

## Internal Control System Sufficiency Evaluation Form

### Concepts and Objectives

Good internal control system is essential to listed companies and public companies, as it can help prevent, manage, and mitigate risks or damages that may occur to them and their stakeholders. Therefore, it is the board of directors' duty to ensure that its company has an internal control system that is adequate for the company's objectives and applicable law and regulations to ensure that the company's assets are protected from fraud and damages and that the company has credible accounts and reports.

The Securities and Exchange Commission (the "SEC"), with the cooperation from PricewaterhouseCoopers Thailand (PwC Thailand), has developed this Internal Control System Sufficiency Evaluation Form ("Evaluation Form") as guidelines for companies to evaluate their own internal control system.

This Evaluation Form has adopted the concepts by COSO<sup>1</sup> (The Committee of Sponsoring Organizations of the Treadway Commission), which has updated its framework in May 2013, and adapted such concepts so that they are applicable to Thai listed companies. The main questions are divided into 5 parts similar to COSO guidelines; however, this form has expanded those parts into the total of 17 minor principles so that each part can be easily understood.

### Applications

A company should use this evaluation form as a guideline to assess or review its internal control's sufficiency at least annually. It should also have an extra review if there is any incident that may significantly affect the company's operations. Such assessment should be considered by the company's audit committee and board of directors so that they can exchange their ideas, have the same understanding and then set up appropriate guideline for the company.

Each question in this form should be answered based on the company's actual practice. The company should explain the reason as well as its solution in case that the company found any lack in its internal control system (whether it was because the company does not have such system or the existing system is not adequate.)

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<sup>1</sup> COSO is a joint committee among 5 professional institutions namely the American Institute of CPAs (AICPA), the Institute of Internal Auditors (IIA), the Financial Executives Institute (FEI), the American Accounting Association (AAA) and the Institute of Management Accountants (IMA).

## Control Environment

### 1. The organization demonstrates its commitment to the value of integrity and ethics.

Question	Yes	No	Additional Explanation
<p>1.1 Board of directors and management set principles of integrity and operations code of conduct which are being practiced in the following area:</p> <p style="margin-left: 20px;">1.1.1 Daily routines and decisions making;</p> <p style="margin-left: 20px;">1.1.2 Treatment of partners, customers and third party.</p>	<input type="checkbox"/> √		The Company has set codes of ethics as a guideline for business operations and practices namely the Company's code of ethics, the Executive's code of ethics and the Employee's code of ethics. The Board of Directors' announcement on policy regarding shareholders is also used as operation guideline.
<p>1.2 There are written regulations to ensure that executives and employees operates with integrity and ethics which include:</p> <p style="margin-left: 20px;">1.2.1 Suitable code of conduct for executives and employees;</p>	<input type="checkbox"/> √  <input type="checkbox"/>		The company has defined 3 codes of conducts to use as guideline for the company's operation, and for employees' daily practice. Such codes of conducts are the company's code of conduct, executive's code of conduct and employee's code of conduct.
<p>1.2.2 There are regulations forbidding the management as well as the employees from acting in the way that could cause conflicts of interests with the business and also forbids corruption which may damage the organization<sup>2</sup>;</p>	<input type="checkbox"/> <input type="checkbox"/> √		Specified in Executives' Code of conduct and Employee's Code of conduct. There is also the Company's Regulations, forbidding directors, executives, employees including their respective spouses and minor child, from using insider information which has not been publicized to sell, purchase, transfer or accept of transfer of the Company's securities before such information was released to the public. The violators shall be penalized according to the Company's regulation.

Question	Yes	No	Additional Explanation
1.2.3 There is appropriate penalty in case of violation of the aforementioned regulations;	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>		Penalty is specified in the regulation on work.
1.2.4 All executives and employees are informed of the aforementioned regulations and penalties. For example, they are included in the orientation for new employees, the employees annually signed an acknowledgment of the regulations and penalties, the code of conduct is publicized to the employees and third parties.	<input type="checkbox"/> <input checked="" type="checkbox"/>		The Executive Code of conduct / Employees Code of conduct and regulations on work are distributed to all employees and publicized on the Company's website.
1.3 There is a procedure to monitor and assess that code of conduct are being followed.  1.3.1 Monitoring and assessment by an internal audit unit or a compliance unit	<input checked="" type="checkbox"/> <input type="checkbox"/>		Internal audit unit reviewed through the practices used to work it audits (Not directly monitor or evaluate).
1.3.2 Self assessment by executives and employees	<input type="checkbox"/> <input checked="" type="checkbox"/>		Is defined as one subject in the annual assessment
1.3.3 Assessment by independent professional from outside the organization.	N/A	N/A	
1.4 There is a timely management when there is non-compliance in regulations on integrity and code of conduct.  1.4.1 There is a procedure that would timely identify any non-compliant action	<input checked="" type="checkbox"/>  <input type="checkbox"/> <input checked="" type="checkbox"/>		There is clear separation of work duty and responsibility so that there is always check and balance.
1.4.2 There is a procedure to timely and suitably penalize or manage the non-compliant action	<input type="checkbox"/> <input checked="" type="checkbox"/>		
1.4.3 Actions that are in violation of principles on integrity and code of conduct are timely and suitably corrected.	<input type="checkbox"/> <input checked="" type="checkbox"/>		

2. The board of directors is independent from the management and has the duty to oversee and develop internal control.

Question	Yes	No	Additional Explanation
2.1 Roles and duties of the Board of Directors are set separately from that of the Management. The Board of Directors' authorities are clearly defined.	<input checked="" type="checkbox"/>		The roles of the Company's Board of Directors and the Management are subject to the Company's regulations on the Board of Directors / regulations on the Audit Committee / regulations on the Risk Management Committee. This is consistent with the legal requirements, the Company's articles of association, good corporate governance principles and other rules and regulations set by regulatory authorities and other relevant agencies such as the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET.)
2.2The Board of Directors oversees that there is clear and measurable business target to use as guidelines for the executives and employees' operations.	<input checked="" type="checkbox"/>		The Company sets business target in accordance with its strategy and business plan. It also defines KPI to all business functions and would compare the performance against the target and report to the Board of Directors quarterly.
2.3 The Board of Directors oversees that the Company follows the laws and charters regarding the roles and duties of board of directors and management as well as the roles of audit committee, auditor, internal auditor and the person who is responsible for the financial statements.	<input checked="" type="checkbox"/>		
2.4 The Board of Directors are knowledgeable about the company's business and has the expertise that would be beneficial to the Company or able to seek advice from experts in the field.	<input checked="" type="checkbox"/>		

Question	Yes	No	Additional Explanation
2.5 The Board of Directors comprises suitable number of knowledgeable and reliable independent directors who can perform his/her duty independently. For example, the independent directors do not have any business relation with the Company or any other relationship that could influence their independent judgement.	<input checked="" type="checkbox"/>		
2.6 The Board of Directors oversees the development and practice of the organization's internal control including the creation of control environment, risk assessment, control activities, information and communication, and the follow up.	<input checked="" type="checkbox"/>		

3. The Management, under the Board of Directors' oversight, sets suitable reporting function as well as defining the commanding authorities and responsibilities so that the organization would achieve its goals.

Question	Yes	No	Additional Explanation
3.1 Top management sets an organizational structure that support the Company's goal by considering the business functions and legal requirements. There is also effective internal control. For example, there is a seperation of duties in important business unit which would result in check and balance; there is an internal audit units which reports directly to the Audit Committee; there is a clear line of report.	<input checked="" type="checkbox"/>		The organizational structure is clearly defined. There is also an Internal Audit Division which reports directly to the Audit Committee.
3.2 Top management sets up line of report by considering duties, responsibilities and communication	<input checked="" type="checkbox"/>		
3.3 Roles and responsibilities are suitably defined and assigned between the Board of Directors, top executives, management and employees.	<input checked="" type="checkbox"/>		According to the Company's rules and regulations on each specific subject.

4. The organization displays its commitment to motivate, develop and maintain capable personnel

Question	Yes	No	Additional Explanation
4.1 The company has the policy and practice for recruiting, developping and retaining knowledgable personnel and regularly reviews such policy and practice.	<input type="checkbox"/> √		In accordance with rules and regulations related to human resources management.
4.2 There is performance evaluation process, incentives and rewards to personnel with good performance, management measure for the personnel who did not reach their targets and the process is communicated to all executives and employees.	<input type="checkbox"/> √		In accordance with the Company's related instructions. Instruction no. Kor 11/2011 on performance appraisal. Instruction no. Kor 23/2009 on annual salary raise and Kor. 25/2009 on criteria on bonus payment to employees.
4.3 The company has the process to timely solve or prepare for the event that the company lack knowledable personnel.	<input type="checkbox"/> √		
4.4 The company has process to recruit, develope and retain all executives and employees such as providing mentoring system or training.	<input type="checkbox"/> √		
4.5 The company provides succession plan for significant roles	<input type="checkbox"/> √		

5. The organization appoints personnel to have duty and responsibilities on internal control in order to achieve organizational goal.

Question	Yes	No	Additional Explanation
5.1 The Board of Directors and the Management have the procedure and communication to enforce all personnel to have responsibilities for internal control and if necessary, provide corrective measure for such procedure.	<input type="checkbox"/> √		
5.2 The Board of Directors and the Management set indicators for performance appraisal, give suitable incentives and rewards by considering the compliance of code of conduct and the company's short-term and long-term objectives.	<input type="checkbox"/> √		
5.3 The Board of Directors and the Management regularly evaluates the incentives and rewards by focusing on the connection between the success of the performance and the compliance of internal control.	<input type="checkbox"/> √		
5.4 The Board of Directors and the Management make sure that there is not too much pressure on each personnel duty.	<input type="checkbox"/> √		

## Risk Assessment

6. The organization clearly defines its objectives so that risks related to the achievement of such objectives can be identified and evaluated.

Question	Yes	No	Additional Explanation
6.1 Companies can comply with generally accepted accounting standards which is inappropriate to the business at that time by showing that the transaction in the financial report exists, complete, correctly show the rights or obligations of the Company, have the right value and is properly disclosed	<input type="checkbox"/> √		The company's financial report is in accordance with the generally accepted accounting standard and is reviewed by certified auditor.
6.2 The Company defines the essence of the financial statements by considering the major factor such as the user of the financial report, the size of transaction and the business trend	<input type="checkbox"/> √		The Company prepares financial statements in accordance with financial reporting standards.
6.3 The Company's financial report truly reflects the Company's operational activities	<input type="checkbox"/> √		
6.4 The Board of Directors or the Risk Management Committee approved and communicate the risk management policy to all executives and employees. Such policy is acknowledged and practiced as a part of the organizational culture.	<input type="checkbox"/> √		Board of Directors has announced the risk management policy since the September 18, 2003, and appointed the Risk Management Committee and the Risk Management Working Team to take responsibility on such matter. The working team will convey the risk management related matters to the employees so that the risk management plan can be implemented. The team will also monitor and appraise the risk management performance and report to the Risk Management Committee on a quarterly basis.

7. The organization identifies and analyzes all risks that may affect the achievement of the organizational objectives.

Question	Yes	No	Additional Explanation
7.1 The company identifies all risks that may affect the company's operations in organizational level, business unit level, department level, and work level.	<input type="checkbox"/> √		Risk Management Working Team would identify risk management purpose, categorize risk factors,risk chances and effects including analyzing and proposing the measure to handle risk and report to the Risk Management Committe for consideration and comment All business units would apply the risk management the measure and plan which is approved by the Risk Management Committee. The Risk Management Working Team is responsible for monitoring and gathering information and reporting to the Risk Management Committee quarterly so that the Committee could consider whether the risk management is sufficient. The risk management plan is also define every quarter and the performance on risk management is reported to the Management and the Risk Management Committee annually.
7.2 The company analyze all internal and external risk factors including strategic risk, operational risk, reporting risk, rule and regulation compliance risk and technological risk.	<input type="checkbox"/> √		
7.3 All levels of management are involved with risk management	<input type="checkbox"/> √		
7.4 The company evaluate the risk by considering the chance of occurance and the effect that may occure	<input type="checkbox"/> √		
7.5 The company has the measure and operation plan to handle risk by either accepting,reducing, avoiding or sharing risks.	<input type="checkbox"/> √		

8. The organization considers the chance of fraud while assessing risks that may affect the achievement of organizational objectives.

Question	Yes	No	Additional Explanation
8.1 The company evaluates the chance of fraud, covering all type of fraud including the faulty financial report, assets loss, corruption, management override of internal controls, the change of important information in report,wrongly aquisition or disposition of property, etc.	√		

Question	Yes	No	Additional Explanation
8.2 The company review <del>n</del> its operational target by considering the possibility of the target achievement as well as considering that the incentive or rewards given to employees would not instigate wrong doing. For example, the sale goal is not unreasonably high that would motivate employees to give false sale figure.	<input type="checkbox"/> √		
8.3 The Audit Committee has considered and questioned the Management regarding the chance of fraud and the prevention or correction measure.	<input type="checkbox"/> √		
8.4 The company has communicated with all employees so that they understand and comply with existing policies and guidelines.	<input type="checkbox"/> √		

9. The organization is able to identify and evaluate changes that could affect the internal control system.

Question	Yes	No	Additional Explanation
9.1 The company evaluates external changes that may affect the operations, internal control, and financial report and defines adequate measures to handle such changes.	<input type="checkbox"/> √		
9.2 The company evaluates the change in busines model that may affect the operations, internal control and financial statements and define suitable measure in response to such change.	<input type="checkbox"/> √		
9.3 The company evaluates the change of the organization leader which may affect business operation, internal control, financial statements and defines suitable measure in response to such change.	<input type="checkbox"/> √		



Question	Yes	No	Additional Explanation
<p>10.2.2 In the event that the company approves a transaction or enters into long term contract with related person such as purchase and sale of goods, lending, guaranteeing; the company has monitors that all conditions are kept during the time the contract is effective. For example, monitoring that the debt is paid in due time and the contract is reviewed for suitability.</p>	√		
<p>10.3 The company sets up suitable varieties of internal control namely manual and automated control or the prevention and monitoring control.</p>	☐√		
<p>10.4 The company defines internal control throughout all level in the organization namely the company's group, business unit, function, department, division or process</p>	☐√		<p>The head of each unit is responsible for controlling the compliance with internal control system, and the Internal Audit Division review and assess the sufficiency and efficiency of the internal control system.</p>
<p>10.5 The company completely separates 3 following responsibilities from one another in order to have check and balance:</p> <ul style="list-style-type: none"> <li>(1) Approving duty</li> <li>(2) Recording accounting transaction and information and</li> <li>(3) Assets storing</li> </ul>	☐√		<p>The authority for each operation is specified in the company's instruction on duties and responsibilities of the job. The management authorization limit is defined in the related regulations such as regulations on procurement, the company's instruction on check issuing, etc.</p>

11. The organization uses technology to select and develop general control activities in order to support its objectives.

Question	Yes	No	Additional Explanation
11.1 The company should identify the connection between the use of information technology in operations and the general control of the information technology system.	<input checked="" type="checkbox"/>		
11.2 The company should define suitable control for technology system fundamental.	<input checked="" type="checkbox"/>		
11.3 The company should define suitable security control for technology system	<input checked="" type="checkbox"/>		
11.4 The company should define suitable control for the procurement, development and maintenance of the technology system	<input checked="" type="checkbox"/>		

12. The Company sets up control activities through policy which specified its expectation and practice procedure so that the policy can be put to practice

Question	Yes	No	Additional Explanation
12.1 The company has strict policy to monitor that the transaction of the major shareholder, director, management or related person go through approval process as defined in the company's articles of association, rules and regulations of the Stock Exchange of Thailand, the Security Exchange Commissions, etc in order to protect the company's benefit against the use for personal gain.	<input checked="" type="checkbox"/>		The transaction of major shareholder, directors, management and related person has to be proposed to the Audit Committee for their consent before being proposed to the Board of Directors for approval.
12.2 The company has a policy that a transaction must be approved by the person who has no personal interest in such transaction	<input checked="" type="checkbox"/>		The company's regulations on Board of Directors indicated that a director who has personal interest in any matter cannot vote for such transaction

Question	Yes	No	Additional Explanation
12.3 The company has the policy to approve transaction by considering the company's utmost benefit and consider the transaction on the at arms' length basis	<input type="checkbox"/> √		
12.4 The Company has the process to monitor the performance of subsidiaries or associates including setting guidelines to the person who is appointed as a director or executives in the subsidiaries or associates. (If the company does not have subsidiaries or associates, the company does not have to answer this question)	<input type="checkbox"/> √		The Company's structure has the functions under the Chief Asset Management Officer that have the duty to monitor the performance of subsidiaries and associates. The direction of subsidiaries and associates are set in accordance to the regulations on the governance of subsidiaries, associates and joint venture companies which indicated that the company Board of Directors will set policy through the company's representatives and such representatives are to report to the Board of Directors quarterly.
12.5 The company sets the role and responsibilities that the executives and the employees are to implement the policy in their operations.	<input type="checkbox"/> √		
12.6 The company's policies and processes are suitably implemented by capable personnel including the process of operation correction.	<input type="checkbox"/> √		
12.7 The company regularly reviews its policy and process of practice	<input type="checkbox"/> √		

Information & Communication

13. The organization has related and quality information to support the goal for internal control

Question	Yes	No	Additional Explanation
13.1 The company specifies the related information that are required for its operation from both in and outside of the organization	<input type="checkbox"/> √		
13.2 The company considers the cost and benefit as well as the quantity and correctness of the information.	<input type="checkbox"/> √		
13.3 The company provides the Board of Directors with sufficient information for their decision making such as the detail of the proposed agenda, the reasons, the effect to the company and other alternatives.	<input type="checkbox"/> √		
13.4 The company provides the meeting notice or meeting documents that contain necessary and sufficient information for the directors' consideration before the meeting at least for the minimum requirement of the law.	<input type="checkbox"/> √		The directors receive the meeting notice and the meeting documents that contains necessary and sufficient information for their consideration 7 days before the meeting on average.
13.5 The company provides detailed minutes of Board of Directors' meeting so that the each director's performance can be reviewed. For example, record of directors' question, opinion, comment on the considered matters; the opinion of the directors who did not approve the proposed agenda and his/her reason.	<input type="checkbox"/> √		
13.6 The company has the following actions 13.6.1 Filing and categorizing all important document 13.6.2 In the event that the auditor or the internal auditor report about flaws in internal control, such flaws has been corrected.	<input type="checkbox"/> √  <input type="checkbox"/> √		The company has never been informed of any flaw in the filing of document related to accounting record or any flaws in internal control.

14. The organization communicates information within the organization including the purpose and the responsibility for necessary internal control system so that the internal control could be conducted as planned.

Question	Yes	No	Additional Explanation
14.1 The company has effective internal information communication process and has appropriate communication channel to support internal control.	<input type="checkbox"/> √		
14.2 The company regularly reports important information to the Board of Directors and the Board of Directors has the access to the information source that is necessary to its work or required revision. For example, defining the contact center for information in order to search for information other than one that the Board received from the Management, including requesting information from auditor, internal auditor, the meeting between the Board and the Management outside of the Board meeting, etc.	<input type="checkbox"/> √		
14.3 The company provides special channel or secret channel so that its personnel can securely report information or clue regarding fraud or corruption (whistle-blower hotline) to the company.	<input type="checkbox"/> √		

15. The organization has communicated with external agencies regarding the issues that may affect its internal control.

Question	Yes	No	Additional Explanation
15.1 The company has the the process for the effective information communication to stakeholders outside the organization as well as appropriate communication channels to support internal control such as providing investors relation officers or complaint center.	<input type="checkbox"/> √		

<p>15.2 The company provides special channel or secret channel so that the stakeholders outside the organization can securely report information or clue regarding fraud or corruption (whistle-blower hotline) to the company.</p>	<input type="checkbox"/> √	<p>Stakeholders outside of the organization may report clue or other complaint directly to independent directors or the Audit Committee or through the channel provided through Company's website, which would reach to the Company Secretary and the Company's Internal Audit Division.</p>
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## Monitoring Activities

16. The organization monitors and assesses its internal control to ensure that the internal control is thoroughly and appropriately conducted.

Question	Yes	No	Additional Explanation
16.1 The Company provides a process to monitor the compliance with the code of conduct and prohibited the management and employees from conducting themselves in a manner is likely to cause conflicts of interests, such as assigning each unit to monitor the operations and report to their supervisor or assigning the internal audit unit to monitor the operation and report to the Audit Committee.	<input type="checkbox"/> √		
16.2 The Company reviews the internal control system through self-assessment and/or independent assessment by internal auditor	<input type="checkbox"/> √		
16.3 The frequency of monitoring and assessment is suitable for the company's change.	<input type="checkbox"/> √		
16.4 The internal audit system is monitored and assessed by knowledgeable personnel	<input type="checkbox"/> √		
16.5 The result of internal audit is reported directly to the Audit Committee	<input type="checkbox"/> √		
16.6 The company encourages the internal auditor to follow the International Standards for the Professional Practice of Internal Auditing (IIA)	<input type="checkbox"/> √		

17. The Organization timely evaluates and communicates the internal control system flaws to responsible persons including high-level executives and board of directors as appropriated.

Question	Yes	No	Additional Explanation
17.1 The company evaluates and communicates the deficiencies of its internal control system and timely proceed to monitor and rectify such deficiencies in the event that the operating result significantly differs from the predefined goal.	<input type="checkbox"/> √		
<p>17.2 The company has the following reporting policies:</p> <p>17.2.1 Management must immediately report to the board of directors in the event of fraud or suspicion of fraud, violation of laws or other unusual actions that may significantly affect the company's reputation of financial position.</p> <p>17.2.2 Significant deficiencies along with problem solving guideline (although the problem may have already been managed) are timely reported to the company's board of directors/audit committee for consideration</p> <p>17.2.3 Progress on the remedy of significant flaws are reported to the company's board of directors/audit committee</p>	<input type="checkbox"/> √  <input type="checkbox"/> <input checked="" type="checkbox"/> √  <input type="checkbox"/> <input checked="" type="checkbox"/> √		