



AUDIT COMMITTEE REPORT



Police General Aek Angsanant
Chairman of the Audit Committee

Dear Shareholders

Appointed by the Board of Directors (the Board), the current Audit Committee consists of four proficient and knowledgeable independent directors, all of whom command diverse expertise and experience. It is chaired by Police General Aek Angsanant, with Associate Professor Dr. Pasu Decharin, Mr. Prapaisith Tankeyura, and Mr. Plakorn Wanglee serving as members. Mr. Prapaisith and Mr. Plakorn's qualifications are considered suitable for reviewing financial statements' credibility against the requirements of Securities and Exchange Commission of Thailand (SEC) and Stock Exchange of Thailand (SET).

The Committee independently performed as assigned by the Board and indicated in the charter, which is in line with the requirements and best practices for audit committees according to SEC and SET. This year, the Committee held eight meetings with full attendance, and consultations with the executives, the chief of Corporate Internal Audit, the internal auditor, and the external auditor. In addition, the Committee held one non-executive

meeting to freely discuss on the external auditor's performance, opinions, matters from financial report review and audit, as well as its collaboration with the Audit Committee and Corporate Internal Audit Department.

The performance highlights of this year are as follows:

1. Financial Statements:

Collaborating with the external auditor and relevant executives, the Committee reviewed both separate and consolidated as well as quarterly and annual financial statements. It also examined the information disclosure of the external auditor's Key Audit Matters (KAMs) indicated in the auditors' report. To this end, the Committee reviewed the credibility of estimated figures, management's assumptions requiring discretion, transactions disclosure, and the impacts of financial reporting standard changes, to ensure that financial report preparation was accurately and credibly undertaken for the benefit of their users. The auditor has performed the auditing work and provided unqualified opinions.

2. Connected Transactions:

Having reviewed Thairoil and Subsidiaries' connected transactions or those posing potential conflicts of interest against SET's and SEC's announcements, the Committee concluded that Thairoil and Subsidiaries have observed regular business practices, fairness, and sensibility, prioritizing the interests of Thairoil and its shareholders. Such transactions were also promptly disclosed to SET as required.

3. Review of Compliance with Laws, Corporate Governance, Risk Management, and Internal Control:

The Committee reviewed management practices to ensure corporate governance, as well as laws and related regulations compliance. The Committee also closely monitored the Company's preparation for legal implementation before the actual enforcement of new legislation. This is to ensure the preparedness for risks and disruptions emerging at all times, the business continuity, and the efficient and effective development. The Committee strongly urged adoption of The Three Lines Model of the Institute of Internal Auditors (IIA) and the concept of Integrated Governance, Risk and Compliance (GRC) to enable sustainable integration of the corporation. It advocated proactive audit by the Corporate Internal Audit Department as well as the department flexibility under unforeseen circumstances, including E-meetings, remoting audit, as well as driving Continuous Control Monitoring and Audit System as a continual monitoring tool for all transactions under the Enterprise Resources Planning (ERP) system or other technological operating systems. Irregularities could then be promptly rectified. The Committee also endorsed the findings on internal control system sufficiency assessment as required by SEC to ensure that Thairoil commands appropriate and sufficient business internal control.

4. Internal Audit:

The Committee approved strategic plans, annual and long-term audit plans, plan execution, audit outcomes, and follow-ups as well as improvements of significant issues. It also assessed the independency of the internal audit, and pushed for the development and upgrading of Thairoil's internal audit with assurance and advice. The Committee constantly valued the Corporate Internal Audit Department's manpower preparation and personnel development to ensure their competency to perform efficiently and effectively. It advocated auditors' achievement of certificates for greater professionalism as well as the application of the audit management system on Cloud and data analytics tools to help internal audit eliminate time and place constraints. The Committee also advocated application of digitization to the audit process by developing automated audit and visualized reports, as well as the internal audit quality assessment while keeping up with changes in international internal audit professional standards. Finally, the Committee endorsed the transfer, appointment, and annual performance assessment of the Vice President Corporate Internal Audit.

5. Appointment of the External Auditor for 2021 and Approval for Audit Fee:

In selecting the external auditor, the Committee considered performance records, experience, independency, audit fees, and compliance with SEC's announcements. The Committee resolved to nominate PricewaterhouseCoopers ABAS Ltd. (PwC) as external auditor and the proposed audit fee for the Board's endorsement before submitting to the 2021 Shareholders' Annual General Meeting for approval.

In conclusion, this year the Audit Committee has performed its charter duties and responsibilities, fully

exercising diverse expertise with prudence and independency and providing creative views and advices. The Committee concluded that Thairoil and Subsidiaries have valued efficient and effective business conduct, prepared credible and material financial reports aligning with financial reporting standards, along with complete and adequate disclosure of connected transactions with potential conflicts of interest. Thairoil and Subsidiaries commanded sound corporate governance, sufficient risk management, and suitable and adequate internal control process in full compliance with applicable laws and regulations. Assessed by the Board, the Audit Committee's performance scored at level 5 or "Exemplary".

February 12, 2021

On behalf of the Audit Committee

A handwritten signature in blue ink that reads "Aek Angsanant". The signature is written in a cursive, flowing style.

(Police General Aek Angsanant)

Chairman of the Audit Committee

Thai Oil Public Company Limited