
Internal Control

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An opinion of Board of Directors regarding the Company's internal control system

The Company and Group Companies ("the Company") have commitment to continuously conduct business with morality and ethics that are in alignment with good corporate governance principles. The Company realizes the importance of effective internal control system and risk management to remain within risk tolerance levels for reasonable assurance the achievement of defined objectives that create value added and develop company to achieve sustainable growth.

The Company has provided internal control systems in conformance to the internal control integrated framework 2013 (COSO 2013) of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) which contain five components and seventeen principles, each component operate together in an integrated manner as follows;

1. Control Environment

The Company continuously provides good control environment in accordance with good corporate governance principles which is fundamental factors for operation results in internal control's implementation throughout the organization. The control environment composed of five principles as follows:

- 1) The Company has corporate culture which encourages executives and employees to adhere with integrity and ethical values. The written corporate governance policy and code of conduct have been communicated through the Company's website as well as included in orientation for new employees as guideline for directors, managements and employees to perform their duties.
- 2) The Board of Directors composed of 8 independent directors from total of 16 directors. The company directors have appropriate knowledge, competent and qualification in performing oversight functions and develop operations by focusing on risk assessment and adequacy of internal control system which in relevant with the company's business. In order to support Board of Directors' functions, specialized expertise committees have appointed to assist directing roles i.e. Audit Committee and Nomination Remuneration Committee, Risk Management Committee, etc.
- 3) The Board of Directors and Managements have provided processes and communication channels for all employees to take responsibility on internal control system and improve their operational process on a regular basis. The clear and measurable business's goals are established as defined

key performance indicators (KPIs) to build motivation and appropriate rewards which benefit to drive employee's accountability.

- 4) The Company has aimed to develop and maintain competent individuals by providing employees training on regular basis through online training and company's application as well as established succession plan and selection process for key positions. Moreover, the Company culture (WINNING) are set with the objective to encourage and develop talent employees simultaneous growth with the Company, offer opportunities for employees to demonstrate their knowledges and abilities, how to solve problems due to uncertainty or risks that may arise from rapid change, and promote collaboration and teamwork throughout organization for achievement mutual goals.
- 5) The Company has designed organizational structure to support company's goal by separating business line which enable to formulate proper chain of command and clear reporting lines. The appropriate internal control also has been designed including segregation of duties in key functions which enhance checks and balances system and prevent potential conflict of interest.

2. Risk Assessment

The Risk Management Committee is entrusted with proposing risk management policies and framework of the company group to ensure all business units are integrated toward the same direction. The Committee's responsibility also includes oversight function ensuring that the Company has process to manage risks which could affect objective's achievement. The Risk Management Subcommittee has been delegated the authority, comprising of top executive from each business units, to perform their duties in accordance to guidance of the Risk Management Committee. In addition, the Risk Management Committee and the Audit Committee have regularly meetings with the purpose of communication their expectation toward internal audit function and risk management function, be informed results of task accomplishment. Risk Assessment composed of four principles as follows:

- (1) The company has established clear policies and action plans to manage risks and regularly reports to the Risk Management Committee.
- (2) The company has schedule review both internal and external risk factors in terms of impact and likelihood including strategic risks, operation risks, financial risks, compliance risks and information technology risks. The Key Risk Indicators (KRIs) are also considered as direction and trend of risk whether increasing or decreasing as well as early warning signal which could lead to investigation, risk assessment and improvement on quarterly basis.
- (3) The company has improved internal audit activities to cover more important risk management by increasing Continuous Audit method to perform audit on continuous basis and allow more coverage area of auditing, i.e. Data Analytic by designing platform for data analysis, Data Collection & Consolidation for data insights. Audit activities were also focused more on

transactions which had potential fraud or illegal as well as special audit requested by management. The follow up system has been implemented to ensure accomplishment of remediation plan by management as specified in the internal audit reports.

- (4) The Company has emphasized important of preparation for any change that may have material effects toward internal control system including economic, political, legal, natural disasters, environmental and safety regulations. The Company's Business Continuity Plan (BCP) and Disasters Recovery Plan (DRP) have been set up in order to advance prepare for potential risks or crisis that may happen. The plans have been tested annually to ensure continuity of major business process. The company also has policy and plan concerning the Environmental Management System (EMS), related laws and regulations. The organization structure and responsible person for environmental management were clearly defined which it delivers through employees training and evaluation to promote their understanding and control impacts on the environment as less as possible.

3. Control Activities

The control activities have been designed both manual and automated covered various aspect of operations relating to risks and characteristics of company such as environment, complexity, nature and scope of works. Policies and Standard Operating Procedure (SOP) have been issued and continuously controlled in response toward change in risk and circumstance. Control Activities composed of three principles as follows:

- (1) The Company has implemented organization-wide management and assessment system (Balanced Scorecard) and Key Performance Indicators (KPIs) as tools for planning and monitoring. Approval authority for each management level was clearly defined in written and reviewed in line with changes in organizational structure, while balancing between business operations flexibility and good internal control. The sound appropriateness of preventive control was promoted to control risks within risk tolerance levels.
- (2) The company has applied control for Information technology risk through information technology security Policy to enhance awareness of employees at every level. The policy includes securities on access control as well as data usage which aim to prevent unauthorized modification, misuse or illegal. In addition, computer data traffic information has been recorded according to the applicable regulations of the Computer Crime Acts B.E. 2550.
- (3) Standard Operating Procedure (SOP) and Work Instruction (WI) of all business units have been prepared and scheduled review regularly which enable operations be performed accuracy, effectiveness and standardization.

The connected transactions policy was maintained, in alignment with the requirements of the Stock Exchange of Thailand and the Securities and Exchange Commission, as guideline for overseeing connected transactions or activities that potentially raise conflict of interest to ensure that approval decision considered the best interest of company.

4. Information System and Communication

The Company emphasizes the important of effectiveness on information technology management by providing information system and communication channels that could connect thoroughly both internal and external organization and be necessary for achieving the specified objectives. The information and communication system composed of three principles as follows:

- (1) The company has continuously developed information technology system in order to deliver information with accuracy and completeness to support the Board of Directors and managements' decision making in timely manner.
- (2) The Company has provided internal communication channels for managements and employees in order to communicate the Company's objectives and significant internal control, and allow access to necessary information for their work through intranet, e-mail and company's mobile application (AMPOS) that the employees can easily reach via mobile phone.
- (3) The Company has placed importance on completeness and timeliness of information disclosure for shareholders and investors on regular basis through various channels such as the Company's website, e-mail, publications, shareholder meeting, etc. The investor relation function is responsible for communicating to shareholders and investors as well as disseminating relevant information such as company's general information, financial information, investment information, and other information that may impact shareholders, etc.

5. Monitoring Activities

The Company's business goal has been clearly defined and follow up activities have been implemented to ensure adequate compliance on all components. The monitoring activities composed of 2 principles as follows:

- (1) The company has requirement to follow up and evaluation for internal control. Executives of each business units were responsible for monitoring their own business units and scheduled continuously follow up system which specified as regular operations with the objectives of response to change, adequacy of internal control as well as monitoring goal achievement through key performance indicators (KPIs) and balanced scorecard to promote work motivation. In case

performance outcomes negatively deviated from the determined plan or criteria, analysis was conducted to identify causes and solution within appropriate period.

- (2) The company has the Group Internal Audit Division responsible for assessment adequacy and effectiveness of the internal control systems toward significant administration and operation processes, in accordance with the annual audit plan approved by the Audit Committee. The audit results are quarterly reported to the Audit Committee and recommendations on the audit reports are follow up for progression of process improvement within specific timeframe. In addition, the Company has emphasized the internal auditors to perform their duties and adhere to the code of ethic for auditors in compliance with the International Standards for the Professional Practice of Internal Auditing (IIA).

With reference to the Board of Directors' Meeting no. 1/2021 dated February 23, 2021, attended by the Audit Committee. The Board of Directors has approved consent regarding an adequacy of overall internal control systems. The Board of Directors expressed its opinion that the Company has designed control environment in enhancing employee's awareness of the necessity on internal control. There are no material finding about internal control. The Company's internal control system was sufficient and appropriate for the Company's business, achieve significant objectives relating to operations, compliance with relevant regulations, capable of safeguarding the Company's assets from undue or unauthorized use by the management, support and enhances performance and in order to ensure reliable of financial reporting. The follow up for monitoring operation toward the goals was conducted, and internal controls were active continuously and revised in line with changing in situation and deficiencies were corrected in timely manner.

Furthermore, the 2020 audited financial statements by an external auditor were not noted any significant issues which might cause adverse impact to business operation of the Company.

1. Audit Committee's Opinion in case the Opinion is different from Board of Directors

- None -

2. Head of Internal Audit and Head of Compliance Department

1) **Head of Internal Audit**

The Audit Committee has approved the appointment of Mr. Phadya Sootrsuk, who is competent and has strong knowledge and understanding of business of BJC Group, as Senior Vice President, Group Internal Audit Division, effective from January 1, 2020 onwards. He is also experienced in internal audit matters and is therefore regarded as suitable for the position.

Any appointment, promotion, removal, dismissal of Chief Audit Executive must be approved by the Audit Committee. The qualifications of the head of internal audit is as shown in annex 3, form 56-1

2) Head of Compliance Department

The Company has assigned Ms. Kamonwan Sivaraksa as a Head of Compliance Department for supervising the Company's compliance with the regulations of relevant government agencies. The qualifications of the Head of Compliance Department appear in attached document annex 3 in form 56-1.