

# **Audit Committee Charter**



**Smart Digital Public Company Limited**

## Introduction

The Audit Committee Charter has been set to provide the Audit Committee for an understanding of the objectives, composition, qualifications and duties & responsibilities of the Audit Committee in support to the Company's Good Corporate Governance especially in the financial reporting process, internal control and internal audit system, risk management system and to compliance with relevant laws of the Company. This is to ensure the effectiveness of the Company's good corporate governance system, no conflict of interest, be adequate in internal control and risk management systems. The financial reporting are also in accordance with Thai Financial Reporting Standards and present fairly, reliability and adequate disclosure for equally benefit to all stakeholders. In addition, to monitor the procedure in place to ensure that the Company is in compliance with the Securities and Exchange Act, requirements of the SET and the SEC and any other relevant legislations concerning the business.

Therefore, the Audit Committee should strictly comply with the provisions of this Charter to ensure that the operation is in accordance with the intended purpose.

This Charter has reviewed by the Audit Committee.

-Signed-

(Dr. Chotivid Chayavadhanangkur)  
Chairman of the Audit Committee

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## Audit Committee Charter

### 1. Objective

The Audit Committee is a committee of the Board of Directors organized as an important tool or mechanism required of business to ensure the Company's good corporate governance. The Audit Committee as an independent committee can mitigate burden of the Board of Directors and increase flexibility in management function. The Audit Committee can express its straight opinion on financial reports and internal control systems, and accommodate discussion and consultation between management and external auditor with a view to managing possible risks and ensuring complete and correct disclosure in the financial reports according to the applicable standards and regulations in order that such reports are credible. The main objectives of the establishment of the Audit Committee are to create efficiency in the business operations and add value to the Company as follows:

1. Increase reliability and creditability of the disclosed financial reports.
2. Increase duty of care of the Board of Directors in discharging its responsibility regarding:
  - Corporate Governance to comply with strategy and policy of the Company
  - Compliance with applicable regulations and relevant laws
  - Monitoring and control of business risk
  - Preparation of financial reports and selection of appropriate accounting policies
  - Internal control and Internal audit
  - Connected transaction
3. Mitigation of the Board of Directors' burden by delegation of duties pertaining to the financial reporting, internal control and internal audit to the Audit Committee. As a result, the Board of Directors would have more opportunity to address various matters in depth and become more efficient in the areas of management.
4. Improvement of duties and process of the internal and external audit and increase of efficiency in the communication among the Board of Directors, internal and external auditors.
5. Reinforcement of independence of internal auditors and internal audit department to enable them to present straight opinions that will give rise to more efficient operations.
6. Encouragement of the preservation of independence of external auditor and provision of framework to enable the external auditor to present straight opinions in case that the conflict with management may arise.
7. Improvement of quality of the internal audit reports.
8. Strengthening of role and authority of outside directors.
9. Assurance of the directors' understanding in auditing scope.

### 2. Composition

1. The member of the Audit Committee must not less than 3 persons and all members shall be independent directors.
2. The Board of Directors shall select one member of the Audit Committee to be Chairman of the Audit Committee.
3. In case the term of the Audit Committee member is terminated or there is any circumstance causing any member to be unable to hold the remained term, thus making the number of the Audit Committee members lower than 3 persons, the Board of Directors and/or the shareholders' meeting shall appoint new member to replace the vacancy immediately or not later 3 months from the date of vacancy in the Committee to ensure continuity of the Audit Committee.

### 3. Term

Term of the Audit Committee member is 3 years. All members shall be in post no longer than 3 consecutive terms except getting an unanimous votes from the Nominating and Compensation Committee and the Committee ensures that the extra term will not cause or impact to the independent of such director and shall be approved from the Board of Directors' and/or the shareholders' meeting.

#### 4. Secretary to the Audit Committee

1. Head of internal audit department shall be assigned as secretary to the Audit Committee to assist the Audit Committee in performing work pertaining to summoning of meetings, preparation of agendas, delivery of meeting documents and keeping of minutes.
2. The Secretary of the Audit Committee should have knowledge, capable and experience in the above task including independence in performing duties to assist the Audit Committee.

#### 5. Qualification

1. The Audit Committee members shall be appointed by the Board of Directors and/or the shareholder's meeting.
2. All members of the Audit Committee should be Independent Directors with the qualifications as specified in the announcement of the Securities and Exchange Commission, the Capital Market Supervisory Board and the Stock Exchange of Thailand as follows:

##### 2.1 General qualification: Each member shall be an independent director with the following qualifications:

1. Holding no more than 0.5 % of total voting shares of the Company, parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, including shares held by any related person of such independent director.
2. Not being or ever been an executive director, worker, employee, salaried consultant, or controlling person of the Company, parent company, subsidiary, affiliate, same-level subsidiary, major shareholder or controlling person of the Company unless the foregoing status has ended for at least 2 years prior to the date of appointment.
3. Not being a person related by blood or legal registration as father, mother, spouse, sibling and child, including the spouse of the child, of other director, executive, major shareholder, controlling person, or person nominated as a director, executive, or controlling person of the Company or subsidiary.
4. Not having or ever had business relationship with the Company, parent company, subsidiary, affiliate, major shareholder or controlling person of the Company in a manner that may obstruct his /her independent judgement, and not being or ever been a significant shareholder or controlling person of person having a business relationship with the Company, parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, unless the foregoing relationship has ended for at least 2 years prior to the date of appointment.  
The aforementioned business relationship is inclusive of any normal business transaction, rental or lease of property, transaction relating to assets or services, or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions. These result in the Company or counterparty being liable to indebtedness payable to the other party in the amount from 3% of net tangible assets of the Company or from Baht 20 million, whichever is lower. The amount of indebtedness, included the obligation incurred during 1 year prior to the date of having a business relationship with the same person, is determined by the calculation method for value of connected transactions under the Notification of the Capital Market Supervisory Board concerning regulations in respect of an entering into connected transaction mutatis mutandis.
5. Not being or ever been an auditor of the Company, parent company, subsidiary, affiliate, major shareholder or controlling person, and not being a significant shareholder, controlling person of the Company, or partner of the audit firm that employs auditors of the Company, parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, unless the foregoing relationship has ended for at least 2 years prior to the date of appointment.
6. Not being or ever been a professional services provider, including legal advisor or financial advisor who receives service fee more than Baht 2 million per year from the Company, parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, and not being a

significant shareholder, controlling person, or partner of such professional service provider unless the foregoing relationship has ended for at least 2 years prior to the date of appointment.

7. Not being a director who has been appointed as a representative of the Company's director, major shareholder, or shareholder who is a connected person of major shareholder.
  8. Not undertaking any business of the same nature and in significant competition with business of the Company or subsidiary or not being a significant partner in the partnership or executive director, worker, employee, salaried consultant, or shareholder holding more than 1 % of total voting shares of another company undertaking any business of the same nature and in significant competition with business of the Company or subsidiary.
  9. Not having any other characteristic that cause the inability to express independent opinions.
- 2.2 Specific qualification: The Audit Committee members must have follows:
1. Not being a director assigned by the Board of Directors to take part in the business decision of the Company, parent company, subsidiary, affiliate, same-level subsidiary, major shareholder or controlling person of the Company.
  2. Not being a director of parent company, subsidiary, and same-level subsidiary that is a listed Company.
  3. Having sufficient knowledge, experience and time to perform duties as the Audit Committee member.
  4. At least 1 member of the Audit Committee shall have sufficient knowledge and experience in accounting or finance to review the reliability of financial statement, the Company has to define in the Annual Report for the name of the Audit Committee member who has that qualification, and has to define his/her qualification in the certification of the Audit Committee profile that should be sent to the SET.

## **6. Roles and Responsibilities of the Audit Committee**

### **6.1 Roles of the Audit Committee**

1. Review the Company's financial report to ensure its accuracy with adequate, reliable and timely disclosure.
2. Review the Company's internal control, and internal audit systems to ensure that they are suitable and efficient, and consider the independence of internal audit unit, as well as to propose the appointment, transfer and dismissal of the head of internal audit or any other unit in charge of internal audit.
3. Consider and approve the manpower and necessary resources for working process of the internal audit unit, approve the annual audit plan including significant changes in the audit plan.
4. Review the Company's compliance with the Securities and Exchange Act, the regulations of the SET and the laws relating to the Company's business.
5. Propose for consideration and approval of the Board of Directors' and shareholders' meeting on the selection, appointment, termination of the external auditors including propose their remuneration for further consideration.
6. Arrange the Audit Committee's meeting with auditors without management of the Company at least once a year.
7. Review the connected transactions or the transactions that may lead to conflicts of interests to comply with the Securities and Exchange Act, and the regulations of the SET and the SEC, including the related laws which are effectively with the Company and/or the Company's business to ensure that the transactions are reasonable with the highest benefit of the Company.
8. Prepare report of the Audit Committee to disclose in the annual report with at least information defined in the regulations of the SET.
9. Review the scope of authorities, roles and responsibilities of the Audit Committee in accordance with the situation.
10. Audit and investigate concerned persons in order to gain the clearly information within the scope of authority.
11. Engage the specialist for competent advice and assistance auditing as considered by the Audit Committee with Company's expenses.
12. Perform any other activities as assigned by the Board of Directors.

## **6.2 Responsibilities of the Audit Committee**

The Audit Committee is responsible to the Board of Directors according to the duties and responsibilities assigned by the Board of Directors, while the responsibilities of all activities of the Company towards third parties are still vested in the entire Board of Directors.

## **7. Meeting**

### **7.1 Agenda**

The secretary to the Audit Committee shall prepare invitation to the Audit Committee meeting. Each Meeting should be clearly determined date, time, place and agenda. The agenda and meeting documents should be delivered to the Audit Committee and attendants at least 7 days in advance of the meeting for consideration or request of additional information.

### **7.2 Frequency of Meetings**

The Audit Committee shall convene the meeting as necessary and appropriate at least 4 times a year to ensure achievement of the works assigned.

### **7.3 Attendances**

A constitution of quorum of the Audit Committee is required attendance of members at least 50%. The Audit Committee should invite external and internal auditor to present their works, and may invite director or related executive to attend the meeting as necessary.

### **7.4 Voting**

The resolution of the meeting shall be supported by majority vote and each member has one vote. The member who has conflict of interest will not participate in that agenda. In the event receiving equal votes, the Chairman has one vote for a casting vote.

### **7.5 Minutes**

The secretary to the Audit Committee shall prepare the minute of meetings that must be submitted to the Audit Committee and the Board of Directors in order to provide the Board of Directors with information about the activities of the Audit Committee on a timely basis. The minutes should also be submitted to internal and external auditors in order to inform them formally that there are areas which require their special attentions.

## **8. Reporting**

The audit committee has duty and responsibility to report the operation of the committee and any duties assigned by the Board of Directors. The report is essentially an informational report for the Board of Directors, shareholders, and investors, which should convey the independent opinion of the committee. The Board of Directors must ensure that the management is fulfilling its stewardship accountability and must consider the equitable benefit of the shareholders as a whole.

### **8.1 Reporting to the Board of Directors**

1. Report on regular activities so that the Board of Directors is kept informed of the Audit Committee's activities.
  - Minutes of the meetings that clearly specify opinion of the Audit Committee on various matters.
  - Summary report of activities during the year.
  - Report concerning comments on financial report, internal audit, and internal audit process.
  - Other reports which should be disclosed to the Board of Directors.
2. Immediate report on the findings so that the Board of Directors can seek a solution on a timely basis. For the operation of the Audit Committee, if the Audit Committee seeks or suspects that the transaction or the following actions has material impact on the Company's financial position and results of operation, the Audit Committee will report to the Board of Directors for improvement within a period of time mutually fixed by the Audit Committee:
  - Report on conflict of interests.

- Suspicions or assumptions that there may be fraud or irregularity or material defect in the internal control system.
- Suspicion that there may be a violation of the Securities and Exchange Act, regulations of the Stock Exchange of Thailand or the laws related to the Company's business.
- Other reports which should be disclosed to the Board of Directors.

### **8.2 Reporting to the Authorities**

If the auditor discovers any suspicious circumstance that the Managing Director or any person who is responsible for the operation of the Company commits an offence under the Section 89/25 in the Securities and Exchange Act, the auditor shall inform the fact relating to such circumstance to the Audit Committee. The Audit Committee shall report the result of preliminary inspection to the SEC or the SET and the auditor within 30 days.

If the Audit Committee has reported about anything which has material impact on the financial condition and results of operation to the Board of Directors and has discussed with the Board of Directors and the management that any rectification is necessary, upon completion of the period of time mutually fixed if the Audit Committee finds that such rectification has been unreasonably ignored, any or all members of the Audit Committee may report such finding to the SEC and the SET.

### **8.3 Reporting to Shareholders and General Investors**

Report on activities carried out during the year according to the duties and responsibilities delegated by the Board of Directors; that shall be signed by the Chairman of the Audit Committee and disclosed in the Annual Report with the following details:

1. Comment on the accuracy, completeness and credibility of the preparation process and disclosure of information in the Company's financial report.
2. Comment on the adequacy of the Company's internal control system.
3. Comment on the appropriateness of the auditor.
4. Comment on the compliance with the Securities and Exchange Act, requirements of the Stock Exchange of Thailand, or laws related to the Company's businesses.
5. Comment on the transaction that may have conflict of interest.
6. Number of the Audit Committee meeting and time attendance of each member.
7. Comment or observation on the operation as defined in the Audit Committee Charter.
8. Any other report that should be made to the shareholders and general investors within the scope of duties and responsibilities assigned by the Board of Directors.

## **9. Evaluation**

The Audit Committee shall evaluate its performance by providing Audit Committee Self-Assessment or other appropriate mechanism in order to improve its performance for higher efficiency and achieve the objectives.