



Attachment 3 Report of the Audit Committee

Report of the Audit Committee

To the Shareholders

The Board of Directors appointed the Audit Committee, headed by Mr. Suthep Wongvorazathe, with Mrs. Prisana Praharnkhasuk, Pol.Lt.Gen. Chaiwat Chotima, and Mr. Krisada Chinavicharana as members.

In 2017, the committee held 13 meetings, ten 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. Suthep Wongvorazathe	13 / 13
Mrs. Prisana Praharnkhasuk	13 / 13
Pol.Lt.Gen. Chaiwat Chotima	12 / 13
Mr. Krisada Chinavicharana	12 / 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. The committee also 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.



- ☐ Awareness of the need to raise work efficiency and lower process losses of oil
 - ☐ Support was given to Internal Audit to
 - Organize “Information System Security” training for Bangchak employees and those serving its affiliates
 - Join a project on standard certification for management system assessors of IT security management (ISO 27007) and business continuity management (ISO 22301) and counsel the management on internal control.
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. This year the Audit Committee reviewed the asset acquisition process by BCPG Plc, a subsidiary, for the geothermal power generation plant project in Indonesia.
4. Selected, nominated and proposed compensation for KPMG Phoomchai Audit Ltd. as the external auditor for 2017 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 Bangchak's risk management processes and undertook risk-based inspection. This year a meeting was held to share ideas with the Enterprise-wide Risk Management Committee (ERMC) to raise the efficiency and effectiveness of subsidiary governance for a uniform direction. To this end, a recommendation was to appoint a strategic planning committee to promote affiliates' business process synergy. This committee would define work plans and provide advice on how to administer and control affiliates in assorted aspects under the same standard. A focus was to be put on collaboration between the ERMC and the Audit Committee to minimize the impacts of corporate risks.



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 2017 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
March 23, 2018