

# Peace and Living Public Company Limited

## Internal Audit Charter

### 1. Objectives

This Internal Audit Charter has been established to define missions, scope of work, authority, duties, and responsibilities of the internal audit unit of Peace and Living Public Company Limited (the 'Company') (including the internal audit unit of the Company itself and/or an external person or persons hired by the Company to function as an internal auditor of the Company) The purpose is for the Company's directors, subcommittees, executives, and employees at all levels to understand objectives, scope, authority, duties, and responsibilities of those involved in internal audit work, and for the Charter to be used by the internal audit unit as guidelines for its operations and its duties to review the internal management system of the Company to ensure that the company has operated according to its objectives, and achieve them efficiently and effectively, and the Company has in place a sufficiently good internal control system suitable for its business operations. This Internal Audit Charter has also been established to ensure that internal auditing is independent, complies with the criteria and guidelines prescribed by the Stock Exchange of Thailand announcement, meeting standards for professional practice of internal auditing, and that the internal audit unit can support the good corporate governance of the Company, and can support the work of the Audit Committee of the Company for the maximum benefit to the organization.

### 2. Definition

An "internal audit" is an independent, objective assurance and consulting activity to add value and improve an organization's operations, and to help an organization accomplish its objectives by evaluating and improving effectiveness of risk management, control, and governance processes systematically and in a disciplined manner.

### 3. Missions

The missions of the internal audit unit are to provide independent and objective assurance and consulting to the management to ensure that operations of the Company is transparent, complies with the principles of good corporate governance, retains proper control, and is equipped with a reliable information system, as well as complies with relevant laws and regulations, and promotes efficient and effective operations to add value and improve the Company's operations.

The internal audit unit contributes to the achievement of the set objectives by evaluating and improving effectiveness of risk management, control, and governance processes systematically and in a disciplined manner. The mission of the internal audit unit consists of the following:

- 3.1 To help the board of directors, the audit committee, and the management supervising operations of departments of the Company, its subsidiaries, and its joint venture companies.
- 3.2 To evaluate adequacy, efficiency, and effectiveness of the internal control system, risk management, and corporate governance of the Company, its subsidiaries, and its joint venture companies, including analysing, giving opinions, and offering suggestions or independent consultation to ensure that:
- operations of financial and accounting information are reliable, accurate, and timely, and that administration is of good corporate governance,
  - management is carried out in accordance with the policies of the board of directors, complies with applicable laws, as well as follows a prepared operation plan and an established operation procedure,
  - implementing a system to protect and maintain assets.
- 3.3 To enhance performance efficiency of departments in the Company, its subsidiaries, its joint venture companies as follows:
- improving a system of operations, increasing efficiency and effectiveness
  - proposing measures to prevent potentially illegal operations, leaks, or corruption.

#### **4. Reporting Lines**

- 4.1 The internal audit unit directly reports to the audit committee. The Company may outsource a person to serve as a head of the Company's internal audit.
- 4.2 The audit committee considers and approves appointment, transfer, dismissal and remuneration of the internal audit unit, or an outsourced person serving as the head of the internal audit according to the budget policy and the Company's regulations.
- 4.3 The head of the internal audit provides opinions regarding appointment, transfer, dismissal, as well as considering the merits and rewards of staff in the internal audit unit according to the budget policy and the Company's regulations, proposes them to the audit committee to obtain approval, and then, following the approval, proposes them to the chief executive officer to implement.
- 4.4 The head of the internal audit prepares and proposes a budget used in preparation of an annual audit plan, already considered by the audit committee, to the management.

## **5. Scope of Work**

The internal audit unit's scope of work covers ensuring that the risk management system, the internal control system, and the corporate governance process of the Company are sufficiently arranged, and efficient, meeting the set objectives as follow:

- 5.1 Risk factors are identified, while risks are assessed and managed appropriately.
- 5.2 Financial information, management, and operations have been prepared accurately, completely, reliably, and timely.
- 5.3 Company's business operations and work of employees comply with applicable rules, policies, laws, and regulations.
- 5.4 Resources and assets are procured efficiently, and stored with adequate supervision.
- 5.5 Use of the Company's resources and assets is efficient, cost effective, and without fraud or corruption.
- 5.6 Accuracy, reliability, and adequacy of work systems, information systems, and security of the information systems are assessed for thorough, appropriate, and effective internal control.
- 5.7 Assignments from the board of directors, the audit committee, subcommittees, or the chief executive officer are observed, audited, and reviewed to identify mistakes or fraudulent issues.
- 5.8 Plans, projects, and objectives has been accomplished according to the set objectives.
- 5.9 There is continuous quality improvement in all processes and control activities.
- 5.10 If independence is compromised whether by a matter of fact or by behaviour, internal auditors must disclose details of such compromises by reporting directly to the company's audit committee of the Company.

## **6. Duties and Responsibilities**

Internal auditors are responsible for internal audit works of the Company as specified in the Company's terms and policies. Details of duties and responsibilities internal auditors are as follows:

- 6.1 To set objectives, goals, scope of responsibility, and operational guidelines of the internal audit unit.
- 6.2 To plan a long-term audit, prepare and improve an annual internal audit plan taking into consideration risk factors (Risk-based Methodology), as well as to do workforce planning and prepare an annual budget plan for the internal audit unit, and propose them to the audit committee to obtain approval and inform the chief executive officer accordingly.
- 6.3 To assess adequacy of the Company's internal control system so that the audit committee and top executives are assured that activities are under internal control on a sufficient and appropriate level to manage risks to a controllable degree.

- 6.4 To successfully perform an audit of work processes as planned, and to carry out additional projects assigned by the audit committee and/or the management.
- 6.5 To audit and review operations to ensure compliance with an anti-corruption policy, guidelines, authority, rules, laws, and regulations of regulators.
- 6.6 To report audit results and progress of work compared to a set work plan, as well as provide an audited unit recommendations for improvement, including to provide analytical data, evaluation, recommendations, and consultation to the Company in accordance with international standards for the professional practice of internal auditing, Especially to report on adequacy and effectiveness of the internal control of accounting, finance, and operations of all departments of the Company to the board of directors, the audit committee, and the management of the Company.
- 6.7 To follow up audit results to ensure that persons responsible have made improvements to work systems as suggested.
- 6.8 To support operations of the audit committee, to provide information necessary for operations of the audit committee and the management that are related to audit work and rules related to the Company's business.
- 6.9 To provide consultation, advise, review, and suggest ways to improve the internal control, risk management, and good corporate governance for executives and agencies.
- 6.10 To develop staff of the internal audit unit so that they are equipped with adequate knowledge, skills, expertise, and other abilities required to perform duties assigned, both in professional and business aspects, as well as to encourage the staff to acquire relevant professional certification.
- 6.11 To coordinate with other auditing bodies, such as, the Company's auditors to ensure that audit of financial statements to achieve its objectives, and other relevant regulatory bodies improve audit efficiency and reduce duplication of work.
- 6.12 To provide the audit committee and the management information regarding rules, laws, and other issues that may affect the effectiveness of the Company and weaknesses that pose risks to the Company's operations.
- 6.13 To attend meetings with executives on important matters.
- 6.14 To carry out other activities concerning internal auditing as assigned by the audit committee or the management, in addition to those set in an annual audit plan.

## 7. **Audit Authority**

The head of the internal audit unit and its staff at all levels are authorized and approved access to information, systems, and personnel of the Company that are related to performance of audit work as necessary and appropriate. Therefore, the Company's executives at all levels have a duty to help facilitate

operations of the internal audit unit to fulfill its set duties, to meet objectives of the audit, and to bring the maximum benefit to the Company.

If there is a reasonable cause, the internal audit unit shall outsource an internal audit specialist to perform internal audit work in the Company. Such procurement shall be in accordance with operating procedures prescribed by the Company.

Any documents or information the internal audit unit acquired or recognized from an audit shall be kept confidential and not disclosed to any other person without permission from relevant authorities, unless such a disclosure is required or forced by law.

## **8. International Standards for the Professional Practice of Internal Auditing**

Staff of the internal audit unit at all levels shall maintain and adhere to the Company's regulations and policies, behave and practise in accordance with them, and adhere to international standards for the professional practice of internal auditing and relevant code of conduct.

## **9. Independence**

- 9.1 The head of the internal audit unit reports on administrative affairs in the internal audit unit to the chief executive officer, and report internal audit performance to the audit committee.
- 9.2 Audit activities, audit scope, procedures, duration, and content of an audit report must be independent from any other influence to ensure that auditing is performed efficiently, achieves goals, and is in line with an audit plan.
- 9.3 The head of the internal audit unit and its staff at all levels should not be assigned to assist any tasks other than those related to internal audit, must be independent, with no conflicts of interest in activities audited to ensure that their duties are performed objectively. The head of the internal audit unit and its staff at all levels must not audit any activity in which they previously performed administrative duties or were involved within one year prior to such an audit, and must not audit any activity the supervisor of the internal audit unit deems compromising independence and objectivity of internal auditors.
- 9.4 Internal auditors must disclose details of factors compromising their independence and objectivity, and disclose conflicts of interest by reporting them to supervisors before performing an audit to provide assurance in complaint reviews and suspected misconduct investigations.
- 9.5 If a third party to the internal audit unit performs an audit, to provide assurance in complaint reviews and suspected misconduct investigations, the person's conflicts of interest must be disclosed and the person's objectives and scope of work must be clearly defined.

## **10. Reporting and Monitoring of Audit Results**

10.1 The head of internal audit, or a delegate, has a duty to prepare and issue an internal audit report on each individual matter to the management of an audited unit, and to submit a copy of the report to the audit committee or the chief executive officer.

Regarding reporting of audit results above-mentioned, a director of the internal audit unit, or a delegate, may prepare a summary of explanation or corrective measures proposed by a corresponding audited unit, as well as auditor's recommendations, including a suggested time frame to complete improvement and correction, and other explanations for any recommendations not already specified.

10.2 The internal audit unit shall prepare and present an audit summary report on found key issues and recommendations, which is to be submitted to the audit committee to obtain approval, then submitted to the chief executive officer for acknowledgment.

10.3 The internal audit unit will prepare an annual performance report to present to the board of directors, the audit committee, and the chief executive officer.

10.4 If the internal audit unit finds or suspects that there are violations of laws, rules, regulations, practices, notifications, or orders related to the Company's operations, the head of the internal audit shall consider such violations and submit a report with provided opinions to the audit committee for acknowledgment, and inform the chief executive officer accordingly.

10.5 If the internal audit unit finds or suspects that there are transactions or actions that may cause substantial damage to the Company's performance, conflicts of interest, fraud or irregular transactions or significant compromises in the internal control system, the director of the internal audit unit shall immediately consider such instances and submit a report with provided opinions to the audit committee and the chief executive officer to consider and pass it to the board of directors accordingly.

10.6 Staff of the internal audit unit at all levels are responsible for monitoring results of audits in findings from auditing section, and offer recommendations within a reasonable window.

## **11. Quality Assessment**

11.1 The internal audit unit must always carry out a quality assessment of audit performance undertaken by an audited unit when each audit is finished to improve the system to be more efficient.

11.2 The internal audit unit must carry out an annual self-assessment, using a form approved by the audit committee, prepared in accordance with a good practice and professional standards of internal

auditing, to ensure that performance of the internal audit unit is efficient and effective as assigned, and report results of the assessment, problems, and obstacles, as well as an improvement plan to the chief executive officer and the audit committee.

This Internal Audit Charter is effective from 14 May 2021 onwards.

(Mr. Sumet Techakraisri)  
Chairperson of the Board of Directors