

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 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	11 May 2017	
		Number of shares (shares)	%
1	ASAHI GLASS CO.,LTD. (JAPAN)	696,663,509	58.781
2	PTT GLOBAL CHEMICAL PUBLIC COMPANY LIMITED	296,038,689	24.978
3.	NORTRUST NOMINEES LIMITED-THE NORTHERN TRUST COMPANY RE IEDU UCITS CLIENTS 10 PCT ACCOUNT	10,220,200	0.862
4.	MR. YANYONG PHATRALAOHA	9,959,235	0.840
5.	THAI NVDR COMPANY LIMITED	8,519,568	0.719
6.	MS. WANNGAM KITTHANAMONGKONCHAI	8,000,000	0.675
7.	MR. KITTI PHATRALAOHA	6,721,230	0.567
8.	MR. NARONG PHATRALAOHA	6,629,645	0.559
9.	EAST FOURTEEN LIMITED-DIMENSIONAL EMER MKTS VALUE FD	6,229,617	0.526
10.	Value Plus - Dividend Long Term Equity Fund	4,961,000	0.419

- (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:

ASAHI GLASS CO.,LTD. (JAPAN) held a total of 696,663,509 shares, or 58.781 %, in the Company:

ASAHI GLASS CO.,LTD. (JAPAN) 58.781 %

PTT Global Chemical Public Company Limited holds a total of 296,038,689 shares, or 24.978 %, in the Company:

PTT Global Chemical Public Company Limited 24.978 %

- (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.

The dividend payment policy for VNT's subsidiaries

The payment of dividends by the subsidiaries shall be considered and proposed by the Board of Directors of each subsidiary for approval at the Annual General Meeting of each subsidiary. The dividend payment of subsidiaries shall be calculated based on the investment plans and other requirements and considerations, such as the adequacy of cash flow of each subsidiary after deducting reserve funds in accordance with the law.

8. Management Structure

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

8.1 Board of Directors Structure

STRUCTURE OF THE BOARD OF DIRECTORS

- ▶ The Board of Directors comprises at least 10 directors, not less than half of whom must have residence in Thailand.
- ▶ It is the policy of the Board of Directors that the Chairman and Chief Executive Officer or Managing Director should not be the same person. This is so as to ensure clarity of responsibilities for issuing governance policy and undertaking the Company's management.
- ▶ The Board of Directors is responsible to shareholders, with each director representing all shareholders and participating in the corporate governance of the Company with independence and neutrality, for the benefit of all shareholders and other stakeholders.
- ▶ The Board of Directors sets its own appropriate membership numbers and composition, including a proportion of independent directors that is equal to at least one-third of the total board size and numbering not less than three positions.
- ▶ At least one Independent Director should be knowledgeable in the matter of reviewing the Company's financial statements.
- ▶ The Directors may not be directors of more than five listed companies on the Stock Exchange of Thailand and must notify the Board of Directors of their positions for acknowledgement and approval.

CHARACTERISTICS AND QUALIFICATIONS OF DIRECTORS

- Directors must be persons who have knowledge and experience that are beneficial to the Company's business and must understand and be interested in the Company's business.
- Directors must be qualified in accordance with Section 68 of the Public Company Limited Act, B.E. 2535.
- Directors must be recruited and approved by the Board of Directors.

- No Director shall engage in any business of the same nature as or coinciding with the business of the Company, either for their own benefits or for the benefits of others, unless they have notified the General Meeting of Shareholders prior to their appointment as director.
- Directors shall act in good faith, ethically and honestly.
- Directors shall be responsible and accept the obligation to fully perform their duties for the Company and interested parties, ethically and legally.
- Directors must use independent discretion that shareholders can trust.
- Directors must devote time and pay attention to the Company's affairs and regularly participate in the Company's meetings.
- Directors must comply with corporate governance guidelines set by relevant agencies.

As of 31 December 2017, the Board of Directors comprises 11 directors as follows:

1. Mr. Kazuaki Koga ^{1/}	Director / Chairman of the Board of Directors / Chairman of the Nomination and Remuneration Committee
2. Mr. Narongsak Jivakanun	Director / Vice Chairman of the Board of Directors / Member to the Nomination and Remuneration Committee
3. Mr. Hiroaki Sano	Director / Managing Director / Member to the Business Advisory Committee
4. Ms. Duangkamol Settanung	Director / Chairperson of the Business Advisory Committee
5. Mr. Tadashi Hiraoka ^{1/}	Director / Member to the Business Advisory Committee
6. Associate Professor Dr. Danuja Kunpanitchakit ^{2/}	Independent Director / Chairperson of the Audit Committee /
7. Mr. Pipop Pruecksamars	Independent Director / Member to the Audit Committee/ Member to the Nomination and Remuneration Committee
8. Mr. Pote Videtyontrakich ^{2/}	Independent Director Member to the Audit Committee.

9. Mr. Andre R. van der Heyden	Independent Director
10. Mr. Yoshihisa Horibe	Director
11. Mr. Hiroaki Ono	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

MEETING OF THE BOARD OF DIRECTORS

- At the beginning of the year, the schedule of the Board meetings shall be set in advance to allow the directors to arrange their Calendar for attendance at every meeting. Special session of the meeting may be called by the Chairman as deemed appropriate
- Meetings of the Board of Directors shall be held at least once every three months.
- Not less than fifteen days prior to the meeting date, notice of the Board of Directors' meeting shall be given to each director or director's representative. The Company Secretary is responsible for ensuring that the Board of Directors receives adequate and timely information. The Company Secretary is responsible for ensuring that all directors receive relevant information at least seven days in advance in order to give them enough time to study the materials, consider the matters raised and reach appropriate decisions to be expressed at the applicable Board of Directors' meeting.
- At all meetings of the Board of Directors, quorum will be achieved with the attendance of at least one half of the total number of directors in office.
- Directors who have an interest in agenda items under consideration will be considered non-voting and shall not participate in that part of the meeting.
- Directors can access and request from the management information regarding the Company's operations. They can also request an opinion from the Company's independent external advisors at the Company's expense.
- The Chairman of the Board shall approve the matters to be included in the agenda in consultation with the Company Secretary. The Company Secretary will consider the directors' request to add other important matters for consideration at the next Board of Directors' Meeting.
- The Chairman is responsible for allocating sufficient time for management to present all information enabling the Board of Directors to fully discuss important issues.

- The Chairman of the meeting shall highlight items on the agenda for consideration by the directors and give necessary support and opportunity for each director to share his/her opinion in order to process ideas and reach a conclusive resolution by the meeting.

The record of Board of Directors meeting and committee meeting attendance for 2017 is as follows:

Meeting attendance / Total no. of meeting

Name	Board of Directors Total 7 times/year	Business Advisory Committee Total 5 times/year	Audit Committee Total 8 times/year (including the Non-Management meeting)	Nomination and Remuneration Committee Total 3 time/year
1. Mr. Kazuaki Koga ⁽¹⁾ , ⁽²⁾	3/3	-	-	1/1
2. Mr. Narongsak Jivakanun ⁽³⁾	2/2	-	-	-
3. Ms. Duangkamol Settanung	7/7	5/5	-	-
4. Mr. Tadashi Hiraoka ⁽¹⁾ , ⁽⁴⁾	4/6	4/4	-	-
5. Mr. Yoshihisa Horibe ⁽⁵⁾	5/6	-	-	-
6. Mr. Hiroaki Ono ⁽⁶⁾	3/3	-	-	-
7. Mr. Hiroaki Sano ⁽⁷⁾	6/6	4/4	-	-
8. Associate Professor Dr.Danuja Kunpanitchakit	7/7	-	8/8	-
9. Mr. Pipop Pruecksamars	7/7	-	8/8	3/3
10. Mr. Pote Videtyontrakich	5/7	-	3/8	-
11. Mr. Andre R. van der Heyden	5/7	-	-	-
12. Mr. Masaaki Kobayashi ⁽⁸⁾	3/3	-	-	1/1
13. Mr. Shigenori Ishizuki ⁽⁹⁾	1/3	-	-	-
14. Mr. Vincent De Cuyper ⁽¹⁰⁾	1/1	-	-	1/1
15. Mr. Vincenzo Morici ⁽¹¹⁾	1/1	1/1	-	-
16. Mr. Martin Laudénbach ⁽¹²⁾	1/1	-	-	-
17. Mr. Bruno Van der Wielen ⁽¹³⁾	2/2	1/1	-	-
18. Mr. Richard Verlaque ⁽¹⁴⁾	2/2	-	-	-

19. Mr. Supattanapong Punmeechaow ⁽¹⁵⁾	1/5	-	-	1/2
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- (1) Directors whose residence is outside the Kingdom.
 - (2) Appointed (from the Annual Ordinary General Meeting of Shareholders) as the Company's Director, Chairman of the Board of Directors and Chairman of the Nomination and Remuneration Committee, effective from 27 April 2017; therefore the directors' number of meeting are 3 times/year.
 - (3) Appointed as the Company's director, Vice Chairman of the Board of Directors and Member of the Nomination and Remuneration Committee, effective from 21 September 2017; therefore the directors' number of meeting are 2 times/year.
 - (4) Appointed as the Company's Director and member of the Business Advisory Committee, effective from 22 February 2017; therefore the directors' number of meeting are 6 times/year.
 - (5) Appointed as the Company's director, effective from 22 February 2017; therefore the directors' number of meeting are 6 times/year.
 - (6) Appointed (from the Annual Ordinary General Meeting of Shareholders) as the Company's Director, effective from 27 April 2017; therefore the directors' number of meeting are 3 times/year.
 - (7) Appointed as the Company's Director, Managing Director and member of the Business Advisory Committee, effective from 22 February 2017; therefore the directors' number of meeting are 6 times/year.
 - (8) Appointed as the Company's Director, Chairman of the Board of Directors and Chairman of the Nomination and Remuneration Committee, effective from 22 February 2017 and resigned from the Company's director, Chairman of the Board of Directors and Chairman of the Nomination and Remuneration Committee, effective from 27 April 2017; therefore the directors' number of meeting are 3 times/year.
 - (9) Appointed as the Company's director, effective from 22 February 2017 and resigned from the Company's director, effective from 27 April 2017 ; therefore the directors' number of meeting are 3 times/year.
 - (10) Resigned from the Company's director, Chairman of the Board of Directors and Chairman of the Nomination and Remuneration Committee, effective from 22 February 2017; therefore the directors' number of meeting is 1 time/year.
 - (11) Resigned from the Company's director and member of the Business Advisory Committee, effective from 22 February 2017; therefore the directors' number of meeting is 1 time/year.
 - (12) Resigned from the Company's director, effective from 22 February 2017; therefore the directors' number of meeting is 1 time/year.
 - (13) Resigned from the Company's director, Managing Director and member of the Business Advisory Committee, effective from 22 February 2017; therefore the directors' number of meeting are 2 times/year.
 - (14) Resigned from the Company's director, effective from 22 February 2017; therefore the directors' number of meeting are 2 times/year.
 - (15) Resigned from the Company's director, Vice Chairman of the Board of Directors and Member of the Nomination and Remuneration Committee, effective from 31 July 2017; therefore the directors' number of meeting are 5 times/year.
- Current Business Advisory Committee members are directors number 3, 4, and 7
 - Current Audit Committee members are directors number 8, 9 and 10
 - Current Nomination and Remuneration Committee members are directors number 1, 2, and 9

Committees

The Board of Directors has set up 3 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

8.2 Management Staff

As at 31 December 2017, the list of Management according to the definition of the SEC are as follow:

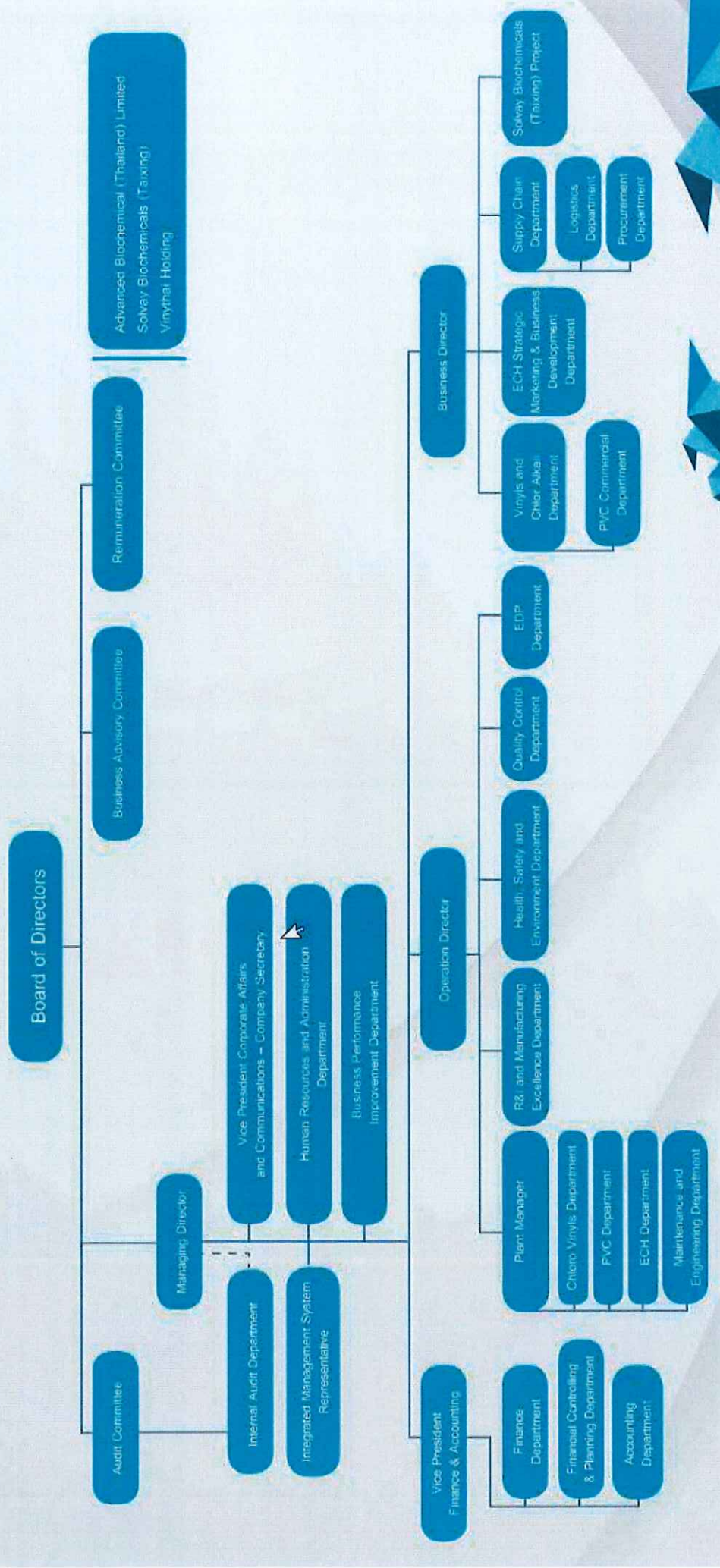
- | | |
|--------------------------------|--|
| 1. Mr. Hiroaki Sano | Managing Director |
| 2. Mr. Yoshihisa Horibe | Business Director |
| 3. Mr. Masari Orihara | Operation Director |
| 4. Mrs. Jamjuree Sirovetnukul | Vice President Finance and Accounting |
| 5. Mr. Sompot Cheeranorawanich | Vice President Corporate Affairs and
Communications - Company Secretary |
| 6. Mr. Apichart Kitjaroanvisal | Plant Manager |

Ms. Naddawan Triyawathanyu : Finance Department Manager

Mr. Kittipong Jamsak : Accounting Department Manager

Organization Chart of Vinythai Public Company Limited

Organization Chart of Vinythai Public Company Limited



[Signature]

8.3 Company Secretary

Mr. Sompot Cheeranorawanich, Vice President - Corporate Affairs & 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 2017, 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 2017, the shareholders approved remuneration for the Board of Directors in the shareholders' meeting, including bonus payments based on the operational results for 2016. The total remuneration for the Board of Directors amounted to 6,876,667 Baht, inclusive of a total bonus payment of 6,780,000 Baht. Details are as follows:

Unit: Baht/year

Name	Position	Remuneration	Bonus paid in 2016	Total Remunerations and Bonus
1. Ms. Duangkamol Settanung	Director / Chairperson of the Business Advisory Committee	780,000	529,294	1,309,294
2. Associate Professor Dr. Danuja Kunpanitchakit	Independent Director / Chairperson of the Audit Committee	725,500	604,907	1,330,407

3. Mr. Pipop Pruecksamars	Independent Director / Member to the Audit Committee / Member to the Nomination and Remuneration Committee	774,500	604,907	1,379,407
4. Mr. Pote Videtyontrakich	Independent Director / Member to the Audit Committee	720,000	604,907	1,324,907
5. Mr. Andre R. van der Heyden	Independent Director	360,000	604,907	964,907
Directors who were appointed during the year 2017				
6. Mr. Masaaki Kobayashi ⁽¹⁾ (resigned during the year 2017)	Chairman of the Board of Directors / Chairman of the Nomination and Remuneration Committee	148,000	-	148,000
7. Mr. Shigenori Ishizuki ⁽¹⁾ (resigned during the year 2017)	Director	63,429	-	63,429
8. Mr. Hiroaki Sano ⁽²⁾	Director / Managing Director / Member to the Business Advisory Committee	612,857	-	612,857
9. Tadashi Hiraoka ⁽²⁾	Director / Member to the Business Advisory Committee	612,857	-	612,857
10. Mr. Yoshihisa Horibe ⁽²⁾	Director	306,429	-	306,429
11. Mr. Kazuaki Koga ⁽³⁾	Chairman of the Board of Directors / Chairman of the Nomination and Remuneration Committee	567,000	-	567,000
12. Mr. Hiroaki Ono ⁽³⁾	Director	243,000	-	243,000
13. Mr. Narongsak Jivakanun ⁽⁴⁾	Vice Chairman of the Board of Directors / Member of the Nomination and Remuneration Committee	166,667	-	166,667
Directors who resigned during the year 2017				
14. Mr. Vincent De Cuyper ⁽⁵⁾	Chairman of the Board of Directors / Chairman of the Nomination and Remuneration Committee	125,000	756,134	881,134
15. Mr. Bruno Van der Wielen ⁽⁵⁾	Director / Managing Director / Member to the Business Advisory Committee	107,143	604,907	712,050

16. Mr. Vincenzo Morici ⁽⁵⁾	Director / Member to the Business Advisory Committee	107,143	604,907	712,050
17. Mr. Martin Laudenbach ⁽⁵⁾	Director	53,571	604,907	658,478
18. Mr. Richard Verlaque ⁽⁵⁾	Director	53,571	604,907	658,478
19. Mr. Supattanapong Punmeechaow ⁽⁶⁾	Vice Chairman of the Board of Directors / Member of the Nomination and Remuneration Committee	350,000	604,907	954,907
Directors who resigned during the year 2016				
20. Ms. Puntip Oungpasuk ⁽⁷⁾	Director / Chairperson of the Business Advisory Committee	-	50,409	50,409
Grand Total		6,876,667	6,780,000	13,656,667

⁽¹⁾Appointed as the Company's director effective from 22 February 2017 and resigned from the Company's director on 27 April 2017

⁽²⁾Appointed as the Company's director effective from 22 February 2017

⁽³⁾Appointed as the Company's director effective from 27 April 2017

⁽⁴⁾Appointed as the Company's director effective from 21 September 2017

⁽⁵⁾Resigned from the Company's director effective from 22 February 2017

⁽⁶⁾Resigned from the Company's director effective from 31 July 2017

⁽⁷⁾Resigned from the Company's director effective from 1 February 2016

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 remuneration comprising total annual remuneration of 240,000 Baht for year 2017.

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. The total 2017 remuneration for the 6 executives (as the definition of the SEC) was 40,753,098 Baht, such remuneration comprised salary and bonus.

8.4.2 Remuneration (other)

- Other Remuneration for Director

-none-

- Other Remuneration for Management

Provident Fund

The Company provides pension support to employees by contributing to the provident fund at a level of 5% to 8% of basis salary.

8.5 Personnel

As at 31 December 2017, total headcount is as follows:

	Vinythai	Advanced Biochemical (Thailand)	Solvay Biochemicals (Taixing)
Map Ta Phut	430	0	0
Bangkok	41	0	0
China	0	0	2

Employees in each main working unit consist of:

	Vinythai	Advanced Biochemical (Thailand)	Solvay Biochemicals (Taixing)
Managing Director Unit	10	0	0
Business and Administration	27	0	1
Production Unit	204	0	0
Production and Business Support Unit	230	0	1
Project and Construction Unit	0	0	0

Remuneration to Staff

In 2017, the total remuneration consisting of salary, bonus and other benefits, including provident fund scheme paid to employees is as follows :

	Vinythai	Advanced Biochemical (Thailand)	Solvay Biochemicals (Taixing)
Total Remuneration of employees (MTHB)	628	8	2

Vinythai is strongly committed to offering its employees a safe working environment and promoting their professional development. The Company respects fundamental human rights and provide its employees with equal opportunity without any discrimination. It also strives to maintain a regular dialogue with its employees and their representatives in an atmosphere of trust.

1) Vinythai Values its Employees

Vinythai values and respect equally all its employees. All employees are also expected to respect the distinctions of our individuality. The Company provides equal opportunity and encourages diversity at every level of employment. All employees should respect one another and should promote the Company's objectives collectively and collaboratively without any regard to race, ethnicity, religion, national origin, gender, sexual orientation, disability, age, family status, or any other basis. Unlawful discrimination will not be tolerated.

Vinythai is also committed to respecting and supporting human rights with regard to its employees, the communities in which it operates and its business partners. The Company prohibits any kind of child labor or forced labor and takes seriously any indication that human rights are not properly protected within the workplace or that it may be complicit in any human rights violation. Employees are expected to understand the human rights issues that may be at stake in their workplaces and should prevent any violation of these rights.

Furthermore, the Company is strongly committed to the promotion and enhancement of the labor relations in the workplace by collaboratively working with the Welfare Committee, and the representatives of employees in the format of working groups and committees. By that way, the Company is developing trust and constructive relations between the employees, their representatives and the management. The employees are encouraged to have open dialogue between them, their representatives and the management to insure a mutual understanding and favorable relationships.

2) Develop People

In 2017, Vinythai has launched a new Leadership Development Program - "**Outward Mindset**", developed by the Arbinger Institute, for 120 Managers and Engineers.

"**Outward Mindset**" is self-transforming program that enable our Managers to see beyond themselves and align with the organization higher purpose. Also, the program shifts the way they see, work and interact with others for great collaboration and results.

A shift in mindset is important in developing a positive change in our organization since it is believed that "**mindset builds behaviors, behaviors builds results**", so beginning with the right mindset is the true foundation of building the essential behaviors that lead to successful change implementation.

The program cultivates self-awareness to shift own mindset and engage the Managers in strong communication across the organization. "**Outward Mindset**" teaches them to listen and understand others. They learn to become accountable to impact from their day-to-day work in positive way. They are equipped with actionable tools to achieve win-win result for personal, mutual and organization goals.

Excellence Training Program - Lean Six Sigma Series

To sustain a transforming operations and driving a performance culture at Vinythai under continuous improvement mindset, our employees have been trained by Manufacturing Excellence tools, methodologies and programs to provide our employees with a systematic approach, the necessary tools and skills to solve their business and operation issues, and to institutionalize the systematic data-driven decision making process, root cause analysis, statistical data analysis for all aspects of the operations.

Excellence module program - **Lean Six Sigma Series** was deployed across the organizations with totally 49 Green Belts and 9 Black Belts

- | | | | |
|---|--|--|--|
| 1 The Begin - Engagement <ul style="list-style-type: none"> Change for transformation Connect Context, Clear Contract Change/Adjustment for Transformation Problem Solving Session | 2 White Belt – Primary level <ul style="list-style-type: none"> What's Lean ? What's 5S ? What's tools ? What's visualization ? | 3 Yellow Belt – Intermediate level <ul style="list-style-type: none"> Shift mindset of cont'd improvement Fundamental Lean Six Sigma (LSS) Basic statistic | 4 Green Belt – Secondary level <ul style="list-style-type: none"> Process mapping Statistics thinking Measurement system analysis Process capability analysis Hypothesis testing Value stream mapping |
|---|--|--|--|

In addition, in order to enhance the employees' awareness on energy conservation, more than 300 employees attended the **Basic Energy Conservation** sponsored by Bureau of Energy Human Resource Development at Practical Energy Management Center. Our employees learned about energy conservation on pump, boiler and steam trap and Renewable energy on new design building.

In 2017, average learning days per employee is 4.5 days and training.

Average Learning Days/person	Cadre	Non-Cadre
4.5 days	5.4 days	4.1 days

9. Corporate Governance

9.1 Corporate Governance Policy

The Board of Directors realize 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). The Company creates and maintains awareness of good corporate governance practices and business Conduct among its management and staff at all levels.

To ensure that Vinythai's businesses are conducted responsibly, ethically, fairly, transparently and accountably, with a clear focus on the creation of utmost benefits for the shareholders and stakeholders, towards mutual trust and sustainable growth, the Board of Directors has established the good corporate governance policy for all directors, managers, and employees to observe in their discharge of duties as follows:

(1) The Board of Directors observes the international guidelines and consistently improves the Company's corporate governance practices in accordance with these international standards in matters relating to consideration of the rights of shareholders, the equitable treatment of shareholders, the responsibilities to stakeholders, the disclosure of information and transparency, and the responsibilities of the Board of Directors.

(2) The Board of Directors, the managers and all employees are determined in their observance of the core of good corporate governance principles. Additionally, they need to ensure strict compliance with the laws and relevant regulations in all countries in which the company invests.

(3) The Board of Directors arranges for an administrative structure with fair relationship between the Board of Directors, the managers and the shareholders. They shall play a vital role in the determination of visions, strategies, policies and key plans. They shall ensure that a performance monitoring and evaluation system is in place, that risks are efficiently managed, that they are independent, and that they are responsible for their discharge of duties in accordance with the good corporate governance principles.

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 “**Business Advisory Committee**” to supersede Executive Committee and expand the advisory roles on Strategic and Risk Management.

The Board of Directors’ Meeting of the Company No. 3/2016 held on 14 July 2016, resolved the renewal of members of the “Business Advisory Committee” for 3 years effective from 29 August 2016 to 28 August 2019.

As of December 2017, the Business Advisory Committee comprises the following members:

- | | |
|------------------------------|-------------|
| 1. Miss Duangkamol Settanung | Chairperson |
| 2. Mr. Tadashi Hiraoka | Member |
| 3. Mr. Hiroaki Sano | Member |

Mrs. Jamjuree Sirovetnukul, Vice President Finance and Accounting, served as Secretary to the Business Advisory Committee.

(Please see the more details in our website:

<http://www.vinythai.co.th/media//www/index/10376321487605086.pdf>)

(Business Advisory Committee Charter on page 29-33)

(2) The Audit Committee

The Board of Directors Meeting no. 6/1999 held on 15 November 1999 appointed 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.

The Board of Directors’ Meeting No.6/2017, held on 21 September 2017, resolved the renewal of members of the “Audit Committee” for 3 years effective from 27 November 2017 to 27 November 2020.

As of December 2017, the Audit Committee comprises the following members:

- | | |
|--|-------------|
| 1. Assoc.Prof. Dr. Danuja Kunpanitchakit | Chairperson |
| 2. Mr. Pipop Pruecksamars | Member |
| 3. Mr. Pote Videtyontrakich | 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 and Assoc.Prof. Dr. Danuja Kunpanitchakit, committee members possess adequate expertise and experience to review the reliability and creditability of the financial statements.** Details of their qualifications and experience are disclosed in the Company’s Annual Report and Form 56-1.

(Please see the more details of Audit Committee Charter in our website:

<http://www.vinythai.co.th/media//www/index/10376321487605086.pdf>)

(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).

The Board of Directors’ Meeting of the Company No. 3/2016 held on 14 July 2016, resolved the renewal of members of the “Nomination and Remuneration Committee” for 3 years effective from 29 August 2016 to 28 August 2019.

As of December 2017, the Committee comprises of existing members as follows:

- | | |
|----------------------------|----------|
| 1. Mr. Kazuaki Koga | Chairman |
| 2. Mr. Narongsak Jivakanun | Member |
| 3. Mr. Pipop Pruecksamars | Member |

Mr. Sompot Cheeranorawanich, Vice President Corporate Affairs and Communications - Company Secretary, served as Secretary to the Nomination and Remuneration Committee.

(please see the more details in our website:

<http://www.vinythai.co.th/media//www/index/10376321487605086.pdf>)

(Business Advisory Committee Charter on page 40-44)

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

9.3.2 Directors and Top Management

The Nomination and Remuneration Committee is responsible for considering candidates deserve a nomination as new directors, Chief Executive Officer or Managing Director, including consideration and advising on the development of various aspects of the Vice President level and above. The Rules and Procedures for the Nomination are established the best criteria and transparency to be presented to the Board of Directors and/or the shareholders' meeting for approval.

Rules and Procedures for the Nomination of Director(s), Independent Director(s) and Audit Committee Member(s)

1. In case of any vacancy for a Director, Independent Director or Audit Committee Member, the Nomination and Remuneration Committee shall nominate a qualified candidate who does not possess any prohibited characteristics to serve as Director, Independent Director or Audit Committee Member and propose to the Board of Directors' Meeting for consideration and approval of the appointment.
2. Any director has the right to propose the name of a qualified candidate to the Nomination and Remuneration Committee within the timeframe for consideration, including preliminary qualification check, before proposing such person to the Board of Directors' Meeting for consideration and approval of appointment.
3. Any major shareholder has the right to propose the name of a qualified candidate to the Nomination and Remuneration Committee within the allotted timeframe for consideration, including preliminary qualification check, before proposing the person to the Board of Directors' Meeting for consideration and approval of appointment.
4. The Nomination and Remuneration Committee will announce the timeframe for proposing the name of a qualified candidate who meets all requirements to serve as a Director, Independent Director or Audit Committee Member.

5. Any time the Nomination and Remuneration Committee identifies a qualified candidate or candidates meeting all characteristics, to serve as a Director, Independent Director or Audit Committee Member, the Nomination and Remuneration Committee shall forward the resume(s) of the proposed qualified candidate(s) to the Company Secretary to conduct a preliminary check of the candidate(s) qualifications.
6. Once the Company Secretary has checked the proposed candidate(s) qualifications, the Company Secretary will prepare a summary report and propose the candidate to the Nomination and Remuneration Committee for its consideration and resolution. If it agrees with the proposal, the Nomination and Remuneration Committee will propose the candidate for consideration and approval by the Board of Directors' Meeting.
7. Once the Board of Directors' Meeting has approved the appointment, the Company Secretary will be responsible for disclosure to or registration with the Stock Exchange of Thailand (SET), Securities and Exchange Commission (SEC), Ministry of Commerce and/or any related organizations. The Company Secretary will compose a profile of the director in compliance with the relevant rules and/or laws.
8. In case of any vacancies for Directors, Independent Directors or Audit Committee Members arising otherwise than by rotation, and the remaining term of office of such Directors, Independent Directors and Audit Committee Members being less than two months, the Board of Directors' Meeting will propose replacement candidate(s) to the Shareholders' Meeting for consideration and approval.

Once the Shareholders' Meeting has approved the replacement, the Company Secretary will be responsible for disclosure to or registration with the SET, SEC, Ministry of Commerce and/or any related organizations. The Company Secretary will be responsible for composing a profile of the director in compliance with the relevant rules and/or laws.

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.

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 of the Company. Moreover, prior to proceeding of any important issue(s) of the subsidiaries, it should get approval from the Company's Board of Directors.

In addition, the Vinythai Board has directed several important policies of the subsidiaries such as Management policies, Financial Accounting Policies Management policy on Safety, Health and Environment, CSR policy and HR management policies. It also ensures that those policies are consistent with the requirements and regulations of the Securities and Exchange Commission of Thailand and related laws.

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 Conduct.

In addition, the Company has established policy about the protection of company confidential information. 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. As such, the IT system prevents the accessibility to the Company's confidential and important information from external parties, and gives 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 paid the audit fee to the auditor in the past fiscal year in the amount of THB 2,110,000.-

(2) Non-Audit Fee

The Company paid the non-audit fee for corporate income tax review and other services in the past fiscal year in the amount of THB 1,465,000

9.7 Compliance with good corporate governance principles in other matters

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

1. Rights 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, 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 pipes. 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 March 17, 2017 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.
- 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 19 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 31 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 3 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.

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 an unanimous resolution approving what has been proposed. The Chairman will then state that the meeting passes an 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 participating in the meeting included the Managing Director, Chairman of the Audit Committee, Chairperson of the Business Advisory Committee, Independent Director and other Board members totaling 7 persons. The Managing Director acted as chairman of the meeting. In addition, the Company's auditor and concerned Management were present to answer shareholders' inquiries and provide 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 MHN Company 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

- The Company notified the resolutions of the Shareholders Meeting after the Shareholders Meeting through SET Portal. The resolution stated the results of the vote and the voting results on each agenda.
- 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. Considering the supervision of the utilization of inside information, as stipulated in its Code of Conduct, 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 and 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.
- Each year, the Company arranges the activities for Shareholders to visit the Plant and participation of the Coral Cultivation, 80,000 branches, for His Majesty the King project to support the growing corals with PVC pipe

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 Conduct 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

Vinythai drives the sustainable growth of the Company and creates continuous profits by conducting business with care and transparency, so as to generate competitive, long-term value for shareholders.

Board of Directors and Management

The Company's Board of Directors and Management are aware of their rights, exercise their duties within the frameworks and models defined by the Company, and apply the rules of equity and fairness of all stakeholders.

Employees

The Company realizes the value of every employee and enables its employees to have pride in the organization by providing working environments designed to maximize participation and opportunities for career advancement. The Company encourages employees to develop their ability to thoroughly and continually create value and maintain business excellence by:

- Offering equal employment opportunity, respect for human rights and respect employee's right, and developing and fully realizing 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 monitors and reviews employee benefits to ensure the employees welfare is adequate and secures for them the parity with the industry.

- Providing training and employee development opportunities at all levels. Employees are encouraged to develop thorough knowledge and competencies so as to continuously upgrade both the ability of the organization and its capacity in each work area.
- Providing seminars and trainings for all employee levels in order to gain the knowledge and understanding in respect to the environment including creation of the awareness in protection of natural resources and environment within the community and the public.
- Promoting two-way communications within the whole Company and making employees proud to work for the organization.
- Providing suitable welfare for all levels of employees.
- Placing at the top of all priorities, hygiene, safety and environment in the workplace.

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.

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.

Business Partners

The Company obliges directors, executives and employees involved in leasing, hiring, purchasing or selling property or goods or services of all kinds to act strictly in the Company's best interests based on accurate, actual information that does not mislead lessors, leaseholders, buyers or sellers of assets, products or services with information that is incomplete or insufficiently accurate. Involved executives and employees do not accept gifts or any other remuneration unless it is a traditional practice, in which cases such gifts or remuneration should not be of such high value as to invite censure or

prompt special consideration in the future.

Business Alliances

The Company is committed to compliance with agreements made with its business partners in a manner that is mutually beneficial to the overall business.

Competitors

The Company supports and encourages free and fair competition, always behaving in accordance with accepted rules of etiquette and good competition within the framework of the law.

Community, Society and Environment

The Company conducts itself as a good corporate citizen and operates its business in accordance with its well-recognized duties and responsibilities to the community, society and the environment.

In addition, the Company is fully conscious of its responsibilities to the Thai society and societies of host countries, with its prime concern to develop and strengthen communities towards sustainable self-sufficiency resulting in economic prosperity and social harmony throughout the country. The Company encourages its employees to be aware of their social responsibilities in both their work and daily lives, including:

- Creating business practices and implementing activities that are responsible and beneficial to society, both in the short and long term, and focusing on business transactions with trade partners who share common intentions regarding social and environmental responsibility.
- Supporting learning and skills development among youths and the public and promoting awareness of natural resource and environment preservation in communities and Thai society.
- Providing correct information, creating understanding, and listening to problems and information about impacts on surrounding communities with a view to implementing appropriate solutions, all based on the principle of co-existence between the Company's plants and communities for mutual benefit and without conflict.
- Supporting beneficial activities, especially in areas where the Company's businesses are located, taking into consideration suitability and providing sustainable benefits to society and communities.
- Supporting public activities and national development policy for the country's benefit as a whole.
- Considering how to utilize natural resources with minimum impact on society, the environment and quality of life.

Public Sectors

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

Suggestions and / or Complaints

To improve the Company's services, customers, employees and any person can make recommendations or comments or complaints related to the Company through the following:

- Audit Committee, <http://www.vinythai.co.th/en/home/3/Contact%20us/2/>
- The Company's website or www.vinythai.co.th

4. Disclosure and Transparency

The Company is committed to providing equal treatment to shareholders, financial institutions, securities companies, investors and others who use financial information, with emphasis on open, accurate, complete and timely data that does not discriminate either positively or negatively. However, the Company realizes the need to keep secret certain vital business information, including its operational strategies. Disclosure is governed by the relevant rules and regulations of the Stock Exchange of Thailand and Securities and Exchange Commission of Thailand.

Disclosure of information includes but is not limited to annual disclosures of information (Form 56-1), the Company's annual report (Form 56-2), quarterly reports, any minutes of meeting, news, press releases, letters to shareholders, information on the Company's website, information provided through various media, and interviews with the media and press conferences, etc.

- **Disclose and Transparency**

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.

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.

- **Policy to report the shareholding and transactions of company shares to Board of Directors**

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 and 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 holding of the Company's shares by the Director and Management as of 31 December 2017 and changes from the past year is as follows:

- *Directors: None of Directors holding the company's share*
- *Management: There are 6 managements (as the definition of the SEC) but there is only one holding the company's share*

(Common Share)							
	as at 31 December 2016			as at 31 December 2017			
Name	Number of shares held by (a) director or management	Number of shares held by (a) related person(s)	total	Number of shares held by (a) director or anagement	Number of shares held by (a) related person(s)	total	Change: increase / (decrease)
1. All Directors (11 Persons)	-	-	-	-	-	-	-
2. Mr. Sompot Cheeranorawanich Vice President Corporate Affairs and Communications - Company Secretary	3,990.00	-	3,990.00	3,990.00	-	3,990.00	-

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.

• **Investor Relations**

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 2017, the Company recorded 30 visits by investors and analysts as follows:

Type of Visit	No. of visits	No. of companies
One-on-One Meeting	30	15

Investors may request any information from the Company at Tel. 0-2030-6800 or Fax. 0-2030-6801-2, e-mail at jamjuree.sirovetnukul@agc.co.th or mailing address at Vinythai Public Company Limited, No. 11 Q. House Sathorn Building, 18 th Floor, South Sathon Road, Khwaeng Thung Maha Mek, Khet Sathon, Bangkok 10120 Thailand

- **Whistleblowing and Whistleblower Protection Measures**

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:

<http://www.vinythai.co.th/en/home/3/Contact%20us/2/>

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.

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.

- **Policy for prevention of software copyrights violations**

The company has the policy on prevention of software copyrights violations, the Company also formulated guidelines to which its employees must strictly adhere. The guidelines include abuse of company's computer and IT system, such as, store and/or use illegal software on company's computer. In event of violations of the mentioned policy, an investigation shall be conducted as quickly as possible. An employee found guilty of such conduct is subject to the Company's disciplinary actions.

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.

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, Asahi Glass Co.,Ltd (Japan), the current structure of the Company's Board also includes representation of the other major shareholder, PTT Global Chemical Plc., and 4 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.

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 its meetings in accordance with its responsibilities to shareholders, including setting targets to secure optimum benefit for shareholder and other stakeholders within legal framework and business conduct. The Board of Directors reviews and approves the company's vision, mission, values and strategy every year. In addition, the company has improved the Charter on Corporate Governance and Code of Conduct.

(see the details at :

<http://www.vinythai.co.th/media//www/index/10376321487605086.pdf>, or
<http://www.vinythai.co.th/media//www/index/90588951487869043.pdf>)

The Board of Directors takes overall responsibility for the following:

- 1) Endorse the vision, goals and strategies of the Company every year, including risk policies, business plans & annual budgets, monitor the Company's operations and approve major investments, takeovers and sales of Company businesses.

- 2) The Board of Directors shall manage and carry on the business of the Company in accordance with the law, the Company's objectives and articles of association and resolutions of shareholders' meetings. Moreover, directors shall do so in good faith and consistent with the best interests of the Company and shareholders.
- 3) Supervise and monitor activities of the Company's management to ensure that their performance is in line with established policy in accordance with good corporate governance and so as to add economic value to the Company and increase wealth for shareholders.
- 4) Monitor the operation of the Company at any time with cognizance of relevant laws and contract terms as they relate to the Company and require management to report its performance and other important matters to each Board of Directors' meeting, thereby effectively improving the Company's operation.
- 5) Provide accounting systems, financial reporting, internal controls and effective and credible internal audits.
- 6) Control and oversee management treatment of all interested parties to ensure that they are ethical and equitable.
- 7) Evaluate the Company's success in order to determine bonuses and rates of annual salary increases within the Group.
- 8) Play a key role in risk management matters so as to establish and maintain guidelines and measures to ensure adequate risk management and regular monitoring.
- 9) Independent directors and other outside directors are prepared to use their discretion in independently considering issues pertaining to strategic management of resources, appointment of directors and setting operational standards, and are ready to challenge the actions of directors and other management figures in cases of conflicting opinions as they affect the equitable treatment of all shareholders.
- 10) If necessary, the Board of Directors shall enlist the services of external professional advisors at the Company's expense.
- 11) Appoint a Company Secretary to assist the Board of Directors with various activities, including Board of Directors' meetings and shareholders' meetings, and regularly advise the Board and the Company on their conduct and correct operations according to laws and relevant regulations. The Company Secretary will also ensure that the Directors and the Company disclose information correctly and transparently.
- 12) Provide provisions pertaining to business Conduct, director Conduct, executive Conduct, and employee Conduct to be implemented in-house.
- 13) Suspend trading at least one month prior to announcements of financial news and for at least three days after announcement of financial statements.
- 14) Report the securities holdings of their spouses and minors to each Board of Directors' meeting and notify the Company without delay in the event of an interest, whether directly or indirectly held, arising in any contract made within the Company's fiscal year, or if holding shares or debentures in the Company and/or the Company's subsidiaries.

The material approval authorities of the Board of Directors are for example:

1. Approval of major investment, takeover or sale of business including the acquisition and disposal of asset, related party transaction in accordance with the regulation of the office of the Securities and Exchange Commission and the Stock Exchange of Thailand
2. Appointment, withdrawal and authorization of duties to the sub-committees including the appointment of directors during the year, appointment of specific committee, the determination of names of director who can sign to bind the company.
3. The appointment of the company secretary in accordance with the Securities and Exchange Act
4. The approval of vision, goal, strategy and policy for the operation of the company.
5. Approval of the establishment, merger and acquisition of subsidiaries.
6. Approval of the open and close of accounts and implementation of company's normal business accounts with banks or financial institutions.
7. Approval of the institution, conduct, prosecution, settlement, compromise and defense of any action or other legal proceeding including the appointment of a lawyer whatsoever necessary to sustain the interest of the company for both civil and criminal cases.
8. Approval of entering into the major contracts of the Company

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.

Board 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 Board of Directors recognizes the importance of a self-evaluated and a constant improvement in its working performance. Therefore, the company conducted a self-assessment for all of the Board's members to evaluate their performance in accordance with the principles of Corporate Governance. The process and criteria of the self-assessment are mentioned here under.

The process of Board of Directors self-assessment.

1. The Nomination and Remuneration Committee reviewed the assessment form for its accuracy and completeness as determined by the Principles of Corporate Governance.
2. The Company Secretary summarized the results of the assessment.
3. The Company Secretary reported the assessment results to the Board of Directors as reference for performance improvement.



The self-assessment has generally been taken in 6 main criteria;

1. Structure and qualifications of the Board of Director.
2. Roles and responsibilities of the Board of Director.
3. The Board of Director meetings
4. The Board's performance in duties
5. The Board's relationship with the Company's management.
6. Self-improvement of the directors and management development plan.

The Board of Directors' self-assessment is conducted on an annual basis. The result of the previous year self-assessment is satisfactory. The Board has effectively contributed for their duties. The findings of the assessment were presented and reviewed for continual improvement.

Board Self-Assessment of Sub-Committee

Annual evaluation of performance of Sub-Committee e.g. Audit Committee was carried out in order to monitor and carry out continual improvement. The assessment result was reported in the Board meeting for their acknowledgement. Based on 2017, the result showed that all performance was highly satisfactory.

Board and Management and Employee 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 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.

10. Corporate Social Responsibility

CORPORATE SOCIAL RESPONSIBILITY

Even with a significant change in main shareholder structure in early 2017, Vinythai has continued making corporate social responsibility one of the key strategies in its mid- and long-term business plans. Our management holds sustainability to be a vital concern and it requires all management and staff to comply with relevant measures both internally and in our dealings with our business partners.

The Company refers to ISO 26000 guidelines in implementing the three principle dimensions of its corporate responsibility strategy: economic, societal, and environmental. This includes meeting the expectations and needs of the Company's key stakeholders and incorporating pertinent provisions into its plans. Those key stakeholders include customers, suppliers, employees, the planet, communities, and investors. Relevant action plans are established, monitored and reported by each area owner.

The Board of Directors' Engagement in Corporate Social Responsibility Practices

The Vinythai Plc Board of Directors' engagement in CSR practices exists at the policy and management levels. The Board of Directors analyzes the previous years' operations and gives suggestions on needed improvements. One aspect of Vinythai's CSR practices that received close attention from the Board in 2017 is anti-corruption efforts. The Management deployed at all levels of the Company the new procedures related to its participation to Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) which is coordinated by the Thai Institute of Directors (IOD). This significant move emphatically endorses the Company's commitment to contribute to the elimination of corruption and to the development of stronger ethical behaviors in all its business activities. The Board of Directors' engagement in this process greatly contributes to the accomplishment of the sustainability goals set by the Company which are prioritized according to its economic, environmental and social responsibilities.

Integrated Management System Policy

Vinythai Group aims to be a sustainable development reference; therefore the Company applies management system excellence practices and adheres to following key principles;

- **To put safety as a first priority** in every single activity where employees and contractors are working, always improving to attain a zero accident target,
- **To integrate Health and environmental principle** into daily activities by ever reducing the key impacts of our businesses - energy consumption, natural resource & resource consumption, emission reduction, including product life cycle perspectives.
- **To comply with all applicable legal requirements, business code of conduct**, and with other rules to which the Group subscribes internally and externally,
- **To commit to continual improvement, risk-based approach and preventive principle**, and best practices via established management tools and processes

- innovation & suggestion, knowledge management, excellence programs, sustainable development program,
- **To enhance employee engagement and foster the Teamwork practices**, in order to develop a “happy” work place
- **To enhance and deliver satisfaction to the Group’s key stakeholders** - customers, suppliers or external providers, communities, including investors.



(Mr. Hiroaki Sano)

Managing Director

Economic Responsibility

In terms of economics, the Company understands that its customers, employees, investors and suppliers are directly connected with its operations. As such, the Company’s management stresses rigorous organizational management, continually enhanced by ongoing programs. Areas covered include organizational governance, risk management, business continuity management, internal control, internal audit, compliance, and code of conduct, described in below. Organizational management and associated programs thereby constitute infrastructure and frameworks on which to base further development of good corporate governance.

Organization Governance

The Company’s duly established Board of Directors, Nomination & Remuneration Committee, Audit Committee, Business Advisory Committee including Management Committee, and Management Team have clear responsibilities and authorities. There is a job description with delineated responsibilities for every position. Lines of management authority were reviewed in 2017, and amendments made based on relevant transactions and activities.

Risk Management

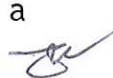
Vinythai is united in its risk management efforts and has established Enterprise Risk Management Policies on the basis of its Corporate Policy over Internal Control, supervised by the Management Committee. Risk management programs are reviewed annually, including taking actions to reduce risks, reviewing current risk control measures, and taking further action in priority areas.

Risks areas also include product and service defects and inconsistencies, intellectual property and confidential Information.

Actions taken to reduce risks are closely monitored to ensure appropriate and effective management. Business Continuity Management is a core approach to managing risk potential.

Business Continuity Management

The Company’s Business Continuity Management (BCM) aims to improve its resilience by readying rapid recovery solutions for rolling out in the event of disruption or disastrous interruption of activities, so that the Company is still able to provide critical services to support all functions. Vinythai has duly formulated a



comprehensive Business Continuity Plan (BCP) to cover all accident and disaster eventualities.

The “BCP” is continuously maintained and improved through regular and drills. In 2017, the influenza scenario was reviewed and its BCP trialed. The Company will review other scenarios and create plans for them annually. It will also ensure that all employees understand their roles and responsibilities and are ready to react immediately in an event.

Internal Control

With a sound framework, Management is proficient in designing, implementing and monitoring internal controls in the course of its duties and responsibilities. In so doing, Management mitigates and reduces potential risks and ensures that staff fully understand and comply with the controls as they are designed.

The Internal audit department reviews Vinythai’s internal control system by examining the results of internal control assessment performed by management in accordance with guidelines set forth by the Securities and Exchange Commission (SEC), as well as internal and external audit reports.

Management continuously improves the internal control system based on suggestions from the external and internal auditors. All of this leads to the conclusion that Vinythai has prioritized internal control to ensure its adequacy and effectiveness. Additionally, in 2017, Vinythai applied J-SOX internal control over financial reporting.



Internal Audit

To ensure that Management performs efficiently and effectively, the Company has established a framework that assigns the Internal Audit Department to oversee the system and related tasks. Each audit monitors each Management area’s respective organization and identifies areas for improvement. The Internal audit leader reports the results to the Audit Committee and Board of Directors.

Compliance

Vinythai’s Legal and Compliance Manager is assigned to monitor and oversee the Company’s proper business operation and legal compliance. Vinythai established and implements its Code of Conduct as a matter of compliance for its underlying business activities. The Code of Conduct sets out specific business conduct requirements and all Director, Management and staff are required to be guided by the code in their daily work and decision-making.

Code of Conduct

Vinythai’s Business Code of Conduct promotes accountability and transparency and standardizes processes throughout the supply chain.

The Company is committed to treating the Code of Conduct as an opportunity for every employee to renew their awareness of compliance and have a clearer perspective of the Company’s business affairs and the role of workplace.

A new edition of the Code of Conduct was approved in December 2017, and implemented according to AGC Group guidelines. A further announcement on the topic and refresher training is starting and will be completed by mid of 2018.

Product Stewardship

With a commitment to the “Responsible Care Initiative” to reduce impact to Health, Safety and Environment from the supply chain, in year 2017, the Company maintained the rigorous Product Stewardship Guidelines and Programs.

The guidelines are used as references for planning, regulating and controlling raw materials selection, processes, storage, transportation, product use and reuse & disposal.

The key activities implemented are as follows:

- Reviewing the risk assessment of products health impact and ensure the control measures are effectively implemented. This risk assessment covers all marketed products.
- Improving the product safety documentation in accordance with the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) and revised in accordance with new changes.
- Providing product safety training to customers and transporters on the safe handling.
- Reviewing and updating on the new/changes in regulatory associated with products on the regular basis to ensure the compliance.

ESG100 Classification

In 2017, Vinythai was ranked by Thaipat Institute as one of the 100 top-performing companies in environmental, social and governance areas.

Thaipat Institute applied ESG criteria for an industrial sector as follows:

- 1-Management of energy, water, air & waste
- 2-Emissions of greenhouse gases
- 3-Product safety
- 4-Management of health, safety & emergency situations
- 5-Materials sourcing

Vinythai was assessed that is well-managed according to each criteria.



Innovation and Suggestion Management

The Innovation Committee is nominated to run and promote Innovation & Excellence activities. The committee supports, rewards and recognizes employees for their ideas. Employees are encouraged to submit suggestions for improving safety, productivity, quality and cost-effectiveness, and better serving the customer. The committee organizes an annual Innovation & Suggestion Event that recognizes and celebrates outstanding innovations that have been implemented.

A ratio of 1.5 innovations and suggestions per employee was achieved in 2017. Examples of outstanding innovations included: 1) saving 50% membrane replacement duration, and 2) reducing queue time by 20% using visual logistics management.

Employee Innovation Awards 2017: “The Company’s greatest sources of innovation are its employees”



Integrated Management Systems

Each year, department heads set integrated management objectives and targets. Actions are taken to achieve the targets. Performance is monitored and progress is periodically reported to senior management. Performance feedback is communicated to staff via the Company’s intranet. Staff can also track key performance indicator (KPI) progress and other relevant matters via the intranet.

Product Licenses

The Company has gained the following recognitions and certifications:

- Thai Industrial Standards Institute license to display a Standard Grade stamp on PVC piping resin
- Thai Industrial Standards Institute license to display a Quality Level 1 stamp on 32% & 50% sodium hydroxide
- Food and Drug Administration (FDA), Ministry of Public Health, Thailand, license to display an FDA stamp on 32% & 50% sodium hydroxide food additive.
- A Central Islamic Committee of Thailand license to display a Halal stamp on 32% & 50% sodium hydroxide food additive.
- Thai Kashrut Services Ltd., Jewish Community of Thailand, certification to display a Kosher stamp on caustic soda product
- Thailand Greenhouse Gas Management Organization (TGO) license to display a carbon reduction label for PVC suspension, PVC emulsion, 32% & 50% sodium hydroxide, and epicerol.

Management Standards

The Company has gained certifications as follows:

- ISO 9001:2015 certification, assessed by Bureau Veritas Certification Thailand, since 1997
- ISO 14001:2004 certification, assessed by Bureau Veritas Certification Thailand, since 1999
- OHSAS 18001:2007 certification, assessed by Bureau Veritas Certification Thailand, since 2001

- ISO/IEC 17025:2005 Laboratory accreditation, certified by the Thai Industrial Standards Institute (TISI), since 2004
- GMP certification & HACCP certification of caustic soda, assessed by Bureau Veritas Certification Thailand, since 2014.
- Roundtable on Sustainable Biomaterials (RSB) certification, assessed by SCS Global Services Company, USA, since 2015
- Carbon Footprint Label issued by the Thailand Greenhouse Gas Management Organization (TGO) for carbon dioxide emission reduction during production of PVC suspension, PVC emulsion, sodium hydroxide, and intermediate products, namely, vinyl chloride monomer, ethylene dichloride and epichlorohydrin, since 2011
- Green Building Council of Australia (GBCA) - Green Star Credit Best Practice Guidelines PVC, as assessed by Lloyds Register Quality Assurance Limited, since 2014.



In 2017, Vinythai successfully upgraded its Quality Management System to the new ISO 9001:2015 version. To ensure effective implementation of the Integrated Management System, the Company's Management System Auditor audited the Company's ISO 9001, ISO 14001, OHSAS 18001, GMP and HACCP performance and applicable product standards. The audit indicated satisfactory performances throughout.

Customer Satisfaction Survey

In monitoring and measuring customer satisfaction with respect to its PVC, caustic soda and finished products, the Company surveys domestic and international customers in collaboration with independent agencies. Feedback from the surveys is used to develop marketing plans tailored to individual customers and market trends. Implementation of the plans further strengthens the Company's business dynamic going forward.

Customer visits, both within and outside Thailand, in 2017 indicated consistently high levels of satisfaction. All issues raised have been resolved and Vinythai remains committed to continuing to raise its customer satisfaction levels in each area in the coming year and beyond.

Similar surveys conducted inside the company aim to further enhance customer satisfaction. Essentially, the internal survey scrutinizes laboratory production testing services, maintenance & engineering services, production, warehousing, and other areas, with a view to streamlining processes and improving efficiency.

The Company also tracks customer complaints and takes steps to prevent or resolve any issues or problems arising. The volume of customer claims and complaints in 2017 was 70% lower than in 2016, evidencing significantly improved performance.

Environmental Responsibility

With its strong commitment to environmental governance, the Company seriously implements its environmental management and program in accordance with stringent legal and regulatory requirements and increasing the efficiency of environment resources consumptions with the less impacts.

- **Assessment:** Regular environmental assessments are thoroughly reviewed. Programs, Corrective and Preventive measures are implemented to lessen environmental impacts.
- **Efficiency:** Implemented the projects to maximize the efficiency of environmental resources consumption by taking into account in using raw materials, water and energy to minimize environmental impacts.
- **Air Emissions Controls:** The Company has rigorously implemented the highly efficient and cutting-edge technology for air emission prevention called “Leak Detection and Repair - LDAR” guidelines in performing its VOC management. This program helps to immediately notice for any small leaks and enable us to promptly taking actions to repair such leak.
- **Waste Management “ZERO WASTE TO LANDFILL”:** With an aim to reduce the solid wastes, the company continuously implements 3Rs (Reduce, Reuse, Recycle) principles according to the Department of Industrial Works’ waste management guideline. In 2017 we could recycle 97% of industrial wastes.
- **Dialogue and Transparency:** the Company arranged visit and provided the performance on the environmental performance to external stakeholders on the regular basis.

Effective Energy Consumption

Vinythai is committed to, and considers itself responsible for, contributing to a better environment and sustainable society.

Our designated environmental activities reduce greenhouse gas emissions and promote effective energy consumption, and are fully compliant with applicable regulations and relevant standards.

Since our inception, we have monitored and taken steps to minimize our greenhouse gas emissions. We continue to strive for ever higher standards, wherever possible curtailing any impact on emissions from our manufacturing activities, whether direct or indirect.

In 2017, despite an increase in production at 11%, Vinythai declared 573,000 tons of CO₂ greenhouse gas emissions, a significant 25% or 194,000 ton reduction from the 2013 baseline. This has mainly been achieved through optimization of energy-consuming processes (steam, electricity, natural gas) and also upgrading equipment for better efficient electricity consumption such as replacing the chillers in PVC production.

Social Responsibility

Vinythai’s policy regarding its role with respect to community, society and environment, as defined in its Corporate Governance manual, lays the ground-rules for the Company’s sustainable operation and contribution to the welfare of society.

The Company conducts itself as a good corporate citizen and operates its business in accordance with its clearly defined duties and responsibilities to society and environment which are

- Creating business practices and implementing activities that are responsible and beneficial to society, both in the short and long term, and focusing on business transactions with trade partners who share common intentions regarding social and environmental responsibility.
- Supporting learning and skills development among youths and the public and promoting awareness of natural resource and environment preservation in communities and Thai society.
- Providing correct information, creating understanding, and listening to problems and information about impacts on surrounding communities with a view to implementing appropriate solutions, all based on the principle of co-existence between the Company's plants and communities for mutual benefit and without conflict.
- Supporting beneficial activities, especially in areas where the Company's businesses are located, taking into consideration suitability and providing sustainable benefits to society and communities.
- Supporting public activities and national development policy for the country's benefit as a whole.
- Considering how to utilize natural resources with minimum impact on society, the environment and quality of life.

The aim of mutual benefit and harmony between the Company's industrial activities and society is further enhanced as follows:

1. Health and Safety of Employees and Surrounding Communities

In 2017, the Company implemented the following health and safety projects:

Community Health and Safety

- In collaboration with Noenphra Municipality and communities, Vinythai organized the 8th Noenphra-Vinythai Super Minimarathon for the HRH Princess Soamsawali Cups. The event involved around 4,000 participants from across the country. Organized since 2010, the event celebrated His Majesty the King's 84th birthday. The ongoing project is acclaimed for encouraging youngsters and the public to exercise and for promoting the tourism potential of Sangchan-Suchada Beach.
- In collaboration with Map Ta Phut Industrial Estate and the Office of Disaster Prevention and Mitigation, Map Ta Phut Municipality, the Company staged a rehearsal of the Community Emergency Preparedness Plan for Soi Prapa community. The objective of this project is to ensure that locals and teachers and students know how to manage crises when they occur and can minimize the risk of loss of life and/or impairment of natural resources.

- On Open House Day, 160 locals from eight communities in Map Ta Phut visited Vinythai's plant to learn how it 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 Sa Mae San community in Chon Buri province.

Health and Safety for Employees and Business Partners

Occupational Safety - Driving to "Zero Incidents" Organization

The systematic risk assessments in relation to activities performed, monitors for potential hazards at the earliest stage, thereby ensuring the risks are minimized is the key success in safety. Several development programs have been introduced, including safety management system guidelines, as follows:

- Conducting systematic risk assessment and following plans to avoid or mitigate the impact of such risks with continuous training to all concerned employees are provided regularly. In 2017, all employees received at least 15 hours of safety training.
- Strengthening the safety standards in the facility are deployed and implanted to avert serious and accidents with irreversible consequences: Pedestrian and Vehicles Ways, Fall Protection systems.
- "Behavior Based Safety - BBS" is implemented to continuously promote a safety culture throughout the Company. In 2017, over 6,000 dialogues were initiated with employees and business partners.
- Leadership Visits for safety were carried out by the Company's top management throughout the year in 2017 and covering all manufacturing areas.
- The 22st HSE Day was organized with the aims at raising Vinythai employees, contractors and suppliers' awareness in safety, environment, health and energy.

The Company achieved in maintaining the safety record in year 2017 without the lost time accident occurred both staff and business partners with more than 3 Million worked-hours since the last Lost time accident.

Health Risk Assessment

The Company has voluntarily and proactively implemented the high level of health risk management system with its annual review of the program and the progress with the concerned staff.

Critical Task Exposure to chemical is implemented to study and analyze risks and impacts to operators' health covering every area and activity. The information

gained from the analysis is used to develop the control measures.

The monitoring of the working area is carried out regularly to ensure the working environment is under the committed voluntary and stringent standards.

Process Safety Management Program Enhancement

The Company has operated and maintained its plant and asset integrity in such a way that all risks are appropriately managed. The Company implements the “Process Safety Management” in accordance with the IEAT’s Guidance. The Quantitative Risk Analysis are carried out with qualified persons to define risk control measures and maintain process safety reliability, as follows:

- Reviewing risks that may impact production processes and safety analysis systems every five year by applying internal risk analysis practices. In each year, more than 70 equipment and processes are reviewed by the qualified risk analysis team.
- The internal audit of Process Safety Management was carried out throughout the company to determine the areas for improvement of safety in process.
- Sharing cases and experiences from other organizations with employees and designing preventive measures accordingly.
- The Company also prepared to response effectively in case of the emergency event, in year 2017, we conducted the emergency response plan drills more than 50 times including with external fire brigade.

Moreover, the Company supported the initiative for strengthening the safety of communities by educating and supporting the emergency response plan development and manual for villages and local school.

Transportation Safety and Risk Management.

In collaboration with transport service providers, the Company established internal “Safety and Quality Assessment System - SQAS” based on the international standards in order to ensure reliable delivery to customers.

Moreover, the Company took several steps to avoid transport accidents. These included: training truck drivers in hazardous chemicals transportation; providing truck check-ups aligned with international standard; installing GPS tracking devices in trucks, and; maintaining an active role in the “Chlor-alkali Agreement for Transportation Emergency Mutual Aid Group, CATEMAG”, the well-recognized organization initiated by chlor-alkali manufacturers and transport service providers in Thailand to inspect Emergency Response Centers while audits and emergency response drills are regularly conducted.

The customers safety are very important for us, the Company also provided the safety in handling of our products to the customers periodically to ensure the safety during loading, using, handling of our products.

2. Environmental Conservation and Management

Vinythai has engaged in a wide range of environmental conservation activities, notably:

- 120 Vinythai members and their families in collaboration with Map Ta Phut Industrial Estate Authority, 28 industrial enterprises and communities, enthusiastically participated in the 15th International Coastal Cleanup along 11.5 kilometers of Mae Rumphueng Beach. The annual cleanup raised over 2,500 people's awareness of coastal protection and garbage management and helped to improve the environment.
- Vinythai has for many years, since 2008, been a key supporter of the Starting Coral Cultivation (80,000 branches) for His Majesty the King Project which revives coral beds by cultivating coral on artificial structures and planting them in the sea. Although 80,000 coral branches have been completely cultivated at all 5 target areas since October 2016, the project is continually carried out to welcome students and public joining coral cultivations activities.

In 2017, there were 7,942 students from 85 schools and 26 universities, and 3,189 people from 61 private and governmental organizations participating in coral cultivation activities. In total, the number of participants is 11,131 persons.

Department of Marine and Coastal Resources, Ministry of Natural Resources and Environment, visited all 5 target areas during 25-31 October 2016 to inspect the result of the project. They reported that coral branches in PVC nursery grew well and could be used for coral reef rehabilitation in other areas. Moreover there were many kinds of sea life living and gaining benefit from the coral in the nursing area.

- Twenty Vinythai volunteers synergized with around 300 AGC family members in Thailand in enhancing green area by planting thousands of trees at Koa Eto, Prachin Buri province.

3. Educational Support for Youths

- During the time that global rice price dropped because of oversupply and lower demand, Vinythai was one of factories who showed its support to farmers by ordering one ton of rice from Industrial Estate Authority of Thailand; then, donating that all amount of rice to 14 schools in Map Ta Phut.
- Thirty scholarships were presented to students who are in need from Wat Huay Pong school by Vinythai management.
- From 2008-2017, the Company supported the instruction of almost 78,000 students and teachers 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. In 2017, the Company cooperated with surrounding communities to fund and organize the annual ceremonial presentation of robes at Huaypong temple. Other examples include the pouring of

water onto the hands of revered elders and seeking their blessing during the annual Thai New Year “Songkran” festival, and supporting the renovation of a mosque in a Islam Community in Map Ta Phut. In addition, Company staff regularly volunteers for worthy causes undertaken as part of significant national celebrations such as His Majesty the late King Bhumibol Adulyadej’s Birthday (Father’s Day) and Her Majesty the Queen’s Birthday (Mother’s Day).

5. Occupational Development and Community Well-being

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 it to develop community members’ skills so that they can produce handicrafts of commercial quality and viability. The Company’s support includes arranging expertise-raising in-house training courses taught by professionals, and supporting marketing efforts. As an active member of the Community Partnership Association, Vinythai together with other members support Hua Namtok Pattana occupational group to join an initiative of the Association’s to leverage community enterprise in accordance with the effective Thammasat Model.

Guidelines on Prevention of Corruption Involvement

Vinythai Public Company Limited (the “Company”), as listed on the Stock Exchange of Thailand, recognizes the importance of good corporate governance and is committed to conduct the business with utmost integrity and in compliance with the laws, rules, regulations, and anti-corruption laws. Its Board of Directors has approved the Anti-Corruption Policy as the guideline in respect to the anti-corruption measures and corruption risks of the Company. The Company condemns and prohibits corruption in any form.

The Code of Conduct

In 2017, the Company revised the Code of Conduct and clarified what the Company must comply with. The Guiding Principles remain unchanged, but the Founding Policies, Administrative Procedures and Annexes have been updated to provide more specific information in the following areas i.e. Workplace Health and Safety, Environment, Company and Third-Party Assets and Confidential Information, Fair Competition and Anti-Trust, Reports and Records, Insider Trading; and International Trade Controls. In addition the Compliance Organization is formally established to plan, implement and monitor Vinythai’s compliance activities.

The Company continually are committed to the high standards of legal compliance and business ethics. Our Code of Conduct is applied to all directors, management, and



employees of the Company and its subsidiaries. Third parties acting on behalf of the Company are also expected to act within the framework of this Code.

The 2017 Code of Conduct of the Company comprises of the following topics:

- 1) Business Ethics Policy
- 2) Conflicts of Interest Policy
- 3) Workplace Health and Safety Policy
- 4) Environment Policy
- 5) Company and Third-Party Assets and Confidential Information Policy
- 6) Gifts, Entertainment and Anti-Corruption Policy
- 7) Customer Relations and Product Quality Policy
- 8) Respect for People Policy
- 9) Charitable Activities & Company Philanthropy Policy
- 10) Fair Competition and Anti-Trust Policy
- 11) Reports and Records Policy
- 12) Insider Trading Policy
- 13) International Trade Controls Policy

CODE OF CONDUCT



Policy Administrative Procedures:

- Compliance and Enforcement
- Speak up and No Retaliation
- Training and Awareness
- Compliance Organization
- Designated Compliance Function

(More information of the Code of Conduct is available at website of the Company: <http://www.vinythai.co.th/media//www/index/90588951487869043.pdf>)

In addition, the Company also developed the Anti-Corruption Policy and Procedures, which include the following contents:

Anti-Corruption Policy

Corruption means any bribery whether offering, promising, giving, receiving or soliciting of money or another item of value or any other advantage with the intention to influence the behavior of the recipient or improper abuse of power through any gifts or services, cash or in-kind, bribery of public official and private-to-private bribery.

In this Anti-Corruption Policy, public officials shall mean any person in the position of legislative, executive, or judicial office of the state or any person working on the official duties to the state, its agencies or enterprises whether appointed or elected as temporary or permanent position with or without any remuneration.

The Anti-Corruption Policy prohibits Board of Directors, management and staff members to act or accept any form of corruption, whether direct or indirect, for the benefits of anybody, including one's self, family, friends or acquaintances. The scope of this policy covers the business of the Company in every country and all relevant parties. The Company also establishes procedures to regularly review the implementation of this Anti-Corruption Policy as well as regularly review the content of the policy and relevant guidelines to ensure that they are in compliance with changes in businesses, relevant rules, and applicable laws and regulations.

(More information of the Anti-Corruption Policy is available at website of the Company: <http://www.vinythai.co.th/media//www/index/49737311487869078.pdf>)

The company has taken steps to promote the anti-corruption initiatives as follows.

1. The Company received a certificate from Thailand's Private Sector Collective Action Coalition against Corruption (CAC) Council, on 18 August 2017.
2. The Company was 1 of 100 leading companies who were recognized as outstanding performance in environmental, social and governance (ESG) aspects.
3. The company has prepared the guidance on direction and supervision in order to prevent the fraud and risk from corruption in the Anti-Corruption Procedures and relevant Procedures related to charitable contribution, sponsorships, gifts, and hospitalities.

4. The company has provided training to all employees to raise their awareness of the Code of Conduct and Anti-Corruption Policy of the Company including arrangement of tests after the training, which results were satisfactory.

5. The Company has 4 processes regarding the corruption risk assessment as follows

- Step 1: Preparation to determine the risk parameters in terms of impact and likelihood of occurrences, as well as to determine the level of risk appetite for the Company.
- Step 2: Identification of corruption risks, their root causes, and current controls in place.
- Step 3: Assessment of the current controls in place and performance of risk analysis to determine the impact and likelihood level of each risk, considering the current controls in place (residual risk analysis).
- Step 4: Identification of risk response measures to mitigate the risk to an acceptable level for the cases where the current controls in place are insufficient to prevent fraud risks.

Vinythai assesses and reviews corruption risks annually to identify potential changes in corruption schemes, scenarios and events. The reviews includes considerations of changes in operations, new information systems, changes in job roles and responsibilities, new or evolving industry trends and emerging corruption threats/schemes, amongst others.

6. The Company establishes guidelines for monitoring and evaluating the implementation of the Anti-Corruption Policy by assigning the Internal Audit Department to be responsible for auditing and reviewing business operations for accuracy and compliance with policies, guidelines, delegation of authority, standards and relevant laws and regulations to ensure that the control system is appropriate and adequate for any potential corruption risk. The results of the audit shall be reported to the Audit Committee.

11. Internal Control and Risk Management

11.1 Audit Committee's Report for 2017

The Company's Audit Committee as appointed by the Board of Directors has held office from 27 November 2014 to 27 November 2017, comprises three Independent Directors, leading by Mr. Pipop Pruecksamars as Chairman, with Mr. Pote Videtyontrakich and Associate Professor Danuja Kunpanitchakit, Ph.D. as members. Due to the expired term of office, the Board of Directors in its meeting no.6/2017 resolved to renew the same committee members as the Audit Committee, and appointed the chairmanship to Associate Professor Danuja Kunpanitchakit, Ph.D. as Chairperson of the Audit Committee, commencing from 27 November 2017. 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 independently performed its duties in conformity with the Audit Committee Charter which fully aligned with the requirements of the Stock Exchange of Thailand, and the mission entrusted to it by the Board of Directors. The Audit Committee also emphasized on adherence to good corporate governance and compliance with laws and regulations in relation to the business operations of the Company and its subsidiaries.

Major activities carried out by the Audit Committee during 2017 are summarized as follows:

- **Meetings**

In 2017, the Audit Committee held totally eight meetings comprising four ordinary meetings, three extraordinary meetings, and one non-management meeting with the external auditor. The management and external auditor were invited to attend the meeting to discuss various issues of concern.

As the Company has changed its major shareholder since February 22, 2017, there were some special and important issues which required opinions of the Audit Committee in a timely manner. Consequently, the meetings were held outside the regular timetable to discuss the issues of the share acquisition of new major shareholder and related transactions items.

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 freely discuss issues concerning the preparation of the financial statements, disclosure of information, accounting policies, internal control and management's cooperation, as well as to review other special items so as to obtain sufficient clarifications from the external auditor. 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 of the Company as well as the consolidated financial statements for the Company and its subsidiaries for ended 2016 and 2017 quarterly reports, in collaboration with the external auditor and the management, prior to submission to the Stock Exchange of Thailand and the public. The review covered significant accounting, reporting issues and their impact on the financial statements, including review of compliance with accounting standards, selection of the accounting policies, as well as proper disclosure of financial statements. The Audit Committee expressed its observations, provided recommendations and obtained clarification from the external auditor and the management to ensure that the financial statements were credible, complete in compliance with the generally accepted accounting principles, and contained adequate information and timely disclosure. The financial information was complete, correct and reliable in compliance with the generally accepted accounting principles 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. The related transactions entered with the major shareholder were discussed and carefully reviewed by the Audit Committee to ensure justification and fair pricing taking into account the appropriateness in terms or price, quality and service obtained. Based on the review of commercial transactions undertaken in the normal course of business, no unusual transactions considered material were found.

- **Internal control, internal audit and risk management review**

Advised and monitored the adequacy, appropriateness and effectiveness of the Company's internal control systems and risk management in place

Provided recommendation, on concern of integration activities, to ensure good practices are applied in all areas of operations, which included the compliance with Japanese version of Sarbanes Oxley (J-SOX) Act which applied to all listed companies in Japan and their subsidiaries. In 2017, based on the assessment of the Company's J-SOX implementation on Company Level Control, which assessed by the major shareholder's internal audit team, the result revealed that the Company's internal control has been effective.

Assessed the internal control in accordance with the SEC's internal control checklist form, whereby the Audit Committee found that the internal control system remains satisfactory, adequate and appropriate for the Company's business operations. In addition,

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. All outstanding issues from previous audit reports had been satisfactorily resolved.

Approved the amendment of Internal Audit Charter to enhance the role of control support and to monitor the practice of corporate governance and compliance with the anti-corruption policy.

- **Corporate Governance review**

Reviewed overall management of corporate governance in line with regulations and recommendations of the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission and the Thai Institute of Directors (IOD). Although in 2017 the Company has changed its major shareholder, the Company and its subsidiaries still strictly adhere to the good practice of the corporate governance. Resulting from continually conforming to the good corporate governance principles, in 2017, the Company has been assessed and received the Very Good level of corporate governance recognition from the SET, the SEC and the Thai IOD.

Followed-up on the progress of implementing the anti-corruption procedures to ensure the commitment of the Company towards Thailand's Private Sector Collective Action against Corruption (CAC)

Reviewed reports, submitting via the Company's website, from stakeholders communicating critical issues and complaints regarding accounting, deficient internal control or unethical behaviors. In 2017, there has been no report of such finding through the Audit Committee.

Reviewed the Audit Committee Charter to ensure that the scope of duty and responsibility is in compliance with the requirement of the Stock Exchange of Thailand

Continued to perform self-assessment of the Audit Committee's overall performance to evaluate its general effectiveness. Based on 2017 self-assessment, which was assessed by all committee members, the result showed that all performance was highly satisfactory, similar to the previous years.

- **External auditor and audit fee review**

Evaluated and selected KPMG Phoomchai Audit Ltd. to be the auditor of the Company and its subsidiaries based on professional expertise, knowledge and experience, engagement and proper remuneration. Consequently, the Audit Committee recommended to the Board of Directors to seek the approval of the shareholders' meeting to appoint Ms. Sirinuch Vimolsathit, or Khun Waiyawat Kosamarnchaiyakit, or Khun Sureerat Thongarunsang, as the Company's auditor, and determined the auditor's remuneration for 2017.

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.

Mr. Pipop Pruecksamars

Chairman of the Audit Committee

11.2 The Company's Board of Directors, the Audit Committee, and the Management place an importance on the effectiveness and adequacy of the internal control system. The Audit Committee has been assigned by the Board of Directors to review and evaluate adequacy and appropriateness of the internal control while taking into consideration the risk management as well as to maintain accuracy and transparency in operations. The Management has formulated the internal control system deemed appropriate for the Company's business operation and organization structure as well as taking into account changing business environment which probably affects the performance of the company.

Consequently, the Audit Committee presented its semi-annual report to the Board of Directors in the Board Meeting No.3/2017 held on July 19, 2017, and year-end report of 2017 to the Board Meeting No.1/2018 held on February 23, 2018 which included the evaluation of the internal control of the Company in compliance with the internal control evaluation form outlined by the SEC based on COSO Framework. After consideration, the Board of Directors has the same view as the Audit Committee that overall internal control system is present and functioning, remains satisfactory, adequate and appropriate for the Company's business operations. Current risk management is adequate 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

- Policy on Corporate Governance, Anti-Corruption, business ethics and code of conduct practices for director, management and employees have been defined and approved by the Board as well as communicated to employees at all level. In 2017, the Company's Board of Directors considerably reviewed the code of conduct in order to ensure the compliance with the best practice of the major shareholder. The approved code of conduct was consequently communicated and trained to the Company's management and key personnel. Training sessions for all employees will be organized in 2018.

Under the Policy of Corporate Governance, designated compliance function is assigned to oversee the deployment of the code of conduct and the accompanying compliance program, as well as to monitor the effectiveness of the implementation. The Company takes all steps to ensure full compliance with ethical principles and that appropriate penalties are imposed in the event of any violation. Implementation



on good corporate governance practices has been continually carried out to further improvement.

Realizing the importance of anti-corruption compliance the Company committed to focus on anti-corruption practices while encouraging and educating its employees to be aware of corruption in all forms to raise the employees' awareness towards their responsibilities and commitment to the Company's anti-corruption policy and measures. Consequently, on 18th August 2017, the Company's anti-corruption practice has been certified by Thailand's Private Sector Collective Action against Corruption (CAC).

- The Board of Directors provides governance and oversight to the management. The Board of Directors supervises the Company to set clear and measurable annual business goals and strategic plans, as well as to monitor KPIs set by the management, which are used as guideline and benchmarks to ensure achievement of the objectives. The Board has responsibility for ensuring that an adequate system of internal control is established and maintained. The management takes step to develop appropriate internal control system and monitor the effectiveness of the internal control. All employees are accountable for their internal control activities and maintain effective internal control system.

- According to the Company's structure, delegation of authorities has been clearly defined by the Board of Directors, especially for significant matters, to ensure transparency and accountability. Explicit approval procedures for operations, the roles and responsibilities of management and operation in each level, including reporting lines, have been clearly stated 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.

- The Company demonstrates commitment to develop and retain competent individuals through HR policies and procedures. Trainings are continuously provided to employees to enhance their competency. In addition, the Company has also established performance appraisal process and rewarding system to drive individuals' accountability for performance.

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.

- 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. 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 including when implementing any projects. 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.

- The management is also well aware of operation risk related to fraud, thus measures for preventing and detecting potential fraud are implemented through effective control procedures, segregation of duties, explicit delegation of authorities and control over information system and accessibility. In addition, to emphasize the anti-corruption program implemented by the Company, the fraud risk assessment has been developed to determine and identified the extent of the corruption risk to the business in order to ensure that the Company has adequate measurement to prevent fraud to the Company's business operations.

3) Control Activities

The Company encourages employees to conform to the control activities and related laws and regulations to ensure internal control system remains effective as designed. Control activities are summarized as follow:

- 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 regularly reviewed with 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 the generally accepted accounting principles 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 which extended to supply chain logistics was established to ensure company operation, products to customers and information system continuously in operation from any kind of failure.

- Apart from internal control system currently in place, the Company, as a subsidiary of AGC Group, has been also implementing internal control and assessment based on the Japanese Financial Instruments and Exchange Act (J-SOX). According to the assessment, the Company's J-SOX implementation on Company Level Control for 2017, which assessed by the major shareholder's internal audit team, has been effective.

- The Company always monitors legal compliance relevant to business operation of the Company and its subsidiaries, both locally and internationally.

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.

- Several internal communication channels have been set up to deliver important information to employees, such as e-newsletter, intranet, etc. Message from the Managing Director has been also communicated to all employees via e-mail on monthly basis in order

to update business information and progress and the Company's objectives to the employees.

- 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 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. Furthermore, the Company encourages employees to ask questions, voice concerns and make appropriate suggestions regarding the business practices of the Company. Employees are expected to report promptly to management suspected violations of laws, policies, and internal controls. Alternative channels of communication on such concern are provided for employees. According to the Company's code of conduct, the rights of any person who communicates such concern shall be protected.

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. The Management Team holds monthly meeting to discuss and follow-up significant issues related to business performance, resources planning, employee development plan, as well as to monitor the risk mitigation measures as defined. 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. Control Self-Assessment approach has been initiated as to foster an awareness of risk and controls among management and staff as well as to enhance each area owner's responsibility and accountability for risk and controls. In 2016, the control self-assessment was conducted on procurement activities to identify and manage areas of risk exposures to ensure the effectiveness of the controls in place.

- The Company has also established internal audit department to review the internal control activities according to the audit plan approved by the Audit Committee 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. As assigned by the Board of Directors, the Audit Committee shall review the overall management of the Company's corporate governance practices. In 2017, the audit reports did not find significant deficiency in the internal control system. No violations of the SEC and the SET regulations or other related laws were found.