

**PART 2****7.1. Shareholding Structure****7.1.1. Securities**

PTL's Registered capital at 31<sup>st</sup> March, 2019 was Baht 900 million and Paid-up capital was Baht 900 million, divided into 900 million ordinary shares each of Bt. 1 par value.

**7.1.2. The shareholding structure of PTL as on 31st March 2019 is:**

Name	Ordinary shares	%
Polyplex Corp. Ltd. (PCL)	154,710,000	17.19
Polyplex (Asia) Pte. Ltd. (PAPL)	304,290,000	33.81
General public	441,000,000	49.00
<b>Total</b>	<b>900,000,000</b>	<b>100.00</b>

**7.1.3. PCL's shareholding structure as of March 31, 2019 is shown as below:**

Name	%
Promoter/Sponsor Group	50.03
Institutional investors	7.42
Indian public (Non-Institutional Investors)	35.87
Other shareholders	6.68
<b>Grand total</b>	<b>100.00</b>

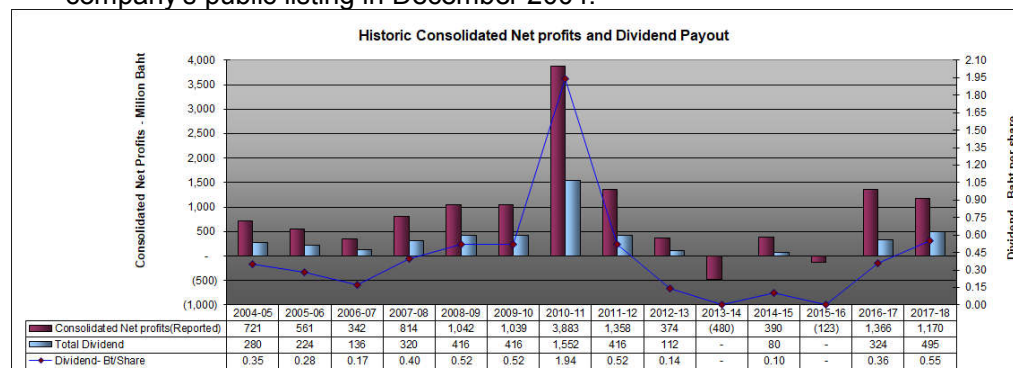
PAPL is 100% held by PCL and together PAPL and PCL hold 51% of PTL.

**7.2. Dividend payment policy**

As per the dividend policy stated in the prospectus, dividend is paid out at rate of about 40% of the annual net profit, taking into account economic conditions, growth plans, future deployment opportunities, the Company's financial position and liquidity and subject to the approval by the shareholders.

For the FY 2018-19, a dividend of Baht 0.64/share has been recommended by the board of directors to the 2019 Annual general meeting of shareholders for approval, which is a payout of 30% on normalized consolidated profits (impact of unrealized forex gains normalized).

The historic trend of Net Profit and the Dividend declared/paid for past few years, since the company's public listing in December 2004.

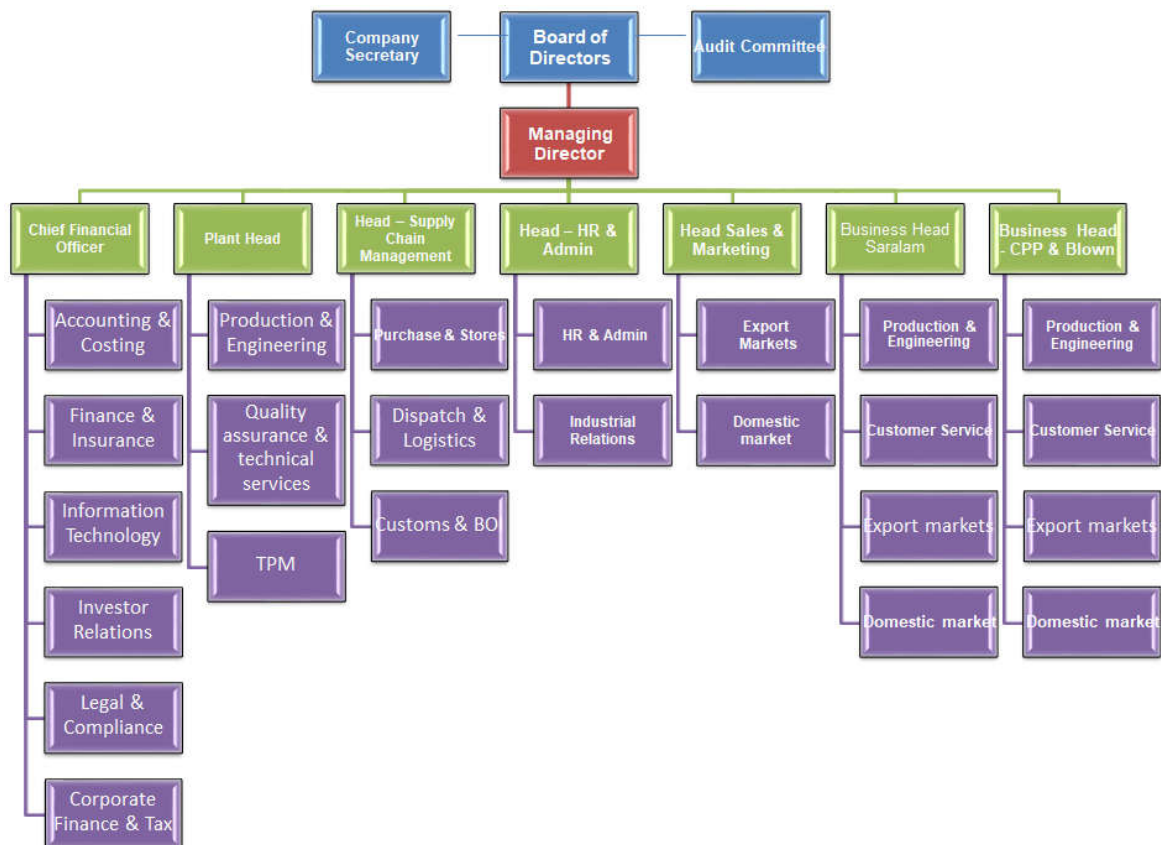


\* No dividend was paid in FY 2013-14 and FY 2015-16 due to net loss on consolidated basis

Due to the significant impact of forex fluctuations on the reported profitability of the company, dividend payout is being considered and recommended by the Board on normalized profit basis, after adjusting the unrealized forex gain/ losses and/or any other one-time exceptional losses. For the year 2018-19, the Board has proposed an annual dividend of Bt 0.64/ share or total payout of Bt 576 million out of which Bt 0.31/ share or total of Bt 279 million has been paid as Interim dividend in December, 2018 and balance of Bt 0.33/share or total of Bt 297 million is proposed to be paid as Final dividend, subject to shareholder approval in the 2019 Annual General Meeting of shareholders.

## 8. MANAGEMENT STRUCTURE

The Organization structure as at 31<sup>st</sup> May, 2019 is as under:



PTL has a board of directors and an audit committee. There is a provision to appoint other need-based committees as may be appointed by the shareholders or the board of directors from time to time. The board members and executive officers are qualified persons with complete qualifications as per Section 68 of the Public Limited Companies Act B.E. 2535 and as per the Notification of the Securities and Exchange Commission (SEC) No. KorJor. 12/2543 Re: Application for Permission and Permission to Sell Newly Issued Shares dated March 22, 2000.

Details of the board of directors and other committees are as follows:

### 8.1. Board of Directors

As of May 31, 2019, PTL's Board of Directors is composed of eight members as follows:

- |    |                            |   |
|----|----------------------------|---|
| 1. | Mr. Manu Leoparote         | Board chairman and Audit Committee Chairman |
| 2. | Dr. Virabongsa Ramangkura  | Director (and Audit Committee member)       |
| 3. | Mr. Shiraz Erach Poonevala | Director (and Audit Committee member)       |
| 4. | Mr. Sanjiv Saraf           | Managing Director*                          |
| 5. | Mr. Praphad Phodhivorakhun | Director                                    |
| 6. | Mr. Ranjit Singh#          | Director                                    |
| 7. | Mr. Ashish Kumar Ghosh#    | Director                                    |
| 8. | Mrs. Sakhi Saraf#          | Director                                    |

*\* Position changed from Vice-Chairman to Managing Director w.e.f 15<sup>th</sup> May, 2019*

*# Appointed as Director w.e.f 15<sup>th</sup> May, 2019*

Mrs. Supritha Pai Kasturi is the secretary to the Board of Directors

### Authorized signatories

Any one of the three authorized signatories, namely Mr. Sanjiv Saraf, Mr. Ashish Kumar Ghosh and Mrs. Sakhi Saraf are empowered to sign with the Company's seal affixed.

### Power and duties of the board of directors (the Board)

The Board of Directors has the powers, duties and responsibilities to faithfully and prudently conduct the operations of the Company in accordance with the Company's objectives and Articles of Association, applicable laws and resolutions of the shareholders' meetings, for the benefit of the Company. A summary of the substantial duties and responsibilities of members of the Board of Directors is set out below:

1. to hold the annual general meeting of shareholders within 4 months from the close of the accounting period;
2. to call the meeting of the Board of Directors at least once every calendar quarter;
3. to arrange for the preparation and submission of the audited Statement of Financial Position and Income and Loss statement at the end of each accounting period to the shareholders' meeting for its consideration and approval;
4. to authorize any one or several directors to perform any action on behalf of the Board of Directors under the supervision of the Board of Directors, or granting the power-of-attorney to such designated director(s) to perform any action within the specified time as the Board of Directors may think fit; provided, however, that the Board of Directors has the sole discretion to revoke or modify such designated director or power-of-attorney as the Board of Directors may think fit.

For this purpose, the Board of Directors may authorize the Executive Committee, if any, to conduct any activities within the specified scope of work, duties and responsibilities of the Executive Committee. No authorization will entitle the Executive Committee to consider and approve the transaction which may cause a conflict of interest between the Executive Committee or any related person or interested person as the one party and the Company

or its subsidiary companies as the other party. However, an exception is granted where the transaction conforms to the approved policies and rules of the Board of Directors;

5. to determine the goals, prospects, policies, business plans and budgets of the Company, and to ensure that the management work performed by the Executive Committee, if any complies with the set policies. However, the Board of Directors needs to obtain the resolution of the shareholders' meeting before entering into certain legal transactions, for instance, increase or reduction of capital, issue of bonds, sale or transfer of all or any substantial parts of the Company's businesses to any third party, purchase or acceptance of transfer of other businesses, amendment to the Memorandum of Association, and so on.

The Board of Directors is also responsible for ensuring the Company's compliance with the securities and exchange law and rules of the SET, for instance, rules concerning the entry into connected transactions and concerning purchase or sale of substantial assets, including any law governing the Company's business;

6. to review the management structure and appoint the Executive Committee, General Manager and any subcommittees, as it deems appropriate;
7. to ensure that the Company's performance follows the business plans and budgets at all times;
8. to refrain from conducting any similar or competitive business, participating as partner in an ordinary partnership or partner with unlimited liability in a limited partnership or director in a private company or in any other firm, company or corporation operating the business similar to or in competition with the Company, regardless of whether for his/her own benefit or for others' benefit. However, an exception is granted where the director provides notice to the shareholders' meeting in advance of his/her effective appointment as director of the Company; and
9. to notify the Company without delay of the event of likelihood that the director may have direct or indirect interests as a result of (i) the Company's entry into any agreement; and (ii) his/her increased or decreased holding of shares or bonds in the Company or its subsidiary companies.

### **Role and Responsibility of Chairman of the Board**

The Chairman plays a pivotal leadership role in ensuring that the Board work effectively.

The key roles of the Chairman are:

1. Acting as Chair at the Board's and Shareholders' meetings.
2. Ensuring that Board members receive accurate, timely, and sufficient information for Board meetings.
3. Providing independent advice to the management and Board.
4. Ensuring the participation of the executives, non-executives and independent directors in the Board's decision processes and activities.
5. Ensuring the whole Board plays a constructive part in developing and determining the Company's strategy and objectives.

## **8.2. Audit Committee**

The Company's Audit Committee comprises of:

- |    |                            |                          |
|----|----------------------------|--------------------------|
| 1. | Mr. Manu Leopaiprote       | Audit Committee Chairman |
| 2. | Dr. Virabongsa Ramangkura  | Audit Committee member   |
| 3. | Mr. Shiraz Erach Poonevala | Audit Committee member   |

*Mrs. Supritha Pai Kasturi is the secretary to the Audit Committee.*

### **Power and duties of the Audit Committee**

1. to review the sufficiency, credibility and objectivity of the financial reporting of the Company by coordinating with the external auditors and management responsible for preparing the quarterly and yearly financial reports. The Audit Committee may suggest issues or matters to be included for review or audited by the external auditors during its audit of the Company;
2. to review the adequacy and effectiveness of internal control systems and internal audit functions by coordinating with the external auditors and internal auditors (if any);
3. to review compliance with the Securities and Exchange Acts, Regulations of the SET, and any other relevant laws;
4. to consider and advise on the appointment of the external auditor including the audit fee, taking into account the creditability of the external auditor, the adequacy of its resources, the firm's audit engagements, and the experience of its supervisory and professional staff; as well as to have a meeting with the external auditor, as and when required, without the presence of the Executive directors or any other member of the management team.
5. to review the connected transactions and ensure proper compliance with all the relevant SEC/SET regulations and also to ensure adequate disclosures or conflict-of-interest disclosures;
6. to take care of any other matters assigned to it by the Board of Directors, such as reviewing the Company's financial and risk management policies, reviewing compliance with the Code of Corporate Conduct of the management, and reviewing with the company's management, all important reports which must be disclosed to the public according to the law (e.g. Management Discussion and Analysis (MD&A), etc.);
7. to report the activities of the Audit Committee in the company's annual report, which must be signed by the chairman of the Audit Committee, and to express in such annual report the Audit Committee's opinion on (i) the accuracy and completeness of the procedures for the preparation of the report and information disclosure, (ii) the sufficiency of the internal control system of the Company, (iii) opinion on the suitability of the external auditor and appointment for another term, (iv) the number of Audit committee meetings held in the previous year and the attendance of each member in such meetings, (v) opinion on the connected transactions and any transactions that may lead to conflict of interest (vi) the compliance by the Company with rules and regulations of SET, SEC and other applicable laws, and report on any information that the shareholders and investors should be aware of under the scope of power of the duty that has been assigned by the Board of Director;
8. to report the performance of the Audit Committee to the Board of Directors at least once every calendar quarter; and
9. to express its opinion on the performance, appointment, removal and determination of remuneration of the internal auditor, if any.

### 8.3. Management

PTL's senior management during 2018-19\* consisted of eight persons as below:

- |    |                             |                                      |
|----|-----------------------------|--------------------------------------|
| 1. | Mr. Amit Prakash#           | Managing Director                    |
| 2. | Mr. Ramesh Gupta            | Business Head – SARALAM division     |
| 3. | Mr. Sanjay Kumar Jha        | Plant Head                           |
| 4. | Mr. Ashish Ghosh            | Head – Sales & Marketing             |
| 5. | Mr. Ashutosh Kumar Agarwal* | Chief Financial Officer              |
| 6. | Mr. Ankur Agarwal           | Head – Supply Chain Management       |
| 7. | Mr. Chakrit Srisamutnak     | Head – HR and Admin                  |
| 8. | Mr. Anubhav                 | Business Head – CPP & Blown PP films |

*\*The Chief Financial officer (CFO) has been transferred to Indonesia as the CFO of the Indonesia subsidiary, under which the Greenfield PET film project is being implemented, but he continues to be the CFO for Thailand operations as well.*

*# Mr. Amit Prakash has resigned from the post of Managing Director and the Vice Chairman – Mr. Sanjiv Saraf has been appointed as the new Managing Director w.e.f 15<sup>th</sup> May, 2019.*

#### Power and duties of Managing Director

1. to monitor and supervise the day-to-day business operations and management of the Company.
2. to undertake or perform duties in line with the policy, plan and budget approved by the board of directors and Audit Committee of the Company.
3. to perform as the authorized person of the Company in administering the business in line with the objective, regulations, policy, rules, stipulations, orders and resolutions of the meeting of the Board and/or resolutions of the meeting of shareholders.
4. to appoint and manage the performance of the working committees to ensure benefit and efficiency as well as transparency in management, and be authorized to appoint and/or assign any person to specifically perform on his behalf. Such delegation of power and authority shall come under the purview of such certain authorization letter and/or comply with the regulations, stipulations or orders issued by the board of directors and/or the Company.
5. to determine mission, objectives, framework and policy of the Company for optimum benefit of the organization.
6. to follow up and assess the Company's operational results on a regular basis to cope with both internal and external risks.
7. to consider and approve expenditure spending in the normal course of business operations
8. to consider the recruitment and employment of personnel as well as transfer, rotation across functional lines/departments/divisions, or termination of employment of personnel, and determine rate of wages, remuneration, bonus and welfare package relating to personnel.
9. to issue orders, regulations, announcements and memorandum to ensure the operations come out in line with the policy and for the benefit of the Company as well as to maintain discipline in the organization.
10. to perform any other duties as occasionally assigned by the Board of Directors



Power to approve any transactions (i) which may cause a conflict of interest with the Company or its subsidiary; or (ii) in which the interests of the Managing Director or other interested person may be in conflict with the Company or its subsidiary, under the applicable rules and regulations of the SET, do not fall within the scope of the powers and authorities of the Managing Director to act at his/her own discretion or to designate any person to act on his/her behalf. Typically, these transactions need the consideration and approval of the Board of Directors and/or the shareholders' meeting in accordance with the Articles of Association of the Company and subject to applicable laws.

#### **8.4. Role of Company Secretary**

The Company has appointed Mrs. Supritha Pai Kasturi as the Company Secretary. She is a qualified Chartered Accountant from the Institute of Chartered Accountants of India and has the requisite knowledge and experience to perform this function. She also performs the role of the Secretary to the Board of Directors and to the Audit Committee.

Responsibilities of Company Secretary:

- Arrange the Board of Directors' Meetings, Audit Committee Meetings and the Shareholders' Meeting in accordance with the relevant laws and regulations.
- Prepare the Agenda/ supporting documents for the above meetings and ensure that the same is circulated to the concerned members, at least a week in advance of the meeting date, to allow sufficient time to review the documents.
- Prepare the Minutes of all the above Meetings and monitor subsequent compliance with the resolutions of those Meetings.
- Ensure that disclosures of information to regulatory agencies (SET/SEC and other relevant regulatory agencies) are made in accordance with the applicable laws and regulations.
- Execute any additional duties assigned by the Board of Directors from time to time

#### **8.5. Selection of members of the board of directors, independent directors and the audit committee**

The Company has no Nomination Committee to select and nominate any persons to be appointed as directors of the Company. In this regard, the Board will undertake the selection process, taking into account the experience, expertise and competency of the prospective persons and the qualifications required as per the criteria prescribed in the Public Limited Companies Act B.E. 2535 and as announced by the SEC and relevant agencies, as also the provisions of Articles of Association of the company. Nomination will be made at the shareholders' meeting and election made under the procedures prescribed in the Company's regulations as below:

##### **I) Selection of members of the Board of Directors**

- a) The Company is required to have a board of directors consisting of at least 5 persons. The board of directors must elect one of their members to be the Chairman and may elect another member to be a Vice-Chairman and any other positions as they see fit. At least one-half of the directors must reside in Thailand.

A director need not be a shareholder of the company.

- b) A meeting of shareholders must elect the directors in accordance with the following procedures and rules:-

- a. Each shareholder has one vote for each share held;
  - b. Each shareholder may exercise the votes in electing one or more persons to be the directors but the votes are indivisible; and
  - c. The person who obtains the highest votes will be elected as a director in respective order according to the required number of directors, but if two or more persons obtain equal votes, the Chairman must exercise a casting vote.
- c) At every general meeting of shareholders, one-third (1/3) of the directors, or if it is not a multiple of three, then number nearest to one-third (1/3) must retire from office.
- d) There must be a drawing by lots to determine the directors retiring on the first and second years following the registration of the company. In each subsequent year, the directors who occupy the position for the longest period must retire.

A retiring director is eligible for re-election.

## **II) Selection of members of the Audit Committee/Independent Director**

Audit Committee is composed of at least three independent directors with an office term of 2 years. The Company has a policy to select and nominate Audit Committee / Independent director in compliance with the SEC Notification no. KorJor. 12/2543 regarding application for and approval of offering of newly issued shares, with each of whom to have the following qualifications:

- a) Hold shares not exceeding 5% of the total shares with voting rights of the Company, an affiliated company, a subsidiary company, an associated company or a juristic person that may have conflict of interest,
- b) Not be an employee or a staff member or an advisor who receives a regular salary or a person with controlling power of the Company, an affiliated company, a subsidiary company, an associated company or a juristic person that may have conflict of interest,
- c) Not be a person having blood relation or legal relation in the manner of being any family member or spouse thereof of the executives, the major shareholders, the persons with controlling power or any persons to be nominated to the managerial positions or the persons with controlling power of the Company or a subsidiary company.
- d) Have no business relation with the Company, an affiliated company, a subsidiary company, an associated company or any juristic person that may have conflict of interest in the manner that may hinder the use of individual's independent judgment, and have no other nature that will hinder the individual's provision of independent opinions relating to the Company's operations.

In addition, at least one independent director appointed as an Audit Committee member must have sufficient knowledge and experience in finance and accounting areas so that he/she can review the reliability of the financial statements. Other qualifications must also be taken into account, comprising business experience, expertise in the field related to the business and ethical qualifications, to ensure maximum benefits to the Company.

The appointment of Audit Committee members is subject to the same criteria and procedures as those in the appointment of directors of the Board. The vacating Audit Committee member upon completion of his/her office term of 2 years may be re-appointed by the Board of Directors for another



term. In the event that there is a vacancy on the grounds other than the completion of office term, the Board shall select and appoint the person who possesses the required qualifications to fill the vacancy to complete the number of the Audit Committee members as prescribed by the Board. The newly appointed Committee member shall be in the office only for the remaining period of the office term of the vacating member.

## 8.6. Remuneration for management

### a. Monetary remuneration

#### Directors

Before the transformation into a public company, PTL had five directors. These directors did not receive any meeting allowance from the Company. Since transformation into a Public Company in 2004, the Company has 8 Directors on the board.

For the FY 2018-19, The actual remuneration paid to the Independent Directors is Baht 5,400,000 as against the amount approved in the Shareholder meeting of Baht 5,400,0000.

Details of the same are given under:

S.No	Name of Director	Amount Approved (Baht p.a)	Actual Paid (Baht p.a)
1	Mr. Manu Leopairote	Baht 1,800,000	Baht 1,800,000
2	Dr. Virabongsa Ramangkura	Baht 1,200,000	Baht 1,200,000
3	Mr. Praphad Phodhivorakhun	Baht 1,200,000	Baht 1,200,000
4	Mr. Shiraz Erach Poonevala	Baht 1,200,000	Baht 1,200,000

In addition to the above remuneration, meeting sitting fees of Baht 10,000 per meeting attended has been paid to the Audit Committee members, which is as per the amount proposed and approved in the Shareholder meeting in July 2018.

For the FY 2018-19, it is proposed to fix a remuneration of Baht 100,000 per month, to all the independent directors as mentioned below:

1. Mr. Manu Leopairote
2. Dr. Virabongsa Ramangkura
3. Mr. Praphad Phodhivorakhun
4. Mr. Shiraz Erach Poonevala

Mr. Manu Leopairote, in his capacity as the Chairman of the Board of Directors and the Chairman of the Audit Committee would be entitled to an additional remuneration of Baht 25,000 per month, for each role.

For the Audit Committee, each member would be entitled to a sitting fee of Baht 10,000 per meeting attended.

The above remuneration package, to the Independent directors and Audit committee members, would be proposed to the Shareholder meeting to be held in July 2019 for their consideration and approval.

The remuneration details of the senior management, including 1 executive director of PTL is as below:

Remuneration (In '000 Baht)	2014-15(Apr-Mar)	2015-16(Apr-Mar)	2016-17(Apr-Mar)	2017-18(Apr-Mar)	2018-19(Apr-Mar)
Number of executives	6*	5	9	8*	8*
Salaries (In '000' Baht)	11,422	12,034	16,397	20,664	16,916
Bonus and Others (In '000' Baht)	16,612	20,824	19,071	30,790	18,864
<b>Total</b>	<b>28,034</b>	<b>32,859</b>	<b>35,468</b>	<b>51,454</b>	<b>35,780</b>

*\* Including some persons for part of the year only*

**b. Other remuneration**

**Directors** None

**Executives** None

**8.7. Personnel**

As of March 31, 2019, PTL had a total workforce of 682 persons, 675 of whom are personnel at the plant in Rayong Province and 7 at the head office in Bangkok. The Company also has 40 expatriates, 3 of whom are at the head office in Bangkok and the remaining 37 in Rayong.

	Department	Number of employees				
		As of Mar 31, 2015	As of Mar 31, 2016	As of Mar 31, 2017	As of Mar 31, 2018	As of Mar 31, 2019
1.	Executives	4*	5	9	8*	8*
2.	Production	183	239	250	224	250
3.	Commercial, IT, Personnel & Admn.	51	47	41	44	43
4.	Sales and Marketing	36	30	18	31	44
5.	Chips plant	37	37	39	37	39
6.	Metallizer	54	49	47	45	48
7.	Extrusion Coating	81	74	61	60	58
8.	Cast Polypropylene	52	46	54	81	55
9.	Silicone Coating	43	42	39	38	42
10.	PET Thick Film	84	70	71	64	65
11.	Blown PP Film	18	16	16	19	30
.						
	<b>Total</b>	<b>643</b>	<b>655</b>	<b>645</b>	<b>651</b>	<b>682</b>

*\*Excluding persons who were for part of the year*

**Employee (non-executive) remuneration**

(Bt. thousand)

Remuneration	2014/15 (Apr-Mar)	2015/16 (Apr-Mar)	2016/17 (Apr-Mar)	2017/18 (Apr-Mar)	2018/19 (Apr-Mar)
No. of employees	643	650	636	643	674
Salaries & Wages	227,926	208,124	197,951	194,313	211,523
Overtime pay	30,365	29,452	31,137	31,309	32,654
Bonus	36,503	27,917	44,088	35,279	38,017
Provident fund*	5,370	5,338	5,238	4,889	6,658
Others	108,483	88,894	87,880	89,440	91,240
<b>Total</b>	<b>408,647</b>	<b>359,725</b>	<b>366,294</b>	<b>355,230</b>	<b>380,092</b>

\*The Company started contributing to the provident fund since September 2004.

The contribution of the employee and employer was 4% until FY 2010-11. Since 2011-12, the company revised the PF contribution rates and depending on the length of service, company's contribution is now in the range of 4-7%.

There has been no labor dispute for the past years.

**HRD Policy**

The company realizes the importance of its staff as they are valuable assets and play a major role in the success and growth of the company. Therefore it has a policy to develop the efficiency, knowledge and skills of its staff at all levels by having well organized training programs on a periodic basis. Training programs are designed to improve various aspects of work life like technical competence, quality assurance, team building, and enhancement of leadership skills, time management skills, safety awareness, basic firefighting etc thereby improving the quality of the working life of the employees. In the past year, a total of 18,494-man hours of training was imparted to our employees in Thailand and at the overseas subsidiaries. Feedback of employees participating in such trainings is taken in order to help improvement of quality of seminars and trainings to be conducted in future.

**9. Corporate governance****9.1. Good Corporate governance****9.1.1. Policy on Corporate governance**

Polyplex realizes the significance of good corporate governance and makes every effort to implement the Corporate Governance principles laid down by the Stock Exchange of Thailand. The company has firm belief in transparency, accountability and ethical conduct in carrying out its operations. The Company adopts strict internal controls and audits in recognition of their importance. It also has several risk management policies, keeping in mind a good relationship and business ethic towards business partners, shareholders and all concerned parties.

### **9.1.2. Rights of shareholders**

The Company recognizes the importance of equal rights of all shareholders and considers all the shareholders as owners of the Company irrespective of the percentage of shares owned.

The Company has a policy to report to shareholders regularly on progress of operations, either directly or through the Stock Exchange of Thailand or through information on its website after listing.

Shareholders will be given fourteen days advance notice of all shareholder meetings, including the meeting agenda and related information. The shareholders would be encouraged to participate in the general meetings and their views and comments would be noted and followed up.

The shareholders also have the following rights which are exercised in the Annual Shareholding meetings:

- Re-appointment of Directors retiring by rotation and approval of the Director remuneration
- Approval of Auditor appointment and remuneration
- Approval of dividend payment

### **9.1.3. Rights of stakeholders**

Polyplex has always provided equal importance to the requirements of all its stakeholders as under:

- **Personnel:** Company considers all its personnel to be valuable assets, critical to the success and growth of the organization. The Company is committed to providing a quality oriented work environment, with special emphasis on safety, along with fair and equitable remuneration. Apart from basic salary, Performance linked Bonus, Provident Fund contribution and Social Security Contribution, the Company also provides certain other benefits to its employees such as Overtime pay, Housing Allowance, Transport Allowance, Telephone allowance, Medical Insurance, Life Insurance coverage etc.
- **Business partners:** It has always been the policy of Polyplex to develop long standing and growing relationships with all its business partners based on mutual benefit and guided by good business ethics. The company values the long standing relationship with its business partners, whether it is the banks that support the trade finance and project financing requirements of the Company, or the strong Distributors/Agent network across various parts of the globe, which help in market development and ensure smooth continuity of the business operations for the company.
- **Competitors:** Polyplex always abides by the framework of fair competition and would work towards market development and growth to the mutual benefit of the industry.
- **Creditors:** To abide by the loan covenants and provide all information about the progress of the Company to its creditors as may be required for smooth business dealings.
- **Customers:** Polyplex is committed to creating customer satisfaction by ensuring consistency in the quality of its products and offering value proposition through its wide network, technical support and local sales personnel at each location.

- Shareholders: Polyplex strives to conduct its business in a transparent and efficient manner with a view to constantly strive to enhance shareholder value. New project investments is evaluated prudently to ensure good returns and increase value to the shareholders.
- Community/Society: Polyplex realizes and cares for the safety of society, environment and quality of life of people. It places priority on activities relating to the community and the society and also by compliance of applicable laws and regulations relating to the same. The company periodically organizes Blood donation camps and encourages employees to donate blood. Apart from this, the Company also contributes donations (cash and kind), from time to time, to organizations engaged in various community services.

#### **9.1.4. Shareholders' meetings**

The Company endeavors to organize the shareholders' meeting with equitable treatment for all participants and in strict accordance with legal procedures, from meeting invitations, proxy form for those who are unable to attend the meeting, and distribution of meeting documents to inform all concerned of the meeting agendas. It is ensured that the meeting venue and time is convenient and the meeting session allows adequate time for shareholders to ask questions on business operations or voice their opinion.

#### **9.1.5. Leadership and vision**

The Board of Directors is the forum for review of plans, vision, strategies and key policies. Elaborate budgets have been formulated for all functional areas in the Company and a system of Key Result Areas (KRAs) has also been implemented for each department and individual as also at the corporate level to align interests and priorities across the organization. The Board of Directors would play a leading role in regular review of the actual operations vis-à-vis budgets.

#### **9.1.6. Conflict of interest**

The policy is based on the principle that any decision to be made by personnel at all levels in business operations must be in the best interest of the Company. It is the duty of all personnel to avoid any transactions and/or dealings which could result in financial losses to the Company and result in personal monetary benefit. The Audit Committee is entrusted to watch over and review the internal controls and audit function to ensure their efficiency and also ensure adequate disclosures to be made as per the SEC/SET guidelines.

#### **9.1.7. Business ethics**

Polyplex has a code of conduct for all personnel who emphasize observance of ethical practices, honesty and accountability. Responsibility towards all stakeholders and external agencies is encouraged in order to foster a good corporate culture and social responsibility.

#### **9.1.8. Whistle Blower Policy**

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, the Company's Board has in February 2015, approved a Whistle Blower Policy which aims at encouraging its employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment. This policy aims to provide an avenue for employees who observe an unethical practice (whether or not a violation of law), to approach the Whistleblower Committee, which consists of 4 members, who are key

functional heads of the organization and who will report to the Audit Committee about any complaints received by them.

#### **9.1.9. Check and balance by non-executive directors**

As at 31<sup>st</sup> May 2019, the Company has altogether eight directors as detailed below:

Status	Executive Directors	Non-Executive Directors	Audit Committee
Shareholders' representative Directors	3	1	-
Independent Directors	-	1	3

#### **9.1.10. Integration or delegation of title and authority**

The Chairman of the Board of Directors is an independent director and is also the Chairman of the Audit Committee. Independent directors constitute 50% of the Board of Directors and thus composition of the Board would ensure fair and effective management monitoring. The Managing Director is the CEO in charge of day-to-day operations and has specified powers with certain key decisions requiring approval by the Board of Directors.

#### **9.1.11. Remuneration for directors and executives**

The remuneration of the Board of Directors and the Audit Committee is proposed to the Shareholder meeting for their consideration and approval. The Managing Director's remuneration is fixed by the Board of Directors in discharge of duties as the CEO of the Company. The remuneration of the management is open for review by the shareholders who may set the appropriate policies and guidelines on this matter.

#### **9.1.12. Board meetings**

The meetings of the Board of Directors are usually convened at least once every quarter to review the operations / quarterly financial results and other matters. There were four Board meetings conducted during the FY 2018-2019. Attendance of directors is as follows:

Name	Position	Attendance
Mr. Manu Leopairote	Board Chairman & Audit Committee Chairman	4/4
Dr. Virabongsa Ramangkura	Director & Audit Committee member	4/4
Mr. Shiraz Erach Poonevala	Director & Audit Committee member	3/4
Mr. Sanjiv Saraf	Vice Chairman of the Board	2/4
Mr. Amit Prakash*	Managing Director	4/4
Mr. Praphad Phodhivorakhun	Director	3/4
Mr. Pranay Kothari*	Director	3/4
Mr. Manish Gupta*	Director	3/4

\* Resigned w.e.f. 15<sup>th</sup> May, 2019 and new replacement directors appointed to fill up the vacancies



### 9.1.13. Supporting committees or sub-committees

The Board of Directors has recommended and shareholders have approved an Audit Committee consisting of three independent directors. The Audit Committee members have the requisite qualifications under the relevant SET rules & guidelines. The powers and allocation of work have been clearly defined by the shareholders and include review of internal control systems, review of financial reports, connected transaction or transaction involving conflict of interest. The term of the Audit committee is 2 years and may be renewed by the Board of Directors every 2 years. There were 4 Audit committee meeting held in FY 2018-19 and attendance of the members is as under:

Name	Position	Attendance
Mr. Manu Leopairote	Board Chairman & Audit Committee Chairman	4/4
Dr. Virabongsa Ramangkura	Director & Audit Committee member	4/4
Mr. Shiraz Erach Poonevala	Director & Audit Committee member	3/4

### 9.1.14. Internal control and audit system

The Board of Directors exercises control through setting of annual budgets and operational objectives, periodical review of which is done from time to time. Meanwhile, the Audit Committee oversees the internal controls and audit in the Company and suggests measures for improvement.

### 9.1.15. Board of Directors' report

The Board of Directors is responsible for the Company's financial statements. As a part of the annual report, the directors have commented on the financial results of the Company.

### 9.1.16. Relationship with investors

The Company places significance on the timely disclosure of accurate information to its shareholders and investors. It participates in the SET Opportunity day every quarter to disseminate information about the Company and its operations to investors and analysts. The company also organizes factory visit for the shareholders, analysts and potential investors. As regards investor relations, the Company has a well-developed IR section in the company website. The Investors/ Analysts can also register their e-mail ID's and receive an IR alert message, when any information is updated on the Company's website. Further information regarding the Company may be obtained by contacting at tel. +66 26652706 - 8.

### 9.1.17. Measures to prevent use of internal information for executives' personal benefit

The Company is cognizant of the need for supervision of usage of internal company information by its directors and management for their own benefit. The directors and management who come to possess internal company information are not permitted to buy or sell the securities of the Company for a specified period prior to its announcement of operating results. In addition, the Company secretary announces a Trading Window Closure period to the global employees of the Polyplex group, for a specified period prior to announcement of operating results and no employees are strictly prohibited from trading in the Company's share during this Window Closure

period. The SEC recently concluded that there had been insider trading related concerns when a parent company conducted some share transactions in 2016. While the trades made by the parent company followed due process and the employees that helped with the execution made no personal gain, the Company (PTL) has further strengthened its internal controls system and is in the process of issuing a policy in this regard after due approval from the Board.

## **10. Corporate Social Responsibility**

### **10.1. Ethical Business practices**

Polyplex has a code of conduct for all personnel who emphasize observance of ethical practices, honesty and accountability. Responsibility towards all stakeholders and external agencies is encouraged in order to foster a good corporate culture and social responsibility.

### **10.2. Anti –Corruption and Bribery**

Polyplex has a code of conduct for all personnel who emphasize observance of ethical practices, honesty and accountability. Responsibility towards all stakeholders and external agencies is encouraged in order to foster a good corporate culture and social responsibility. In its meeting held on 10<sup>th</sup> February, 2015, the Board of Directors have approved an Anti-corruption and Bribery Policy, to ensure that any of its personnel do not engage in unethical business practices of any kind, for deriving personal benefits. This policy has been implemented at Thailand and all the overseas subsidiaries of the Company.

### **10.3. Fair Labor practices**

Company considers all its personnel to be valuable assets, critical to the success and growth of the organization. The Company is committed to providing a quality oriented work environment, with special emphasis on safety, along with fair and equitable remuneration. Apart from basic salary, Performance linked Bonus, Provident Fund contribution and Social Security Contribution, the Company also provides certain other benefits to its employees such as Overtime pay, Housing Allowance, Transport Allowance, Telephone allowance, Medical Insurance, Life Insurance coverage etc.

### **10.4. Responsibility towards customers**

Polyplex is committed to creating customer satisfaction by ensuring consistency in the quality of its products and offering value proposition to its global customer base.

### **10.5. Caring for the Environment**

Polyplex realizes the importance of caring for the environment. As a sustainability initiative, has invested in a project to recycle and provide sustainable solution for film based process waste and the project started commercial operations in December, 2013 in Thailand, under the Company's subsidiary - EcoBlue Limited. In 2018, the subsidiary has successfully commissioned a second recycling line. Even in its normal operations, wherever possible, an effort is made to switch to energy efficient alternatives.

The company has also taken specific steps in this regard as under:

- Investments in energy saving initiatives like Heat Recovery project, Twin Screw Extruder etc.
- Thinner gauging of the products

- Innovative products keeping recyclability in mind
- Near shoring business model reducing carbon footprint due to movement of material
- Focus on R&D initiatives to find more sustainable solutions like single substrate structure, Bio-PET etc
- Developed new films using post consumer recycled PET content of upto 70-90%

#### **10.6. Social and Community Development**

Polyplex realizes and cares for the safety of society, environment and quality of life of people. It places priority on activities relating to the community and the society and also by compliance of applicable laws and regulations relating to the same. The company periodically organizes Blood donation camps and encourages employees to donate blood. Apart from this, the Company also contributes donations (cash and kind), from time to time, to organizations engaged in various community services.

### **11. Internal Controls**

At the audit committee meeting of PTL held on May 15, 2019 with all the three audit committee members attending, the committee assessed PTL's internal control by means of making inquiries with its management. Based on the assessment of PTL's internal control system in five aspects, namely organization and environment, risk management, control of the executives' operation, information technology system & information communication and follow-up system, the Audit Committee viewed that PTL has adequate internal control with regard to the making of transaction with its major shareholders, directors, executives, or persons connected with the above mentioned persons.

The board considered that the Company's adequate and appropriate internal control and follow-up of the operations would be able to safeguard its assets against any illegitimate use by the executives.

**12. Connected Transactions**

**12.1.** A summary of the connected transactions between PTL and the connected parties during the past three years is as follows –

Party having conflict of interest	Relationship	Description of transaction	Pricing policy	Transaction Amount (Million THB)		
				2016-17	2017-18	2018-19
Polyplex Corporation Ltd. (PCL)	PCL is the Company's major shareholder, owning directly and indirectly the 51% of the Company's share capital and the two parties have common directors.	PCL made advance payments on behalf of the Company and its subsidiaries for administrative expenses, which were mainly traveling/visa expenses of employees, employees' family, etc. The Company has given the appropriate accounting treatment to these expenses and/or collected these amounts from the employees and paid them back to PCL.	The price of the transaction between PCL and the Company was a normal price in general business practice and was the price as actually paid by PCL in advance for the Company without any extra charge by PCL.	6	3	7
Polyplex Corporation Ltd. (PCL)	PCL is the Company's major shareholder, owning directly and indirectly the 51% of the Company's share capital and the two parties have common directors.	Purchase of Raw material – Polyester Chips and Polyester Film by all the subsidiaries of PTL including PTL	As per Transfer Pricing policy of PCL (Study done by EY Office and TNMM [Transactional Net Margin] Method recommended for Transfer pricing	379	550	508
Mrs. Sakhi Saraf	Daughter of Vice Chairman of the Board– Mr. Sanjiv Saraf	Salary	As per Employment contract	-	0.5	1.3

Party having conflict of interest	Relationship	Description of transaction	Pricing policy	Transaction Amount (Million THB)		
				2016-17	2017-18	2018-19
Mr. Pranay Jain	Managing Director and Minority Shareholder of Subsidiary - Ecoblue Limited	Dividend	As approved by the Shareholders' meeting of Ecoblue Limited	-	7	1.8

## 12.2. Necessity and reasonableness of the connected transaction

The connected transaction involved the advance payments made by PCL on behalf of the Company and its subsidiaries for administrative expenses. The Company and its subsidiaries have given the appropriate accounting treatment to these expenses and paid them back to PCL. The reimbursement of advances/expenses was to PCL was at the actual prices incurred without any extra charge by PCL.

The connected transaction also involved the advance payments made by the Company and its subsidiaries on behalf of PCL for administrative expenses, which were later re-imbursed by PCL.

During the year, the connected transaction also involved some purchases of Raw materials i.e Polyester Chips and Polyester Film from PCL and the payment of Salary to Mrs. Sakhi Saraf, the daughter of the Managing Director of the PTL Board, Mr. Sanjiv Saraf, who was appointed as the Head of Investor Relations and Corporate Communications in November, 2017 and was also appointed as a Director in the Company w.e.f 15<sup>th</sup> May, 2019. All transactions were made considering Arm's Length Pricing as per Transfer Pricing guidelines. The remuneration package to Mrs. Sakhi Saraf, in her capacity as an Employee, is also on Arm' length basis as considered and approved by the Board of PTL.

## 12.3. Measures or procedures for approval of the connected transaction

The audit committee of PTL has examined the connected transaction described in the table above and viewed that it is in accordance with the normal business practice. For all normal business transactions in the future such as purchase and sale of material, reimbursement of expenses, the Company can undertake the transactions and inform the audit committee and the Board of Directors on a quarterly basis.

For any other future connected transactions, which are not normal business transactions, the Company will assign the concerned units to gather the relevant information and provide it to the audit committee to be used as a basis for its consideration on those transactions as to whether they are consistent with the normal business practice and the market price. The Company would ensure that it follows the applicable regulations of the SEC and SET in this regard. The audit committee has to consider and inform the board of directors for the approval. The directors who have a conflict of interest may not partake in the giving of comments on those connected transactions.

## 12.4. Policy for potential connected transactions

For any connected transactions that may take place in the future, the Company has a policy to set appropriate conditions on the said transactions based on the reasons and necessity of the Company. The connected transactions performed over the past period were advance payments, made for such expenses as transportation, accommodations for employees' family, educational fees for employees'

children, insurance claims of employees etc and also some raw material procurements as explained above. There were no extra charges by the parent company regarding such cost and expenses. In performing any future connected transactions, Company's board of directors will comply with the law governing securities and exchange and the regulations, notifications and orders of the Stock Exchange of Thailand, as well as the regulations regarding disclosure of information about connected transactions and acquisition or disposal of core assets of companies or subsidiary companies according to the accounting standards defined by the Institute of Certified Accountants and Auditors of Thailand.

Where the connected transaction involves any person who may have a conflict of interest, the Company will arrange for the audit committee to give opinion on the necessity and appropriateness of that transaction. In case the audit committee has no expertise in any such transaction, the Company will have an independent expert or its external auditor provide opinion on that transaction to be used as a basis of decision-making by the board of directors or the shareholders, as the case may be. The Company will disclose such connected transactions in the notes to the financial statements duly audited by its external auditor.