## 4: Internal Control, Risk Management and Code of Conduct

The Board of Directors oversees that there is an appropriate internal control and risk management system to ensure that the Company's performance is efficient and effective and is in compliance with the policy, regulation, plan and governing rules and regulations and that the Company's assets are safeguarded and are in the ready-to-use mode as follows.

### 1. Policy on Internal Control

The Board of Directors entrusts the Audit Committee with the responsibility to review the effectiveness and efficiency of the internal control systems established by the management. The review is to ensure a sound internal control system of the Group companies to protect their assets and the shareholders benefits. The Internal Audit Division is assigned to audit the operation of each working unit, assess the efficiency and adequacy of the internal control system, and monitor risk management activities to mitigate risks that will bar the Group companies from meeting their objectives.

The Code of Conducts is issued as guiding principles for directors and employees in discharging their duties. The Code of Conducts is communicated and distributed to all employees. Failure to follow the Code of Conducts will result in a penalty.

### 2. Policy on Risk Management

The Company's Risk Management Policy is to give full and due consideration to the balance of risk and reward, as far as practicable, to optimize the rewards gained from our business and operational activities. The application of the policy will be the responsibility of the Board of Directors through the Risk Management Committee. To be successful, EGCO group needs the followings:

•   To promote risk awareness throughout the Group companies,

•   To ensure appropriately skilled resources are made available to manage risk to the required standard,

•   To ensure management encourages a "risk awareness culture" throughout the organization,

•   To provide training regarding regulatory, legal and task-related issues, where appropriate,

•   All investment projects to be assessed from a Risk Management perspective and approved by Board, and

- Subsidiaries to adopt the Risk Management Manual. Any changes for specific conditions at a Subsidiary should be included as an Annex, to be reviewed by the Risk Management Section

## 3. Code of Conduct

### Code of Conduct for EGCO Group Directors

The Board of Directors has prepared the code of conduct for EGCO Group Directors to live by in compliance with the good corporate governance concept to reflect the accountabilities to the Company, shareholders, employees, and all stakeholders. The code of conduct for EGCO Group directors covers the following sections:

- Guiding principles,
- Directors' Code of Conduct,
- Directors' commitment,
- Duties and responsibilities,
- Conflict of interest, and
- Use of information
- Anti-Corruption

### Code of Conduct for Employees

To maintain high ethical standards, the Company has set up a Code of Conduct as a guideline so that the Company' Management team and employees perform their duties with regard to ethical values. The Code of Conduct covers the followings:

- Responsibilities to Stakeholders,
- Responsibilities to the Company,
- Procurement and Transactions,
- Prevention of Conflict of Interests,
- Responsibilities to employees,
- Safety, health and environment,
- Anti-Corruption,
- Whistleblower Policy.

**How to make the Code of Conduct Work**

*Employees*

Employees are expected to follow the Code of Conduct with understanding and integrity in their day-to-day activities. In case of doubt, employees are encouraged to discuss them with the immediate supervisor and the Human Resource Division. Suspected violations of the Code of Conduct by other employees should be reported to the immediate supervisor or the assigned person to investigate the matter; cooperation for an investigation is expected.

*Good Corporate Governance Committee*

The Good Corporate Governance Committee is responsible for launching and updating the Code of Conduct at least once every two years and is the key contact for non-compliance compliant and appraising to ensure compliance to the Code of Conduct.

*Managers at all levels*

Managers at all levels are required to

• Promote the compliance with the Code of Conduct and act as role models,

• Cascade the policy and maintain a work environment that encourages compliance and open communication regarding the compliance with the Code of Conduct,

• Coach employees to meet their responsibilities under the requirements of relevant laws and Company's regulations,

• Monitor their business units for compliance.

*Human Resources Division*

The Human Resources Division is responsible for advising employees to understand their responsibilities to uphold the Code of Conduct and ensuring that the Code of Conduct are presented by President/Managing Director to new employees.