

**Charter of the Audit and Risk Management Committee**  
**SCG Chemicals Public Company Limited**

The Board of Directors Meeting of SCG Chemicals Public Company Limited (“the Company”) No. 276 (12/2021) held on September 22, 2021 resolved to approve the first charter of the Audit and Risk Management Committee and the Board Meeting No. 282 (3/2022) held on March 30, 2022 subsequently endorsed the continuous enforcement of the charter upon the conversion of the Company into a public limited company.

The Audit and Risk Management Committee has been appointed to assist the Board of Directors in overseeing and ensuring the compliance with applicable law and regulations, code of conduct, policies and related practices as well as providing independent advices under corporate governance framework. This is to assure to and foster confidence among stakeholders of the Company’s efficient internal control system in conjunction with conflicts of interest prevention and risk management and control that potentially have impact on the Company’s business operation in pursuit of business strategies for sustainability of the organization.

The aforesaid Board of Directors Meeting, thus, resolved to establish this Charter of the Audit and Risk Management Committee mainly in alignment with the Company’s Code of Conduct as well as placing applicable regulations and laws to specify its scope of duties. The Charter also provides guidance for the Audit and Risk Management Committee to perform its work while ensuring that the Board of Directors, the executives and the Management comprehend the scope of duties of the Audit and Risk Management Committee.

**1. Scope of Duties**

The duties of the Audit and Risk Management Committee are as follows:

**Audit**

- 1.1 To ensure that financial reporting system and disclosure of information in financial statements comply with financial reporting standards, by discussing with external auditors and executives responsible for preparing both quarterly and annual financial reports. The Audit and Risk Management Committee may recommend that the auditors review or audit any items that are deemed important and necessary during the audit of our Company’s financial statements and encourage the improvement of the financial reporting system to meet the financial reporting standards;
- 1.2 To review connected transactions, acquisition or disposal of assets, or items that may contain any conflicts of interest between our Company and subsidiaries to comply with laws and regulations of the Securities and Exchange Commission, Thailand (SEC) and the Stock Exchange of Thailand (SET) to ensure that such items are reasonable and are the most beneficial to the Company and subsidiaries;
- 1.3 To ensure that anti-corruption policy is adequate and appropriate for the business operations and is in line with the guidelines of regulators, such as the Thai Private Sector Collective Action Against Corruption (CAC), The Thai Institute of Directors Association (IOD), and the National Anti-Corruption Commission by promoting and raising the awareness, risk assessment, internal control, creating a prevention system, reporting of offenses, inspection, provision of advice and monitoring to ensure compliance with the anti-corruption policy, including reviewing of the self-evaluation form regarding the anti-corruption measures as audited and evaluated by the Internal Audit office;
- 1.4 To ensure that the Company and subsidiaries have a process to control, comply with and follow up the compliance with the Securities and Exchange Act, the regulations of the SET and the Capital Market Supervisory Board, and other rules, regulations and laws related to the business of the Company and subsidiaries and ensure that the subsidiaries and associated companies comply with the criteria of the Policy to govern and manage Subsidiaries and Affiliates Operating Core Business;

- 1.5 To ensure that the Company and subsidiaries have internal control according to the framework of Committee of Sponsoring Organizations of the Treadway Commission (COSO), and internal audit systems that are appropriate and effective in accordance with the generally accepted international practices and standards, and to consider the “Internal Control System Adequacy Assessment” form which has been audited and evaluated by the Internal Audit Office in order to be confident that the Company and subsidiaries have an adequate internal control system and to submit it to the Board of Directors for consideration;
- 1.6 To review the summary of results of fraud inspection, punishment, and prescribe internal prevention measures, including the internal whistleblowing and complaint receipt procedures of the Company and subsidiaries;
- 1.7 To ensure that a preventive operational system is beneficial to the Company in order to enhance the efficiency and effectiveness of operations;
- 1.8 To consider, select, nominate for appointment or dismiss independent persons to serve as the auditors, propose remuneration for the auditors, evaluate the auditors’ work efficiency, including consider the Non-Assurance Service (NAS) work proposed by the auditors or the auditors’ network by using the criteria and guideline as specified in the Handbook of the International Code of Ethics for Professional Accountants or relevant regulations;
- 1.9 To prepare the Audit and Risk Management Committee report to submit to the Board of Directors meeting, at least once a year, and to disclose the report in the annual report. Such report will be signed by the Chairman of the Audit and Risk Management Committee and will at least contain the following details:
  - (a) an opinion on the accuracy, completion and reliability of the financial report;
  - (b) an opinion on the adequacy of the internal control system;
  - (c) an opinion on compliance with the Securities and Exchange Act, the SET regulations or laws related to our business;
  - (d) an opinion on the suitability of the auditors;
  - (e) an opinion on items that may have conflicts of interest;
  - (f) an opinion on risk management;
  - (g) the number of meetings of the Audit and Risk Management Committee and meeting attendance of each member of the Audit and Risk Management Committee;
  - (h) an overall opinion or observation obtained by the Audit and Risk Management Committee through performance of duties under the Charter; and
  - (i) other items that shareholders and general investors should be aware of under the scope of duties and responsibilities assigned by the Board of Directors;
- 1.10 To review and provide the opinion regarding the performance of the Internal Audit Office and to coordinate with auditors and organize a meeting with auditors without the participation of the management at least once a year to acknowledge the audit results of the quarterly financial statements and the audit results of the annual financial statements, and to discuss problems and obstacles that may be found in the performance of the auditor;
- 1.11 To consider and approve the internal audit plan, budget and workforce of the Internal Audit Office, including granting approval for the appointment, removal, transfer or dismissal of the Director of the Internal Audit Office or any other units responsible for internal audit;
- 1.12 To consider the independence of the Internal Audit unit based on the performance of duties and reports, including the chain of command and ensure the evaluation of performance of audit work of our auditors' office in accordance with international standards;

- 1.13 To consider the adequacy and suitability of the mechanisms enabling the central subsidiaries to oversee the management and operations of the subsidiaries that are under the supervision of the central subsidiaries for submission to the Board of Directors for its approval;

#### **Risk management**

- 1.14 To consider the determination of risk management policies, strategies, framework and risk prevention and management plans and supervise the Risk Management Committee as well as to review risks and Enterprise Risk Management Framework (ERM), work procedures, control and oversight of operations, information technology and data and communication network system security to be effective and consistent with international standards;
- 1.15 To monitor results of risk management, significant issues and risk information, risk trends and overview of risks as well as to evaluate the efficiency of risk management and risk management results from the Risk Management Committee to ensure that risk management is being conducted efficiently and effectively and able to identify unexpected risks or crises and reduce in an appropriate and timely manner any loss, damage and impacts that are either monetary or affecting the corporate image or reputation by taking into account the risk appetite, practicality, costs and consistency with established guidelines, good corporate governance principles and checks and balance;
- 1.16 To ensure that the remaining risk management measures and approaches are at an acceptable level, by considering measures to efficiently reduce the likelihood and/or impact of risks that may arise in order to drive the organization to achieve the objectives;
- 1.17 To promote and encourage, on a regular basis, the communication of the significance of risk management, knowledge transfer and sharing of internal risk management, to be a risk management role model of the management to create an understanding and raise awareness among employees of the ownership of risks, including joint risk management of items under their purview, particularly upon occurrence of significant internal events or changes, and will encourage the determination of risks in the agenda in major meetings of the Company and subsidiaries;

#### **Others**

- 1.18 To ensure that the Audit and Risk Management Committee will conduct its annual performance assessment: as a whole and a self-assessment, including a review of the Charter of the Audit and Risk Management Committee at least once a year for submission to the Board of Directors for approval;
- 1.19 To report the progress and performance to the Board of Directors after every meeting of the Audit and Risk Management Committee; and
- 1.20 To perform any other tasks as required by law or as assigned by the Board of Directors and agreed by the Audit and Risk Management Committee

In performing their tasks within the scope of roles and responsibilities, the Audit and Risk Committee has the power to summon and instruct the management, heads of departments, or employees to give their opinions, to be present at meetings, or to submit documents that they find relevant and necessary. The Audit and Risk Committee may also seek independent opinions from any other professional advisors when deemed necessary at the expense of the Company. The engagement of such professional advisors is to be in accordance with the Company's rules and regulations.

The Audit and Risk Management Committee performs its work within the scope of duties and responsibilities in accordance with the orders of the Board of Directors, agreed by the Audit and Risk Management Committee. The Board of Directors are directly responsible for operations for shareholders, stakeholders and the general public.

In the event of change in duties of the Audit and Risk Management Committee, the Company shall announce a resolution relating to the change of the duties and prepare a list of names

and scope of work of the Audit and Risk Management Committee with such changes in the form specified by the SET and submit it to the SET within three business days from the date of such change through a method in accordance with the regulation of the SET regarding the procedure for the Disclosure of Information and Submission of Documents of Listed Companies through the Electronic System.

## **2. Composition of the Audit and Risk Management Committee**

The compositions of the Audit and Risk Management Committee are to be as follows:

- 2.1 The members of the Audit and Risk Management Committee shall be appointed by the Board of Directors.
- 2.2 The Audit and Risk Management Committee must consist of not less than three independent directors, who are fully equipped with appropriate skill and expertise in the works assigned. Also, at least one member of the Audit and Risk Management Committee must possess sufficient knowledge and experience in accounting and finance in order to perform his/her/their duties of reviewing the credibility of the financial statements.
- 2.3 A member of the Audit and Risk Management Committee shall be appointed by the Board of Directors or the Audit and Risk Management Committee as the Chairman.
- 2.4 The Audit and Risk Management Committee shall be responsible for appointing the Secretary to the Audit and Risk Management Committee to provide assistances in making meeting appointments, preparing meeting agenda, distributing meeting documents, and preparing meeting minutes.

## **3. Qualifications of the Audit and Risk Management Committee**

The members of the Audit and Risk Management Committee must be generally trusted and accepted and be able to devote sufficient time to perform the Committee's duties. They must also possess the qualifications of an independent director as defined in the Charter of the Board of Directors, including specific qualifications as follows, by:

- (a) not being a director assigned by the Board of Directors to make decisions on the operation of the Company, parent company, subsidiary, associate, or subsidiary of the same order; major shareholder; or person who has the power to control the Company; and
- (b) not being a director of a parent company, subsidiary, or subsidiary of the same level, only in the case of a listed company

## **4. Terms of Office**

The term of office of the members of the Audit and Risk Management Committee shall equal to the individual term of office and ends at the annual general meeting of shareholders. A member retiring by rotation is eligible for re-appointment and shall serve in the interim until a new member is appointed in their place, except in the event that the retiring member is not re-elected as directors of the Company.

In the event that all members of the Audit and Risk Management Committee vacate office, the entire Audit and Risk Management Committee must serve in the interim until a new Audit and Risk Management Committee takes over the duties.

In addition to the vacancy upon the expiration of their term as aforementioned, a member of the Audit and Risk Management Committee shall vacate office upon:

- a) Resignation to be effective from the date that on which the Company receives the resignation letter;
- b) being disqualified from the Audit and Risk Management Committee as specified in this charter or by the law;
- c) being removed by a resolution of a board meeting or a meeting of shareholders
- d) expiration of directorship
- e) death

f) being removed by a court order.

A member of the Audit and Risk Management Committee wishing to resign from the committee shall give sufficient notice of resignation to the Chairman of the Board of Directors and specify the reason, so that the Board of Directors may appoint a qualified candidate to replace them.

If a member of the Audit and Risk Management Committee resigns or is dismissed from his/her position before his/her expiration of the term of office, the Company shall immediately inform the SET and send to the SEC the copy of the resignation letter. The member of the Audit and Risk Management Committee who resigned or was dismissed may explain his/her reason to the SEC and the SET.

In case of a vacancy in the Audit and Risk Management Committee for reason other than expiration of the term of office, the Board of Directors shall elect a person who is fully qualified and is without prohibited characteristics as a substitute member of the Audit and Risk Management Committee within three months after the vacancy so that the number of members of the Audit and Risk Management Committee remains in full as the laws and the Board of Directors had stipulated. The substitute member shall hold office only for the remaining term of office of the member whom he/she replaces.

## **5. Meetings**

The meetings of the Audit and Risk Management Committee shall be held at least once every three month to consider quarter/annual financial statements and other matters within the authority and duty of the Audit and Risk Management Committee. Together with the Audit and Risk Management Committee, the external auditors, internal auditors and executives shall also attend the meeting to audit the financial statements on a quarterly basis and report them to the Board of Directors. In case that the executives are to carry out any connected transaction or transaction relating to the acquisition or disposition of assets, the propriety and reasonability of the transaction, as well as the utmost benefits of the Company, shall be taken into consideration in order to ensure its compliance with regulations regarding connected transactions and transactions relating to acquisition and disposition of assets as stipulated by SET's announcement.

In calling a meeting of the Audit and Risk Management Committee, the Chairman or the Secretary of the Audit and Risk Management Committee, by order of the Chairman of the Audit and Risk Management Committee, shall serve a notice via electronic method or other methods calling for such meeting to members of the Audit and Risk Management Committee not less than 5 days prior to the date of the meeting. Where it is necessary or urgent, the meeting may be called by other methods and on an earlier meeting date. For each meeting, the agenda should be clearly defined, and meeting documents should be distributed to the Audit and Risk Management Committee and attendees reasonably in advance of the meeting, so as to allow sufficient time for review or request for additional information.

In a meeting of the Audit and Risk Management Committee, the Chairman of the Audit and Risk Management Committee or the chairman of the meeting may choose to conduct the meeting electronically in compliance with prescribed criteria and methods to enable discussions and exchange of opinions among attendees who may not be in the same location.

The Audit and Risk Management Committee should hold meetings to discuss matters within its scope of duties set forth in this charter.

The Audit and Risk Management Committee may invite relevant parties, such as the Company's legal advisors, external legal advisors, and/or other concerned parties, to join a meeting to participate in discussions, offer clarification, or answer inquiries.

## **6. Quorum and vote casting**

At a meeting of the Audit and Risk Management Committee, at least half the number of the members of the Audit and Risk Management Committee must attend to constitute a quorum. In case the Chairman is absent or unable to perform their duty, the Audit and Risk Management Committee shall appoint a member present at the meeting to chair the meeting.

Decisions in the meeting shall be by a simple majority vote.

Each member of the Audit and Risk Management Committee is entitled to one vote, except when they have a vested interest in the matter being voted on, in which case they shall not be entitled to vote. In the event of a tie vote, the Chairman of the meeting shall have a casting vote.

## **7. Minutes of meetings of the Audit and Risk Management Committee**

The Secretary to the Audit and Risk Management Committee or a person designated by the Audit and Risk Management Committee is responsible for preparing minutes of meetings of the Audit and Risk Management Committee and distributing them to members of the committee for consideration in advance before they are proposed for approval as the first agenda of the subsequent meeting and certified by the Chairman of the meeting with a signature. Members of the Audit and Risk Management Committee may make comments and propose corrections to the minutes to ensure their accuracy. The minutes must be certified by the Audit and Risk Management Committee, and the Chairman of the Audit and Risk Management Committee shall be responsible for reporting on the meeting at a board meeting to keep the Board of Directors informed of the activities of the Audit and Risk Management Committee

## **8. Responsibilities of the Audit and Risk Management Committee**

- 8.1 In case the Audit and Risk Management Committee is informed by the auditor about suspicious behavior of Chief Executive Officer and President or persons responsible for business operation of the Company, which may violate paragraph 2 of Section 281/2, Section 305, 306, 308, 309, 310, 311, 312 or 313 of the Securities and Exchange Act, the Audit and Risk Management Committee is to investigate the case and submit a preliminary report to the SEC, as well as to the auditor, within 30 days of the date it is informed.
- 8.2 Upon finding or having doubt about the following actions or transactions, which may significantly affect the financial position and performance of the Company, the Audit and Risk Management Committee is to report such events to the Board of Directors in order to find remedy within a period deemed appropriate by the Audit and Risk Management Committee:
  - )1( Transaction which may cause conflicts of interest.
  - )2( Fraud or irregular events or material flaws in the internal control system.
  - )3( Violations of laws pertaining to Securities and the Stock Exchange, the regulations of the SET, or laws pertaining to the Company's business.

Should the Board of Directors or management fail to remedy the issues within the timeline specified by the Audit and Risk Management Committee, a member of the Audit and Risk Management Committee may report the issue to the SEC or the SET.

## **9. Remuneration**

The Audit and Risk Management Committee shall be entitled to remuneration in the amount approved by the shareholders meeting.

This Charter shall be effective from November 24, 2022 onwards.

**Announced on November 24, 2022**

*-signed by-*

**(Mr. Chumpol NaLamlieng)  
Chairman of the Board of Directors**

Note:

\*The first amendment to this Charter of the Audit and Risk Management Committee was made pursuant to the resolution of the Board of Directors Meeting No. 281 (2/2022) on February 24, 2022.

\*The second amendment to this Charter of the Audit and Risk Management Committee was made pursuant to the resolution of the Board of Directors Meeting No. 7 (7/2022) on November 24, 2022.