



AIS CRITICAL SUPPLIER ANALYSIS

In 2019, AIS has 3,207 tier 1 suppliers, we identified critical tier 1 suppliers by using 4 criteria.

81 suppliers were identified critical as follows:

81 tier 1 suppliers were identified critical by 4 criteria

NO.	Supplier code	Sum of THB	Screen the suppliers by their spending within each category to identify high volume suppliers.	The providers of the main information software system, hardware, and materials and materials bonded by equipment.	The exclusive agents designated by the original equipment manufacturers, technology leaders and exclusive suppliers in the market.	The suppliers that AIS has their products installed as majority in our mobile network & in the market.
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In 2019, there are in total 3,207 tier 1 suppliers, of which 1,587 are considered "suppliers in scope" considering by trading value over THB200,000 and excluding inter-company trading partners. For purpose of risk assessment, we focus on assessing the 1,587 suppliers in scope to further identify critical tier 1 suppliers based on four criteria as stipulated in table below. As a result, there are in total 81 suppliers identified as critical tier 1 Critical suppliers defined by criteria:

Critical supplier by criteria

Tier 1 Supplier = 1,587	Criteria			
	High volume	Critical component	Non-substitutable suppliers	High portion of product/service
No.of critical tier 1 suppliers identified by each criteria	28	13	22	51
No.of critical tier 1 suppliers in total	81			
Found critical in 4 categories	2			
Found critical in 3 categories	8			
Found critical in 2 categories	11			
Found critical in 1 categories	60			
No.of high risk tier 1 suppliers	30			
No.of critical tier 2 suppliers	11			
No.of high risk tier 2 suppliers	5			

The questionnaires were released to 100% of those identified critical tier 1 suppliers to assess high risks.

Year	No.of critical tier 1/ Critical tier 2	No. of self-assessment	No. of high risk identified	NO. of site visit for high risk	% assessment / site visiting
2019	Tier 1 = 81	81 (100%)	30 (Local = 27) Overseas = 3)	15	- 50% for local by site visiting - 100% for local and overseas by self-assessment questionnaire
	Tier 2 = 11	11 (100%)	5 (Local = 5)	5	- 100% by site visiting - 100% by self-assessment questionnaire

The sustainability risk assessments performed for tier 1 and critical tier 2 suppliers

		2016	2017	2018	2019	2020 target
Tier 1	Total number suppliers in the scope	1,978	1,630	1,243	1,587	1,500
	ESG reinforce by letter from CEO	1,978	1,630	1,243	3,207	1,500
	Number of suppliers assessed					
	- Sustainable risk self-assessment 100% of critical tier 1	Only critical tier1=30	1225	Only critical tier1=89	Only critical tier1=81	90
	Assessment rate	100% critical tier1=30	75%	100% critical tier1=89	100% critical tier1=81	100% = 90
	- Online testing of understanding in AIS Code of conduct, anti-corruption & bribery	1,074	891	790		
	- Online testing of understanding in AIS Code of conduct, anti-corruption, bribery and ESG issues				776	800
	Total critical tier 1 supplier	30	66	89	81	
	- ESG assessment	30	66	89	81	
	- High risk found	6	12	18	30	
Number of suppliers surveyed on-site/ESG checklist	6	31	18	30		
Assessment rate	100%	>100%	100%	100%	100%	
Tier 2	Total number of critical suppliers	-	2	13	11	
	- Sustainable risk self-assessment	-	2	13	11	
	Assessment rate		100%	100%	100%	100%
	- High risk found	-	2	6	5	
	Number of suppliers surveyed on-site+ESG checklist	-	2	6	5	
	Assessment rate	-	100%	100%	100%	100%

Analysis of high risk suppliers in each category

High risk tier 1 supplier in each category		No. of supplier			Purchasing amount	
		Number of high risk - tier 1 suppliers	Proportion to no. of critical tier 1 suppliers	Proportion to high risk - critical tier 1 suppliers	Proportion to total critical tier 1 procurement (88% of total)	Proportion to high risk - critical tier1 procurement
Tier 1	Critical tier 1 supplier	81				
	Identified high risk level	30	37.04%		2.41%	
	- Information Technology Equipment/ Services/Maintenance	4	5%	13%	0.7%	2.2%
	- Telecommunication Equipment/ Installation/Maintenance	4	5%	13%	29.8%	86.6%
	- Construction	10	12%	33%	0.6%	1.6%
	- Consumable electronics products	5	6%	17%	0.4%	1.1%
	- Marketing	6	7%	20%	2.9%	8.3%
	- General Affairs	1	1%	3%	0.1%	0.2%
Non-tier1	Critical tier 2 suppliers	11				
	Identified high risk level	5	45.45%		n/a	n/a

Type of risk and risk level found

Supplier	Main risk factors	Risk level	Assessed group		Rate at high risks	
			Assessed group	Rate (No.of companies)	Rate (No.of companies) from 30 critical tier 1	Rate (No.of companies) from all 1,587 suppliers
Tier 1	Overall					
	- No code of business ethics, no risk magt.					
	- Governance Measures,	High			26% (8 from 30)	0.5% (8 from 1,587)
	- Violation of ILO regulations	Medium			10% (3 from 30)	0.19% (3 from 1,587)
	- Failure to adopt envi.mgt.system	Low-Medium	All critical tier 1 with high risk	100% (30 of 30 companies)	0% (0 from 30)	0% (0 from 1,587)
	- Failure to adopt EHS process, disaster recovery plan	Low			13% (4 from 30)	0.25% (4 from 1,587)
	- Potential issue in purchasing & supplier mgt.	Low			0.5% (1 from 18)	0.06% (1 from 1,587)
Tier 2	Overall	Medium	All critical tier 2	100% (11 of 11 companies)	45% (5 from 11)	

We have new suppliers registered in 2019 = 850, all were screened of ESG compliance.

New registered suppliers			
	2017	2018	2019
No.of new registered suppliers	827	983	850
ESG screening	827	983	850
%	100%	100%	100%