



## **Charter : Audit Committee**

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## Charter

### Audit Committee

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#### 1. Introduction

In accordance with the resolution of the Board of Directors of Medeze Group Public Company Limited ("the Company"), this announcement is hereby made regarding the code of conduct concerning the charter, authority, and responsibilities of directors, executives, and employees. This is to be regarded as the principle and guideline as follows:

The Audit Committee functions as a subcommittee of the Board of Directors, appointed to assist in the responsibilities of the Board and to ensure the company maintains good corporate governance. The Audit Committee is established with the objective of enhancing operational efficiency and increasing organizational value.

Therefore, the performance of the Audit Committee's duties must maintain a working relationship with the Board of Directors, management, as well as external and internal auditors of the Company. To ensure efficient operation, each audit committee member must develop and maintain expertise, knowledge, and an understanding of their duties and responsibilities, as well as a thorough understanding of the Company's business.

#### 2. Composition and Appointment of the Committee

The Board of Directors will consider and approve the appointment of the Audit Committee, selecting from independent directors, a minimum of 3 members. The details are as follows:

- 2.1 The Audit Committee shall consist of a Chairman of the Audit Committee, a Vice Chairman of the Audit Committee (if any), and Audit Committee members.
- 2.2 The Audit Committee or the Board of Directors shall select one member from the Audit Committee to be the Chairman of the Audit Committee.
- 2.3 At least one Audit Committee member must possess adequate knowledge, understanding, and experience in accounting and/or finance to be able to perform the function of reviewing the reliability of financial statements. They must also possess up-to-date knowledge regarding factors affecting changes in financial reporting and be able to ask direct and pertinent questions, and interpret and evaluate the responses received.

- 2.4 The position of Secretary to the Audit Committee is responsible for assisting in operations and coordinating with the Audit Committee regarding meeting schedules, preparing meeting agendas, delivering meeting documents, recording meeting minutes, and other tasks as assigned.

### 3. Qualifications of Committee Members

- 3.1 They must be appointed as Audit Committee members by the Board of Directors or the Shareholders' Meeting of the Company, and must not be a director delegated by the Board of Directors to make decisions on the operations of the Company, its parent company, subsidiaries, associated companies, major shareholders, or controlling persons of the Company, including being a director of the parent company or subsidiaries, specifically if they are listed companies.
- 3.2 They must hold no more than 1 % of the total voting shares of the Company, its parent company, subsidiaries, associated companies, major shareholders, or controlling persons of the Company. This shall also include shares held by related persons of the independent director.
- 3.3 They must not be, or have previously been, an executive director, employee, staff member, salaried consultant, or controlling person of the Company, its parent company, subsidiaries, associated companies, same-level subsidiaries, major shareholders, or controlling persons of the Company, unless they have ceased to have such characteristics for at least 2 years prior to the date of appointment.
- 3.4 They must not be a person who has a blood relationship or is registered legally as a father, mother, spouse, sibling, or child, including the spouse of a child, of another director, executive, major shareholder, controlling person, or person proposed to be a director, executive, or controlling person of the Company or its subsidiaries.
- 3.5 They must not have or have previously had a business relationship with the Company, its parent company, subsidiaries, associated companies, major shareholders, or controlling persons of the Company in a manner that may impede the exercise of their independent judgment, including not being or having previously been a significant shareholder or controlling person of those who have a business relationship with the Company, its parent company, subsidiaries, associated companies, major shareholders, or controlling persons of the Company, unless they have ceased to have such characteristics for at least 2 years prior to the date of appointment.

The business relationship in the preceding paragraph includes normal commercial transactions for business operations, the lease or rental of real estate, transactions related to assets or services,

or the provision or receipt of financial assistance, through borrowing or lending, guarantees, or collateralization, including other similar circumstances that result in the Company or the counterparty having a debt obligation to another party of 3% of the Company's net tangible assets or 20 million baht, whichever is lower. The calculation of such debt obligations shall follow the methods for calculating the value of related party transactions according to the Notification of the Capital Market Supervisory Board on the rules for related party transactions, mutatis mutandis, but in considering such debt obligations, the debt obligations incurred within one year before the date of having a business relationship with the same person shall be included.

- 3.6 They must not be or have previously been an auditor of the Company, its parent company, subsidiaries, associated companies, major shareholders, or controlling persons of the Company and not be a significant shareholder, controlling person, or partner of an audit firm where the auditor of the Company, its parent company, subsidiaries, associated companies, major shareholders, or controlling persons of the Company is affiliated, unless they have ceased to have such characteristics for at least 2 years prior to the date of appointment.
- 3.7 They must not be or have previously been a provider of any professional services, including legal or financial consulting services, who have received service fees exceeding 2 million baht per year from the Company, its parent company, subsidiaries, associated companies, major shareholders, or controlling persons of the Company, and they are not a significant shareholder, controlling person, or partner of such professional service provider, unless they have ceased to have such characteristics for at least 2 years prior to the date of appointment.
- 3.8 They must not be a director appointed to represent the directors of the Company, major shareholders, or shareholders who are related to major shareholders.
- 3.9 They must not engage in a business of a similar nature that is in significant competition with the business of the Company or its subsidiaries, or be a significant partner in a partnership, or be a director who is involved in the management, employee, staff, salaried consultant, or hold more than 1% of the total voting shares of another company that engages in a business of the same nature that is in significant competition with the business of the Company or its subsidiaries.
- 3.10 They must not have any other characteristics that prevent them from providing an independent opinion regarding the operations of the Company.
- 3.11 They must have the same responsibilities as stipulated in the Stock Exchange of Thailand's announcement regarding the qualifications and scope of operations of the Audit Committee.

- 3.12 They must possess sufficient knowledge and experience to be able to perform their duties as Audit Committee members, according to the responsibilities assigned. Audit Committee members must be able to dedicate sufficient time to the operations of the Audit Committee.

#### 4. Term of Office

- 4.1 The Board of Directors will be responsible for recruiting and nominating individuals with the qualifications as specified in this charter to serve as Audit Committee members, and will submit these names to the Board of Directors' meeting and/or the shareholders' meeting (as the case may be) for consideration and approval.
- 4.2 Audit Committee members have a term of office of 3 years, coinciding with the term of office of independent directors of the Company, and the Audit Committee members may be reappointed for another term as deemed appropriate by the Board of Directors or the shareholders' meeting (as the case may be).
- 4.3 If an Audit Committee member wishes to resign from their position, they shall submit a resignation letter to the Chairman of the Board of Directors, giving at least 1 month's written notice with reasons. The resignation shall be subject to approval from the Board of Directors. The company will notify the Stock Exchange of the resignation along with a copy of the resignation letter.
- 4.4 In the event that all members of the Audit Committee are no longer in their position, the outgoing Audit Committee members must remain in their positions to continue the operations until the new Audit Committee members have assumed their duties.
- 4.5 In addition to the expiration of the term of office mentioned above, Audit Committee members will cease to hold office when:
- (1) Death
  - (2) Resignation
  - (3) They lack the qualifications to be a director of the Company or have characteristics that are prohibited under the Public Limited Companies Act or have characteristics that indicate a lack of suitability to be entrusted with managing the affairs of a public company as stipulated in the Securities and Exchange Act (and its amendments) and related notifications of the Securities and Exchange Commission.
  - (4) They lack the qualifications to be an Audit Committee member under this charter.
  - (5) The shareholders' meeting resolves to remove them from their position (with a vote of not less than three-fourths (3/4) of the number of shareholders present and eligible to vote, and who

hold shares representing not less than one-half of the total number of shares held by shareholders present and eligible to vote).

(6) The court orders their removal.

- 4.6 If an Audit Committee member's term expires, or if there is any reason that an Audit Committee member is unable to remain in their position until the end of their term, resulting in the number of members being less than the specified number of 3, the Board of Directors or the shareholders' meeting should appoint a new Audit Committee member who has the qualifications and does not possess prohibited characteristics as prescribed by law, to replace the vacant position immediately or within 3 months from the date when the required number of members has been reduced. This is to ensure continuity in the operations of the Audit Committee. The person appointed to fill the position shall hold office for the remaining term of the Audit Committee member they are replacing.

## 5. Scope of Authority, Duties, and Responsibilities

- 5.1 To review the Company's financial statements to ensure they are accurate, adequate, and disclosed sufficiently, by coordinating with the auditors and executives responsible for preparing the financial reports on a quarterly and annual basis. The Audit Committee may advise the auditors to review or audit any items that it deems necessary and significant during the auditing process of the Company.
- 5.2 To review the appropriateness and effectiveness of the Company and its subsidiaries' Internal Control and Internal Audit systems, covering accounting, operations, and information technology (IT) aspects. This will be in coordination with the external and internal auditors, considering the independence of the internal audit unit, as well as providing consent to the consideration, appointment, transfer, termination, and remuneration of the head of the internal audit unit or any other unit responsible for internal audit, including approving the internal audit plan and assigning tasks to internal audit staff to support the work of the Audit Committee.
- 5.3 To review the Company's compliance with the Securities and Exchange Act, the regulations of the Stock Exchange of Thailand (SET), laws related to the Company's business, and relevant standards.
- 5.4 To consider, select, and propose the appointment of the Company and its subsidiaries' and/or associated companies' auditors, and propose their remuneration, taking into account their credibility, the adequacy of resources, the audit workload of the audit firm, and the experience of the personnel assigned to audit the Company. In addition, the Audit Committee must meet with the auditors without the presence of management at least once a year.

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- 5.5 To consider and provide opinions on related party transactions or transactions that may have a conflict of interest for the Company and/or its subsidiaries, in accordance with the provisions of relevant laws, regulations, and the SET's regulations. This is to ensure that such transactions are reasonable and in the best interest of the Company and its subsidiaries.
- 5.6 To prepare a report by the Audit Committee for disclosure in the Company's annual report. This report shall be signed by the Chairman of the Audit Committee and should include at least the following information:
- (1) An opinion on the accuracy, completeness, and reliability of the financial statements of the Company and its subsidiaries.
  - (2) An opinion on the adequacy of the internal control systems of the Company and its subsidiaries.
  - (3) An opinion on compliance with the Securities and Exchange Act, the regulations of the Stock Exchange of Thailand (SET), or laws related to the Company's business and its subsidiaries.
  - (4) An opinion on the suitability of the auditor.
  - (5) An opinion on transactions that may have a conflict of interest for the Company and its subsidiaries.
  - (6) The number of Audit Committee meetings and the attendance of each Audit Committee member.
  - (7) An overall opinion or observations received by the Audit Committee from performing its duties according to this Charter.
  - (8) Any other reports that it deems the shareholders and general investors should know about, within the scope of the duties and responsibilities assigned by the Board of Directors.
- 5.7 To review and provide opinions on various policies related to the authority of the Audit Committee, such as accounting policies, corporate governance and social responsibility policies, and anti-corruption policies, etc.
- 5.8 To review the Company's corporate governance and social responsibility processes, including the anti-corruption processes.
- 5.9 To review the accuracy of reference documents and self-assessment forms related to the Company's anti-corruption measures, in accordance with the Thai Private Sector Collective Action Coalition Against Corruption (CAC) project, and provide opinions in the report on the assessment of corporate governance, social responsibility, and the Company's anti-corruption measures under the Thai Private Sector Collective Action Coalition Against Corruption (CAC) project.
- 5.10 To perform any other actions as assigned by the Board of Directors with the consent of the Audit Committee.

5.11 To have the power to investigate and inquire into any matters necessary which indicate there may be a significant impact on the reputation, financial position, and operating results of the Company and its subsidiaries, including the benefits that shareholders should receive, such as:

- Transactions that may create a conflict of interest.
- Suspicions or assumptions that there may be fraud or irregularities or significant deficiencies in the internal control system of the Company or its subsidiaries.
- Suspicions that there may be violations of the Securities and Exchange Act, the SET's regulations, or laws related to the Company's business and its subsidiaries.

The Audit Committee has the power to seek independent opinions from any other professional advisors when deemed necessary at the expense of the Company in order to effectively perform their duties and responsibilities. The Audit Committee is responsible for reporting the results of investigations and inquiries to the Board of Directors for action and rectification within a period deemed appropriate by the Audit Committee. However, if the Audit Committee finds that there is a disregard for such corrective actions without reasonable cause, any member of the Audit Committee may report their findings to the Securities and Exchange Commission and/or the Stock Exchange of Thailand.

However, the powers of the Audit Committee mentioned above do not include the power to allow Audit Committee members or authorized representatives of the Audit Committee to vote or give opinions on any matter in which that Audit Committee member or the authorized representative of the Audit Committee or any person who may have a conflict of interest as defined in the notification of the Capital Market Supervisory Board has any stake or conflict of interest with the Company or its subsidiaries.

## 6. Quorum

For an Audit Committee meeting, there must be a quorum of not less than half of the total number of Audit Committee members present. If the Chairman of the Audit Committee is absent or unable to perform their duties, and a Vice Chairman of the Audit Committee is present, the Vice Chairman of the Audit Committee will chair the meeting. If there is no Vice Chairman of the Audit Committee, or if they are absent from the meeting or unable to perform their duties, the Audit Committee members present shall select one of the Audit Committee members to chair the meeting.



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## 7. Meetings

7.1 For an Audit Committee meeting, there must be a quorum of not less than half of the total number of Audit Committee members present. If the Chairman of the Audit Committee is absent or unable to perform their duties, and a Vice Chairman of the Audit Committee is present, the Vice Chairman of the Audit Committee will chair the meeting. If there is no Vice Chairman of the Audit Committee, or if they are absent from the meeting or unable to perform their duties, the Audit Committee members present shall select one of the Audit Committee members to chair the meeting.

7.2 Meetings of the Audit Committee to consider various issues as assigned should include the following agenda items:

- (1) Consideration of financial statements and related financial reports, accounting principles and practices, compliance with accounting standards, the going concern assumption, changes in significant accounting policies, and management's rationale for determining accounting policies prior to presenting them to the Board of Directors for dissemination to shareholders and general investors.
- (2) Consideration, selection, and proposal for the appointment of the Company and its subsidiaries' and/or associated companies' auditors, and consideration of their remuneration.
- (3) Consideration of the internal control and internal audit systems, including the auditors' management letter.
- (4) Consideration and review of the annual internal audit plan of the Company and its subsidiaries, the coordination procedures of the related audit plans, and the evaluation of audit results with internal and external auditors. The Audit Committee should inquire about the scope of the planned audit to ensure that the audit plan will help to detect fraud or deficiencies in the internal control system.
- (5) Consideration together with the internal auditor about the problems or limitations that arose during the audit and review of the performance of the internal auditor.
- (6) Consideration together with the external auditor about the problems or limitations arising from the audit of the financial statements.
- (7) Consideration with the internal and external auditors whether plans have been made to review the methods and controls of electronic data processing, and inquiry about specific security measures to prevent fraud or misuse of computers by company employees or outsiders.
- (8) Consideration and opinions on transactions that may create a conflict of interest, such as related party transactions of the Company and its subsidiaries.

- (9) Compliance with the Securities and Exchange Act or the regulations of the Stock Exchange.
- (10) Performance of any other actions as assigned by the Board of Directors.
- (11) Consideration of the evaluation of the internal audit unit, including setting appropriate remuneration.
- (12) Consideration and self-evaluation regarding their duties and responsibilities as assigned.

### 7.3 Number of Meetings

- (1) The Audit Committee should meet at least once every quarter.
- (2) The Audit Committee must meet with the external auditor without the presence of management at least once a year.
- (3) The Chairman of the Audit Committee may call a special meeting of the Audit Committee if requested by an Audit Committee member, the internal auditor, the external auditor, or the Chairman of the Board of Directors to consider issues requiring discussion.

### 7.4 Meeting Attendees

- (1) All Audit Committee members should attend every Audit Committee meeting. To form a quorum at an Audit Committee meeting, at least half of the total number of Audit Committee members must be present. The Chairman of the Audit Committee will chair the meeting. If the Chairman of the Audit Committee is absent or unable to perform their duties, the Audit Committee members present shall select one of the Audit Committee members to chair the meeting.
- (2) The Audit Committee may invite directors or executives of the Company or its subsidiaries, internal auditors, external auditors, or other relevant consultants to attend the meeting in matters of concern, such as internal control, audit plans, etc.

### 7.5 Voting

- (1) Meeting documents must specify the names of the individuals, and require that Audit Committee members who have any interests in the matter under consideration are prohibited from participating in the meeting on that matter and do not have the right to vote on that matter.
- (2) Decisions at the meeting shall be by a majority vote. Each Audit Committee member has one vote. In case of a tie, the Chairman of the Audit Committee will have the deciding vote.
- (3) The Secretary of the Audit Committee does not have the right to vote.

### 7.6 Meeting Minutes

- (1) The Secretary of the Audit Committee, or any person designated to do so, is responsible for recording the meeting minutes. The meeting minutes must be submitted to the Audit Committee, the Board of Directors, and the Company Secretary within 7 days after the meeting date, so that the Board of Directors can be promptly informed of the activities of the Audit Committee.

- (2) The preparation of the meeting minutes is the responsibility of the Audit Secretary. The meeting minutes must be fully certified by the Audit Committee before being used as a reference document for the results of each meeting.

## 8. Reporting of the Committee

The Audit Committee has the duty and responsibility to report on the activities of the Audit Committee or any other duties assigned by the Board of Directors. The Audit Committee's reports are of importance to the Board of Directors, shareholders, and general investors, as they provide an independent and straightforward opinion from the Audit Committee, ensuring that the Board of Directors is confident that management has managed operations carefully and with due regard for the interests of all shareholders.

### 8.1 Reporting to the Board of Directors

- (1) Regularly report the activities to keep the Board of Directors informed of the activities of the Audit Committee.
- Report on the Audit Committee meeting, which clearly states the opinion of the Audit Committee on various matters. The Chairman of the Audit Committee shall report the minutes of the Audit Committee meeting to the Board of Directors meeting for their information.
  - Summarized report on the activities carried out during the year.
  - Report on opinions regarding financial reports, internal audits, and internal audit processes.
  - Any other report that it deems the Board of Directors should know.
- (2) Report any findings immediately, so the Board of Directors can take corrective actions promptly.
- Transactions involving conflicts of interest.
  - Suspicions or assumptions that there may be fraud or irregularities or significant deficiencies in the internal control system.
  - Suspicions that there may be violations of laws or any regulations of the SET.

### 8.2 Any other report that the Board of Directors should know of, reporting to regulatory bodies.

If the Audit Committee has reported matters having a significant impact on the financial position and operating results to the Board of Directors and has jointly discussed with the Board of Directors and management about the corrective actions required, but upon the expiry of the agreed upon time period, the Audit Committee finds that there is a disregard for such corrective actions without a

reasonable cause, any member of the Audit Committee may report their findings to the Securities and Exchange Commission or the Stock Exchange of Thailand.

### 8.3 Reporting to Shareholders and General Investors

Report on activities carried out during the year, according to the duties and responsibilities assigned by the Board of Directors. The report must be signed by the Chairman of the Audit Committee and disclosed in the company's annual report.

### 8.4 Reporting of Listed Companies to the Stock Exchange

#### (1) Appointment of the Audit Committee

- Report the Board of Directors' resolution regarding the appointment of the Audit Committee, including the submission of a form listing the names and scope of the Audit Committee, according to the requirements of the Stock Exchange of Thailand.
- Submit a certification letter and the resume of the Audit Committee members along with a report on the resolution of the appointment of the Audit Committee to the Stock Exchange within 3 days from the date that the Board of Directors has made the resolution to appoint the Audit Committee.

#### (2) Changes in the Membership of the Audit Committee

- Report the Board of Directors' resolution regarding changes in the membership of the Audit Committee to the Stock Exchange, according to the requirements of the Stock Exchange.
- Submit a certification letter and the resume of the newly appointed Audit Committee member along with a report on the resolution of the appointment of the Audit Committee.
- Report the Board of Directors' resolution regarding changes in the duties and scope of operations of the Audit Committee to the Stock Exchange, according to the requirements of the Stock Exchange, within 3 days from the date of the Board of Directors' resolution regarding such changes.

## 9. Performance Evaluation

In evaluating the performance of the Audit Committee, a self-assessment method may be used, evaluating both the overall committee and individual performance. This may be conducted through a peer review, and the results of the evaluation will be reported to the Board of Directors. The Board of Directors may provide additional comments for improvement of the Audit Committee's operations to make them more effective and to achieve their objectives.

In addition, the Audit Committee may consider hiring external specialists to assist in the evaluation of the performance of the Audit Committee, as necessary and appropriate.

The evaluation of the performance of the Audit Committee will be conducted annually, including an evaluation of the Audit Committee as a whole. The Audit Committee will prepare a performance evaluation report as part of its opinions and report this to the shareholders in the company's annual report.

## 10. Review and Revision of the Charter

The Audit Committee will review this Charter at least once a year and will suggest any appropriate changes for the Board of Directors to consider and approve.

## 11. Additional Considerations

### 11.1 Conditions for Independence of the Audit Committee

- (1) An independent opinion means expressing opinions or reporting freely according to the assigned duties, without regard to any interests related to assets or positions, and not being under the influence of any person or group of people, including no situation that would compel them not to express opinions as they should.
- (2) A lack of independence in performing duties is deemed to occur when the Audit Committee member is under the influence of a director, executive, or staff of the company, whether due to familiarity, respect, or any reason that results in the performance of duties being in accordance with the wishes of these individuals or groups, leading to such events as:
  - Failing to perform duties as assigned.
  - Accepting proposals or acting in ways that are inappropriate and result in damages or losses of benefits that the company and its shareholders should receive.
  - Not expressing an opinion or not submitting a report to the Board of Directors or shareholders in a straightforward manner.

- Not coordinating, consulting, or cooperating with management directors or staff of the company in the performance of their duties.
- (3) Transactions that may be considered not to affect the performance of duties and the rendering of independent opinions by Audit Committee members:

- Related party transactions carried out under the criteria specified by the Securities and Exchange Commission. These are transactions between an Audit Committee member or persons related to the Audit Committee member with the Company, subsidiaries, associated companies, or major shareholders of the Company under the following conditions:
  - The acquisition or disposal of goods or services is based on the normal course of business and is subject to standard commercial conditions that are clearly defined and publicly disclosed.
  - The price of goods or services is comparable to the prices of goods or service provided to other customers.

Announced on August 11, 2022

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(Dr. Watcharee Thintanee)

Chairman of the Board

Medeze Group Public Company Limited

