

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 10 August 2017, 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.	149,850,387	5.04
4	LITTLEDOWN NOMINEES LIMITED	100,370,100	3.38
5	SOCIAL SECURITY OFFICE	72,026,900	2.42
6	STATE STREET BANK EUROPE LIMITED	39,847,498	1.34
7	CHASE NOMINEE LIMITED	36,963,717	1.24
8	THE BANK OF NEW YORK MELLON	30,832,000	1.04
9	STATE STREET BANK AND TRUST COMPANY	26,540,300	0.89
10	GIC PRIVATE LIMITED	20,065,037	0.67
TOTAL		<u>2,372,566,939</u>	<u>79.80</u>

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 ⁽¹⁾	Number of shares	% of shareholding
1	SINGTEL GLOBAL INVESTMENTS PTE LTD. ⁽²⁾	673,348,264	21.00
2	THE HONGKONG AND SHANGHAI BANKING ⁽³⁾ CORPORATION LIMITED	509,766,840	15.90
3	THAI NVDR CO.,LTD.	438,202,756	13.67
4	ASPEN HOLDINGS LIMITED ⁽⁴⁾	115,485,120	3.60

Note: (1) The latest register book closing date of the Company as of 21 August 2017 prepared by Thailand Securities Depository Co., Ltd. (Registrar)

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

(3) Anderton Investments Pte Ltd. holds 509,766,840 shares in the Company, representing 15.90%, under the name of The Hongkong and Shanghai Banking Corporation Limited

(4) On the list of shareholders provided by the Department of Business Development, Ministry of Commerce, as of 14 November 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)

- (c) 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

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.

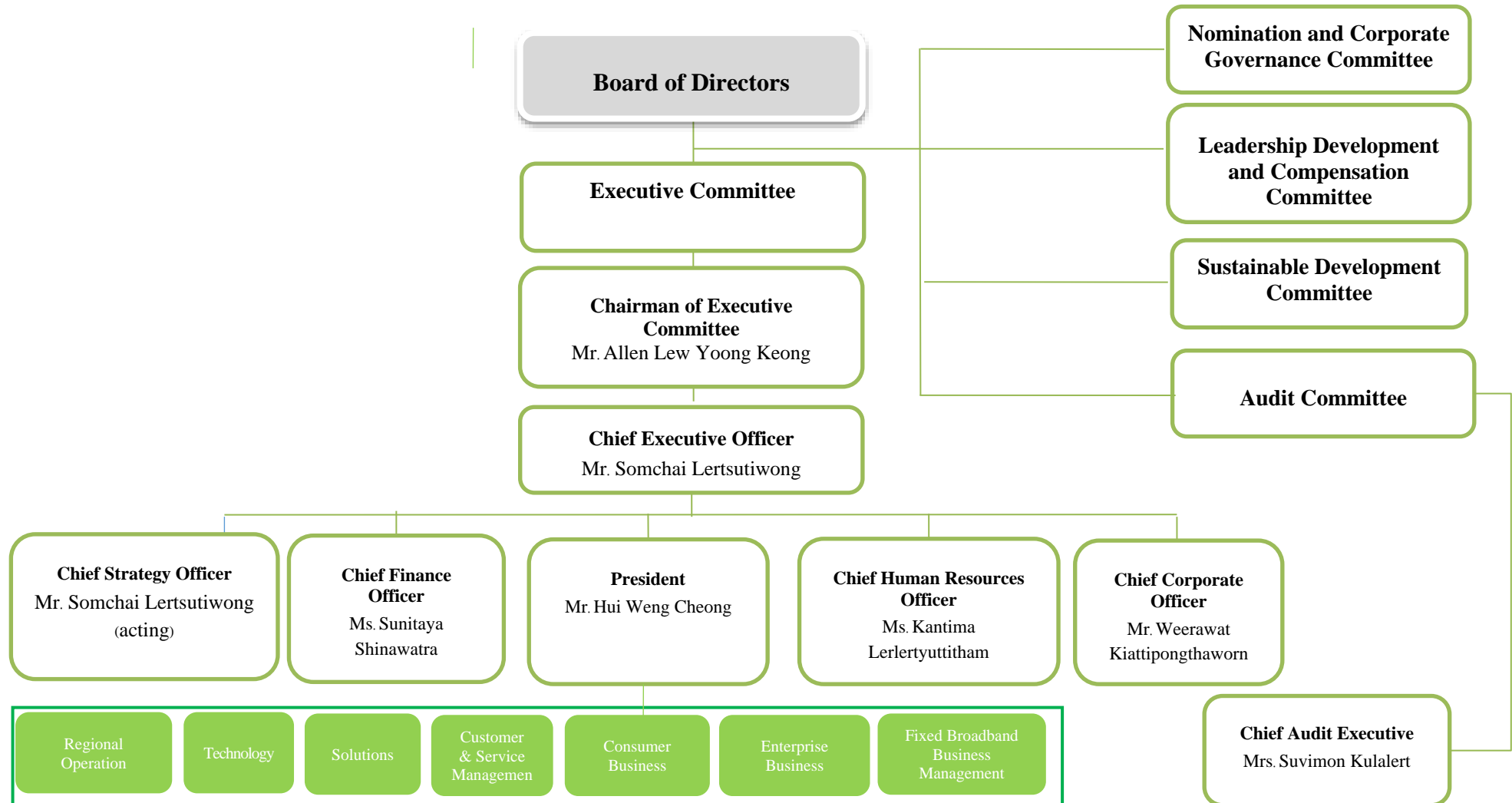
Historical Dividend in 5 consecutive years is as follows:

Historical Dividend	2013	2014	2015	2016	2017
Total Dividend Payment (Baht per share)	12.15	12.00	12.99	10.08	7.08
1. Interim Dividend	6.40	6.04	6.50	5.79	3.51
2. Annual Dividend	5.75	5.96	6.49	4.29	3.57
Dividend Payout Ratio	99.58%	99.01%	98.64%	97.72%	70%

Note: 2013-2016 information is based on former dividend policy 100% of net profit, while 2017 dividend payout rate is based on current policy 70% of net profit.

8. Management Structure

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



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 2017 are listed in the following table:

Name	Title	Attendance ¹⁾ /Total Meetings in 2017					
		Board of Directors	Audit Committee	Nomination and Corporate Governance Committee	Leadership Development and Compensation Committee	Executive Committee	Sustainable Development Committee
Mr. Kan Trakulhoon	<ul style="list-style-type: none"> Independent Director Chairman of Board of Directors Chairman of Leadership Development and Compensation Committee 	8/8 (Attending the meeting in person all time)	-	-	4/4 (Attending the meeting in person all time)	-	2/2 ⁸⁾ (Attending the meeting in person all time)
Mr. Somprasong Boonyachai ²⁾	<ul style="list-style-type: none"> Vice Chairman of Board of Directors Member of Leadership Development and Compensation Committee Authorized Director 	8/8 (Attending the meeting in person all time)	-	-	4/4 (Attending the meeting in person all time)	-	-
Mr. Prasan Chuaphanich ^{3) 4) 7)}	<ul style="list-style-type: none"> Independent Director Member of Audit Committee Chairman of Sustainable Development Committee 	5/5 (Attending the meeting in person all time)	8/8 (Attending the meeting in person all time)	-	-	-	1/1 (Attending the meeting in person all time)
Mr. Surasak Vajakit	<ul style="list-style-type: none"> Independent Director Member of Audit Committee Chairman of Nomination and Corporate Governance Committee 	8/8 (Attending the meeting in person all time)	12/12 (Attending the meeting in person all time)	6/6 (Attending the meeting in person all time)	-	-	-
Ms. Jeann Low Ngiap Jong ³⁾	<ul style="list-style-type: none"> Director Member of Nomination and Corporate Governance Committee 	7/8 (Attending the meeting through Video Conference 1 time)	-	6/6 (Attending the meeting in person all time)	-	-	-
Mr. Allen Lew Yoong Keong ²⁾	<ul style="list-style-type: none"> Director Chairman of Executive Committee Member of Leadership Development and Compensation Committee 	4/8 (Attending the meeting through Video Conference 1 time)	-	-	3/4 (Attending the meeting in person all time)	11/11 (Attending the meeting through Video Conference 4 time)	-
Mr. Krairit Euchukanonchai	<ul style="list-style-type: none"> Independent Director Chairman of Audit Committee Member of Nomination and Corporate Governance Committee 	8/8 (Attending the meeting in person all time)	12/12 (Attending the meeting in person all time)	6/6 (Attending the meeting in person all time)	-	-	-
Mr. Gerardo C. Ablaza Jr. ⁵⁾	<ul style="list-style-type: none"> Independent Director Member of Sustainable Development Committee Member of Executive Committee 	3/4 (Attending the meeting in person all time)	-	-	-	6/7 (Attending the meeting through Video Conference 1 time)	-

Attendance¹⁾/Total Meetings in 2017

Name	Title	Board of Directors	Audit Committee	Nomination and Corporate Governance Committee	Leadership Development and Compensation Committee	Executive Committee	Sustainability Development Committee
Mr. Stephen Miller ³⁾	• Director	7/8 (Attending the meeting through Video Conference 2 times)	-	-	-	-	-
Mr. Philip Chen Chong Tan ⁶⁾	• Director • Member of Executive Committee • Authorized Director	5/6 (Attending the meeting in person all time)	-	-	-	5/5 (Attending the meeting in person all time)	-
Mr. Somchai Lertsutiwong ²⁾	• Director • Member of Sustainable Development Committee • Member of Executive Committee • Chief Executive Officer • Authorized Director	8/8 (Attending the meeting in person all time)	-	-	-	11/11 (Attending the meeting in person all time)	2/2 (Attending the meeting in person all time)
Mr. Hui Weng Cheong	• Director • President • Chief Operating Officer • Authorized Director	2/2 (Attending the meeting in person all time)	-	-	-	-	-
Mr. Paiboon Panuwattanawong	• Member of Executive Committee	-	-	-	-	10/11 (Attending the meeting in person all time)	-

Note

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

The Authorized Directors

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

The Board of Directors

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

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

The Scope of Authority and Duties of the Board of Directors

1. Perform its duties with honesty, integrity and prudence in accordance with the law and the Company's objectives and Articles of Association including the resolutions of shareholders' meeting, and carefully protect the Company's interests;
2. Set out the vision, policy and direction of the Company's operations and supervise the management team to act in accordance with the plans which are set out efficiency and effectively, and thereby maximize the economic value and wealth of the Company and its shareholders;
3. Consider and approve major issues such as large investments, purchase of assets etc. and any actions/transactions as prescribed by law;
4. Approve and/or agree to major related transactions between the Company and its subsidiaries in compliance with the relevant notifications, regulations and guidelines of the Stock Exchange of Thailand;
5. Assess the performance of the Chief Executive Officer and high level executives, and assign appropriate remuneration on a regular basis;
6. Be responsible for overseeing operational results and the management team's performance to ensure due attentiveness and care;
7. Arrange appropriate accounting systems, including the production of financial reports and a reliable auditing system; oversee and monitor the effectiveness and efficiency of the internal control, internal audit and risk management systems;
8. Ensure avoidance of conflict of interests amongst the Company's stakeholders;
9. Supervise business operations to enforce ethical work standards;
10. Annually review the Company's Corporate Governance Policy and assess due compliance;
11. Report on the execution of the Board of Directors' responsibility to prepare financial reports, along with the external auditor's report in the annual report covering key issues according to the Company's policy statement and the Stock Exchange of Thailand's Code of Best Practices for Directors of a Listed Company

Reserved key matters for the Board's approval

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

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

Independent directors

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

1. Holding shares not exceeding 0.5 percent of the total number of voting rights of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, including the shares held by related persons of the independent director;
2. Neither being nor having been an executive director, employee, or advisor who receives salary or controlling person of the Company, its parent company, subsidiary, affiliate, same-level subsidiary or juristic persons which may have conflicts of interest. Audit Committee Member who shall be appointed on or after 1 July 2010 shall have ended the foregoing not less than two years prior to the date of appointment.
3. Not having any business relationship with the Company, its parent company, subsidiaries, affiliates or juristic persons which may have conflicts of interest, in any manner that may interfere with his or her independent judgment, and not be, or used to be, a substantial shareholder or controlling person in its parent company, subsidiaries, affiliates or juristic persons which may have conflicts of interest. Any Audit Committee Member who shall be appointed on or after 1 July 2010 shall have ended the foregoing relationship not less than two years prior to the date of appointment.

The term 'Business Relationship' aforementioned under paragraph one, includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the Company or its counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the Company or twenty million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Capital Market Supervisory Board Re: Rules on Connected Transactions *mutatis mutandis*. The consideration of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences;

4. Not being a person related by blood or registration under laws, such as in the manner of father, mother, spouse, sibling, and child, including spouse of children, executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the Company or its subsidiary;
5. Not being a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the Company's major shareholder;
6. Neither being nor having been an auditor of the Company, its parent company, subsidiaries, affiliates or juristic persons which may have conflicts of interest and not having been a substantial shareholder, controlling person or partner of an audit firm which employs auditors of the Company, its parent company, subsidiaries, affiliates or juristic persons which may have conflicts of interest. Any Audit Committee Member who shall be appointed on or after 1 July 2010 shall have ended the foregoing relationship not less than two years prior to the date of appointment;
7. Neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million Baht from the Company, its parent company, subsidiaries, affiliates or juristic persons which may have conflicts of interest, and not having been a substantial shareholder, controlling person or partner of the professional advisor. Any Audit Committee Member who shall be appointed on or after 1 July 2010 shall have ended the foregoing relationship not less than two years prior to the date of appointment;
8. Not conduct any business of the same nature as the Company's or its subsidiaries' businesses and is in competition with them in any material respect, nor being a substantial partner, shareholder holding more than one (1) percent of the voting shares, director (having management role), employee, officer or advisor (obtaining a regular salary) of any company whose business is of the same nature as the Company's or its subsidiaries' businesses, and is in competition with them in any material respect.
9. Not having any other manners, which may render him or her incapable of expressing independent opinions with regard to the Company's business affairs;

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

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

- (1) The nature of the business relationship or professional service that excludes the nominated independent director from the standard requirements.
- (2) The reason or need to retain or appoint this person as an independent director.
- (3) The Board's opinion on proposing the appointment of this person as an independent director.

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

The segregation of duty of the Board of Directors and management

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

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

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

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

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

The Scope of Authority and Duties of the Sub-Committees

1. The Scope of Authority and Duties of the Audit Committee

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

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

If the Company's Board of Directors or management fails to make a rectification within the period of time under the first paragraph, any Audit Committee member may report on the transaction or act under the first paragraph to the Office of the Securities and Exchange Commission or SET;

15. To have the authority to invite concerned executives, management and officers of the Company to express opinions, attend meetings or deliver documents as deemed necessary;
16. In performing their duties and responsibilities assigned, the Audit Committee may engage consultants or experts to provide opinions, advice or work, if necessary;
17. To evaluate the scope of the performance of the Audit Committee on an annual basis;
18. To review the charter annually and propose to the Board of Directors for approval if changes are needed;
19. To perform other duties as assigned by the Board of Directors of the Company with the consent of the Audit Committee.

2. The Scope of Authority and Duties of the Leadership Development and Compensation Committee

1. Fix appropriate annual remuneration in monetary and/or non-monetary form for the Board of Directors, committee members, and high level executives for the benefit of shareholders as a whole;
2. Prepare policy and guidelines to designate appropriate remuneration of the Board of Directors and high level executives to be proposed to the Board of Directors and/or the shareholders' meetings for approval;
3. Review and approve the Company's performance in order to determine the annual KPI bonus and merit-based salary increase across the Company;
4. Consider and approve the Long Term Incentive Plan and related practices;
5. Consider and approve the performance evaluation of the Company's Chief Executive Officer and those high-level executives who report directly to the Chief Executive Officer in order to determine their annual bonus, merit-based salary increase and long term incentives;
6. Consider and approve the annual bonus allocation of the Board of Directors;
7. Disclose policies governing the directors' remuneration in the annual report;
8. In consultation with the Chief Executive Officer, identify and evaluate potential successors for the Chief Executive Officer position and those high level executives who report directly to the Chief Executive Officer, and report annually to the Board of Directors on executive succession planning;
9. In consultation with the Chief Executive Officer, prepare succession planning policies for the Chief Executive Officer position and those high level executives who report directly to the Chief Executive Officer;
10. Oversee the process by which the Chief Executive Officer and high level executives;
11. Engage consultants or independent persons to provide opinions or advice if necessary, especially on leadership development;
12. The Committee is accountable to the Board of Directors and under obligation to explain its decisions at the shareholders' meetings, and answer any questions that may arise;
13. Annually review and reassess the adequacy of the charter and proposed any changes to the Board of Directors for approval;

14. Report regularly to the Board of Directors on matters within the scope of the Committee, as well as any special issues that merit the Board of Directors' attention;
15. Request members of the management or staff to attend the Committee meetings or provide pertinent information on the matters under discussion;
16. Perform other tasks requested by the Board of Directors.

3. The Scope of Authority and Duties of the Nomination and Corporate Governance Committee

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

4. The Scope of Authority and Duties of the Sustainable Development Committee

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

5. The Scope of Authority and Duties of the Executive Committee

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

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

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

Management Team

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

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

8.2 Nomination of Directors and Management

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.

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 regarding financial, economics, environment and social performance i.e. revenue, network reliability, customer satisfaction as well as employee development, 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 8 persons was Baht 28.63 million. The remuneration was paid from 2017 operating results as approved by the general meeting of shareholders, held on 29 March 2017, in an amount not exceeding than Baht 36 million which was approved by the shareholders and comprised of monthly allowances, meeting allowances and bonus payments. The criteria of payment are the same as those of year 2015.

Directors' remuneration policy for the year 2017

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

Notes: 1) Directors who are executives or employees of the Company or its controlling shareholders are not entitled to receive such remuneration.
2) Chairman of the Board of Directors is not entitled to receive an additional monthly retainer or meeting allowance when he or she holds any chair or membership of the sub-committees.

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

Name	Position	Monthly Retainer (Baht)	Meeting Allowance ¹⁾ (Baht)	Bonus (Baht)	Others
Mr. Kan Trakulhoon	- Independent Director - Chairman of the Board of Directors - Chairman of Leadership Development and Compensation Committee	3,600,000	-	3,150,000	-
Mr. Somprasong Boonyachai	- Vice Chairman of the Board of Directors - Member of Leadership Development and Compensation Committee	900,000	350,000	2,253,600	-
Mr. Krairit Euchukanonchai	- Independent Director - Chairman of Audit Committee - Member of Nomination and Corporate Governance Committee	1,200,000	650,000	3,150,000	-
Mr. Surasak Vajasit	- Independent Director - Chairman of Nomination and Corporate Governance Committee - Member of Audit Committee	1,020,000	650,000	2,289,000	-
Mr. Prasan Chuaphanich ¹⁾	- Independent Director - Chairman of Sustainable Development Committee - Member of Audit Committee	679,839	350,000	1,737,132	-
Mr. Gerardo C. Ablaza, Jr. ²⁾	- Independent Director - Member of Executive Committee - Member of Sustainable Development Committee	610,000	225,000	2,372,387	-
Mr. Stephen Miller	- Director	900,000	175,000	2,253,600	-
Mrs. Tasanee Manorot ³⁾		225,000	175,000	558,140	-
Total⁴⁾		9,134,839	2,575,000	16,928,859	-

- Notes:
- 1) Mr. Prasan Chuaphanich was elected to be an independent director and member of Audit Committee at Annual General Shareholders' Meeting 2017 and at the Board of Directors' Meeting No. 2/2017 on 30 November 2017, respectively and was appointed as member of Sustainable Development Committee on 2 November 2017.
 - 2) Mr. Gerardo C. Ablaza Jr, was appointed as director and member of Executive Committee on 27 April 2017 and was appointed as member of Sustainable Development Committee on 2 November 2017.
 - 3) Mr. Tasanee Manorot expressed her intention not to continue her directorship in Annual General Shareholders' Meeting 2017.
 - 4) The above payments are the transactions during 2017 period including bonus 2017 paid in February 2018.

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

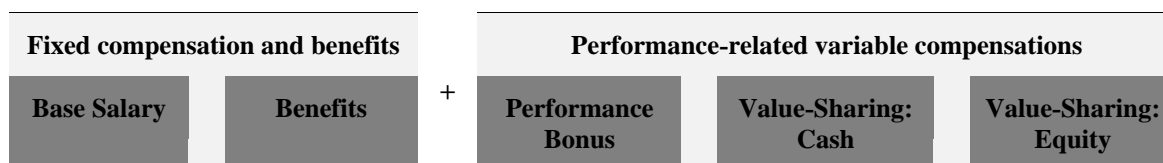
- Appropriate performance metrics are selected for annual and long-term incentive plans that will support business strategies and enhance value for shareholder.
- Appropriate goals are set for threshold, target and stretch levels of performance.
- A sound compensation structure is established to ensure 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 drives fundamental performance and aligns the interests of shareholders and executives based on economic profit. Part of the award is paid in cash provided that is positive in the current year. The remaining balance will be carried forward into cumulative bonus bank and at risk as it is subject to performance-related clawback and could be reduced as negative in the event of underperformance in the years.

Value-Sharing Equity

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

Company's Compensation Structure

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

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

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)										
			2017	Percentage of Total Warrants	2016	Percentage of Total Warrants	2015	Percentage of Total Warrants	2014	Percentage of Total Warrants	2013	Percentage of Total Warrants	Total
1.	Mr. Somchai Lertsutiwong	Units	88,700	6.3	56,800	6.87	51,600	5.92	29,816	4.38	19,824	4.89	158,040
2.	Ms. Sunitaya Shinawatra	Units	35,440	2.5	11,900	1.44	11,890	1.36	11,020	1.62	6,864	1.69	41,674
3.	Mr. Weerawat Kiattipongthaworn	Units	44,300	3.1	30,200	3.65	30,174	3.46	27,116	3.99	19,864	4.90	107,354
4.	Ms. Kantima Lerlertyuttitham	Units	44,300	3.1	33,200	4.01	0	n/a	0	n/a	0	n/a	33,200

8.5 Company Secretary

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

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.

8.7 Personnel

As at December 31, 2017 the Company and its subsidiaries consisted of 11,884 employees (including temporary staff).

The Company		AMP / ADC / AIN / WDS / SBN / AWN / FXL / MMT	
Key departments	persons		persons
Corporate finance and accounting	235	AMP	50
Human resource	236	ADC	0
Internal audit	50	AIN	21
Corporate strategy	45	WDS	387
Executive office	15	SBN	41
Company secretary	8	AWN	6,693
Corporate office	98	FXL	135
Organization transformation	18	MMT	1,618
Total	705	Total	8,945

ACC		DPC	
Key departments	persons	Key departments	persons
MD office	4	Executive office	3
Contact center-BKK	1,526		
Contact center-Nakhun Ratchasima	464		
Contact center-Operation deployment	58		
Contact center platform	31		
Human resource	318		
QA and complaint management	76		
Central intelligence analysis and strategic planning	12		
Total	2,489	Total	3

In 2017, the total amount of compensation for all employees of the Company and its subsidiaries was Baht 7,023.41 million, comprising salary, bonus and provident fund payments. Further details of remuneration policy is shown in Annual Report and Sustainability report 2017.

8.8 People development policy

Details of people development and training are provided in Annual Report and Sustainability report 2017.

9. Corporate Governance Policy and report on practice

Award of Achievement 2017

- Announce the Securities Trading Policy for Directors, Management and Employees: All designated person whose position or duty entitled them to access the insider information are prohibited to buy/sell AIS and INTOUCH's securities for a period of thirty (30) days prior to the date of disclosure of the quarterly and annual financial statements, or any period that the company will announce (Blackout Period).
- Received "Excellent CG Scoring" from Corporate Governance Report of Thai Listed Companies 2017 by Thai Institute of Directors Association.
- Received "Best Investor Relation Awards" for 6 consecutive years from SET Awards with the recognition of analysts and institutional investors on the reliability and transparency of information, the involvement of executives, performance, diversity of communication channels, Investor Relations Activities, and a policy which focused on the benefits of shareholders and investors.

9.1 Corporate Governance Policy

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

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

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

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

9.2 Performance Report on Corporate Governance for the year 2017

Section 1 The Board of Directors

1. The Board of Directors is the experts who have a strong leadership and vision to drive AIS to be a leader in creating various market formats of telecommunication industry and is aiming to lead the Company to be an acceptable digital service provider. The Board has set up vision and mission of the Company so as to lead the management in formulating strategy and long-term goal and reviews and monitors this matter annually.
2. The Board of Directors is composed of eleven (11) legally qualified experts with wide ranging leadership, vision, expertise and experience in various fields. There are five (5) independent directors namely: Khun Kan Trakulhoon, Khun Krairit Euchukanonchai, Khun Prasan Chuaphanich, Khun Surasak Vajasit, and Khun Gerardo C. Ablaza Jr. which are to more than one third of the Board of Directors and there are four (4) other non-executive directors which totally forming 82% of the total board number. As such the board would be able to make decisions independently as a representative of all shareholders and balance the power of management. The number and proportion of the board is appropriate by considering the required skills and experience which could support organizations to achieve vision and long-term goals.

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

3. Nonetheless, apart from such segregation, AIS has set the separation of roles and responsibilities between the Board of Directors and management. The Company reserves the right to consider any material issues that may affect the business operation of the Company with a view to maximizing the benefit of the Company's shareholders, such as the determination of strategies, business plans, investment budgets in new business. In any case, the Board of Directors encourages the directors and management forming a good relationship on the culture of respect for each other's roles and responsibilities.
4. The Board has formed its subcommittees so as to consider key materials such as governance, compensation, audit, and sustainable development etc., and to give recommendations to the Board for consideration, and chairmen of all subcommittees (except for the Chairman of Executive Committee) is an independent director.
5. Independent Director qualification has been defined stricter than criteria stipulated by laws such as holding shares not exceeding 0.5 percent, not 1 percent as required by law, of the total number of voting right of the Company, its parent company, subsidiary, and juristic person which may have conflicts of interest, including the shares held by related persons of the independent director Shareholders may further study AIS's independent director eligible qualification at <http://advanc-th.listedcompany.com> on Corporate Governance section: "Governance Policy".
6. In 2017, the Board meeting was held eight (8) times as scheduled whereas such scheduled was set in advance. The Company Secretary will circulate notice and the supplement documentation to the Board at least seven (7) days before each meeting so that each director shall have sufficient time to analyze the information in advance. The Chairman of the Board of Directors presides over the meetings and ensures that sufficient time is allocated for directors to discuss and express their opinions freely on each agenda item. Nevertheless, in order to facilitate directors to attend the conference and promote the use of digital technology to enhance the efficiency of the meeting along with reducing the impact on the environment. AIS has set up a video conference system so as to facilitate directors, who could not attend the meeting, and to reduce greenhouse gas emissions from their travels. The Company also

supports the submission of the meeting documents via the Board Portal, a secure electronic channel that the management uses to communicate material issues or submit the summary reports of the Company and its subsidiaries. In case of there being no Board's meeting in any particular month, the Company Secretary will provide the Board with the monthly operating report for their acknowledgement.

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

Details of the names and composition of the Board of Directors, the criteria for selection, nomination process and appointment of directors, definition of Independent Directors, and the separation of the roles and responsibilities of the Chairman of the Board of Directors and the Chief Executive Officer are listed in "Management Structure" section on part 2 page 3-15

Succession Plan

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

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

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

1. Talent Identification and Assessment
2. Talent Management Process and Planning
3. Talent Development and Metrics
4. Talent Management Governance Structure.

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

Leadership competencies are being aligned with the Company's evolving business strategies. Internal talents and successors are being identified based on their performance and potential via "**9 Boxes Talent Matrix**" and assessed regularly across the organization based on their performance and achievements in their respective functions. Identified talents are required to go through verification process which requires certain demonstrated qualities such as a sense of aspiration, engagement, mobility and agility. Individual talent must have the ability to learn from his/her experience and applies insights to perform well in new and challenging situation. Qualitatively, individual talent must possess four (4) main agilities such as mental agility, people agility, change agility and results agility which will be assessed by the Assessment Center.

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

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

Communication with Management

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

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

Remuneration of Directors

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

In addition, the remuneration shall propose to the AGM for approval. Shareholders may further study in "Management Structure" section 2 on page 16-17

Orientation and Training for Directors

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

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

Training Program/Activity	Objectives	Participants
Board Trip in China for learning innovation	To provide an opportunity for the board as well as strengthening relationship with key business partners aboard and to learn innovation and technology	Khun Kan Trakulhoon Khun Somprasong Boonachai Khun Surasak Vajasit Khun Jeann Low Ngiap Jong Khun Krairit Euchukanonchai Khun Prasan Chuaphanich Khun Somchai Lertsutiwong Khun Hui Weng Cheong

Seminar on “ Corporate Governance Code 2017 for listed Companies”	The Company has invited Mr. Rapee Sucharitkul, Secretary-General of the Securities and Exchange Commission (SEC) , to join the Board of Directors’ meeting and to exchange knowledge and experiences concerning the compliance issues pursuant to the Corporate Governance Code for Listed Companies 2017.	Khun Gerardo C. Ablaza Jr. Khun Kan Trakulhoon Khun Somprasong Boonachai Khun Surasak Vajasit Khun Jeann Low Ngiap Jong Khun Allen Lew Yoong Keong Khun Krairit Euchukanonchai Khun Stephen Miller Khun Somchai Lertsutiwong Khun Hui Weng Cheong Khun Gerardo C. Ablaza Jr. Khun Prasan Chuaphanich
---	---	---

Board of Directors’ Assessment

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

Assessment Objectives

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

Criterion

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

- Category 1: “Board Self-Assessment Form for the Board of Directors
To assess overall performance of the Board
- Category 2: “Board Self-Assessment for Board”
To assess overall performance of the Committee

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

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

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

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

Procedure

1. The Company secretary proposes the form to directors every year.
2. then gather and report the result of assessment to the Chairman of Board of Directors and the Chairman of each subcommittee for consideration so as to study and jointly analyze result of assessment and to determine development direction for director’ s performance.

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

Evaluation of the Chief Executive Officer's Performance

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

Section 2 Rights and Equitable Treatment of Shareholders

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

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

1. Disclose important information related to operations, execution of transactions, quarterly and annual financial result through website of the Company and SET so as to facilitate shareholders to access the Company's performance data in a variety of channels and a timely manner.
2. Establish the investor relation department to be function as the center of communication between shareholders and the Company, to provide an opportunity for minor and institutional shareholders to raise questions and to recommend matters deemed as beneficial to the management as well as suggest useful information for investment decisions, participate in Opportunity Day organized by SET on the quarterly basis in order to meet with investors and to present the Company's performance result and engage road show to meet up with domestic and foreign institutional investors. Further details, please see "Relationship with Investors", in Annual Report and Sustainability Report 2017 page 96-99
3. AIS strives to treat all shareholders equitably, transparently, and fairly. Therefore, the Company announced the "Securities Trading Policy for Directors, Executives and Employees" to prescribe rules and guidelines related to securities trading for directors, executives, and employees, and to prevent the use of inside information that has not been publicly disclosed for their own interest and / or related persons. In this regard, the policy encompasses the securities of AIS and Intouch Holdings PCL., a listed company and a major shareholder of AIS.

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

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

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

Annual General Shareholders' Meeting

- Before the meeting date
 1. The shareholders are entitled to propose items for inclusion on the meeting agenda and nominate qualified person(s) to be considered and appointed to be directors at the shareholders' meeting. For the 2018 annual general shareholders' meeting, this entitlement was from 1 October 2017 to 31 December 2017, the rules and procedures of which are posted on the websites of the Stock Exchange of Thailand and the Company. Nonetheless, the Company did not receive any proposed items for inclusion on the agenda nor any director nominations prior to the expiry of the said period.
 2. AIS discloses AGM notices and other supporting documents which comprises of rationale for each agenda item, proxy A, B and C on its website at least thirty (30) days prior to the AGM meeting date in order to provide shareholders with sufficient time to study notices of the AGM and other supporting documents. Shareholders may submit any question to directors or company secretary office. In case that shareholders could not attend the meeting in person, they may also appoint an independent director or any person to be the proxy to participate the meeting on their behalf. AIS discloses such information through SET portal and its website. In addition, the hard copy of such notices of AGM and supporting documents shall be delivered to shareholders at least twenty one (21) days prior to the meeting date.
 3. The Company prepares the notice of AGM and supporting documents both in Thai and English version. In this regard, shareholders could acknowledge and understand information thereto that will be presented to shareholders accurately and equally.
 4. The Company has provided clarification relating to documents and evidence that shareholders shall bring to attend and vote at the Meeting including those for attaching to the proxy. The description was prepared in a manner there is easy to understand by classifying the participation into categories such as attending in person or by proxy, as well as individual or juristic person. In this regard, the requirement is applicable to the law for identifying shareholders and proxy but not to restrict the shareholders' right or to create unnecessary burden.
 5. In 2017, two (2) independent directors served as proxies namely Khun Krairit Euchukanonchai and Khun Surasak Vajasit.
 6. AIS adheres to a policy and practical guideline to facilitate institutional shareholders and custodian by sending in inquiry requesting the examination of the details of shareholding and submission of the proxy form in advance. In case institutional shareholders and custodian, who grant a proxy to the independent directors, the Company will send a copy of proxy form having a signature of independent director to the institutional shareholders and custodian after the meeting in order to use as evidence documents.
- On the meeting date
 1. The Company started the meeting registration two (2) hours prior to the commencement of the Meeting due to large numbers of shareholders attending the meeting each year. The barcode system has been utilized to quickly and accurately facilitate the registration and vote counting. The registration counters were set up and segregated for minority shareholders and institutional shareholders due to the large number of institutional shareholders' documents. In addition, the Company assigned adequate staffs and other amenities to facilitate shareholders (i.e. copy machine, duty stamp, and signage for registration process). In this regard, based on the result of survey conducted on the satisfaction of shareholders with regard to the quality of the AGM meeting, it was found that the shareholders' satisfaction level is at highest level.
 2. The Board had scheduled the AGM on March 30, 2017 which is not a holiday or a weekend and the meeting time was appropriate. The venue of AGM was at Centara Grand Central Plaza Ladprao which is convenient in terms of transportation and access and is appropriate to accommodate large numbers of shareholders.

3. The Chairman of the Board of Directors, the Audit Committee, the Nomination and Corporate Governance Committee and the Leadership Development and Compensation Committee including senior executives attended the meeting so as to address and clarify any queries or concerns of the shareholders.
 4. The Chairman presided over the meeting in sequence in accordance with the meeting agenda stated in the meeting notice without adding any additional matters and allocated sufficient time for shareholders to make any queries on each item in the agenda. Prior to the onset of the meeting, a company representative explained the meeting procedure and voting method to the shareholders.
 5. Company Secretary, the moderator, has notified to the shareholders, who participated in the meeting in person and or with proxies, the amount of participants, procedure of the meeting, casting votes and vote counting.
 6. The Company issued voting cards for each item on the agenda. For the director appointment item, the voting related thereto was organized on an individual basis. Independent legal counsel was also engaged to examine vote counting process in order to ensure accuracy and reliability of vote counting process.
 7. Participants were informed by the Chairman of the meeting regarding the voting results for each agenda item and there was no objection in relation thereto from shareholders.
- 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 website.
 2. The Company Secretary prepares the minutes of the meeting and posts them on the Company's website within fourteen (14) days after the meeting date. The minutes cover all material facts in compliance with the good corporate governance of the Stock Exchange of Thailand such as list of director and management who participated in the meeting, resolution of the meeting, issues, queries and recommendations of shareholders and clarification of director/management. The publications are posted on the Stock Exchange's website.

Communication with Stakeholders

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

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

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

For other matters apart from those aforementioned, AIS has established responsible units to deal with AIS and stakeholders such as the Community Relation Unit to receive and make a good relationship with communities and NGOs, the Business relation department to act on behalf of the Company in dealing with government agencies and voice as the Company in public hearing. Further details, please see in Annual Report and Sustainability Report 2017 page 306-307.

Roles & Responsibilities to Stakeholders

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

Section 3 Disclosure of Information and Transparency

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

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

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

2. The Company set up an Investor Relations Department to be responsible for communicating material information that may affect to investors' decision and analyst' view. Such disclosure shall accurate, adequate, on-time and consistence in compliance with the Market Disclosure Policy as well as Investor Relations' ethics. All inside information shall not disclose or disseminate to public until it has been disclosed to the Stock Exchange of Thailand. Further details, please see "Relationship with Investors", Annual Report and Sustainability Report 2017 page 306-307.
3. The Company has specified a period of non-communication with analysts and investors (Silent periods) with respect to financial results. Executives and employees whose roles and responsibilities entitled them to access inside information are also not allowed to trade AIS and INTOUCH's securities during 30 days prior to financial disclosure. They also required to disclose the report on their securities holding in AIS and INTOUCH which included spouse, minor child and unmarried partners' information. In case of any changes, such report shall be submitted to Compliance Department within 3 days from the date of changing.
4. The Board stipulated the rules and procedures for reporting the declaration of directors and executives' interests since 2008 so as to provide AIS with necessary information in order to monitor interests and transactions that may cause conflict of interests of directors and executives. This policy encourages the Company's directors and executives to exercise their duties of care, integrity and honesty and to avoid any conflict of interests by disclosing their interests, including those of their related persons when entering into any transaction with the Company and its subsidiaries and abstain from expressing any comment and casting vote considering such transaction.
5. The Board of Directors and executives of AIS shall report their shareholding of the Company including those held by their minor child and spouse in the Annual Report and Sustainability Report 2017

6. When executing connected transaction, AIS abides to Notification of Capital Market Advisory Board, and discloses the information in accordance with SET's regulations and Thai Accounting Standards so as to execute such transaction accurately and transparently with the best interest for the Company as if the Company executes transaction with other third parties (Arm's length basis) and is in compliance with the good corporate governance principles. The Board of Directors has approved "Connected Transaction Policy" and assigned Compliance Department to be responsible for communicating, supervising and disclosing the information when executing transactions to the Stock Exchange of Thailand and in the annual report. Such details are demonstrated on page 60.

Section 4 Internal Control and Risk Management Systems

As the Board considers the internal control, audit and risk management systems crucial for protecting the shareholders' investment capital and the Company's assets, it has therefore set up relevant policies, measures and supervising departments, the details of which are listed in the "Internal control, Internal audit and Risk management" section on part 2 page 43

Monitoring the Business Operations of Subsidiaries and Associated Companies

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

1. Support the subsidiaries and associate companies to perform their duties in compliance with good corporate governance policy;
2. The Board of Directors selects the representative of the Company to be appointed as directors of the Subsidiaries and Associated Companies in order to monitor and control business performance in proportion to its shareholding percentage;
3. Monitor through representative directors, executives, and policies which were issued at the parent company level;
4. Consider any significant matter including strategic, business plan, capital increase/ decrease, dissolution, and any other important policies;
5. Follow up the performance result through the Company's executives, Executive Committee, and the Board of Directors;
6. Monitor the Subsidiaries and Associated Company to operate business under the rules and regulation of competent authorities including connected transaction, asset acquisition and deposition, information disclosure, and accounting and financial statement report;
7. All transactions in any subsidiary, which may significantly affect the business operation or financial status of the Company, must be reviewed and approved by the Board of Directors of the parent company;
8. Being audited by the Company's Internal Audit Department to ensure that there is sufficient and effective internal control system;
9. In order to disclose the financial information and operating results of the subsidiaries, the Company has engaged auditors from the same auditing firm that provides auditing services for the Company to perform audits and disclose the financial and non-financial information of the Subsidiaries in the consolidated financial statements of the Company.

The information of positions held by directors and executives in the subsidiaries are shown in Appendix 2

Section 5 Code of Business Ethics

Equitable Treatment to Stakeholders

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

5.1 Responsibility to Shareholders

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

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

5.2 Responsibility to Customers

- (1) AIS strives to develop and maintain quality of products and services, including the reliability of network, safe and valuable use of mobile packages and devices with affordable price that can meet the customers' lifestyle.
- (2) Fair marketing communication shall be focused when communicate with customers.
- (3) All directors, executives and employees has placed important to protect customer data information and will not use illegally or without permission from customers. The only exception to this is information requested by law enforcement officers.

Further details, please see page in Annual Report and Sustainability Report 2017 page 134-143, 144-147

5.3 Responsibility to Business Partners and Creditors

- (1) AIS promotes fair business operation and sustainable growth. This will neither cause any damage to the reputation of AIS nor its business partners. In 2017, AIS has announced the Supplier/Partners Code of Conduct which serves as a guideline to select partners by focusing on fairness and equality as well as prescribing guideline for business partner and dealers of AIS, such business partners shall not act in any manner which violates human rights and infringes on intellectual property, employing and employees of business partners shall comply with the law. Business partners shall be responsible to society and environment. Further, they shall not cause unsafe and leakage of customer data.
- (2) AIS adheres to the agreement and terms and conditions of the creditors without delay of settlement and interest which may cause penalty or loss of confidence among each other.

Further details, please see in Annual Report and Sustainability Report 2017 page 146-151

5.4 Responsibility to Employees

- (1) AIS strives to enhance and promote a good culture, safe working environment as well as team work. AIS respects for individually and equitability of employees according to human rights principles.
- (2) Employees' recruitment, appointment and promotion is conducted in a fair manner based on ethical standard, employees' performance and the corporate policy.
- (3) Since 2016, AIS academy has been set up to take care of employees' development and training based on their competency and leadership skill in accordance with the Company's business directions and strategy. In 2017, the digital technology has been used to enhance learning method and efficiency as well as to facilitate AIS's staffs to easy access to the beneficial courses such as the development of Learn Di application that employees can access knowledges and seminar's material via mobile devices or tablets and Read Di application, the online library application.

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

Further details, please see in Annual Report and Sustainability Report 2017 page 152- 162, 167-169

5.5 Responsibility to society and environment

- (1) The Board of Directors has specified the Environmental Management Policy and published in AIS’s website that all stakeholders can access and study.
- (2) For society management, AIS set us as a group-wide strategy which focused on society as a whole and surrounding communities. The Community Relation Department and Engineering Department shall work together to reduce social impact from network expansion and to gain understanding from communities prior to operation. This effort resulted to the reduction of disputes between AIS and communities. AIS also supports all employees to submit their project that help improve well-being and quality of life of their hometown.
- (3) AIS strives to promote green products and services by using the strength of digital technology to design its products and services, including eco-efficiency network installation. In 2014, AIS started to collect data on carbon emission from all of our business operations in order to analyze and set up proper mitigation plan.
- (4) Almost 27 years of service, AIS strictly comply with environmental laws and regulations. This resulted in zero (0) disputes and fines.
- (5) AIS has policy to cooperated with ethical partners whose operation is eco-efficiency and will not breach any ethics of society. The procurement policy and selection process as well as suppliers’ code of business ethics is prescribed. AIS also set up audit plan for partners.

Further details, please see in Annual Report and Sustainability Report 2017 page 170-174

Conflicts of Interests

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

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

1. Communicating on Business Ethics to employees and business partners

In 2017, the Company places a great emphasis on raising awareness concerning Anti-Bribery and Corruption Policy, respecting and protecting intellectual property of the Company and those of

business partners, Online and Social Media Guideline and prohibition the use of inside information to trade AIS and Intouch's securities. The communication activities were conducted by way of

Method/ Channel	Objective Group	Details
Two seminars namely: 1. Building ethic in workplace with happiness 2. Ethical Innovation	Employees of all level	To foster ethical immunity in workplace by promoting honesty and to fortify happy and sustainable workplace.
3. Produced four (4) VDO Clips by using simulation and stopmotion techniques which is specified by Business Ethic Committee	Executives, Employees and Suppliers/partners	Discloses and communicates the code of business ethic and anti- bribery and corruption policy to all employees for acknowledgement and implementation for three (3) consecutive year Shareholder may further study more details at: https://youtu.be/tPln1Fxm9V4 https://youtu.be/ICQVwT02mx8
4. Permits employees to engage in activities (answer and question) through LearnDi application and email	Employees of all levels	To raise awareness among employees concerning the Code of Business Ethic
5 . Campaign signboard concerning four (4) items of business ethic i. e. conflicts of interest etc.	Employees of all levels and visitors	To raise awareness among employees concerning the Code of Business Ethic
6 . Sending letters seeking cooperation from business partners to comply with the Company's Code of Business Ethic and Anti-Bribery and Corruption Policy	Business partners	To clearly demonstrate the Company's intention to operate its business in a transparent and ethical manner.

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

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

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

2. Investigation and punishment

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

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

9.3 Related policy to support a good governance

9.3.1 Anti-Bribery and Corruption Policy

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

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

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

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

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

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

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

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

9.3.2 Market Disclosure Policy

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

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

9.3.3 Connected Transaction Policy

The Board of Directors recognizes the essence of corporate governance on business transactions between the company or its subsidiaries and its connected persons for transparency and free from conflict of interest as stated in the company's corporate governance policy and other relevant notifications. Nevertheless, the internal control mechanism relating thereto shall be reviewed and revised from time to time so that it shall be up-to-date for the current business operation and comply

with the existing rules and regulations governing the company's business operation. In this regard, the Board of Directors approved and announced the new Connected Transaction Policy on 17 March 2017 which has the material terms as follows:

- Business transactions between the company or its subsidiaries and its connected persons shall be transparent, reasonable and for the ultimate benefit of the company similar to those transacted with external parties under arm's length basis.
- Business transactions between the company or its subsidiaries and its connected persons that are considered normal business transactions or supporting normal business activities under arm's length basis can be approved by the management according to the power authorization of the company. In an event that it is unclear whether or not a business transaction is under arm's length basis, the audit committee shall review and provide the consent before executing business transactions between the company or its subsidiaries and its connected persons or other business transactions which may have conflict of interest concern.
- In other cases, the Board of Directors shall have the authorities to approve and/or provide the consent to any business transaction between the company or its subsidiaries and its connected persons. In this regard, the Board of Directors has assigned the audit committee to review and consent the transaction before proposing to the Board Meeting or the shareholders' meeting for approval (as the case maybe).

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

9.3.4 Securities Trading Policy for Directors, Executives and Employees

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

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

9.3.5 Online and Social Media Guideline

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

9.4 Audit fee and non-audit fee

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

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

AIS's Strategy for Sustainable Development - 5 Focus Areas



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

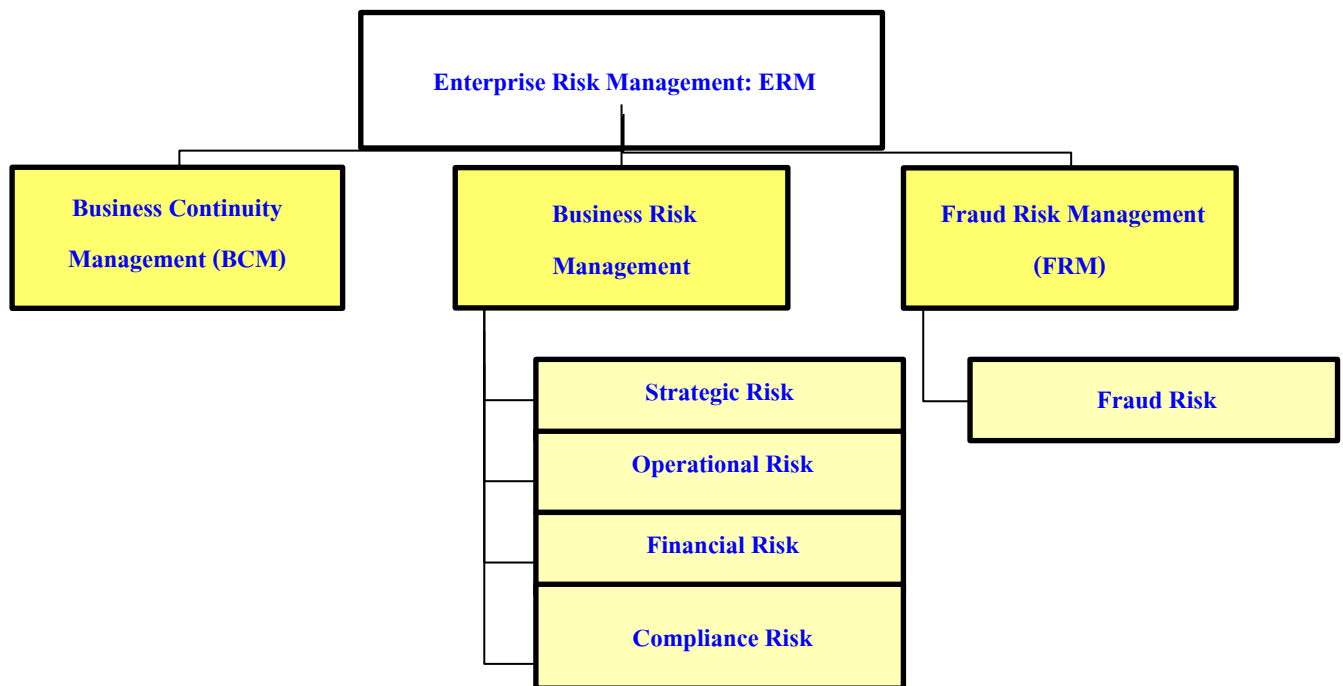
5 Focus Areas	Commitment
Community <i>Bringing our society together</i>	<ul style="list-style-type: none"> To thoroughly understand and take into account the needs of the direct community, and develop the appropriate strategic, integrated and systematic responses to ensure our social license to operate. To leverage our strengths as a network provider to meet the needs of the larger society and be viewed as an industry leader in a socially responsible business.
Customer <i>Providing the best customer experience</i>	<ul style="list-style-type: none"> To provide the best customer experience while tapping into new markets, through gaining deep insight into people's needs, providing the personalized products and services that meet those needs, and delivering the unparalleled service that says we will do our best to assure you "Live Digital, Live More".
Partners <i>Sustainable partnerships</i>	<ul style="list-style-type: none"> To share the responsibility for our partners' behaviors and actions To build win-win partnerships through mutual growth.
People <i>Growing our people with their</i>	<ul style="list-style-type: none"> To develop visionary leaders with our brand character. To create opportunities for people to learn and develop so that they can guide AIS toward its goal within the framework of sustainability.
Environment <i>Greening our future</i>	<ul style="list-style-type: none"> To develop innovative, yet easy-to-understand and environmentally-friendly products and services that will empower people today and meet the needs of future generations.

Further information on strategy, management approach and performance 2017, please see Annual Report and Sustainability Report 2017.

11. Risk Management, Internal Control, and Internal Audit

1. Enterprise risk management

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



AIS Enterprise Risk Management Framework & Processes

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



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

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

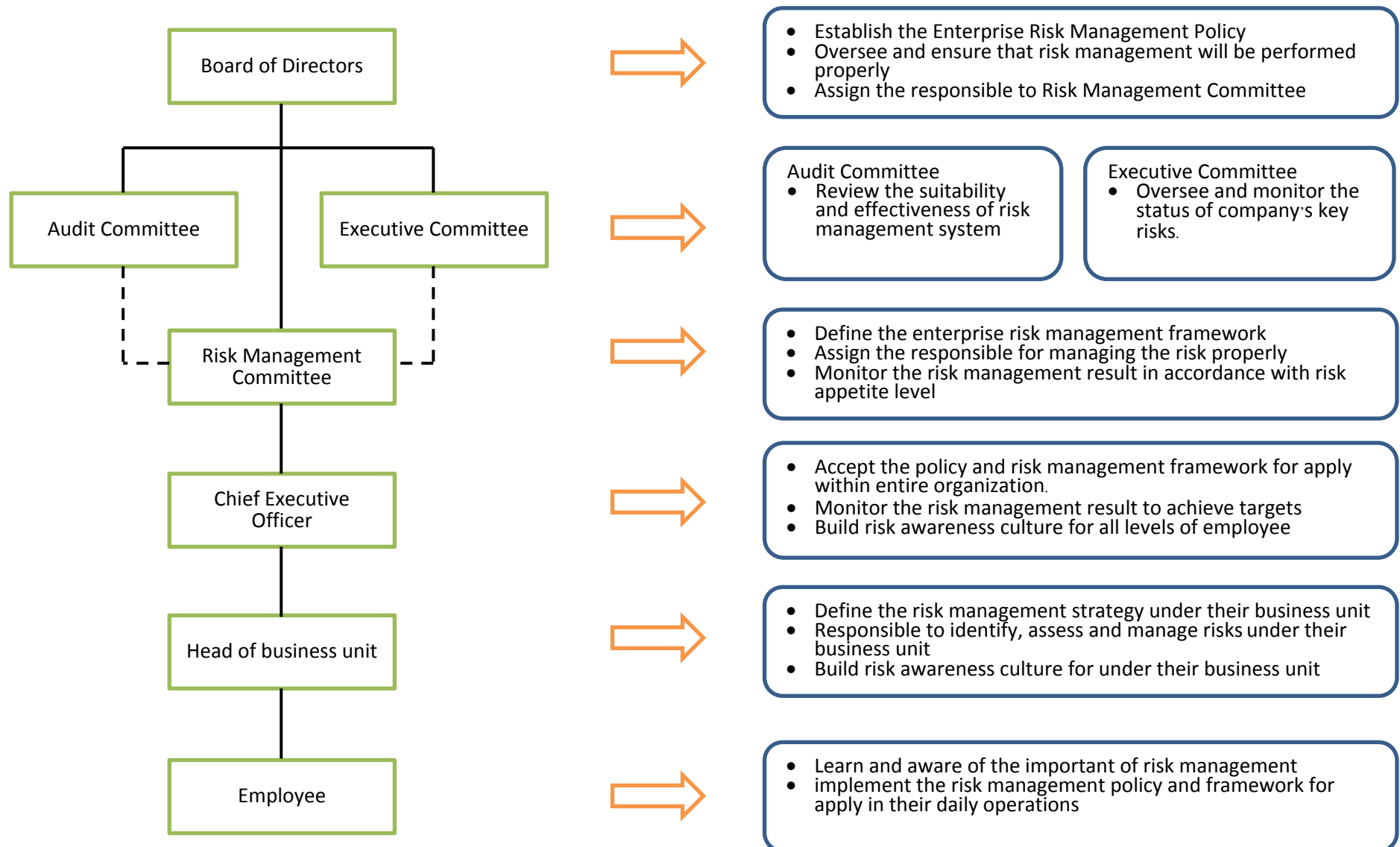
3. **Assess the identified risks** by considering the likelihood of the risk occurring and the potential impact if the risk occurred; in addition, the correlation between the impact of any risk and how it could affect another risk must also be assessed.

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

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

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

Roles and responsibilities of AIS Risk Management



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

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

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

2. Fraud Risk Management

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

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

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 appointed Fraud Risk Management Committee (FRMC) to oversee the policy and fraud risk management process. Also to support other functions to develop fraud risk management including self- manage and systematically control risk.

11.3 Building an organizational culture in Risk Management

In addition to the determination of Risk Management framework and roles and responsibilities of all level employees, AIS has also promote and cultivate Risk Management culture for build an awareness and understanding about the Risks conformed to achieving the organization's objectives and goals. AIS performed to create an organizational culture in Risk Management as following:

- Establish the Risk Management policy, manual and procedures, publish on social intranet for employees can read and understand.
- Develop the Risk Management plans in both corporate level and functional level covers efficiency internal control process and internal audit.
- Communicate through the semi-annual performance review event to ensure that employees at all levels have same understanding and acknowledge the direction and obstacles/challenges of the company's business operations in short-term and long-term.

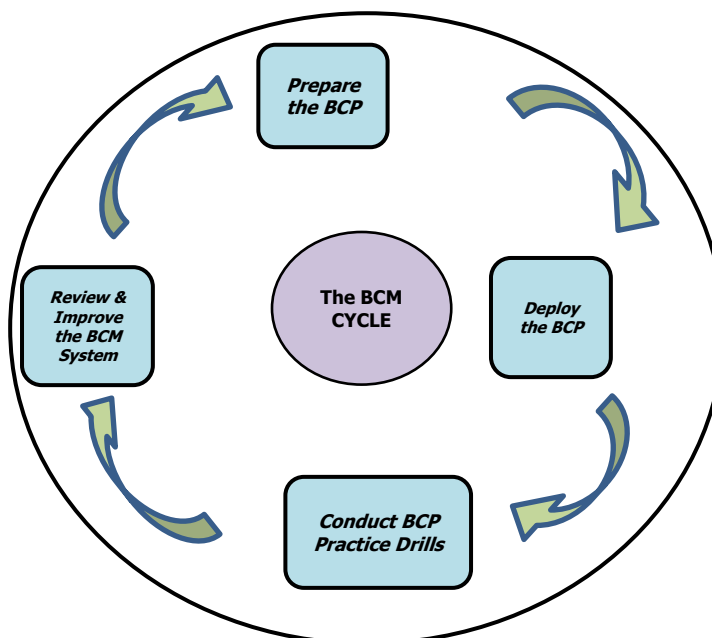
- Provide knowledge of Risk Management principle to employees via presentation documents and publish on social intranet.

11.4 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 AIS group and subsidiary companies.

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

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



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 organization.

11.1.5 Overall of Business Continuity Management framework

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

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

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

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

11.1.6 Performance result of 2017 and goal in 2018

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

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

Internal Control

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

Components and Principles according to the COSO framework		AIS internal control system									
Control Environment											
<p>1. The organization is committed to integrity and ethical values. The Board of Directors and the Management serve as role models for all Company employees. Clear standards of conduct have been established, and processes have been put in place to evaluate adherence to these standards and address any deviations in a timely manner.</p>		<ul style="list-style-type: none">• The Business Ethics Committee, including the Chief Executive Officer (CEO) as the chairman, was appointed with the responsibility of promoting integrity and ethical values among AIS executives, all Company personnel, and any related parties. The Code of Business Ethics (the “Code”) was communicated to all relevant parties by the designated team in easy-to-understand formats such as videos and posters. The Code is available in Thai and English languages in order to provide clear understanding for both Thai and foreign employees. The Ethic Clinic has been established to clarify and communicate the ethical values to all levels of employees through the social intranet. The Business Ethics Committee reports its operational performance to the Board of Executives and the Board of Directors annually.• Communication regarding the Code has been extended to include outsourced staff and business partners through multiple channels, such as mail, applications and website for partners. The Code is also embedded into all commercial contracts or employment agreements. An annual evaluation of related parties’ understanding of the Code has been conducted for six consecutive years. The results of the 2017 evaluation are as follows:									
<div><p>Whistleblower Channel</p><p>1. Board of Directors via Chairman of the Audit Committee e-mail: AuditCommittee@ais.co.th</p><p>2. Head of Internal Audit Office e-mail: internal-audit@ais.co.th</p><p>3. Head of HR Department e-mail: human-resource@ais.co.th</p><p>4. Ethics hotline: 020293333</p></div>		Target Group		Response Target		Response Results		Score Target		Score Results	
				2016	2017	2017	2016	2017	2017		
		1. AIS executives and employees		80%	100%	99%	80%	90%	88%		
		2. Outsource staff		60%	90%	86%	70%	90%	83%		
		3. Business partners		50%	60%	61%	70%	80%	76%		
		<ul style="list-style-type: none">• The Anti-Bribery and Corruption Policy (the “Policy”) has been established and enforced among all staff and management levels and business partners. This Policy was communicated through the social intranet and the AIS website to all business partners. The Purchasing Team and the Channel Management Team communicated the Policy through email, application and channel website; and incorporated it into the conditions attached to all business contracts.• When registering new vendors, the Purchasing Team selected vendors through a process of evaluation which covers legal compliance, integrity and ethical operations. Moreover, vendors must not have any history of corruption or bribery, and shall respect human rights as well.• The Reporting and Investigation of Misconduct and or Fraud and Whistleblower Protection Policy has been established together with various communication channels for reporting any cases of fraud or misconduct since 2014. Guidelines on the reporting process, confidentiality, protection of the person providing such information, the investigation process and penalties for perpetrators have been communicated through the social intranet and AIS website.• The Company implemented a zero tolerance policy against fraud, bribery and corruption as stipulated in the AIS Fraud Risk Management Policy. The principle of zero tolerance dictates that no penalty will be waived for any directors, executives, or employees guilty of engaging on fraudulent activities. To raise awareness of the need for good practice among employees, the Company also published internally actual fraud cases and the penalties imposed, with identity of the perpetrators censored.• The Board of Directors met on a quarterly basis to consider cases of fraud, misconduct or ethics nonconformance after such cases had been reviewed by the Audit Committee in order to promote good corporate governance and transparency, and prevent such actions from reoccurring in the Company.									

	<ul style="list-style-type: none"> • In 2017, AIS participated in the Thailand's Private Sector Collective Action Coalition against Corruption ("CAC").
<p>2. The Board of Directors is responsible for overseeing the Management. The Board remains independent from the management is comprised of individuals with the necessary relevant expertise.</p>	<ul style="list-style-type: none"> • The Board of Directors emphasized that all business be conducted in a responsible manner, with transparency, and in such a way as to maximize the value of the Company and its shareholders. In each meeting, the senior management were invited to report on their performance in relation to the business plan and strategies and on any required corrective actions, as necessary. Moreover, the Board engaged both internal and external auditors as appropriate to evaluate the level of awareness of the entity's strategies and specified objectives. • Each board's sub-committee reported to the Board of Directors with an overview of its performance on specialized topics such as its effectiveness in internal control and risk management, legal compliance, good corporate governance, ethic compliance, sustainability and innovation as well as presenting its financial reports. • Board members had a high level of experience and relevant expertise. The Chairman of the Board of Directors was independent from the management and a minimum of one-third (currently 45%) of board members were independent. For more details, please see the Structure of the Committee, in part 2 page 3 • The Company supported the Board of Directors and Executives in the ongoing development of their competency through in-house and external trainings and seminars which covered integrity, leadership, critical thinking and problem solving skills. A Board portal channel has been developed to share knowledge and information, such as the government's Thailand 4.0 plan and the Eastern Economic Corridor opportunity. Moreover, operating reports were submitted to the Board of Directors and Executives when there was no meeting. For more details of past trainings, please see Corporate Governance, in part 2 page 26-27. • The authority and duties of each board's sub-committee were defined in regard to internal auditing, risk management, sustainability, good corporate governance, and remuneration for the committee. The results of each committee were reported to the Board of Directors every quarter. For more details, please see the structure of the Committee, in part 2 page 10-14.
<p>3. The Management has established proper structures and reporting lines to support the achievement of objectives with checks & balance and with a clear definition of authority and responsibilities.</p>	<ul style="list-style-type: none"> • The structure and reporting lines of AIS are defined in accordance with the Company's business goals and objectives, balance, flexible operation, and disruptive innovation. The Company's structure comprises a technology unit, accounting and finance unit, human resources unit, marketing unit, corporate strategy unit, and operation units under the authority of the President. The operation units include customer services management, consumer or enterprise customer management, fixed broadband service, regional operations, etc. A segregation of duties was applied to avoid task redundancy and enable different units to support each other. The approval of authority was clearly defined. The Internal Audit Office was responsible for reviewing unit performance independently. • AIS applied Three Lines of Defense in its risk management strategy. This supported a more comprehensive definition of responsibilities and improved organizational structure. It also prevented the likelihood of risks occurring in the future. For example, AIS segregated the duties of network installation/expansion from the duties of network quality control. • The Board of Directors delegated authority and defined and assigned responsibilities to Senior Management, Management, and Operation Officers based on the demonstrated competence of each person. The Board of Directors and/or senior management defined the degree to which individuals and teams are authorized and encouraged, or limited, to pursue the achievement of specified objectives or address issues as they arise. However, the Company has clearly defined the scope of authority and responsibilities within the Company. For example, the Chief Executive Officer ultimately answers to the Board of Directors for establishing directives, guidance and control to enable management and other personnel to understand and carry out their responsibilities. The Internal Audit Office (IAO) shall perform auditing duties

	<p>independently to counterbalance departments. Clear objectives have been established for each operational level with regard to the roles and responsibilities of the Chief Executive Officer, Senior Management and employees.</p> <ul style="list-style-type: none"> • A Corporate Compliance unit has been formed to manage the Second Line of Defense, provide guidance on internal control requirements and evaluate adherence to defined standards in core operations, such as service quality control, network quality, legal compliance, financial control, business operations deployment, risk management, etc.
<p>4. The Organization is committed to attracting, developing, and retaining competent individuals. To this end, policies and procedures on competency in addition to a succession plan have been established. Competence is evaluated and any shortcomings are addressed.</p>	<ul style="list-style-type: none"> • AIS gives priority to the Company's employees as stipulated in the AIS mission and encourages them to perform their duties with expertise and a sense of ownership. A work and life balance is also promoted among them to create a sense of family and retain the employees in the Company. • As AIS is transforming into the Digital Life Service Provider, the Human Resource Department has encouraged employees to become familiar with "The NEXT AIS" by incorporating digital technology into day-to-day operations and learning. For example, the LearnDi application includes a collection of essential courses and seminars on operational procedures, which employees can download and access anytime and anywhere, while the ReadDi application features an online library of books to promote reading among employees and facilitate necessary learning. The Company also encourages employees to experience the digital lifestyle through AIS mPAY which can be used to pay for goods in the AIS Save Market and for food in the AIS canteen. • AIS has created a culture of innovation in which employees are encouraged to achieve the goal of being an Innovation Organization through communication, activities, and management support. For more details, please see Innovation Management and Innovation Organization, in part 1 page 29-33 • The Company conducted the AIS Creative Talents (ACT) program to differentiate its business and foster leadership. This program emphasized motivation and creative business innovation. All attendees could learn directly from various successful professionals. • As employee health is a main concern of the Company, the AIS Wellness program was established in 2016 to promote awareness of physical, mental and financial health among employees. In 2017, AIS focused on exercising, emotional management and nutrition. The Company also provided a gym and trainers, exercise courses, a fat burning competition, annual health check-ups and a sports day to build strong relationships among employees. • The Company has been supporting continuous learning, including both hard skills and soft skills, according to the roles and responsibilities of all employees. Employees were encouraged to set their own Individual Development Plan (IDP) which can be evaluated according to the criteria in the areas of knowledge sufficiency, learning, and implementation as required by the Company. Employees' IDPs were recorded in the Company system to allow progress monitoring by management. • The AIS Academy is responsible for developing competency regarding management and leadership, and encourages employees to improve their knowledge and skills through various approaches such as on-the-job training, internal and external training, and electronic courses on the "AIS LearnDi" application. In 2017, AIS invited professors from Harvard University in the USA to conduct in-house leadership development program for management in order to prepare them to become senior management in the future. • Apart from the AIS Academy, knowledge management was clearly assigned to the relevant teams in order to support the Company's operations regarding sales, customer service, IT and engineering. Relevant courses have been conducted for employees and business partners to maintain the quality of operations at the required standard.

	<ul style="list-style-type: none"> • The Company supports employees to acquire professional certification and accreditation regarding IT, engineering and other fields, as well as covering expenses and providing other rewards to retain talented employees and knowledge with the Company. • The Board of Directors has established a clear succession plan to ensure business continuity. The significant responsibilities and impact from not having a successor temporarily or permanently have been assessed. The succession plan covers successors from Senior Management, such as the Chief Executive Officer, through to the heads of core business units. In this matter, a succession plan, training, and advice have been developed to equip the potential successors with the necessary competency. In addition, the Company identified key functions that need to be included in the plan to facilitate business continuity. For example, the system development process relating to engineering and IT systems, which are performed by service providers, will be included in the knowledge sharing program for the IT and engineering team and systematic collection process. Moreover, related documents will be stored systematically to facilitate uninterrupted workflow.
5. The Organization holds individuals accountable for their internal control responsibilities through a clearly defined structure, level of authority, and responsibilities; performance measures, incentives, and rewards in both the short-term and long-term; and consideration on excessive pressure.	<ul style="list-style-type: none"> • In order to support the achievement of business direction, the Board of Directors and Senior Management have established the Balanced Scorecard and key performance indicators (KPI) to evaluate actual performance in comparison to goals. • AIS has established performance measurements for all levels. The Board of Directors evaluates the CEO; the CEO evaluates Senior Management; and so on. • The process of measurement requires a participation approach in order to set performance indicators and expected behaviors. Supervisors coordinate with their subordinates to establish and manage objectives, goals, and performance measurement tools that align with the short-term and long-term corporate business plan. Steps are also taken to avoid excessive work pressure. In addition, the performance indicators must be balanced between quantitative and qualitative attributes. • In establishing goals and performance evaluations, AIS requires performance evaluations to be held twice a year: i.e., for a 6-month period and a 12-month period. In every performance evaluation, the supervisors provide both positive and negative feedback to their subordinates in order to encourage them to improve their performances efficiently. • AIS has established a salary structure and remuneration package that includes pecuniary or non-pecuniary benefits suitable to each employee's responsibilities and performance; and informs employees clearly of these benefits. This has been carried out without prejudice concerning gender, race and residence. The Human Resources Department consistently revises its policy and practice regarding the Company's salary structure, rewards, recruitment and promotion to ensure appropriate practice and competitive market rates. This policy has been established to attract and retain high caliber talents. • The performance evaluation system is completely transparent, comprising objective appraisals and behavioral appraisals for all levels, from the management and permanent employees to temporary employees and outsource employees.
Risk Assessment	
6. The Organization specifies the need for proper operational objectives, reporting objectives, and compliance objectives with sufficient clarity and an acceptable level of risk or variation from the target.	<ul style="list-style-type: none"> • AIS has set clear business objectives in its annual business plan, including for service revenue, telecommunication network quality, development of goods and services, customer management, regulatory compliance, cost and expense management, human resource management, sustainable development, etc. The objectives are clear and measurable, and align with the Company's objectives, vision, mission, and strategies. • In the process of identifying the acceptable risk level, the AIS Risk Management Committee took the business objectives, financial impact and sustainability of the Company into consideration, and sought approval from the Board of Directors.

	<ul style="list-style-type: none"> The acceptable level of variation from the target was ingrained within the achievement evaluation criteria.
7. The Organization has in place a process to identify and assess risks and to determine appropriate risk responses. The process should be included in every level of the Organization. Internal and external risk factors are analyzed.	<ul style="list-style-type: none"> The AIS Risk Management Policy and Manual have been established to serve as a framework and guidelines for every level of management and employees in accordance with the Company's strategy and business plan and with the enforcement of laws and other regulations. The roles and responsibilities of the relevant employees have been clearly defined and proposed to Risk Management Committee for approval. AIS risk management covers both corporate and functional levels, under the supervision of the Risk Management Committee and with the coordination of the Enterprise Risk Management Department. Both internal and external risk factors were given consideration, such as the regulations stipulated by relevant organizations, economic, environmental, strategic, operational, personnel and technological factors. The risk assessment criteria at both corporate and functional levels have been established to prioritize and determine how risk should be managed. For more details, please see in part 2 page 41-43.
8. The Organization assesses risk of fraud, taking various types of fraud into consideration. The fraud assessment focuses on fraud incentive, opportunity, and attitude.	<ul style="list-style-type: none"> The AIS Fraud Risk Management Policy has been established to manage fraud risks from both internal and external sources under the supervision of the Fraud Risk Management Committee and with the coordination of the Enterprise Risk Management Department. In 2017, the Company established a process to monitor and evaluate fraud risk; considered the causes of fraud and misconduct; measured the factors of pressure, opportunity and rationalization; and assigned them to relevant departments for proper remediation, such as to the departments responsible for risk management, security, analysis of customers' abnormal usage, accounting, procurement, human resources, etc.
9. The Organization identifies and assesses changes that could significantly impact the internal control system such as changes in the external environment, in the business model, in leadership, etc.	<ul style="list-style-type: none"> The Risk Management Committee and the Enterprise Risk Management Department have been appointed as the main units responsible for the identification and assessment of changes affecting internal control. Change management is an important component of corporate risk management as it has the potential to affect internal control efficiency. The existing internal control might not cover new changes, such as new laws and regulations, economic change, a new business model, disruptive technology, mergers and acquisitions, and change of company's leaders. In this regard, the Risk Management Committee identified and assessed such risks, including determining the manageable risk levels. The Company has established a process of gathering and news relating to the Company and industry and summarizing it to the Committee and Management every morning in order to ensure the complete identification and assessment of significant changes. The Enterprise Risk Management Department suggested solutions regarding corporate and business unit risk management to ensure that the risk level remains acceptable, and reported to the Risk Management Committee on a quarterly basis. In cases of critical risks, reports would be submitted to the Board of Directors for consideration as well.
Control Activities	
10. The Organization selects and develops control activities to manage risks and keep them within an acceptable level by considering the suitable control measures, the mix of various control types as well as segregation of duties.	<ul style="list-style-type: none"> AIS regularly and continuously provided training sessions on good internal control for the executives and supervisors. The training sessions were delivered via online courses, seminars, and workshops to ensure that proper controls will be selected and implemented in AIS, whether they are preventive or detective, or involve manual or automated controls. AIS has selected and developed internal control activities in response to the specific risks that need to be controlled regarding the environment; the complexity, manner and scope of operations; and unique corporate features. For significant matters, there was a balance between manual and automated control, which included both

	<p>preventive and detective controls. In addition, the Company segregated the duties performed regarding record, approval and asset management to mitigate risks caused by failure, inappropriate behavior or fraud. For example, the person who is responsible for receiving payment will not be responsible for recording accounts receivable in the system.</p> <ul style="list-style-type: none"> • The departments tasked with the role of the second line of defense and the Internal Audit Office as the third line of defense were responsible for advisory services regarding the design of effective and efficient internal controls.
<p>11. The Organization selects and develops appropriate general controls for technology to ensure integrity, continuity, and safety, as well as the proper acquisition, development and maintenance of technology systems.</p>	<ul style="list-style-type: none"> • AIS has assigned certain departments to be responsible for technology infrastructures and software in terms of budgeting, planning, procurement, development, optimal utilization, continuity management, preventive and corrective maintenance, and security. • AIS has appointed the Information and IT Security Committee to establish policy, control confidential information, seek out disruptive technology, and oversee cases of piracy in order to inform relevant departments to take actions accordingly. Necessary training sessions have been provided to ensure that employees understand the practice correctly. For more details, please see Annual Report and Sustainability Report page 144-147-. • The Company has managed internal and external threats by setting authority to access the critical information systems, such as the mobile network, computer network and database. The Level of authority has been set to limit access to information and network operation system. Automated tools are also in place to monitor continuously for cases of piracy or intrusion. In the event that an intrusion is observed, the relevant team will automatically be notified to take actions accordingly. • The Company has been continuously developing information technology systems to keep pace with disruptive technology in order to provide state-of-art services to customers. The Company has established in writing a clear policy and practice for the System Development Life Cycle (SDLC) which specifies the critical control activities for sourcing, development, testing, and maintenance in accordance with relevant laws and in order to set the same standard for AIS employees and external service providers.
<p>12. The Organization deploys controls through the establishment of clear policy and procedure, which includes responsible person and accountable for control, controlled timing, corrective actions, and required competence. Policies and procedures are updated and revised to maintain relevance.</p>	<ul style="list-style-type: none"> • The Committee, Management, and supervisors explained the control purpose and procedure in clear terms to the responsible personnel. For the key control measures or controls performed by various personnel, AIS has developed clear and concise policies and procedures in writing, such as financial policy and regulation, personnel policy and management, purchasing policy and regulation, and operation guidelines for AIS Shop employees. • The roles and responsibilities regarding each policy have been defined for each department. For example, the Corporate Governance Team is responsible for related party transactions and the securities trading policy enforced on the Board of Directors, management and employees. The Company Secretary Department is responsible for corporate governance policy and the Code of Business Ethics. The Enterprise Risk Management Department is responsible for risk management. All policies must be revised at least once a year. Corporate level policy shall be presented to the relevant sub-committee for consideration before being proposed to the Board of Directors for approval. Each department's policy will be presented to the CEO.
Information and Communication	
<p>13. The Organization has high quality sources from which it obtains information to support internal controls with consideration for costs and benefits. The information system, including a database, processes data accurately and</p>	<ul style="list-style-type: none"> • According to the Audit Committee Charter, the Audit Committee is authorized to acquire information from the management, executives and relevant employees; hire consultants; or seek advice from professionals to support operations if necessary. • AIS information systems are efficient, updated, and improved continuously to enable the processing of high volumes of data into managerial information (big data analysis) in a timely manner in order to remain competitive. For example, information on customers' mobile usage is collected so that usage behavior can be

completely into usable information in a timely manner.	<p>analyzed and appropriate services can be offered to customers. Also, the mobile signal is measured to assess the quality of the mobile network service.</p> <ul style="list-style-type: none"> • The Company has assigned certain departments to be responsible for the Company's database regarding budgeting, planning, administration and monitoring, access control, and security. • A data protection framework has been developed to secure customer and other sensitive information. Information Security Management standard (ISO27001:2013) and Cloud Security standard (CSA) have been acquired.
14. The Organization has in place an effective and efficient internal communication system. The appropriate method of communication is selected. Sufficient information regarding internal control system is communicated to the responsible personnel and also the Board. A separate communication line is provided.	<ul style="list-style-type: none"> • AIS maintains several efficient internal communication channels through the Company's website social intranet, SMS, email, CEO Weekly Talk (5 minutes), and Half Year Business Plan Report. Certain departments have been assigned to communicate necessary information within the organization. This certain department is a channel that the management can use to communicate their expectations clearly concerning critical control to which every employee should be committed. Moreover, employees can express their opinions via the social intranet and People Champion. • Any employee can safely report actual and suspicious cases of misconduct or fraud via the internal Nokweed hotline 3333 or directly to the Audit Committee at AuditCommittee@ais.co.th. Employees will be protected under the policy of reporting misconduct or fraud, investigation and protection. • In addition, the Company provides a communication channel via the Board Portal and the Company Secretary Office for the Board of Directors, Executive Committee and sub-committees.
15. The Organization has in place an effective and efficient communication system through which to send and receive information from external parties such as customers, vendors, business partners, shareholders, and regulators. An appropriate method of communication is selected. A separate communication line is provided.	<ul style="list-style-type: none"> • AIS has assigned certain departments to be responsible for communication and interaction with external parties according to the types of stakeholders. Processes are in place to track troubleshooting and complaints from all parties. For more details, please see see Annual Report and Sustainability Report page 306-307-. • Any external parties can report actual and suspicious cases of misconduct or fraud relating to the Company directly to the Audit Committee at AuditCommittee@ais.co.th. This has been promoted on the Company's website and in the Annual Report. Investigations shall be carried out and protection provided accordingly.
Monitoring Activities	
16. The Organization monitors the internal control systems to ensure that they are operating effectively and in a consistent manner, including monitoring process within the systems and the periodical audit by independent and knowledgeable auditors.	<ul style="list-style-type: none"> • AIS Management and supervisors have established processes to monitor the effectiveness of the internal control system through periodical meeting and review, etc. • The Internal Audit Department and an External Auditor are the main independent parties monitoring the effectiveness of the internal control system. Audit plans are adjusted on at least an annual basis in line with changes in the level of risk, business model and environment. • In the Board of Directors Meeting no. 2/2018, held on 5 February 2018, the Board assessed the adequateness of the Company's internal control system by using the internal control system assessment form provided by the Securities and Exchange Commission, Thailand (SEC), and concluded that the overall internal control system is adequate and effective for AIS's operations. • The Audit Committee reported the performance on reviewing of the internal control system and risk management of AIS and its subsidiaries to the Board of Directors quarterly. • Additionally, Deloitte, the Company's external auditor, evaluated the effectiveness of the Company's internal control system in 2017 and concluded that the Company has an effective, sufficient and appropriate internal control system.

<p>17. The Organization prioritizes and communicates any detected internal control abnormalities to the responsible person, the Management and the Board of Directors for them to analyze the root cause and remediate the problem in a sustainable manner. The Management tracks the progress of the corrective actions taken.</p>	<ul style="list-style-type: none"> • When any significant internal control deficiency was detected, the Management analyzed its root cause and assigned the employees responsible for remediation in a timely manner. • The Board of Directors has established the level of deficiency that requires the Management or the Internal Audit to report to the Board promptly. This includes, for example, matters with a high financial impact, damage to the Company's reputation, non-compliance to the relevant laws and regulations, violation of the key control system, or possible cases of fraud. • The Internal Audit Office and any other assigned departments are responsible for following up on the Management's corrective actions and reporting to the Audit Committee until the matter is fully remediated.
---	---

3. Internal Audit

CAE Photo and Profile

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

Highest Education

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

Professional certificates

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

Training Programs

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

Working Experiences for 5 years

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

Roles and Responsibilities of Chief Audit Executive and Internal Audit Department

1. The Chief Audit Executive (CAE) reports directly to the Audit Committee who oversees the Internal Audit Office (IAO) to ensure that it carries out all internal auditing with independence, objectivity, integrity, and professional adherence to the internal audit standards. The CAE reports administratively to the Chief Executive Officer.
2. The IAO operates independently under the internal audit charter which clearly specifies the internal audit mission, scope, authority, duties, responsibilities and procedures. The charter is revised for its appropriateness periodically.
3. The IAO's duties include the provision of assurance and consulting services through evaluation of the effectiveness and efficiency of the internal control systems, risk management systems, and good governance in order to support the Company's business objectives and targets.
4. The IAO prepares its annual audit plan to align with the strategic direction of AIS and its subsidiaries, any changes in the risk level, and the Audit Committee's directives. The plan is risk-based with a focus on significant risks to AIS's operations, objectives, and strategies. In 2017, the IAO plan focused on high value purchasing processes, including in the areas of engineering, sale and marketing, customer service and management, and compliance control, including prevention of fraud. The plan was approved by the Audit Committee. Audit reports and follow-up on the Management's corrective actions are reported regularly to the Audit Committee for consideration.

5. Additionally, the IAO acts as the secretary to the Audit Committee, supporting their supervisory responsibilities as assigned by the Board of Directors. The IAO also serves as a channel for receiving any complaints on possible misconduct and fraud by internal or external parties, finding the facts, investigating in accordance with the Whistle Blower Policy, and reporting the case results to the Audit Committee on a monthly basis.
6. Beyond the internal auditing activities, the CAE also gives advice relating to internal control, risk management, business ethics, information security, etc. The Audit Committee oversees all of the CAE's roles beyond internal auditing to prevent impairments to the independence of the IAO.
7. The IAO adheres to the International Professional Practices Framework and the internal audit charter. The IAO revises the internal audit manual and conducts an internal audit quality self-assessment on an annual basis. It also receives an independent audit in the form of an external Quality Assessment Review (QAR) every five years to ensure that the IAO adds value to its stakeholders and promotes the sustainable development of the Company's internal control system, risk management and good governance. In the second external assessment in 2016, the IAO was assessed by KPMG and the results of this assessment, revealed in Q1/2017, suggested that the IAO generally conformed to the international standards and was ranked as "Standard" when benchmarked against other internal audit functions globally.

Internal Audit Activities in 2017 and Plans for the Future

1. Encourage management to implement internal control system and self-business assurance effectively

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

2. Transform internal audit activities into digital technologies

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

3. Create Risk Center to enhance efficiency of audit activities

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

4. Transform into Trusted Advisor Role

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

Training and Competency Development of Internal Audit Office

1. Pursuit of knowledge and updated international professional practices standards

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

2. Promote integrated and innovative auditing

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

3. Develop competency roadmap under Global Internal Audit Competency Framework

The internal audit staff are encouraged to seek continuous development in order to acquire the knowledge and skills critical to AIS's business operations. In 2017, IAO formulated the "Development Roadmap" according to the roles and responsibilities of the IAO under the Global Internal Audit Competency Framework of The Institute of Internal Auditors (The IIA) as follows:

3.1 Functional Core Competency

3.2 Functional Essential Competency

Each internal audit staff member shall participate in 11 days of training per year in accordance with the established strategy.

4. Acquire related professional certificates to promote internal audit profession

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

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

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

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.

The Board of Directors approved in principle, on 13 August 2008, that the Company's management be granted authority to act on behalf of the Company in entering into any connected transactions in the future if such connected transactions adhere to general trading conditions as those an ordinary person would engage in under general circumstance and without taking advantage of their influence as directors, executives and connected persons to create a conflict of interests.

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

For the fiscal year ended 31 December 2017, the Company and its subsidiaries completed the connected transactions, which the auditors disclosed in their notes in the audited financial statements, and these transactions have been reviewed by the Audit Committee. The Audit Committee expressed their opinion on whether the terms and conditions of these transactions constituted normal business transactions carried out under general trading conditions. The transaction's price is reasonable and comparative to the market. Details of related transactions are as follows:

Related parties	Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Rational and necessity
			Company	Consolidated	
1. Intouch Holding Public Company Limited (INTOUCH)/ INTOUCH is a holding company with investments in the telecom, media and technology industries.	INTOUCH is a major shareholder, holds 40.45% - Joint directors: 1. Mr. Somprasong Boonyachai 2. Ms. Jeann Low Ngiap Jong 3. Mr. Kan Trakulhoon	<u>Sales and services</u> 1. Service income 2. Other income 3. Trade and other accounts receivable	- 1.11 0.48	0.91 1.50 1.54	The subsidiaries provide mobile services and handset sales to INTOUCH with the same charging rate as for other customers. The subsidiaries pay service fee at the same rate as others parties and pays interest expense to INTOUCH from long-term debentures.
		<u>Purchase of goods and services</u> 1. Rental and Other service expenses 2. Interest expenses 3. Debenture	- - -	1.13 1.10 21.00	
2. Thaicom Public Company Limited (THAICOM)/ THAICOM is the only satellite operator in Thailand.	- THAICOM is a direct subsidiary of INTOUCH, which is the major shareholder of the company. - Joint directors: Mr. Somprasong Boonyachai	<u>Sales and services</u> 1. Service income 2. Other income 3. Trade and other accounts receivable	- - -	1.40 0.48 0.13	The subsidiaries provide domestic, international mobile services and handset sales to THAICOM and charge for mobile services and handset sales at the same rate as for external customers. The subsidiaries pay US\$ 1,400,000 per year for leases satellite transponder (Thaicom7) to THAICOM. The contract has effective to 19 November 2020. Moreover, The subsidiaries also pay a service fee for using satellite downlink equipment and space rental for equipment installation at the same rate with other customers
		<u>Purchase of goods and services</u> 1. Rental and Other service expenses 2. Purchases of property and other assets 3. Trade and other accounts payable	- - -	59.93 0.02 6.38	

Related parties	Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Rational and necessity
			Company	Consolidated	
3. Teleinfo Media Company Limited (TMC)/ TMC has a specialization in providing information or content via mobile devices and call center services.	TMC is an indirect subsidiary of INTOUCH, which is the major shareholder of the Company.	<u>Sales and services</u> 1. Service income 2. Trade and other accounts receivable	- -	1.06 0.26	The subsidiaries provide mobile services to TMC and charge for mobile services at the same rate as for external customers. The subsidiaries hire TMC to provide information or content via mobile phone such as astrology, lotto and more entertainment through SMS, call center service with a service fee based on a percentage of revenue. The call center services also paid to TMC at the same rate as charged by other parties.
		<u>Purchase of goods and services</u> 1. Rental and other service expenses 2. Trade and other accounts payable	- -	61.79 11.15	
4. I.T. Applications and Services Company Limited (ITAS) / ITAS provides SAP application development and improvement, including maintenance services. The services are delivered in a timely and rapid manner while the service fee is reasonable.	ITAS is a subsidiary of INTOUCH, which is the major shareholder of the Company.	<u>Sales and services</u> 1. Service income 2. Other income 3. Trade and other accounts receivable	- - -	0.75 0.08 0.01	The subsidiaries provide mobile services to ITAS with the same charging rate as for other customers. The subsidiaries hire ITAS to provide SAP service and application development. The subsidiaries pay a consultant fee dependent on the type of work and the level of consultancy involved. The service fee is comparable to that charged by other SAP consultants.
		<u>Purchase of goods and services</u> 1. Rental and other service expenses 2. Purchases of property and other assets 3. Trade and other accounts payable	- - -	81.86 24.46 14.50	

Related parties	Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Rational and necessity
			Company	Consolidated	
5. Group of SingTel Strategic Investments Private Limited (SingTel) / SingTel is an investment holding company.	SingTel is a major shareholder of the Company, holds 23.32%.	<u>Sales and services</u> 1. Service income 2. Trade and other accounts receivable	- -	41.80 25.98	The subsidiaries enter into an agreement of joint International Roaming operation services (IR) with companies of the SingTel group. The IR fee and content service fee is at the same rate as for other operators.
		<u>Purchase of goods and services</u> 1. Rental and other service expenses 2. Trade and other accounts payable	- -	139.26 20.96	The subsidiaries enter into an agreement of International Private Leased Circuit (IPLC), IR fee and content services. The subsidiaries pay the IPLC, IR fee and service fee (content) at the same rate as charged by other operators.
6. CS Loxinfo Public Company Limited (CSL) / CSL provides expertise on internet services, connecting internet data from local to worldwide networks through its network.	CSL is an indirect subsidiary of INTOUCH, which is the major shareholder of the Company.	<u>Sales and services</u> 1. Service income 2. Other income 3. Trade and other accounts receivable	- - -	13.60 6.79 2.13	The subsidiaries provide mobile services, handset sales and datanet equipment rental to CSL with the same charging rate as for other customers.
		<u>Purchase of goods and services</u> 1. Rental and other service expenses 2. Trade and other accounts payable	- -	4.52 2.05	The subsidiaries hire CSL to provide the internet service in the form of connecting the networks within and outside the country and pay a service fee to CSL at the same rate as charged by other parties.

Related parties	Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Rational and necessity
			Company	Consolidated	
7. AD Venture Public Company Limited (ADV) / ADV has a specialization in designing and creating websites with varied contents which matches the needs of the Company and its subsidiaries.	ADV is an indirect subsidiary of INTOUCH, which is the major shareholder of the Company.	<u>Sales and services</u> 1. Service income 2. Trade and other accounts receivable	- -	0.50 0.01	The subsidiaries provide mobile services, handset sales and software malls to ADV with the same charging rate as for other customers. The subsidiaries hire ADV to provide content and value added services to customers via smartphones, such as games, ringtones, wallpaper, etc. by monthly payment. The subsidiaries pay a service fee (Content on mobile) based on a percentage of revenue to ADV at the same rate as charged by other content providers.
		<u>Purchase of goods and services</u> 1. Rental and other service expenses 2. Trade and other accounts payable	- -	143.74 17.95	
8. DTV Service Company Limited (DTV)/ DTV has a specialization in media service, content services on satellite television and satellite dish distributor.	DTV is an indirect subsidiary of INTOUCH, which is the major shareholder of the Company.	<u>Sales and services</u> 1. Service income 2. Other income 3. Trade and other accounts receivable	- - -	0.06 0.04 0.04	The subsidiaries provide mobile services and handset sales to DTV with the same charging rate as for other customers.

Related parties	Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Rational and necessity
			Company	Consolidated	
9. Lao Telecommunications Company Limited (LTC)/ Lao telecommunications service provider in Laos provides fixed line, mobile phone, internet, and international roaming services.	LTC is an indirect subsidiary of INTOUCH, which is the major shareholder of the Company.	<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. Trade and other accounts payable	- - - -	14.32 26.69 5.91 0.39	The subsidiaries have cooperated with LTC to provide international roaming (IR) services, and charge for IR services at the same rate as for external customers. The subsidiaries pay a roaming fee to LTC at the same rate as charged by other parties.
10. Ookbee Company Limited (OOKB)/ Ookbee is a provider of digital publications and E-Book services such as books, magazines or newspaper on smartphones, tablets and computers.	OOKB is an associate company of INTOUCH, which is the major shareholder of the Company.	<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. Trade and other accounts payable	- - - -	1.80 0.22 23.71 6.47	The subsidiaries provide mobile services to Ookbee and charge for mobile services at the same rate as for external customers. The subsidiaries hire OOKB to provide E-book applications on smartphones and tablets. The subsidiaries pay a service fee on monthly basis based on a percentage of revenue at the same rate as charged by other content providers.

Related parties	Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Rational and necessity
			Company	Consolidated	
11. Information Highway Company Limited (IH)/ IH provides facilities services under financial lease and transmission network.	The Company is an indirect shareholder of IH.	<u>Sales and services</u> 1. Service income	-	0.04	The subsidiaries provide mobile services to IH and charge for mobile services at the same rate as for external customers. IH provides facilities services under financial lease and a transmission network to the subsidiaries and pay transmission network fee to IH at a rate comparison to that charged by other providers.
		<u>Purchase of goods and services</u> 1. Rental and service expenses	-	241.14	
		2. Trade and other accounts payable	-	22.15	
		3. Purchases of property and other assets	-	14.48	
		4. Interest expense	-	6.37	
		5. Financial lease liabilities	-	76.70	
12. Krung Thai Bank Public Company Limited (KTB)/ KTB is a provider of full financial services such as bank deposits, loan arrangements, merchant services and other services.	Independent director of AIS and director of KTB: Mr. Krairit Euchukanonchai.	<u>Sales and services</u> 1. Service income	-	86.47	The subsidiaries provide mobile services to KTB with the same charging rate as for other customers.
		2. Trade and other accounts receivable	-	0.47	
		<u>Purchase of goods and services</u> 1. Interest income from bank deposit	-	0.13	The subsidiaries receive interest income from bank deposits and pay interest on loans borrowed at the same rate as charged by other commercial banks.
		2. Bank deposits	0.49	101.17	
		3. Rental and service expenses	-	0.14	
		4. Trade and other accounts payable	-	0.08	
		5. Debenture	-	29.00	
		6. Interest expense	-	11.85	

Related parties	Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Rational and necessity
			Company	Consolidated	
13. High Shopping Company Limited (High Shopping)/ High Shopping is a provider of digital content services to customers through TV, mobile devices, the internet and other advertising channels.	High Shopping is an associate company of INTOUCH, which is the major shareholder of the Company.	<u>Sales and services</u> 1. Service income 2. Trade and other accounts receivable	- -	0.73 0.08	The subsidiaries provide mobile services and handset sales to High Shopping with the same charging rate as for other customers.
14. TC Broadcasting Company Limited (TCB)/ TCB provides equipment system and television signal service.	TCB is an indirect subsidiary of INTOUCH, which is the major shareholder of the Company.	<u>Purchase of goods and service</u> 1. Rental and other service expenses 2. Trade and other accounts payable	- -	5.65 0.36	The subsidiaries pay TCB for equipment system and television signal services at the same rate as charged by other providers.

Related parties	Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Rational and necessity
			Company	Consolidated	
15. Golfdigg Company Limited (Golfdigg)/ Golfdigg is the provider of a golf-course booking application for smartphones.	Golfdigg is an associate company of INTOUCH, which is the major shareholder of the Company.	<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. Trade and other accounts payable	- - - -	0.08 0.01 0.02 0.35	The subsidiaries provide mobile services to Golfdigg and charge for mobile services at the same rate as for external customers.
16. Amata Network Company Limited (AN)/ AN is a provider of transmission network in Amata industrial estate. *On December 6, 2016 Advance broadband network Co., Ltd, its subsidiary has invested in Amata Network Co., Ltd which is 60% ownership.	The Company is an indirect shareholder of AN.	<u>Sales and services</u> 1. Service income 2. Other income 3. Trade and other accounts receivable 4. Sales of property and other assets <u>Purchase of goods and services</u> 1. Rental and other service expenses 2. Trade and other accounts payable	- - - - - -	0.04 1.78 7.55 6.60 0.26 0.88	The subsidiaries provide management services and mobile services to AN. The subsidiaries charge for mobile services at the same rate as for other customers and a management fee based on a mutual agreement AN provides transportation rental services to the subsidiaries. The subsidiaries pay a service fee (transportation rental) to AN at the same rate as charged by other providers.

Related parties	Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Rational and necessity
			Company	Consolidated	
17. Wongnai Media Company Limited (WONGNAI)/ Wongnai is the provider of an application on smartphones for discovering and reviewing restaurants, beauty salons and spas across Thailand.	WONGNAI is an associate company of INTOUCH, which is the major shareholder of the Company.	<u>Sales and services</u> 1. Service income	-	0.01	The subsidiaries provide mobile services to Wongnai with the same charging rate as for other customers.
		<u>Purchase of goods and services</u> 1. Rental and other service expenses	-	2.41	The subsidiaries hire Wongnai to design websites and other media for smartphones and pay services fees (media and advertising) to Wongnai at the same rate as charged by other services providers.
18. Digio (Thailand) Company Limited (DIGIO)/ Digio is a provider of the mobile Point of Sale (mPOS) application on smartphone.	DIGIO is an associate company of INTOUCH, which is the major shareholder of the Company.	<u>Sales and services</u> 1. Service income	-	0.06	The subsidiaries provide mobile services to Digio and charge for mobile services at the same rate as for external customers.
		2. Trade and other accounts receivable	-	0.01	

Related parties	Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Rational and necessity
			Company	Consolidated	
19. BEC World Public Company Limited and its subsidiaries (BEC)/ The subsidiaries of BEC World provide content services such as television program and entertainment content on mobile application.	Joint directors: 1. Mr. Somprasong Boonyachai	<u>Sales and services</u> 1. Service income 2. Trade and other accounts receivable.	- -	0.56 0.07	The subsidiaries provide mobile services to BEC with the same charging rate as for other customers.
		<u>Purchase of goods and services</u> 1. Rental and other service expenses 2. Trade and other accounts payable	- -	12.66 0.40	The subsidiaries hire BEC to provide content for smartphones with a service fee based on a percentage of revenue at the same rate as charged by other content providers.
20. Mass Rapid Transit Authority of Thailand and its subsidiaries(MRTA)/ MRTA group is a leading organization in providing efficient and complete mass rapid transit service to enhance people's quality of life.	Joint directors: Mr. Krairit Euchukanonchai	<u>Sales and services</u> 1. Service income 2. Trade and other accounts receivable	- -	0.10 0.05	The subsidiaries provide mobile services to MRTA with the same charging rate as for other customers.
		<u>Purchase of goods and services</u> 1. Rental and other service expenses 2. Trade and other accounts payable	- -	9.00 0.32	MRTA provides rental services to the subsidiaries. The subsidiaries pay MRTA rental fees (base station and electricity) at the same rate as charged by other lessor.

Related parties	Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Rational and necessity
			Company	Consolidated	
21. The Siam Cement Public Company Limited and its subsidiaries (SCG)/ SCG group is the largest cement and building material company in Thailand and Southeast Asia.	Joint directors: Mr. Kan Trakulhoon	<u>Sales and services</u> 1. Service income 2. Other income 3. Trade and other accounts receivable	- - -	42.85 0.46 4.47	The subsidiaries provide mobile services and handset sales to SCG with the same charging rate as for other customers. SCG provides rental services to the subsidiaries. The subsidiaries pay SCG rental fees (base station and electricity) at the same rate as charged by other lessor.
		<u>Purchase of goods and services</u> 1. Rental and other service expenses	-	1.01	