



### **Attachment 3 Report of the Audit Committee**

#### **Report of the Audit Committee**

To the Shareholders

The Audit Committee (AC) consists of qualified members with expert, independence and experience, chaired by Mr. Anusorn Tamajai and consisting of Mr. Suthep Wongvorazathe and Mrs. Arunporn Limskul as members.

In 2015 the committee held 13 meetings, seven of which with senior management. When meeting with senior management, executives with vested interests stayed away from the meetings. The following captures the meeting attendances.

Name	Attendance / Total
Mr. Anusorn Tamajai	13 / 13
Mr. Suthep Wongvorazathe	12 / 13
Mrs. Arunporn Limskul	13 / 13

The committee also held one meeting with the Enterprise-wide Risk Management Committee.

The committee deliberated various matters, summarized below:

1. Reviewed quarterly and annual financial statements, as well as related financial reports, including adequate and timely disclosure of information, compliance with generally accepted accounting principles, accounting standards, and significant changes in accounting policies, together with connected transactions among shareholders and subsidiaries or related companies. This year, the committee approved the acquisition of a cogeneration plant from PTT Plc. The connected transaction was regarded as sensible, beneficial to Bangchak, and reasonably-priced in the view of the independent evaluator, in the best interests of the Company and in compliance with the regulations of the Stock Exchange of Thailand (SET). Also, the committee met with the Company's legal team to keep updated on significant court cases in which the Company was being sued with potentially significant impacts on its business.



2. Reviewed to ensure that the Company

- Had instituted a proper, transparent and efficient internal control and internal audit system by monitoring the performance of the internal control office to ensure independence and efficiency
- Confirmed the independence of the performance of the external auditor
- Recognized the need for improved business efficiency while minimizing oil losses in its processes.

This year, recognizing the value of knowledge promotion in support of good governance, the committee staged a “petroleum exploration and production oversight” seminar for the Board, executives, and employees. It also supported the Internal Control Office’s assessment of the internal control system and the fresh-cassava supply system adequacy of Sima Interproduct Co., Ltd., ahead of share trade. Finally, it audited the operation of the Surat Thani Oil Distribution Center with Chevron (Thailand), Ltd.

Because of the surge in Bangchak’s overseas investment, the committee reiterated to the management the value of personnel preparedness and the information system, while calling for audit plans to include overseas business expansion.

3. Reviewed the Company’s compliance with all accounting standards in effect, laws, SET regulations and laws relevant to its business in a complete and accurate manner and in line with corporate governance principles. The committee’s emphasis was that the Company would exceed such standards.
4. Selected, nominated and proposed compensation for KPMG Phoomchai Audit Ltd. as the external auditor for 2015 and staged quarterly meetings between the committee and the external auditor to discuss concerns arising from each audit and find prompt solutions to significant ones.
5. Reviewed the adequacy of the company’s overall risk management process and audited this process under existing risks. This year, consultative meetings were held with the ERM (Enterprise-wide Risk Management Committee) to raise the efficiency and effectiveness of risk management on
  - Strategic risks and key risks affecting corporate goal achievement
  - Personnel preparedness and mechanisms of overseas investment, together with plans to manage currency volatility
  - Impact of the plan slip for the SET listing of BCPG.



6. Actively encouraged and ensured compliance with safety standards and stewardship of the refinery surroundings and nearby communities.
7. Revised the Audit Committee Charter in line with the criteria and terms of the Office of the Securities and Exchange Committee (SEC) and SET and the Corporate Governance Policy to ensure confidence of shareholders, business partners, customers and other stakeholders that the Company's business follows such terms and the code of conduct to maintain an efficient internal control system.
8. Reviewed the policy and operating manual of the internal control office to cover the roles and responsibilities of the Audit Committee and the internal control office for use as a practical guideline.
9. Supported the upgrading of internal auditors on a par with international standards.

Having monitored the Company's performance in 2015 under the scope of authority and assigned responsibility, the Audit Committee approved the way the Company had prepared its financial statements, regarding it as accurate in significant details under generally accepted accounting principles. Connected transactions or items of potential conflicts of interest were adequately disclosed. The Company's internal controls and a risk management process are compatible with its business circumstances, with accurate and complete compliance with the law, SET regulations, and relevant laws.

(Signed) *Anusorn Tamajai*  
(Mr. Anusorn Tamajai)  
Chairman, Audit Committee  
January 12, 2016