

Announcement of the Board of Directors

No. 1/2563

Subject Internal Control and Internal Audit Policy

In order to comply with the resolution of the Board of Directors at the meeting No. 3/2020 dated May 15, 2020, the Company therefore issued an announcement regarding Internal Control and Internal Audit Policy to be regarded as principles and guidelines as follows.

1. Introduction

Internal control and internal audits are fundamental tools that help management to operate efficiently, effectively, and to achieve established strategies, objectives or goals. Directors or senior executives of the organization are responsible for establishing an internal control system and an internal audit system that is sufficient, appropriate, consistent with the nature or size of the business, and in accordance with the principles of good corporate governance.

2. Principles

Civil Engineering Public Company Limited and its group companies (“**Company**”) is committed to the implementation of the Company’s internal control and internal audit systems by applying the principles of internal control in accordance with the guidelines and internal control framework of COSO Internal Control – Integrated Framework (COSO : The Committee of Sponsoring Organizations of the Treadway Commission), which is an internal control approach of international standard, as a guideline for the Company’s internal audit and the risk-based audit principle is used as a guideline for auditing and evaluating the internal control system of the Company.

3. Internal Control and Internal Audit Policy

The Company recognizes the importance of internal control and internal audits, which are considered essential foundations for successful business operations and stable and sustainable growth; therefore, the Company has established an internal control and internal audit system that is efficient and effective, sufficient and appropriate to the nature, size, or the environment of the operation to ensure that the various departments of the Company are in compliance with applicable

rules, regulations, requirements and policies, as well as having a reliable, accurate, and complete reporting, including efficient and effective operations. The Company will prioritize the prevention of loss or damage and improvements rather than investigations after a loss or damage has occurred.

The Company arranges to have independent internal auditors who report directly to the Audit Committee to assist the Audit Committee and the Board of Directors in ensuring that the Company's core operations and important activities are carried out in accordance with the prescribed guidelines efficiently, effectively, and with sufficient conciseness.

In order to cover all aspects of internal control and internal audit, the Company has adhered to the five elements of internal control as follows:

3.1 Control Environment

1) Establish an organizational structure separating the chain of command as well as clearly separating duties and responsibilities in the work.

2) Determination of strategies, policies, goals, directions, and business plans of the Company as well as corporate governance in accordance with the strategies and goals set.

3) Preparation of the Code of Conduct relating to the Company's Code of Business Conduct and Ethics for executives, employees at all levels, and related persons to apply the practices properly and appropriately.

4) The preparation of policies, regulations, rules of the Company to be used as principles and guidelines for work and to prevent damage or omissions in the work.

5) Preparation of job descriptions for operators to understand their roles, duties, and responsibilities.

6) Provide training to develop personnel to have knowledge, abilities, skills, and experiences

3.2 Risk Assessment

The Company attaches great importance to risks which are unpredictable and undesirable events which, if occur, will cause damage to the Company. The Company therefore requires all departments to assess the risks that are inherent in the department and provide risk control to suppress such risks to be at an acceptable level by continuously and regularly assessing the risks.



The Company's internal audit will focus on risk-based audits by assessing the risks of the work and selecting high-risk work to plan the audit, which will help the audit to be efficient and effective.

3.3 Control Activities

The Company will provide effective and efficient internal control activities that are adequate and appropriate, emphasizing preventive, searchable, corrective, or alternative control activities which will help to reduce damage or errors that may occur and enable the Company to achieve the objectives of internal control. The activities are such as providing policies, work plans, budgets, procedures, and operational methods as well as organizational structure, division of duties, and authorization of approval, in which directors, executives, and employees at all levels must cooperate and adhere to the rules.

3.4 Information and Communication

- 1) The Company shall ensure sufficient and timely use of necessary information that must be accurate, clear, easy to understand, and up to date.
- 2) The Company will arrange for communication between the executives and the operators or between departments to create understanding and coordination of operations by organizing regular meetings with employees.

3.5 Monitoring and Evaluation

The Company will regularly monitor, review, and evaluate the results of internal control through independent assessors who are not involved in the work and the department, such as internal auditors, and report the results to the Audit Committee and the Company's management. If the process or control has weaknesses, it is the responsibility of the management to consider and determine the control measures and solve the problem systematically and continually.



This policy requires a regular review at least once a year or when there is a change in situations.

From the date of May 15, 2020, onwards.

Announced on May 15, 2020.

(Signed)

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(Mr. Chaiwat Utaiwan)
Chairman of the Board