

# CENTRALPATTANA

## Charter of the Audit and Corporate Governance Committee

The Audit and Corporate Governance Committee (“the Committee”), an essential tool of good corporate governance, is appointed by the Board of Directors to provide oversight of business operations and management under proper, transparent standards while enhancing business efficiency and supplementing value to Central Pattana Public Company Limited (“CPN”).

CPN has developed the Charter of the Audit and Corporate Governance Committee in line with the criteria and approach of the Office of the Securities and Exchange Commission (“SEC”) and the Stock Exchange of Thailand (“SET”), as well as best practices, as practical guidelines for the Committee to meet the expectations of the shareholders, the Board, and external regulators. To this end, the Charter of the Audit Committee dated February 27, 2017, is to be terminated and replaced by this Charter, detailed as follows.

### 1. Definition

“Independent directors” refers to non-executive directors that are not employees, wage earners, advisers with regular salaries, controllers of CPN, the parent company, subsidiaries, associated companies, sister companies, or juristic persons with potential conflicts of interest (currently and up to two years before their appointment). Observed will be the criteria spelled out by the SEC.

“Act” refers to the Securities and Exchange Act.

### 2. Purpose

The Committee eases the fulfillment of responsibilities in its oversight of the following:

1. Credibility of CPN’s financial reports
2. Compliance with relevant requirements and laws
3. Independence and qualifications of the external auditor as well as opting for suitable accounting policy
4. Performance of the Internal Audit Office and the external auditor as well as developing reports as required by external regulators.

### 3. Authority

The Committee is authorized to investigate or delegate others to investigate critical matters under its empowerment as follows:

1. Hiring independent external advisers to provide advice and opinions or investigate matters related to its responsibilities as seen essential, at CPN’s expenses
2. Seeking information and cooperation from CPN employees
3. Inviting executive directors, executives, or relevant parties to give statements or useful information or join its meetings, or inviting law officers, auditors, internal auditors, or external advisers to its meetings.

#### 4. Composition

1. Committee members must be independent directors
2. The committee must be appointed by the Board
3. The committee must consist of at least three independent directors
4. At least one member must be adequately knowledgeable and experienced to review the credibility of financial statements and financial reports
5. The Board appoints a chairman from the rank of committee members
6. The committee appoints the head of Internal Audit Office as its secretary.

#### 5. Qualifications

1. Members must not be those assigned by the Board to decide on business operations related to CPN, the parent company, subsidiaries, associated companies, sister companies, or juristic persons with potential conflicts of interest
2. Members must not take part in business management, nor serve as employees, wage earners, advisers with regular salaries, or controllers of CPN, the parent company, subsidiaries, and sister companies
3. Members must independently perform their duties, express opinions, and report on their performance based on the Board-assigned tasks, without being under the control of CPN executives or its major shareholders, related parties, or their close relatives
4. Members must dedicate their time and express opinions adequately in performing their duties
5. Members should receive continual, regular training on matters related to the Committee's performance to keep up with potential changes and should constantly receive opportunities for training on CPN's operations for their maximum effectiveness
6. The Chairman of the Committee should exert leadership and proper meeting guidance, while devising efficient plans and providing confidence in the Committee's overall effectiveness.

#### 6. Terms

1. Members' terms coincide with their respective directors' terms as spelled out in CPN's company regulations
2. Members whose term has completed may be re-appointed to serve up to two consecutive terms and can extend their terms by up to another. This took effect from the appointment of the Board of directors at the 2008 Annual General Meeting (AGM) of Shareholders without retroaction. The Board could extend the members' terms as seen fit.
3. Members' terms on the Committee stagger for the benefit and continuity of work performance
4. Members who wish to resign ahead of term completion must notify and submit their resignations to CPN at least 30 days in advance
5. For continuity of committee performance, should a vacancy develop for reasons other than term completion, the Board is to appoint a qualified member to the Committee immediately or, at most, three months from the date when such a vacancy develops
6. The Committee members vacate their offices when:
  1. Completing their term
  2. Being disqualified under the Committee's criteria
  3. Passing away
  4. Resigning

5. Being removed
6. Being imprisoned under a final court verdict or a legal order, except for offences caused by negligence or misdemeanor
7. Being considered incompetent or quasi-competent
8. Becoming bankrupted.

## **7. Duties and responsibilities**

1. Financial statements
  1. Review the financial report preparation process for accurate, complete, credible, and timely information disclosure by coordinating with the external auditor and executives responsible for preparing quarterly and annual reports
  2. Review extraordinary significant items of the past year (if any) on a basis of their sensibility, impacts on the financial standing and company performance, as well as the accuracy and completeness of the data disclosed
2. Connected transactions and possible conflicts of interest
  1. Consider connected transactions which may cause conflicts of interest; ensure conformance to laws and SET regulations to ensure that they are reasonable and in CPN's best interests
  2. Consider the accurate and complete disclosure of information in case of connected or related transactions or other transactions that may cause conflict of interest
3. Internal control
  1. Review the internal control system to ensure its suitability and effectiveness, including any transactions that may cause financial fraud
  2. Consider the audit outcomes and suggestions of the external auditor and Internal Audit Office concerning internal controls and pass on suggestions for action by the management as well as following up the implementation of such suggestions
4. Internal audit
  1. Review and ensure that CPN has put in place independent internal audit unit with efficient internal audit process, as well as accessibility to essential data for internal audit
  2. Review the activities and structure of the Internal Audit Office and approve its charter
  3. Provide views on the appointment, commendation, removal, transfer, or discharge, as well as adjustment of compensation of the head of the Internal Audit Office, to ensure its independence
  4. Provide suggestions and remarks about the budget and manpower of Internal Audit Office for the management's approval
  5. Review and endorse annual internal audit plans and changes subject to the assessment outcomes of enterprise risk management and Internal Audit Office's strategic plans
  6. Review the internal audit plan with the head of the Internal Audit Office, especially about the internal control system and financial management process
  7. Review audit plans and coordinate the scope of audit of internal and external auditors to be mutually supportive and eliminate redundancy

8. Review Internal Audit Office's performance outcomes against the audit plans endorsed by the Committee to ensure conformance to the framework of responsibility assigned by the Committee
9. Review the hiring of external experts to conduct internal audit if the internal auditor lacks essential skills or specialization needed to conduct internal audit, including IT aspects
10. Institute annual quality assurance reviews and external quality reviews at least every five years

5. External audit

1. Select, nominate, and propose fees for the external auditor for approval so as to obtain an independent auditor, taking into account the reliability, adequacy of resources, audit volume, the experience of the personnel assigned to audit the Company as well as past work. Also, consider the removal of the external auditor
2. Review the scope and method of auditing proposed by the external auditor as well as reasons for changing the auditing method (if any)
3. Provide suggestions to the external auditor to review certain transactions that may be necessary or important during the auditing process of CPN and subsidiary companies
4. Review the report of the external auditor and submit to the management for adjustments in practices as well as following up on such suggestions
5. Consider the adequacy and efficiency of coordination between the external auditor and Internal Audit
6. Act on received information from the external auditor as soon as possible regarding suspicious activities of directors, managers or persons responsible for operating CPN that may constitute a breach of the second paragraph of Section 281/2 Clause 2, Section 305, Section 306, Section 308, Section 309, Section 310, Section 311, Section 312 or Section 313 of the Securities and Exchange Act and promptly check the information received and report preliminary findings in the first instance to SEC and the external auditor within 30 days from the date when a given breach was reported

6. Compliance with laws and related regulations

1. Review conformance by the Company to Securities and Exchange laws, SET requirements, or CPN business-related laws and ethics
2. Review the management's performance and follow up in case of nonconforming
3. Review issues identified by external regulators and remarks by auditor
4. Review the communication of Code of Ethics to the employees and monitor its conformance
5. Acknowledge progressed report from management and Company's legal advisor regarding key issues on conforming to the relevant laws and regulations

7. The Committee's Report

1. Report its performance for acknowledgement and consideration once every quarter
2. Review any reports prepared by CPN, regarding duties and responsibilities of the Committee
3. Prepare the Committee's annual performance report in accordance to SET's guideline and signed by the Chairman of the Committee as well as disclose it in the Company's annual report
4. In case of any suspicious transactions or actions that may significantly affect the Company's financial status and performance, the Committee shall report the findings to the Board to make any

improvement or correction in a timely manner as seen appropriate by the Committee. Detailed are displayed below:

1. Transactions regarding conflict of interests
  2. Transactions regarding frauds, irregularities or significant deficiencies in internal control system
  3. Any violation against laws on the securities and exchange, SET regulations or business-related laws relevant to CPN
5. In case the Board or the management fails to take corrective actions on those transactions under 4.1), 4.2) and 4.3) within the timeframe set by the Committee, any of the Committee members may report of such transactions or actions directly to SEC or SET

8. Corporate governance

1. Review CPN's continual improvement process of good corporate governance, as well as providing approaches and advices for development
2. Emphasize and promote good corporate governance as a regular agenda for the Board meetings and AGMs
3. Ensure that the Chairman of the Committee receives a copy of the report of the directors' vested interests from the Company Secretary under Article 89/14 of the Securities and Exchange Act within seven days of the date when CPN receives the report
4. Monitor, evaluate, and revise the Code of Conduct and Corporate Governance Policy in keeping with best practices for the Board's approval
5. Advocate and advise the Board and management on corporate governance
6. Consider or assign the Corporate Governance Policy for adoption by the Corporate Governance and Sustainable Development Committee
7. Ensure monitoring of directors' and management's performance against corporate governance.

9. Risk management

1. Review CPN's risk management process to ensure standardization, effectiveness, and efficiency
2. Work with the management in considering key policies regarding risk management and risk assessment as well as risks from corruptions
3. Work with the Risk Management Committee, the Risk Management task force, and the management in considering, making recommendations, and updating reports on CPN's risk management

10. Other responsibilities

1. Conduct other Board-assigned duties
2. Regularly review the Committee's Charter on an annual basis in order to consider and assess its current assigned roles and responsibilities as well as to propose any required amendments accordingly
3. Conduct other duties assigned by SET
4. Oversee that there is an effective whistleblower system in place, in the event that an employee or any stakeholder is suspicious of any possible wrong doing, as well as non-compliance to any laws, regulations, business ethics, or to any corporate governance principles, so that the whistleblower has

the confidence that CPN has an independent procedure to appropriately manage and monitor such grievance.

5. Monitor any special investigation as necessary
6. Review self-assessment forms for CPN's anti-corruption measures under Thailand's Private Sector Collective Action Coalition Against Corruption (CAC).

## **8. Meetings**

1. At least eight meetings should be held each year, with all agenda items clearly defined
2. The Chairman of the Committee may call additional meetings at the request of members, internal auditors, or the Board of Directors to jointly consider assorted issues
3. Members should attend all committee meetings; the quorum is two members
4. If the Chairman of the Committee misses a meeting or cannot perform his or her duties, the attending remaining members are to choose one among them as the Chairman of that meeting
5. Each member holds one vote. The Committee's decisions are by the majority votes. If votes are equal on a given matter, the Chairman casts the decisive vote
6. Each member with vested interests on a given matter under deliberation is to abstain on that matter
7. The secretary to the Committee is not entitled to vote
8. The secretary to the Committee or a delegated person takes and develops the formal minutes of the meetings
9. The secretary to the Committee should monitor updates on assorted actions under the minutes, including problems and obstacles as perceived by the Committee, and report them to the Committee at its next meeting including:
  1. Meeting notices are to be delivered at least seven days ahead of each meeting date
  2. Support meeting documents must be submitted to the Committee ahead of each meeting date
  3. Minutes must be submitted for examination by the Committee before the next meeting date
10. At least once a year, the Committee is to hold a meeting with the external auditor in the absence of the management to consult each other on issues potentially concerning the management

## **9. Self-assessment**

At least once a year, the Committee should assess their own performance and summarize their findings for the Board's acknowledgment and consideration.

## **10. Compensation**

The Nomination and Remuneration Committee is to propose the Committee's compensation for the Board's consideration and table it for the shareholders' approval.

This charter takes effect from October 9, 2019.