



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

PTT Plc.'s present Audit Committee is made up of three knowledgeable independent directors, chaired by Police General Rungroj Sangkram, Mr. Krishna Boonyachai, and Associate Professor Dr. Chayodom Sabhasri serving as members. Serving as secretary to this committee is Mr. Chadil Chavanalikhorn, Executive Vice President, Office of Corporate Audit. In 2021, the individual terms of the Committee are summarized as follows:

#### January 1<sup>st</sup> to May 19<sup>th</sup>, 2021

- |                           |            |          |
|---------------------------|------------|----------|
| • Professor Dr. Kittipong | Kittayarak | Chairman |
| • Mr. Danucha             | Pichayanan | Member   |
| • Mr. Krishna             | Boonyachai | Member   |

#### May 20<sup>th</sup> to June 6<sup>th</sup>, 2021

- |                                    |            |          |
|------------------------------------|------------|----------|
| • Professor Dr. Kittipong          | Kittayarak | Chairman |
| • Mr. Krishna                      | Boonyachai | Member   |
| • Associate Professor Dr. Chayodom | Sabhasri   | Member   |

#### June 7<sup>th</sup> to June 16<sup>th</sup>, 2021

- |                                    |            |        |
|------------------------------------|------------|--------|
| • Mr. Krishna                      | Boonyachai | Member |
| • Associate Professor Dr. Chayodom | Sabhasri   | Member |

#### June 17<sup>th</sup>, 2021 to present

- |                                    |            |          |
|------------------------------------|------------|----------|
| • Police General Rungroj           | Sangkram   | Chairman |
| • Mr. Krishna                      | Boonyachai | Member   |
| • Associate Professor Dr. Chayodom | Sabhasri   | Member   |

In 2021, the Committee executed its Board-assigned duties and those under its own charter, which agreed with SEC's best practices. It reviewed and advocated PTT's corporate governance, together with adequate risk management and internal control system, as well as enforcement of compliance. It ensured PTT's emphasis on being a transparent organization with efficient and effective internal audit activity, while aligning corporate goals, and transforming the Office of Corporate Audit to be a trustworthy partner for sustainable long-term value creation for PTT with due regard for satisfying stakeholders' expectations.

1. Advocated the upgrading of processes of governance, risk management, internal control, and compliance, with a focus on raising awareness of employees' careful and thoughtful actions, including the review of rules and regulations related to the operation together with the cautious internal control process. Another emphasis was on the review of the investigation process and disciplinary action to be appropriate and fair.
2. Supported the Management to set up goals as a model organization in terms of IT Governance to continuously improve operation and raise confidence in PTT's potential in all aspects i.e. Cybersecurity in conjunction with retaining information technology personnel through remuneration and career path, which is a key to support the organization's rapid development.
3. Encouraged the Management to enhance Safety Measures and apply Lesson Learnt to improve operational processes and establish preventive measures. The deployment of technology supported operation that enhanced safety standards and public confidence.
4. Provided recommendations to the Management on foreign investment using an in-depth study of those countries, political system, relevant laws, cultures, and traditions to determine investment directions. The Committee also encouraged the Management to closely monitor and evaluate the impact of the COVID-19 pandemic and flood, with continuously supported energy supply, production, distribution and various actions to the whole country. Moreover, the Committee advised the Management to focus on public communication by raising awareness regarding PTT's social and national operations, as well as increasing public knowledge to understand the fact of oil prices.
5. Assigned a policy on upgrading PTT Group's internal audit activity quality that lead to efficient, effective, credible, and professional practices. To focus on performance auditing, increasing the role of advisory that create more value to PTT and PTT Group, this is in line with the stakeholders' expectation. The Committee encouraged the internal auditors to acquire the professional certificate along with continuous personnel development. Furthermore, improving the development of the operating processes by using more technology in internal audit activity.

In 2021, the Committee held 18 meetings, with attendance detailed below:

January 1<sup>st</sup> to May 19<sup>th</sup>, 2021: 7 meetings

• Professor Dr. Kittipong	Kittayarak	7 times
• Mr. Danucha	Phichayanan	7 times
• Mr. Krishna	Boonyachai	7 times

May 20<sup>th</sup> to June 6<sup>th</sup>, 2021: 1 meeting

• Professor Dr. Kittipong	Kittayarak	1 time
• Mr. Krishna	Boonyachai	1 time
• Associate Professor Dr. Chayodom	Sabhasri	1 time

June 7<sup>th</sup> to June 16<sup>th</sup>, 2021: 1 meeting

• Mr. Krishna	Boonyachai	1 time
• Associate Professor Dr. Chayodom	Sabhasri	1 time

June 17<sup>th</sup> to December 31<sup>st</sup>, 2021: 9 meetings

• Police General Rungroj	Sangkram	9 times
• Mr. Krishna	Boonyachai	9 times
• Associate Professor Dr. Chayodom	Sabhasri	9 times

Summary of Performance

- 1. Review of financial reports:** The Committee reviewed quarterly and annual financial reports together with consolidated financial reports with the Management, the Office of Corporate Audit, and the External Auditor. It asked the External Auditor about the accuracy and completeness of financial reports, adjustment of material account entries and accounting projections affecting such reports, adequacy, and suitability of account recording, audit scope, information disclosure that was accurate, complete, and adequate, as well as its own freedom. All these elements ensured that the preparation of financial reports abided by legal requirements as well as accounting standards under generally accepted accounting principles that were credible and timely, and that adequate information was disclosed for users' benefit.
- 2. Review of risk management process:** In conjunction with the Management, the Committee regularly reviewed the efficiency and effectiveness of the risk management process as well as the policy, action plans, and risk management approach that affect PTT Group's operations. It also provided advice for process improvement for unforeseen events.

- 3. Review of internal control process effectiveness:** The Committee reviewed PTT's internal control with the Office of Corporate Audit every quarter by examining its operation, resource consumption, stewardship of properties, prevention or reduction of errors or damage, losses, waste, or fraud, the credibility of financial reports, including, compliance with laws, regulations, and Cabinet resolutions. No significant problems or material shortcomings were detected. This year's assessment outcomes of internal control against SET's best practices and the Ministry of Finance's Internal Control Standards for Government Agencies, B.E. 2561 (2018), according to PTT management, were that PTT had indeed designed adequate and appropriate control mechanisms, with ongoing compliance.
- 4. Review of governance process:** The Committee reviewed the process of compliance with applicable laws and regulations, business protocols, related party transactions or those with potential conflicts of interest, and connected transactions among PTT Group to ensure sensible conformance to normal business terms. The Committee also reviewed the complaint handling and whistleblowing process.
- 5. Review of the implementation according to State Enterprise Assessment Model (SE-AM) of State Enterprise Policy Office, Ministry of Finance:** The Committee reviewed PTT's operating process according to the SE-AM together with the Office of Corporate Audit and related agencies per year, covering eight areas of operation i.e. corporate governance and leadership, strategic planning, risk management and internal control, stakeholder and customer management, digital technology, human capital management, knowledge management and innovation management, and internal audit by monitoring the implementation of relevant observations/recommendations to ensure that PTT's operating process complied with the SE-AM, with continuous improvement.
- 6. Review of internal audit activity:** The Committee reviewed the Office of Corporate Audit's strategic plans, annual and long-term internal audit plans, conformance to the plans, internal audit findings and recommendations. To this end, it advised and monitored corrective and proactive actions for significant aspects of good governance and adequate internal control. It considered amending the internal audit charter and reviewed the annual budget of the Office, its professional personnel development, recruitment, rotation, training plans, and confirmation of the organizational independence of the internal audit activity. Also reviewed were the office's adequacy and suitability of resources, KPIs, and the annual merit consideration for the Executive Vice President heading the Office. The Committee also supervised continuing quality and task improvement of the Office of Corporate Audit.

7. **Quality assurance of the Audit Committee:** The Committee reviewed its own charter and assessed its own performance as a group and individuals (self-assessment and cross-assessment) against SET's best practices to ensure efficient, fruitful performance. Overall assessment result for the Committee as a group was "regularly perform", result for self-assessment was "good", and result for cross-assessment was "excellent". Action plans to improve its own performance were set. Finally, the Committee reported its performance outcomes to the Board every quarter, with comments noted for value addition and process improvement of governance, risk management, and internal control supervision as well as compliance with PTT's regulations.
8. **Appointment of the External Auditor for 2022:** The Committee considered and endorsed the auditor from EY Office Company Limited to be the External Auditor of PTT for 2022 for the Board's concurrence and the shareholders' approval at the 2022 AGM, together with its audit fees. The Committee also met exclusively with the External Auditor on one occasion in absence of PTT management to discuss about the audit scope, guidelines, and plans together with its performance freedom and comments with a focus on accurate, complete, and adequate presentation of data.

In summary, the Audit Committee executed its charter duties and responsibilities with due competence, care, prudence, and freedom while providing comments and advice for the equitable benefit of all stakeholders. Its view is that PTT's financial statements are accurate, credible, and align with generally accepted accounting standards. In addition, PTT practiced compliance with applicable laws and business obligations, together with good governance, adequate risk management and internal control, conformance to rules along with efficient and effective internal audit activity.

(Police General Rungroj Sangkram)

Chairman of the Audit Committee