

Part 2

Management and Corporate Governance

7. Securities Information and Shareholders

7.1) Number of Common Shares and Paid-up Capital

(a) Registered capital and Paid-up capital as of 31 December 2013 was Baht 7,111,160,664 consist of 1,185,193,444 ordinary shares of 6 Baht each.

(b) Other Shares
none

7.2) Shareholders

(a) Major Shareholders :

No.	Names of Shareholders	10 May 2013 (latest closing date of Vinythai's share register) **	
		Number of shares (shares)	%
1	SOLVAY VINYL HOLDING AG	696,511,059	58.77
2	PTT GLOBAL CHEMICAL PUBLIC COMPANY LIMITED	296,038,689	24.98
3	THAI NVDR COMPANY LIMITED	32,471,478	2.74
4	CHAROEN POKPHAND HOLDING CO., LTD.	21,200,000	1.79
5	MR. CHAVENG APATA	13,100,000	1.11
6	MR. ANUCHA KITTHANAMONGKONCHAI	11,180,000	0.94
7	EAST FOURTEEN LIMITED-DIMENSIONAL EMER MKTS VALUE FD	6,553,917	0.55

*Remark : The latest closing date for right to receive dividend in May 2013.
Shareholders and investors can find a current list of major shareholders at
www.vinythai.co.th*

: Major shareholders no. 8, 9 and 10 hold not over 0.50 percent of shares.

(b) At the above-mentioned latest closing date of the share register, the group of major shareholders who can significantly influence and determine the policy, management and operations of the Company are as follows:

- Solvay Group held a total of 696,511,059 shares, or 58.77%, in the Company:
 1. SOLVAY VINYL HOLDING AG 58.77%
- PTT Global Chemical Public Company Limited holds a total of 296,038,689 shares, or 24.98%, in the Company.
 1. PTT Global Chemical Public Company Limited 24.98%

(c) *Shareholder's Support Agreement*

-none-

7.3) Other Securities
none

7.4) Dividend Policy

It is the policy of the Company to pay an annual dividend of not less than 30 percent of net profit after tax and legal reserve.

8. Management Structure

The Company's management structure comprises the Board of Directors and three other committees, namely the Business Advisory Committee (the Executive Committee*), the Audit Committee and the Nomination and Remuneration Committee.

8.1 Board of Directors Structure

The Board of Directors is in charge of managing and carrying on the business of the Company in accordance with the law, the Company's objectives and Articles of Association, and any resolutions that are made at the shareholders' meeting. The Board of Directors performs their duties in good faith, with due diligence and care, in the optimum interest of the Company. Moreover, the Board of Directors plays a role in endorsing the Company's vision, mission and strategy. The setting of targets, business plans and the corporate budget are also the responsibility of the Board of Directors. Under the Board's direction, the Company has implemented the internal control and internal audit systems, along with effective risk management measures. In addition, the Business Advisory Committee and Audit Committee are assigned to monitor constantly the Company's performance and internal audit operation.

The Board of Directors is accountable for clearly defining and separating the roles and responsibilities of the Board of Directors, the Audit Committee, the Business Advisory Committee, the Nomination and Remuneration Committee and the management.

The Board of Directors supervises and monitors the activities of the Business Advisory Committee to ensure that its performance is in line with the established policy. The Board of Directors shall consider and approve the Company's capital expenditure in accordance with the Business Advisory Committee's review. However, such expenditure cannot be approved without the consent of the shareholders if a conflict of interest is involved. Similarly, the shareholders' consent is required in specific situation itemized under the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.

Pursuant to the Company's Articles of Association, the Board of Directors shall comprise at least 10 directors, provided that not less than half of the total number of directors must have residence in Thailand. The Board structure consists of accepted knowledge, competent persons with various qualifications, skills, experience and expertise that can provide optimum benefit to the Company and its shareholders.

As of 31 December 2013, the Board of Directors comprises 13 directors as follows:

1. Mr. Jacques van Rijckevorsel ⁽¹⁾	Chairman of the Board of Directors Chairman of the Nomination and Remuneration Committee
2. Mr. Bowon Vongsinudom	Vice Chairman of the Board of Directors Member to the Nomination and Remuneration Committee

* On 29 August 2013, Business Advisory Committee superseded Executive Committee and responsible for Strategic and Risk Management.

3. Mr. Pipop Pruecksamars	Independent Director Chairman of the Audit Committee Chairman of the Ad-hoc Committee # Member to the Nomination and Remuneration Committee
4. Mr. Bruno Van der Wielen	Director Managing Director Member to the Business Advisory Committee *
5. Mr. Pote Videtyontrakich ⁽²⁾	Independent Director Member to the Audit Committee.
6. Mr. Vincenzo Morici ⁽¹⁾	Director Member to the Business Advisory Committee *
7. Mrs. Puntip Oungpasuk	Director Chairperson of the Business Advisory Committee *
8. Mrs. Quitterie Dupontreue de Pelleport ⁽¹⁾	Director Member to the Ad-hoc Committee #
9. Mr. Michel YBERT ⁽¹⁾	Director
10. Dr. Dhanes Charoensupaya	Director Member to the Ad-hoc Committee #
11. Mr. Andre R. van der Heyden	Independent Director
12. Associate Professor Dr. Danuja Kunpanitchakit	Independent Director Member to the Audit Committee
13. Mrs. Vallapa Assakul	Independent Director

Note: ^{1/} director whose residence is outside the kingdom

^{2/} declared as audit committee member with adequate expertise and experience to reliably review the accuracy and credibility of the Company's financial statements

* Business Advisory Committee superseded the Executive Committee as resolved in Board of Director Meeting no. 3/2013 held on 29 August 2013

Ad-hoc Committee as resolved in Board of Director Meeting no. 3/2013 held as 29 August 2013 in order to ensure appropriate corporate governance practices

Experience and educational qualifications of the Board of Directors are disclosed in the Attachment 1 - Information of Directors, Management, Empowered Persons, and Company Secretary together with the disclosure of Information of Director's Position in Subsidiary Company.

The directors authorized to sign on behalf of the Company are Mr. Jacques van Rijckevorsel or Mr. Vincenzo Morici or Mr. Bruno Van der Wielen or Mr. Michel YBERT or Mrs. Quitterie Dupontreue de Pelleport or any of these five persons can jointly sign with Mr. Bowon Vongsinudom or Mrs. Puntip Oungpasuk or Mr. Dhanes Charoensupaya totalling two persons with the Company's Seal affixed.

The Company's independent directors possess qualifications as prescribed under the regulation of the Securities and Exchange Commission. (See details in Item 9 Corporate Governance, No.9.3 Election and appointment of the Directors and Top Management, sub item 9.3.1 Independent Directors)

Roles and Responsibilities of the Board (See details under item 9 Corporate Governance, No. 9.1 Corporate Governance Policy, sub-item no. 5.5 Responsibilities of the Board - Roles and Responsibilities of the Board)

Board Meetings

Meeting of the Board of Directors shall be scheduled in advance and held at least once every three months. The Board also calls extraordinary meetings whenever it is deemed necessary and appropriate. The Chairman of the Board and the Managing Director set the board meeting agenda together and ensure that all important issues are included. Meeting agendas are clearly defined and prepared in advance. The Company submits notices of board of directors' meetings, together with meeting agenda, to each director at least 15 days in advance of each meeting. Meeting materials are submitted to the directors sufficiently in advance for them to have adequate time to study the issues prior to the meeting. Each meeting usually lasts approximately three hours. The concerned management may also attend the meeting to make presentations and join discussions on issues of concern. The Chairman of the Board provides sufficient time for the meeting so that the management can present pertinent information and the Board of Directors can discuss the issues at hand. In addition to quarterly Audit Committee meetings, the Business Advisory Committee also holds regular meetings. Board members actively attend the meetings unless detained by other pressing or urgent matters.

The record of Board of Directors meeting and committee meeting attendance for 2013 is as follows:

Meeting attendance / Total no. of meeting

Name	Board of Directors Total 5 times/year	Business Advisory Committee * Total 3 times/year	Audit Committee Total 5 times/year (including the Non-Management meeting)	Nomination and Remuneration Committee Total 4 time/year
1. Mr. Roger Lester Kearns ⁽²⁾	2/2	-	-	2/2
2. Mr. Jacques van Rijckevorsel ^{(1), (3)}	4/5	-	-	2/2
3. Mr. Anon Sirisaengtaksin ⁽⁴⁾	2/2	-	-	3/3
4. Mr. Bruno van der Wielen	5/5	3/3	-	-
5. Mr. Pote Videtyontrakich	3/5	-	5/5	-
6. Mrs. Puntip Oungpasuk	5/5	3/3	-	-
7. Mr. Pipop Pruecksamars	5/5	-	5/5	4/4

8. Dr. Dhanes Charoensupaya	5/5	-	-	-
9. Mr. Vincenzo Morici ⁽¹⁾	3/5	1/2	-	-
10. Mr. Andre R. van der Heyden	4/5	-	-	-
11. Mr. Gilles Madjarian ⁽⁵⁾	4/4	-	-	-
12. Mr. Andrew Leonard Cumming ⁽⁶⁾	2/2	-	-	-
13. Associate Professor Dr.Danuja Kunpanitchakit	4/5	-	5/5	-
14. Mrs. Vallapa Assakul	4/5	0/1 ⁽¹⁰⁾	-	-
15. Mr. Bowon Vongsinudom ⁽⁷⁾	2/2	-	-	-
16. Mrs. Quitterie Dupontreue de Pelleport ^{(1) , (8)}	2/3	-	-	-
17. Mr. Michel YBERT ^{(1) , (9)}	3/3	-	-	-

⁽¹⁾Directors whose residence is outside the Kingdom.

⁽²⁾Resigned from the Company's director, Vice Chairman and Chairman of the Nomination and Remuneration Committee effective from 2 May 2013; therefore the number of directors' meetings are 2 times/year.

⁽³⁾Appointed as the Chairman of the Board of Directors and Chairman of the Nomination and Remuneration Committee effective from 2 May 2013.

⁽⁴⁾Resigned from the Company's director, Vice Chairman and member the Nomination and Remuneration Committee effective from 30 September 2013; therefore the number of directors' meetings are 2 times/year

⁽⁵⁾Resigned from the Company's director effective from 3 October 2013; therefore the number of directors' meeting are 4 times/year

⁽⁶⁾Resigned from the Company's director effective from 2 May 2013; therefore the number of directors' meetings are 2 times/year.

⁽⁷⁾Appointed as the Company's director, Vice Chairman and member the Nomination and Remuneration Committee effective from 3 October 2013; therefore the number of directors' meetings are 2 times/year.

⁽⁸⁾Appointed as the Company's director effective from 2 May 2013; therefore the number of directors' meetings are 2 times/year.

⁽⁹⁾Appointed as the Company's director effective from 2 May 2013; therefore the number of directors' meetings are 3 times/year.

⁽¹⁰⁾ Resigned from the Business Advisory Committee effective from 26 November 2013; therefore the number of Business Advisory Committees' meeting is 0 times/year.

* *Business Advisory Committee superseded the Executive Committee as resolved in Board of Director Meeting no. 3/2013 held on 29 August 2013*

- Current Business Advisory Committee members are directors number 4, 6, and 9.
- Current Audit Committee members are directors number 5, 7 and 13
- Current Nomination and Remuneration Committee members are directors number 2, 7, and 15

Directors who are representatives of the foreign shareholder and who do not reside in the Kingdom are sometimes unable to attend Board meetings. However, in such cases, they arrange to have at least one of them attending the meeting. The directors share their opinions and propose suggestions related to the agenda and meeting materials which are submitted to them in advance.

Committees

The Board of Directors has set up 4 committees to strengthen good corporate governance and support its administration as follows:

- (1) The Business Advisory Committee
- (2) The Audit Committee
- (3) The Nomination and Remuneration Committee
- (4) The Ad-hoc Committee

(See details under Item 9 : Corporate Governance, No. 9.2 : Committees)

8.2 Management Staff

As at 31 December 2013, the management according to the definition of the SEC, which is the Managing Director and 4 persons downward, are:

- | | |
|--------------------------------|--|
| 1. Mr. Bruno van der Wielen | Managing Director |
| 2. Mr. Somsak Leupathanasuk | Vice President Marketing and Sales |
| 3. Mrs. Jamjuree Sirovetnukul | Vice President Finance and Accounting |
| 4. Mr. Marc Jacqmin | Plant Manager |
| 5. Mr. Sompot Cheeranorawanich | Vice President Corporate Affairs and
Communications - Company Secretary |

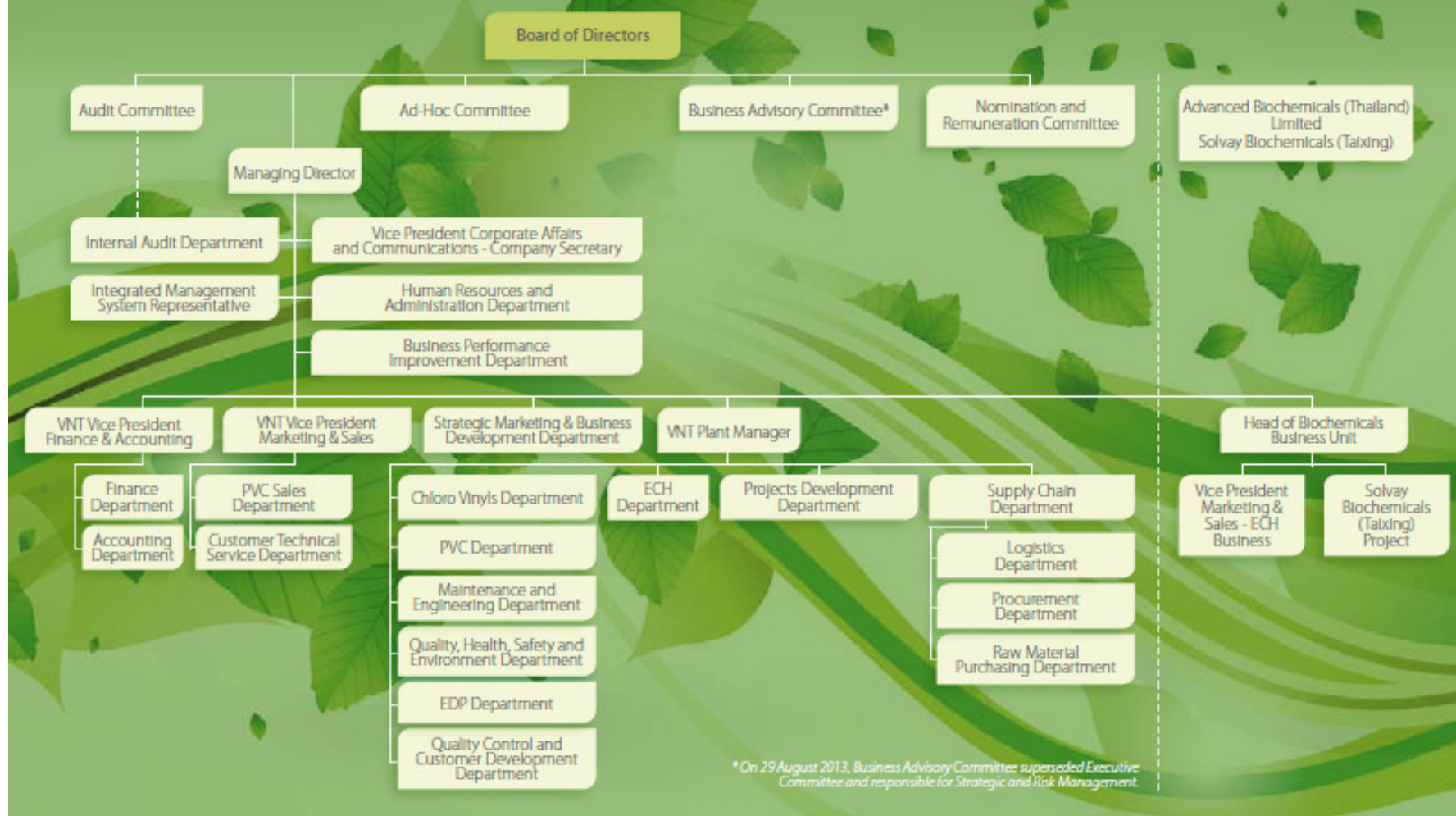
Finance Department Manager is as follows:

Mr. Komkrit Supagovit - Finance Department Manager

Accounting Department Manager is as follows:

Mr. Kittipong Jamsak - Accounting Department Manager

Organization Chart of Vinythai Public Company Limited



8.3 Company Secretary

Mr. Sompot Cheeranorawanich, Vice President - Corporate Affairs and Communications has been appointed as the Company Secretary effective from July 24, 2008.

(Experience and educational qualification of the Company's Management is disclosed in the Attachment 1 - Information of Directors, Management, Empowered Persons, and Company Secretary).

8.4 Remuneration of Directors and Management

8.4.1 Remuneration (money)

The Company has fixed a policy for remuneration of directors that entails maximum transparency. The remuneration is considered by the Nomination and Remuneration Committee and proposed to the Board of Directors to seek approval from the Company's shareholders. The remuneration of directors is set at a level that is appropriate within the industry. Any Board members who serves in various positions, in the Board, shall receive payment only from the position with the highest remuneration. In 2013, the shareholders' meeting considered and approved monthly remuneration of the directors as follows:

- Chairman of the Board of Directors	70,000 Baht/month
- Vice Chairman	50,000 Baht/month
- Chairman of the Business Advisory Committee	65,000 Baht/month
- Business Advisory Committee	60,000 Baht/month
- Chairman of the Audit Committee	65,000 Baht/month
- Audit Committee	60,000 Baht/month
- Other Director	30,000 Baht/month

The Remuneration for the Board of Directors includes monthly remuneration and bonus. In 2013, the shareholders approved remuneration for the Board of Directors in the shareholders' meeting, including bonus payments based on the operational results for 2012. The total remuneration for the Board of Directors amounted to 7,859,000 Baht, inclusive of a total bonus payment of 9,491,858 Baht. Details are as follows:

Unit: Baht/year				
Name	Position	Remuneration	Bonus paid in 2013	Total Remuneration and Bonus
1. Mr. Roger Lester Kearns ⁽¹⁾	Chairman of the Board of Directors Chairman of the Nomination and Remuneration Committee	280,000	822,993	1,102,993
2. Mr. Jacques van Rijckevorsel ⁽²⁾	Chairman of the Board of Directors Chairman of the Nomination and Remuneration Committee.	680,000	658,395	1,338,395

3. Mr. Anon Sirisaengtaksin [®] , (3)	Vice Chairman of the Board of Director Member to the Nomination and Remuneration Committee	450,000	219,465	669,465
4. Mr. Bruno van der Wielen	Director Managing Director Member to the Business Advisory Committee *	720,000	658,395	1,378,395
5. Mr. Pote Videtyontrakich	Independent Director Member to the Audit Committee	720,000	658,395	1,378,395
6. Mrs. Puntip Oungpasuk [®]	Director Chairperson of the Business Advisory Committee *	780,000	658,395	1,438,395
7. Mr. Pipop Pruecksamars	Independent Director Chairman of the Audit Committee Chairman of the Ad-hoc Committee # Member to the Nomination and Remuneration Committee	780,000	658,395	1,438,395
8. Dr. Dhanes Charoensupaya [®]	Director Member to the Ad-hoc Committee #	360,000	658,395	1,018,395
9. Mr. Vincenzo Morici	Director Member to the Business Advisory Committee *	480,000	658,395	1,138,395
10. Mr. Andre R. van der Heyden	Independent Director	360,000	658,395	1,018,395
11. Mr. Gilles Madjarian ⁽⁴⁾	Director	273,000	384,063	657,063
12. Mr. Dominique Dussard ⁽⁵⁾	Director	60,000	658,395	718,395
13. Mr. Andrew Lenard Cumming ⁽⁶⁾	Director	120,000	658,395	778,395
14. Associate Professor Dr.Danuja Kunpanitchakit	Independent Director Member to the Audit Committee	720,000	384,063	1,104,063
15. Mrs. Vallapa Assakul	Independent Director	446,000	384,063	830,063
Directors who were appointed during 2013				
16. Mr. Bowon Vongsinudom ^{®, (7)}	Vice Chairman of the Board of Directors Member to the Nomination and Remuneration Committee	150,000	-	150,000
17. Mrs. Quitterie Dupontreue de Pelleport ⁽⁸⁾	Director Member to the Ad-hoc Committee #	240,000	-	240,000
18. Mr. Michel YBERT ⁽⁹⁾	Director	240,000	-	240,000
Directors who resigned during 2012				
19. Mr. Mr. Veerasak Kositpaisal ^(®)	Vice Chairman of the Board of Directors Member to the Nomination and Remuneration Committee	-	438,930	438,930

20. Dr. Christian De Sloover ⁽¹¹⁾	Director	-	274,331	274,331
Grand Total		7,859,000	9,491,858	17,350,858

© Director's bonus was paid directly to PTT Global Chemical Plc., to be in line with Remuneration Policy of PTT Global Chemical Plc.

⁽¹⁾ Resigned from the Company's director, Vice Chairman and Chairman of the Nomination and Remuneration Committee effective from 2 May 2013

⁽²⁾ Appointed as the Chairman of the Board of Directors and Chairman of the Nomination and Remuneration Committee effective from 2 May 2013

⁽³⁾ Resigned from the Company's director, Vice Chairman and member of the Nomination and Remuneration Committee effective from 30 September 2013

⁽⁴⁾ Resigned from the Company's director effective from 3 October 2013

⁽⁵⁾ Resigned from the Company's director effective from 22 February 2013

⁽⁶⁾ Resigned from the Company's director effective from 2 May 2013

⁽⁷⁾ Appointed as the Company's director, Vice Chairman and member to the Nomination and Remuneration Committee effective from 3 October 2013

⁽⁸⁾ Appointed as the Company's director effective from 2 May 2013

⁽⁹⁾ Appointed as the Company's director effective from 2 May 2013

⁽¹⁰⁾ Resigned from the Company's director, Vice Chairman and member to the Nomination and Remuneration Committee effective from 8 August 2012

⁽¹¹⁾ Resigned from the Company's director effective from 24 May 2013

* *Business Advisory Committee superseded the Executive Committee as resolved in Board of Director Meeting no. 3/2013 held on 29 August 2013*

Ad-hoc Committee as resolved in Board of Director Meeting no. 3/2013 held on 29 August 2013 in order to ensure appropriate corporate governance practices

In addition to above, as resolved by the Nomination and Remuneration Committee, executive who served as the company secretary is entitled to receive an appropriate additional remuneration due to increased workload. The total of remuneration of the company secretary paid in 2013 was 898,395 Baht, comprising total monthly remuneration of 240,000 Baht and annual bonus payment of 658,395 Baht.

Remuneration of management is in conformity with the principles and policy set by the Board of Directors, which corresponds to the performance of the Company. For 2013, the monthly remuneration for three directors who served as the Business Advisory Committee was 990,000 Baht. This amount was incorporated into the remuneration of the Board of Directors. The total 2013 remuneration for five executives was 51,298,167 Baht. Such remuneration comprised salary and bonus.

8.4.2 Remuneration (other)

Company provides the provident fund by paid in 5-8 % of salary basis. Year 2013, company paid the provident fund for 5 managements in the amount of 941,977 THB.

8.5 Personnel

As at 31 December 2013, total headcount is as follows:

	Vinythai Public Company Limited	Advanced Biochemicals (Thailand) Ltd.	Solvay Biochemicals (Taixing) Ltd.	Vinythai Holding Pte. Ltd.
Map ta Phut	430	0	0	0
Bangkok	38	3	0	0
China	0	0	23	0
Singapore	0	0	0	0

Employees in each main working unit consist of :

	Vinythai Public Company Limited	Advanced Biochemicals (Thailand) Ltd.	Solvay Biochemicals (Taixing) Ltd	Vinythai Holding Pte. Ltd.
Managing Director Unit	28	0	2	0
Business and Administration	34	3	5	0
Production Unit	193	0	0	0
Production and Business Support Unit	213	0	9	0
Project and Construction Unit	0	0	7	0

Remuneration to Staffs

In 2013, the total remuneration consisting of salary, bonus and other benefits, including provident fund scheme paid to employees is as follows :

	Vinythai Public Company Limited	Advanced Biochemicals (Thailand) Ltd.	Solvay Biochemicals (Taixing) Ltd	Vinythai Holding Pte. Ltd.
Total Remuneration of employees (MTHB)	517	53	76	0

Human Resources - Alignment on Aspirations for the Future

- Creating a New Company Culture through “Management Model and People Model”

To realize our vision and to guide our decision-making processes, the “Management Model” defines the key Company success drivers and the expected behaviors at all levels in the organization. As we move into the future and grow, it is important to have a solid structure that supports our culture and the way we work as a team. We call this structure our “Management Model”.

This Management Model focuses the Businesses on their strategic priorities, strengthens empowerment, accountability and discipline through the Company and develops the need of operational excellence.

The “People Model” defines what each individual can expect from the Company, and what the Company can expect from each individual.

Our People Model is a social contract that defines the respective responsibilities of individuals on one hand, and of the company on the other hand.

In other words, the People Model is a “new deal”, specifying what the Company’s expectations are from its employees and what employees can expect from the management in return.

For the employees ; a renewed commitment towards the success of the Company.

For the Company; an enhanced empowerment and inspiration to drive individuals’ success.

In 2013, our efforts have focused on two “must haves” :

- Empowerment and Accountability; Empower the right people at the right level in the organization. It is the intention to empower people at all levels in the organization to take decisions on their areas of responsibility within a clear framework.
“Empowerment for all” goes together with full accountability. The employees empowered are required to demonstrate full commitment and will be held accountable for the results.
- Develop people; Provide rich career opportunities and challenging responsibilities in the organization as well as develop the skills of people for the future.

The “Bridge Workshop” is a learning tool designed to deploy our Management Model and People Model through the organization. Our employees at all levels participated actively in this “Bridge Workshop” which enable them to understand why the Management and People Models are necessary to the business success. This workshop also helped to engage, integrate and align all employees and managers around the new behavioral expectations required to support the business strategy.

- Leveraging HR support to promote the culture of people development, empowerment and performance for sustainable success
- People Development

Our people are recognized as a key asset of the company. Thus, we never cease to develop our employees' expertise and competencies as well as to provide them with rich career opportunities through training and development, internal mobility and international assignment.

In year 2013, the total number of training days per employee increased to 17 days, especially in the area of knowledge and expertise development (job related expertise and on the job training) representing 84% of all training categories.

In addition, to foster employees' development and provide them interesting career opportunities, in 2013, several employees moved to work for other companies within the Solvay Group;

- Six Vinythai employees moved to Rusvinyl Limited Liability Company in Russia to support in commissioning of a new PVC Plant,
- Two Vinythai employees transferred to Solvay Peroxythai Limited, Map Ta Phut, Rayong in the Maintenance and Purchasing functions,
- One Vinythai employee assigned to work on Mission for the project at Solvay Peroxythai Limited, Map Ta Phut, Rayong

New Performance, Development and Career Review

The new Performance, Development and Career Review (PDCR) has been implemented to organize employee's reviews in four main dimensions (Objectives, Performance, Development and Career) through a common process and set of behaviors.

To anchor our new culture into this employee review process, the Management and People Models are translated into 12 behavioral competencies that are used for the employee's assessment. This process defines the employee's strengths and development areas which will be important inputs for development initiatives and career planning.

The PDCR process will also foster individual career evolution, helping each employee to grow and develop new skills and behaviors.

New Compensation Policy

The new Bonus policy applies to all employees and is designed to:

- Implement a high performing culture to contribute to the Company success.
- Reward individual and collective performance,
- Measure progresses on sustainable development targets.

Individual Bonus is based on the achievement of individual objectives set as a part of Performance, Development and Career Review process (PDCR), and the Collective Bonus is based on the realization of economic and sustainable development KPI's.

The bonus also links the performance of employees to the economic performance of the company where they have a direct impact and contribution. This fosters empowerment, collective engagement at the company level, and reward performance closer to the reality of the contribution of each.

9. Corporate Governance

9.1 Corporate Governance Policy

The Board of Directors realizes the importance of good corporate governance principles and lays strong emphasis on implementation and practices, believing that implanting good governance systems increases the Company's competitiveness and ensures sustained business growth while enhancing confidence in the Company among its shareholders, investors and other stakeholders. The Board of Directors, the Company's management and employees, rigorously adhere to good corporate governance principles and strictly comply with applicable laws and regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). With an aim to continually improve corporate governance practices, the Company's management actively takes into account the recommendations of the SEC, the SET, and the Thai Institute of Directors Association (IOD), based on assessment results, to enhance the Company's corporate governance. The Company creates and maintains awareness of good corporate governance practices and business ethics among its management and staff at all levels.

Given Vinythai's commitment to closely adhering to the principles of good corporate governance, in 2013 the Company consecutively received "Very Good" corporate governance recognition level evaluated by the Thai IOD. In the evaluation, Vinythai achieved the level of "Excellent" for its recognition of the Role of Shareholders, Role of Stakeholders and Role of Disclosure and Transparency. In the evaluation of the Company's arrangement of its Annual General Meeting of Shareholders 2013 by the Thai Investors Association, Vinythai ranked on the list of "Excellent" listed companies.

The Board of Directors ensures that good corporate governance is a key factor driving the sustainable growth of the Company and enhancing the best interests of its shareholders. Thus, the Board of Directors has formulated a written corporate governance policy for the Company that enshrines the following principles

1. Maintain transparency and integrity in the Company's operation
2. Continuously execute its role and responsibilities efficiently
3. Disclose information adequately to stakeholders
4. Treat all shareholders and stakeholders equitably
5. Prevent conflict of interest
6. Conduct the business on conformity with stipulated rules, regulations and standards ; establish effective internal control system.
7. Emphasize risk management
8. Create long term value for all shareholders and all stakeholders
9. Establish and put into practice a code of ethics
10. Promote Best Practices, as recommended by the Stock Exchange of Thailand, throughout the organization

The Company's management and employees has complied with the afore-stated policy. The Company also communicates the policy via its website (www.vinythai.co.th), where

investors can access and appraise it for themselves at their convenience. Furthermore, in order to reinforce the practices of the corporate governance to become an efficient entity in business management and corporate governance, in the Board meeting held in May 2012, the Board of Directors approved Corporate Governance Charter which includes corporate governance policy, business ethics and guidelines of the principles of good corporate governance which completely describes the Company's practices towards rights of shareholders, equitable treatment of shareholders, roles of stakeholders, disclosure and transparency, and Board responsibilities. The Board of Directors Meeting No. 3/2013, held on 29 August 2013 resolved to appointed an "Ad-hod Committee" in order to ensure appropriate corporate governance practices within the Company and its subsidiaries, with 1 year term and effective from 29 August 2013.

With the aim of further strengthening its governance systems, the Company has continued to rigorously implement action plans that reinforce its compliance with principles of good corporate governance for listed companies.

1. Rights of Shareholders

In light of the right of shareholders, the Company respects the right of shareholders equally and ensures that all shareholders are fully entitled to exercise their fundamental rights. These include: the rights to buy, sell, or transfer shares, ownership rights to participate in shareholders' meeting; voting rights to elect board members and approve directors' remuneration; the right to receive dividends; the right to express opinions freely, and etc. The Company also regularly discloses its information through the SET channel, publications and its website, including organizing activities for shareholders such as invitation to plant visit and coral cultivation using PVC pipe. The Company enhances the exercise of rights and does not infringe upon or curtail those rights. Shareholders are actively encouraged to exercise their rights, as follows:

Prior to the Annual General Meeting of Shareholders (AGM)

- Following the Board of Directors' resolution dated February 21, 2013 to call an Annual Ordinary General Meeting of Shareholders, the Company, on the same day, announced a meeting schedule along with the agenda through the SET's communication channels and the Company's website. In 2013, the Annual Ordinary General Meeting of Shareholders was duly held on April 30, 2013. Shareholders presenting either in person or by proxy accounted for 90.71% of the total number of paid-up capital of 1,185,193,444 shares.
- In 2013, prior to the shareholders' meeting, the Company prepared a notice to call the shareholders' meeting both in Thai and English specifying the date, time and venue of the meeting, along with an agenda including the respective opinion of the Board of Directors pertaining to each item.
 - Agenda items considered at the meeting included: the Company's annual operating results and dividend payment; the appointment of an auditor and consideration of the auditing fees; appointment of new directors in place of those to be retired by rotation; and remuneration for the Board of Directors.
 - The notice of the shareholders' meeting and the agenda included significant and sufficient detailed information; and were distributed together with: a map clearly indicating the meeting venue; a barcode registration form; a copy of the Company's most recent annual report; a copy of the minutes of the previous shareholders' meeting; a copy of the Company's Articles of Association relating to the shareholders' meeting; the names of directors to be retired by rotation and those proposed to be re-

appointed for another term; proxy forms containing name and details of independent director, appointed as proxy, and details about the credentials each shareholder needs to bring to the meeting.

- Concerning director nominations, the Company specified type of directors proposed for approval and provided their relevant personal records, including shareholding (if any), meetings attendance record and years of service with the Company. Particularly for the nomination of independent director, the Company pays significant attention to follow the SEC regulation.
- The Company designated Thailand Securities Depository Co., Ltd, its share registrar, to distribute the notice of shareholders' meeting and relevant documents as above-mentioned, to shareholders. The distribution took place 16 days in advance of the meeting day in order to allow shareholders sufficient time to consider proposed meeting agenda items. The Company disclosed the notice of shareholders' meeting and accompanying documents on its website 33 days ahead of the meeting and communicated such disclosure through the SET channels. The Company also publicized the notice to call a shareholders' meeting in Thai daily newspapers for three consecutive days prior to the meeting.
- To enhance the rights of shareholders, the Company allowed shareholders to propose agenda items prior to the meeting day. The Company notified shareholders accordingly through the SET channels and the Company's website including clear explanation of criteria and consideration procedures, as well as a form for proposing agenda made available in the Company's website. Shareholders were allowed to exercise such right from 9 November 2012 to 30 January 2013. Shareholders entitled to propose agenda must hold a minimum share not less than 0.01% of total voting rights in the Company and must hold the shares consecutively for at least 12 months prior to the date of proposing such agenda. Judgment and consideration of the agenda proposed will be deliberated by the Board of Directors. However, no agenda item was proposed by any shareholder for consideration prior to the 2013 shareholders' meeting. For the upcoming 2014 shareholders' meeting, the Company allowed shareholders to exercise such right from 26 November 2013 to 30 January 2014. The notification was posted on the Company's website.
- Prior to the shareholders' meeting, the Company also provided its shareholders with the opportunity to send their questions concerning the agenda to the Company's website(www.vinythai.co.th/feedback). Notification of this opportunity was posted through the applicable SET channel.

On the AGM Day

- For the convenience of shareholders on the meeting day, the Company implemented a barcode system for registration, recording attendance of the participants, and vote-counting. The barcode system significantly accelerated these processes and enhanced the convenience of the shareholders.
- Upon registration, the Company also provided shareholders with ballots for each agenda items and encouraged them to cast their votes, especially those wishing to vote against or abstain on any item.
- The shareholders' meeting starts when there is a quorum, based on both shareholder attendance and proxies. Prior to the meeting, the Company introduced its directors, management, the Company's auditor, legal advisor, and explained the procedures for voting, counting of votes and result of vote counting. Resolutions of the meeting are passed by a vote of the

attending shareholders and proxies on the basis of 1 share 1 vote. Procedures for voting and counting of votes are as follows:

- 1) A shareholder may vote in favor of, against, or abstain from voting for each agenda item, in the ballot received upon registration.
- 2) When the Chairman requests the meeting to put a vote to any resolution to, the Chairman will first ask the meeting whether there would be an objection from any shareholders to the proposed resolution. If there is no objection (in which case no ballot will be used), it shall be deemed that the meeting passes a unanimous resolution approving what has been proposed. The Chairman will then state that the meeting passes a unanimous resolution for that agenda item.
- 3) If a shareholder votes against or abstains from voting on any agenda item, the Chairman will request him or her to mark the ballot and raise his or her hand for the official to collect the ballot.
- 4) Only the votes cast by shareholders voting against or abstaining shall be counted. The votes of disagreement or abstention shall be deducted from all the votes of those attending the meeting, and the remaining votes shall be deemed to have agreed with the proposal for the relevant agenda item.
- 5) The voting method for the agenda of appointment of directors will be on a person by person basis. The ballots will be collected from the shareholders for the vote cast for each director separately, whether for, against or abstain from voting.
- 6) Where a shareholder has appointed a proxy and has casted his or her votes in the instrument appointing the proxy, the votes shall be counted as marked by the shareholder. If the shareholder does not indicate his intention, and the proxy does not vote against, such shareholder shall be deemed to vote for that resolution.

With due transparency, the Company announces the result of the vote on each agenda item at the meeting, enumerating the votes for and against and abstentions. The result of each vote is displayed together with the percentage of affirmative votes out of the total number of shares held by the shareholders present.

- The Board members participated in the meeting included the Chairman of the Board, Vice Chairman, the Managing Director, Chairman of the Audit Committee, Members of the Business Advisory Committee, independent director and other Board members totaling 12 persons. The Chairman of the Board of Directors acted as chairman of the meeting. In addition, the Company's auditor and concerned Management were present to answer shareholders' inquiries and provided any clarifications required. To facilitate the shareholders' understanding, a professional interpreter was provided to help translating messages and information discussed in the meeting in Thai Language. The Chairman of the meeting allowed adequate time for the meeting to proceed and equal opportunities for all shareholders to examine the Company's operations. To ensure that shareholders have sufficient information, they were encouraged to express their opinions, make recommendations and raise questions on agenda items before casting votes. In addition, after the meeting adjourned, directors, management, and the shareholders informally discussed relevant matters and exchanged views.
- Shareholders are permitted to register their attendance and exercise the right to

vote on still pending agenda items after the meeting starts.

- The Company conducted the shareholders' meeting in accordance with the sequence of agenda items as specified in the notice of shareholders' meeting. When conducting the meeting, the Company neither switched the agenda nor added any items to the agenda specified in the notice of shareholders' meeting.
- The Company distributed ballots to the shareholders to vote against or abstain from voting on any agenda item. Concerning the election of directors, the Company allowed shareholders to cast separate votes for individual directors whether for, against or abstain from voting. Lawyers from Chandler and Thong-Ek Law Office Limited also attended the meeting to oversee proceedings, and assure transparency with respect to ballots and vote counts and compliance with relevant laws and regulations and the Company's Articles of Association.

After the AGM Day

- All significant inquiries were recorded in the minutes of the meetings, together with attendance of directors, key issues discussed, Management responses and vote counts on each agenda item where votes were taken.
- The meeting minutes were prepared accurately and in their entirety, both in Thai and English. They were submitted to the SET within 14 days after the date of shareholders' meetings, and posted on the Company's website for shareholders to examine without having to wait until the next shareholders' meeting. In addition, to ensure the transparency, the meetings were videotaped by the Company with copies available to shareholders on request.

The Company's management is fully cognizant of how an effective shareholders' meeting is constituted. As such, it continually promotes and supports the rights of shareholders prior to, during and after the shareholders' meeting in accordance with the Annual General Meeting (AGM) Checklist initiated by the SEC, with joint support by Thai Investors Association. As a further indication of the Company's commitment to shareholder rights, the management reviewed the assessment findings of the AGM Checklist and find ways to correct areas where the need for improvement was indicated.

2. Equitable Treatment of Shareholders

The Company provides equitable treatment to all shareholders. The shareholders' meetings are conducted in strict compliance with the applicable legal framework, including rules and regulations of the SET, the SEC, and the Company's Articles of Association. This applies to every aspect of arranging and conducting meetings, from sending out invitations to distributing meeting documents and communicating meeting agenda to all concerned. Meeting procedures and submissions of reports is in full compliance with the SET and the SEC regulations. Shareholders can appraise themselves of the Company's Articles of Association by accessing through the Company's website.

The Company values and treats all shareholders fairly through the following actions.

- The Company fully facilitates the attendance of shareholders at every shareholders' meeting by organizing the meeting according to a convenient schedule, at a convenient time and at a convenient venue.
- The Company provides shareholders with the option of appointing a proxy to attend the shareholders' meeting on their behalf. Any shareholder who is unable to attend the meeting also has the option of delegating their votes to an independent director. In order to facilitate the shareholders' authorization of a

proxy according to their wishes, proxy forms are provided in various forms and distributed to the shareholders including the proxy in the format that the shareholders can specify the voting direction for each agenda. In the 2013 Annual Ordinary General Meeting of Shareholders, shareholders representing 16,899,401 shares assigned proxy rights to the independent director.

- Considering the supervision of the utilization of inside information, as stipulated in its Code of Ethics, the Company practices effective safeguards against the abuse of inside information, including internal controls and monitoring systems tailored to each business unit and scenario. The Company prohibits executives or concerned departments who receive inside information from disclosing corporate data to the public or outside parties and requires them not to misuse their positions and confidential information to which they are privy for their own advantage. The employees are prohibited from utilizing the Company information or news which has not been disclosed to the public and may be material to the Company share price, with the purpose of seeking profit or benefitting from trading the Company's stock, whether directly or indirectly. Strict implementation of these preventive measures has resulted in no insider trading violations arising.
- The Board of Directors specified that Board members and Management must disclose any changes in their securities holdings to the SEC in accordance with Section 59 of the Securities of Exchange Act B.E. 2535. In case of purchase, sale, or transfer of securities, Board members and Management shall report changes in their applicable securities holding to the SEC and the SET. In addition, any changes in directors' shareholding shall be reported to the Board of Directors' meetings. The Board of Directors and Management shall submit one copy of the securities disclosure to the Company for record.
- The Company disclosed complete information about the shareholding of the Company's directors and management as defined by the SEC regulation, including their spouse and minor children (if any) in the annual report.
- Any director or management, who may have a vested interest in any transaction or matter directly affecting the Company, should not participate in the decision making process on such issue.

3. Role of Stakeholders

The Board of Directors has fully appreciated the value of the support of all groups of stakeholders, recognizing that they all contribute to the Company's competitiveness and corporate profits. Thus, the Corporate Governance Charter approved by the Board of Directors promotes practices towards each of various groups of stakeholders. Moreover, the Company's Code of Ethics also includes practices toward shareholders, customers, employees, and business partners, which the management and all employees shall follow so as to uphold consistent standard of conduct.

As it is understood that the participation of stakeholders can have a positive effect on the Company on an on-going basis, considerable effort is made to safeguard the interests of each group as follows:

Shareholders

The Company treats shareholders equally and provides full and accurate information on any and all matters that might materially affect shareholder interests. The Company aims to represent the best interests of shareholders by concentrating on long-term growth and value. As such, the Company undertakes to provide decent and continuous returns to shareholders while being transparent and accurate in its disclosure of

information. Moreover, being well appraised of the importance of risk management, the Company reviews its risk mitigation measures regularly.

Customers

The Company is resolved to deal promptly with customer claims. Moreover, it strives to achieve high customer satisfaction, promotes sound relations based on respect for customer interests and is committed to continually developing products and services that add value to the customer. The Company takes full responsibility for consistently providing good-quality products and services at reasonable prices. The Company also provides comprehensive and accurate information concerning its products and services in conjunction with professional advice on product selection and utilization. Moreover, the Company actively consults with customers to find the best ways to mitigate any potential harmful impacts from utilization of its products and jointly develops products with customers that optimize their business growth while safeguarding public health and the environment. Also with the objective of maintaining sustainable relationships with its customers, the Company regularly organizes Customer Relationship Management (CRM) activities and conducts customer satisfaction surveys.

Trade partners

The Company believes that sustainable growth depends on the sound and sustained support of its trade partners. As such, considerable effort is exerted to meet all obligations to trade partners, as per the respective agreement. In case of an unavoidable delay in payment to a trade partner due to extenuating circumstances, the Company's personnel in charge must inform the trade partner in advance. The Company formulated this internal requirement on its own initiative in light of its concern that even a one-day delay in payment may cause difficulties for a trade partner and impact their liquidity management.

Creditors

The Company treats all creditors equally and is fully cognizant of its accountability to creditors and its obligation to ensure that its conduct strictly adheres to contractual commitments and financial obligations. To ensure that all creditors are kept up-to-date with relevant financial information, the Company submits its financial statement to all creditors on a quarterly and annual basis. Furthermore, the Company's internal procedures ensure that it is open equally to all creditors to offer competitive pricing and services. In addition, the Company can only accept new credit facilities offered by any financial institution after they are proposed to and approved by resolution of the Board of Directors.

Competitors

Corresponding to business ethics defined in the Company's code of ethics, the Company shall take part in business competition fairly, openly and ethically within commercial laws.

Employees

- The Company shall offer equal employment opportunity, respect employee's right, and develop and fully realize employees' potential in performing their tasks and duties. The Company also implements equitable employment conditions and maintains a safe and conducive working environment. A welfare committee comprising representatives from the management and employees to monitors and reviews employee

benefits to ensure the employees welfare is adequate and secure for them as well as to maintain parity with the industry.

- The Company participated in a compensation and benefits survey with leading HR consultants and used the survey as a tool to improve the Company's salary structure and benefits scheme to be competitive in the market.
- It is the Company's policy to develop knowledge management so as to create consistent and continuous transfer of knowledge required for effective business operations throughout the organization. Employees are provided with training opportunities in various public and overseas programs so as to develop their professional knowledge and skills in ways that serve the Company's requirements while also fulfilling their career development. Activities are organized to promote a collaborative working environment to drive innovations and enhance the competence of employees.
- Under its Integrated Management System Policy (Quality, Occupational Health, Safety and Environment), the Company is committed to promote safety, health and environment awareness among its employees and contractors performing activities for the Company. In addition, the Company applies procedures to continuously monitor the health of employees.
- The Company conducts people survey every two years that reaches out to staff at all levels, and finds ways to improve its performance where such is indicated. More details of the Company's human resource management can be found under heading "Human Resource Management" disclosed in this Annual Report.

Public Sector

The Company is resolved to fully conform to all relevant laws and regulations without reservation.

Environment and Communities

With an effort to protecting environment, safety and developing communities' well being proven by the Industrial Estate Authority of Thailand's Environmental Governance Award granted to Vinythai for 7 consecutive years, in 2013, the Company was awarded Environmental Governance Award, ranked as "Excellent Performance" (Gold Star Award). The award was jointly assessed by the Industrial Estate Authority of Thailand and communities in Map Ta Phut area. In addition, the Company was awarded "Green Industry Level 4 - Green Culture" from Ministry of Industry in 2012. To be awarded Green Industry, it demonstrated that the Company adhered to friendly environmental business operation for sustainable development by emphasizing on development and improvement production process as well as continual environmental management including social responsibility both internal and external organization throughout demand chains. To be granted the level of Green Culture proved that the Company obtained well cooperation from employees at all levels to implement friendly environment in all aspects of business operation till it becomes a part of organization culture.

Continual efforts and practices can be summarized as follows:

- The Company places a high priority on its social responsibilities especially

in terms of safety, environment and local communities, and continuously improved its safety, occupational health and environment performance to ensure consistent compliance with the internationally-recognized management system and the commitment to “Responsible Care” as practiced in chemical industries globally. The Company also extended its Responsible Care commitment to transportation safety extended to all supply networking chains.

- Under its Integrated Management System Policy, Vinythai is committed to full compliance with applicable business and operation standards, legal and voluntarily requirements regarding health, safety and environment, as well as standards of other certification bodies to which the Company subscribes. The Company continuously strives to improve its environment protection through economical consumption of natural resources, meanwhile decreasing solid waste and emission into the atmosphere, water and soil.
- Active cooperation with authorities, communities and other interested parties is enhanced to handle all health, safety and environment issues. The Company has also implemented and cultivated a “Safety Culture” throughout its organization which extended to all contractors with which it works. A strong focus is maintained on emergency preparedness and maintaining effective response plans so as to prevent any accidents and minimize possible consequences that might ensue from its activities, products or services. Emergency planning is arranged in collaboration with external emergency services, concerned authorities and local communities. Such plans are regularly reviewed and drilled. More details of the Company’s activities relating to occupational health, safety and the environment are disclosed in the Annual Report under the heading “Vinythai’s Sustainable Development”
- Corporate Social Responsibility (CSR) is one of the Company’s principal policies and fundamental to all its operation. The Company has undertaken researches or projects that are beneficial to the environment. These include supporting and directing the “Vinythai and Coral Cultivation Using PVC Pipe Project” for several years and continuing. In 2012, the Company also continued to pursue its related project “Vinythai Coral Cultivation Collaboration for His Majesty the King”, which aims to cultivate 80,000 branches of coral in five areas within five years (2008 - 2013). Activities related to coral cultivation have been continuously organized in collaboration with the authorities and public. In February 2011, the Company launched “PVC Telescopes Celebrating His Majesty the King’s 84th Birthday Anniversary”, a collaborative project with National Science and Technology Development Agency (NSTDA). The project has encouraged students to develop their knowledge of science and engineering skill by inventing, by themselves, a telescope from PVC pipe. The PVC telescopes have been delivered to 84 schools all over the country.
- Concerning its work with society and communities, the Company’s staff regularly visit communities aiming to promote understanding of how the Company’s operations are compatible and complementary with the needs of communities. The Company also regularly helps to organize various activities in support of schools in Rayong and nearby provinces. Public activities, local traditions and cultural activities in surrounding areas and

local communities also receive the Company's active support. CSR activities in 2011 could be viewed in the Company's Annual Report listed under the heading of "Vinythai's Sustainable Development" in the section marked "Corporate Social Responsibility"

With a view to enhancing the participation of stakeholders in improving the Company's performance to ensure the sustainability, the Company opened communication channel for stakeholders to voice their concern about any crucial case related to the Company's operations or unethical practices via the Audit Committee at the Company's website (www.vinythai.co.th/services/contactus/

auditcommittee). Where such concerns are raised, the Audit Committee shall arrange an investigation and report the findings to the Board of Directors for consideration, so that the Company can find solution in a timely manner. The rights of any person who communicates such concern should be protected. The Company has duly communicated this information to stakeholders through the SET channel. Since the channel was opened by the Company, no complaint has been reported.

In addition to the above, the Company's website includes details of personnel responsible for each area so that investors, customers, local communities and other stakeholders can communicate recommendations and make enquiries from the Company via the Company's website.

With an aim of encouraging the efficient utilization of the Company's resources, the Company pays due regard to its energy consumption and control, including continuously studying and implementing Best Practices and Best Available Technology standards so as to achieve optimum conservation. Therefore, the Company established a Policy on Energy Conservation and communicated such policy to employees at all level, at the same time enjoining them to strictly follow the associated directives in order to facilitate the goal of maximum energy conservation with maximum effectiveness. The policy emphasized on its strong commitment to continuous improvement of its environment protection measures through reducing its waste and emission into the atmosphere, soil, and water resources while promoting economical consumption of natural resources and energy. Full compliance with relevant legal and regulatory requirements is highlighted as well.

Trainings on the Energy Saving were organized to all employees including training of carbon footprint concept. Other trainings organized by the Company to educate its employees in environment matters covered such topics as waste management and utilization, water pollutant controller, occupational health, safety and working environment, etc.

Reflecting the considerable commitment to and effort exerted to implement Corporate Social Responsibility (CSR), the Company has been awarded a "Standard for Corporate Social Responsibility Certificate" (CSR-DIW) from Department of Industrial Work since September 2009. Achieving the CSR-DIW award affirms that the Company's practices are in accordance with the applicable principles as follows:

- Accountability
- Transparency
- Ethical Behavior
- Respect for Stakeholders interests
- Respect for the rule of law

- Respect for international norms of behavior
- Respect for human rights

The principles cover the practices that the Company has met the requirement on, namely: (1) Organization Governance, (2) Human Rights, (3) Labour Practice (4) Environment, (5) Fair operating and practice, (6) Consumer issues, and (7) Community involvement and development. The Company's Code of Ethics towards the public and environment include its CSR concept with a view to ensure sustained business growth, as follows:

- ▶ The Company shall comply with laws and related regulations.
- ▶ The Company shall take part in business competition fairly, openly and ethically within commercial laws.
- ▶ The Company shall remain neutral in politics and refrain from participation in any political activities.
- ▶ The Company shall operate with social responsibility, observe standard operation practices to protect health, hygiene, safety and environment.

With the aim to enhance the commitment to corporate social responsibility, the Company is in progress to apply ISO 26000 Social Responsibility in 2013.

In addition, this year, the Company was selected by the Corporate Social Responsibility Institute (CSRI), under The Stock Exchange of Thailand (SET), to receive the "CSRI Recognition 2013 Award" for continuously operating its business with sustainable social responsibility.

4. Disclosure and Transparency

As endorsed by the Board of Directors, disclosing information adequately to stakeholders and maintaining transparency and integrity in the Company's operation are integral to the Company's corporate governance policy. The Company consistently values and takes steps to ensure the accuracy, completeness, timeliness and transparency of its information disclosure and is fully committed to continuing to do so. In compliance with the SET's regulations, the Company discloses its corporate governance report both in Thai and in English in the Annual Report and the Annual Statement (Form 56-1).

The Board of Directors is well aware of its responsibility for the integrity of the Company's financial information. As such, the Board maintains effective internal control systems that ensure the accuracy and completeness of the Company's bookkeeping as well as adequacy of measures to safeguard the Company's assets. Recognizing the right of shareholders and investors to receive adequate and reasonable notification of the Company's financial status, the Company prepared the "Responsibility Statement from the Board of Directors on Disclosure of the Financial Report" and presented it both in Thai and in English in a separated item in its Annual Report and Form 56-1. The Board of directors also ensures that the financial information is disclosed completely, correctly and in timely manner in line with the SET's regulations.

Realizing that certain information, both financial and non-financial, may impact decisions made by investors and/or stakeholders, the Board of Directors has directed

the Management to disclose essential and up-to-dated information completely, accurately, reliably, consistently and in a timely manner, in strict conformity with information disclosure regulations of the SEC and the SET, and the Management has duly complied.

To ensure equitable treatment to all stakeholders, in addition to disclosing information as specified in relevant regulations through the SET's channel, the Company also discloses information such as the Company's news, its vision, mission and values, Articles of Associations, corporate governance policy, corporate activities, Board members and sub-committees, and investors news on its website both in Thai and in English. In addition, a list of the Company's current top ten major shareholders is disclosed on its website and is updated on a monthly basis. In this way, shareholders can find information about the Company's major shareholders prior to the shareholders' meeting.

With regard to any issues that might result in a conflict of interest, the Company strictly complies with the SEC and the SET's related regulations on "Disclosure of Information and Act of Listed Companies Concerning the Connected Transactions" while always taking into account the best interests of all stakeholders. Details, counter parties, values, reasons, and necessities for each transaction are all disclosed in the Annual Report and Form 56-1.

In addition, the Company disclosed the duties of the Board of Directors and committees, including the number of meetings attended by each director. It also disclosed the remuneration policy, type and details with respect to directors and management. Details are shown under the heading of "Management Structure", item "8.4 Remuneration of Directors and Management", sub-item no. "8.4.1 Remuneration (money)" and sub item no. "8.4.2 Remuneration (other)"

The Company's Vice President Finance and Accounting is in charge of investor relations activities and is required to communicate directly with institutional and individual investors, analysts and concerned government agencies. In year 2013, the Company recorded 10 visits by investors and analysts as follows:

Type of Visit	No. of visits	No. of companies
One-on-One Meeting	4	4
Group Analyst Meeting	6	6

Investors may request any information from the Company at Tel. 0-2229-9100 or Fax. 0-2240-1375, e-mail at Sirovetnukul.Jamjuree@solvay.com or mailing address at Vinythai Public Company Limited, 14th floor, Green Tower, 3656/41 Rama IV Road, Klongtoey, Bangkok 10110

5. Responsibilities of the Board

Pursuant to the Company's Articles of Association, the Board of Directors shall comprise at least 10 directors, provided that not less than half of the total number of directors must have residence in Thailand. The Board structure consists of accepted knowledgeable, competent persons with various qualifications, skills, experience, and expertise that can provide optimum benefit to the Company and its shareholders. Qualifications and experiences of the Board of Directors are disclosed in the Annual Report and the Form 56-1, which were posted on the Company's website. With respect

to the Company's Corporate Governance Charter, the directors may not be directors of more than five listed companies and must notify the Board of Directors of their positions for acknowledgement and approval.

As of 31 December 2013, the Board of Directors comprises 13 directors (See details in Item 8 Management Structure, No.8.1 Board of Directors Structure)

Experience and educational qualifications of the Board of Directors are disclosed in the Attachment 1 - Information of Directors, Management, Empowered Persons, and Company Secretary together with the disclosure of Information of Director's Position in Subsidiary Company.

It is the policy of the Board of Directors that the Chairman and Managing Director should not be the same person. This is to ensure clarity of responsibilities for issuing governance policy and undertaking the Company's management. Although the Chairman of the Board and the Managing Director both represent one of the Company's major shareholders, Solvay Vinyls Holding AG, the current structure of the Company's Board also includes representation of the other major shareholder, PTT Global Chemical Plc., and five independent directors. This arrangement creates a balance of power that ensures fair oversight of the Company's administration. Even though, the Chairman is not an independent director, he has performed his duty in good faith, with due diligence and care, in accordance with the Board policy and in the best interests of the Company.

The roles and responsibilities of the Chairman of the Board are different from those of the Managing Director. The Chairman of the Board conducts the Board meeting efficiently by urging all directors to actively participate, raise questions, and provide essential recommendations, leading to decision taken on significant policies pertaining to the Company. The Managing Director reports to the Board of Directors and is authorized to administer, manage, supervise, and execute all acts in connection with the business of the Company in accordance with the policies endorsed by the Board of Directors. The Managing Director takes responsibility for the Company's operating results, controls expenses and capital expenditures limits as approved by the Board of Directors, manages the Company's human resources to ensure a high level of motivation, performance and productivity and delegates authority in accordance with the strategy and performance of the Company, and maintains effective communication with the stakeholders. The Managing Director takes step to ensure that the policies and action plans of the Company are implemented in line with its strategy and to the highest level.

The roles and responsibilities of the Board of Directors and the Management are clearly segregated. The Board of Directors formulates significant policies and oversees the Management's implementation of those policies. The Management shall be responsible for implementing policies formulated by the Board of Directors and ensuring that these are carried out as planned. Managerial authority is channeled through the Management according to clearly specified levels of authority. The Board advises and supports the Management through the Business Advisory Committee. However, the Board does not intervene in routine tasks and business activities under the Management's responsibility.

In compliance with the Securities and Exchange Act (No.4) B.E. 2551, and to be in line

with the Principles of Good Corporate Governance for Listed Companies, the Board of Directors resolved to appoint Mr. Sompot Cheeranorawanich, Vice President - Corporate Affairs and Communications, to serve as the Company Secretary. His personal record and work experiences are disclosed in the Form 56-1. According to the above-mentioned Act, the Company Secretary is in charge of preparing and maintaining a register of directors, issuing notices calling directors' meeting, taking and issuing minutes of Board of Directors meetings, coordinating and issuing the Company's annual report, issuing notices calling shareholders' meetings, taking and issuing minutes of shareholders' meeting, including keeping a report on interest filed by a director or executive of the Company.

Roles and Responsibilities of the Board

The Board of directors fully commit to their roles and responsibilities in order to ensure effective discharge of their duties. All members of the Board of Directors exert their utmost efforts to perform their duties in good faith, with due diligence and care, in the best interests of the Company and all stakeholders. Each director shall discharge their responsibilities in good faith in such a way to safeguard and promote the Company's interests. The Board of Directors also conducts itself in accordance with its responsibilities to shareholders, including participating in setting targets to secure optimum benefit for shareholder and other stakeholders within legal framework and business ethics. The Board of Directors initially formulated a written corporate governance policy in 2004 and has implemented it ever since, including promoting compliance among the Board of Directors, Management and employees. Such policy was embraced in the Corporate Governance Charter approved by the Board meeting in May 2012.

The Board of Directors takes overall responsibility for the following:

1. Endorsing the Company's vision, mission and strategy including participating in the setting of targets and drawing up of business plans and corporate budgets.
2. Managing and carrying on the business of the Company in accordance with the law, the Company's business objectives and Articles of Association, resolutions of the board of directors and resolutions of the shareholders' meeting, with honesty and a commitment to safeguarding the Company's interests
3. Directing the Company to implement internal controls and internal auditing systems, together with effective risk management measures
4. Arranging the Annual Ordinary General Meeting of Shareholders once every year within four months of the end of fiscal year. An extraordinary General Meeting of Shareholders can be called on a case by case basis where special agenda items arise requiring urgent discussion and approval of the shareholders.
5. Arranging to propose the Balance Sheet and Profit and Loss Statements at the end of each fiscal year to shareholders' meeting for approval. The Balance Sheet and the Profit and Loss Statements are audited by the external auditor prior to being proposed to the shareholders' meeting.
6. Providing financial reporting and significant information to the shareholders that is accurate, appropriate and complete, and ensuring the validity of assertions made in the reporting
7. Clearly defining and keeping separate the roles and responsibilities of the

- Board of Directors, the Audit Committee, the Business Advisory Committee, and the Nomination and Remuneration Committee
8. Control and oversee management treatment of all interested parties to ensure that they are ethical and equitable
 9. Assigning the Business Advisory Committee and the Audit Committee to constantly monitor the Company's performance and internal controls
 10. Regularly review corporate governance policy
 11. Appoint a Company Secretary to assist the Board of Directors related to the Board meetings and shareholders meetings, and to advise the Board and the Company on their conduct according to laws and relevant regulations

The Company introduced a Code of Ethics for its Management and employees, providing guidance as to how to perform their duties in line with the Company's corporate mission, and with honesty and fairness to the Company and its stakeholders including the public and local communities. The Code of Ethics has been amended to reflect changes in the business environment. The Management and staff members have agreed via written consent to adhere to the code. The Management is accountable for ensuring that conduct is in full compliance with the code and are required to sign their acknowledgement on an annual basis. In 2012, the training on the code of conduct was organized for executives and all staff in order to refresh their awareness of associated practices and their compliance. The Company takes all steps to ensure continuous compliance with ethical principles and that appropriate penalties are imposed in the event of any violation. In addition, employees who customarily deal with and generate business activities with customers, suppliers and competitors, are required to abide by the Company's Competition Rules which describe criteria for conducting such activities in accordance with ethical values and within the parameters of fair competition.

To avoid unnecessary problems, the Board of Directors carefully scrutinizes any issues that might result in a conflict of interest. Such issues are acknowledged by the Board of Directors in accordance with the SEC and the SET regulations stipulated for a transaction based on an Arm's Length Basis. The Board of Directors monitors compliance with the regulations regarding criteria, procedures and disclosure of transactions with conflict of interests. The Audit Committee is assigned to review significant related transactions to ensure the transparency and the best interest of the Company. To ensure fairness, directors or management having interests in the related transaction must not be involved in decisions and approval process.

The Board of Director assigns the Business Advisory Committee and the Management to arrange and maintain internal control systems and ensure their effectiveness. The Board of Director also assigns the Audit Committee to ensure that the Company has suitable and efficient internal control and the internal audit. Extending from the management down to the operational level, the Company's control system explicitly defines, in writing, the authority and duties of all employees. The Company has clearly defined, in writing, the Management's roles and responsibilities at each level. For the sake of maintaining good control, the Company separates the function of authorization of the transactions from that of book recording and safeguarding of assets. All relevant parties are given a framework, within which they can control utilization of the Company's assets, while the duties of operational staff and inspectors are kept separate. Additionally, a financial control system has been introduced, via the implementation of a financial reporting process for the various levels of management.

The Company has established Internal Audit Department to perform audit-related duties, with the aim of ensuring that the Company's main business and significant financial activities are operated efficiently and in accordance with established guidelines. The department must also ensure that activities are conducted in full conformity with compliance controls and the law. The department oversees constant internal monitoring to ensure improved control measures specific to all events, conditions and variable risks, in addition to report the audit results to the Audit Committee, the Steering Committee, and concerned Management. The internal audit reports state that no significant issues have been found and that all the Company's operations are performed legitimately. The report also states that internal control systems are proper and adequate. It also notes that satisfactory supervision of measures to safeguard assets is carried out, so as to prevent Management and employees from exploiting assets for their own benefit. Additionally, the Internal Audit Department reviews the corporate governance practices based on the principles of good corporate governance outlined by the SET, and provides advice to develop the corporate governance system of the Company to safeguard the interests of all its stakeholders equally.

Being one of Solvay's affiliates, Solvay sends its own internal audit team to Vinythai at least once a year to review the effectiveness of the Company's operations as well as its information technology system. This is to ensure that Vinythai's operations are in line with Solvay's corporate policies and standards. On each of the occasions-to-date, Solvay's auditor has found the Company's internal control systems to be satisfactory and has identified no significant issues.

The Board of Directors strongly emphasizes risk management. Therefore, in order to ensure that the Company has in place standard practices for responding in an appropriate, systematic and efficient manner to any risk that confronts any part of its business operations, the Company established a Risk Management Policy and a Risk Management System which are steered by Risk Management Committee. The Risk Management Committee comprises the Company's top level executives in its various business units. The Committee meets periodically, at least once a year. All Risk Management members are responsible for management and mitigation of the potential risks identified that could affect the achievement of the Company's objectives, including focusing on risk awareness, improving work procedures and optimizing utilization of resources. Under the Risk policy, employees are required to integrate the risk management into normal management processes such as business planning, investment analysis, project and operational management. Ignoring risk is not permissible. All managers with support of their subordinates are expected to maintain an up-to-date risk list or equivalent approaches to provide assurance that the risk management system is being followed. Reporting on key risks and status of controls shall be incorporated in management reports. Risk factors related to the Company's business are identified in a separate section of the Company's annual report and in Form 56-1.

Board Self-Assessment

The Board of Directors has carried out its duties with maximum transparency and in full conformity with the Principles of Good Corporate Governance and Code of Best Practices for Directors of Listed Companies, as prescribed by the SET, as well as the Securities and Exchange Act, B.E. 2535, the Securities and Exchange Act (No.4), B.E. 2551. The Board of Directors realizes how important it is to the Company's operations

that the Board continually enhances its performance. As such, the Board of Directors has resolved to conduct an annual self-assessment of the effectiveness of the board in its entirety. The result of self-assessment concluded that the Board performance was satisfactory. The Board continues to make an effective contribution to its assignments. The findings of the assessment were presented and reviewed with the intention of finding ways to continually improve.

Board and Management Training

The Company supports and facilitates trainings for members of the Board of Directors, the Management and employees so as to continuously improve their skills, knowledge and working performance. The Company's Board of Directors actively participates in the professional company director trainings arranged by the Thai Institute of Directors Association (IOD). Some foreign directors who do not reside in the Kingdom are sometimes unable to attend the director training sessions as scheduled by the Thai IOD. However, they are provided relevant information by the Management to update themselves. Details of the Board of Directors' trainings are presented in the Annual Report and Form 56-1.

Business Orientation and plant visit are provided to the new directors in order to help them better understand the nature of the business and operations of the Company. Training sessions for directors on pertinent topics are arranged to enhance their performance of their roles and responsibilities.

The Company has introduced a career development planning program to cultivate the potential of its personnel and prepare those showing promise for roles that will serve the future needs of the Company. The career development highlights management positions for which training and development are recommended for each individual, both technical and non-technical programs, so as to enhance and promote learning and transfer of technologies and knowledge, both domestically and abroad.

9.2 Committees

The Board of Directors has set up three committees to strengthen good corporate governance and support its administration as follows:

(1) The Business Advisory Committee

The Board of Directors Meeting No. 3/2013, held on 29 August 2013 resolved to create a new **"Business Advisory Committee"** to supersede Executive Committee and expand the advisory roles on Strategic and Risk Management. The members are as follows:

- | | |
|-----------------------------|-------------|
| 1. Mrs. Puntip Oungpasuk | Chairperson |
| 2. Mr. Vincenzo Morici | Member |
| 3. Mr. Bruno Van der Wielen | Member |
| 4. Mrs. Vallapa Assakul* | Member |

* resigned from the Business Advisory Committee effective from 26 November 2013

Term for 3 years effective from 29 August 2013.

The Business Advisory Committee has the following authority and duties:

Business Roles

- Monitor effective operation of the Company according to

directions of the Board of Directors and the Company's targets.

- Screen issues to be presented to the Board of Directors for consideration.
- Challenge short- and long-term action plans, investment and strategic plans developed to achieve the Company's objectives and goals.
- Assess and advise corporate target achievements and identify business risks that will impact corporate value
- Advise financial management in order to reduce the financial burden and maintain a strong financial structure.
- Orient public relations plan that develops a positive and sustainable image
- Recommend the salary structure and other benefits to employees provided by the Company.
- Perform any other acts as assigned by the Company's Board of Directors.

Risk Management Roles

- Prescribe policies and suggest measures for the appropriate and efficient management of risks associated with the business conduct of the Company.
- Follow up on and evaluate the performance in accordance with the organization-wide risk management framework.
- Define material risks and risk tolerance of the Company
- Exercise oversight of management's responsibilities, and review the risk profile of the Company to ensure that risk is not higher than the determined risk tolerance.
- Review issues raised by Internal Audit or Audit Committee that impact the risk management framework.
- Ensure that the risk awareness culture is pervasive throughout the Company.
- Engage in any other duty as assigned by the Board of Directors.

The Board of Directors has the right to appoint the Chairman of the Business Advisory Committee that shall not be the same person of Chief Executive Officer or Managing Director. The Business Advisory Committee comprises at least 3 people, of which at least one person must be on the Board of Directors, all of whom must have verified management ability. Any management members that meet the qualifications may be appointed as a member of the Business Advisory Committee. The Company's shareholders, investors, and other stakeholders can access the Business Advisory Committee's Charter at the Company's website.

(2) The Audit Committee

The Board of Directors Meeting no. 6/2011 held on 17 November 2011 appoint resolved to the "Audit Committee" whose qualifications comply with the SEC rules which defines that the Audit Committee shall comprise at least three independent directors, and at least one of them must have sufficient knowledge understanding or experience in the field of accounting or finance.

As of December 2013, the Audit Committee comprises the following members:

- | | |
|--|----------|
| 1. Mr. Pipop Pruecksamars | Chairman |
| 2. Mr. Pote Videtyontrakich | Member |
| 3. Assoc.Prof. Dr. Danuja Kunpanitchakit | Member |
- Dr. Supachat Chairatanathavorn, Internal Audit Department Manager served as Secretary to the Audit Committee.

All members of the committee are evidently knowledgeable and competent persons with appropriate experience to perform their duties. **Mr. Pote Videtyontrakich, committee member, is declared as possessing adequate expertise and experience to review the reliability and creditability of the financial statements.** Details of his qualifications and experience are disclosed in the Company's Annual Report and Form 56-1.

According to the Audit Committee Charter, the term of office of the Audit Committee is three years. When an Audit Committee retires by rotation it may be re-appointed at the discretion of the Board of Directors. In the event that any committee member is removed or resigns before expiration of their term of office, the Board of Directors shall appoint a person who is fully qualified as an audit committee member to replace the resigning member for the remainder of the term. The Charter prescribed the composition, qualification, scope of duties and responsibilities, and meetings rules of the Audit Committee. The Company's shareholders, investors, and other stakeholders can access the Charter at the Company's website.

The Audit Committee is authorized to perform the following duties:

- Review the Company's financial reporting process to ensure that it is accurate and adequate.
- Review internal controls, management controls and internal audit activities to ensure that they are suitable and efficient; determine the independence of the internal audit unit; approve the appointment, transfer and dismissal of the chief of an internal audit or any other unit in charge of an internal audit, and; review the Company's compliance with Securities Exchange Committee and Stock Exchange regulations and all laws relating to the Company's business.
- Review to ensure that the risk management systems and measures of the Company are appropriate.
- Review the internal procedures concerning incident reports and complaints.
- Consider, select and nominate an independent person to be the Company's external auditor, propose an annual audit fee, and attend non-management meetings with the auditor at least once a year.
- Review connected transactions or any transactions that may lead to conflicts of interest and ensure that they are in compliance with applicable laws, Securities and Exchange Commission of Thailand (SEC) and The Stock Exchange of Thailand (SET) regulations, are reasonable and are for the highest benefit of the Company.
- Prepare a disclosure in the Company's annual report comprising information required by the Stock Exchange of Thailand which must be signed by the Chairman of the Audit Committee.
- Perform any other acts as assigned by the Company's Board of Directors with the approval of the Audit Committee.
- Review the Audit Committee Charter at least once a year.
- Perform a self-assessment regarding its assigned duties and responsibilities at least once a year.
- Perform of duties, if it is found or suspected that there is a transaction or any of the following acts which may materially affect the Company's financial condition and operating results
 - a transaction which causes a conflict of interest

-any fraud, irregularity, or material defect in an internal control system
 -an infringement of the law on securities and exchange, the Exchange's regulations, or any law relating to the Company's business:

the Audit Committee shall report it to the Board of Directors for rectification within the period the Audit Committee deems appropriate. If the Board of Directors or management fail to make a rectification within the period of time, any Audit Committee member may report such transaction or action to the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand.

The Audit Committee holds regular meetings. In 2013, it held totally five meetings, comprising four meetings on quarterly basis, and one non-management meeting. The non-management meeting between the Audit Committee and external auditor was annually held in order to freely discuss issues of concern. The Audit Committee has continuously conducted a self-assessment where all members were invited to consider the committee's collective performance and identify points requiring amendment or improvement. Result of the assessment revealed that the performance of the Audit Committee remains effective. In addition, the Audit Committee regularly presented its semi-annual report and year-end report on its activities to the Board of Directors. Activities of the Audit Committee during year 2013 are disclosed in the Company's Annual Report and Form 56-1.

(3) The Nomination and Remuneration Committee

The Board of Directors Meeting No. 3/2013, held on 29 August 2013 resolved to extend the roles of the "Nomination and Remuneration Committee" to also consider and recommend for the development of Senior Management (Vice President Level up). As of December 2013, the Committee comprises of existing members as follows:

- | | |
|---------------------------------|----------|
| 1. Mr. Jacques van Rijckevorsel | Chairman |
| 2. Mr. Bowon Vongsinudom | Member |
| 3. Mr. Pipop Pruecksamars | Member |

The Nomination and Remuneration Committee is authorized to perform the following duties:

- Select individuals worthy of nomination as new Directors or Chief Executive Officer or Managing Director using structured and transparent screening and nomination criteria for subsequent nomination to the Board of Directors and / or the Annual General Meeting for their approval.
- Determine remuneration for Directors, Chief Executive Officer or Managing Director and Senior Management (Vice President Level up) by prescribing fair and reasonable criteria or procedures and proposing them to the Board of Directors and / or the Annual General Meeting for their approval.
- Consider and recommend for senior management development (Vice President Level up).
- Engage in any other duty as assigned by the Board of Directors.

As prescribed in the Corporate Governance Charter, at least one member shall be an independent director. The term of office of the Committee is three years and may be re-appointed at the discretion of the Board of Directors. In case of any vacancy among the Nomination and Remuneration Committee members occurring otherwise than by

rotation, the Board of Directors shall elect as a replacement a person who is qualified. Any person appointed shall retain office only for the remainder of the term of the member replaced. The Company's shareholders, investors, and other stakeholders can access the Nomination and Remuneration Committee's Charter at the Company's website.

(4) The Ad-hoc Committee

The Board of Directors Meeting No. 3/2013, held on 29 August 2013 resolved to appoint the **"Ad-hoc Committee"** in order to ensure appropriate corporate governance practices within the Company and its subsidiaries. The members are as follows:

- | | |
|---|----------|
| 1. Mr. Pipop Pruecksamars | Chairman |
| 2. Mrs. Quitterie Dupontreue de Pelleport | Member |
| 3. Mr. Dhanes Charoensupaya | Member |

Term for the Ad-hoc Committee is 1 year with effect from 29 August 2013.

9.3 Nomination and appointment of Directors and Top Management

9.3.1 Independent Directors

The Company's independent directors possess qualifications as prescribed under the SEC regulations as follows:

(1) holding shares not exceeding one per cent of the total number of voting rights of the company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, including the shares held by related persons of the independent director;

(2) neither being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the company, its parent company, subsidiary, affiliate, same-level subsidiary or juristic person who may have conflicts of interest unless the foregoing status has ended not less than two years prior to the date of application filing with the Office;

(3) not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children, executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the company or its subsidiary;

(4) not having a business relationship with the company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, in the manner which may interfere with his independent judgement, and neither being nor having been a major shareholder, non-independent director or executive of any person having business relationship with the company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest unless the foregoing relationship has ended not less than two years prior to the date of application filing with the Office;

(5) neither being nor having been an auditor of the company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, and not being a major shareholder, non-independent director, executive or partner of an audit firm which employs auditors of the company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest unless the foregoing relationship has ended not less than two years from the date of application filing with the Office;

(6) neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million Baht from

the company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, and neither being nor having been a major shareholder, non-independent director, executive or partner of the professional advisor unless the foregoing relationship has ended not less than two years from the date of application filing with the Office;

(7) not being a director who has been appointed as a representative of the company's director, major shareholder or shareholders who are related to the company's major shareholder;

(8) not having any characteristics which make him incapable of expressing independent opinions with regard to the company's business affairs.

All independent directors have performed their roles with dedication and taken the interest of all stakeholders equally into account.

9.3.2 Directors and Top Management

The Board of Directors resolved to propose the shareholders' meeting to elect new directors in place of those to be retired by rotation and amend the authority of directors (in case there is a change in directorship). The shareholders' meeting will resolve by a simple majority vote, in accordance with the following rules and methods:

1. Each shareholder shall have votes equal to the number of shares held.
2. Each shareholder may exercise all the votes he has under item 1 to elect one or several persons as directors, but may not allot his votes to any person at any number.
3. The persons receiving the highest number of votes, in their respective order of the votes, shall be elected as directors according to the number of directors that the Company may have or the number that are to be elected at such meeting. Where the votes cast for candidates in descending order are tied, which would cause the number of directors that the Company may have or that are to be elected at such a meeting to be exceeded, the Chairman of that meeting shall have a casting vote.

At each Annual Ordinary General Meeting, one-third of the directors or, if their number is not a multiple of three, then the number nearest to one-third, must retire from office. A director may be removed prior to the expiry of his term by a resolution passed by the votes of not less than three-fourths of the shareholders present or represented, and entitled to vote at the General Meeting and holding at least half of the total number of shares held by the shareholders attending the meeting and being entitled to vote.

9.4 Good Corporate Governance of its subsidiaries and associates

Nomination and appointment for a director of the subsidiaries and the associates must be approved by the Company's Board of Directors. Such director is responsible to act at the optimum interest. Moreover, prior to proceeding of any important issue(s) of the subsidiaries, it should get approval from the Company's Board of Directors.

9.5 Control on the use of Internal Information

Considering the supervision of the usage of inside information, the Company has established control measures related to the use of internal information and stipulated the measures in the Corporate Governance Charter and Code of Ethic. The Board of Directors requires that it be notified by the directors and the management in the event

of a change in securities holding as outlined by the Securities and Exchange Commission, in accordance with Section 59 of the Securities and Exchange Act, B.E. 2535 (1992). Moreover, the Company has designated that executives or concerned departments receiving inside information are restrained from disclosing corporate data to the public or unconcerned parties.

The holding of the Company's shares by the Management as of 31 December 2013 and changes from the past year is as follows:

Common Shares				
Name	Title	No. of Shares 31 December 2012	No. of Shares 31 December 2013	Change
1. Mrs. Puntip Oungpasuk	Director Chairperson of the Business Advisory Committee	84,200 *	84,200 *	None
2. Mr. Sompot Cheeranorawanich	VP Corporate Affairs and Communications- Company Secretary	3,990	3,990	None

*All of these shares held by her spouse, Mr. Piya Oungpasuk

The Company has provided the guidance on the use of internal information for the management and employees in a Code of Ethic Part II, no. 1.2 a. which specified that *"The employees shall not exploit their employment, information or document of the Company, customers and persons or firms with whom the Company has business relationship, for the interest of themselves or others, direct or indirectly"*; and no. 1.3 which specified that *"The employees shall safeguard the Company information; carefully prevent any Company confidential, proprietary information, non-public information or legal disputes from falling into the hands of outsiders, causing damages to the Company. When leaving the Company, the employees must return all property, documents and media within their responsibility"*; including no.1.5 which specified that *"The employees shall not utilize the Company information or news which have not been disclosed to the public and may be material to the Company share price in order to seek profit or benefit from trading of the Company stock, directly or indirectly."* In addition, the Company has established policy about the protection of company confidential information that the confidential information of the Company must be protected and not transferred or shared to outsiders to ensure that the confidential information is properly controlled. A measure of protection of the Company's confidential information has been stipulated as a standing instruction for all employees at all level to comply with. Failure to control and protect the Company's confidential information is breach of employment duties, and grounds for disciplinary action, up to, and including termination of employment. Disclosure or use of Company confidential information without authorization is illegal and may subject an employee to civil or criminal liability.

To ensure the security of the information, the Company has put in place and developed the Information Technology system to secure the accessibility to the Company's information; such as, IT system to protect the accessibility to the Company's confidential and important information from external parties, the rights for

accessibility to confidential and important information properly classified for units in line with their works and responsibilities.

9.6 Audit Fee

(1) Audit Fee

The Company and all subsidiaries paid the audit fee to the auditor in the past fiscal year in the amount of THB 3,690,400.-

(2) Non-Audit Fee

The Company and all subsidiaries paid the non-audit fee for corporate income tax review and transfer pricing advisor to the auditor in the past fiscal year in the amount of THB 282,390.-

9.7 Compliance with good corporate governance principles in other matters

Vinythai can comply in the line with the principles of good corporate governance for listed companies of The Stock Exchange of Thailand. However, there are some cases that the company can not fully conform with these principles as follows.

Rights of Shareholders

- Percentage of free-floated should be more than 40 percent of outstanding shares or at least should be more than 25 percent
- Shareholding by institutional investors should be more than 5 percent.

Equitable Treatment of Shareholders

- The company should have the channel for minority shareholders to appoint Directors in advance of the AGM.

Role of Stakeholders

- The company should establish the policy on anti-corruption and prohibiting bribery for the business interest, educate the employees on the anti-corruption policy and procedures.

Presently Anti-corruption Policy is under the process of creation by Ad-hoc Committee of the Company and such policy will be presented for the approval of Board of Directors' Meeting. The Company expects that the Policy will be deployed through all levels in 2014.

Disclosure and Transparency

- The company should arrange for press release/newsletter on the company's financial status and disclose in the annual report or on the website of the company.

Responsibilities of the Board

- The board should have a policy on term limit of 9 years or less for Independent Director or it would be more better of 6 years or less.
- The Nomination and Remuneration Committee should compose of a majority of Independent Director (more than 50 %).

- Board of directors should compose of more than 50 % of the Independent Director.
- Chairman of the Board of Directors should be an Independent Director.

The Board of Directors Meeting No. 3/2013, held on 29 August 2013 resolved to appoint the “Ad-hoc Committee” in order to ensure appropriate corporate governance practices within the Company and its subsidiaries, with 1 year term and effective from 29 August 2013.

10. Corporate Social Responsibility

Corporate Social Responsibility Policy

Integrated Management System Policy

Vinythai Plc. is an industrial company dedicated to the production and sales of Polyvinylchloride, Vinylchloride Monomer and Caustic Soda. In addition, it set up a fully integrated subsidiary - Advanced Biochemical (Thailand) - that manufactures and supplies Epichlorohydrin.

Our business goal is to be our customers' first choice suppliers while practicing corporate responsibility principles, especially as they relate to health, security, safety, and environmental issues. We manage our businesses in full compliance with the laws and regulations, in a spirit of solidarity with the expectations of communities and concerned parties

We conduct our businesses with the below key principles:

- focus on the customer satisfaction, including to other stakeholders.
- promote supply chain security threat and risk management at all stages, including the transportation of goods.
- improve continuously the quality of our products
- keep listening to our customers in order to satisfy their expectations
- create added value for our customers through innovation in processes, services and technologies
- continuously improve the environment protection through economical consumption of natural resources, meanwhile decreasing solid wastes and emissions to the atmosphere, water and soil
- continuously enhance security, safety and health protection through a personal commitment
- comply with the business & operation standards (such as FDA, TIS, HALAL and Kosher), legal and voluntarily requirements regarding to health, security, safety and environment via action plans & objectives, including application of Best Available Technology (BAT) when possible and advisable
- promote security, safety, health and environment awareness to our personnel and contractors performing activities for the Companies. Our management commitment to this promotion is a key prevention vector.
- conduct business in a socially responsible and ethical manner versus our human resources, investors, customers, suppliers, local communities and civil society issues
- actively cooperate with the authorities, communities and other interested parties for handling all health, security, safety and environment issues.

All employees and contractors do comply with those principles. We strongly believe that commitment by every employee and manager to the above principles, shall lead our Companies to achieve the goal of sustainable growth and to become totally responsible towards health, security, safety and environment.

Corporate Social Responsibility Activities

Vinythai strongly realizes the coherent relationship between business prosperity and social wellbeing. Throughout its over 20 years, the Company has never ceased its efforts to improve existing social projects and activities and initiate new ones, so as to achieve a better life not only for neighboring communities but society as a whole.

In consequence of the goodwill and mutual understanding between Vinythai and society, this year, the Company was selected by the Corporate Social Responsibility Institute (CSRI), under The Stock Exchange of Thailand (SET), to receive the “CSRI Recognition 2013 Award” for continuously operating its businesses with sustainable social responsibility.

Vinythai also received the “Thailand’s Corporate Brand Rising Stars 2013” award for top brand value growth in the Industrial Products category. Organized by Chulalongkorn Business School, Chulalongkorn University, the valuation of Corporate Brand Value Ranking was based on a new CBS Valuation program expressly created to measure corporate brand value. Some 492 companies listed on the Stock Exchange of Thailand were assessed accordingly during 2010 - 2012. The CBS Valuation program assessed Vinythai’s brand value at 5,594,558,313 baht with a growth rate 2,381.23%, the highest recorded among SET listed companies in the Industrial Products category.

With its commitment to society, Vinythai helps people and communities realize their potential by engaging them in its CSR projects designed to foster sustainable development and social harmony. The aim of achieving mutual benefit and harmony between the Company’s industrial activities and the communities they neighbor, the environments in which they operate and the interests of society in general, is further enhanced in a number of ways, categorized as follows:

1. Health and Safety for Employees and Surrounding Communities

Vinythai places health and safety as one of top priorities. Various activities related to occupational health and safety are promoted among its employees and in surrounding communities. In 2013, the Company implemented a range of projects related to health and safety, as follows:

- In collaboration with Noenpra Municipality and communities, Vinythai organized the 4th Noenpra -Vinythai Super Mini marathon for the H.R.H. Princess Somsawalee Cups. This year, around 1,230 participants, ranging in age from under 10 to over 60, along with other interested parties from all across the country, joined in. Since 2010, the event has been organized to celebrate His Majesty the King’s 84th birthday and is acclaimed both for encouraging youngsters and the public to exercise and for promoting Sangchan-Suchada beach’s impressive tourism potential.
- In collaboration with Map Ta Phut Industrial Estate and the Office of Disaster Prevention and Mitigation of Map Ta Phut Municipality, the Company staged a rehearsal of the Community Emergency Preparedness Plan for Soi Prapa Community with the aim of refreshing crisis management systems and mechanisms in order to minimize the risk of loss of life and resource damage. Moreover, Vinythai also joined hands with the same partners to create an Emergency Preparedness Plan for Rayongwittayakom Nikom Utsahakam School. The complete plan will be officially presented to the school at the beginning of the year 2014.

- As a member of the Chlor-Alkali Products Transportation Emergency Mutual Aid Group, Vinythai led emergency drills in case of chemical leaks from tank trucks during transportation. The drills ensure that concerned parties are ever ready to competently and speedily contain and neutralize any emergency that may occur.
- Vinythai, in collaboration with Community Partnership Club, organized a mobile medical service at Wat Map Ta Phut community. Map Ta Phut hospital provided a range of medical services, including blood checking, cervical cancer screening, heart screening, general check-up and dental services to 134 registrants. In addition, dogs and cats could be vaccinated against rabies. Additional services such as hair cutting, Thai massage and plaster doll painting were provided for personal grooming and relaxation purposes.
- Vinythai together with Map Ta Phut Industrial Estate office and various companies organized a Charity Bowling competition to raise funds for Huaypong Police station. The funds were used to support Huaypong Police activities and purchase professional equipment.
- Vinythai supported a Charity Golf competition organized by Map Ta Phut municipality. The fund raising event aimed to provide scholarships to students in Map Ta Phut community.

2. Environmental Conservation

The Company engaged in a wide range of environmental conservation activities, notably:

- Vinythai staff volunteers participated in various tree planting events organized by different organizations, for example: Tree Planting Project organized by Ministry of Industry, Rak Talae Samaesan organized by Naval Special Warfare Command and Samaesan community at Samaesarn Island; the Marine and Coastal Conservation and Development hosted by First Naval Area Command; a tree planting event under Eco Industrial Town led by the Industrial Estate Authority of Thailand in collaboration with Community Partnership Association, and; a tree planting activity with locals in Ta Guan community at Wat Ta Guan.
- Vinythai management and staff in collaboration with Map Ta Phut Industrial Estate Authority, other industrial enterprises and communities, enthusiastically participated in the 11th International Coastal Cleanup activity at Mae-Rumphueng beach. The annual event raises public awareness of coastal protection and garbage management and helps improve the local environment.
- Vinythai volunteers joined the cleanup after the oil spill at Ao Phrou beach on the resort island of Samet in Rayong province. Volunteers from state agencies, communities and companies took part in the cleanup effort organized by Map Ta Phut Industrial Estate.
- Vinythai employees voluntarily participated in various other cleanup activities aimed at improving environmental conditions. Examples included Wat Chak Luk Ya organized by Chak Luk Ya community at Wat Ta Guan and; Sangchan-Suchada beach organized by Map Ta Phut municipality on the occasion of His Majesty the King's birthday.
 - Vinythai has been implementing various strategies for environmental protection

and energy saving. This year, the Company received “Green Meeting Award” and “Energy Saving Leader Award” from Department of Alternative Energy Development and Efficiency, Ministry of Energy in collaboration with Thailand Environment Institute, Thailand Business Council for Sustainable Development and Industrial Estate Authority of Thailand.

3. Educational Support for Youth

Education is a primary prerequisite for sustainable development. The Company notes that under the National Education Act, all Thai children have an equal right to learning opportunities. In response, Vinythai provides continuous support for education both inside and outside the classroom.

In 2013, Vinythai presented scholarships to 10 students of Wat Taguan school assessed as having insufficient financial support to sustain their education. Moreover, in collaboration with Map Ta Phut Public Relations Club (MPR), the Company staged a musical contest as a platform for student bands to show their musical competence. In addition, Children’s Day was marked by the distribution of stationery to the schools.

Vinythai supported a Science Camp for Environmental Protection of Rayong Wittayakom Nikomutsahakam, held at the Marine Science Activity & Conservation Foundation supported by Vinythai Plc. in Samaesarn District, Chon Buri. Students were instructed in coral reef life cycles, benefits of coral reefs to ecosystems, and how to cultivate coral with PVC pipes.

4. Activities Supporting Religion, Traditions and Important National Days

The Company cooperates with communities, temples, schools and public sector entities in Map Ta Phut, to organize events and activities that respect and celebrate the religions, cultures and traditions of Thailand. For example, in 2013 the Company cooperated with Taguan community to fund and organize the ceremonial annual presentation of robes. Other examples include the support the Company provides to schools and temples and for the staging of traditional ceremonies such as the pouring of water onto the hands of revered elders and seeking their blessing during the annual Thai New Year or Songkran festival. Vinythai is also a perennial supporter of Children’s Day in January and the annual Bun Kawlam ceremony. The Company also supported the renovation of a mosque in Islam community in Map Ta Phut. In addition, the Company’s staff participate in community sports competitions and regularly volunteer for worthy causes undertaken as part of significant national celebrations such as His Majesty the King’s Birthday (Father’s Day) and Her Majesty the Queen’s Birthday (Mother’s Day).

5. Occupational Development and Community Wellbeing

- Vinythai staff regularly visit communities around Map Ta Phut to spread awareness and understanding of the Company’s operations and synchronize areas of mutual interest. The Company listens and responds to suggestions that help resolve issues and generate income in the communities.

- Vinythai has formed an occupational group comprised of members of Map Kha-Map Nai, Soi Ruam Pattana and Ban Plong communities and empowered them to develop their skills so that they can produce handicrafts of commercial quality. The Company’s

support also extends to arranging expertise-raising in-house training courses taught by professionals. This year, Map Kha-Map Nai occupational group leveraged themselves by registering the Small and Micro Community Enterprise.

Special Projects

Starting Coral Cultivation (80,000 Branches) for His Majesty the King Project

Vinythai has for many years been a key supporter of the collaborative project to revive coral beds by cultivating coral on artificial structures and then planting them in the sea. Dubbed the “Coral Cultivation (80,000 Branches) for His Majesty the King Project”, over 15,000 volunteers from government and private sectors, ranging from students to locals and state authorities, were involved in the project in 2013.

With its innovative approach and audacious objective of regenerating coral communities around the country’s shores, the project has gained a high media profile.

As part of the project, several special coral cultivation and conservation events have been staged in collaboration with national, provincial & local authorities, local communities and media, including:

- a coral cultivation event with Princess Mathilde of Belgium at Samaesan, Chon Buri
- a coral cultivation event with the Mongolian Ambassador at Samaesan, Chon Buri
- a coral cultivation activity at 4th Samed Beach Festival in collaboration with the Marine and Coastal Resources Conservation Center 1 and Rayong Provincial Administrative Organization at Samed Island, Rayong
- a coral cultivation activity at Flick Fun Fest event in collaboration with Rayong Provincial Administrative Organization at Mae-Rumphueng beach, Rayong
- Mother’s Day coral conservation event at Samaesan, Chon Buri
- Father’s Day coral conservation event at Samaesan, Chon Buri
- a coral cultivation, marine and coastal conservation event organized by First Naval Area Command and Samaesan community at Kham Island, Chon Buri
- a coral cultivation event at Samaesan, Chon Buri, involving 160 members of ten communities in the Map Ta Phut area
- coral cultivation activities organized for the Provincial Waterworks Authority and Industrial Estate Authority of Thailand at Talu island, Prachuap Khiri Khan, and for the National Science and Technology Development Agency at Samaesan, Chon Buri

PVC Telescopes to Celebrate His Majesty the King’s 84th Birthday Project

In collaboration with the National Science and Technology Development Agency (NSTDA), the Company this year organized three engineering camps as part of its “PVC Telescopes to Celebrate His Majesty the King’s 84th Birthday” project which took place in Nakhonsawan, Khon Kaen and Pathum Thani provinces. The camps fostered engineering development, understanding of astronomy and practicing of telescope techniques among Thai youngsters. The total duration of the project is from 2011 to 2013. In all, eight camps were hosted for almost 700 youngsters from 84 schools and fifteen Science Centers for Education nationwide.

This year, Vinythai collaborated with Science Centers for Education and Office of the Non-Formal and Informal Education in Rayong province in organizing the Non-Formal and Informal Education Roadshow 2013, an exhibition featuring 15 PVC telescopes invented under the PVC Telescope to Celebrate His Majesty the King’s 84th Birthday

Project. Held at Rayong Province Central Stadium, Rayong province, the Vinythai booth welcomed over 1,000 visitors, many of whom participated in the provided activities. Around 400 youths and others joined a star observation activity that featured a lecture on the solar system by an expert from Rangsit Science Center for Education. The event provided opportunities for both school pupils and students in both the non-formal and informal education sectors to further their interest in astronomy.

Community Partnership Association

Vinythai is an active member of the Community Partnership Association, a cooperative initiative between industrial enterprises in Map Ta Phut. The first association of its kind in Thailand, the members are mutually agreed to develop exemplary environmentally friendly plants that exceed legal requirements. They monitor each other's progress and jointly promote quality of life communities in terms of health and education, all with the ultimate objective of operating sustainable businesses in sustainable communities.

Open House for Communities

In another clear demonstration of Vinythai's commitment to sustainable development, the Company's management welcomed a visit by locals from ten communities in Map Ta Phut. The party of around 160 locals from 10 communities was explained how Vinythai applies rigorous quality, health, safety, environment and social measures to its production, followed by a guided tour of the plant. Questions raised and suggestions made were answered and noted in a spirit of helpfulness and transparency. The party then proceeded to Vinythai's Coral Cultivation project at the Samaesarn community in Chon Buri where everyone had a chance to gain hands-on experience of cultivating coral. Feedback from the locals indicated a satisfaction rating of 90.38% and the event was deemed a great success.

Practice for the Prevention of Anti-Corruption

Presently Anti-corruption Policy is under the process of creation by Ad-hoc Committee of the Company and such policy will be presented for the approval of Board of Directors' Meeting. The Company expects that the Policy will be deployed through all levels in 2014.

**** Please be invited to learn more about Vinythai's Corporate Social Responsibility (CSR) at Vinythai's Sustainable Development Report 2013-2017.***

11. Internal Control and Risk Management

- 11.1 The Board of Directors continues to place an importance on appropriate and adequate internal control system as it realizes that an effective internal control is essential to run business towards profitability and achievement of missions, while maintaining accuracy, transparency and accountability. The Audit Committee has been assigned by the Board of Directors to review and evaluate adequacy and appropriateness of the internal control. The reviews have been made during the Audit Committee meetings with the auditors and concerned management through the financial reports, relevant management report, and internal audit reports to ensure the accuracy of the financial reporting and disclosure, completeness of the Company's bookkeeping and the adequate safeguarding of its properties, as well as the compliance with relevant regulations. The reviews have been also extended to the risks identified and managed by the Company's management in order to ensure that there is an ongoing process and measures to mitigate the risks.

The Audit Committee presented its semi-annual report to the Board of Directors in the Board Meeting No.3/2013 held on August 29, 2013, and year-end report of 2013 to the Board Meeting No.1/2014 held on February 21, 2014 which included the evaluation of the internal control of the Company in compliance with the internal control evaluation form outlined by the SEC. After consideration, the Board of Directors has the same view as the Audit Committee that the internal control system remains satisfactory, adequate and appropriate for the Company's business operations. The risk management is sufficient to safeguard the shareholders' investment, the interests of customers, regulators, stakeholders, and company's assets. The review has not identified any circumstances which suggest any fundamental deficiencies in the Company's internal control system, which can be summarized that

1) Control Environment

The Board of Directors supervises the Company to set clear and measurable annual business goals and strategic plans, as well as to monitor KPIs and key risks to ensure achievement to the Company's business goals. Policy on Corporate Governance and code of ethics have been defined and communicated to employees at all level. The Management and employees committed to adhere to the code. The Company takes all steps to ensure continuous compliance with ethical principles and that appropriate penalties are imposed in the event of any violation. Reviews on the code and policy are made to ensure appropriate changes to business environment. Implementation on principles of good corporate governance has been continually carried out to further improvement. According to the Company's structure, the roles and responsibilities of management and operation in each level have been clearly defined in writing and reviewed upon changes to ensure sufficient control. Appropriate resources are regularly reviewed and adjusted to ensure that the duty performance process especially involving high risks are justifiable. Performance measures are formulated and applied to employees at all levels. Trainings are continuously provided to employees to enhance their competency.

2) Risk Assessment

- The Company's risk management system is integrated into the review of corporate strategic plan which is annually presented to the Board of Directors for consideration. The Board of Directors assigned the Business Advisory Committee to prescribe policies and suggest measures for the appropriate and efficient management of risks associated with the business of the Company, to evaluate the performance and to review risk profiles of the Company as to ensure that the risks are not higher than determined risk tolerance. The review by the Audit Committee is to ensure that the risk management systems and measures of the Company are appropriate.
- The Company implemented an Enterprise Wide Risk Management framework (ERM) to identify, measure, access and manage risks encountered by the Company and its subsidiaries. Under current Risk Management Policy and the Risk Management System which are steered by top level executives, all risk management members are responsible for management and mitigation of the potential corporate risks identified both from internal factors and external factors that could affect the achievement of the Company's objectives in the changing business environment. On-going monitoring of high risks are monitored and assessed to ensure effective mitigation measures. According to the policy, employees are required to integrate the risk management into normal management processes. All managers with support of their subordinates are expected to maintain an up-to-date risk list or equivalent approaches to provide assurance that the risk management system is being followed. Reporting on key risks and status of controls shall be incorporated in management reports

3) Control Activities

- Policies, business process manuals, and procedures related to procurement, finance and credit management, contracts and loan agreement have been formulated to ensure management directives are carried out. Such policies and procedures are regularly reviewed to be appropriate for business operations. Delegation of power and transaction authority with line of approval has been defined in writing and approval by the Board of Directors, which covers delegation of power granted to the management to act as directors in its subsidiaries. Extending from the management down to the operational level, roles and responsibilities at each level have been defined, in writing, to demonstrate clear authority and duties of all employees. For the sake of maintaining good control, the Company separates the function of authorization of the transactions from that of book recording and safeguarding of assets. All relevant parties are given a framework, within which they can control utilization of the Company's assets, while the duties of operational staff and inspectors are kept separate. Additionally, a financial control system has been introduced, via the implementation of a financial reporting process for the various levels of management.
- Regarding connected transaction, Directors and the management are well aware of and comply with the regulations governing the

connected transactions. Significant related transactions had been reviewed by the Audit Committee, covering criteria, procedures and information to ensure the transparency and the best interest of the Company. Directors or management having interests in the related transaction were not involved in decisions and approval process. The Company Secretary is responsible to keep report on interest filed by a director or executive of the Company.

- The financial reporting and all connected transactions are correct, complete with adequate disclosures to meet accounting standards and in conformity with the Securities and Exchange Acts, Regulations of the Stock Exchange of Thailand, and any other relevant laws.
- The Company selects and develops control activities over technology to ensure accuracy and transparency of the operations. Access to confidential information, significant data, or critical application is limited to authorized persons. Rules and regulations have been established to ensure security of the Company's information system. In addition, procedure of business continuity plan was established to ensure company information system continuously in operation from any kind of failure.

4) Information and Communication

- The management obtains or generates and uses relevant and quality information from internal and external sources. Meeting materials prepared for the decision of the Board of Directors are adequate and submitted to the directors in advance. Meeting minutes are recorded and kept for reference. Transactions and accounting records are completely filed. The financial reporting has been prepared in compliance with the generally accepted accounting principles in Thailand and other appropriate and consistent accounting policies. The Company has disclosed all important information both financial and non-financial to the SEC, the SET, and relevant regulators in a proper and transparent manner.
- The Company has implemented systematic data processing and enhanced information quality through a data governance program, as well as, identified, protected, and retained financial data and information with access and application control.
- The Company's information is identified and cascaded in a form and timeframe that enable staff to carry out their responsibilities. The Company has set up communication channel for stakeholders to voice their concern about any crucial case related to the Company's operations or unethical practices via the Audit Committee at the Company's website. The rights of any person who communicates such concern should be protected. The Company's website also includes details of personnel responsible for each area so that investors, customers, local communities and other stakeholders can communicate recommendations and make enquiries from the Company via the Company's website.

5) Monitoring activities

- The Company has a monitoring process at both operational and management levels. The Board of Directors assigned the Business Advisory Committee to assist the Board in monitoring the performance indicators and business goals compared to the approved targets. In case there is a major issue with possible impact to the Company, the management will review the situation and propose actions to the Board of Directors. Each operational unit has implemented their on-going monitoring process to ensure their works are aligned with and achieved the business targets of the Company, with consideration of risk assessment.
- The Company has also established internal audit department to review the control system and monitor plans to ensure an effectiveness and adequacy of the internal control. Audit findings are reported to the Audit Committee meetings whereby the Audit Committee reviewed and provided recommendations for improvement.

The Company's external auditor reviewed the internal control including information technology system and found that the internal control system is satisfactory and the financial reporting is in compliance with the accounting standard. Being one of Solvay's affiliates, Solvay audit team also performs an audit at Vinythai and its subsidiaries at least once a year to review the effectiveness of the Company's operations. On each of the occasions-to-date, Solvay's auditors have found the Company's internal control systems to be satisfactory and have identified no significant issues.

11.2 Audit Committee's Report

The Company's Audit Committee as appointed by the Board of Directors comprises three Independent Directors, leading by Mr. Pipop Pruecksamars as Chairman, with Mr. Pote Videtyontrakich and Associate Professor Danuja Kunpanitchakit, Ph.D. as members. All of the Audit Committee members have knowledge, expertise and experiences in various areas such as finance and investment, accounting, technical and petrochemical business. The Audit Committee's qualifications and composition meet all standards as defined by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.

The Audit Committee has performed its duties in conformity with the Audit Committee Charter which is fully aligned with the requirements of the Stock Exchange of Thailand, and the mission entrusted to it by the Board of Directors.

Major activities held during 2013 are summarized as follows:

- **Meetings**
In 2013, the Audit Committee held totally five meetings: four ordinary meetings and one non-management meeting with the external auditor. Meeting attendance of each committee member was disclosed in the Annual Report 2013, under Corporate Governance. The management and external auditor were invited to attend the meeting to discuss various issues of concern. The Audit Committee held a non-management meeting

once a year with the external auditor without the presence of the Company's management in order to discuss issues concerning the preparation of the financial statements, disclosure of information, internal control and management's cooperation. The external auditor did not find significant issues which could impact the financial statements. The management provided full support and information as required by the external auditor to perform its duties.

- **Review of quarterly and annual financial statements**

Reviewed the financial statements and auditor reports, including end-2012 and 2013 quarterly reports, in collaboration with the external auditor and Management, including the Company's disclosure prior to submission to the Stock Exchange of Thailand and the public. The Audit Committee expressed its observations, provided recommendations to ensure that the financial statements were credible, complete in compliance with the accounting standards, and contained adequate information and timely disclosure.

Reviewed significant accounting and reporting issues and their impact on the financial statements and provided recommendations pertinent to the Company's financial and credit risks. The review process ensured that the financial information was complete, correct and reliable, with adequate disclosure to meet the accounting standards and requirements of relevant laws and regulations.

- **Connected transaction review**

Reviewed the disclosure of connected transactions and potential conflicts of interest to ensure that the Company has conducted its affairs in full compliance with relevant rules and regulations. Based on the review of commercial transactions undertaken in the normal course of business, no unusual transactions considered material were found. In 2013, the Audit Committee also reviewed the process of connected transactions with the management in order to enhance practice and transparency especially for transactions with potential conflicts of interest to be entered with major shareholders.

- **Internal control and risk management review**

- Advised and monitored the adequacy, appropriateness and effectiveness of the Company's internal control systems and significant business risk management systems by reviewing internal audit reports and Management reports regarding implementation of internal controls in the Company. Based on its review and assessment, the Audit Committee found that the Company has put in place appropriate and sufficient control systems.

- Reviewed business risks linked to the Company's business objectives and the internal control system, and acknowledged the risk management performed by Management.

- **Internal audit review**

- Reviewed the internal audit reports of the Company's operations and internal auditing processes, including planning, reporting and following up on implementation of the internal auditor's recommendations for improving operational effectiveness and efficiency. Based on its review, the Audit Committee concluded that the Company's internal auditing has been carried out adequately, properly and effectively.

- Reviewed the annual audit report conducted by internal auditors of Solvay group, of which the audit was extended to its subsidiaries. The

auditors concluded that overall control of the Company and its subsidiaries are at satisfactory level.

- **Corporate Governance review**

- Acknowledged and advised the Company's corporate governance practices in line with regulations and recommendations of the SEC, the SET and the Thai IOD assessment. Resulting from continually conforming to the good corporate governance principles as stipulated by the SET, in 2013, the Company has been assessed and received the Very Good level of corporate governance recognition from the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission and the Thai Institute of Directors (IOD). Additionally, a scoring result of AGM assessment by the Thai Investors Association is ranked in "Excellent".

- Reviewed reports, submitting via the Company's website, from stakeholders communicating critical issues and complaints regarding accounting, deficient internal control or unethical behaviors. In 2013, there has been no report of such finding through the Audit Committee.

- Reviewed and revised the Audit Committee Charter to compile more details relating to composition, scope of duties, responsibilities and practical guideline, which was approved by the Board of Directors on 26 November 2013.

- Continued to perform self-assessment of the Audit Committee as a whole to evaluate its general effectiveness. In 2013, the self-assessment was revised to add more questionnaires for assessment. Based on the 2013 self-assessment, overall performance was highly satisfactory.

- **External auditor and audit fee review**

Evaluated the performance of Vinythai's auditor and the applicable audit fee based on the auditor's knowledge, expertise and engagement. Consequently, the Audit Committee recommended that the Board of Directors seeks the approval of the shareholders' meeting to appoint Mr. Supachai Phanyawattano, and/or Ms. Thipawan Nananuwat, and/or Ms. Siraporn Ouuanunkun, and/or Mr. Khitsada Lerdwana from Ernst & Young Office, as the Company's auditor, and determined the auditor's remuneration for 2013.

Upon consideration of the above issues, the Company's Audit Committee is of the opinion that the Company's financial statements were prepared in accordance with generally accepted accounting principles and adequate disclosure of connected transactions and that the Company conducted its business in compliance with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand and related laws. It is further deemed that the internal audit functions, internal control systems, and suitable risk management are effective in ensuring that the Company's financial information is complete, correct and reliable with sufficient disclosure.

11.3 Head of Internal Audit

The Company has appointed Dr. Supachat Chairatanathavorn as Internal Audit Department Manager and in charge of Secretary to the Audit Committee. The Audit Committee recognized that Dr. Supachat Chairatanathavorn has competency to perform the duty in leading the internal audit unit. With more than 10 year experience in the Company, Dr. Supachat has extensively supported the Company for business improvement.

According to the Audit Committee Charter, the Audit Committee approves the appointment, transfer, and dismissal of the chief of an internal audit unit, or any other unit in charge of an internal audit, including expressing an opinion on qualifications and performance of the chief of an internal audit unit.

(Experience and educational qualification of the Internal Audit Department Manager are disclosed in the Attachment 3 - Information of Head of Internal Audit)

12. Related Transaction

(1) Related Persons and Significant Connected Transactions in 2013

The Company had significant business transactions with subsidiary, associated and related parties as following:

	Product or nature of business	Nature of relationship and connected transactions	Transaction between companies	2013 (Thousand Baht)
<u>Transaction with subsidiary</u>				
1. Advanced Biochemical (Thailand) Co., Ltd.	Production of Epichlorohydrin (ECH)	Vinythai holds 100 percent of its shares.	Service income Interest income Sale of caustic soda Purchase of raw materials Rental Equipment Purchase Equipment Spare part service	137,898 164,234 658,248 130,327 - - 4,878
2. Solvay Biochemical (Taixing) Co., Ltd.	Production of Epichlorohydrin (ECH)		Reimbursement expense Interest income	626 1,061
<u>Transaction with associated company</u>				
1. Pimai Salt Co., Ltd.	Manufactured and trading of industrial salt	Vinythai holds 28.49 percent.	Purchase of raw materials	447,507
<u>Transactions with related companies</u>				
1. Solvay S.A. and Solvay's Subsidiaries	Production and distribution of products in 2 core businesses : Chemical and Plastic	Solvay S.A. holds 100 percent of Solvay Vinyls Holding AG's shares.	PVC export for testing Interest income Commission income Purchase of raw materials Purchase of spare parts, services expenses and others SIS service charge License expenses and technical assistance services Commission expenses Insurance premium and management commission expenses Other service income	982 245 - 6,364 3,039 20,928 28,746.76 2,797 8,307 3,899
2. Solvay Peroxythai Co., Ltd.	Production and distribution of Hydrogen peroxide	Company owned by Solvay's subsidiaries holds 100 percent of its shares.	Sales of Hydrogen Service income Purchase of Hydrogen peroxide 50% Purchase of spare parts	86,758 311 5,241 -
3. PTT Global Chemical Public Co., Ltd.	Production and distribution of petrochemical products, by-products and the provision of support services	Holds 24.98 percent.	Sales of NaOH Purchase of ethylene Throughput fee and services	42,311 6,956,040 4,001
4. Thai Tank Terminal Limited	Provides storage and transport services for liquid chemicals, oil and gas.	Company owned by PTT Global Chemical Public Co., Ltd.	Rental tank and services	41,199
5. Solvay Asia Pacific Co., Ltd.	Regional Office Headquarter to provide services and consulting for business administrative and technical assistances to affiliates.	Solvay S.A. holds 100 percent of Solvay Asia Pacific's shares.	Service Expense	17,736
6. MTP HP JV (Thailand) Co., Ltd.	Production and distribution of Hydrogen peroxide	Company owned by Solvay's subsidiaries	Sale caustic soda	11,025
				8,784,708

Remark: The above related party transactions are in the ordinary course of business. The amounts shown above were already included in the Statements of Earning. There are additional explanations in Notes no. 9 to the 2013 financial statements as examined and reported by the auditor under his audit report dated 21 February 2014.

(2) Policy or Connected Transaction in the Future

In order to avoid any unnecessary conflict of interest, the Board of Directors has a policy to carefully scrutinize any connected transaction. Thus, the connected transaction in the future will be a normal business operation of which no special issue and no beneficial transfer between the Company, the associated or related company and the Shareholders would be carried out. This is to be in line with the Stock Exchange of Thailand's regulations based on Arm's Length Basis.