

CENTRALRETAIL

Corporate Governance Policy

Central Retail Corporation Public Company Limited

(6 September 2019)

Corporate Governance Policy

During the course of business, the Board of Directors complied with the laws, regulations, its objectives and the shareholders' resolutions, and adhered to the Principles of Good Corporate Governance of Listed Companies according to the Stock Exchange of Thailand's principles and the Corporate Governance Code for Listed Companies 2017 according to the Securities and Exchange Commission (SEC)'s principles. Central Retail Corporation Public Company Limited (CRC) has adopted the Corporate Governance Code to be a guideline for CRC's operations to achieve operational efficiency and transparency to investors, leading to outsiders' trust in CRC's operation. CRC's Good Corporate Governance Policy covers 5 categories of principles as follows:

Section 1: Rights of Shareholders

CRC recognizes and gives importance to the basic rights of shareholders as investors and company owners such as the rights to purchase, sell, and transfer their own shares; the right to receive CRC's profit; the right to receive clear and accurate information; the right to attend shareholders' meetings and vote on director appointment or dismissal, the right to appoint auditors, and the right to approve significant transactions affecting CRC's business operational directions such as the approval of dividend payment, the amendment of CRC's Memorandum of Association and Articles of Association, the approval of capital increase, capital decrease and special transaction.

CRC has the obligations in supporting and facilitating the shareholder's rights as follows:

- (1) Support and promote all shareholders to be granted basic rights, including:
 - the right to purchase, sell, and transfer shares and to receive part of the profit.
 - the right to receive adequate and proper information to make decision that effect CRC and the shareholders.
 - the right to attend shareholders' meetings and vote on significant transactions to make decisions on CRC's fundamental changes according to laws or policies by facilitating and encouraging shareholders and institutional investors to attend the meetings.
 - any other rights the shareholders deserve as specified by laws.
- (2) For the shareholders' meeting, CRC uses the record date so that shareholders have sufficient time to consider the meeting document and information prior to the meeting date.
- (3) Provide details about date, time, place and meeting agenda, together with the descriptions and reasons for each respective agenda or supporting the resolutions requested in the ordinary and extraordinary

general meeting of shareholders' invitations or in the meeting agenda attachments. Refrain from any action that may limit the shareholder's rights of access to CRC's information, by delivering the documents to shareholders and registrar not less than seven (7) or fourteen (14) days (depending on the case) prior to the meeting date and advertising the meeting appointment in the newspapers for three (3) consecutive days prior to the meeting date. CRC will comply with principles and conditions of the laws or the related announcement and try its best to make the shareholders informed before the meeting date as soon as possible.

- (4) CRC facilitates the shareholders to exercise their rights in proper meeting attendance and voting and refrain from any action that may limit the shareholder's rights of meeting attendance. For example, CRC will hold the meeting in an easily-accessible venue, attach the map showing the meeting venue in the meeting invitation, choose appropriate date and time, and allocate adequate time for the meetings.
- (5) Prior to the meeting date, CRC will provide the shareholders opportunities to submit opinions, suggestions or questions in advance with clearly defined rules and inform the shareholders of the rules in the meeting invitation. CRC will also publish the rules on its website.
- (6) Encourage the shareholders to use the proxy in the form that allows the shareholders to control their votes and to suggest at least one (1) independent director as a choice in appointing their proxies.
- (7) Provide the opinions of the Board of Director in each agenda item and attach the annual report and a proxy form with detail descriptions of the documents needed in granting proxy as supporting documents of the meeting invitation.
- (8) Before considering the agenda items, shareholders are informed about the voting and vote-counting procedures and shareholders' representatives are requested to witness the vote-counting.
- (9) During the shareholders' meeting, the Chairman will allocate proper time for shareholders to have chances in expressing their opinions, suggestions or asking questions in each related agenda freely before voting on resolutions in any agenda.
- (10) Encourage all directors to attend the shareholders' meeting to answer questions in the meeting.
- (11) Prepare the vote casting in the shareholders' meeting for each item in case that there are many items in the agenda, such as the director appointment agenda.
- (12) CRC encourages the use of ballots for casting votes in every agenda for transparency and accountability in vote counting.
- (13) CRC assigns an independent party to jointly examine the vote counting in each agenda for transparency of the shareholders' meeting.

- (14) After the shareholders' meeting, CRC will prepare a complete and comprehensive minute of the meeting which includes details of the important queries, opinions and suggestions for shareholders to later reviewed. Furthermore, CRC will publish the voting results of each agenda item and the minutes of the meeting on its website and the SET's channels.

Section 2: The Equitable Treatment of Shareholders

CRC observes the principle of affording equitable treatment to all shareholders without discrimination, whether major or minor ones, executive or non-executive, Thai national or foreign. Details are as follows:

- (1) Shareholders will be treated fairly and receive necessary information in timely manners from CRC.
- (2) Shareholders have rights to vote proportionally to the shares they own and have equal access to the information related to CRC.
- (3) Announce the shareholders' meeting, together with the agendas and director's opinions through SET, and publish the schedule in CRC's website. CRC will also prepare and distribute the shareholder's meeting invitation in Thai and English and publish on its website.
- (4) Establish the principle that allows minor shareholders to propose qualified persons for selection as directors prior to shareholders' meetings, with details regarding their qualifications and consent of those who are proposed.
- (5) Establish the principle that allows minor shareholders to propose additional agendas prior to shareholders' meetings for the fair and transparent consideration whether the proposed agenda will be added or not.
- (6) Executive shareholders should not unnecessarily add agendas without prior notice, especially the important ones that require shareholders to take time in consideration before making any decisions.
- (7) In every shareholders' meeting, CRC provide all shareholders equal opportunity. Before the meeting commences, the Chairman will inform shareholders about the meeting rules, voting procedures for each securities type and vote-counting procedures of each agenda item.
- (8) Regarding the appointment of directors, CRC will encourage an individual election, in which one shareholder has one (1) vote per share.
- (9) Directors have to report their interest in any agenda item at least before such agenda item is considered in the Board of Directors' meeting and must not take part in the decision-making process of such agenda item. The directors' interest should be recorded in the minutes of the meeting.

- (10) Set written guidelines for the use or misuse of inside information and announce the guidelines to everyone in the organization. All directors and executives are required to regularly report their securities possession to CRC Secretary according to the laws and the information will also be disclosed in CRC's annual report.

Section 3: The Role of Interested Persons

CRC values the rights of all stakeholders, whether internal – CRC's shareholders and employees – or external – suppliers and customers. It acknowledges that supports and opinions from all stakeholders will benefit its business operation and development. Therefore, it will comply with the laws and related regulations, treat each group of stakeholders with consideration of the stakeholders' rights according to laws or agreements with CRC, and not violate those stakeholders' rights.

Furthermore, CRC takes the rights of all stakeholders into consideration, as detailed below:

1. **Shareholders** CRC will conduct the business based on corporate governance, transparency and effectiveness, aiming to achieve good operating results and stable growth for CRC's sustainable and stable financial position, maximally benefiting its shareholders in the long term. It will also disclose the information transparently and trustworthily to the shareholders on its website and through investor relations officers.

2. **Employees** CRC equally and fairly treats its employees, respects the rights of every employee and gives appropriate compensation, welfare and benefits not less than the legal requirement and comparable to other companies in the same industry. Furthermore, CRC focuses on the development of skills, knowledge, capabilities and potential of employees on a regular basis. For instance, CRC widely arranges trainings and seminars for employees and retains high caliber with CRC. CRC also sets the anti-corruption guideline and fosters all staff to comply with the laws and related regulations.

3. **Suppliers** CRC establishes its own procedure for business partner selection by having the partners compete with equal information and selecting the partner fairly according to its business partner evaluation and selection principles. Also, CRC uses the proper form of agreement to offer fairness to all suppliers and ensures that all conditions of the agreement are met, and the corruption and misconduct are prevented in every selection process. CRC strictly adhere to all terms of any

agreement and keep the suppliers' information confidential without using such information for inappropriate benefit.

- 4. Competitors** Conducting business with fairness and transparency, competing fairly, refraining from taking commercial advantages over the competitors and refraining from seeking confidential information in illegal ways, and refraining from defaming its competitors with wrong accusations.
- 5. Customers** CRC is responsible toward its customer in maintaining the quality and standard of its products and services, as well as fulfilling the customers' needs completely or as much as possible, to satisfy customers in the long term. In addition, it cares for the health and hygiene of the consumers of its products, providing correct and complete information regarding the products and services. CRC also provides channels for customers to report the inappropriate products and services, so it can prevent and solve the problems quickly. The customer's confidential information will be protected and not illegally used for personal benefits or that of the related parties.
- 6. Creditors** CRC will strictly stick to the conditions and requirements of the contracts and financial obligations, as well as pay the principal, interests and collaterals in the related contracts. It will not dishonestly conceal the information or facts that may damage the creditors. In case that it cannot follow any of the conditions, it will notify the creditors immediately to agree on solutions.
- 7. Government** Conducting business by giving importance to the government, strictly adhering to laws and related regulations, as well as responding to the government's policy as it deemed necessary and appropriate, in consistent with its business operation method.
- 8. Communities, societies and environment** CRC pays attention to and takes importance on the safety and security of the communities, societies, environment and quality of life of those related to its business operation, encourages our employees to be in good conscience and have responsibility towards environment and society and requires them to strictly follow the laws and related regulations. Additionally, CRC makes efforts to participate in activities that help creating and preserving environment, society and supporting the local cultures where its business is operating.

Moreover, stakeholders can inquire, make complaints, inform any illegal conduct and report on the inaccuracy of financial reports, deficient internal controls or any misconduct of CRC via CRC's independent directors or audit committee members. The complaints and whistleblowing information will be kept confidential. The independent directors or audit committee members will investigate, find solutions (if any) and further report to the Board of Directors.

Section 4: Disclosure and Transparency

CRC is committed to correct, complete, timely and transparent disclosure of information, whether financial or non-financial, according to the principles of SEC and SET, as well as other information which may influence CRC's securities prices and then decisions of the investors and stakeholders. CRC will carry out as follows:

- (1) Set mechanism to ensure that the disclosed information is correct, not misleading and adequate for the investors' decision.
- (2) Appoint Investor Relations officers to communicate with investors or shareholders. CRC will publish its information, financial and general information to shareholders, securities analysts, credit rating agencies and related departments through various channels, namely the SEC, SET and CRC's website. Moreover, it places importance on updating information disclosure in Thai and English for the shareholders to receive information via CRC's website. It will frequently update the information available on the website, including its vision, mission, financial statements, public relations, annual report, corporate structure and executives, as well as shareholding structure and major shareholders and meeting invitation letter.
- (3) CRC will not disclose any non-public information to any unauthorized employees, group of persons or person (including investors, mass media and analysts) until such information is made public. In the event that information has to be released to the auditor, underwriter, bank, legal counsel or other advisors, CRC ensures that such persons utilize it with due care in order to protect its privacy. If any undisclosed information is leaked, CRC will promptly unveil such information in accordance with the SET's regulation on information disclosure and other rules. If necessary, CRC will notify the SET to temporarily suspend the trading of CRC's securities.
- (4) CRC will disclose its financial statements, audited by skilled and qualified independent auditors. It has the policy to change the auditors who review, examine and report on its financial statements for seven (7) fiscal years, whether it is consecutive or not, in order for the true independency of the auditor's report. CRC will be able to reassign the auditors once again at least after five (5) consecutive fiscal years, unless stated

otherwise by law. It will publish the financial statements according to the specified principles and via the SET's channels for the benefits for shareholders and investors. Furthermore, the Board of Directors requires the Audit Committee to review the reliability and accuracy of CRC's financial report to ensure the trustworthiness.

- (5) Prepare management discussion and analysis (MD&A) to support financial statements disclosure in every quarter, in order for investors to be better informed and understand the changes to CRC's financial position and operating results in each quarter, apart from figures in the financial statements only.
- (6) Disclose the information regarding duties and responsibilities of the Board of Directors and sub-committees, a number of meetings and meeting attendance in the previous year, opinions and suggestions, continuous educations and occupational trainings, disclosure of remuneration policy for directors and senior executives, as well as types or methods of remuneration. However, the disclosed remuneration should include the one that each director received from being the director of subsidiaries.
- (7) Disclose the audit expenses and other expenses relating to audit's services. Apart from disclosing information in the Annual Registration Statement (Form 56-1) and the annual report according to the SET's principles and channels, the Board will consider disclosing and regularly updating information in both Thai and English language via other channels such as CRC's website.

Section 5: Responsibilities of the Board of Directors

1. Structure of the Board of Directors and Sub-committees

CRC's Board of Directors consists of members with various qualifications in terms of knowledge, capabilities and experiences beneficial to CRC. The Board of Directors plays a significant role in defining policy and organization overview as well as overseeing, reviewing and evaluating CRC's business operation to ensure it is carried out as planned.

The Board of Directors consists of at least five (5) people, from which independent directors are at least one third (1/3) of all Company's director and at least three (3) persons to maintain the balance in proper consideration and voting. All independent directors should be qualified according to the announcements of Thai Capital Market Supervisory Board, SET's principles and regulations, rules and other related laws.

Each term of directorship is limited to three (3) years as prescribed by the relevant law. Directors may be re-elected if the Board of Directors views appropriate and necessary. Furthermore, CRC's directors and executives can take up position as directors of other companies within and outside the Group on the condition that it is in

accordance with the regulations of the SEC, the Capital Market Supervisory Board and the SET as well as other relevant regulations, rules and laws. Such positions held outside CRC have to be reported to the Board of Directors. Each director may hold the director position at no more than five (5) listed companies. Independent director can be in office for not more than nine (9) consecutive years, except the Board of Directors is of the opinion that it is necessary and proper to extend the term of such independent director.

Moreover, the Board of Directors has appointed sub-committees to assist in CRC's governance as follows:

(1) **Executives** consists of at least three (3) executive directors to support the Board of Directors in managing CRC's operations in accordance with the policies, plans, requirements, as well as the targets within the scope set by the Board of Directors.

(2) **Audit Committee** consists of at least three (3) independent directors to support the Board of Directors in governing and auditing the management, internal control and compliance, as well as preparation of the financial reports in order to ensure transparency and trustworthiness of CRC's operation and disclosure. At least one (1) Audit Committee should have knowledge or experience in accounting and finance to review the reliability of the financial statements.

(3) **Nomination and Remuneration Committee** consists of at least three (3) nomination and remuneration committee members to nominate qualified persons to take up the positions of directors, members of the sub-committees, Chief Executive Officer and senior executives; to consider the methods and principles in paying remunerations to committees, sub-committees, Chief Executive Officer and senior executives (as per the definition of "executives" in the announcement of the Securities and Exchange Commission at KorChor. 17/2551 regarding the determination of definitions in notifications relating to issuance and offer for sale of securities); to consider the methods and principles in paying remunerations to committees, sub-committees, Chief Executive Officer and senior executives for submitting suggestions for approval of the Board of Directors and/or in the Shareholder's Meeting (as the case may be); as well as to consider the development plans for CRC's Chief Executive Officer and senior executives.

(4) **Risk Policy Committee** consists of at least three (3) risk policy committee members to support the Board of Directors in stipulating the proper, adequate, effective and efficient risk management policy and providing a system or procedure to manage and limit overall risks to the acceptable level.

Furthermore, CRC has appointed the corporate secretary to carry out the Board of Directors' and the shareholders' meetings, support the work of the Board of Directors in respect to laws and regulations as well as coordinate to ensure compliance with resolutions of the Board of Directors' and the shareholders' meetings.

2. The Board of Director's Duties and Responsibilities

The Board of Directors is accountable to the shareholders in conducting CRC's business operation. It has duty to define CRC's policy and direction as well as to ensure the business operation is carried out in accordance with the business goal, objective, vision, strategy and direction for the long-term benefit of shareholders within the legal framework and CRC's guidelines while considering the benefit of all stakeholders. Details of the role, duties and responsibilities of the Board of Directors are prescribed in its Charter. Additionally, the Board of Directors is responsible for the following matters:

(1) Good Corporate Governance Policy

CRC sets the Good Corporate Governance Policy in writing and proposes to the Board of Directors' meeting to approve such policy, with the purposes to serve as a guideline for the directors, executives and employees. The policy will be reviewed annually.

(2) Code of Conduct

CRC has the intention to carry out the business transparently, honestly, and with responsibility to the stakeholders, societies and environments. With approval of the Board of Directors, it has set up its Code of Conduct for its employees to adhere as follows:

Section 1 Guidelines for business conduct

Section 2 Guidelines for dealing with customers, suppliers, creditors and competitors.

Section 3 Guidelines on conducting towards CRC

Section 4 Guidelines on social responsibility

Section 5 Guidelines on violation or non-compliance to CRC's Code of conduct

CRC has announced its practices for acknowledgement and compliance by all employees via its intranet.

(3) Conflict of Interests

CRC manages the conflict of interest carefully, honestly, reasonably and independently under the good ethical framework mainly for the benefit of CRC. Person who has a conflict of interest and/ or connected person and person who has interest in any matter have to disclose information to CRC and must not take part in considering and approving such matter.

CRC also sets a policy related to the Related Party Transactions (RPT) and Conflict of Interest Transactions related to laws, regulations of the Office of SEC, SEC, the Thai Capital Market Supervisory Board and SET. The transactions will be disclosed in the Annual Report and the Annual Registration Statement (Form 56-1).

(4) **Internal Audit**

CRC has set up the efficient internal control system in both management and operation levels. CRC's Internal Audit Department is responsible for assessing the adequacy of the internal control system and report to the Audit Committee according to its plan.

(5) **Risk Management**

CRC has defined proper risk management system and procedures to appropriately reduce the impact towards CRC's business. Its Risk Policy Committee will set the comprehensive internal and external risk management policy, consistent to the business' strategies and directions and submit for approval to the Board of Directors.

(6) **The Committee's Report**

The Audit Committee has the duty in reviewing the financial statements with the Accounting Department and the auditor and then proposes to the Board of Directors on a quarterly basis. The Board of Directors is accountable for the financial statements of CRC and its subsidiaries and the financial information disclosed in the annual report.

3. **The Board of Directors' Guideline**

Guideline 1: Recognize the duties and responsibilities of the Board of Directors as the organizational leader who creates sustainable values to the business, understand the roles and recognize the responsibilities of the leader to ensure the good corporate management and govern the business to create values sustainably.

Guideline 2: Set and manage the main objectives and goals for sustainability, which are consistent with the value creation for the corporation, customers, stakeholders and the whole society.

Guideline 3: Be responsible in setting and reviewing the structure of the Board of Directors regarding the size, proportion of proper independent directors necessary in leading the organization to achieve the objectives

and goals, as well as ensuring the transparency and clear director selection and nomination for qualified and efficient Board members.

Guideline 4: The Board of Directors should ensure that CRC has effective human resources management and development programs to guarantee that CRC has ample staffs with proper knowledge, skills, experiences and motivation. Also, the Board of Directors should make sure that the succession plan for the CEO and senior executives, the appropriate remuneration structure and the performance evaluation are in place.

Guideline 5: The Board of Directors should focus and promote innovation that creates value for CRC while benefiting clients, other stakeholders, society and the environment. Furthermore, the Board of Directors should ensure that management allocates and manages resources efficiently and effectively throughout all aspects to enable CRC to sustainably achieve its objectives and main goals.

Guideline 6: Ensure that CRC has effective and appropriate risk management system and internal control to achieve the corporate objectives effectively and compliance with related laws and standards.

Moreover, the Board of Directors will manage the conflict of interest between CRC, the management, the Board members or shareholders that may arise, and prevent the misuse of CRC's properties, information and opportunities, and transactions with related parties in inappropriate manners.

Guideline 7: In order to ensure the disclosure and financial integrity, the Board of Directors should make sure that the financial reporting system and major information disclosure are conducted accurately, sufficiently, in a timely manner and consistent with applicable regulations, standards and guidelines.

Furthermore, the Board of Directors should monitor CRC's financial liquidity and solvency and arrange mitigation plan for the event that CRC faces or tend to have financial difficulties.

Guideline 8: To support the engagement and communication with shareholders, the Board of Directors will ensure that the shareholders are given opportunity to participate in CRC's important decisions.

4. The Board Meeting and Self-Evaluation

The Board of Directors shall meet at least quarterly or more frequently as it deems necessary. The meeting agendas are clearly set in advance and the agenda to follow-up the business operation is regularly fixed. CRC sends notice of the meeting along with agenda items and relevant documents to all directors no less than seven (7) days prior to the meeting date, except in urgent cases. Minutes of meetings are recorded, certified, kept for

reference and made available for examination. In every meeting, executives and responsible staffs are invited to attend the meeting to present information to the Board of Directors for making accurate and prompt decisions.

The meeting resolution must be passed by a majority vote of the Board members attending the meeting. Each director has one (1) vote. In the event that any director has a conflict of interest in any matter, he/ she must not take part in the decision-making process of such matter. In case there are equal votes, the Chairman of the meeting has a casting vote.

The Board of Directors conducts a self-assessment at least once a year so as to improve its performance. Assessment aspects have been clearly identified in advance. The result of the Board of Directors' assessment is reported to the Board of Directors' meeting and will be disclosed in the annual report along with the assessment guideline and process starting from the year 2020.

5. Remunerations

The remuneration of the directors should be comparable to the standard practice in the industry, with consideration of the experience, duties and roles, scope of accountability and responsibility and the expected usefulness of each director. Those who are assigned more duties and responsibilities, such as being a member of sub-committees, should receive suitable additional compensations.

CRC has established the Nomination and Remuneration Committee to consider and submit the remuneration methods and principles of director for approval in the Shareholders' Meeting.

6. Director and Executive Development

The Board of Directors' policy is to support and facilitate trainings and educating sessions for the parties related to CRC's governance, such as directors, Audit Committee, executives and company secretary, in order for continuous operation improvement. The trainings and educating sessions may be held internally or by the outside institutions.

In case of any director replacement or new directors, the management will prepare documents with information useful to the operation of the new directors and orient them to CRC's business nature and business operation guideline.

The Board of Directors will rotate the assignments according to the expertise of the executives and employees, mainly with consideration of the appropriateness of the work and time. The CEO will decide the time

period and review the operating results to draw up the work development and succession plan in order to improve the knowledge and skills of the executives and employees, enabling them to work on behalf of each other.

This charter of the Board of Directors is effective from 6 September 2019 onwards.

-Signed-

(Dr. Prasarn Trairatvorakul)

Chairman

Central Retail Corporation Public Company Limited