

## 7. Capital Structure

### 7.1 Registered capital and Paid up capital

Registered Capital : 4,997,459,800 Baht divided by Common shares 4,997,459,800 shares and par 1 Baht per share

Paid up Capital : 2,973,095,330 Baht divided by Common shares 2,973,095,330 shares and par 1 Baht per share

### 7.2 Top Ten Shareholders

(a) Top ten shareholders as of 18 August 2016, the latest book closing date for the right to receive dividend, are as follow:

No.	Name	No. of shares held	% of shareholding
1	INTOUCH HOLDINGS PLC	1,202,712,000	40.45
2	SINGTEL STRATEGIC INVESTMENTS PTE LTD	693,359,000	23.32
3	THAI NVDR CO.,LTD.	178,170,309	5.99
4	THE BANK OF NEW YORK MELLON	56,890,400	1.91
5	SOCIAL SECURITY OFFICE	46,667,300	1.57
6	GIC PRIVATE LIMITED	43,861,737	1.48
7	STATE STREET BANK EUROPE LIMITED	39,248,508	1.32
8	CHASE NOMINEE LIMITED	37,318,496	1.26
9	LITTLEDOWN NOMINEES LIMITED	19,059,800	0.64
10	HSBC (SINGAPORE) NOMINEES PTE LTD	18,151,877	0.61
<b>Total</b>		<b>2,335,439,427</b>	<b>78.55</b>

Note: Information from Thailand Securities Depository Company Limited

(b) Major shareholder whose behavior can influence when determining policy or handling operation, are

1. Intouch Holdings Plc., major shareholders of Intouch Holdings Plc. as follows:

Name	No. of shares held	% of shareholding
SINGTEL GLOBAL INVESTMENT PTE LIMITED <sup>1), 2)</sup>	673,348,264	21.00
ASPEN HOLDINGS LIMITED <sup>1), 3)</sup>	625,251,960	19.50

1) As listed in the Report of the Acquisition or Disposition of Securities (Form 246-2) submitted to the SEC by Singtel Global Investment Pte. Ltd. and Aspen Holdings Ltd. on 17 November 2016.

2) Singtel Global Investment Pte. Ltd. (SGI) is an indirect subsidiary of Singapore Telecommunications Ltd. (Singtel).

3) On the list of shareholders provided by the Department of Business Development, Ministry of Commerce, as of 5 January 2017. Aspen Holdings Limited is incorporated in Thailand and 99.99% owned by Anderton Investments Pte Ltd., Singapore.

2. Singtel Strategic Investments Pte Ltd holds 23.32% directly in AIS. The shareholder of Singtel Strategic Investments Pte Ltd is

No.	Name	% of shareholding
1	Singtel Asian Investments Pte Ltd*	100.00

\* Singtel Asian Investments Pte Ltd is 100% hold by Singapore Telecommunication Limited (Source: Accounting and Corporate Regulatory Authority (ARCA), Singapore as of 26 January 2017)

2. Agreements between major shareholders and the Company concerning topics which affect the issuance of securities or management of the Company's operations.

- None -

### 7.3 Dividend Policy

On February 3, 2017, the Board of Directors approved the change in dividend policy as follow.

The Company aims to pay dividend at least 70% of consolidated net profit twice a year. The first of which shall be paid as interim as a result of operation during the first half of the year as approved by the Board of Directors and will be reported to the next general meeting of shareholders whereas the remaining thereof as annual payment which shall be approved by shareholders' meeting as a result of operation in the second half year.

As regards each subsidiary, dividend payment shall be based upon its operating results, financial conditions and other material factors.

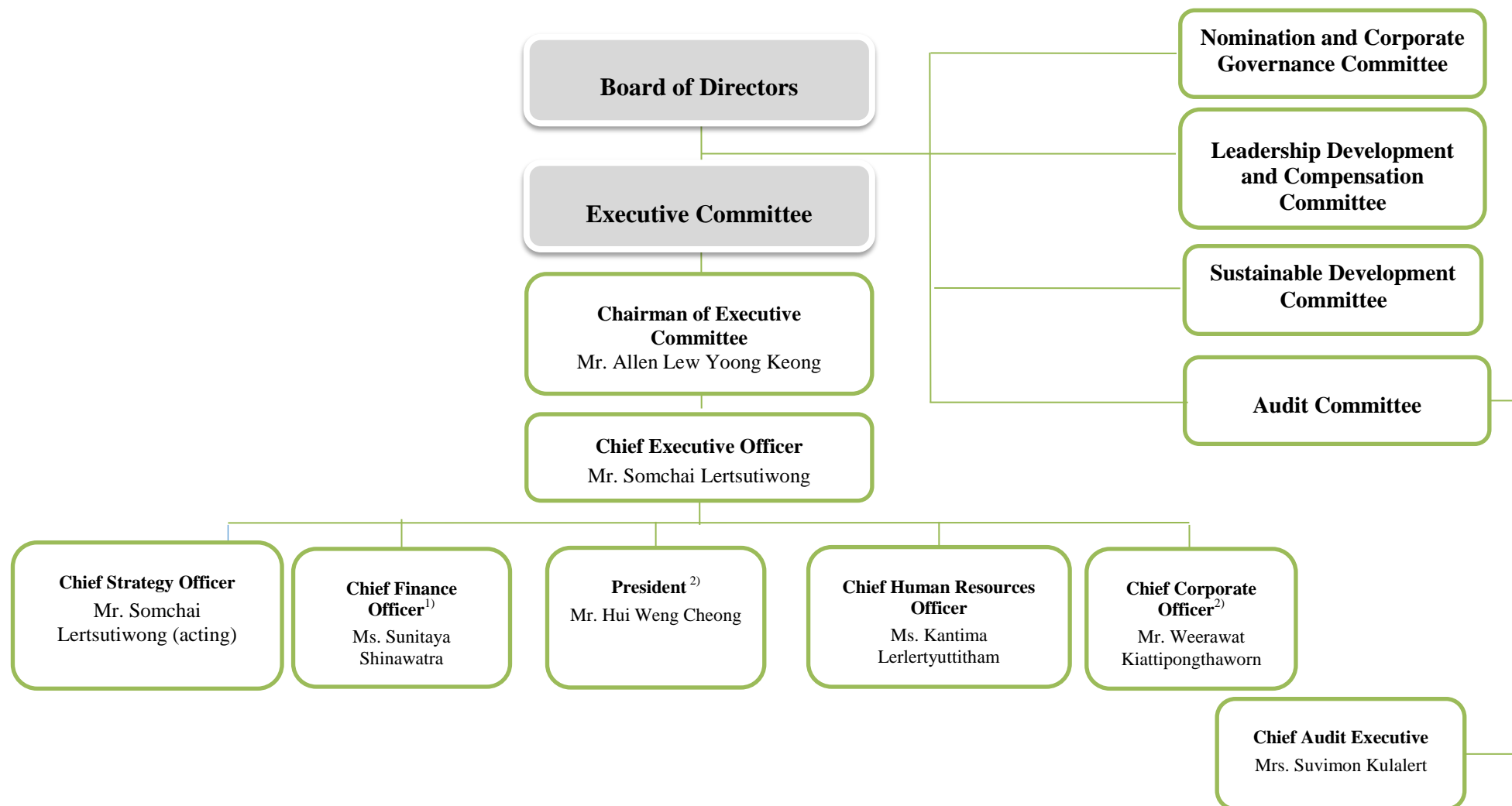
In all cases, dividend payment shall be depending on cash flow, investment plan including any other future obligations of the Company and/or subsidiaries. Such dividend shall not exceed the retained earnings of the Company financial statements nor adversely affect the Company and subsidiaries ongoing operations.

The historical dividend payment which is based on former dividend policy 100% of net profit is as follows:

Historical Dividend	2012	2013	2014	2015	2016
Total Dividend Payment (Baht per share)	10.90	12.15	12.00	12.99	10.08
1. Interim Dividend	5.90	6.40	6.04	6.50	5.79
2. Annual Dividend	5.00	5.75	5.96	6.49	4.29
Dividend Payout Ratio	93%	99.58%	99.01%	98.64%	97.72%

## 8. Management Structure

### Management Structure of Advanced Info Service Public Company Limited As of 31 December 2016



Notes: <sup>1)</sup> Appointed on 1 June 2016  
<sup>2)</sup> Appointed on 1 October 2016

### 8.1 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 2016 are listed in the following table:

Name	Title	Attendance/Total Meetings					
		Board of Directors	Audit Committee	Nomination and Corporate Governance Committee	Leadership Development and Compensation Committee	Executive Committee	Sustainable Development Committee
Mr. Kan Trakulhoon <sup>1)</sup>	<ul style="list-style-type: none"> <li>Independent Director</li> <li>Chairman of Board of Directors</li> <li>Chairman of Leadership Development and Compensation Committee</li> <li>Chairman of Sustainable Development Committee</li> </ul>	8/9	-	-	-	-	6/6
Mr. Somprasong Boonyachai <sup>2)</sup>	<ul style="list-style-type: none"> <li>Vice Chairman of Board of Directors</li> <li>Member of Leadership Development and Compensation Committee</li> <li>Member of Nomination and Corporate Governance Committee</li> <li>Authorized Director</li> </ul>	8/9	-	6/6	4/5	-	-
Mrs. Tasanee Manorot <sup>3)</sup>	<ul style="list-style-type: none"> <li>Independent Director</li> <li>Member of Audit Committee</li> <li>Member of Sustainable Development Committee</li> </ul>	9/9	13/14	-	-	-	6/6
Mr. Surasak Vajasit	<ul style="list-style-type: none"> <li>Independent Director</li> <li>Member of Audit Committee</li> <li>Chairman of Nomination and Corporate Governance Committee</li> </ul>	9/9	13/14	6/6	-	-	-
Ms. Jeann Low Ngiap Jong <sup>3)</sup>	<ul style="list-style-type: none"> <li>Director</li> <li>Member of Nomination and Corporate Governance Committee</li> </ul>	9/9	-	6/6	-	-	-
Mr. Allen Lew Yoong Keong <sup>2)</sup>	<ul style="list-style-type: none"> <li>Director</li> <li>Chairman of Executive Committee</li> <li>Member of Leadership Development and Compensation Committee</li> </ul>	4/9 <sup>4)</sup>	-	-	3/5 <sup>4)</sup>	13/13	-
Mr. Krairit Euchukanonchai	<ul style="list-style-type: none"> <li>Independent Director</li> <li>Chairman of Audit Committee</li> <li>Member of Nomination and Corporate Governance Committee</li> </ul>	9/9	14/14	6/6	-	-	-

Name	Title	Attendance/Total Meetings in 2016					
		Board of Directors	Audit Committee	Nomination and Corporate Governance Committee	Leadership Development and Compensation Committee	Executive Committee	Sustainability Development Committee
Mr. Stephen Miller <sup>3), 5)</sup>	• Director	7/9	-	-	-	8/9	-
Mr. Philip Chen Chong Tan <sup>6)</sup>	• Director • Member of Executive Committee • Authorized Director	1/1	-	-	-	10/11	-
Mr. Somchai Lertsutiwong <sup>2)</sup>	• Director • Member of Executive Committee • Member of Sustainable Development Committee • Chief Executive Officer • Authorized Director	9/9	-	-	-	13/13	5/6
Mr. Paiboon Panuwattanawong <sup>7)</sup>	• Member of Executive Committee	-	-	-	-	9/11	-

#### Note

- <sup>1)</sup> Mr. Kan Trakulhoon was elected to be Chairman of the Board of Directors and Chairman of Leadership Development and Compensation Committee on 8 November 2016 after Mr. Vithit Leenutaphong had resigned.
- <sup>2)</sup> Mr. Somprasong Boonyachai, Mr. Allen Lew Yoong Keong, and Mr. Somchai Lertsutiwong are directors who have expertise in telecommunications business. Summary profiles of these three directors are shown in Appendix 1.
- <sup>3)</sup> Mrs. Tasanee Manorot, 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.
- <sup>4)</sup> The meeting attendance information presented is the number of actual meetings attendance only. In cases when Mr. Allen Lew Yoong Keong was unable to attend the meetings, he would consider the matter under discussion and give his opinion via video conference or via the Chairman of the Board of Directors in advance prior to the meetings.
- <sup>5)</sup> Mr. Stephen Miller resigned from the member of Executive Committee on 23 August 2016.
- <sup>6)</sup> Mr. Philip Chen Chong Tan was appointed to be the member of Executive Committee and the new member of Board of Directors on 4 February 2016 and 8 November 2016, respectively, after Mr. Vithit Leenutaphong had resigned.
- <sup>7)</sup> Mr. Paiboon Panuwattanawong has been appointed to be the member of Executive Committee by the Board of Directors on 4 February 2016.

**The Authorized Directors**

Any two of the following directors namely: Mr. Somchai Lertsutiwong, Mr. Philip Chen Chong Tan or Mr. Somprasong Boonyachai jointly sign with the Company's seal affixed.

**The Board of Directors**

The Board of Directors is comprised of 10 directors whose expertise and experience cover various fields. Three (3) 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 four (4) independent directors, representing over one-third of the members, and there are two (2) female directors 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.

**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 efficiently 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 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 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 is a non-executive director who acts as the Chairman of both Board of Directors and shareholders' meeting.

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 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;
11. 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;
12. 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;

13. 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;
14. In performing their duties and responsibilities assigned, the Audit Committee may engage consultants or experts to provide opinions, advice or work, if necessary;
15. 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;
16. To evaluate the scope of the performance of the Audit Committee on an annual basis;
17. To review the charter annually and propose to the Board of Directors for approval if changes are needed;
18. 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<sup>1)</sup>

- |   |   |
|---|---|
| 1. Mr. Somchai Lertsutiwong                     | Chief Executive Officer and Acting Chief Strategy Officer |
| 2. Mr. Hui Weng Cheong <sup>2)</sup>            | President   |
| 3. Mr. Sunitaya Shinawatra <sup>3)</sup>        | Chief Finance Officer                                     |
| 4. Mr. Weerawat Kiattipongthaworn <sup>2)</sup> | Chief Corporate Officer                                   |
| 5. Ms. Kantima Lerlertyuttitham                 | Chief Human Resources Officer                             |

*Notes:* <sup>1)</sup> List of Management Team members as of 1 October 2016 was prepared in accordance with their definitions as stipulated in the notification of the Securities and Exchange Commission.

<sup>2)</sup> Appointed on 1 October 2016

<sup>3)</sup> Appointed on 1 June 2016

## 8.2 Nomination of Directors and Management

### 8.2.1 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.



### **8.2.2 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.

## **8.3 Term of Directors**

### **8.3.1 Term of Directorship**

- (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.

### **8.3.2 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.

### **8.3.3 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.

## **8.4 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.

#### 8.4.1 Directors' remuneration

Total monetary remuneration for the Chairman of the Board of Directors, independent directors, and non-executive directors totaling 10 persons was Baht 30.07 million. The remuneration was paid from 2016 operating results as approved by the general meeting of shareholders, held on 29 March 2016, 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.

#### Directors' remuneration policy for the year 2016

Director	Monetary Remuneration (Baht)		
	Monthly Retainer	Meeting Allowance	Bonus
<b>The Board of Directors</b>			
• Chairman	300,000	x	✓
• Member	75,000	25,000	✓
<b>Audit Committee/Executive Committee</b>			
• Chairman	25,000	25,000	✓
• Member	x	25,000	✓
<b>Other Sub-Committees</b>			
• 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 7 directors in year 2016 is as follows:

Name	Position	Monthly Retainer (Baht)	Meeting Allowance <sup>1)</sup> (Baht)	Bonus (Baht)	Others
Mr. Kan Trakulhoon <sup>1)</sup>	- Independent Director - Chairman of the Board of Directors - Chairman of Sustainable Development Committee - Chairman of Leadership Development and Compensation Committee	1,399,833	325,000	2,398,500	0
Mr. Krairit Euchukanonchai	- Independent Director - Chairman of Audit Committee - Member of Nomination and Corporate Governance Committee	1,200,000	775,000	3,150,000	0
Mr. Surasak Vajazit	- Independent Director - Chairman of Nomination and Corporate Governance Committee - Member of Audit Committee	1,020,000	725,000	2,289,000	0

Name	Position	Monthly Retainer (Baht)	Meeting Allowance <sup>1)</sup> (Baht)	Bonus (Baht)	Others
Mrs. Tasanee Manorot	- Independent Director - Member of Audit Committee - Member of Sustainable Development Committee	900,000	750,000	2,178,000	0
Mr. Somprasong Boonyachai	- Vice Chairman of the Board of Directors - Member of Leadership Development and Compensation Committee - Member of Nomination and Corporate Governance Committee	900,000	525,000	2,253,600	0
Mr. Stephen Miller <sup>2)</sup>	- Director	900,000	450,000	2,253,600	0
Mr. Vithit Leenutaphong <sup>3)</sup>		3,080,000	-	2,604,100	
<b>Total<sup>4)</sup></b>		<b>9,399,833</b>	<b>3,550,000</b>	<b>17,127,600</b>	<b>0</b>

- Notes:
- 1) Mr. Kan Trakulhoon was elected to be the Chairman of the Board of Directors and Chairman of Leadership Development and Compensation Committee by the Board of Directors on 8 November 2016.
  - 2) Mr. Stephen Miller resigned from the member of Executive Committee on 23 August 2016.
  - 3) Mr. Vithit Leenutaphong resigned from Chairman and member of the Board of Directors on 8 November 2016.
  - 4) The above payments are the transactions during 2016 period including bonus 2016 paid in February 2017.

## 8.4.2 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

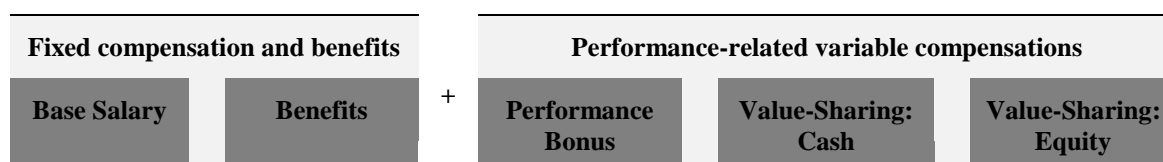
- Appropriate performance metrics are selected for annual and long-term incentive plans that will support business strategies and enhance value for shareholder.
- Appropriate goals are set for threshold, target and stretch levels of performance.
- A sound compensation structure is established to ensure 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.

## 8.4.3 Compensation structure

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





## 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 under long-term incentive schemes 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 ties to the achievement of shareholder's return targeted and 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 2016, the total amount of remunerations for five (5) executives of the management team was calculated at Baht 41.72 million comprised of salary, bonus, provident fund and other benefits.

#### **8.4.4 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)								
			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	56,800	6.87	51,600	5.92	29,816	4.38	19,824	4.89	158,040
2.	Ms. Sunitaya Shinawatra	Units	11,900	1.44	11,890	1.36	11,020	1.62	6,864	1.69	41,674
3.	Mr. Weerawat Kiattipongthaworn	Units	30,200	3.65	30,174	3.46	27,116	3.99	19,864	4.90	107,354
4.	Ms. Kantima Lerlertyuttitham	Units	33,200	4.01	0	n/a	0	n/a	0	n/a	33,200

### 8.5 Company Secretary

Mr. Chavin Chaivatcharaporn, appointed as company secretary, shall have the duties and responsibilities as designated by the Board of Directors as follows:

- (1) Organizing the Board of Directors' meetings, sub-committee meetings and shareholders' meetings of the Company
- (2) Organizing the Board of Directors' meetings and shareholders' meetings of the Company's subsidiaries
- (3) Preparing, updating and presenting the corporate governance policy of the Company to the Nomination and Corporate Governance Committee for their approval
- (4) Preparing and retaining documents as stipulated by laws
- (5) Performing other assignments as requested by the Board of Directors and/or its sub-committees.

### 8.6 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 in Appendix 1 page 2.

## 8.7 Personnel

As at December 31, 2016 the Company and its subsidiaries consisted of 12,544 employees (including temporary staff).

The Company		AMP / ADC / AIN / WDS / SBN / AWN / FXL / MMT	
Key departments	Employees (persons)		Employees (persons)
Corporate Finance and Accounting	205	AMP	40
Human Resource	241	ADC	2
Customer Service and Management	101	AIN	22
Internal Audit	53	WDS	547
Corporate Strategy	44	SBN	38
Support	19	AWN	6,765
Marketing	3	FXL	139
		MMT	1,610
<b>Total</b>	<b>666</b>	<b>Total</b>	<b>9,163</b>

ACC		DPC	
Key departments	Employees (persons)	Key departments	Employees (persons)
MD-ACC Office	3	Accounting and Credit	1
Customer Contact Center	1,953	Engineering	1
Quality Assurance Management	66	Support	2
High Value Customer Service	408		
Enterprise & Partner Service Management	199		
Resource Management	82		
<b>Total</b>	<b>2,711</b>	<b>Total</b>	<b>4</b>

In 2016, the total amount of compensation for all employees of the Company and its subsidiaries was Baht 6,667 million, comprising salary, bonus and provident fund payments. Further details of remuneration policy is shown in AIS sustainability report 2016.

## 8.8 People development policy

Details of people development and training are provided in AIS sustainability report 2016.

## 9. Corporate Governance

### 9.1 Corporate Governance Policy

Prescribed by the Board of Directors since 2002, the Corporate Governance Policy of AIS is applicable to all directors, executives, and employees within AIS group. The policy is also published on the Company's website (i.e. <http://investor.ais.co.th>) in order to communicate AIS policy on corporate governance with shareholders and other external parties and allow them to observe the Company's practice. Authorized by the Board of Directors, the Nomination and Corporate Governance Committee has duty to review the policy annually to ensure its pertinence to business operations and remain in accordance with the rules and regulations of the Securities Exchange of Thailand. The latest revision also complies with the guidelines of the ASEAN CG Scorecard and the guideline of the Dow Jones Sustainability Indices (DJSI).

To ensure maximum awareness of the policy and facilitate its incorporation into the Company's normal business operations, the Corporate Governance Policy has been consistently communicated to all employees at all levels throughout the company via a variety of channels, i.e. e-mail, intranet, brochure, internal campaigns, etc.. The Company has also established whistle blower channels that enable both insiders and outsiders to report acts of misconduct or unethical practices in the Company, while also granting protective measures for such whistle blowers in accordance with the Whistle Blower Policy.

In 2016, the Company was selected to be listed in the DJSI Emerging Market for the second consecutive year. This represents the sustainable approach to business operation covering economic dimensions, good corporate governance, environmental contributions, and social sustainability.

### 9.2 Performance Report on Corporate Governance

#### The Board of Directors

The Board of Directors has duty to consider any matter critical to the business direction of the Company. The Board of Directors is composed of ten (10) legally qualified experts with wide ranging leadership, vision, expertise and experience in various fields including the telecommunications industry. By stipulating that more than one third of the Board of Directors be independent directors and more than half non-executive directors, the Board of Directors contributes to the absolute benefit of the Company's shareholders as a whole. In addition, the Chairman of the Board of Directors and Chief Executive Officer shall not be the same person nor have any genetic or business relationship.

The Company has separated the roles and responsibilities of the Chairman of the Board of Directors and the Chief Executive Officer. Also, key matters which have a significant impact on business performance require the Board of Directors' approval.

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 the "Management Structure" section on part 2 page 8-9 and 13-14.

The Board has set up five (5) sub-committees. Details of the Board of Directors and sub-committee structures, including membership and the responsibilities of each committee, are listed in the "Management Structure" section on part 2 page 3-4 and 10-12.

#### Board of Directors' Meetings

In 2016, a total of nine (9) Board of Directors' meetings were held. This is in accordance with AIS policy to hold a minimum of six (6) Board of Directors' meetings a year. The complete schedule of the meetings will be set in advance to ensure that all directors are able to attend all meetings. Notices of Board of Directors' meetings and all supplementary documentation are circulated to the Board of Directors at least seven (7) days before each meeting so that each director shall have sufficient time to analyze the information in advance. The details of the number of meeting attendance by all of the directors are listed in the "Management Structure" section on part 2 page 5-6.

In the event of there being no Board of Directors' meetings in any particular month, the Company Secretary will provide the Board of Directors with the monthly operating report for their acknowledgement. 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 item on the agenda. In addition, the relevant management also provides the necessary information for the Board of Directors' consideration. After each Board of Directors' meeting, the Company Secretary shall be responsible for circulating the relevant Board of Directors' minutes within seven (7) days.

#### **Non-Executive Directors Sessions**

The Audit committee and other non-executive directors shall conduct meetings without the presence of executives at least once a year. This is to provide an opportunity to discuss any subjects of interest related to the business operations of the Company. The conclusion made at each meeting shall be reported to the Board of Directors and the Chief Executive Officer.

#### **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.

The Company recognizes that all employees, not only the executives, are a key driving force of the organization. The challenge for the business is a risk of lacking personnel with knowledge and ability in readiness to keep pace with Company expansion and a changing business. The Company has set up a succession plan for key positions as a Corporate KPI in order to focus on staff's empowerment, competency, and advancement; the succession plan is set for all departments equally and strictly. Also, the Company takes advice from professional consultants with regard to the development of succession plan and employee development to ensure the Company's competitiveness.

#### **Communication with Management**

The Company Secretary shall act as the coordinator between directors and the management team. The Board Portal is a communication channel through which the directors are able to access the significant information and documents of the Company in a fast and safe manner. In addition, the Internal Audit Office shall act as the coordinator between the audit committee and the management team. The Company shall not obstruct communication between directors and management. However, this access and communication shall not interfere with or interrupt the Company's normal business operations.

#### **Remuneration**

The remuneration for the Company's directors shall reflect their duties, responsibilities and contribution, and be comparable to industry standards and companies of a similar size, which also reflects the Company's overall operation performance as well as that of each individual's performance. The Leadership Development and Compensation Committee will determine adequate and appropriate remuneration for each person and propose this to the Board of Directors and the shareholders on an annual basis for their approval. Details of the directors' remunerations for 2016 are listed in the "Management Structure" section on part 2 page 15-18.

#### **Orientation and Continuing Training for Directors**

Any newly-appointed director is provided with all necessary business information about the Company required to perform his or her fiduciary duties.

An ongoing training and development program, paid for by the Company, is provided to all directors, executives, and the company secretary to ensure that they have all the necessary skills and knowledge required to perform their duties efficiently. This program may take a variety of forms, such as internal and external courses, overseas trips, and site visits.

Name of Attendant	Training/Seminars/Exhibition/Knowledge sharing					Orientation
	CMA Leader Programs	Thailand Economic Outlook	Cyber Security	Blockchain Technology	Regulation update - New Securities and Exchange Act B.E. 2559	
Mr. Kan Trakulhoon					✓	
Mr. Somprasong Boonyachai		✓	✓	✓	✓	
Mrs. Tasanee Manorot					✓	
Mr. Surasak Vajasit					✓	
Ms. Jeann Low Ngiap Jong					✓	
Mr. Allen Lew Yoong Keong					✓	
Mr. Krairit Euchukanonchai					✓	
Mr. Stephen Miller					✓	
Mr. Philip Chen Chong Tan	✓	✓	✓	✓	✓	
Mr. Somchai Lertsutiwong					✓	
Mr. Paiboon Panuwattanawong					✓	
Mr. Vithit Leenutaphong		✓	✓	✓	✓	
Ms. Sunitaya Shinawatra					✓	✓
Mr. Weerawat Kiattipongthaworn					✓	✓



## Board and Chief Executive Officer Assessment

The Board of Directors shall evaluate its own performance as individuals and collectively on an annual basis in order to assess and improve the directors' own fiduciary duties and their compliance with corporate governance policy and good practice.

### • Criteria

The assessment form consists of two (2) key components:

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

- 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 operations.

### • Procedure

The Company secretary will propose the assessment form to directors every year, and then gather and report the results to the Board of Directors for their consideration and for further improvement.

## 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.

## Rights and Equitable Treatment of Shareholders

The Board of Directors respects the shareholders' rights and has a duty to protect the benefits of every shareholder equitably regardless of whether they are retail, foreign, institutional or major shareholders.

Every shareholder is entitled to the rights and equitable treatment detailed below:

- The right to receive share certificates and share transfers, and to be sufficiently informed of operating results and management policy on a timely basis.
- The right to an equitable dividend.
- The right to participate in a meeting, to vote, and to make recommendations on decisions concerning major corporate action.
- The right to elect or dismiss directors.

### Annual General Shareholders' Meeting

The Company recognizes the rights and equitable treatment of shareholders. Accordingly, the Board of Directors ensures that the Company organizes annual shareholders' meetings in accordance with the laws, best practice and good corporate governance as follows:

#### • Before the meeting date

1. The shareholders are entitled to propose the meeting agenda and nominate qualified person(s) to be considered and appointed to be directors at the shareholders' meeting. For the 2016 annual general shareholders' meeting, this entitlement was from 1 October 2016 to 31 December 2016, 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 agenda nor any director nominations prior to the expiry of the said period.
2. The shareholders are entitled to elect members of the Board of Directors, determine directors' remuneration, appoint the Company's auditor, determine the auditor's fee, approve dividend payments, and determine other entitlements as stipulated in all relevant law.

3. The Company prepares the meeting notice including the purpose and rationale for each agenda, Proxy Form B, supplementary documentation, and the procedure for making queries both in Thai and English versions, and posts the information on the Company's website thirty (30) days prior to the meeting date and also publishes the information on the Stock Exchange of Thailand's website, including delivering these documents and proxy forms to shareholders twenty one (21) days prior to the meeting date.
  4. The shareholders are entitled to raise questions thirty (30) days prior to the meeting date by posting their questions on the websites of the Company and the Stock Exchange of Thailand.
  5. In addition to Proxy Form B enclosed with the meeting notice, the Company prepares Proxy Form A and Proxy Form C, which shareholders can download from the Company's website to support the shareholders who cannot attend the meeting themselves by granting proxy to their representatives or an independent director. At least two (2) independent directors shall be assigned to take proxy for shareholders who will not attend the meeting. The names, credentials and qualifications of the assigned independent directors will be stated in the meeting notice.
  6. The Company liaises with institutional investors at least fourteen (14) days prior to the meeting date to verify the shareholding data and encourage them to attend the meeting either through their authorized representatives or by granting proxy to the assigned independent directors.
- On the meeting date
    1. The Company encourages all shareholders, including the institutional investors, to attend and participate in the shareholders' meeting. The annual general meeting of shareholders for 2016 was held at Centara Grand Central Plaza Ladprao. The meeting venue was appropriate for the large number of shareholders and convenient in terms of transportation and access. The Company assigned sufficient staffs to facilitate registration and attendance of the shareholders' meeting through a barcode registration system. In addition the Company also provides additional registration desks for institutional investors.
    2. The Chairman of the Board of Directors, the Audit Committee, the Nomination and Corporate Governance Committee, the Leadership Development and Compensation Committee, and the Executive Committee including senior executives attended the meeting so as to address and clarify any queries or concerns of the shareholders.
    3. The Company conducted the meeting transparently by inviting an independent legal consultant to supervise the voting.
    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 present 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. The Company issued voting cards for each agenda. For the agenda on director appointment, the voting was organized on a one-by-one basis. The barcode system facilitated faster vote counting to speed up the process and also ensure information accuracy and reliability.
    6. Participants were informed of the voting results for each agenda and received the voting scores without any objection.
    7. The Company provided an AGM quality assessment and used a quality assessment score to improve the process and efficiency of the next AGM.
  - After the meeting
    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 own 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 and such 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 of any director, executive or employee through:

### 1. Company Secretary Office

Advanced Info Service Public Company Limited  
414, 28<sup>th</sup> 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

### 2. Audit Committee

E-mail: AuditCommittee@ais.co.th

### 3. Investor Relations

Tel: (66) 2029 5117  
Fax: (66) 2029 5165  
E-mail: investor@ais.co.th

All suggestions, complaints or reports shall be forwarded to the responsible departments for further actions, clarification, and report to the Board of Directors. Stakeholders can also contact the Company via direct touch point. For more information, please see details in 2016 Sustainability report.

## Role to Stakeholders

AIS is aware of the rights of every group of stakeholders, irrespective of whether they have rights as customers, partners, communities, society, or the environment. As a result, the Company has established a policy of providing guidelines for all stakeholders according to legal rights and sustainable co-existence guidelines in the Company's sustainability development policy, code of business ethics, and personnel management policy, as well as other relevant policies of the Company. Additionally, the Company also designates appropriate guidelines and 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 for four (4) groups of the Company's stakeholders – community, partners, employees, and customers – and the guidelines on the environment from the Sustainability Development Report 2016.

AIS also places emphasis on the participation of stakeholders in mutually examining the transparency of business operations in compliance with the corporate governance policy, code of business ethics, and the guidelines on anti-corruption. An employee who observes any misconduct and/or policy violation can notify the Company via the Ethics online channel or the Whistle Blowing system. In the case of external stakeholders, he/she can notify the Board of Directors via the Audit Committee at AuditCommittee@ais.co.th. The notified matter shall be further brought into the fact-finding process, and the informant shall receive the best possible protection from the Company. For further information, the "Whistleblowers Policy" is posted on the Company's website <http://investor.ais.co.th>.

## 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. The Company is adhere to accurate, complete, time, and transparent disclosure to all shareholders and investors to promote the Company's integrity and trustworthiness. The Company has issued an information disclosure policy applicable to all directors, executives and employees of the Company and its subsidiaries.
2. The Company has the Investor Relations Department who is responsible for communicating material information to shareholders, investors, analysts and other stakeholders. The Company also has the Compliance Unit to ensure that all material information of the Company is properly disclosed through various channels such as the Company's website, the Stock Exchange of Thailand's website, and this

annual report. The communication and disclosure of material information shall comply with the principles stipulated in the information disclosure policy and corporate governance policy. The Investor Relations Department can be contacted at:

Telephone	(66) 2029 5117
Facsimile	(66) 2029 5165
E-mail	investor@ais.co.th
Website	<a href="http://investor.ais.co.th">http://investor.ais.co.th</a>

- The Company has specified a period of non-communication with analysts and investors (silent periods) with respect to financial results, including not holding press conferences or disclosing financial information publicly by executive and/or investor relation officers, at least thirty (30) days prior to the announcement date of each quarterly and annual financial result so as to avoid any unfair treatment and possibly affecting the Company's share price.

### 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 prescribe relevant policies, measures and supervising departments, the details of which are listed in the "Internal control, Internal audit and Risk management" section on part 2 page 32.

### Code of Business Ethics

The Company encourages all directors, managers, and employees to work and conduct business activities transparently and in compliance with the law, business integrity and ethics. The Code of Business Ethics is part of the corporate governance policy which establishes the guidelines and standards of conduct for all employees in the organization and which is published via the intranet on the AIS Ethics page. All employees are required to sign and acknowledge the code of business ethics upon commencing employment and are also obligated to acknowledge and understand any code revision. For further details, the Code of Business Ethics is publicly disclosed on the Company's website <http://investor.ais.co.th>.

The Business Ethics Committee was established in 2006 to oversee the implementation of the Code of Business Ethics and compliance with the Corporate Governance Policy. The Company shall create awareness and conduct campaigns for directors, executives, and employees, who shall operate their work with honesty, taking into account the best interest to the Company and its stakeholders. In 2016, the Business Ethics Committee conducted activities to encourage compliance with business ethics as follows:

#### 1. Make an awareness campaign about conflict of interests for management, employees and partners

The directors, executives and employees may, from time to time, experience a conflict of interest while performing their duties. As a result, the Business Ethics Committee has set up campaigns so as to encourage executives, employees and business partners to be aware of the importance of business ethics, and to create moral values for employees to consider, based upon their own decisions.

The campaigns were conducted by way of:

- Providing learning sessions and Q&A to executives and employees
- Communicating with employees via mass communication methods such as posters in the Company's common areas
- Sending notification to all business partners of AIS informing them of the Company's policy not to receive gifts or participate in improper business social events

Thereafter, the Business Ethics Committee assessed the effectiveness of the campaigns by conducting assessment to all executives and employees and look for further improvement. In 2016, 99.74 percent of all employees including executives took the assessment and achieved the average score of 94.12 percent exceeded the target of 80 percent.

Furthermore, the Business Ethics Committee has set up a channel to address and clarify any queries concerning the business ethics of the Company. Employees can contact the committee by e-mail at [aisbusinessethics@ais.co.th](mailto:aisbusinessethics@ais.co.th).

## 2. Investigation and punishment

Enforcing a Code of Business Ethics is important and an essential part for the Company to maintain its good governance practices. The Committee has therefore established appropriate punishment for offenders and ensured protection of the identity of any person reporting an act of unethical conduct. In 2016, there were 2 cases of breaches against the Code of Business Ethics, the details of which are shown below:

Case	Unethical Conduct	Company Action
1	Employee used her position or authority in selecting suppliers to seek personal benefits from the Company's contractor.	After investigation by the Internal Auditor, Legal and Human Resources Management, disciplinary punishment was imposed in accordance with the Company's regulations.
2	Employee, without notifying the company, coordinated with outsiders taking outsourcing projects from the Company.	After investigation by the Internal Auditor, Legal and Human Resources Management, disciplinary punishment was imposed in accordance with the Company's regulations.

### 9.3 Anti-Bribery and Corruption Policy

The Company is committed to conducting its business under the principles of integrity, transparency, and good corporate governance. The Company is against any form of bribery and corruption due to its potential to threaten free and fair competition and to damage economic and social development. In recognizing the importance of Anti-Bribery and Corruption, the Board of Directors has prescribe the Anti-Bribery and Corruption Policy to serve as the guidelines for the conduct of directors, executives, and employees in performing Company operations. The Anti-Bribery and Corruption Policy is published on the Company's website at: <http://investor.ais.co.th>

### 9.4 Participation in Thailand's Private Sector Collective Action against Corruption (CAC)

On 16 December 2013, the Company signed up to Thailand's Private Sector Collective Action Coalition against Corruption (CAC) to jointly declare its intention to counter corruption and to fight against any misconduct that may occur in the Company's business operations. The Company aims to operate its businesses with honesty and transparency in compliance with laws related to anti-bribery and anti-corruption and with the good corporate governance policy of the Company because organizational corruption is a risk to the sustainable growth of business operations. The Company is aware of anti-corruption in every form without exception and shall not participate in corruption, either directly or indirectly. Every director, executive, and employee of the Company shall adhere to and comply with the anti-corruption policy. In addition, the Company also arranges campaigns and communicates appropriate knowledge to the related parties, both inside and outside the organization, in a continuous manner via the Business Ethics Committee. On 22 January 2016, CAC formally announced that the Company had been certified as a member of CAC.

### 9.5 Fraud Risk Management Policy

In 2016, the Company announced its fraud risk management policy with a view to preventing, investigating, reporting and managing matters of fraud. This policy has established practical guidelines in three (3) areas, namely:

1. Protection – To assess fraud risks in the organization and communicate them to the employees so that they would be aware of the problems;
2. Investigation – To set up the notification and follow up system in tracking fraud investigation;



### 3. Punishment – To present the punishment and process improvement procedures.

The Company 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 designated the main responsible teams comprising of Enterprise Risk Management and Forensic Accounting, to supervise fraud risk management by assessing risk and proposing methods to mitigate risk effectively.

#### 9.6 Information Technology Security Policy

The Company is always aware of the importance of maintaining information technology security (“IT Security”) and has worked to achieve this by establishing a number of standard IT Security measures in the organization since 2015. The IT Security measures utilize generally accepted practical guidelines such as a premise access controlling system and user name and password verification concerning network access, connectivity, customer data storage, etc. In 2016, the Company raised its IT Security level by carefully sourcing, identifying and assigning only limited groups of employees with the authorization to access the customer database and setting up a CCTV system so as to be able to keep track of the works of those authorized persons all the times.

#### 9.7 Monitoring the Business Operations of Subsidiaries and Associated Companies

The Board of Directors monitors each Subsidiary and Associated Company’s business operations for the best interests 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 representatives 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 are issued at the parent company level;
4. Consider any significant matter including strategy, business plan, capital increase/decrease, dissolution, and any other important policies;
5. Follow up on the performance results through the Company’s executives, Executive Committee, and the Board of Directors;
6. Monitor the Subsidiaries and Associated Companies to operate their business under the rules and regulations of relevant authorities including connected transactions, asset acquisition and disposition, information disclosure, and accounting and financial statement reporting;
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 to ensure that there is a 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.

#### 9.8 Policy on Use and Disclosure of Inside Information

The Company is strongly committed to the responsible and transparent use of internal data under best practices. In doing so, the Company adheres to the principles of good corporate governance and business integrity while facilitating equal access to complete, reliable, and updated internal information for all investors and concerned parties. Accordingly, the Company monitors and tracks all of the internal data usage and trading securities procedures of directors, executives, and employees to ensure conformance with the Securities and Exchange Act and business transparency. Outlined below are some of the key points of the policy:

- Directors, executives, and employees at all levels are forbidden from using any material price-sensitive non-public information for the advantage of themselves or others. Furthermore, the

aforementioned parties are to refrain from trading the Company's stock for 1 month prior to the announcement date of the Company's results.

- The Company is responsible for announcing information to the public regarding key Company decisions and/or actions, with timely and equitable manner, via appropriate and acceptable media to ensure that all data and information are accessible to stakeholder groups. Release of such information must be handled through the Investor Relations Department and Public Relations Department and in a manner congruent with the rules and regulations set out by the Stock Exchange of Thailand and Disclosure Policy.
- Directors and executives shall report ownership of all securities issued by the Company, including those that pertain to self, spouses, unmarried life partners and/or minor children, to the Securities and Exchange Commission and to the Board of Directors on a quarterly basis.
- The Company maintains a strict policy regarding computer system usage and electronic information security in order to protect crucial information from unauthorized release. Misuse of internal Company data by directors, executives, or employees is considered a serious breach of Company policy and, in warranted cases, offenders will be prosecuted to the fullest extent of the law.
- The Investor Relations Department shall not discuss forward-looking statements or making any comments on information pertaining to the following 6 months in order to comply with the Stock Exchange of Thailand's rules and international best practices; however, the long-term view regarding the Company's strategic direction and business trends can be discussed.
- The Investor Relations Department is obliged to declare silent periods to investor communities one month ahead of the announcement date of results. During the corporate silence period, the Company refrains from answering any inquiries with regard to the upcoming financial results and Company guidance. Exceptions are made only for the discussion of factual business information, clarifications of disclosed information, new events concerning share price sensitive information, and long-term business operations. Any arranged meetings with analysts and/or investors are not accepted in this period, and shall strictly be confined to discussions on long-term business operations only.

The Company has in place a Disclosure Policy outlining the official procedures for information disclosure. The policy has been developed based on the principles that the disclosure of corporate information shall be in compliance with applicable legal and regulatory requirements. Disclosure of all corporate 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. All non-public information shall be disclosed in a manner which ensures fair and equitable access by all investors. The policy stipulates responsible positions, levels of disclosure, and communication procedures. The policy reinforces the standards of disclosure and follows the principles of market efficiency.

### 9.9 Audit fee and non-audit fee

In 2016, the Company incurred a combined audit fee and quarterly review fee of Baht 2.41 million and the audit fee and quarterly review fee of its subsidiaries was Baht 6.32 million.

The Company also incurred a non-audit fee of Baht 0.67 million.

## 10. Our Business in a Sustainable Way

The vast growth of internet use in the social media by the rapid development of technology which facilitates everything from communication to day-to-day life and business—leads to consumers having many different needs and placing greater importance on the quality and reliability of telecommunications systems. As a result, telecommunications network providers must keep pace with these changes, developing business concepts and work teams to create products and services which meet consumers' increasing expectations, and promoting long-term competition capabilities.

In addition to this, following the announcement of the government's 'Thailand 4.0' policy, which seeks to use digital technology to drive the country's economy and society, increase competition on the global stage, and reduce social inequality, the government has set the Digital Economy Development Strategy, Phase 5 (2017 – 2021) - investment to develop the infrastructure of digital technology and internet across the country. AIS fully recognises its responsibilities as Thailand's leading telecommunications provider, and is therefore dedicated to the comprehensive and quality implementation of the country's telecommunications infrastructure while offering an array of goods and services at reasonable prices, making digital technology equally accessible to all Thai people.

The availability of resources in terms of radio frequencies and technological development, a strong financial status, and an extensive network of business partners consolidates AIS's position as the leader in telecommunications, while also supporting its aim to be the No.1 digital life provider for Thai people. There are currently over 40 million AIS mobile phone users, and the Company is quickly expanding into the high-speed internet business following the continued growth of AIS Fibre. With quality work teams, AIS can deliver superior services, innovate to enhance daily living, and increase users' business potential.

Aiming to be the number one digital life provider for Thai people presents many challenges, including competition, new forms of competitors, stakeholders who expand into other related industries and businesses, and the changes in behavior or expectations of ever more complex users. Therefore, in setting its strategy and business plan, AIS must take into account a variety of crucial contexts which may affect its leadership and long-term survival, based on the perspectives of both the company and its many stakeholders, whether they be the communities in which AIS operates and society as whole, customers, business partners, or staff, AIS will look to the economic, social, and environmental dimensions, such as trends in technological and market changes, the habits and needs of customers, competitive conditions, and changing social and environmental conditions.

To ensure that all shareholders, investors, and stakeholders can learn and understand AIS's business practices and conceptual framework for creating sustainable growth and development, AIS has prepared and attached the "AIS Sustainability Report" to the Annual Report sent to shareholders, as well as publishing the same report on the website: [www.ais.co.th](http://www.ais.co.th)



## 11. Risk Management, Internal Control, and Internal Audit

### Risk management

In order to manage and maintain risks at an acceptable level, AIS has established an Enterprise Risk Management Policy and Framework. Applicable to all operations and all employees, the policy and framework include measures such as encouraging employees to take continuous responsibility for self-assessing risk (Further information on risk-assessment is shown on page 37-38) and developing internal control systems to strengthen the effectiveness of the internal control and risk management systems.

AIS has in place proper and effective risk management systems, which are aligned with the integrated framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

#### *AIS Risk Management Framework & Procedures*

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.

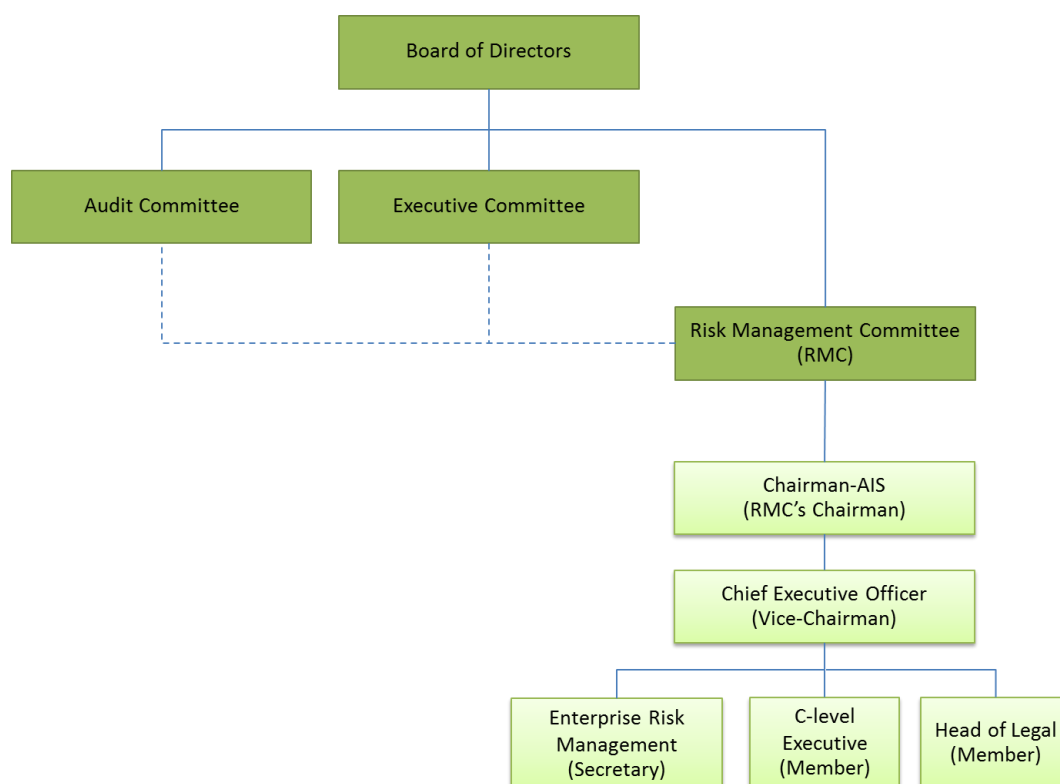
4. **Plan risk response measures** with consideration given to the level of risk involved and the corresponding cost and benefit.

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.

AIS emphasizes the importance and value of risk management by appointing the Chairman of the Executive Committee as the Chairman of the Risk Management Committee. The Committee is responsible for establishing the Risk Management Policy and Framework, which includes identifying risk, assessing and rating the risks, defining the risk management approaches, and assigning responsibilities to those in charge of managing and controlling the risks to be maintained within approved risk appetite levels. This enables AIS to accomplish its goals and strategies and create confidence for all shareholders and stakeholders.

AIS has established a Risk Management working structure as depicted in the following chart:



The Chief Executive Officer is responsible for implementing the risk management policy and framework throughout the Company. The policy and framework are communicated via the senior management of each business unit to all employees in order to set the risk management objectives, identify the risks, and manage those risks at the operation level. The Chief Executive Officer continuously monitors the risk management results to ensure the risk management system's effectiveness and efficiency in accomplishing the Company's goals and strategies.

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.

Furthermore, in 2016, 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 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 the Company is able to accomplish its goals.

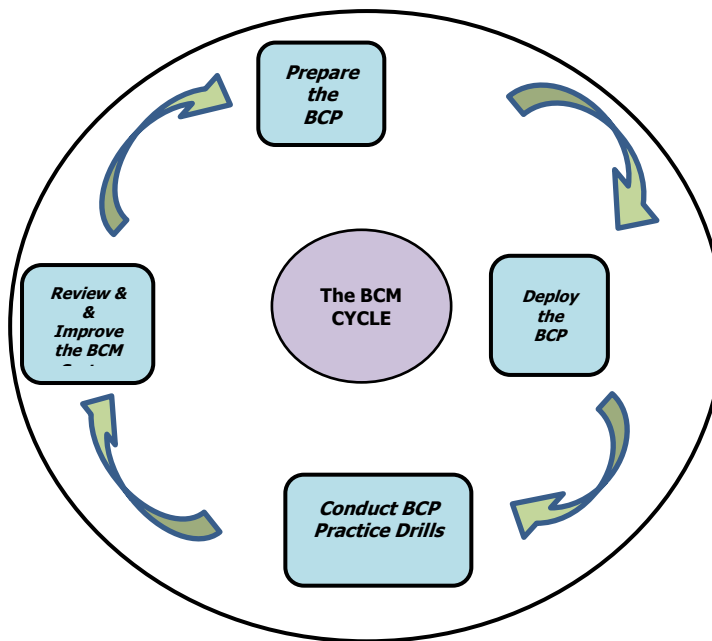
### **Business Continuity Management**

The Company 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 subsidiary companies.

To support this system, the Company has established 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



**1. 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.

**2. 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.

**3. 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.

**4. 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 Company.

**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.

In 2016, 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.

## **Internal control & Internal audit**

### **Internal Control**

AIS recognizes the importance of internal control system as an important mechanism to prevent and manage risks or events which might negatively affect the Company and its stakeholders. The internal control system contributes to business success through ensuring the effective operations.

The Board of Directors emphasizes the significance of having a good internal control system for AIS and its subsidiaries. As a result, AIS has applied the Internal Control - Integrated Framework (COSO 2013) which comprises 5 components, divided into 17 principles, developed by COSO (the Committee of Sponsoring Organizations of the Treadway Commission), to design practical operating systems to manage the Company and its subsidiaries in order to promote standard business practices leading to objective achievement at every functional level.

AIS aims to raise good internal control awareness to the Directors, the Management, and employees. The Board of Directors is a view that AIS has sufficient number of skilled personnel for good internal control implementation, as prescribed, along with and internal control system for monitoring AIS and its subsidiaries' control of operations and safeguarding of assets against the misuse or unauthorized acts by the Board of Directors, the executives and employees against transactions that might result in a conflict of interest or connected transactions.

In the Board of Directors Meeting no. 2/2017, held on 3 February 2017, the four independent directors 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' operations. No material deficiencies were found in the internal control system.

Additionally, Deloitte, the Company's external auditor, evaluated the effectiveness of the Company's internal control system in 2016 and concluded that the Company has effective, sufficient and appropriate internal control system.

**AIS Internal Control System comprises five (5) components and seventeen (17) principles as follows:****Control Environment**

The Board of Directors is aware that a good control environment is the foundation of the organization's effective internal control system. The main elements of AIS' control environment are as follows:

The Board of Directors promotes integrity and ethical values by being a role model in both personal and business conduct, and establishing clear reporting lines and delegation of duties and responsibilities, resulting in personnel understanding what is expected of them. AIS expects the Management and employees to act honestly and adhere to the Company's ethical values. Therefore, AIS has developed a Code of Business Ethics as a guideline for the Directors, the Management and employees. Furthermore, AIS has a whistle blower policy and provides a separate communication channel to receive complaints regarding possible fraud and misconduct from both internal and external parties and report any investigation results to the Board of Directors and the Audit Committee on a regular basis. In addition, by participating in Thailand's Private Sector Collective Action Coalition against Corruption ("CAC"), AIS received a certificate from the CAC in January 2016. AIS has also developed and implemented an Anti-Bribery and Corruption Policy as a guideline for AIS and its subsidiaries.

In 2016, questionnaires were sent to the Management and employees of AIS, its subsidiaries, partners and vendors to assess their understanding of and adherence to AIS' Code of Business Ethics and the Anti-Bribery and Corruption policy. The response rate was 99% (executives and employees); 94% of all respondents had a good understanding of the above policies, while the response rate of partners and vendors was 68% and 89% understood the above policies. The assessment results have been reported to the Board of Business Ethics for acknowledgement and to seek ways to further improve the above policies.

The Board of Directors is independent from the Management and has sufficient skills and expertise to oversee the Management. The reporting lines are separated into main operating functions and quality assurance functions to create proper checks and balances. Clear delegation and limitation of authorities in both executive and operating levels are established. The Management also sets realistic and achievable new targets and performance indicators in the business plan and communicates them to the executives and employees to reduce excessive pressure on them. The performance results and rewards relating to the business plan have also been communicated.

AIS' employees have sufficient knowledge and skills needed for their duties and responsibilities. The Board of Directors conducts a succession plan for key executives and employees to ensure a smooth business operation. A human resource development policy is established, based on a career path framework to develop both business knowledge and soft skills. AIS also encourages and supports employees to apply for professional certification, such as information system security and modern technical certificates, so that operations meet international quality standards. AIS has an effective performance evaluation and rewards system by providing motivation, development and retention programs to maintain and develop competent employees.

**Risk Assessment**

AIS has developed a Risk Management Policy, including a Risk Management Framework, associated duties and responsibilities and a Risk Management Manual as a guideline for every executive and employee to manage risk to be within acceptable levels. Additionally, the Fraud Risk Management Policy is also established to manage fraud risk from internal and external parties.

AIS sets clear business objectives in its annual business plan, including service revenue, telecommunication network quality, customer management, revenue collection and payment management, human resource management, Company assets management and law and regulatory compliance. AIS business objectives are also specified at department and functional level and aligned with the Company's, vision, mission, strategies and objectives. All employees are informed of the objectives and of their duties and responsibilities towards those objectives.

Every executive and employees in the organization is responsible for identifying and assessing risk, based on methodologies stated in the Risk Management Manual, defining acceptable risk levels at corporate and department levels and managing any risk to be within acceptable levels. To enable entity-wide

systematic risk management at every level, ERM Facilitator staff are appointed and trained on full risk management procedures and internal control systems to coordinate and provide guidance in developing a risk management plan for executives to monitor the operational results, and promote Controlled Self-Assessment in every key process of the organization. Each function's risk management plan must be delivered to the risk management office and registered as an enterprise risk.

AIS has established a Fraud Risk Management Policy, which determines procedures, duties and responsibilities, fraud risk assessment methodologies, various fraud risk schemes and scenarios – for both internal and external fraud – according to the Association of Certified Fraud Examiners (ACFE)'s risk categories framework to guide departments, such as the Security Team, Fraud Management Team, Procurement and Accounting departments in identifying and assessing every type of fraud risk.

Any risk due to significant changes in the telecommunication industry are carefully assessed in order to manage them properly and in a timely manner. For example, AIS executives consider that digital economy and related data, a new technology to be employed soon, is a significant event in which AIS must be prepared for and has accordingly developed systematic risk management measures.

### Control Activities

AIS selects and develops control activities to be appropriate with the specific risks and characteristics of the Company. It has implemented control activities through policies and procedures to help ensure that the Management's implemented controls can manage risks to achieve the objectives of the Company. AIS's control activities are performed at all levels of the entity and at various stages within all business processes, including authority for approval, review, reconciliation, and appropriate segregation of duties. In addition, AIS has raised awareness and encouraged risk management responsibilities and good internal control through three lines of defenses model, namely, first line; departments, second line; risk and compliance management, and third line; internal audit.

The business environment, complexity, type and scope of operation, or other specifications are factors for selecting and developing different approaches of control activities, such as manual or automated controls, or preventive or detective controls; for example, by creating an information system to check the control system deficiencies to ensure accuracy and speediness. Duties and responsibilities in three areas, namely, responsibility for approving, recording, and asset handling are now fully segregated to properly monitor and control these business functions.

Regarding business process technology systems, AIS selects and develops various, general and appropriate control activities over technology to ensure that the Company's technology and IT systems can always operate without interruption and are safe from unauthorized access. The control activities are designed and implemented to cover technology infrastructure, security management, and information technology development process, for instance, by providing information security management under ISO27001:2013 and the Data Protection control framework.

AIS deploys its control activities through written policies and procedures, which clearly specify responsible personnel, control timing, error correction protocols, to ensure that the control activities are practical and can be carried out accurately. The policies and procedures are periodically revised for their appropriateness, for example, by updating procurement policies.

AIS has established policies to ensure that all business transactions are approved, based on the Company's maximum interest, and on an equitable agreement with independent parties (arm's length transaction). The operations of AIS subsidiaries and their directors or executives, appointed by AIS, must adhere to all business transaction policies.

### Information & Communication

AIS uses correct and accurate information to support its internal control processes. Data is gathered internally and externally by considering costs and benefits to be received. Information systems are employed to process and gather data and support the internal control as determined. Important data is communicated to internal parties to support the internal control, while other business related information is communicated to external parties as appropriate to AIS' business direction and interests.

AIS has an internal communication system to relay internal control objectives, policies, procedures, and employee accountability to all executives and employees. Various communication channels are



appropriately selected for communication efficiency and effectiveness. For example, internal communications is available via the intranet, newsletters, CEO in 'CEO Talk Weekly 5 Minutes', and the Company's confidential Whistle Blower Hotline.

Furthermore, AIS regularly reports material information to the Board of Directors. The board members have access to and can request reviews of any information needed to exercise their oversight responsibilities.

AIS has an efficient communication system for external stakeholders by using proper channels. For example, there are communication channels include the internet, social media, investor relations, customer services touch points. The Whistle Blower hotline to the Audit Committee is available at: [AuditCommittee@ais.co.th](mailto:AuditCommittee@ais.co.th), as stated in the Whistle Blower Policy.

### Monitoring Activities

AIS conducts activities to monitor and evaluate the effectiveness of the internal control system, including ongoing evaluation, conducted by sufficiently-skilled heads of all offices, and separate evaluation, conducted by internal auditors, to ascertain that all components of the internal control system are identified and put into practice effectively and conform to all related policies.

When significant internal control deficiencies are identified, the executives have to analyze the root causes of the deficiencies to communicate to the responsible parties for timely corrective action. Material deficiencies and their correction progress must also be reported to the Board of Directors and the Senior Management as appropriate. Moreover, actual or suspected fraudulent incidents, violation of laws, or any other irregularities, which may materially affect the Company's reputation or financial position, must be immediately brought to the attention of the Board of Directors.

### **Internal Audit**

The Internal Audit Office (IAO) reports directly to the Audit Committee who ensures the internal auditing independence, objectivity, integrity, and professional adherence to the internal audit standards and reports administratively to the Chief Executive Officer.

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

The Chief Audit Executive (CAE) acts as the secretary to the Audit Committee, supporting their oversight responsibilities, and is assigned by the Board of Directors. Additionally, the CAE gives advice relating to internal control, risk management, business ethics, information security etc. (Please see page 2 of attachment 1 for CAE profile and functional responsibilities).

IAO prepares its annual audit plan to align with AIS and its subsidiaries' strategic direction and operates on a risk-based approach, focusing on significant risks to AIS' operations, objectives, and strategies, including fraud prevention auditing. The annual audit plan is approved by the Audit Committee. Audit reports and monitoring of operational results, according to the recommendations provided to the Audit Committee, are forwarded for regular consideration.

IAO is another channel to receive any complaints on possible misconduct and fraud by internal staff or external parties, which will be acted on in accordance with the Whistle Blower Policy. The case results are reported to the Audit Committee quarterly.

IAO promotes and trains AIS and its subsidiaries employees to understand and effectively implement the internal control system according to COSO 2013. IAO also provides guidance on assessment of sufficiency of the internal control system in accordance with the SEC's guidelines. IAO also advises the executives and makes recommendations regarding any matter related to the internal control system.

As AIS' vision is to offer various digital and modern products and services, information technology systems are crucial to support AIS and its subsidiaries operations. IAO works with the Information Technology System Development Committee to provide recommendations to ensure that sufficient and effective internal control measures are in place and provide IT assurance service before and after any digital



service is launched. IAO also audits information security management systems and related hardware or software in the organization to ensure security in compliance with ISO 27001:2013 and Payment Card Industry Data Security Standard (PCI-DSS).

IAO deploys the Digital Automation Audit auditing system to ensure faster and more accurate auditing, replace manual auditing and expand the internal auditing functions to cover more AIS processes.

IAO adheres to the International Professional Practices Framework and the internal audit charter. IAO revises the internal audit manual and conducts internal audit quality self-assessment on an annual basis. It also receives a Quality Assessment Review (QAR) external, independent audit every five years. An external independent quality assurance assessment of the internal control system, risk management and good governance policy will add values to AIS' stakeholders and promotes the sustainable development of the Company. In 2011, IAO was assessed as: 'generally conforms with the international standards' and 'performed remarkably well in relation to qualitative benchmarking against high performing internal audit functions internationally' by PwC. The result of the QAR review of AIS' internal audit function in 2016 by KPMG will be available in Q1, 2017.

To keep its AIS' internal audit operation up-to-date, IAO regularly reviews and upgrades leading domestic and international professional practices and standards relating to internal control system, risk management, good governance and other fields relating to AIS's business.

IAO encourages all internal audit staff to multidisciplinary or integrated auditors, develop their skills and always be innovative in developing more effective audit techniques. The internal audit staff is encouraged to seek continuous development in order to acquire knowledge and skills critical to the AIS' business operation and self-development to build internal auditing expertise; for example, by acquiring professional auditor certification or other relevant qualifications.

At present, staff in IAO has total of 37 professional certificates holders as follows: 8 Certified Internal Auditors (CIA), 7 Certified Information System Auditors (CISA), 1 Certified Information Systems Security Professional (CISSP), 10 Certification in Risk Management Assurance (CRMA), 5 Certified Public Accountants (CPA), 1 Tax Auditor (TA), 4 Information Security Management System Auditor/Lead Auditor certificates (ISO/IEC 27001:2013), and 1 Business Continuity Management System Auditor/Lead Auditor (ISO 22301). A number of staff are still studying to acquire the CIA, CISA, CRMA, CCSA (Certification in Control Self-Assessment), and CFE (Certified Fraud Examiners) in order to support internal audit tasks as professionals and to meet international audit control standards.

## 12. Related Transactions

The Company and its subsidiaries have entered into related transactions with connected persons. All of these related transactions are made in the ordinary course of business and on general trading conditions.

To be aligned with the Security and Exchange Act (No. 4) B.E. 2551, Article 89/12 (1), the Company's Board of Directors has approved in principle, on 13 August 2008, that the management shall have the authority to undertake the related transactions, whereas those transactions are transactions with general trading conditions. The approval of the above transactions shall not constitute such authority to allow the director, an executive, or a related person to approve with a conflict of interest.

For approval process, the related transactions shall be processed in the same practice as other general trading transactions with outside parties with the authorized executives designated and empowered to endorse up to a certain limit of budget according to their respective rank and position. The Audit Committee of the Company and its subsidiaries is responsible for reviewing the related transactions every quarter to ensure that no conflict of interest will be occurred in order to maximize the overall company's benefits.

For the fiscal year ended 31 December 2016 and 2015, the Company and its subsidiaries had the related transactions in which the auditors had disclosed in the notes to audited financial statements and these transactions have been reviewed by the Audit Committee. The Audit Committee had an opinion that all related transactions are reasonable and based on the normal course of business. The Company charges / purchases products and services with related parties at reasonable prices and those prices are comparable to the market rate with general trading conditions. Details of related transactions are as follows;

Related parties/Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2016 (Million Baht)		Related transactions for the period 31 December 2015 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
<b>1. Intouch Holding Public Company Limited (INTOUCH) /</b> INTOUCH is a major shareholder, holds 40.45%  - Co-directors:  1. Mr. Somprasong Boonyachai  2. Mr. Phillip Chen Chong Tan	The Company and its subsidiaries provide mobile services and handset sales to INTOUCH. While a subsidiary has interest expense from long-term debentures.					The Company and its subsidiary charge mobile services and handset sales at the same rate as external customers.
	<u>Sales and services</u>					
	1. Service income	-	1.03	0.02	0.93	
	2. Other income	-	0.48	0.56	1.23	
	3. Trade and other accounts receivable	-	0.30	-	0.13	
	<u>Purchase of goods and services</u>					The Company and its subsidiary pay service fee and interest expense to INTOUCH at the same rate as others parties.
	1. Rental and Other service expenses	0.58	0.71	0.22	0.24	
	2. Trade and other accounts payable	-	0.09	-	-	
	3. Interest expenses	-	1.50	-	1.34	
	4. Debenture	-	37.00	-	37.00	

Related parties/Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2016 (Million Baht)		Related transactions for the period 31 December 2015 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
<b>2. Thaicom Public Company Limited (THAICOM)/</b>  INTOUCH is a major shareholder, holds 41.14%  - Co-directors: 1. Mr. Somprasong Boonyachai 2.Mr. Phillip Chen Chong Tan	The subsidiary leases satellite transponder (Thaicom7) from THAICOM. The contract will effective until 19 November 2017					THAICOM is the only satellite operator in Thailand.
	The subsidiary pays US\$ 1,700,000 per year, moreover it has provides satellite downlink equipment and space for transponder equipment installation.					
	While subsidiary provides domestic and international phone services and handset sales to THAICOM.					
	<u>Sales and services</u>					The Company and its subsidiaries charge mobile services and handset sales at the same rate as external customers.
	1. Service income	-	1.65	1.53	3.54	
	2. Other income	-	0.40	-	0.38	
	3. Trade and other accounts receivable	-	0.17	-	0.15	
	<u>Purchase of goods and services</u>					The Company and its subsidiary pay service fee and purchases of assets to THAICOM at the same rate as external customer.
	1. Rental and Other service expenses	-	60.03	6.87	67.19	
2. Purchases of property and other assets	-	36.26	-	59.19		
3. Trade and other accounts payable	-	5.10	-	69.11		

Related parties/Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2016 (Million Baht)		Related transactions for the period 31 December 2015 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
<b>3. Teleinfo Media Company Limited (TMC)/</b>  INTOUCH is an indirect major shareholder.	<p>The Company and its subsidiaries hire TMC to provide information or content on mobile phone such as astrology, lotto and more entertainment through SMS, call center service and pay service fee on monthly basis.</p> <p>While The Company and its subsidiaries provide mobile services and handset sales to TMC.</p> <p><u>Sales and services</u></p> <p>1. Service income</p> <p>2. Other income</p> <p>3. Trade and other accounts receivable</p> <p><u>Purchase of goods and services</u></p> <p>1. Rental and other service expenses</p> <p>2. Trade and other accounts payable</p>					<p>TMC has a specialization in providing information for content on mobile and call center service.</p> <p>The Company and its subsidiaries charge mobile services at the same rate as external customers.</p> <p>The Company and its subsidiaries pay service fee (Content on mobile) by the percentage of revenue and outsource call center fee to TMC at the same rate as other parties.</p>
		-	1.59	0.42	0.42	
		-	0.05	-	0.04	
		-	0.24	-	0.76	
		0.04	76.07	0.99	65.31	
		-	12.68	0.04	7.35	

Related parties/Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2016 (Million Baht)		Related transactions for the period 31 December 2015 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
<b>4. I.T. Applications and Services Company Limited (ITAS) /</b>  INTOUCH is a major shareholders, holds 100%.	The Company and its subsidiaries hire ITAS to provide SAP solution and application development.  While a subsidiary provides mobile services to ITAS.					ITAS provides SAP application development and improvement, including maintenance services. The services are timely and rapidly while the service fee is reasonable.
	<u>Sales and services</u>					The subsidiary charges mobile services at the same rate as external customers.
	1. Service income	-	0.27	-	0.01	
	<u>Purchase of goods and services</u>					
	1. Rental and other service expenses	-	115.28	0.08	99.60	The Company and its subsidiary pay consultant fee depend on the type of work and the level of consultant and develops application to ITAS with the same rate as other SAP consultant.
	2. Purchases of property and other assets	-	93.53	-	-	
	3. Trade and other accounts payable	-	19.96	0.33	60.73	

Related parties/Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2016 (Million Baht)		Related transactions for the period 31 December 2015 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
<b>5. Group of SingTel Strategic Investments Private Limited (SingTel) /</b>  SingTel is a major shareholder of the Company, holds 23.32%.	The Company and its subsidiaries enter into an agreement with companies of SingTel group:  - The joint International Roaming operation services (IR)  - Network telecom service operator i.e. International Private Leased Circuit (IPLC) and content services  While the Company pays the salary and remuneration to Singtel for its operation.  <u>Sales and services</u> 1. Service income  2. Trade and other accounts receivable  <u>Purchase of goods and services</u> 1. Rental and other service expenses 2. Salary and other remuneration 3. Trade and other accounts payable	  				



Related parties/Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2016 (Million Baht)		Related transactions for the period 31 December 2015 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
6. CS Loxinfo Public Company Limited (CSL) /  INTOUCH is an indirect major shareholder	The Company and its subsidiaries hire CSL for providing the internet service by connecting the network within and outside the country. While the Company and its subsidiaries provide mobile services, handset sales and datanet equipment’s rental to CSL.					CSL provides expertise on internet service by connecting internet data from local to worldwide through network.
	<u>Sales and services</u>					The Company and its subsidiaries charge mobile services and handset sales at the same rate as external customers.
	1. Service income	-	12.05	0.36	12.62	
	2. Other income	-	5.36	-	6.63	
	3. Trade and other accounts receivable	-	2.55	-	3.08	
	<u>Purchase of goods and services</u>					The Company and its subsidiaries pay service fee to CSL at the same rate as other parties.
	1. Rental and service expenses	0.02	3.15	2.97	5.22	
	2. Trade and other accounts payable	-	0.42	0.29	0.38	

Related parties/Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2016 (Million Baht)		Related transactions for the period 31 December 2015 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
<b>7. AD Venture Public Company Limited (ADV) /</b>  INTOUCH is an indirect major shareholder.	The Company and its subsidiaries hire ADV to provide content and value added service for mobile phone to customers such as game, ringtone, wallpaper and etc. by charging per month.					ADV has a specialization in designing and creating website with variety contents which suit to the Company and its subsidiaries’ need.
	While The Company and its subsidiaries provide mobile services, software mall and handset sales to ADV.					
	<u>Sales and services</u>					The Company and its subsidiaries charge mobile services and handset sales at the same rate as external customers.
	1. Service income	-	0.17	6.02	9.40	
	2. Other income	-	0.03	-	0.04	
	3. Trade and other accounts receivable	-	0.01	-	0.02	
	<u>Purchase of goods and services</u>					The subsidiary pays service fee (Content on mobile) by the percentage of revenue to ADV at the same rate as other content providers.
	1. Rental and service expenses	-	223.48	-	240.14	
2. Trade and other accounts payable	-	32.43	-	40.54		

Related parties/Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2016 (Million Baht)		Related transactions for the period 31 December 2015 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
<b>8. DTV Service Company Limited (DTV)/</b> INTOUCH is an indirect major shareholder.	The Company and its subsidiaries hire DTV to advertising on satellite television, while the Company and its subsidiaries provide mobile services and handset sales to DTV.					DTV has a specialization in media service, content services on satellite television and satellite dish distributor.
	<u>Sales and services</u>					
	1. Service income	0.01	0.06	0.03	0.07	The Company and its subsidiary charge mobile services at the same rate as external customers.
	2. Other income	-	-	-	0.03	
	3. Trade and other accounts receivable	-	0.01	-	0.01	
	<u>Purchase of goods and services</u>					
	1. Rental and service expenses	-	1.03	0.10	1.31	The Company and its subsidiary pay advertising fee to DTV at the same rate as other parties.
	2. Trade and other accounts payable	-	0.12	-	0.17	

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Related parties/Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2016 (Million Baht)		Related transactions for the period 31 December 2015 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
<b>10. Thai Yarnyon Co., Ltd Group (TYY)/</b> - Co-director: Mr. Vithit Leenutapong. (Mr. Vithit Leenutapong resigned from Chairman of AIS since 8 November 2016)	The Company and its subsidiaries hire TYY to provide car maintenance services and space rental for base station.  While the Company and its subsidiaries provide mobile services to TYY.					TYY is a car dealer with specialist in car maintenance services.
	<u>Sales and services</u>					The Company and its subsidiary charge mobile services and handset sale at the same rate as external customer.
	1. Service income	0.02	1.62	0.16	2.11	
	2. Other income	-	0.03	-	-	
	3. Trade and other accounts receivable	-	-	0.05	0.31	The Company and its subsidiary pay base station rental fee at the same rate as another lessor in the nearly area and pay maintenance car to TYY at the same rate as external customer.
	<u>Purchase of goods and services</u>					
	1. Rental and service expenses	0.29	0.65	-	0.35	

Related parties/Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2016 (Million Baht)		Related transactions for the period 31 December 2015 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
<b>11. Ookbee Company Limited (OOKB)/</b>  INTOUCH is a direct shareholder, holds 22.26%.	The subsidiary hires Ookbee to provide E-booking application on smartphones and tablets by charging per monthly.  While a subsidiary provides mobile services to Ookbee.					Ookbee is a provider digital publication and E-Booking company such as books, magazines or newspaper on smartphones, tablets and computers.
	<u>Sales and services</u>					
	1. Service income	-	2.70	-	0.12	The subsidiary charges mobile services at the same rate as external customers.
	2. Trade and other accounts receivable	-	0.84	-	0.01	
	<u>Purchase of goods and services</u>					
	1. Rental and service expenses	0.02	18.28	-	8.24	The company and its subsidiaries pay service fee (Content on mobile) by the percentage of revenue at the same rate as other content providers.
	2. Trade and other accounts payable	-	2.00	-	1.32	

Related parties/Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2016 (Million Baht)		Related transactions for the period 31 December 2015 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
<b>12. Information Highway Company Limited (IH)/</b>  AIS is an indirect major shareholder.	IH provides facilities services under financial lease and transmission network to the subsidiary.					IH provides facilities services under financial lease and transmission network.
	While a subsidiary provides mobile services to IH.					
	<u>Sales and services</u>					
	1. Service income	-	0.04	-	0.03	
	2. Interest income	-	-	-	2.31	
	3. Trade and other accounts receivable	-	-	-	0.01	
	<u>Purchase of goods and services</u>					The subsidiary pays transmission network fee to IH at the comparison rate as other providers.
	1. Rental and service expenses	-	175.79	-	42.61	
	2. Interest expense	-	6.51	-	2.79	
	3. Purchases of property and other assets	-	26.88	-	-	
	4. Trade and other accounts payable	-	22.99	-	15.14	
	5. Financial lease liabilities	-	85.17	-	72.00	



Related parties/Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2016 (Million Baht)		Related transactions for the period 31 December 2015 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
<b>13. High Shopping Company Limited (High Shopping )/</b>  INTOUCH is an indirect major shareholder.	The subsidiary provides mobile services to High Shopping.					High Shopping is a provider of digital content services to customer though TV, mobile devices, the internet and other advertising channels.
	<u>Sales and services</u>					The subsidiary charges mobile services and handset sales at the same rate as external customers
	1. Service income	-	0.54	-	0.03	
	2. Other income	-	2.26	-	-	
	3. Trade and other accounts receivable	-	-	-	0.03	
	<u>Purchase of goods and services</u>					
	1. Rental and service expenses	-	0.53	-	-	

Related parties/Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2016 (Million Baht)		Related transactions for the period 31 December 2015 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
<b>14. Krung Thai Bank Public Company Limited (KTB)/</b>  - Independent director of AIS and director of KTB:  Mr. Krairit Euchukanonchai.	KTB provides financial services to the subsidiaries, while a subsidiary provides mobile services to KTB.					KTB is a provider of full financial services such as bank deposit, arranging loan, merchant services and other services.
	<u>Sales and services</u>					The subsidiary charges mobile services at the same rate as external customers.
	1. Service income	-	115.38	-	25.54	
	2. Trade and other accounts receivable	-	28.34	-	9.73	
	<u>Purchase of goods and services</u>					The company and its subsidiaries receive interest income from bank deposit and pay interest expense from long term loan at the same rate as other commercial bank.
	1. Interest income from bank deposit	-	0.29	-	0.08	
	2. Bank deposits	0.52	113.09	-	198.91	
	3. Rental and service expenses	-	0.05	-	-	
	4. Trade and other accounts payable	-	0.01	-	-	
	5. Interest expense	5.68	26.68	-	-	

Related parties/Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2016 (Million Baht)		Related transactions for the period 31 December 2015 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
<b>15. TC Broadcasting Company Limited (TCB)/</b>  INTOUCH is an indirect major shareholder.	TCB is a transmission provider and service provider.  <u>Purchase of goods and services</u> 1. Rental and service expenses 2. Trade and other accounts payable	    - -	    14.68 2.00	    - -	    - -	    The subsidiary pays services fee (transmission) to TCB at the same rate as other providers.
<b>16. Golfdigg Company Limited (Golfdigg )/</b>  INTOUCH is a direct shareholder, holds 25.00%.	The subsidiary provides mobile services to Golfdigg.  <u>Sales and services</u> 1. Service income  <u>Purchase of goods and services</u> 1. Trade and other accounts payable	    - -	    0.05 0.12	    - -	    - -	    Golfdigg is a provider of the golf-course booking application on smartphone.  The subsidiary charges mobile services at the same rate as external customers.

Related parties/Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2016 (Million Baht)		Related transactions for the period 31 December 2015 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
<b>17. Amata Network Company Limited (AN)/</b>  AIS is an indirect major shareholder.  *On December 16, 2016 Advance broadband network Co., Ltd, its subsidiary has invested in Amata Network Co., Ltd which is 60% ownership, and currently the company does not start business operation.	  					