

Internal Control

At the Audit Committee Meeting No. 4/2021 on 10 November 2021, all 3 Independent Committees attended the meeting and resolved to appoint Pattarakiat Audit and Consulting Co., Ltd. to be the Company and subsidiaries' internal control auditor. Mr. Chairaj Pattarakiatpong, Managing Director and Head of Internal Control, was assigned to be the Internal Auditor due to his suitability, independence and 19-year internal auditing experience as well as the certification of Certified Public Accountant (CPA) and Certified Internal Auditor (CIA) The Institute of Internal Auditors (IIA) – USA (1st Class of 1998 and he was 1 of total 5 first certified persons in Thailand) and Chain of Command (as the Charter of Internal Audit) 1. The Internal Audit Office belongs to Audit Committee, Director of The Internal Audit Office is the Top Executive of The Internal Audit Office which is unable to assign others to control or oversee. 2. Audit Committee considers the approval of appointment, transfer, impeachment, remuneration and compensation of Director of Internal Control as the Company's policies, budgets and regulations. In 2021, the Company has processed as follows;

- The Company has overseen the Charter of Internal Audit
- The Company has indicated risk factors, assessed risk and managed risk properly.
- Information of Financial Statement, Management and Operation were prepared reliably and in timely manner.
- The Company's business operation and other operations were in accordance with policies, regulations and applicable laws.
- The Company has provided resources and assets efficiently and preservation has been well controlled sufficiently.
- The Company's resources and assets were used efficiently, cost-effective and not cause any corruptions.
- The Company has assessed correctness, accountability and sufficiency of systems and information system as well as information security system to ensure strict, appropriate and efficient internal control.
- The Company has observed or reviewed assigned jobs from the Company's Committee, Audit Committee, Executive Committee or Managing Director to find failures in operation and any corruption issues.
- The Company has operated and achieved the planned projects and objectives.
- The Company has improved quality continuously in all control procedures and activities. If independence was affected both in fact and by obvious behaviors, Internal Auditor must disclose the details of impact and report directly to the Company's Audit Committee.

Accordingly, Risk Assessment Report is the risk indicator that shows the impact of Company's operation including;

1. Impact from economic and financial condition
2. Management Attitude
3. Human Resources
4. Personnel Dependence
5. Customer Satisfaction
6. Operation is not according to established plan or operation procedure.
7. Government Policy
8. Quality of Internal Control System
9. Assessment from other institutes
10. Acceptance of Internal Control System Audit
11. Risk of debtor's arrears
12. Risk of compliance and applicable laws
13. Management and readiness of information system
14. Interruption of business operation
15. Unclear and improper communication channel management

The company has the opinion that the Internal control and risk management are appropriate and directly reported to the Audit Committee and the Chief Executive Officer is appropriate, adequate and consistent. Moreover, the Charter of Internal Audits which is signed by the Chairman of Audit Committee and Chief Executive Officer indicates the mission, chain of command, scope of operations, duties and responsibilities, audit authority, professional operational standards, personnel development, audit operations and auditing reports. Accordingly, the company believes that the appointment of Pattarakiat Audit and Consulting Co., Ltd. which reports to the Audit Committee and the Chief Executive Officer will be a vital mechanism of internal control and internal auditing as well as having monitoring system to enhance and improve the errors found from audits and ensure to increase efficiency and effectiveness. Additionally, it also serves to decrease the risk of business operations. The Company Committee has an opinion that the Company has adequate, appropriate and independent internal control system and be in the line with The Assessment of Adequacy of Internal Control of The Securities and Exchange Commission. Herewith the Assessment as below forms;

Assessment of Adequacy of Internal Control System

Control Environment

1. The Company shows consistency in value of integrity and morality.

Questions	Yes	No
<p>1.1 Committees and Executives set the guidelines and commitments are on the principle of honesty and ethics in covered operations.</p> <p>1.1.1 Daily duties and making decisions in various matters</p> <p>1.1.2 Dealing with partners, customers and outsiders</p>	✓	
<p>1.2 Provide written regulations to Executives and employees with honesty and covered ethics.</p> <p>1.2.1 Provide appropriate Code of Conduct to Executives and employees.</p> <p>1.2.2 Provide regulations not allow Executives and employees perform themselves in the way that may cause conflict of interest to the organization including anti-corruption which may cause organization damage¹.</p> <p>1.2.3 Provide appropriate penalty when there are any violations from above regulations.</p> <p>1.2.4 Provide communication and inform above regulations and penalties to Executives and employees such as including in New Employees Orientation, providing annual sign sheet for employee acknowledgement and broadcasting Code of Conduct.</p>	✓	
<p>1.3 Provide monitoring procedure and Code of Conduct Compliance Assessment</p> <p>1.3.1 Monitoring and Assessing by Internal Control Division or Compliance Unit</p> <p>1.3.2 Self-Assessment by Executives and employees</p>	✓	

¹ The Company should set the Internal Control as the anti-corruption measure which suits the Company's risk.

Questions	Yes	No
1.3.3 Assessment by Independent Expert from outside organization		
<p>1.4 Provide immediate action when there are any violations on regulations which concern honesty and ethics.</p> <p>1.4.1 Provide process that can detect violations within reasonable time.</p> <p>1.4.2 Provide process that is able to punish or take action with violation appropriately and in a timely manner.</p> <p>1.4.3 Rectify the misbehavior that is against the honesty and ethics appropriately and in a timely manner.</p>	✓	

2. Committee is independent from Executives, performs duty of oversight and develops the internal control operation.

Questions	Yes	No
2.1 Set the roles and duties of Committee apart from Executives by clearly reserve the right and authority of Committee.	✓	
2.2 The Committee oversees and ensures to set clear and accountable business operation goals to be the operation guidelines for Executives and employees.	✓	
2.3 The Committee oversees the Company to set the roles and duties of Committee and Executives as in accordance with laws and the Charter which cover important roles of Audit Committee, Financial Auditor, Internal Auditor and a responsible person to Financial Statement.	✓	
2.4 The Committee has knowledge of the Company's business and beneficial expertise to the Company or able to give advice on specific matters.	✓	
2.5 The Committee consists of Independent Committee who is knowledgeable, accountable and truly independent such as being not in a business relationship with the	✓	

Questions	Yes	No
Company, not in any other relationships which may influence on discretion and performs duty independently and properly.		
2.6 The Committee oversees Internal Control Development and Compliance which cover Control Environment Establishment, Risk Assessment, Control Activities, Information and Communication, and Monitoring.	✓	

3. Executive Division provided the report line structure, authority determination and appropriate responsibilities to ensure the Organization achieve the objectives under the oversight of Committee.

Questions	Yes	No
3.1 High-Level Executives set the organization structure which supports the objective achievement by considering the suitability both in business and law as well as providing efficient internal control such as duty separation in an important section which cause the balance check, providing internal control which belongs to Audit Committee and providing clear report line, etc.	✓	
3.2 High-Level Executives set the Company's report line by considering the appropriateness of authority, responsibility and communication.	✓	
3.3 Set, assign and limit authority and responsibility properly between the Board of Directors, High-Level Executives, Executives and employees.	✓	

4. The Organization shows intention of motivation in personnel development and knowledgeable personnel maintaining.

Questions	Yes	No
4.1 The Company has policies and method to recruit, develop and maintain the knowledgeable personnel. The Company has consistent procedure to oversee policy and compliance.	✓	
4.2 The Company has procedure of assessing operation, giving motivation or awards to personnel with good performance, handling with personnel who do not achieve the targets as well as the communication these procedures to Executives and employees.	✓	
4.3 The Company has solution procedure or keeps up with lacking of knowledgeable personnel appropriately and in time.	✓	
4.4 The Company has procedure to recruit, develop and maintain Executives and all employees such as providing monitoring system and training.	✓	
4.5 The Company provided plan and important succession plan.	✓	

5. The Organization determined the personnel to have duties and responsibilities of internal control and ensure to achieve the objectives.

Questions	Yes	No
5.1 The Committee and Executives have compulsory procedure and communication to all personnel to have responsibilities in internal control and provided the operation resolution when needed.	✓	
5.2 The Committee and Executives set the Key Performance Indicator, way to create motivation, giving awards appropriately by considering Code of Conduct Compliance and the Company's short-term and long-term objectives.	✓	

Questions	Yes	No
5.3 The Committee and Executives assessed the motivation and giving awards continuously by focusing on connection with accomplishment of internal control compliance.	✓	
5.4 The Committee and Executives considered not putting too much pressure on each personnel when performing duties.	✓	

Risk Assessment

6. The Organization set the objectives clearly and adequately to be able to indicate and assess risks which concern the Organization's objective achievement.

Questions	Yes	No
6.1 The Company is able to comply with regular certified accounting standard and suit the business at the present time. The Company is able to show that the financial statement is concrete and complete. The Company's right and obligation can be disclosed correctly, with proper value and complete,	✓	
6.2 The Company set the main point of financial statement by considering the necessary factors i.e. financial statement user, statement size and business trend.	✓	
6.3 The Company's financial statement truly reflects the Company's activities operations.	✓	
6.4 The Committee or Risk Management Committee approved and communicated Risk Management Policy to Executives and all employees to ensure their acknowledgement and compliance until it became the corporate culture.	✓	

7. The Organization indicated and analyzed all types of risk which may impact the objective achievement throughout the Organization.

Questions	Yes	No
7.1 The Company indicated all types of risk which may impact the business operation both in organization level, business section, department and other duties.	✓	
7.2 The Company analyzed all types of risk which may affect from both internal and external factors including risk on strategy, operation, compliance report and information technology.	✓	
7.3 All Executives level participates in risk management.	✓	
7.4 The Company assessed an importance of risk by considering both risk opportunity and impact.	✓	
7.5 The Company has measure and operational plan to manage risk which may be risk acceptance, risk reduction, risk avoidance or risk sharing.	✓	

8. The Organization considered corruption opportunities in Risk Assessment of the Organization's objective achievement.

Questions	Yes	No
8.1 The Company assessed corruption opportunities which cover all kinds of corruptions such as false financial report, asset damage, corruption, management override of internal controls, changing important information in the report, error acquisition or disposition of assets, etc.	✓	
8.2 The Company reviewed the operation's objectives deliberately by considering the possibility of established goals, reasonability of motivation or compensation to employees	✓	

Questions	Yes	No
and ensure that it is not the kind of support misbehavior such as not setting too high sales target until it causes a motivation of setting their sales target, etc.		
8.3 Audit Committee considered and inquired Executives regarding the opportunity of corruption and measure that the Company has operated to prevent or solve the corruption.	✓	
8.4 The Company communicated to all employees to ensure their acknowledgement and established policy and regulation compliance.	✓	

9. The Organization can indicate and assess changes which may impact internal control system.

Questions	Yes	No
9.1 The Company assessed changes of external factors which may impact business operation, internal control and financial statement as well as setting response measure to change adequately.	✓	
9.2 The Company assessed changes of business model which may have impact to business operation, internal control and financial statement as well as setting response measure to change adequately.	✓	
9.3 The Company assessed changes of Head of Organization which may have impact to business operation, internal control and financial statement as well as setting response measure to change adequately.	✓	

Control Activities

10. The Organization has control measures which help decreasing risk of objective non-accomplishment to be in acceptable level.

Questions	Yes	No
<p>10.1 The Company's control measures are appropriate with risk and organization identity such as environment, work complication, work description, scope of operation and other characteristic.</p>	✓	
<p>10.2 The Company has written internal control measures which cover many procedures properly i.e. measures and regulations of financial transactions, purchasing, regular management as well as scope determination, authority and approval order of each Executive level which is clear and strict to ensure the corruption protection such as limiting financial amount and approval authority of each Executive level, process of investment approval, purchasing process and method of seller selection, information and details of purchasing decision recording, process of issuing materials or other tools, etc. Process is as follows;</p> <p>10.2.1 Data collection of Major Shareholders, Directors, Executives, related persons to those persons and connected persons or transactions which may have conflict of interest and always ensures the updated data.</p> <p>10.2.2 In case the Company approved a transaction or made a contract with related person in long-term binding such as sale contract, loan or guarantee, the Company monitored to ensure that they comply with agreed condition throughout the contract period such as following punctual reimbursement or reviewing as contract appropriateness, etc.</p>	✓	
<p>10.3 The Company set the various and appropriate internal controls i.e. manual and automated or preventing control and monitor.</p>	✓	
<p>10.4 The Company set the internal control on all levels of organization i.e. all in Company group, business section, department or operation.</p>	✓	

Questions	Yes	No
<p>10.5 The Company completely separated these 3 work fields for cross check process that is</p> <p style="padding-left: 40px;">(1) Approval Authority</p> <p style="padding-left: 40px;">(2) Accounting Transaction and Information Recording Authority and</p> <p style="padding-left: 40px;">(3) Assets Management</p>	✓	

11. The Organization selected and developed Control Activities by technology to help supporting the objective achievement.

Questions	Yes	No
11. The Company should set the relationship between using information technology in work operation and regular control of information system.	✓	
11.2 The Company should set the proper control of infrastructure in technology system.	✓	
11.3 The Company should set the proper safety control in technology system.	✓	
11.4 The Company should set the proper control of acquisition process, development and technology system maintenance.	✓	

12. The Organization provided Control Activities through policies which determined expectation and operational procedure to ensure the established policies conduce to the practicable operation.

Questions	Yes	No
12.1 The Company has strict policies to monitor the transactions of Major Shareholders, Directors, Executives, those related persons to pass the established processes such as the Company's regulations, the Stock Exchange of Thailand's criteria, the office's criteria, etc. to prevent finding opportunity or bringing the Company's interest to be personal gains.	✓	

Questions	Yes	No
12.2 The Company has policies to allow the transaction approval with person who has no interest in that transaction.	✓	
12.3 The Company has policies to consider transaction approval for the Company's best interest and consider as if it is transaction with outsiders (at arms' length basis).	✓	
12.4 The Company has monitoring procedure of the Company and subsidiaries' operation including setting guidelines to person who was appointed to be Committee or Executive in the Company or subsidiaries. <i>(If the Company has no investment in subsidiaries or associate companies, please skip this question.)</i>	✓	
12.5 The Company set roles and responsibilities of Policies and Procedures Compliance by Executives and employees.	✓	
12.6 Policies and Procedures Compliance are utilized at the appropriate time by personnel with ability as well as coverage of failure resolution in working operation.	✓	
12.7 The Company always reviews appropriate policies and compliance.	✓	

Information & Communication

13. The Organization has concerned and quality information to support the established internal control operation.

Questions	Yes	No
13.1 The Company set the essential data in operation both from internal and external which has quality and concern work.	✓	
13.2 The Company considers cost, expected benefit as well as quantity and correctness of data.	✓	

Questions	Yes	No
13.3 The Company operates to ensure the Committee has adequate and important data for decision making. Example of important data is Details of proposing issue to consider, reasons, impact to the Company and other alternatives.	✓	
13.4 The Company operates to ensure the Committee receives an invitation to a meeting or supporting documents which specific necessary and adequate information for consideration before the meeting at least within minimum duration required by law.	✓	
13.5 The Company operates to ensure the minutes of Committee Meeting consist of proper details to be able to check back suitability of each committee performance such as recording committee inquiries, opinions or notice of committee in considering issue, opinions of committee who disagreed with the proposal and reasons, etc.	✓	
13.6 The Company operates as follows; 13.6.1 File and classify important documents completely. 13.6.2 In case of receiving report of Financial Auditor or Internal Auditor that errors of Internal Control was found, the Company took actions and solved the problems completely.	✓	

14. The Organization communicates internal data including objectives and responsibilities of vital internal control which is necessary to support a smooth planned internal control.

Questions	Yes	No
14.1 The Company has effective internal data communication and appropriate communication channel to support internal control.	✓	
14.2 The Company always reports important information to the Board of Directors and the Board of Directors can reach information source which is necessary for operation or review other issues as needed such as defining person to be center of communication besides	✓	



information from Executives, contact information from financial auditor, internal auditor, holding a meeting between Board and Executives as requested by Committee, holding meeting activities between Board and Executives apart from the Board of Directors' meeting, etc.		
14.3 The Company provided special or confidential communication channel for any persons in the Company to be able to report clues or call the whistle-blower hotline regarding defalcation or corruption in the Company securely.	✓	

15. The Organization communicates with outside agencies regarding the issues which may impact internal control.

Questions	Yes	No
15.1 The Company has information communication procedure with external stakeholders efficiently and has appropriate communication channel for support internal control such as providing staffs or Investor Relations Department, Whistle-blowing Center, etc.	✓	
15.2 The Company provided special or confidential communication channel for any persons in the Company to be able to report clues or call the whistle-blower hotline regarding defalcation or corruption in the Company securely.	✓	

Monitoring Activities

16. The Organization monitors and assesses internal control to ensure the complete and appropriate operation.

Questions	Yes	No
16.1 The Company provided monitoring procedure of business ethics compliance and prohibitions of Executives and employees which may cause conflict of interest such as determining each section to monitor the compliance and report the commander, etc.	✓	

Questions	Yes	No
16.2 The Company provided compliance audit as established internal control system by providing self-assessment and/or independent assessment by Internal Auditor.	✓	
16.3 Monitoring frequency and assessment are appropriate with changes of the Company.	✓	
16.4 Monitor and assess the internal control system by experts.	✓	
16.5 The Company set the guidelines of how to report internal audit results to Audit Committee.	✓	
16.6 The Company supports Internal Auditor to perform duties as International Standards for the Professional Practice of Internal Auditing, IIA.	✓	

17. The Organization assesses and communicates errors of internal control in time to responsible person including High-Level Executives and Committee appropriately.

Questions	Yes	No
17.1 The Company assesses, communicates errors of internal control and takes action for resolutions immediately when overall operations was significantly different than established targets.	✓	
<p>17.2 The Company's report measures are as follows;</p> <p>17.2.1 Executive Department must report the Board of Directors immediately when there is incident or suspicion of critical corruption, law violation or other misbehaviors which may significantly impact the Company's reputation and financial position.</p> <p>17.2.2 Report vital errors with resolution guidelines (even though the procedure has started) to the Board of Directors / Audit Committee for consideration within a timely manner.</p> <p>17.2.3 Report the progress of errors improvement which is significant main point to the Board of Directors / Audit Committee.</p>	✓	