

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

To the Shareholders

The Audit Committee consists of qualified directors who are independent and experienced, with Mr. Suthep Wongvorazathe serving as Chairman, with Pol. Lt. Gen. Chaiwat Chotima and Dr. Poramettee Vimolsiri serving as members.

This year the committee met 12 times, eight of which with the management (in the absence of those with invested interests on applicable items). Below are the meeting attendance records.

Name	Attendance
Mr. Suthep Wongvorazathe	12/12
Pol. Lt. Gen. Chaiwat Chotima	12/12
Dr. Poramettee Vimolsiri	11/12

In addition, the committee twice met with the Enterprise-wide Risk Management Committee (ERMC).

Below are the highlights of the committee's deliberations:

1. Reviewed the quarterly and annual financial statements, related financial reports, information disclosure that was adequate and timely, compliance with generally accepted accounting practices, accounting standards, and key changes in accounting policies. Also, reviewed connected transactions between shareholders and



subsidiaries or related companies. The committee met Bangchak's law team to get updates on significant cases where Bangchak had been sued in court, the outcome of which could have key repercussions on its businesses.

## 2. Reviewed and ensured that Bangchak

- A suitable, transparent, and efficient internal control system and internal audit practices are in place, complete with independent and efficient monitoring of Internal Control's performance, including its views on internal control weaknesses on pricing and discounts provided by the Marketing Business and the work inspection by the Refinery Business.
- Supported
  - Internal Audit's counseling for subsidiary BBGI Plc.'s and BCPG Plc.'s internal audit system
  - Internal Audit's participation in the ISO 22301 assessment project and counseling on internal audit to the management
  - A program was constantly developed to aid ACL audit (Script) together with OCR (Optical Character Recognition) application to audit work. Ordered more training courses on emerging technologies, including AI and Blockchain
  - Formed a project on the Community of Practices for Internal Audit (COP IA) to develop the competency of internal auditors of Bangchak Group



- Recognized stringent safety for looking after unused equipment, a possible cause of accidents in the refinery
3. Reviewed Bangchak's compliance with all announced accounting standards, legal provisions, SET's requirements, and applicable laws in a thorough, accurate fashion under corporate governance principles, with a focus on exceeding compliance.
  4. Selected, nominated, and proposed pay for KPMG Phoomchai Audit Ltd. as Bangchak's external auditor for 2019; held quarterly discussions with the external auditor about audit-related problems and timely corrective actions on key issues.
  5. Reviewed the adequacy of Bangchak's risk management processes and proceeded with audit under the existing risks. This year meetings were held with ERM, where this committee advised that committee to
    - Recommended investigation of locating SPAR outlets and merchandise models, including software designed to aid merchandise management. Besides, the shop configuration of SPAR and Inthanin Café located in One Roof buildings should be reviewed for suitability.
    - Recommended risk investigation upon the promulgation of the Personal Data Protection Act
    - Took seriously up-to-date rights of access to assorted business processes
    - Hired additional IT-savvy personnel for higher audit efficiency.



6. Urged and ensured compliance with the refinery's safety and environmental stewardship standards for the surrounding communities and society.
7. Revised the committee's charter in line with SEC's and SET's rules and requirements as well as the corporate governance policy to ensure shareholders, business partners, customers, and other stakeholders that Bangchak's business complies with requirements and the code of conduct while upholding an efficient internal control system.
8. Reviewed Internal Audit's policy and handbook to embrace roles, duties, and responsibility of the Audit Committee and Internal Audit to guide its tasks.
9. Advocated international-standard quality for internal auditor development.

Monitoring Bangchak's performance this year under the assigned scope of duties and responsibility, the Audit Committee feels that Bangchak had prepared materially correct financial statements under the generally accepted accounting principles. Data for connected transactions or those that might produce conflicts of interest were duly disclosed. In place were an internal control system and risk management practices that were adequate and fit business circumstances. Finally, Bangchak accurately and thoroughly abided by the laws, SET's requirements, and applicable legal provisions.



(Signed) *Suthep Wongvorazathe*  
(Mr. Suthep Wongvorazathe)  
Chairman, Audit Committee  
January 23, 2020