

9. Internal Control and Related Transaction

9.1 Internal Control

Summary of the opinion of the board of directors regarding the internal control of the company

The Company has implemented governance to operate within the framework of a publicly listed company with acknowledgement and highlights the significance of management oversight and corporate governance, aligning with best practices in governance, which includes a commitment to sustainability practices.

The Board of Directors of the Company appointed the Audit Committee to oversee the internal control systems, corporate governance and provide advice on the management of risks under responsibility of the Risk Management Committee as well as the Company management and executives to ensure an adequate, appropriate and effective internal control system. In addition, responsibilities include supervision of the Company's compliance with relevant laws and regulations, ensuring no conflict of interest, monitoring connected transactions, proper care and use of resources. Also, oversight mechanisms are designed to prevent or root out corruption or misbehavior where checks and balances and wider accountability mechanisms are available. The Audit Committee agreed to hire an external consultant: a professional with expertise that is hired to review the internal control systems of the Company's key operational processes to be in line with Best Practice. Beneficially, the Company could bring helpful and useful expertise in striving to obtain a progressively better internal control system.

9.1.1 Adequacy and appropriateness of the company's internal control system

The company has evaluated its internal control system to ensure it is adequate and effective in managing operations in line with goals, objectives, laws, and relevant regulations. This system effectively prevents asset fraud and damage, and ensures accurate and reliable financial reporting. The company uses an internal control adequacy assessment form ("Assessment Form") developed in accordance with the guidelines of the Securities and Exchange Commission (SEC), with the assistance of PwC Thailand. The Audit Committee has recommended that the company's management participate in evaluating the adequacy of internal controls using this form, which is based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework.

The Company has an internal control process that is systematically established as the organizational procedures for all operators to implement cooperatively in order to assure that given method or operational practice are reasonably efficient to achieve the objectives of the Company internal control system.

1. Separation of duties: by differentiating and separating duties such as different requestors to different approvers, different payee to different account controller and different sellers to different inventory clerk, etc.
2. Authorization: Proper authorization practice is the key for internal audit control system. Requiring specific individuals to authorize certain types of transactions provides internal record that an activity has been seen, reviewed, and approved by appropriate authority before it can be processed or paid.
3. Documentation: Documentation is a crucial component to maintaining internal controls. They provide an internal record for what actions need to take place, by whom, and in what order they should be taken, ensuring consistency in the completeness and accuracy of activities.
4. Reviewed, confirmed and reconciled: A reconciliation is performed after the business activity has occurred as a control that can detect errors or malfunctions that may occur in a timely manner.
5. Monitoring: Monitoring is carried out to ensure that the specified control processes are carried out truthfully and continuously.

The Company's internal control system procedures are provided by means of documenting and written manual as per below elements.

- Organization Chart and the assignment of duties and responsibilities by setting up an appropriate organizational structure along with each of a reporting line to clarify delegating and assigning to responsible persons clearly. There is a specification of high-risk positions and periodic evaluation of sufficiency of the internal control system by the executives, the management department, the audit committee. and Board of Directors

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- Approval Framework appropriately delegates approval authorization especially for significant transaction by identifying personnel along with the position and authorization scope to approve including transaction limit as a whole framework of authorization.

- An operational manual shall be provided to each department which states regulations, guidelines and procedures under the same standard in order to analyze and evaluate or set the check point together.

For the evaluation and monitoring of the Company internal control system, the Audit Committee is responsible for selecting internal control system auditors and risks assessors. In the past years, the internal control system auditors were the internal auditor team from the group of shareholders, Carmeuse Coordinate Center, Internal Audit Group, of the Carmeuse Group, one of the world's largest lime producers with over 160 years of experience in the lime industry who also had a team of internal auditors with specific experiences in lime industry. Otherwise, the Audit Committee was to select local independent expert in the internal control system audit likewise to the past 5 years such as Grant Thornton Specialist Advisory Services Co., Ltd. (Y2023), KPMG Phoomchai Business Adviser Co., Ltd., Multiplus Audit and Consulting Co., Ltd., etc.

[Company's internal control system](#)

[The Committee of Sponsoring Organizations of the Treadway Commission \(COSO\), COSO - Enterprise Risk Management Framework \(ERM\)](#)

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

This framework includes an evaluation process covering 5 key components and 17 principles.

1) Control Environment

Principle 1: The organization demonstrates its commitment to the value of integrity and ethics.

Principle 2: The board of directors is independent from the management and has the duty to oversee and develop internal control.

Principle 3: The Management, under the Board of Directors' oversight, sets suitable reporting function as well as defining the commanding authorities and responsibilities so that the organization would achieve its goals.

Principle 4: The organization displays its commitment to motivate, develop and maintain capable personnel

Principle 5: The organization appoints personnel to have duty and responsibilities on internal control in order to achieve organizational goal.

2) Risk Assessment

Principle 6: The organization clearly defines its objectives so that risks related to the achievement of such objectives can be identified and evaluated.

Principle 7: The organization identifies and analyzes all risks that may affect the achievement of the organizational objectives.

Principle 8: The organization considers the chance of fraud while assessing risks that may affect the achievement of organizational objectives.

Principle 9: The organization is able to identify and evaluate changes that could affect the internal control system.

3) Control Activities

Principle 10: The organization has control policy which would mitigate risks that would affect the achievement of organizational objectives to an acceptable level.

Principle 11: The organization uses technology to select and develop general control activities in order to support its objectives.

Principle 12: The Company sets up control activities through policy which specified its expectation and practice procedure so that the policy can be put to practice

4) Information & Communication

Principle 13: The organization has related and quality information to support the goal for internal control.

Principle 14: The organization communicates information within the organization including the purpose and the responsibility for necessary internal control system so that the internal control could be conducted as planned.

Principle 15: The organization has communicated with external agencies regarding the issues that may affect its internal control.

5) Monitoring Activities

Principle 16: The organization monitors and assesses its internal control to ensure that the internal control is thoroughly and appropriately conducted.

Principle 17: The Organization timely evaluates and communicates the internal control system flaws to responsible persons including high-level executives and board of directors as appropriated.

At the meeting of the Audit Committee and Board of Directors on February 21, 2025, it was resolved that the internal control system of the company was both adequate and suitable for the year 2024. This assessment confirmed that there are sufficient internal controls in place for transactions involving major shareholders, directors, executives, or related parties. The internal control system underwent a thorough review by management and the Risk Management Committee, based on five key components and 17 principles. The findings were subsequently presented to the Board, which determined that the company's operations are in accordance with internal control principles and that risk management practices are within acceptable limits.

The annual follow-up report from the internal auditors, who were appointed by the Audit Committee, did not reveal any high-risk concerns. Management has implemented recommendations aimed at enhancing internal control processes. For the year 2024, encompassing transactions involving major shareholders, Directors, Executives, or related parties, the Company has established internal control systems categorized into five distinct areas. These systems are designed to effectively safeguard assets against misuse or unauthorized access by executives. Furthermore, the internal control framework has been validated through an independent audit and assessment of the internal control system. The Company also maintains an efficient document management system, ensuring that Directors, auditors, and legal authorities can conveniently request document reviews within a reasonable timeframe.

COSO - Enterprise Risk Management Framework (ERM)

The COSO 2017 framework highlights the interconnectedness of strategy with an organization's mission, vision, and core values. It establishes a link between strategic and business objectives and associated risks, allowing organizations to implement comprehensive enterprise-wide risk management aimed at enhancing value creation. This framework can be delineated through three primary components:

1. Mission, Vision, and Core Values

- Mission: The essential purpose of the organization, exemplified by SUTHA's commitment to sustainability and delivering maximum value.
- Vision: The aspirational goals of the organization, such as SUTHA's aim to become a leading lime manufacturer in Southeast Asia.
- Core Values: The distinctive norms and characteristics that shape the organization's culture and influence behavior, including a focus on customer service and accountability.

2. Enterprise Risk Management in Relation to Strategy

- Strategy encompasses the plans and actions necessary to achieve objectives, which are aligned with the mission, vision, core values, and acceptable levels of risk. The integration of risk management into strategic planning facilitates informed decision-making and optimal resource allocation.

3. Performance Enhancement

- Performance pertains to the attainment of strategic and business objectives. It includes the assessment of financial returns, operational efficiency, governance, safety, and project results. A thorough understanding of the interplay between risk and performance is crucial for effective risk management.

9.1.2) Deficiencies related to the internal control system

The Company places importance and value on an appropriate and adequate internal control system, believing it can better the operational effectiveness. The Company has prepared comprehensive operational policy, regulations, and procedures. Furthermore, the separation of powers approach has been also set in accordance with check and balance principle. In addition, the Company regularly improves the business operating process in all departments as per suggestions from the internal control auditors.

Core operations that are subjected to random evaluation and internal control audit conducted by the auditors and internal control system auditors are as follow;

1. Order to Cash
2. Purchase to Pay
3. Account Closing and Financial Reporting
4. Production
5. Inventory Management and Product Costing
6. Fixed Assets Management
7. Human Resource Management and Payroll
8. Information Management



To indicate the results of the internal control system monitoring, the eOne Report Data Platform disclosure format specifies the identification of the number of deficiencies. The company has prepared a summary report of the audit results for the years 2022 to 2024, with the following details:

	2023	2023	2024
Total number of findings in the internal control system (cases).	/(1)	/(1)	/(1)

Detail of deficiencies related to the internal control system

Summary of Internal Control System Evaluation for the Year 2024⁽¹⁾

Appointed Auditors:

- **Group Internal Audit Directors of Carmeuse**
 - **Team Leader:** Ms. Cathy Cully
 - **Audit Team:** Mr. Mustafa Esat

Audit Scope:

- **Duration:** April 2024
- **Locations:** Three production plants (Chongsarika, Phra Phutthabat, Huai Pa Wai) and Khao Khao Mine
- **Data Period:** January 1, 2023, to February 29, 2024
- **Systems Audited:** Finance, human resources, logistics, IT, health and safety, sales and payment

Findings and Corrections:

- **Finance:** Improved inventory control, provision for doubtful debts, capital project depreciation recording, petty cash management
- **Human Resources:** Improved expense report approval and petty cash disbursement, annual training
- **Logistics:** Reviewed and linked weighing system with ERP, reconciled weights from the weighing system with invoice weights
- **IT:** Established data backup procedures and comprehensive user access checks
- **Health and Safety:** Controlled site safety and emergency equipment
- **Sales and Payment:** Improved credit note issuance and approval procedures

Summary of Internal Control System Evaluation for the Year 2023⁽¹⁾

Appointed Auditors:

- **Grant Thornton Specialist Advisory Services Co., Ltd.**
 - **Team Leader:** Mr. Sittichai Chusupanasorn
 - **Audit Team:** Ms. Rachaneekorn Ngermnuang

Audit Scope:

- **Duration:** August 21, 2023, to September 22, 2023
- **Location:** Chongsarika Branch Factory and Production Processes
- **Data Period:** January 1, 2023, to July 31, 2023
- **Systems Audited:** Inventory management, production planning, quality control, production cost recording

Findings (Low Risk) and Corrections:

1. Inventory and Quality Control:

- Improved backup power for weighing card system
- Enhanced chemical and physical quality inspection forms for limestone
- Recorded physical inspection results from Thai Marble Company Limited
- Established forms for meeting records and weekly production plans

2. Production Planning Process:

- Improved production plan documentation to be non-editable
- Created work schedules for weighing operators
- Standardized limestone testing forms across branches for consistency and traceability

Management has addressed these issues accordingly.

Summary of Internal Control System Evaluation for the Year 2022⁽¹⁾

The Audit Committee appointed internal control system auditors from the major shareholder group, Carmeuse Group. The audit team included international auditors supported by internal personnel.

Appointed Auditors:

- **Indirect Shareholder Group Auditors:** Carmeuse Coordination Center / Group of Internal Audit Center
 - **Team Leader:** Mr. Federic Guilmin, Head of Group Internal Audit Center, Carmeuse Coordination Center
 - **Audit Team:** Mr. Mustafa Esat, Group of Internal Audit, Carmeuse Coordination Center

Scope of Internal Control System Audit for 2022:

- Contract lifecycle management
- Competitive bidding process
- Procurement to payment process
- Subcontractor management
- Procurement approval process
- Urgent purchasing
- Vendor information
- Claims and litigation
- Inventory management
- Documentation of work manuals
- Vendor evaluation
- Operational environment at each plant
- Machinery control
- Safety control processes

Audit Findings for 2022: No significant risk impacts were identified. However, there were indications for improvement in machinery control points and the use of safety equipment by some contractors. Management has adopted these recommendations to prevent safety impacts on workers and stakeholders.

Key Issues Identified in Carmeuse Middle East & Asia's Internal Control Audit:**1. Subsidiary Company Risks (Thai Marble Co.,Ltd):**

- Safety systems and equipment preparation in the factory
- Hazard prevention in machinery groups
- Safety equipment preparation in mining and factory processes
- Waste disposal and segregation area adjustments
- Silo structure safety improvements

2. Medium-Risk Processes Improved:

- Clear training records
- Organized inventory management
- Monitoring and managing subcontractor contracts and insurance

3. Processes Improved:

- Risk assessment of processes and activities
- Clear safety signage
- Regular safety inspections

Management has addressed these issues accordingly.

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.

The selectively internal control system auditors, in the past years, the audit committee provided opinions on the selection criterion of qualified internal auditors from either a local proficient professional audit company that provides audit services for internal control systems or an international internal control system audit team appointed by the main shareholder that is a world-class company operating the same business which normally sends a team to audit the internal control system of the affiliated companies every 3 years.

The internal control system audit team from the major shareholders possess direct experience in internal control system auditing of the same business. The external independent audit team to conduct the internal control system audit would be under the consideration and selection of the Audit Committee to select a proficient experienced external audit team who, as an outsider, can provide constructively independent opinions towards the internal control system.

9.1.5) Appointment, discharge, and transfer of the head of the internal audit unit

The Audit Committee is responsible for considering the appointment, transfer and termination of the chief of the internal auditor team or any other departments responsible for the internal control system audit under the scope of duties prescribed in the Audit Committee Charter approved by the Board. Each year, the Audit Committee will select the external audit firms as the Company's internal auditor.

- The Audit committee meeting No. 2/2024 on May 9th, 2024, resolved to appoint Internal Auditor Team form Carmeuse Coordinate Center by the Internal Group Audit of Carmeuse to be the internal control system auditor for the year 2024 as reported to the Borad meeting No.5/2024 consisting of

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Internal Auditor Leader	Internal Auditor Team
<p>Ms. Cathy Cully, Group Internal Audit Directors of Carmeuse</p> <p>Education 1985-1989 Master of Business Administration (MBA), Accounting 1981-1985 Bachelor of Business Administration (BBA) Economics & Finance CPA(Jan 2012-Dec 2014)</p> <p>Experience: North America Internal Audit Director Carmeuse</p> <p>Feb 2017 – current · 7 years 3 months Pittsburgh PA Sales & Use Tax Auditor Independent Consultant Apr 2007 - Current · 17 years 1 month Conduct Accounts Payable and Sales & Use Tax reviews for manufacturing clients to ensure compliance with Sales/Use taxes. Develop and complete audits, research applicable federal, state and local tax regulations for appropriate exemptions, understand client manufacturing processes, identify sales and use tax overpayments and recover refunds from vendors, and state/local taxing authorities. Buchanan Ingersoll & Rooney PC Collections Manager Buchanan Ingersoll & Rooney PC</p>	<p>Mr. Mustafa ESAT, Group Internal Auditor of Carmeuse</p> <p>Education izmir Institute of Technology İzmir Institute of Technology Faculty of Engineering, Chemical Engineering 2003 - 2009</p> <p>Experience:</p> <p>Carmeuse 6 Years 8 months Group Internal Auditor</p> <p>Oct 2022 - Current 1 years 7 months Louvain-la-Neuve, Belgium Louvain-la-Neuve, Belgium Quality Manager Sep 2017 - Oct 2022 · 5 Years 2 months Izmir, Turkey İzmir, Turkey Leading the labs where are located at five different plants in Turkey. Responsible for the quality control tests as well as the ISO 9001 Quality Management System. Sanem Plastik Quality and R&D Manager Oct 2010 - Aug 2017 · 6 years 11 months İzmir, Türkiye İzmir, Türkiye Leading and controlling both quality control and quality assurance management systems including quality management, Health & Safety and Environment. Assistant Quality Control Laboratory Executive Trexta</p>