

## Report of the Audit Committee

Dear Shareholders,

The Audit Committee of Global Green Chemical Public Co., Ltd. (GGC) comprises of three independent directors, all of whom are nationally respected, competent and have a full understanding of, and experiences in law, agriculture and industry management. Some of the committee's members have sufficient accounting and financial management that enable them to provide reasonable assurance regarding the reliability of financial reporting or statements. The current Audit Committee consists of the following three members:

- |    |                   |             |                                 |
|----|-------------------|-------------|---------------------------------|
| 1. | Prof. Dr. Kumchai | Jongjakapan | Chairman of the Audit Committee |
| 2. | Ms. Kannika       | Ngamsopee   | Director of the Audit Committee |
| 3. | Mr. Apichart      | Jongskul    | Director of the Audit Committee |

The three directors fulfill the compositions and qualifications as stated in the announcement of the Stock Exchange of Thailand (SET). Ms. Kunakorn Witthayapaisarn, director of the Internal Audit Department, also serves as the Committee's secretary.

The Audit Committee's members performed their duties in line with the Charter that has been approved by the Board of Directors and aims to encourage GGC and its subsidiaries to carry out business operation as stated in the company's Good Corporate Governance Policy and sustainable development plan, law and related regulations. The Audit Committee members' duties included a review to ensure that the company has efficient and effective risk management plan as well as internal control system. The Committee was also committed to promoting the advancement of internal audit system in accordance with international standards.

In 2019, the Committee had a total of 15 meetings and all directors were present at all of these meetings. The following is a summary of key activities and opinions of the Committee:

### 1. Financial Report

The Audit Committee reviewed the financial report for 2018 and quarterly financial statements for 2019 that have been written in accordance with the generally accepted accounting principles. The management and auditors were present at all meetings. During the meetings, both sides jointly reviewed important matters such as accuracy and completeness of financial statements and disclosure of information that is correct, complete and sufficient. Moreover, the Committee was monitoring a key issue of the company's internal control over financial reporting raw material and inventory management agreements with the suppliers to compensate for raw materials with affected to the financial statement, factor analysis and the auditors' opinions. The Committee agreed that the company's financial reporting standards were reliable, sufficient and beneficial to the users of accounting information.

Moreover, the Committee held two special meetings with the auditors, excluding presence of the Management and the Internal Audit Office, to discuss issues relating to independence in performing duties and responsibilities, access to sources of information for audit, scope and plan for annual audit, risk factors, internal control, internal audit, and other matters. No notice has been given by the auditors.

## 2. Risk Management

The Audit Committee reviewed risk management by assessing internal and external audit report. The committee also acknowledge the 2019 progress report on risk management periodically which covered a wide range of issues such as risk management policy, risk assessment and risk mitigation measures.

## 3. Internal Control

The Company has valued the importance on Internal Control System, therefore in 2019 the company asked an external expertise to assess and give recommendation to improve on internal control process to increase its robustness and efficiency in sustainability manner.

The Audit Committee carefully reviewed an appropriate and adequate of the internal control system was in place which in line with the guideline of the Securities and Exchange Commission (SEC) . The internal control unit and auditors discovered no faults and damages that may lead to the company's failure to meet objectives and targets.

Moreover, the Committee closely monitored progress and acknowledged issues surrounding development on internal control. In addition to procurement and management process as well as inventory which have been reviewed in a previous year, the Company hired an external consulting firm to enhance effectiveness of the internal control system, business operation and other systems of the company for the long term. Meanwhile, the Management Department has stressed the importance of the revision based on recommendation from the Audit Committee, auditors and the internal control unit.

## 4. Corporate Governance Policy

The Audit Committee was responsible for the Company good corporate governance. The Committee shared comments on procedures for dealing with whistleblowing that the company has revised and sought an approval from the Corporate Governance and Sustainable Development Committee. Furthermore, the Committee paid attention to anti-corruption measures that have been implemented throughout the procurement process as well as distillation and have been adjusted based on recommendations from the Coalition Against Corruption (CAC) to ensure the Anti-Corruption Policy was put in place appropriately and effectively.

In 2019, the Committee proposed recommendations regarding procedures for dealing with whistleblowing and reviewed complaints that were in hands of the internal audit office The Committee continuously followed up and reviewed the progress report on the matter in line with their roles and responsibilities and stated in the company's Good Governance Policy to build confidence among the stakeholders.

## 5. Internal Audit

The Audit Committee continuously reviewed the internal audit office's charter while ensuring independence and professionalism. The present charter has become effective since 13 March 2019. Besides, the Committee has also stressed the importance of the annual audit plan in order to ensure consistency with the nature and the level of risks faced by the Company and aligned with the company's corporate strategy. and quarterly monitoring performance of the internal audit office (4 times per year) Including, review the findings per the audit report together with internal auditors and proposed recommendations needed to enhance good governance and effectiveness of the internal audit. The Committee also assessed

adequacy of overall manpower and encouraged the internal auditors to continuously develop their proficiencies. Evaluate the performance of the Chief of audit executive The Committee found that the internal audit office fulfilled their duties in compliance with plan and international standards on internal auditing while upholding ethics. The internal audit office also greatly supported work of the Audit Committee and created optimal values for the company.

## **6. Regulatory Compliance**

The Audit Committee was committed to review connected transactions and transactions that may cause conflict of interest in line with laws and regulations of the Stock Exchange of Thailand (SET) and relevant regulations to ensure that each transaction was reasonable, made to bring the great benefits to the company and disclosed to the public. The Committee also reviewed the auditors' report and no irregularities have been found.

The Committee found no irregularities or conflicts with law in the internal audit office's report that could harm the business operation. The Committee proposed a review and recommendation on regulatory compliance to make the internal control system more effective. Furthermore, none of complaints from the auditors, the third-party companies or the Management showed the company's violation of and non-compliance with laws or damage to the business operation.

## **7. Appointment of Auditors and Determination of Audit Fee**

The Audit Committee carefully reviewed and acknowledged the appointment of auditors through a bidding process while considering relevant information such as qualifications, knowledge of and experience in auditing in the same industry, audit approaches, assessment tools and data analytics. The Committee also paid attention to the auditors' independence and professionalism as well as appropriate audit service fees. Thus, the Committee proposed the appointment of auditors and determination of audit fee to the Board of Directors and the AGM of Shareholders for approval.

In 2019, the AGM agreed with the recommendation from the Audit Committee to select Deloitte Touche Tohmatsu Jaiyos Advisory Co., Ltd. to be the audit firm.

## **8. Effectiveness of the Audit Committee**

The Audit Committee continuously reviewed its Charter and the current version, which came into effect since 13 March 2019, has been approved by the Board of Directors. To support this, the Committee submitted its quarterly reports to the Board (4 times per year) and conducted two types of assessments, namely that of the Committee as a whole, that of each individual member as a self-assessment in 2019. The results of the assessment have been submitted to the Board of Directors for further recommendations to enhance the Committee's effectiveness in handling auditing internal units. The 2019 report was also disclosed to the public. Meanwhile, the Committee continued developing skills and relevant knowledge needed to enhance their performance.

In summary, the Audit Committee has performed its duties and responsibilities as stated in its Charter by utilizing knowledge, capacity, and with a due care and independence. The Committee expressed its frank opinions and provided recommendations while treating all stakeholders equally and with the utmost benefits.

The Audit Committee found that the company's financial report was in line with the generally accepted accounting standard, reliable and disclosed to the public which the Committee considered beneficial to the users of accounting information. The practices did not go against law and the company's Good Governance Policy. The risk management and internal control system were also sufficient and effective.

The Audit Committee performed its duties with prudence and transparency in line with the company's Good Corporate Governance Policy. The Committee remains committed to build up confidence of the shareholders and all stakeholders that will later lead to great benefits and long-term value to the company.

On behalf of the Audit Committee

(Signed) (Prof. Dr. Kumchai Jongjakapan)  
Chairman of the Audit Committee