

Charter of the Internal Audit Office
SCG Chemicals Public Company Limited

The Audit and Risk Management Committee Meeting of SCG Chemicals Public Company Limited (“the Company”) No. 1 (1/2021) held on October 22, 2021 resolved to approve the first Charter of the Internal Audit Office for the purposes of setting the missions, scope of work, authorities and accountabilities including operational guidelines and practices of the Internal Audit Office, SCG Chemicals Public Company Limited, and making the Board of Directors, the Management Committee and all levels of employees of SCG Chemicals (the Company and its subsidiaries) understand in summary of the following issues, and the Company’s 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.

Missions

Missions of the Internal Audit Office includes building, preventing, and preserving the values of the organization by rendering assurance fairly under the defined risk and providing recommendation to the relevant departments.

Definitions

Tasks of the Internal Audit Office includes rendering assurance services and consulting services independently and fairly to add value and improve operation of companies in SCG Chemicals. The Internal Audit Office contributes business operations in SCG Chemicals to meet their defined objectives by assessment and improvement of the effectiveness and efficiency of the risk management system, internal control and corporate governance process by using appropriate method and program.

Duties and accountabilities

Duties of the Internal Audit Office include the following areas:

Audit

1. Auditing the financial reports that they are conducted in accordance with Thai Financial Reporting Standard and international as well, having operational process and supporting document correctly, completely, transparently and reliably, disclosing sufficient information in the notes to the financial statements, considering impacts from the changes of accounting standard and selecting accounting policy to the Audit and Risk Management Committee;
2. Auditing connected transactions, acquisition or disposing of assets or transactions probably incurring conflicts of interest to be in compliance with applicable laws and regulations of The Securities and Exchange Commission (“SEC”) and the Stock Exchange of Thailand (“SET”) so as to ensure that they are conducted reasonably and aimed at the utmost benefits of SCG Chemicals;
3. Assessing the risk management system and motivating companies in SCG Chemicals to perform risk management internationally, capable to identify significant risks and manage them efficiently, have appropriate risk index including risk warning signal and auditing the correctness and effectiveness of work procedure, risk management, control, governance and security of information and communication network that they are efficient and comply with international standard;
4. Assessing the efficiency of promotion and building awareness, reviewing of risk assessment, internal control, creation of preventive work system, auditing, and providing suggestions for setting forth preventive measures and guidelines, as well as reviewing of self- assessment form on anti-corruption measures to be in compliance with governing agents such as Thai Private Sector Collective Action Against Corruption (CAC), Institute of Directors Association (IOD) and the National Anti-Corruption Commission;
5. Auditing work process that it is conducted according to good corporate governance;

6. Auditing control and compliance process according to applicable laws on securities and stock exchange market, regulations, rules and other laws related to the Company's business;
7. Assessing the internal control system to assist the companies in SCG Chemicals in conducting their significant business activities with appropriate internal control system to prevent substantial damage and assessing overall internal control system of the audited companies under The Committee of Sponsoring Organizations of the Treadway Commission (COSO) internal control framework;
8. Auditing frauds and complaints according to rules and regulations under relevant laws and defining guidelines for remedy and fraud prevention;
9. Defining and developing preventive system and audit method to promote preventive operation of the companies in SCG Chemicals for the benefits and value added increasing of the organization by meeting the objectives and targets effectively and efficiently and compliance with the company's rules and regulations, laws on securities and stock exchange market and other relevant laws;
10. Proposing the Audit and Risk Management Committee to consider the appointment of the Company's auditor and its remuneration, coordinate with the auditor for the exchange of information relevant to the audit and meet with the auditor without management at least once a year;
11. Preparing the Audit and Risk Management Committee's Report for the Chairman of the Audit and Risk Management Committee to consider and sign before disclosing in the Company's Annual Report;
12. Proposing the Audit and Risk Management Committee to consider and approve internal audit plan, budgets and manpower of the Internal Audit Office;
13. The Director of the Internal Audit Office is responsible to find the independent opinion from other profession advisors in case if it is necessary for the benefits of considering and providing comments to the operation of SCG Chemicals at SCG Chemicals' expenses;
14. 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 Audit and Risk Management Committee for its consideration;

Others

15. Arranging for the annual performance assessment of the Audit and Risk Management Committee and its members at least once a year; and
16. To perform any other tasks as required by law or as assigned by the Board of Directors and the Audit and Risk Management Committee

Scope of Audit

The Internal Audit Office is responsible to internal audit work in SCG Chemicals. Associated and other companies under SCG Chemicals Group are audited as assigned by the Audit and Risk Management Committee or the top executives or when irregular circumstances are encountered in order to assure that the risk management system, internal control and corporate governance of SCG Chemicals are sufficient, efficient and meet the objectives. Moreover, the Internal Audit Office has contributed to offering all round improvements such as administration control, profit raising opportunity as well as the corporate reputation and image as follows:

1. Identification of risk factors, risk assessment and appropriate risk management;
2. Appropriate and efficient internal audit by:

- 2.1 Having information on finance, administration and significant operation which are correct, reliable and on time;
- 2.2 Performing the work in compliance with policies, standards, regulations, including relevant laws and rules;
- 2.3 Performing the work effectively and efficiently;
- 2.4 Procuring assets economically and effectively and maintaining them sufficiently

Audit Authorities

The Director of the Internal Audit Office and the audit officers are authorized and have its authorities to access information, work system and personnel of the Company related to performing the audit as necessary and appropriate. It is the duty of the management at all levels in SCG Chemicals to support the work of the Internal Audit Office to meet the objectives of the audit and gain utmost benefits to SCG Chemicals.

Any document and information received or known by the audit officers will be kept confidentially and will not be disclosed to any other party without permission from relevant authorized party unless the disclosure is required by laws.

Report and Follow-up

1. The Director of the Internal Audit Office has the duties to control and manage that the audit has been performed according to the audit plan and arrange for the audit reports to be presented to the management of the audited company and present the summary reports to SCG Chemicals Management Committee and the Audit and Risk Management Committee. As for the administration work, the Director of the Internal Audit Office reports to CFO, SCG Chemicals.
2. The Director of the Internal Audit Office is responsible to define and control the audit result follow-up system and build preventive work system.

Independence and Fairness

1. Performing the audit activities including scope of audit, process, timeline and content of the audit report must be independent from any influence so that the audit performance is efficient and meets objectives and audit plan.
2. The Director of the Internal Audit Office and the audit officers must have neutral attitude, not unfair, not bias and avoid conflicts of interest.
3. The Director of the Internal Audit Office and the audit officers should omit from auditing the work they have been responsible previously. Providing the assurance to the tasks responsible in the previous year of the audit officers could be considered as a cause of fairness deterioration.
4. In case the independence or fairness is deteriorate, the causes of such deterioration should be disclosed in detail as appropriate to concerned parties. The manner of the disclosure depends upon the causes of such deterioration.

Qualifications of Internal Audit Officer

1. Having knowledge, competency, and expertise in operational audit.
2. Having knowledge, and understanding of good corporate governance, riskmanagement, laws, regulations, rules, and orders; having knowledge in control and audit technique in IT is required for IT Audit Officer.
3. Developing knowledge, professional competency, efficiency and quality of internal audit work continuously.
4. Having good relationship, courteous, open-mind, and providing recommendation beneficial to SCG Chemicals and in compliance with international standard.
5. Being independent and having no interest in the subject to be audited.

Code of Ethics

Internal auditors must perform their duties in accordance with the Internal Auditor Code of Ethics, comprising:

1. Integrity
2. Objectivity
3. Confidentiality
4. Competency
5. Transparency

Standards for the Professional Practice of Internal Auditing

Internal Auditor shall perform its duties according to the International Standards for the Professional Practice of Internal Auditing.

This Charter shall be effective from September 27, 2022 onwards according to the resolution of the Audit and Risk Management Committee No. 4 (4/2022) on September 27, 2022.

-signed by-

(Mr. Winid Silamongkol)
Chairman of the Audit and Risk Management Committee

Note:

The first amendment to this Policy was made pursuant to the resolution of the Audit and Risk Management Committee Meeting No. 4 (4/2022) on September 27, 2022.