

Internal Control

Global Green Chemicals Public Company Limited (GGC) is committed to undertaking internal control practices in conformity with the international standard of The Committee of Sponsoring Organizations of the Treadway Commission (COSO) for the achievement of its internal control objectives for efficient operation, the accuracy and reliability of reports and compliance with relevant laws and regulations. This will ensure righteous and transparent operation of business in line with GGC's objectives.

At the Board of Directors' Meeting No. 2/2018 on February 14, 2018, the Board of Directors conducted assessment of GGC's internal control system. Consideration was given to the Executives assessment results on the adequacy of GGC's internal control system in line with SEC's assessment form, and the Audit Committee's report of its review on such adequacy. The view of Board of Directors was that the internal control system was adequate and appropriate. GGC also assigned responsible persons to monitor the efficiency of the internal control system.

GGC's internal control system covers all the five components of internal control, namely Control Environment, Risk Assessment, Control Environment, Information & Communication, and Monitoring Activities:

Control Environment

The Board of Directors and Executives ensure that GGC operates its businesses in a righteous and ethical manner, while cultivating among its personnel corporate values that focus on integrity, ethics, and responsibility for their duties. GGC is committed to providing a good, appropriate, and efficient control environment as follows:

- In ensuring full compliance with relevant laws and regulations, GGC communicates to its employees for acknowledgment, GGC's Handbook of Corporate Governance, Code of Conduct, Corporate Governance Policy, and Anti-Corruption Guidance with Complaint/Whistleblowing Channels provided.
- To ensure the efficiency of GGC's operation, the Board of Directors works independently from the management in performing supervision and monitoring of the operation and performance of GGC, its Executives and the subcommittees.
- The Board of Directors has approved GGC's structure in line with its regulations and corporate governance handbook. The structure is clearly defined along with GGC's lines of command/report and scopes of duties.
- GGC's human resources management process defines the qualifications of each job position as criteria for personnel recruitment, and provides knowledge and skills development for employees, with regular monitoring and appraisal of their performances.
- Full compliance with GGC's internal control policy is required from the Board of Directors, Executives, and employees in performing their duties to achieve GGC's objectives and goals.

Risk Assessment

GGC values the management of risks by linking risk assessment to the formulation of its short term - and long term business plans. In 2017, Appointed by the Board of Directors, the Risk Management Committee (RMC) performs the duties of setting and reviewing policies, objectives, risk management frameworks, monitoring and evaluating of compliance with the frameworks, giving opinions and recommendations on GGC's risk management and project investment risks. GGC's Enterprise Risk Management Committee (ERMC), appointed by the Managing Director, ensures that the Company manages its risks efficiently, leading to the achievement of its business goals. Below are GGC's risk management approaches:

- Define clear objectives and goals for GGC's operation in line with its vision and mission.
- Manage enterprise risks in line with ISO 31000 : Risk Management and COSO Enterprise Risk Management standards, and institute GGC's risk management policy for all related persons to comply with.
- Carry out the process of identifying, analyzing, assessing and managing risks, formulate Risk Profiles at the corporate and business unit levels, and specify measures to systematically mitigate all risks that may hinder the achievement of GGC's objectives.
- Take into account internal and external changes, monitor the management of corporate risks to keep them at appropriate levels, define Key Risk Indicators (KRIs) to track changes that may hinder the achievement of GGC's objectives, with monthly submission of risk management reports to the ERMC for acknowledgment and reporting to RMC and the Board of Directors regularly.

Control Activities

GGC's control activities encompass all major processes, including risk management, to mitigate risks that may hinder the achievement of its objectives. These activities are as follows:

- Specify preventive and mitigation plans in line with risk assessment results to manage risks at GGC's risk acceptable level, and monitor and report the implementation of these plans to the RMC and the Board of Directors for acknowledgment.
- Organize IT-based control activities, including IT access management and the development of IT security protocols, to ensure that GGC's IT system is appropriate, efficient, and secure, without interruption.
- Based on the principles of good internal control, GGC's regulations, requirements, policies and operation manuals are specified for staff's reference, including the Corporate Governance and Code of Conduct Handbook and the policy on connected transactions.

Information & Communication

GGC values the quality of information and communication. Internal and external channels are provided for related persons to access the information required for their effective operation as follows:

- GGC's financial statements, performance outcomes, and other reports required for submission to the Board of Directors are prepared by including the analysis of relevant data from internal and external sources, with indication of changes, trends, sales performance, and production outputs.

- Various forms of the internal communication process are provided, taking into account their compatibility with the type of data and communication objectives. GGC's business directions, goals and key policies are communicated through the MD Town Hall, cross-functional teams, site visits, the intranet, and e-mail.
- Besides communicating with external stakeholders via the company's website, GGC disseminates its information through the Investor Relations and Managerial Accounting Department and the Corporate Communication and Social Responsibility Department. GGC's Whistleblower system also manages stakeholders' complaints and recommendations, received via the company's website.

Monitoring Activities

In ensuring the adequacy and efficiency of its internal control, GGC undertakes the following monitoring and assessment processes:

- Assign a business unit to take charge of managing internal control, supporting the management's assessment, development, implementation, and review of the adequacy of the internal control system, and give opinions about the 2nd line of defense. The results of internal control assessment are reported to Executives to ensure that GGC's internal control is efficient.
- Reporting directly to the Audit Committee regularly, an independent Internal Audit performs its duties and assesses the effectiveness of internal control on key activities and operations potentially affecting the outcomes of GGC's strategies, management of risks and overall operation, either favorably or negatively.

In 2017, no significant issues were found, either in GGC's internal control system or in transactions or items that may involve conflicts of interest. Assessment of all the five components of internal control found neither corruption practice nor violation of laws on securities and exchange, SEC and SET regulations, and relevant laws.

