

Report of the Audit Committee

Dear Shareholders,

Consisting of three Independent Directors that are qualified and experienced in Law, Administration, Finance and Economic and equipped with efficiency, which fulfilled the compositions and qualifications stated by the applicable Stock Exchange of Thailand (SET) announcement. As of 2017, the Audit Committee consist of

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| 1. Mr. Permsak Shevawattananon** | Chairman of The Audit Committee |
| 2. Ms. Kannika Ngamsopee | Director to the Audit Committee |
| 3. Mr. Apichart Jongskul* | Director to the Audit Committee |

During the beginning of 2017, the committee underwent personnel change, after the Board of Directors approved the appointment of Mr. Apichart Jongskul to replace Prof. Dr. Kumchai Jongjakapun at its 1/2017 meeting on January 13, 2017.

** Due to Mr. Permsak as Chairman of Audit Committee and Independent Director resignation to be effective on December 31, 2017, the Board of Directors approved the appointment of Prof. Dr. Kumchai Jongjakapun to be a Director to Audit Committee and also appointed Prof. Dr. Kumchai Jongjakapun as Chairman of Audit Committee at its 10/2560 meeting on December 20, 2017. The new appointment on Chairman of Audit Committee and Director to Audit Committee for Prof. Dr. Kumchai Jongjakapun shall be effective on January 1, 2018

These Directors fulfill the composition and qualifications stated by the applicable SET announcement. During the year, the committee underwent personnel change, after the Board of Directors approved the appointment of Mr. Apichart Jongskul to replace Prof. Dr. Kumchai Jongjakapun at its 1/2017 meeting on January 13, 2017.

The committee performed its board-assigned duties and under its own charter, which in turn aligned with SET and The Securities and Exchange Commission (SEC) announcements. Its policy stressed compliance with the corporate governance principles as well as with business-applicable laws and regulations (domestic and international), while valuing the adequacy and effectiveness of the internal control system and internal audit system, together with the performance of all GGC business units and key investment.

In 2017, a total of eight meeting were held, with Mr. Permsak Shevawattananon and Ms. Kannika Ngamsopee in attendance all of these meeting, and Mr. Apichart Jongskul attending seven of them. The committee performed its duties with independence, with the following performance highlights and opinions.

Review of Financial reports:

In reviewing 2017 Financial Statements and the Q1/2017 Financial Statements, the Committee examined performance reports, analytical reports of consolidated Financial Statements, Major Changes, Sensibility of the notes to the financial statements, and the external auditor's observations. It invited relevant members of the management and the external auditor to join on agenda items to review the Financial Statements to clarify and answer its queries to their accuracy and completeness, key accounting entry adjustments affecting the Financial Statements, and adequacy of disclosed information in the statements. It is our opinion that GGC's Financial Statements showed essentially accurate items under generally accepted financial report standards and accounting principles.

In addition, the Committee called exclusive meetings with the external auditor to consult on various issues related to account and financial report preparation, namely its scope, approach, and annual audit plans, risks, internal control, internal audit, and other matters not clarified by the auditor. The committee agreed that the auditor had received good cooperation from the management, had performed with independently, and were both duly qualified and experienced, and exercised an approach toward reviewing or auditing financial reports that had proved adequate and suitable for the audit profession.

Review of Risk Management

The Board of Directors, the Risk Management Committee, and GGC management have given priority to Risk Management by assessing Internal and External risk factors together with their impacts and likelihood, as well as devised risk management plans to ward off or mitigate potential impacts to manageable levels. The board appointed the Risk Management Committee to supervise corporate risk management, which regularly updated its performance to the Board of Directors. In 2017, the committee also follow up and acknowledged GGC's risk management outcomes from the reports submitted by GGC's management. It also reviewed the effectiveness of risk management practices based on the reports of individual management responsible for the audits of Internal Audit and the external auditor. These actions led the guarantee of GGC capability to maintain risk within its risk tolerance levels.

Review of Internal Control System Effectiveness

Valuing the development of the Internal Control System, the management hired an external consultant to provide advice and jointly develop system with GGC management and Internal Audit. In place was a review of business processes and an appraisal of the internal control effectiveness of each sub-activities, leading to GGC's improvement and development of its internal control. The committee reviewed GGC's Internal Control system against the outcomes of the assessment of system adequacy prepared by the management in line with SEC's approach. With the findings of Internal Audit and the external auditor revealing no material aspect or defects potentially affecting GGC, and with continual corrective actions following the advice of the committee, Internal Audit, and the external auditor, it can be sensibly concluded that GGC commanded an adequate and effective internal control system.

Oversight of Internal Auditing

- The committee approved the amendment of Internal Audit's Charter to ensure that it aligned with international-standard audit professions, with comprehensive and clear scopes of duties and responsibilities
- The committee endorsed risk-based Audit plans embracing key control activities for GGC and subsidiaries, strategic plans focusing on capacity building for auditing and supporting GGC's strategies together with goals and performance indices embracing key performances Indicator (KPIs) of Internal Audit. Providing recommendations to add audit plans to include more key risks and comprehensively include GGC's key processes, the committee also advocated recruitment and development of internal auditors so that they are adequate in numbers, with diverse competencies so as to promote internal audit work fulfillment against plans
- In monitoring Internal Audit findings, the committee found that Internal Audit had fulfilled its stated plans, with regular application of its professional Internal Audit that was in compliance with international standards

and relevant good practices. Showing commitment to the Business Code of Conduct of Internal Auditors, the Internal Auditors commanded freedom under defined structures and coordinated well with the management and the external auditor. Finally, the Internal Auditors provided excellent support to the performance of the committee. All these showed that GGC commanded an internal audit filled with freedom as well as international-standard and effective practices.

Review of Good Corporate Governance

The Board of Directors appointed the Corporate Governance and Sustainable Development Committee to supervise its compliance with the Good Corporate Governance principles, Transparency, and fairness to GGC's stakeholders. This committee regularly reported its performance to the Board of Directors. In addition, GGC is in the process of seeking CAC certification. To this end, the committee verified the accuracy and adequacy of the self-assessment form concerning GGC's 71 Anti-Corruption Assessment, involving data and evidence under four main topics: Principles, Development of Anti-Corruption Measures, Forms of Corruption and Measures to Be Enforced. GGC has also reviewed its Anti-Corruption Measures and Anti-Corruption Risk Assessment under its current work procedures, evidence that GGC took seriously and supervised compliance with good Corporate Governance and Anti-Corruption measures.

Compliance with Securities and Stock Market laws, Regulations of the Stock Exchange of Thailand (SET) requirements, and or other Applicable Laws

- In reviewing and commenting on Connected Transactions and transactions with potential conflicts of interest, the committee summoned relevant members of the management to relevant meeting agenda items to clarify and respond to its queries. It also reviewed requirements and terms of Connected Transactions dealing with necessity, sensibility, practices free of conflict of interest or siphoning of interests, as well as the transparency of engaging in transactions between GGC Group and parties of potential conflicts. In addition, the committee acknowledged disclosure reports of connected transactions or transactions with potential conflict of interest, which the external auditor reported to be straightforward with the law and SET's requirements. No irregularity was found.
- The committee assigned Internal Auditors to review related transactions where GGC was involved in buying feedstock/services or in its product sale with related parties. The findings concluded that such randomly inspected transactions were free of deviation from contract terms, approved by the SEC announcement on the criteria for engaging in related transactions.
- Also, the committee received no report from the external auditor, complaints from external parties, or the management's information disclosure that indicated non-compliance with the laws, which could materially affect GGC. Thus it is reasonable to believe that GGC commanded internal control processes that resulted in effective compliance with the laws, and that there are no non-compliances that could significantly affect the corporation.

Appointment of 2018 Auditor

The Audit Committee nominated the following auditors to the Board of Directors who proposed these names at the shareholders meeting for appointment of 2018 Auditors Mr. Nutthaphong Tantijuttanon (CPA No. 8829) or Ms. Wiphawan Pathawanwiwek (CPA No. 4795) or Mr. Waiyawat Kosamarnchaiyakij (CPA No. 6333) from KPMG Phoomchai Audit Ltd. These auditors were selected from a pool auditors proposed their service for the Company

for three years. The Audit Committee reviewed their qualifications and capabilities, as well as their fee suitability given the scope of works competence, and distinguished auditing performances in 2016. These auditors were among the approved auditors of the SEC and judged to be knowledgeable and experienced enough. They were also not former auditors that had reviewed, examined, or commented on GGC's financial statements of the past five consecutive fiscal years.

Review of Audit Committees Charter

The Audit Committee revised the charter to ensure its suitability and compatibility with SET's announcement on the qualifications and work scope of Audit Committees B.E. 2558 (2015) and Audit Committee handbooks. The committee's view was that the board-approved charter, enforced since October 18, 2016, remained suitable.

Audit Committee's performance appraisal

The committee conducted group and individual appraisals this year and reported the findings to the Board of Directors. This appears in the annual report.

Based on the Audit Committee's performance this year, as reported above, it is reasonably believed that GGC commanded a Good Corporate Governance, an Internal Control System that is adequate and suitable for its businesses, effective risk management, accurate and credible accounting systems and financial reports, and compliance with the Law and Regulations concerning its businesses.

The Audit Committee prudently and independently performed its duties with excellent cooperation from the Board of Directors, the management, the External Auditor and the Internal Audit.

On behalf of the Audit Committee

(Signed) Permsak Shevawattananon
(Mr. Permsak Shevawattananon)
Chairman