

# CENTRALRETAIL

Charter of the Board of Directors

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Central Retail Corporation Public Company Limited

(19 June 2024)

## **Charter of the Board of Directors**

### **1. Purpose**

The Board of Directors has an important role in overseeing the administration, specifying the direction, policy and business strategy of Central Retail Corporation Public Company Limited (CRC) for the utmost benefit of CRC and its shareholders, as well as monitoring the performance of CRC's sub-committees. Also, the Board of Directors has the authorities, duties and responsibilities as specified by laws, CRC's Articles of Association, CRC's objective and the resolution of the shareholders' meeting.

### **2. Composition**

The Composition of the Board of Directors is as follows:

- (1) The Board members do not have to be CRC's shareholder.
- (2) The number of Board members is set by the shareholders' meetings. However, it has to be comprised of no less than 5 directors and no less than half must have a domicile in Thailand.
- (3) The ratio of independent directors to the total number of directors on the Board should be at least 1:3 with no fewer than 3 independent directors.

The Board of Directors shall select one director to be the Chairman of the Board. If it deems appropriate, the Board of Directors may select another director or several directors to be the Deputy Chairman of the Board.

### **3. Qualifications of the Board of Directors**

The directors must possess the following qualifications:

- (1) Directors should be individuals and
  - (a) Have come of legal age;
  - (b) are not bankrupt, incompetent persons or quasi-incompetent persons;
  - (c) have never been sentenced in the final judgment to imprisonment for the offence relating to corruption;
  - (d) have never been dismissed or removed from the government service, government organizations or agencies for malfeasance.
- (2) Be knowledgeable and capable, be honest and ethical, in the conduct of business, and have adequate time to dedicate knowledge and skills to perform duties to CRC.
- (3) Be Fully qualified and not be under any of the prohibitions prescribed in the Public Limited Company Act, the Securities and Exchange Act and other related laws. In addition, directors must not possess any untrustworthy characteristics unsuitable for CRC's management position according to SEC's announcement.

(4) Not conduct businesses in the similar conditions which are considered the competition against CRC's business, or be a partner of any ordinary partnership, to be a general partner of a limited partnership, or be director of any private companies or other companies conducting the similar businesses to those of CRC, whether for their own or other's interests, unless such information is announced in the Shareholders' Meetings before the appointment resolution is reached.

(5) Directors of CRC may serve as directors of other companies, but such service must not impede their responsibilities to CRC. A director should not serve in more than four (4) other listed companies.

(6) Independent directors should possess the qualifications of independence as set by CRC and subject to the guideline in the announcement of Thai Capital Market Supervisory Board and the principles set by SEC and SET. CRC has set the criteria which are stricter than the requirement of the Capital Market Supervisory Board as follows:

(a) Not holding more than zero point five (0.5) percent of the total outstanding voting shares of CRC, its parent company, subsidiary or associated company, major shareholders or controlling person including shares held by related persons of the independent director.

(b) Neither being nor having been an executive director, officer, employee, advisor who receives a salary of CRC or controlling person of CRC, its parent company, subsidiary, associated company, a same-level subsidiary, major shareholder or controlling person, unless the foregoing status ended not less than two (2) years prior to the date of appointment. Such disqualified characteristics exclude the case that the independent director has been a government officer or consultant of government agency which is a major shareholder or controlling person of CRC.

(c) Not being a person related by blood or registration under law, such as a father, mother, spouse, sibling, or child, including spouses of children of directors, executives, major shareholders, controlling persons, or persons to be nominated as directors, executives or controlling persons of CRC or its subsidiaries.

(d) Not having nor having had a business relationship with CRC, its parent company, subsidiary, associated company, major shareholder or controlling person, in a manner which may interfere with his or her independent judgment, and neither being nor having been a substantial shareholder or controlling person of any entity having business relationship with CRC, its parent company, subsidiary, associated company, major shareholder or controlling person; unless the foregoing status ended not less than two (2) years prior to the date of appointment.

The term 'business relationship' under the above paragraph includes any normal business transaction, rental, or lease of immovable properties, transaction relating to assets or services, or grant or receipt of financial support through receiving or extending loans, guarantee, providing assets as collateral, including any other similar action of which value more than three (3) percent of the net tangible assets or exceeds THB 20 million, whichever is lower. The value of each transaction is based on the calculation method for the values of related party transactions under the Announcement of the

Thai Capital Market Supervisory Board regarding the related party transactions. Under the regulation, all transactions occurring within one (1) year of preceding transactions must be included in such calculation.

(e) Neither being nor having been an auditor of CRC, its parent company, subsidiary, associated company, major shareholder or controlling person nor being a substantial shareholder, controlling person or supplier of an audit firm which employs auditors of CRC, its parent company, subsidiary, associated company, major shareholder or controlling person; unless the foregoing relationship ended not less than two (2) years from the date of appointment.

(f) Neither being nor having been any kind of professional advisor including a legal advisor or financial advisor who receives an annual service fee exceeding THB two (2) million from CRC, its parent company, subsidiary, associated company, major shareholder or controlling person, and neither being nor having been a substantial shareholder, controlling person or supplier of the professional advisor; unless the foregoing relationship ended not less than two (2) years from the date of appointment.

(g) Not being a director who has been appointed as representative of CRC's directors, major shareholders, or shareholders who are related to the major shareholders.

(h) Not conducting any businesses which have the same nature as or are in competition with CRC's or its subsidiaries or neither being a significant partner in a partnership, executive director, employee, officer or consultant who receives regular salary, shareholder holding more than one (1) percent of the voting shares of businesses which have the same nature as or in competition with CRC or its subsidiaries.

(i) Not having any characteristics that could prevent him/her from giving independent opinions concerning CRC's operation.

In this regard, independent directors should be able to ensure equal benefits for all shareholders to avoid conflict of interests. Additionally, they shall participate in the Board of Directors' Meeting to give their opinions freely.

#### **4. Term of Office and Selection of the Board of Director**

(1) The Nomination and Remuneration Committee will select and nominate those persons qualified for the position of directors and further submit to the Board of Directors' and/or Shareholders' Meetings (as the case may be) for appointment as directors.

(2) Directors are to be elected in the Shareholders' Meeting and the candidates should receive the majority votes of the attending and voting shareholders. If more than one candidate receives equal votes, the chairperson of the meeting casts his/her deciding vote. In case of a vacant position due to causes other than term completion, the Board of Directors must appoint qualified candidates as replacement directors. Each replacement serves in such position only for his/her predecessor's remaining term.

(3) At every Annual General Meeting of Shareholders, one-third of the directors must retire. If the total number is not a multiple of three, the number closest to one-third must be used. The names of the directors to retire during the first year and second year after CRC was registered are to be drawn by lots. For subsequent years, directors who have served the longest terms must retire. If the number of retired directors does not reach one-third, the directors to retire, who have served the longest terms, are to be drawn by lots. Retired directors may be re-elected.

Independent directors may hold office for up to nine (9) years in total.

Other than for completion of terms, a director may retire for the following reasons:

- (a) death
- (b) resignation
- (c) lacking qualifications or having any prohibited characteristics prescribed by law or possessing any distrustful characteristics unsuitable for CRC's management position according to the law regarding securities and stock exchange;
- (d) removal resolution in the Shareholders' Meetings;
- (e) court order.

(4) Directors who wish to resign must submit their resignation letters to CRC. The resignation takes effect on the day the resignation letter is received by CRC.

## **5. Authorities, Duties and Responsibilities**

As the representatives of shareholders, the Board of Directors has the authorities, duties and responsibilities were determined as follows:

(1) Perform duties and oversee CRC's business in consistent with laws, CRC's objective, articles of association, resolution of the Board of Directors' and the shareholders' meetings with responsibility, honesty and due care for the interest of CRC and all shareholders.

(2) Define vision, mission, strategy, business direction, objective, policy, target, business plan, budget and management structure as well as delegate authority of CRC and its subsidiaries as proposed by the management. Oversee the business operation and the performance of the management or any assigned persons. Support the use of technology to effectively and efficiently increase the business opportunity and the operating result in accordance with the set vision, mission, strategy, business direction, objective, policy, target, business plan and budget in order to create the highest value to CRC and shareholders. CRC's vision, mission, strategy, business direction, plan and budget are reviewed at least once a year so as to be able to adapt to any changes in economy, market and competition.

(3) Continuously and regularly monitor and assess the performance of duties of the management and sub-committees to ensure they are in line with the strategy, business plan and budget.

(4) Ensure that the remuneration framework, policy and structure are properly set. Such remuneration policy should be able to incentivize the directors, sub-committees, executives and employees at every level to perform their duties in accordance with the organization's objective and main goal and for the long-term benefit of the organization. Also, consider the appropriate proportion of remuneration among salary and remuneration that is linked to the organization's short- and long-term performance, business size and individual responsibility. Ensure that the remuneration paid, which is proposed by the Nomination and Remuneration Committee, is comparable with that of other listed companies which have equal size in the same industry.

(5) Establish the succession plan to prepare candidates for the positions of CEO and senior executives and oversee the personnel development so that CRC has enough calibers with proper motivation. The progress of the succession plan is periodically reported to the Board of Directors by the CEO at least once a year.

(6) Ensure that CRC and its subsidiaries have appropriate and efficient accounting system and credible financial reporting and auditing, which is in line with the general certified accounting standards of the country where CRC operates the business. Make certain that CRC has sufficient and proper internal control and internal audit systems. To continuously monitor and improve the internal control systems of the company and its subsidiaries, both domestically and internationally, to adapt to changes in the business environment. The documents are kept for later inspection and technology is used to disclose information. Additionally, to encourage the use of information technology for data dissemination and to promote and support the work of the audit committee in all areas to ensure their efficient functioning.

(7) Continuously monitor the performance of CRC and its subsidiaries to ensure that it is in line with CRC's plan and budget.

- (8) Regarding use of fund from fundraising, the Board should thoroughly consider the following;
- Feasibility Study
  - Valuation and Fundraising Channel
  - Capital Structure
  - Investment Agreement
  - Financial Sufficiency

and carefully monitor management to study the economic situation and growth trends in the industries of businesses that use funds from the fundraising.

If funds are not used according to their intended purpose, it is essential to take immediate corrective action and establish measures to prevent and safeguard against the misuse of funds obtained from fundraising. Additionally, CRC should report and disclose information regarding the use of funds raised from shareholders appropriately, consistently, and within the specified reporting timeframe as per the established criteria.

(9) Oversee the safeguard of information, define the data privacy policy, the management of sensitive information that may affect CRC's share price, the silent period for trading CRC's share prior to the disclosure of information that may affect CRC's share price, and ensure that employees and related persons abide by the applicable policies.

(10) Acknowledge the reports of the Audit Committee as well as other sub-committees and ensure that CRC has the whistleblowing channels and procedures to deal with such reporting.

(11) Approve the acquisition and or disposal of assets (in case the transaction size does not require the shareholders' approval), new business investment and any other operations in accordance with laws, notifications and applicable regulations. Additionally, monitoring the progress of the mentioned transactions.

(12) Approve the connected transaction (in case the transaction size does not require the shareholders' approval) in accordance with laws, notifications and applicable regulations as well as the principle for the trading agreement with general trading condition for the transactions entered into by CRC or its subsidiaries with the directors, executives or related persons in order to be the framework for the management to conduct the transactions under the scope of laws and applicable regulations. Additionally, monitoring the progress of the mentioned transactions.

(13) Approve the interim dividend payment (if any) for CRC's shareholders and report such payment to the next shareholders' meeting.

(14) Review the risk management policy and process and conduct the performance review.

(15) Ensure there is no conflict issue between CRC's stakeholders and its subsidiaries. In the event that any director has an interest in any matter or any change in the shareholding in CRC and/ or its subsidiaries, such director has to promptly inform CRC.

(16) Define the good corporate governance policy, the social responsibility policy as well as the anti-corruption policy and ensure efficient compliance.

(17) Consider and propose the directors' remuneration (both financial and non-financial) along with other benefits, as recommended by the Nomination and Remuneration Committee, to the shareholders' meeting for approval.

(18) Establish the sub-committees, such as the Audit Committee and/ or other sub-committees, to assist and support the Board of Directors as deem appropriate as well as appoint the CEO.

(19) Appoint the corporate secretary in accordance with the law on securities and exchange to assist the Board of Directors in performing its duties in operating CRC's business in accordance with laws, notifications and applicable regulations.

(20) Request additional information from various units of CRC and its subsidiaries for making decision.

(21) Seek further professional opinion from external consultants, if necessary, for making proper decision.

(22) Prepare the annual report and take responsible for preparing and disclosing the financial statements, which reflect CRC's financial position and performance in the previous year and have been audited by CRC's auditor prior to proposing to the shareholders' meeting.

(23) Conduct the Board self-assessment both as a whole and as an individual in order to review the performance, problems and difficulties in each year and utilize the assessment result to develop and improve the performance in various aspects.

(24) Arrange the annual general meeting of shareholders within four (4) months from the end of CRC's accounting period.

(25) Approve any matters by considering the benefit of CRC's shareholders and all stakeholders with fairness.

(26) Authorize any director or a group of directors or others to perform any act on behalf of the Board of Directors.

The delegation of authority, duty and responsibility of the Board of Directors shall not have any characteristics that enable the authorized person to approve the connected transaction of himself/ herself or related person (as defined in the notifications of the Securities and Exchange Commission and/ or the Capital Market Supervisory Board) or the transaction which may have a conflict of interest with CRC or its subsidiaries, except the transactions that are in line with the policy or guideline approved by the shareholders' meeting or the Board of Directors.

(27) Review the charter of the Board of Directors at least once (1) a year.

## **6. Meeting**

(1) The Board of Directors shall meet at least once every three (3) months. The meeting schedule is set in advance throughout the year and there may be additional meetings as deem necessary.

(2) The non-executive directors must hold a meeting at least once (1) a year without the presence of the management to exchange opinions on any issues under responsibility.

(3) In order to call the Board of Directors' meeting, the Chairman of the Board of Directors or designated person shall send the meeting notice along with agenda items and relevant documents to all directors which can be via an electronic channel no less than seven (7) days prior to the meeting date so that directors have sufficient time to consider the meeting documents. Except in case of necessity and urgency to preserve the right and benefit of CRC, the Board of Directors may be called by other methods or designated on earlier date.

If the Chairman of the Board of Directors is not an independent director, the Board of Directors may consider appointing an independent director to jointly compile the meeting agenda items so as to be in consistent with the Corporate Governance Code for Listed Companies.

(4) A director who has a conflict of interest in any matter has no right to vote or attend the meeting, except for the purpose of providing clarification on that matter.

## **7. Quorum and Voting**

(1) The quorum of the Board of Directors' meeting must consist of no less than half of the Board members. In case the Chairman of the Board of Directors is not present at the meeting or unable to perform his duty, if there incurs a Vice Chairman of the Board of Directors in the meeting, he will assume the position of the Chairman of the meeting. If there is no Vice Chairman of the Board of Directors or he is not present at the meeting or unable to perform his duty, the directors present at the meeting are required to select one director to become the Chairman of the meeting.

(2) The resolution of the meeting shall be passed by majority votes of the directors present at the meeting.

(3) Each director has one (1) vote. Any director who has a conflict of interest in any matter for consideration, has no right to vote on such matter. In the event that there are equal votes, the Chairman of the meeting has a casting vote.

**8. The meeting to consider the opportunity for investment in both domestic and international retail businesses which have the same condition and may compete with CRC's business, including partial investment in such opportunity, in the future ("future investment opportunity in the retail business"). If the Board of Directors resolves not to invest in the future investment opportunity in the retail business, Harng Central Department Store Limited ("HCDS"), CRC's major shareholder, may invest in such future investment opportunity in the retail business which may result that the business operation of HCDS competes with CRC's business.**

### **Principle**

The Board of Directors has the duty and responsibility to perform duty with care and honesty for the right and benefit of CRC and all shareholders. In addition, if any director has a conflict of interest in any matter, such director has no right to vote on such matter and must leave the meeting venue while considering such matter so that the meeting can freely discuss.

## **Guidelines**

At the Board of Directors meeting to consider the future opportunity in the retail business, if the Board of Directors resolves not to invest in such opportunity due to its financial liquidity, current business plan or the profitability of the targeted business and HCDS, CRC's major shareholder, may directly or indirectly invest in such future investment opportunity in the retail business resulting that the business operation of HCDS may compete with CRC's business. In such case, CRC will proceed as follows:

(1) Call the Board of Directors' meeting and clearly specify in the notice of the meeting that if the Board of Directors resolves not to invest in such business, HCDS may invest in such business, either directly or indirectly, and specify the impact to CRC.

(2) Arrange the Board of Directors' meeting of which members are directors who have no conflict of interest and have the right to vote. All independent directors, who have no conflict of interest, must attend such meeting. In case the number of directors, who have no conflict of interest attending the meeting, does not meet the required quorum, the directors who have conflict of interest can attend such meeting to make the quorum constituted. Yet they are unable to express their opinion and vote in such meeting.

In case of necessity and urgency to preserve the benefit of CRC, if not all independent directors who have no conflict of interest can attend such meeting in person, independent directors are allowed to attend and vote in such meeting by phone as long as this does not make the quorum and the voting be against the applicable laws.

(3) For the highest benefit of CRC and all shareholders, the Board of Directors, which consists of the directors who have no conflict of interest, shall consider on the future investment opportunity in the retail business by paying attention especially to its business suitability, the impact to CRC in case HCDS invests in such business and that HCDS' business may compete with CRC's business.

(4) As deems appropriate, the Board of Directors' meeting, which consists of the directors who have no conflict of interest, may request for professional opinion from the outside specialists.

(5) In case of urgency to preserve the benefit of CRC, the Board of Directors' meeting, which consists of the directors who have no conflict of interest, may be called less than seven (7) days prior to the meeting date.

(6) The resolution of the meeting in this case shall be passed by majority votes of the directors who have no conflict of interest and are present in the meeting and have the right to vote. In the event that there are equal votes, the Chairman of the meeting has a casting vote.

The Board of Directors has the final decision on the investment as stated in No.8 and no authorization to other committees can be made.

This charter of the Board of Directors is effective from 19 June 2024 onwards.

*-Signed-*

(Dr. Prasarn Trairatvorakul)

Chairman of the Board of Directors

Central Retail Corporation Public Company Limited