

## **TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED**

### **CHARTER OF THE AUDIT AND RISK REVIEW COMMITTEE**

#### **1. Objectives**

The Audit and Risk Review Committee is appointed to supervise the Good Corporate Governance, enhance the efficiency and create the added value for the Company.

#### **2. Composition of The Audit and Risk Review Committee**

1. The Audit and Risk Review Committee shall be members of the Board of Directors and shall also be Independent Directors.
2. The Audit and Risk Review Committee shall be appointed by the Board of Directors.
3. The Audit and Risk Review Committee shall consist of at least three (3) independent members, and at least one (1) of these must have sufficient knowledge and experience in accounting or finance.
4. The Chairman of The Audit and Risk Review Committee shall be appointed by the Board of Directors.
5. Corporate Secretary shall be the Secretary to The Audit and Risk Review Committee.

#### **3. Qualifications of The Audit and Risk Review Committee**

A committee member must possess full qualifications according to the criteria as follows:

1. Not holding over 0.5% of total voting shares of the Company, the parent company, subsidiary, associate, or juristic person which may have conflict of interest, including those shares held by related persons.
2. Not managing or being employees, staff, salary-based advisor, person with controlling power of the Company, the parent company, subsidiary, associate, or juristic person which may have conflict of interest, and not having been in such interests or stakes for at least 24 months before an appointment.
3. Not having lineage, marriage, or legally registered relationship with persons with conflict of interest being father, mother, spouse, child or sibling (sibling including spouse of child) of an executive, major shareholder, controlling person or person who shall be nominated to be executive or controlling person of the Company and/or its subsidiaries.
4. Not having any of the business relationship with the Company, parent company, subsidiary, associate or juristic person which may have conflict of interest that may jeopardize the independent judgement of each member, also must not being or have not been major shareholder, non-independent director or executive of the person who has business relationship with the Company, parent company, subsidiary, associate or juristic person which may have conflict of interest, and not having been in such relationship for at least 24 months before an appointment as the following:
  - 1) An ordinary trading transaction for business operation such as selling products, buying raw materials or providing services which value 3% or higher of the net tangible assets of the Company or within the period of 12 months.
  - 2) Transactions regarding renting or leasing of immovable properties.
  - 3) Transaction regarding assets or services such as acquisition or disposal of assets, rights and give or receive services.
  - 4) Receiving or granting financial assistance transactions such as receiving or granting, loan, guarantee, using assets as collateral as well as any similar conduct which results in having debt obligations to be paid to other parties.

The aforementioned 4 items must have a value of 3% or higher of the net tangible assets of the Company or Baht 20 million or higher, whichever is lower, within the period of 12 months. In the case of the receiving or granting financial assistance transactions, the debt obligations occurring within the period of one (1) year prior to the date of having the business relationship with the same person shall be included.

5. Not being the auditor of the Company, parent company, subsidiary, associates or juristic persons which may have conflict of interest, including being major shareholder, non-executive director, executive or partner of the audit firm of the auditor of the Company, parent company, subsidiaries, associates or juristic persons which may have conflict of interest, and not having such relationship for at least 24 months before an appointment.

6. Not being professional advisors, including legal advisor or financial advisor which receives remuneration in excess of Baht 2 million per year from the Company, parent company, subsidiary, associate or juristic person which may have conflict of interest.  
In the case that the professional advisor is a juristic person, the prohibition shall include the major shareholder, non-executive director, executive or partner of such advisor, and not having been in such relationship for at least 24 months before an appointment.
7. Not being a representative director of director, the major shareholder or shareholder which relates to the major shareholder of the Company.
8. Not having any manner that may affect the independent opinion regarding the Company's business operation.
9. Being able to equally take care of the interest of shareholders.
10. Being able to ensure that the conflict of interest does not occur.
11. Being able to attend the Board of Directors Meeting in order to decide the matters independently.
12. Shall have the qualifications and not having prohibited characteristics as stipulated in the Articles of Association of the Company, the Public Limited Companies Act and the rules of the Office of the Securities and Exchange Commission.

#### **4. Term of Service**

1. The term of service of a committee member shall be three (3) years. One (1) year shall mean the period between the Ordinary General Meeting of Shareholders, which is held in the year that the member was appointed, and the Ordinary General Meeting of Shareholders of the year after. The Audit and Risk Review Committee member who retires by rotation may be re-elected.
2. A committee member who wishes to resign from the office before the expiration of term shall submit the resignation letter to the Chairman of the Board of Directors for the Board's approval.
3. If a committee member vacates office during the term of appointment, the Board of Directors shall consider appointing another director who is fully qualified to replace the resigning member within 90 days in order to maintain the required number of members as set forth. The aforesaid substitute committee member shall retain such office only for the remaining term of office of the replaced committee member.

#### **5. Duties and Responsibilities of the Audit and Risk Review Committee**

The Audit and Risk Review Committee has the duties as delegated by the Company's Board of Directors as follows:

1. To review the Company's financial reporting process in accordance to the accounting standards, stipulated by the laws, with transparency, accuracy and adequacy.
2. To promote the improvement of the financial reporting process to meet international accounting standards.
3. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient.
4. Review the risk management system and monitoring of the overall risk management framework of the Company.
5. To review the Company's compliance with the law on Securities and Exchange, the Exchange's regulations, and the laws relating to the Company's business.
6. To review the internal audit work, plan and audit practices, including evaluation of the audit results and various other Company activities, in accordance with generally accepted procedures and methods.
7. To consider the disclosure of information of the Company in case there is connected transaction or transaction that may lead to conflict of interest, so as to ensure the accuracy and completeness and are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company.

8. To review and provide the opinions on the performance of the internal audit office and coordinate with the auditors.
9. To prepare and to disclose in the Company's Annual Report, an Audit and Risk Management Committee's report which must be signed by the Chairman of The Audit and Risk Review Committee and consist of at least the following information:
  - 1) an opinion on the accuracy, completeness and creditability of the Company's financial report;
  - 2) an opinion on the adequacy of the Company's internal control system;
  - 3) an opinion on the compliance with the law on Securities and Exchange, the Exchange's regulations, or the laws relating to the Company's business;
  - 4) an opinion on the suitability of an auditor;
  - 5) an opinion on the transactions that may lead to conflict of interest;
  - 6) the number of The Audit and Risk Review Committee meetings, and the attendance of such meeting by each committee member;
  - 7) an opinion or overview comment receive by The Audit and Risk Review Committee from its performance of duties in accordance with the Charter; and
  - 8) other transactions which, according to The Audit and Risk Review Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors
10. To consider, select, nominate and dismiss the Company's auditor, at the Shareholders meeting and to propose such person's remuneration, as well as to attend a meeting with the auditor at least once a year without management attending.
11. To appoint, remove, transfer and dismissal of the Chief of an internal audit office (if any) or employ and change the employment of other internal audit offices.
12. To consider the budget and workforce of the internal audit office (if any) or the employment budget of other internal audit offices.
13. To perform any other act stipulates by the law or assigned by the Board of Directors.

The Audit and Risk Review Committee shall perform in the duties and responsibilities as assigned by the Board of Directors. The Board of Directors is responsible for the Company's operation directly to the shareholders, stakeholders and natural person.

## **6. Meetings of The Audit and Risk Review Committee**

1. The Audit and Risk Review Committee shall have at least four (4) meetings each year. The meeting shall be called by the Chairman of The Audit and Risk Review Committee or the Secretary to The Audit and Risk Review Committee (as instructed by the Chairman of The Audit and Risk Review Committee). The Notice of the meeting and documents shall be sent to all members at least seven (7) days in advance. However, if the matter is urgent, the Chairman can call a meeting without prior written note.
2. In The Audit and Risk Review Committee meeting, at least one half (1/2) of the total number of the committee members present shall form the quorum.
3. Resolution of the meeting shall be made by majority vote. Each member shall have one vote. Any member of The Audit and Risk Review Committee who has any interest in a matter shall refrain from expressing an opinion or voting on such matter. If the votes are evenly divided, the Chairman of the meeting shall have the casting vote.

4. The Audit and Risk Review Committee may invite company executives, internal and external auditors or any person related to the meeting agenda to attend the meeting in order to discuss, explain and respond to any question as necessity and appropriateness.

## **7. Reporting of The Audit and Risk Review Committee**

1. The Audit and Risk Review Committee shall report its performance to the Board of Directors.
2. In the case there is any transaction or action which may significantly affect the financial status or operating performance of the Company, including the transaction which may lead to conflict of interest, corruption, fraud or irregular matter, or significant defect to the internal control system, as well as the violation of laws regarding Securities and Exchange or related laws, The Audit and Risk Review Committee shall notify to the Board of Directors without delay in order to solve such matter.
3. In the case that the auditor discovers any suspicious circumstance that the Director, Manager or any person as a person responsible for the operation of such juristic person commits an offence, the auditor shall inform the fact relating to such circumstance to The Audit and Risk Review Committee in order to continue the inspection without delay and The Audit and Risk Review Committee shall report the result of preliminary inspection to the Office of the Securities and Exchange Commission and the auditor within thirty (30) days from the date of receiving the fact from the auditor.
4. In the case that The Audit and Risk Review Committee fails to comply, the auditor shall report the matter to the Office of the Securities and Exchange Commission.

## **8. Consultant**

The Audit and Risk Review Committee may receive suggestions from the independent outside consultant and report to the Board of Directors. The Company shall responsible for the expenses within the scope of responsibilities.

## **9. Remuneration**

The Board of Directors shall consider and determine the remuneration of The Audit and Risk Review Committee as appropriate.

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