



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

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

To the Shareholders

On April 26, 2016, at Board Meeting No. 5/2016, the Board decided to change the composition of the Audit Committee by replacing members who had completed their terms. The current committee is headed by Mr. Suthep Wongvorazathe, with Mrs. Prisana Praharnkhasuk, Pol.Lt.Gen. Chaiwat Chotima, and Mr. Krisada Chinavicharana as members.

In 2016, the committee reviewed Key Audit Matters of the external auditor's report along with self-assessment for CAC recertification and arranged meetings with Bangchak's legal officers for an update on significant court litigation cases against Bangchak, the outcomes of which could significantly affect its businesses.

Name	Attendance / Total
Mr. Suthep Wongvorazathe	12 / 12
Mrs. Prisana Praharnkhasuk	7 / 9
Pol.Lt.Gen. Chaiwat Chotima	7 / 9
Mr. Krisada Chinavicharana	7 / 9
Mr. Anusorn Tamajai	3 / 3
Mrs. Arunporn Limskul	3 / 3

The committee also held two 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 reviewed Key Audit Matters of the external auditor's report along with self-assessment for CAC recertification and arranged meetings with Bangchak's legal officers for an update on significant court litigation cases against Bangchak, the outcomes of which could significantly affect its businesses.



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. This included transactions for the purchase and sale, as well as financial instruments, of BCPT, a subsidiary
- Confirmed the independence of the performance of the external auditor
- Recognized the need for improved business efficiency while minimizing oil losses in its processes, including a visit to the Samut Sakhon Depot Oil Distribution Center.

This year, recognizing the value of knowledge promotion for corporate governance, the committee staged a seminar on internal control for Marketing Business Group officers.

In addition, it supported Internal Control Office's participation in a project to certify IT service management systems (ISO 20000), a project to assess BCM (ISO 22301), and a project to develop audit program script on the ACL system for greater audit efficiency.

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 2016 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 the committee held a meeting to share views with the ERM to raise the efficiency and effectiveness of steering the operation of subsidiaries as desired by Bangchak. Below are its recommendations:
  - Systematize linkage between Bangchak's and subsidiaries' accounting data and expand the role of Bangchak's finance and accounting unit for looking after subsidiaries



- Develop an IT Master Plan to encompass data forwarding among Bangchak and subsidiaries, including the sharing of resource usage for the back office
  - Form a taskforce for the supervision of subsidiaries' operation to frame their policies and operation rules on the administration of personnel, finance, information, investment risk management, CSR activities, and assorted regulations for alignment with Bangchak's practices
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 2016 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) *Suthep Wongvorazathe*  
(Mr. Suthep Wongvorazathe)  
Chairman, Audit Committee  
February 9, 2017