

# **Risk Management and Internal Control**

## **1. Risk Management and Internal Control Systems**

The Board of Directors establishes the risk management and internal control systems that will make objectives achieve effectively, including the compliance with laws and related standards. The Board of directors provides the monitoring of effectiveness of risk management and internal control regularly every quarter by assigning the Audit Committee to screen it before proposing to the Board of Directors for consideration.

The Company establishes the risk management policy and internal control and internal audit policies to build confidence for shareholders and all relevant parties for the ongoing operations so that they are able to achieve objectives and create added value for the organization as follows;

### **Risk Management Policy**

1. Establishing the risk management system at the corporate level, department level, and division level to support and connect with the visions, objectives, and main goals of the Company's major mission operation
2. Determining the risk management process to be the same direction throughout the organization
3. Ensuring that the risk management is the responsibility of employees at all levels who must be aware of the operational risks in their departments and organization by focusing on risk management under the internal control systematically at an appropriate level
4. Promoting and supporting the risk management to be an important tool in the corporate management that personnel at all levels must understand, provide cooperation and participation in creating a good image, and promote good corporate governance for excellent management
5. Establishing, monitoring, inspecting, and evaluating results of risk management continuously for reviewing and improving the Company's operations to be effective and suitable in accordance with the circumstances
6. Promoting and developing the use of state-of-the-art information technology systems in the Company's risk management process and supporting personnel at all levels to access information and news on risk management of the company thoroughly

### **Policy on Internal Control and Internal Audit**

1. The Company provides good and effective internal control systems to ensure the Company's efficient operations. Accurate and reliable performance reports and financial reports are prepared, including the compliance with requirements of relevant laws.

2. The Board of Directors reviews the effectiveness of the internal control system by considering the main elements of the internal control system, which is divided into 5 elements as follows; control environment, risk assessment, control activities, information and communication in the organization, as well as follow-up and evaluation.

3. The Company assigns the department that is directly responsible for internal audit, risk assessment, and internal control evaluation, which is under the supervision of the Audit Committee.

4. The Audit Committee is responsible for reviewing to ensure that the Company provides the appropriate and effective internal control system, risk management system, and internal audit system.

5. All employees of the Company must have good attitudes towards internal control and internal audit, provide cooperation in the audit, and apply the results to improve and correct it appropriately and rapidly.

In addition, in the case that the Company has other businesses in which the Company invests in the proportion of 20% or higher, the Company will follow up and monitor the operating results every quarter, including appoint a Company's representative to be a director for attending the meeting and considering the operating results of such invested business.

## **2. Audit Committee**

The Board of Directors sets up the Audit Committee consisting of 3 independent directors with qualifications and duties in accordance with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.

The Board of Directors determines written roles and responsibilities of the Audit Committee as shown on the website of the Company. The substance of regulations of the Audit Committee can be summarized as follows;

1. Elements and Qualifications
2. Term of Office
3. Duties and Responsibilities of Audit Committee
4. Authority of Audit Committee
5. Roles and Responsibilities of Departments relating to Audit Committee

The Audit Committee reviews and expresses opinions on the adequacy of the risk management system and internal control every quarter before proposing it to the Board of Directors for consideration, including the disclosure of the review report in the annual report.

### **Roles and responsibilities of the Audit Committee are as follows;**

1. Reviewing the Company's financial reports to be accurate, sufficient and in accordance with generally accepted accounting standards
2. Reviewing the Company to ensure an appropriate and effective internal control and internal audit systems and considering the independence of the internal audit department, as well as

granting approval for appointment, transfer, and termination of the manager of the Internal Audit Office

3. Reviewing the Company to ensure the compliance with the law on securities and exchange, regulations of the Stock Exchange of Thailand, and laws relating to the Company's businesses

4. Considering the selection and nomination of an independent individual to act as the Company's auditor and proposing the remuneration of such person, including attending the meeting with the auditor without the Management at least once a year

5. Considering the connected transactions or transactions that may have conflicts of interest to be in accordance with the laws and the regulations of the Stock Exchange of Thailand to ensure that such transactions are reasonable and for the best benefits of the Company

6. Reviewing the accuracy of the references and a self-assessment form on anti-corruption measures of the businesses in accordance with the Private Sector Collective Action Coalition Against Corruption Program

7. Preparing the report of the Audit Committee by disclosing it in the Company's annual report which must be signed by the Chairman of the Audit Committee and contain at least the following contents;

(A) Opinions on accuracy, completeness, and reliability of the Company's financial reports

(B) Opinions on sufficiency of the Company's internal control system and risk management system

(C) Opinions on compliance with the laws on securities and exchange, requirements of SET or laws relating to the Company's businesses

(D) Opinions on appropriateness of auditors

(E) Opinions on transactions that may have conflicts of interest

(F) Number of the Audit Committee meetings and attendance of each member of the Audit Committee

(G) Overall opinions or observations obtained by the Audit Committee from duty performances under the charter or regulations of the Audit Committee

(H) Other transactions which the shareholders and investors should generally be informed under the scope of duties and responsibilities assigned by the Board of Directors

8. The Management is assigned to correct any detected defects as well as accelerate to fix such defects.

9. Following up and evaluating performances as deemed important by the Audit Committee

10. Performing other acts as assigned by the Board of Directors

### **3. Conflict of Interests Management**

The Company establishes the policy to protect its legitimate interests in order to prevent any possible conflicts of interest between the Company and the Management, the Board or shareholders, including protect inappropriate use of the Company's properties and information. Therefore, the Company determines it as a guideline according to the details specified in Section 3, Item 3.1, Security of the Company's Properties and Confidential Information, and Section 4, Item 4.3, Conflict of Interests.

### **4. Anti-Corruption**

The Company establishes the anti-corruption policy and ethical guidelines on such matter in order to prevent the Company's business operations from being involved in corruption, whether by demanding, receiving or paying bribes. As a result, the policy and practices are established as specified in Section 4, Anti-Corruption, and the policy and practices on anti-corruption are disclosed on the Company's website.

### **5. Receipt of Complaint**

The Company provides channels for reporting clues or complaints of illegal and unethical acts or dishonest acts regarding the organization to employees who discover any corruption or dishonest acts towards the organization, directly or indirectly, or misconduct of personnel of the Company, including the channels for receiving complaints on the website and the annual report of the Company. This is to allow stakeholders to participate in efficiently monitoring benefits of the Company. In addition, the Company also establishes measures on whistleblower protection in order to prevent complainants or whistleblower from any trouble or unrighteousness as a result of the whistleblowing and complaint. The details are as follows;

#### **Whistleblowing matters or complaints**

- Illegal acts, dishonest or corruption acts against the Company's regulations, or violation of the Code of Conduct of the Board of Directors, Managing Director, Executives and Employees
- Anomalies of financial reports, defective internal control system
- Matters affecting benefits or reputation of the Company

#### **Channels for reporting clues or complaints**

- By mail, mail to the Chairman of the Audit Committee and/or the Managing Director of Union Plastic Public Company Limited, No. 11/1 Soi Serithai 62, Minburi, Min Buri, Bangkok, 10510
- Complaint box within the Company
- On the Company's website ([www.unionplastic.co.th](http://www.unionplastic.co.th)), Complaint Reporting Section

#### **Process upon Complaint Receipt**

- The Internal Audit Office collects facts about acts that are considered dishonest and corruption and initially inspects data.

- If the complaint is found to be fault of corruption, the Internal Audit Office will collect evidence and send it to the managing director for appointing an investigation committee to investigate the facts.
- Once the investigation committee investigates the facts and discovers that information or evidence that there is reasonable ground to believe that the accused has committed dishonest or corruption acts, the Company will give the rights to the accused to be informed of the allegations and prove himself/herself by searching information or additional evidence showing that they are not involved in such alleged dishonest or corruption activities.
- The investigation committee reports the investigation results and provides guidelines on suppressing violations or non-compliance with the anti-corruption policy or related laws to the managing director and the Audit Committee.
- If the accused commits the dishonest or corruption acts, it is considered as the violation of the anti-corruption policy and disciplinary action shall be applied according to the regulations set by the Company. If dishonest or corruption acts are illegal, offenders may also be subject to legal penalties.

#### **Measures on Whistleblower Protection**

- The system is established to keep confidential information of whistleblowers and impose penalties for the officers responsible for such information when it is disclosed.
- Whistleblowers or complainants are able to conceal their name, address or contact telephone number, unless whistleblowers or complainants deem that the disclosure of information will cause the Company to report the progress or inquire additional useful information or clarify facts or alleviate damages more conveniently and rapidly.
- In the case that whistleblowers or complainants can be contacted, the Company will inform the results of operations in writing.

#### **Penalties**

All directors, managers, executives and employees of the Company are responsible for strictly complying with this policy. Any violation or non-compliance with this anti-corruption policy shall be considered as the disciplinary violations and penalties in accordance with regulations, policies, regulations, orders, announcements, rules and laws or other related requirements shall be imposed.

In 2019, the Company did not receive any clues or complaints about illegal, unethical or dishonest acts relating to the Company.