



Internal Control

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The Board of Directors emphasizes on adequate and effective internal control framework and risk management. They has assigned the Audit Committee to assess the adequacy of the Company's internal control through the performance reports of internal auditor. The independent internal auditor had audited key operational activities and reported their findings and recommendations to the management and the Audit Committee at the quarterly meetings.

In their findings, the Company has carried out its operations according to work instructions, within the policy and procedures, and acted in compliance with relevant laws and regulations and good corporate governance principles. The reported weaknesses had been resolved and implemented the corrective actions to improve control in those areas. In conclusion, there were no major risk of internal control deficiency for the year 2021. Internal auditor has assessed the Company's internal control practices according to the guideline from SEC which can be prescribed into 5 major components as follows:

1. Control Environment

The Company demonstrates a commitment to integrity and ethical values and the tone is set at the top. Management establishes, with Board Oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of the objectives.

Executive directors and top management are to be role models for the employees in performing their duties ethically, honesty, with due care and in accordance with the Company's code of conduct, the anti-corruption policy, the corporate governance policy, etc. The Company communicates these policies to employees as part of orientation and working procedures. Any suspicion or wrongdoings are investigated and escalated to directors.

Offenses and violations are penalized according to the severity of the actions. The essential aspects of the Company's code of conduct are as follows:

- 1) Respect and abide by the laws, rules, and regulations pertaining to the operation of businesses.
- 2) Follow the guidelines on the Company's Anti-Corruption policies
- 3) Avoid having a stake or involving oneself in any operation that may create conflicts of interests which may in turn be detrimental to the Company's interests or operations.
- 4) Do not reveal confidential information to external organizations or individuals that may negatively affect the Company.
- 5) Avoid receiving gifts and/or presents that are overly valuable from any organization or individual which is involved in or stands to benefit from the Company's operations.
- 6) Be politically neutral.
- 7) Support and respect human's rights on both national and global level, including preventing the Company's business from getting involved in cases of human's rights violation.
- 8) Respect the rights and equality of every shareholder – be they shareholders who are parts of the Company's management, shareholders who are not a part of the Company's management, or foreign shareholders – and ensure that they all got the same equal treatment.
- 9) Interact politely with customers and establish credibility and trust with them.
- 10) Strictly follow all the conditions that were set by the customers and/or the creditors. In the case that any of the conditions cannot be met, the customers and/or the creditors must be informed as soon as possible in order to agree upon a solution.
- 11) Engage with competitors under the laws and regulations of fair competition.

- 12) Operate businesses so that the damaging impact to the society, the environment, and the population's quality of life is kept to a minimum.

The Board of Directors are independent and comprises of highly respectable professionals and experts. The duties and responsibilities of the Board of Directors are clearly defined and are separated from the management's responsibilities. In its capacity, the Board of Directors sets the policy and ensure that the Company's management operates in compliance with laws, the Company's objectives, the Articles of Association, and the resolution of shareholders' meeting.

The Company has defined its organization structure to enabling and empowering the management of the Company and subsidiaries to operate their businesses in line with the Company's strategy and report their performance to the top executives and the Board of Directors. The Company has clear separation of powers, checks and balances, and job assignment.

The Board of Directors has emphasized on human resource management to attract and retain capable and competent employees and strengthen human resource development to continuously improve and enhance employees' knowledge and capabilities to the next level. The Company has clear guidelines and processes to assess employees' performance at all levels. Employees are evaluated individually on their behavior and accomplishment to the agreed key performance indicators and are rewarded fairly and equally with appropriate incentive and promotion.

2. Risk Assessment

The Company has established the risk management policy as a framework for the organization's risk assessment process. The Company assesses potential risks associated with the organization from both internal and external factors and their impact on the achievement of objectives. At least once a year, the Risk Management Committee reviews these risk factors and risk matrix.

The committee reviews the impact and the likelihood of occurrence, with consideration to the changes of regulatory, business environment, the potential impacts of new business lines, rapid growth, changing on foreign geographies, and new technologies, and re-assessed the appropriateness of the Company's risk management and mitigation plan to ensure that the impact is controlled to an acceptable level.

With regards to the concerns relating to corruption and bribery, the Company has declared its firm intention to fight against corruption and has clearly communicated to every employee and every business to operate in compliance with the Company's anti-corruption policy. The policy also includes the guidelines regarding the receipt and offer of gifts, sponsorship, and donation.

The Risk Management Committee has reviewed the risk management process and the adequacy of the Company's risk management and anti-corruption policy to ensure effective internal control of the Company. The Board of Directors and the Audit Committee has ensured that the Company's financial statements are presented in a fairly and adequately with sufficient disclosure according to the general accepted accounting standard, and that all material transactions have been reviewed and carried out in compliance with applicable laws and regulations in the best interests of the Company and shareholders.

3. Control Activities

The Company operates with adequate control in all functions and businesses. Its operations are certified with IATF16949 quality management standard and ISO14001 environmental standard. The work instructions and procedures have been prepared in detail with appropriate controls attached in the procedure to prevent errors and wrongdoings. The Company has been certified with independent reputable organization for its high standard of operations.

The Company has defined the duties and responsibilities, and the approval authority of the Company's management and executives in each level. Access for operating system and database is controlled and monitored by IT department. The segregation of duties is defined and strictly applied for key functions responsible for authorization, record transactions, and custody of assets. Connected transactions are carefully reviewed and carried out at arm's length basis that applies to normal business with third parties. Major contracts and agreements including those involving major shareholders, executives, and their related parties are duly considered and approved with consideration by the independent directors who have no vested interest in the matter.

The Board of Directors review and monitor the Company's operations and financial performance with consideration to the budget and forecast on half-yearly basis. The report of the progress of investments and their performances are communicated to the Board of Directors on regular basis and at their quarterly meetings.

4. Information and Communication

The Company uses multiple channels for communication to stakeholders internally and externally and utilizes the use of information technology to reach its stakeholders in wider audience. Communication with employees are normally managed through internal meetings, the Company's bulletin board, intranet, and email. For external stakeholders, the Company ensures sufficient public disclosure through the AAPICO website, the SET portal, and public events. The Investor Relations is assigned as a primary contact window for inquiries and comments from shareholders, investors, analysts, and other key stakeholders.

The Company provides adequate information to the Board of Directors for their consideration and discussion at the board meeting. The notice of meeting and relevant documents are delivered to directors prior to the meeting. The minutes of meetings are carefully and adequately recorded and documented for future reference. The meeting resolutions are disclosed to public in compliance with the SET rules regarding disclosure of significant matters.

The Company has defined a process to monitor comments from the Company's stakeholders in order to improve and ensure effective internal control of the Company. In effort for anti-corruption, the Company has established the whistle blower policy and has arranged communication channels for stakeholders to lodge complaints, raise concerns, or report their suspicions of misconducts or wrongdoings to the Company and the Board of Directors.

5. Monitoring Activities

The Company ensures that each business operates with integrity, transparency, in compliance with the Company's policies and code of conducts. The Company has put in place a review process to monitor the operations and financial performance of the Company and its investments in subsidiaries and associates. The Company schedules the performance review meeting of each operating unit with the Company's executives on a monthly basis and reports to the Board of Directors on a half-yearly basis.

At the level of operating unit, the Company assigns the Quality Assurance (QA) unit to drive and monitor the compliance to work instructions and relevant laws and regulations. In addition, the Company employs independent internal auditors to audit the internal control of key processes. The internal auditor has assessed and reviewed the working process and the compliance to work instructions and report the issues of control weaknesses to the management to resolve and improve the effectiveness of internal control system. Findings and corrective actions are also reported to the Audit Committee at the quarterly board meetings.

The Company is continually certified with IATF16949 and the ISO14001 standards, which guarantees its commitment to attain the quality and environmental standard. In addition to the internal compliance unit, the Company has engaged external agents to audit and certify the Company's processes regarding the compliance with the quality management standards. The Company also passed the customer audit with satisfaction that its operations are carried out according to agreed procedures and that no changes are made without prior notification.