

Stecon Group Public Company Limited

COSO Internal Control Integrated Framework
Internal Control Policy

Table 1 Internal control system in terms of control environment

Internal control along the COSO line	Company Conduct
<p><u>1. Integrity and Code of Conduct</u></p> <p>Executives must use all forms of internal communication in order to ensure that all employees are aware and understand that it is extremely important to perform their duties with integrity and ethic as well as do not allow any compromise or leniency in this matter. Executives must always perform an example in both word and deed and must ensure that all employees are aware of and understand such principle and should clearly establish code of conduct requirement including prohibiting employees from behaving in a manner that has a conflict of interest with the employer's business.</p> <p><u>2. Momentum is created by the system of providing benefit and the use of incentive.</u></p> <p>In order to achieve the objective as set, most organizations tend to create a driving force for personnel in the organization to increase work efficiency. One of the things that executives often use is the creation of a system of giving benefit and reward both in monetary and non-monetary form in order to motivate personnel in the organization to devote their knowledge with fully ability to perform task for achieving in goal. Yield or creating an appropriate attraction must be done in parallel with creating an adequate and appropriate internal control system. Executives should pay attention to setting organizational goals or working targets to be reasonable and realistic. Setting the right operational objectives will motivate and reduce pressure on both parties. This reduces the chance of employees and executives committing fraud or distorting business results.</p>	<p>1. The management communicates verbally and in writing to all employees in order to understand that they must perform their duties with integrity and ethics in accordance with the operational manual of each sector/department including the operating procedure. The person who is responsible for each step must be carried out in accordance with regulation, announcement and orders correctly. If a person intentionally or negligently fails to comply with the regulation or acts with fraudulent intent or act without authority or beyond his or her authority. He or she will be deemed to have committed an offence under the Company's Operating Regulation, Chapter 8 on Discipline and Disciplinary Punishment. This is simply a broad set of penalties for violating the company's operating regulation in general. It does not directly impose penalties and reward for offender in any field.</p> <p>2. Executives set organizational goals on an annual basis. It is set up with reasonableness, be realized and disseminated to everyone in the organization as well as implemented in accordance with the work. The Company has created a driving force for personnel in the organization to increase work efficiency by creating a system of providing benefit both in monetary form, such as giving bonus, salary increase and non-monetary item such as job promotion or adding various benefits in order to motivate personnel in the organization to devote their knowledge with full ability to perform task for achieving goal.</p>

Internal control along the COSO line	Company Conduct
<p data-bbox="180 228 781 258"><u>3. Development of knowledge and ability of personnel</u></p> <p data-bbox="180 279 816 926">Knowledge and competence of personnel is an important factor for the success of operation. Knowledge and ability to be developed should reflect the knowledge and abilities as well as skills necessary for the person responsible for any one task. The management must determine the level of knowledge and competence required for the performance of each task. The level of knowledge and competency that is defined must be divided into basic requirement, educational knowledge and/or professional experience. This is to be used as a criteria for considering and appointing employees to be suitable for their duties and responsibilities. One of the key tools is to prepare a job description</p> <p data-bbox="180 999 748 1029"><u>4. Building morale for personnel in the organization</u></p> <p data-bbox="180 1050 816 1900">In addition to creating momentum and attraction for personnel in the organization to achieve their objectives, the organization should clearly define the guideline for building morale, encouragement and publish rule and procedure as well as clear guideline on what is right and what should not be done. Modeling alone may not be enough. Executives must disseminate the organization's value and standard of good conduct to employees at all levels. An organization that has a clear Code of Conduct and disseminates it to employees is not enough to prove that those rules are actually followed. What will be the confirmation that in term of compliance with the Code of Conduct, it is the action or behavior of the executives that are expressed. Focusing on compliance and disciplinary action against employees who do not comply or do not report will be a good confirmation of creating a good corporate culture.</p>	<p data-bbox="836 228 1495 976">3. The Company has determined the level of knowledge, competence and experience required for the performance of each position by preparing a job specification to be used as a criteria for considering and appointing employees to suit their duties and responsibilities. For the work that must be performed for each position, a job description is prepared. In addition, the company encourages all employees to develop their knowledge and abilities by organizing various training courses provided by the Human Resources Department every year. However, some positions may require specific training and development, so they can apply for approval to go to training. In addition, the company also provides timing support for employees who request to continue their education (employees with 3 years of service or more).</p> <p data-bbox="836 1050 1495 1696">4. The Company disseminates working regulation to employees from the first day they enter into work by training and distributing document so that all employees are aware of clear guideline on what is right and what is wrong and what should not be done. The Company's executives In addition to preparing the code of ethics for executives, executives also follow the code of ethic to set a good example for employees. For example, executives come to work early in the morning and return at night every day, dress in the same form as the employee. For employees who do not comply with regulations, punishment is imposed and disseminated to all employees by announcement on the intranet.</p>

Internal control along the COSO line	Company Conduct
<p><u>5. Board of Directors and Audit Committee</u></p> <p>The Board of Directors is important for creating an atmosphere of corporate control because it acts as a representative of shareholders to appoint senior management and supervise operation in the best interests of the organization. The Audit Committee must be independent from the management, has knowledge and experience in the workplace, has time to perform duties and has meeting with finance and accounting executives, Internal auditor and auditors to receive sufficient and timely information.</p> <p><u>6. Philosophy and Practice of Executives</u></p> <p>The concept and way of working of management has a significant effect on the internal control of the organization because the management is directly responsible for arranging policy, measure and internal control method that are appropriate for each situation as well as being responsible for the result that has been occurred. The philosophy and operational approach of the management may depend on the structure of the business. Example of indicator of the operating model such as attitude in managing financial report may apply accounting principle with carefully or enterprising accounting estimated.</p> <p><u>7. Organizational Restructuring</u></p> <p>The structure of an organization represents the framework for each activity that will enable the organization to achieve its objective. The most important thing to consider in organizational restructuring is that important</p>	<p>5. For Internal Auditor's performance, the Audit Committee plays an important role in enhancing the efficiency and effectiveness of the internal control by providing useful suggestions or opinion through meeting. In addition, the internal auditor also follows up on the result of improvements (if any) according to the audit report on a regular basis, make the employees who are on duty work more cautiously. Leading to contributes good internal control.</p> <p>6. The management discloses the policy and goal each year by meeting with employees once a year in which the management will inform the motto, concept and working method of the past management and the future implementation each year so that employees are aware of the company's performance in past year with accompanying reason. In addition, the goal and method of the employees to be implemented in the next year are in line with the target.</p> <p>The Company has prepared guidelines on business ethic for directors and employees to adhere as a guideline with honesty and fairness to employees, customer, partner, creditor, competitor, various stakeholders including the public and society in general. The Company has arranged the guideline in writing with the approval of the Board of Directors Meeting No. 2/2024 on February 27th, 2024.</p> <p>7. The Company has clearly defined the Organization Chart by the Group Chief Executive Officer/President to know the structure of the Company as a whole and to announce to all employees to acknowledge and follow the procedure correctly. The main lines of business of the organization are divided into:</p> <p>- Operation</p>

<p>duty and responsibility must be clearly defined and appropriate. The reporting system must be established.</p> <p>The principle of good organizational structure should be to separate the responsibility in three areas of work:</p> <ul style="list-style-type: none"> - Approval - Data logging - Maintenance of corporate assets <p>A good organizational structure must have a structured line of responsibility. A well-organized organizational structure is an important foundation that enables executives to plan, direct, and control operation accurately, quickly, and efficiently as well as divide the responsibility of personnel at different level, take into account the knowledge and ability of those individuals.</p> <p><u>8. Determination of Authority and Responsibility</u></p> <p>The determination of authority and responsibility is usually designed with the purpose of stimulating the initiative of each individual who has to perform the task.</p> <p>Delegation of authority refers to the distribution of control in a central part that must be overseen by the executives and go down to the next level of workers or go to the individual. The determination of authority and responsibility of personnel in the organization will have a great influence on the control environment and it is something that management must consider managing to achieve a balance once the authority and responsibility have been determined. The next step that is very necessary is to make personnel and people who perform various duties in the organization have a clear understanding of the scope of their authority and responsibility. They should also know clearly how their work are related to the work of others. The environment of internal control will be improved If the management</p>	<p>- Finance and Administration</p> <p>All lines of work will report directly to the Group Chief Executive Officer/President. In addition, there are other departments that report directly to the Group Chief Executive Officer/President independently of the above lines of work such as Internal Audit Department, Corporate Communication Department, Security Department, etc. The organization has clearly defined its responsibility and reporting. There is a division of approval duty. Keeping records data and Separate maintenance of assets The organization structure will be periodically updated in order to suit the number of people and the current situation.</p> <p>8. The authority and responsibility will be specified in the job description document which is distributed according to the structure. It is stated in the company's rules and regulations what employees and executives at each level can perform Employees will start to be aware of the organizational structure from the first day they enter the job so that they know which part of the structure they are working in and which departments they need to contact with. The company has also introduced new employees to all departments from the start of work. In addition, the Company has prepared manuals for all departments/departments and has clear operating methods for complex tasks that requires high technology such as manual for the use of various computer program both purchased and developed by ourselves.</p> <p>9. The Company has a policy for the Human Resource Department to advise new employees on how to behave and introduce them to all departments. Employment Requirements Criteria for promotion salary increase and evaluation is in accordance with the regulation of the Human Resource Department. However, the promotion criteria have</p>
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<p>provides a clear job description of employees at all levels. This is a reference for operational purposes in order to prevent duplication or omission of a particular task. In addition to describing the job description for employees, the organization should also prepare system documentation for task that is complex or requires high technology or invests a lot of money. Organizations should also set operational policy guideline as well.</p> <p><u>9. Policy and Method of Human Resource Management</u></p> <p>Human resource guidelines are something that organizations must disseminate to employees in detail, especially behavior and level of ability that should have morality and ethics that the organization emphasizes. In addition, information on various criteria related to hiring, referral systems, evaluation, advice, promotion, compensation systems, including remedial measures in case of errors.</p>	<p>not yet been published as well as salary increase for employees acknowledge. For positions that require a specific code of conduct, they must be considered from the beginning of the job interview and will be re-trained by the supervisor to whom the employee belongs.</p>
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Table 2 Internal Control System for Risk Assessment

Internal control along the COSO line	Company Conduct
<ul style="list-style-type: none"> • Risk assessment must be conducted to determine the level of risk, in which matter and in which step of the work, in order to determine control measures and manage risks to turn crises into opportunities and to reduce the impact of damage to the organization to an acceptable level. • Risk assessment must be assessed continuously and regularly in order for executives to be informed of accurate risk information and the actual situation at each moment. Therefore, the information is used to strengthen internal control measures and systems to be appropriately correlated with existing risk. • The Internal Audit Department must fully audit the process with a high level of risk assessment result in accordance with the annual audit plan. It considers the audit method that will reduce the risk level to an acceptable level. This is based on factors such as the likelihood and impact of potential risk. • Step to assess risk to formulate internal control guideline including <ul style="list-style-type: none"> - Understanding the business to identify risk - Cause analysis and impact study - Finding risk response measures • Risk response measures may be taken in the following avoiding co-management, reduction and acceptance. 	<p>Executives have established various control methods and measures to reduce or control risk in various operation. In addition, the Audit Committee attaches importance to risk management, which is an important component of the internal control system and part of the good corporate governance process. Therefore, the Audit Committee recommends to the Executive Committee that the Internal Audit Department assess risk from the nature and work process of the whole company using the risk assessment model for audit planning and then prepare a report on the result of the risk assessment to the Executive Committee and the Audit Committee for appropriate risk assessment and management. For the setting of objective, all departments have set an action plan to achieve the objective of the department as well as measure the success of the work. The management of the department will be the management and measure it themselves at the activity level. Only some activities have clear performance indicator for workers to know. However, in some activities, executives still have to evaluate the success themselves.</p> <p>The Internal Audit Department will bring the process/task that have the result of the risk assessment as high risk to be audited during the assessment year.</p>

Table 3 Internal Control System for Control Activities

Internal control along the COSO line	Company Conduct
<ul style="list-style-type: none"> • Control activity that is referred to the policy and measures adopted by the management to ensure that the order set by the management to reduce or control risk are responded to and complied with in order to achieve the objective of the organization. • Control activity also include activity that is designed to prevent discover or reduce potential risk based on the result of appropriate and timely risk assessment such as <ul style="list-style-type: none"> - Preapproval - Approval - Lean Exam - Reconciliation - Performance Review - Asset Protection - Separation of duty - Information System Control • Executives should define and design good control by inserting them into activity as part of actual operational activity. • How much or little control activities will be available depends on the importance and risk level. Control activities can be implemented at different levels of the organization, including: <ul style="list-style-type: none"> - Establishing clear policy and practice. - Review by senior management - Review by middle management - Information Processing Control - Physical control - Separation of duty - Use of key performance indicator - Preparation of documentary evidence - Approval of accounting and operational transaction 	<p>The management has set measures to prevent or reduce damage, potential mistake or risk control such as</p> <ol style="list-style-type: none"> 1. The Company has prepared a quality manual. 2. Each department/department has prepared a department/department's manual by updating it regularly. 3. The authority, duty and responsibility of various departments are clearly defined by procedure. 4. The operating method of each department is approved by the departmental management before being promulgated on the intranet and is updated regularly. 5. Determine the authority to approve the credit limit based on the value and type of procurement item. 6. There is a division of responsibility for procurement approval, inspection, and supervision of parcel, accounting and separating receipt and payment. 7. The performance of the workers is reviewed against the Regulatory Operation Manual by the Head of Department, the Department/Manager and the Internal Audit Department. 8. Measures to protect and maintain assets. <p>These include the storage of parcels, the prevention of loss and the inspection of parcels to ensure that they are ready for use as well as the verification and reconciliation of balance.</p> <ol style="list-style-type: none"> 9. Physical and Logical Access Control such as IT Policy, separation of authority and access to information of both administrators and system users, system recovery and emergency response plans, etc. <p>Regarding the preparation of performance indicators. The success of the current performance is measured compared with the prepared plan.</p>

- Independent operational audit ● -etc	
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Table 4 Internal Control System for Information and Communication

Internal control along the COSO line	Company Conduct
<p><u>1. Information</u></p> <p>Using Information, especially information that is characterized as a warning signal that the work has not achieved the goal or as an indicator of corruption, is used to support the consideration of order. The worker must use information to know the guidelines and progress of the work in order to meet the relevant goal. It must provide personnel with knowledge, competence and professional experience, as well as provide good tools, equipment, technology, and work system including document system, accounting system, and other administrative information processing systems. The management must give priority to all employees who are responsible for information processing. It must be required to comply with the prescribed work system regularly.</p> <p><u>2. Communication</u></p> <p>There is a communication system or a channel to listen to each other's news, create a good relationship and understanding between individuals who are responsible for related tasks or between executives and workers. Good communication should be two-way communication, i.e. interactive information is received and sent. Information that should be communicated to personnel includes various internal control measures used in the organization, such as policy, plan, budget, rule, regulation, etc. Role, power, duty and responsibility of each personnel performance standard that is required from operation</p>	<p>Information is provided at all levels of operation from high-level to operational officer. It can be summarized as following</p> <p>1. Management system consists of</p> <ul style="list-style-type: none"> ➤ Vision ➤ Mission ➤ Goal ➤ Objective ➤ Corporate Strategy ➤ Functional Strategy <p>2. Summary of the monthly performance of each department/division</p> <p>3. Summary of the quarterly performance of each department/division</p> <p>4. Reports of the staff in charge of the work to be submitted to the foreman /supervisor/section manager.</p> <p>In addition, external sources such as related news is provided to employees at all levels via the intranet. An information system for management is used to assist in the operation of the working by using Oracle program. Information is linked to relevant agencies such as the procurement and procurement Department, parcel department, accounting department, finance department, the administrative department, human resource department, internal audit department as well as various</p>

<p>report on the performance of the policy Information that is a danger signal or alarm that may indicate a lack of performance that occurs. Benefits for each level of personnel.</p>	<p>levels of management, and control the access to information of each level of employees by using password.</p> <p>Communicate with third parties, by email, by phone and internet can be contacted directly by the company's staff.</p> <p>Internal communication is two-way communication:</p> <ol style="list-style-type: none"> 1. Communicate from senior management to subordinates. 2 . Subordinates to provide information to senior management. <p>The media used are both formal and informal such as conference, intranet, bulletin board, regulation, announcement and training as well as provide channel for employees to propose comment or suggestion for work improvement by meeting within the department.</p>
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Table 5 Internal control system for monitoring and evaluation

Internal control along the COSO line	Company Conduct
<ul style="list-style-type: none"> ● Monitoring and evaluation must be conducted to provide management with reasonable assurance all the time that the internal control measures and systems remain effective and are continuously updated in accordance with changing circumstances. ● Monitoring and evaluation of internal controls can be divided into two main types as follows: <ol style="list-style-type: none"> 1. Ongoing Monitoring 2. Separate Evaluations <ol style="list-style-type: none"> 2.1 Control Self-Assessment (CSA) 2.2 Independent Assessment ● Additionally, management must establish a system for reporting deficiencies and emphasize monitoring, evaluating and ordering appropriate necessary action ● Arrange a self-assessment of the Internal Audit Department at least once a year so that the Internal Audit Department can review the performance of the past year to ensure that it complies with the Internal Audit standard 	<p>Independent monitoring and evaluation can be summarized as follows:</p> <ol style="list-style-type: none"> 1. Executives follow up during the operation by monitoring the progress of the work. According to various reports, there were meetings with employees and joint meeting including: <ul style="list-style-type: none"> ➤ Department and division meetings ➤ Management committee meetings ➤ Executive committee meetings ➤ Audit committee meetings ➤ Board of Directors meetings 2. Purchasing officers evaluate the performance of vendors and contractors in terms of product quality, price, and punctuality in the vendor and contractor performance evaluation form every year. 3. Senior Parcel Officer inspects and evaluates the performance of field parcel officers of various departments every year.

<p>as well as to identify problem and obstacle in the operation of the Internal Audit Department in order to consider way , develop and improve the operation of the Internal Audit Department to be more efficient.</p>	<p>4. Senior Field Administrative Officer inspects and evaluates the performance of Field Administrative Officer of various departments every year.</p> <p>5. A safety committee inspects and evaluates construction sites once a month.</p> <p>1. The internal audit department is responsible for auditing the company's various operations in accordance with international standards.</p> <p>2. The internal audit department conducts a self-assessment once a year to continuously improve and develop audit practices in accordance with international standards (IPPF).</p>
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This COSO Internal Control Integrated Framework was approved by the Board of Directors' Meeting No. 2/2024 on February 27th, 2024 and be effective from February 27th, 2024 onwards.

Promulgated on 27 February 2024

(Mr. Vallop Rungkijvorasathien)

Chairman of the Board of Directors
Stecon Group Public Company Limited