

9. Internal Control and Related Party Transactions

9.1 Internal Control

Summary of the Opinion of the Board of Directors Regarding the Internal Control of the Company

Bangchak Group assigns paramount importance to having a robust internal control system. The Company operates by the internal control framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), which defines the five key components necessary for internal control as: 1) control environment, 2) risk assessment, 3) control activities, 4) information and communication systems, and 5) monitoring system.

The Board of Directors has an opinion on the adequacy and appropriateness of the Company's internal control system, on which a summary of the internal control system assessment is as follows:

1. Control Environment

The Company's environment facilitates the operation of the internal control system as anticipated. The Corporate Compliance Department serves as the central unit in overseeing compliance with the laws and regulations of various agencies clearly and measurably to guide employees' operations. The Internal Control Division is responsible for promoting compliance with the internal control system according to COSO guidelines and communicating and providing knowledge to executives and employees to raise awareness of the importance of and strengthen the development of a sound internal control system.

The Company has revised its work policies, manuals, organizational structure, and various working groups to support efficient management operations. It continuously emphasizes integrity and ethics in conducting business under corporate governance policies, sustainable business development in parallel with the environment and society, and compliance with regulations.

The Company has prioritized Fraud Risk and Conflict of Interest issues by requiring employees to report their information through the online personnel management system for convenience and by updating information annually. In addition, the Company has emphasized corporate governance by creating a manual of corporate governance policies ("CG Policy") for executives and all employees to adhere to as a code of conduct. Announcements and communications on corporate governance have been conducted both within and outside the organization on topics such as the six fundamental principles of corporate governance of the Company (Accountability, Responsibility, Transparency, Equitable Treatment, Vision to Create Long Term Value, and Ethics) and the No Gift Policy and Do's & Don'ts. The Company also communicates short messages from executives to employees on doing good deeds and fighting fraud and corruption by setting examples from organizational leaders (Tone at the Top). The Company held the 19th CG Day 2024 with group companies, hosted by BCPG PCL, on "Decoding CG for Sustainable Vibes: Decoding CG Principles for Endless Happiness" to continuously build understanding and instill awareness of CG policies. Bangchak also held the 11th Annual Supplier Seminar 2024 to impart acknowledgment of the Supplier Code of Conduct to partners to support sustainable business operations and continued to assist partners in joining the "Thai Private Sector Collective Action Against Corruption", which is a reaffirmation of its continued commitment to anti-corruption.

2. Risk Assessment

The Company has appointed an Enterprise-wide Risk Management Committee (ERMC) to oversee and continuously improve enterprise-wide risk management and the effectiveness of the enterprise-wide risk management system, based on

the ISO 31000 international standard, which covers strategic, operational, financial, and reliability risks and covering safety and occupational health risks, environmental, social, and community impacts, legal compliance, fraud, and corruption risks, etc. The risk management process encompasses all levels of the organization, including the enterprise, business/workgroup, department, and operational levels. There is also a process for developing risk management plans for all domestic and international investment projects. Furthermore, for the business to sustainably progress along with the environment and society under Environmental, Social, and Governance (ESG) oversight, the Enterprise-wide Risk Management Committee emphasizes risk management by group companies/joint ventures to ensure they operate appropriately, monitor and track the overall impact, and effect risk control to be within the Risk Appetite. Overall, the Company Group has successfully managed risks and achieved its targets.

The Company has considered the policies and has managed its main risks to be linked to and aligned with the criteria of the National Quality Award and the Dow Jones Sustainability Indices (DJSI), along with the process of developing the Company's strategic plan, forecasting probable events scenarios so that operations can be adjusted to align with the actual situation. In addition, Key Risk Indicators (KRIs) have been used in the monitoring process for the likelihood of risks occurring to improve and develop additional risk management plans to reduce the impact on the organization's goals and to control key enterprise-level risks to be at an acceptable level to achieve the targets.

In addition, to enable the organization to mitigate unforeseen risks affecting the ability to conduct business, such as in the event of a crisis at the oil refinery, cybersecurity threats, natural disasters, sabotage, political events, and various other incidents, the Business Continuity Management Taskforce is responsible for developing the system, preparing strategies, processes, resources, and reviewing plans to deal with potential risks and crises more effectively so that the Company can continue to operate in emergencies without interruption and reduce potential impacts. Bangchak has been continuously certified for the ISO 22301:2019 Business

Continuity Management Standard to date, covering the Head Office, Bangchak Phra Khanong Refinery, Bangchak Oil Distribution Center, Bang Pa-in Central Business Office, and Bang Pa-in Oil Distribution Center. This certification shows that the Company has a system that manages crises and business continuity efficiently according to international standards. It also builds confidence among stakeholders that the Company will be able to cope with and respond to emergencies and deliver products continuously.

3. Control Activities

The Company has control activities that employ Key Performance Indicators (KPIs) as a tool in planning and control. Duties and responsibilities are separated for mutual checks and balances. The scope of authority and monetary approval limits at each level are reviewed and defined to ensure suitability for business operations. Electronic signature technology is used for business agility. At the same time, there are checks and balances of power from departments and committees specifically appointed, such as the Internal Audit Department, Investment Committee, and Enterprise Risk Management Committee, etc.

The Company documented procedures and evidence that specify the segregation of duties and individuals responsible in case of faults. Measures are in place to safeguard Company assets from loss or misappropriation. Transactions that have long-term implications for the Company are monitored to ensure compliance with the agreed terms. Measures are in place to prevent the Company's opportunities or benefits from being used for personal gain, and communication is in place to emphasize best practices in managing and controlling internal information. These measures ensure that all departments effectively manage and control Internal information and continuously prevent damage to the Company.

The Company has established methods to ensure compliance with relevant laws and regulations, including key operating procedures. It has developed technology systems for operations to achieve better internal controls. A work process management policy has been established to emphasize the correct execution of works according to previously designed or defined processes.

Work processes are constantly being improved to be more effective, taking into account control points and control measures to reduce risk. This efficient, modern process is consistent with the Company's operational direction and goals. The e-Work Manual system tracks the preparation and updating of work manuals to ensure they are always up-to-date. Legal knowledge is also provided to various departments to reinforce continuous compliance with the law.

The Company takes strict and appropriate measures to prevent benefits transfer when conducting transactions with major shareholders, directors, etc. Examples include transactions to be approved by no-interest parties, transaction information disclosed according to the Securities and Exchange Commission and the Stock Market regulations, and information about related individuals or entities according to accounting standards.

The Company has established an Information Security Management Team (ISMS Management Team) to oversee and manage the security of information systems. The team reviews and updates the information technology security policies and requirements, including effectiveness measurement. The Company employs technologically advanced e-mail filtering, anti-malware, and firewall systems to detect and prevent increasingly complex new threats. Methods for preventing new IT threats are constantly being updated. Personal data is managed in accordance with the Personal Data Protection Act. There is an active system for monitoring anomalies and preventing threats, with contingency plans to manage threats with regular drills. Employees are regularly informed of IT security requirements, new risks and threats, and safekeeping methods. Measures are in place to raise awareness of threats that can cause damage to the business. The Company has received certification for the Information Security Management System (ISO/IEC 27001:2022). Furthermore, it has achieved ISO/IEC 27018:2019 certification for Personal Data Protection in Public Cloud Environments. To date, a Letter of Compliance for Cybersecurity Management through Guidelines for Cybersecurity (ISO/IEC 27032:2012) has been continuously maintained.

Bangchak has guidelines for overseeing and a process for regularly monitoring the operations of its subsidiaries and affiliated companies to ensure they align with the Company's business strategies, policy framework, and practices. Oversight is conducted in various areas through committees and working groups, including the Enterprise-wide Risk Management Committee (ERMC), Audit Committee (AC), Strategic Investment Management Team, and Subsidiary Synergy & Strategic Alignment Team.

4. Information and Communication

The Company reviews its Digital Roadmap annually to ensure alignment with its strategic plan, covering refinery operations, marketing, and key core systems such as finance, accounting, and human resources management. Various digital technologies are applied to support operations and continuously improve the efficiency of information and communication systems management. Examples include refinery operations where Data Analytics are used to improve production efficiency, 5G technology to manage safety in refinery work areas, and GPS technology to manage oil transportation plan data, safety, and transportation costs. Moreover, digital cards are used in marketing to expand the Bangchak card member base, securely and efficiently connecting the points transfer system between Bangchak and its partners. Video analytic systems are used at service stations to improve service efficiency. Data analytics analyze marketing data and in-depth customer behavior to develop personalized marketing plans to meet customer needs better. Bangchak card members can also evaluate service satisfaction through a mobile application for continuous quality improvement. In addition, robotic process automation (RPA) is used in processes with large amounts of data and repetitive tasks. Combining RPA and optical character recognition (OCR) technologies, hyper-automation technology is used in the payment process to partners to increase operational efficiency.

In addition, the Company recognizes the potential of generative AI technology to improve work efficiency. Consequently, employees have been trained to enhance their knowledge of using this technology while raising awareness of how to

apply it effectively and appropriately. The Company has also developed an AI chatbot for the call center to provide faster service and answer questions from Bangchak card members.

The Company has channels and processes for communicating with personnel within the organization to secure an accurate and rapid understanding of various issues through various communication channels and ensure that the message reaches recipients. These channels include the intranet, email, public address systems, employee computer screens, and digital signage. In addition, communication with external stakeholders is provided through various communication channels, especially online ones, which are popular due to the speed of information dissemination. For example, the Company’s website and Facebook page are easily accessible and used. Information can be searched through mobile devices instantly to meet usage needs quickly and efficiently.

The Company provides channels and processes for employees and other stakeholders to file complaints and report

information or clues about fraud. Reports can be made by telephone, email, or regular mail and will be safeguarded and subject to a fact-finding investigation and further action.

5. Monitoring System

The Company has a system for monitoring compliance with the established internal control system. The Internal Control Department is responsible for conducting an organization-wide Control Self-Assessment (CSA) by relevant executives to assess the sufficiency and adequacy of the internal control system. The Internal Audit Department is responsible for determining the adequacy of the Internal Control System established by the management of the Company and its subsidiaries, according to the audit plan prepared based on a Risk-Based Approach approved by the Audit Committee, and to provide recommendations for improving and developing the internal control system. In addition, if any internal control deficiencies are found, the Internal Audit Department will monitor the corrective actions to ensure these deficiencies are addressed.

9.1.1 Adequacy and Appropriateness of the Company’s Internal Control System

Company’s internal control system : The Committee of Sponsoring Organizations of the Treadway Commission (COSO)

The Committee of Sponsoring Organizations of the Treadway Commission (COSO)

Details of the internal control system as described above in the Audit Committee’s report on the Company’s internal control system.

9.1.2 Deficiencies Related to the Internal Control System

The Internal Audit Department is responsible for assessing the adequacy of the internal control system established by the Company’s management and its subsidiaries, according to the audit plan prepared based on a Risk-Based Approach approved by the Audit Committee, and to provide recommendations for improving and developing the internal control system. If any internal control deficiencies are found, the Internal Audit Department will monitor the corrective actions to ensure these deficiencies are addressed. Notably, in 2022-2024, no deficiencies were found in the internal control system that would significantly impact business operations.

The Audit Committee meets with the Company’s auditors regularly every quarter to monitor the audit performance and ensure it aligns with the scope and audit guidelines. They also discuss issues arising from the audit and promptly seek solutions to essential problems.

	2022	2023	2024
Total number of deficiencies related to the internal control system (cases)	0	0	0

9.1.3 Opinions of the Audit Committee and Auditor's Observations on Internal Control

Does the audit committee have opinions on internal control different from the Board of Directors' opinions? : No

Does the auditor have any observations on the Company's internal control? : No

9.1.4 Opinions of the Audit Committee on the Position of the Head of the Internal Audit Unit

Head of the internal audit unit : Internal personnel

From the Audit Committee meeting No. 6/2020 on June 18, 2020, there was a resolution to approve the appointment of Ms. Pornjit Sojisunsanee as the Director of Internal Audit to perform the duties of evaluating internal controls and providing impartial advice, as well as supervising the operations of the Internal Audit Department to be in line with the objectives as well as the international standards, and reporting directly to the Audit Committee.

9.1.5 Appointment, Discharge, and Transfer of the Head of the Internal Audit Unit

Does the appointment, discharge, and transfer of the head of the internal audit unit require the audit committee approval? : Yes

Reference is made to the Audit Committee Charter, which outlines the scope, duties, and responsibilities of the Audit Committee in considering the appointment, transfer, termination, and annual performance evaluation of the Chief Audit Executive.