

REPORT OF THE AUDIT COMMITTEE

Dear Shareholders,

The Audit Committee consists of three independent directors, all of whom command pertinent expertise and experience in engineering, energy businesses, law, financial accounting, and corporate management. They are, therefore, qualified to review the credibility of financial statements in accordance with the regulations of the Office of Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The Audit Committee comprises the Chairman, Mr. Payungsak Chartsutipol, and two audit committee members, namely Ms. Panada Kanokwat, and Maj. Gen. Chaowalek Chayansupap. In April 2018, the committee's composition changed as the end of term came due for Ms. Panada Kanokwat. As such, the Board of Directors order 4/2018 appointing Ms. Suvimol Chrityakierne to the Audit Committee, has been in effect since April 25, 2018. Serving as secretary to this Committee is Ms. Attayar Sukotanang, Vice President, Corporate Internal Audit.

The Committee independently performed its duties as prescribed by GPSC's Board and as specified in the Audit Committee Charter, in compliance with all the rules stipulated by the SEC and SET. The Audit Committee strives to ensure good corporate governance and comprehensive reviews of financial reports, connected transactions, risk management, internal controls, and internal audit systems. The Audit Committee also ensures that the Company remains in compliance with laws and regulations relevant to GPSC's domestic and overseas operations in order to create value added to the organization.

In 2018, the Committee held 12 meetings, where consultations were held with the management, Internal Audit, and the external auditor. The substance of these meetings is described in the following numbered sections.

1. Review of Financial Statements: The Committee reviewed material items and issues of quarterly and annual financial statements of GPSC and its subsidiaries for 2018 in compliance with the Thai Financial Reporting Standards (TFRS) in cooperation with related members of the management and the external auditors. Material items reviewed included the information disclosure of the financial statements, important accounting policies, and critical

projections, as well as the external auditor's observations on the review and auditing of the financial statements. The committee considered the satisfactory clarifications from the external auditor, top executives, and other relevant parties that led to the conclusion that GPSC's financial statements and disclosure in the notes to the financial statements aligned with TFRS. The external auditor's unqualified opinion was that the internal control evaluation results were appropriate in that no data were concealed, and the external auditor could work independently.

In addition, the Audit Committee, together with the external auditor, in the absence of the executives, discussed matters related to auditing plans, their independence in fulfilling their duties, and the opinions of the external auditor, with emphasis on the presentation of Key Audit Matters (KAMs) that were to be in accordance with the latest standards. The Committee found that the auditors had received full cooperation from the management and had exercised full performance with complete independence. In addition, the external auditors were deemed to be knowledgeable, with experience and expertise commensurate with their duties as auditors.

2. Review of Connected Transactions The committee reviewed connected transactions, particularly those posing potential conflicts of interest with GPSC and subsidiaries under the SET's and the SEC's announcements. This review revealed that GPSC and subsidiaries operated under regular business practices, exercised fairness and sensibility, and exhibited no benefit siphoning. In addition, its disclosure of information was carried out with accuracy and completeness in compliance with GPSC's corporate governance policies as well as the SEC's and the SET's notifications.

3. Review of Risk Management: The committee reviewed the efficiency and appropriateness of GPSC's risk management policy and processes. The Committee also monitored the progress of investment projects to ensure that GPSC and subsidiaries had in place appropriate risk management processes that minimized any negative impact and responded to changes effectively and promptly. Risk management practices were effectively executed

under the stated policy and plans, and were in line with GPSC and subsidiaries' short-term and long-term goals and strategic plans.

4. **Review of Internal Control System:** The committee reviewed compliance with the law and relevant regulations, together with the management, under the Three Lines of Defense concept, in which legal and regulatory compliance was audited, monitored, assessed, and reported on regular basis. In addition, the executives also assessed the internal control systems using the internal control assessment questionnaires prepared under the framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The assessment results demonstrated that there were grounds to be confident that GPSC and subsidiaries' internal control system helped to produce efficient and effective performance, and thus remained suitable for their businesses to achieve their defined objectives and goals. As a result, in 2018 no cases of violation of relevant laws and regulations were found in GPSC and subsidiaries.
5. **Review of Internal Audit System:** Having Corporate Internal Audit report directly to the committee ensured the unit's independence as specified necessary in the Audit Committee Charter. The committee also reviewed and approved the annual internal audit plans and three-year plans covering GPSC, its subsidiaries, and their joint ventures. The committee additionally monitored GPSC's investment project updates. It further ensured that the unit's operation was of international standards. The committee also offered recommendations on the unit's operation to ensure compliance with the approved plans and required consistency with the strategies and direction of GPSC. This included supporting the improvement of audit quality and the auditing team, so as to ensure they were functioning on a par with international professional standards. In addition, the committee assessed the annual performance of the Corporate Internal Audit and reviewed its structural suitability and efforts in the continual development of personnel. A headcount confirmed that were adequate and suitable resources to maximize the effectiveness and efficiency of audit quality. Finally, the committee addressed the Audit Committee Charter and the Internal Audit Charter. In 2018,

the Committee also recognized the importance of applying IT applications in audit work for greater efficiency and effectiveness of the internal audit as a whole.

6. **Appointment of the External Auditor for 2019:** This process involved selecting external auditor candidates based on their independence, skills, competence, and experience in the electricity and energy business, together with deciding upon acceptable fees. Ultimately, the Audit Committee nominated PricewaterhouseCoopers ABAS Limited to join the Board of Directors, which is to be proposed at the 2019 Annual General Meeting of Shareholders. Names of individual auditors to be proposed and appointed as GPSC's 2019 external auditors are Ms. Amornrat Permpoonwathanasuk (CPA 4599), Mr. Boonruang Lertwisetwit (CPA 6552), or Mr. Phongthawee Ratanakoset (CPA 7795). These nominated auditors have secured SEC's concurrence as being suitable.

In summary, the Audit Committee carried out its duties and responsibilities in the manner stated in the Audit Committee Charter, employing their diverse expertise, care, prudence, and adequate independence while also providing recommendations for the equitable benefit of all stakeholders. The Audit Committee's opinion is that GPSC's financial reports are accurate and credible, and are also fully consistent with generally accepted accounting standards; GPSC's operations were in full compliance with all relevant laws and business obligations. Furthermore, the Committee found that GPSC had implemented good corporate governance, put in place adequate risk management, suitable and effective internal control, and efficacious internal audit systems.

On behalf of the Audit Committee.



(Mr. Payungsak Chartsutipol)
Chairman of the Audit Committee