



Indorama Ventures Public Company Limited

Connected Transaction Policy

(As approved by the Board of Directors Meeting dated Jan 4, 2012)

Remark

In the event that any provision contained in this policy is in conflict with the local laws, rules and regulations of any entity, such local laws, rules and regulations shall prevail.

Table of Contents

Connected Transaction	1
Procedure on Connected Transactions	2
Types of Connected Transactions	3
Transaction Approval as per SEC/SET regulation	4
Transaction Value	5
New Connected Transaction	5
Internal Audit Department	6
Disclosures	6

Connected Transaction Policy

1. Connected Transaction means a transaction between a listed company or its subsidiaries and the listed company's connected persons.

Under the Regulations of Thai Stock Exchange (SET) and Securities Exchange (SEC)

Connected person means the following:

- (1) The management, major shareholders, controlling persons or persons to be nominated as the management or controlling persons of a listed company or a subsidiary company including related persons and close relatives of such persons.
- (2) Any juristic person having a major shareholder or a controlling person as the following persons of a listed company or a subsidiary:
 - (a) The management
 - (b) Major shareholder
 - (c) Controlling person
 - (d) Person to be nominated as the management or a controlling person
 - (e) Related persons and close relatives of persons from (a) to (d)
- (3) Any person whose behavior can be indicated as an acting person or under a major influence of persons from (1) to (2) when making decision, determining policy, handling management or operation; or other persons the Exchange deems as having the same manner.

Remarks: Management means directors, chief executive officers, persons in the next top four executive levels below the chief executive officers, or in similar positions, accounting or finance department managers or above, and their associates and relatives of the listed company.

Major shareholder means a shareholder who directly or indirectly holds shares in any juristic person in a total amount exceeding 10 per cent of the paid-up capital of that juristic person. Such shareholding shall also include the shares held by related persons.

Controlling Person means (1) holding of shares with voting right of a juristic person in an amount exceeding 50% of the total number of voting rights of such juristic person; or (2) having control of majority voting rights in the shareholders' meeting of any juristic person, whether directly or indirectly or any other reasons; or (3) having control over appointment or removal of at least half of all directors.

Related Person means any person under Section 258 (1) to (7) of Old SEC ACT, which normally comprises of:

- (1) The spouse of such person;

- (2) A minor child of such person;
- (3) An ordinary partnership in which such person or the person under (1) or (2) is a partner;
- (4) A limited partnership in which such person or the person in (1) or (2) is an unlimited liability partner or a limited liability partner who collectively holds contribution in an amount exceeding 30 percent of the total contribution of the limited partnership;
- (5) A limited company or a public limited company in which such person or the person in (1) or (2) or the partnership under (3) or (4) collectively holds contribution in an amount exceeding 30 percent of the total shares sold of that company; or
- (6) A limited company or a public limited company in which such person or the person in (1) or (2) or the partnership under (3) or (4) or the company under (5) collectively holds shares in an amount exceeding 30 percent of the total shares sold of that company;
- (7) A juristic person over which the persons under Section 246 and Section 247 of SEC have the power of management as representatives.

Close Relative means persons related by blood or registration under law such as father, mother, spouses, sibling, and children including spouses of the children.

2. Procedure on Connected Transactions

In the event that the Company carries out its business with the related persons who may have a conflict of interest with the Company, the Audit Committee will express its opinion regarding the necessity of such transactions. The Audit Committee will ensure that terms and conditions of these transactions are consistent with market practice and prices charged for these transactions are evaluated and compared with market prices. In the event that market price is not available, the Audit Committee must ensure that these prices are reasonable and the transactions are carried out in the best interest of the Company and its shareholders. If the Audit Committee is unable to evaluate connected transactions due to lack of expertise in certain areas, the Company will arrange an independent expert to evaluate and give opinion on such transactions. The Board of Directors or Audit Committee or the Company shareholders, as the case may be, will use this opinion from the independent expert as a supplement to form their own conclusion. Those directors who may have conflict of interest with the Company are prohibited from either voting or attending the meeting on matters regarding to the said connected transactions. Disclosure in Annual Report and Annual Registration Statement (Form 56-1) will be made as per the prescribed regulation.

3. Types of Connected Transactions

(1) Normal Business Transactions

1.1 With General Trading Condition

1.2 Without General Trading Condition

Normal Business Transaction means trading transaction normally undertaken by a listed company or a subsidiary for the purpose of operating business.

(2) Supporting Normal Business Transactions

2.1 With General Trading Condition

2.2 Without General Trading Condition

Supporting Normal Business Transaction means trading transaction undertaken by the general business of similar nature of a listed or a subsidiary for the purpose of Supporting Normal Business transaction of their own company.

Remarks: General Trading Condition means trading conditions under which the price and the conditions are fair and do not cause misappropriation of benefits, including the trading conditions under which the price and the conditions are as follows:

- (1) being the price and conditions which a listed company or a subsidiary receives from or offers to general persons;
- (2) being the price and conditions which a connected person offers to general persons;
- (3) being the price and conditions which a listed company can prove to be the price and conditions that an operator of similar business offers to general persons

(3) Rental or Lease of immovable property (Not exceeding 3 years) without any Indication of General Trading

(4) Transactions Relating to Assets or Services

(5) Offer and/or Receipt of Financial Assistance

Offer and/or Receipt of Financial Assistance means an offer or a receipt of financial assistance whether by receiving or extending loan, guarantee, providing asset as collateral including other similar manners.

4. Transaction Approval as per SEC/SET regulation

Type of Transaction	Small Size	Medium Size	Large Size
1. Normal Business Transactions			
1.1 With General Trading Condition	Approved by Management	Approved by Management	Approved by Management
1.2 Without General Trading Condition	Approved by Management	Approved by Board and Disclose to SET	Approved by Shareholders and Board and Disclose to SET
2. Supporting Business Transactions			
2.1 With General Trading Condition	Approved by Management	Approved by Management	Approved by Management
2.2 Without General Trading Condition	Approved by Management	Approved by Board and Disclose to SET	Approved by Shareholders and Board and Disclose to SET
3. Rental or Lease of immovable property (Not exceeding 3 years) without any Indication of General Trading	Approved by Management	Approved by Management and Disclose to SET	Approved by Board and Disclose to SET
4. Transactions Relating to Assets or Services	Approved by Management	Approved by Board and Disclose to SET	Approved by Shareholders and Board and Disclose to SET
5. Offer and/or Receipt of Financial Assistance			
5.1 Offer of Financial Assistance			
a) To a Connected Juristic Person			
(i). where IVL holds shares \geq Connected Person	Approved by Management	Approved by Board and Disclose to SET	Approved by Shareholders and Board and Disclose to SET
(ii). where IVL holds shares < Connected Person	a) A transaction which is less than Baht 100 Million or less than 3% of NTA, whichever is lower – required to approve by Board and Disclose to SET b) A transaction which is equal/over Baht 100 Million or equal/over 3% of NTA, whichever is lower – required to approve by Shareholders and Board and Disclose to SET		
b) To a Connected Natural Person	a) A transaction which is less than Baht 100 Million or less than 3% of NTA, whichever is lower – required to approve by Board and Disclose to SET b) A transaction which is equal/over Baht 100 Million or equal/over 3% of NTA, whichever is lower – required to approve by Shareholders and Board and Disclose to SET		
5.2 Receipt of Financial Assistance	Approved by Management	Approved by Board and Disclose to SET	Approved by Shareholders and Board and Disclose to SET

5. Transaction Value

- (1) Small Size Transaction means a transaction is not over Baht 1 Million ($X \leq 1 \text{ MB}$) or not over 0.03 percent of Net Tangible Assets ($X \leq 0.03\%$ of NTA), whichever is higher
- (2) Medium Size Transaction means a transaction is over Baht 1 Million and less than Baht 20 Million ($1 \text{ MB} < X < 20 \text{ MB}$) or over 0.03% of Net Tangible Assets and less than 3% of Net Tangible Assets ($0.03\% < X < 3\%$ of NTA), whichever is higher
- (3) Large Size Transaction means a transaction is equal/over Baht 20 Million ($X \geq 20 \text{ MB}$) or equal/over 3% of Net Tangible Assets ($X \geq 3\%$ of NTA), whichever is higher

Remarks: $\text{NTA} = \text{Net Tangible Assets} (\text{Total Assets} - \text{Intangible Assets} - \text{Total Liabilities} - \text{Minority Shareholders' Interest})$

6. New Connected Transaction

For any new connected transaction, the respective unit would need to contact the Secretary of Audit Committee and inform about the proposed transaction, its rationale, value of transaction, pricing, terms and conditions in order for the Secretary of Audit Committee to classify under which category of connected transaction it would fall into and to get necessary approval from the Management/Audit Committee/Board/Shareholders as required. Moreover, the Company will ensure that such transactions are carried out in compliance with the SEC Act, Rules, Notifications and Regulations of the Capital Market Supervisory Board, the SEC and the SET. In addition, the Company must also comply with the disclosure rules related to connected transactions and the Company's policy.

In addition, when the Company proposes to conduct its business with a connected person, the Company will seek the Audit Committee's opinion on the reasonableness of such transactions. In the event that the Audit Committee is unable to evaluate connected transactions due to lack of expertise in certain areas, the Audit Committee may arrange an independent expert, such as independent appraiser, to evaluate and give opinion on the transactions. The opinion of the Audit Committee or the independent expert will be used by the Company's Board of Directors or shareholders, as the case may be, for making a decision to ensure that these connected transactions are fair and best interest of all shareholders.

It is the intention of the Company and its subsidiaries not to enter into any connected transactions with their directors or executives.

However, the Company and its subsidiaries may have connected transactions with their directors, executives or potential related persons. As a result, the Board of Directors approves, in principle, that the management is empowered to approve such transactions under the reasonable, transparent and uncorrupted conditions, provided that such transaction is categorized as a transaction with the same commercial terms as those an

ordinary person would agree with any unrelated counterparty under similar circumstances, on the basis of commercial negotiation (general trading conditions) and without any dependent interest resulted from the status of director, executive or related person, as the case may be.

However for any connected transaction other than offer and/or receipt of financial assistance, the management can approve a single transaction of up to a value of USD 50,000 and not over USD100,000 in aggregate for such transactions in a fiscal year. Such transactions will be separately reported quarterly to the Audit Committee/Board by Internal Audit Department. Transaction values over the said prescribed limit will follow the normal approval process.

7. Internal Audit Department

The Internal Audit Department, every quarter will carry out a check of the continuing and new connected transactions in order to ensure that they are following the approved principles. The Internal Audit Department will give their report to the Secretary of Audit Committee who in turn will report to the Audit Committee/Board.

8. Disclosures

The continuing connected transactions will be reported to the Audit Committee/Board every quarter.

Connected transactions shall be reported in the quarterly and annual Audited Financial Statements and disclose in our Annual Report or Annual Registration Statement (Form 56-1) as per the prescribed regulation.

Note: Related party transaction as reported by the Auditors in the financial statements includes not only the connected transactions as defined above but also transactions between affiliates within the IVL umbrella. However the Audit Committee and Internal Audit Departments' focus is only on connected transactions.