

INTERNAL CONTROL AND RISK MANAGEMENT

1. Internal Control

During the Audit Committee meeting No. 1/2563, held on 20 January 2019, the Internal Audit Department reported the results of the assessment of the adequacy of the Company's internal control system in 2019 using the form prescribed by the Securities and Exchange Commission (SEC) to the Audit Committee. In summary, from the assessment of the 5 components of the Company's internal control which are internal control, risk assessment, operational control, Information and communication systems, and tracking systems, the Internal Audit Office opines that the Company's internal control system is sufficient and appropriate. The Company has sufficient personnel to operate the internal control system effectively. Furthermore, the Company also has an adequate internal control system to monitor and control the operations of subsidiaries; to protect the properties of the Company and its subsidiaries from unauthorized usage of the directors and executives; and to monitor the connected transaction. For other internal controls, the Board of Directors is of the view that the Company already has sufficient internal control.

The summary of internal control system under the COSO (The Committee of Sponsoring Organizations of the Treadway Commission) concept is as follow:

1. Internal Control

The Company has setup reporting structure and appropriate responsibility designation authority in order to accomplish Company's objective under the oversight of the Board of Directors. The Company is committed to persuade, develop and maintain our skilled personnel by prescribing the human resource management policy, which has already been notified to all employees. This policy shall be used as an operational framework for employees in various areas; namely, organizational structure and manpower management, personnel recruitment and selection, portfolio management, personnel development and role of supervisors in personnel management. The Board of Directors is independent to administrative section and is responsible for overseeing and developing of internal control, as well as assigning duties and responsibilities for internal control to personnel. In addition, the Board of Directors has also prescribed operation manual for important work system in writing and has distributed such operation manual to related person to be used as operation guideline for accomplishing the Company's objectives and complying with internal control principles. Adhering to integrity and morality, the Company has provided written Code of Conduct and has published such to all employees through Intranet system, including explaining during new employees' training and posting a notice in the Company.

2. Risk Assessment

The Company has prescribed clear objectives. The Company has set up comprehensive all risk analytical and identification that might affect the objective accomplishment and has considered potential risk of corruption, as well as identifying and assessing the changes that might affect the internal control system. The Company has prepared the risk management manual for executives of each division to be used as risk management guideline. Each division is responsible for assessing the operational risk and preparing risk management plan for their division, as well as specifying risk management and controlling guideline, annually. The Internal Audit Office is responsible for coordinating, collecting, advising, and summarizing the said risk assessment and report to the Board of Directors for considering, monitoring and reviewing of the said risk management and control.

3. Operational Control

The Company has set up control measure to reduce the risk from the failing of the Company's objective to acceptable level by prescribing policies, regulation and the approved operation manual in writing. There shall be internal control at all levels of the organization and division of responsibilities in order to check and balance each other division. At present, the Company has completed operation manuals for 53 working systems. In this regard, the Department of Regulation and Work System Development has always revised the said operation manuals to be up to date and appropriate for organization structure, regularly. In addition, there are also operation results reviewing by the Company's executives, as well as preventive and monitoring measures in order to ensure that the Company's operation be in accordance with the law, rules, and regulations, constantly. Regarding the technology system control, the Company has developed the general controlled-technology activities to support the accomplishment of the Company's objectives, such as technology system security control, acquisition process control and appropriate technology system development and maintenance.

4. Information and Communication

The Company has set up adequate internal and external data system and communication channel by using the appropriate communication channel to support the internal control. The Company also using intranet system of the Company to publish policies, regulation/command, operation manual and news of the Company through the organization, in order to facilitate the operation information access of related employees. This is to support the compliance of the prescribed internal control system. The Company also has the efficient means to communicate with external interested person via the Company's website.

5. Monitoring System

The Company has set up regular monitoring and assessing of the management's operation result in order to assess the operation result to be in accordance with the Company's objective. The Company also has operation system assessment by Internal Audit Office pursuant to the annual audit plan. In this regard, the Company has prepared report summarizing the assessment result, such report is to be (1) present to the relevant executive to consider and designate guideline for operation system improvement; (2) to report the result to the Audit Committee in order to present to the Board of Directors, respectively. In addition In addition, the Internal Audit Office has periodically monitored the revision result pursuant to the suggestion in the audit report, as well as annually assessed the adequacy of the internal control.

RISK MANAGEMENT

To promote the efficiency of the Board of Directors' corporate governance, the Company has 1) appointed the Risk Management Committee; 2) prescribed a risk management manual to be used as a practical guidance for risk management; 3) established risk management processes; 4) established risk management as a part of normal business operations; 5) monitored and evaluated risk management; 5) established measures to manage risk while adhering to goals, policies and any other regulations of the Company; 6) regularly assessed risks from each department's operation at the end of each year (each department's executives identify risks, their possibility, as well as their level of impact in the following year, from both internal and external factors); 7) determined risk management guidelines to maintain the risk at acceptable levels to ensure that the Company will conduct its operation efficiently and achieve its goals; and 8) submitted the assessment results to the Internal Audit Office in order to present them to the Audit Committee meeting and the Board of Directors meeting for consideration and acknowledgment.

2. The Audit Committee regularly attends the meeting with auditor and internal auditor at least one time per quarter. The meeting mutually enquires and discusses in order to assess the adequacy and appropriation of the internal control of Company and the subsidiary company. In addition, the Audit Committee also reports the operation result of the Audit Committee to the Board of Director in every Board of Director meeting. Should there be any issues or any advices that would improve the internal control, the Audit Committee will emphasize such issue or advice in the report, including reporting the result of the monitoring of such advice to the Board of Director. In conclusion, the Audit Committee is of the view that the Company and the subsidiary company's internal control are appropriate and adequate.
3. Assistant Managing Director- Internal Audit Office and the Chief Compliance Officer
 - (1) The Audit Committee meeting on January 7, 2004, has appointed Mr. Natthrapong Phisitphadhrikul to be the Vice President of the Internal Audit Office and Chief Compliance Officer, commencing on January 5, 2004, because Mr. Natthrapong Phisitphadhrikul has the experience in the internal assessment for 14 years and has attended many courses regarding the internal assessment, i.e. Accreditation in Quality Assessment/Validation, Computer Control and Auditing, Internal Audit Methodology, etc. (presently, the Vice President of the Internal Audit Office has been appointed as the Assistant Managing Director - Internal Audit Office, according to the Company's announcement No. 004/2561 dated 1 February 2018).
 - (2) The Audit Committee is of the view that the Assistant Managing Director of the Internal Audit Office understands the activity and operation of the Company, therefore, he could perform his obligation, appropriately and adequately.
 - (3) The appointment or the removal of the Assistant Managing Director of the Internal Audit Office shall be approved by the Audit Committee. The qualification of the Assistant Managing Director of the Internal Audit Office is shown in page 202.