

Internal Controls and Risk Management

1. Internal Control

The Company's Board of Directors puts emphasis on internal control system on continued, special emphasis is placed on the adequacy and appropriateness of the internal control system on all business operation to improve efficiency and effectiveness. The Board of Directors oversees all the internal control systems of the Company by taking into account of good corporate governance. Therefore, the Audit Committee has been delegated to review the assessment of the sufficiency of internal control system, review the transparency and accuracy of financial statement and also review that all business operation are compliance with applicable law and regulation together with the connected transaction and the key issues shall be reported to the Board for further consideration. The internal audit office is responsible for regular audit of business operation in compliance with policies and guideline and reporting to the Audit Committee, has duty to audit performance of all units, such as, accounting, finance, management and operations of all departments to the annual audit plan which must have been approved by the Audit Committee.

At the Board of Directors' meeting of Sky ICT Public Company Limited no. 1/2019 on 25 February 2019, there were 3 Audit Committee members in attendance. The Board assessed the internal control system by making inquiries into the management and Audit Committee. The Board approved of the internal control system assessment and was of the opinion that the Company's internal control system was adequate and suitable. Moreover, the Company's risks were reviewed and managed suitably as well, as per the followings:

1) Internal controls within the organization

- The Company has established structure of business groups and lines of works by consideration on basis of efficiency on administration of all departments.
- The Company has segregated roles and responsibilities of each department as well as clearly specified delegation of authority which has been regularly revised to make them correspond to the change of businesses.
- The Company has ethics requirements for the management and the employees as per specified in the business ethics manual and it has also been disclosed in the Company's website

2) Risk Assessment

- The Board of Directors has appointed the Risk Management Committee to supervise the risk management to be systematically and continuously throughout the organization.
- The company has assessed the change of external factors that may have an impact on the Company's business operations to be able to assess the risks at each level accordingly.
- Executives at all levels are involved in risk management.

- The company communicates to all employees to understand and comply with the established risk management policy and practice.

3) Control Activities

- The Company has risk control policy and work instruction procedures which are relevant to duties and work processes, so that the organization can minimize damage from risks the most.
- The Company has a strict policy to monitor the transactions of major shareholders, directors, executives or those related to such persons. Must go through a set approval process such as the regulations of the company, rules of the Stock Exchange of Thailand, the SEC' criteria, etc. to prevent finding opportunities or taking the interests of the company for personal use.
- The company has a process to monitor the operations of subsidiaries or associated companies. As well as prescribing guidelines for the persons appointed by the company to be directors or executives in the subsidiary or associated companies to comply with

4) Information and Communication

- The Company works to provide the Board of Directors with sufficient important information for decision making, examples of important information such as details of matters to be considered, reasons, impact on the company, options, etc.
- The Company regularly reports important information to the Board of Directors and the Board of Directors has access to the information sources necessary for their operations or review various items as required.

5) Monitoring

- The company has an internal audit unit for monitoring the implementation of the internal control system of the company, as well as to improve on topics with low evaluation.
- The company encourages the internal audit unit to perform duties according to international standards professional practice in internal auditing at all operational stages.
- The Company has arranged Executive Committee's meeting every month to follow-up performance of the Company and its subsidiaries to make sure that they adhere to strategy and annual work plans.

From the evaluation of the Company's internal control system in 5 parts: Internal controls within the organization, Risk Assessment, Control Activities, Information and Communication and Monitoring. The Board of Director' opinion that the Company has adequate internal control systems for transactions with major shareholders,

directors, executives or related persons. For internal control on other topics of the internal control system, The Board of Director agreed that the company has adequate and appropriate internal controls. In addition, there is a system for monitoring, controlling and supervising the operations to be able to protect the Company's assets arising from improper use or lack of power by management.

In the internal audit of the company every quarter, the internal auditors did not find any material internal control issues, which the issues that the internal auditors have recommendations, the company has already resolved to satisfy the satisfaction of the internal auditors and the audit committee.

2. Risk Management

The Board of Directors has been appointed the Risk Management Committee in order to assessed overall business situations and analyzed risks both internally and externally, likelihood of risks which may impact to the Company's main goals and stakeholders in order to specify risk reduction measure to keep such risk in the appropriated level. In addition, risks shall also been assessed by the Internal Audit Unit who will present the results to the Audit Committee and the management to jointly find guidelines to prevent such potential risk as well as to monitor and review the assessment results continually.

The company has established a risk management policy by the Risk Management Committee is there to supervise and monitor risks as planned by receiving good cooperation and coordination from various related agencies. In addition, the company has a policy to develop personnel to be skilled and able to adjust operating methods to keep up with the ever-changing technology, raising awareness and emphasizing corporate risk management practices. This will lead to the achievement of the organization's goals continuously.