

## 7. Securities and Shareholders Information

### 7.1 Share capital registered & Paid-up capital

#### (1) Share capital registered

Company : Birla Carbon (Thailand) Public Company Limited  
(formerly "Thai Carbon Black Public Company Limited")

Business : Manufacturing

Registration No. : 0107537001251

Share registered : Baht 300,000,000

Paid-up capital : Baht 300,000,000

No. of share : 300,000,000

Par value : Baht 1.-

### 7.2 Details of major shareholders

| Sr. No. | Name of shareholders                 | Nationality           | No. of Share | %     |
|---------|--------------------------------------|-----------------------|--------------|-------|
| 1       | SKI Carbon Black (Mauritius) Limited | Mauritian             | 112,395,017  | 37.46 |
| 2       | Thai Rayon Public Co., Ltd.          | Thai                  | 74,937,500   | 24.98 |
| 3       | ASIAN OPPS I LIMITED                 | Hong Kong             | 47,958,750   | 15.99 |
| 4       | BBHISL Nominees Ltd                  | British               | 11,244,203   | 3.75  |
| 5       | Asseau Company Ltd.                  | British Virgin Island | 10,040,120   | 3.35  |
| 6       | Thevaraya Co., Ltd.                  | Thai                  | 6,566,250    | 2.19  |
| 7       | Bangkok Bank Public Company Limited  | Thai                  | 4,600,000    | 1.53  |
| 8       | Ganaria International Corp.          | British               | 5,798,000    | 1.93  |
| 9       | Mr. Ateeb Maskati                    | Thai                  | 2,881,870    | 0.96  |
| 10      | State Street Europe Limited          | British               | 1,720,660    | 0.57  |

(Source : Share registrar as on 31.03.2021)

#### Remark:

- SKI Investment Pte Ltd. holds 100% in SKI Carbon Black (Mauritius) Limited
- Kiran Investment Pte Ltd. holds 100% in SKI Investment Pte Ltd.
- Thai Rayon Public Company Limited has shareholders consisting of Asseau Company Limited holding Shares 16.66% which is an investment company.

#### Group of major shareholders who has influences to setting policies or the Company's operations

The Company does not have a major shareholder or group of major shareholders who has influence on the management policy or operation of the Company. It is operated by the Board of Directors, personnel or experts appointed by the Company. In addition, no shareholder is a representative of the Board of Directors of the Company by nomination or appointment.

## Agreement between major shareholders

-No-

### 7.3 Dividend Policy

The company would like to reiterate its dividend policy of paying dividend between 20-35% of net profit after tax, however, the payment of dividend will be based on its requirement of funds for CAPEX, expansion projects, future growth plans and for investment in various other projects. If payment of dividend will have effect on company's performance and cash flow requirements for its operations and for growth plans and investments, the company will decide for payment of dividend accordingly in the best interest of the company.

Five-year dividend payment history of the company is as follows:

| Year                  | For the year ended |      |      |      |      |
|-----------------------|--------------------|------|------|------|------|
|                       | 31 March           |      |      |      |      |
|                       | 2021               | 2020 | 2019 | 2018 | 2017 |
| Earnings per Share    | 2.39               | 6.16 | 6.58 | 4.24 | 3.95 |
| Dividend per Share    | 0.80               | 1.20 | 1.10 | 1.00 | 0.80 |
| Dividend Payout Ratio | 33%                | 20%  | 17%  | 24%  | 20%  |

## 8. Management Structure

Management structure comprises of

1. Board of Directors
2. Audit Committee
3. Management team

### 8.1 Board of Directors

There were 8 directors on the Board of the company as of 31<sup>st</sup> March 2021

| Name                          | Position   |
|-------------------------------|--|
| 1. Mr. Kumar Mangalam Birla   | Director   |
| 2. Mrs. Rajashree Birla       | Director   |
| 3. Dr. Santrupt B. Misra      | Director   |
| 4. Mr. S.S. Mahansaria        | Independent Director / Chairman of Audit committee |
| 5. Mr. G.K. Tulsian           | Independent Director / Audit committee member      |
| 6. Mr. Deepak Mittal          | Independent Director / Audit committee member      |
| 7. Mr. Purshottam Dass Sharma | Independent Director                               |
| 8. Mr. Sanjeev Sood           | President & Director                               |

Ms. Orawan Rakangsomboon-Company Secretary

### Characteristics and Definition of independent director of the Company

The Board of Directors has reviewed the independent director's qualification of each member as per the announcement no. Tor Jor. 4/2552 issued by The Capital Market Supervisory Board which took effect from the date of the 2009 Annual General meeting. The total number of company's independent directors is 6, which is more than minimum requirement of 1/3 of total director or at least 3 directors as announced by The Capital Market Supervisory Board.

### Duties & Responsibilities of Board of Directors

1. To perform duties in accordance with the laws, the company objectives, Article of Association and resolution of shareholders meeting by upholding Integrity and to the best interest of company as well as shareholders.
2. To be responsible for setting up the company's policies, direct, monitor and supervise the management to implement the policies and to carry out the laid down objectives efficiently, effectively and in the best interest of the company.
3. To be responsible for appointing the Audit Committee and its scope of work

4. To convene the meeting of Shareholders and Board of Directors at least once a year and once a quarter respectively.

### **Nomination of Directors**

The Company does not have a nominating committee, but the process for selecting individuals to be appointed as Directors includes consideration of a number of characteristics including skills, experience and capability, especially in areas that are of the greater benefit to the Company, and integrity. Finally the individual must not possess any of the qualities or characteristics prohibited by the Listed Companies Act.

Approval is by simple majority of votes of those shareholders present or duly represented at the meeting and in possession of voting rights.

### **Appointment of Directors**

1. The appointment of director is made by a majority vote of the shareholder's meeting in accordance with the following conditions and procedures

- a.) One shareholder shall have one vote for each share
- b.) Each shareholder shall exercise all the votes he/she has under (a) to appoint the nominated persons to be directors on a person by person basis, provided that he cannot divide his vote to any person to any extent
- c.) The persons obtaining the most votes in descending order shall be elected as directors equal to the number of directors required or ought to be elected. If there is a tie in the last to be elected and this exceeds the said member of directors. The presiding chairman will have the casting vote for election of last director.

2. The company should have at least 5 directors. Not less than half of the directors shall have residence in the kingdom of Thailand

3. Directors of the company are not appointed by the Nomination Committee

### **Audit Committee**

Audit Committee comprises of 3 independent directors for a term as follow:

1. Mr. S. S. Mahansaria : Chairman of audit committee
2. Mr. Deepak Mittal : Member of audit committee
3. Mr. G. K. Tulsian : Member of audit committee

With Ms. Orawan Rakangsomboon-Company Secretary as the secretary of the Audit Committee

**Remark:** All 3 members of Audit Committee have adequate expertise and experience in the field of finance and account to analyze financial statements.

## **Duties & Responsibilities of Audit Committee**

The Audit Committee undertakes its responsibilities as described in the Audit Committee Charter, which is revised and approved by Board of Directors. The responsibilities of the Audit Committee are detailed below.

1. To review the Company's financial reporting process to ensure that it is accurate and adequate;
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit;
3. To review the company's compliance with the law on securities and exchange, the Exchange's regulation, and the laws relative to the Company's business;
4. To consider select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non management meeting with an auditor at least once a year;
5. To review the connected transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the law and the Exchange's regulations, and are reasonable and for the highest benefit of the Company;
6. To prepare and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information;
  - An opinion on the accuracy, completeness and creditability of the Company's financial report;
  - An opinion on the adequacy of the Company's internal control system;
  - An opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business;
  - An opinion on the suitability of an auditor;
  - An opinion on the transactions that may lead to conflicts of interests;
  - The number of the audit committee meetings, and the attendance of such meetings by each committee member;
  - An opinion or overview comment received by the audit committee from its performance of duties in accordance with charter, and
  - Other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors.
7. To perform any other act assigned by the Company's Board of Directors, with the approval of the audit committee.

## 8.2 Management team

The company's management team comprises of 4 persons as detailed below:

| Name                 | Position                   |
|----------------------|----------------------------|
| 1. Mr. Sanjeev Sood  | President & Director       |
| 2. Mr. Sanjay Sharma | Unit Head                  |
| 3. Mr. Amit Saini    | Head of Marketing          |
| 4. Mr. Amit Gupta    | Manufacturing Head         |
| 5. Mr. Sandeep Kumar | Head of Supply Chain       |
| 6. Mr. Satyaki Deb   | Head of Finance & Accounts |
| 7. Ms. Atikan Pinsuk | Head of Human Resources    |

## Duties & Responsibilities of the Management

The management team headed by President & Director is responsible for management of the business of company and have authority to appoint persons as needed and qualified as employees, assign duties and responsibilities for them, tasked with overseeing and accurately reporting on the financial report of the company, ensuring the appropriateness and efficiency of the company's internal control system, and designing employee regulations within such parameters.

## 8.3 Company Secretary

The Board of Directors has appointed Company Secretary to provide advice on any laws, regulations, and procedures that the Board of Director has to follow. The Company Secretary is also responsible for the Board of Directors' meeting, shareholders' meeting, compliance of relevant laws and regulations on the information disclosure. Ms. Orawan Rakangsomboon is current Company Secretary appointed by the Board.

## 8.4 Remuneration to Directors

According to Article 13 of Articles of Association of the Company, The directors of the Company shall be entitled to receive fee for attending each meeting of Board of Directors or committee thereof, or for performance of any other duty, as may be decided by General Meeting of shareholders from time to time. The Directors shall also be entitled of reimbursement of any expenses incurred by them in performance of their duties.

Details of Director's meeting fee and Audit Committee fee for year April 2020 to March 2021 is given below

| Name                                  | Board of Director Meeting |             | Audit Committee Meeting |             | Remark |
|---------------------------------------|---------------------------|-------------|-------------------------|-------------|--------|
|                                       | Attendance (Times)        | Fees (Baht) | Attendance (Times)      | Fees (Baht) |        |
| 1. Mr. Kumar Mangalam Birla           | -                         | -           |                         |             |        |
| 2. Mrs. Rajashree Birla               | -                         | -           |                         |             |        |
| 3. Dr. Santrupt B. Misra              | 5/5                       | 125,000     |                         |             |        |
| 4. Mr. S.S. Mahansaria                | 4/5                       | 140,000     | 3/4                     | 45,000      |        |
| 5. Mr. G.K. Tulsian                   | 5/5                       | 125,000     | 4/4                     | 40,000      |        |
| 6. Mr. Purshottam Dass Sharma         | 3/5                       | 75,000      |                         |             |        |
| 7. Mr. Deepak Mittal                  | 5/5                       | 135,000     | 4/4                     | 45,000      |        |
| 8. Mr. Rajinderpal Singh Thakralbutra | 3/5                       | 75,000      |                         |             |        |
| 9. Mr. Arvind K. Newar                | -                         | -           |                         |             |        |
| 10. Mr. Sanjeev Sood                  | 5/5                       | 125,000     |                         |             |        |

**Summary of director's remuneration to Board members is given below**

| Details of Remuneration              | 2020-21<br>(Apr 2020 – Mar 2021) | 2019-20<br>(Apr 2019 – Mar 2020) |
|--------------------------------------|----------------------------------|----------------------------------|
| 1. Board of Director's Meeting fee   | 800,000                          | 615,000                          |
| 2. Audit Committee Meeting fee       | 130,000                          | 140,000                          |
| 3. Executive Director's remuneration | -                                | -                                |
| 4. **Director pension                | 2,651,760                        | 2,651,760                        |
| Total remuneration                   | 3,581,760                        | 3,406,760                        |

### Remark

**\*\*** The shareholder's meeting has approved pension & gratuity payment to Mr. Deepak Mittal, Director of the company on 29th April 2008 effective from January 2008. The company shall pay a lump-sum one-time payment of not over Baht 7.5 million and monthly pension in amount not over Baht 250,000.

## 2. Remuneration to Senior Executives

### 1. Cash Benefit (includes salary, allowances and bonus)

| Details of Remuneration to Senior Executives | 2020-21<br>(Apr 2020 – Mar 2021) | 2019-20<br>(Apr 2019 – Mar 2020) |
|--|----------------------------------|----------------------------------|
| Cash Benefit                                 | 39,239,820                       | 38,282,960                       |
| (includes salary, allowances and bonus)      |                                  |                                  |

### 2. Other Benefits

None-

## 8.5 Personnel

Manpower structure as on 31.03.2021

| Particular   | Officers /Staff | Worker    | Total      |
|--------------|-----------------|-----------|------------|
| Factory      | 150             | 44        | 195        |
| Head office  | 22              | -         | 22         |
| <b>Total</b> | <b>172</b>      | <b>44</b> | <b>216</b> |

- There have been no significant change in no. of employees during the year Apr 2020 – Mar 2021
- Total remuneration and benefits to all employees for the year Apr 2020 – Mar 2021 is Baht 355 million for salary wages, bonus, over time, medical expenses, social security welfare etc.
- The company gives very high importance for the all round development of all the employees and prepares a detailed training plan and skill inventory for each employee based on his / her need and functional responsibilities for the full year and the same is monitored closely by Training Department and the department managers. The company organizes training of employees by internal & external faculties and also send employees to various Institutes /Associations in Thailand and abroad. The company provides training on safety, environment control, functional topics, technical matters, general management leadership, strategic planning, team building, and balance scorecard, enhancement of performance, cross functional and multi skills.



## 9. Corporate Governance

The Board of Directors recognizes the importance of good corporate governance to optimize Company's competitiveness and also to enhance the Company's trust amongst shareholders, investors and other stakeholders which is important in order to form a basis of sustainable growth. The Board of Directors encourages and supports the adoption & implementation of good corporate governance principles as prescribed by the Stock Exchange of Thailand in a prudent manner suited to the business needs of the company.

### **Article 1 Rights of Shareholder**

The company has the written good corporate governance policy which includes the statutory rights of shareholders as well as the best practices issued by SET. The good corporate governance policy comprises of 7 principles, as follows

1. Rights and Equitable Treatment of Shareholders and Various Groups of Stakeholders
2. Structure, Roles, Duties and Independence of Directors
3. Information Disclosure and Transparency
4. Internal Control and Risk Management
5. Company's Code of Conduct
6. Long Term Value Creation to Stakeholders
7. Promotion of Best Practices

The company emphasizes on the rights of all shareholders, and has taken steps to demonstrate respect for basic shareholder's rights to ensure equitable treatment to all as prescribed in the Company's rules & regulations and other relevant laws:

(1) Fundamental legal rights :

Company facilitates the exercising of their right, namely to buy, sell or transfer shares and the right to receive a dividend.

(2) Right to receive significant information:

Company disclosed up to date information to SET from time to time as per the regulation of SET prescribed

(3) Right to attend meeting and vote

The company sends notice of the annual general meeting which specifies the meeting venue, date, time, agenda and matters to be proposed to the meeting together with appropriate details. It is clearly specified whether the matter to be proposed at the meeting is for information or consideration. The opinion of the Board of Directors on such matters and proxy forms are also provided. Shareholder will receive adequate, complete, transparent, timely and verifiable information to form decision in advance. The Company also advertise in daily newspaper 3 days consecutively and 3 days in advance about Shareholders' meeting.

Before shareholder meeting, the chairman of meeting explains clearly how ballots are casted and counted under Company's AOA.

Company allocates enough time for the meeting, the chairman conducts each meeting suitably and transparently, The Company promotes

and supports shareholders exercising of their rights by facilitating the exercise of the right to attend the general meeting and to vote. Shareholders can protect their interest by exercising the rights to ask question, express opinions, offer recommendations and vote at general meetings, participate in decisions concerning fundamental corporate changes such as the election or removal of directors, appointment of independent auditors, declaration of dividends, prescription or amendment of Company Regulation and Articles of Association and approval of special resolutions.

Company gives shareholders who show up late, a chance to vote on agenda items still under discussion.

All resident directors who are in Kingdom of Thailand attends shareholder's meeting. Each member of the board & audit committee may address relevant questions and concerns posed by shareholders.

## **Article 2    Equitable Treatment of Shareholders**

The company gives equal importance to all shareholders who are treated equitably and fairly to promote investors' confidence.

Shareholders have the rights to assign proxies to attend the general meeting and vote on their behalf. The conditions for assigning proxies are provided in the meeting invitation in full details. Shareholder could vote by proxy which is provided by company in to 2 forms (General form) Form B (Specific Details Form) as prescribed by Department of Business, Ministry of Commerce. The company offers 3 independent directors names as volunteer proxies together with all possible conflicts of interest of each independent director.

The general meeting is conducted according to the agenda notified in the notice and it is the policy of the company not to add items to the agenda without advance notice to shareholders

Director election process allowed shareholder to vote for an individual nominee.

## **Article 3    Role of stakeholders**

The Board realizes the importance of various stakeholders group like customers, management and employees, suppliers, bankers and financial institutions, shareholders, statutory auditors, the state , Community, trade union, creditors etc and respect their rights or mutual agreement with the company is followed

The company is a representative of the shareholders, is committed to conducting business with transparency, to put in place reliable financial and accounting systems, and to deliver optimum shareholder satisfaction. To achieve this, company takes into account the long term growth and reasonable sustained returns. The executive board and all employees discharge their duties truthfully and honestly, manage the Company's business to the best of their capabilities and exercise due care. The company and its employees refrain from any activities that could cause conflicts of interest and serve self-interest. Confidential information is not divulged to outside parties.

The senior management of the company regularly meets various stakeholder groups to understand their views and needs and ensures that the recommendations of various groups are given due importance and implemented in the best interest of the company and for the fair and appropriate treatment to all parties concerned

The company regularly meets its customers, conducts annual customer satisfaction surveys, employee satisfaction surveys, arranges customer visits to company, organize vendor conferences, meet various government agencies, participate in community development projects etc to meet requirements of various stakeholders groups.

The company takes active participation in various social & community development projects like scholarship programs, blood donation, support during flood, adopt village, support the community programs at temples and support various government initiatives.

The company believes that its employees are the most important and valuable assets of the company and strongly encourages the employee to participate in various developmental activities like Quality Control Circles (QCC), "KAIZEN" Suggestion System (KSS), Total Productive Maintenance implementation (TPM), Quality of Life Club, morning meetings, cross functional performance team and also prepares a detailed and intensive annual training program for each employee to continuously improve their performance and develop multi-skills for mutual benefit. The company also conducts Organizational Health Surveys (OHS) to take into confidence the views of managerial & supervisory level employees and implement various suggestions for continuous improvement. The company also has excellent relationship with all its creditors, bankers, financial institutions etc.

The Company is committed to fair business practices, as enshrined in the Company's vision and missions. The Company has published its Corporate Governance Policy so that the Company's directors, executives and all employees can maintain high standards, morals and ethics at all times which can assist the Company to achieve its business goals, for the benefit of all stakeholders of the Company.

The Company has prescribed set of guidelines to prevent corruption. It also regularly identifies and monitors areas susceptible to corruption. The guidelines prohibit receiving or taking bribes refrain from receiving gifts etc. All the employees of the Company are aware of the guidelines. To prevent such unfair practices, the Company has a policy to investigate complaints related to fraudulent activities within the Company by top management. Investigations involve fact-finding and, if one is proven guilty, disciplinary action is imposed, and issues are brought up as case studies for all employees to heed.

## **Article 4    Disclosure and Transparency**

Company discloses information on material matters regarding the company, including financial report, non-financial information and other information as stipulated by SET and SEC that are accurate, clear, complete, easy to understand, transparent, adequate, reliable and timely, and which have been screened according to prescribed procedures.

Governance policy and its implementation is also reported in the annual registration statement (Form 56-1), annual report (Form 56-2) in Thai and English to ensure equitable access by shareholders. The company also reports on the responsibilities of the Board of Directors for the financial statements which appears together with the report of the independent auditors in the annual report.

Board of Director in its meeting held on 2<sup>nd</sup> March 2009 approved the conflict of Interest policy and Insider Information Guideline to prevent the use of insider information for insider trading or related party transactions. Executive are responsible for reporting ownership in Securities each time they are acquired and disposed to the Office of Securities and Exchange Commission according to Section 59 of the Securities and Exchange Act. This is a key tool in promoting corporate governance with respect to insider information. The board also requested directors and the executive to update the status of conflict of interest every quarter.

## **Article 5    Responsibilities of the Board**

### **5.1 Board Structure**

According to The Article of Association of Company, the Board of Director shall consist of not less than 5 persons, who are elected by a General Meeting , and not less than half of the total number of directors shall have residence within the Kingdom of Thailand and must have qualification as prescribed by the law.

At present, the Board of Director consists of 8 directors. The Company has 4 independent directors, which is more than SEC requirement for the composition of the Board that at least one third of the Board membership is made up of independent directors.

The company has specified the qualification of independent directors same with regulation of the SEC and the SET. The chairman of the Board of Directors is not the same person as President and has no relationship with the managements. This has better enhanced the balance of power between the Board of Directors and the management. The Company has clearly separated and defined power and authorities among the Board and the management team.

The Board of Director is responsible for overseeing the Company's operation to comply with Laws, the Company's objective and rules, as well as the resolutions of the shareholder meeting with honesty while preserving the company's interests. The term of the Board of Directors has been clearly prescribed in the Company's rules, which states that one third of the directors who has longest term, has to retire by rotation but can be reappointed if eligible.

The company has established the system to monitor the operation of its subsidiaries, the direction for its subsidiaries, the direction to the person the company assigned to be the director or management executive and the reporting to the Board of Directors to ensure that the Company could monitor the operation of its subsidiaries.

### **Company Secretary**

The Board of Directors has appointed Company Secretary to provide advice on any laws, regulations, and procedures that the Board of Director has to follow. The Company Secretary is also responsible for the Board of Directors' meeting, shareholders' meeting, compliance of relevant laws and regulations on the information disclosure.

## **5.2 Committees**

The company has established the Audit Committee whereby the term of directors is 3 years. The Audit Committee consists of 3 independent directors, who are qualified according to the regulations of the SET and all members have knowledge and experience in accounting and finance, with a term of 3 years.

In the year 2020-21, the Audit committee held 4 meeting. The name and attendance of each member was presented in Annual Report. Ms. Orawan Rakangsomboon serves as The Secretary of the Committee currently.

Even though the Company has not set up other committees besides the Audit Committee, which are to be established in compliance with the regulations of the SET, all of the company's practices in other areas such as determination of remuneration and election of directors are carried out in a careful, transparent and honest manner.

## **5.3 Role, Duties and Responsibility of the Board of Directors**

The Board of Directors plays a very important role in establishing the company's vision, mission and business strategies and also in ensuring compliance of the same efficiently and effectively for the overall benefit of the company and to its shareholders. In addition the Board establishes internal control systems and internal audit function and constantly monitors them through meetings of the Audit Committee.

The Board of Directors has established written corporate governance policy and a Code of Business Ethics (See details under the section "Corporate Governance" in part of Shareholders' rights) and monitors compliance of the same consistently.

The Company's Board of Directors has established guidelines for the careful consideration of transactions involving possible conflicts of interest for the Company and its shareholders, whereby anyone having an interest in an agenda item must disclose such interest to the meeting, and foregoes the right to take part in taking a decision on that item.

The company places utmost importance on the system of internal control and internal audit for optimal performance and transparency of operations, reduce risk and to prevent or reduce losses that may occur to its operations. The Company's Board of Directors has entrusted Audit

committee for supervision and to oversee the implementation of internal control systems.

The report of the internal audit team is fully discussed with audit committee for its views and opinion and for the compliance of the same. The above framework helps to achieve independent compliance, control and ensures that the main operations and important financial activities of the company are conducted according to the laid down policies, and rules and regulations

#### **5.4 Board of Directors' meeting**

The Board conducts its meeting at least once every three months and the meeting are scheduled in advance with notice circulated to all the directors at least 7 days in advance. During the meeting, the chairman of the meeting encourages prudent consideration and allocate appropriate time for the management to present adequate issue and enough data for the directors to broadly discuss important matters. Directors can express their opinions openly and freely. A written record is made of each meeting and, once the minutes have been approved by the Board, they are kept available for directors and other concerned parties to examine.

#### **5.5 Assessment of Board's Performance**

The Company's Board of Directors has not so far set up a system for assessing the Board's overall performance nor its performance in specific areas, nor for regular self- assessment by the Board. The Board will give consideration to these matters in due course.

#### **5.6 Remuneration**

The remuneration to directors and audit committee members is the meeting fee which is appropriate, transparent and in accordance with company's Articles and Association and as approved by the meeting of shareholders.

The remuneration for management is determined in accordance to the policies of the company, which corresponds to the performances of the company as well as that of each individual and is appropriate to their position and responsibilities

The amount of fee and remuneration paid to directors, audit committee and senior management is separately disclosed in the Annual Report and form 56-1 under the section remuneration to Directors and the management

#### **5.7 Board and Management Training**

The Company's director attended Directors Certification Program run by the Institute of Directors (IOD). At present, 2 out of 4 local directors have attended the program

## **10. Corporate Social Responsibility**

Our vision is to actively contribute to the social and economic development of the communities in which we operate. In doing so, building a better, sustainable way of life for the weaker section of society and raising the country's human development index.

Mrs. Rajashree Birla

Director Birla Carbon (Thailand) and

Chairperson Aditya Birla Centre for Community Initiatives and Rural development

Based on the idea that "Businesses and communities cannot be separated from each other", BCT believes that strengthening the community and society does not only benefit the society but also strengthen the organization in the long run. Therefore, it is essential to operate our business with a sense of responsibility to the community, society and country. BCT actively promotes, sponsors and participates in various of activities to develop and sustain quality of life of the community and society, also actively take care of concrete environmental. BCT actively participate in the health, sports, educational, cultural and religious events, as well as other social activities for the benefit of its employees and the community at large.

BCT is committed and reflects due care and responsibility to all operating processes at all stages and to all stakeholders by strictly following laws & regulations along with international standards as a good governance company.

To achieve sustainable development in the Economy, Society and Environment, BCT fully performs its duty as a good corporate citizen and encourages its employees to contribute to community in various kinds of social activity:-

**Education:**

- Participate in activities and giving gifts to children in the community and supporting Children's day scholarships for children in Angthong province on the occasion of the National Children's day
- Scholarship provided to community & employee 's children total 92 Nos. in 2020
- Support the project "Sufficiency Economy Learning Center", Posa Subdistrict, Mueang District, Angthong province
- Donated computers to the school in Angthong Province total 25 Nos

**Health and Hygiene:**

- Support Buddhist activities and maintain temples around the factory, such as participating in Kathin Festival, robe offerings, temple cleaning activities, etc
- Supported health projects such as healthy cycling club in the province and other departments
- Donated Mask to the villagers and the Hospital in Angthong Province

**Social Causes**

- "Love the Community, Love the Environment" project in collaboration with the Kamnan and people in Hua Phai Sub-district, Po Sa Sub-district, Sai Thong Sub-district and Angthong Province Participate in planting trees in the community
- "Home visit" project with management team and community relations officers Visit and meet with the community every day. to listen to comments or concerns including creating understanding and promote creative cooperation
- Support the project of adjusting, planting, spinning, National Labor Day Donated a sink, fire extinguisher to Champa Lor temple factory Angthong Province
- Support souvenirs for the old age in the communities around the factory on the occasion of Songkran Festival to carry on the customs, traditions and good culture of the nation

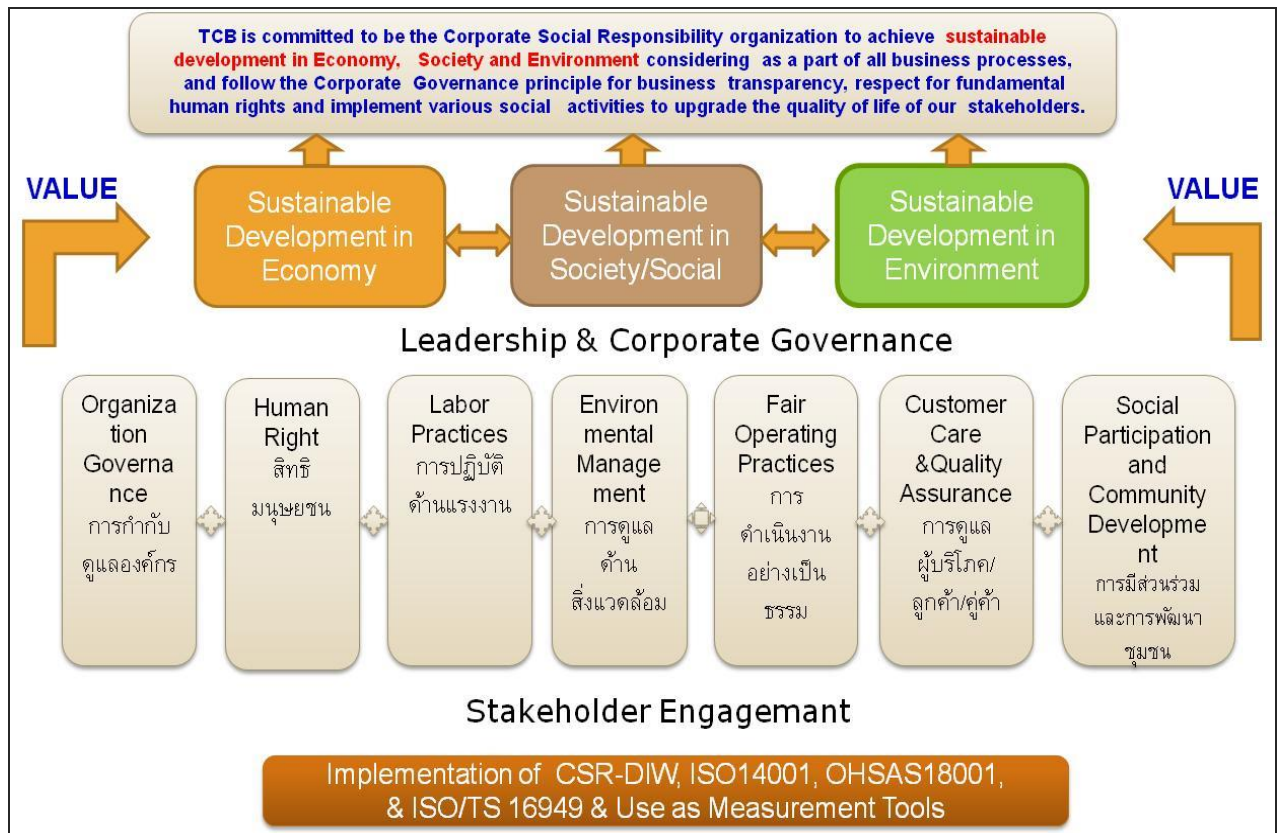


- Support community development project for the community nearby through “Power Fund Development of Birla Carbon (Thailand) Public Co., Ltd.” it cover 11 Sub-District In financial budget of 2020, total budget 1,237,560 baht, i.e. project to develop quality of life of the people, project for career development etc. have already completed 2 projects
- Support for food and drink to the people nearby factory during covid-19 pandemic
- Support budget for operation of local state quarantine in Angthong due to covid-19 infection
- Provide food and supplies to people in the areas surrounding the factory affected by the coronavirus disease 2019 outbreak

### **Infrastructure Development**

- Project to promote “OTOP” or sub-district products of Hua Phai Sub-district together with the Kamnan of Hua Phai Subdistrict, Muang District, Ang Thong Province
- Project to help the poor in the community by collaborating with the governor of Angyhong Province Restroom repairs and toilet replacements for the disabled and old age in Angyhong Province
- Support activities to improve quality of life through various foundations and charities such as supporting the budget for disaster prevention and relief

## Birla Carbon (Thailand) – Corporate Social Responsibility Framework



## **11. Internal Control**

The company recognizes the importance of internal control and emphasize in particular that it is adequate, appropriate and bring efficiency in business operations. The Board entrusted Audit Committee with supervision and overseeing the implementation of internal control systems and internal control activities, to ensure that the main operations and important financial activities of the company are conducted according to the laid down policies, and rules and regulations. In addition to this the corporate audit division of the head office of the company performs the internal audit of all the important functions and activities of the company. The reports of internal auditors are put up and all important point are discussed with Audit Committee. The management gets the opinion of the Audit Committee on various internal control measures and on audit observations. The relevant important sections of internal control are as follows:

### **1. Organization and Environment**

The company promotes and encourages an appropriate internal control environment. The organization chart is clearly defined with roles, responsibilities, corresponding skill matrices, and delegation of authority. Business ethics policy of Aditya Birla Group has been adopted by the Company. The policy is periodically communicated to all the employees and signed by them as an understanding and commitment to follow. The company has developed employee accountability through "SOP" (Standard Operation Procedure) to ensure employee follow SOP to maximum effectiveness of work.

### **2. Risk Management**

The company recognized the importance of risk management which the company has a systematic method of risk identification, impact assessment, and mitigation. A committee of senior executives supervises risk management. Also the audit committee of Board reviews various risks associated with the business and advices management from time to time about the appropriateness of the company's risk management policies and measures as well as monitoring of risk mitigation plans to ensure that those risks are managed and remain at an acceptable level.

### **3. Control Activities**

The Company gives attention to the control activities that are in line with acceptable risk and suitable for business conditions. The control activities are spread through policies, standard procedures, reviews, audits, and corrective/preventive action plans. This framework is periodically reviewed to keep current with changing business conditions and technologies. The Company runs its accounting and information systems on SAP. The control framework is integrated in the SAP accounting and information system. The company also encourages its employees, through

periodic communications, to follow the control activities. The operating results of the company are reviewed in detail at various levels up to the Board of Directors.

#### **4. Information technology and communication systems**

The company has set up external and internal communication controls on information and communication to ensure the information is accurate, complete, timely and of high quality. The Company has an IT security policy for maintaining security and confidentiality of the information. Employees are periodically educated about use and maintaining security of IT systems.

#### **5. Monitoring System**

The Company continues to monitor and evaluate the effectiveness of internal control environment. There is a regular internal audit program, which is aligned to risk assessment. The audit includes not only effectiveness of the control environment but also on efficiency of operations. The management conducts Bi-weekly review meetings of all the functions on standard operating procedures. The Board of Directors and Audit Committee regularly review the internal control environment and effectiveness. The Board of Directors and Audit Committee have, in meeting on 25<sup>th</sup> May 2021, reviewed the appropriateness and sufficiency of the internal control and are of the opinion that the Company has good internal control system, which is adequate and reliable, and is sufficient to control and mitigate the risks associated with the running of normal business operations.

## 12. Related party and Connected Transactions

### Related parties

The connected transactions are transaction between the company, its associated companies or related companies which have same major shareholder and / or have common directors or owners.

| Company/N<br>ame                  | Relationship  | Transaction   | Pricing policies                | Amount (in thousand Baht) |         |         |
|-----------------------------------|---|---|---------------------------------|---------------------------|---------|---------|
|                                   |   |   |                                 | 2021                      | 2020    | 2019    |
| SKI Carbon Black (Mauritius) Ltd. | Major shareholder 36.1%   | - Dividend paid   |                                 | 109,854                   | 106,388 | 96,716  |
| Thai Rayon Public Co., Ltd.       | Major shareholder 24.98%<br>Same directors :<br>Mr. Kumar Mangalam Birla<br>Mrs. Rajashree Birla<br>Mr. S.S. Mahansaria<br>Mr. Purshottam Dass Sharma | - Dividend paid   |                                 | 89,925                    | 83,431  | 74,937  |
|                                   |   | - Sales of electricity and stream   | Market price                    | 326,016                   | 339,472 | 319,445 |
|                                   |   | - Rental charge   | As per agreement                | -                         | -       | 3,240   |
|                                   |   | - Common expenses from sharing service i.e. salary, office rent, travelling expenses          | Actual price                    | -                         | 6,433   | -       |
|                                   |   | - Account receivable  | Sales of electricity and stream | 67,668                    | 84,999  | 54,300  |
|                                   |   | - Other Account receivable from sharing service i.e. salary, office rent, travelling expenses | Actual price                    | -                         | 12,011  | -       |
|                                   |   | - Other Account payable from sharing service i.e. salary, office rent, travelling expenses    | Actual price                    | 254                       | -       | 1,314   |
|                                   |   | - Income from sharing service i.e. salary, office rent, travelling expenses                   | Actual price                    | -                         | 13,320  | 1,869   |

| Company/Name                 | Relationship   | Transaction  | Pricing policies | Amount (in thousand Baht) |        |        |
|------------------------------|--|--|------------------|---------------------------|--------|--------|
|                              |  |  |                  | 2021                      | 2020   | 2019   |
| Asian Opps I Limited         | Major shareholder 15.99%   | - Dividend paid  |                  | 51,795                    | 52,755 | 47,959 |
| Thai Acrylic Fiber Co., Ltd. | Related Company<br>BCT holds the share 15.98%<br>Major shareholder :<br>Thai Rayon Pcl. holds the share 30.00%<br>Same directors :<br>Mr. S.S. Mahansaria<br>Mr. Deepak Mittal | - Seminar income   | Actual price     | -                         | 142    | -      |
| Columbian Chemical North     | Indirect subsidiary company<br>SKI Carbon Black (Mauritius) Ltd.   | - Common expenses from sharing service i.e. salary, office rent, travelling expenses       | Actual price     | 4,614                     | 6,835  | 4,320  |
|                              |  | - Other Account payable from sharing service i.e. salary, office rent, travelling expenses | Actual price     | -                         | 6,616  | 205    |
|                              |  | - Income from sharing service i.e. salary, office rent, travelling expenses                | Actual price     | -                         | -      | 3,222  |
| Birla Carbon Korea Co., Ltd. | Indirect subsidiary company<br>SKI Carbon Black (Mauritius) Ltd.   | - Purchase carbon black  | Market price     | -                         | -      | 59,992 |
|                              |  | - Common expenses from sharing service i.e. salary, office rent, travelling expenses       | Actual price     | 87                        | 969    | 6,340  |
|                              |  | - Other Account payable from sharing service i.e. salary, office rent, travelling exp.     | Actual price     | -                         | -      | 15,919 |

| Company/N<br>ame                              | Relationship  | Transaction  | Pricing policies | Amount (in thousand Baht) |        |         |
|---|---|--|------------------|---------------------------|--------|---------|
|   |   |  |                  | 2021                      | 2020   | 2019    |
| Birla Carbon<br>Brasil Ltda.                  | Indirect subsidiary company<br>SKI Carbon Black<br>(Mauritius) Ltd. | <ul style="list-style-type: none"> <li>- Purchase carbon black</li> <li>- Common expenses from sharing service i.e. salary, office rent, travelling expenses</li> <li>- Other Account payable from sharing service i.e. salary, office rent, travelling expenses</li> <li>- Income from sharing service i.e. salary, office rent, travelling expenses</li> </ul> | Market price     | -                         | -      | 455,530 |
|   |   |  | Actual price     | -                         | -      | -       |
|   |   |  | Actual price     | -                         | 16,387 | 15,969  |
|   |   |  | Actual price     | -                         | -      | 4,982   |
| Birla Carbon<br>Italy S.R.L.                  | Indirect subsidiary company<br>SKI Carbon Black<br>(Mauritius) Ltd. | - Purchase carbon black  | Market price     | -                         | -      | 1,258   |
| Birla Carbon<br>Spain, S.L.U.<br>Sevalco Ltd. | Indirect subsidiary company<br>SKI Carbon Black<br>(Mauritius) Ltd. | <ul style="list-style-type: none"> <li>- Purchase carbon black</li> <li>- Common expenses from sharing service i.e. salary, office rent, travelling expenses</li> <li>- Other Account payable from sharing service i.e. salary, office rent, travelling expenses</li> </ul>  | Market price     | -                         | -      | 546     |
|   |   |  | Actual price     | -                         | -      | 337     |
|   |   |  | Actual price     | -                         | -      | 382     |

| Company/Name                                   | Relationship  | Transaction   | Pricing policies  | Amount (in thousand Baht)     |                                   |                                   |
|--|---|---|---|-------------------------------|-----------------------------------|-----------------------------------|
|  |   |   |   | 2021                          | 2020                              | 2019                              |
| Swiss Singapore Overseas Enterprises Ptd. Ltd. | Indirect subsidiary company SKI Carbon Black (Mauritius) Ltd. | - Purchase carbon black<br>- Account payable-Goods payment<br>- Common expenses from sharing service i.e. salary, office rent, travelling expenses  | Market price<br>Market price<br>Actual price                        | 1,822,462<br>673,374<br>447   | 1,216,897<br>601,786<br>-         | 857,886<br>36,408<br>-            |
| Birla Carbon China                             | Indirect subsidiary company SKI Carbon Black (Mauritius) Ltd. | - Purchase carbon black<br>- Other Account receivable from sharing service i.e. salary, office rent, travelling expenses<br>- Income from sharing service i.e. salary, office rent, travelling expenses   | Market price<br>Actual price<br><br>Actual price                    | -<br>4,763<br><br>-           | -<br>4,967<br><br>-               | 50,323<br>4,835<br><br>745        |
| Birla Carbon U.S.A.                            | Indirect subsidiary company SKI Carbon Black (Mauritius) Ltd. | - Common expenses from sharing service i.e. salary, office rent, travelling expenses<br>- Other Account payable from sharing service i.e. salary, office rent, travelling expenses<br>- Income from sharing service i.e. salary, office rent, travelling expenses | Actual price<br><br>Actual price<br><br>Actual price                | 77,385<br><br>15,975<br><br>- | 37,962<br><br>9,063<br><br>64,233 | 36,679<br><br>8,322<br><br>66,455 |
| Columbian International Chemicals Corp.        | Indirect subsidiary company SKI Carbon Black (Mauritius) Ltd. | - Royalty (Technical information & Patent right)<br><br>- Other Account payable - Royalty   | 4.5% of net sale less actual cost of feedstock and selling expenses | 69,862<br><br>6,302           | 94,963<br><br>6,838               | 107,181<br><br>43,421             |



| Company/N<br>ame                           | Relationship   | Transaction   | Pricing policies   | Amount (in thousand Baht)                         |   |   |
|--|--|---|--|---|---|---|
|  |  |   |  | 2021  | 2020  | 2019  |
| P.T. Indo Liberty Textiles                 | Associated Company<br>BCT holds the share 40.00%<br>Major shareholder :<br>Thai Rayon Pcl. holds the share 40.00%<br>Cheddington Trading Company Inc. holds the share 16.00%   | - Dividend received   | According to the declaration   | -   | 2,024   | -   |
| Aditya Birla Chemical (Thailand) Co., Ltd. | Associated Company<br>BCT holds the share 29.99%<br>Major shareholder :<br>Thai Rayon Pcl. holds the share 29.98%<br>Thai Polyphosphate & Chemicals Co., Ltd. holds the share 37.73%<br>Same directors :<br>Mr. Kumar Mangalam Birla<br>Mrs. Rajashree Birla | - Dividend received<br>- Purchase chemical<br>- Other Account receivable- Seminar<br>- Expense-Goods payment<br>- Income from sharing service i.e. salary, office rent, travelling expenses | According to the declaration<br>Market price<br>Actual price<br>Market price<br>Actual price | 25,491<br>1,067<br>-<br>539<br>3,570              | 25,491<br>84<br>53<br>734<br>5,720                | 25,491<br>-<br>-<br>-<br>-                        |
| Indigold Carbon (Mauritius) Ltd.           | Associated Company<br>BCT holds the share 20.59%<br>Major shareholder :<br>SKI Carbon Black (Mauritius) Ltd. holds the share 58.82%<br>Alexandria Carbon Black   | - Long-term loan (US\$172.941 million)<br>- Interest receivable<br>- Interest receive<br><b>Remark :</b><br>Principal : US\$172.941 million<br>Tenor : 5 years (2016-2021)                  | LIBOR+3.5% per annum   | 5,389,684<br>2,920,103<br>322,855<br>(US\$10,454) | 5,623,461<br>2,705,646<br>444,021<br>(US\$14,388) | 5,472,700<br>2,178,143<br>451,969<br>(US\$14,052) |

| Company/N<br>ame                  | Relationship   | Transaction  | Pricing policies                                       | Amount (in thousand Baht) |                     |                      |
|-----------------------------------|--|--|--|---------------------------|---------------------|----------------------|
|                                   |  |  |  | 2021                      | 2020                | 2019                 |
|                                   | holds the share 20.59%   | Payment : Principal & Interest<br>pay on maturity date<br>Guarantee : No<br>Loan balance as of 1/4/2020<br>Amount Baht 5,623,461,000<br>Interest receivable balance as of<br>1/4/2020<br>Amount Baht 2,705,646,000<br>(Differences from amounts shown<br>are due to exchange rate) |  |                           |                     |                      |
| Mr. Sanjeev<br>Sood               | Key Management<br><b>Remark :</b><br>Principal : Baht<br>19,000,000<br>Tenor : 4 years<br>(2019-2023)<br>Payment : Every month<br>Guarantee : No | Long-term loan<br>Interest receive<br>Interest receivable  | 1.8% per annum   | -<br>94<br>-              | 10,866<br>191<br>94 | 17,417<br>106<br>285 |
| Thai Rayon<br>Public Co.,<br>Ltd. |  | Lease liabilities of<br>accommodation to staff   | Reference to<br>Financial Reporting<br>Standard No. 16 | -                         | 1,591               | -                    |

## **Reasons for the conflict of interest to hold shares in the associated company and its subsidiaries more than 10%**

The company makes investment after due consideration of risk, long term growth opportunity & synergy as key factors. Thorough review of the financial position, product portfolio, market segments and growth potential is done prior to finalizing any investment decision. Support of industry expert, lawyers and consultants are also undertaken to deep dive and provide necessary insights on the investments identified.

### **1. Opinion of the Audit Committee on Related Transactions**

The above connected transactions are reviewed and approved by the Audit Committee. The said transactions are reasonable and necessary for the Company's business operations. Before entering into each transaction, the company Has considered the benefits of the company and stakeholders without a transfer of interests between the Company and any person who may have a conflict of interest.

### **2. Important details in pricing and connected transactions**

|  |   |
|--|---|
| Purchase of goods  | With reference to market price  |
| Interest income  | Libor+3.5% per annum (SOFR+3.5 per annum starting from 1 April 2021) and 1.8% per annum |
| Dividend   | According to the declaration  |
| Cost reduction from sales of electricity and steam generated | With reference to market price  |
| Expenses charged to/by related parties                       | Actual price  |
| Royalty expense  | 4.5% of net sale less actual cost of feedstock and selling price                        |

### **3. Necessity and reasonableness of the transaction**

These connected transactions are essential to the Company's normal business operations. All connected transaction are carefully evaluated to ensure that they are entered into at arm's length basis & without any conflict of interest.

### **4. Measures or procedures for approving related transactions**

All connected transactions are reviewed and approved by the Audit Committee. After that, the Audit Committee will present it to the Board of Directors. and / or shareholders for further approval which is in accordance with the rules and regulations of the Stock Exchange of Thailand "Disclosure of Information and Practices of Listed Companies on Connected Transactions" The Audit Committee. Board of Directors and management follows all guidelines to ensure that there are no conflicts of interest when the transaction is approved.

## **5. Policy or trends in related transactions in the future**

In the case of future related transactions All necessary details such as the value of the item price, other terms and conditions, as well as the necessity of the transaction will be reviewed appropriately by management before being presented for review and approval by the Audit Committee and the Board of Directors and/or shareholders in accordance with the rules and regulations