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Audit Committee Charter

■ Objective

The Audit Committee is regarded as the important part of the good corporate governance mechanism in order to support the Board of Directors in overseeing and monitoring the quality and reliability of financial system, audit system, internal control system, as well as the Company's financial reporting procedures.

■ Composition

The Audit Committee must consist of at least 3 directors and all of them are independent directors who can exercise their independent judgment as well as read and understand the basic financial statements, which is a necessary duty to perform as a member of the Audit Committee. There must be at least 1 person with knowledge and experience in accounting or financial management in line with the regulations of the Stock Exchange of Thailand. The Audit Committee is able to communicate directly with an external auditor, internal auditor, and management of the corporate group. Thus, the Audit Committee or the Board of Directors shall appoint a director to serve as the Chairman of the Audit Committee.

■ Tenure

The Audit Committee serves a term of 3 years since the appointment date or the tenure of the director of the Company. The retiring members of the Audit Committee shall be re-elected at the Board of Directors' or the shareholders' meeting as deemed appropriate. In case of a vacancy for the member of the Audit Committee due to other reasons aside from retirement by rotation, the Board of Directors' or the shareholders' meeting shall appoint a qualified person with the complete requirement to be a member of the Audit Committee in order to replace the vacant position as specified by laws or related regulations not later than 3 months as of the date of incomplete composition of the Audit Committee. Such replacement member shall hold office only for the remaining term of office of the member whom he/she replaces.

A member of the Audit Committee may vacate the position for the following reasons:

- (a) Termination of directorship
- (b) End of term of office
- (c) Death
- (d) Resignation
- (e) Removal

In the case that any committee member wishes to resign before the end of his/her term of office, he/she should give notice thereof to the company at least 1 month in advance together with reason there for so that the Board of Directors can consider appointing another director who is fully qualified to replace the resigning member.

The Audit Committee considers and appoints the head of the internal audit department in order to serve as the secretary to the Audit Committee and to provide support to the Audit Committee in meeting appointments, and other assignments by the Audit Committee.

■ **Meeting**

1. **Meeting Agenda**

The Audit Committee should consider the clear meeting agenda, and send the relevant document to the Audit Committee and other related parties in advance to provide the committee sufficient time to consider the content of the meeting agenda, or request more information or document.

Thus, if such a meeting is held through electronic means, documents related to the meeting may be sent through electronic mail.

2. **Number of Meeting**

2.1 The Audit Committee must hold at least 4 meetings per year.

2.2 The Chairman of the Audit Committee may call for a special meeting when receiving such request from a member of the Audit Committee, internal auditor, auditor, or the Chairman of the Company for considering and discussing the significant matter.

3. **Quorum**

3.1 All members of the Audit Committee should attend all the meetings. There must be not less than one-half of the total number of the committee present to constitute a quorum, either being present in the same place or via electronic meeting.

In summoning a meeting of the Audit Committee, the Chairman of the committee or delegated person may determine that the meeting be organized through electronic means as deemed necessary and appropriate.

The meeting conducted by means of teleconference shall contain information security measures by recording the audio, or both the video and audio, as the case may be, of every member present at the meeting throughout the entire meeting.

The attendance of members by means of teleconference in accordance with the aforementioned methods and procedures shall be deemed legitimate and counted as a constitution of a quorum. Furthermore, such meetings of the Audit Committee conducted by means of teleconference bear the same effects as the meetings where members are present at the same place pursuant to the means prescribed under the Audit Committee Charter.

In case the Chairman of the Audit Committee is not present at the meeting, or cannot perform his or her duties, or cannot join the electronic meeting, the members present at the meeting shall elect one of the members to be the chairperson of the meeting.

3.2 The Audit Committee may invite a director or management of the corporate group, internal auditor, auditor, external lawyer, or other professional to attend the meeting in order to exercise their opinions or answer a relevant matter.

4. **Voting**

4.1 The meeting document must define the names of persons who attend the meeting. Any member of the Audit Committee with a vested interest in any matter shall not be entitled to attend the meeting and vote on such matter.

4.2 The resolutions at the meeting shall be made by a majority vote, either being present in the same place or via electronic meeting. One member shall have one vote, in the event of a tie vote, the Chairman of the Audit Committee or the Chairman at the meeting shall have a casting vote.

4.3 The secretary of the Audit Committee has no right to vote.

5. **Reporting**

The secretary of the Audit Committee or a person designated by the Audit Committee shall record the meeting, and send it to the committee, Chief Executive Officer, President, and top management (only related agenda) within 14 days from the meeting date.

■ **Qualifications**

1. A member of the Audit Committee is qualified in line with the related regulations, especially the Public Limited Companies Act and Securities and Exchange Act;
2. Holding the position of director and independent director of the Company;
3. Holding no more than 1.0 percent of the total voting shares of the Company, parent company, subsidiary, associate company, major shareholder or controlling person of the Company, including shares held by the connected persons of such director;
4. Not being or having been an executive director, employee, staff, advisor earning a regular monthly salary or the controlling person of the Company, its parent company, subsidiary, associate company, same-level subsidiary, major shareholder or controlling person, unless the foregoing status has ended for at least 2 years prior to the date of submitting the application to the Securities and Exchange Commission (SEC), provided that such prohibition shall not include the case that such independent director has ever been official or advisor of the government sector that is the major shareholder or controlling party of the Company;

5. Not being a person who is related by blood or legal registration as father, mother, spouse, sibling, and child, including a spouse of the child, other directors, management, major shareholders, controlling person or person to be nominated as director, executive or controlling person of the Company or its subsidiary;
6. Not having or having had a business relationship with the Company, its parent company, subsidiary, associate company, major shareholder, or controlling person in a manner that may interfere with independent discretion, which includes not being or having been a significant shareholder or the controlling person of any person having a business relationship with the Company, its parent company, subsidiary, associate company, major shareholder or controlling person, unless such foregoing relationships have ended for at least 2 years prior to the date of submitting the application to the Securities and Exchange Commission (SEC).

The business relationship shall include normal business transactions, rental or lease of real estate, transactions related to assets or services or granting or receipt of financial assistance through receiving or extending loan, guarantee, providing assets as collateral, and any other similar actions, which result in the Company or the counter party being subject to indebtedness payable to the other party in an amount starting from three percent of the net tangible assets of the Company or from twenty million baht or more, whichever amount is lower. In this regard, the calculation of such indebtedness shall be in accordance with the method for calculating the value of related party transactions under the Notification of the Capital Market Supervisory Board Re: Rules on Execution of Related Party Transactions, *mutatis mutandis*. In any case, the consideration of such indebtedness shall include the indebtedness incurred during the period of one year to the date of establishing the business relationship with the related person;

7. Not being or having been an auditor of the Company, its parent company, subsidiary, associate company, majority shareholder, or controlling person, and not being a significant shareholder, controlling person, or partner of the audit firm which employs the auditor of the Company, its parent company, subsidiary, associate company, majority shareholder, or controlling person, unless the foregoing relationship has ended for not less than 2 years prior to the date of submitting the application to the SEC;
8. Not being or having been a provider of professional services, which includes serving as a legal advisor or financial advisor being paid with a service fee of more than 2 million baht per year by the Company, its parent company, subsidiary, associated company, majority shareholder, or controlling person, and not being a significant shareholder, controlling person, or partner of such provider of professional services, unless the foregoing relationship has ended for not less than 2 years prior to the date of submitting the application to the SEC;
9. Not being a director who is appointed as the representative of directors of the Company, major shareholder, or shareholder who is a connected person of a majority shareholder;
10. Not undertaking any business of the same nature and in significant competition with the business of the Company or its subsidiary, or not being a significant partner in a partnership, or an executive

director, employee, staff, advisor earning a regular monthly salary, or holding more than one percent of the voting shares of another company that undertakes a business of the same nature and in significant competition with the business of the Company or its subsidiary;

11. Not having any other characteristics that cause the inability to express independent opinions on the business operation of the Company;
12. Do not be a director delegated from the Board of Directors to make a decision of the Company, its parent company, subsidiary, associated company, same-level subsidiary, majority shareholder, or controlling person; and
13. Do not be a director of the parent company, subsidiary, or same-level subsidiary of a listed company.

Moreover, there must be at least 1 member of the committee, an independent director, who has sufficient knowledge and experience of accounting or finance to review the reliability of financial statements. In addition, the Company shall consider other qualifications such as working experience, special skills related to the Company's business, ethics, and so on.

■ **Roles, Duties, and Responsibilities**

The Audit Committee has the following responsibilities:

1. Review the Company's financial reports to ensure the accuracy and sufficiency of financial reports in accordance with the relevant financial reporting standards, and to cooperate with the external auditor and the management in preparing quarterly and annual financial reports. The Audit Committee may also suggest the auditor review or audit any transaction which is deemed important and necessary during the auditing process of the Company;
2. Review the internal control and internal audit system to ensure that such systems are appropriate, sufficient, and efficient;
3. Consider the independence of the internal audit division by its performance and responsibilities for developing and reviewing the efficiency of the risk management and internal control, as well as approve the appointment, transfer, and dismissal of the head of the internal audit division or other related divisions in charge of internal audit;
4. Has the authority to access to all levels of information of the Company, including inviting executives, management, division heads, employees, or other relevant parties to the meeting for clarifying information. This includes distributing and sharing related information in accordance to the duties subject to the scope of authority as assigned by the Board of Directors;
5. Consider and approve the annual budget, manpower, and resources required for the internal audit division's duties and approve the annual internal audit plan including any material changes to such plan as well as ensure that the duties and assignment of the internal audit division are in accordance with the approved annual internal audit plan and the International

Standards for the Professional Practice of International Auditing, and evaluate the quality of the internal audit division's performance annually.

6. Ensure that the Company complies with the securities and exchange laws and the Capital Market Supervisory Board or laws relating to the Company's business;
7. Consider, select, nominate, and dismiss an independent person to serve as an auditor of the Company, and propose the auditor's remuneration in consideration of reliability, sufficient resources, the quantity of auditing work of the audit firm, and experience of the auditor to be assigned for audit of the Company, as well as attend in a meeting with the auditor in the absence of the management at least once a year;
8. Consider related party transactions, or any transactions that may lead to conflicts of interest, and ensure that such transactions are carried out in compliance with laws and regulations pertaining to the Stock Exchange of Thailand, and the Capital Market Supervisory Board, which is reasonable and for the best interest of the Company and shareholders;
9. Prepare a report of the corporate governance performance by the Audit Committee and disclose it in the Company's annual report signed by the Chairman of the Audit Committee. Such report contains the following information:
 - (1) Opinion about accuracy and completeness to ensure the reliability of the Company's financial report;
 - (2) Opinion about the adequacy of the Company's internal control system and risk management;
 - (3) Opinion about compliance with the laws pertaining to the securities and exchange laws, regulations of the Stock Exchange of Thailand or other laws relevant to the Company's business;
 - (4) Opinion about the appropriateness of the auditor;
 - (5) Opinion about the transactions that may cause the conflicts of interest;
 - (6) Number of the Audit Committee's meeting and the meeting attendance of each member;
 - (7) Overall opinion or observation that the Audit Committee performs duties subject to the charter; and
 - (8) Other matters that shareholders and investors should know under the scope of duties and responsibilities as assigned by the Board of Directors;
10. Review the risk management to be appropriate and effective system as well as evaluate sufficiency and appropriateness in aspects of taking into account the risk factors in strategic management for sustainable growth. Also, monitor the risk management results and evaluate the risk management from the Risk Management Committee;
11. Meet up with the management at least once a year;

12. Review the complaint-making and whistle-blowing process, such process conducted by the management as well as review the conclusion of complaints, whistle-blowing of corruption, and determine the preventive measures;
13. Review the operational processes to be in line with the anti-corruption policy/measures as well as the accuracy of references and self-assessment relating to the anti-corruption of the organization in accordance with the Private Sector Collective Action Coalition Against Corruption to ensure that the anti-corruption policy is sufficient and effective;
14. Consider using other services than auditing services from the same auditing firms.
15. When performing duties of the Audit Committee, if it is found or suspected that there is a transaction or action that may have a significant impact on the financial position and the performance of the Company, the Audit Committee shall report to the Board of Directors to make improvements within the time that the Audit Committee deems appropriate. The item types or actions that must be reported are the following topics:
 - Conflict of interest transactions
 - Corruption or abnormalities or significant defects in the internal control system
 - Violation of Securities and Exchange laws, Stock Exchange of Thailand regulations or laws related to the Company's business

If the Audit Committee has reported to the Board of Directors any significant impact on the financial position, results of operations and discussed with the Board of Directors and executives that it needs to be corrected. At the end of the time set together, if the Audit Committee finds such corrective actions are ignored without good reason, one of the members of the Audit Committee may report such findings to the Securities and Exchange Commission and/or the Stock Exchange of Thailand.

16. Review and propose the amendment of the Audit Committee's charter as deemed appropriate at least once a year;
17. Review the operating performance in the previous year by preparing the report and presenting it to the Board of Directors at least once a year;
18. Seek the independent opinions in other professions when deemed necessary in order to provide opinions or suggestions within the scope of duties fitting to the Company's budget;
19. Carry out other duties as assigned by the Board of Directors with the consent of the Audit Committee.

As performing the duties mentioned above, the Audit Committee is directly responsible to the Board of Directors, while the responsibilities for all activities of the Company towards third persons are still vested in the entire Board of Directors.

The Board of Directors has the authority to modify, change, define, and set qualifications of the independent directors, including the Audit Committee Charter in order to maintain consistency to the regulations of Securities and Exchange Commission, Stock Exchange of Thailand, Capital Market Supervisory Board, and/or other related laws.

■ **Reporting**

1. Prepare the report of the Audit Committee with the Chairman of the Audit Committee's signature, which shall be disclosed in the Company's annual report.
2. Prepare the report of its performance results to the Board of Directors for acknowledgment at least every quarter.
3. In performing duties, the Audit Committee has found or suspected that any transaction or act may cause a material impact on the Company's financial position and operation, the Audit Committee is required to report to the Board of Directors for timely rectification. Such transactions and acts may include:
 - (1) Any transaction that may cause conflicts of interest,
 - (2) Fraud or irregularity or defect in relation to the internal control system,
 - (3) Violation against the Securities and Exchange Act, regulations of the Stock Exchange of Thailand, or Capital Market Supervisory Board, or relevant laws pertaining to the Company's business.

If the Audit Committee discovers that the Board of Directors or the management does not carry out to improve such aforementioned acts with unreasonable cause, any one member of the committee may report that matter to the Securities and Exchange Act or the Stock Exchange of Thailand.

4. The Audit Committee shall report its activities under their scope of work assigned by the Board of Directors. This report shall be signed by the Chairman of the Audit Committee and published in the annual report to shareholders.

■ **Performance Assessment**

The Audit Committee may conduct the self-assessment as a whole and individual basis and shall report the result to the Board of Directors on an annual basis.

Thus, this Audit Committee Charter has been approved by the Audit Committee's Meeting No. 12/2022, which was held on December 13, 2022, and respectively endorsed by the Board of Directors' Meeting No. 1/2023 held on January 24, 2023.

-Prachak Tangkaravakoon-

(Mr. Prachak Tangkaravakoon)

Chairman of the Board of Directors

TOA Paint (Thailand) Public Company Limited