

Audit Committee Charter

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1. Objectives

The Board of Governors (the “**Board**”) of The Stock Exchange of Thailand (SET) establish The Audit Committee to regulate and audit operation of the Stock Exchange of Thailand Group (the SET group) and SET Foundation for supporting the system of good corporate governance with regard to the following matters:

- Financial report of the SET group and SET Foundation
- Internal Audit
- External Audit
- Internal control and risk management
- Compliance
- Whistleblowing and Fraud

2. Definition

- “Charter” means the Audit Committee Charter
- “SET” means The Stock Exchange of Thailand
- “Subsidiary” means A company in which SET is directly or indirectly holding 50 percent of shares with voting rights of such company
- “SET group” means The Stock Exchange of Thailand and its subsidiaries
- “Committee” means the Audit Committee
- “Management team” means executives holding the position of at least department head or equivalent

3. Composition and Terms of Appointment

- 3.1 The Committee and the chairperson of the Committee shall be appointed by the Board.
- 3.2 The Committee shall consist of at least three, but not more than five governors of SET, and not less than half of the members must be governors appointed by Securities and Exchange Commission. All members of the Committee are non-executive directors who are independent from the SET management and at least one member possesses knowledge, understanding, or experience in accounting, finance, or auditing.
- 3.3 To promote good corporate governance, the chairperson of the Committee shall not be a member of the Risk Management Committee; or the Information Technology Committee; or the Disciplinary Committee. In this connection, members of the Committee shall not be the chairperson of the Risk Management Committee; or the chairperson of the Information Technology Committee; or the chairperson of the Disciplinary Committee.
- 3.4 The Committee's terms of office is in accordance with the tenure of the Board.
- 3.5 Upon expiration of term or there exists circumstances whereby a member of the Committee is unable to complete his or her term of appointment, the Board shall deem it necessary to consider appointing a new member of the Committee in replacement promptly or at the latest within three months commencing from the date the number of members is incomplete to constitute an entire composition for the purpose of continuation of performance of the Committee.
- 3.6 The Committee shall have the authority to appoint the secretary of the Committee.
- 3.7 When new Committee member has been appointed, the secretary of the Committee shall provide documents and information that would be benefit to the work engaged, including the guideline in carrying out roles and responsibilities of the Committee.

4. Meetings

- 4.1 The Committee will organize a meeting at least once a quarter or at least four meetings a year. In this regard, the chairperson of the Committee may call additional meetings as appropriate or upon request made by the Committee, head of internal audit function, auditors, or chairman of the Board concerning a particular issues that required various opinions.
- 4.2 The meeting is scheduled for the entire year in advance so that the Committee is able to allocate time to attend all the meetings.
- 4.3 A quorum shall consist of at least half of the total members of the Committee.
- 4.4 In an event the chairperson of the Committee cannot attend the meeting, the Committee members who are attending that meeting shall elect one of the Committee members to chair the meeting.
- 4.5 The Committee may invite governors, executives, auditors or related parties responsible for or involving with the meeting agenda to attend the meeting from time to time.
- 4.6 The Committee may invite external specialist as consultant to attend the meeting using expense of SET.
- 4.7 The Committee shall arrange a meeting with external auditors without the presence of the management team at least once a year.
- 4.8 The Committee shall convene a meeting with the Risk Management Committee once a year.
- 4.9 The secretary of the Committee has the duties to arrange the meetings, prepare the agenda, deliver supporting documents required for the meetings, and record the minutes of the meetings. The meeting invitation and supporting documents required for the meetings shall be delivered not less than five days prior to the meeting. In necessary and urgent cases, the secretary of the Committee may send the meeting invitation by other means and deliver the supporting documents to the Committee less than 5 days prior to the meeting.
- 4.10 In the case of voting for a resolution, the majority vote shall be required. In case of tie vote, chairperson of the Committee vote for one more vote to arbitrate.
- 4.11 Any Committee member who has a conflict of interest in a matter for consideration, has to inform the Committee of such conflict of interest and shall abstain from any participation in the decision-making process of such matter.

5. Scope and Access to Information

- 5.1 The scope of duties of the Committee covers the entire SET group and the SET Foundation and the Committee may provide recommendations to the SET group and the SET Foundation.
- 5.2 In performing their duties, the Committee can freely request information directly from the auditors, executives and employees, who must cooperate according to the Committee's request.

6. Duties and Responsibilities

The Committee is responsible for the duties and responsibilities assigned by the Board in various matters as shown below:

6.1 Financial Reporting

- To review financial report of the SET group and the SET Foundation
- To consider and review the accounting policies as well as correctness and appropriateness of financial reports
- To review key or irregular transactions that could impact the financial statement

Work to perform

- (1) Review with management team and internal audit the matters regarding the quarterly financial report of SET group before proposing to the Board for acknowledgement.
- (2) Review with management team and external auditors the matters regarding the annual financial report before proposing to the Board and the Board of SET Foundation for approval.
- (3) Review the expenses of the important and high budget projects.
- (4) Review the appropriateness of the accounting policies adopted by management considering benefits to financial statement's users and following to Thai Financial Reporting Standards.
- (5) Review any changes in accounting policy or accounting principles by comparing with the previous year, as well as considering the reasons for the changes and auditor's opinion on such change. If deemed appropriate, the matter shall be proposed to the Board for approval.
- (6) Inquire about different opinions between those of the management team and auditors regarding the disclosure of financial statements as well as considering the recommendations of auditors and the opinion the management team seeks from any external organizations so as to obtain conclusion of such issues.
- (7) Review key or irregular transactions which effect to financial statements considering reasonability of transaction, the impact and integrity of the information disclosure.
- (8) Review the matters with the management team and auditors regarding Management's Discussion and Analysis (MD&A), and disclose them in the Annual Report.

6.2 Internal Audit

- To consider and review the operations of internal audit function
- To consider and approve the internal audit plan, the budget and resources of internal audit functions
- To consider and approve the appointment, transfer, termination of employment, remuneration, and appraisal of the head of internal audit function's performance

Work to perform

- (1) Review the internal audit activities following international standards for the professional practice of internal auditing and consider the effectiveness of internal audit function. Evaluate audit performance in accordance with the approved internal audit plan and follow up the progress of corrective actions according to internal audit report.
- (2) Approve internal audit plan and budget, and consider the adequacy of internal audit team's resources to support the work and objectives of the Committee.
- (3) Consider and approve the appointment, transfer or dismissal, including performance evaluation and remuneration of the head of the internal audit function. The Committee may ask the opinion of the SET's president, as deemed appropriate.
- (4) Let the head of the internal audit team directly and promptly consult or communicate with the Committee when found problem or important issue. The discussion can be official or casual.
- (5) Ensure independence and give confidence that there is no limitation of work by the internal audit team. By having internal audit team report directly to the Committee, this can ensure that the internal audit team can exhibit objectivity in the performance of internal audit jobs. However, with respect to matters related to administration, the internal audit team is under supervision of the SET's president.
- (6) Review and approve Internal Audit Charter
- (7) Ensure that there are conducts of the Quality Assurance Review in accordance with international standards for the professional practice of internal auditing

6.3 External Audit

- To provide advice concerning the appointment, termination, remuneration, and performance assessment of the auditors of the SET group and the SET Foundation
- To review the audit scopes and auditing plans of the auditors of the SET group and the SET Foundation

Work to perform

- (1) Recommend to the Board the appointment, dismissal and remuneration of the external auditors considering the qualification, independence and performance in carrying out the duties.
- (2) Ensure that there shall be arrangement for other auditors to submit proposals for consideration and comparison every three years. The auditors shall be changed at least every seven years and must be refrained for three years.
- (3) Review the scope of work and audit plan of the auditors to ensure the coverage of all operations and key risks, including the cooperation with internal audit team.
- (4) Meeting with auditors to discuss on the findings or observation regarding the audit of financial statements.
- (5) Evaluate performance and independence of auditors by considering the audit of financial statements, inquiring management's opinion and meeting separately with auditors without management present.
- (6) Determine Non-audit services policy as well as reviewing non-audit services provided by the auditors in compliance with such policy at least once a year to ensure that the performance of the auditors are independent and free from any conflict of interest.

6.4 Internal Control and Risk Management

- To consider and assess the adequacy and appropriateness of internal control and risk management of the SET group

Work to perform

- (1) Review audit report and recommendation of external auditors and internal audit team regarding internal control and risk management as well as monitoring the management's response to audit recommendations.
- (2) Review the evaluation of SET group's internal control system according to the Committee of Sponsoring Organizations of the Treadway Commission standard (COSO) before proposing the opinion on the adequacy of the internal control system to the Board.
- (3) Ensure that key risks of SET group are properly managed by:
 - Meeting with management team responsible to
 - Information technology risk management and control
 - Insurance
 - Security of buildings and employees
 - Acknowledge the report of enterprise risk management operations on a quarterly basis

6.5 Compliance

- To ensure compliance with the laws and regulations set by the SET regulatory authorities, as well as standards and internal regulations stipulated by the SET group
- To consider and provide advice concerning the related party transaction or any transactions which may cause conflict of interest with SET group's benefit

Work to perform

- (1) Review audit report and recommendation of auditors and internal audit team regarding compliance with laws and related rules.
- (2) Meeting with legal team at least once a year concerning laws and legal issues that SET group must comply.
- (3) Review the report regarding compliance to laws, rules and regulations related to SET group's business.
- (4) Review the report of compliance operations on a quarterly basis.
- (5) Consider related party transactions or transactions which may cause conflict of interest to ensure that transaction is transparent and most benefit to SET group.

6.6 Whistleblowing and Fraud

- To review and take actions concerning whistleblowing cases and investigate any controversial and suspicious action considered against laws, ethics, infringement of rights, incorrect financial report, defective internal control system and fraud
- To review the process for safeguarding and detecting fraud

Work to perform

- (1) Consider complaints and whistleblowing cases by
 - Review complaint management and whistleblowing process.
 - Consider to proceed to complaints and whistleblowing cases.
 - Acknowledge the quarterly report on the summary of all complaints.
- (2) Investigate controversial and suspicious action considered against laws, ethics, infringement of rights, incorrect financial report, defective internal control system and fraud involved the related person, which means employees and committee. Perform duty and responsibility that defined in anti-corruption policy.

6.7 Other Duties

The Committee may perform additional duties assigned by the Board.

7. Self-Assessment

The Committee shall perform self-assessment of its performance and report the result to the Board for acknowledge once a year.

8. The Review of the Charter

The Committee shall review and evaluate the adequacy and appropriateness of the Committee’s Charter regularly every year, and report to the Board for approval.

9. Reporting

- 9.1 Report the operation of the Committee to the Board regularly every quarter and submit the summary of the minutes of the meeting to the Board. In an event there is any significant, report shall be made monthly.
- 9.2 Prepare a report on the operation performance of the Committee, signed by the chairperson of the Committee, to be disclosed in the Annual Report in accordance with the principles of good corporate governance.

Approved by the Board of Governors
19 February 2020