

## Internal Audit Charter

Stecon Group Public Company Limited

### 1. Introduction

Stecon Group Public Company Limited (the "Company") has taken into account the importance of efficient business operations. Promote the company's credibility by assessing and improving the risk effectiveness of the business. To determine the direction of risk management measures in order to ensure business continuity and comply with the rules and regulations of internal and external regulatory agencies related to the company. Establish the company's internal audit department to lead an internal audit agency in Thailand. It is trusted and accepted by the SEC and the company's auditor to lead the company to good corporate governance and sustainability development. Therefore, the Board of Directors has considered the preparation of this charter to define the role, power, duty, and responsibility of the Internal Audit Department within the following details:

### 2. Objective

The Internal Audit Department aims to monitor and supervise the organization to be able to perform its duties in accordance with the law. In order to ensure that the company has an appropriate internal control system in accordance with the COSO framework, risk assessment, internal management, and the department of internal control in the organization. It is requested to present to the Audit Committee as well as provide advice and suggestions to promote and encourage effective internal control as well as to be an advisor on the Company's approval authority and regulation.

### 3. Mission

The Internal Audit Department has a mission to develop an audit system for the company to make the company be transparency and credibility for investors, customers, creditors, business partners, and shareholders of the company by encouraging the organization to establish an internal control system in order to reduce risk and focus on auditing as well as cover all activities of the organization. Support the work of the Audit Committee to lead the company to have a good corporate governance, review the department of internal control in the organization and meet the policies of the Board of Directors and affiliated companies in order to ensure that the operation achieves the goal efficiently and effectively, and also promote and support the business of the company and its affiliates to grow sustainably.

#### 4. Strategy

- 1) Create a common understanding at all levels between the auditor and the audit recipient in order to understand the duty of the internal audit work for all officers at all levels of all departments in the organization.
- 2) Operate in accordance with the resolution and guidelines of the Audit Committee.
- 3) Build skills and knowledge in internal audit, taxation, and other areas.
- 4) Bring an information technology system for auditing.
- 5) Use an external consultant (if necessary).
- 6) Implement the ISO system of each department to check internal control.
- 7) Coordinate with the management and organizational development agencies to provide knowledge on the use of approval authority.
- 8) Improve and develop the internal audit manual system.
- 9) Develop and deliver the teamwork skills of all employees in the organization, especially in the internal audit organization.
- 10) Training in relevant matters as necessary to be able to work efficiently and effectively.

#### 5. Role

The Internal Audit Department operates independently, monitor and consider the adequacy and effectiveness of the internal control system, its operation, retention and compliance with its duty on a regular basis in order to achieve its objective. The audit evaluates control in order to promote the following:

- 1) Implementation of policies and regulations set by the company
- 2) Accuracy of financial reports
- 3) Information for effective management
- 4) Safeguarding and preserving the company's assets and interest
- 5) Economical and cost-effective, efficient allocation of resources.

#### 6. Scope of Internal Audit

The company's internal audit department has a scope of operation to ensure that the risk management system is not as good as it sounds. The internal control system and corporate governance process of the company and its subsidiaries have been established in a sufficient and efficient manner in line with the objectives set for the following matters:

### **6.1 Financial Auditing**

Verify the accuracy and reliability of financial information, asset protection, and the adequacy of the internal control systems of various work systems.

### **6.2 Operation Auditing**

Inspect the performance of the unit, work system, and operating method with a focus on the following principles:

#### **1) Efficiency**

It has the organization of work to ensure that the use of resources for each activity can increase productivity and reduce cost, as well as make the organization receive cost-effective benefits.

#### **2) Economy**

Spend money carefully. As a result, organizations can reduce costs or use fewer resources than they have defined. The yield is still in line with the target.

#### **3) Effectiveness**

There is an organization of working systems and operating methods that make the result of the operation meet the goals of the organization.

### **6.3 Compliance Auditing**

Audit the organization's operations to comply with both external and internal requirements, including law, procedure, policy standards, work plans, and established methods.

### **6.4 Information Technology Auditing**

Audit to ensure the reliability of the data and the security of the system.

### **6.5 Sustainability Audit (ESG)**

Auditing is conducted with consideration for socially and environmentally responsible business operations in 3 aspects: environment, social, and governance.

## **7. Internal Audit Standards**

The operation of the internal audit unit must comply with the standard of professional performance of internal audits and the Code of Conduct of the Internal Auditor.

## **8. Authority of the Internal Audit Agency**

- 1) Audit of the company's assets and activities, including the audit of the accounting document and the attached document, correspondence, and the report that is related to the audited entity.

- 2) Access to information, systems, and personnel of the company in relation to the performance of the audit as necessary and appropriate.
- 3) Copying and collecting important documents and evidence for consideration and evaluation of various matters.
- 4) Enforce the audit recipient to provide information, documents, and explanations on the matters that are audited. The executives and employees of the various departments must cooperate and support the performance of the Internal Audit Department in fulfilling its duty and purpose of auditing.

#### **9. Duty and Responsibility of the Internal Audit Department**

- 1) Perform auditing in accordance with the standard of internal audit practice.
- 2) Prepare an annual internal audit plan based on the results of the risk assessment for the Audit Committee, including the allocation of resources. Determine the scope of the audit and the various audit methods necessary to achieve the objective of the audit and present them to the Audit Committee for approval.
- 3) Inspect, evaluate, and monitor the operation of the company's various departments in accordance with policy, procedure, order, and legal requirements.
- 4) Review and report on reliability completeness of the company's financial and non-financial information.
- 5) Audit the internal control system and operational procedures of each department to ensure that there is an appropriate internal control system. It is concise and sufficient to manage risk to an acceptable level and in accordance with good corporate governance processes, including monitoring compliance with anti-corruption measures.
- 6) Consultation and advice; review and propose solutions to improve the internal control system and good corporate governance to the management and the other departments that were received auditing.
- 7) Fully report all material detected facts to the Audit Committee and the Board of Directors.
- 8) Monitor the implementation of the recommendation from the audit of the Internal Audit Department, the auditor, and related agencies to ensure that the management and the audit recipient can implement it effectively.

- 9) The Chief Audit Executive (CAE) must develop the auditor to have sufficient knowledge, competence, and experience to conduct audits on various matters and related tasks.
- 10) The Internal Auditor must disclose any conflicts of interest that may arise and provide information on compliance with the Code of Conduct and independence to the Chief Audit Executive (CAE) before attending all audits.
- 11) Review the Code of Conduct for Employees and Executives
- 12) Review the disclosure of information on connected transactions or transactions that may have conflicts of interest, including the acquisition and disposal of assets, in accordance with the law and regulations of the Securities and Exchange Commission to ensure that such transactions are reasonable and in the best interests of the company.
- 13) Receive all complaints about illegal acts, regulations, corruption, or unethical acts of employees and executives, irregularities in financial reporting, and defective internal control systems, including matters that affect the company's interests and reputation.
- 14) In the event the result of the investigation reveals that there is a circumstance that is suspected of corruption, The Internal Audit Department must report the audit results to management and the Audit Committee for consideration as soon as possible.
- 15) Comply with the Code of Ethics of the Internal Auditor.
- 16) Perform other audit duties as assigned by the Audit Committee or the Board of Directors.

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

The Head of the Internal Audit Department reports the audit result and recommendation to the Audit Committee and the Group Chief Executive Officer, the President, or the highest position holder of the management on a quarterly basis.

In the event that the detected matter is likely to have serious damage to the company and its stakeholders, It is necessary to report the result of the audit immediately as well as supervise and monitor the implementation of the prescribed improvement guidelines.

## 11. Independence of the Internal Audit Agency

1) The Internal Audit Department is independent to report directly to the Head of the Internal Audit Department, and the Head of the Internal Audit Department is responsible for (a) reporting on the performance of the internal audit (functional reporting) directly to the Audit Committee and the Group Chief Executive Officer or the President or the top position holder of the Management Department and (b) reporting on general administration (administrative reporting) to the Group Chief Executive Officer or the President or the highest position holder of the Management Department as follows:

- Proposal of the Charter of Internal Audit and the internal audit plan to be submitted to the Group Chief Executive Officer, the President, or the highest position holder of the management to provide an opinion before submitting it to the Audit Committee for approval.
- Reporting on the result of the implementation as instructed by the Audit Committee according to the audit report.
- Reporting and clarification on the appropriateness of the scope of operation and the adequacy of resources as enquired by the Audit Committee.
- Reporting to the Audit Committee on the performance of the Internal Audit Department compared with the work plan and other related matters, etc.
- In order to ensure that the operation is independent and fair, the Audit Committee is the deliberation, approve the appointment, transfer, removal, and evaluation of the performance of the head of the Internal Audit Department together with the Group Chief Executive Officer, the President, or the highest position holder of the management.
- Report the general management report to the group chief executive officer, president, or the top management manager. It is a day-to-day operation report.

- 2) The activity audit must be carried out independently in terms of audit scope, procedure, and duration of the content of the report in order to ensure that the audit is effective according to the prescribed audit plan.
- 3) The Internal Audit Department is not responsible for or participating in the performance of other duties of employees who are not engaged in internal audits or any activities that may affect the independence and impartiality of the Internal Auditor.
- 4) The internal auditor must disclose any conflict of interest that may arise. The internal auditor must disclose information or incidents that may cause a conflict of interest to the internal audit supervisor.
- 5) If the independence is affected by fact or by the behavior shown, the auditor must disclose the details and the impact on the audit supervisor and the audit committee.

Anyway, executives at all levels are responsible for helping to support the performance of the Internal Audit Department. The purpose of the audit is in the best interest of the company and must not give any instructions that hinder or impair the independence of the internal auditor's work.

## 12. Code of Conduct for Internal Auditors

### 1) Integrity

The integrity of the internal auditor builds trust and makes the internal auditor's judgment credible.

### 2) Objectivity

An internal auditor demonstrates professional impartiality in collecting, evaluating, and communicating information about the activity or process being audited. The internal auditor evaluates the relevant situation objectively, unbiasedly and does not allow bias or other persons to dominate the assessment.

### 3) Confidentiality

The Internal Auditor respects the value and rights of the owner of the receiving information and does not disclose the information without appropriate authority, unless it is provided by law or profession.

4) Competency

Internal auditors use the knowledge, skills, and necessary experience to perform internal audit work.

5) Do not speak, criticize, or mention how to work, personality concept, the conduct of the subject with a person in another agency or a person in the unit that is examined but has no relevance, especially speaking in a comparative manner, metaphor, incitement, slander, or fabrication of falsehood.

6) Manners towards the test taker, whether during or after the test, must be gentle, humble, and consistent.

7) Provide assistance and cooperation with the organization on an equal basis without being inclined to the praise that the head of the agency has.

8) Be faithful, which is to be firm in the truth that you know. This will result in the internal auditor maintaining words that are true in principle and true in practice.

9) Maintain honesty, which means to behave well, be verbal, and behave honestly. Maintain the honor and dignity of the profession and oneself. Behave as an example, and there shall be no verse that anyone will look down on.

10) Be reasonable to create legitimacy in behavior by avoiding self-centeredness and not trusting things that are not caused by reason.

11) To know the time and place, and to know how to behave appropriately for both during and out of duty.

### **13. Relationship between the Internal Audit Department and the Audit Committee**

The Chief Audit Executive (CAE) as Secretary of the Audit Committee is responsible for helping the Audit Committee to perform their duty within the scope of responsibility assigned by coordination, attend the meeting, and report the result to the Audit Committee as follows:

1) Attend every meeting of the Audit Committee unless there is a reasonable reason for not being allowed to attend the meeting.

2) Report the performance of the internal audit department to the audit committee at least once a quarter.

3) Coordinate the Audit Committee to meet with the auditor at least once a year in order to understand the scope of work and work plan, discuss independence, and be informed of issues arising from the audit.

#### 14. Relationship between the Internal Audit Department and the Management Auditor and Regulator

The head of the internal audit unit should discuss and exchange information with management, the risk management department, the head of the audited unit, auditor and other relevant supervisory organizations to plan the audit work to cover all the main points or high-risk matters. Then the results of the organization's risk assessment to prepare the internal audit plan as well as conduct the audit work effectively. This must not conflict with the responsibility for conducting internal audits.

This internal audit charter was approved by the Board of Directors at Meeting No. 3/2024 on March 21<sup>st</sup>, 2024, and will be effective from March 21<sup>st</sup>, 2024, onwards.

Promulgated on March 21<sup>st</sup>, 2024

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(Mr. Vallop Rungkijvorasathien)

Chairman of the Board of Directors

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