

## CHARTER OF THE AUDIT COMMITTEE SCG CERAMICS PUBLIC COMPANY LIMITED

SCG Ceramics Public Company Limited has policies for operating the company in alignment with good corporate governance. Thus, the Board of Directors values the principles and guidelines that are responsible and fair to all involved parties, as well as, the independence, and transparent performance of the Board of Directors to establish credibility and raise value for shareholders and stakeholders on the basis of balanced and sustainable benefits.

The Board of Directors has approved the issuance of the Audit Committee to assist the Board of Directors in the surveillance of the financial reporting procedure, internal audit and Internal Control System, compliance with laws, good corporate governance, regulations, and Code of Conduct, including overseeing the surveillance. As this Audit Committee will be directly reported to the Board of Directors, the Board of Directors has resolved to adopt this Charter of the Audit Committee to provide guidelines for the Audit Committee.

### 1. Scope of Duties

The duties of the Audit Committee are as follows:

#### Overseeing the policies, operations, risk management, and internal control

- 1.1 Oversees that the company has a financial report system and a disclosure of financial statements that meet the financial reporting standard and provides support so that the financial report system is further improved to meet both Thai and international standards.
- 1.2 Consider the company and its subsidiaries connected transactions, acquiring or selling of assets, or transactions with a possible conflict of interest to ensure that they are in compliance with all pertinent laws and requirements of the Securities and Exchange Commission, Thailand.
- 1.3 Review the presence of the company's risk management, work processes, control, oversight of the performance of duties, IT governance, as well as Information and Integrated Network Security to ensure their effectiveness and compliance with international standards, understanding of risks, risk management policies, keeping risk levels within its risk appetite, implementing risk management policies efficiently. The Management is expected to identify risks in time to prevent risks that may arise, and provide suggestions to improve the risk management systems. The Audit Committee must receive sufficient information to direct and oversee the risk management systems efficiently.
- 1.4 Review the company's anti-corruption procedures and those of its subsidiaries to ensure compliance with the guidelines established by relevant governance bodies, such as the Thai Private Sector Collective Action Against Corruption (CAC), The Thai Institute of Directors Association (IOD), and The National Anti-Corruption Commission. This review should encompass a comprehensive approach, including promoting and raising awareness, assessing risks, internal control, incorporating the proactive preventive system, offense reporting, auditing, providing consultation, and ensuring compliance with the anti-corruption policy. Additionally, the self-assessment form regarding anti-corruption measures, as assessed by the Internal Audit Office, should also be reviewed.
- 1.5 Review the company's compliance procedures and those of its subsidiaries in accordance with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand, other rules, regulations, and laws related to the business, and the company's Code of Conduct. Review and follow up with the results of fraud investigation of the

Management, fraud or irregular events in the accounting system, establish the preventing measures in the organization, and review the internal processes of the whistleblowing system.

- 1.6 Review the compliance of the company's Internal Control System and that of its subsidiaries with the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also, communicate with the company's employees to learn the system, discuss with the auditors and internal audit regarding the scope of performance of duties, IT governance, as well as Information and Integrated Network Security, and emergency plan which are constantly adjusted to risks and environment. The committee is also expected to review and follow up on the improvement of the Management after receiving suggestions from internal audit and auditors.
- 1.7 Review the appropriateness and effectiveness of the company and its subsidiaries' Internal Audit System in accordance with internationally accepted approaches and standards. Also, review "The Assessment Form of the Adequacy of the Internal Control System" as audited and assessed by the Internal Audit Office to ensure that the company and its subsidiaries have a sufficient Internal Control System and propose to the Board of Directors for consideration.
- 1.8 Review the presence of a proactive preventive system to enhance operating effectiveness and efficiency.
- 1.9 In case the subsidiaries are listed on the Stock Exchange of Thailand or have their own audit committee, those audit committees will oversee the guideline from 1.1 – 1.8 for the subsidiaries. The company's audit committee will also oversee reports from mentioned subsidiaries.

#### Other areas

- 1.10 Select and propose the appointment or discharge of an independent person to perform the duties of the company's auditor for shareholders to approve, and also propose the remuneration of the company's auditor and evaluate the effectiveness of the auditor's performance. Also, make a decision in case the Management and the auditor disagree on financial reports, and operate in other tasks except for the auditing works of the company's auditor.
- 1.11 Prepare the audit committee's report to be disclosed in the company's Annual Report and duly signed by the Chairman of the Audit Committee and containing at least the following information:
  - 1.11.1 Review of the accuracy and credibility of the company's Financial Report.
  - 1.11.2 Review of the sufficiency of the company's Internal Control Systems.
  - 1.11.3 Review of compliance with all pertinent laws and requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand.
  - 1.11.4 Review of the aptitude of the auditors.
  - 1.11.5 Review of the transaction which may cause conflicts of interest.
  - 1.11.6 The number of Audit Committee's meetings and the attendance of each member individually.
  - 1.11.7 Review or overall observation made by the Audit Committee gaining from performing duties according to this Charter.
  - 1.11.8 Other transactions are deemed important to shareholders and investors under the scope of duties and responsibilities assigned by the company.

- 1.12 Review the presence of the Audit Committee's performance assessment as a whole and as a self-assessment on an annual basis which will be presented to the Board of Directors. Also, review the charter of the audit committee at least once a year and propose to the Board of Directors for consideration.
- 1.13 Collaborate with auditors and organize meetings with the company's auditor, without the attendance of the Management, at least once a year.
- 1.14 Review and govern Internal Audit Office in the following topics:
  - 1.14.1 Approve the internal audit plan, budget, and manpower of the Internal Audit Office, or select the internal audit in case of outsourcing. Also, provide recommendations in respect of appointment, removal, transfer, or dismissal of the Director of Internal Audit Office, or change the internal audit in case of outsourcing.
  - 1.14.2 Consider the independence of the Internal Audit Office based upon the execution of work, reports, and line of command. Also, review the execution of the Internal Audit Office for the performance assessment according to international standards.
  - 1.14.3 Review and provide feedback on the Internal Audit Office's performance.
- 1.15 Perform other actions as assigned by the Board of Directors with the agreement of the Audit Committee.

To fulfill its duties under its scope of authority, the Audit Committee is authorized to call for and order management, heads of offices, or employees concerned to present opinions, attend meetings, or submit necessary documents. In addition, the Committee may seek an independent opinion from professional consultants as deemed appropriate, at the Company's expense.

The Audit Committee performs duties within its authority and responsibilities under the order of the Board of Directors. The Board of Directors is responsible for the Company's operations and is directly accountable to shareholders, stakeholders, and the public

## **2. Composition of the Audit Committee**

The constituents of the Audit Committee are to be as follows:

- 2.1 The Audit Committee must consist of not less than 3 independent directors. At least one member must possess sufficient knowledge and expertise in accounting or finance in order to perform their duties of reviewing the credibility of the financial statements.
- 2.2 The Chairman of the Audit Committee may be appointed by the Board of Directors or the Audit Committee.
- 2.3 The Secretary of the Audit Committee may be appointed by the Audit Committee.

## **3. Qualifications of the Audit Committee**

- 3.1 The Audit Committee must be appointed by the Board of Directors.
- 3.2 Members of the Audit Committee shall be qualified independent directors according to the definition issued by the Company and the regulations of the Capital Market Supervisory Board and SET announcement, and capable of expressing an opinion.
- 3.3 Have at least one committee member with experience in accounting.

## **4. Terms of Office**

The term of office of the members of the Audit Committee is 3 years each, ending at the annual general meeting of shareholders. Nevertheless, a retiring member is eligible for re-appointment, if it is deemed appropriate, by the Board of Directors. The retired member may perform any act in the name of the Audit Committee until a new member takes over the duties. Apart from the vacancy upon the expiration as aforementioned, a member of the Audit Committee shall vacate office when:

- 1) he/she resigns;
- 2) he/she is no longer qualified for the office of the Audit Committee as specified in this Charter;
- 3) the Board of Directors passes a resolution removing him/her from office.

If a member of the Audit Committee wishes to resign, he/she shall give notice of resignation to the Chairman of the Company's Board of Directors. The resignation shall be effective from the date on which the Chairman of the Company's Board of Directors receives the resignation letter.

If a member of the Audit Committee resigns or is dismissed from his/her position before his/her expiration of the term of office, the Company shall immediately inform the Stock Exchange of Thailand. The member of the Audit Committee who resigned or was dismissed may explain his/her reason to the Securities Exchange Commission (SEC) and the Stock Exchange.

In case of vacancies of all members in the Audit Committee, the said Audit Committee may perform any act in the name of the Audit Committee until a new Audit Committee takes over the duties.

In case of a vacancy occurring in the Audit Committee, for reasons other than the natural expiration of the term of office, the Board of Directors shall have the responsibility of electing a fully qualified individual as a substitute member of the committee within a period of 3 months, commencing from the date of the vacancy. So that the number of members of the Audit Committee remains in full as the Board of Directors had stipulated. The substitute member shall hold office only for the remaining term of office of the member whom he/she replaces.

## **5. Meetings**

Meetings of the Audit Committee shall be at least 4 meetings per year.

In calling a meeting of the Audit Committee, the Chairman or the Secretary to the Audit Committee, by order of the Chairman, shall serve a written notice calling for such meeting not less than 3 days prior to the date of the meeting. Where it is necessary or urgent, the meeting may be called by other methods or an earlier meeting date may be chosen.

In a meeting of the Audit Committee, the Chairman of the Audit Committee or the Chairman of the meeting may choose to conduct the meeting electronically according to defined criteria and methods to enable discussions and exchange of opinions among attendees who may not be in the same location.

The Audit Committee should hold meetings to discuss matters within its scope of duties.

## **6. Quorum**

At a meeting of the Audit Committee at least half the number of the members of the Audit Committee must attend to constitute a quorum. In case the Chairman is absent or unable to perform his/her duty, the Audit Committee shall appoint a member who is attending the meeting to perform the duty on behalf of the Chairman.

Decisions in the meeting shall be made by a simple majority vote.

Each member of the Audit Committee is entitled to one vote, except the member of the Audit Committee who has a conflict of interest in any matter shall not be entitled to vote on such matter.

In the event of a tie vote, the Chairman of the meeting shall have a casting vote. Resolutions of the Audit Committee may be made without a meeting and shall be deemed valid as if they were made at the meeting when all members of the Audit Committee have adopted it by their signatures.

## **7. Minutes of the Audit Committee Meeting**

The secretary of the Audit Committee or an assigned individual is responsible for the meeting's minutes. Those minutes must be approved by the Audit Committee. After the approval, the committee must share the minutes during the Board of Directors meeting so that all relevant parties are apprised of the Audit Committee's activities and decisions.

## **8. Responsibilities of the Audit Committee**

8.1 In case the Audit Committee is informed by the auditor about the suspicious behavior of directors, managers, or persons responsible for the business operation of the company, which may violate paragraph 2 of Section 281/2, Section 305, 306, 308, 309, 310, 311, 312 or 313 of the Securities and Exchange Act, the Audit Committee is to investigate the case and submit a preliminary report to the Securities and Exchange Commission (SEC), as well as to the auditor, within 30 days of the date it is informed.

8.2 Upon finding or having doubt about the following actions or transactions, which may significantly affect the financial position and performance of the Company, the Audit Committee is to report such events to the Board of Directors in order to find a remedy within a period deemed appropriate by the Audit Committee:

(1) Transaction which may cause conflicts of interest.

(2) Fraud or irregular events or material flaws in the Internal Control System.

(3) Violations of laws pertaining to Securities and the Stock Exchange, the regulations of the Stock Exchange, or laws pertaining to the Company's business.

Should the Board of Directors or management fail to remedy the issues within the timeline specified by the Audit Committee, a member of the Audit Committee may report the issue to the SEC or the SET.

## **9. Remuneration**

The Audit Committee shall be paid remuneration, the amount of which shall be approved at the general meeting of shareholders.