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Document Approval

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Rev.	Effective Date	Change Description	Reason of Change
0	1 June 2019	N/A	N/A
1	8 Nov 2023	<ul style="list-style-type: none">• Update management position to align with current organization structure• Add detail of Disciplinary Committee member for International Business• Change the guideline owner from Internal audit/ Internal Control to Risk Management and Internal Control	Annual review

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1. Introduction

Osotspa Group (the company group) is committed to conducting business responsibly with high standard of integrity and ethics in accordance with good corporate governance principles. The company group believes strongly that the ethical business practices will enable a sustainable growth and prosperity in long-term.

The company group maintains ethics and the code of conduct (CoC), which states 18 policies to guide business conduct of all directors, officers and employees. Wholly-owned and majority-owned subsidiaries, referred to as affiliates, generally adopt the similar code of conduct.

The company group requires a strict compliance with the policies in the CoC, and has zero tolerance to intentional policy violation, fraud and willful misconduct, committed by employees or third parties. We shall take this seriously. Disciplinary action or appropriate action including possible lawsuit will be taken against the perpetrators. Fraud, policy violation, and misconduct will be collectively referred to as *Fraud and Irregularity* thereafter.

Fraud and Irregularity consumes significant amount of resource, effort, and time of the company group, which could be otherwise spent in the business. It could also disrupt the business operations, impact negatively to employee morale, or cause significant losses or damages to financials or reputation. Therefore, the company group is committed to creating an effective control environment and achieving zero irregularity target by:

- Promoting an open communication culture
- Promoting zero tolerance to fraud and irregularity
- Encouraging all employees to report suspicious violation or misconduct
- Ensuring no employee reporting the suspicions is discriminated, treated unfairly or retaliated
- Promoting awareness and sharing consequences and learning from past incidents

2. Definition of Reportable Fraud and Irregularity

A. Potential violations or breaches of any of the 18 policies in the CoC, suspected frauds and misconduct will be reviewed to determine if an incident is a reportable irregularity.

1. An improper action by a director, officer, or employee will be a reportable irregularity if determined to be a significant violation of the above policies.
2. An improper action by a third party acting on behalf of the company group will be a reportable irregularity if the act is inconsistent with the above policies and is determined to be applicable and significant by Internal Audit
3. A financial loss caused by a third party providing services under contract to the company group will be reportable irregularity if it is Baht 100,000 or greater.
4. A financial loss to the Company caused by unidentified parties or unexplained losses will be reportable irregularity if the loss is Baht 100,000 or greater. Financial loss below Baht 100,000 may be determined reportable if there have been multiple losses below Baht 100,000.

B. The following requirements will be applicable to non-consolidated entities.

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1. Non-consolidated entities operated by the company group are to report all incidents
2. Non-consolidated entities operated by business partners are to report all incidents involving the Company employees seconded to the entity.

3. Out of scope

Notifications or allegations listed below will be passed to other functions to handle per respective established processes, even though the complaints are received via Hot Line or Whistle-Blower channels monitored by Internal Audit.

- A. Product counterfeiting – Legal Function / law enforcement
- B. Harassment - HCOE Function
- C. Complaints on products, quality, SHE, disturbance – Corporate Communication / Manufacturing
- D. Complaints on promotion campaign, Sales Force behavior or performance – Customer development

4. Responsibilities for Communicating Potential Fraud and Irregularity


- A. Employees have responsibility to report suspected fraud and irregularity or violation of controls.
- B. When someone is known or suspected to have violated the policies in the CoC, prompt notice by confidential means should be given, depending on the circumstances, to management or directly to Internal Audit. Notification should include the allegation, related details, and any actions initiated prior to notification.
- C. Management, receiving notification from employee, should promptly notify Internal Audit of incidents, which shall be investigated independently.
- D. Notification of suspected or alleged policy violations is also received directly into Internal Audit through the available Hot Line and Whistle Blower channels, usually anonymous.
- E. Suspected fraud and irregularity should be handled separately if discovered during the course of usual internal audit. It should not be included in the audit report.

5. Responsibilities for Investigating Potential Fraud and Irregularity

- A. All notifications or allegations received should be logged. After preliminary review, Internal Audit shall determine if the incidents warrant an investigation to be opened.
- B. If opened, the incidents are passed to the Investigation Team. The team is led by HCOE and assisted by other functions as called.
- C. In case outside expertise or professional is required to support the investigation, Head of HCOE has the authority to engage those resources.
- D. Based on the investigation results and findings, the Investigation Team will form an opinion whether the incident considered "Bill" or "No Bill".
- E. During the investigation, communication of details should be handled with appropriate discretion and should be limited so to preserve related trails, evidence or documents, and to protect the reputation of the alleged individuals as in many instances the allegations could turn out as "No Bill".
- F. Investigator should seek assistance from Management in case full cooperation is not received from concerned parties in the investigation process.

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6. Disposition of Reportable Fraud and Irregularity

- A. Investigation Lead will review the incidents considered "Bill" with Discipline Committee (DC), so to assure all considerations and appropriate business context are taken in account.
For confirmed cases, the Discipline Committee then determines disciplinary, prosecution and other actions.
- B. Two levels of Discipline Committee of each location are as follows:
 - B.1 Thailand
 - Discipline Committee-1 (DC1): Head of HCOE, Head of Internal Audit, Head of Legal and Head of Risk Management and Internal Control handles cases involving employee below H1 level or loss up to Baht 100,000
 - Discipline Committee-2 (DC2): Chief Executive Officer, Head of HCOE, Head of Internal Audit, Head of Legal and Head of Risk Management and Internal Control handles cases involving employee H1 and above or loss over Baht 100,000.
 - B.2 International Business
 - Discipline Committee-1 (DC1): Chief International Beverage Officer, Head of HCOE, Head of Internal Audit, Head of Legal and Head of Risk Management and Internal Control handles cases involving employee below H1 level or loss up to Baht 100,000
 - Discipline Committee-2 (DC2): Chief Executive Officer, Chief International Beverage Officer, Head of HCOE, Head of Internal Audit, Head of Legal and Head of Risk Management and Internal Control handles cases involving employee H1 and above or loss over Baht 100,000.
- C. Following the final decision, HCOE communicates the investigation summary and Discipline Committee's decision to Function Chief or Head responsible for the incident and copying Discipline Committee.
- D. Functional Management is responsible for taking the actions for a reportable irregularity, including reporting violations of law to proper law enforcement agencies, initiating claims, recovery of losses or litigation, taking corrective action to prevent recurrences, disciplinary action against employees, and initiating other appropriate action.
- E. The disciplinary actions should be consistent and in line with past violations of similar nature.

7. Formal Reporting Requirements for Fraud and Irregularity

- A. Functional reporting responsibility must be determined for all reportable fraud and irregularities. Where it is not clear, Discipline Committee will determine the responsibility.
- B. Functional Management is responsible for completing and submitting individual confirmed case via Fraud and Irregularity report form to Internal Audit within 10 days after the final disposition is decided. The standard Form is to be used and is provided in the Appendix.
- C. Internal Audit reports the finalized incidents to the Audit Committee, as required.
- D. HCOE summarizes the finalized incidents and send to Risk Management and Internal Control Team for sharing lesson learned with OSP Leadership.
- E. The reporting should focus on core issues and substances avoiding individual specifics, including the perpetration, pertinent policy violation, losses, controls failure, measures for improvement and to prevent recurrence, etc.

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8. Basic Principles for Handling an Investigation

- Establish all pertinent facts and evidences and determine which policies are breached
- Do not discuss incidents under investigation outside the task force and top management
- Escalate to Management if independence of Investigation Team is compromised or interfered
- In various instances, the information cannot be obtained directly from alleged individuals, but through other channels / sources in order to secure the evidences
- Ensure individual notifying suspected fraud and irregularity or informants are not discriminated or retaliated

9. Examples of Potential Reportable Fraud and Irregularity

This section provides examples of the types of actions that Internal Audit may determine to be a reportable irregularity. The list is not all-inclusive, nor intended to replace the judgment required to assess the circumstances and details applicable to an individual incident.

<u>CATEGORY</u>	<u>EXAMPLES</u>
A. Ethics / Honesty	
1) Falsification, manipulation or alteration of Documents	<ul style="list-style-type: none"> • Intentional misstatement of facts in accounts, records or other documents used internally or used to make representations to third parties, including items such as laboratory test results, stock-counts, or reconciliation • Forging a signature • Violation of laws, rules, or regulations
2) Other	<ul style="list-style-type: none"> • Deceit or concealment of significant information from management, or auditors • Intentional misstatement of material facts to suppliers, customers, competitors, regulators, or other third parties • Intentional circumvention of internal controls, unauthorized access to computer systems, applications, and data
B. Conflicts of Interest	
1) Doing business with the Company	<ul style="list-style-type: none"> • Interest of an employee, spouse, or dependent in an outside business enterprise which does business with the company group, where there is an opportunity for preferential treatment and requisite management approval has not been obtained
2) Improper relations with Third Parties	<ul style="list-style-type: none"> • Inappropriate use of employee's position with the company group in dealings with suppliers, vendors, or other third parties to further the personal interests of the employee, a family member, or other related party. This includes demands of gifts or cash from vendors for the promise of work, requests to vendors to perform services at an employee's home, or requests to vendors to hire a family member.
3) Position conflicts with Company's interests	<ul style="list-style-type: none"> • Acceptance by an employee of a directorship in outside for-profit organizations that conflicts or interferes with employee's duties to the company group, where requisite management approval has not been obtained

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4) Other

- Transaction by an employee, employee's spouse, or dependent in stock, options, or other securities of the company group, where the transaction was based on material information not yet made public
- Employment of employee's spouse or dependent by a competitor in a common technical or professional field normally involving access to and use of highly sensitive and proprietary information, where requisite management approval has not been obtained.
- Purchase, sale, or lease of property, facilities, or equipment from or to the company group by an employee, employee's spouse, or dependent, where there was an opportunity for preferential treatment and requisite management approval has not been obtained.
- Use of company group personnel, facilities, equipment, or suppliers for personal benefit and not in accordance with accepted practices or procedures
- Ownership, operation, or participation by an employee in an outside business enterprise which interferes with the employee's job performance

C. Company Assets

1) Thefts / Losses

- Misappropriation or theft of cash, inventories, equipment, or other Company group property
- Losses of Company group property where either theft is the likely cause or is undetermined
- Losses of Company group property due to inadvertent disposal caused by a failure to adequately control the asset
- Vandalism by known or unknown parties
- Losses involving a breakdown or absence in controls such as inventory variations

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| 2) Expense account abuse | • Intentional misrepresentation of travel or other business expenses, including falsified/altered receipts |
| 3) Cash card misuse | • Intentional personal use of Company cash card even when individual felt there was no other alternative |
| 4) Misuse of assets | • Significant personal use of the company group assets
• Inappropriate personal use of the company group assets including accessing and/or distributing sexually explicit materials |
| 5) Employee program abuse | • Intentional misrepresentation of facts to support a claim for the company group benefits, where the benefits were not earned
• Intentional falsification of time reporting
• Falsification of employment records, where the fraud is not detected by in-line controls prior to employment |
| 6) Information Disclosure | • Inappropriate disclosure (intentional or unintentional) of information deemed by management to represent a significant exposure (financial, competitive, or reputational)
• Loss of significant the company group information through possible negligence |
| 7) Other | • Loss or risk of loss suffered by the company group as result of dishonest acts by suppliers, contractors, or other third parties, including:
a) Intentional short deliveries of materials
b) Falsification of billings for labor or materials
c) Intentional misrepresentations of quality of materials |

D. Gifts and Entertainment

- | | |
|---|--|
| 1) Inappropriate gifts or entertainment | • Acceptance by an employee of inappropriate gifts or entertainment |
| 2) Other unusual gifts or entertainment | • Acceptance by an employee of gifts or entertainment of an unusual nature as defined in the Gifts and Entertainment Guideline |

10. Guideline Administration

This Fraud and Irregularity Guideline is owned by Risk Management and Internal Control while the investigation process per the guideline is owned and operated by HCOE. Inquiries or interpretation related to the guideline should be directed to Head of Risk Management and Internal Control. The Guideline is effective 9 November 2023 and replaces the guidelines previously issued and the past practices.

Remark: For more details of Fraud and Irregularity reporting process, please see in document name "Fraud and Irregularity reporting procedure".

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Fraud and Irregularity report form

Fraud and Irregularity report form

BUSINESS FUNCTION: Click or tap here to enter text.		LOCATION WHERE IRREGULARITY OCCURRED Click or tap here to enter text.		DATE REPORTED: Click or tap here to enter text.	
COMPANY: Click or tap here to enter text.				REPORT STATUS: (Preliminary / Final) Click or tap here to enter text.	
1. Approximate dates of irregularity:		Beginning Date (dd/mm/yyyy):		Click or tap here to enter text.	
		Ending Date (dd/mm/yyyy):		Click or tap here to enter text.	
2. Briefly describe the irregularity: Click or tap here to enter text.					
3. Indicate <u>how</u> and <u>when</u> irregularity was discovered: Click or tap here to enter text.					
4. State name and positions of employees, agents, or others responsible for incident: Click or tap here to enter text.					
5. Date of last internal audit report (dd/mm/yyyy): Click or tap here to enter text.					
6. Indicate the estimated loss amount:		THB		Local Currency Equivalent	
Cash & Marketable Securities	Click or tap here	Click or tap here	Click or tap here	7. Recovered Amount	
Products & Trade Items	Click or tap here	Click or tap here	Click or tap here	Anticipated Recovery	Click or tap here
Materials & Supplies	Click or tap here	Click or tap here	Click or tap here	Actual Recovered	Click or tap here
Plant & Equipment Assets	Click or tap here	Click or tap here	Click or tap here	Notes (if any):	
Other Assets	Click or tap here	Click or tap here	Click or tap here	Click or tap here to enter text.	
8. Where employees or agents are at fault and services or relationships are terminated, state:					
(a) conditions of termination (specify termination date, if applicable):		Click or tap here to enter text.			
(b) amounts payable, if any, to employees or agents after termination:		Click or tap here to enter text.			
(c) criminal prosecution or other legal action taken:		Click or tap here to enter text.			
(d) other pertinent considerations:		Click or tap here to enter text.			
9. Safeguards or measures taken to prevent recurrence: Click or tap here to enter text.					
10. Additional comments, if any (attach additional page, as necessary): Click or tap here to enter text.					
SIGNATURE:				POSITION TITLE: Click or tap here to enter text.	
DATE SIGN: (dd/mm/yyyy)		Click or tap here to enter text.		FULL NAME: Click or tap here to enter text.	
Notes to Preparer: * Send this Report to Internal Audit within 10 business days after a confirmed decision as Reportable Fraud / Irregularity					
For Internal Audit Office Use Only					
* Type Irregularity (Category):		Click or tap here to enter text.			
* Date Reported to Management and Audit Committee:		Click or tap here to enter text.			

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