



Internal Control

Global Green Chemical Public Company Limited (GGC) has placed importance on Internal Control which has been designed in accordance with the International Standard of the Committee of Sponsoring Organizations of the Tradway Commission (COSO) to achieve the objectives related to operating, reporting, and compliance. These would create a supportive of GGC Business Activity and Operation to be accuracy, transparency and finally accomplished on GGC's goal.

Regarding to the Board of Directors' Meeting No.3/2018 on February 18th, 2018, GGC Internal Control System was evaluated from the Internal Control Assessment Report which prepared by the Management that follows the guideline of the Security and Exchange Commission (SEC). With the Audit Committee's opinion on control system, The Board reviewed GGC's Internal Control System has been functioning properly in an adequate and effective system. The operation has been efficiently managed with sufficient number of qualified and competent personnel. Moreover, GGC has implemented a monitoring system to ensure safeguarding of GGC group's assets against misused or unauthorized access by the Board or the Management and also including related parties transaction or any conflict of interests activity.

GGC Internal Control has been managed under the scope of COSO which consist of five elements, so called Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring and Reporting Activities. The company's internal control system can be summarized as follow:

Control Environment

The Board and the Management governance company's operation and business activities under integrity and business ethics. Moreover, they have promoted a corporate culture to support a member of company staffs working with honesty, morality, and responsibility. The control provided a supervision of GGC's operations to ensure its compliance with the organization vision and mission and to ensure that GGC's control environment is appropriate for the implementation of the Internal Control System as details below:

- The Board is independent from the Management and they are responsible for supervising the overall operations of GGC as well as expressing views on the directions and strategy for GGC which will be used as guidelines to formulate business and operating plan. Furthermore, the Board has regularly monitored the performance of GGC and its sub-committee to ensure achievement of GGC's objective and goals.
- GGC's Corporate Structure has been grouped into business units and functions in a way to nest support its business operations with an efficient manner and good corporate governance.

The Structure has been designed with a checks and balances system which delegates duties and responsibilities appropriately. Furthermore, all employees acknowledge their roles, authorities, responsibilities, and accountabilities.

- The Board has established the Corporate Governance Policy and Good Corporate Governance Manual which provided a preferred practice for all Directors, the Management, Employees. All employees are accountable for their internal control with a continuously effective internal control system. Moreover, GGC announced its Anti-Corruption Policy and Guideline which shown our intention against Corruption which GGC has granted a Certifications from Thailand's Private Sectors Collective Action Coalition Against Corruption (CAC).
- GGC has implemented Whistleblower Policy and Procedure which indicated a scope of any compliant and protest. Moreover, we also created more whistleblower channels including a higher witness protection program and a way of conducts with fairness and transparency.
- GGC's has given Good Corporate Governance knowledge (CG) to the Directors, the Management

and Employees. The Knowledge consists of Corporate Compliance and Good Corporate Governance, Business Ethic, Conflict of Interests and Anti-Corruption and the CG knowledge has been communicated through corporate communication channel by monthly.

- The Board of Directors appointed a Human resource Committee to have roles and responsible for a whole picture of Company Human Resource Management and strive company to manage human resource to be effectiveness and efficiency which would be supportive for company's growth strategy and also driven GGC to create a greater corporate core value.
- GGC Corporate Culture has been implemented to all Employee which they aware of Business Ethical and Good Corporate Governance. There would be a principle of Way of Conducts to drive company growth with sustainability method.
- GGC 's human resource management process has defined the qualifications for each job position which has it own criteria on recruitment process. Moreover, human resource development and performance appraisal have been implemented with fairness and transparency.
- GGC has its Internal Control Policy which the Board, the Management, and Employees aware of the important of Internal Control Process by using Good Corporate Governance to be Way of Conducts to support GGC Operation and Business Activities to achieve company objectives and goals.

Risk Assessment

GGC has recognized the significance of Risk Management as an enabler for GGC members in order to achieve its short-term and long-term goal. The Board of Directors has appointed The Risk Management Committee (RMC) to have roles and responsibility to create and review Risk Management Policy, Risk Management Framework, and Risk Management Monitoring system and Mitigation Plan. Moreover, the committee has given a value of recommendation and suggestion to Corporate Risk Profile and Investment Risk over Company's new growth project. Moreover, The RMC has

established sub-committee so called Enterprise Risk Management Committee (ERMC) which consists of The Managing Director as Chairman of Committee, and the Management are responsible for the effectiveness and efficiency on corporate risk management which aim their achievement to company's business goal. GGC's Risk Management approach will be defined as below.

- The Board of Directors and RMC has given an attention to create more risk management and risk awareness into Corporate Culture. They have deployed Risk Management Policy to all member of the company staffs to have an awareness and understand on risk management as one of apart in Corporate Culture. Moreover, the management also encouraged all staff members to create working environment which complied with Company's Risk Management Policy and accepted risk management to be their roles and responsibility.
- The company has promoted a leaning and development program for The Directors, the Management, all member of staffs to understand on Corporate Risk Profile and allocate identify Risk Management Activity to be in staff's job description.
- The company has established Company's goals and Objectives based on Vision and Mission for the company
- The company has implemented ISO 31000 (Risk Management) and COSO Enterprise Risk Management to be company's risk framework and also launched Company's Risk Management Policy to be their guideline for corporate risk management.
- The company has identified Corporate Risk Profile which defined from the Risk Identification, Risk Analysis and Risk Assessment both Corporate level and Business Units. Moreover, they also shown an annually risk measurement and mitigation plan to minimize the impact of company objective and goals.
- The company have done risk evaluation based on the uncertainty of internal and external factors. They have the assessment methods to

monitor corporate risk and to maintain those risks within the boundaries of the company's tolerance levels. Moreover, the company also implement Risk Indicator (KRI) system to be the instruments for monitoring risk and uncertainty which might impact to corporate objectives and goal. The reporting will be presented to ERMC by monthly and the result and performance on corporate risk management will be reported to RMC by quarterly.

Control Activities

GGC has the Internal Control System which govern the company's key major operation, business activities, and risk management process, for minimize the impacts of risk and uncertainty that would make the company not reach their objective and goals.

- The company has specified the preventive and mitigation plans from risk and uncertainty which aligned with the Corporate Risk Assessment and maintain those risks within the boundaries of the company's tolerance levels. The risk monitoring report and risk mitigation result will be presented to RMC and the Board of Direction.
- The company has the control process which well-covered to company's key major operation, business activities that work process established with in Manual Control System and Automated Control System. Both would be a significance system to be preventive control and detective control.
- The company has the control process for IT Access and Security System such as Access Control: User Name and Password before directly access personal computer and also Authorization Control for any office automation system. These control systems would create an effective company security system. Moreover, the company has announced IT Security Policy to ensure that company's IT system would be more highly security and also without any disruption.

- The company released Company's rules and regulation, way of conducts, Corporate policy and Good Corporate Governance Manual which have stated Internal Control and Good Corporate Governance. And the control manual that Company has released such as Good Corporate Governance Manual and Related Parties Transactions Policy (RPTs Policy).

Information & Communication

GGC has recognized the criticality of the quality of Information and Communication both internal and external channels that effectively supported company operations with details as below:

- GGC have completed the management reports for The Board of Directors based on a fully analysis with variety of information support from both internal and external factors. These information showed the trend of business performance and Production and Sales performance and Stock and Inventory levels which Financial Report, and other management report may need those information to be provided. The effectiveness and sufficiency information on management report would be a significant information to assist the Board of Director for making decision. If the Board of Director requires any information to support their decision, the company will take a responsibility to provide relevant information for their consideration.
- The company has provided a variety of Internal Communication Process which its workable with type of information and the objectives of Corporate Communication such as Type of Communication, Communication Direction, Communication Targets and Objectives and Policy Communication via MD Town Hall, Communication between Cross Functional Team, On Site Visit Staff Communication, The Directors' Meet & Greet Staff Activity, and finally Communication to staffs via company intranet and emails.

- The company has the Communication Process to connect company's information for stakeholders which including Company website and Investor Relationships. Moreover, they also have Corporate Communication and Social Responsibility. Moreover, the company revised the Whistleblower process to become more effectiveness by expansion more channel and established in BOX Message from any stakeholders within Company's website.

Monitoring and Reporting Activities

GGC has ensured that there will be an adequacy and efficiency on Internal Control's monitoring and assessment process as below:

- The company has assigned Business Units to engage on Control Self Assessment which could support the Management for Internal Control Assessment, Control Development, Control Implementation and Supervision on Control Process which are applicable with Company's Internal Control System. Moreover, there would be value of recommendation to improve and monitor internal control process as the 2nd Line of Defence which will have an effectiveness Internal Control Assessment Report to be presented for executive management.
- The company has reviewed its Internal Control Process together with the external expert who well-known on the industry on Internal Control Assessment. The expert has given suggestion over Internal Control Process which we could develop and improve company's business process and operation process to be more effective and efficiency.
- The Internal Audit has independently reviewed the effectiveness on GGC's Internal Control system which assured on Business Sub-Process and Operation Process based on Company's Strategic Growth and Risk Profile that might impact to company performance. The report on Internal Control Process which Internal Audit has reviewed, will regular be presented to the Audit Committee.

In 2018, the Audit Report did not find any significant issues related to conflict of interests, fraudulent activities, or any other significant deficiencies in the Internal Control System materially in affect GGC's objective. Furthermore, there is NO violations of SEC and SET Rules and regulations or other laws related to GGC were found.

According to The Inventory Issue, The Company aware of the essence of Internal Control System. We have re-assured Internal Control Process especially, Feedstock Sourcing and Inventory Management Process. The Internal Audit and the independent expert on Internal Control both agreed that GGC Internal Control have sufficient enough including Segregation of Duties and control process to prevent and detect . Nevertheless, the Inventory Issue incident caused by an override control system from some of company staffs who conspired with several suppliers

However, the company have improved a higher level on Internal Control System which are workable with business environment. Therefore, we believe there would not be such a circumstance to be occur in the future. We also implemented more strictly control process that its would prevent any override especially Feedstock Sourcing and Inventory Management Process. (A full detail on The Inventory Issue will be shown on Inventory Shortfall Incident)