

# **Charter of The Audit Committee**



**BTS GROUP HOLDINGS PUBLIC COMPANY LIMITED**

***Completed May 29,2017***

***Reviewed and amended May 24,2018***

## **Preface**

The Audit Committee of BTS Group Holdings Public Company Limited (“the Company”) has been appointed by a resolution of the Board of Directors. The Committee is overseeing the company’s compliance with the principles of good corporate governance to ensure integrity and confidence to the investors, its shareholders and all other stakeholders. Guidelines for the preparation of the Charter are as follows:

1. The Audit Committee Charter has been prepared under the guidance of the Audit Committee to observe good corporate practice which is in alignment with the regulations of the Stock Exchange of Thailand.
2. Any correction, improvement or change on the charter must be permitted by the Board of Directors.
3. The Audit Committee Charter should be reviewed annually or upon revised rules by the Stock Exchange of Thailand or related regulations.

This Audit Committee Charter (“this Charter”) is provided for the Audit Committee to oversee the operations of the company which is in accordance with the principles of good corporate governance and to perform its duties efficiently as assigned by the Board of Directors. In addition, the Charter will provide comprehension to the related persons and Stakeholders to recognize the objective of Audit Committee’s framework (composition / qualifications / assignments / tenure), roles and responsibilities, meetings, reporting and assessment of performance.

## **Structure of the Audit Committee**

1. The Audit Committee shall consist of at least three members who are Independent Directors, one member serves as the Chairman of the Audit Committee and the management of internal audit unit serves as the Secretary of the Audit Committee.
2. The Audit Committee Members shall also be members of the Board of Directors, meeting qualifications without restrictions as set forth in the applicable rules of the Stock Exchange of Thailand. At least one member shall have accountancy or related financial expertise.

– Part of Form 56-1 One Report 2023/24

## **Rules of The Audit Committee Meeting**

1. The Audit Committee should have regular meetings at least four times a year in relation to the preparation of financials reports.
2. Audit Committee meetings can be conducted when the amount of the quorum is more than one-half of the members of the Audit Committee. The Audit Committee shall be presided over by the Audit Committee Chairman. With regard to the voting right of the Audit Committee meeting, the same principle of the Board of Directors' meeting shall apply, each member has one voting right. A member cannot participate and vote on the considered subject, if the member is a stakeholder. If equal votes occurred, the Chairman shall cast the final vote. The Secretary of the Audit Committee does not have any voting right.
3. Regular meetings of The Audit Committee are scheduled in advance, and an invitation letter and documents shall be sent to The Audit Committee Members and the participants at least seven days in advance in order to allow adequate time for The Audit Committee Members to review or request additional information.
4. The Audit Committee Meeting should consider issues delegated by The Board of Directors and other issues stipulated in the Charter of the Company. The meeting should consider the following topics:
  - 4.1 To consider the financial statements and related financial subjects, principles and accounting practice if they are in line with the generally accepted accounting principles and the Company's on-going operations. In addition, any changes in accounting policies and the reasons for such inclusion in the financial statements should be reviewed. The financial statements will be sent to The Board of Directors for distribution to shareholders and investors. The Audit Committee should consult with The Company's Auditor for issues or proposed new restrictions in order to prepare for future modifications.

- 4.2 To consider the adequacy of internal control systems, internal audit and risk management policy.
- 4.3 To consider transactions which may lead to conflicts of interests.
- 4.4 To consider the company's compliance with the Securities and Exchange Act (the "SEC Act"), the SET's regulations and the laws relating to the company's business.
- 4.5 To perform any other duties, as assigned by The Board of Directors.
5. The Audit Committee should conduct a special meeting within The Company's Auditor, without the participation of the Company's Management at least once a year. The meeting may be conducted during a regular meeting, or arranged separately.
6. The Chairman of The Audit Committee may call a special meeting if requested by The Audit Committee Member, Internal Auditor, the Company's Auditor or Chairman of The Board of Directors to consider issues that need to be discussed and concluded jointly.
7. The Audit Committee may invite the Board of Directors or the Management or the Company's Auditor to participate in the meeting, if there are related issues, for example, Evaluate the adequacy of the Company's internal control system, Auditing plan, etc.
8. The Audit Committee may invite external specialists or lawyers to participate in the meeting for consultancy to resolve legal issues that might significantly impact the financial statements and/or Company's operations.
9. The Secretary to the Audit Committee should participate in every meeting due to the role of the Secretary to the Audit Committee as a designated person who prepares documents for presentation to the Audit Committee with the exception of sensitive topics which should be internally discussed within the Audit Committee Members.
10. The Secretary of the Audit Committee or another assigned individual is responsible for recording the minutes of the meeting.

### **Qualifications of the Members of the Audit Committee**

1. Holding not more than 0.75% of the total number of shares which have voting rights of the Company, subsidiaries, associates, affiliates, major shareholders, or controlling persons of the Company. In this case, for the purpose of calculation, the number of shares held by a related person of each member of the Audit Committee shall also be included.
2. Neither being a Director who takes part or used to take part in management, nor being or having been an employee, staff member, an advisor who receives regular salary, nor the controlling person of the Company, subsidiaries, associates, affiliates, major shareholders or the controlling persons of the Company, unless such Director has resigned from such position for at least two years.
3. Not being a blood-related person nor legally related as father, mother, spouse, brother, sister or child, including being the spouse of the children, of the executives, major shareholders, controlling persons or the persons who will be nominated as the executive or controlling persons of the Company or subsidiaries.
4. Neither having, nor having had, any business relationship with the Company, subsidiaries, associates, major shareholders, or controlling persons of the Company in a manner that may obstruct the exercise of independent judgment as a member of the Audit Committee. Moreover, a member of the Audit Committee must neither be, nor have been, a key shareholder or controlling person of the entities that have a business relationship with the Company, subsidiaries, associates, major shareholders, or the controlling persons of the Company, unless such Director has resigned from such position for at least two years.
5. Neither being, nor having been, the auditor of the Company, subsidiaries, associates, affiliates, major shareholders, controlling persons of the Company, nor being a key shareholder, controlling person or partner of the audit office providing the auditing service persons of the Company, unless such Director has resigned from such position for at least two years.

6. Neither being, nor having been, a provider of any professional services including legal advisory or financial advisory services that received fees in the amount of more than Baht 2 million per year from the Company, subsidiaries, associates, affiliates, major shareholders, or controlling persons of the Company, nor being a key shareholder, a controlling person, or partner of such professional services provider, unless such Director has resigned from such position for at least two years.
7. Not being a Director who has been appointed as a representative of the major shareholders or shareholders related to the major shareholders.
8. Neither operating a business having the same nature which significantly competes with the business of the Company or its subsidiaries, nor being a significant partner or a Director who is involved in the management, nor being an employee, staff member, or a consultant who receives regular salary, or holds more than 1% of the total number of shares which have voting rights of a company that operates a business having the same nature and that significantly competes with the business of the Company or its subsidiaries.
9. Having no other conditions that may obstruct the independent expression of comment on the Company's operations.
10. Being appointed by the Board of Directors' meeting to be a member of the Audit Committee.
11. Neither being a Director who has been assigned by the Board of Directors to make a decision regarding the business operations of the Company, the parent company, subsidiaries, associates, affiliates, major shareholders or controlling persons of the Company, nor being a Director of the parent company, subsidiaries ranked in the same level only Listed company.
12. Being knowledgeable and experienced to perform his/her duty as a member of the Audit Committee. At least one member of the Audit Committee must be knowledgeable and experienced in reviewing the accountability of the financial statements.
13. Having full and proper qualifications in accordance with the laws and regulations of the government's authority.

## **Duties and Responsibilities**

1. To review the Company's financial reporting process to ensure that it is accurate, in accordance with the generally accepted accounting principles, and adequately disclosed;
2. To review the Company's internal control system, internal audit system and risk management policy to ensure their appropriateness and efficiency. In addition it should review the independency of the Internal Audit Office as well as to approve, jointly with the Chief Executive Officer, the appointment, transfer and dismissal of the Head of the Internal Audit Officer or the head of any other units in charge of the Internal Audit Office;
3. To review if the Company is in compliance with the regulations of the Securities and Exchange Commission and those of the Stock Exchange of Thailand and regulations relevant to the Company's businesses;
4. To consider, select and nominate independent person(s) to be nominated as the Company's external auditor(s), including the termination of the Company's external auditor(s), to propose their remunerations, and to attend a meeting with the external auditor(s) without the Management at least once a year. The external auditor(s) will be discharged based on the following circumstances:
  - 1) The external auditor(s) violates and/or fails to comply with Section 89/25 of the Securities and Exchange Act B.E.2535 (1992) (as amended);
  - 2) The license of the external auditor(s) is not valid under the professional accounting laws;
  - 3) The external auditor(s) commits a misconduct, violates or fails to comply with the rules and ethics of professional auditors in a material manner and is suspended from practicing or de-licensed under the professional accounting laws; or
  - 4) The Federation of Accounting Professions Committee considers the behavior of the external auditor(s) to be damaging to the honor of the accounting profession.



5. To consider Related Party Transactions, or transactions which may lead to conflicts of interests, to ensure that those transactions are in compliance with the laws and regulations of the Stock Exchange of Thailand, and are justifiable with the utmost benefits of the Company;
6. To prepare, and to disclose in the Company's annual report, the Audit Committee's report which must be signed by Chairman of the Audit Committee and consist of the following minimum information;
  - 1) an opinion on the accuracy, completeness and creditability of the Company's financial report;
  - 2) an opinion on the adequacy of the Company's internal control system;
  - 3) an opinion on the compliance with the rules and regulations of the Securities and Exchange Commissions, the Stock Exchange of Thailand, or the regulations relevant to the Company's businesses;
  - 4) an opinion on the suitability of external auditor(s);
  - 5) an opinion on the transactions that may lead to conflicts of interests;
  - 6) the number of the Audit Committee's meetings, and the meeting attendance by each member;
  - 7) an opinion or overview comments of the Audit Committee derived from their performance of duties under the scope of the Audit Committee Charter;
  - 8) other transactions which, according to the Audit Committee's opinion, should be disclosed to the shareholders and general investors, and are within the scope of duties and responsibilities assigned by the Board of Directors;
7. To review and provide an opinion on the internal audit plan and the performance of the Internal Audit Office. In the performance of duties, the Audit Committee has the authority to invite the management, executives, or employees relevant to the matters to provide their opinions, attend the meeting or submit any relevant and necessary documents;
8. During the course of audit by the Audit Committee Members, if it is found or suspected that there is a transaction or any of the following acts which may materially affect the company's financial conditions and operating results, the Audit Committee shall report such matter to the Board of Directors for a rectification within the time frame that the Audit Committee deems appropriate:

- (1) a transaction which causes a conflict of interest;
- (2) any fraud, irregularity, or material error in the internal control systems;
- (3) an infringement of the regulations of the Securities and Exchange Commission regulations, and the Stock Exchange of Thailand, or any regulations relevant to the Company's businesses;

If the Board of Directors or Executives fail to make a rectification within the period that the Audit Committee deems appropriate, any member of the Audit Committee may report such transaction or act to the Office of the Securities and Exchange Commissions or the Stock Exchange of Thailand;

9. The Audit Committee is responsible for assessing the adequacy and effectiveness of the anti-fraudulent risk policy and the risk management measures in countering fraud. The main functions of the risk management are as follows.
  - (1) Review the internal audit plan of the Internal Audit Office to determine if the internal controls cover the implementation of Anti-Fraud & Corruption Policy and other related policies which may be exposed to fraudulent business practices.
  - (2) Acknowledge reports of fraudulent incidents during regular scheduled periods. Contents of the report should provide detailed information on fraudulent risk management and fraudulent incidents. For serious fraudulent incidents, the report should cover results of the investigations, measures taken and penalties, if any.
  - (3) Consult with the Company's auditor in the event of a significant fraud.
10. To review and update the Audit Committee Charter and present to the Board of Directors for consideration and approval;
11. The Audit Committee Members are required to conduct a self-assessment on the performance and report the results of the assessment, issues and obstructions which hinder the achievement of performance to the Board of Directors annually; and
12. To perform any other duties as assigned by the Board of Directors, with full consent of the Audit Committee Members.

## **Reporting of the Audit Committee**

### **1. Reporting submitted to the Board of Directors**

- (1) Reporting of regular activities of the Audit Committee to the Board of Directors consist of;
  - (1.1) Report of the Audit Committee meetings with the Audit Committee's opinion.
  - (1.2) Summarized report of the activities undertaken during year.
  - (1.3) Report of the opinion of the Company's financial report, internal audit, internal audit functions and risk management policy.
  - (1.4) Report of topics deemed necessary for the acknowledgement of the Board of Directors.
- (2) Reporting of urgent audit findings for rectifications.
- (3) Reporting of any transaction which causes a conflict of interest.
- (4) Reporting of any fraud, irregularity or material defect in the internal control system.
- (5) Reporting of any infringement of the regulations on the Securities and Exchange Commissions, the Securities Exchange of Thailand's or any regulations relating to the Company's business.

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

The content is similar to the report of the Audit Committee disclosed in the annual report. The report format will be under the consideration of the Audit Committee.

### **3. Reporting to the Regulators**

The Audit Committee will report issues with significant impact on the Company's financial statements and operations to the Board of Directors and discuss modification process. If the Board of Director have not taken any action in due course without any justification, a member of the Audit Committee shall be empowered to report such audit findings to the SEC directly.

## **Appointment and Removal of the Audit Committee**

### Appointment of the Audit Committee

1. The Board of Directors appoint the Audit Committee.
2. The Board of Directors or the Audit Committee appoints a member to serve as Chairman of the Audit Committee.
3. Once the term of the Audit Committee has expired or for any reasons the Audit Committee member cannot complete the term which reduces the quorum of the Audit Committee to less than three members, The Board of Directors should appoint the Audit Committee to select a replacement. The appointment must be completed within three months from the day when the Audit Committee Member completes his/her term in order to have a smooth transition and to comply with the regulations for companies registered under the Stock Exchange of Thailand.
4. The tenure of a member of the Audit Committee shall be in line with the tenure of The Board of Directors.
5. The retired Audit Committee member shall remain in office to perform his/her duties until a new member is appointed. The renewal of tenure of the Audit Committee members shall be completed within 2 months after expiration. However, the retired members of the Audit Committee Member shall be eligible for re-election from the Board of Directors, as deemed appropriate.
6. In the situation of a vacant position in the Audit Committee, not caused by the expiration of the tenure and not less than 3 remaining months, the Board of Directors shall appoint a qualified candidate as a member of the Audit Committee in the next Board of Directors' meeting. Such substitute member of the Audit Committee shall hold the position for the remaining term of position replaced.

### Completion of Position

1. The member of Audit Committee will complete the tenure of the position when:
  - 1) The expiration of the term of position
  - 2) Lack of qualification
  - 3) Resignation

- 4) Pass away
  - 5) Early removal by the Company's Board of Directors
  - 6) Imprisonment by a final court judgment or legitimate order of imprisonment, except for the case of negligent or petty offence
  - 7) Incompetent or quasi-incompetent
  - 8) Bankruptcy
2. If the member of Audit Committee would like to resign before the term expired, such member shall inform and indicate proper reasoning to the Board of Directors at least 1 month in advance, in order that the Board of Directors can appoint other qualified director to replace the resigned member. The Company must report and enclose a copy of the resignation letter to the Stock Exchange of Thailand. The resigned member may also inform the resignation directly to the Stock Exchange of Thailand.
3. In case of an early removal of the member of the Audit Committee Member prior to the expiration of the term, the company must report the reasons to the Stock Exchange of Thailand on such action. On the same token, the removed member has the right to disclose the reasons of removal directly to the Stock Exchange of Thailand.

The Audit Committee Charter become effective since May 29, 2017 by the resolution's the Board of Directors on No. 4/2017 dated May 29, 2017 and cancel the first document that effective May 25, 2015.

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(KEEREE KANJANAPAS)

Chairman of the Board of Directors