

## **Inoue Rubber (Thailand) Public Company Limited**

### **Audit Committee Charter**

Inoue Rubber (Thailand) Public Company Limited has developed this charter to support the Audit Committee by outlining a clear description and responsibilities during their term of appointment. This charter allows the Committee to operate at their best capabilities effectively as stated in the Good Corporate Governance and the international standards. Therefore, the charter's details are as follows:

#### **1. Roles, Duties and Responsibilities**

- 1) To verify and assure that the Company's financial report is accurate and sufficiently disclosed;
- 2) To verify and assure that the Company and its subsidiaries has the internal control system and the internal audit system that is suitable and efficient, incorporate with auditors and internal auditors to consider the independence of the internal audit unit, throughout approving the appointment, transfer and dismissal of the chief of an internal audit unit or any other agency responsible for internal audits. Also approved the annual internal audit plan.
- 3) To verify and assure that the Company has acted in compliance with the law on Securities and Exchange, requirements of the Stock Exchange of Thailand, and other laws in relation to the Company's business;
- 4) To consider, select, propose to appoint, and unemployed an independent person(s) to perform the duty as the Company's auditor. To propose remuneration for that person(s) and to participate in a meeting with the auditors without the management involvement at least once a year;
- 5) To consider connected transactions and any transaction that may have a conflict of interests by referring to the requirements of laws and the Stock Exchange of Thailand, to assure that such transactions are reasonable and resulted in maximum benefits to the Company;
- 6) To review that the Company has a whistleblowing procedure to report fraud as well as inappropriate financial report or other issues. This is to assure that all the complaints will be investigated independently and will acquire the appropriate monitoring;
- 7) To prepare a report of the Committee as disclosed in the Company's Annual Report which must be signed by the Chairman of the Audit Committee and must consist of the information as follows (at least);
  - 7.1) An opinion(s) about an accuracy, completion and reliability of the Company's financial report.
  - 7.2) An opinion(s) about the adequacy of the Company's internal control systems including the corruption/ fraud prevention.
  - 7.3) An opinion(s) about an action in compliance with law of Securities and Stock Exchange, provisions of the Stock Exchange of Thailand or any related laws regarding the Company's business.

- 7.4) An opinion(s) about an appropriateness of the auditors.
- 7.5) An opinion(s) about any financial transaction that may have a conflict of interests.
- 7.6) A total number of the Committee's meetings and each member's meeting participation.
- 7.7) An overall opinion(s) or an observation(s) obtained by the Committee from the operation as required in this charter.
- 7.8) Other essential information or transactions as deemed to be acknowledged by shareholders and investors under the scope and responsibilities assigned to them by the Board of Directors.
- 8) Any other operation as assigned by the Board of Directors with an approval by the Committee;
- 9) The Committee is able to consult with independent consultant(s) as appropriated with the Company budget.
- 10) To do the self-assessment of the Committee as a whole and the member as an individual annually;
- 11) Any provision or practice regulation or refrainment of practices that are not mentioned in this charter shall be held in accordance with the Company's memorandum of associations, and other laws, as well as the provisions of the Stock Exchange of Thailand and the Securities and Exchange Commission;
- 12) To review the Audit Committee Charter annually to comply with changing conditions and circumstances and propose to the Board of Directors for the approval.

## **2. Qualification of Audit Committee**

- 1) Being an independent director and a director of the Company, whose qualified as a director according to the definition of the Capital Market Supervisory Board and the Stock Exchange of Thailand;
- 2) Must not be assigned by the Board of Directors to make decisions about the Company's operation, its parent company, subsidiaries, associated companies, major shareholders or controlling person in the Company;
- 3) Must not serve as directors at the Company's parent company, subsidiaries, major shareholders, or controlling person in the Company
- 4) Must possess knowledge, ability, and experience beneficial to the positions of Committee members and at least one member must be adequately knowledgeable and experienced to review the credibility of financial statements;
- 5) The Chairman and members of the Committee must be appointed by the Board of Directors. The Board of Directors selects and appoints one Audit Committee as Chairman of the Audit Committee.

## **3. Term in office**

- 1) The Chairman of the Audit Committee have hold their posts for 3 years and no longer than the term in office of the Board of director.

- 2) Members who vacate office at the end of their term may be re-elected according to the Board of director consideration.

Besides, membership will be automatically cancelled in the following situations:

- (2.1) Death
- (2.2) Resignation
- (2.3) Disqualification under this charter or the criteria prescribed by the Capital Market Supervisory Board
- (2.4) Removal from office by resolution of the Board

A member, who wishes to resign during the term of appointment, shall notify and submit a resignation letter to the Company one month in advance by stating his/her reasons to the Board of Directors and the board shall appoint a placement to replace the resigned member.

- 3) In case of all of the members resign at the same time, they must remain in office until a new Committee is appointed.
- 4) In case of a member vacates office during the term of appointment, the Board of Directors shall appoint a replacement within 90 days in order to maintain the required number of members as set forth.

#### 4. Meeting

- 1) The Committee's meeting shall be arranged on quarterly basis to review a financial statement and discuss other matters or the chairman of the committee may arrange a special meeting regarding any urgent matters.
- 2) The Committee's meetings should be arranged at least four times a year. The Chairman of the Committee or the Committee's secretary send out an invitation letter to all members at least 7 days in advance, and send contents of the meeting 3 days prior the meeting date. However, if the matter is urgent, the Chairman may arrange a meeting without prior notice and assign the secretary to take minutes of the meeting.
- 3) The Committee may invite the Board of Directors, Internal Auditors, and Auditors to attend a meeting regarding related matters.
- 4) The Chairman or assigned person must report the meeting's resolutions and their operation performance to the Board of Directors.
- 5) A member who may have a conflict of interest regarding any matters that will be discussed in a meeting, that member is prohibited from sharing opinions, expressing any suggestions, and voting in such matters.

## 5. Quorum

The Audit Committee members are required to attend every meeting or at least more than half of the committee shall constitute a quorum for the transaction of business, especially when their opinions regarding the Company's important matters i.e. connected transactions, acquisition of asset, auditor selection process, and remuneration for auditors, etc. In case of the Chairman is absent or cannot perform his/her duties, the members who are present shall elect one of themselves to chair that particular meeting.

All decisions shall be made by majority votes and each member shall have one vote. A member who has a conflict of interest is not entitled to vote on the matter under consideration. In case of the votes are evenly divided, the chairman of the meeting shall have the casting vote. "If the votes are still evenly divided regardless any reasons, the Chairman of the meeting shall present the matter to the Board of Directors to finalize"

The Committee may invite the Company's Directors or Executive Directors, Internal Auditors, Auditors, the Company's lawyer, or and external lawyer to attend a meeting regarding a particular matters or as required.

## 6. Audit Committee's Training and Development

The Company encourages and facilitates trainings, development programs, and seminars for the Committee, aiming to enable the members' performance in the Company's quality control and risk management, and monitoring the Company's operation.

## 7. Remuneration

The Board of Directors considers the remuneration of the Audit Committee and proposed to the shareholders for approval. The remuneration is being considered based on the Company's performance and the Committee's responsibility, and compared with the other listed companies in SET that has similar market capitalization as well as other listed companies in the same industry. The remuneration will be disclosed in the Company's annual report.

The Charter will be effective on May 12, 2022 onwards.