



CHARTER

Audit Committee

Approved by the Board of Directors on July 25, 2021
and amended on 12 October 2023

1. INTRODUCTION

1.1 This Charter establishes the composition, responsibilities and operations of the Audit Committee (the “Committee”) of the Board of Directors (“Board”) of Figaro Coffee Group, Inc. (the “Company”) in accordance with its Manual on Corporate Governance.

2. COMPOSITION

2.1 The Committee shall have at least three (3) members, who shall preferably have an accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The Chair of the Committee shall be an independent director.

3. DUTIES AND RESPONSIBILITIES

3.1 The Committee is responsible for overseeing the senior management in establishing and maintaining an adequate, effective and efficient internal control framework. It ensures that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets. It shall have the following particular duties and responsibilities:

- a. Assists the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;
- b. Performs oversight functions over the Company's internal and external auditors. It should ensure that the internal and external auditors act independent from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- c. Reviews the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources and budget necessary to implement it;
- d. Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts. The appointment, reappointment, removal, and fees of the External Auditor should be recommended by the Committee, approved by the Board and ratified by the shareholders;
- e. Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the Company's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor

or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report;

- f. Organizes an Internal Audit ("IA") Department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;
- g. Holds the following responsibilities related to Internal Audit:
 - i. Approve the Internal Audit Charter.
 - ii. Approve the risk-based internal audit plan.
 - iii. Approve the internal audit budget and resource plan.
 - iv. Receive updates on the Internal Audit function's performance and activities.
 - v. Approve the appointment and removal of the Chief Audit Executive.
 - vi. Approve the Chief Audit Executive's remuneration.
 - vii. Make appropriate inquiries of the CAE and Administration to ensure adequate scope and resources.
- h. Through the IA Department, evaluates and assesses the adequacy and effectiveness of the Company's governance, risk management, and internal controls. Responsibilities include, but are not limited to;
 - i. Assessing risk exposure concerning the Company's strategic objectives.
 - ii. Ensuring the reliability and integrity of information used for decision-making.
 - iii. Evaluating compliance with policies, laws and regulations.
 - iv. Verifying safeguarding of assets and their existence.
 - v. Monitoring and enhancing risk management processes.
 - vi. Providing advisory services to enhance governance and control.
 - vii. Reporting on the Internal Audit function's performance and risk-related matters.
 - viii. Evaluating specific operations at the request of the Internal Audit Committee.
- i. Reviews the reports submitted by the internal and external auditors;
- j. Reviews the quarterly, semestral and annual financial statements before their submission to the Board, with particular focus on the following matters;
 - i. Any change in accounting policies and practices;
 - ii. Major judgment areas;
 - iii. Significant adjustments resulting from the audit;
 - iv. Going concern assumptions;
 - v. Compliance with accounting standards; and
 - vi. Compliance with tax, legal and regulatory requirements.
- k. Reviews the disposition of the recommendations in the External Auditor's management letter;
- l. Performs oversight functions over the Company's Internal and External Auditors. It ensures the independence of Internal and External Auditors, and that both auditors are

given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions; and

- m. Coordinates, monitors and facilitates compliance with laws, rules and regulations including adherence to Professionalism and Ethical Standards.

4. MEETINGS

4.1 The Committee shall meet at least four (4) times a year or as often as it considers necessary. Any member may call a Committee meeting. A quorum for a meeting of the Committee is two (2) members. A duly convened Committee meeting at which a quorum is present is competent to exercise all or any of the authorities, powers or discretions vested in the Committee. The Committee may invite members of Management, consultants, advisors or others to attend meetings and provide pertinent information, as necessary.

4.2 The Corporate Secretary shall be the Committee Secretary, unless otherwise determined by the Committee. The Committee Secretary, under the direction of the Committee Chairman shall prepare the agenda and provide the Committee members advance notice of meetings, the agenda, along with the appropriate meeting materials. Minutes of the meeting shall be provided to the members within five (5) days after the said meeting. The Committee Secretary shall keep and have custody of the records of the Committee. Except for information that are required to be disclosed pursuant to law or government regulations, the records shall be kept confidential.

4.3 The Company's Management and staff shall provide technical assistance and support to the Committee as and when necessary.

5. REPORTING

5.1 The Committee, through its Chairman, shall report to the Board regarding the Committee actions and activities, including, but not limited to, the Committee findings, deliberations, decisions and recommendations.

5.2 Further, the Committee shall submit and present an annual report to the Board, providing (i) a summary of the Committee's activities during the year, (ii) confirmation of how the responsibilities in this Charter were discharged during the year, and (iii) recommendations as and when it considers appropriate in relation to its duties and responsibilities.

6. ANNUAL REVIEW OF CHARTER

6.1 The Committee shall conduct an annual review and assessment of the adequacy of this Committee Charter, and propose any changes as may be deemed necessary for Board approval.

7. EFFECTIVITY

7.1 This Charter shall take effect on the date of approval hereof by the Board.