

Annual Audit Committee Report for 2018

To: Shareholders of Thaicom Public Company Limited

The Audit Committee of Thaicom PLC was appointed by a resolution of the Board of Directors (“the Board”) and consists of three independent directors. Mrs. Patareeya Benjapolchai was appointed as the Chairperson of the Committee while Mrs. Charintorn Vongspootorn and Professor Samrieng Mekkiengkrai were appointed as members. During this year, Professor Hiran Radeesri retired from the position of Chairman of the Audit Committee, due to completion of the term. The Secretary to the Committee is Mr. Wichai Kittiwittayakul, who also serves as the Chief Audit Executive. All the Committee’s members meet the qualifications set by the Stock Exchange of Thailand. Mrs. Patareeya Benjapolchai and Mrs. Charintorn Vongspootorn have considerable knowledge and experience of both finance and accounting.

The primary responsibility of the Committee is to assist the Board in reviewing the accuracy of the Company’s financial reports, along with the adequacy and effectiveness of the internal control and risk management systems, as well as compliance with all the laws and regulations pertaining to the Company’s business operations. The Committee also oversees the performance of both the internal auditor and external auditor, and carries out its duties in accordance with the defined roles and responsibilities set forth in the Audit Committee Charter approved by the Board. This charter can be viewed on the Company’s website at: www.thaicom.net

During the year 2018, the Committee held a total of twelve (12) meetings with the Company’s management, the Head of Internal Audit, and the external auditor. All the Committee’s members attended these meetings. The Committee reported its performance to the Board every quarter and made recommendations for necessary actions to be taken by the Company. The Committee’s significant activities have been summarized below.

- 1. Financial Statements:** The Committee reviewed the Company’s quarterly and annual financial statements for the year 2018, including the disclosure of information in the attached notes, which had already been reviewed and audited by the external auditors. In addition, the Committee, the management and the external auditors discussed the estimates and judgments applied to the financial statements, the impact from the revised accounting standards that had led to changes in the Company’s accounting policies, significant accounting issues, and key audit matters highlighted in the external auditor’s report.
- 2. Internal Controls and Risk Management:** The Committee reviewed the effectiveness of the Company’s entity-level internal control system, using guidelines from the Office of the Securities and Exchange Commission and COSO - Internal Control Integrated Framework, which had been prepared by the management. The Committee also reviewed the results of internal audits conducted on various key business processes every quarter, along with the issues and recommendations listed in the management letter from the external auditor. Moreover the Committee reviewed the risk management result which had been prepared by the risk management committee every quarter.
- 3. Internal Audit:** The Committee approved the audit plan for 2018. The plan focuses on risk-based proactive audit, including emerging risks of the organization such as cyber security and digitalization system. In addition, the Committee also reviewed Internal Audit Department’s independence, direction, strategy and resource sufficiency. The Committee also agreed to adjust the Internal Audit Charter to be in line with the International Professional Practices Framework.

In addition, the Committee also reviewed the performance of the Internal Audit Department on a quarterly basis, evaluated the annual performance of the Head of Internal Audit, and held a meeting with the internal audit team without the presence of management in order to independently discuss matters that had arisen.

- 4. Regulatory Compliance:** The Committee held a meeting with the legal, compliance and other relevant departments to review the Company's compliance with the law on securities and exchange, the Stock Exchange of Thailand's regulations, and the laws pertaining to the Company's business operations.

Moreover, the external auditor did not report any suspicious circumstances in which a director, executive or other person responsible for the Company's operations might be suspected of committing an offense under Section 89/25 of the Securities and Exchange Act during 2018.

- 5. Corporate Governance:** The Committee reviewed the Company's governance practices by applying the principles stipulated in the Securities and Exchange Commission's Corporate Governance Code, along with other best practice guidelines such as the Stock Exchange of Thailand's Principles of Good Corporate Governance for Listed Companies, the Thai Institute of Directors' Corporate Governance Criteria, and the ASEAN Corporate Governance Scorecard. The Committee also reviewed the Company's compliance with its Corporate Governance Policy. For the year 2018, the company's corporate governance of listed company was evaluated to be "Excellence", which is the 6th consecutive year (2013 - 2018) from the Thai Institute of Directors Association (IOD). Moreover, the company received "TOP 50 ASEAN PLCs" prize from ASEAN Corporate Governance Awards as Thai listed company for 2 consecutive years. The company has been evaluated for good corporate governance in accordance with the ASEAN CG Scorecard standard, which is considered to be core principle for evaluating and rating corporate governance of listed companies in order to raise the standards of corporate governance of listed company in ASEAN countries

- 6. Whistle-blowing:** The Committee reviewed the quarterly whistle-blowing reports covering all the companies in the group, which contained complaints that had been made through various reporting channels such as E-mail or Ethics Hotline in Internet and the company's Intranet. During 2018, there are seven complaints relating to the company's employee. Four cases were completely investigated and processed in accordance with the Company's defined procedures. Three cases are still in process of investigation. The Audit Committee recommended that the results from the investigation should be used to improve work process, define prevention and practices guidelines. In addition, the committee reviewed Misconduct & Fraud Investigation policy to be in line with the company's operations. The committee also agreed to adjust whistle blowing procedure through Ethics Hotline as specified in the Whistle-blowing policy.

- 7. External Auditor:** The Committee considered the selection of the Company's external auditor and concluded that the auditors from Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd., a leading international audit firm, were independent with considerable expertise and reasonable fees. Deloitte's performance in the previous year had also been satisfactory. The Committee consequently recommended that the Board propose the re-appointment of external auditors from Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. for another year at the Annual General Meeting of Shareholders for 2018. The audit fee is amount to 1.86 million baht, which is equal to last year. The committee also reviewed non-audit service policy. During 2018, the company engaged non-audit service from the external auditor, amounting to 180,000 baht.

In addition, the Committee held a meeting with the external auditors without the presence of the Company's management to discuss issues and concerns that had arisen while performing their duties.

- 8. Connected Transactions:** The Committee reviewed the reasonability and the benefits of connected transactions and transactions that might have led to a conflict of interest, including the accuracy and adequacy of disclosures to ensure that they complied with Stock Exchange of Thailand's laws and regulations.
- 9. Anti-Bribery and Corruption:** The committee reviewed anti-corruption self-assessment form for re-certification from the Thailand's Private Sector Collective Action Coalition Against Corruption after being certified in 2015. The company has completed re-certification of the membership of the Thailand's Private Sector Collective Action Coalition Against Corruption on August 21, 2018. In addition, the committee also encouraged the company to participate in various activities of the Thailand's Private Sector Collective Action Coalition Against Corruption.
- 10. Audit Committee Self-Assessment:** The Committee conducted a self-assessment to review and evaluate its performance by benchmarking it against the Audit Committee Charter and best practice guidelines. The review concluded that the Committee had been effective in carrying out its duties and had followed the terms of reference in the charter. The Committee also reviewed, and made amendments to, the Audit Committee Charter in order to align it with best practice guidelines, and submitted it to the Board for approval.

In conclusion, the Committee believes that it completely discharged its duties in the year 2018 using its knowledge and expertise, with the utmost care and independence. The Committee also believes that the Company's financial statements were presented fairly, in all material respects, in accordance with Thai Financial Reporting Standards. Moreover, all disclosures of information were adequate and reliable, while all connected transactions were reasonable and beneficial to the Company. The Company's internal control and risk management systems are both adequate and effective. Furthermore, the Company had complied with all related laws, regulations and good corporate governance principles without material flaw throughout the year.



(Mrs. Patareeya Benjapolchai)
Chairperson of the Audit Committee
On behalf of the Audit Committee
February 8, 2019