)	MWh	29,756.56	34,301.88	49,902.32

- *Water Consumption*

  AIS gathers information on the water consumption from all of our business operations, including data centers, office buildings, and call center buildings. Around half of the Company's water consumption is used for the cooling systems in our data centers. By introducing new technology such as fan-less cooling towers, we have been able to reduce the amount of water lost for these purposes.

	Unit	2015	2016	2017
Total Water Use	Million cubic meters	109,738	110,169	102,733

- *Waste*

  The year 2017 was the first year that we began keeping auditable records of our e-waste including cable wires, fibre cables, antennas, equipment cards, batteries, UPS, etc. We also tracked our e-waste back to our operations in 2015 and 2016 as well. Even so, we have always handled our e-waste disposal in compliance with the international standards since we first commenced our operations. All e-waste is sold to certified recycle companies for professional recycling and disposal. Figures on the waste from our operations is summarized below.

	Unit	2015	2016	2017
Total Waste generated	tonnes	112.8	87.7	99.4

	Unit	2015	2016	2017
eStatement	No. of subscriber	4,169,246	4,161,487	5,538,627
PDF Statement	No. of subscriber	43,200	83,280	120,850
eService	No. of subscriber	1,390,079	1,392,283	2,477,241