

9. Internal Control and Related Party Transactions

9.1 Internal Control and Risk Management

The Board of Directors places an importance on the internal control system with a view that it is a basic mechanism for governing and monitoring operations to be run efficiently and achieve the objectives. The Company therefore provides a good internal control system covering finance, operation and compliance with the applicable laws, rules and regulations, including effective and adequate checks and balances mechanisms to protect and safeguard the Company's assets and information from unduly or unauthorized use. The Audit Committee has been assigned by the Board of Directors to review the appropriateness, effectiveness and adequacy of the Company's internal control and internal audit systems. The Internal Audit Department, an independent department, is responsible for auditing the performance of all departments to ensure that they perform accurately and concisely in accordance with the regulations and manuals; providing suggestions to departments to develop and improve the operational process; following up the progress on correctness of deficiencies found in the internal audit; and reporting the results of the internal audit to the Audit Committee on a quarterly basis. In this regard, the Internal Audit Department prepares internal audit plan based on the principles of risk assessment and presents it to the Audit Committee for approval every year.

The Board of Directors' Opinion on the Internal Control System

The Board of Directors' Meeting No. 1/2022 held on 9 February 2022, which all members of the Audit Committee attended, acknowledged the assessment results of the adequacy of the Company's internal control system and the Audit Committee's comments from which the Audit Committee has reviewed and approved the internal control assessment form, that was created according to the principle of the Committee of Sponsoring Organization of the Treadway Commission by the SEC Office, based on information inquired from the Internal Audit Department and the executives as well as the internal audit report, and had an opinion in line with the Audit Committee that the Company's internal control system was appropriate and adequate and there were no material deficiencies in the internal control system. The details of which can be summarized as follows:

1. Organization and Environment

The Company designated its business goals that are definite and measurable, and the possibility of achieving the goals was regularly monitored and reviewed. The Company also had an organizational structure that was divided into command lines where the scope of duties and responsibilities of each command line was clearly determined. A remuneration management policy was formulated by taking into consideration the nature of work and working conditions, as well as employee's performance. The Code of Conduct was prepared

based on the Company's responsibilities in conducting business and dealing with stakeholders relating to business operations of the Group for the purpose of enhancing all directors, executives and employees of the Group to have frameworks and guidelines to adhere and follow.

2. Risk Management

The Company identified, assessed and analyzed various factors, both external and internal, that may affect the achievement of the Company's objectives, business plans and business goals, in order to formulate measures and operational plans to reduce potential risks to an acceptable level. Risk management was determined as responsibility of everyone in the Company. In this regard, the Company applied the Committee of Sponsoring Organizations of the Treadway Commission's risk management approach to prepare risk management plans.

3. Control Activities

The Company established policies and operating procedures for different units of works, including financial transactions, procurement transactions, and general administration transactions. The scope of authority and limit of approval of each level of management was clearly set in written. There was a systematic separation of duties of procurement, accounting records, and safeguarding of the Company's assets. The conflict of interest policy and the connected transaction policy were also prepared requiring the Company to avoid the entry into the transaction with person who may have conflict of interest (i.e., major shareholder, director, executive or related party of such person). However, if necessary, in granting approval for entering into such transaction, the Company must be aware of the best interests of the Company, shareholders and stakeholders of the Group. Any person with conflict of interest on related party transaction shall not be entitled to participating in approval of such transaction; provided that such transaction must be considered as transaction made with the third party.

4. Information and Communications

The Company provided information system and communication channels that are suitable, of good quality and equally accessible. The disclosed information and memorandum must be prepared carefully and transparently with concise and easy understanding language, containing accurate and complete contents so that both internal and external stakeholders will receive sufficient information in timely manner for decision-making.

5. Monitoring System

The Company has clear procedures to monitor the implementation of the internal control system to achieve the defined goals and objectives. Such procedures were also reviewed regularly. The Internal Audit Department was responsible for auditing the performance pursuant to operating procedures and manuals of each department and directly reporting the audit results to the Audit Committee. If significant deficiencies were identified, they shall be considered together with relevant department to establish an appropriate guideline and timeframe to correct such deficiencies.

Head of Internal Audit

Mr. Yutthapol Charoenrat, Internal Audit Senior Manager, is head of internal audit, who the Audit Committees viewed that he was appropriately qualified to perform the audit functions effectively because he is knowledgeable, skillful and experienced in conducting audit, with well-understanding of the Company's activities and operations. Besides, in the case of the appointment, removal and transfer of the head of internal audit, it must be approved by the Audit Committee.