



## **Audit Committee Charter**

**BTS GROUP HOLDINGS PUBLIC COMPANY LIMITED**

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## **Preface**

The Audit Committee is appointed by resolution meeting of the Board of Directors. The Committee is overseeing the company's compliance with the principles of good corporate governance as confidence to the investors, its shareholders and all other stakeholders.

## **Objectives**

Objective of Preparing the Audit Committee Charter are as follows.

1. The Audit Committee Charter provided for the performance of the audit committee to oversee the operations of the company. Regulatory principles of good corporate governance are efficiency and able to perform duties as assigned by the Board of Directors.
2. To comprehend the related person and Stakeholder to recognize the objective of audit committee frame (component / qualification / assignment / take position / out of position) role and responsibility of Audit committee, meeting, reporting and evaluation of audit committee operation.

### **Guidelines for the preparation of the Charter**

Guidelines for the Preparation of the Charter are as follows.

1. The Audit Committee Charter is prepared in the guidelines of the Audit Committee. According to the Stock Exchange of Thailand determined.
2. Correction, improvement or change the charter must be permitted by the Board of Directors.
3. The Audit Committee Charter should be reviewed annually or changed rules by the Stock Exchange of Thailand or related law.

## **Structure and Organization of the Audit Committee**

**The Structure of Audit Committee** is as follow;

### **1. Composition and Qualification of the Audit Committee**

**1.1 Composition:**The Audit Committee shall consist of at least three members who are Independent Directors, one member serves as the Chairman of Audit Committee and the management of internal audit unit serves as Secretary of the Audit Committee.

**1.2 Qualification:**The Audit Committee shall be the Board of Directors with fully qualified and no prohibitions as set fourth in the applicable rules of the Stock Exchange of Thailand and at least one member shall have accounting or related financial management expertise.

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

All members of the Audit Committee must be independent Directors having the qualifications as follows:

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 0.75% 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, 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.
12. Being knowledgeable and experienced to perform his 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 authority.

## **2. The Appointment of the Audit Committee**

- 2.1 The Board of Directors appoints the Audit Committee.
- 2.2 The Board of Directors or the Audit Committee appoints a member to serve as Chairman of the Audit Committee.
- 2.3 Once the term of the Audit Committee is expired or there are any reasons the Audit Committee cannot complete the term which effects to the number of the Audit Committee less than three members, The Board of Directors should appoint the Audit Committee for replacement and the appointment must be completed within three months from the day on which the outgoing Audit Committee completes their term for the ongoing process of the Audit Committee and comply with the regulations for companies registered to the Stock Exchange of Thailand.

## **3. Term of Membership**

- 3.1 The term of position of member of Audit Committee shall be line with the term of The Board of Directors.
- 3.2 The retired members shall remain in office to perform his/her duties until newmembers have been appointed. The renewal of term of Audit Committee members shall be done within 2 months after expiration. However, the retired members of the Audit Committee shall be eligible for re-election from the Board of Directors.
- 3.3 In any cases of vacancy in the Audit Committee is not caused from the expiration of the term of position and not less than 3 months remaining of the term, the Board shall appoint a qualified candidate as members of theAudit Committee in the next Board of Directors meeting. Such substitute member

of the Audit Committee shall hold office only for the remaining term of position of such member whom he/she replaces.

#### **4. The End of Term of Position**

4.1 The member of Audit Committee will be the end of term of position when

- 1) The expiration of the term of position
- 2) Lack of qualification of member
- 3) Resignation
- 4) Pass away
- 5) Early removal from the vote of the Company 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) Incompetence or quasi-incompetence
- 8) Bankruptcy

4.2 If the member of Audit Committee would like to resign before the term expired, such member shall inform and make a reason to the Board of Directors at least 1 month in advance, so that the Board of Directors would appoint other qualified director to replace the resigned member. However, the company shall report and send the copy of resignation letter to the Stock Exchange of Thailand. In addition, the resigned member maybe also inform to the Stock Exchange of Thailand.

4.3 In case of early removal of the member of Audit Committee before the term expired, the company shall report the reasons to the Stock Exchange of Thailand. So that, the removal member could inform to the Stock Exchange of Thailand.



### **Authorities Duties and Responsibilities**

The audit committee of the company has the scope of duties and responsibilities to the Board of Director on the following matters:

1. To review the Company's financial reporting process to ensure that it is accurate, in accordance with the generally accepted accounting principles, and adequate disclosed;
2. To review the Company's internal control system, internal audit system and risk assessment policy to ensure their appropriateness and efficiency, and to 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 Office or the head of any other unit in charge of an internal audit;
3. To review the Company's compliance is in compliance with the securities and exchange laws, the regulations of the Stock Exchange of Thailand and the laws relevant to the Company's businesses;
4. To consider, select and nominate independent person(s) to be elected as the Company's external auditor(s), to terminate the Company's external auditor(s), to propose their remuneration, and to attend a meeting with the external auditor(s) without the management at least once a year, and the external auditor(s) will be discharged in the following events;
  - 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 and for the utmost benefit 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 at least the following 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 compliance with the securities and exchange laws, the regulations of the Stock Exchange of Thailand, or the laws 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) number of the Audit Committee's meetings, and the meeting attendance by each member;
  - 7) an opinion or overview comment 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 known to the shareholders and general investors, and are in the scope of the 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. In the performance of the duties of The Audit Committee, 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 to The Board of Directors for a rectification within the period 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 securities and exchange laws, the regulations of the Stock Exchange of Thailand, or the laws 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 Commission 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 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 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 external 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; and

11. To perform any other duties as assigned by The Board of Directors as the Audit Committee may agree.

## **THE AUDIT COMMITTEE MEETING**

1. Agenda

- (1) The regular meeting of The Audit Committee is set the clearly scheduled in advance, and sends a letter of invitation documents to The Audit Committee and the participants at least seven days before the meeting hold on, for The Audit Committee has time to consider or request additional information.

(2) The Audit Committee Meeting should be considered as The Board of Directors of the topic to be considered should include scope of responsibilities under The Charter. The meeting should be considered to topic;

(2.1) To consider the financial statement compliance with legal and regulatory requirements. Then the financial statement send to The Board of Directors, for distribute to shareholders and investors. The Audit Committee should be discussed with The Company's Auditor for limitations arising to consider methodology for improvement.

(2.2) To consider the adequacy of internal control systems, internal audit and risk management.

(2.3) To consider transactions which may lead to conflicts of interests.

(2.4) 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.

(2.5) To perform any other duties, assigns by The Board of Directors.

## 2. The Number of Times for Meetings

(1) The Audit Committee should have regular meeting at least four times a year of preparation of financials reports.

(2) The Audit Committee should have a specific meeting within The Company's Auditor, without the participation of the Company's Management at least one time a year. The meeting may be a special meeting or regular meeting.

(3) Chairman of The Audit Committee may call a special meeting if requested by The Audit Committee, Internal Auditor, The Company's Auditor or Chairman of The Board of Directors to consider issues that need to be discussed and concluded together.

## 3. The Attendees, A Quorum and Voting

(1) Audit committee meeting will be able to do the meeting when amount of the quorum is more than one-half of the members of the Audit Committee. The audit committee meeting shall be presided over by Audit Committee

Chairman. The voting of the audit committee meeting may use the same principle of board of director meeting that each member has one voting right. The member cannot participate and vote the considered topic, if the member is stakeholders of the topic. If the equality of vote is occurred, the meeting chairman shall be casting vote. Secretary of the Audit Committee does not have authority to do the voting.

- (2) The Audit Committee may invite the Board of Director or the Management or The Company's Auditor to participate the meeting, if there are some concerning topics, for example, Evaluate the adequacy of the Company's internal control system, Internal Audit Plan etc.
- (3) The Audit Committee may invite external specialists or lawyers to participate the meeting for consultancy in order to legal issues that might effect on the financial statement and/ or Company's operations significantly.
- (4) The Secretary to the Audit Committee should participate the meeting every time because the Secretary to the Audit Committee is a person who prepare documents and present information to the Audit Committee except the sensitive topic and the Audit Committee purpose.

#### 4. The Meeting Report

The Secretary of the Audit Committee or assigned people is responsible to do the memorandum of the meeting.

### **Reporting of the Audit Committee**

#### 1. Reporting to the Board of Director

- (1) Reporting of regular activities of the Audit Committee to the Board of Director consist of;
  - (1.1) Report of the Audit Committee with Audit Committee's opinion.

- (1.2) Report of summarize of the activities undertaken during year.
- (1.3) Report of opinion of Company's financial report, internal audit, internal audit function and risk management.
- (1.4) Report of necessary topics for the Board of Director.
- (2) Reporting of urgency audit finding for rectification.
- (3) A transaction which causes a conflict of interest.
- (4) Any fraud, irregularity or material defect in the internal control system.
- (5) An infringement of the law on securities and exchange, the stock exchange's regulations or any law relating to the Company's business.

2. Reporting to Shareholder and General Investors

The detail is as same as the report of Audit Committee which disclosed to annual report. The report form will be designed by the Audit Committee.

3. Reporting to the Regulator

The Audit Committee has reported topics which effect to financial statement and result of operation significantly to the Board of Director and the Board of Director commit to correct the topics but the Board of Director ignore to correct the topics as time being without any reason, a member of the Audit Committee shall be empowered to report the audit finding to SECdirectly.

**Performance appraisal of the Audit Committee**

The Audit Committee has to assess performance and report the result of the assessment and issue which cause not achieve the objective of establishment the Audit Committee to the Board of Directors every year.

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

(.....)

KEEREE KANJANAPAS

Chairman of the Board of Directors