

Internal Control and Risk Management

Opinions of the Board of Directors and Audit Committee

The Meeting of the Board of Directors of Trinity Watthana Plc. No. 2/2020 which was held on February 27, 2020 and attended by members of the Audit Committee, and the Meeting of the Board of Directors of Trinity Securities Co., Ltd. No. 2/2020 as of February 27, 2020 which was held on the same date and attended by all members of Independent Directors and the Audit Committee, mutually assessed and concluded that the internal control system of the Company is adequate and efficient. The operation is governed by the control system so as to meet the goals, objectives, related rules and regulations efficiently and prevent assets from frauds and damages. Moreover, there is sufficient human resource to operate efficiently according to the system, prepare accountable financial reports without significant mistakes. The Audit Committee does not find any related party transactions which leads to any conflict of interest. The transactions with connected persons are normal business transactions. The report of the Audit Committee demonstrates in the topic of the report of the Audit Committee. Details of the assessment of the internal control system of the Company and subsidiaries are set out below

Organization and Environment

The Company's Board of Directors are in charge of approving the business targets as set and proposed by the Management annually, providing an efficient management and administrative structure in order to have adequate internal control and be able to prevent corruption by updating it regularly to be appropriate for risks and changing business environment, a code of conduct for the Company, directors, Management and employees, with a focus on the issues of prevention of conflict of interest and use of insider information. Additionally, compliance manual on various aspects is provided to ensure that the employees understand, comply with the specified rules, and have procedures in recruiting, developing, and attracting them to perform their duties and achieve business goals

Risk Management

The Company evaluates the risk which may have an impact on the target of the Company and prevent corruption to determine policies and enterprise risk management measures. The Board of Directors has set executive committee that is responsible for establishing policies and criteria for risk management of the Company and has operating committee in Sub-Committee including department heads are in charge of managing, monitoring and assessing the risks under their responsibilities in accordance with the specified framework. The aforesaid overall risks include any risks from administration, finance, investment, business, operation and management which are subject to the regulatory authorities' supervision. In addition, the Company assigns the Risk Management and Management Information Department to follow up the risk management results and regularly report the same to the executive committee and Board of Directors at the same time when the Company's operating results are reported. In reviewing the Company's financial statement, accounting policies will also be reviewed whether it is appropriate with the business or not.

The Board of Directors assessed and reviewed an adequacy and efficiency of the Company's risk management system and were of the opinion that the Company's risk management system is adequate and appropriate for the Company's business.

Control Measures

The Company has internal controls written in both Manual and automated and comprehensive processes appropriately. The authorities of each management level are clear and reviewed periodically to ensure that the control measures within the scope and authorities are effective in preventing corruption. The Company will disclose authorities to be aware through information channel within the company. Internal audit department will monitor as stated in audit plan to ensure that the procedures and approving transactions are in accordance to the internal control system and adhere to given authorities. Moreover, the Company that may have a conflict of interest in accordance with the guidelines set by the SET in all aspects of collecting data, monitoring on individuals who may be related and parties related to directors and to be disclosed and approved by the Company prior to engaging in the transaction.

Information and Communication System

The Company provides its Board of Directors with significant and adequate information for decision-making by allowing enough time for the Board to consider and review any important issues before the Board's meeting is held and providing complete and comprehensive the minutes of meeting. The Company has an efficient internal communication system; that is, all employees can receive any important information through e-mail and prepare communication channels for complaints or clues about corruption as detailed in Corporate Governance. The Company also files all vital accounting records at a secured place as well as stores all information required by regulatory bodies for a period of time as stipulated by those regulatory bodies.

Monitoring System

The Company holds a meeting of the Board of Directors regularly to consider and check if the operation results are as targeted. The Audit and Compliance departments will evaluate the performance result of the Company's internal control system. The Company also reports such results to the Audit Committee for acknowledgment and improvement. In case where any material defect is found or any misconduct arises, such defect or misconduct will be reported to the Company's Board of Directors and report progress on improving significant drawbacks to the Board of Directors.

Auditor's opinion

The Company's auditor, Ms. Sumana Punpongsanon of EY Office Ltd., audited the financial statements of the Company and its subsidiaries for the accounting period ended on December 31, 2019. In performing such audit work, the auditor also reviewed the Company's internal financial control system as part of his audit plan so as to obtain a reasonable confidence to express professional opinion on the financial statements. The auditor did not find any material defects which adversely affect the Company's financial position or financial statements or which require him to advise the Company to improve its internal. In 2019, the company has not hired an auditor to provide any other services to the company

Head of Internal Audit and Chief Compliance Officer of the company

Since 2007, the Audit Committee appointed Mr. Chitchai Jamkomai to serve as executive in Internal Audit and Compliance department of the Company to oversees the internal audit and Compliance department. Mr. Chitchai has appropriate qualification and possesses experience in inspecting and oversight for the operation, as well as an understanding of the securities business and operations of the Company since the Company was established. So he is viewed as an appropriate person that can perform such duties effectively.

The appointment, transfer, dismissal and performance evaluation of executive in Compliance and Internal Audit Department must receive the approval from the Audit Committee, as stated in duties of the Audit Committee.