

THE CHARTER OF AUDIT, RISK AND CORPORATE GOVERNANCE COMMITTEE LAGUNA RESORTS & HOTELS PUBLIC COMPANY LIMITED

1. Purpose and Objectives

The Audit, Risk and Corporate Governance Committee (the “**ARCG Committee**”) of Laguna Resorts & Hotels Public Company Limited (the “**Company**”) is a committee established by the Company's Board of Directors (the “**Board**”), with duties and responsibilities as assigned by the Board. The ARCG Committee must independently perform its duties in accordance with good corporate governance principles based on international standards aimed at enhancing management efficiency and effectiveness to achieve its objectives.

2. Composition and Qualifications

2.1 Composition

- 2.1.1 The ARCG Committee shall consist of at least three members, comprising a Chairman and at least two Committee members, all of whom shall be independent directors and not executive directors. At least one member must be knowledgeable and possess sufficient work experience in accounting or financial field to review the reliability of financial statements.
- 2.1.2 The Board shall appoint independent directors of the Company as ARCG Committee members.
- 2.1.3 The ARCG Committee shall elect one member to take position as ARCG Committee Chairman.
- 2.1.4 The ARCG Committee shall appoint a qualified person to be the Secretary to the ARCG Committee.

2.2 Qualifications

The ARCG Committee shall have the qualifications stipulated under the Public Laws, the Securities and Exchange Laws, the Stock Exchange of Thailand Requirements, and the Company's Independent Directors Qualifications (as detailed in the Attachment at the end of this document).

3. Term of Office

The term of office of a member of the ARCG Committee shall be two years. A member of the ARCG Committee who vacates his/her office by rotation may be re-appointed.

In the case of any vacancy occurring in ARCG Committee otherwise than by rotation, the Board shall appoint a fully qualified person to replace the vacating committee member in order that ARCG Committee reaches the full number stipulated by the Board. The person replacing an ARCG Committee member shall remain in office for the period which the ARCG Committee member, whom he or she replaces, is entitled.

4. Duties and Responsibilities

The ARCG Committee is assigned by the Board of Directors to perform the following duties and responsibilities:

- 4.1 To review the accuracy and adequacy of financial reporting of the Company;
- 4.2 To review the adequacy and effectiveness of internal control and internal audit systems of the Company as well as to determine the independence of the internal audit unit, and to approve the appointment, transfer and termination of employment of the chief of the internal audit unit;
- 4.3 To consider, select, nominate and terminate an independent person to be the external auditor of the Company and propose fees for such person, as well as to attend a non-management meeting with the external auditor at least once a year;
- 4.4 To review the Company's compliance with the law on securities and exchange, regulations of the Stock Exchange of Thailand and the laws relating to the business of the Company;
- 4.5 To review the connected transactions or the transactions that may lead to conflicts of interests to ensure that they are in compliance with the laws, regulations of the Stock Exchange of Thailand, and are reasonable and for the highest benefit of the Company;
- 4.6 To report the activities of the Audit, Risk and Corporate Governance Committee to the Board;
- 4.7 To prepare and to disclose a report of the ARCG Committee in the Company's Annual Report. The report must be signed by the ARCG Committee Chairman, comprising at least the following information:
 - a) an opinion on the accuracy, completeness and creditability of the Company's financial report,
 - b) an opinion on the adequacy of the Company's internal control system,

- c) an opinion on the compliance with the law on securities and exchange, regulations of the Stock Exchange of Thailand or the laws relating to the business of the Company,
- d) an opinion on the suitability of an auditor,
- e) an opinion on the transactions that may lead to conflicts of interests,
- f) the number of the ARCG Committee meetings, and the attendance of such meetings by each ARCG Committee member,
- g) an opinion or overview comment received by the ARCG Committee from its performance of duties in accordance with the charter, and
- h) other transactions which, according to the ARCG Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Board;

4.8 To review and encourage the Company to enforce and comply with an appropriate and efficient risk management policy, as well as to oversee and monitor the Group Risk Committee;

4.9 In performing the duty of the ARCG Committee, if there is a transaction or any of the following acts which may materially affect the Company's financial condition and operating results:

- a) a transaction which causes a conflict of interest;
- b) any fraud, irregularity, or material defect in an internal control system; or
- c) an infringement of the law on securities and exchange, regulations of the Stock Exchange of Thailand or the laws relating to the business of the Company.

the ARCG Committee shall report such transaction or act to the Board for rectification within the period of time that the ARCG Committee thinks fit. If the Board or management fails to make a rectification within such period of time, ARCG Committee member may report on such transaction or act to the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand;

4.10 To investigate and report the preliminary result to the Office of the Securities and Exchange Commission and the external auditor within thirty days upon receipt of the fact from the external auditor in relation to any suspicious circumstance that the director, manager or any person responsible for the operation of the Company commits an offence under the law on securities and exchange;

- 4.11 To implement and oversee the annual self-performance evaluations including reviewing the evaluation results and reporting the results to the Board on an annual basis;
- 4.12 To supervise the performance of management to strictly comply with the Company's good corporate governance policy;
- 4.13 To review the Corporate Governance Policy and Code of Corporate Conduct of the Company at least once a year;
- 4.14 To oversee the anti-corruption policy to ensure it is sufficient and appropriate for the Company's business;
- 4.15 To supervise and offer advices related to the operation concerning the Company's sustainable development;
- 4.16 To review and assess the adequacy of the Charter of the ARCG annually and recommend modification to the Board as needed; and
- 4.17 To perform any other acts as assigned by the Board and accepted by the ARCG Committee;

5. Authority of the Audit, Risk and Corporate Governance Committee

In order that the duties of the ARCG Committee be fulfilled, it shall have the following power:

5.1 Management Power

- 5.1.1 The ARCG Committee shall have the power to request the Company's Group Risk Committee, other senior management, the internal auditor, and other staff of the Company to provide clarification, opinions, reports, reviews and attend meetings or submit documents as deemed relevant and necessary.

5.2 Power with respect to the Internal Auditor

- 5.2.1 To ensure that there exists a common objective and understanding amongst the internal auditor, external auditor, Board of Directors, and the Group Risk Committee in regard to internal control;
- 5.2.2 To approve the appointment, removal, transfer, termination of employment of the chief of the internal audit unit;
- 5.2.3 To secure the independence of the internal auditor.

5.3 Power with respect to the External Auditor

- 5.3.1 To review and evaluate the work performance of the external auditor;
- 5.3.2 To submit the names of the external auditor and annual auditing fee to the Board of Directors of the Company for the purpose of obtaining approval for the appointment of the external auditors at the Annual General Meeting of Shareholders;
- 5.3.3 To determine fees charged for audit services and other advisory services provided by the external auditor.

5.4 Other Powers

The ARCG Committee shall have the power to investigate related persons and matters within the scope of the authority and duty of the ARCG Committee and, with the approval of the Board of Directors, shall have the power to employ or ask a specialist to provide advice and opinions as deemed appropriate by the ARCG Committee.

Roles and Duties of the Related Working Sections of the Audit, Risk and Corporate Governance Committee

It is an integral part of this Charter that the effectiveness of the ARCG Committee is wholly dependent on the related Working Sections having performed their roles and duties in relation to the ARCG Committee as follows:

1. Duties of the Board of Directors of the Company

- 1.1 To approve the Charter of ARCG Committee so as to clearly state the scope of its duty and responsibility.
- 1.2 To establish good corporate governance and stipulate the appropriate role of the Board of Directors of the Company.
- 1.3 To establish an internal audit function to ensure an appropriate and effective internal control system.
- 1.4 To ensure that the management has a register of directors and other particulars as stipulated by law.

2. Duties of the Company's Group Risk Committee

- 2.1 To implement a risk management framework for the Company and ensure that there is an awareness and culture of risk management throughout the Group.
- 2.2 To determine operations of the risk registers to be reviewed and timetable for completion.
- 2.3 To review all risk registers and approve the action items.
- 2.4 To monitor the completion of the action items.
- 2.5 To perform a full review of each operation every three years by identifying risks, rating and assessing those risks; and the treatment of those risks.
- 2.6 To revisit strategic risks for the Company every year by identifying strategic risks, rating and assessing those strategic risks; and revisiting action items of those strategic risks.
- 2.7 To revisit strategic risk action points every twelve months.
- 2.8 To revisit action points of current risk reviews of all operations every six months.

- 2.9 To ensure that internal audit plans cover all critical control procedures identified by the Company's Group Risk Committee to ensure that these procedures are fully complied with and operating effectively.
- 2.10 To review the results of all internal audit reports and ensure that all agreed recommendations are acted upon by management.
- 2.11 To meet at least on quarterly basis prior to the meeting of the ARCG Committee. All of its meetings will be minuted and circulated to the ARCG Committee prior to the ARCG Committee's meeting.
- 2.12 To report to the ARCG Committee providing a summary of all material risks and updates on progress of action plans identified to improve the management of critical risks to the LRH Group.

3. Duties of the Legal Department

- 3.1 To prepare a summary of legal issues and cases affecting the Company together with opinions for the ARCG Committee's information.
- 3.2 The Legal Counsel will report quarterly to the ARCG Committee, by providing a quarterly report and attending ARCG Committee meeting and with external legal advisors in the case of a transaction which significantly impacts on the financial statements, or if deemed appropriate by the ARCG Committee.

4. Duties of the Accounting and Financial Department

- 4.1 To complete the financial statements in an expeditious manner and according to the ARCG Committee schedule of meetings and in any event no later than 30 days from the last day of the quarter end.
- 4.2 To follow up new accounting standards and notify the Board of the subject matter upon publication of updates to accounting standards which will impact the Company's financial statements.
- 4.3 To notify the ARCG Committee of any change in accounting policy.
- 4.4 To follow up and examine transactions which fall within the scope of a related party transaction and, where there is potential for a conflict of interest, to immediately consider and report the transaction to the relevant executive authority of the Board, for direction on the correct basis of proceeding, and the ARCG Committee.

5. Duties of the Internal Auditor

- 5.1 To propose an annual audit plan to ARCG Committee. The annual audit plan should fully reflect the findings and recommendations of the Company's Group Risk Committee and should be focused on the critical internal controls upon which the Company places reliance to minimise the impact of the strategic and operational risks it faces. The following shall form an integral part of the auditing plan:-
- electronic processing audits
 - the audits of related party transactions
 - the review on all risk registers, after such registers have been approved/signed off by the Company's Group Risk Committee, with an aim to ensure that all critical controls are operating effectively. This will entail reviewing both existing and proposed critical controls. In the case of the latter the internal auditor must be satisfied as to the timetable for implementing controls and that they address the relevant critical risk;
- 5.2 To jointly review, advise and consider the scope of the annual audit plan of the internal auditor with the ARCG Committee and the external auditor in order to ensure consistency and conformity with the financial audit with a view to reducing duplication of audit work and achieving efficiency of the resources of the internal auditor and the external auditor;
- 5.3 To report to the ARCG Committee concerning the following:
- 5.3.1 adequacy of internal control systems including any computer-based internal control systems;
 - 5.3.2 shortcomings in the internal control systems identified during the internal audit highlighting in particular those items that the internal auditor deems to be significant; and
 - 5.3.3 all material issues arising from the review on all risk registers after formally liaising with relevant management and the Company's Group Risk Committee. The internal audit report should be circulated to the Group Risk Committee prior to the ARCG Committee's meeting. (Action items are responsibility of management to perform and then Management reports on status of action items to the ARCG Committee. The internal audit will review action items only when completed.)

- 5.4 To report to Management and the ARCG Committee on the following topics:
 - 5.4.1 shortcomings or failures in the internal control systems that have been found during the year; and
 - 5.4.2 difficulties that arise at the time of examination of the internal control systems and books and records of the Company including limitation to the scope of work or obstacles concerning access to the information necessary for the examination.
- 5.5 To report the results of examinations especially concerning the financial and compliance audits to the ARCG Committee within a period of 30 days from the last day of the quarter end.

6. Duties of the External Auditor

- 6.1 To participate in the meeting of the ARCG Committee every year in preparing the audit plan and prior to the auditor certifying the annual financial statements.
- 6.2 To submit the financial statements of each quarter at least 5 business days prior to submitting the financial statements to the Stock Exchange of Thailand and the Securities and Exchange Commission.
- 6.3 To report any significant levels of risk and methods to alleviate such risks.
- 6.4 To report on work performed and advisory services provided by the auditor.
- 6.5 To report to Management and the ARCG Committee in regard to:
 - 6.5.1 the annual financial statements and notes to the financial statements;
 - 6.5.2 the auditor's report;
 - 6.5.3 its management letter and in addition any other observations and suggestions arising from the work performed by the auditor;
 - 6.5.4 the system of internal control of the Company;
 - 6.5.5 significant difficulties or conflicts with Management during the performance of the Auditors' duties; and
 - 6.5.6 other significant matters related to auditing standards that the Audit, Risk and Corporate Governance Committee should understand or discuss with the auditors.

- 6.6 To report to the ARCG Committee the fact in relation to any suspicious circumstance that the director, manager or any person responsible for the operation of the Company commits an offence under the law on securities and exchange.

In case where the Audit, Risk and Corporate Governance Committee fails to investigate and report the preliminary inspection result to the Office of the Securities and Exchange Commission and the external auditor within thirty day upon receipt of the above fact from the external auditor, the external auditor shall report the matter to the Office of the Securities and Exchange Commission.

7. Duties of the Secretary to the Audit, Risk and Corporate Governance Committee

- 7.1 To prepare the minutes of the meeting of the ARCG Committee to ensure that the same correctly reflects the discussions and conclusions of the meeting.
- 7.2 To coordinate with the officers of various working sections of the Group for the purpose of providing relevant information to the ARCG Committee.
- 7.3 To summarize and report on the results of the ARCG Committee to the Board of Directors for information and consideration each quarter.
- 7.4 To draft the annual reports required to be provided by the ARCG Committee.

This Charter of Audit, Risk and Corporate Governance Committee has been revised by the Audit, Risk and Corporate Governance Committee Meeting No. 1/2020 held on February 18, 2020 and approved by the Board of Directors' Meeting No. 1/2020 held on February 25, 2020.

(Mr. Vudhiphol Suriyabhivadh)

Audit, Risk and Corporate Governance Committee Chairman

Attachment

Qualifications of the Independent Director

- (1) holding not exceeding 0.75 percent of the total voting shares of the Company, its parent company, subsidiary, associate company, major shareholder or controlling person, including shares held by the connected persons of such independent director;
- (2) neither being nor having been an executive director, employee, staff, advisor who receives salary or the controlling person of the Company, its parent company, subsidiary, associate company, same-level subsidiary, major shareholder or controlling person, unless the foregoing status has ended not less than two years prior to the date of appointment. Such prohibited characteristics shall exclude the case where an independent director used to be a government official or advisor of a governmental agency, which is a major shareholder or the controlling person of the Company;
- (3) not being a person who is related by blood or registration under laws, such as father, mother, spouse, sibling and child, including spouse of child, other directors, executives, major shareholders, controlling person or person to be nominated as director, executive or controlling person of the Company or its subsidiary;
- (4) not having or having had a business relationship with the Company, its parent company, subsidiary, associate company, major shareholder or controlling person in a manner that may interfere with his/her independent judgment, and neither being nor having been a significant shareholder or the controlling person of any person having a business relationship with the Company, its parent company, subsidiary, associate company, major shareholder or controlling person, unless the foregoing relationships has ended not less than two years prior to the date of appointment.

The term of 'business relationship' aforementioned under paragraph one includes any normal business transaction, rental or lease of immovable property, transactions relating to assets or services or grant or receipt of financial assistance through receiving or extending loan, guarantee, providing assets as collateral, and any other similar actions, which result in the Company or his/her counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the Company or twenty million baht or more, whichever amount is lower. The amount of such indebtedness shall be in accordance with the method for calculating the value of connected party transactions under the Notification of the Capital Market Supervisory Board governing rules on connected transactions mutatis mutandis. The combination of such indebtedness shall include the indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences;

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- (5) neither being nor having been an auditor of the Company, its parent company, subsidiary, associate company, major shareholder, or controlling person, and not being a significant shareholder, controlling person, or partner of the audit firm which employs the auditor of the Company, its parent company, subsidiary, associate company, major shareholder, or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of appointment;
 - (6) neither being nor having been any professional advisor including legal advisor or financial advisor being paid with a service fee of more than two million baht per year by the Company, its parent company, subsidiary, associated company, majority shareholder, or controlling person, and not being a significant shareholder, controlling person, or partner of the professional advisor, unless the foregoing relationship has ended for not less than two years prior to the date of the appointment;
 - (7) not being a director who is appointed as the representative of the Company's directors, major shareholder, or shareholder who is a connected person of the Company's major shareholder;
 - (8) not operate any business which has the same nature as and is in significant competition with the business of the Company or its subsidiary, or not being a principal partner in any partnership, or not being an executive director, employee, staff, advisor earning regular monthly salary, or not holding shares exceeding one percent of the total number of voting rights of any other company operating business which has the same nature as and is in significant competition with the business of the Company or its subsidiary;
 - (9) not having any other characteristics which make him/her incapable of expressing independent opinions with regard to the Company's business affairs.

After having been appointed as an independent director with the qualifications complying with the criteria under (1) to (9) of the first paragraph, the independent director may be assigned by the board of directors to take part in the business decision of the Company, its parent company, subsidiary, associate company, same-level subsidiary, major shareholder or controlling person, providing that such decision shall be in the form of collective decision.

References:

- 1) Public Limited Companies Act. B.E. 2535, Section 68 / Section 86.
- 2) Independent Directors Qualification as listed in the Corporate Governance Policy and Code of Corporate Conduct of the Company.
- 3) Notification of the Capital Market Supervisory Board No. Tor Jor. 39/2559 on the Application for Approval and Granting of Approval for Offering of Newly Issued Shares: Clause 17 (2) Qualification of Independent Directors / Clause 17 (3) (b) Audit Committee Members Qualification.