

# **Audit Committee Charter**



**Samart Corporation Public Company Limited**

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## **Audit Committee Charter**

### **1. Objectives**

The Audit Committee is a committee of the Board of Directors organized as an important tool or mechanism required of business to ensure the Company's good corporate governance. The Audit Committee as an independent committee can mitigate burden of the Board of Directors and increase flexibility in management function. The Audit Committee can express its straight opinion on financial reports and internal control systems, and accommodate discussion and consultation between management and external auditor with a view to managing possible risks and ensuring complete and correct disclosure in financial reports according to applicable standards and regulations in order that such reports are credible. The main objectives of the establishment of an Audit Committee are to create efficiency in the business operations and add value to the Company as follows:

1. Increase reliability and creditability of financial reports.
2. Increase duty of care of the Board of Directors in discharging its responsibility regarding:
  - Corporate Governance to comply with strategy and policy of the Company
  - Compliance with applicable regulations and relevant laws
  - Monitoring and control of business risk
  - Preparation of financial reports and selection of appropriate accounting policies
  - Internal control and Internal audit
  - Connected transaction
3. Mitigation of the Board of Directors' burden by delegation of duties pertaining to financial reporting, internal control and internal audit to the Audit Committee. As a result, the Board of Directors would have more opportunity to address various matters in depth and become more efficient in the areas of management.
4. Improvement of duties and process of the internal and external audit and increase of efficiency in the communication among the Board of Directors, internal and external auditors.
5. Reinforcement of independence of internal auditors and internal audit department to enable them to present straight opinions that will give rise to more efficient operations.
6. Encouragement of the preservation of independence of external auditor and provision of framework to enable the external auditor to present straight opinions in case that the conflict with management may arise.
7. Improvement of quality of the internal audit reports.
8. Strengthening of role and authority of outside directors.
9. Assurance of the directors' understanding in auditing scope.

### **2. Composition**

1. The member of the Audit Committee must not less than 3 persons and all members shall be independent directors.
2. The Board of directors shall select one member of the Audit Committee to be Chairman of the Audit Committee.
3. In case the term of the audit committee member is terminated or there is any circumstance causing any member to be unable to hold the remained term, thus making the number of the Audit Committee members lower than 3 persons, the Board of Directors and/or the shareholders' meeting shall appoint new member to replace the vacancy immediately or not later 3 months from the date of vacancy in the Committee to ensure continuity of the Audit Committee.

### **3. Terms**

Term of the Audit Committee member is 3 years. All members shall be in post no longer than 3 terms except getting a unanimous approval from the Nominating and Compensation Committee and the Committee ensures that the extra term will not cause or impact to the independent of such director, and shall be approved from the Board of Directors and/or the shareholders' meetings.

#### 4. Secretary to the Audit Committee

1. Chief of internal audit department shall be assigned as secretary to the Audit Committee to assist the Audit Committee in performing work pertaining to summoning of meetings, preparation of agendas, delivery of supporting documents for the meeting and keeping of minutes.
2. The appointment of secretary to the Audit Committee shall be considered person who has knowledge, ability, and experience appropriated with above task as well as has independence for supporting the Audit Committee.

#### 5. Qualifications

1. The Audit Committee members shall be appointed by the Board of Directors and/or shareholders' meetings.
2. All members of the Audit Committee should be Independent Directors with the qualifications as specified in the announcement of the Securities and Exchange Commission, the Capital Market Supervisory Board and the Stock Exchange of Thailand as follows:

##### **2.1 General qualification: Each member shall be an independent director with the following qualifications:**

- 1) Holding not **more than 0.5 percent** of the total number of voting rights of the Company, parent company, subsidiaries, affiliates, major shareholders or controlling person of the Company which include the shares held by related persons of the independent director;
- 2) Neither being nor having been Executive director, employee, staff or an adviser who receives a regular salary; or a controlling person of the Company, parent company, subsidiaries, affiliates, same-level subsidiaries, major shareholder or controlling person of the Company's unless the foregoing status has ended no less than 2 years prior to the date of application filing with the office;
- 3) Not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children of other directors, executives, major shareholders, controlling persons, or persons to be nominated as directors, executives or controlling persons of the Company or its subsidiaries;
- 4) Neither being nor having a business relationship with the Company, its parent company, subsidiary, associate, major shareholder or controlling person, in a manner that may interfere with his/her independent judgment, and neither is nor has ever been a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, subsidiary, associate, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years prior to the date of appointment;  
The business relationship as mentioned shall include normal business transactions, rental or lease of real estate, transactions related to assets or services or granting or receipt of financial assistance through receiving or extending loan, guarantee, providing assets as collateral, and any other similar actions, which result in the applicant or the counterparty being subject to indebtedness payable to the other party in an amount starting from 3 percent of the net tangible assets of the applicant or from 20 million baht or more, whichever amount is lower. In this regard, the calculation of such indebtedness shall be in accordance with the method for calculating the value of related party transactions under the Notification of the Capital Market Supervisory Board Re: Rules on Execution of Related Party Transactions, mutatis mutandis. In any case, the consideration of such indebtedness shall include the indebtedness incurred during the period of 1 year to the date of establishing the business relationship with the related person;
- 5) Neither being nor used to be an auditor of the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary company, associate company, major

- shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of appointment;
- 6) Neither being nor used to be a provider of any professional services including those as legal advisor or financial advisor who receives service fees exceeding two million Baht per year from the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than 2 years prior to the date of appointment;
  - 7) Not being a director who has been appointed for being a representative of the Company's director, major shareholder or shareholder who is related to the Company's major shareholder;
  - 8) Not undertaking any business in the same nature and in significant competition to the business of the Company or subsidiaries or not being a partner which is significant in a partnership or being an executive director, employee, staff, advisor who receives salary or holding shares exceeding 1 percent of the total number of shares with voting rights of other company which undertakes business in the same nature and in significant competition to the business of the Company or subsidiaries;
  - 9) Not having any characteristic which make him incapable of expressing independent opinions with regard to the Company's business affairs.

**2.2 Specific qualification: The Audit Committee members must have specific qualification as follows:**

- 1) Not being a person who has been empowered by the Board of Directors for any decision in the business operation of the Company, Parent Company, Subsidiaries or affiliated Companies, Same-Level of Subsidiaries as well as any juristic person, major shareholder, or controlling person of the Company;
- 2) Not being a director in Parent Company, Subsidiaries and any same-level of Subsidiaries which is a listed Company;
- 3) Having sufficient knowledge, experience, and time to perform duties as the Audit Committee members;
- 4) At least 1 member of the Audit Committee should have sufficient knowledge and experience in accounting or financial to review the financial statement credibility and the Company has to put his/her name in the filing of Annual Registration Statement / Annual Report 2021 (Form 56-1 One Report). In addition, such qualification also has to be put in the committee certified letter which will be submitted to SET.

**6. Authorities, Roles and Responsibilities of the Audit Committee**

**6.1 Roles and Authorities of the Audit Committee**

1. Review the Company's financial report to ensure its accuracy that is adequate, reliable and timely disclosure;
2. Review the Company's internal control and internal audit systems to ensure that they are suitable and efficient, and consider the independence of the internal audit unit as well as to propose the appointment, rotation or dismissal the chief of internal audit unit or any other related function who takes responsibilities to internal audit;
3. Consider and approve the manpower and necessary resources for working process of the internal audit unit, approve the annual audit plan including significant changes in the audit plan;
4. Review the Company's compliance with the Securities and Exchange Act, the regulations of the SET and the law relating to the Company's business;
5. Propose for consideration and approval of the Board of Directors and Shareholders' meeting on the selection, appointment, termination of the external auditors including propose their remuneration for further consideration;

6. Arrange the Audit Committee's meeting with auditors without the management of the Company at least once a year;
7. Review the connected transactions or the transactions that may lead to conflict of interest to comply with the Securities and Exchange Act, and the regulations of the SET/SEC including the laws relating to the Company and/or the Company's business and ensure that the transactions are reasonable and for the highest benefit of the Company;
8. Prepare the Audit Committee report for disclosure in the Annual Registration Statement / Annual Report (Form 56-1 One Report) of the Company with minimum contents as required by regulations of SET;
9. Review the scope of Roles and Responsibilities of the Audit Committee in accordance with the situation;
10. Audit and investigate concerned persons in order to gain the clearly information within the scope of authority;
11. Engage the specialist for competent advice and assistance auditing as considered by the Audit Committee with Company's expenses;
12. Perform any other activities assigned by the Board of Directors.

## **6.2 Responsibilities of the Audit Committee**

The audit committee is responsible to the Board of Directors according to the duties and responsibilities assigned by the Board of Directors, while the responsibilities of all activities of the Company towards third parties are still vested in the entire Board of Directors.

## **7. Meetings**

### **7.1 Agenda**

The secretary to the Audit Committee shall prepare invitation to the Audit Committee meeting. Each Meeting should be clearly determined date, time, place and agenda, and the meeting documents should be delivered to the Audit Committee and attendants at least 7 days in advance of the meeting for consideration or request of additional information.

### **7.2 Frequency of Meetings**

The Audit Committee shall convene at least 4 meetings as necessary and appropriate to ensure achievement of the works assigned.

### **7.3 Attendances**

A constitution of quorum of the Audit Committee is required attendance of members not less than 50%. The Audit Committee should invite external and internal auditors to present their works, and may invite directors or related executives to attend the meeting as necessary.

### **7.4 Voting**

The resolution of the meeting shall be supported by majority vote and each member has one vote. The member who has conflict of interest will not participate in that agenda. In the event receiving equal votes, the chairman has one vote for a casting vote.

### **7.5 Minutes**

The secretary to the Audit Committee shall prepare the minute of meetings which must be submitted to the Audit Committee and the Board of Directors in order to provide the Board of Directors with information about the activities of the Audit Committee on a timely basis. The minutes should also be submitted to

internal and external auditors in order to inform them formally that there are areas which require their special attentions.

## **8. Reporting**

The audit committee has duty and responsibility to report the operation of the committee and any duties assigned by the Board of Directors. The report is essentially an informational report for the Board of Directors, shareholders, and investors, which should convey the independent opinion of the committee. The Board of Directors must ensure that the management is fulfilling its stewardship accountability and must consider the equitable benefit of the shareholders as a whole.

### **8.1 Reporting to the Board of Directors.**

1. Report on regular activities so that the Board of Directors is kept informed of the Audit Committee's activities.
  - Minutes of the meetings which clearly specify opinion of the Audit Committee on various matters.
  - Summary report of activities during the year.
  - Report concerning comments on financial report, internal audit, and internal audit process.
  - Other reports which should be disclosed to the Board of Directors.
2. Immediate report on the findings so that the Board of Directors can seek a solution on a timely basis. For the operation of the Audit Committee, if the Audit Committee seeks or suspects that the transaction or the following actions has material impact on the Company's financial position and results of operation, the Audit Committee will report to the Board of Directors for improvement within a period of time mutually fixed by the Audit Committee:
  - Report on conflicts of interests.
  - Suspected or presumed fraud or irregularity or material defect in the internal control system.
  - Suspected infringement the Securities and Exchange Act, requirements of the Stock Exchange of Thailand, or laws related to the Company's businesses.
  - Other reports which should be disclosed to the Board of Directors.

### **8.2 Reporting to the Authorities.**

If the auditor discovers any suspicious circumstance that the Managing Director who is responsible for the operation of the Company commits an offence under the Section 89/25 in the Securities and Exchange Act, the auditor shall inform the fact relating to such circumstance to the Audit Committee. The Audit Committee shall report the result of preliminary inspection to the SEC or the SET and the auditor within 30 days.

If the Audit Committee has reported about anything which has material impact on the financial condition and results of operation to the Board of Directors and has discussed with the Board of Directors and the management that any rectification is necessary, upon completion of the period of time mutually fixed if the Audit Committee finds that such rectification has been unreasonably ignored, any or all member of the Audit Committee may report such finding to the SEC and the SET.

### **8.3 Reporting to Shareholders and General Investors.**

Report on activities carried out during the year according to the duties and responsibilities delegated by the Board of Directors; which shall be signed by the Chairman of the Audit Committee and disclosed in the Annual Report with the following details:

1. Comment on the accuracy, completeness and credibility of the preparation process and disclosure of information in the Company's financial report.
2. Comment on the adequacy of the Company's internal control system.
3. Comment on the appropriateness of the auditor.

4. Comment on the compliance with the Securities and Exchange Act, requirements of the Stock Exchange of Thailand, or laws related to the Company's businesses.
5. Comment on the transaction that may have conflict of interest.
6. Number of the Audit Committee meeting and time attendance of each member.
7. Comment or observation on the operation as defined in the Audit Committee Charter.
8. Any other report which should be made to the shareholders and general investors within the scope of duties and responsibilities assigned by the Board of Directors.

## **9. Evaluation**

The Audit Committee shall evaluate its performance by providing Audit Committee Self-Assessment or other appropriate mechanism in order to improve its performance for higher efficiency and achieve the objectives intended for.