


GIVING &
SHARING
OPPORTUNITIES
FOR ALL



CP ALL Public Company Limited

Annual Report
2019

MEMBER OF
**Dow Jones
Sustainability Indices**

In collaboration with  SAM
a RobecoSAM brand





Corporate Philosophy

Through happy employees
we desire to see smiles
from customers



Vision

We serve convenience
to all communities



Mission

To create customers engagement
with innovative products and services
and to enhance good relations
with community and society

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Summary of Financial Information

For Fiscal Years Ending December 31,

CP ALL Public Company Limited and its Subsidiaries

	2017	2018	2019
Consolidated Financial Information (Million Baht)			
Net Sales and Services Income	471,069	508,212	550,901
Total Revenues	489,403	527,174	571,110
Net Profit	19,908	20,930	22,343
Net Cash Provided by Operating Activities	46,156	41,227	40,477
Total Assets	360,299	373,742	375,617
Total Liabilities	280,070	273,923	267,250
Total Equity	80,229	99,819	108,368
Share Information (Baht)			
Book Value per Share	8.93	11.11	12.06
Earnings per Share	2.14	2.22	2.38
Dividend per Share	1.10	1.20	1.25
Financial Ratios (Percentage)			
Gross Margin (Sales and Services)	22.3	22.3	22.7
EBIT Margin	6.4	6.1	5.9
Net Profit Margin	4.1	4.0	3.9
Net debt to equity (times)	1.70	1.19	1.06
Net debt to equity as determined in the bond covenants (times)*	1.44	1.04	0.94
Net Debt to EBITDA (times)	3.31	2.76	2.56
Return on Total Assets	5.6	5.7	6.0

* Remark The Company is obligated to comply with debenture covenants, by monitoring Net Debt to Equity Ratio. The ratio bases in the information in the consolidated financial statements for the accounting period ending on December 31 of each accounting period that the auditor has audited

Revenue and Earnings Before Tax

Based on Business Segments*

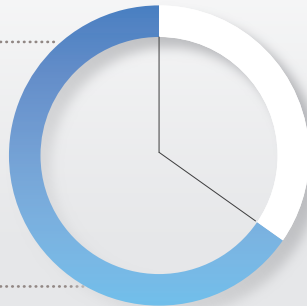
Revenue Contribution

66%

CVS AND OTHERS

34%

CASH AND CARRY



Earnings Before Tax Contribution

78%

CVS AND OTHERS

22%

CASH AND CARRY

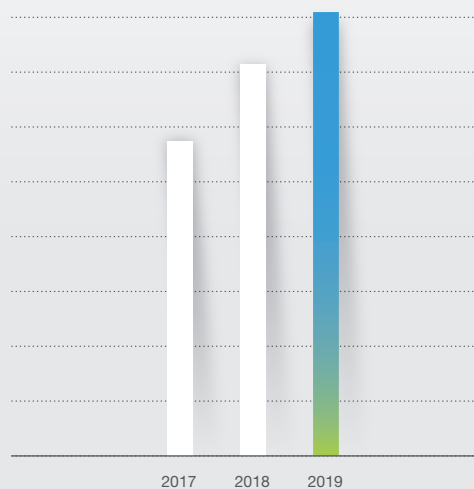


* Remark Revenue and earnings before tax before elimination

Total Revenue

571,110

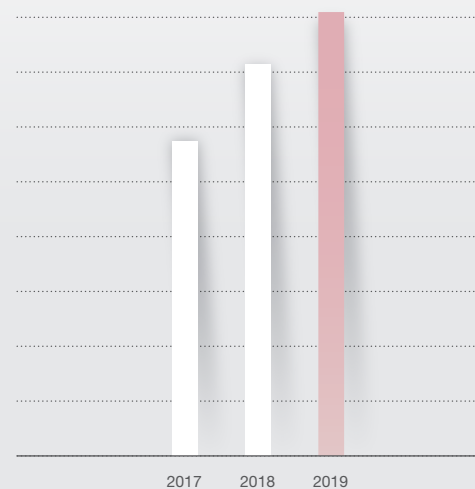
(Million Baht)



Net Profit

22,343

(Million Baht)





Career Opportunities

We are ready to provide over 35,000 career opportunities to individuals who are interested in becoming a part of the CPALL family.

Business Growth Opportunities

Providing growth opportunities for all in a diverse range of occupations, from SME business owners, to farmers, suppliers, contractors, and those interested in becoming 7-Eleven business partners.



Happiness Opportunities

Creating Happiness Opportunities through Sustainable Value Chains

We believe that creating opportunities is about putting smiles on people's faces. Especially by helping to enhance livelihoods, improve local economies, and provide opportunities for the grassroots, all of these aspects make national security a real possibility.

CPALL is committed to, and recognizes the importance of the involvement of all parties in our supply chain.

We are therefore focused on operating on the principles of good governance, integrity, and transparency to ensure that all Thai people can achieve efficient growth – bringing smiles to us all.

Sharing Education Opportunities

We believe that children and the youth are the future of this country. Comprehensive educational scholarships covering all areas, including work-based learning methods, and the ability to secure jobs upon graduation, ensures that the youth will have opportunities for a good standard of living and a secure future.



Sharing Market Opportunities

Sharing opportunities at the grassroots level by providing a sales channel for community products, and by using such products as production raw materials within CPALL and Group companies.



Sharing Happiness

Sharing is the True Source of Happiness

Because all of society is like a part of our family, CPALL strives to share opportunities and smiles with communities and societies all around us through local economic development projects. These projects strengthen communities by enhancing the capabilities of smallholder farmer groups and through education, which can open doors to careers that can ultimately build a strong and sustainable foundation for society.

Sharing Opportunities for a Better Environment

Embracing environmental responsibility through our Green Store, Green Packaging, Green Products, and Green Living concept.

Sharing for the Benefit of Thai Society

To ensure that our consumers will receive clean, safe, and fairly priced products that are accessible near to home, our branches provide services all across Thailand to help improve the qualities of life of the Thai people.



Sharing with Responsibility

Sharing Happiness Through Responsible Conduct

CPALL operates our business on the principles of environmental responsibility. Our management of environmental capital and energy use efficiency guarantees that the products and services across our supply chain fully embody this commitment as they reach the hands of our consumers.

Message from the Chairman and Chairman of Executive Committee



On behalf of the Board of Directors and Executive Committee, we would like to thank our customers, shareholders, business partners and patrons for your continued trust and support in the Company. Importantly, we would like to thank the management and all of our employees for their combined dedication and commitment to pursuing the best for the Company, as well as their readiness to move the Company forward and embrace any changes that may come our way. We offer you our promise that we will continue to operate with the utmost consideration for the benefit of all stakeholders and our customers, in parallel with the development of the economy, society, communities, and the country. These efforts ensure that CPALL will be a quality organization that is built upon the foundations of sustainable growth, growing alongside Thai society now and for always.

A handwritten signature in black ink, consisting of several fluid, connected strokes.

Mr. Soopakij Chearavanont

Chairman
CP ALL Public Company Limited

A handwritten signature in black ink, featuring a prominent vertical stroke and several horizontal and diagonal strokes.

Mr. Korsak Chairasmisak

Chairman of Executive Committee
CP ALL Public Company Limited

CP ALL Public Company Limited remains committed to achieving business growth and success in all areas of the organizational development – including sustainability. Although 2019 was another year of challenges due to various negative factors coming from within and outside of the country, the Company was still able to deliver satisfactory performance at both the national and international levels.

With a solid foundation of over 30 years in the retail business, our operations are driven by our vision to “Serve convenience to all communities” and our mission “To create customer engagement with innovative products and services and to enhance good relations with community and society” where we aspire to be a part of the everyday lives of Thai consumers. Despite the retail industry encountering various economic pressures over the past year, the Company was by no means discouraged. Instead, we have continued to push forward and expanded our stores to provide convenience for customers, in parallel with the expansion of urban communities. As a result, in 2019, CPALL opened 724 more 7-Eleven Stores, bringing the total to 11,712 stores. Meanwhile, the Company continued to improve existing stores, expanded sales areas to carry a wider range of products and services; modernized store formats to create welcoming environments, and developed operating systems to increase productivity and therefore ensure more efficient capital and expense management. Not only that, the Company also consolidated various types of innovations, including technology, facilities, and new equipment innovations for use within stores, and worked on differentiating our food and drink products from those of our competitors. This involved enhancing the taste of products and increasing their nutritional value and benefits by transforming them into health products, which will allow us to better serve the needs of customers who are now placing greater priority on their health. It covers everything from main courses, second courses and single ready-made dishes to sides, snacks, desserts, Thai desserts, and ready-to-eat fruits. Importantly, it will transform 7-Eleven stores into the number one food and beverage destination for customers when they think of food and drink, fitting well with the slogan, “Drop by 7-Eleven anytime you’re hungry”

In addition, given the changing trends that have brought about new consumption behaviors, CPALL has been actively listening to the needs and expectations of our customers, monitoring and adapting the business in response to rapidly evolving digital technologies, as well as preparing for a “Cashless Society.” It is clear that these essential technological tools will have a greater role in the purchasing behaviors and methods of customers, including in terms of purchasing and payment methods for products and services, which must be available anywhere, at any time, and accessible from any device. Given these considerations, CPALL has developed a more diverse range of platforms and channels for consumers to access products and services.

We have developed a retail ecosystem that connects the retail business and other businesses, and have integrated both physical storefronts and online stores on each channel. This will allow us to cater to the needs of consumers at every occasion, and provide them with convenience however is most appropriate for them. Likewise, the Company has laid out plans to integrate advanced technology for analysis and data processing, such as Artificial Intelligence, in order to enhance service quality and deliver new experiences to customers in the future.

CPALL remains confident in the approach to building a sustainable organization. We operate on the principles of good governance and corporate citizenship, under the philosophy of “Giving and Sharing Opportunities” Over the past year, key sustainability achievements included our support for farmers, community enterprises, and small-and medium-sized enterprises on the development of quality products, to help them achieve the relevant standards for distribution through 7-Eleven stores. Furthermore, the Company continued to strictly adhere to the “7 Go Green” Policy to foster collaboration on environmental conservation. This was achieved through the project, “Reducing a Bag a Day, You Can Do It,” which encourages customers to say no to plastic bags and converts the value of those plastic bags into donations. The Project has received the positive engagement of customers so far, and helped to reduce more than 998 million plastic bags, which is equal to more than baht 134 million in donations that can be used to purchase medical equipment for hospitals. Another proud achievement for CPALL in 2019 that resulted from our commitment to operating with consideration for stakeholders in all dimensions – economic, social, and environmental – and to building a sustainable organization, was that the Company was the nomination as a leader in the Food & Staples Retailing Industry of the Dow Jones Sustainability Indices (DJSI) World Index, and was selected as a member of the DJSI Emerging Markets Index for the third consecutive year (2017-2019). CPALL was also selected as a constituent of the FTSE4Good Index, a global sustainability index, for the second consecutive year. Furthermore, the Company was ranked in the “Excellent” Group, receiving a score of 5 stars on Corporate Governance, by the Thai Institute of Directors. These recognitions are a testament of the success that comes from the efforts and determination of all parties within and outside of the organization.

Because of our commitment to operating according to our established business direction and strategies, each Business Group was able to maintain growth in revenue and profit. In 2019, the Company earned a total revenue of Baht 571,110 million, an increase of 8.3%, and a net profit of Baht 22,343 million, an increase of 6.8%. Finally, another key activity that the Company prioritized alongside business growth was the management and reduction of financial cost at appropriate levels, as well as ensuring financial stability and security.

Board of Directors



**Adjunct Professor
Prasobsook Boondech**

Chairman of Sustainability
and Corporate Governance
Committee and
Independent Director



**Police General
Phatcharavat Wongsuwan**

Chairman of Remuneration
and Nomination Committee,
Sustainability and Corporate
Governance Committee and
Independent Director



Mr. Padoong Techasarintr

Chairman of Audit Committee,
Sustainability and Corporate
Governance Committee,
Remuneration and Nomination
Committee and Independent Director



Mr. Pridi Boonyoung

Audit Committee
and Independent Director



Mrs. Nampung Wongsmith

Audit Committee
and Independent Director



Mr. Soopakij Chearavanont
Chairman



Mr. Korsak Chairasmisak
Vice Chairman



Mr. Suphachai Chearavanont
Vice Chairman and Remuneration
and Nomination Committee



Mr. Adirek Sripratak
Director



Mr. Umroong Sanphasitvong
Director and Sustainability
and Corporate Governance
Committee



Mr. Narong Chearavanont
Director



Mr. Prasert Jarupanich
Director



Mr. Pittaya Jearavisitkul
Director



Mr. Piyawat Titasattavorakul
Director



Mr. Tanin Buranamanit
Director

Company
Secretary



**Mr. Supot
Shitgasornpongse**
Company Secretary
and Vice President
– Accounting and Finance

Head of
Internal Audit



**Mr. Kidsada
Euapiyachart**
Head of Internal Audit,
Secretary of Audit
Committee and Vice
President – Internal Audit

Executive Committee



Mr. Korsak Chairasmisak

Chairman of Executive Committee



Mr. Pittaya Jearavisitkul

Vice Chairman of Executive Committee



Mr. Piyawat Titasattavorakul

Vice Chairman of Executive Committee



Mr. Umroong Sanphasitvong

Member of Executive Committee



Mr. Tanin Buranamanit

Member of Executive Committee



Mr. Wisade Wisidwinyoo

Member of Executive Committee



Mr. Taweesak Kaewrathtanapattama

Member of Executive Committee



Mr. Vichien Chuengviroj

Member of Executive Committee



Ms. Lawan Tienghongsakul

Member of Executive Committee

Executive Officers



Mr. Tanin Buranamanit

Managing Director and
Chief Executive Officer



**Mr. Taweesak
Kaewrathtanapattama**

Senior Vice President
– Accounting and Finance



Mr. Vichien Chuengviroj

Senior Vice President
– Corporate Asset and
Facilities Management



Ms. Lawan Tienghongsakul

Senior Vice President –
Human Resource



Mr. Suraphan Pussadej

Senior Assistant Chief
Executive Officer –
Human Resource



Mr. Chuan Nimkittikul

Senior Vice President
– Distribution Center
Function



Mr. Suwit Kingkaew

Senior Vice President
– Sustainable Development



Mr. Kosa Pongsupath

Senior Vice President
– Information Technology



Mr. Chairoj Tiwatmuncharoen

Senior Vice President
– Operation



Mr. Skol Tejasatoporn

Senior Vice President
– Purchasing



Mr. Yuthasak Poomsurakul

Senior Vice President –
Merchandising & Marketing



Mr. Kriengchai Boonpoapichart

Senior Vice President –
Accounting and Finance (Vice)

Account
Controller



Mr. Voradech Hongdechanan

Vice President -
Accounting / Account Controller

Compliance



Mr. Narongsak Poomsrisaard

Compliance

02

Business Overview

Business Overview

CP ALL Plc. (“the Company”) was established in 1988 by the Charoen Pokphan Group to operate the convenience store business in Thailand under “7-Eleven” trademark. The Company was granted a license to use the trademark from 7-Eleven, Inc., USA. In 1989, the first 7-Eleven outlet in Thailand was opened on Patpong Road. Furthermore, the Company operates other related businesses such as bill payment collection service (“Counter Service Co., Ltd.”), manufacturing and sale of convenience food and bakery products (“CPRAM Co., Ltd.”), sale and maintenance of retail equipment (“CP Retailink Co., Ltd.”), information technology services (“Gosoft (Thailand) Co., Ltd.”), logistics services (“All Now Management Co., Ltd.”), marketing services (“MAM Heart Co., Ltd.”), educational institution (“Suksapiwat Co., Ltd.”), and training and business seminar services (“Panyatara Co., Ltd.” and “All Training Co., Ltd.”), including catalog sales and e-commerce business (Twenty Four Shopping Co.,Ltd.), and etc. In 2013, CPALL acquired Siam Makro Public Company Limited (“Makro”) operating membership based Cash and Carry trade centers in Thailand.










Policy and Company Direction

The Company has strategies to build sustainable growth and profits, to create value-added products and services for customers and society through quality and effective work processes, and to support a learning culture and development of employees through the corporate philosophy, vision and mission as follows:



With regards to 7-Eleven store expansion, the Company planned to further open approximately 700 new stores annually, with the milestone of 13,000 stores in 2021. With the strategy of being the convenience food store for Thai people, we emphasize on serving ready-to-eat food products with freshness, cleanliness and safety, as well as developing of new products with business partners to offer varieties of new products which are exclusively available in 7-Eleven stores. At the end of the year 2019, the Company had a total of 11,712 stores nationwide.

Company History in Brief

<p>1988</p>	<ul style="list-style-type: none"> • Granted the 7-Eleven license from 7-Eleven, Inc., USA • Established the Company to operate a convenience store business in Thailand under the "7-Eleven" 		<p>1999</p>	<ul style="list-style-type: none"> • Established Retailink (Thailand) Co., Ltd. to operate the business of sale and maintenance of retail equipment 	
<p>1990</p>	<p>Changed the Company's name from "C.P. Convenience Store Co., Ltd." to "C.P. Seven Eleven Co., Ltd." and opened the first 7-Eleven store at Soi Patpong, Bangkok</p>		<p>2000</p>	<ul style="list-style-type: none"> • Joined with the China Retail Fund, LDC, a fund under the management of American International Group, to establish Yangtze Supermarket Investment Co., Ltd. to invest in the supercenter business in the PRC • Established Shanghai Lotus Supermarket Chain Store Co., Ltd. 	
<p>1994</p>	<ul style="list-style-type: none"> • Established Counter Service Co., Ltd. to operate the business of bill payment collection service 		<p>2001</p>	<ul style="list-style-type: none"> • Incorporated Thai SmartCard Co., Ltd. with 8 alliances 	
<p>1996</p>	<ul style="list-style-type: none"> • Established C.P. Retailing and Marketing Co., Ltd. to operate the business of manufacturing and sale of convenience food and bakery products 		<p>2002</p>	<ul style="list-style-type: none"> • Celebrated the 2,000th 7-Eleven store in Thailand • Co-operated with PTT Public Co., Ltd. to exclusively open 7-Eleven stores in PTT gas stations 	 2,000th Store
<p>1997</p>	<ul style="list-style-type: none"> • Officially opened Bang Bua Thong distribution center 		<p>2003</p>	<ul style="list-style-type: none"> • Established Gosoft (Thailand) Co., Ltd. • Established MAM Heart Co., Ltd. • Established Dynamic Management Co., Ltd. • Offered shares to the public and listed the Company on the Stock Exchange of Thailand 	 
<p>1998</p>	<ul style="list-style-type: none"> • Established Lotus Distribution Investment Limited • Became a public company • Celebrated the 1,000th 7-Eleven store in Thailand 	 1,000th Store	<p>2004</p>	<ul style="list-style-type: none"> • Established Suksapiwat Co., Ltd. • Awarded the Thailand Quality Class: TQC at the Thailand Quality Award 2004 	

2005

- Officially opened Panyapiwat Techno Business School



- Celebrated the 3,000th 7-Eleven store in Thailand



3,000th
Store

2006

- Officially opened Suvarnabhumi distribution center



ปัญญาคารา

- Officially launched "Smart Purse" card and became the first convenience store in Thailand to offer payment of products and services with Smart Purse, a digital cash card

- Established Panyatara Co., Ltd.

2007

- Established Panyapiwat Institute of Technology

- Disposed the assets and investment of Supercenter business in the PRC



- Changed the Company's name from "C.P. Seven Eleven Public Company Limited" to "CP ALL Public Company Limited" and changed trading symbol from "CP7-11" to "CPALL"

2008

- Increased registered capital in Thai Smart Card Co., Ltd. to Baht 1,600 million on March 28, 2008

- Completed the restructuring of supercenter business in the PRC on October 31, 2008

- Received the highest vote in Thailand for "Asia's 200 Most-Admired Companies" from The Wall Street Journal 3,000th Asia's survey

2009

- Celebrated the 5,000th 7-Eleven store in Thailand and the 20th anniversary of operating 7-Eleven in Thailand since the first store at Soi Patpong, moving towards convenience food store



5,000th
Store

- Became the first listed company in the Stock Exchange of Thailand in establishing an Employee Joint Investment Program (EJIP).
- Opened a regional distribution center in Surat Thani

2010

- Officially opened the second chilled distribution center in Suvarnabhumi
- Awarded as the 1st winner among Retailers in Thailand presented by Euromonitor International, KPMG and Retail Asia Magazine
- Received the Best CEO Award and the Best CFO Award in the Service Industry at the SAA Award for Listed Companies presented by the Securities Analysts Association
- Completion of assets disposition regarding a connected transaction on the investment in convertible preferred shares (CPS) issued by C.P. Lotus Corporation (C.P. Lotus) to C.P. Holding (BVI) Investment Company Limited (CPH). CPH paid cash for CPS in the amount of HKD 966.5 millions, equivalent to Baht 3,787.7 million
- Changed the name "Panyapiwat Institute of Technology" to "Panyapiwat Institute of Management"

2011

- Officially opened the regional distribution center in Khon Kaen
- Recognized by Forbes Asia Magazine as one of the 50 best biggest listed companies in the Asia Pacific Region (Asia's Fab 50 Companies)

2012

- Officially opened the regional distribution center in Lampoon
- Changed the name "Panyapiwat Techno Business School" to "Panyapiwat Technological College"

2013

- Celebrated the 7,000th 7-Eleven store in Thailand



7,000th
Store

- Acquired Siam Makro Public Company Limited, membership based Cash & Carry trade centers

makro
คู่คิดธุรกิจคุณ

- Achieved an inaugural bond issuance of Baht 50,000 million, the biggest issuing size of Thailand corporate bond
- Awarded Best-of-the-Best Retailers 2013, Asia Pacific, presented by Retail Asia Magazine in partnership with Euromonitor International and KPMG
- Received the CEO Econmass Award 2013 organized by The Economic Reporters Association

2014

- Celebrated the 8,000th 7-Eleven store in Thailand



8,000th
Store

- Successfully issued Debentures no. 1, 2 and 3/2014 totaling Baht 90,000 million
- Established Twenty Four Shopping Co.,Ltd, operating on-line business
- Recognized by Forbes Magazine as the only Thai company to be ranked on the Forbes World's Most Innovative Companies
- Inaugurated the 16-storey building "CPALL Academy", Tara Park, Chaengwattana

2015

- Successfully issued Debentures no. 1 and 2/2015 totaling Baht 33,000 million. CPRAM Co.,Ltd, CPALL's subsidiary, received the "Deming Prize 2015" presented by the Union of Japanese Scientists and Engineers (JUSE). CPRAM was the first manufacturer in Thailand and the world to receive this prize

cpvram

- Recognized by Forbes Asia Magazine as one of the 50 best biggest listed companies in the Asia Pacific Region in 2015 (Asia's Fab 50 Companies) for the five consecutive years
- Recognized by Forbes Magazine as the most innovative company in Thailand for two consecutive years (Forbes World's Most Innovative Companies 2015), which ranked no. 3 in Asia Pacific region, and no.17 in the world

- Received "Gold" certification from the Thai Green Building Institute
- Officially opened the regional distribution center for consumer products and temperature controlled products in Chonburi and opened the distribution center for frozen products in Chiangmai

2016

- Celebrated the 9,000th 7-Eleven store in Thailand



9,000th
Store

- Successfully issued Debentures no. 1 and 2/2016 totaling Baht 19,000 million to refinance matured debentures
- Issued a new subordinated perpetual debenture for the first time totaling Baht 10,000 million
- Established a company for research and development in food (CP Foodlab Co., Ltd). This new company is totally invested by All Corporation Co., Ltd.
- Established a demonstration school of "Panyapiwat Institute of Management", which the curriculum allows high school students from M1 to M6
- Counter Service Co., Ltd. increased capital amount Baht 30 million, which made a total registered capital of Baht 100 million
- Awarded as The Top-Pick Brand among retailers in Thailand on the Brand Footprint Report and Ranking conducted by Kantar Worldpanel
- Awarded as Thailand's Most Admired Brand 2016 for four consecutive years from the research organized by BrandAge and selected as the leader among convenience store retailers
- Awarded as Marketeer No.1 Brand Thailand 2015-2016 in the convenience store category and frozen food product category under "Ezygo" brand. The award was presented by Marketeer Magazine to companies and brands that were the most popular among Thai consumer
- Received Energy-Saving Building-1st Level Badge in school and convenience store category from Metropolitan Electricity Authority in MEA Energy Saving Building Award 2015 which 14 branches of 7-Eleven stores passed the criteria
- Received Excellence in Consistent TPM Commitment 2015 for CPRAM Co.,Ltd. The award was presented by Japan Institute of Plant Maintenance (JIPM) to worldwide organizations that were successful in Total Productive Maintenance system (TPM). CPRAM was the first ready-to-eat Business manufacturer in Thailand who got this award
- Received Ishikawa - Kano Award (IKA) from Dr. Noriaki Kano for CPRAM Co.,Ltd. CPRAM was selected by members of Asian Quality Network (ANQ) from 17 countries because the management has promoted, supported and encouraged Total Quality Management (TQM) among the whole organization

2017

- Celebrated the 10,000th 7-Eleven store in Thailand



10,000th

Store

- Issued 3 times of debentures with a total amount of Baht 25,500 million and issued a subordinated perpetual debenture for the second time amount Baht 10,000 million
- Increased capital amount USD 38 million in Lotus Distribution Investment Limited (LDI), totaling a registered capital of USD 244 million in order to invest in indirect subsidiary company to maintain stake holding
- Admitted to the 2017 Dow Jones Sustainability Index (DJSI) Emerging Markets in the category of Food & Staples Retailing. CPALL is the sole Thai and Asian firm to be selected in this category
- Certified as Private Sector Collective Action Coalition Against Corruption Council ("CAC") Member Company organized by Thai Institute of Directors (IOD)
- Awarded as Thailand's Most Admired Brand 2017 for five consecutive years from the research organized by BrandAge and selected as the leader in retail category
- Received Energy-Saving Building Outstanding Badge and Energy-Saving Building Excellence Symbol in convenience store category and was certified as Energy-Saving Building- 1st level in office building category (Tara Sathon Building) from Metropolitan Electricity Authority in MEA Energy Saving Building Award 2016

2018

- Disposed the 230,248,000 common shares of Siam Makro Public Company Limited ("Makro"), representing 4.80 percent of the total issued share capital of Makro at the price of Baht 44 per share. The main objective of this transaction is to increase the trading liquidity of Makro shares in the Stock Exchange of Thailand
- Established ALL Wellness Co., Ltd. with the objective to provide health and wellness services to the communities with convenience, innovations and digital technology, as well as giving healthcare consults by medical professionals
- Officially opened the regional distribution center for consumer products in Buriram
- Admitted as a member of the Dow Jones Sustainability Index (DJSI) World Index, as well as Emerging Markets for the second consecutive year (2017-2018). It is a DJSI member in the category of Food & Staples Retailing
- Admitted as a member of FTSE4Good Index for the first year in two groups, which are FTSE4Good Emerging Index and FTSE4Good ASEAN 5
- Admitted as a member of the 2018 Thailand Sustainability Investment (THSI), as well as received the 2018 Sustainability Report Award at an outstanding level

- Admitted as the 23rd of the "World's Most Innovative Companies" in Top100 global companies by Forbes in collaboration with Jeff Dyer from Brigham University, and Hal Gregersen from Massachusetts Institute of Technology (MIT). CPALL is the sole Thai company to be selected in this

2019



11,000th

Store

- Celebrated the 11,000th 7-Eleven store in Thailand
- Executed the Indicative Term Sheet with 7-Eleven, Inc. for the receipt of franchise with respect to the establishment and operation of 7-Eleven Stores in Cambodia and Lao People's Democratic Republic
- Established ALL Now Logistics Co., Ltd. with the objective to operate the domestic parcel and express delivery service business. In addition, Dynamic Management Co.,Ltd., which operate distribution centers shall be changed its name to All Now Management Co.,Ltd.
- Purchased ordinary shares of Thai Smart Card Co., Ltd. from other shareholders, making CPALL owned ordinary shares of Thai Smart Card Co., Ltd. of 100 percent of a registered capital
- Officially opened the regional distribution centers for consumer products in Hat Yai and Nakhon Sawan
- Admitted as a member of the Dow Jones Sustainability Index (DJSI) world Index for the second consecutive years and the DJSI Emerging Markets for the third consecutive year (2017-2018). In addition, CPALL is the nomination as a leader in the DJSI World Index in category of Food & Staples Retailing Industry
- Admitted as a member of FTSE4Good Index for the second consecutive year in two groups, which are FTSE4Good Emerging Index and FTSE4Good ASEAN 5
- Admitted as a member of the 2019 Thailand Sustainability Investment (THSI) from Stock Exchange of Thailand for the second consecutive year in consideration of performance in the economic, social and environmental dimensions. In addition, received SET Awards 2019 in category of Sustainability Excellence for Highly Commended in Sustainability Awards
- Awarded as The Best in category of Consumer Discretionary from Asiamoney – the financial magazine that have the highest number of readers in Asia as well as received Corporate Governance Awards
- Awarded as Best Growth Strategy in Thailand from Finance Asia Best Company 2019
- Awarded as Best Social Media Campaign Award from Thailand Social Awards 2019
- Awarded as Thailand's Most Admired Brand & Why We Buy 2019 in category of convenient store with the most reliability for the seventh consecutive year.
- Awarded as Most Engaged Official Account and Most Used Sponsored Stickers from Line Thailand Awards 2019

04

Nature of Business

Nature of Business

Revenue Structure

The majority of the Company's revenue is derived from net sales and services, which can be categorized (before eliminating inter transactions) into three groups as follows:

Business Unit	2017		2018		2019	
	Million Baht	%	Million Baht	%	Million Baht	%
Convenience store(7-Eleven)	302,584	57	335,187	59	361,034	59
Cash and Carry (Makro)	186,757	36	192,932	34	210,629	34
Others ^{/1}	35,863	7	40,480	7	45,403	7
Total revenue	525,204	100	568,599	100	617,066	100

^{/1}The category comprises CPRAM's business in production and distribution of ready-to-eat food and bakery, Counter Service's business in bill payment services, CP Retailink's business in distribution and maintenance services for retailing equipment, as well as revenue from other subsidiaries.

Convenience Store

Nature of products and services

The Company is the sole operator of 7-Eleven convenience stores in Thailand, being granted exclusive rights from 7-Eleven, Inc. to conduct business under the Area License Agreement.

Over the past decades, the Company has managed its convenience stores through its network scattered in different areas, namely, residential areas, offices, academic zones and gas stations, covering every province across the country. In 2019, the Company has a total of 11,712 stores.

Types of 7-Eleven Stores

7-Eleven stores can be categorized into three types based on ownership as follows:

(Unit : stores)	2017	2018	2019	No. of new store openings in 2019
Corporate Stores	4,530	4,894	5,215	321
Store Business Partner Stores	5,017	5,336	5,687	351
Sub-Area License Stores	721	758	810	52
Total	10,268	10,988	11,712	724

1. **Corporate Stores:** The stores are wholly-owned and managed by the Company. The Company invests in retailing equipment, store decoration and inventory as well as manages the stores.
2. **Store Business Partner (SBP) Stores:** The Company offers an opportunity for any person including employees to operate their own 7-Eleven stores under a modern system. The Company will provide close support in operating the business, knowledge and understanding of management, principles of product assortment, as well as a financial system. Other supports are regular nationwide sales promotion and advertising plans. In addition, the Company regularly sends a team to advise new management techniques. SBP can either choose a new location or an existing store. In case a SBP has his own location, the Company will help with the feasibility study without any charges. The term of the SBP agreement and the benefits depend on the type of SBP.
3. **Sub Area License Stores:** The Company engages in sub-area license agreements with local entrepreneurs to operate 7-Eleven stores in the territory as specified. Currently, 4 sub-area license agreements operate their business in Phuket, Yala, Chiang Mai and Ubon Ratchathani province. The Company will provide assistance and support under the agreed conditions.

Product Mix in 7-Eleven Stores

The Company's major products are categorized into two groups. The distribution of daily-life consumer products comprises foods and beverage, accounting for approximately 71%, mainly including drinks, ready-to-eat foods and fruits, bakery products, desserts and All Café, etc., and non-food products excluding phone card, accounting for approximately 29%, mainly including personal care products and household products, etc.

The Company recognizes the importance of and regularly monitors the ongoing changes in the demands and expectations of its consumers. Such changes stem from technological advancements as well as trends in the growth of a digital and a cashless society, all of which are assuming greater influence in the daily lives of consumers and their decision-making. In addition, higher competition within the industry to provide easier and more convenient options for consumers – to allow them to access products and services anytime and anywhere – is likewise playing a prominent role in changing consumption patterns.

Moreover, the Company has studied and monitored population and social changes as well as customers' changing needs and expectations. Consumer behavior and lifestyle of each target group are vital to making plans on products and services, marketing, research and development, and selection of good-quality products and services to satisfy the demands of different target groups in each area or location, in keeping up with new trends and market changes.

In response to these changing contexts, the Company has revised its strategy, improved products and services, and offered new experiences to meet the evolving needs of its customers, thereby helping to retain its existing customer base as well as expand to new target groups. For instance, the Company has provided additional channels through stores, vending machines, and online for customers to conveniently purchase products and access services. The Company has also provided alternative payment methods to facilitate customer payments, such as the Mobile Application Counter Service Pay, Alipay, UnionPay, credit cards, and e-wallet mobile payments using the True Money Wallet mobile application. Not only that, to further facilitate convenience and offer more options for customers, the Company launched a "SPEED-D" delivery service, which is a 24-hour pick-up/delivery service for customers at 7-Eleven stores, and also piloted an on-demand delivery service from stores – all of which serve as additional business opportunities for CPALL. In addition,

CPALL has launched digital marketing activities through online channels, sales promotion activities through mobile phone applications, and created an “ALL Member” loyalty program that can be used for purchases from 7-Eleven stores and CPALL companies.

Nature of Customers

The Company provides services with convenience to customers through its store network, scattered in every community. The Company’s customer groups are diversified, including people of every gender and age with different occupations who live and engage in daily activities near 7-Eleven stores. On average, a total of 13 million customers nationwide per day purchased products and services from 7-Eleven stores in 2019.

The Company does not only consider the differences in ages of 7-Eleven customers, but takes into consideration their varying lifestyles, as well. Indeed, CPALL conducts studies to gain a deeper insight into the diverse purchasing behaviors of customers depending on store location, target group, and time period, ranging from daytime, nighttime, work days, weekends and festive seasons, to the significant events that occur in each area. These insights are then used to identify and develop products that align with market direction and respond to changes in the market, ensuring that they are appropriate for the customer groups in each location. Importantly, this allows the stores to prepare an adequate supply of products and services for customers’ needs during each time period.

Strengths and Management Excellence

For over 30 years, 7-Eleven stores have been a part of Thai consumers’ lives, with a network of more than 11,700 stores in every community across the country. Even so, the Company will not remain idle in its constant drive for development. It will continue to engage with and listen to the demands and expectations of all stakeholder groups in order to pursue continuous improvements and become a quality organization and achieve sustainable growth, not just in terms of business operations, but also in terms of stakeholders’ growth across our value chain, which will be achieved through partnerships with suppliers and business partners. In this way, the Company hopes to share opportunities and happiness, as well as deliver better quality, more convenient lifestyles for societies and communities.

The Company has consistently expanded its store network to best cover and reach the customers’ demands. The company also expects that 7-Eleven stores can serve customer daily life broadly. This causes the Company to have the most market shares in retail chain of convenience store. In 2019, the Company has expanded another 724 stores. The total stores in Bangkok and its vicinities are accounting for 45% and those in provincial areas are accounting for 55%. The Company has also developed and renovated existing stores to keep abreast of modernity while maintained the quality of its new store growth. New stores have been increasingly expanded in strategic locations to cover more target groups such as stores in condominiums, offices, universities and high-income customer potential areas. New store format initiates to match with customer lifestyle such as, stand alone format with larger selling space and vending machines. Additionally, the Company has prepared for its readiness to serve new customer groups which are tended to increase in the future, for instance, elderly people, tourists and Muslim tourists, expatriates working in Thailand, customers residing along country borders, etc.

Another strength of the Company is the number of customers. More than 13 million customers shop at 7-Eleven stores per day. The Company focuses on studying and understanding customer insight for making plans and modifying strategies to select and develop potential, appropriate products and services which can respond to change in a timely manner and in line with each group of customer behavior in each location. This combines with the Company’s employees

strengths including ability, various experiences and continuous development especially the skills needed for the changes. In addition, the importance of developing and elevating the quality of service mind and signature service has been highlighted. The service-mind culture has been embedded and enhanced among employees at all levels, under the concept which believes that excellent service provision starts from happy employees who enjoy working and gain positive service mindset. This will result in a delivery of impressive experience, differentiation and long-term engagement with customers by warm service and friendliness of our employees.

Furthermore, the business alliance network within the Charoen Pokphand Group which covers diverse businesses in many countries together with the global 7-Eleven network, enhances the capability and efficiency in managing 7-Eleven stores by sharing knowledge and best practices among each other. Meanwhile, the Company has also extended alliance network to government agencies, private companies, as well as educational institution to gain business knowledge and know customer's demand thereafter the Company can offer products and services with good quality, good price, and differentiation which enhances sales opportunity.

Additionally, the Company has its own large distribution centers throughout the country as well as modern, efficient management system, ensuring store branches to receive goods completely in a timely manner and prevent from losing sales opportunity. This enables the Company to maintain the quality of its goods until they reach customers' hands. Hereby, the Company is a retailer owning the largest distribution center area in the country.

Market and Competition of the Convenience Store Business

The Thai economy in 2019 faced challenges from both internal and external factors, and was estimated to have grown by a mere 2.6%, lower than the estimated rate of 3.3-3.8%. This was due to the slowdown in the global economy, especially China's growth which was slower than previously forecasted; the trade wars, and the strong Thai Baht, which particularly impacted the tourism and export sectors given that they are the key drivers of the Thai economy. Meanwhile, consumers continued to express concerns over income and purchasing power as well as continually high debt levels, which led to a decrease in confidence over current and future consumption. Nevertheless, domestic purchasing power over the second half of 2019 showed signs of recovery; a part of that was due to the government's economic and investment stimulus measures aimed at regulating the economy. These included measures to reduce costs for low-income individuals through the Government Welfare Card, the "Pracharat Top-Up Measure"; the "Chim, Shop, Chai" (Eat, Buy, Spend) domestic tourism promotion campaign; measures to support smallholder farmers and farmers suffering from drought; the "Visit Thailand with 100 Baht" and "Shocking Price Weekday Travel" domestic tourism campaigns, and finally, visa fee exemptions for Visas on Arrival. All of these were designed to encourage a higher cash flow into the economy.

Given these considerations, 2019 was a challenging year for the retail business in various aspects. Economic pressures, coupled with a rapid transition towards a digital and cashless society, impacted consumers' behaviors and purchasing methods, where there were greater preferences for speed, information accessibility, and more convenient tools and means to purchase and pay for goods and services anytime, anywhere. As a result, retailers have had to develop more diverse methods and channels for consumers to access goods and services by connecting Online-to-Offline (O2O) retail channels, which covered both traditional physical stores and online stores in the form of Lifestyle Services, in order to appropriately respond to consumers' behaviors and facilitate their convenience. In doing so, retailers will be able to deliver positive experiences and foster long-term consumer engagement. Overall, the Thai Retailers Association determined that Thailand's retail sector in 2019 expanded by 2.8%, with a total value of approximately Baht 3.6 trillion.

In 2019, there were a total of 18,240 convenience stores in the “Chain Store” category, with an increase of 1,035 stores. The majority of these new stores were a result of store expansions and the addition of new 7-Eleven concept stores. Store expansions by retailers primarily focused on expanding into secondary cities and on improving and modernizing existing stores to respond to the changing behaviors of consumers, including by integrating technologies to develop new models and channels for accessing goods and services, payment methods, and for delivering products faster and more efficiently using a mixture of both offline and online stores.

Moreover, in 2019, CPALL continued to retain around a 64% market share in the number of convenience stores. This was followed by Tesco Lotus Express and Family Mart, which had a 9% and 6% share, respectively.

(Unit : stores)	2017	2018	2019
Stand alone convenience stores	13,515	14,237	15,066
7-Eleven stores	8,814	9,414	9,998
Others	4,701	4,823	5,068
Convenience stores in gas stations	2,736	2,968	3,174
7-Eleven stores	1,454	1,574	1,714
Others	1,282	1,394	1,460
Total Convenience stores	16,251	17,205	18,240

Remark: Major convenience stores in chain store format

Source: Compilation by CP All Plc

In 2020, it is expected that the Thai economy will stabilize, or even expand slightly. The Office of the National Economic and Social Development Board estimates that the expansion would be 2.7-3.7% based on household expenditure and private and public sector investment, particularly investments in large-scale transport infrastructure projects and in response to the progress made on development projects in the Eastern Economic Corridor (EEC), which will support urbanization and increase employment. This, in turn, will build confidence for businesses and private sector investment, and bring about a return in higher levels of purchasing power and increased confidence in consumption.

Nevertheless, it is important to remain aware of global economic volatility and trends in global trade, particularly considering the trade wars and currency volatility, as these will impact upon the recovery of the export sector. Additionally, factors such as outbreak, climate change also pose a risk that must be closely monitored, as it will influence incomes in the agricultural sector and employment in the industrial sector. Moreover, the Company must adapt to the various measures and regulations that have been introduced to regulate business operations, including measures to control and ban the use of single-use plastics and taxes on sugary and salty foods, which will affect costs and product prices, among others.

Important challenges to the retail business in 2020 include the presence of more diverse purchasing options for consumers, from Direct to Consumer (D2C) sales to international online sales, and Consumer to Consumer (C2C) sales. Retailers must therefore adapt and devise strategies to secure their “Share of Wallet” and ensure that consumers choose to purchase goods through their own channels and platforms, online and offline. It is also expected that there will be greater competition between retailers to build a “Retail Ecosystem” through partnerships with various other businesses in order to expand their coverage of activities in customers’ daily lives. At the same time, marketing will move towards greater customization, and retailers will compete to secure the biggest benefits from technology. Not only will technology help

retailers to better understand consumers through more detailed data analyses, it can also help to identify ways to respond to the changes of a newer generation of customers at the group level, generate new business opportunities, and overall offer better experiences for customers while create lasting impressions. Finally, technology will be increasingly used to reduce complexities in processes, manage costs, reduce wastage, and to increase speed and efficiency in operations.

Strategy and Business Direction

The global retail business has been heavily affected by the rapid and significant changes of digital disruption – Thailand included. As a result, this has brought about new customer experiences and retail ecosystems that now offer buying, service, and payment options through seamless, interconnected offline and online channels. Not only that, digital disruption has also led to new means of delivering products into the hands of consumers through the use of new platforms, and to the adoption of advanced technologies such as Artificial Intelligence (AI) for analyses and assessments, which facilitate and enhance qualities of service.

To manage these changes, the Company has studied consumers' views in various areas and determined short- and long-term strategies that are encompassing of, and align with, the lifestyle needs and expectations of current and future consumers. This will allow the Company to manage intensifying competition, retain and increase its customer base in existing markets, as well as expand the market to include new target customer groups – ultimately to generate business growth. Likewise, the Company also enhanced its management efficiency and improved organizational work structures by integrating technologies to increase agility, flexibility and efficiency, particularly in terms of analyzing and processing data, managing products and costs, and improving work processes for greater speed and quality. What's critical is that the Company adopts a customer-centric approach and recognizes the importance of all stakeholder groups in implementing these strategies and measures, and thereby ensures sustainable growth into the future.

Strategy to Respond to Consumer Changes and Achieve Sustainable Growth

1 Strategy to expand and develop stores, covering and addressing the customers' demands in each location

At present, the company has a network of stores to serve customers covering over 11,700 stores nationwide. Both existing store renovation and new store expansion are in the format that can efficiently facilitate its customers in accordance with each group's behavior and lifestyle. The Company has targeted to open 700 new stores per year, to achieve 13,000 stores by 2021.

Efficient store expansion on strategic locations helps maintain the market share firmly. The main goal of store network expansion shall align with the expansion of urban communities, especially secondary cities, which have been grown potentially in the past few years. This is in accordance with the expansion of infrastructure such as rail ways and high speed trains, touristic places, and other strategic locations through business partnering with alliances which include real estate developers, hospitals and academic institutes, for instance, to open new stores in condominium, hospitals, offices, universities and high-income residential areas. To address personal car commuters, urbanization and service area expansion to reach more customers, more stand-alone stores are expanded with the provision of parking lots. In 2019, the Company had a total of over 4,800 stand-alone stores, with an increase in store size for more sales area, product variety, more areas for selling foods and beverages as well as new service providing such as banking agents, parcel delivery and On-demand Delivery, in order to gain more business opportunities.

The Company continues to recognize the importance of new innovations, particularly the integration and adaptation of different technologies into stores to create an efficient purchasing experience that matches the lifestyles of a new generation in the digital era. The Company focuses on enhancing and modernizing both new and existing stores, and consolidates various types of innovations – technologies, facilities, and modern equipment – to conserve energy as well as deliver other environmentally-friendly benefits. Over the past year, the Company opened a new flagship store, “Tara Pattaya,” in South Pattaya, as a landmark store in the Eastern region. The store was designed with a distinctive style and is equipped with modern innovations, including different types of self-service systems such as a self-checkout, a Smart Wave microwave system, and a 24 Shopping Kiosk, where customers are able to order products online and receive them immediately in store. Not only that, CPALL also integrated digital technology into the store to create new experiences for customers. An example is the Digital Aquarium, developed under partnership with Burapha University, which showcases the Thai sea floor on large LED screens in a highly realistic way. The store is also home to the “Sevy-Bot” Smart Assistant (also known as “Chao Sin Samut”), which draws in, greets, and responds to customers; and the Interactive Smart Door, which showcases a digital menu on the doors of the ready-to-eat food refrigerators and creates a fun, lively experience for customers while they are shopping for goods.

In addition, the Company launched the Automatic Vending Machine Service in 2019 to allow customers without stores in their area to access food products, drinks, and daily consumer goods through a variety of payment methods. The Vending Machine provides the goods and products that are needed in the daily lives of modern consumers, and have therefore been well-received.

2 Strategy to Create Online-to-Offline Channels (O2O) for Enhanced Customer Experiences

The Company regularly monitors the technological changes that are now assuming a prominent role in the daily lives and decision-making of its consumers. In order to create positive experiences for customers, the Company adheres to an “Easy to Buy, Easy to Pay, Easy to Receive” approach that focuses on delivering efficient services in support of a fully digital lifestyle. In terms of the “Easy to Buy” aspect, the Company has developed an Online-to-Offline (O2O) platform which combines the strengths of a physical “offline” storefront with e-commerce or “online” sales channels comprising websites, mobile phone applications, and catalogues and phones, which are operated by 24 Shopping Co., Ltd. These channels not only provide more purchasing options for customers, but also offer them a new experience in ordering products in advance and collecting them from over 11,700 stores across 7-Eleven’s network, 24 hours a day, 7 days a week. Moving forward, the Company aims to improve its communications technology processes and systems to manage and streamline these various channels. Such measures fall under CPALL’s wider efforts to increase options for customers, and to facilitate their convenience by enabling them to access the Company’s products and services anytime and anywhere, through a fully integrated combination of online and offline channels. Moreover, in 2019, the Company launched the “ALL member” loyalty program that allows members to receive benefits and special privileges, such as collecting stamps to be used in place of cash to purchase products at special prices, as well as numerous other promotions.

Aside from developing sales channels, the next focus area, “Easy to Pay” involves developing an ecosystem to support the O2O business by creating diverse payment options and services – which has always been an important focus area for the Company. Particularly given the present-day transition towards a digital and cashless society, the Company has developed a barcode payment option at 7-Eleven stores using mobile payments via True Money Wallet, Alipay, and WeChat Pay. This is especially convenient for tourists, as numbers are increasing each year, particularly from China.

Likewise, the Company has also added credit card payment options which are helpful for those who have higher expenditures per bill.

As for financial services, since 2018, the Company has teamed up with public and private banks on a Digital Financial Partnership to offer a “Counter Service,” where customers can deposit and withdraw cash at 7-Eleven stores, instead of banks, throughout the country. This allows customers who need to conduct cash transactions outside of regular working hours to easily access 24-hour banking services.

In terms of delivering products, the latter portion of the “Easy to Buy, Easy to Pay, Easy to Receive” approach, the Company has added delivery options for customers to purchase goods online or through advance orders, where they can use the “7Delivery” service to receive food and drinks deliveries from All Café, as per their request. In addition, the Company launched a package drop-off/ mailing service at 7-Eleven stores to respond to the growing popularity of online shopping. This service, called “SPEED-D,” was launched in partnership with All Now Logistics Co., Ltd., and allows customers to send packages from over 11,700 7-Eleven stores across the country and receive them either in store or at their own homes, depending on need.

In addition, the Company recognizes the importance of the “Voice of Customer,” and therefore aims to study and understand consumer behavior in a more meaningful way through numerous channels and methods, direct and indirect. This includes conducting regular surveys, collecting customer feedback, using internet and social media channels, as well as regular observations of customer behavior. The input received is then processed using various technologies and data analytics processes, for efficiency and accurate analyses. This helps the Company to design and revise business models to better cater to a digital society, as well as devise plans to adapt and install technology to create more business opportunities, or to better access and understand customer need.

Finally, the Company has launched additional communications and digital market activities through online channels, and conducted sales promotions activities through mobile applications to engage with customers. For instance, the Company distributed e-Coupons through online channels to be used as in-store discounts and e-Stamp collections. It further added communications channels to distribute news and receive feedback from consumers, such as online at the “7-Eleven Thailand” Facebook page, LINE application, Instagram, Twitter, and the 7-Eleven Thailand YouTube page.

3 Product Strategy, Create a 24-hour Convenience Food Store and Respond to the Health and Hygiene Needs of the Thai People

The Company focuses on researching and developing an understanding of consumer behavior – or “Customer Insights” – as this can be used to source and develop products in line with market direction, societal changes, as well as the needs and behaviors of consumers from different groups and locations. In turn, customers will be able to receive products and services that directly address their livelihood needs and problems in a much more comprehensive way. At the same time, to make 7-Eleven stores the number one food and beverage destination in line with the slogan, “Drop by 7-Eleven anytime you’re hungry” in 2019 the Company expanded the number of 7-Eleven stores that sold chilled, ready-to-eat meals to more than 11,700 stores. This will allow customers to access a wider range of meal options – up to 7 meals a day – including main courses, second courses, single ready-made dishes, sides, snacks, desserts, Thai snacks, and ready-to-eat fruits at 7-Elevens. The Company also expanded its temperature-controlled distribution centers to various regions throughout the country to cover a wider sales area, which will enable CPALL to deliver products quickly while retaining their quality, right into the hands of consumers.

Not only that, the Company has developed distinctive food and drink products in order to create more value and differentiate them from competitors, placing an emphasis on enhancing taste and adding nutritional benefits for the better health and well-being of the Thai people. The Company also diversified its menu by sourcing healthy products and services to suit the needs of health-conscious consumers and an aging Thai society, such as ready-to-eat fresh fruits and vegetables, fruit and vegetable juices, low-calorie foods, and low-sodium and low-sugar foods.

As for coffee and fresh baked bakery, the Company increased the number of freshly brewed “All Café” coffee corners to feature in more than 6,600 stores nationwide and “Kudson” to feature in more than 200 stores nationwide. Meanwhile, the Company also sells freshly cooked meals at “Food Place” corners in over 200 stores in Bangkok and outside provinces. The “Food Places” offer a diverse and adaptable menu based on consumers’ needs, as well as an easy, clean, and convenient meal option for customers using fresh quality ingredients. They are mainly located in stores close to educational sites, markets, offices, hospitals, residential areas, transit locations, among others, where it might be difficult to find food outside of regular working hours.

The Company does not merely focus on food and drinks products, however, but has also started piloting an “Eat Well Corner” to cater to health and beauty-conscious consumers, as well as the increasing number of aging individuals in Thai society. Currently, approximately 100 stores sell fresh fruits and vegetables, herbs, and other related health products, in areas that have the sales potential and need, such as hospitals. The Company also expanded the “All Beauty Corner,” which offers beauty products and the “eXta” corner, which sells household medicines and health products. The goal is that eXta will be the go-to source for quality and easily-accessible medicines, wherein communities can come to rely on these services. In this way, CPALL will be able to support the good health of all Thai people. Meanwhile, the Company set the target to expand the number of stores that offer Hala products to welcome a higher portion of Muslim customers and tourists.

Lastly, the Company does not merely focus on product variety, but also emphasizes food safety standards as a top priority. The Company has developed a system to increase supply chain efficiency and traceability, which elevates product quality from the producers through to transportation and store management, to make sure that customers receive fresh, quality products for every meal throughout the week.

4 Logistics and Supply Chain Strategy, Increase Product Delivery Efficiency and Prepare to Expand into the Digital Era

The Company remains fully driven in its efforts to improve its value chain to support the growth of the retail business and its store expansions nationwide. The Company is committed to developing its logistics system and supply chain to ensure that all stores will receive a complete, timely delivery of products, without losing sales opportunities, while maintaining product quality all the way through to the hands of consumers. In terms of developing the logistics system, as of 2019, the Company has a total of 10 large consumer goods distribution centers across Thailand, and is considered to be the retailer with the highest number of distribution centers in the country. The Company places importance on having a sufficient number of distribution centers, in key locations, which will be able to support a wider range of products by type, for instance, centers for dried goods, frozen goods, and bakery products. Moreover, the Company focuses on having an organized product warehouse management system using systems and technologies that support new models of service and increased sales channels. This directly supports the O2O approach to sales and deliveries, as there will be an increase in in-store and home pick-ups and deliveries. At the same time, CPALL looks towards improving the efficiency

and effectiveness of the work processes of all its supply chain stakeholders by using efficient, time-saving, and modern management systems. Examples include the use of automation to manage costs, reduce dead loss, and monitor and report work flows in order to deliver products along the logistics line correctly and precisely.

As for supply chain management, the Company saw significant improvements owing to its efforts in developing a policy and guidelines for suppliers, which align with international standards. Having this in place allows the Company to fully meet suppliers' expectations through proper communications, trainings, and supplier risk assessments. Supplier assessment results are used as input to develop improvement programs, inform supplier monitoring and auditing, and to identify improvement opportunities in various areas to support the sustainable growth and prosperity of all suppliers alongside the Company. Other benefits of such an approach include enhancing efficiency and ensuring that suppliers uphold high ethical standards. Finally, the Company developed an encompassing Supplier Code of Conduct and Guideline in order to elevate the quality and safety of products as well as their traceability, which will help to build trust among customers and the general public regarding the standards and safety of all products sold in 7-Eleven stores across the country.

5 Sustainability Strategy, Operating Business on the Principles of Good Governance and Corporate Citizen

The Company fully recognizes that, to become a quality organization that achieves sustainable growth, it is essential to have trust from societies, communities, and stakeholders. This involves operating business while focusing on sustainable development in all dimensions – economic, social, environmental, and the principles of good governance – while also focusing on transparency, anti-corruption, and embedding a consciousness amongst all employees on honesty, ethics, integrity, and consideration for communities, society and the environment. The Company works on Creating Shared Value (CSV) for society and the organization in all work processes. For over 30 years, CPALL has been committed to becoming a sustainable organization under the vision of “Giving and Sharing Opportunities,” while recognizing stakeholders in all areas of development, including economic, social, and environmental. As a result, it has been accepted and recognized for these efforts by a large number of domestic and international agencies and institutions.

In 2019, the Company was ranked the number one sustainable organization in the “Food & Staples Retailing” Sector of the Dow Jones Sustainability Indices (DJSI) World Index. Not only that, the Company was also ranked at the “Excellent” level (5 stars) for its Corporate Governance (CG) performance by the Thai Institute of Directors (IOD) in the 2019 Corporate Governance Report (CGR) of Thai Listed Companies, an assessment of the CG performance of listed companies, supported by the Securities and Exchange Commission (SEC), which used assessment criteria derived from the CG principles of the Organization for Economic Cooperation and Development (OECD). This demonstrates the Company's ongoing commitment to enhancing its CG standards, in particular by giving importance to operating in a more “stakeholder-centric,” rather than “shareholder-centric,” way to achieve sustainable growth – falling in line with global trends which are likewise moving in the direction of stakeholders. Specifically, the Company is adopting a “Customer-Centric” approach, and this is helping to raise its competitiveness and acceptance in the eyes of both domestic and foreign investors.

In terms of key sustainability performance over the past year, examples include the “Reduce and Stop Use of Plastic Bags” Project at all 7-Eleven stores throughout the country. With the aim to reduce plastic waste, the project encouraged customers to say no to plastic bags and to use cloth bags. Every “No” is converted into monetary terms in the form of donations, where this project has been well received and supported by the public. Consequently, the Company was able

to reduce the use of approximately 998 million plastic bags, or the equivalent of more than Baht 134 million in donations, which were given to purchase medical equipment for Siriraj Hospital's Navamindrapobitr 84th Anniversary Building and to 77 hospitals in remote areas in all 77 provinces of Thailand. Such efforts ensure that the benefits will reach all areas of the country, and especially help patients in remote areas to have the opportunity to access good medical care. Similarly, this Project has helped to build behaviors and environmental consciousness among Thai society. Apart from that, the Company also looked for ways to recycle leftover materials and plastic waste, and to "upcycle" projects in line with Circular Economy principles. For example, the Company collaborated with SCG and Dow Thailand Group to advance the campaign to reduce and eliminate the use of plastic bags at 7-Eleven stores by launching the "7 Go Green Recycled Plastic Road," which converted plastic waste into roads. The project was piloted in the parking lots in front of selected pilot 7-Eleven stores, and is another measure designed to preserve the environment.

In addition to the principal strategies above, the Company also focuses on laying a strong foundation and building up supportive strategies in parallel to foster secure and sustainable business growth. Strategies include the following.

1 Strategy to Establish Business Alliances for Collaboration and Business Advancement

As business alliances throughout the supply chain are vital to business strengthening, the Company places high importance on building a network of alliance and collaboration at different levels, including alliance with the Charoen Pokphand Group, owing a diverse range of business, and global 7-Eleven network, to exchange their know-how and best practices, leading to the increase in capability to satisfy customers' demands and the selection and development of different, varied products and services. The Company has also developed the capability of business partners, including producers, store business partners, logistic companies and minor entrepreneurs through knowledge sharing, consultancy and training to drive their business in keeping up with the Company's growth. Additionally, the Company has stipulated the policy to enhance and promote the products from small and medium-sized enterprises (SMEs) producing quality, standardized products which gain popularity, such as processed fruits, drinks, bakery and beauty products, for instance. The Company will be a distribution channel for those enterprises, of agricultural products and processed agricultural products in particular, with an objective to help increase the value of agricultural products and better the farmers' standard of living.

Besides, the Company reinforces new creative ideas to fabricate valuable innovations. The collaboration between CPALL and 11 alliances from government and business sectors, including researchers and the Incubation Center on Business Innovation of several universities throughout Thailand, is formed to provide Thai business partners and SMEs with opportunities and channels to showcase their innovative, quality products through 7 Innovation Awards in the "Thailand Synergy for Thai SMEs". This is a means by which each company converts its own knowledge to create value added for the benefit of the economy, the society and the nation.

2 People Building and Organizational Reform Strategy, To Prepare Personnel and Create a High-Potential Organizational Structure and Culture in Support of New Era Business Expansion

Bearing in mind that people are the heart of a business's growth and sustainability, the Company places high importance on developing people under the philosophy of "We wish for smiles from customers, brought by a happy team." This involves creating a work environment that promotes teamwork, learning from and understanding the needs of employees from different age groups to make sure that they are able to work together as a team, as well as listening to the views and recommendations of employees through the annual employee engagement survey. The survey results have been used to inform developments and improvements in CPALL's work processes, such as the ideas of "Happy Workplace" and "Flexible Working Hour," which were identified to respond to the needs of the new generation, primarily Gen-Y and Gen-Z, who have now become the core of the organization. The Company also improved upon various employee benefits and career path planning for each employee level, and organized regular engagement activities with employees to help them feel engaged with and proud of the organization over the long term. In turn, this will reflect upon how employees deliver value and a happy service to customers.

Furthermore, to support new business model expansions and sales platforms, the Company focused on regular and intensive skills development for employees, particularly through reskilling and upskilling. Reskilling will help to equip employees with expertise in new contexts, elevate their capabilities from their existing responsibilities into new contexts, and therefore significantly increase the employee's value in the organization. Meanwhile, upskilling involves developing employees' skills for different types of jobs, which encompasses learning new technologies, or training employees on the skills that can ultimately be used in new roles within the organization, such as digital literacy skills. In addition, the Company is focused developing skills for specific vocations in newly expanding businesses, for instance to help employees become Coffee Makers, Coffee Masters, Coffee Managers, and Food Masters (an expert in food management). This is achieved through trainings, certification exams, and a revision in compensation levels to match the level of certifications that they will receive.

As for improvements to the Company's work processes, CPALL focused on tightening the organizational structure, reducing unnecessary work processes, and supporting an agile work process that allows for collaboration between functions in a more integrated way, to transform the organization for the 4.0 era and help it respond quickly to the changes of the modern world.

Regarding national human capital development, the Company continues to support the education and development of quality personnel for the Thai retail sector's expansion through a Dual Vocational Training system, or the dual system of learning and training. This is accomplished in conjunction with the Office of the Vocational Education Commission through Panyapiwat Technological College, which offers education at the vocational diploma level, and Panyapiwat Institute of Management, which offers education at the bachelor's, master's, and doctorate degree levels, for both Thai and international courses. In addition to that, over the past year, the Company even partnered with the government on a public-private partnership project to produce "Premium Graduates," consisting of students at the Vocational Certificate Level, High Vocational Certificate Level, and Bachelor's degree level, to support them in various subjects including Market Innovation Management, Retail Business Management, Electrical Technology, and Food and Beverage. Overall, the target is to sign up over 5,100 students, where the Company will provide 70% scholarship support to institutions for general students, and 100% scholarship support to students from Rajaprajanugroh schools, namely those who are underprivileged, lacking opportunities, or are part of an ethnic group, where they will be readily accepted into work

following the completion of their studies. Through these endeavors, the Company will be able to provide educational opportunities for the country and society.

3 Preparing Infrastructure, Communications Technology Systems, and Digital Transformation Readiness for Business Expansion

In response to the Company's strategic direction, which is placing greater emphasis on developing an understanding of and responding to the needs of customers in the digital age, it is necessary for the Company to revise its key infrastructures, modernize work processes, and digitize business operations. Aside from expanding its Online-to-Offline (O2O) platform, to open approximately 700 new stores per year in keeping with CPALL's expansion target of 13,000 stores by 2021, the Company has applied technology to improve the management efficiency of store standards development, reduce store construction time and costs, and also has in place a management system to manage the store's assets and equipment, keeping it new and ready to use. Not only that, the Company has prepared IT infrastructure to support constantly changing work models, such as by using Robotic Process Automation (RPA) to alleviate the task burdens of employees, as it is able to carry out tasks much faster, and with greater accuracy. Similarly, for Human Resources Management, the Company launched electronic systems to replace manual work and paperwork, to allow employees to help themselves through self-service options, thus increasing efficiency and agility. Furthermore, the Company conducted intensive research on the use of Artificial Intelligence (AI) for the development of new businesses that can create added value for the organization in the future.

Nevertheless, in the face of global advancements across the business world today, it is increasingly more important to have in place an IT governance and security policy, particularly on cyber security, covering issues such as data attacks on sales data and the personal data of customers and employees. These issues risk impacting the Company's financial standing, reputation, and reliability. Given this, the Company has in place stringent measures to control, monitor, and govern IT work processes to ensure that all work stages are transparent, traceable, and are operated in line with the Company's efforts to build employees' knowledge and understanding of these security issues throughout the organization.

4 Developing Excellence in Innovation to Become a Quality Organization and Achieve Sustainable Growth

In the midst of today's rapid changes, innovation is proving even more critical as the heart of business operations, as it creates differentiation and allows the Company to elevate the business for strong and sustainable growth. The Company is committed to supporting and driving an "Innovation Culture" within the organization, giving importance to continuous learning and supporting new, innovative ideas that can become valuable innovations, increase efficiency, and deliver highest results for the business. The Company's objective is to encourage innovation and support innovation projects by employees within the Group, which can be shared externally for the benefit of society. This is achieved through the CPALL Innovation Days Competition and Process Excellence Award, which are organized annually. These awards serve as ways to encourage and stimulate employee participation in creating new innovations in processes, products, and business models, which can eventually become innovations that cater to the needs of customers. Another added benefit is that it promotes knowledge sharing between different businesses to integrate knowledge, thus helping to build a truly innovative organization along the path of business sustainability.

As for innovations outside of the organization, CPALL collaborates with 11 public and private sector partners across the country, such as the Office of the Minister of Science and Technology, the Thai Chamber of Commerce and Board of Trade of Thailand, the Thai Bankers Association, the Office of SMEs Promotion, as well as with research teams and university incubation hubs throughout the country, to encourage business owners to seek out innovation channels and opportunities. This enables the country to compete on the international stage and embrace the 4.0 era in a sustainable way. Another key example of CPALL's external innovation promotion is the "7 Innovation Awards," held during the "Thailand Synergy for Thai SMEs" event, which the Company has supported for 6 consecutive years. In 2019, the event was held under the theme, "Creating Innovations to Change the World," where the awards winner not only received a monetary award, a trophy and a certificate, but also had the opportunity to build upon their successful innovation through the various sales channels offered by the Company, including in more than 11,000 of its 7-Eleven stores throughout the country.

Finally, to fully solidify its innovation strategy, the Company established the Science Technology and Innovation Development Office (STIDO) to build partnerships with internal and external agencies and develop its own technologies, in line with the CPALL's strategy.

Delivery of Products and Services

The Company strives to continuously develop its value chain to deliver the best to customers. In terms of logistics development, in 2019 the Company has a total of 10 regional distribution centers for consumer products, 10 distribution centers for temperature-controlled products and 2 distribution centers for frozen products, making the Company as the retailer who owns the largest area of distribution centers covering nationwide. The Company continues to give importance to increasing the number of distribution centers to support store expansion which some of these distribution centers are under construction that expected to be completed by 2020.

With cost management to foster productivity of transportation cost to revenue from sales and to support new store expansion in the future, the Company has modified four-wheel truck by expanding its carrying space for goods, increasing its efficiency of containing and shipping, reducing number of trucks within its transportation system as well. This helps to decrease transportation cost significantly. The Company has also initiated the development of intelligent logistics information centers (Live Center) to gather real-time information of logistic supply chain, ranging from downstream to upstream. The Company can utilize this information to forecast and manage its logistics system correctly and accurately. . This enables the Company to maintain the quality of goods from factory until they reach customers' hands.

Cash and Carry Business

Types of Products or Services

Siam Makro Public Company Limited is the operator of membership based Cash and Carry Trade Centers, registered under the name of "Makro", distributing consumer products to customers nationwide. Its target groups are small and medium-sized enterprises, namely, retailers, HORECA, institutions and business service providers. The Company conducts its business upholding customer-centric approach, emphasizing on satisfying different customers' demands of over 3 million members. This results in prominent and firm growth of Makro's business in Thailand, gaining trust from enterprise customers as their business partners for over the past 30 years. The Company still places importance on self-adjustment to keep abreast of the modernity at all times, to continually develop products and services to truly meet

the professional business operators' demands which dynamically changes in the digital era. The goal is to uplift the living quality of related parties, wherever Makro's business has been operated.

At the end of 2019, Makro had a total of 134 stores nationwide, including 79 Makro stores, 28 Makro food services stores, 15 eco plus stores, 5 Makro food shops, and 7 Siam Frozen shops. There were 6 stores in overseas: 2 stores in Cambodia, 3 stores in India and 1 store in China, as well as 1 restaurant with small retail shop of Foodservice APME in UAE. Additionally, the Company operates import-export business and distributes frozen and refrigerated food along with services in storage and delivery in Thailand, Vietnam, Singapore, Hong Kong United Arab Emirates and Cambodia. It also operates other related businesses and support the Company's core business through its subsidiaries' business operation.

Nature of Customers

Currently, Makro's core customer groups consist of:

- Retailers: Retail operators selling consumer products that are scattered across the country, including grocery stores, minimarts and stationery stores, etc.
- HoReCa: Operators of Hotels, Restaurants and Catering, including small restaurants, food stalls, and food carts. Most are small and medium-sized operators that sell a variety of foods
- Service professionals: Government agencies and various professional businesses including companies, service offices, government organizations, schools, beauty parlors, printing houses, laundry shops, and general operators in the service sector

Future Business Plan of Cash and Carry Business

The Company has galvanized its efforts in preparation for the coming changes in the wholesale and retail sector. This will be achieved through the implementation of projects that focus on enhancing our operations to serve a new generation of customers and maintaining our competitiveness in the digital era. In 2019, the Company opened 2 Digital Stores, in Ladkrabang and Ramkhamhaeng 24. At the same time, the Company ramps up the use of "Big Data" to analyze the demands of registered customers of Makro, improve the efficiency of internal processes, and develop automated systems to increase efficiency. Additionally, the Company has been developing the O2O system to cover all customer service channels – also known as Omni - Channel Sales and Services, to facilitate professional customers, including provide additional services to respond to customer needs, such as the "Pick & Pack" service, product customization services for restaurant customers, and deliveries. In addition, the Company will collaborate closely with professional customers to help them empower their businesses through various training programs, as well as new projects such as the "MRA Plus" project, and the "Makro HoReCa Academy" (MHA) project.

Apart from continuous store expansion in Thailand, the Company determines to expand its businesses to new high - potential markets, including Cambodia, India, the People's Republic of China and Myanmar, to become a regional operator in the retail and wholesale industry, focusing on a diverse range of stores that are suited to the needs of professional customers in each location. This is to increase market share from international markets where Makro's business has been operated.

For the Food Service business under the Food Service APME Business Group which operates in Thailand, Singapore, United Arab Emirates, Hong Kong, Vietnam, and Cambodia, objectives are to become a leader in premium food products and expand upon Makro's products and services. Special focus will be on the development and production of "Own Brand" products under the brands, "Carne Meats," and "Ocean Gems". This business segment will also work to create shared benefits with Makro in all countries in order to respond to customer needs, and increase the safety and quality of food products among HoReCa businesses. Finally, the Company also plans to conduct feasibility studies for opening "MAXZI" style restaurants in countries with Makro or Food Service APME operations.

Please see additional details in Form 56-1 of Siam Makro Public Company Limited under the section 2: Nature of Business.

05

Risk Factors

Risk Factors

1. Risk from 7-Eleven Trademark Termination

The Company operates its convenience store business under the Area License Agreement entered with 7-Eleven, Inc., USA since November 7, 1988. Under the terms, the Company is granted a license to operate convenience stores in Thailand under the “7-Eleven” trademark including related trademarks and to obtain training and technical assistance in convenience store business from 7-Eleven, Inc. On August 20, 2003 7-Eleven, Inc. entered into the Consent Agreement which is an agreement among the Company, the Charoen Pokphand Group (“CPG”) and 7-Eleven, Inc. under which 7-Eleven, Inc. has agreed to give consent to the public offering of shares and the listing of shares for trading on the Stock Exchange of Thailand. The Area License Agreement does not specify the term of the Agreement. However, both parties have the right to terminate the Agreement if any event stipulated in the conditions does occur or if there is any event which constitutes a cause for termination under the Consent Agreement and also results in termination of the Area License Agreement. In case the Area License Agreement is terminated, the Company will lose its right to use the trademark, which will significantly affect the Company’s business. In such case, the Company might also be required to pay damages to 7-Eleven, Inc. In addition, if the relationship between the Company or CPG and 7-Eleven, Inc. turns sour, the Company may not obtain appropriate assistance from 7-Eleven, Inc.

The Company’s Risk Management

For over the past 31 years of good business relationship, the Company has never had any critical conflict with 7-Eleven, Inc. Furthermore, the Company has followed the regulations as per the agreement since signed date i.e. by the end of 2019 the Company operated 11,712 7-Eleven stores nationwide, which is higher than the minimum number of stores to be maintained under the agreement, royalty fee is regularly paid for the period of time as stipulated in agreement, or the Company continuously maintained a reputation of the trademark. The Company believes that the relationship of itself and CPG with 7-Eleven, Inc. remains good and that its business operation under the “7-Eleven” trademark is of mutual interest. So far, the business relationship and assistance have been satisfactory. The chance that such relationship will turn sour is unlikely. At present, there is no reason to believe that there would be any event that may negatively affect the relationship of the Company and CPG with 7-Eleven, Inc.

2. Risk From Controlling Influence of the Charoen Pokphand Group

The Charoen Pokphand Group has direct and indirect control over the Company. In the Consent Agreement with 7-Eleven, Inc., CPG agrees to maintain its minimum shareholding ratio as well as its power to appoint and control the majority of the Company’s directors. As at December 31, 2019 companies in the Charoen Pokphand Group continue to hold an aggregate 35.76 percent stake. Therefore, the Charoen Pokphand Group is able to appoint the majority of the directors and remain influential to the management and administration of the Company, including consideration of or support for matters that require approval from the Company’s shareholders.

At present, there is no agreement between the Company and the Charoen Pokphand Group and its affiliates that will prohibit the Charoen Pokphand Group to expand businesses or invest in other retail operations. Therefore, there may be a risk that the Charoen Pokphand Group will not consider granting opportunities and resources that will be of best interest to the Company and its shareholders.

The Company's Risk Management

Apart from the details of the connected transaction exhibits in the Articles of Association of the Company and the subsidiaries, the Company appointed independent directors and the Audit Committee to assure the best interests of all shareholders. In addition, the Company has formulated a policy and regulations concerning connected transactions as guidance for business practice, including formulated a business administration policy which taking into account the interests of the Company towards all stakeholders equally.

In addition, the Company appointed Corporate Governance Committee as well as Corporate Governance Subcommittee that serve the interests of all stakeholders in accordance with the Company's corporate governance policy which be reviewed by the Company's external experts to assure the policies consistently align with international standard.

3. Risk from Distribution Center and Logistic Error or Problem

Most of the products sold in 11,712 7-Eleven stores nationwide are delivered via the Company's distribution centers, with more than 2,000 manufacturers and suppliers delivering their products to the distribution centers according to the given delivery date. Therefore, the distribution centers play a vital role in 7-Eleven's business in distributing products to stores across the country in correct, complete and timely manner. Errors or problems at the distribution center and disruption of transport route due to floods, fire, communication system and information technology failure, severe accidents, or any force majeure from the supply chain system from the manufacturer to distribution centers and then delivery at the stores, will have an adverse impact on the sales of all 7-Eleven stores and business opportunity, and may negatively affect the Company's operating performance.

The Company's Risk Management

The Company has continuously reviewed its annual strategic plan in order to construct short-term and long-term plans that could support growth of existing stores and new store expansion. For the distribution centers, the Company has continued to evaluate the adequacy of the capacity in line with the growing sales turnover and new store openings, including the crisis management in regard of the distribution center where one interrupted. In case an additional distribution center is needed, the key consideration is a prime location which is in the safety area and be able to operate at the most efficiency of delivery to store. Distribution centers should be distributed along the metropolitan areas and provincial areas across the country in order to diversify operating risk and to support store expansion in the future.

The Company has prepared and practiced the Incident Action Plan and conducted drill regularly planned to be ready to deal with various crises through 7days/ 24 hours such as flooding, riots, fire, and blackouts. There is also a Crisis Assessment Team (CAT) which is responsible for providing warnings about the crisis to various departments in the risk areas so that they can prepare to deal with the crisis in a timely and appropriate manner. Business Continuity Management (BCM) includes using nearby distribution centers to deliver products, transporting products using large trucks, using alternative routes, finding alternative products, and establishing temporary distribution centers.

The Company has also collaborated with key suppliers who are strategic partner developing Business Continuity Plan (BCP) to ensure that products can be delivered during crisis to minimize the negative impact on the sales revenue. In addition, the Company has appropriately bought insurance to compensate for loss and to alleviate the cost burden that may occur in the future, covering distribution centers, stores and subsidiary companies.

By doing so, the Company believes that the distribution centers are sufficient to support store expansion plans in the future. On the other hand, the distribution centers can function as a secondary distribution network with each other across

the country. In case if any place where a disruption or major transportation routes were not passable. The network can back up to replace at the most effectiveness.

4. Risk from Information Technology Error or Problem

The Company's information technology systems is as the brain of the convenience store business, for ordering and communicating effectively to all units in the supply chain, ranging from manufacturer, logistic system and distribution center through store level. This can help the Company making sales revenue, and delivering good products and services to more than 13 million customers per day which are the key matters to create persistent customers' satisfactory and impression. Therefore, any error or problem occurred to any key information technology systems such as sales and service system, store operation system, product ordering and logistic system, and etc, would affect the business operations and ability to serve customers at 7-Eleven stores and may negatively affect the Company's operating performance.

The Company's Risk Management

The Company recognizes the importance of information technology in both the store and office level, including the supply chain systems being operate effectively with the continuity of business operations. The Company has also reviewed systems along with its annual strategic planning in order to manage the software system in accordance with the requirements of the business process of software engineering with reference to international standards such as ITIL, CMMI and ISO / IEC 27001: 2013, which aimed at developing technology to improve processes and assets in the long term. Business development unit can collaborate with global partners to update technology system to accommodate the changing trend of the market.

In regard to managing of the hardware, the Company establishes two IT centers in different areas to diversify risk – Chaengwattana IT Center in Nonthaburi and True IDC Bangna in Samut Prakan, which is the first IT center to obtain a high information security standard and ISO from Uptime Institute. These two IT centers support each other in case of any interruption happening to one of the IT centers and ensure that the IT system will resume its normal operation.

The Company has a full range of security system for its two IT centers, beginning with the design of their safety in every section under the proper environment. A backup generator systems, UPS, smoke and fire detection systems, intrusion detection systems and inhibit mobility, backup air conditioning, and power feed system pairs each, including system maintenance have been also installed. In addition, the Company set up an expert team to stabilize and secure IT system throughout 7days/ 24 hours to be ready for its operation continually. In addition, the Company regularly provides training and drills to related BCM team, which the training will be given scenarios that could cause crisis to IT center on a variety of different situations to ensure that the delegated team is comprehend and able to follow all the business continuity management (BCM) efficiently and timely. Furthermore, apart from regular check up by the internal audit team, an external audit company tests on the IT system annually for the highest assurance of the Company's information technology system.

5. Risks from Laws and Government Policies

The Company manages the convenience store business and various supporting businesses under the CP All Group in Thailand. Its management is transparent and has always strictly complied with the government laws and policies, as well as monitoring changes at the local, regional, and international levels as part of a process to scope out important information to assist in the decision making and to forecast potential business impact resulting from new regulations both at the local and international levels, including one that tends to apply in the future. For instance, the carbon tax or new regulations related to climate change that usually contains requirements specifically to different localities. If the Company does not monitor, anticipate, and prepare for their potential business impact, they may affect not only its competitiveness, but also the Group's ability to achieve its sustainability growth targets as well.

The Company's Risk Management

The Company adheres to the principles of transparency, compliance to local and international laws and regulations, as well as the government's policies in order to manage risks across its business operations. To comply with new laws and prepare for their potential business impacts, the Company regularly monitors proposed new laws, provides input towards their development, and gives feedback on any related issues through relevant agencies to the regulating bodies. This helps to ensure that the public sector understands and takes into consideration the perspectives of businesses.

In addition, the Company has assigned the Sustainability and Corporate Governance Committee the responsibility of enacting the Corporate Governance policy, Sustainable Development Policy and Goals, the Code of Business Ethics, as well as the Company's operating principles. The Committee is also responsible for reviewing and updating the Company's Corporate Governance policy to ensure that it remains relevant and aligns with legally enforceable corporate governance principles, in accordance with internationally-accepted guidelines.

The Company also has appointed a Corporate Governance Subcommittee, a Sustainable Development Committee, a Risk Management Committee and a Compliance Unit Office to oversee legal compliance and enable the Company to operate with transparency, in accordance with good governance principles with its stakeholders, and ensure that it can adapt to regulatory changes related to its business operations and contain their impact at an acceptable level as per organizational risk management. The Company also set up Call Center who provides advice and assistance 24-hour regarding the Company's activities at timely manner.

6. Emerging Risks

6.1 Digital Transformation Risk

Changes to business models and internal work processes that have occurred as a result of rapid digitization have led to increasing competition and changes in the demands and behaviors of consumers. This poses a risk to business operations, for example due to the integration of digital technology into logistics, marketing, and e-commerce. Over the long-term, such changes could potentially impact upon the Company's business model and traditional sales channels, particularly 7-Eleven, which risks losing its competitiveness. However, this could also be viewed as an opportunity to create new businesses to generate additional value for the organization.

The Company's Risk Management

The Company conducts annual reviews of its corporate strategy to ensure that it continues to support business growth, as well as develops strategies and businesses plans on digital technology to better support the business going forward. The Company has launched more sales channels, particularly through the “Omni-Channel” approach, to allow customers to more easily and efficiently purchase goods and products through a variety of channels, online and offline. The Company has also developed and accepted more types of payment systems, such as Ali Pay Wallet, True Money Wallet, and launched new services, such as a Bank Agent service. Likewise, the Company has launched sales promotion activities on applications and via digital marketing channels to better support a more “Cashless Society” and the future needs of a digital society. This was achieved by leveraging the strengths of Group subsidiaries, Counter Service Co., Ltd and Thai Smart Card Co., Ltd, to create growth opportunities for various business owners and to engage with customers. The Company also communicates news and receives feedback from customers through the “7-Eleven Thailand” Facebook page, the LINE application, YouTube, and Instagram. Finally, the Company has implemented an order service for customers to order products that are not sold at 7-Eleven stores, or to place an advance order for a product, which can be picked up from any 7-Eleven stores across its country-wide network 24 hours a day, 7 days a week. These measures allow the Company to better craft new experiences for customers, as well as create an ecosystem that offers improved services, increases value, and leaves a lasting impression in customers’ daily lives.

6.2 Our Digital Presence Risk

Connectivity in the digital age means that, in the future, individuals’ lives will become more unavoidably intertwined. At the same time, there will also be an increase in the number of individuals with a digital presence, in line with changing social contexts. The “Global Digital 2019” Report has found that over 50% of the global population – from a total of 7,876 million people – use the “Internet – Social Media.” The same report found that in Thailand, 51% of the population spends more than 3 hours a day on social media, with an average of 10.5 social media accounts per internet user – falling in the Top 5 globally. Given this, the Company must consider its presence in the digital world. That could involve everything from internet searches to how individuals share their information and views; how the company conducts online searches and is searched for, and even how it can foster and maintain the same type of relations online at the global level. If the Company is not able to manage its online presence appropriately, there is the risk that it could lose its reputation and competitiveness. Nevertheless, this could also serve as an opportunity for the Company to develop new businesses to create value for the organization.

The Company's Risk Management

The Company carries out regular yearly reviews of its corporate strategy, and has integrated the important issues of digital transformation and disruptive technology innovations into its short-term and long-term business strategy development.

The Company has also applied different technologies to better and more deeply understand customer behavior, using various channels and methods, both direct and indirect. For example, the Company conducts the “Voice of Customer” survey using various platforms, particularly the internet and social media, and carries out observations of customer behavior – all of which are used as input for data analytics. Data analytics allows customer analyses to happen much faster and more accurately, and therefore better supports the Company in designing and adapting its business for a digital society.

Furthermore, the Company has deployed Customer Relations Management (CRM) strategies to communicate with and more closely and efficiently engage with customers. It has added communications channels, increased marketing activities via digital channels, and carried out sales promotion campaigns through mobile applications. Finally, the Company has added social media channels to communicate news and receive customer feedback, which is a highly popular choice amongst customers. Examples include the “7-Eleven Thailand” Facebook page, LINE application, YouTube, and Instagram.

6.3 Risk from Cyber Threat

Given recent changes in business operation that rely more on digital technology, the Company has offered various services on the internet network and web application which allow employees to work from anywhere using remote access. This results in an increase from cyber threat such as data theft, research and development data, trade secrets, and customer and employee personal data that could result in large amounts of financial impact and adverse effects on the company’s brand and reputation.

The Company’s Risk Management

The Company has regularly reviewed an annual corporate strategic plan in collaboration with the international information experts in order to support business growth and specify a proper strategy and business plan in digital technology.

The Company has appointed Chief Security Officer, who is responsible for IT security of CP All Group. Gosoft (Thailand) Co., Ltd, a subsidiary, was set up and implemented ISO 27001 international standards that requires Information Technology Security Management and Internet Security Strategy to ensure business continuity and risk management under a controllable level as well as an strategy review at least once a year. In addition, it is required that Cyber Security Awareness is created among employee via internal communication channel and tested their understanding using Cyber Simulation Program to make sure that employee comprehend and are protected from cyber threat.

6.4 Data Privacy Risk

In the digital world, data is much like a new type of oil. Once refined, distilled, and analyzed, it can be used by businesses to deliver benefits and create value. Because of this, businesses have started collecting all types of data that could be useful in the future. At times, however, this could potentially infringe upon the privacy of customers. Expert reports have found that 40% of Thai organizations that have encountered data breach incidents suffered losses of between Baht 31-74 million. Apart from the costs associated with investigating the causes of those breaches, companies must still manage the incident, warn customers, and mitigate the impacts on customer privacy. Importantly, they must confront admissions of wrongdoing in accordance with the Personal Data Protection Act B.E. 2562, as well as the risk of invaluable damage to their reputation.

The Company’s Risk Management

The Company has partnered with personal data management experts for its annual strategy reviews, who will provide support in the development of strategies that support business growth, as well as in defining more appropriate strategies and business plans for digital technology.

The Company has also appointed a Chief Data Privacy Officer (DPO) and a Working Team to oversee work processes, enact policies, management measures, and communicate and generate awareness on data management among management and employees. The Working Team is additionally responsible for developing work plans that align with international principles, in order to reduce these risks to within acceptable levels before the aforementioned law comes into force.

7. Financial Risk

As at 31 December 2019, the Company and its subsidiaries had interest bearing debt amounting to Thai Baht 145,704 million, in which was debenture with fixed interest rate amounting to Thai Baht 132,884 million or 91 percent of the total amount of interest bearing debt. Net debt to equity of the Company continuously declined to 1.1 times in 2019, whereas net debt to equity as determined in the bond covenants was at 0.94 times, lower than the level stipulated in the covenant for year 2019.

The Company's foreign exchange risk from normal business operations i.e. the purchase and sale of goods in foreign currencies which are relatively low. The Company primarily utilizes forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. As at 31 December 2019, as per the consolidated financial statements, the Company's loans denominated in foreign currencies was Baht 2,057 million.

The Company's Risk Management

Risk management is integral to the whole business. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

At present, the Company's transaction associated with foreign exchange is relatively low, then, such risk shall not impact to the Company's business operation significantly (see notes 29 Financial instruments).

Furthermore, the Company's had fixed interest rate Thai Baht debentures amount of Baht 132,884 million, which the Company plans to continuously reduce leverage ratio by using internal cash flow from operation to repay loans; thus, such ratio tends to be lower. In addition, debt covenants of CPALL bonds are stipulated as follows:

- as at December 31, 2015, net debt to equity not more than 5 : 1
- as at December 31, 2016, net debt to equity not more than 3.5 : 1
- as at December 31, 2017, net debt to equity not more than 2.5 : 1
- as at December 31, 2018 and onwards, net debt to equity not more than 2 : 1

In addition, the Company also has issued perpetual debentures of Baht 20,000 million in order to cushion net debt to equity ratios.

8. Risk from the record of goodwill and intangible assets

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note to the financial statements. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives i.e. computer program, customer database, and others, at which 2-15 years useful lives. Other intangible assets recognize at cost, net of accumulated amortization and accumulated impairment losses. Amortization is calculated using the cost less the residual value associate with its remaining useful lives. On the other hand, other intangible assets that are acquired by the Group and have indefinite useful lives i.e. intellectual property, business license, etc. are appraised at cost less accumulated impairment losses.

The Company's Risk Management

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

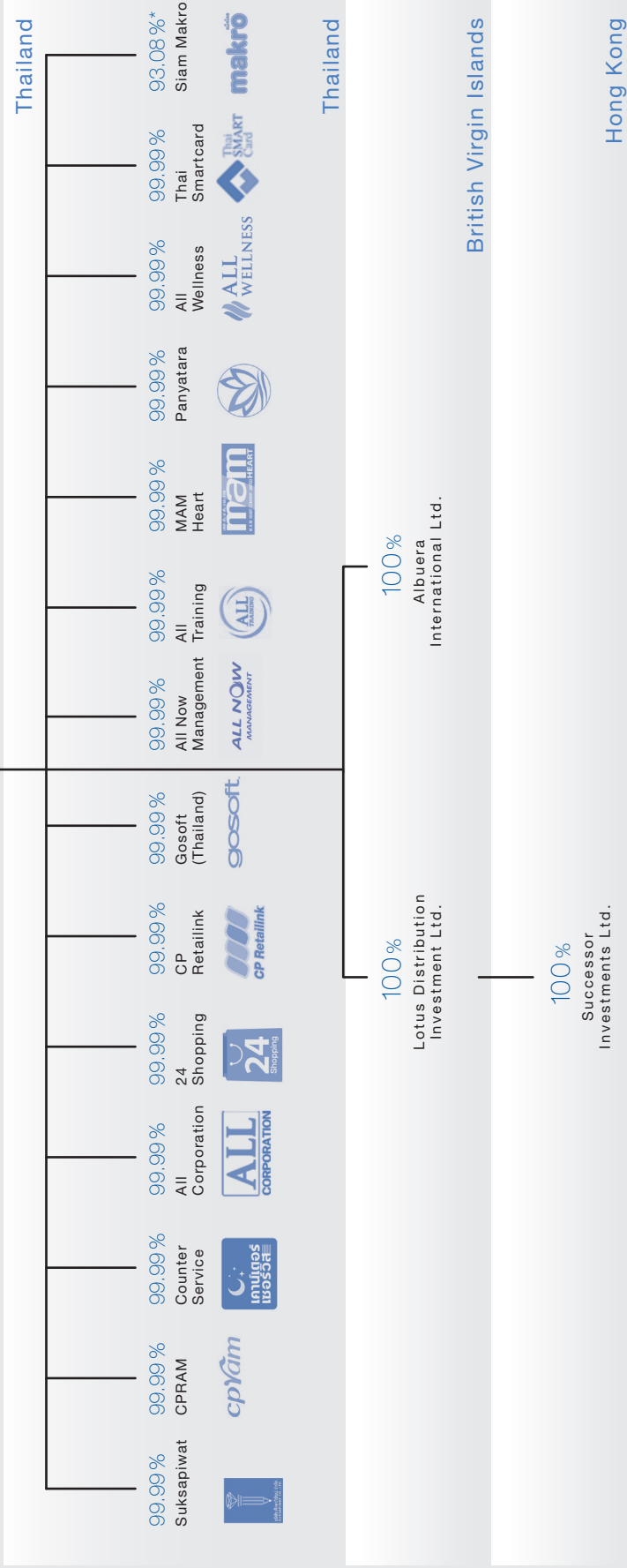
An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in profit or loss.

06

General Information
and Other
Information

General Information and Other Information

As at 31 December 2019



* Direct and indirect ownership interests holding of Makro

General Information and Other Information

General Information

1 General Information of CP All Public Company Limited

CP All Public Company Limited (“the Company”) is operating convenience stores under the “7-Eleven” trademark. The symbol of the Company’s stock trading in the Stock Exchange of Thailand is “CPALL”. The Company has registered as a Public Limited Company since March 12, 1999 and its registration number is 0107542000011.

As at December 31, 2019, the Company has registered capital at Baht 8,986,296,048 of which 8,986,296,048 ordinary shares with a par value of Baht 1 per share. The paid-up capital is to Baht 8,983,101,348

Company Head Office

313 C.P. Tower, Floor 24, Silom Road, Bangrak District, Bangkok, Thailand 10500

Telephone 02-071-9000, Fax 02-238-1767, www.cpall.co.th

2 Information of Subsidiaries that held by the Company more than 10% of total issued shares

Direct Subsidiaries

Company	Type of business	Head office	Shareholding (Percent)	Paid up capital
Thai Smart Card Co., Ltd	Providing EDC equipment service, payment of products and services through smart card	191 Silom Complex 27th Floor Suite 2, Silom Road, Silom, Bangrak, Bangkok www.thaismartcard.co.th	99.99	Baht 1,600 million
Suksapiwat Co., Ltd	Educational institution	20/29 Moo 2 Ngarmwongwan Road, Bangkhen, MeungNonthaburi, Nonthaburi	99.99	Baht 810 million
CPRAM Co., Ltd	Manufacturing and sale of convenience foods and bakery	177 Moo 4 Pathum Thane Lat-LumKaeo Road, Raheang, Lat-Lumkaew, Pathum Thane www.cpram.co.th	99.99	Baht 600 million
Counter Service Co., Ltd	Bill payment collection and life insurance and non-life insurance broker	119 Tara Sathorn Tower 4-6th Floor, Soi Sathorn 5, South Sathorn Road Thungmahamek, Sathorn, Bangkok 10120, Thailand www.counterservice.co.th	99.99	Baht 100 million
All Corporation Co., Ltd	Investment business	119 Tara Sathorn Tower South Sathorn Road, Thungmahamek, Sathorn, Bangkok	99.99	Baht 50 million
24 Shopping Co.,Ltd.	Catalog and e-Commerce Business	119 Tara Sathorn Building, 9-10th Floor, South Sathorn Road, Thungmahamek, Sathorn, Bangkok http://24shopping.co.th	99.99	Baht 30 million

Company	Type of business	Head office	Shareholding (Percent)	Paid up capital
CP Retailink Co., Ltd	Sale and maintenance of retail equipment	159/30 Moo 3, Vibhavadee-Rangsit Road, Tarad-BangKhen, Laksi, Bangkok www.cpretailink.co.th	99.99	Baht 20 million
Gosoft (Thailand) Co., Ltd	Information technology services	313 C.P. Tower 24th Floor, Silom Road, Silom, Bangruk, Bangkok www.gosoft.co.th	99.99	Baht 20 million
OHT Co., Ltd	Investment business	119 Tara Sathorn Tower Sathorn Road, Thungmahamek, Sathorn, Bangkok	99.99	Baht 12.5 million
All Now Management Co., Ltd. (Changed from Dynamic Management Co., Ltd)	Logistics services and distribution of merchandise services	119 Tara Sathorn Tower 8th Floor, South Sathorn Road, Thungmahamek, Sathorn, Bangkok	99.99	Baht 2 million
All Training Co., Ltd	In-house training & seminar services	58/5 Moo 2 Changwattana Road, Bang Talad, Prakret, Nonthaburi	99.99	Baht 1 million
ALL Wellness Co., Ltd	To provide health and wellness services with innovations and digital technology, as well as giving healthcare consults by medical professionals.	119 Tara Sathorn Tower, 11th Floor, South Sathorn Road, Tungmahamek, Sathorn, Bangkok	99.99	Baht 1 million
MAM Heart Co., Ltd	Marketing and Advertising services	313 C.P. Tower, 26th Floor, Silom Road, Silom, Bangruk, Bangkok	99.99	Baht 1 million
Panyatara Co., Ltd	Training services	58/5 Moo 2 Changwattana Road, Bang Talad, Prakret, Nonthaburi www.panyatara.co.th	99.99	Baht 1 million
Lotus Distribution Investment Limited	Investment business	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands	100.00	USD 280.2 million
Albuera International Limited	Investment business	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands	100.00	USD 1

Direct and Indirect Subsidiaries

Company	Type of business	Head office	Shareholding (Percent)	Paid up capital
Siam Makro Holding (Thailand) Ltd (Hold through the Company and OHT Co., Ltd)	Investment business	119 Tara Sathorn Tower South Sathorn Road, Thungmahamek, Sathorn, Bangkok	99.99	Baht 1,066 million
Siam Makro Public Company Limited (Hold through the Company and OHT Co., Ltd)	Operating a cash and carry wholesale business in order to sell food and non-food products for all customers nationwide. Key Makro customers are small to medium sized professional operators i.e. small retailers, HoReCa, institutes, and services operators	1468 Phatthanakan Road, Suan Luang, Suan Luang, Bangkok www.siammakro.co.th	93.08	Baht 2,400 million

Indirect Subsidiaries

Company	Type of business	Head office	Shareholding (Percent)	Paid up capital
Panyapiwat Institute of Management (Hold through Suksapiwat Co., Ltd)	Educational institution	85/1 Moo 2 Changwattana Road, Bang Talad, Prakret, Nonthaburi www.pim.ac.th	99.99	Baht 500 million
Panyapiwat Technological College (Hold through Suksapiwat Co., Ltd)	Educational institution	20/29 Moo 2 Ngarmwongwan Road, Bangkhen, Meung Nonthaburi, Nonthaburi www.panyapiwat.ac.th	99.99	Baht 273 million
Panyapiwat Institute of Management Demonstration School (Hold through Suksapiwat Co., Ltd)	Educational institution	45/23 Moo 2 Bang Talat, Pak kret, Nonthaburi	99.99	Baht 100 million
CP Foodlab Co.,Ltd (Hold through All Corporation Co., Ltd)	Research and development	141 Moo 9, 6th floor Innovation Cluster 2, Tower D, Thailand Science Park, PhahonYothin Road Klong 1, KhlongLuang, PathumThani	99.99	Baht 10 million
All Now Logistics Co., Ltd. (Hold through All Corporation Co., Ltd)	Distribution of merchandise services	119 Tara Sathorn Tower 8th Floor, South Sathorn Road, Thungmahamek, Sathorn, Bangkok	99.99	Baht 1 million
Successor Investments Limited (Hold through Lotus Distribution Investment Limited)	Investment business	21/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong	100.00	HKD 1
Successor (China) Investments Limited (Hold through Lotus Distribution Investment Limited)	Investment business	Movie & TV City, Shiqiu Town, Lishui County, Nanjing City, The People's Republic of China	100.00	USD 268 million

Company	Type of business	Head office	Shareholding (Percent)	Paid up capital
Nanjing Tianqu Investment Management Co., Ltd. (Hold through Lotus Distribution Investment Limited)	Investment Business	Movie & TV City, Shiqiu Town, Lishui County, Nanjing City, The People's Republic of China	100.00	RMB 1,412 million
Nanjing Tech University Pujiang Institute (Hold through Lotus Distribution Investment Limited)	Private Educational institution	No. 96 Tangfeng Road, Shangfeng Town, Jiangning District, Nanjing City, The People's Republic of China http://en.njppi.cn	100.00	RMB 400 million
Nanjing Tech University Pujiang Institute Educational Development Fund (Hold through Lotus Distribution Investment Limited)	Education Development Fund	Room 711 no. 199, Guangzhou Road, Nanjing City, The People's Republic of China	100.00	RMB 50 million
Nanjing Zheng Yi Xin Trading Co., Ltd. (Hold through Lotus Distribution Investment Limited)	Commercial Trading	44 ShuiZuo Gang, Gulou District, Nanjing City, The People's Republic of China	100.00	USD 10 million
Makro ROH Co., Ltd. (Hold through Siam Makro Public Company Limited)	Investment business in other countries as well as providing management and technical consultancy to support services to MAKRO's subsidiaries	1468 Phatthanakan Road, Suan Luang, Suan Luang, Bangkok 10250	93.07	Baht 3,757million
Siam Food Services Limited (Hold through Siam Makro Public Company Limited)	Import and distribution of temperature controlled, frozen, high quality food products from Thailand and overseas with delivery service i.e. meat, seafood, poultry, potato, pastry and cooking	2439 Old Paknam Railway Road Prakhonong, Klongtoey, Bangkok www.siamfoodservices.com	93.07	Baht 3,183 million
Pro Mart Co.,Ltd. (Hold through Siam Makro Public Company Limited)	Sale of consumer products	1468 Phatthanakan Road, Suan Luang, Suan Luang, Bangkok 10250	93.07	Baht 2.5 million
Indoguna Vina Food Service Company Limited (Hold through Siam Makro Public Company Limited)	Import and distribution of temperature controlled, frozen, high quality food products from Thailand and overseas with delivery service i.e. meat, seafood, poultry, potato, dairy, pastry and ethnic food products, to meet the demand of food service professionals in Vietnam i.e. hotels, restaurants (both full service and quick service), caterers	44B PhanXich Long Street, Ward 3, PhuNhuan District, Ho Chi Minh City, Vietnam www.indogunavina.com	93.08	USD 5 million
ARO Commercial Company Limited (Hold through Siam Makro Public Company Limited)	Retail and wholesale operator and related businesses in Myanmar	Suit 01-05, 7/F, Myanmar Centre Tower 1, 192 Kaba Aye Pagoda Road, Bahan Township, Yangon, Myanmar	93.07	USD 18.8 million

Company	Type of business	Head office	Shareholding (Percent)	Paid up capital
ARO Company Limited (Hold through Siam Makro Public Company Limited)	Marketing and consulting services in Myanmar	Corner of Bogyoke Aung San Road and 27th Street, Unit# 15-06 to #15-10, Level 15, Junction City Tower, Pabedan Township, Yangon, Myanmar	93.07	USD 0.183 million
CP Wholesale India Private Limited (Hold through Siam Makro Public Company Limited)	Wholesale and retail operator and related businesses in India	6th Floor, M3M Cosmopolitan, Sector 66, Off Golf Course Extension Road, Gurugram -122002, Haryana, India corporate.lotswholesale.com	93.06	INR 542.86 million (exclude premium on ordinary share)
Makro (Guangzhou) Food Company Limited (Hold through Siam Makro Public Company Limited)	Wholesale and retail operator and related businesses in the People's Republic of China	10th Floor (Part: 1001), 11th Floor, No. 65, Xianlie Middle Road, Yuexiu District, Guangzhou, The People's Republic of China	93.06	RMB 75 million
Guangzhou Huadu Makro Food Supermarket Company Limited (Hold through Siam Makro Public Company Limited)	Wholesale and retail operator and related businesses in the People's Republic of China	No.163 Yingbin Avenue, Gaosheng Square, 1st Floor and 2nd Floor, Huadu District, Guangzhou, The People's Republic of China	93.06	RMB 15 million
Indoguna (Singapore) Pte Ltd (Hold through Siam Makro Public Company Limited)	Produce sausages, bacon, ham, salami, cut meats and processed meats. Under the brand Carne Meats. Import and distribution of fresh, temperature controlled, frozen, high quality food products with delivery service i.e. meat, seafood, bakery products as well as seasonal and culinary delicacies prepared from both local and international, to meet the demand of food service professionals i.e. hotels, restaurants, airlines, caterers, institutions, manufacturers, and food traders	36 Senoko Drive, Senoko Industrial Estate, Singapore 758221 www.indoguna.com	74.46	SGD 1.6million
MAXZI THE GOOD FOOD RESTAURANT & CAFE L.L.C. (Hold through Siam Makro Public Company Limited)	Restaurant and Minimart in the United Arab Emirates	Al Shafar Investment Building, Shop No 20, P.O. Box 126113 Al Quoz 1, Dubai, United Arab Emirates https://maxzi.ae/	74.46	AED 4 million
Just Meat Company Limited (Hold through Siam Makro Public Company Limited)	Import and distribution of fresh, high quality food products of meats and Poultry in HongKong	Unit A 5/F & Unit B 7/F, Sing Mei Industrial Building, 29-37 Kwai Wing Road, Kwai Chung, Hong Kong	74.46	HKD 1 million
Makro (Cambodia) Company Limited (Hold through Siam Makro Public Company Limited)	Wholesale and retail operator and related businesses in Cambodia	No. 5734, Street 1003, Bayab Village, Sangkat Phnom Penh Thmey, Khan Sen Sok, Phnom Penh, Cambodia www.makrocambodia.com	65.15	USD 47.20 million

Company	Type of business	Head office	Shareholding (Percent)	Paid up capital
Indoguna Dubai L.L.C. (Hold through Siam Makro Public Company Limited)	Import and distribution of fresh, temperature controlled, frozen, high quality food products with delivery service i.e. meat, seafood, bakery products, fried egg soup as well as seasonal and culinary delicacies prepared from both local and international, to meet the demand of food service professionals i.e. hotels, restaurants, airlines, caterers, institutions, manufacturers, and food traders	Al Waha Street, Exit 46, Al Quoz 1, P.O. Box 123125, Dubai, United Arab Emirates	74.46	AED 0.3 million
Indoguna (Cambodia) Company Limited (Hold through Siam Makro Public Company Limited)	Food services business and related businesses in Cambodia	Office No.28 Address No. 28, Sangkat Olympic, Khan Chmkarmon, Phnom Penh, Cambodia	65.15	USD 2 million
Indoguna Lordly Company Limited (Hold through Siam Makro Public Company Limited)	Import and distribution of fresh, temperature controlled, frozen, high quality food products with delivery service i.e. meat, seafood, bakery products, fried egg soup as well as seasonal and culinary delicacies prepared from both local and international, to meet the demand of food service professionals i.e. hotels, restaurants, airlines, caterers, institutions, manufacturers, and food traders	Unit A 5/F & Unit B 7/F, Sing Mei Industrial Building, 29-37 Kwai Wing Road, Kwai Chung, Hong Kong www.lordly.com.hk	74.46	HKD 0.01 million

Other

Company	Type of business	Head office	Shareholding (Percent)	Paid up capital
True GS Co., Ltd.	Online channel business	18 True Tower Ratchadapisek Road, HuayKwang, Bangkok	10.00	Baht 340 million

3 Other references

Registrar	<p>Thailand Securities Depository Co., Ltd. The Stock Exchange of Thailand Building 93, Rachadapisek Road, Dindaeng, Bangkok 10400 Telephone : 02-009-9999 (Call Center) Website : www.set.or.th/tsd</p>
Auditor	<p>Ms. Munchupa Singsuksawat Certified Public Accountant Registration No. 6112 KPMG Poomchai Audit Ltd. 1, Empire Tower, 50th-51th Floor Sathorn Road, Sathorn district, Bangkok Telephone : 02-677-2060</p>
The registrar and Bondholder Representative	<p><u>Debenture No.1/2013</u> The registrar - Krungthai Bank Public Company Limited 977/3, SM Tower 4th Floor, Paholyothin Road, Sam Sen Nai, Payathai, Bangkok 10400 Telephone: 02-298-0830 Ext. 129 Bondholder Representative - Siam Commercial Bank Public Company Limited, Building 2, 3rd Floor, No. 1060 New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400 Telephone: 02-256-2316</p> <p><u>Debenture No.1/2014, Debenture No. 2/2014, Debenture No.3/2014, Debenture No.3/2017, and Subordinated Perpetual Debenture No.1/2016, No.1/2017</u> The registrar and bondholder representative - Krungthai Bank Public Company Limited 977/3 SM Tower 4th Floor Paholyothin Road, Sam Sen Nai, Payathai, Bangkok 10400 Telephone: 02-298-0830 Ext. 129</p> <p><u>Debenture No.1/2015, Debenture No.2/2015, Debenture No.1/2016, Debenture No.2/2016, Debenture No.1/2017 and Debenture No.2/2017</u> The registrar - Krungthai Bank Public Company Limited 977/3 SM Tower 4th Floor, Paholyothin Road, Sam Sen Nai, Payathai, Bangkok 10400 Telephone: 02-298-0830 Ext. 129</p>

Other Information

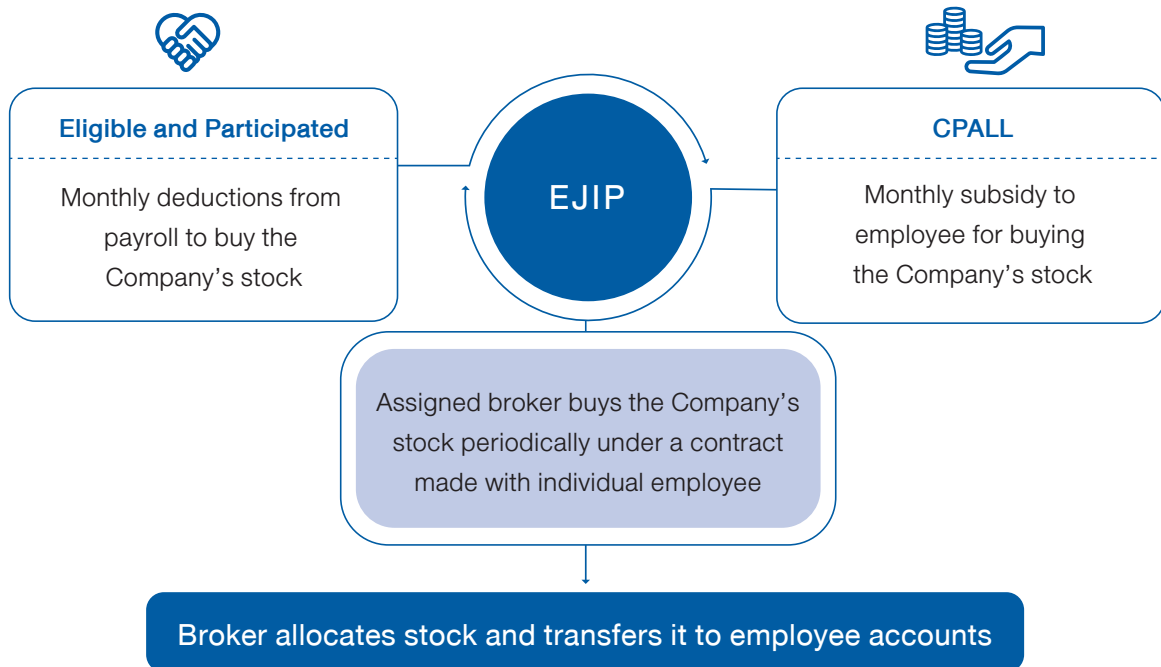
Summary of the Employee Joint Investment Program (EJIP) No. 3

CP All Public Company Limited and its subsidiaries have a policy for creating a sense of ownership, loyalty and the attempt of employees to grow along with the Company. Thus it has launched Employee Joint Investment Program (EJIP) No.3 with the following criteria.

1 Nature of EJIP

It is an investment program for the voluntarily employees of the listed companies in the Stock Exchange of Thailand upon accumulative buying of their Company's shares on a period basis (i.e. monthly or quarterly) using the dollar cost average method.

2 EJIP Arrangement



Type of Stock	Ordinary shares of CPALL trading in the Stock Exchange of Thailand
Frequency of Investment	Specified date on a monthly basis
Investment Amount (per Employee)	Employee - 5% or 7% of salary (on a voluntarily basis)
	Company - 80% of the deductible amount from the employee in each month
Duration	1 July 2017 – 30 June 2022 (Total 5 years)
Method of Payment	Buying – employee’s deduction from monthly salary and the Company’s contribution
	Selling – broker transfers money from stock sale to employee’s bank account
Stock Purchase	Automatic purchase by certain broker as stated in the contract
Stock Delivery	Delivered to individual employee account opened with the broker
Benefits to Employee	Dividend Gain
	Capital Gain
	Other rights such as rights issue, warrant, shareholders’ meeting
Selling Stock	Employee has the right to sell stock during the specified period in the contract.
Tax	Employee must pay personal income tax on the contribution amount received from the Company.
	The Company can claim tax deductible on the contribution amount.

*The Board of Directors has delegated the Executive Committee the authority to amend, change or add program guidelines where appropriate, including early termination of the program.

3 Eligible Employee Under EJIP

Managers with the level of assistant department manager or equivalent and above with the working period till the initial contribution date of not less than 3 years, excluding directors and advisors of the Company.

07

Dividend Policy

Dividend Policy

The Company's Dividend Policy

In the consideration of dividend payment, the Company will consider operating performance and shareholder returns in the long-run. Payment of dividends will be according to the Company's regulations No. 36 and No. 37. The dividend payment will be distributed according to the number of shares, each share equally. The dividend payment must be approved by the Shareholders' Meeting. The Board may pay interim dividends to shareholders occasionally, if they find that the Company has sufficient profits to do so, and reports to the subsequent Shareholders' Meeting.

The Company's Board of Directors has a policy to propose a dividend payment to shareholders at approximately 50 percent of net profit generated from operations after income tax deduction and statutory reserves from the separate financial statement by contemplating consolidated financial statement.

However, the policy will be subject to change should the Board of Directors consider the financial standing, economics situation, operating performance, ability to pay financing charges and principal repayment and comply with debt covenants and future projects and find that it is appropriate to propose the shareholders otherwise.

In addition, the Company is obliged to comply with terms and conditions of various types of debentures. In case the Company is in default of interest payments or any payment related to debentures or postponement of interest payments on debenture (as the case may be), the Company will not pay dividends to shareholders.

Subsidiaries' Dividend Policy

The Board of Directors of subsidiaries has policies to distribute dividends in accordance with the operating performance of the relevant companies without determining a certain rate of dividend payment. The distribution of dividends will be based on financial position, and future investment plans of each subsidiary.

Dividend Distribution

Dividend payment	2014	2015	2016	2017	2018
1. Earnings per share – Company only (Baht/share)	*0.97	1.27	*1.57	*1.77	*2.11
2. Annual Dividend (Baht/share)	0.80	0.90	1.00	1.10	1.20
3. Dividend payout – Company only	83%	71%	64%	59%	54%

Note: 1. In 2014, there was an adjustment in other comprehensive income

2. In 2016 - 2019, EPS less cumulative interest payment on subordinated perpetual debentures

08

Securities Details
and Shareholding
Structure

Securities Details and Shareholding Structure

Securities of the Company

As at December 31, 2019, the Company registered capital with Ministry of Commerce was Baht 8,986,296,048, of which Baht 8,983,101,348 had been paid up. The paid up capital comprises of 8,983,101,348 ordinary shares with a par value of Baht 1 per share, entitling of 1 share with 1 vote.

Name list of Shareholders

Major Shareholders	As at 31 December, 2019	
	No. of shares	Percent
1. CP Group*		
1.1 C.P. Merchandising Co., Ltd.	2,791,624,700	31.08
1.2 Bangkok Produce Merchandising Plc.	100,000,000	1.11
1.3 C.P. Foods International Limited	83,000,000	0.92
1.4 UBS AG London Branch - C.P. Foods Holding	67,919,556	0.76
1.5 UBS AG Hong Kong Branch - Orient Success International	60,470,000	0.67
1.6 Charoen Pokphand Group Co., Ltd	51,000,000	0.57
1.7 Jumbo Kingdom Limited	22,316,200	0.25
1.8 Worth Access Trading Limited	19,874,000	0.22
1.9 Creative Light Investments Limited	15,860,000	0.18
2. Thai NVDR Co., Ltd.	898,264,138	10.00
3. South East Asia UK (Type C) Nominees Limited	656,123,340	7.30
4. State Street Europe Limited	329,829,925	3.67
5. UNS Agro Chemical Co., Ltd.	180,000,000	2.00
6. GIC Private Limited	150,480,500	1.68
7. Social Security Office	140,218,700	1.56
8. BNY Mellon Nominees Limited	130,153,299	1.45
9. South East Asia UK (Type A) Nominees Limited	114,862,733	1.28
10. SE Asia (Type B) Nominees LLC	106,580,125	1.19
11. Mr. Prinya Tieworn	100,000,000	1.11
12. AIA Company Limited – EQDI-D Fund 1	70,043,800	0.78
13. Nortrust Nominees Ltd-CL AC	68,451,226	0.76
14. Others	2,826,029,106	31.46
	8,983,101,348	100.00

* Charoen Pokphand Group (CPG) holding a combined shareholding of 35.76 percent of the total paid-up capital

Other Securities

The Extraordinary General Shareholders' Meeting No.2/2013 on September 19, 2013 and Annual General Meeting of Shareholders No.1/2014 dated April 24, 2014 and Annual General Meeting of Shareholders No.1/2016 dated April 21, 2016 approved the offering and issuance of the debentures up to Baht 195,000 million in order to repay loans and/or to be used as working capital.

As at December 31, 2019, the Company offered and issued debentures of 13 times in the total of 31 tranches, which total up to amount of Baht 152,883.60 million as details below:

1 Debentures No. 1/2013 Unsubordinated and secured debentures in registered name form with debentureholder representative

Offering	Public Offering, High net worth, and Institutional investors
Outstanding debenture value	Baht 25,911.80 million
Issue Date	October 31, 2013
Interest Payment Date	Twice a year on each April 30 and October 31 that the debentures are outstanding; the first interest payment date on April 30, 2014
Issue Rating	"A (tha)" by Fitch Ratings (Thailand) Limited

Series	Debenture Value (Baht)	Interest Rate	Maturity Date
7 years	10,789,800,000	5.10%	31 October 2020
10 years	15,122,000,000	5.35%	31 October 2023

2 Debentures No. 1/2014 Unsubordinated and secured debentures in registered name form with debentureholder representative

Offering	Public Offering, High net worth, and Institutional investors
Outstanding debenture value	Baht 25,197.80 million
Issue Date	March 27, 2014
Interest Payment Date	Twice a year on each September 27 and March 27 that the debentures are outstanding; the first interest payment date on September 27, 2014
Issue Rating	"A (tha)" by Fitch Ratings (Thailand) Limited

Series	Debenture Value (Baht)	Interest Rate	Maturity Date
7 years	9,884,100,000	4.85%	27 March 2021
10 years	15,313,700,000	5.14%	27 March 2024

3 Debentures No. 2/2014 Unsubordinated and secured debentures in registered name form with debentureholder representative

Offering	High net worth and/or Institutional investors
Outstanding debenture value	Baht 13,675 million
Issue Date	August 22, 2014
Interest Payment Date	Twice a year on each February 22 and August 22 that the debentures are outstanding; the first interest payment date on February 22, 2015
Issue Rating	“A (tha)” by Fitch Ratings (Thailand) Limited

Series	Debenture Value (Baht)	Interest Rate	Maturity Date
7 years	3,236,000,000	4.75%	22 August 2021
10 years	10,439,000,000	5.05%	22 August 2024

4 Debentures No. 3/2014 Unsubordinated and secured debentures in registered name form with debentureholder representative

Offering	High net worth, and/or Institutional investors
Outstanding debenture value	Baht 4,000 million
Issue Date	December 26, 2014
Interest Payment Date	Twice a year on each June 26 and December 26 that the debentures are outstanding; the first interest payment date on June 26, 2015
Issue Rating	“A (tha)” by Fitch Ratings (Thailand) Limited

Series	Debenture Value (Baht)	Interest Rate	Maturity Date
12 years	4,000,000,000	4.80%	26 December 2026*

*The issuer's right to early redemption from December 26, 2021

5 Debentures No. 2/2015 Subordinated and unsecured debentures in registered name form

Offering	High net worth and/or Institutional investors
Outstanding debenture value	Baht 10,500 million
Issue Date	June 30, 2015
Interest Payment Date	Twice a year on each December 30 and June 30 that the debentures are outstanding; the first interest payment date on December 30, 2015
Issue Rating	“A (tha)” by Fitch Ratings (Thailand) Limited

Series	Debenture Value (Baht)	Interest Rate	Maturity Date
5 years	1,500,000,000	3.65%	30 June 2020
7 years	3,000,000,000	4.10%	30 June 2022
10 years	6,000,000,000	4.45%	30 June 2025*

*The issuer's right to early redemption from June 30, 2022

6 Debentures No. 1/2016 Subordinated and unsecured debentures in registered name form

Offering	High net worth and/or Institutional investors
Outstanding debenture value	Baht 7,000 million
Issue Date	March 18, 2016
Interest Payment Date	Twice a year on each September 18 and March 18 that the debentures are outstanding; the first interest payment date on September 18, 2016
Issue Rating	"A (tha)" by Fitch Ratings (Thailand) Limited

Series	Debenture Value (Baht)	Interest Rate	Maturity Date
5 years	1,382,000,000	2.95%	18 March 2021
7 years	937,000,000	3.40%	18 March 2023
10 years	2,074,000,000	4.00%	18 March 2026*
12 years	2,607,000,000	4.15%	18 March 2028**

*The issuer's right to early redemption from March 18, 2021

**The issuer's right to early redemption from March 18, 2023

7 Debentures No. 2/2016 Subordinated and unsecured debentures in registered name form

Offering	High net worth and/or Institutional investors
Outstanding debenture value	Baht 6,099 million
Issue Date	August 26, 2016
Interest Payment Date	Twice a year on each February 26 and August 26 that the debentures are outstanding; the first interest payment date on February 26, 2017.
Issue Rating	"A (tha)" by Fitch Ratings (Thailand) Limited

Series	Debenture Value (Baht)	Interest Rate	Maturity Date
7 years	500,000,000	3.25%	26 August 2023
10 years	748,000,000	3.68%	26 August 2026
12 years	4,851,000,000	4.00%	26 August 2028

8 Subordinated perpetual debentures No. 1/2016 payable upon dissolution with the issuer's right to early redemption and unconditional interest deferral.

Offering	Public offering and/or Institutional investors
Outstanding debenture value	Baht 10,000 million
Issue Date	November 30, 2016
Interest Rate	<p>Year 1-5: Interest rate at 5.0 percent</p> <p>Year 6-10: Interest rate equal to the sum of (a) five-year government bond yields * (b) Initial Credit Spread 3.13 percent per year, (c) the rate of 0.5 percent per year.</p> <p>Year 11-50: Interest rate equal to the sum of (a) five-year government bond yields * (b) Initial Credit Spread 3.13 percent per year, (c) the rate of 1.0 percent per year.</p> <p>Year 51 onwards: Interest rate equal to the sum of (a) five-year government bond yields * (b) Initial Credit Spread 3.13 percent per year, (c) the rate of 2.0 percent per year.</p> <p><i>* Interest rate will be adjusted every five years based on the government's five-year bond yields at the end of day two days prior to the interest-rate adjustment date.</i></p>
Interest Payment Date	Twice a year on each May 30 and November 30 that the debentures are outstanding; the first interest payment date on June 30, 2017.
Redemption right	<p>Issuer has the right to redeem the debentures in the following cases:</p> <ol style="list-style-type: none"> 1. The Issuer's right to redeem the debentures on 5-year maturity date starting from the issue date, which is on November 30, 2021 (the first day to exercise redemption right) or on each interest payment date the first day to exercise redemption right 2. The issuer's right to redeem in case the Revenue Department or related departments changes the rule so that the issuer cannot treat interest paid to debenture holders as tax deductible expense for tax purposes 3. The issuer's right to redeem in case the credit rating changes the rating of the debenture so that the issuance of the debenture can be treated as part of Equity Credit less 4. The issuer's right to redeem in case of a change of accounting principle and methods the issuance of the debenture can be treated as part of Equity Credit less
Issue Rating	"BBB+ (tha)" by Fitch Ratings (Thailand) Limited

9 Debentures No. 1/2017 Subordinated and unsecured debentures in registered name form

Offering	Institutional investors; not over 10 investors
Outstanding debenture value	Baht 4,500 million
Issue Date	March 27, 2017
Interest Payment Date	Twice a year on each September 27 and March 27 that the debentures are outstanding; the first interest payment date on September 27, 2017.
Issue Rating	“A (tha)” by Fitch Ratings (Thailand) Limited

Series	Debenture Value (Baht)	Interest Rate	Maturity Date
12 years	4,500,000,000	4.70%	27 March 2029

10 Debentures No. 2/2017 Subordinated and unsecured debentures in registered name form

Offering	High net worth and/or Institutional investors
Outstanding debenture value	Baht 3,000 million
Issue Date	August 18, 2017
Interest Payment Date	Twice a year on each February 18 and August 18 that the debentures are outstanding; the first interest payment date on February 18, 2018.
Issue Rating	“A (tha)” by Fitch Ratings (Thailand) Limited

Series	Debenture Value (Baht)	Interest Rate	Maturity Date
10 years	3,000,000,000	3.96%	18 August 2027

11 Subordinated perpetual debentures No. 1/2017 payable upon dissolution with the issuer’s right to early redemption and unconditional interest deferral.

Offering	Public offering and/or Institutional investors
Outstanding debenture value	Baht 10,000 million
Issue Date	August 22, 2017
Interest Rate	Year 1-5: Interest rate at 5.0 percent
	Year 6-10: Interest rate equal to the sum of (a) five-year government bond yields * (b) Initial Credit Spread 3.07 percent per year, (c) the rate of 0.5 percent per year.
	Year 11-50: Interest rate equal to the sum of (a) five-year government bond yields * (b) Initial Credit Spread 3.07 percent per year, (c) the rate of 1.1 percent per year.

Year 51 onwards: Interest rate equal to the sum of (a) five-year government bond yields * (b) Initial Credit Spread 3.07 percent per year, (c) the rate of 2.1 percent per year.

** Interest rate will be adjusted every five years based on the government's five-year bond yields at the end of day two days prior to the interest-rate adjustment date.*

Interest Payment Date Twice a year on each February 22 and August 22 that the debentures are outstanding; the first interest payment date on February 22, 2018.

Redemption right Issuer has the right to redeem the debentures in the following cases:

1. The Issuer's right to redeem the debentures on 5-year maturity date starting from the issue date, which is on August 22, 2022 (the first day to exercise redemption right) or on each interest payment date the first day to exercise redemption right
2. The issuer's right to redeem in case the Revenue Department or related departments changes the rule so that the issuer cannot treat interest paid to debenture holders as tax deductible expense for tax purposes
3. The issuer's right to redeem in case the credit rating changes the rating of the debenture so that the issuance of the debenture can be treated as part of Equity Credit less
4. The issuer's right to redeem in case of a change of accounting principle and methods the issuance of the debenture can be treated as part of Equity Credit less

Issue Rating "BBB+ (tha)" by Fitch Ratings (Thailand) Limited

12 Debentures No. 3/2017 Unsubordinated and unsecured debentures in registered name form

12.1 Without debentureholder representative

Offering	Institutional investors and/or High net worth
Outstanding debenture value	Baht 9,000 million
Issue Date	November 17, 2017
Interest Payment Date	Twice a year on each May17 and November 17 that the debentures are outstanding; the first interest payment date on May 17, 2018
Issue Rating	"AA- (tha)" by Tris Ratings (Thailand) Limited

Series	Debenture Value (Baht)	Interest Rate	Maturity Date
10 years	9,000,000,000	3.50%	17 November 2027

12.2 With debentureholder representative

Offering	Public offering
Outstanding debenture value	Baht 9,000 million
Issue Date	November 30, 2017
Interest Payment Date	Twice a year on each May 30 and November 30 that the debentures are outstanding; the first interest payment date on May 30, 2018
Issue Rating	“AA- (tha)” by Tris Ratings (Thailand) Limited

Series	Debenture Value (Baht)	Interest Rate	Maturity Date
5 years	9,000,000,000	3.10%	30 November 2022

13 Debentures No. 1/2019 Subordinated and unsecured debentures in registered name form

Offering	High net worth and/or Institutional investors
Outstanding debenture value	Baht 15,000 million
Issue Date	January 18, 2019
Interest Payment Date	Twice a year on each July 18 and January 18 that the debentures are outstanding; the first interest payment date on July 18, 2019.
Issue Rating	“AA- (tha)” by Fitch Ratings (Thailand) Limited

Series	Debenture Value (Baht)	Interest Rate	Maturity Date
3 years	5,000,000,000	2.86%	18 January 2022
8 years	2,466,000,000	3.95%	18 January 2027
10 years	1,920,000,000	4.12%	18 January 2029
12 years	5,614,000,000	4.40%	18 January 2031

Remark

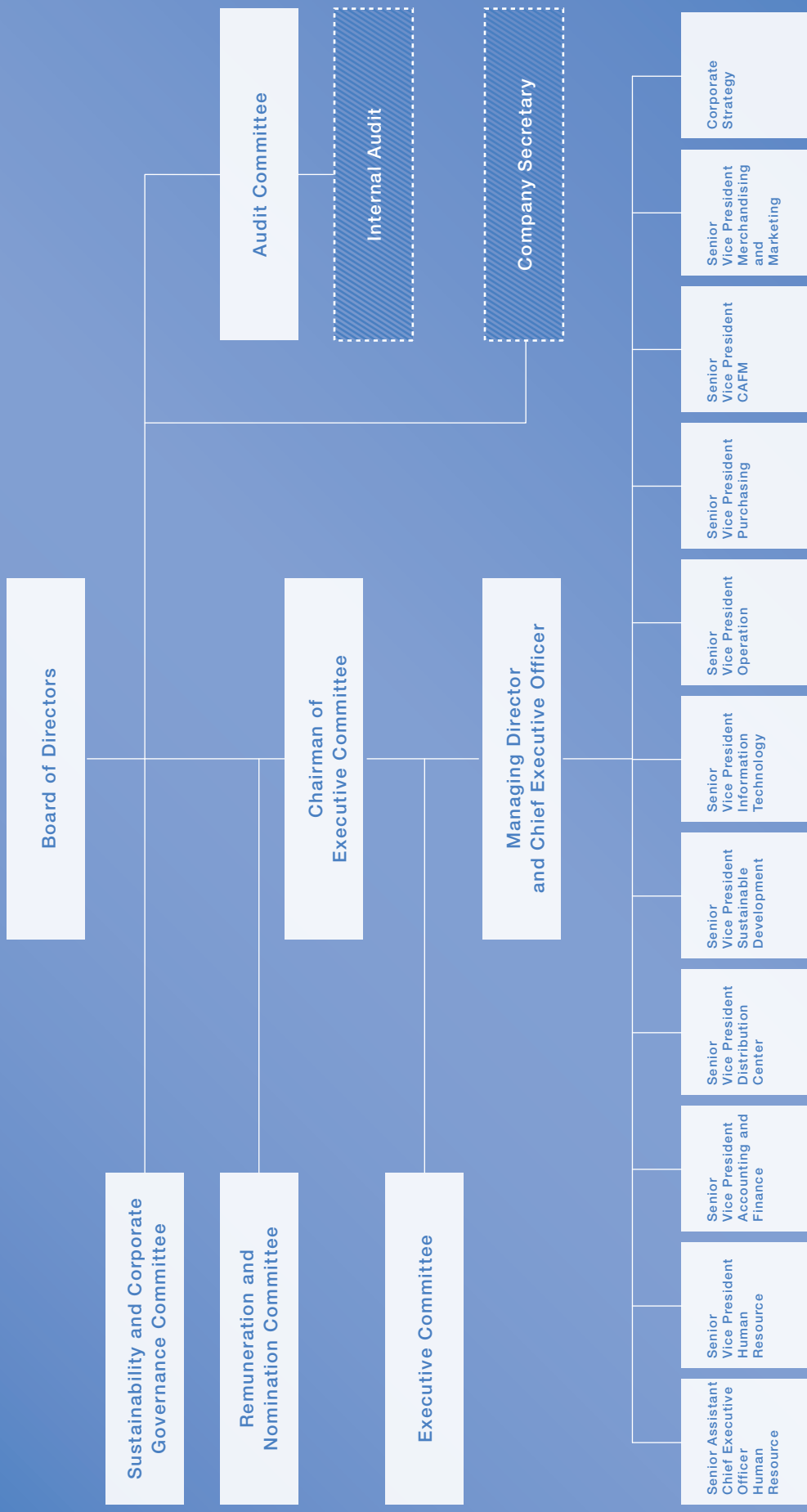
Debentures	Purpose	Estimate Amount	Estimate Time	Other funding sources
Debentures No. 1/2019	In prodder to repay maturity debenture	20,544,500,000	In year 2019	Cash form Operating and/or Bank loan

09

Management
Structure

Management Structure

As at 31 December 2019



Executives who shall declare remuneration

1. Board of Directors

As of 31 December 2019, the Company's Board of Directors consists of 15 members including:

1. Executive Directors 5 persons
2. Non-Executive Directors 10 persons, which are as follows:
 - Independent Directors 5 persons (account for one-third of Board members)
 - Non-executive Directors 5 persons

Names of the Board of Directors

1.	Adj. Pro.Prasobsook	Boondech	Independent Director
2.	Pol.Gen.Phatcharavat	Wongsuwan	Independent Director
3.	Mr. Padoong	Techasarintr	Independent Director
4.	Mr. Pridi	Boonyoung	Independent Director
5.	Mrs.Nampung	Wongsmith	Independent Director
6.	Mr. Dhanin	Chearavanont	Chairman
	(Resigned from the position of Chairman and Director effective 9 May 2019)		
	Mr. Soopakij	Chearavanont	Chairman
	(Appointed as a Chairman in replace of the resignation of Mr. Dhanin Chearavanont effective 9 May 2019)		
7.	Mr. Korsak	Chairasmisak ¹	Vice Chairman and Chairman of Executive Committee
8.	Mr. Suphachai	Chearavanont ²	Vice Chairman
	(appointed as director in replace of the resigned director and has been appointed as the Vice Chairman effective 7 June 2019)		
9.	Mr. Adirek	Sripatak ²	Director
10.	Mr. Umroong	Sanphasitvong ²	Director, Member of Executive Committee
11.	Mr. Narong	Chearavanont ²	Director
12.	Mr. Prasert	Jarupanich ¹	Director
13.	Mr. Pittaya	Jearavisitkul ²	Director and Vice Chairman of Executive Committee
14.	Mr. Piyawat	Titasattavorakul ²	Director and Vice Chairman of Executive Committee
15.	Mr. Tanin	Buranamanit ¹	Director, Member of Executive Committee, Managing Director and Chief Executive Officer

*Directors No. 7-15 are Authorized Directors.

Authorized Directors

Certification documents of the Company stipulate that the binding signatures must include 2 authorized directors - consisting of any authorized director from both Executive¹ and Non-Executive² members, excluding the Chairman and Independent Directors for the existence of independence in compliance with good corporate governance principles. Both directors must sign and affix the Company's seal.

Definition

Executive Directors

The directors who hold a position in the management and are involved in the day-to-day operations of the organization.

Non-Executive Directors

The directors who do not hold a position in the management, may or may not be an independent director, and are not involved in the day-to-day operations of the organization.

Independent Directors

Independent or outside directors who are not engaged in the day-to-day management of the organization and are not major shareholders. Furthermore, independent directors must have no such connection with a major shareholder, group of major shareholders, or other stakeholders.

Position in Sub-Committees

Name List			Audit Committee	Sustainability and Corporate Governance Committee	Remuneration and Nomination Committee
1.	Adj.Pro. Prasobsook	Boondech ¹	-	Chairman	-
2.	Pol.Gen. Phatcharavat	Wongsuwan ¹	-	Committee	Chairman
3.	Mr. Padoong	Techasarintr ¹	Chairman	Committee	Committee
4.	Mr. Pridi	Boonyoung ¹	Committee	-	-
5.	Mrs.Nampung	Wongsmith ¹	Committee		
6.	Mr. Dhanin	Chearavanont ²	-	-	-
	Mr. Soopakij	Chearavanont ³	-	-	Committee*
7.	Mr. Korsak	Chairasmisak	-	-	-
8.	Mr. Suphachai	Chearavanont ²	-	-	Committee*
9.	Mr. Adirek	Sripatak	-	-	-
10.	Mr. Umroong	Sanphasitvong		Committee	-
11.	Mr. Narong	Chearavanont	-	-	-
12.	Mr. Prasert	Jarupanich	-	-	-
13.	Mr. Pittaya	Jearavisitkul	-	-	-
14.	Mr. Piyawat	Titasattavorakul	-	-	-
15.	Mr. Tanin	Buranamanit	-	-	-

Note:

1. Directors No. 1 - 5 are Independent Directors with qualifications of an Independent Director in compliance with the Company's requirements.
2. Mr. Dhanin Chearavanont resigned from directorship effective 9 May 2019 and Mr. Suphachai Chearavanont has been appointed as a director to replace the resigned director, effective 7 June 2019.
3. Mr. Soopakij Chearavanont has been appointed as the Chairman in place of the resigned of Mr. Dhanin Chearavanont, effective 9 May 2019. He resigned from the position of Member of Remuneration and Nomination Committee effective 4 July 2019. Mr. Suphachai Chearavanont has been appointed as Member of Remuneration and Nomination Committee to replace the resigned committee.

Board of Directors' Meeting

1. The Board of Directors' Meeting is held once every quarter on a normal basis. Directors must regularly attend the Board of Directors' Meetings to be informed of and jointly make decisions on the Company's business operations. At least 7 Board of Directors' Meetings are organized each year.
2. The Company encourage all director to attend at least 75% of all board meetings held during the year by predetermined the dates of the Board of Directors' Meetings one year in advance so that directors can arrange their schedule to attend the meeting. However, additional meetings may be called if there are special matters that require the Board's approval or urgent matters that require the Board's consideration.
3. In 2019, a total of 7 Board of Directors' Meetings were held which was appropriate for the duties and responsibilities of the Board and the operations of the Company in the previous year. 95% of the Directors attended the meetings. The Company also held the Non-Executive Directors Meeting in 2019 which Non-Executive Directors attended 100%.
4. The meeting's invitation, agenda and relevant documents were sent to the directors at least 7 days prior to the meeting date to allow sufficient time for the directors to study the information before decision-making. In the consideration of any issue, the directors are entitled to look at or check the related documents and ask the management to provide additional information.
5. The Company have yet been implemented the policy for the minimum quorum of at least 2/3 of the Board member for board decisions to be valid to facilitate the participation in the board meeting. The Company, however, continuing act in accordance with this rule for many years which is shown in the table of Names of the Board of Directors and Board Members Attendance for the Year 2019 (Number of times attending during directorship period).
6. In every meeting, the management had been asked on questions raised by directors. The directors exercised careful, independent and transparent judgment with fair consideration for the interests of shareholders and stakeholders. Directors with vested interests in the matter under consideration must leave the meeting during consideration of that matter. The Chairman also provided sufficient time for directors to discuss problems and possible solutions. Management related to the presented agenda item were invited to the meeting to provide additional details and answer questions, which is also a good opportunity for the management to get to know the high-level executives for further job-handover.
7. After the Board of Directors' Meetings, the minutes of meeting were prepared, approved by the Board and filed at the Company Secretary Office for future reference and verification by directors and related persons. In addition, the Company Secretary coordinated to all departments to strictly perform its duties in line with the resolutions of the Board of Directors.

8. In some cases, the Company organized for outside consultants or experts to provide advice or additional information to the Board of Directors, at the Company's expense.

Names of the Board of Directors and Board Members Attendance for the Year 2019 (Number of times attending during directorship period)

Name List		Positions	Board of Directors (7 times)	Non-Executive Directors Meeting (1 time)	Shareholders' Meetings (1 time)
1.	Adj.Pro.Prasobsook Boondech	Independent Director	7/7	1/1	1/1
2.	Pol.Gen. Phatcharavat Wongsuwan	Independent Director	7/7	1/1	1/1
3.	Mr. Padoong Techasarintr	Independent Director	7/7	1/1	1/1
4.	Mr. Pridi Boonyoung	Independent Director	7/7	1/1	1/1
5.	Mrs.Nampung Wongsmith	Independent Director	7/7	1/1	1/1
6.	Mr. Dhanin Chearavanont *	Chairman	1/2	-	0/1
	Mr. Soopakij Chearavanont **	Chairman	4/7	1/1	0/1
7.	Mr. Korsak Chairasmisak	Vice Chairman	7/7	-	1/1
8.	Mr. Suphachai Chearavanont *	Vice Chairman	3/3	1/1	-
9.	Mr. Adirek Sripratak	Director	6/7	1/1	0/1
10.	Mr. Umroong Sanphasitvong	Director	7/7	-	1/1
11.	Mr. Narong Chearavanont	Director	7/7	1/1	1/1
12.	Mr. Prasert Jarupanich	Director	7/7	1/1	1/1
13.	Mr. Pittaya Jearavisitkul	Director	7/7	-	1/1
14.	Mr. Piyawat Titasattavorakul	Director	7/7	-	1/1
15.	Mr. Tanin Buranamanit	Director	7/7	-	1/1

*Mr. Dhanin Chearavanont resigned effective 9 May 2019 and Mr. Suphachai Chearavanont has been appointed as a director in replace of the resigned director, effective 7 June 2019.

**Mr. Soopakij Chearavanont had been appointed as the Chairman in replace of the resigned of Mr. Dhanin Chearavanont, effective 9 May 2019.

2. High-Level Executives

As of 31 December 2019, the Company had a total of 17 high-level executives consisting of

- Executive Committee 9 persons
- Executive Officers 12 persons (4 persons are also in the Executive Committee)

1. Executive Committee

The Executive Committee consists of at least 3 persons who are the Company's directors and/or the executives of the Company as approved by the Chairman of the Executive Committee. At each Executive Committee Meeting, the Executive Committee may invite other persons such as the representative from the management and/or external advisors to join the meeting as deemed necessary.

The Company's Executive Committee is as follows:

1.	Mr. Korsak	Chairasmisak	Chairman of Executive Committee
2.	Mr. Pittaya	Jearavisitkul	Vice Chairman of Executive Committee
3.	Mr. Piyawat	Titasattavorakul	Vice Chairman of Executive Committee
4.	Mr. Umroong	Sanphasitvong	Member of Executive Committee
5.	Mr. Tanin	Buranamanit	Member of Executive Committee
6.	Mr. Wisade	Wisidwinyoo	Member of Executive Committee
7.	Mr. Taweesak	Kaewrathtanapattama	Member of Executive Committee
8.	Mr. Vichien	Chuengviroj*	Member of Executive Committee
9.	Ms. Lawan	Tienghongsakul*	Member of Executive Committee

* No. 8-9 has been appointed by the Board of Directors Meeting effective 9 August 2019.

Scope of Authority and Responsibilities of the Executive Committee

1. Consider the Company's objectives, business strategies, budget, and investment projects. In case the situation changes, the Executive Committee will review the use of the budget and investment projects that were previously approved to be appropriate for the changing situation.
2. Monitor the performance and progress of investment projects and report the overall results including the problems or obstacles encountered and the guidelines for improvement.
3. Monitor the results of the Company's risk management.
4. Monitor the results of human resource development, appointment and relocation of executives according to human resource plan, remuneration guidelines, and evaluation criteria of high-level executives.
5. Consider financing options when there is a need to find funding sources for various investment projects.
6. Monitor the use of funds, management of the funds, and the Company's financial status.
7. Perform any other tasks as considered appropriate and assigned by the Chairman of the Executive Committee.

Appointment and Removal of the Executive Committee

The Company's Board of Directors appoints and removes the Executive Committee according to the proposal of the Chairman of the Executive Committee by a majority of votes at the Board of Directors' Meeting.

Chairman of the Executive Committee

The Chairman of the Executive Committee, Mr. Korsak Chairasmisak, was appointed by the Board of Directors' Meeting on 7 August 2013 and is authorized to perform duties in relation to the Company's policies, strategies, operational plans, budgets and investment projects with honesty and prudence to protect the benefits of the Company, and in compliance with the laws, the objectives, the Company's Articles of Association, and the policies set by the Board of Directors. To assist in effective and efficient management of the Company, the Chairman of the Executive Committee is authorized to propose the appointment and removal of persons in the following positions:

1. Nominate persons on the Executive Committee for the consideration and approval by the Board of Directors

2. Nominate persons for the position of Managing Director and Chief Executive Officer for the consideration and approval by the Board of Directors
3. Approve the appointment of Executive Officers according to the proposal from the Managing Director and Chief Executive Officer

Important matters that the Chairman of the Executive Committee must present to the Board of Directors' Meeting for consideration and approval include:

1. The sale or transfer of all or partial portions of the Company's business to other persons
2. The purchase or takeover or transfer of business from other companies or private companies
3. The execution, amendment and termination of agreements concerning the leasing out of all or substantial parts of the Company's business, the delegation of authority to other persons to manage the business of the Company or consolidation with other persons for the purpose of sharing of profit and loss
4. The amendment of the Memorandum or Articles of Association of the Company
5. The increment or decrement of capital, the issuance of debentures, the consolidation or dissolution of the Company
6. The approval of annual balance sheet and income statement
7. The appropriation of profits and payment of dividends
8. Approval of remuneration for directors
9. Appointment of auditor and determination of audit fees
10. The borrowing of money or the guaranteeing of loans or creation of obligations to the Company with financial institutions or other companies in the amount exceeding Baht 500 million per time
11. The lending of money to other companies in the amount exceeding Baht 500 million per time
12. The investment, joint-venture, increment of capital in subsidiaries, affiliates or other companies in the amount exceeding Baht 500 million per time
13. The Capital expenditure for investment in large projects or the acquisition of assets of the Company where the cost of such a project or the value of assets exceeds Baht 500 million per time
14. The sale or disposal of fixed assets of the Company at a sale or disposal price exceeding Baht 500 million per time
15. The operation plan and annual budget of the Company

The Chairman of the Executive Committee may sub-delegate the Executive Committee, Managing Director and Chief Executive Officer, Executive Officer and/or Employee of the Company to approve one or several matters as the Chairman of the Executive Committee considers appropriate, provided that the sub-delegated power may not be sub-delegated any further. With respect to the foregoing approval, the Chief Executive Officer or person delegated by him shall not be able to approve any transaction in which he or any person who may have a conflict of interest would have an interest or might have any other conflict of interest with the Company or its subsidiaries, unless such approval is in accordance with the policy and criteria approved by the Board of Directors.

Appointment and Removal of the Chairman of the Executive Committee

The Board of Directors appoints and removes the Chairman of the Executive Committee with majority vote of the Board of Directors' Meeting.

2. Executive Officers

As of 31 December 2019, the Company's Executive Officers consist of

1.	Mr. Tanin	Buranamanit	Managing Director and Chief Executive Officer and in charge of Corporate Strategy
2.	Mr. Suraphan	Pussadej	Senior Assistant Chief Executive Officer – Human Resource
3.	Mr. Taweesak	Kaewrathtanapattama	Senior Vice President – Accounting and Finance
4.	Mr. Chuan	Nimkittikul	Senior Vice President – Distribution Center Function
5.	Mr. Suwit	Kingkaew	Senior Vice President – Sustainability Development
6.	Mr. Kosa	Pongsupath	Senior Vice President – Information Technology
7.	Mr. Chairroj	Tiwatmuncharoen	Senior Vice President – Operation
8.	Mr. Skol	Tejasataporn	Senior Vice President – Purchasing
9.	Mr. Vichien	Chuengviroj	Senior Vice President – Corporate Asset and Facilities Management
10.	Mr. Yuthasak	Poomsurakul	Senior Vice President – Merchandising & Marketing
11.	Ms. Lawan	Tienghongsakul	Senior Vice President – Human Resource
12.	Mr. Kriengchai	Boonpoapichart	Senior Vice President – Accounting and Finance (Vice)

The Executive Committee and Executive Officers named above are executives classified according to the definition in the Notification of the Capital Market Supervisory Board under the Securities and Exchange Act.

Managing Director and Chief Executive Officer

The Managing Director and Chief Executive Officer, Mr. Tanin Buranamanit, was appointed by the Board of Directors' Meeting on 7 August 2013 and is authorized to perform duties in relation to the Company's operations and in compliance with the Company's objectives and the resolutions of the Board of Directors and Executive Committee, with authority as determined by the Chairman of the Executive Committee.

In addition, to assist with managing the Company to achieve the set objectives, the Managing Director and Chief Executive Officer is authorized to nominate persons as Executive Officers for consideration and approval by the Chairman of the Executive Committee.

Appointment and Removal of the Managing Director and Chief Executive Officer

The Company's Board of Directors appoints and removes the Managing Director and Chief Executive Officer according to the proposal of the Chairman of the Executive Committee by a majority of votes at the Board of Directors' Meeting.

3. Company Secretary

Mr. Supot Shitgasornpongse is the Company Secretary responsible for the following matters on behalf of the Company or the Board of Directors:

1. Preparing and keeping the following documents;
 - a. A register of directors
 - b. Notice of the Board of Directors' Meeting, Minutes of the Board of Directors' Meeting, and the Company's annual report
 - c. Notice of the shareholders' meeting and minutes of the shareholders' meeting
2. Keeping the reports of interest filed by the directors or executives;
3. Performing any other acts as specified in the notification of the Capital Market Supervisory Board.

In cases where the Company Secretary vacates his position or is incapable of performing his duty, the Board of Directors shall appoint a new Company Secretary within 90 days from the date on which the Company Secretary has vacated his position or has been incapable of performing his duty. In this regard, the Board of Directors shall be empowered to assign any director to perform the duty as the substitute during such period.

A Person who supervising accounting (Account Controller)

Mr. Voradech Hongdechana, Vice President – Accounting, with the qualifications specified by the Department of Business Development, had been appointed as the person supervising accounting (Account Controller) of the Company. The Account Controller is responsible for reporting correct and complete accounting details according to accounting standards and financial reporting standards; and attends Continuing Professional Development Program in compliance with the criteria, methods, and timeline according to the laws.

4. Remuneration for Directors and High-Level Executives

The Remuneration and Nomination Committee considers payment criteria and forms of director compensation before presenting to the Board of Directors and the shareholders' meeting for approval every year. The remuneration of directors is adjusted to be comparable to other companies in the same industry and appealing enough to attract and retain quality directors.

High-Level Executives' Remuneration Policy and Criteria

The Board of Directors determines the policy on high-level executives' remuneration to be at an appropriate level, fair, and in line with their responsibility in order to meet the expectations of various stakeholder groups and comply with related laws and regulations. The Remuneration and Nomination Committee has hired an independent expert to gather information and provide advice on establishing an appropriate compensation criteria and structure for high-level executives

in order to present recommendations to the Board of Directors for approval. The following factors were taken into consideration:

- The Company's operating results with consideration to various pre-determined business indicators
- Comparison of the Company's operating results with other companies in the same industry
- Ability to develop business and improve business efficiency of each business unit each year
- Benchmarking with remuneration rates in the same industry

In 2018, the Board of Directors considered and approved the criteria and indicators for compensating high-level executives in the form of special bonus in addition to the current bonus in order to motivate and drive executives to achieve new goals. This will be considered from achievement of 3 goals, that is, customer satisfaction, Return of Equity (ROE), and the Dow Jones Sustainability Index (DJSI) scores, which evaluate the effectiveness of business operations in accordance with the Company's sustainable development.

Cash Remuneration

(a) Remuneration for Directors

The 2019 Annual General Meeting of Shareholders on 26 April 2019 approved same rate of remuneration for directors which approved previously in 2018, as follows:

	<u>Baht/person</u>
1. Independent Director who is the Chairman of the sub-committee	120,000
2. Independent Director who is the member of the sub-committee	100,000
3. Independent Director who is not a member of the sub-committee	80,000
4. Chairman	120,000
5. Vice Chairman	100,000
6. Director	60,000

The Independent Director who is the member in several sub-committees shall receive only the highest rate of only one sub-committee.

In addition, the shareholders' meeting approved the bonus for directors at the rate of 0.50% of the dividend paid to the shareholders. The Chairman of the Board will allocate the appropriate amount of bonus to each director.

Remuneration for Directors from 1 January - 31 December 2019: Million Baht

Name and Surname	Positions	Remuneration	Bonus	Total
1. Adj.Pro.Prasobsook Boondech	Chairman of Sustainability and Corporate Governance Committee, and Independent Director	1.440	5.124	6.564
2. Pol. Gen. Phatcharavat Wongsuwan	Chairman of Remuneration and Nomination Committee, Sustainability and Corporate Governance Committee, and Independent Director	1.440	5.124	6.564
3. Mr. Padoong Techasarintr **	Chairman of Audit Committee, Sustainability and Corporate Governance Committee, Remuneration and Nomination Committee, and Independent Director	1.440	4.999	6.439
4. Mr. Pridi Boonyoung	Audit Committee and Independent Director	1.200	4.269	5.469
5. Prof. Dr.Komain Bhatrabhirom ¹	Chairman of Audit Committee and Independent Director	-	0.854	0.854
Mrs.Nampung Wongsmith	Audit committee and Independent director	1.200	3.640	4.840
6. Mr. Dhanin Chearavanont ²	Chairman	0.512	5.124	5.636
Mr. Soopakij Chearavanont ³	Chairman	1.200	2.562	3.762
7. Mr. Korsak Chairasmisak	Vice Chairman	1.200	4.269	5.469
8. Mr. Suphachai Chearavanont ²	Vice Chairman, and Remuneration and Nomination Committee	0.680	-	0.680
9. Mr. Adirek Sripratak	Director	0.720	2.562	3.282
10. Mr. Umroong Sanphasitvong	Director, and Sustainability and Corporate Governance Committee	0.720	2.562	3.282
11. Mr. Narong Chearavanont	Director	0.720	2.562	3.282
12. Mr. Prasert Jarupanich	Director	0.720	2.562	3.282
13. Mr. Pittaya Jearavisitkul	Director	0.720	2.562	3.282
14. Mr. Piyawat Titasattavorakul	Director	0.720	2.562	3.282
15. Mr. Tanin Buranamanit	Director	0.720	2.562	3.282
Total		15.352	53.899	69.251

Remark

1. Prof. Dr.Komain Bhatrabhirom resigned from directorship on 21 February 2018
2. Mr. Dhanin Chearavanont resigned effective 9 May 2019 and Mr. Suphachai Chearavanont has been appointed as a director in replace of the resigned director, effective 7 June 2019.
3. Mr. Soopakij Chearavanont has been appointed as the Chairman in replace of the resigned of Mr. Dhanin Chearavanont, effective 9 May 2019.

**Remuneration for Directors of Subsidiaries' company (Siam Makro Public Co., Ltd.)
from 1 January - 31 December 2019 : Million Baht**

Name and Surname		Positions	Remuneration	Bonus	Total
1.	Adj.Pro.Prasobsook Boondech*	Independent director / Member of the Nomination and Remuneration Committee	0.186	-	0.186
2.	Mr. Korsak Chairasmisak	First Vice Chairman/ Member of the Nomination and Remuneration Committee	1.260	1.411	2.671
3.	Mr. Umroong Sanphasitvong	Director and Member of the Corporate Governance Committee	1.260	1.411	2.671
4.	Mr. Adirek Sripratak	Director	1.200	1.343	2.543
5.	Mr. Narong Chearavanont	Director	1.200	1.343	2.543
6.	Mr. Prasert Jarupanich	Director	1.200	1.343	2.543
7.	Mr. Pittaya Jearavisitkul	Director	1.200	1.343	2.543
8.	Mr. Piyawat Titasattavorakul	Director	1.200	1.343	2.543
Total			8.706	9.537	18.243

* Adj.Pro.Prasobsook Boondech has been appointed as an Independent director and Member of the Nomination and Remuneration Committee on 8 November 2019

In addition, the Company's Audit Committee received remuneration of Baht 38,000 from a subsidiary company (Panyapiwat Institute of Management) for being their Audit Committee in 2019.

(b) Remuneration for High-Level Executives

In 2019, the Company paid remuneration for 17 high-level executives (Executive Committee and Executive Officers), comprising of salary, bonus and special pension totaling Baht 561.393 million.

In 2018, the Company paid remuneration for 17 high-level executives (Executive Committee and Executive Officers), comprising of salary and bonus totaling Baht 409.496 million.

Other Remuneration

(a) Other remuneration for directors

-none- (year 2019 & 2018)

(b) Other remuneration for high-level executives

1 Provident Fund

The Company has established a provident fund, with the Company contributing 2 percent of monthly salary. In 2019, the Company contributed a total of Baht 6.035 million to the provident fund for high-level executives and paid Baht 4.839 million in 2018.

2 Employee Joint Investment Program (EJIP)

The Company has established an Employee Joint Investment Program (EJIP) to provide incentives and keep personnel working with the Company for a long time. The Employee Joint Investment Program No. 3 has duration of 5 years. Executives who are eligible for the EJIP must have been employed with the Company for at least 3 years. The Company deducts 5 percent or 7 percent (on a voluntary basis) from the employee's monthly salary. The Company contributes 80 percent of the deductible amount from the employee in each month. In 2019, the Company paid Baht 12.205 million for high-level executives who joined the EJIP and paid Baht 11.604 million in 2018.

5. Personnel

(1) No. of Employees and Remuneration for Employees

Convenience Store Business	2019	2018
Store employees (Persons)*	48,960	43,394
Head office staff (Persons)*	13,596	12,383
Total (Persons)	62,556	55,777
Remuneration for Employees (million Baht) (Comprises of salary, bonus, EJIP, provident fund and other fringe benefits)	25,997	23,283

*Only Company's permanent staff

(2) The Company's Preparation regarding Human Resources

The Company has made preparation regarding human resources by creating a strong foundation relating to education in order to build personnel to be prepared for business expansion. The Company uses "Work base Learning", which is learning coupled with actual practice, with students at the Vocational Certificate, High Vocational Certificate and Bachelor's Degree level in the educational institutes established by the Company. These students will receive orientation before training in the Company's branch stores and office.

In 2019, the Company also provides opportunity for more than 5,000 vocational and bachelor's degree students from domicile to train with the Company. The mentors or "Pi Liang" will take care for daily life and accommodation until ending program after 6 – 10 month.

(3) Policy on Employee Development

The Company gives importance to continuous employee development in response to organizational goals and strategies in order to create competitive advantage; support the growth of stores, distribution centers, as well as new business expansion; cater to the ever-changing demands of customers; and create confidence among customers that they will receive quality products and services. Training has been organized to improve employees' knowledge, skills, and customer service attitude through various courses besides standard courses, such as Food Sanitation for Persons in Contact with Food, Food Safety Management and Control, Product Management for Muslim Customers, and Service for Foreign Customers using different languages such as Chinese, English, Russian and Khmer.

The Company is focused on developing good and highly capable people by taking care of and developing employees since starting their jobs with the On-boarding Program for new employees. This program enables new employees to adjust to the organizational culture and develop organizational commitment. In addition, there are standard courses for each position level to support employees' growth for positions in the organization. There is also employee development to have the necessary capabilities according to profession by using the Competency Based concept, such as location analysis and selection, store construction management, product management, and product quality development and guarantee. Moreover, the Company promotes productivity improvement through the Productivity Improvement (PI) Program which gives opportunities for employees at all levels to provide suggestions and use their potential to improve productivity and create useful and valuable innovations for the organization. The Company provides knowledge on productivity improvement to employees and organizes competitions for outstanding productivity improvement to stimulate and promote continuous improvement. Furthermore, the Company cultivates morality, ethics, and corporate governance in performing duties as well as spiritual development in order to create happiness at work and work-life balance.

Due to the global trend of moving towards the digital era affecting the changing behavior of customers that want to experience fast and quality services, the Company has to transform its employees and the organization to keep abreast of the changes by first creating Growth Mindset and developing Digital Mindset. Thus, the Company has adjusted its employee development policy to emphasize continuous self-development and opened new channels for employees at all levels to be able to choose development through an online system, supporting human resource development 4.0. The Company has planned and designed learning systems, reducing classroom learning but emphasizing Blended Learning. Moreover, the Company promotes a learning and sharing atmosphere in the organization and encourages supervisors at all levels to take on the roles of Coach, Mentor, Advisor, and Supporter.

In 2019, the Company organized various employee development programs as follows:

CP ALL Young Challenger Program

The Company has created an opportunity for new generation employees younger than 28 years old who voluntarily join the program to learn and develop their knowledge and capabilities in order to realize their potential. Employees will develop Future Competency and be prepared to be leaders with behavior consistent with Our Way policy. Design Thinking will improve their thinking to create innovation. Employees will learn through a new format that supports Learning Experience, leading to creation of projects that truly satisfy demands and the Company's business direction and strategies in the digital age. At present, five classes totaling 174 employees have participated in the program and presented 30 projects in total.

Next Digital Leader Program

This program focuses on developing Gen Y leaders who are the Selective Target (High Performer) from various units and who have work experience at the Supervisor level to be able to develop from Project Based learning. Thinking in the form of Digital Mindset and Entrepreneurship is also instilled in the leaders. The leaders work and learn together in a Cross Functional manner, enhancing the design and development of Business Models and Process Innovation to have competitive advantage and fulfilling the Company's business direction and strategies in the digital age. At present, three classes totaling 94 persons have passed the program and presented 16 projects in total.

Leadership Development Program (LDP)

The ever-changing business environment has forced organizations to adapt with emphasis on Speed & Quality. In this connection, the Company has focused on supporting the development of executives with high potential from the department level up to be able to perform Cross Functional work by using the “Tao Kae” management concept and Project Based learning, which measures performance reflecting business results. Reflection is also used to develop Leadership (Future Leader). Two classes totaling 131 executives at the department level up have joined the program and a total of 18 projects have been presented and evaluated.

Digital Mindset Program

The Company gives great importance to changing mindset so that employees are prepared to accept Digital Disruption throughout the organization. Thus, the Company has designed a learning development program in order to create People Transformation through the Digital Mindset Program via online E-Learning with 100% evaluation of the learning results. In 2019, approximately 7,000 employees from all levels underwent the program. It is expected that 100% of the employees will undergo the program in 3 years. In addition, there was training for Data Analysts to provide knowledge and skills in using tools to effectively analyze and present information. Four classes totaling 90 data analysts participated in the training.

Organizational Development for Sustainability

The Company has continuously developed from the previous year in order to support sustainable organizational development in alignment with the CP ALL Sustainability framework and 15 targets which cover economic, social and environmental aspects. The objective is for executives and employees to understand the framework and targets and recognize the importance and business value of various different drivers in order to create sustainable development and growth. In 2019, additional training was provided to executives at the Manager level totaling 16 classes or 1,270 people.

Service Leader Program

The Company gives importance to developing and improving CP ALL Signature Services and has thus continuously implemented the Service Leader Program. Store managers who have desired leadership qualities and are good role models with 5 elements of service quality are selected to join the program. The service leaders learn through Action Learning in creating and implementing service improvement projects at their stores. There are also activities to stimulate and promote a service atmosphere. The best service improvement projects are selected and given Reward & Recognition for the whole store. In 2019, a total of 617 store managers from 10 areas participated in the program. In addition, there was development for area managers in all zones through the improvement of service management training. Two classes totaling 120 people joined the training to support service leaders to improve their store service and to rapidly build more service leaders.

Store Employee Development to Support Beverage (All Caf[®]) Strategy

As a result of the Food & Beverage strategy that is committed to creating a Food & Drinks Destination image for 7-Eleven stores in the minds of customers, the Company has prepared store employees and guaranteed their ability to sell All Caf[®] products. A program to develop Field Consultants (FCs) to be Coffee Masters was organized for 34 classes totaling 1,099 people using Action Learning. There was also follow-up on the results after joining the program so that the

participants take part in evaluating the work process of All Café products and can provide suggestions on how to solve the technical problems in using the equipment and are able to evaluate the skills of the employees who are Coffee Makers. On the part of employees, opportunity was given to 40,500 employees to learn online and practice in the stores. After the employees are ready, they can be tested and certified as a Coffee Maker. At present, a total of 6,500 employees have been certified and testing will continue at all stores that have All Café. In addition, four classes totaling 118 area managers and higher were developed through the Coffee Management course in order to know and understand sales and service management of All Café products.

10

Information of
Directors, Executive
Officers, Company
Secretary, Internal
Audit, Account
Controller and
Compliance

Information of Directors, Executive Officers, Company Secretary, Internal Audit, Account Controller and Compliance

Adjunct Professor Prasobsook Boondech

74 years old

Position

Independent Director / Chairman of Sustainability and Corporate Governance Committee

Appointment Date

April 21, 2016

Education

- Capital Market Academy Class 10
- National Defence College of Thailand Class 41
- Barrister-at-Law, Lincoln's Inn
- Barrister-at-Law, Thai Bar Association
- Bachelor of Law, Thammasat University

Expertise

- Administration and Large Organization Management
- Risk Management
- Crisis Management
- Law and Case
- Security and Society

Training by the Thai Institute of Directors Association (IOD)

2017 Director Accreditation Program (DAP)
2016 Ethical Leadership Program (ELP)

Board Member / Management in Listed Company

Present

- Legal Adviser, Thanachart Bank Public Company Limited
- Independent Director, Siam Makro Public Co., Ltd.

Position in Other Company / Organization / Institution

Present

- Independent Director, C.P. Lotus Corporation

5-Year Past Experiences and/or Remarkable Position

2015 – 2019 Independent Director, News Network Corporation Public Company Limited
2012 Member of the Council of State
2008 President of the Senate
2004 President of the Court of Appeal

(%) shareholding (as at December 31, 2019)

Held personally -None-
Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors' Meeting during 2019

7 times out of 7 meetings

Police General Phatcharavat Wongsuwan

70 years old

Position

Independent Director / Chairman of Remuneration and Nomination Committee / Sustainability and Corporate Governance Committee

Appointment Date

February 19, 2013

Education

- Diploma, National Defence College, The State, Private Sector and Political Sectors Course Class 2
- Master of Arts (Social Development), Kasetsart University
- Royal Police Cadet Academy Class 25

Expertise

- Administration and Large Organization Management
- Risk Management
- Crisis Management
- Law and Case
- Security and Society

Training by the Thai Institute of Directors Association (IOD)

2017 Director Accreditation Program (DAP)

Board Member / Management in Listed Company

Present

- Independent Director, Energy Absolute Public Company Limited
- Independent Director, Charoen Pokphand Food Public Co., Ltd.

Position in Other Company / Organization / Institution

Present

- Consultant, National Broadcasting and Telecommunication Commission (NBTC)

5-Year Past Experiences and/or Remarkable Position

2008 Commissioner-General, Royal Thai Police
2005 Deputy Commissioner-General
2002 Assistant Commissioner-General

(%) shareholding (as at December 31, 2019)

Held personally -None-
Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors' Meeting during 2019

7 times out of 7 meetings

Mr. Padoong Techasarintr

79 years old

Position

Independent Director / Chairman of Audit Committee / Sustainability and Corporate Governance Committee / Remuneration and Nomination Committee

Appointment Date

March 11, 1999

Education

- Bachelor Degree in Commerce, Thammasat University
- Bachelor Degree in Accounting, Thammasat University

Expertise

- Accounting and Finance
- Administration and Large Organization Management
- Risk Management
- Crisis Management
- Law and Case
- Security and Society
- Economics and Banking

Training by the Thai Institute of Directors Association (IOD)

2017	Independent Director Forum: Updated COSO Enterprise Risk Management: Integrating with Strategy and Performance
2008	Audit Committee Program (ACP)
2008	Monitoring the Internal Audit Function
2005	Director Accreditation Program (DAP)
2003	Director Certification Program (DCP)
2001	The Role of Chairman

Board Member / Management in Listed Company

Present

- Independent Director and Chairman of the Audit Committee, Textile Prestige Public Co., Ltd.
- Independent Director and Chairman of the Audit Committee, Thanulux Public Co., Ltd.
- Independent Director and Chairman of the Audit Committee, Lanna Resources Public Co., Ltd.
- Independent Director and Audit Committee, Kulthorn Kirby Public Co., Ltd.

Position in Other Company / Organization / Institution

Present

- Chairman of Audit Committee, Panyapiwat Institute of Management

5-Year Past Experiences and/or Remarkable Position

1995 - 1998	Executive Director, Siam City Bank Public Co., Ltd.
1994 - 1995	Director – Vice President, Siam City Bank Public Co., Ltd. Senior Executive Vice President, The Industrial Finance Corporation of Thailand

(%) shareholding (as at December 31, 2019)

Held personally	0.00011
Held by spouse or minor children	-None-

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors' Meeting during 2019

7 times out of 7 meetings

Mr. Pridi Boonyoung

81 years old

Position

Independent Director / Audit Committee

Appointment Date

March 11, 1999

Education

- Master Degree in Laws, Yale University, USA
- Bachelor Degree in Laws, Thammasat University
- Degree, National Defence College of Thailand Class 3

Expertise

- Accounting and Finance
- Risk Management
- Law and Case

Training by the Thai Institute of Directors Association (IOD)

2010	Audit Committee Program (ACP)
2005	Director Accreditation Program (DAP)

Board Member / Management in Listed Company

-None-

Position in Other Company / Organization / Institution

Present

- Audit committee, Panyapiwat Institute of Management

5-Year Past Experiences and/or Remarkable Position

1997 - 1998	Director – General, Treasury Department
1996 - 1997	Director – General, Customs Department
1993 - 1996	Director – General, The Comptroller General's Department

(%) shareholding (as at December 31, 2019)

Held personally	0.00759
Held by spouse or minor children	-None-

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors' Meeting during 2019

7 times out of 7 meetings

Mrs. Nampung Wongsmith

61 years old

Position

Independent Director / Audit Committee

Appointment Date

February 22, 2018

Education

- Master of Business Administration (Finance), Oklahoma State University, USA
- Bachelor of Economics (International Economics), Chulalongkorn University

Expertise

- Accounting and Finance
- Administration and Large Organization Management
- Risk Management
- Economics and Banking

Training by the Thai Institute of Directors Association (IOD)

2018	Role of Chairman Program (RCP)
2016	Advanced Audit Committee Program
2007	Director Certificate Program (DCP)

Board Member / Management in Listed Company

Present

- Independent Director, Christiani & Nielsen (Thai) Public Co., Ltd.
- Independent Director, Krungthai Card Public Company Limited

Position in Other Company / Organization / Institution

Present

- Independent Director, Bank for Agriculture and Agricultural Cooperatives
- Audit Committee, Panyapiwat Institute of Management

5-Year Past Experiences and/or Remarkable Position

2017 - 2018	Independent Director, The Transport Co., Ltd.
2015 - 2017	Risk Management Committee, Sukhumvit Asset Management Co., Ltd.

(%) shareholding (as at December 31, 2019)

Held personally	-None-
Held by spouse or minor children	-None-

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors' Meeting during 2019

7 times out of 7 meetings

Mr. Soopakij Chearavanont

56 years old

Position

Chairman

Appointment Date

August 15, 2003

Education

- Honorary Degree of Doctor of Philosophy in Business Administration Ramkhamhaeng University, Thailand
- Bachelor of Science Degree, College of Business and Public Administration New York University, USA

Expertise

- Accounting and Finance
- Administration and Large Organization Management
- Risk Management
- Crisis Management
- Business and Marketing
- International Competition
- Security and Society
- Economics and Banking

Training by the Thai Institute of Directors Association (IOD)

2011	Director Accreditation Program (DAP) 92/2011
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Board Member / Management in Listed Company

Present

- Chairman, Charoen Pokphand Foods Public Co., Ltd.

Position in Other Company / Organization / Institution

Present

- Chairman, C.P. Pokphand Co., Ltd.
- Chairman, Charoen Pokphand Group Co., Ltd.
- Chairman, Chia Tai Group
- Chairman, Chia Tai Enterprises International Ltd.
- Director, SAIC Motor-CP Co., Ltd.
- Director, Ping An Insurance (Group) Company of China
- Vice Chairman, Chia Tai China Investment Ltd.
- Chairman, CP Lotus Corporation
- Executive Chairman, True Visions Group Co., Ltd.
- Chairman, CT Bright Holdings Ltd.
- Co-Chairman, Shanghai Kinghill Ltd.
- Chairman, Chia Tai Real Estate Group Co., Ltd.

5-Year Past Experiences and/or Remarkable Position

2013 - 2016	Director, Siam Makro Public Company Limited
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(%) shareholding (as at December 31, 2019)

Held personally	0.00248
Held by spouse or minor children	-None-

Family Relationship among Directors and Executives

Mr. Narong Chearavanont and Mr. Suphachai Chearavanont's brother

Attendance at the Board of Directors' Meeting during 2019

4 times out of 7 meetings

Mr. Korsak Chairasmisak

67 years old

Position

Vice Chairman / Chairman of Executive Committee

Appointment Date

March 11, 1999

Education

- Honorary Doctor of Philosophy in Education Management, College of Asian Scholars (CAS)
- Honorary Doctor of Philosophy in Accounting, Rajamangala University of Technology Srivijaya
- Honorary Doctor of Business Administration, Dhurakij Pundit University
- Honorary Doctor of Business Administration in Management, Suan Dusit Rajabhat University
- Honorary Doctor of Arts, North Chiang Mai University
- Honorary Doctor of Business Administration in Management, Sripatum University
- Bachelor Degree in Economics, Thammasat University

Expertise

- Administration and Large Organization Management
- Risk Management
- Crisis Management
- Business and Marketing
- International Competition
- Research and Development
- Security and Society
- Economics and Banking

Training by the Thai Institute of Directors Association (IOD)

2006 The Role of Chairman

2000 Director Certification Program (DCP)

Board Member / Management in Listed Company

Present

- Vice Chairman and Executive Director, Siam Makro Public Co., Ltd.

Position in Other Company / Organization / Institution

Present

- Senior Vice Chairman, Charoen Pokphand Group Co., Ltd.
- Expert Committee, Member of the Institution Council, Panyapiwat Institute of Management
- President, Go Association of Thailand
- President, World Chinese Wei Qi Federation
- Director, The International Go Federation (IGF)
- Chairman, Panyapiwat Association
- President, Thailand-Korea Friendship Association
- Committee, Uttayandham Foundation
- Director, Suksapiwat Co., Ltd.
- Director, OHT Co., Ltd.
- Director, Siam Makro Holding (Thailand) Ltd.
- Director, Lotus Distribution Investment Ltd.
- Director, Nanjing Tech University Pujiang Institute

5-Year Past Experiences and/or Remarkable Position

1983 - 1987	Executive Vice President (Trading), Charoen Pokphand Group Co., Ltd. (Based in Hong Kong)
1979 - 1983	Managing Director, Bangkok Produce Merchandising Co., Ltd.
	Managing Director, Bangkok Fisheries Co., Ltd.
	Managing Director, C.P. Agro-Industry Co., Ltd.
	Managing Director, C.P. Intertrade Co., Ltd.

(%) shareholding (as at December 31, 2019)

Held personally	0.10049*
Held by spouse or minor children	-None-

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors' Meeting during 2019

7 times out of 7 meetings

* *Remark*

- Included Employee Joint Investment Program (EJIP)

Mr. Suphachai Chearavanont

52 years old

Position

Vice Chairman / Remuneration and Nomination Committee

Appointment Date

June 7, 2019

Education

- Honorary Doctorate degree in Business Management, Khon Kaen University
- Honorary Doctorate degree in Marketing, Rajamangala University of Technology Isan
- Honorary Doctorate degree in Mass Communications, Ramkhamhaeng University
- Bachelor of Business Administration in Financial Management, Boston University, USA

Expertise

- Administration and Large Organization Management
- Risk Management
- Crisis Management
- Business and Marketing
- International Competition
- Digital
- Research and Development
- Security and Society

Training by the Thai Institute of Directors Association (IOD)

2011 Director Accreditation Program (DAP) 92/2011

Board Member / Management in Listed Company

Present

- Chairman, True Corporation Public Co., Ltd.
- Vice Chairman, Charoen Pokphand Food Public Co., Ltd.

Position in Other Company / Organization / Institution

Present

- Director and Chief Executive Officer, True Visions Group Company Limited
- Director, Satellite Service Company Limited
- Director, Panther Entertainment Company Limited
- Director, True Music Company Limited
- Director, TRUE4U Station Company Limited
- Director, Cineplex Company Limited
- Director, True Media Solutions Company Limited
- Director, True Move H Universal Communication Company Limited
- Director, True Incube Company Limited
- Director, True Touch Company Limited
- Director, K.I.N. (Thailand) Company Limited
- Chairman, Global Compact Network Thailand (GCNT)
- Independent Committee for Education Reform (ICER)

- Member in the public and private sectors committee for driving the nation's economy under Public-Private Collaboration Project
- Team Leader of private sectors working group for basic education and leadership development
- Director of the Telecommunications Association of Thailand under the Royal Patronage (TCT)
- Director, Magnolia Finest Corporation Limited
- Advisor, The Thai Chamber of Commerce
- Advisor, The University Council of the University of the Thai Chamber of Commerce
- Honorary Advisor of the Federation of Thai Industries
- Chief Executive Officer, Charoen Pokphand Group Company Limited
- Vice Chairman, Charoen Pokphand Group Company Limited
- Director and Advisor of Master of Science Program and Doctor of Philosophy Program in Technopreneurship and Innovation Management (TIP), Chulalongkorn University
- Director of Ramathibodi Foundation
- The Bangkok Art and Culture Centre Foundation Committee
- Chairman of the Sub Committee for Fund Raising Thai Red Cross Eye Bank
- Member of the Thai Red Cross Eye Bank Committee
- Chairman, Freewill Solutions Company Limited
- Chairman of the Digital Council of Thailand
- Executive Director of Thai-KOSEN Institutes
- Advisor of E-Learning Association of Thailand
- Member of the Public Engagement Committee, Princess Maha Chakkri Award Foundation

5-Year Past Experiences and/or Remarkable Position

2006 - 2018	Director, BEBOYDCG Company Limited
1993 - 2018	Director, Telecom Holding Company Limited
2010 - 2017	Chief Executive Officer, True Move H Universal Communication Company Limited
2001 - 2017	Chief Executive Officer, True Move Company Limited
2001 - 2017	Director, Bangkok Inter Teletech Public Company Limited
1995 - 2017	Director, True Internet Company Limited
2005 - 2015	Director, K.I.N. (Thailand) Company Limited

(%) shareholding (as at December 31, 2019)

Held personally	-None-
Held by spouse or minor children	0.00003

Family Relationship among Directors and Executives

Mr.Soopakij Chearavanont and Mr.Narong Chearavanont's brother

Attendance at the Board of Directors' Meeting during 2019

3 times out of 3 meetings

Mr. Adirek Sripratak

73 years old

Position

Director

Appointment Date

August 11, 2005

Education

- Honorary Doctorate in Agriculture, Nakhon Sawan Rajabhat University
- Honorary Doctorate of Philosophy in Food Science, Kasetsart University
- Honorary Doctorate in Business Administration, Rajamangala University of Technology Suvarnabhumi
- Honorary Doctorate of Philosophy in Food Technology, Mae Fah Luang University
- Honorary Doctorate of Philosophy in Agriculture, Ubon Ratchathani University
- Honorary Doctorate in Science, Maejo University
- Honorary Doctorate in Economics, Chiang Mai University
- Honorary Doctorate in Science and Food Science, Rajamangala University of Technology Isan

Expertise

- Accounting and Finance
- Administration and Large Organization Management
- Risk Management
- Crisis Management
- Business and Marketing
- International Competition
- Security and Society

Training by the Thai Institute of Directors Association (IOD)

2005 Director Accreditation Program (DAP)

2001 Director Certification Program (DCP)

Board Member / Management in Listed Company

Present

- Chairman of The Executive Committee, Charoen Pokphand Foods Public Co., Ltd.
- Director, Siam Makro Public Co., Ltd.

Position in Other Company / Organization / Institution

Present

- Chairman, CPF (Thailand) Public Co., Ltd.
- Chairman, C.P. Merchandising Co., Ltd.
- Vice Chairman, C.P. Pokphand Co., Ltd.
- Director, CPF Investment Ltd.
- Director, Bellisio Investment Inc.
- Director, CPVN Ltd.
- Director, C.P. Vietnam Corporation
- Director, CPF (India) Private Ltd.
- Director, C.P. Cambodia Co., Ltd.
- Director, C.P. Laos Co., Ltd.
- Director, Chia Tai (China) Investment Co., Ltd.
- Director, CP-Meiji Co., Ltd.
- Director, Charoen Pokphand (Taiwan) Investment Ltd.
- Director, Bright Excel Investments Ltd.
- Director, Coination Investments Ltd.
- Director, Forward Pass Ltd.
- Director, New Splendid Holdings Ltd.
- Director, Giant Crown Investments Ltd.
- Director, Charoen Pokphand Foods Kenya Co., Ltd.
- Director, CPF Tanzania Ltd.
- Director, CPVN Food Co., Ltd.
- Director, JSC PP Severnaya
- Director, JSC Poultry Stock Production Woyskovitsy
- Director, Arbor Acres Thailand Co., Ltd.
- Director, Ross Breeders Siam Co., Ltd.
- Honor president, Thai Broiler Processing Exporters Association

5-Year Past Experiences and/or Remarkable Position

-None-

(%) shareholding (as at December 31, 2019)

Held personally -None-

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors' Meeting during 2019

6 times out of 7 meetings

Mr. Umroong Sanphasitvong

67 years old

Position

Director / Member of Executive Committee / Sustainability and Corporate Governance Committee

Appointment Date

March 11, 1999

Education

- Master Degree in Accounting, Thammasat University
- Bachelor Degree in Accounting, Thammasat University

Expertise

- Accounting and Finance
- Administration and Large Organization Management
- Risk Management
- Business and Marketing
- International Competition
- Security and Society
- Economics and Banking

Training by the Thai Institute of Directors Association (IOD)

2018	National Director Conference 2018 Rising above Disruptions: A Call for Action
2016	Driving Company Success with IT Governance (ITG)
2016	Ethical Leadership Program (ELP)
2007	Role of the Compensation Committee
2006	Board Performance Evaluation
2006	DCP refresher
2003	Company Secretary
2001	Director Certification Program (DCP)

Board Member / Management in Listed Company

Present

- Director, True Corporation Public Co., Ltd.
- Director, Siam Makro Public Co., Ltd.

Position in Other Company / Organization / Institution

Present

- Deputy Group CFO, Charoen Pokphand Group Co., Ltd.
- Director, CPPC Public Co., Ltd.
- Director, C.P. Lotus Corporation
- Director, ICONSIAM Co., Ltd.
- Director, The Iconsiam Residences Corporation Ltd.
- Director, The Iconsiam Superlux Residence Corporation Ltd.
- Director, The Iconsiam Chaopraya River Holdings Co., Ltd.
- Director, Ascend Group Co., Ltd.
- Director, Suksapiwat Co., Ltd.
- Director, Panyapiwat Institute of Management
- Director, OHT Co., Ltd.
- Director, Siam Makro Holding (Thailand) Ltd.
- Director, Lotus Distribution Investment Ltd.
- Director, Siam River Holdings Company Limited
- Director, Asia Freewill Co., Ltd.

5-Year Past Experiences and/or Remarkable Position

-None-

(%) shareholding (as at December 31, 2019)

Held personally -None-
Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors' Meeting during 2019

7 times out of 7 meetings

Mr. Narong Chearavanont

54 years old

Position

Director

Appointment Date

March 11, 1999

Education

- Systematic Innovation of Products, Processes and Services, MIT Sloan Executive Education
- Honorary Doctor of Business Administration Program, Ramkhamhaeng University
- Advance Management Program : Transforming Proven Leaders into Global Executives, Harvard Business School, Harvard University
- Bachelor of Science, Major : Business Administration, New York University, USA

Expertise

- Accounting and Finance
- Administration and Large Organization Management
- Crisis Management
- Business and Marketing
- International Competition
- Digital
- Research and Development
- Security and Society

Training by the Thai Institute of Directors Association (IOD)

2007 Director Accreditation Program (DAP)

Board Member / Management in Listed Company

Present

- Director, Siam Makro Public Co., Ltd.
- Director, True Corporation Public Co., Ltd.

Position in Other Company / Organization / Institution

Present

Senior Vice Chairman

- Charoen Pokphand Group Co., Ltd.

Executive Vice Chairman

- CP Lotus Corporation
- Chia Tai (China) Investment Company Limited

Chairman

- The ICONSIAM Superlux Residences Corporation Limited
- The ICONSIAM Residences Corporation Company Limited
- Charoen Pokphand Import & Export Trading (Shanghai) Co., Ltd.

Vice Chairman

- The ICONSIAM Company Limited
- Panther Entertainment Company Limited
- Marketing and Distribution Business (Thailand)
- Marketing and Distribution Business (China)
- Real Estate & Land Development Business (China)
- Shanghai Kinghill Company Limited
- SM True Company Limited

Director

- C.P. Pokphand Co., Ltd.
- CPPC Public Company Limited
- Beston Action Utility Wear (Lianyungang) Company Limited
- Cineplex Company Limited
- Satellite Services Company Limited
- OHT Co., Ltd.
- Siam Makro Holding (Thailand) Limited
- Lotus Distribution Investment Limited
- True Visions Group Company Limited
- Chia Tai Qingdao Holdings (Hong Kong) Company Limited
- Chia Tai Xiangyang Holdings (Hong Kong) Company Limited
- Chia Tai Qingdao Holdings Company Limited
- Chia Tai Xiangyang Holdings Company Limited
- The ICONSIAM Chaopraya River Holdings Company Limited
- Siam River Holdings Company Limited
- True Iconsiam Company Limited

Senior Executive Assistant to Chairman

- Charoen Pokphand Group "Global Talent Recruitment"

Governance Committee

- Leadership Development Institute

5-Year Past Experiences and/or Remarkable Position

2008 – 2010 Director, True Visions Public Company Limited

(%) shareholding (as at December 31, 2019)

Held personally	0.00339
Held by spouse or minor children	-None-

Family Relationship among Directors and Executives

Mr. Sookpakij Chearavanont and Mr. Suphachai Chearavanont's brother

Attendance at the Board of Directors' Meeting during 2019

7 times out of 7 meetings

Mr. Prasert Jarupanich

71 years old

Position

Director

Appointment Date

March 11, 1999

Education

- Program for Management Development (PMD), Harvard Business School
- Ph.D. Industrial Engineering and Management, Oklahoma State University
- Master Degree in Computer Science, University of Missouri at Rolla
- Bachelor Degree in Computer Science, University of Missouri at Rolla

Expertise

- Administration and Large Organization Management
- Business and Marketing
- International Competition
- Digital

Training by the Thai Institute of Directors Association (IOD)

2008 Role of the Compensation Committee
 2004 Director Certification Program (DCP)
 2004 Finance for non-finance Director

Board Member / Management in Listed Company

Present

- Director, Siam Makro Public Co., Ltd.

Position in Other Company / Organization / Institution

Present

- Director, Star Marketing Co., Ltd.
- Director, Ete Co., Ltd.

- Director, Telecommunications Network Co., Ltd.
- Director, K.S.P. Equipment Co., Ltd.
- Director, Siam Land Flying Co., Ltd.
- Director, C.P. Consumer Products Co., Ltd.
- Director, Freewill Solutions Co., Ltd.
- Director, Perfect Companion Group Co., Ltd.
- Director, 84 Co., Ltd.
- Director, UNS Agrochemical Co., Ltd.
- Director, Pokphand Enterprise Co., Ltd.
- Director, Nava 84 Co., Ltd.
- Director, Charoen Pokphand Holding Co., Ltd.
- Director, Leadership Development Charoen Pokphand Group Co., Ltd.
- Director, CPL Hill Co., Ltd.
- Director, CPL City Co., Ltd.
- Director, CP Motor Holding Co., Ltd.
- Vice President – Marketing and Distribution Group, Charoen Pokphand Group Co., Ltd.

5-Year Past Experiences and/or Remarkable Position

-None-

(%) shareholding (as at December 31, 2019)

Held personally -None-

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors' Meeting during 2019

7 times out of 7 meetings

Mr. Pittaya Jearavisitkul

64 years old

Position

Director / Vice Chairman of Executive Committee

Appointment Date

March 11, 1999

Education

- Master Degree in Business Administration, Thammasat University
- Bachelor Degree in Economics (1st class Honor), Thammasat University

Expertise

- Accounting and Finance
- Administration and Large Organization Management
- Risk Management
- Crisis Management
- Business and Marketing
- Economics and Banking

Training by the Thai Institute of Directors Association (IOD)

2000 Director Certification Program (DCP)

Board Member / Management in Listed Company

Present

- Director, Siam Makro Public Co., Ltd.

Position in Other Company / Organization / Institution

Present

- Director, CPRAM Co., Ltd.
- Director, Counter Service Co., Ltd.

- Director, CP Retailink Co.,Ltd.
- Director, Gosoft (Thailand) Co., Ltd.
- Director, MAM Heart Co., Ltd.
- Director, ALL Now Management Co., Ltd.
- Director, Suksapiwat Co., Ltd.
- Director, Panyatara Co., Ltd.
- Director, Panyapiwat Institute of Management
- Director, All Training Co., Ltd.
- Director, All Corporation Ltd.
- Director, OHT Co., Ltd.
- Director, Siam Makro Holding (Thailand) Ltd.
- Director, 24 Shopping Co., Ltd.
- Director, ALL NOW LOGISTICS CO., LTD.

5-Year Past Experiences and/or Remarkable Position

1993 – 1998 Vice President – Marketing and Distribution Group, Charoen Pokphand Group Co., Ltd.

(%) shareholding (as at December 31, 2019)

Held personally 0.02168*

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors' Meeting during 2019

7 times out of 7 meetings

* *Remark*

- Included Employee Joint Investment Program (EJIP)

Mr. Piyawat Titasattavorakul

66 years old

Position

Director / Vice Chairman of Executive Committee

Appointment Date

March 11, 1999

Education

- Bachelor Degree in Marketing, Ramkhamhaeng University

Expertise

- Administration and Large Organization Management
- Risk Management
- Crisis Management
- Business and Marketing
- Research and Development
- Security and Society

Training by the Thai Institute of Directors Association (IOD)

2001 Director Certification Program (DCP)

Board Member / Management in Listed Company

Present

- Director, Siam Makro Public Co., Ltd.

Position in Other Company / Organization / Institution

Present

- Director, ICONSIAM Co., Ltd.
- Director, The Iconsiam Residences Corporation Ltd.
- Director, The Iconsiam Superlux Residence Corporation Ltd.
- Director, The Iconsiam Chaopraya River Holdings Co., Ltd.
- Director, CPRAM Co., Ltd.
- Director, Counter Service Co., Ltd.
- Director, CP Retailink Co., Ltd.

- Director, Gosoft (Thailand) Co., Ltd.
- Director, MAM Heart Co., Ltd.
- Director, ALL Now Management Co., Ltd.
- Director, Suksapiwat Co., Ltd.
- Director, Panyatara Co., Ltd.
- Director, Panyapiwat Institute of Management
- Director, Panyapiwat Technological College
- Director, All Training Co., Ltd.
- Director, All Corporation Ltd.
- Director, OHT Co., Ltd.
- Director, Siam Makro Holding (Thailand) Ltd.
- Director, 24 Shopping Co., Ltd.
- Director, Siam River Holdings Company Limited
- Director, ALL Wellness Co., Ltd.
- Director, ALL NOW LOGISTICS CO., LTD.
- Director, Thai Smart Card Co., Ltd.

5-Year Past Experiences and/or Remarkable Position

1996 - 1998 Vice President – Operation: C.P. Seven Eleven Public Co., Ltd.

(%) shareholding (as at December 31, 2019)

Held personally 0.00085*
Held by spouse or minor children 0.00002

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors' Meeting during 2019

7 times out of 7 meetings

* Remark

- Included Employee Joint Investment Program (EJIP)

Mr. Tanin Buranamanit

56 years old

Position

Director / Member of Executive Committee / Managing Director and Chief Executive Officer

Appointment Date

April 28, 2010

Education

- Bachelor Degree in Marketing, Thammasat University

Expertise

- Administration and Large Organization Management
- Risk Management
- Crisis Management
- Business and Marketing
- Research and Development
- Security and Society

Training by the Thai Institute of Directors Association (IOD)

2010 Director Certification Program (DCP)

Board Member / Management in Listed Company

-None-

Position in Other Company / Organization / Institution

Present

- Director, All Corporation Ltd.
- Director, Thai Smart Card Co., Ltd.
- Director, ALL Wellness Co., Ltd.

5-Year Past Experiences and/or Remarkable Position

2012 Executive Vice President – Marketing, Operation and Human Resource, CP ALL Public Co., Ltd.

(%) shareholding (as at December 31, 2019)

Held personally 0.00551*
Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors' Meeting during 2019

7 times out of 7 meetings

* Remark

- Included Employee Joint Investment Program (EJIP)

Mr. Supot Shitgasornpongse

66 years old

Position

Company Secretary / Vice President – Accounting and Finance

Appointment Date

August 13, 2008

Education

- Master of Science in Accounting, Thammasat University
- Bachelor of Accounting (1st Class Honor), Chulalongkorn University

Training by the Thai Institute of Directors Association (IOD)

2014 Anti-Corruption: The Practical Guide
 2004 Director Certification Program (DCP)
 2003 Company Secretary Program

Board Member / Management in Listed Company

-None-

Position in Other Company / Organization / Institution

Present

- Director, CPRAM Co., Ltd.
- Director, Counter Service Co., Ltd.

- Director, CP Retailink Co., Ltd.
- Director, MAM Heart Co., Ltd.
- Director, ALL Now Management Co., Ltd.
- Director, Suksapiwat Co., Ltd.
- Director, Panyatara Co., Ltd.
- Director, All Training Co., Ltd.
- Director, All Corporation Ltd.
- Director, 24 Shopping Co., Ltd.
- Director, Albuera International Ltd.
- Director, CP Foodlab Co., Ltd.

5-Year Past Experiences and/or Remarkable Position

-None-

(%) shareholding (as at December 31, 2019)

Held personally 0.00150*
 Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

* *Remark*

- Included Employee Joint Investment Program (EJIP)

Mr. Kidsada Euapiyachart

67 years old

Position

Secretary of Audit Committee / Vice President – Internal Audit

Education

- Master Degree in Business Administration, Southeastern University, USA
- Graduate Diploma in Auditing, Chulalongkorn University
- Bachelor Degree in Law, Thammasat University
- Bachelor Degree in Accounting, The University of the Thai Chamber Commerce

Training by the Thai Institute of Directors Association (IOD)

2015 Anti-Corruption in Thailand: Sustaining the Momentum
 2014 Anti-Corruption: The Practical Guide
 2010 Audit Committee Program
 2009 Company Secretary Program

Board Member / Management in Listed Company

-None-

Position in Other Company / Organization / Institution

-None-

5-Year Past Experiences and/or Remarkable Position

1988 – 2000 Deputy Manager, Internal Audit, Charoen Pokphand Group Co., Ltd.

(%) shareholding (as at December 31, 2019)

Held personally 0.00106*
 Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

* *Remark*

- Included Employee Joint Investment Program (EJIP)

Mr. Wisade Wisidwinyoo

62 years old

Position

Member of Executive Committee

Appointment Date

February 17, 2015

Education

- Honorary Doctorate of Science, Rajamangala University of Technology Phra Nakhon
- Master Degree in Engineering, The University of Texas at Arlington
- Bachelor Degree in Engineering, King Mongkut's University of Technology Thonburi

Training by the Thai Institute of Directors Association (IOD)

2016 Ethical Leadership Program (ELP)

Board Member / Management in Listed Company

-None-

Position in Other Company / Organization / Institution

Present

- President, CPRAM Co., Ltd.
- President, CP Foodlab Co., Ltd.

5-Year Past Experiences and/or Remarkable Position

2013 – 2014 Senior Vice President, CPRAM Co., Ltd.

(%) shareholding (as at December 31, 2019)

Held personally 0.00070*

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

* *Remark*

- Included Employee Joint Investment Program (EJIP)

Mr. Taweesak Kaewrathtanapattama

63 years old

Position

Member of Executive Committee / Senior Vice President – Accounting and Finance / Chief Finance Office

Appointment Date

November 13, 2017 (Member of Executive Committee)

March 1, 2006 (Chief Finance Office)

Education

- Bachelor Degree in Accounting, Thammasat University
- Bachelor Degree in Law, Thammasat University

Training by the Thai Institute of Directors Association (IOD)

2007 Director Certification Program (DCP)

Continuing Professional Development Program

2019 Update Revenue Code 2018 – 2019 (10.30 hours)

2019 Going Concern & Financial Instrument (3.30 hours)

2019 How important are intangible assets impairments? & How important of Employee Benefit Actuarial Valuation (3 hours)

2019 Policies of the SEC in developing the capital market and supporting Listed companies (2 hours)

2019 Impact of TFRS16 on Leases to the financial statements and significant financial ratios (2.30 hours)

2018 Auditing practice in accordance with auditing standards and presentation of financial statements (3.30 hours)

2018 Tax Law 2017-2018 (10.30 hours)

2018 Technique for preparing financial report and financial analysis report (6 hours)

Board Member / Management in Listed Company

-None-

Position in Other Company / Organization / Institution

Present

- Director, CPRAM Co., Ltd.
- Director, Counter Service Co., Ltd.
- Director, CP Retailink Co., Ltd.
- Director, Gosoft (Thailand) Co., Ltd.
- Director, MAM Heart Co., Ltd.
- Director, ALL Now Management Co., Ltd.
- Director, Suksapiwat Co., Ltd.
- Director, Panyatara Co., Ltd.
- Director, All Training Co., Ltd.
- Director, All Corporation Ltd.
- Director, OHT Co., Ltd.
- Director, Siam Makro Holding (Thailand) Ltd.
- Director, 24 Shopping Co., Ltd.
- Director, Albuera International Ltd.
- Director, CP Foodlab Co., Ltd.
- Director, ALL Wellness Co., Ltd.
- Director, ALL NOW LOGISTICS CO., LTD.
- Director, Thai Smart Card Co., Ltd.

5-Year Past Experiences and/or Remarkable Position

-None-

(%) shareholding (as at December 31, 2019)

Held personally 0.00099*

Held by spouse or minor children 0.00537

Family Relationship among Directors and Executives

-None-

* *Remark*

- Included Employee Joint Investment Program (EJIP)

Mr. Vichien Chuengviroj

64 years old

Position

Member of Executive Committee / Senior Vice President –
Corporate Asset and Facilities Management

Appointment Date

August 8, 2019 (Member of Executive Committee)

Education

- Master of Business Administration (MBA) – Marketing,
National Institute of Development Administration (NIDA)

Training by the Thai Institute of Directors Association (IOD)

2018 Ethical Leadership Program (ELP)

Board Member / Management in Listed Company

-None-

Position in Other Company / Organization / Institution

-None-

5-Year Past Experiences and/or Remarkable Position

-None-

(%) shareholding (as at December 31, 2019)

Held personally 0.00037*
Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

* *Remark*

- Included Employee Joint Investment Program (EJIP)

Ms. Lawan Tienghongsakul

58 years old

Position

Member of Executive Committee / Senior Vice President – Human
Resource

Appointment Date

August 8, 2019 (Member of Executive Committee)

Education

- Bachelor Degree in Financial Management, University of the
Thai Chamber of Commerce

Training by the Thai Institute of Directors Association (IOD)

-None-

Board Member / Management in Listed Company

-None-

Position in Other Company / Organization / Institution

-None-

5-Year Past Experiences and/or Remarkable Position

2012-2017 Vice President, CP All Public Co., Ltd.

(%) shareholding (as at December 31, 2019)

Held personally 0.00362*
Held by spouse or minor children 0.00004

Family Relationship among Directors and Executives

-None-

* *Remark*

- Included Employee Joint Investment Program (EJIP)

Mr. Suraphan Pussadej

71 years old

Position

Senior Assistant Chief Executive Officer – Human Resource

Education

- Certificate Management Development Program, Kellogg
School of Management, Northwestern University, USA
- Master of Art, Political Science, University of Detroit, USA
- Bachelor of Law (Honor), Thammasat University
- Barrister of Law, Thai Bar Association

Training by the Thai Institute of Directors Association (IOD)

-None-

Board Member / Management in Listed Company

-None-

Position in Other Company / Organization / Institution

Present

- Chairman, Kanittapanitt Co., Ltd.
- Expert, Office of the Civil Servant Commission

- Advisor, Walailuck University
- Director, Panyatara Co., Ltd.
- Director, Panyapiwat Institute of Management
- Director, All Training Co., Ltd.

5-Year Past Experiences and/or Remarkable Position

2004 - 2005 Deputy Chief Executive Officer, S Khonkaen Public
Co., Ltd.

1996 - 2004 Corporate Human Resource Director, Paper &
Packaging Business, Siam Cement Group (SCG)

(%) shareholding (as at December 31, 2019)

Held personally 0.00302*
Held by spouse or minor children 0.00111

Family Relationship among Directors and Executives

-None-

* *Remark*

- Included Employee Joint Investment Program (EJIP)

Mr. Chuan Nimkittikul

68 years old

Position

Senior Vice President – Distribution Center Function

Education

- Master Degree in Business Administration, Thammasat University
- Bachelor Degree in Economics, Thammasat University

Training by the Thai Institute of Directors Association (IOD)

2006 Finance for non-finance director

2006 Director Certification Program (DCP)

Board Member / Management in Listed Company

-None-

Position in Other Company / Organization / Institution

Present

- Director, ALL Now Management Co., Ltd.
- Director, ALL NOW LOGISTICS CO., LTD.

5-Year Past Experiences and/or Remarkable Position

-None-

(%) shareholding (as at December 31, 2019)

Held personally 0.00850*

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

* *Remark*

- Included Employee Joint Investment Program (EJIP)

Mr. Suwit Kingkaew

70 years old

Position

Senior Vice President – Sustainability Development

Education

- Master Degree in Business Administration, Kasetsart University
- Bachelor Degree in Economics, Kasetsart University
- Senior Executives on justice administration programme National Justice Academy, Office of Judiciary

Training by the Thai Institute of Directors Association (IOD)

2005 Director Certification Program (DCP)

Board Member / Management in Listed Company

Present

- Independent Director and Audit Committee, Jaymart Public Company Limited

Position in Other Company / Organization / Institution

Present

- Director, Panyapiwat Institute of Management
- Board Committee, Moral Extension National Committee
- Director, Siam Parawood Product Co., Ltd.

5-Year Past Experiences and/or Remarkable Position

-None-

(%) shareholding (as at December 31, 2019)

Held personally 0.00343*

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

* *Remark*

- Included Employee Joint Investment Program (EJIP)

Mr. Kosa Pongsupath

68 years old

Position

Senior Vice President – Information Technology

Education

- Bachelor Degree in Statistics, Kasetsart University

Training by the Thai Institute of Directors Association (IOD)

2016 Corporate Governance for Executives (CGE)

Board Member / Management in Listed Company

-None-

Position in Other Company / Organization / Institution

Present

- Director, Gosoft (Thailand) Co., Ltd.

5-Year Past Experiences and/or Remarkable Position

-None-

(%) shareholding (as at December 31, 2019)

Held personally 0.00385*

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

* *Remark*

- Included Employee Joint Investment Program (EJIP)

Mr. Chairoj Tiwatmuncharoen

65 years old

Position

Senior Vice President – Operation

Education

- Master of Business Administration (MBA), Sribatum University
- Bachelor of Engineering, Prince of Songkla University

Training by the Thai Institute of Directors Association (IOD)

-None-

Board Member / Management in Listed Company

-None-

Position in Other Company / Organization / Institution

-None-

5-Year Past Experiences and/or Remarkable Position

2007 - 2013 Vice President, CP ALL Public Co., Ltd.

(%) shareholding (as at December 31, 2019)

Held personally 0.00277*

Held by spouse or minor children 0.00363*

Family Relationship among Directors and Executives

-None-

* *Remark*

- Included Employee Joint Investment Program (EJIP)

Mr. Skol Tejasataporn

66 years old

Position

Senior Vice President – Purchasing

Education

- Bachelor of Arts in Economics, Thammasat University

Training by the Thai Institute of Directors Association (IOD)

-None-

Board Member / Management in Listed Company

-None-

Position in Other Company / Organization / Institution

-None-

5-Year Past Experiences and/or Remarkable Position

2007 - 2013 Vice President, CP ALL Public Co., Ltd.

(%) shareholding (as at December 31, 2019)

Held personally 0.00143*

Held by spouse or minor children 0.00072

Family Relationship among Directors and Executives

-None-

* *Remark*

- Included Employee Joint Investment Program (EJIP)

Mr. Yuthasak Poomsurakul

54 years old

Position

Senior Vice President – Merchandising & Marketing

Education

- Master Degree in Marketing, Thammasat University
- Bachelor Degree in Business Administration, Assumption University
- Bachelor Degree in Economics, Ramkhamhaeng University

Training by the Thai Institute of Directors Association (IOD)

-None-

Board Member / Management in Listed Company

-None-

Position in Other Company / Organization / Institution

Present

- Director, CP Foodlab Co., Ltd.

5-Year Past Experiences and/or Remarkable Position

2011-2016 Vice President, CP All Public Co., Ltd.

(%) shareholding (as at December 31, 2019)

Held personally 0.00158*

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

* *Remark*

- Included Employee Joint Investment Program (EJIP)

Mr. Kriengchai Boonpoapichart

51 years old

Position

Senior Vice President – Accounting and Finance (Vice)

Education

- Master Degree, MBA, International University of Japan
- Bachelor of Accounting, Chulalongkorn University

Training by the Thai Institute of Directors Association (IOD)

2004 Director Certification Program (DCP52)

Board Member / Management in Listed Company

-None-

Position in Other Company / Organization / Institution

Present

- Director, CPRAM Co., Ltd.
- Director, CP Retailink Co., Ltd.
- Director, Gosoft (Thailand) Co., Ltd.
- Director, ALL Now Management Co., Ltd.

- Director, Panyatara Co., Ltd.
- Director, All Training Co., Ltd.
- Director, All Corporation Ltd.
- Director, 24 Shopping Co., Ltd.
- Director, ALL Wellness Co., Ltd.
- Director, ALL NOW LOGISTICS CO., LTD.

5-Year Past Experiences and/or Remarkable Position

2009-2018 Vice President, CP All Public Co., Ltd.

(%) shareholding (as at December 31, 2019)

Held personally 0.00368*
Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

* *Remark*

- Included Employee Joint Investment Program (EJIP)

Mr. Voradech Hongdechanan

62 years old

Position

Senior Vice President – Accounting / Account Controller

Appointment Date

February 2, 2012 (Account Controller)

Education

- Bachelor of Accounting, Thammasat University

Training by the Thai Institute of Directors Association (IOD)

-None-

Continuing Professional Development Program

2019 Update TFRS 16 (6.30 hours)
2018 TFRS year 2019 (7 hours)
2017 Update TFRS (7 hours)
2017 e-Tax Invoice & e-Receipt (6.30 hours)
2017 Submission of financial statements via the DBD e-filing system (3 hours)
2016 Submission of financial statements via the DBD e-filing system (3 hours)
2016 Tax planning for sales promotion (6 hours)
2016 The important issue in New Financial Reporting Standard (TFRS for SMEs) effective 2017 (6 hours)

2015 Summary the main essence of the changes in TFRS (revised version for 2015) for member and general people 2/2015 (6 hours)

2015 Case study of the Value Added Tax and Withholding Tax (6.30 hours)

Board Member / Management in Listed Company

-None-

Position in Other Company / Organization / Institution

Present

- Director, Successor Investments Limited
- Director, ALL Wellness Co., Ltd.
- Director, ALL NOW LOGISTICS CO., LTD.

5-Year Past Experiences and/or Remarkable Position

2012 Vice President, CP All Public Co., Ltd.

(%) shareholding (as at December 31, 2019)

Held personally 0.00253*
Held by spouse or minor children 0.00068

Family Relationship among Directors and Executives

-None-

* *Remark*

- Included Employee Joint Investment Program (EJIP)

Mr. Narongsak Poomsrisaard

65 years old

Position

Compliance

Education

- Honorary Doctor of Philosophy (Ph.D.), College of Asia Scholars
- Bachelor Degree in Political Science (Government), Ramkhamhaeng University

Training by the Thai Institute of Directors Association (IOD)

-None-

Board Member / Management in Listed Company

-None-

Position in Other Company / Organization / Institution

Present

- Lay Judge, Nonthaburi, Juvenile and Family Court
- Member of University Council (Professional), Suan Dusit University

5-Year Past Experiences and/or Remarkable Position

2018 Qualified Committee Economic Financial Management,
Office of the Education Council

2011 Honorary Advisor the Committees of Budgeting, Senator

(%) shareholding (as at December 31, 2019)

Held personally 0.00032*

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

* *Remark*

- Included Employee Joint Investment Program (EJIP)

11

Report of Executive
Committee

The Executive Committee, by appointment of the Board of Directors, consists of 9 members, 5 of whom are Company directors: 1. Mr. Korsak Chairasmisak, Chairman of Executive Committee, 2. Mr. Pittaya Jearavisitkul, Vice Chairman of Executive Committee, 3. Mr. Piyawat Titasattavorakul, Vice Chairman of Executive Committee, 4. Mr. Umroong Sanphasitvong, and 5. Mr. Tanin Buranamanit, and 4 of whom are executives from the Company or its subsidiaries: 1. Mr. Wisade Wisidwinyoo, 2. Mr. Taweesak Kaewratthanapattama, 3. Mr. Vichien Chuengviroj, and 4. Ms. Lawan Tienghongsakul. Mr. Supot Shitgasornpongse, Company Secretary, serves as the Secretary to the Executive Committee.

The Executive Committee performed its duties and responsibilities within the scope specified by the Board of Directors. In 2019, the Executive Committee held a total of 14 meetings, 12 of which were scheduled, and 2 of which were special meetings. Each meeting was attended by executives from the Company and its subsidiaries, including Company advisors, with the objectives of reporting on performance, proposing information related to the meeting agenda for consideration and approval, and providing recommendations. The performance of the Executive Committee is summarized and reported to the Board of Directors annually. Key issues addressed by the Committee can be summarized as follows:

1. Consider the 2020 objectives, business targets, visions, missions, strategies and plans of the Company and its subsidiaries, including budgets and investment projects, before submitting them to the Board of Directors for approval.
2. Monitor the performance of the Company and its subsidiaries on a monthly and quarterly basis, as well as the progress of investment projects, and acknowledge reports on performance, including any problems or obstacles that occur, and provide recommendations for improvement to enhance operational efficiency.
3. Consider reports on risk management and risk responses half-yearly, covering both existing and new risks such as business risks, emerging risks, and sustainability risks, before risk management performance is subsequently reported to the Board of Directors for their consideration and acknowledgement.
4. Monitor human resources development performance according to executive succession plans; executive appointments and transfers according to the Manpower Plan; determine criteria for the compensation and performance assessments of top executives, and consider management plans on knowledge and value-transfers for top executives prior to their retirement.
5. Consider financing options for various investment projects, such as issuing Company debentures or perpetual subordinated bonds, before proposing to the Board of Directors for their approval.
6. Consider newly issued laws and develop plans to manage their potential impacts on the Company and its subsidiaries, including for the Personal Data Protection Act B.E. 2562 (2019), and the TFRS 16 financial reporting standards on leases, which will impact the financial reporting of the Company and its subsidiaries.
7. Screen large investment projects by the Company and its subsidiaries that are valued at more than 200 million baht. Investment projects that are valued at less than 500 million baht will be submitted to the Chairman of Executive Committee for approval, and investment projects that are valued at more than 500 million baht will be submitted to the Board of Directors for approval.

8. Approve research and development projects by the Company and its subsidiaries. Examples include the research project on modified starch for Thai desserts and bakery goods for diabetics; expansion of the research project on freeze-dried food machines at Pilot Scale; development project on robot picking systems and multi-sensor monitoring equipment; and research and development project on basil extract and its effects on reducing fats, protecting liver cells, and killing cancer cells.
9. Consider feasibility studies on international business expansion, and consider the initial conditions for investing in and operating 7-Eleven stores in Cambodia and the Lao People's Democratic Republic, before submitting to the Board of Directors for approval.

On behalf of the Executive Committee



(Mr. Korsak Chairasmisak)

Chairman of the Executive Committee

January 17, 2020

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Report of the
Sustainability
and Corporate
Governance
Committee

Report of the Sustainability and Corporate Governance Committee

The Sustainability and Corporate Governance Committee, appointed by the Board of Directors of CP ALL Public Company Limited, comprises four directors, three of which are independent directors: 1. Adjunct Prof. Prasobsook Boondechas, Chairman of the Sustainability and Corporate Governance Committee, 2. Pol. Gen. Phatcharavat Wongsuwan, member, 3. Mr. Padoong Techasarintr, member, and one executive director, Mr. Umroong Sanphasitvong. Mr. Supot Shitgasornpongse, Company Secretary, serves as the Secretary of the Sustainability and Corporate Governance Committee. In addition, the Corporate Governance Sub-Committee and Sustainable Development Sub-Committee is made up of representatives from the Company's various business units, and together serve as mechanisms for carrying out the assigned duties of the Committee. The Committee acts independently within the scope of its responsibilities, as stipulated in the Committee Charter.

In 2019, the Sustainability and Corporate Governance Committee held a total of four meetings. All of the four meetings were attended by all committees. During each meeting, the Committee met with the Chairman of each of the Sub-Committees, executive management, and the Company's advisor, to report on company performance and provide suggestions. The performance of the Sustainability and Corporate Governance Committee is reported to the Board of Directors once every six months, and significant matters can be summarized as follows:

1 Approval of the charter of the Sustainability Sub-Committee and appointment of the Sustainability Sub-Committees

On April 19, 2019, the Sustainability and Corporate Governance Committee approved the charter of the Sustainability Sub-Committee and appointed Chairman of the Sustainability Sub-Committee, consultants and members of the Sustainability Sub-Committee. These are working mechanisms for the Sustainability and Corporate Governance Committee to manage sustainability of the Company.

2 Agreement on the policies and practices of the sustainability

The Sustainability and Corporate Governance Committee agreed on policies and practices with the objective to provide the company and its subsidiaries with management guidelines and guidelines for sustainable development. The Company focuses on three main areas, namely economy, society and environment and the Board of Directors approved those sustainability policies and practices on August 9, 2019.

Additionally, the Sustainability and Corporate Governance Committee approved the framework and goals of sustainable development goals along with giving recommendations for more effective implementation.

3 Agreement on the Sustainability and Corporate Governance Committee Charter

The Sustainability and Corporate Governance Committee agreed on the revised Sustainability and Corporate Governance Committee Charter, which was updated to reflect the additional authority and responsibilities for sustainability that were assigned to the Committee by the Board of Directors. The Committee approved the revised Sustainability and Corporate Governance Committee Charter on February 21, 2019.

4 Acknowledgement of the Progress on the Corporate Governance Plan of the Corporate Governance Sub-Committee, 2019

The Sustainability and Corporate Governance Committee acknowledged the progress of the corporate governance plan for 2019 developed by the Corporate Governance Sub-Committee, which included the implementation of the Internal Controls System Development Program for monitoring risk in operation, Personal Data Protection Policy, Policies and

Practices regarding conflicts of interest as well as Practices regarding the Corporate business plan according with laws. The Committee also provided recommendations to increase the efficiency of plan implementation.

5 Acknowledgement of the Company's selection as a constituent of the FTSE4Good Index 2019

The Sustainability and Corporate Governance Committee acknowledged the selection of the Company as a constituent of the global index, FTSE4Good Index 2019, which assesses companies' performance on environment, social, and governance issues, where the Company was included in two index groups: FTSE4Good Emerging Index and FTSEGood ASEAN 5 Index.

6 Acknowledgement of the Company's selection as a member of the Dow Jones Sustainability Indices (DJSI) and inclusion in the annual Thailand Sustainability Investment (THSI) list 2019

The Sustainability and Corporate Governance Committee acknowledged that the Company was selected as a member of the Dow Jones Sustainability Indices (DJSI) World Index for the second year, and received the highest score in the Food & Staples Retailing Industry Sector for the DJSI 2019 assessment. The Company was also selected as a member of the DJSI Emerging Markets Index for the third consecutive year.

Furthermore, the Company was selected, following an assessment of the sustainability performance of listed companies by the Stock Exchange of Thailand, for inclusion in the annual Thailand Sustainability Investment (THSI) list for 2019. The Company also received the 2019 SET Awards in the category of Sustainability Excellence for Highly Commended in Sustainability Awards.

7 Acknowledgement of the results of the Corporate Governance Report (CGR) for 2019

The Sustainability and Corporate Governance Committee acknowledged the Company's results on corporate governance as published in the Corporate Governance Report of Thai Listed Companies for 2019 by the Thai Institute of Directors (IOD), where the results were at the 'Excellent' level.

8 Acknowledgement of the Report on the Implementation of the Corporate Governance Policy and the Anti-Corruption Policy

The Sustainability and Corporate Governance Committee acknowledged the report on the implementation of the Corporate Governance Policy and Anti-Corruption Policy, which included the following matters:

- Report of CP ALL shares held by directors and management for each quarter in 2019
- Management of gifts and souvenirs valued at over 3,000 Baht
- Communication and awareness-raising on corporate governance, and encouraging employees to adhere to corporate governance principles and the Anti-Corruption policy in their behaviors in 2019
- Seminars and trainings organized on the Corporate Governance and Anti-Corruption Policies, and participant knowledge evaluation
- Survey results of Corporate Governance of the Company and its subsidiaries.
- Grievances related to corporate governance and anti-corruption for each quarter in 2019
- A video competition showcase focused on promoting good governance and anti-corruption, and the results of the competition
- A competition of Mr & Miss Good Governance for new employees
- A competition for CG Talk
- Action to maintain membership of Collective Action Coalition Against Corruption (CAC)

9 Acknowledgement of the Assessment of the Sustainability and Corporate Governance Committee's Performance

The Sustainability and Corporate Governance Committee acknowledged its scores following an assessment of the Committee's 2019 performance. The scores revealed the Committee's performance to be at the 'Excellent' level of 90 percent, indicating that the Committee was able to fully execute its assigned tasks and responsibilities within the scope stipulated in the Charter.

The Sustainability and Corporate Governance Committee prioritizes corporate governance and responsibility for society, communities, and the environment as this ensures that Company will strictly adhere to the Corporate Governance Policy, the Business Ethics and Professional Conduct Handbook, Anti-Corruption Policy, and Sustainability Policy and other related guidelines – in all of its operations. The Committee is committed to promoting and developing the organization for greater efficiency, while working upon the basis of transparency, ethics, benefits to society, reduce environmental impact and responsibility to all stakeholders.

On behalf of the Sustainability and Corporate Governance Committee



(Adjunct Prof. Prasobsook Boondech)

Chairman of the Sustainability and Corporate Governance Committee

January 17, 2020

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Corporate
Governance

Corporate Governance

1. Corporate Governance Policy

CP ALL Public Company Limited (“Company”) is fully intent on conducting its businesses based on the principles of good corporate governance and has established goals and guidelines on innovation promotion and development plans. This is so as to create value for its businesses on a sustainable basis in addition to building up confidence for its investors. This will also then enable the Company to be fully competitive and to achieve positive performance results, through keeping in mind potential long-term impacts and operating its businesses in an ethical manner, as well as through respecting the rights of and acting responsibly towards its shareholders and all stakeholders so as to benefit society as a whole and to develop or reduce any negative impacts on the environment. Additionally, it will enable the Company to adapt towards any changing operational factors in an effective manner.

The Company has established its Corporate Governance (CG) Policy together with Guidelines on Good Corporate Governance for the Board of Directors, executives and employees, supporting units for corporate governance, and the Internal Audit Office. The Company has also reviewed, improved and updated its Corporate Governance Policy so as to be current and timely with the current situation. This is also to correspond to the current laws and requirements as specified by the concerned Government authorities and other relevant regulatory organizations responsible for overseeing corporate governance practices, together with being in line with international CG standards and always being acceptable standards of CG practices. As such, this Corporate Governance Policy covers 5 key operational aspects: Rights of Shareholders, Equitable Treatment of Shareholders, Role of Stakeholders, Information disclosures and transparency, and the Responsibilities of the Board of Directors.

To promote innovation and to conduct business with responsibility to society and the environment that is reflected in the Company’s business plans to ensure that all parties operate in line with the Company’s objectives, main goals, and strategic plans, the Company has established the Sustainability Policy and Guidelines as well as the sustainable development framework and goals. The key issues relating to sustainability include corporate governance; human rights and labor practice; leadership and human capital development; stakeholders engagement; anti-corruption; social impact; health and well-being; education; innovation management; occupational safety, health and environment; climate change management; water stewardship; ecosystem and biodiversity protection; responsible supply chain management; and local conflict management and community acceptance.

The Handbook on Business Ethics and Code of Conduct published by the Company is reviewed, improved, and updated every year. The Handbook describes the principles and required behavior with regards to business ethics and morality for the Company’s directors, executives, and employees. This is so that they will all discharge their duties and responsibilities with honesty, full adherence to all relevant laws, transparency, strict observance of the principles of fairness and good morals, priority to customers, and responsibility towards society and environment; as well as not to be involved with politics and always keeping in mind all stakeholders including the rights of various other parties specified by the law, not to be involved with any acts of human rights violation; to be against corruption, Anti-Money Laundering, not to give or accept any unusual benefits or compensation, not to be involved in offering or receiving any bribes, not to be involved with any conflict of interest situations, to protect assets, not to use inside information for unlawful gains, and not to act in any way that violates or infringes on the intellectual property rights of others. The Company has distributed this Handbook to all directors, executives, and employees within the organization. Training and test sessions were also undertaken to inform and educate employees so that they fully understand the guidelines in a correct manner. Communication, raising

awareness, and cultivate employees to follow including various activities such as video clip contest, Mr. & Miss Good Governance pageant, CG talk contest, etc., which will then result in the various operations of the Company to be undertaken with good quality and high moral standards together with fairness, transparency, and full accountability.

Corporate Governance Policy and Guidelines

The Company regularly reviews, improves and updates its Corporate Governance Policy every year to be in line with national and international CG standards such as the Corporate Governance Code published by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), the Corporate Governance Report of Thai Listed Companies (CGR) conducted by the Thai Institute of Directors (IOD), and DJSI Sustainability Assessment.

In 2019, the Company received corporate governance evaluations and awards as follows:

1. The Company received 5 stars or Excellent CG Scoring from the Corporate Governance Report (CGR) of Thai Listed Companies 2019 from the Thai Institute of Directors (IOD).
2. The Company received a score of 94 for the AGM Checklist 2019 from the Thai Investors Association.
3. The Company was selected as a member of the Thailand Sustainability Index (THSI) 2019 in the Services industry by the Stock Exchange of Thailand and won the SET Awards in Sustainability Excellence award group in the category of Highly Commended Sustainability Awards.
4. The Company was selected to be a member of the FTSE4Good Index 2019 (designed to measure the performance of companies demonstrating strong Environmental, Social and Governance practices) in the Food & Drug Retailers sector in 2 series, the FTSE4Good Emerging Index and FTSE4Good ASEAN 5 Index, for the second consecutive year.
5. The Company was selected to be a member of the Dow Jones Sustainability World Index (DJSI World) for the second consecutive year and was ranked first in the Food & Staples Retailing sector. In addition, the Company retained its membership of the DJSI Emerging Markets Index for the third consecutive year.
6. The Company won Asia's outstanding Companies poll 2019 from ASIA Money in Consumer Discretionary sector and Corporate Governance Awards on the occasion of the 30th anniversary of ASIA Money.
7. The Company won Private sector with excellent CSR performance award on the occasion of Foundation Day of Ministry of Social Development and Human Security.

Section 1: Right of Shareholders

All shareholders are entitled to receive their basic rights, both as an investor and corporate owner, through accepted and trusted methods and standards. These rights include rights to buy, sell and transfer their shares freely; protection of minority shareholder rights in calling shareholders' meetings by one or many shareholders who have combined shares not less than ten percent of the total number of paid up shares without restrictions on the number of shareholders; rights to receive dividends; rights to attend shareholders' meetings or assign a proxy to attend and vote on their behalf; and rights to join in deciding on important matters of the Company such as selection of directors and approval of important business transactions that will have an impact on the Company's business direction. All shareholders have the right to vote according to the number of shares they hold. Each share is entitled to one vote and no share has special privileges above other shares.

The Annual General Meeting of Shareholders 2019 approved the amendment of Clause 3 (Objectives) of the Company's Memorandum of Association from 76 clauses to 93 clauses. Clause (23), (39) and (48) shall be amended and Clause (77) to (93) shall be added to support the type of trade and business that will be operated in the future.

Besides the above basic rights entitled to shareholders according to the law, the Company also encourages shareholders to use their rights as follows:

Prior to the Shareholders' Meeting

The Company invited individual shareholders or groups of shareholders, who hold minimum shares of not less than 5 percent of the total voting shares of the Company, to propose agenda items in advance for the Annual General Meeting of Shareholders for the Year 2019. The Company prepared a form to propose agenda items for the convenience of shareholders and informed shareholders via the Company's website and the Stock Exchange of Thailand during 25 September until 31 December 2018. This was done 90 days before the last day of the fiscal year to allow time for the Company Secretary to screen the proposed agenda items before presenting to the Board of Directors for consideration. In considering the agenda items proposed by shareholders, there are clear and reasonable criteria. In addition, the Board of Directors has a policy not to add agenda items that have not been informed in advance unnecessarily. During this time, no shareholders proposed additional agenda items in advance.

The Company held the Annual General Meeting of Shareholders on 26 April 2019 at the Meeting Room on the 3rd floor, Convention Hall Center, Panyapiwat Institute of Management, Chaengwattana Road, Pak Kret, Nonthaburi. The Company sent out the invitation to the shareholders' meeting and accompanying documents, both Thai and English version, to shareholders more than 21 days prior to the meeting. This information was also posted on the Company's website at www.cpall.co.th on 8 March 2019, which is more than 30 days prior to the meeting so that shareholders have sufficient time to study the information ahead of the meeting. There were no extraordinary meetings of shareholders in 2019.

The Company's invitation to the shareholders' meeting had clear agenda items and correct and sufficient information as follows:

1. Registration form with barcode that was sent along with the invitation letter to facilitate registration for shareholders
2. 3 types of proxy forms for shareholders to use as appropriate i.e. Proxy form (A), (B), and (C)
3. Minutes of the previous shareholders' meeting
4. Agenda item on appointment of directors stated information on the nominated persons to be selected for the Board of Directors including first and last name, age, education, work experience, training from the Thai Institute of Directors Association (IOD), family relationship, director position held in other companies separated into listed companies and general companies, type of director position nominated, attendance at meetings in the past year, date position first held in the Company and term of office since first appointed, the attendance at the Board of Directors Meeting, securities holdings of Directors, and information for considering the election of independent directors
5. The Company's regulation on the qualifications of independent directors, due to this year, all retired by rotation directors are independent director, who must possess all the qualifications according to the Qualifications of the

Independent Directors as specified in the Notification of the Capital Market Supervisory Board and of the Company.

6. Agenda to appoint the external auditor, which identify the name and company, education, experiences and competency of the auditor, as well as the independence of the auditor and audit fee in order for shareholders can consider the competency and appropriateness of the auditor.
7. Agenda item on the approval of dividend payment stated the dividend policy, proposed dividend payment amount, and dividend payment statistics
8. Explanation on proxies, registration, and required documents to be presented on the meeting day
9. Information on the 3 directors to be appointed by the shareholder to attend and vote on his/her/its behalf; one out of the 3 directors is an independent director
10. The Company's Articles of Association regarding the shareholders' meeting
11. Annual Report 2018 and Sustainability Report 2018 with information on nature of business, management discussion and analysis, auditor's report and financial statements
12. A map of the meeting venue with directions for travelling by car or public transport
13. Each agenda item clearly states whether the matter is for acknowledgement or approval, the facts and reasons, the Board's opinions, the rules and procedures for voting, and the number of votes needed for the resolution
14. In order to receive the greatest benefits from the meeting and allow directors and executives to prepare to explain on the meeting day, shareholders are invited to send their questions to the Company prior to the meeting day
15. To provide convenience to the proxies having numerous documents, especially financial institutions, mutual funds or those overseeing the securities for investors, the Company has liaised to ask for cooperation from the financial institutions or mutual funds to send documents related to the meeting to the Company in advance to allow the Company to check the documents prior to the shareholders' meeting

At the Day of the Shareholders' Meeting

The Company organized the Annual General Meeting of Shareholders at Panyapiwat Institute of Management on Chaengwattana Road which has a meeting room that can sufficiently accommodate shareholders. Staffs were assigned to welcome and assist shareholders to ensure that everything was in good order. Registration opened 2 hours before the meeting to allow sufficient time to check the documents of shareholders and proxies. To ensure correct and fast registration, the Company arranged sufficient staff and tables and used barcodes for registration. Upon successful registration, shareholders received voting cards for each agenda item for voting in the meeting room.

Before the meeting commenced, the Secretary of the Meeting asked for shareholders' cooperation to turn off their mobile phones to prevent disturbing the concentration of other shareholders. The Secretary then informed the shareholders of the Company's voting procedures. A shareholder of the Company's ordinary shares has one vote for each share of which he/she is the holder. Voting shall be made openly, unless the shareholder in a number not less than five moved for a secret vote and the meeting has resolved to have a secret vote. The barcode system was used in vote counting which made tallying fast and accurate. In addition, an independent legal advisor oversaw that the shareholders' meeting was conducted correctly in compliance with the law and the Company's regulations. The independent legal advisor also monitored the vote counting. The voting results of each agenda item, including the number of agree votes,

disagree votes, abstain votes and voided ballot, were displayed on the screen for shareholders to easily view. In the case of agenda items where the directors have conflict of interest or agenda items concerning connected transactions, the screen also showed the number of votes not entitled to vote. In case some agenda items need more time for vote counting, the Chairman of the Meeting may ask the meeting to proceed to the next agenda to ensure continuity of the meeting. Once the staffs have finished the vote counting, the scores and resolution will be immediately announced at the meeting. In addition, for transparency in vote counting, the Company invited the representative who is not the Company's auditors as a witness to verify the vote counting.

The Chairman of all Sub-Committees, which are the Chairman of the Audit Committee, the Chairman of the Sustainability and Corporate Governance Committee, the Chairman of the Remuneration and Nomination Committee, including Independent Directors, Directors, Chairman of the Executive Committee, Vice Chairman of the Executive Committee, Managing Director and Chief Executive Officer, and the Company's top executives gave high importance to the shareholders' meeting and were present in all the meetings. The Company's external auditor, legal advisor, and advisor to the Board of Directors were also invited to the meeting to provide information and answer shareholders' questions. Moreover, the Company invited representatives from external regulatory organizations such as representatives from the Thai Investors Association joined in asking questions at the meeting.

In case the meeting has already started, the shareholders who arrive late can still attend and vote for the remaining matters and unapproved agenda.

The Company clearly set the agenda items for the shareholders' meeting as follows:

- In the agenda item of dividend payment, the Company clearly stated its dividend policy and provided details of the proposed dividend amount, record date, tax credit for dividend payment from the Revenue Department, and history of dividend payment for the past 3 years. All details were provided in the invitation to the meeting, providing time for the shareholders to consider the information before attending the meeting.
- In the agenda item of selection of directors, the Company provided opportunity for shareholders to vote on an individual basis. Each shareholder shall have a number of votes equal to one share per one vote and must exercise all the votes he/she has to appoint an individual or several persons to be director(s) but shall not split his/her votes among any person or group. The invitation letter has accompanying documents with details of the directors nominated for selection and the clearly stated voting procedures.
- In the agenda item of remuneration for directors, the Company disclosed the criteria for remunerating directors in each position and has set the agenda item to consider and approve the remuneration of the Company's directors at the shareholders' meeting every year even though there is no change in the amount of the remuneration from the previous meeting resolution.
- In the agenda that are significant in related to law and regulations and may have impacts on the Company's operation.

The Chairman of the Meeting allocated sufficient time, conducted the meeting appropriately and transparently, and provided opportunities for shareholders to express their opinions and raise questions in each agenda item. The questions and answers were clearly and completely recorded by the Secretary of the Meeting. Each agenda item indicated the meeting resolution and result of the votes, including the number of agree votes, disagree votes, abstain votes or unentitled

votes and voided ballot. The video recording of the meeting was posted on the Company's website after the meeting to enable shareholders who were unable to attend or interested persons to be informed of the issues discussed during the meeting.

The Company organized the Annual General Meeting of Shareholders in accordance with the related law and regulations and the Company's regulations. Only the agenda items that were indicated in the meeting invitation were considered.

After the Shareholders' Meeting

After the Shareholders' Meeting the Company disclosed the resolution of the shareholders' meeting and the voting results through the Stock Exchange of Thailand within the same day. The Company prepared and submitted the Minutes of the Shareholders' Meeting to the Stock Exchange of Thailand within 14 days from the date of the meeting as well as posted the minutes on its website within 1 month from the date of the meeting. The Company recorded the names and position of directors who attended the shareholders' meeting or were absent, voting procedures, vote counting, meeting resolution, voting results (approved, disapproved, abstained and voided ballot) of each agenda, including questions and answers from the meeting in the minutes.

After the Annual General Meeting of Shareholders, the Company will consider questions, comments and suggestions of shareholders gathered from the meeting room in order to determine appropriate actions and to further improve the meetings in next year.

From the assessment of the quality of the Company's 2019 Annual General Meeting of Shareholders (AGM checklist) conducted by the Thai Investors Association, the Company received a score of 94.0 out of a total of 100, higher than the average score of listed companies in the Stock Exchange of Thailand of 93.7

Section 2: Equitable Treatment of Shareholders

Even though each shareholder has unequal voting rights due to the different number of shares held by each, this does not mean that their basic rights as shareholders are different. The Company gives importance to and recognizes the rights of every single shareholder, whether major or minor shareholders, institutional or individual shareholders, local or foreign shareholders. Therefore, the Company will not perform any acts which are considered as preferential treatment or which will lead to unfair treatment to shareholders under related laws and regulations. In 2019, the Company performed the following:

1 Shareholders' meeting

- The Company provided an opportunity for minority shareholders to propose agenda items in advance for the Annual General Meeting of Shareholders for the Year 2019. The invitation was posted via the Company's website and the Stock Exchange of Thailand 90 days before the last day of the fiscal year to provide sufficient time for shareholders and to enable the Company Secretary to propose the agenda item to the Board of Directors for approval to be included in the shareholders' meeting.
- In the case where shareholders are unable to attend the meeting in person, the Company proposed 3 directors to be selected as proxies, one of which was Mr. Padoong Techasarintr, who is the Independent

Director and Audit Committee, as an alternative for shareholders to appoint one of the directors to attend the meeting as their proxy and vote on their behalf.

- The Company sent all 3 proxy forms to shareholders so that they can choose the form that best suits their needs. However, in the invitation notice, the Company advised shareholders to use form B, which has the most detail.
- The invitation to the shareholders' meeting clearly states the documents that must be brought on the day of the shareholders' meeting, separated into different cases. Documents that are required for presentation at the shareholders' meeting are according to international practice.
- The Company sent the invitation to the shareholders' meeting and associated explanatory documents in English to foreign shareholders.
- In the selection of directors, the Company votes on individual directors.
- Use voting cards for voting.
- Record the minutes of the meeting in a correct, complete and timely manner..

2 Directors and Executives

The Company has strict written procedures to prevent the use of insider information as follows:

- Established a policy and guidelines on conflicts of interest to prevent the use of insider information by insiders before it is announced to the public. Established a policy to prevent the use of inside information and disseminated an announcement warning directors and executives to suspend trading in the Company's shares in the one-month period prior to and one day after the release of the Company's financial reports to the public. Moreover, one day in advance notice is required for any transaction of the Company's shares.
- In the Board of Directors' Meeting, directors or executives with vested interests in connected transactions shall be excluded from attending the meeting and voting on that particular agenda item. In addition, if it is a transaction which must be disclosed or receive approval from shareholders according to the regulations of the Stock Exchange of Thailand, the Company disclosed the details and reasons for entering into the transaction, relationships of the connected persons, and calculations of the value of the transaction so that shareholders are informed of the details of the transaction.
- The directors and executives shall file a report of their interests and that of related persons every year and every time there is a change to the Company Secretary. In addition, copies shall be sent to the Chairman of the Board of Directors and the Chairman of the Audit Committee.
- The directors and executives shall file their holdings of the Company's shares and those held by their related persons and report to the Board of Directors' Meeting quarterly.
- Established guidelines regarding not using insider information for unlawful gains in the Handbook on Business Ethics and Code of Conduct.
- The related transactions which occurred in 2019 are honest and fair transactions under the ordinary course of business.
- The Company does not have a business group structure that engages in related transactions that may have conflicts of interest.

Section 3: Role of Stakeholders

The Board of Directors gives much importance to all stakeholder groups, through taking into consideration their respective rights as specified by the law - regardless of whether they are internal or external stakeholders. As such, this is to create mutual benefits for everyone on a sustainable basis as well as to encourage and promote close cooperation between the Company and the stakeholders in creating stability and security for the Company.

The Company gives importance to conducting its business operations with social responsibility, which also includes operating its business in an equitable manner through respecting human rights, treating the workforce equitably, occupational safety, health and environment, acting responsibly towards all consumers, protecting personal information and privacy, taking good care of the environment, participating in community development, preventing money laundering, and anti-corruption.

The Company has improved its Handbook on Business Ethics and Code of Conduct, which is reviewed every year to correspond with changes and be up-to-date. The Handbook is published and distributed to all directors, executives and employees for their information and strict compliance to ensure that the rights of all stakeholder groups are protected.

The CG Policy on the treatment of all stakeholders of the Company can be summarized as follows:

1 Shareholders

The Company is committed to conducting its business operations in an effective manner as well as with transparency and all due care, in order to achieve positive performance results together with ongoing growth and stable development of the organization, and to increase economic added value for the shareholders in the long term. The Company also gives importance to its shareholders through adhering to the principle of all shareholders being equal, together with looking after the benefits of all shareholders alike through having measures in place to protect against the use of inside information for the personal benefit of directors or executives and to ensure that directors and executives are accountable for their actions and not use their authority or position or inappropriate behavior that may bring about personal benefit or conflicts of interest.

2 Customers

The Company gives importance and special attention to its customers with the highest level of responsibility so that our customers will be fully satisfied with regards to the good quality and good value received, by conduct customer satisfaction survey at least twice a year, through fully disclosing all relevant information to our customers in a transparent and equitable manner as well as through close control of our operations with continuously innovation so as to ensure the quality of both products and services. This is especially so relating to food products, that must be delicious, fresh, clean, safe to eat and always provide good value. The results from analysis of customer satisfaction evaluation has been use for develop and improve products and services. The Company also maintain the sustained good customer relations, through clearly establishing the policy for treating customers in an equitable manner and acting responsibility towards customers which is disclose in Handbook on Business Ethics and Code of Conduct in working in the Company, that has been widely distributed throughout the Company for awareness and adherence.

Additionally, the Company also has mechanisms and procedures that allow customers to access various relevant information, which is for business reasons, and to lodge any requests or complaints, such as: via the Branch outlets, by mail, via the Company's website, and via our Call Center, etc.

Operating Guidelines on the Treatment of the Company's Customers

1. The Company's management and employees must know and fully understand about the products and services offered by CPAll, as well as must give customers relevant and complete information.
2. The Company's management and employees must study and fully understand the customer requirements in detail before offering any products or services to customers so as to meet their exact needs; as well as always be interested to seek out additional knowledge and information together with building up their work experiences so as to be more effective at work and achieve improved customer satisfaction.
3. The Company's management and employees must treat all customers in a courteous manner and with respect, as well as must speak politely to all customers.
4. The Company's management and employees must have a positive mindset towards their work in serving customers, as well as give importance to and discharge to the best of their ability the required customer service activities. This will then result in such customer service activities to be of value and effective, and lead to achieving customer service excellence.
5. The Company's management and employees must respect the decision and opinions of customers, as well as must not infringe on any personal rights of customers. They must be happy to receive any complaints from customers and be prepared to immediately rectify the problem. In the event that there are limitations or more time is required to resolve the problem, the customer must be informed of the situation within an appropriate period of time together with periodically keeping the customer informed of the status of the problem that is being resolved.

3 Employees

The Company fully recognizes the importance of employees who are the vital heart of the Company's sustainable operations, both current and future, and in all aspects of change. To satisfy the demands of customers and society and to grow sustainably, the Company has given importance to recruitment and selection, development of capacities, taking good care of employees' needs and problems, and creating employee engagement corresponding to the Company's key philosophy that "Through happy employees, we desire to see smiles from customers".

The workforce and Human Rights

Policy on Human Rights and with regards to the workforce

The Company has a policy on human rights and with regards to the workforce. This is an indication of both the recognition by and responsibility of the Company in promoting its observance of the international Declaration of Human Rights, through determining the policy and associated operating procedures that correspond to the recommendations by the UNGP : UN Guiding Principles on Business and Human Rights. Additionally, the Company is committed to maintaining the principles of the UN Global Compact on human rights (Principles 1 and 2) and the operating guidelines with regards to the workforce (operating guidelines 3 – 6).

Operating guidelines on human rights and with regards to the workforce

1. Respect and strictly comply with the established rules and regulations of the Company as well as both the relevant domestic and international laws.
2. Monitor and assess the associated risks together with potential impacts relating to human rights on a regular basis, as well as determine procedural guidelines or measures in managing such risks as appropriate. As such, all operating business units have the direct responsibility to oversee and manage their respective relevant risks.
3. Develop two-way channels of communications, in order to promote both awareness and full understanding together with the respective compliance with regards to respecting human rights. This will also allow employees and stakeholders to have an opportunity to express their opinions with regards to any issues and to submit any information or complaints on any alleged infringement and violation of human rights.
4. Establish procedures to investigate any information or complaints submitted after being informed by any employee and/or stakeholder, together with reporting the matter to senior management, in order that further operational development, relief or remedy and resolution of the reported problem affecting human rights can take place as required and as appropriate.
5. Disseminate and communicate this policy to the Company's business partners, in order that they may also have procedural guidelines in managing such risks so as to protect the Company from being a part of any associated operating activities involving a violation of human rights.
6. Encourage and support the Company's business partners to also join in operating their businesses with ethics and responsibility towards society, in order to promote a corporate culture of mutual respect together with the development of business competitiveness in a sustainable manner. As such, the Company's commitment to fully respect human rights is clearly reflected in the establish policy on the management of various key business operational aspects of the Company as follows:
 - Policy on Corporate Governance
 - Policy on Required Ethics and Business Conducts
 - Policy on Corporate Social Responsibility (CSR)
 - Policy on Hiring Employees and Workforce Management
 - Policy on Managing Diversity and Acceptance of Differences
 - Policy on Health & Safety and the Environment
 - Policy on Sustainable Sourcing and Operating Guidelines for Business Partners

Policy on Managing Diversity and Acceptance of Differences

The Company is cognizant of the importance of organization power, which comes from managing diversity of employees working in every province across the country to create unity based on the corporate culture of "Harmony". This creates an atmosphere that supports happiness, effectiveness, creative thinking and innovation, and is a stage for employees to demonstrate their highest potential which affects corporate image and employee pride which will help retain and attract capable and good people to join and further create success with the Company.

The power of collaboration, part of which comes from having a diversity of people within the workforce that can add value to and result in innovation within the Company, is important in driving the ongoing development and growth of the business. Therefore, by managing diversity and accepting differences in an appropriate manner, the Company is able to attract and retain people who are capable and good, as well as bring out and make use of their best capabilities.

Operating Guidelines on Managing Diversity and Accepting Differences

1. Leaders at every level must be prepared to listen to differing opinions from others.
2. Encourage and drive employees to be courageous in openly expressing their ideas and opinions that are creative and within the established internal legal framework of the country in which the Company is operating its business.
3. Create a positive working environment and atmosphere of mutual respect, in which employees can coexist together based on having varying differences – regardless of whether it is personal likes or dislikes, personal characteristics, race, religious beliefs, skin color, gender, age, or marital status.
4. Do not discriminate or be bias in the recruitment and selection of new employees, through providing equality and equal opportunities for career advancement based on the respective performance results of the individual Employee as well as corresponding to the overall development and growth of the Company.
5. Congratulate and praise employees as appropriate according to their respective level of creativity and degree of contribution to the innovation and improvements of operating procedures or processes of the Company.

Treatment of the Workforce

Creating Employees Who Are Happy and Who Enjoy Their work

The Company gives importance to the transfer of knowledge to and development of employees at all levels of the organization so that they can adapt to the rapidly changing business world, especially in the digital age. Importance is also given to development of leadership skills that understand and can effectively manage the new generation. The Company has organized standard training courses, additional courses to increase both knowledge and working capabilities, online courses for self-development, cross functional learning that is project based and measures performance reflecting business results, as well as leadership development programs. Moreover, the Company emphasizes self-education and further skills development through on-the-job Action Learning by having employees from various business units work together on projects under the care of managers acting as consultants and providing advice. In addition, the Company has employee development programs for 'high talent' personnel to be successors. Furthermore, the Company emphasizes building strong inter-relationships among employees through Team Power training project that makes employees understand the overall corporate objectives and direction, positive moral mindset and positive thinking. This training project has been regularly organized for all employee groups, including operations staff, distribution and logistics staff, HO staff, and Store Business Partners, since 2005. Each year there will be different topics and key learning points that focus on various means of communication. As for activities aimed at promoting internal close employee relationships and loyalty, each employee group can select to undertake various respective activities that are most appropriate to their type of work.

In addition, the Company has various different projects that are beneficial to our employees such as the Work Life Quality project that focuses on taking care of the health of employees; walk-run activities aimed at enhancing CP All family inter-relationships; club activities; and various other activities to help society such as bringing the temple to 7-11 activities undertaken by the Buddhist Religion Group and social contribution activities undertaken by the Volunteers Group. Apart from being recreational activities aimed at de-stressing employees from their work related problems, all such activities are aimed at developing employees to be good citizens, to have a positive public mind, and to be a good member of society.

In order to create happiness for employees, the Company has a policy to recruit local staff to create income for the local community. The Company also provides opportunity for staff to voluntarily request to transfer to work in their hometown locations to enable them to stay with their family and enhance bonding in the family, which is one of the major institutions of the community and the nation.

A Strong Corporate Culture for Sustainable Growth

The Company strongly believes that a good corporate culture will unite everyone's energy into organization power leading toward the same goal, by working together in "Harmony" since 2003. The Company has always promoted and supported all executives and employees to adhere to the "5-7-11" working principles and values with understanding, willingness, and commitment following the words "mixing common elements together with differing elements, so as to build unity in being part of the same band". The "5-7-11" working principles and values consist of the following factors:

1. The basic 5 working principles that employees must observe are: love your work, love your customers, love positive morals, love your organization, and love your work team.
2. The 7 values that the Company wishes every employee to have so as to achieve positive results through working together as a team are: strength, courage, keeping your word, unity, generosity, respect others, and enjoy the beauty of life.
3. The necessary 11 Leadership Skills for those in leadership positions so as to create trust, confidence, and respect from subordinates in working together as a team consist of: being sincere, not acting aloof as if you are better than them, talking nicely, not abusing or misusing your power, being a good role model, having positive morals, acting with kindness and compassion, being decisive, caring for society, developing good people, and being open to others.

However, the Company is fully aware of the fast-changing external factors – whether it is technology or social changes – that unavoidably affect and create new challenges for the Company, such as having the majority of our employees being from Generation Y, accounting for more than 90% of our overall workforce. As such, having employees who work together coming from different generations and having differing beliefs and values is one of the major challenges that requires the Company to adapt and genuinely face up to the ongoing changes. In 2016, a corporate workshop was undertaken, with representatives of all levels of the Management Group and employees attending, to identify key behaviors that would enable the organization to grow and develop in a sustainable manner for at least the next 30 years. This resulted in 5 behaviors called "Our Way", a concept that was concurred to by representatives of employees at all levels as being important and must be implemented and realized in a genuine manner, which consists of

1. Build Trust
2. Accelerate Coaching
3. Drive Innovation
4. Call for Smart
5. Enrich Community Awareness

These 5 behaviors are communicated to create understanding and activities are organized to instill actual practice by Voting Role Models at the executive level, and sharing stories or behaviors that are in line with the 5 behaviors at the Monday morning meetings, whereby one executive must present at each meeting (Our Way Moment).

Establishing Organization Good Governance so as to be a Sustainable Organization

2017 was the year in which the Charoen Pokphand Group and the Company gave great importance to making the organization to become an organization that will develop further in a sustainable manner. The Company started the associated Project and also issued various related initiatives together with many measures aimed at driving this Project - such as: the Corporate Governance Program, Anti-Corruption Program, and the Human Rights Due Diligence Program; as well as established mechanisms and channels of communications to receive suggestions and complaints from customers and employees such as at the stores, by mail, via the Company's website, as well as via the Call Center; and the Whistle-Blowing Program that focuses specifically on receiving complaints and inputs received from Employees.

People Development through Education

Given the number of stores that are dispersed throughout every area and location of Thailand as well as that these outlets provide 24-hr convenience services to consumers in every town and communities, recruiting and selecting employees are challenging tasks, in order to ensure that the Company has good and capable people, who are prepared to provide customer services that will result in customers' smiles. Thus, Company has established a foundation upon which to build and develop people by giving importance to education through creating work-based learning courses that emphasizes learning coupled with actual on-the-job-work experience for students with vocational education certificates or BA degrees. They will then attend courses at education centers established by the Company together with other learning institutes of the Group located in Bangkok and upcountry; whereby they will receive both a transfer of knowledge and skills alternating with actual on-the-job work- experience sessions at our stores and at the Company's offices. As such, these education and skills learning courses coupled with actual working sessions enable the Company to build up and develop human resources from the new generation of people, who are then knowledgeable and experienced - especially in the retail business - and who are well-prepared to join the Company after completing their Company education and training courses.

Welfare Benefits

The Company has a policy to focus on the quality of life of its Staff in their work together with on equal treatment for all its Staff. There are various Employee Welfare projects such as follows:

- Employee Engagement projects aimed at enabling its Staff to be happy in working for the Company. There are also regular Staff satisfaction surveys carried out every year through engaging outside research experts to undertake the surveys; whereby the survey results are then used to improve the atmosphere, determine various Staff welfare benefits to be offered so as to comply the needs of the Staff.

- The Employee Joint Investment Program (EJIP) that the Company has offered on a continuing basis for the 3rd time for a 5 year period (July 1, 2017 to 30 June, 2022)
- Employee Provident Fund
- Welfare assistance for the Employee and the Employee's family in case of crisis situation
- Home purchase loans
- Loan for debt settlement (Islamic Bank of Thailand)
- Life insurance and Health insurance for the Employee
- Scholarships for the Employee and the Employee's children
- Medical expenses for the Employee and immediate family includes loans for IPD hospitalization expenses
- Dorm for store staff in the area that the Company deems appropriate

Additionally, the Company also gives importance to looking after and taking care of the working environment for the Employee's personal safety and safety of the Employee's belongings; whereby a Safety Committee has been set up to oversee and train Employees about various situations that may occur, to implement various Safety and Protection Programs and Systems, and to undertake various safety-related activities and the '7- Sor' project. As such details of all these projects and activities are included in the Company's "Sustainability Development Report 2019"

4 Public Sector

The Company conducts and operates its businesses within all the legal requirements, associated regulations and rules, or various other requirements in a strict and correct manner; whereby there is a Compliance Unit clearly established within the corporate organization structure. The Company also supports the operations of its businesses that will benefit the development of the overall economy and society. Additionally, the Company maintains the established good relationships with various Public Sector agencies as much as possible and in an appropriate manner; whereby contacts are made on a regular basis in an open manner, so as to support the required cooperation and assistance with various business projects from such agencies.

5 Intellectual Property Rights

The Company fully cooperates in not violating or infringing on the intellectual property rights of others; whereby the Company specifies in its Handbook on Business Ethics and Code of Conduct that the conduct of businesses by the Company respects the rights of the owner of the intellectual property; as well as has established an associated written policy on this matter together with operating guidelines. This policy and the associated operating guidelines have been communicated within the organization; and meetings have been undertaken to clarify and achieve a full understanding, together with activities to oversee and monitor compliance so that no incidents of any violation of the intellectual property rights or infringements of copyrights will occur. Additionally, punishment or disciplinary actions have been established in the event that any such violation or infringement is made.

6 Society, communities and the environment

The Company conducts its businesses through always being aware of “being a nearby close friend, who knows your desires and needs,” which means being an integral part of society and the community. As such, everyone feels that a 7-Eleven store is a good neighbor, and that whenever there is any event or situation, they always think first of a nearby 7-Eleven store. For this reason, it is one of the most important mission of the Company is to operate its business by always being aware of its responsibility towards the community, society and the nation, through adherence to the principles of good governance such as operating its business in an ethical manner and with good moral standards; acting an equitable manner towards every involved party, and taking care of the environment in a genuine manner. The Company aims to support any activities to further develop the quality of life of the immediate and nearby community and society as a whole, in order to improve and enhance the ongoing positive benefits of all communities in a sustainable manner.

With regards to responsibility towards the environment, the Company has a project to reduce the volume of used plastic bags waste, whereby the Company is campaigning and promoting a reduction in the use of plastic bags when purchasing goods from 7-Eleven convenience stores; and a pioneer “7 Go Green” project to conserve the use of energy in every 7-Eleven stores and to use air conditioning units with inverters that reduce the amount of greenhouse gas released into the atmosphere together with installing waste water treatment systems for waste water from 7- Eleven stores prior to being released into the main waste water drains of the community.

The Company places great importance on the environment and has organized training on “Organizational Development for Sustainability” for 1,270 employees at the supervisor level and above to the Company’s top executive. One of the topics in the training course is the environment which is the goal of sustainable development of the Company in 2020. The Company is committed to be an organization that engages in climate change management, water stewardship, and ecosystem and biodiversity protection. Details can be found in the Company’s Sustainability Development Report 2019.

7 Business Partners

The Company treats business partners in an appropriate, honest, transparent, and equitable manner as well as equally; and also in not making decisions based on personal judgments or established personal relationships. As such, clear sourcing procedures have been established together with purchase agreements that are equitable. There are policies in place to protect against and prevent any conflicts of interests, when making decisions on sourcing from and on doing business with any business partners. There are also policies to ensure sourcing in a sustainable manner, together with operating guidelines for business partners. The Company issued Trade Competition in year 2019, in order to be ensured that every business partner of the Company will receive both equal and equitable treatment, Further, business partners are advised and overseen that they all respect human rights, treat their respective workforce in an equitable manner, and be responsible towards society and the environment. Business partners are also monitored and evaluated in order to mutually further develop business operations in a sustainable manner. Additionally, the Company has also established a procedure undertake business activities with business partners through using the internet or E-Auction.

8 Creditors

The Company observes and adheres to all commitments and obligations, together with treating creditors in an equitable manner, based on the ranking or priority of creditors as agreed in the loans agreements executed; whereby the associated operating guidelines are as follows:

- Strictly observe and adhere to the terms and conditions as agreed with the creditor.
- Oversee and ensure that the complete repayments of loans principle amount and associated interest charges are made to all types of creditors in a timely manner as agreed; also observe and comply with all the loans terms and conditions as agreed together with not using the loan proceeds that contradicts the agreed objectives in borrowing the funds.
- Operate the business so that creditors will have full confidence regarding the Company's overall financial position and positive ability to repay the loan as agreed.
- Disclose to creditors all relevant information that are correct, accurate and complete.

9 Competitors

The Company conducts its business in a fair and professional manner by operating its businesses operations openly and with transparency. It will not create any unfair competitive advantage in an unfair manner through undertaking any dishonest activities that will then have mutual negative impacts; as well as will not seek out any trade secrets or specific confidential information of its competitors by using any unlawful methods or by breaking its agreement not to disclose any information about its competitors regardless of whether having received such information from customers or other persons.

Remarks: With regards to details on the Role of Stakeholders, additional information has been included on this matter in the Company's Sustainable Development Report 2019"

Additionally, The Company's Board of Directors disclose various information and publishes reports on the conduct of its businesses operations to all stakeholders and other involved parties, who should know, through the Company's Form 56-1, Annual Report, the Company's Annual Report, and the Company's Annual Sustainable Development Report, as well as posted on the Company's website etc. The Company has also established a two-way communications channel as an opportunity to allow all Stakeholders and other involved parties to submit any information, suggestions, and complaints, in the event not having received equitable treatment from the actions of Company; whereby associated details and operating procedures guideline are given and posted on the Company's website in the Section on **"Anti-Corruption Policy"**

Section 4: Information Disclosures and Transparency

Information disclosure is one of the vital components of business operations that the Company has always adhered to. It is also an important indicator of transparent business operations according to the principles of good corporate governance. Thus, the Company has established a policy on the Company's information disclosure, which has been approved by the Sustainability and Corporate Governance Committee. Information disclosure is an important medium which enables shareholders who are not directly involved in the management of the Company to monitor the business performance of the Management Team. The Company gives importance to disclosing information in a correct, complete, sufficient, timely and regular manner and on an equal basis for all groups of shareholders.

Apart from the disclosures of information based on the criteria on information disclosures, as specified by the Stock Exchange of Thailand (SET), that correspond to the annual financial period of the Company such as the annual Financial Statements, annual Financial Report, Form 56-1, Annual Report, Annual Sustainability Report, and any other reports for specific situations – the Investor Relations Department of the Company, which acts as a central source of important information disclosures for investors, also prepares various analyses (Results Presentation) for dissemination to investors that are then posted on the Company’s website together with quarterly MD&A, key financial information and key operations performance results. These information disclosures are in the form of powerpoint presentations, that show the status and performance results of the Company. Moreover, there are press conferences for analysts, investors, the media and the general public on a quarterly basis.

In 2019, the Company held activities for investors as follows:

- Quarterly analysts meetings for a total of 4 times, which Investor Relations Department and senior management participated to provide information and answer questions.
- Non-deal roadshows in Thailand and overseas for a total of 15 times
- Company visit for 42 times and conference call for 22 times
- Marketing activities by inviting analysts and investors to visit the operating area of the company for a total of 6 times such as DC at Lat Krabang, 7-Eleven Flagship Stores,
- Held Press conference to public the Company’s performance and newsletter for a total of 4 times.

Investors are able to contact the Company to request information about the Company via the telephone or email, and by attending any investors’ meetings or presentations. Additionally, investors can access and view relevant information through accessing the Company’s website: <http://www.cpall.co.th/Investor-Relations>

Or contact to request for information from the Company’s Investors Relations (IR) Department as shown below:

Telephone : 0-2071-4369

Facsimile : 0-2071-8617

Email : investor@cpall.co.th

By Letter or Mail : Investor Relations (IR) Unit

CP All Public Company Limited

119, Floor 12, Tara Sathon, Sathon Soi 5, South Sathon Road,
Thung Mahamaek, Sathon, Bangkok 10120

In 2019, the Company disclosed information in various formats as required, that included information relating to the financial and accounting closing cycles as well as information relating to specific situations as follows:

Financial information

Financial Statements of the Company that are prepared in accordance with generally accepted accounting standards and that have been audited without any qualifications by the appointed independent external Auditor as well as that have been reviewed and approved by the Audit Committee of the Company. Additionally, the Company has never had a history of having to revise and correct any Financial Statements, as well as have always submitted both the Quarterly and Annual Financial Statements of the Company before the required deadline as specified by law.

Non-Financial Information

1. The Company has always disclosed various non-financial information as required by the applicable laws, in an accurate, complete, timely and transparent manner, through the SET's communications channels as well as on the Company's website. As such, the various non-financial information have also been regularly updated.

Information disclosed and posted on the Company's website:

- Vision and Core Values of the Company
 - Nature of the Company's Business
 - Names of the Company's Board Directors and Executives/Management group
 - Financial Statements, Statement of Financial Position, and Operating Results for the Current and Previous Years
 - Form 56-1 Report and Annual Report (that can be downloaded)
 - Information for Securities Analysts
 - Shareholding Structure
 - Corporate Structure
 - Major Shareholders list
 - Letter of Invitation to Attend the Annual General Shareholders Meeting (AGM) together with the Agenda Items to be considered, and also Minutes of the AGMs for the various years.
 - The Company's Articles of Association and Memorandum of Association
 - The Company's Corporate Governance Policy, Anti-Corruption Policy, Sustainable Development Policy and Goals, Human Rights and Labor Practices Policy, Diversity and Inclusion Policy, Corporate Social Responsibility Policy, Tax Policy, Environmental Policy, Sustainable Sourcing Policy, GMO Policy, Health and Nutrition Policy, Packaging Policy, Business Partner Guidelines, Occupational Safety, Health and Environment Policy, Privacy Policy
 - Charter of the Company's Board of Directors and Guidelines on Good Corporate Governance for the Board of Directors
 - Charter of the Audit Committee, Charter of the Sustainability and Corporate Governance Committee, and Charter of the Remuneration and Nomination Committee
 - Handbook on Business Ethics and Code of Conduct
2. The shareholding structure of the Company is clear, transparent and not complicated. There are no cross-shareholdings or a pyramid shareholding structure. A clear shareholding structure is shown, indicating the

Major Shareholders together with the total percentage of shareholdings owned by minority shareholders, as well as shareholdings owned by the Board Directors and the Executives/Management group that together account for 0.20% of the total issued and paid up shares.

3. Report on the conflicts of interests of Board Directors and the Executives/Management group together with those of any other connected parties.
4. Information about the connected transaction between the company and the connected person
5. Report on the shares owned by members of the Board of Directors and the Executives/Management group together with those of any connected parties.
6. Board of Directors' Statement of Responsibility for Financial Reports, together with the Report of the Auditors.
7. Report on the audit fee, with separate details for the audit services and other services provided.
8. Remuneration for the Board Directors and the executive management (as disclosed in the Company's Annual Report in the "Management" section); whereby the total amount of remuneration is appropriate for the respective responsibilities and duties of the members of the Board of Directors and the executives management when compared to other similar businesses
9. The number of Board Meetings held and attendance record with the number of times each Board Director attended the meetings in 2019.

Section 5: Responsibilities of the Board of Directors

The Company's Board of Directors is composed of persons who are knowledgeable, capable, skilled, and extensively experienced; as well as who come from a variety of professions and are well-accepted at the national level. They all have a full understanding of their required role and respective responsibilities. They have an important role in determining the Company's key policies and, together with the Executive Committee and other senior Executives/Managers, in defining the Company's vision and mission, corporate objectives, financial policy, risk management policy, strategy, operating business plans, and annual budgets. They also oversee the operations activities so as to ensure that the defined strategies and annual business plans correspond to the established core corporate objectives and goals; whereby in determining the strategies and annual business plans, a full analysis of the operating business environment, the challenges and opportunities that may impact the Company's business operations have been undertaken, so that the outcome will be a well-defined set of strategic objectives and core operating corporate objectives to which the organization has focused for the next 5 years.

The Company's Board of Directors has a key role in driving the organization forward, together with the duty and responsibility for overseeing that the business operations are undertaken in line with the established corporate objectives and goals, so as to result in achieving maximum benefits for the Company; as well as that they are based on being socially responsible, taking into consideration the possible impacts on the environment, acting in an equitable manner towards all Stakeholders according to the principles good corporate governance and the established Company policy on anti-corruption and sustainability. As such, these business operations activities must also be undertaken in accordance with the applicable laws, the stated corporate objectives and the rules and regulations of the Company and with the various resolution of the Board of Directors together with the resolutions of the Shareholders Meetings. Further, the oversight activities of Board Directors must be always be undertaken in a positive and ethical manner, with all due care and perseverance, as well as with full responsibility and accountability towards the shareholders.

On November 13, 2017, at the meeting of the Company's Board of Directors, a resolution was made to approve the Charter of the Board of Directors of the Company and also the Operating Guidelines on Corporate Governance for the Board of Directors, that were established through being based on the 8 Core Principles and Operating Principles together with the Good Corporate Governance Operating Guidelines as specified in the Corporate Governance Code – CG Code 2017 and published by the Office of the Securities Exchange (SEC) and the Stock Exchange of Thailand. As such, these CG Principles and Operating Guidelines were adapted to be appropriate and suitable for the Company's business operations; and are for reference and use by the Company's Board Directors in their responsibility to oversee the Company's operations, in order to achieve positive operating performance results in the long term together with confidence on the part of Shareholders and society as a whole so as to benefit the Company in creating ongoing added value for its businesses on a sustainable basis.

Additionally the Company also encourages and supports every Board Director to attend Directors training programs that will further develop their knowledge offered by the Thai Institute of Directors (IOD) and other institutes on an ongoing basis, so as to increase their effectiveness and productivity in their capacity as a Company Board Director. This will create further confidence on the part of Shareholders and general investors that Board Directors possess the knowledge about and understanding on discharging the duties and responsibilities as a Board Director according to the principles of good corporate governance. In this regard, the Company Secretary is responsible for coordinating that all Board Directors consider attending the respective training programs available.

1 Composition and Qualifications of the Board of Directors

- 1.1 The Company's Board of Directors is composed of at least 5 Directors, and at least half of the total number of Directors must reside within the Kingdom of Thailand; whereby they represent the major shareholders who are not executives or part of the management team, and Directors who come from the executives team. This is so that the Company is able to discharge its responsibilities in an effective, efficient and productive manner. Further, at least one-third of the total number of Directors must be Independent Directors, of whom there must be not less than a total of 3.
- 1.2 The Directors of the Company are appointed and must possess the complete qualifications as well as do not possess any disqualifications as specified by Public Company Act and the Stock Exchange of Thailand. Directors must possess the knowledge, capabilities, extensive expertise and experience that will be genuinely beneficial for the Company. They must also possess the dedication and be able to devote much time in genuinely discharging their required duties in accordance with their assigned responsibilities together with leadership skills and wide vision. They must also be a person with good moral and ethical standards, and have a good track record.
- 1.3 The Company's Independent Directors must possess the qualifications as specified by the Charter of the Board of Directors of the Company with regards to the qualification of Independent Directors, that have been specified in detail and are more comprehensive and stringent than those minimal qualifications specified by the SEC and SET with regards to the ownership of Company shares.
- 1.4 The Chairman of the Board of the Company is not on an executive and is not the same person as the Chairman of the Executive Committee, whereby there is a clear separation of power and roles between Board Directors and the Management. Additionally, the Chairman of the Board also

encourages every Director to debate and discuss as well as freely and fully express their opinions in Board Meetings by allowing adequate time.

- 1.5 In order to ensure that Directors are able to dedicate their time adequately in discharging their responsibilities towards the Company, it has been determined that each Director is limited to being a Board Director in not more than a total of 5 listed companies concurrently; whereby there is to be a system in place to report their Board Directorships in other listed companies, so that it will not be an obstacle in discharging their responsibilities towards the Company, and such reports should be open for acknowledgement.

In regards to the powers of the Chairman of the Board of Directors and of the Chairman of the Executive Committee, these have been defined and determined by the Board of Directors of the Company - especially with regards to the requirement that any important matters must be submitted to the Board of Directors for consideration and approval.

- 1.6 The Board of Directors of the Company has appointed a Company Secretary and has disclosed details regarding the appointed Company Secretary in the Section "The Board of Directors of the Company". The Company Secretary is responsible for explaining and making recommendations regarding the related law, regulatory requirements and duties of directors in order to that Directors be aware of and know, and is required to comply with; arranging the Board of Directors meetings and the Annual General Meeting of Shareholders; coordinating with internal units to ensure that all resolutions of the Board and AGM have been strictly complied with; liaising with regulatory agencies such as the Securities and Exchange Commission and the Stock Exchange of Thailand and overseeing information disclosure and reporting to the regulatory agencies and general public to be correct and complete according to the laws; and providing information to and arranging an orientation for newly appointed directors. There is also an Office of the Company Secretary as a support unit, whereby the core duties and responsibilities of the Company Secretary are indicated in the Form 56-1 under section "Management".

2 Role, Duties and Responsibilities of the Board of Directors

All the members of the Board of Directors of the Company have a full understanding of their respective individual role, duties and responsibilities together with the nature of the Company's business. As such, the Office of Company Secretary has prepared a Handbook for Board Directors for presenting to newly appointed Directors, which Handbook contains detailed information relating to being appointed as a Board Director of the Company, such as: the Company's business operations, Company Annual Reports, the Company's Rules and Regulations, the Company's Objectives, the Company's Handbook on Business Ethics and Code of Conduct as well as Handbook on the Company's Corporate Governance, Charter of the Board of Directors and associated Company's Operating Guidelines on Corporate Governance for the Board of Directors of the Company together with the Scope of Authority of the Board Directors. Additionally newly appointed Directors must attend relevant directors' development/training programs and courses offered by the IOD, with the Company being fully responsible for all associated expenses.

The Duties and Responsibilities of the Board of Directors of the Company, as specified in the Charter for the Board of Directors of the Company, are as follows

1. Report any individual situations of conflicts of interests or those of related persons that are related to the management of the Company and of the Subsidiary Companies and that can be accountable for. As such, this is for the sake of full transparency in the operations of the businesses.
2. Define and determine the corporate vision and mission, objectives, core policies, key strategies, business plans, and annual budgets, through undertaking detailed analyses of the operating business environment and the various changing key operating factors that will impact the overall businesses together with the Stakeholders. Also determine the oversight of the Management group and their allocation of key resources so as to effectively operate the Company's businesses in accordance with the established policies, objectives and goals for the maximum benefit of the Company and its Shareholders. This is to be achieved through taking into consideration all stakeholders, possible impacts on society and the environment, with the business operations being undertaken in a transparent and equitable manner, within the legal and regulatory framework and with good business ethics, together with having a process in place to evaluate the performance outputs and to make improvements so as to achieve effective business operations.
3. Determine, establish and undertake activities in accordance with the established policy on good governance, business ethics and code of conduct, and policy on anti-corruption as well as various applicable operating guidelines that the Company has documented in writing; and undertake a review of these policies and associated activities in accordance with the established policies at least once a year.
4. Determine the policy on risk management together with undertaking an assessment of the potential risks, and determine associated operating guidelines; as well as monitor the actual outputs from undertaking various activities in accordance with the established operating guidelines on risk management.
5. Consider transactions of conflicts of interests in a careful manner; determine clear operating procedures guidelines so as to achieve full benefits for the Company and its Shareholders, whereby all the involved Stakeholders are involved in the decision making process.
6. Consider and approve the Company's operating performance results for each Quarter compared with the established plans and budgets, together with assessing the ongoing business trends for the next immediate financial period.
7. Consider and approve any business transactions or activities that will have a significant impact on the financial status of the Company, its loans obligations, and the Company's ongoing business operations and reputation; as well as monitor and ensure the adequacy of the Company's ongoing financial liquidity and its ability to service existing debts.
8. Undertake to establish an accounting system, to prepare financial reports, to have the accounts audited by a reputable party, and to oversee information disclosures together with the preparation of the Company's Annual Reports, Annual Company Information Statement (Form 56-1) that will adequately reflect the actual financial status and achieved performance results; as well as oversee that effective and efficient procedures are in place to review and evaluate the appropriateness of the internal controls and

internal audit systems as well as that an opinion is given regarding the adequacy of the internal controls and internal audit systems in the Company's Annual Report.

9. Determine the policy of information disclosures together with the management of Company information so as to prevent any leaking of such information and the protection of any confidential Company information or information that may have an impact on the Company's share price.
10. Promote creativity and support innovation together with making use of creativity and technology to create added value to the business; as well as ensure that the management of information technology systems is in line with the genuine needs of the Company.
11. Consider and determine the establishment of the scope of authority of various Board Committees such as the Sustainability and Corporate Governance Committee, Audit Committee, and Remuneration and Nomination Committee – so as to achieve operating effectiveness and full benefits for the Shareholders.
12. Consider the appointment of the Chairman of the Executive Committee, Executive Directors, Chief Executive Officer, and Managing Director; as well as determine the scope of approval authority of the Chairman of the Executive Committee together with reviewing such scope of approval authority as appropriate on a regular basis.
13. Establish appropriate channels of communications with shareholders and stakeholders together with ensuring that shareholders participate in the decisions on important matters and key issues of the Company.
14. Establish a succession plan, in order to be well-prepared in the event that a senior executive is not able to discharge the required duties.
15. Ensure and support that all Board Directors and Executives members fully understand and comply with the legal and regulatory requirements, business ethics and code of conduct, and policy on anti-corruption, as well as the various established operating guidelines.
16. Establish clear directions and operating guidelines for stakeholders or any person wishing to submit any information via the Company's website or directly to the Company with the 'whistle-blowing' channels of communications being the Company's Board of Directors, the Sustainability and Corporate Governance Committee and the Audit Committee; as well as establish clear instructions for a thorough investigations to be made of all information received according to the established procedures and for a full report is to be submitted to the Board of Directors.
17. Oversee Subsidiary Companies, through considering that appropriateness of those persons to be appointed as Directors of the Subsidiary Companies to oversee that their management is in accordance with established operating policies and that various business transactions are in compliance with the legal and regulatory requirements specified by the laws on securities and by the various announcements of the SET.

3 Appointment and Removal of Board Directors

Appointment of Board Directors must be in accordance with the regulations of the Company and the applicable laws. As such, there must be full and clear transparency in the nominations process for new Directors, that must proceed in compliance with criteria and procedures established by the Remuneration and Nomination Committee and in line with business strategy of the Company by conducting Board Skill Matrix. As such, this process must also be applicable for those persons proposed for consideration to be nominated by Minority Shareholders in accordance with the criteria and

associated procedures specified by the Company or external consulting company or IOD Chartered Directors, etc. Further, the consideration of possible new nominees must also take into consideration the diversity of the qualifications, gender, age, ethnicity, religion and place of birth, as well as information of educational and professional background, and past experiences together with areas of special expertise including specific business skills relating to industry sectors, management, finance and accounting, legal matters, corporate governance, and contribute to the Company so that the comprehensive information can be used in the decision process by the Company's Board of Directors and/or Shareholders.

The Shareholders Meeting will approve the appointment of a Director by a majority vote in accordance with the criteria and process as follows:

1. Each shareholder shall have a number of votes equal to one share per one vote.
2. Each shareholder must exercise all the votes he/she has under (1) to appoint an individual or several persons to be director(s) but shall not split his/her votes among any person or group of persons.
3. The persons receiving the highest number of votes in descending order shall be appointed as directors depending on the requirement of directors set at such time. In the event that a number of persons receive an equal number of votes for the last directorship rendering the number of directors more than which is required, the chairman of the meeting shall have a casting vote.

For election, it shall consider and appoint an individual to be director in each position by exercising all votes of each shareholder but not splitting votes. The person receiving the highest number of votes of each position will be appointed as a director of that position.

Where a vacancy occurs in the Board of Directors otherwise than by rotation, the Board of Directors shall elect a person who is qualified and does not possess any prohibited description according to law as the replacement Director at the following meeting of Directors, except where the remainder of the duration of office of the Directors is less than two months. The replacement Director under paragraph one may retain his office only for the remainder of the duration of office of the Director whom he replaces. The resolution of the Board of Directors under paragraph one must be supported by a vote of not less than three-fourths of the number of subsisting Directors

The Meeting of Shareholder may resolve to remove any Director from office prior to rotation by a vote of not less than three-fourths of the number of shareholders who are present at the meeting and are entitled to vote, which vote represents an aggregate number of shareholders of not more than one-half of the number of shares held by the shareholders who are present at the meeting and are entitled to vote.

4 Role of the Chairman of the Board

The Chairman of the Board has the following duties and responsibilities

1. Oversee, monitor and ensure that the Board of Directors together with the various Board Committees act in accordance with the assigned duties and responsibilities of the Board of Directors of the Company as well as in an effective manner, so as to achieve the targeted objectives and goals of the Company
2. Act as the leader of the Board of Directors of the Company and also acts as the Chairman at Board Meetings and Shareholders Meetings and meetings of Non-Executive Directors.

3. Together with the Chairman of the Executive Committee and the Company Secretary, determine the Agenda for Board Meetings; as well as ensure that important matters are included for consideration and that Board Directors receive relevant information that is complete, accurate, and clearly documented and also in time prior to Board Meetings, so that they may study the information and come a decision as appropriate.
4. During Board Meetings, allocate adequate time for the Management to propose matters for consideration; and also encourage Directors to debate, discuss and actively exchange their opinions in an open and independent manner so as to make careful judgments on the issues while taking into consideration the interests of all stakeholders in a comprehensive manner. The Chairman will then summarize the associated issues and the resolution of the Meeting, as well as ensure that the final decisions of the Board are then implemented accordingly.
5. Create and support good working relationships among Executive Directors and Non-Executive Directors as well as between the Board of Directors and the Management; and support the Chairman of the Executive Committee in acting in accordance with the established policies of the Company.
6. Support and act as a positive role model in fully complying with the principles of good governance and in accordance with the established good moral standards and business ethics of the Company; as well as oversee and ensure that every Board Director participate in encouraging to establish a positive corporate culture of having good moral standards and adhering to good corporate governance practices.

5 Scope of Approval Authority of the Company's Board of Directors

The Board of Directors of the Company has the authority to approve various Company-related matters as specified by law, Regulations of the Company, the Charter of the Board of Directors of the Company, and various resolutions of the Shareholders Meetings. As such, this includes determining and reviewing the Company's vision and mission, strategies, financial objectives, risk factors, business plans and budgets; together with statement of financial position and operating result, and approving the Company's financial statements and operating performance results, as well as approving any important transactions or activities that may have a significant impact on the financial position of the Company and ability to service its debts, the Company's overall business and reputation.

6 Separation of the role and responsibilities between the Board of Directors and the Management

The Company has separated the role and responsibilities between the Company's Board of Directors and the Management in a clear manner. As such the Board of Directors is responsible for determining the organization's overall objectives, goals, core strategies, and key operating policies together with the allocation of key resources so as to ensure achievement of the established objectives, goals; as well as for monitoring, evaluating results and overseeing the reporting of the Company's performance results by the Management at the policy level. At the same time Management is responsible for managing the various operations in accordance with the established objectives, goals and policies as approved and specified by the Board of Directors.

The Chairman of the Board is not the management and not the same person as the Chairman of the Executive Committee, as well as does not participate in the management of the Company's business operations, nor being the

authorize signatory to legally bind the Company. As such, this is to separate the responsibilities between overseeing the overall Company at the policy level and managing the business operations in a clearly defined manner.

As for the Company's Management, it has been assigned the responsibility for operating the business in accordance with the established objectives, goals, annual business plans and budgets as approved by the Company's Board of Directors. The Chairman of the Executive Committee has been assigned the responsibility under the scope of authority as determined by the Board of Directors. While the Chief Executive Officer and Managing Director has also been assigned the scope of authority as determined by the Chairman of the Executive Committee; and the Management group has been assigned the scope of authority as specified in the Company's Handbook on the Separation of Operating Authority.

7 Term of Office as a Board Director of the Company

• Number of years for each term

Company Directors have a total of 3 years for each full term of office, except those persons appointed as a replacement Director for an unexpected vacant directorship due to reasons other than the normal expiration of a term of office and required resignation, in such case, the replacement Director serves out the remaining period of the term of office; whereby the replacement Director may be re-elected as a Director for another full term.

• Number of consecutive terms of Independent Director

An Independent Director can have a maximum total term of office of not more than 9 consecutive years, effective from the date of appointment as an Independent Director by the AGM 2018 (20 April 2018). As such, unless the AGM considers the reasons and necessity as proposed by the Company and approves a further appointment as an Independent Director that will then exceed the maximum of 9 years as stated above.

8 Policy on the Company's dire directors and top executives holding positions in external organizations

The Company has not yet set a policy on the Company's directors and top executives holding positions in external organizations as the Company's directors and top executives all are professional experts who are able to efficiently and effectively manage their time.

9 Performance evaluation

The Company has established an evaluation process of the performance of the Board of Directors of the Company and all sub-Committees on an annual basis at least once a year. This is to enable the Directors of the Company to review and consider their respective performance outputs and achievements together with the various associated issues or obstacles in discharging their duties during the year, which will then enable them to improve their effectiveness as the Board of Directors through having a clearer understanding of their individual responsibilities, as well as to enhance the working relationships between the Board of Directors and the Management. The performance evaluation of the Board of Directors is divided into 2 types, that is, assessment of the overall performance of the Board of Directors as a whole and self-assessment of the performance of the individual director.

Process and criteria for performance evaluation of directors

The Company Secretary Office is responsible for sending the performance evaluation form to every director of the Company in order to assess the performance of the Board of Directors and the sub-Committee that he/she is a member. After receiving all of the evaluation forms back, the Company Secretary Office summaries the results and presents the results of the performance evaluation to each sub-Committee to consider the results of their performance during the past year. The Company Secretary Office also reports the results of the performance evaluation of the sub-Committees and the results of the Board performance to the Board of Directors for consideration.

Performance evaluation form for assessing the overall performance of the Board of Directors as a group :

- The composition and qualifications of Board Directors have a direct effect on the overall Board performance output and effectiveness, such as the total number of Board Directors that is appropriate for the Company's business operations; the combined knowledge and experiences of the Board of Directors; the definition of Independent Directors; the number of Independent Directors Committees, as well as the qualifications and appointment of the Company Secretary.
- Various activities and operating aspects that will enable the Board of Directors to discharge their duties and responsibilities during Board Meetings in an effective manner such as: the appropriate time taken in holding Board Meetings; receiving detailed information and supporting documents adequately in advance to be able to study them prior to the Board Meeting; and the overall atmosphere during the Board Meeting.
- The role and responsibilities of the Board of Directors in giving importance to and taking adequate time in considering the various agenda as well as in reviewing and undertaking various other activities relating to important Company matters, such as implementing good corporate governance practices in overseeing the Company's business operations; business directions; core strategies and business operating plans; situations of conflict of interests; related transactions; internal controls systems; risks management; policy on the 'whistle-blowing' program; and preparation of the financial statements according to generally accepted accounting standards.
- Other matters, such as self-development of Board Directors and Management members; and good relationship between the Board of Directors and the Management.

Performance evaluation form for self-assessment of the performance of individual Board Directors consists of :

- The composition and qualifications of the Board of Directors have a direct effect on the overall effectiveness of the Board of Directors (or Board Effectiveness), namely qualifications, knowledge, skills and experiences that are appropriate for the Company's business operations together with knowledge and understanding about good corporate governance principles and practices.
- Various activities and operating aspects that will enable the Board of Directors to discharge their duties and responsibilities during Board Meetings in an effective manner such as: ability to review and study detailed information and supporting documents in an adequate manner prior to the Board Meeting; expressing opinions that are valuable and beneficial to the meeting as appropriate; leaving the meeting room during discussions of matters in which you have a vested interest.
- Role and responsibility of the Board of Directors, such as having discharged the duties and responsibilities as a Director in the Board of Directors in accordance with the applicable legal and regulatory requirements

as well as with the Charter of the Board of Directors in a fully effective manner; having dedicated and devoted time in discharging the responsibilities as a Director for the Company; not interfering with the operating activities of the Management group; as well as overseeing and monitoring the operating activities of the Management group in an appropriate manner.

Self-evaluation form to assess the performance of the member of the Board of Directors on an individual basis contains 5 scoring choices for each aspect,

0	=	Definitely do not agree or no activity undertaken in this matter
1	=	Do not agree or minimal activity undertaken in the matter
2	=	Agree or some degree of activity undertaken in this matter
3	=	Agree to a great extent and positive level of activity undertaken in this matter
4	=	Definitely agree and excellent degree of activity undertaken in this matter

Additionally, there is space for Board Directors to make additional comments or to express opinions freely.

Summary of the performance self-evaluation of the Board of Directors as a group

There was a high degree of agreement and a very good level of activity undertaken, with the achieved overall score of 90%; whereby there was only a good degree of agreement and only a good level of activity undertaken with an achieved overall score of 10%

Summary of performance self-evaluations of Board Directors on an individual basis

There was a high degree of agreement and a very good level of activity undertaken, with the achieved overall average score of 89%; whereby there was only a good degree of agreement or only a good level of activity undertaken with an achieved overall average score of 11%

10 Directors and Management Development

1. The Company encourages and facilitates those persons involved with good governance of the Company such as the Board of Directors, the Sustainability and Corporate Governance Committee, the Audit Committee, the Remuneration and Nomination Committee, the Management Team, the Head of the Internal Audit Unit, the Company Secretary, the CFO, and the Accountant Controller, a person supervising accounting, to attend training programs or various relevant seminars on a regular basis, especially the training programs held by the IOD. This is so that all such persons within the Company can have full knowledge and a good understanding of the respective roles and responsibilities as well as be able to improve their respective work on a continuous basis accordingly.
2. The Company also arranges to hold an orientation program whenever there is a new Director or Management member joining the Company, as well as provide various background information and relevant documents that are beneficial for their work for them to study as guidelines on how the Company operates its business, and to get to learn about the established corporate objectives, vision, mission, corporate values, and overall strategies of the Company.

3. The Board of Directors of the Company has assigned the Remuneration and Nomination Committee together with the Human Resources Policy Committee to be responsible for the appropriate ongoing management of the Company in a sustainable manner as well as for considering the Succession Plan for the Company. This is especially so with regard to senior Executive and Management positions at the level of Heads of “Business Groups” or Heads of “Office” Units upwards, so as to ensure that the Company has in place plans for recruiting, selecting and preparing specific persons to be the successor to any such key positions, that are vital for the ongoing operations of the Company in the event that the incumbent is promoted or transferred, retires, and resigns, thus resulting in the position to suddenly become vacant. As such, the selection of the successor will be based on that person’s achieved past performance, Leadership Competency, an assessment of that person’s potential and degree of preparedness for advancement through using a Performance & Potential Grid system, Learning Agility together with their level of career interest as key deciding factors.
4. During the past year, the Company still recognizes the importance of developing leaders in order to create confidence among all stakeholders, taking into consideration the work of each year and long-term sustainability. The Company believes that leadership development within the organization should correspond with the “Harmony” corporate culture and has thus placed importance on developing leaders through the Action Learning Project – APL (which consists of ongoing projects that brings together both staff and managers from each business functional group to work jointly so as to achieve the established objectives and business goals of the respective projects). In addition, the Company supports the use of coaching skills in developing leaders at various levels of the organization in order to build a Coaching Culture by collaborating with Berkeley Coaching Institute of Haas School of Business, University of California Berkeley, USA, so that the leaders in turn will use the coaching skills with their team. This will stimulate each work team to think of different ways to achieve an assigned task or project. At the same time, the Company also recognizes the ongoing external changes, uncertainties, and complexities in the overall business environment. Thus, the Company has arranged various activities to expand knowledge and new business experiences, so that the Company’s leaders will effectively grow and develop in tune with both the current and future ways we conduct our business; whereby this is achieved through attending relevant seminars and training programs. In summary, in the development of leaders at every level of the organization, the Company focuses on actual on-the-job training and learning (70%), on coaching through working jointly with others who are more experienced (20%), and on improving knowledge through attending various relevant seminars and training programs (10%). This is to ensure that the Company’s leaders are able to work and take on various respective roles and responsibilities, in order to meet the demands of customers and stakeholders, achieve high customer satisfaction, and be well-prepared to support the ongoing business operations of the Company going forward.

Attendance at various Directors Training Courses held by the IOD

Training Courses/ Year of Attendance	Company's Board / Directors Names												
	Director Accreditation Program (DAP)	Audit Committee Program (ACP)	Advance Audit Committee Program	Monitoring the Internal Audit Function (MIA)	The Role of Chairman	Director Certification Program (DCP)	Ethical Leadership Program (ELP)	Company Secretary	Board Performance Evaluation	DCP Refresher	Role of the Compensation Committee	Driving Company Success with IT Governance (ITG)	Finance for non-finance Director
1. Adjunct Professor Prasobsook Boondech	2017						2016						
2. Police General Phatcharavat Wongsuwan	2017												
3. Mr. Padoong Techasarintr	2005	2008		2008	2001	2003							
4. Mr. Pridi Boonyoung	2005	2010											
5. Mrs. Nampung Wongsmith			2016		2018	2007							
6. Mr. Dhanin Chearavanont	2005												
Mr. Soopakij Chearavanont	2011												
7. Mr. Korsak Chairasmisak					2006	2000							
8. Mr. Suphachai Chearavanont	2011												
9. Mr. Adirek Sripratak	2005					2001							
10. Mr. Umroong Sanphasitvong						2001	2016	2003	2006	2006	2007	2016	
11. Mr. Narong Chearavanont	2007												
12. Mr. Prasert Jarupanich						2004					2008		2004
13. Mr. Pittaya Jearavisitkul						2000							
14. Mr. Piyawat Titasattavorakul						2001							
15. Mr. Tanin Buranamanit						2010							

In 2017, the Company's directors and high-level executives attended the "Information Disclosure and Transparency" training course, with speakers from Freshfields Bruckhaus Deringer, a renowned multinational law firm and consultant on corporate governance to the Charoen Pokphand Group.

In 2018, Mr. Umroong Sanphasitvong participated in the National Director Conference 2018 Rising above Disruptions organized by the IOD, in order to prepare in the area of finance and to prepare for the role and duties of a director in managing transformation in the digital era.

In 2019, the Company's directors and high-level executives attended the "Business Ethics Program for High-Level Executives - Dealing with Conflict of Interest" training course, given talks by Professor Dr. Warapatr Todhanakasem and organized by the Charoen Pokphand Group.

2. Sub-Committees

1 Composition and Components of Sub-Committees

There are 3 Sub-Committees under the Company's Board of Directors.

1. Audit Committee

The Company's Audit Committee was established by the Board and consists of 3 Directors; whereby all are required to be Independent Directors as well as not be Executives of the Company, with the Manager of the Internal Audit Office acting as the Secretary of the Audit Committee.

During 2019, the Audit Committee held a total of 12 meetings, with the Members attending every meeting as follows:

Name	Position	Number of Attendance
1. Mr. Padoong Techasarintr	Chairman, Audit Committee	12/12
2. Mr. Pridi Boonyoung	Member, Audit Committee	12/12
3. Mrs. Nampung Wongsmith	Member, Audit Committee	12/12
Total		12/12

** Member of the Audit Committee possessing the relevant knowledge and experience in finance and accounting, and able to review the credibility of the Financial Statements*

The Audit Committee is fully independent in carrying out its duties and responsibilities. Apart from reviewing the Financial Statements, the Audit Committee also reviews that all operational activities are correct and fully comply with all established policies, rules and regulations, applicable laws, and operating regulations, as well as the requirements of the regulatory agencies. The Audit Committee also reviews and ensures that there are effective internal controls and an internal audit system in place together with a comprehensive risk management system. The Audit Committee meets with the external independent Auditor to discuss their opinions and comments about the Financial Statements and internal controls system; as well as prepares a summary report of its activities together with recommendations for improvements for submitting the Board of Directors every Quarter, with details as contained in the Section "Report of the Audit Committee". The Company takes on the various recommendations received from both the Audit Committee and the external Auditors for immediate implementation and improvements, and will then report back to the Audit Committee at the next meeting.

The Manager of the Internal Audit Office is Mr. Kidsada Euapiyachart, who also acts as the Secretary of the Audit Committee, through the approval of an appointment by the Audit Committee. There is a supporting group, the Internal Audit Office, which is independent of the Management group, that is responsible for reviewing and assessing the adequacy and effectiveness of the various internal controls in place together the various risk management measures; whereby it then reports the results to the Audit Committee every month, as well as submits its reports to the Board of

Directors every Quarter. As such, details relating to the Manager of the Internal Audit Office together with the Internal Audit unit is disclosed in the section "Management Structure"

Qualifications of and Criteria for Members of the Audit Committee as specified in the Charter of the Audit Committee

1. Owning not more than 0.5 percent of the total number of shares with the right to vote and issued by the Company, Parent Company, Subsidiary Company, and Joint Venture Company; or of the Major Shareholder, or of a person with a controlling power over the Company. As such, this total shareholding also includes those shares owned by persons related to the respective Independent Director.
2. Not being or having been a Director involved in the management of the operations of, an Employee of; or an advisor with a monthly retainer to; or a person with a controlling power over the Company, Parent Company, Subsidiary Company, Joint Venture Company, and Subsidiary Company of the same status, Joint Venture Company, the Major Shareholder of, or a person with a controlling power over the Company; unless the person in question no longer is in such a position or has such a status for not less than 2 years prior to being appointed to the Audit Committee. As such, this prohibited qualification is not applicable in the event that the Independent Director used to be a Civil Servant or an advisor to the Government Agency/organization that is a Major Shareholder of or a party with a controlling power over the Company.
3. Not being a person who has a relationship, by blood or by legal registration, as a parent, spouse, sibling or children, as well as spouse of the children, of an Executive of, a Major Shareholder of, a person with a controlling power over, as well as a person proposed to be appointed as an Executive or as a person with a controlling power over, the Company or Subsidiary Company.
4. Not being or having been a person with a business relationship with the Company, Parent Company, Subsidiary Company, Joint Venture Company, as well as with a Major Shareholder of or a person with a controlling power over the Company, so as to may be an obstacle to exercising judgments in a fully independent manner. This also includes not being or having been a significant Shareholder of a party or having a controlling power over a party with a business relationship with the Company, Subsidiary Company, Joint Venture Company as well as with a Major Shareholder of or a person with a controlling interest of the Company. This is unless the person in question no longer is in such a position or has such a status for not less than 2 years prior to being appointed to the Audit Committee.
5. Not being or having been an Auditor of the Company, Parent Company, Subsidiary Company, Joint Venture Company, as well as of a Major Shareholder of or a person with a controlling power over the Company; as well as not being or having been a significant Shareholder of, a person with a controlling power over, or a Partner of the Audit firm of the Company, Parent Company, Subsidiary Company, Joint Venture Company, as well as of a Major Shareholder of or a person with a controlling power over the assigned Company. This is unless the person in question no longer is in such a position or has such a status for not less than 2 years prior to being appointed to the Audit Committee
6. Not being or having been a person providing any professional services - including legal or financial advisory services - with an annual professional fees payment of more than Baht 2.0 million, to the Company, Parent Company, Subsidiary Company, Joint Venture Company, as well as to a Major Shareholder of or a person with a controlling power over the Company; as well as not being or having been a significant Shareholder, a person with a controlling power over, or a Partner of the Professional Services firm in question. This is

unless the person in question no longer is in such a position or has such a status for not less than 2 years prior to being appointed To the Audit Committee.

7. Not being or having been a Director appointed to represent a Director of the Company, a Major Shareholder, or a Shareholder associated with a Major Shareholder.
8. Not having a business similar to or the same as or that is a significant competitor of the Company or Subsidiary Company; or not being a significant Shareholder in a Business Partnership, or a Director actively involved in managing the business operations, Employee or Staff of, or an advisor who receives a monthly retainer to; or owning more than 0.5% of the total voting shares of a company/business that operates a business similar to or the same as or is a significant competitor of the Company or Subsidiary Company.
9. Not being a person who is in a position to not be able to exercise judgements in a fully independent manner with regards to the operations of the Company.
10. Not being a Director assigned by the Board of Directors to decide on matters relating to conduct of business and operations of the Company, Parent Company, Subsidiary Company, Subsidiary Company of the same status, Joint Venture Company, as well as of the Major Shareholder of or a person with a controlling power over the Company; unless such a decision is a collective decision.
11. Not being a Director of the Parent Company, Subsidiary Company or Subsidiary Company of the same status, whereby this is applicable only to listed companies.
12. A Member of the Audit Committee must be able to dedicate and devote time in an adequate manner to the activities of the Audit Committee; and should receive ongoing training so as to improve knowledge relating the activities of the Audit Committee, in order to be always up to date with the ongoing changes that may occur and to further improve the working effectiveness, efficiency and productivity of the Audit Committee.

Term of Office of Members of the Audit Committee

Members of the Audit Committee have a term of office of 3 years, that is also concurrent with being an Independent Director of the Company; whereby a Member of the Audit Committee will cease to hold the position due to the expiration of the current term of office, but can then be reelected for another term.

Additionally, apart from the expiration of the current term of office, a Member of the Audit Committee will cease to hold the position, in the event of:

1. Death
2. Resignation
3. No longer being a Director or Independent Director of the Company
4. The Board of Directors of the Company approves to terminate the term of office or to remove the person from being a Member of the Audit Committee
5. Not possessing all the required qualifications or possessing any prohibited qualifications, as specified by the SEC and SET as well as the Public Company Act

In the case that an Audit Committee position becomes vacant for any reason other than the expiration of the term of office, then the Board of Directors of the Company can appoint a person who possesses all the required qualifications to be a replacement Member of the Audit Committee.

In the event that a Member of the Audit Committee wishes to resign prior to completing the current term of office, the Company should be informed together with the reason for the resignation, so that the Board of Directors can then consider appointing another qualified Board Director to replace the Member who is resigning.

Duties and Responsibilities of the Audit Committee

The Audit Committee has the following duties and responsibilities, as assigned by the Company's Board of Directors.

1. Review and ensure that the Company has and submits financial reports that are correct, accurate and adequate.
2. Review and ensure that the Company has in place both internal controls and internal audit systems that are appropriate and effective; as well as considers and monitors the independence of the Internal Audit Office together with considering the appointment, transfer, or termination of the Head of the Internal Audit Office.
3. Review and ensure that the Company fully complies with all laws on securities and securities exchange and the regulations of the SET, as well as other laws applicable to the Company's business.
4. Consider and select, propose the appointment of qualified external Auditor/ Auditors together with the associated audit fee, as well as consider and remove Auditors; whereby the consideration process should take into account the level of independence, credibility, availability of people resources together with the experience of the assigned auditors to audit the company's accounts. Further, a meeting should also take place with the authorized external Auditor of the Company at least once a year.
5. Consider and review all proposed related transactions or those transactions that may involve a conflict of interests, so that they comply with the applicable laws and regulatory requirements of the SET. As such, this is to ensure that such transactions are appropriate and for the maximum benefits of the Company.
6. Prepare the Report of the Audit Committee, through disclosing this in the Company's Annual Report; whereby the Report is to be signed by the Chairman of the Audit Committee and must consist of all the following information and details as required and specified by the SEC and SET
 - a. Opinion on the correctness, accuracy, and comprehensiveness, together with the credibility of the Company's financial reports
 - b. Opinion on the adequacy of the Company's internal audit system
 - c. Opinion on compliance to all the laws on securities and securities exchange
 - d. The regulations of the SET, and all laws applicable to the Company's businesses
 - e. Opinion on the appropriateness and suitability of the external Auditor
 - f. Opinion on those transactions that may involve a conflict of interests
 - g. Number of Audit Committee meetings held during the year, and the attendance record of each Member of the Audit Committee
 - h. Overall opinion or comments that the Audit Committee has received in discharging its responsibilities in accordance with the Charter for the Audit Committee

- i. Any other matters that the Audit Committee thinks that Shareholders should be informed about and that is within the scope of duties and responsibilities as assigned by the Company's Board of Directors
- 7. Review compliance with the established anti-corruption policy and the guidelines on fraud and corruption.
- 8. Review the efficiency and effectiveness of the established risk management processes, such as strategic risks; operational risks; financial risks; regulatory compliance risks; social, environmental and economic risks; taxation risks; as well as risks relating to fraud and corruption.
- 9. Undertake any other activities as assigned by the Company Board of Directors and with the concurrence of the Audit Committee; as well as prepare and submit a report of the activities of the Audit Committee at least once every Quarter.

In undertaking its duties and responsibilities, the Audit Committee is directly responsible to the Company's Board of Directors; while the Board of Directors is responsible to external parties for the ongoing operations of the Company.

In the event that there are any changes to the composition or the duties and responsibilities of the Audit Committee, the Company is required to disclose and inform such changes relating to the names of the Members of and the scope of responsibilities of the Audit Committee in accordance with the format as well as procedures specified by the SET within three (3) working days from such changes becoming effective via the SET's electronic communications system.

Additionally, the Audit Committee meets on a regular basis every month with and reports to the Company's Board of Directors the results of all such reviews every Quarter, as well as meets with the external Auditor to review the Financial Statements.

2. Sustainability and Corporate Governance Committee

The Sustainability and Corporate Governance Committee was appointed by the Board of Directors' Meeting and is comprised of at least 3 directors, with a least half being Independent Directors and with Mr. Supot Shitgasornpongse, the Company Secretary, acting as the Secretary of the Committee.

During 2019, the Sustainability and Corporate Governance Committee held 4 meetings, with all Members of the Committee always attending these meetings, as shown below.

Name	Position	Number of Attendance
1. Adjunct Professor Prasobsook Boondech	Chairman, Sustainability and Corporate Governance Committee	4/4
2. Police General Phatcharavat Wongsuwan	Member, Sustainability and Corporate Governance Committee	4/4
3. Mr. Padoong Techasarintr	Member, Sustainability and Corporate Governance Committee	4/4
4. Mr. Umroong Sanphasitvong	Member, Sustainability and Corporate Governance Committee	4/4

Additionally, the Company also appointed an external expert to advise the Corporate Governance Committee so as to provide observations, opinions and recommendations in further developing and improving corporate governance procedures and processes, in order to upgrade existing CG practices to be of international standards, namely Corporate Governance Policy; Sustainability Policy; conflicts of interests issues, Policy on Protecting Personal Information and Data, Business Ethics and Code of Business conducts, policy on risk management, IT governance, Policy on Insider Trading, required information disclosures as specified by the SEC and SET; and reports to the sustainability and Corporate Governance Committee.

Term of Office of Members of the Sustainability and Corporate Governance Committee

Members of the Sustainability and Corporate Governance Committee have a term of office that is concurrent with being a Director of the Company; whereby a Member of the Sustainability and Corporate Governance Committee will cease to hold that position due to the expiration of the current term of office, but can then be reelected for another term as appropriate.

Additionally, apart from the expiration of the current term of office, a Member of the Sustainability and Corporate Governance Committee will cease to hold the position, in the event of:

1. Death
2. Resignation
3. No longer being a Director or Independent Director of the Company
4. The Board of Directors of the Company approves to terminate the term of office or to remove from being a Member of the Corporate Governance Committee

In the event that a member of the Sustainability and Corporate Governance Committee wishes to resign prior to completing the current term of office, the Company should be informed together with the reason for the resignation, so that the Board of Directors can then consider appointing another qualified Board Director to replace the Member who is resigning.

In the event that a Sustainability and Corporate Governance Committee position becomes vacant for any reason other than the expiration of the term of office, then the Board of Director of the Company can appoint a person who possesses all the required qualifications to be a replacement Member of the Sustainability and Corporate Governance Committee within 3 months from such vacancy date.

Duties and Responsibilities of the Sustainability and Corporate Governance Committee

1. Establish the Policy on Good Corporate Governance, Business Ethics and Code of Conduct, Policy on Anti-Corruption, and Policy on Sustainability that corresponds to the laws and the regulatory requirements of the government agencies and regulatory authorities of listed companies such as the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC); and submit to the Company's Board of Directors for approval.
2. Determine the policy and guidelines on innovation promotion, business operations with responsibility to society and the environment, and sustainable development planning.
3. Propose guidelines on corporate governance, guidelines on anti-corruption, and guidelines on sustainability management to the Board of Directors, as well as provide advice and recommendations to the Board of Directors relating to corporate governance and various practices relating to anti-corruption and sustainability management.
4. Oversee and ensure that the Company's executives act in full compliance with the established Policy on Corporate Governance, Policy on Anti-Corruption, and Policy on Sustainability; as well as review and assess, together with relevant directors and members of the Management Team, the results of acting in compliance with the Policy on Corporate Governance and the Policy on Sustainability together with giving recommendations on fully complying with the aforesaid policies.
5. Review the Policy on Corporate Governance, Business Ethics and Code of Conduct, Policy on Anti-Corruption, and Policy on Sustainability together with the associated guidelines on a continuing basis at least once a year, so that they are all current with the latest situation, through referring to the UN Global Compact (UNGC), international guidelines, and relevant laws and regulations of government agencies and regulatory authorities of listed companies, such as the Stock Exchange of Thailand and the Securities and Exchange Commission; and submit recommendations to the Board of Directors for approval in implementing such further improvements.
6. Report the results of the various activities undertaken and the results of the assessment of the compliance with the Policy on Corporate Governance, Policy on Anti-Corruption, and Policy on Sustainability, together with summarizing the key issues relating to corporate governance practices, anti-corruption activities, responsibility to society and the environment, and sustainability management to the Board of Directors at least two (2) times a year.
7. Oversee, ensure and monitor the progress of the activities of the various sub-Committees established by the Sustainability and Corporate Governance Committee, together with giving recommendations for further improvements and necessary support.
8. Coordinate the activities with the various sub-Committees in regards to cooperating in implementing corporate governance practices, anti-corruption activities, responsibility to society and the environment, and sustainability management, together with giving recommendations for improvements as necessary.
9. Encourage and support the Company to communicate with directors, executives, employees at all levels, and all involved parties in an adequate and continuous manner, so that they will all be fully aware of and fully understand the Policy and Guidelines on Corporate Governance, Business

Ethics and Code of Conduct, Policy on Anti-Corruption, and Policy on Sustainability and associated guidelines.

10. Act in compliance with the Policy on Anti-Corruption together with associated guidelines on preventing fraud and on anti-corruption.
11. Endorse the Sustainability Development Report in order to present to the Board of Directors for approval before public disclosure.
12. Undertake any other activities as deemed appropriate and assigned by the Board of Directors.

3. Remuneration and Nomination Committee

The Remuneration and Nomination Committee was established by the Board of Directors of the Company and is comprised of 3 persons, with at least half must be Independent Directors, with Mr. Suraphan Pussadej, Senior Assistant Chief Executive Officer – Human Resource acting as Secretary to the Committee.

During 2019, the Remuneration and Nomination Committee held a total of 4 meetings, which were attended by all the Committee Members during their respective term of office, as shown below:

Name	Position	Number of Attendance
1. Police General Phatcharavat Wongsuwan*	Chairman, Remuneration and Nomination Committee	4/4
2. Mr. Padoong Techasarintr*	Member, Remuneration and Nomination Committee	4/4
3. Mr. Soopakij Chearavanont**	Member, Remuneration and Nomination Committee	2/3
Mr. Suphachai Chearavanont	Member, Remuneration and Nomination Committee	1/1

*Independent Director

**Mr. Soopakij Chearavanont resigned effective 4 July 2019 and Mr. Suphachai Chearavanont was appointed to replace the resigned director effective 4 July 2019.

Qualifications of the Members of the Remuneration and Nomination Committee

1. Being a Director of the Company.
2. Have appropriate knowledge, capability, and understanding of the nature of business and the role, duties, and responsibilities of the Board of Directors and sub-Committees, as well as possess good knowledge and understanding of corporate governance.
3. Possess far-sighted vision, follows the ongoing changing factors relating to determining remuneration and nominations at the international level on a continued basis, in order to make improvements to the Company's Remuneration and Nomination Policy.
4. Understand the appropriate ways to develop the potential and skills of each director and executive in order to enhance work performance.
5. Able to undertake the duties and responsibilities as well as to express opinions, together with reporting the results of the various activities undertaken as assigned in a fully independent manner. Also, able to devote adequate time to discharge the required responsibilities.

6. Can independently recruit and select suitably qualified persons to be nominated for consideration to be appointed as a Director of the Company to replace those Directors retiring upon the expiration of their respective terms of offices or for any other reasons; as well as prepare the required background information on proposed nominees adequate for consideration by the Board of Directors.

Term of Office for Members of the Remuneration and Nomination Committee

Members of the Remuneration and Nomination Committee have a term of office concurrent with being a Director of the Company; whereby Members of the Remuneration and Nomination Committee will cease to hold the position due to the expiration of the current term of office, but can then be reelected for another term as appropriate

Additionally, apart from the expiration of the current term of office, a Member of the Remuneration and Nomination Committee will cease to hold the position, in the event of:

1. Resignation.
2. Not possessing all the required qualifications in being a Member of the Remuneration and Nomination Committee as specified in the Charter for the Remuneration and Nomination Committee.
3. The Board of Directors if the Company resolves to remove from office.

If a Member of the Remuneration and Nomination Committee wishes to resign, a letter of resignation should be submitted to the Chairman of the Board of Directors, whereby the resignation will become effective immediately on the date the letter is submitted to the Chairman of the Board.

In the event that a Remuneration and Nomination Committee position becomes vacant for any reason other than the expiration of the term of office, then the Board of Director of the Company should appoint a person who possesses all the required qualifications to be a replacement Member of the Committee within 3 months from the date that there is a vacancy in the Remuneration and Nomination Committee, so that the Committee has the full required number of Members to undertake the work.

Duties and Responsibilities of the Remuneration and Nomination Committee

1. Consider and determine the criteria for the remuneration and types of remuneration for directors and key executives for proposing to the Board of Directors. Consideration is given to both cash and non-cash payment benchmarking to leading companies in the same industry; the individual's performance, experience, duties, role and responsibilities; business expansion; the Company's financial status and operating results; and the Company's long-term strategy and goals, in order to motivate and retain quality directors and key executives. The Board of Directors will consider and approve the remuneration for key executives; while the Shareholders Meeting will approve the remuneration for Members of the Board of Directors every year.
2. Review and assess that the remuneration paid to key executives correspond to the actual achieved performance results by using assessment goals and criteria that is linked to short- and long-term strategies and plans.
3. Consider and determine the criteria and procedures for selecting and nominating persons who possess the appropriate and required qualifications to be appointed as a Director, corresponding with

the Company's business strategy by using Board Skill Matrix for consideration; as well as select the final nominees in accordance with the established procedures such as consider the names and background of the nominees from the existing Committee, open opportunities for shareholders to nominate persons for director positions, consider using external consultants, or consider individuals from the Pool of IOD Chartered Directors, with consideration to appropriate and diversified qualifications in terms of qualifications, profession, skills, age, experience, gender, ethnicity, religion, place of birth, expertise and special abilities that is necessary to have in the Company's Board of Directors and partakes in creating benefits for the Company; and propose to the Board of Directors for consideration and approval.

4. Establish programs to develop the work of directors and key executives and the Succession Plan; and review the aforesaid programs and plan every year.
5. Oversee the orientation of new directors to ensure understanding of their role, duties, and responsibilities; and present information relating to the Company's policies, nature of business, and business environment that must be taken into consideration.
6. Establish plans on training and development of the knowledge and expertise of the current directors which is appropriate to the changing external situation and sustainable development of the Company, in terms of both business operations and corporate governance.
7. Recommend the procedures for assessing the performance of the Board of Directors and other sub-Committees with review of the procedures on an annual basis and with consideration of the use of external consultants; as well as monitor and summarize the results of the assessment to the Board of Directors for acknowledgement in order to improve work performance and enhance knowledge and capabilities of the Company's directors.
8. Undertake any other activities as considered appropriate and assigned by the Board of Directors.

To fulfill its duties under its scope of authority, the Remuneration and Nomination Committee is authorized to call for and order the management or employees concerned to give opinions, attend meetings or submit necessary documents. In addition, in performing its duty under the scope of authority as specified in the Charter, the Remuneration and Nomination Committee may seek external consultation from independent consultants or experts in various fields, as deemed necessary and appropriate.

2. Performance Evaluation of the Committees

In 2019, the Company arranged that a self-evaluation as a group be undertaken by the Committee including the Executive Committee, the Audit Committee, the Sustainability and Corporate Governance Committee; and the Remuneration and Nomination Committee. This is so that these Committees can review and assess their activities and performance results together with the various obstacles faced during the past year, in order to help make the work of these Committees to be more effective

The performance self-evaluation form to be Members of Committees - as a group consists of these questions or aspects to be considered

- The composition of and qualifications for the Committee are appropriate for the required activities and enable the Committee to work effectively ie. the total number of Members of the Committee are appropriate; the required knowledge and experience are appropriate for undertaking the assigned responsibilities; the number of Independent Directors on the Committee is appropriate; the procedures for selecting and nominating Members of the Committees with the required appropriate qualifications are transparent and equitable, as well as are not subject to undue influence from any one person in particular.
- The meetings of the Committee, that take place to enable the Committee to discharge its assigned responsibilities, are held in an effective manner ie. information of the Committee Meetings dates during the year and associated details are given in advance; the frequency of the meetings of the Committee is appropriate; the time allowed for discussions of each Agenda Item is adequate and appropriate; relevant information for the proposed discussions are received in advance so as to have sufficient time to study them; the atmosphere during the meetings is conducive to freely express constructive ideas; those Members of the Committee with a vested interest in a matter being discussed do not participate in the discussions and decision of the matter in question.
- Great importance is given to the role and responsibilities of the Committee; sufficient amount of time is given to review and discuss them; and they are adequately adhered to by the Committee in an adequate manner

Executive Committee

Consider the Company's objectives, business strategies, budget, and investment projects, monitor the performance and progress of investment projects and report the overall results including the problems or obstacles encountered and the guidelines for improvement, monitor the results of the Company's risk management, monitor the results of human resource development, appointment and relocation of executives according to human resource plan, remuneration guidelines, and evaluation criteria of high-level executives, consider financing options when there is a need to find funding sources for various investment projects, monitor the use of funds, management of the funds, and the Company's financial status etc.

Audit Committee

Reviews the financial reports, so that the Company will have Financial Statements that are accurate and credible. Reviews and assesses that the Company conducts its businesses in accordance with the applicable laws and fully comply with all the specified regulations. Review and assesses that an adequate and positive internal controls system is in place. Considers and assesses that the proposed related transactions and transactions that may involve conflicts of interest are undertaken in accordance with the specified regulatory requirements. Gives an opinion on the appointment or removal of the Head of the Internal Audit Unit. Considers, selects and proposes the appointment or termination of the external Auditor together with the associated audit fee. Arranges that the Management has in place appropriate operating procedures and systems to receive and deal with information or complaints.

Sustainability and Corporate Governance Committee

Proposes to the Board of Directors operating guidelines and procedures on good corporate governance practices, together with giving further relevant recommendations to the Board. Oversees and ensures that the Board Directors of Company and the Management comply with the principles and practices of good corporate governance. Regularly reviews and assesses the abovementioned CG operating guidelines. And also compares them with those implemented overseas so as to further develop them to be of international standards. Determine the policy and associated operating guidelines on taking care of society as a whole, local communities and the environment; together with monitors that actual activities undertaken are appropriate. Establishes the operating framework and associated guidelines on anti-corruption.

Remuneration and Nomination Committee

Determines that the qualifications being sought and required by Board Directors correspond to the relevant laws and nature of the Company's business. Undertakes activities and summarizes the final list of nominee candidates for proposing to the Board of Directors for their consideration in an appropriate manner. Arranges to have a succession plan in place. Determines a training program and development of the skills of Board Directors on a continuing basis. Considers and assesses the guidelines for determining both the cash and non-cash types of remuneration of Board Directors and senior Executives/Management. Determines the process and criteria for determining the remuneration that are equitable; such as: comparing the corresponding remuneration given by other businesses within the same industry sector.

The self-evaluation form of the various Committees provides space for Members to indicating their respective scoring, which consist of 5 possible scores; namely:

- 0 = Do not agree with strongly; and does not undertake the respective activity/does not address the matter at all
- 1 = Do not agree at all; and undertakes the respective activity/addresses the matter to a small extent
- 2 = Agree; and undertakes the respective activity/addresses the matter to a fair extent
- 3 = Agree to a greater extent; and undertakes the respective activity/addresses the matter to a good extent
- 4 = Agree strongly; and undertakes the respective activity/addresses the matter to an excellent degree

Additionally, space is provided for the Committees Members to add further comments freely comments

Summary of the results of the self-evaluation by Committee Members - on an individual basis is as follows

Executive Committee

A high degree of agreement; or the Committee's activities address that respective aspect/matter to an excellent degree, with the total average score = 84%

And a high degree of agreement; or the Committee's activities address that respective aspect/matter well, with the total average score = 15%

Audit Committee

A high degree of agreement; or the Committee's activities address that respective aspect/matter to an excellent degree, with the total average score = 100%

Sustainability and Corporate Governance Committee

A high degree of agreement; or the Committee's activities address that respective aspect/matter to an excellent degree, with the total average score = 95%

And a high degree of agreement; or the Committee's activities address that respective aspect/matter well, with the total average score = 5%

Remuneration and Nomination Committee

A high degree of agreement or the Committee's activities addresses that respective aspect/matter to an excellent degree, with the total average score = 97%

And a high degree of agreement; or the Board Committee's activities address that respective aspect/matter well, with the total average score = 3%

3. Nominating and Appointing Board Directors and High-Level Executives

1. Independent Directors

The Company has a total of 5 Independent Directors, or equal to 1/3 of the total number of Board Directors, namely Mr. Pridi Boonyoung, Mr. Padoong Techasarintr, Police General Phatcharavat Wongsuwan, Adjunct Prof. Prasobsook Boondech, and Mrs. Nampung Wongsmith.

Qualifications of Independent Directors

Apart from the generally required qualifications in accordance with the Public Company Act and the Securities and Securities Exchange Act as well as other applicable laws, Independent Directors of the Company also have specifically required qualifications in accordance with the announcement of the Capital Markets Supervisory Board as well as the Charter for the Board of Directors of the Company.

Additionally, the Company has also specified that the percentage of the shares of the Company able to be owned by Independent Directors (as per Item 1 and Item 8) to be more stringent than the minimum percentage as announced by law. As such, the Independent Directors of the Company must possess the following specific and required qualifications.

1. Owning not more than 0.5% of the total number of shares with the right to vote and issued by the Company, Parent Company, Subsidiary Company, and Joint Venture Company; or of the Major Shareholder, or of a person with a controlling power over the Company. As such, this total shareholding also includes those shares owned by persons related to the respective Independent Director.
2. Not being or having been a Director involved in the management of the operations of, an Employee of; or an advisor with a monthly retainer to; or a person with a controlling power over the Company, Parent Company, Subsidiary Company, Joint Venture Company, and Subsidiary Company of the same status, Joint Venture Company, the Major Shareholder of, or a person with a controlling power over the Company;

unless the person in question no longer is in such a position or has such a status for not less than 2 years prior to being appointed. As such, this prohibited qualification is not applicable in the event that the Independent Director used to be a Civil Servant or an advisor to the Government Agency/organization that is a Major Shareholder of or a party with a controlling power over the Company.

3. Not being a person who has a relationship, by blood or by legal registration, as a parent, spouse, sibling or children, as well as spouse of the children, of an Executive of, a Major Shareholder of, a person with a controlling power over; as well as a person proposed to be appointed as an Executive or as a person with a controlling power over, the Company or Subsidiary Company.
4. Not being or having been a person with a business relationship with the Company, Parent Company, Subsidiary Company, Joint Venture Company, as well as with a Major Shareholder of or a person with a controlling power over the Company, so as to may be an obstacle to exercising judgments in a fully independent manner. This also includes not being or having been a significant Shareholder of a party or having a controlling power over a party with a business relationship with the Company, Subsidiary Company, Joint Venture Company, as well as with a Major Shareholder of or a person with a controlling interest of the Company. This is unless the person in question no longer is in such a position or has such a status for not less than 2 years prior to being appointed.
5. Not being or having been an auditor of the Company, Parent Company, Subsidiary Company, Joint Venture Company, as well as of a Major Shareholder of, or a person with a controlling power over the Company; as well as not being or having been a significant Shareholder of, a person with a controlling power over, or a Partner of the Audit firm of the Company, Parent Company, Subsidiary Company, Joint Venture Company, as well as of a Major Shareholder of or a person with a controlling power over the assigned Company. This is unless the person in question no longer is in such a position or has such a status for not less than 2 years prior to being appointed.
6. Not being or having been a person providing any professional services - including legal or financial advisory services - with an annual professional fees payment of more than Baht 2.0 million- to the Company, Parent Company, Subsidiary Company, Joint Venture Company, as well as to a Major Shareholder of or a person with a controlling power over the Company; as well as not being or having been a significant Shareholder, a person with a controlling power over, or a Partner of the Professional Services firm in question. This is unless the person in question no longer is in such a position or has such a status for not less than 2 years prior to being appointed.
7. Not being or having been a Director appointed to represent a Director of the Company, a Major Shareholder, or a Shareholder associated with a Major Shareholder.
8. Not having a business similar to or the same as or that is a significant competitor of the Company or Subsidiary Company; or not being a significant Shareholder in a Business Partnership, or a Director actively involved in managing the business operations, Employee or Staff of, or an advisor who receives a monthly retainer to; or owning more than 0.5% of the total voting shares of a company/business that operates a business similar to or the same as or is a significant competitor of the Company or Subsidiary Company.
9. Not being a person who is in a position to not be able to exercise judgements in a fully independent manner with regards to the operations of the Company.

An Independent Director possessing the specific and required qualifications 1 to 9 above may be assigned by the Board of Directors to make decisions relating the operations of the Company, Parent Company, Subsidiary Company, Joint Venture Company, Subsidiary Company of the same status, of a Major Shareholder or a person with a controlling power over the Company; whereby the decision will be made as a collective decision.

In the event that a person appointed by the Company as an Independent Director is or has been a person with a business relationship with or providing professional services (with a total value as specified in Item 4 and 6), the Company may exempt the requirement in the event that it views that the appointment of the person in question will not have any effect on the person's ability to discharge the assigned responsibilities and to express opinions in a fully independent manner; whereby the Company has disclose this matter and following relevant information in the supporting documents relating to the respective Agenda Item for consideration as sent to Shareholders in advance together with the Letter of Invitation to the Shareholders Meeting.

- a) Nature of the business relationship or professional services provided that disqualifies the person in question by having a qualification that is not in accordance with the established criteria.
- b) Reason and necessity for retaining or appointing the person in question as an Independent Director of the Company.
- c) Opinion of the Board of Directors in proposing the nominee to be appointed as an Independent Director

2. Guidelines in Selecting and Nominating Persons for Appointment as a Director

The Company has appointed the Remuneration and Nomination Committee to be responsible for determining the criteria and procedures in selecting and nominating persons with the appropriate and required qualifications to be appointed a Director which will be revised annually in order to be in line with the strategies and business operation of the Company.

Selection of a Director

The Remuneration and Nomination Committee recruits, selects and screens individuals to be a Director to replace Members whose term will expire or for any other reason, before presenting to the Board of Directors Meeting or the Shareholders' Meeting for resolution and appointment. The Director may be proposed by minority shareholders in accordance with the criteria and process specified by the Company, or from qualified persons with background and expertise from various professions, who possess leadership qualities, broad vision, knowledge, capabilities, morality and ethics, and past professional experiences that will meet the requirements of the vacant directorship position within the Company.

The candidate for independent director and/or member of the sub-committee shall not only possess the complete qualifications of the independent directors according to the Notification of the Capital Market Supervisory Board and the Board of Directors Charter and/or Sub-Committee Charter, but the Board of Directors must also consider that the candidate for independent director and/or member of the sub-committee is able to provide independent judgment and is eligible according to the set criteria

Criteria and Process for Selection

1. The Remuneration and Nomination Committee is responsible for selecting individuals with appropriate qualifications by considering the list of proposed names for directorship position and their background or from the Professional Pool of IOD Chartered Directors.
2. It is the equitable right of every shareholder to propose other individuals for consideration. The Company has established the process for nomination and announcement through the Stock Exchange of Thailand's information system, ninety (90) days prior to the end of the accounting period.
3. The Remuneration and Nomination Committee is responsible for screening and examining the names that will be proposed for directorship position with the related agencies to ensure that the individual has the appropriate and required qualifications and does not have any untrustworthy characteristics.
4. The Remuneration and Nomination Committee presents the names of the individuals who have been considered to the Board of Directors Meeting. In case of the expiration of the Director's term of office, the Board of Directors will propose the nominees to the Shareholders' Meeting for approval. For other cases, the Director may be appointed by the Board of Directors.
5. In voting, each shareholder shall have a number of votes equal to one share per one vote and voting for each position will be considered on an individual basis.

Nominating High-Level Executives and Succession Plan for High-Level Executive Positions of the Company

To enable the organization to successfully compete in the market with intense competition and to maintain the sustainable growth of the organization, the Company has formulated and implemented the policy on Talent Management as well as implemented Succession Planning for high-level executives. In 2019, the Company annually reviewed the policy, criteria and implementation process for the programs to ensure effective management of the programs in line with the changing competitive business environment and to support the organization's future growth. Details of the implementation of the programs are as follows:

1. Selection and development of Talent workforce

The program's objectives are to ensure that the Company has the Right Supply of Talented Workforce to support competition and sustainable business growth; and to ensure that the Company can retain talented workforce to love and be committed to the organization and continue working with the Company in the long run as well as be good executives and grow to be the successors of executives in the future (Pipeline for Succession Plan Program). The Company has a policy to select and develop employees with high potential, both inside and outside the organization. Internally, employees from the supervisor level and above will be identified for development. Employees who have been selected will receive the opportunity to join the program to develop their knowledge, capabilities and experiences. The Company will monitor and report the progress of the development to the high-level executives on a continuous basis to ensure that implementation is according to the set plan and goals.

2. Succession Planning

To ensure that key executives or leaders in the organization will have successors who can maintain competitive advantage and sustain business growth as well as to manage risks relating to human resources and to retain capable and high caliber employees in the organization, the Company has continuously implemented succession planning. The aim is to build and develop internal personnel who have capability and high potential to grow and advance to be executives in the future by going through a systematic and continuous development process. In 2019, the Company assessed the potential of executives in order to use the information to plan the development of each person's individual strengths and manage their potential for future growth. Emphasis was given to actual on-the-job learning such as Job Rotation, Special Project Assignment, and working closely with executives. The Company also organized courses to provide knowledge and develop important skills, especially personality development of high-level executives and Leader as Coach in order to be able to effectively manage employees of different generations with diverse beliefs. The Company monitors the progress of the development plan and reports the results of the development to the high-level executives on a continuous basis.

4. Corporate Governance of the Operations of Subsidiary Companies and Joint Venture Companies

The Company's Board of Directors has determined that an associated mechanisms and operating framework be established for the corporate governance of the policies and operations of Subsidiary Companies, Joint Venture Companies and other businesses in which the Company has made joint investments, both of are to be significant in nature manner and at an appropriate level. This is to achieve positive oversight and to protect the overall interests of the Company's financial investments through:

1. Assigning persons as representatives of the Company to be Board Directors, senior Management or a party with controlling power over the various abovementioned types of companies. This will be based on the percentage shareholding held by the Company and with the concurrence of the Executive Committee as defined in Charter of the Company's Board of Directors.
2. Determining the scope of authority, duties and responsibility of the Directors or senior Management member who have be assigned to be representatives of the Company in accordance with and as defined by the operating handbook of those respective Subsidiary Companies etc. with regards to the separation of power and authority.
3. Establishing various operating mechanisms to oversee the required disclosures of information relating to the financial status and operating performance results of these organization, the related transactions with connected parties, the acquisition or disposal of assets, or any other important transactions undertaken by these companies. This is so that these transactions are undertaken in a correct and comprehensive manner, based on the same principles of information disclosures of the Company that are to be made through a central unit involving the finance and accounting, and legal departments as well as the office of the Company Secretary, so as to enable using the relevant information in preparing the financial statements of the Company in accordance with the established standards and required time frame. Additionally, the Regulations of the Subsidiary also specify the procedures in undertaking any inter-related transactions together with the acquisition and disposal of assets, and that these transactions must be undertaken in accordance with the applicable laws on securities.

4. Further, appropriate internal controls system have been established that are adequate and comprehensive with various transactions undertaken in accordance with the applicable laws and including with the Handbook in the Separation of Operating Power and Authority; whereby these internal controls system have been reviewed and tested by the Internal Audit Unit of the Company/Group.

5. Preventing Conflicts of Interests and Overseeing the Use of Inside Confidential Information

1. Preventing Conflicts of Interests

The Board of Directors of the Company has the duty and responsibilities to oversee and manage any conflict of interests transactions that may occur between the Company and Management, the Board of Directors, or Shareholders and the taking advantage of the Company by gaining benefits from making use of the assets, information and business opportunities of the Company in an improper manner, together with the undertaking any business transactions with those with a relationship with the Company in an improper manner. As such, the Company has established a clear policy on undertaking transactions that may cause a conflict of interests, whereby these must be undertaken for the overall maximum benefits of the Company and the Shareholders, through considering all such transactions in a careful manner by having to be reviewed and concurred by the Audit Committee and then being proposed for approval by the Board of Directors of the Company. Further, those Directors with a vested interest must not participate in the consideration and approval process. And after being approved, the Board resolution for the related transactions are to be reported to the SET for disseminating the relevant information to the Shareholders within the same day as the Board resolution to approve is made or at the latest by 09:00 hours of the following working day, so that Shareholders are informed in an accurate, fast and timely manner.

Additionally, the Board of Directors considers it to be an important duty and responsibility to prevent any activities that may cause situations of conflicts of interest from occurring; whereby Board Directors, Executives/Management, and Staff together with their families and close relatives or friends must not undertake any transactions that will result in a conflict of interests with the Company, whether directly or indirectly as well as whether it is undertaken by the person alone or jointly with family members or close relatives and friends. Thus, in order to avoid any inappropriateness that may result; whereby these actions have been undertaken.

- Establishing a system to protect and keep safe information; as well as established policies on together with operating procedures for maintaining the confidentiality of the information, maintaining the credibility of and the preparedness to use the information. The policies and associate operating procedures are for strict adherence by Board Directors, Executives and Staff as well as by those other involved persons or business units, in order to prevent the use of such information to gain benefits through trading in the shares of the Company in an improper manner
- Requiring Board Directors and Executives of the Company and of the Subsidiary Companies to submit a report every year of their vested interests, as well as to update these reports every time there are any changes; whereby the report is kept by the Company Secretary. Additionally, copies of the report are also to be submitted to the Chairman of the Board and the Chairman of the Audit Committee. This 'vested interests' report also include information on the vested interest of and relationships with their immediate family members and close associates that may also result in situations of conflicts of interests. However, in

the event that a related business transaction must be undertaken, it must be done in a fully transparent and equitable manner as if undertaking a transaction with an external third-party, as well as must be to the maximum benefits of the Company. Further, those Board Directors and Management members with a vested interest must not participate in the discussions, consideration and approval process.

- The Company has established the policy and guidelines on conflicts of interest so that directors, executives, and employees have guidelines to follow in performing their duties with honesty and transparency, not seeking personal benefits and/or benefits for related persons, and preventing possible conflicts of interest with the Company. The Company has set the roles and responsibilities of the Board of Directors, executives, responsible units, and employees as well as operating guidelines. Furthermore, the Company has given examples of situations that may cause conflicts of interest to ensure clear understanding.
- Approving the agreements for business transactions that contain normal terms and conditions for use by Management in undertaking related transactions between the Company or Subsidiary Companies and Board Directors, Executives and other related parties, in the event that such related transactions are based on business transactions terms and conditions similar in nature to those agreements in general situations that reasonable persons might use with their co-parties for which the negotiations do not involve one party exerting under influence in the position as a involved Board Director, Executive or a co-party to the business agreement. Additionally, the Company is required to prepare a summary report of all related transactions every Quarter for submitting to the Board of Directors, which must be reviewed by the Audit Committee.

During the past 3 year, there was no connected transaction in 2017 and 2019. In 2018, the Company entered into one (1) connected transaction that is the purchase of ordinary shares of Thai Smart Card Company Limited from True Corporation Public Company Limited, with a transaction value of approximately Baht 454 million. The connected transaction is considered as a medium size transaction related to assets and service. The transaction was approved by the Audit Committee and the Board of Directors who has no interest in the transaction that the transaction is deemed reasonable and for the best interest of the Company, as well as for the benefit of all shareholders. Additional details were provided in the Information Memorandum of Connected Transaction which was disclosed to the Stock Exchange of Thailand on 13 November 2018. In addition, the Company and its subsidiaries did transactions with related parties which these inter-company transactions were made and agreed as a normal business transaction that the Management Team can conduct under the principles set by the Board of Directors.

2. Overseeing Inside Confidential Information

The Company gives importance to the misuse of inside confidential information for personal gain. Thus, it has included in the Company's Policy on Corporate Governance as well as in the Handbook on Business Ethics and Code of Business Conducts that it is prohibited to make use of confidential information that is known to them and that may be for the purpose of gaining personal benefits prior to such confidential information is disclosed to the general public. As such, a policy has been established the Policy on Protecting the Misuse of Inside Confidential Information together with associated operating guidelines on the buying and selling of the shares of the Company for use by Board Directors, Executives and employees. This is aimed to be measures to prevent the misuse of inside confidential information (or insider trading) by any involved parties, such as Board Directors, Executives and employee working in the Business Units that deal with

confidential Company information, and includes those share of the Company owned by their spouses as well as children and adopted children who are not yet of legal age, as follows:

- Whenever there is any trading (acquisition or disposal) of securities of the Company by directors and executives of the Company, they are required to file a report at least one (1) business day prior to the actual trading of such securities are made, through using the Pre-59 Form “Advance Notice of Trading of the Securities of the Company”, to the Company Secretary who will keep the Pre-59 Form on file and will make a summary report of all the reported planned trading to the Board of Directors on an annual basis. Thereafter, once the actual trading of the securities of the Company is completed, then a report on the changes in securities holding, Form 59, must be submitted electronically to the SEC within 3 business days after the actual trade has been made; whereby the SEC will disclose this information on the changes in securities holding on its website. This will enable investors to monitor such changes in securities holding by the said persons who are in the position or situation that might have access to inside information of the Company and might make use of such information for their own personal benefit prior to the information being disclosed to the general public.
- Board Directors, Executives and employees, who are able to access to or have in their possession any confidential inside information, are told they are forbidden to trade (acquire/dispose of) shares of the Company for a specific duration immediately prior to the disclosure of such information to the general public; whereby the Company has compiled a list of names of such persons who are able to access to or have in their possession any confidential inside information (Insider List); namely Board Directors, Executives and employee or other people, who may have the opportunity to gain access to such confidential information and then seek to gain personal benefits from such information in an improper manner prior to the information is disclosed to the general public. As such, all these persons are prohibited from trading any shares of the Company during the “Blackout period”, the period of having access to or possessing inside confidential information or other sensitive information that may affect the share price, as well as for a period of 30 days prior to the disclosure of financial information to the SET and general public and for 1 day after the disclosure. The Company Secretary will send an email 1 week in advance every time to remind and warn such persons of the prohibited period for trading the shares of the Company as stated above.
- It is prohibited to make improper use of inside confidential information that have nit yet been disclosed to the general public or to the SET for the sake of gaining personal benefit or for the benefit of any other involved parties, which is considered to be a means of taking unfair advantage of other Shareholders
- Reports are required to be submitted every Quarter regarding the ownership of any shares of the Company by the Board Directors, and by their spouses, as well as children and adopted children who are not yet of legal age.

As such, during 2019, there were no incidents relating to any breach of inside information on the part of Board Directors, Executive Directors, high-level Executives and employee of the Company.

Shareholdings of the Company by Directors for the year 2019 and 2018

Name	Position	2019		2018	Increase/ Decrease (Shares)
		% to paid-up 8,983,101,348	no. of share (shares)	no. of share (shares)	
Adjunct Professor Prasobsook Boondech Spouse and minor child	Independent Director and Chairman of Sustainability and Corporate Governance Committee	- -	- -	- -	- -
Police General Phatcharavat Wongsuwan Spouse and minor child	Independent Director, Chairman of Remuneration and Nomination Committee and Sustainability and Corporate Governance Committee	- -	- -	- -	- -
Mr. Padoong Techasarintr Spouse and minor child	Independent Director, Chairman of Audit Committee, Sustainability and Corporate Governance Committee and Remuneration and Nomination Committee	0.00011 -	9,824 -	9,824 -	- -
Mr. Pridi Boonyoung Spouse and minor child	Independent Director and Audit Committee	0.00759 -	681,478 -	681,478 -	- -
Mrs. Nampung Wongsmith Spouse and minor child	Independent Director and Audit Committee	- -	- -	- -	- -
Mr. Dhanin Chearavanont Spouse and minor child	Chairman	0.01705 -	1,531,476 -	1,531,476 -	- -
Mr. Soopakij Chearavanont Spouse and minor child	Director and Remuneration and Nomination Committee	0.00248 -	222,396 -	222,396 -	- -
Mr. Korsak Chairasmisak Spouse and minor child	Vice Chairman and Chairman of Executive Committee	0.10049 -	9,027,235 -	8,944,235 -	83,000 -
Mr. Suphachai Chearavanont* Spouse and minor child	Vice Chairman / Remuneration and Nomination Committee	- 0.00003	- 3,000	- 3,000	- -
Mr. Adirek Sripratak Spouse and minor child	Director	- -	- -	- -	- -
Mr. Umroong Sanphasitvong Spouse and minor child	Director, Sustainability and Corporate Governance Committee and Member of Executive Committee	- -	- -	- -	- -
Mr. Narong Chearavanont Spouse and minor child	Director	0.00339 -	304,802 -	304,802 -	- -
Mr. Prasert Jarupanich Spouse and minor child	Director	- -	- -	- -	- -
Mr. Pittaya Jearavisitkul Spouse and minor child	Director and Vice Chairman of Executive Committee	0.02168 -	1,947,726 -	1,909,705 -	38,021 -

Name	Position	2019		2018	Increase/ Decrease (Shares)
		% to paid-up 8,983,101,348	no. of share (shares)	no. of share (shares)	
Mr. Piyawat Titasattavorakul	Director and Vice Chairman of Executive Committee	0.00085	76,550	46,298	30,252
Spouse and minor child		0.00002	2,000	2,000	-
Mr. Tanin Buranamanit	Director, Member of Executive Committee, Managing Director and Chief Executive Officer	0.00551	495,300	453,182	42,118
Spouse and minor child		-	-	-	-
Total shareholding by Directors		0.15921	14,301,787	14,108,396	193,391

* Mr. Supachai Chearavanont had been appointed as a director on June 7, 2019

Shareholdings of the Company by Managements for the year 2019 and 2018

Name	Position	2019		2018	Increase/ Decrease (Shares)
		% to paid-up 8,983,101,348	no. of share (shares)	no. of share (shares)	
Mr. Wisade Wisidwinyoo	Member of Executive Committee	0.00070	63,008	68,141	(5,133)
Spouse and minor child		-	-	220,041	(220,041)
Mr. Taweesak Kaewratthanapattama	Member of Executive Committee and Senior Vice President - Accounting and Finance	0.00099	88,760	53,124	35,636
Spouse and minor child		0.00537	482,103	482,103	0
Mr. Suraphan Pussadej	Senior Assistant Chief Executive Officer - Human Resource	0.00037	32,961	19,744	13,217
Spouse and minor child		-	-	-	-
Mr. Chuan Nimkittikul	Senior Vice President - Distribution Center Function	0.00362	325,260	309,899	15,361
Spouse and minor child		0.00004	3,500	3,500	-
Mr. Suwit Kingkaew	Senior Vice President - Sustainable Development	0.00302	271,510	263,383	8,127
Spouse and minor child		0.00111	100,000	100,000	-
Mr. Kosa Pongsupath	Senior Vice President - Information Technology	0.00850	763,812	751,437	12,375
Spouse and minor child		-	-	-	-
Mr. Skol Tejasataporn	Senior Vice President - Purchasing	0.00343	308,274	298,458	9,816
Spouse and minor child		-	-	-	-
Mr. Chairroj Tiwatumcharoen	Senior Vice President - Operation	0.00385	346,217	334,131	12,086
Spouse and minor child		-	-	-	-
Mr. Vichien Chuengviroj	Senior Vice President - Corporate Asset and Facilities Management	0.00143	128,422	118,707	9,715
Spouse and minor child		0.00072	65,000	65,000	-
Mr. Yuthasak Poomsarakul	Senior Vice President - Merchandising & Marketing	0.00277	248,502	236,161	12,341
Spouse and minor child		0.00363	326,283	294,624	31,659
Ms. Lawan Tienghongsakul	Senior Vice President - Human Resource	0.00158	141,842	125,319	16,523
Spouse and minor child		-	-	-	-

Name	Position	2019		2018	Increase/ Decrease (Shares)
		% to paid-up 8,983,101,348	no. of share (shares)	no. of share (shares)	
Mr. Kriengchai Boonpoapichart	Senior Vice President - Accounting and Finance (Vice)	0.00368	330,948	302,300	28,648
Spouse and minor child		-	-	-	-
Total Shareholding by Management		0.04482	4,026,402	4,046,072	(19,670)
Total Shareholding by Directors and Management		0.20403	18,328,189	18,154,468	173,721

6. Audit Fee

1. Audit Fee

In 2019, the Company paid audit fees to the external independent Auditor of the Company, Mrs. Munchupa Singsuksawat, CPA No. 6112 of KPMG Phoomchai Audit Co. Ltd., totaling Baht 5,750,000. Additionally, KPMG Phoomchai Audit Co. Ltd is also the Auditor of a total of 18 Subsidiary Companies (excluded Subsidiaries under Makro Group) located in Thailand and 2 Subsidiary Companies located in overseas, including Lotus Distribution Investment Limited and Albuera International Limited, totaling Baht 5,440,000.

As for the other 2 overseas Subsidiary Companies, namely Successor Investments Limited and Successor (China) Investments Limited were paid to KPMG overseas.

2. Other Non-Audit Services

In 2019, the Company and Subsidiary Companies did not receive any other non-audit services from KPMG Phoomchai Audit Co. Ltd.

7. The adoption of CG Code 2017 for listed companies issued by the SEC

The company has annually reviewed the appropriateness of compliance with the CG Code for listed companies issued by the SEC and adopted the Code for the Company's business context as appropriate. Throughout 2019, the Company has fully complied with the CG Code, except for the following aspects:

1. The Company needs to have more than 12 Board of Directors, whereby the current total of 15 Board of Directors is appropriate for the size and type of Company's business that is complicated, so that they can help to oversee the management operations of the Company's Subsidiaries that are both varied and numerous.
2. The Chairman of the Board is not an Independent Director, since the Company's business is complicated; whereby there is a need for a leader who is capable and well-experienced as well as with extensive knowledgeable in both overall business management and the retail business in particular. Despite the fact that the Chairman is not an Independent Director, the Company has in place an internal audit system that incorporates operating mechanisms to achieve a balance of power, is transparent and based on the principles of good corporate governance and the discharge of duties and that always take into consideration the overall benefits of all stakeholders.

3. The Company has Independent Directors with terms of office exceeding 9 years in total from the initial date of appointment as an Independent Director. This is because our type of business is complex and thus requires Independent Directors, who are knowledgeable as well as who have specific experiences in and a true understanding of our business operations, which requires a longtime to learn and fully understand. Furthermore, despite the fact that the Independent Directors of the Company have terms of office exceeding 9 years in total from the initial date of appointment, but given their qualifications, extensive experience and reputation it will result in each of these Independent Directors being able to remain fully independent in the effective discharge of their duties. Nevertheless, effective from the date of the AGM 2018, the Company has now determined that Independent Directors of the Company cannot have a maximum term of office exceeding 9 years in total, unless the Shareholders Meeting considers and approves the reasons and necessity for appointing an Independent Director having a term of office exceeding 9 consecutive years in total as proposed by the Company.
4. The Company has not yet appointed an external consultant to help define and propose the required procedures and process for the performance evaluation exercise of the Board that should be undertaken at least every 3 years, and the results of which then should be disclosed in the Company's Annual Report. However, currently each Company Board of Director individually and each Board Committee as a group undertakes an annual self-evaluation of their performance every year; whereby they all carry out a self-assessment of their performance and express their comments in a fully independent manner. As such, the results of the performance self-evaluation activities are used to further develop the effective discharge of the duties of the Board of Directors; and both the criteria and the process used for this self-evaluation exercise are disclosed in the Company's Annual Report. However, the Company will revise the format and procedures for the required self-evaluation exercise by Board of Directors to be in line with the requirements as specified in the CG Code 2017.

8. Compliance to the Principles of Good Corporate Governance in Other Aspects

Throughout 2019, the Company complied with corporate governance principles and had important developments relating to corporate governance as follows:

1. Amended the Charter of the Sustainability and Corporate Governance Committee to be in line with the expanded authority, duties, and responsibilities relating to sustainability as assigned by the Board of Directors
2. Established the Charter of the Sustainability Sub-Committee and appointed the Sustainability Sub-Committee as a mechanism to support the work of the Sustainability and Corporate Governance Committee
3. Established the Sustainability Policy and Guidelines as well as set the framework and goals for sustainable development so that the Company and its subsidiaries have guidelines in managing and performing duties relating to sustainable development which mainly focuses on the economy, society and the environment
4. Formulated various policies, projects, and activities relating to good corporate governance and business ethics and code of conduct, namely, the project to set internal control system to control risks in the work

process, privacy policy, policy and guidelines on conflicts of interest, guidelines to comply with the Company's business plans in a legal manner, video clip competition to promote corporate governance and anti-corruption, Mr. & Miss Good Governance Contest, and CG Talk Contest

14

Report of the
Remuneration and
Nomination
Committee

Report of the Remuneration and Nomination Committee

CP All Public Company Limited's Remuneration and Nomination Committee performed duties with independency in accordance with its roles and responsibilities stipulated in the Charter of the Remuneration and Nomination Committee, as well as principles and good corporate governance guidelines provided by the Securities and Exchange Commission together with Stock Exchange of Thailand.

In 2019, the Remuneration and Nomination Committee held a total of 4 meetings, which the attendances of the committees are as follows:

	Periods of committee	Number of participation
1. Police General Phatcharavat Wongsuwan	1 January to 31 December	4/4
2. Mr. Padoong Techasarintr	1 January to 31 December	4/4
3. Mr. Soopakij Chearavanont	1 January to 3 July	2/3
Mr. Suphachai Chearavanont	4 July to 31 December	1/1

Remark

1. Mr. Soopakij Chearavanont resigned from the Committee Member of the Nomination and Remuneration Committee, effective as of July 4, 2019.
2. Mr. Suphachai Chearavanont was appointed as the Committee Member of the Nomination and Remuneration Committee to replace the resigned member, effective as of July 4, 2019.

At present, the Remuneration and Nomination Committee comprises with 2 independent directors, namely Police General Phatcharavat Wongsuwan, Chairman of the Remuneration and Nomination Committee, and Mr. Padoong Techasarintr as member of the Remuneration and Nomination Committee, together with one non-executive director, namely Mr. Suphachai Chearavanont as member of the Remuneration and Nomination Committee. Mr. Suraphan Pussadej, Senior Assistant Chief Executive Officer – Human Resource is the Secretary of the Remuneration and Nomination Committee.

The Remuneration and Nomination Committee performance was summarized and reported to the Board of Directors in every 6 months can be summarized as follows:

1 Nomination of the Company's Directors

The Remuneration and Nomination Committee has considered the criteria and procedure in nominating individuals with qualifications appropriate to assume the director position and in line with the company business strategy of Board Skill Matrix. The consideration based upon professional qualifications, skills, age, gender, race, religion, origin, experiences, knowledge, skill from diverse occupations and specific competencies which are required, including the performance as director in the past. Meantime, only member of the committee who has no interests considered the appropriate nominees to recruit for the position of the directors in replacement of those whose term of office has come to an end. The committee has already appointed that person since June 7, 2019 and then proposes to the Board of Director Meeting and the Annual General Shareholders Meeting respectively. The Board of Directors approved the proposal and it was of the opinion that the Meeting of Shareholder for year 2019 should re-elect the five nominees who retire by rotation to be directors of the Company for another term because those five nominees possess competencies, knowledge, experiences that will be of advantages to the Company and creating benefits to the company. In addition, the Remuneration and Nomination Committee provided minor shareholders with opportunities to nominate directors during

September 25 to December 31, 2018 via the SET Community Portal system and disseminated such criteria and nomination form via the Company's website to inform shareholders in advance. However, no shareholders nominated any candidates for the nomination process in the Annual General Meeting of Shareholders 2019. The Board of Directors approved the proposal of the Remuneration and Nomination Committee on February 21, 2019, then the Annual General Shareholder Meeting approved to appoint five directors who retire by rotation to be directors of the Company for another term on April 26, 2019.

The directors who retire by rotation are all independent directors. Those nominated for election as independent director to replace those who are retired by rotation must therefore have all the qualifications required by the regulation of independent directors of the Capital Market Supervisory Board and the company.

2 Determining the Remuneration for Directors and Senior Executives

The Nomination and Remuneration Committee has considered guidelines to determine the remuneration for directors and senior executives as well as methods and criteria of determining fair remuneration, evaluated the compensation of senior executives in line with their performance by hiring external experts as advisor providing information and giving suggestions for the Committee's consideration, and considered the suitability of Director's remuneration in 2019 by taking into account the following matters i.e. conformity with the market in the same industry, past performance, experiences, duties, role and responsibilities, including the business expansion, the Company's financial position and the operating results. The Nomination and Remuneration Committee propose Director's remuneration in 2019 at the same rate as approved by the Annual General Shareholder Meeting for year 2018 to the Board of Director Meeting for consideration as appropriate before propose to the Annual General Shareholder Meeting for the approval respectively. The Annual General Shareholder Meeting for year 2019 was approved Director's remuneration in 2018 as proposed by the Board of Director of the Company on April 26, 2019.

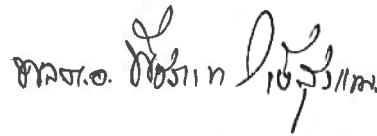
The Nomination and Remuneration Committee has considered the 2019 monthly remuneration and gratuity of Chairman of the Executive Committee, and Managing Director and Chief Executive Officer by taking into account the following matters i.e. conformity with the leading company in large scale in Thailand as well as leading retail company in Asia. It is of the opinion that the remuneration should be in compliance with the management incentive plan (MIP) as approved by the Company's Board of Director. Not only the above mention matters i.e. KPI and original goal of the outcome that taking into consideration for the special gratuity to members of the Executive Committee, but also the customer's satisfactory and return to shareholders were equipped. Furthermore, to determine the 2019 gratuity, the Nomination and Remuneration Committee were incorporated additional factor to MIP in relation to the criteria of member selection of DJSI in accordance with sustainability development context.

3 Assessment of the Remuneration and Nomination Committee's Performance

According to the Remuneration and Nomination Committee's Performance in 2019, in comparison with the Charter, it could be summarized that the Remuneration and Nomination Committee performed its duties effectively with 97% of total score and within the boundary as stipulated in the Charter.

The Remuneration and Nomination Committee has performed its duties as assigned by the Board prudently and cautiously in particular when considering the suitability of the candidates being proposed for the appointment as directors to ensure that such persons are knowledgeable, skillful, equipped with experiences useful to the Company's business operation and fully qualified under the Public Company Limited Act B.E.2535, the Notification of the Stock Exchange of Thailand and the Announcement of the Capital Market Supervisory Board.

On behalf of the Remuneration and Nomination Committee



(Police General Phatcharavat Wongsuwan)

Chairman of the Remuneration and Nomination Committee

January 16, 2020

15

Head of
Compliance
Biography

Head of Compliance Biography

Name Mr. Narongsak Poomsrisaard

Position Compliance

Education

- Honorary Doctor of Philosophy (Ph.D.), College of Asia Scholars
- Bachelor Degree in Political Science (Government), Ramkhamhaeng University

Training by the Thai Institute of Directors Association (IOD)

-None-

Duties and Responsibilities of the Head of Compliance

1. Develop an annual compliance implementation plan in accordance with assigned duties and responsibilities, where the aforementioned plan, including targets and indicators covering all important transactions, should be considered and approved by the Executive Officers.
2. Assess, supervise, and monitor the compliance performance of various departments to ensure that they regularly comply with laws, announcements, regulations, as well as Company policies, approaches and criteria.
3. Report on performance and provide recommendations for improvement or remediation to the Risk Management Committee and Audit Committee on a regular basis, or in the case of an event that could or is impacting the Company, report immediately to the Committees to ensure a prompt response or remediation to the event.
4. Follow up on improvement recommendations to ensure that they are being carried out as required by the performance assessment report, in compliance with rules, business ethics, Company codes of conduct or those required by law, as well as observations or remediation requests raised by the Corporate Governance Committee or internal control or auditing departments.
5. Participate in discussions concerning the Company's new operating procedures or new transactions to ensure that they are being carried out appropriately and in compliance with policies, approaches, and criteria determined by the Company, as well as criteria, business ethics, or codes of conduct issued by the Company or as required by law.
6. Act as the focal point for collecting and disseminating information, and provide knowledge and advice to various Company departments regarding means of compliance with laws, announcements, rules, regulations, criteria, business ethics, and codes of conduct outlined by the Company or as required by law.

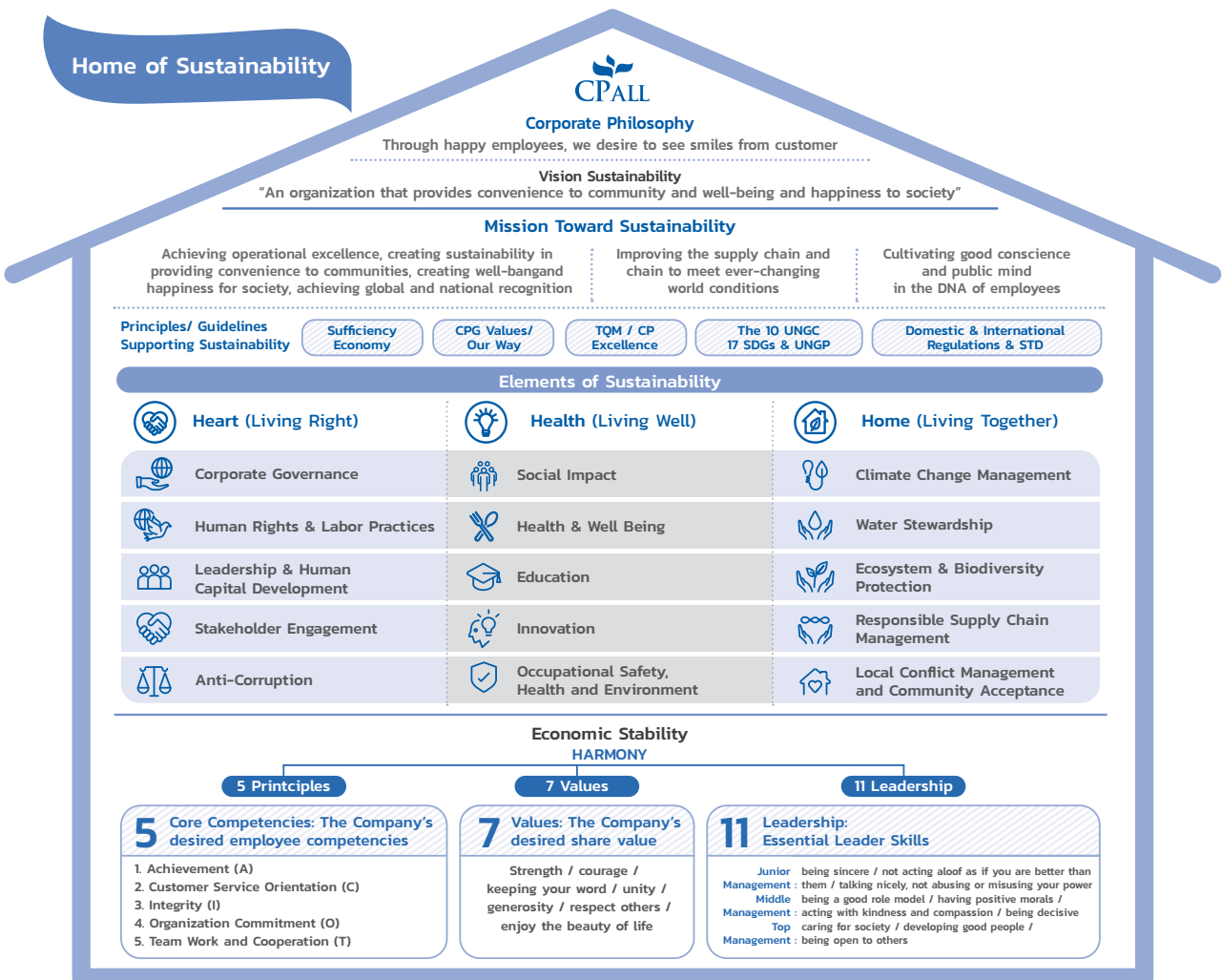
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Corporate Social
Responsibility

The progress that CP ALL Public Company Limited and its subsidiaries (“the Company”) have achieved over the past year, from first determining its sustainability strategy, to gaining experiences in other areas and studying lessons learned from case studies around the world, demonstrates that the Company remains as committed as ever to achieving sustainability within the organization and in society as a whole. This commitment is visible from the Company’s tangible achievements in environmental aspects, in energy use reduction and waste reduction to minimize environmental impact, as well as in social aspects, where the Company has succeeded in supporting small business owners, farmers, and local economies through economic opportunities. These achievements have received the positive support of all stakeholders.

Cognizant of its long-term business operations, the Company has fused a corporate sustainability approach as part of its 2019-2023 corporate strategy, to be driven by the Corporate Sustainability Development Committee tasked with ensuring that sustainability issues are reflected in the Company’s regular business operations and can be effectively implemented. The approach, following the business’ corporate strategy and sustainability framework, can be summarized as follows:

- Assessment and evaluation of the Company’s effectiveness as regards sustainability, in order to identify improvement approaches on its business operations to integrate international sustainability practice in the organization and its supply chain.
- Foster ideas, knowledge, understanding, and raise awareness on conducting sustainable business operations with employees and executive management at all levels, in order to create organization-wide involvement.



Sustainability Development Strategy and Goals

Following the establishment of the CP ALL Plc. Corporate Sustainability Committee in 2015, with Mr. Tanin Buranamanit as Committee's President, the Sustainability function as the Secretariat, and representatives from all key functions forming the Committee, the Sustainability and Corporate Governance Committee, with its clearly assigned responsibilities, has overseen concrete progress on sustainability in line with the previously stated sustainability development strategy and goals.

1. **Corporate Governance:** Creation of assurances in operations concerning stakeholders by reporting the Company's governance-related activities, with the aim of transparency, fair business competition, ethical business practices, and pursuing sustainability efforts through reporting which has passed independent verification following international standards.
2. **Human Rights and Labor Practice:** Human Rights Due Diligence (HRDD) has been conducted according to the United Nation Guiding Principles on Business and Human Rights (UNGPHR), fully respecting and upholding human rights. Communication channels for human rights-related grievance have been established, along with diversity and inclusion management.
3. **Leadership and Human Capital Development:** Develop employees to be equipped with the necessary knowledge and skills to facilitate sustainable business operations. Develop the Company's leaders to possess visions in business sustainability's change management. Develop suppliers and business partners to have the necessary knowledge and skills to support sustainable business operations.
4. **Stakeholders Engagement:** Develop a relationship-building process with stakeholders, by identifying the stakeholder groups, gain understanding in each group's needs and expectations. This will enable effective response to stakeholders, as well as creating internal corporate awareness towards stakeholders. There is a process to review every grievances submitted from the stakeholders.
5. **Anti-Corruption:** Create awareness to employees and critical suppliers regarding the importance of, and the commitment to, anti-corruption. This was achieved in compliance with 'Anti-Corruption Practice.' It serves as an operational guideline, maintaining alignment to the Anti-Corruption Policy, utilized in prevention, identification, and responses of the Company's anti-corruption efforts. This encompasses corruption cases in the Company. The arrangement enables the company to remain true to its established commitment.
6. **Social Impact:** Creating social values by promoting jobs and enhance income for farmers, SMEs, and Suppliers; creating professional opportunity, while ameliorate quality of life for vulnerable groups (a particular social group that requires support).
7. **Health and Well-Being:** Development of new products and services, most of which are focused on health, nutrition, and good well-being. Promote nutrition labeling for food products, as well as developing service, projects, or activities which consistently foster good health and well-being.
8. **Education:** Support children, youths, and adults in accessibility to education, and development of necessary skills, including technical and employment-related skills; in having good occupation, and working as an entrepreneur.
9. **Innovation Management:** Generate values from innovation, both from new products, and those resulted from cost-saving, as arise from product or process innovation. Enhance the Corporate of Innovation culture, and foster joint-creation of innovation with external stakeholders.
10. **Occupational Safety, Health and Environment:** Emphasize on safety, industrial hygiene, and work environment of employees, as well as contractors. These components are considered crucial for all operations.
11. **Climate Change Management:** Reduce greenhouse gas emission, via declined energy consumption per production unit, and an increased proportion of renewable energy usage. Efforts include lower amount of waste to landfill and reduced usage of plastics and papers. Farmers, business partners, and suppliers are encouraged to mitigate their impacts, and enhance change, climate resilience. Climate change impacts assessment throughout a given product or service life cycle is also embolden, in addition to backing for projects on climate change-induced disaster response, jointly implemented with the Company's stakeholders.

12. Water Stewardship: Reduce water usage per production unit.

There is the efforts to manage water scarcity risk, by increasing the rate of water recycling, and substantiating community's access to water source, in an appropriate manner.

13. Ecosystem and Biodiversity Protection: Raw material sourcing assessment to ensure that the source does not pertain deforestation or damages of marine resources. Provide support to projects on protection and restoration of natural habitat accordingly (such as upstream forests, the ocean, and the beaches) appropriately.**14. Responsible Supply Chain Management:** Conduct sustainability assessment for all critical business partners to procure primary raw material and products from responsible and traceable sources. This includes the efforts to develop mutual sustainable growth with business partners.**15. Local Conflict Management and Community Acceptance:** Discuss and kindle relationships to ascertain understanding, which will help ease conflicts between the Company and society. Social impact assessment will be conducted, with preparation respectively arranged according to the risk identified. Emphasis is given to community investment. There is a management mechanisms to address grievances on social impacts, coupled with a guidance on mitigation.

In 2019, the Company further built upon its sustainability strategy by identifying priority issues as special focus areas. These issues are meant to inform the Company's approaches for various sustainability-related activities, which include both regular and newly developed activities that will be carried out in pursuit of the Company's goal of becoming a sustainable business, and one which recognizes the needs of all groups of stakeholders. These priority issues were determined based on their alignment with the Company's Policy on Sustainability, operational framework, targets and sustainable development indicators, as well as business context. Details regarding the performance of each focus area are as follows.

Supporting the Environment with "7-Go-Green"

The Company remains committed to implementing the "7-Go-Green" environmental strategy. This strategy, which focuses on reducing environmental impacts from the Company's various business activities, is divided into 3 approaches: reducing greenhouse gas emissions by conserving energy in equipment use and improving management approaches, using renewable and clean energy, and reducing waste by focusing on single-use plastics. Examples of the Company's progress in the latter focus area include the "Reducing a Bag a Day, You Can Do It" Project; implementing changes to plastic food packaging, designing and choosing more environmentally-friendly packaging, such as those that are more easily recycled or biodegradable, and eliminating the use of certain types of plastic. This also includes operating according to the "Circular Economy" principles, wherein the Company focuses on turning plastic waste and drinks containers into new products, such as furniture to be placed inside 7-Eleven stores and on the streets in front of the stores, and on forming partnerships with private organizations to create tables and chairs for students in schools that are in need.

In terms of the Company's 2019 environmental performance summary, the Company was able to reduce greenhouse gas emissions by 25,967 tons of carbon dioxide equivalents, which was achieved through a reduction of 4,280 megawatts/hour of total renewable energy use and projects of improvement measures on processes and equipment. In addition, the Company succeeded in reducing plastic bag use through projects such as "Reducing a Bag a Day, You Can Do It," which priced each plastic bag that was not given out at 0.20 baht. As a result of customers' participation in the refusal of plastic bags, the Company was able to reduce a total of 998 million plastic bags, which decreased greenhouse gas emissions by 23,476 tons carbon dioxide equivalents, and enabled the Company to donate 134 million baht to Siriraj Hospital and other hospitals in community and remote areas in 77 provinces across the country. The Company also

implemented projects which were designed according to Circular Economy principles, where it gathered approximately 0.865 tons of plastic waste and transformed them into roads at two 7-Eleven shops and two offices.

Creating and Sharing Opportunities for All

Based on the results of surveys outlining stakeholders' concerns and recommendations regarding the Company's business and its operations, the Company revised its social development plan by leveraging its strengths in terms of sales channels and business know-how. As a result, the Company focused on job creation and income generation by acting as a sales channels for farmers and SMEs, in line with its aspiration of "Creating Shared Value" (CSV) for grassroots economies. This was achieved through the Farmers' Goods Promotion Project, as well as other projects that supported vulnerable groups, SMEs, and local community enterprises, which provided additional sales channels for farmers' products through 7-Eleven stores and online at 24Shopping. Examples of sub-projects that are currently under implementation within the above group of projects include Hom Thong Banana Project and the ALL Fresh Seasonal Fruit Project (such as longan and melon). In addition, the Learning and Career for Sustainable Agriculture Project, run by CPRAM Company Limited, is another sustainability project which aims to educate farmers on compliance to Good Agricultural Practices (GAP) and to purchase farmers' produce at a fair price, where an example of a successful crop deriving from this project is holy basil.

Meanwhile, the Café MuanChon Project – Coffee for the Society and Sustainability, is another group of projects run by CP Retailink Company Limited, which comprises the Coffee Creates Career Project for vulnerable groups (under collaboration with governmental agencies), Red Roof Café, and One Baht One Cup Project. This latter project aims to support people in Nan Province by providing education on planting and processing coffee seeds, equipping them with career tools, the ability to purchase coffee seeds at a fair price, and opportunities for treated psychiatric patients who pass basic assessment criteria to intern and work at Café MuanChon. One baht from every cup purchased at Café MuanChon is then donated for the benefit of society. In terms of sharing opportunities with society, the Company also carries out a group of projects entitled, CP ALL Thai Rice Farmers, Growing Thainess Project, which involves a partnership with the Buddhist Agriculture School for Farmers, Chern Tawan Farm in Chiang Rai Province, and the Tai Ban Association, Maha Sarakham Province, to develop farmers' skills and knowledge to help them achieve the confidence and mindset to create quality produce, strengthen themselves, their communities and society, and thus enable the growth of a secure grassroots economy in their communities.

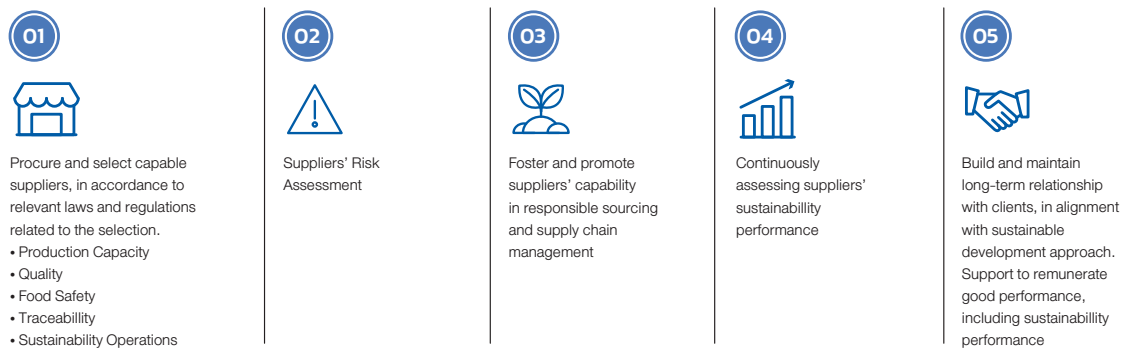
In 2019, the Company's CSV projects benefited a total of 43,647 farmers, small business owners and vulnerable groups.

Corporate Governance and Risk Reduction

In 2019, the Company updated its work processes and developed additional policies to cover all material issues related to its corporate governance performance. This resulted in the announcement of the Policy and Guidelines on Conflicts of Interest, and the Data Privacy Policy. The Company also divided up its corporate governance work processes into 2 key areas of focus: building confidence on corporate governance, and reducing supply chain management risks. To build confidence on corporate governance, the Company adhered to the guidelines laid out in its business plan, in correct compliance with relevant laws, guidelines, and the trade Competition policy, which was announced this past year. The Corporate Legal & Compliance function assumed the responsibility of overseeing the various functions and Group subsidiaries to ensure compliance with relevant laws and regulations. It also monitored laws in the Royal Thai Government

Gazette on a daily basis in order to determine the most appropriate compliance management approaches, and communicated with relevant functions, such as through meetings, seminars, or policy and other important announcements, to make sure that all parties correctly understood and complied with relevant laws. Finally, the Corporate Legal & Compliance function was responsible for providing recommendations to functions with the highest risks of non-compliance.

In terms of reducing supply chain risks, the Company carried out a 5-step process with suppliers on sustainable supply chain management, where the basic requirement involved compliance with the Suppliers' Code of Conduct and Guideline. The 5-step process is comprised of (as shown in the diagram): identifying and screening key suppliers, assessing supplier risks, supporting suppliers' capability development in responsible sourcing and supply chain management, evaluating suppliers' sustainability performance, and finally, building and maintaining long-term relationships with suppliers.



In 2019, the Company organized additional trainings for 614 suppliers on the Suppliers' Code of Conduct and Guideline to enhance their understanding of sustainability and the Company's expectations. The Company further evaluated the sustainability performance of 656 suppliers by using the Suppliers Self-Assessment Questionnaire (SAQ), and conducted on-site inspections of 74 supplier operations. The Company then analyzed suppliers' performance results in order to develop sustainability improvement plans, demonstrating its commitment to working together with all suppliers to improve their overall environmental and social performance, and to grow sustainably alongside them. In addition, the Company fostered engagement and maintained long-term relations with suppliers through knowledge exchange processes. This involved sharing and communicating knowledge on agricultural innovations to suppliers that are farmers, and designating a team for promoting suppliers' knowledge, organizing skills trainings, jointly developing products, and organizing regular supplier meetings to serve as platforms for exchanging views, developing joint business plans, and building positive relations with suppliers.

The Company's achievement in sustainability is the nomination as a leader of the Dow Jones Sustainability Indices, both in the DJSI World for the second year and the DJSI Emerging Markets for the third year given to the highest score in Food & Staples Retailing Sector for the year 2019. CPALL is the sole Thai company listed in this sector. The outstanding strong points contributing to the success as being listed are the Company's quality in customer relationship management, packaging, and operations on human rights. The Company is also selected as a member of the FTSE4Good, Emerging Markets index. The index is ranked by FTSE Russell. The Company's corporate governance as well as society and environment responsibility have been taken into consideration.

MEMBER OF
**Dow Jones
Sustainability Indices**
In collaboration with  SAM
A S&P DOW JONES Brand



FTSE4Good

Furthermore, the Company was awarded as a member of Thailand Sustainability Investment (THIS) by the Stock Exchange of Thailand for the second year in a row in consideration of performance in the economic, social and environmental dimensions.



During the 2019 SET Awards, the Company received an award in the category of "Sustainability Excellence" for "Highly Commended in Sustainability Awards." These awards were given to the listed companies that operated according to sustainable development approaches, practiced good corporate governance, and recognized all stakeholders in an inclusive manner – thereby making sure that their businesses grew not only in economic terms, but also contributed to social and environmental development in a balanced way. This award is a source of pride for the Company and affirms the belief that our approach to sustainability is correct and will continue to help us achieve sustainable growth in the future.

Investors can access more detailed information about the Company's sustainability performance in the 2019 CP ALL Sustainability Report.

17

Anti-Corruption

Anti-Corruption

Anti-Corruption

The Board of Director recognizes and highlights the importance of good corporate governance by providing support to the Company in joining the declaration of intent and becoming a certified member of the Collective Action Coalition Against Corruption (CAC); and, a member of the United Nations Global Compact (UNGC). The Board of Directors approves the resolution of the Anti-Corruption Policy and practices on Anti-Corruption, No Gift Policy, Entertainment Expenses, Sponsorship and Donation. The Company has regulated that all directors, executives and employees must comply with the Anti-Corruption Measure, by having no direct nor indirect involvement in any corruption matters. They shall not be indifferent nor ignore any corruption cases arisen in the Company. To provide knowledge and understanding on the Anti-Corruption Measure, the Company has educated on anti-corruption via communication, public relation and trainings. Disciplinary punishment has been communicated to the Company's directors, executives and employees. In addition, orientation has been arranged for new employees to be acknowledged on such policy and practices. The Company has also set the guidelines of monitoring and evaluating performance in compliance with the Anti-Corruption Policy.

Apart from the various measures to prevent corruption that can reduce the chance for acts of fraudulence and corruption, the Company has also established other measures to check for instances of fraud and corruption together with immediately submitting information of any possible acts of corruption. Thus, the Company has established various channels of communications, so that Stakeholders and any other involved parties including members of the Management and Staff can have the opportunity to submit any complaints and confidential information about any acts of alleged fraud or corruption and also in the event of not having received equitable treatment. The information or complaints can be submitted to the Company through these channels of communications:

1. By email sent directly to any of the following parties;
 - Audit Committee : AuditCommittee@cpall.co.th
 - Sustainability and Corporate Governance Committee : CGcommittee@cpall.co.th
 - Board of Directors : BOD@cpall.co.th
2. By letter addressed to
 The Internal Audit Office of CP All Public Company Limited

 119, 16th Floor, Tara Sathon, Soi Sathon 5, South Sathon Rd., Thung Mahamaek, Sathon, Bangkok 10120
3. Via the Company's Call Center
 Telephone 02-826-7744 and 02-071-2770;

 Fax 02-071-8623
4. Website: www.cpall.co.th icon "Report Fraud"

CPALL's implementation in accordance with preventive anti-corruption policy

The Company has stipulated anti-corruption policy and practices for the management and employees to strictly uphold. Roles and responsibilities of the Risk Management Department have been defined as follows:

1. Coordinate and give recommendations on work process and other matters related to anti-corruption
2. Give advices to the executives on assessing anti-corruption risks and collect such risk outcomes to further develop the corporate anti-corruption risk documents
3. Present data on the occurrence of corruption-related risks at the corporate level or when new emerging risks have arisen
4. Monitor each unit to gain sufficient prevention and management against corruption risks as well as acknowledge significant corruption risk events to efficiently handle on a timely basis.

In 2019, the Company arranged the projects to upgrade corruption risk management as follow.

- Project of " Volunteers of Fight Cheating" by working with government networks
- Project of Internal Control System for Risk Prevention
- Project of CCTV improvement to reduce the risk of corruption
- Expanding the anti-corruption training course to officers and staffs at the operational level as well as adding content for governance and anti-corruption as a standard course through the E-learning system of the organization

The Company has provided the executives and employees with training to emphasize and cultivate the awareness of corruption-prone actions. Indicator analysis and corruption risk assessment have been conducted on a regular basis. The corruption risk, as one of the mandatory risks, must be assessed and monitored by every business unit in the Group to quarterly review the control measures to keep up with the change. With the following,

1. The Risk Management Department has monitored and summarized the Company's revision of corporate risk management. The Department also coordinates with the Internal Audit Office to review and evaluate the risk management outcomes as practice guidelines for employees in preventing corruption from occurring.
2. The Internal Audit Office has assessed and monitored good corporate governance, conformance to the Code of Conduct and Anti-corruption Policy to ensure that every department carried out correctly and in accordance with the policies.

18

Internal Control
and Risk
Management

Internal Control and Risk Management

1. Internal Control

The Company has a strategy to promote growth, sustainable streams of revenue and innovate new products and services that add value for customers and society – which is implemented through work processes that emphasize quality and flexibility. In addition, the Company develops technologies and quality innovations in accordance with a corporate governance framework that reflects the principles of good governance and risk management. The Company also has an efficient and effective internal control system, as well as reliable communications technologies, which enable it to conduct transparent and accountable business operations, and reduce or prevent any potential damages. All of these measures help to ensure that the Company's shareholders and stakeholders are confident in its internal controls.

The Board of Directors has appointed an Audit Committee comprised of 3 independent directors, all of whom possess the full qualifications as required by the Notification of the Capital Market Supervisory Board and the Notification of the Stock Exchange of Thailand. The Committee assumes the responsibility of reviewing the Company's financial reports to ensure accuracy and reliability; and reviewing connected transactions or transactions that may lead to conflicts of interest, to ensure that they are reasonable and of the highest benefit to the business. Moreover, the Committee reviews the adequacy of the Company's risk management system and corporate governance in accordance with the Securities and Exchange Act and all other relevant laws. In turn, the Internal Audit Office is responsible for assessing the appropriateness, adequacy, and effectiveness of the Company's overall internal control system in compliance with various laws and regulations, as well as for overseeing the Company's assets and the efficient use of its resources. In carrying out these responsibilities, the Office adheres to the Committee of Sponsoring Organizations of the Treadway Commission (COSO)'s Internal Control Framework to make sure that the Company's various departments comply with established internal controls, which include the following processes.

1.1 Control Environment

The Company promotes and supports a good internal control environment. The Company has established written policies related to corporate governance and business ethics which have been communicated to employees at all levels for their information and strict compliance. There is also a penal code for violations. Moreover, the Company has CG Quiz at least once a year in order to ensure employees' understanding, realizing of importance and behaving in accordance with corporate governance. The organizational structure has been set to correspond with the business plan and is regularly adjusted to be appropriate with operations. The lines of command are divided according to different fields corresponding to operation strategies and corporate governance. This ensures that management and employee performance is effective and can be clearly monitored, inspected and evaluated. In addition, the Company recognizes the importance of continuous human resource development and provides trainings in order to enhance knowledge and skills required for the assigned task. Furthermore, the succession plan is established in order to ensure business continuity.

1.2 Risk Assessment

The Company has set up a good risk management system throughout the organization. The Risk Management Committee is responsible for establishing the policy framework in order to managing the risks that impact the Company's business objectives, comprising of corporate risk management, operational risk management as well as communicating to employee. Risk Champion is assigned in each unit in order to give advice and support risk assessment within their own unit. Every unit assesses risk factors in various areas, impacts, possibility of occurrence, and risk management plan in line with changes in internal and external risks including corruption risk. Monitoring and action plan are employed to manage

risk consistently. Key Risk Indicator (KRI) is also set as a warning tool. Consequently, each unit also determines clear measures to manage risks at acceptable levels; as well as manages existing risks promptly and effectively. The Company has established a Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) to prepare for risks and crises which may occur to ensure that the Company's major operations will have continuity and not be halted. The work performed by the Risk Management Committee is reported to the Audit Committee and the Board of Directors every 6 months. The Internal Audit Office also monitors whether various units have followed the risk management measures in order to ensure that the Company's risks are at acceptable and manageable levels.

1.3 Control Activities

The Company has clear and appropriate control activities to risk and business types. Also, the company has reviewed operation to be as regulations. The Business Ethics and Code of Conduct and the Company's corporate governance policy provide in written guidelines for performance of duties. Employee performances are evaluated by Key Performance Indicators or KPIs, which are tools for planning, control, monitoring and tracking with a guide to business ethics and recommendations in work practice. All employees are made aware of the Code of Conduct since the orientation for new employees. The Company has clearly defined the duties and responsibilities of various work functions. Correctness can be cross-checked to reduce risks in corruption or inappropriate actions. The authority and approval limit of various types of transactions of executives are clearly written in the "Authority Handbook". Furthermore, the IT system classifies the roles as well as control and access to information at various levels. The IT system has set access codes and an information database which can be later retrieved for verification. The policy regarding information security and information system has been announced and disseminated among employees at all levels to be aware of and strictly comply with information security. Procedures regarding connected transactions and the transactions that may lead to conflicts of interest are clearly stated to ensure transparency and the greatest benefits of the Company. The Internal Audit Office regularly reviews the adequacy and appropriateness of the control system, with the audit plan also covering important work processes.

1.4 Information and Communication

The Company recognizes the significance of information systems and communication. There are both internal and external communication channels to ensure that the decision-making of the Company's shareholders, stakeholders, directors, and executives are based on information that is correct, adequate, reliable and up-to-date. Important and general information is disclosed in the annual report and Form 56-1 through the Company's website www.cpall.co.th and the Stock Exchange of Thailand. The Company's has the disclosure policy and guidelines on disclosure of inside information. The Company's policies, regulations, announcements and important news are clearly communicated to all employees via various channels. In addition, safe compliant communication channel is available, which the complaint's investigation guidelines are clearly established and will take action in a timely manner. Complaints can be filed through company's website or direct to Audit Committee at AuditCommittee@cpall.co.th or other channels as stated in the Annual Report under Anti-Corruption Policy in the Corporate Governance Section. With regards to the Board of Directors Meeting, the Company will send the invitation to the meeting, agenda, and related meeting documents which provide important, necessary, and adequate information to make a decision in advance within the regulated time period so that directors have sufficient time to consider the information before attending the meeting. Meantime, the company secretary is assigned to be a coordinator between the Company and Board of Directors, as well as convene the Board of Directors meeting without the Company's executives. The minutes of the Board of Directors Meeting is prepared for every meeting, recording the inquiries of directors and the opinions or observations of directors for each agenda item. Moreover, the

Company has an information database that can be used for the Company's business operations. All documents are stored by category, especially financial documents which are essential in preparing financial reports. In addition, the Company has a clear policy regarding information control in terms of access and improper use of information, which is in line with the Computer Related Crime Act.

1.5 Monitoring

The Company's monitoring and evaluation process is designed to assess the adequacy of its internal control system. The Internal Audit Office, which is independent from management, assumes the role of validating the system, providing recommendations, auditing and reviewing the compliance of the Company's internal control, risk management, and corporate governance systems, the Code of Business Ethics and anti-corruption measures, in accordance with its audit plan. Additionally, the Office is responsible for following up with audited departments to make sure that all issues and recommendations are fully resolved, following which the Audit Committee will present the audit results to the Board of Directors on a quarterly basis. Finally, the Committee will also meet with external auditors to evaluate the adequacy and effectiveness of the Company's internal control system.

In 2019, the Audit Committee was of the same opinion as the external auditor that there were no material weaknesses in the Company's internal control system. The Company has in place an adequate internal control system suited to its business, and all units demonstrated compliance with established procedures and regulations. No material weaknesses were found in the internal control system.

2. Internal Audit

The Internal Audit Office is an independent, fair, and ethical unit which operates under the oversight of the Audit Committee. The Office operates in accordance with its charter, which outlines its mission, scope of work, authorities and responsibilities, as well as clearly defines its auditing measures, which are regularly reviewed to maintain appropriateness. The Office develops audit plans in consideration of risks, and emphasizes on having a preventive system that enhances the Company's efficiency and effectiveness. The Office's duties were as follows:

2.1 The Internal Audit Office improved upon the Company's auditing process by integrating new technologies to support the process; to communicate its importance to those in operational roles, and to implement audits. Given the Company's Digital Transformation Plan, the Office also adopted new communications technologies to support business operations. Furthermore, due to the importance of the digital transformation process, an IT Audit was carried out to evaluate the background workings of various systems – to assess its security and reduce IT risks. The Office also recognized the importance of having an Integrated Audit, where it supported an approach where the Operations Audit Team and the IT Audit Team would work together to provide recommendations, improve work processes, and monitor any irregularities that might arise, while using technology to enhance the efficiency of their auditing work.

2.2 The Internal Audit Office recognized the importance of auditor development, and therefore encouraged internal auditors to carry out personal development trainings and take the Certified Internal Auditor exam to improve their auditing knowledge and expertise.

19

Related
Transactions

Related Transactions

In 2019, the Company and its subsidiaries did transactions with related parties which these inter-company transactions were made and agreed as a normal business transaction at general market prices and commercial terms. (Details are provided in Note 4 of the Company's financial statements for the year ended December 31, 2019). The Audit Committee has reviewed that all transactions were reasonable and transparent and complied with the rules and regulations under the Notification of the Stock Exchange of Thailand regarding Related Transactions of a Listed Company.

Procedures for the Approval of Related Transactions

In the case of transactions for the purchase and sale of goods and services under the ordinary course of business, the Company has procedures to protect investors and prevent the transfer of interests. The Internal Audit Unit reviews the necessity of inter-company transactions and ensures that the prices of the transactions for goods and services are at the prevailing market rates. The Internal Audit Unit provides reports of related transactions to the Audit Committee every month and the Audit Committee further reports to the Board of Directors every quarter.

In reference to transactions with possible conflicts of interests or related transactions, the Audit Committee will review and ensure that transactions comply with the regulations of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions, 2003 and the notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions. The Audit committee will comply with the Securities and Securities Exchange laws, regulations and announcement from the Stock Exchange of Thailand, as well as the disclosure rule of the connected transaction. The policy on conflicts of interests is clearly stated in the Company's Code of Business Ethics for the directors and employees to correctly follow. In addition, the Related Transactions Review Committee has been established to monitor that these transactions are in accordance with the notification of the Capital Market Supervisory Board.

In the case of the purchases and sales of important assets of the Company and its subsidiaries, which are transactions that occur infrequently, the Company has a policy to engage external independent experts such as professional appraisers and independent financial advisors to provide counsel to the Audit Committee for further proposal to the Board of Directors.

Policy on Related Transactions

The Board of Directors has a policy that clearly states that related transactions may occur under the ordinary course of business but these transactions must be necessary and have prices comparable to prevailing market rates for the best interests of the Company. There shall be no transfer of benefits between the Company and related companies or persons. As the Company and its subsidiaries operate a retail business and must purchase and sell goods and services with other companies as well as related companies, the Company expects related transactions for the purchase and sale of goods and services will still exist in line with the Company and its subsidiaries' business expansion. Other types of transactions will depend on business necessity.

The Company's policy on the rates of revenue and expenses with connected parties are as follows:

Revenue from sale of goods	The rates are in line with normal business practice and general commercial conditions and standardized with revenue collection from general customers.
Revenue from rendering of services and other income	The rates are in line with normal business practice and general commercial conditions.
Cost of sales of goods and rendering of services	The rates are in line with normal business practice and general commercial conditions and standardized with purchases made general customers.
Cost of rendering of services and other expenses	The rates are in line with normal business practice and general commercial conditions.
Acquisition of assets	The rates are in line with normal business practice and general commercial conditions and standardized with acquisitions made with general customers.

In 2019, CPALL and its subsidiaries conducted transactions with connected parties, which the Audit Committee has reviewed and approved the rationale for connected transactions as details below.

Connected transactions for normal business transactions or supporting normal business transaction were engaged in the normal course of business and complied with Rules on Connected Transactions by virtue of Section 89/12(1) of the Securities and Exchange Act (No.4) B.E. 2551. The Board of Directors has approved in the Board of Directors Meeting No.1/2010 held on 18 February 2010.

Connected Party	Characteristics of Connected Transactions	Type of Connected Transactions	Total Transaction Value 2019	Outstanding Value as at 31 Dec 2019
C.P.Tower Growth Leasehold Property Fund	Majority share held by the CP Group	Other expenses	174	
		Other accounts payable		2
CHAROEN POKPHAND GROUP COMPANY LIMITED	Majority share held by Mr. Suphachai Chearavanont, Mr. Soopakij Chearavanont and Mr. Dhanin Chearavanont and have two common Directors who are Mr. Suphachai Chearavanont and Mr. Soopakij Chearavanont	Revenue from sale of goods and rendering of services and other income	5	
		Other expenses	19	
		Trade accounts receivable		5
CHAROEN POKPHAND AGRICULTURE COMPANY LIMITED	Majority share held by Mr. Suphachai Chearavanont, Mr. Soopakij Chearavanont and Mr. Dhanin Chearavanont	Revenue from sale of goods	1	
		Cost of sales of goods	2	
		Trade accounts payable		1
CHAROEN POKPHAND PRODUCE CO., LTD.	Majority share held by the CP Group	Revenue from sale of goods	2	
		Cost of sales of goods	1	
CHAROEN POKPHAND FOODS PUBLIC COMPANY LIMITED	Majority share held by the CP Group and have three common Directors who are Mr. Dhanin Chearavanont, Mr. Adirek Sripratak and Police General Phatcharavat Wongsuwan	Revenue from sale of goods and rendering of services and other income	46	
		Cost of sales of goods	352	
		Trade accounts receivable		7
		Trade accounts payable		37

Connected Party	Characteristics of Connected Transactions	Type of Connected Transactions	Total Transaction Value 2019	Outstanding Value as at 31 Dec 2019
CHIA TAI PRODUCE COMPANY LIMITED	Majority share held by Mr. Dhanin Chearavanont who is Mr. Soopakij Chearavanont's father and Mr. Soopakij Chearavanont who is Chairman of CP ALL	Cost of sales of goods	8	
		Trade accounts payable		2
CHESTER FOOD CO., LTD.	Majority share held by the CP Group	Revenue from sale of goods and rendering of services	11	
		Trade accounts receivable		1
		Trade accounts payable		9
C. P. CONSUMER PRODUCTS CO., LTD.	Majority share held by the CP Group and have one common Directors who is Mr. Prasert Jarupanich	Revenue from rendering of services and other income	116	
		Cost of sales of goods	953	
		Other accounts receivable		7
		Trade accounts payable		159
C.P. TRADING GROUP CO., LTD	Majority share held by Mr. Suphachai Chearavanont, Mr. Soopakij Chearavanont and Mr. Dhanin Chearavanont	Revenue from rendering of services	2	
C.P.FACILITY MANAGEMENT COMPANY LIMITED	Majority share held by the CP Group	Revenue from rendering of services	1	
		Other expenses	19	
		Trade accounts receivable		1
		Other accounts payable		5
C. P. FOOD STORE COMPANY LIMITED	Majority share held by Mr. Suphachai Chearavanont, Mr. Soopakij Chearavanont and Mr. Dhanin Chearavanont	Revenue from rendering of services and other income	127	
		Cost of sales of goods	1,451	
		Other accounts receivable		1
		Trade accounts payable		212
C.P. MERCHANDISING COMPANY LIMITED	Majority share held by the CP Group and have one common Directors who is Mr. Adirek Sripratak and Mrs. Arunee Watcharananan who is Mr. Adirek's younger sister (CP ALL's Board of Director)	Revenue from sale of goods	183	
		Cost of sales of goods	147	
		Trade accounts receivable		7
		Trade accounts payable		11
C.P.LAND PUBLIC COMPANY LIMITED	Majority share held by the CP Group	Revenue from sale of goods and rendering of services	32	
		Cost of services and other expenses	8	
		Trade and other accounts receivable		5

Connected Party	Characteristics of Connected Transactions	Type of Connected Transactions	Total Transaction Value 2019	Outstanding Value as at 31 Dec 2019
C.P. INTERTRADE CO., LTD.	Majority share held by Mr. Suphachai Chearavanont, Mr. Soopakij Chearavanont and Mr. Dhanin Chearavanont	Other income	1	
		Other expenses	4	
		Trade accounts receivable		1
		Other accounts payable		1
C.P. PACKAGING INDUSTRY CO.,LTD.	Majority share held by the CP Group	Revenue from rendering of services and other income	5	
		Cost of sales of goods	791	
		Other accounts receivable		1
		Trade accounts payable		202
CINEPLEX CO., LTD.	Majority share held by the CP Group and have three common Directors who are Mr. Soopakij Chearavanont, Mr. Narong Chearavanont and Mr. Suphachai Chearavanont	Other income	2	
		Other accounts receivable		1
CP B&F(THAILAND) COMPANY LIMITED	Majority share held by the CP Group	Revenue from sale of goods and rendering of services and other income	37	
		Other expenses	1,580	
		Trade and other accounts receivable		14
		Trade accounts payable		122
CP B&F TRADING COMPANY LIMITED	Majority share held by the CP Group	Other income	(6)	
		Cost of sales of goods	10	
		Other accounts receivable		2
CP HILAI HARBOUR COMPANY LIMITED	Majority share held by the CP Group	Revenue from sale of goods	15	
		Trade accounts receivable		2
CP-MEIJU CO., LTD.	Majority share held by the CP Group and have one common Directors who is Mr. Adirek Sripratak	Revenue from sale of goods and rendering of services and other income	91	
		Cost of sales of goods	3,748	
		Trade and other accounts receivable		14
		Trade and other accounts payable		638

Connected Party	Characteristics of Connected Transactions	Type of Connected Transactions	Total Transaction Value 2019	Outstanding Value as at 31 Dec 2019
CPF (THAILAND) PUBLIC COMPANY LIMITED	Majority share held by the CP Group and have one common Directors who is Mr. Adirek Sripratak	Revenue from sale of goods and rendering of services and other income	228	
		Cost of sales of goods	7,232	
		Trade accounts receivable		27
		Trade accounts payable		287
CPF TRADING CO.,LTD.	Majority share held by the CP Group	Revenue from sale of goods and rendering of services and other income	254	
		Cost of sales of goods and other expenses	13,855	
		Trade and other accounts receivable		39
		Trade and other accounts payable		4,219
CPF FOOD AND BEVERAGE COMPANY LIMITED	Majority share held by the CP Group	Revenue from sale of goods and rendering of services and other income	93	
		Cost of sales of goods and other expenses	2,072	
		Trade accounts receivable		2
CPF RESTAURANT AND FOOD CHAIN COMPANY LIMITED	Majority share held by the CP Group	Revenue from sale of goods and rendering of services and other income	72	
		Cost of sales of goods and rendering of services and other expenses	19	
		Trade accounts receivable		7
		Trade accounts payable		52
CPF IT CENTER CO., LTD.	Majority share held by the CP Group	Revenue from rendering of services	23	
		Trade accounts receivable		16
SENDIT (THAILAND) COMPANY LIMITED	Majority share indirectly held by the CP Group 59.35%	Other expenses	26	
		Other accounts payable		11
DEES SUPREME COMPANY LIMITED	Majority share held by Mr. Suphachai Chearavanont, Mr. Soopakij Chearavanont, Mr. Narong Chearavanont and close relatives	Revenue from rendering of services and other income	2	
		Cost of sales of goods	377	
		Other accounts receivable		1
		Trade accounts payable		94

Connected Party	Characteristics of Connected Transactions	Type of Connected Transactions	Total Transaction Value 2019	Outstanding Value as at 31 Dec 2019
DAINAMIC TRANSPORT COMPANY LIMITED	Majority share held by Mr. Suphachai Chearavanont, Mr. Soopakij Chearavanont and Mr. Dhanin Chearavanont	Cost of sales of goods and other expenses	35	
		Other accounts payable		7
DIANAMIC INTER TRANSPORT CO., LTD.	Majority share held by Mr. Suphachai Chearavanont, Mr. Soopakij Chearavanont and Mr. Dhanin Chearavanont	Other accounts payable		13
TRUE CORPORATION PUBLIC COMPANY LIMITED	Majority share held by the CP Group and have three common Directors who are Mr. Suphachai Chearavanont, Mr. Narong Chearavanont and Mr. Umroong Sanphasitvong	Revenue from sale of goods and rendering of services	2	
		Trade accounts receivable		2
TRUE GS CO.,LTD.	Majority share held by the CP Group	Other income	1	
		Cost of sales of goods	4	
		Trade accounts payable		1
TRUE DIGITAL GROUP CO., LTD.	Majority share held by the CP Group	Revenue from sale of goods and other income	274	
		Trade and other accounts receivable		34
TRUE DIGITAL PARK COMPANY LIMITED	Majority share held by the CP Group	Revenue from sale of goods	1	
TRUE DISTRIBUTION & SALES CO.,LTD.	Majority share held by the CP Group	Revenue from rendering of services and other income	183	
		Acquisition of assets and cost of sales of goods and other expenses	1,661	
		Trade and other accounts receivable		64
		Trade and other accounts payable		471
TRUE TOUCH COMPANY LIMITED	Majority share held by the CP Group and have one common Directors who is Mr. Suphachai Chearavanont	Other income	2	
		Other expenses	1	
TRUE PROPERTIES CO.,LTD.	Majority share held by the CP Group and Mr. Suphachai Chearavanont, Mr. Soopakij Chearavanont, Mr. Narong Chearavanont and close relatives as the major shareholder and have one common Directors who is Mr. Suphachai Chearavanont	Revenue from rendering of services	7	
		Other expenses	1	
		Trade accounts receivable		2

Connected Party	Characteristics of Connected Transactions	Type of Connected Transactions	Total Transaction Value 2019	Outstanding Value as at 31 Dec 2019
TRUE MONEY COMPANY LIMITED	Majority share held by the CP Group and Mr. Dhanin Chearavanont's son as the major shareholder	Revenue from rendering of services and other income	627	
		Cost of sales of goods and cost of services and other expenses	17,825	
		Trade and other accounts receivable		114
		Trade and other accounts payable		994
TRUE MOVE COMPANY LIMITED	Majority share held by the CP Group	Revenue from rendering of services	(12)	
		Other accounts receivable		14
TRUE MOVE H UNIVERSAL COMMUNICATION CO.,LTD.	Majority share held by the CP Group and have one common Directors who is Mr. Suphachai Chearavanont	Revenue from rendering of services and other income	727	
		Other expenses	54	
		Trade and other accounts receivable		539
		Trade and other accounts payable		108
TRUE UNITED FOOTBALL CLUB CO.,LTD.	Majority share held by the CP Group	Other expenses	45	
		Trade accounts payable		4
TRUE LEASING CO.,LTD.	Majority share held by the CP Group and Mr.Suphachai Chearavanont, Mr. Soopakij Chearavanont, Mr. Narong Chearavanont and close relatives as the major shareholder	Other expenses	68	
		Other accounts payable		11
TRUE LIFESTYLE RETAIL COMPANY LIMITED	Majority share held by the CP Group and Mr.Suphachai Chearavanont, Mr. Soopakij Chearavanont, Mr. Narong Chearavanont and close relatives as the major shareholder	Revenue from sale of goods and rendering of services	15	
		Trade accounts receivable		2
TRUE VISIONS GROUP CO.,LTD.	Majority share held by the CP Group and have three common Directors who are Mr. Soopakij Chearavanont, Mr. Narong Chearavanont and Mr. Suphachai Chearavanont	Revenue from sale of goods	1	
		Other expenses	5	
		Trade and other accounts payable		6
TRUE INTERNET CORPORATION CO.,LTD.	Majority share held by the CP Group	Revenue from rendering of services	11	
		Cost of rendering of services and other expenses	355	
		Trade accounts receivable		4
		Trade and other accounts payable		47

Connected Party	Characteristics of Connected Transactions	Type of Connected Transactions	Total Transaction Value 2019	Outstanding Value as at 31 Dec 2019
TRUE INTERNET DATA CENTER COMPANY LIMITED	Majority share held by the CP Group and Mr. Suphachai Chearavanont, Mr. Soopakij Chearavanont, Mr. Narong Chearavanont and close relatives as the major shareholders	Other expenses	25	
		Other accounts payable		3
TRUE E-LOGISTICS COMPANY LIMITED	Majority share held by the CP Group	Other expenses	3	
		Other accounts payable		1
TRUE ICONSIAM COMPANY LIMITED	Majority share held by the CP Group and indirectly held by the CP Group and have one common Directors who is Mr. Narong Chearavanont	Other expenses	7	
		Other accounts payable		6
TRUE4U STATION COMPANY LIMITED	Majority share held by the CP Group and have one common Directors who is Mr. Suphachai Chearavanont	Revenue from sale of goods	(2)	
		Other expenses	3	
		Other accounts payable		1
THAI NEWS NETWORK (INN) CO.,LTD.	Majority share held by the CP Group	Other expenses	2	
THAI KODAMA COMPANY LIMITED	Mr. Suphachai Chearavanont, Mr. Soopakij Chearavanont and close relatives as the major shareholders	Other income	1	
		Cost of sales of goods	33	
		Trade accounts payable		8
BFKT (THAILAND) CO., LTD.	Majority share held by the CP Group	Other income	2	
		Trade accounts receivable		2
B&F COFFEE COMPANY LIMITED	Majority share held by the CP Group	Revenue from sale of goods	11	
		Trade accounts receivable		4
BAKEHOUSE COMPANY LIMITED	Majority share held by the CP Group and Mr. Suphachai Chearavanont, Mr. Soopakij Chearavanont and close relatives as the major shareholders	Revenue from sale of goods	4	
		Trade accounts receivable		1
LEADERSHIP DEVELOPMENT CHAROEN POLPHAND GROUP CO.,LTD.	Majority share held by the CP Group and have two common Directors who are Mr. Narong Chearavanont and Mr. Prasert Jarupanich	Revenue from sale of goods and rendering of services	2	
		Other expenses	67	
		Trade accounts receivable		2
		Other accounts payable		8
PANTAVANIJ COMPANY LIMITED	Majority share held by the CP Group and Mr. Suphachai Chearavanont, Mr. Soopakij Chearavanont and close relatives and Mr. Dhanin Chearavanont and have two common Directors who are Mr. Suphachai Chearavanont and Mr. Umroong Sanphasitvong	Revenue from sale of goods	12	
		Other expenses	9	
		Trade accounts receivable		7
		Other accounts payable		4

Connected Party	Characteristics of Connected Transactions	Type of Connected Transactions	Total Transaction Value 2019	Outstanding Value as at 31 Dec 2019
PERFECT COMPANION GROUP COMPANY LIMITED	Majority share held by the CP Group and have one common Director who is Mr. Prasert Jarupanich	Revenue from sale of goods and rendering of services and other income	73	
		Cost of sales of goods	1,202	
		Trade and other accounts receivable		8
		Trade accounts payable		262
PANTHER ENTERTAINMENT CO.,LTD.	Majority share held by the CP Group and have three common Directors who are Mr. Soopakij Chearavanont, Mr. Narong Chearavanont and Mr. Suphachai Chearavanon	Other expenses	3	
		Trade accounts receivable		1
		Trade accounts payable		9
FREEWILL SOLUTIONS CO.,LTD.	Majority share held by the CP Group and Mr. Suphachai Chearavanont, Mr. Soopakij Chearavanont and Mr. Dhanin Chearavanont as the major shareholder and have two common Director who are Mr.Suphachai Chearavanont and Mr. Prasert Jarupanich	Acquisition of assets and other expenses	31	
		Other accounts payable		4
POKPHAND ENTERPRISE COMPANY LIMITED	Majority share held by the CP Group	Other expenses	7	
		Other accounts receivable		6
MAGNOLIA QUALITY DEVELOPMENT CORPORATION CO., LTD.	Majority share held by Mr. Dhanin Chearavanont's son	Revenue from sale of goods	7	
		Trade accounts receivable		3
REAL MOVE CO.,LTD.	Majority share held by the CP Group	Revenue from rendering of services and other income	232	
		Other expenses	77	
		Other accounts payable		1
Y&O COMPANY LIMITED	Majority share held by the CP Group	Revenue from sale of goods and other income	5	
WHIZDOM LANDMARK CORPORATION COMPANY LIMITED	Majority share indirectly held by related company	Other expenses	3	
CPF FOOD RESEARCH & DEVELOPMENT CENTER COMPANY LIMITED	Majority share held by the CP Group	Revenue from sale of goods	2	
STAR MARKETING CO., LTD	Majority share held by the CP Group and have one common Director who is Mr.Prasert Jarupanich	Other income	(9)	

Connected Party	Characteristics of Connected Transactions	Type of Connected Transactions	Total Transaction Value 2019	Outstanding Value as at 31 Dec 2019
SIAM LAND FLYING CO., LTD.	Majority share held by the CP Group and have one common Director who is Mr. Prasert Jarupanich	Revenue from sale of goods	2	
ARBER ACERS THAILAND CO., LTD.	Majority share held by the CP Group and have three common Directors who are Mr. Suphachai Chearavanont and Mr. Soopakij Chearavanont and Mr. Adirek Sripratak	Revenue from sale of goods	3	
		Trade accounts receivable		1
INTERNATIONAL PET FOOD COMPANY LIMITED	Majority share held by the CP Group	Revenue from sale of goods and other income	3	
		Cost of sales of goods	110	
		Trade accounts payable		31
EGG DIGITAL COMPANY LIMITED	Majority share held by the CP Group and Mr. Soopakij Chearavanont and Mr. Suphachai Chearavanont and close relatives	Acquisition of assets and other expenses	73	
		Other accounts payable		20
SM TRUE CO., LTD.	Majority share held by the CP Group and have two common Directors who are Mr. Soopakij Chearavanont and Mr. Narong Chearavanont	Revenue from rendering of services	1	
		Other expenses	5	
		Trade accounts payable		133
ADVANCE PHARMA CO., LTD.	Majority share held by the CP Group	Revenue from sale of goods	1	
		Cost of sales of goods	8	
		Trade accounts payable		1
ICONSIAM COMPANY LIMITED	Three common Directors who are Mr. Umroong Sanphasitvong, Mr. Piyawat Titasattavorakul and Mr. Narong Chearavanon	Other expenses	10	
C.P. Aquaculture (India) Private Limited	Majority share held by the CP Group	Cost of sales of goods	5	
C.P. Cambodia Co., Ltd.	Majority share held by the CP Group	Revenue from sale of goods and rendering of services and other income	5	
		Cost of sales of goods	78	
		Trade accounts receivable		1
		Trade and other accounts payable		8
C.P. Vietnam Corporation	Majority share indirectly held by the CP Group 12.49% and have one common Director who is Mr. Adirek Sripratak	Revenue from sale of goods and rendering of services	13	
		Cost of sales of goods	9	
		Trade accounts receivable		2

Connected Party	Characteristics of Connected Transactions	Type of Connected Transactions	Total Transaction Value 2019	Outstanding Value as at 31 Dec 2019
Charoen Pokphand Foods Canada Inc.	Majority share indirectly held by the CP Group	Cost of sales of goods	46	
		Trade accounts payable		1
CP Avant Private Limited	Majority share indirectly held by the CP Group 99.98%	Other expenses	2	
CP B&F (Cambodia) Co., Ltd.	Majority share indirectly held by the CP Group 35.69%	Revenue from sale of goods and rendering of services	4	
		Trade and other accounts receivable		12
CP Coffee Business Hong Kong Company Limited	Majority share indirectly held by the CP Group 100%	Trade accounts receivable		14
CP Foods (UK) Limited	Majority share indirectly held by the CP Group 23.37%	Cost of sales of goods	7	
		Trade accounts payable		1
CPF (India) Private Limited	Majority share indirectly held by the CP Group 40.62% (Major shareholder of the Company)	Cost of sales of goods	6	
Others		Revenue from sale of goods and rendering of services and other income	14	
		Cost of sales of goods and other expenses	3	
		Trade and other accounts receivable		71
		Trade and other accounts payable		53

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Report of
the Audit
Committee

Report of the Audit Committee

The Company's Board of Directors appointed the Audit Committee consisting of the three independent non-executive directors who are knowledgeable and have experiences in various sectors such as legal affairs, organization management, financial accounting and taxes as well as economics. The Audit Committee members have composition and qualifications according to the regulations of the Stock Exchange of Thailand, comprising of Mr. Padoong Techasarintr, Chairman of the Audit Committee, Mr. Pridi Boonyoung and Mrs.Nampung Wongsmith as members of the Audit Committee. Mr.Kidsada Euapiyachart, Vice President – Internal Audit is the secretary of the Audit Committee.

The Audit Committee had performed the duty independently within the boundary of the roles and responsibilities as stated in the Audit Committee Charter with compliance to guidance on good practice of corporate governance from the Securities and Exchange Commission Thailand. This was to ensure that the company's operations were carried out with transparency, honesty and fairness in accordance with the good corporate governance principles, effective risk management as well as efficient and appropriate internal control and audit system for the best interest of the Shareholders. The Audit Committee received good cooperation from the Company's Management and both the Internal and External Auditors.

In 2019, the Audit Committee held a total of 12 meetings and all of the Audit Committees were attended every meetings. These meetings were held with the Internal Auditors and sometimes the External Auditors and the Management of the Financial Accounting Department and the Operations Departments were invited to attend some agenda for exchange of ideas and suggestions. The main topics of the meetings were summarized and reported to the Company's Board of Directors every three months. Important issues are summarized as follows:

1. Review the quarterly and annually consolidated financial statements of both the company and its subsidiaries for the year 2019 in order to consider the financial reports, the disclosure of information in the notes to financial statements, special transactions, accounting revision and the critical projections. This was to ensure that the financial reports of the company and its subsidiaries were duly prepared in conformity with the accounting standards currently enacted, with complete, sufficient and reliable disclosure of information. Moreover the Audit Committee had a meeting with the external auditors without the participation of the company's management in order to have a discussion on the key agendas which were relevant to the review and audit of the financial reports, as well as the change of accounting standards and financial report standards. The external auditors reported that there were no significant problems pertaining to accounting and finance. They had freedom and received good cooperation while carried out their duties. In addition, the Audit Committee has discussed with financial auditors and accounting manager regarding to the accounting standard that will effective in 2020 as well as has prepared the Company readiness to ensure accuracy of implementation of the accounting standard.

The Audit Committee has the opinion that the mentioned financial reports were essentially correct according to the accounting standards with complete and sufficient disclosure of information and its notes as well as in time for the benefits of the shareholders and the users of the financial statements.

2. Reviewed and revised the adequacy and appropriateness of the internal control system of the Company and its subsidiaries to reasonably ensure sufficiency and appropriation of the internal control system of the Company's operations. This was considered from the monthly audit report of the Internal Auditors in order to assess the internal control system, risk management, and creditability of the financial reports. Monitoring and solving the material issues according to internal auditors and financial auditors' recommendation were made. In every year the Audit Committee

has reviewed and approved annual plan which embedded the Company's business strategic direction and corporate risks, as well as providing beneficial suggestion regarding the internal control system of the Company.

The Audit Committee had an opinion that the internal control system of the Company was efficient, appropriate and adequate for the business. Additionally, the Company's internal control system is independent and the audit plan is in line with business strategy and corporate risks.

3. Reviewed the appropriateness in dealing with the related transactions or the transactions which might cause conflict of interests; they were justifiable and yielded the highest benefits to the Company's operations and its shareholders. This included the observations for ensuring disclosure of information and operating in compliance with the announcements of the Securities and Exchange Commission and all the relevant laws. In addition, the Audit Committee instructed the Internal Auditors to emphasize reviewing the related transactions between the Company, its subsidiaries and the related parties and report those transactions to the Audit Committee meeting every month and to the Board of Directors meeting every quarter.

The Audit Committee agreed that the related transactions or the transactions which might cause conflicts of interests were transparent, fair and generated the utmost benefits to the Company's operation and its shareholders. The same commercial conditions used with the external parties were applied. In addition, the complete and sufficient disclosure of information in accordance with the law and the regulations of the Securities and Exchange Commission was also observed.

4. The Audit Committee and the Management emphasized on the risk management. The Risk Management Committee was set up and had duty to assess the risks covering all aspects, both internal and external factors, and their possibility to happen and affect the businesses. The Risk Management Committee also established preventive measures in order to mitigate the possible impacts and keep them at the acceptable level, as well as the Key Risk Indicator (KRI) as an early warning system to track variation in several factors on unexpected situations as well as be able to respond in time and efficient to the rapid change of the current situation. The summary report of the works of the Risk Management Committee was submitted to the Audit Committee and the Board of Directors every 6 months. Furthermore, the Internal Auditors were assigned to monitor and to inspect whether the risk mitigation guidelines were being followed. This was to ascertain that the Company's risks were kept at the acceptable and manageable level.

The Audit Committee agreed that the risk management system of the Company was appropriate and sufficient for its operations. The assessment of risks, the management of risks and its progress monitoring as well as the revision of risks in order to respond to the current situation were regularly carried out.

5. The Audit Committee found that the Management had a clear approach in working according to the laws. The Compliance Unit was established in order to observe the operation in accordance with the Securities and Exchange Act, the regulations of the Stock Exchange of Thailand, Revenue Code, and all the laws which are important and relevant to the Company's business including the Anti-Corruption Guideline. A staff has been designated to be directly responsible for this matter. According to the review, it was not found that the Company deliberately refrained from or significantly worked against the law, the procedures or regulations that are relevant to the Company's business.

6. The Audit Committee had conducted an annual review of their works and self-evaluation according to the good corporate governance principles. According to the evaluation result the Audit Committee effectively performed their duties in accordance with the scope of duties responsibilities as well as regularly reviewed the Audit Committee Charter to comply with Corporate Governance.
7. The Company's Board of Directors and Management were determined to manage the business by adhering to the good corporate governance principles, working in accordance with laws, regulations and the company's code of ethic. This was to build confidence of the shareholders and the stakeholders. The Corporate Governance Committee was appointed to drive the governance process for more efficient and effective execution.
8. The Audit Committee reviewed the selection of the Auditors and expressed their opinion to the Board of Directors for further endorsement at the shareholders' meeting. It was approved at the shareholders' meeting the appointment of Mr. Charoen Phosamritlert, or Mr. Veerachai Ratanajaratkul, or Ms. Munchupa Singsuksawat of KPMG Phoomchai Audit Ltd. as the Company's external auditors for the year 2019 with the total fees of Baht 5,970,000.

In summary, the Audit Committee had an opinion that the Company's Board of Directors, the Executive Directors as well as the Management were determined to work in achieving the goals with professional quality. They have been giving the priority in working efficiently and effectively with transparency and accountability. The risk management, the policy of good corporate governance as well as the internal control systems were appropriate and circumspective.

January 23, 2020

On behalf of the Audit Committee



(Mr. Padoong Techasarintr)

Chairman of the Audit Committee

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Head of Internal
Audit Biography

Head of Internal Audit Biography

Name Mr. Krisada Euapiyachart
Position Vice President - Internal Audit

Education

- Master Degree in Business Administration, Southeastern University, USA
- Graduate Diploma in Auditing, Chulalongkorn University
- Bachelor Degree in Law, Thammasat University
- Bachelor Degree in Accounting, The University of the Thai Chamber of Commerce

Experience

1988 – 2000 Deputy Manager, Internal Audit, Charoen Pokphand Group Co., Ltd.

Training by the Thai Institute of Directors Association (IOD)

2009 Company Secretary Program
2010 Audit Committee Program
2014 Anti-Corruption: The Practical Guide

Duties and Responsibilities of the Head of Internal Audit

1. Determine the structure and scope of responsibilities of the Internal Audit Office and manage general operations of the Internal Audit Office
2. Prepare the handbook and operating standards for internal auditors and monitor that the internal auditors have performed their duties according to the established standards
3. Formulate the annual audit plan which is considered and approved by the Audit Committee
4. Determine the annual budget and Key Performance Indicators for auditing
5. Review the Audit Program of each audit unit including performance of duties and information to ensure worthwhile use of resources and efficient and effective audit results
6. Verify the appropriateness of information storage systems and the existence of the Company's assets
7. Evaluate the reliability and correctness of accounting and financial information
8. Monitor that the operations of various departments comply with the policies, objectives and regulations of the Company and related laws
9. Review the audit results and follow up on performance results following the recommendations
10. Report the audit results to the executive team, the Audit Committee, and the Board of Directors
11. Select and develop internal auditors at all levels to be knowledgeable and skilled and evaluate the performance of internal auditors
12. Provide advice and recommendations on internal control systems and risks to various departments
13. Perform other special tasks as assigned by the executive team and the Audit Committee
14. Liaise with the executive team, the Audit Committee, the Company's auditor and advisors

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Board of Directors'
Statement of
Responsibility
for Financial Reports

Board of Directors' Statement of Responsibility for Financial Reports

The Board of Directors is responsible for the separate and consolidated financial statement of CP ALL Public Company Limited and its subsidiaries including financial information presented in the annual report and the annual financial statements for the year ended December 31, 2019, which are prepared according to Accounting Standards and Financial Reporting Standards as announced by Thailand Federation of Accounting Professions (FAP) and correspond with the Generally Accepted Accounting Standards of Thailand. The Board of Directors has selected and consistently followed an appropriate accounting policy. The aforementioned financial statements are prepared using careful judgment and the best estimation. In addition, important information is adequately disclosed in the notes to the financial statements. The financial statements have been examined by an independent external auditor and the auditor has expressed an unqualified opinion. Therefore, the financial statements accurately and transparently reflect the Company's financial status and operating performance in the past year and can be used for the benefit of shareholders and investors.

The Board of Directors has appointed the Audit Committee, which comprises of independent directors, to review the quality of the financial reports and to evaluate the internal control system, risk management system, and various systems to support effective financial documentation to ensure that accounting records are correct, complete, timely, adequate to protect its asset, as well as able to prevent fraud or materially irregular operations. The Audit Committee's opinion is presented in the Audit Committee's report which is a part of this annual report.

The Board of Directors believes that the effectiveness of the Company's overall internal control system is satisfactory and able to create credibility and reliability for the separate and consolidated financial statements of CP ALL Public Company Limited and its subsidiaries for the period ended December 31, 2019.



(Mr. Soopakij Chearavanont)

Chairman



(Mr. Korsak Chairasmisak)

Chairman of Executive Committee

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Management
Discussion
and Analysis

Management Discussion and Analysis

Discussion and Analysis of Financial Position and Operating Results

Financial position and operating results of the Company reported in the consolidated financial statements were generated from 3 main businesses including 1) convenience store business in Thailand 2) other businesses in Thailand such as manufacturing and sale of ready-to-eat food and bakery products, bill payment service, and sale and maintenance of retail equipment, and 3) membership based Cash & Carry trade centers.

Retail Competitive Environment

In 2019, Thailand has faced economic challenges resulted from both internal and external factors. This is due to the slowdown of global economic especially China's economic, which its growth was lower than expected, trade wars and the appreciation of Thai Baht against other currencies. These also impacted to tourists and export sectors, which are accelerated factors to Thailand economic. In the meantime, consumers still concern about income and purchasing power. Also, people debt obligation remains high. As a result, confidence in current and future spending tends to decrease. However, purchasing power in the second half of 2019 began to increase. This was partly resulted from economic stimulus packages and public investments, which were continuously launched to support economic.

Thai Retailers Association has evaluated that Thailand's retail business outlook in 2019 has expanded for 2.8% with total value worth approximately 3.6 trillion Baht. Beside retailer was pressure from various economic factors, it needs to handle with the rapid change to digitalization and cashless society. These trends have an effect on the behavior and ways of buying products of consumers. As a result, the retailers have to develop formats and channels for consumers to access more diverse products and services to respond to consumer behavior on each occasion and convenience appropriately.

The number of convenience stores in the type of chain store in 2019 is 18,240 stores, to which 1,035 stores have been added (Source: CPALL's company data). Most of such increase is a result of store expansion and new concept stores of 7-Eleven. Additionally, the expansion focuses on secondary city in each province and existing store renovation to match with the change of consumer behavior. However, this year the Company's market share in the convenience store business is accounted approximately for 64% followed by Tesco Lotus Express and Family Mart.

Analysis of Operating Results for the Year Ended December 31, 2019 compared to the Operating

Results for the Year Ended December 31, 2018

Total Revenues

In 2019, the Company and its subsidiaries' total revenues were Baht 571,110 million, increased 8.3% from last year. Sales revenue and services income of convenience store business, other supporting businesses and the cash & carry business under the name "Siam Makro" increased to Baht 550,901 million, or rose 8.4% from last year. Resilient revenue growth was a result of the Company's strategy to remain vigorous in store expansion to correspond to the change in consumer lifestyle, to serve convenience to all communities, and to offer products and services that accommodate to customers demand.

Other income including interest income, net foreign exchange gain and other income was Baht 20,209 million, up 6.6 percent from last year. This was mainly due to increased sale promotion income from convenience store business and the cash & carry business as well as increased income on royalties and other fees relating to licenses income.

Total revenues before elimination contributed from three businesses were, (Group 1) convenience store business accounted for 59 percent (Group 2) membership based Cash & Carry trade centers accounted for 34 percent, and (Group 3) other businesses in Thailand such as manufacturing and sales of convenience food, payment service, distributing and maintenance of retailing equipment accounted for 7 percent. Revenues contribution from each group maintained at the same level of last year.

Gross profit

In 2019, the Company and its subsidiaries' gross profit was Baht 124,838 million, increased by 9.9 percent from last year, which was mainly due to improved performance of the convenience store business, Siam Makro's business, and other supporting businesses. The gross margin in the consolidated financial statement was at 22.7 percent, increased from 22.3 percent in 2018 on the back of higher sales growth from higher gross margin products from both convenience store business and Siam Makro's business.

Distribution Costs and Administrative Expenses

In 2019, the Company and its subsidiaries' distribution costs and administrative expenses rose to Baht 111,562 million, increased by 11.3 percent from last year.

Distribution costs were Baht 93,390 million or up 10.5 percent YoY. This was mainly due to expenses related to new store expansion of both convenience store business and Siam Makro business according to business strategic plan which led an increase of employee benefits from new staff, and an increase of rent expenses and asset depreciation, while store management fee increased due to higher sales revenue and expansion of gross margin. In addition, during 2019 the membership program so-called "All Member" of convenience store business was introduced which led an increase of advertising and sale promotion expenses.

Administrative expenses were Baht 18,172 million or up 15.7 percent YoY mainly from business growth including a record of the provision for retirement benefits as well as past service costs.

In 2019, the Company and its subsidiaries have amended its retirement plan in compliance with the change of the Labor Protection Act in 2019. As a result of this change, the provision for retirement benefits as well as past service costs were recognized additionally amounting to Baht 809 million in the consolidated financial statement.

Profit Before Tax and Net Profit

In 2019, profit before tax was Baht 26,764 million, up 6.4 percent YoY. Net profit was Baht 22,343 million, up 6.8 percent from last year. The improvement in net profit was mainly due to revenue growth, as well as decrease of finance cost from last year. Although, the administrative expenses recorded one-time additional provision for retirement benefits as well as past service costs amounting to Baht 809 million. The Company's earnings per share in the consolidated financial statement was Baht 2.38.

Profit before tax before elimination be contributed from three businesses in 2019 were (Group 1) convenience store business accounted for 66 percent (Group 2) membership based Cash & Carry trade centers accounted for 22 percent, and (Group 3) other businesses in Thailand accounted for 12 percent. Profit contribution from each group maintained at the same level of last year.

Operating Results by Business Segments

Convenience Store Business

In 2019, the Company continued to expand "7-Eleven" stores to serve convenience to all communities in Bangkok and provincial areas. The new stores were in various store type including corporate, store business partner (SBP) and sub-area, where some were stand-alone stores and other were in PTT gas stations. The Company has planned to open 700 new stores per year, which during 2019 the Company has successfully opened 724 new stores. At the end of 2019, CPALL operated 11,712 stores nationwide, which can be broken down into 5,215 corporate stores (45 percent of total stores), an increase of 321 stores, 5,687 SBP stores (48 percent of total stores), an increase of 351 stores, and 810 sub-area stores (7 percent of total stores) an increase of 52 stores.

Regarding products and services, the Company strived to become "the convenience food store of Thais" with the continuous improvement in food and beverages and new products. These products has received great feedback from customer as lifestyles get busier and looking for convenience. In 2019, food and beverage products accounted for 71.2 percent of sales mix, while non-food items (excluding phone cards) accounted for 28.8 percent. The sales mix from food and beverage products were up from 70.1 in last year due to a high sales growth from ready-to-eat and beverages, while low sales growth from non-food items i.e. cigarette.

On the back of the dynamic expansion and successful product strategy, in 2019 the convenience store business had total sales revenue and service income of Baht 334,061 million, increased by Baht 25,218 million or 8.2 percent YoY. Convenience store business has retained its resilient SSSG at 1.7 percent in 2019 and posted average sales of Baht 82,928 per store per day. In 2019, average spending per ticket was at Baht 70 and there were 1,187 customer visits per store per day.

Gross profit amounted to Baht 93,827 million, increased by 7,784 million or 9.0 percent YoY, yet gross profit margin increased to 28.1 percent from 27.9 percent in 2018 owing to a higher sales growth from higher gross margin products.

Meantime, other income of the convenience store business increased to Baht 19,920 million in 2019, or an increase of Baht 1,415 million or 7.6 percent from last year as mainly from higher income on royalties and other fees relating to license income from an increase of SBP stores as well as higher sales promotion income from co-promotion campaigns with suppliers to boost sales such as premiums redemption and stamp collection campaign.

Distribution cost and administrative expenses were Baht 92,476 million in 2019, or an increase of Baht 8,777 million or 10.5 percent YoY. Higher expenses included employee benefit expenses due to store expansion together with an increase of number of new staffs, as well as an increase of variable expenses i.e. advertising and sale promotion expenses and store management fees. Also, rental fees and depreciation and amortisation expenses were up in relation to an increase of number of stores including larger selling area of new stores. In addition, during 2019, the Company have amended its retirement plan in compliance with the change of the Labor Protection Act in 2019. As a result of this change, the provision for retirement benefits as well as past service costs were recognized additionally amounting to Baht 489 million in the separate financial statement.

Operating profit of the convenience store business was Baht 28,323 million, decreased by 1.3 percent from last year, while net profit was Baht 20,180 million, increased by 1.2 percent YoY.

Other Businesses

Other businesses comprise of bill payment services, manufacturing and sale of ready-to-eat food and bakery products, distribution and maintenance of retail equipments and other businesses that mainly support the convenience store business. The Company remained active to develop new products or services that match with customer demand such as negotiating with the business partners to expand service channels of Counter Service or e-commerce retailing to provide convenience to customer, as well as build up revenue growth in the future.

In 2019, profit before tax was Baht 4,151 million, increased by 16.8 percent from last year.

Cash & Carry Trade Centers

In 2019, Cash & Carry Trade Centers profit before tax was Baht 7,503 million increased by 5.9 percent YoY due to an increase of revenue from sales together with well management of operating expenses. (Note: investors can find additional details in MD&A for the year 2019 of Siam Makro)

Non-recurring item and other income

In 2019, other income increased to Baht 19,811 million, an increase of Baht 1,169 million from last year, or 6.3 percent YoY following sales and service revenue growth. Sales promotion income was Baht 11,605 million, increased by 9.1 percent. Income on royalties and other fees relating to license income rose to Baht 2,346 million, down 12.5 percent YoY, and other income from ATM installation and mobile phone's top-up card booth amounted to Baht 5,860 million.

Analysis of the Company and its Subsidiaries' Financial Status

for the Year Ended December 31, 2019

Total Assets

As at December 31, 2019, the Company and its subsidiaries reported total assets of Baht 375,617 million, an increase of 0.5 percent compared to the end of 2018 was largely from an increase in inventory together with property, plant and equipment. Assets with significant changes are as follows:

Cash and cash equivalents was Baht 29,861 million, or 7.9 percent of total assets, an decrease of Baht 4,163 million or 12.2 percent YoY. The Company was persistently in a good position of cash flow from operation and good liquidity, which was adequate for investment and annual dividend payment.

Trade accounts receivable was Baht 1,718 million, or 0.5 percent of total assets, down by Baht 322 million or 15.8 percent YoY. Majority of trade account receivable came from Siam Makro.

Other current receivable was Baht 7,729 million, or 2.0 percent of total assets, up by Baht 323 million or 4.4 percent YoY following higher sales and services revenue. Majority of receivable were from accrued income, sales promotion income, royalties income, service income, and advance payment.

According to the aging analyses for trade and other accounts receivable, 97 percent of trade and other accounts receivable had credit term less than three months.

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts. The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Inventories were Baht 31,538 million, or 8.4 percent of total assets, up by Baht 1,968 million or 6.7 percent YoY following higher sales revenue. Thus, inventory turnover ratio increased to 13.94 times in 2019 from 13.86 times in 2018.

An allowance for losses is made for all deteriorated, damaged, obsolete and slow-moving inventories.

In addition, other current assets was Baht 419 million, or 0.1 percent of total assets, down by Baht 68 million.

Regarding the investment plan, the Company has continued to invest in order to explore new business opportunity and improve support existing operation of the Company such as store expansion, new distribution center, new ready-to-eat food manufacturing facility, new distribution channel. The investments were directly made from the Company and its subsidiaries. In 2019, investments in subsidiaries were Baht 199,528 million, up by Baht 1,917 million or 0.1 percent YoY. This was due to an increase investment in Subsidiary company, namely Thai Smartcard Co., Ltd.

Property, plant and equipment amounted to Baht 116,082 million, or 30.9 percent of total assets, up by Baht 4,795 million or 4.3 percent YoY. This was from store expansion of both 7-Eleven convenience stores and Siam Makro trade centers. Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Goodwill was Baht 128,096 million, or 34.1 percent of total assets, at the same level as last year. Most of the goodwill arose from the Company's purchase of shares of Siam Makro Public Company Limited both directly and indirectly, and arose from Siam Makro Public Company Limited's purchase of shares at 80 percent shareholding each of four

companies, namely Indoguna (Singapore) Pte Ltd, Indoguna Dubai L.L.C, Just Meat Company Limited, and Indoguna Lordly Company Limited.

At initial recognition, goodwill is measured at the fair value of the purchase consideration, including non-controlling interest net book value (generally fair value) of assets and liabilities. During the year 2013, the Company measured fair values of assets acquired and liabilities derived from the business combination of Siam Makro and recorded the difference between the acquisition price and fair value of the net assets of such business combination as goodwill.

Other intangible assets were Baht 51,384 million, or 13.7 percent of total assets, a majority of which was an intellectual property amount Baht 46,521 million arose from business combination of Siam Makro. Other intangible assets were divided into two categories: 1) asset with finite useful lives i.e. computer software and customer database with useful life of 2-15 years are measured at cost less accumulated amortisation and accumulated impairment losses and 2) other intangible assets that have indefinite useful lives i.e. intellectual property, business license, etc. are measured at cost less accumulated impairment losses.

The carrying amount of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

Other non-current assets were Baht 979 million, 0.3 percent of total assets, down by Baht 74 million.

Total Liabilities

As at December 31, 2019, the Company and its subsidiaries had total liabilities of Baht 267,250 million, decreased by Baht 6,673 million, or 2.4 percent from the previous year. Liabilities with significant changes are as follows:

Trade accounts payable were Baht 78,550 million, or 29.4 percent of total liabilities, down by Baht 0.3 million due to payment for goods according to normal payment period.

Interest-bearing liabilities were Baht 145,704 million in 2019, or 54.5 percent of total liabilities, down by Baht 8,559 million or 5.5 percent YoY. During 2019, repayment of the matured debentures was Baht 22,994 million and the new debenture issuance was Baht 15,000 million. Thus, net debt to adjusted equity (according to definition of debenture covenants) was at 0.94 times in 2019, decreased from 1.04 times in 2018. The Company's net debt to adjusted equity was lower than debenture covenants in 2019.

Other payables were Baht 15,148 million, or 5.7 percent of total liabilities, down by Baht 265 million or 1.7 percent YoY mainly from a decrease in other payable such as construction payable.

Provision of employee benefits was Baht 4,843 million or 1.8 percent of total liabilities, up Baht 1,475 million or 43.8 percent.

Deferred tax liabilities were Baht 15,003 million, or 5.6 percent of total liabilities, down by Baht 84 million or 0.5 percent due to fair value adjustment of asset acquired from the business combination of Siam Makro. Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Regarding contingent liabilities and off balance sheet liabilities management, the Company has contingent liabilities with third parties including: 1) commitments for capital expenditure, which is the contract that has not yet been realised such as cost of construction of new factories, cost of installing the machinery or computer system development, operating lease commitments that cannot be canceled, which covers the lease of land, buildings, vehicles and other assets and 3) other commitments by the obligations of the Company, which incurred in the normal course of business operations, such as the Letter of Credit that has not yet been used for the purchase of goods and supplies.

Total Shareholders' Equity

As at December 31, 2019, the Company and its subsidiaries had total shareholders' equity of Baht 108,368 million, an increase of Baht 8,549 million or 8.6 percent from 2018. This was mainly due to an increase in profit from business operation amount Baht 22,343 million and dividend payments of Baht 10,780 million to shareholders for the fiscal year of 2018. In addition, non controlling interests decreased by Baht 359 million due to the purchased ordinary shares of Thai Smart Card Co., Ltd. from other shareholders, making CPALL owned ordinary shares of Thai Smart Card Co., Ltd. of 100 percent of a registered capital.

Analysis of Statements of Cash Flows, Liquidity and Sources of Funds of the Company and its Subsidiaries

for the Year Ended December 31, 2019 Compared to the Year Ended December 31, 2018

Liquidity

As at December 31, 2019, the Company reported cash and cash equivalent of Baht 29,861 million, accounting for 7.9 percent of the Company's total assets. Nevertheless, the Company's liquidity remained healthy from efficient working capital management, having negative cash cycle of 39 days in 2019 which resulted from inventory period of 26 days, payable period of 66 days, and receivable period of 1 day.

Cash Flow from Operating Activities

In 2019, net cash flow from operating activities totaled Baht 40,477 million, down 1.8 percent from the same period of last year. This was caused by high account payable from payment for goods and services was delayed due to the number of holidays at the end of the year.

Cash Flow from Investing Activities

In 2019, net cash flow used in investing activities amounted to Baht 16,584 million, increased 8.0 percent from the same period of last year. This was due to cash outflow to purchase property, building and equipment.

Cash Flow from Financing Activities

In 2019, net cash flow used in financing activities totaled Baht 27,939 million. The key financing activities were interest payment, dividend payment, as well as repayment of matured issuing debentures and so on.

Financial Ratio Analysis

Net debt to equity

As at December 31, 2019, the Company and its subsidiaries net debt to adjusted equity according to definition of debenture covenants was at 0.94 times, decreased from 1.04 times in 2018. Lower net debt to equity was mainly driven by a repayment of matured debentures during the year, together with larger shareholders' equity base from increase in profit from business operation. Also, the Company paid dividend payments of Baht 1.20 per share to shareholders for the fiscal year of 2018.

In addition, the Company plans to continuously reduce all interest-bearing debt obligations from our improving cash flow from operations after the allocation of dividend payment and capital expenditure investment. Therefore, net debt to equity is expected to be lower, while the Company is obligated to comply with debenture covenants

Net debt to equity ratio at	5	times in 2016
Net debt to equity ratio at	3.5	times in 2017
Net debt to equity ratio at	2.5	times in 2017
Net debt to equity ratio at	2.0	times in 2018 onward

Debt-Service Coverage Ratio

As at December 31, 2019, the Company and its subsidiaries Debt-Service Coverage Ratio slightly decreased from 1.26 times from last year to 1.14 times as a result of lower cash flow from operations, however, the Company remained manage its cashflow efficiently.

Interest Coverage Ratio

As at December 31, 2019, the Company and its subsidiaries interest coverage ratio rose to 4.98 times from 4.50 times in 2018 as a result of improving cash flow from operations and lower finance cost.

Liquidity ratio and quick ratio

As at December 31, 2019, the Company's liquidity ratio was 0.64 times, increased from 0.61 time in 2018 due to a decrease of current liability from mutual debenture repayment. Meanwhile, quick ratio was 0.29 time, slightly decreased from 0.30 times in the previous year.

Return on shareholder's equity

In 2019, the Company's return on shareholder's equity decreased to 21.5 percent compared with 23.2 percent in last year. The DuPont Analysis is as follow:

The DuPont Analysis	2018	2019
Profit Margin (percent)	3.97	3.91
Total Asset Turnover (times)	1.44	1.52
The equity multiplier (times)	4.08	3.60

Factors which may Impact Operating Results and Financial Status of the Company and its Subsidiaries in the Future

CPALL regards the ever-changing customer demand as a major factor that impacts the Company's revenue and net profit. With our best effort, CPALL endeavors to offer products and services that correspond to the change in customer lifestyle in order to attract more customers and deliver higher sales revenue. Moreover, the Company aims to increase the sales proportion of the higher-margin ready-to-eat food products in order to enhance our profit margins. We also reaffirm our dynamic store expansion plan in order to reach customers in all provinces. Regarding other businesses such as bill payment services, manufacturing and sale of food and bakery products, maintenance of retail equipment, as well as new projects including best-sellers publications, books and magazines sold exclusively to Book Smile or projects in co-operations with various organizations to develop innovation under "7 Innovation Awards", CPALL continues to provide support to the small and medium business enterprises in order for them to be able to grow along with the Company. At the same times, these businesses will support the Company's efficient operation and differentiate our products and services from competitors, resulting in higher revenue of the Company.

For supply chain management, in 2019 the Company has a total of 10 regional distribution centers for consumer products, 10 distribution centers for temperature-controlled products and 2 distribution centers for frozen products, making the Company as the retailer who owns the largest area of distribution centers covering nationwide which eventually strengthen the Company's competitive advantage in the long term.

Regarding Siam Makro business, we expect improving sales revenue on the back of its highly resilient operation and store expansion. Although the Company incurred interest-bearing debts from such acquisition, we believe that our improving operating cash flow will be able to service all debt obligations.

Others

In 2019, the Company has expenses related to research and technological development that were proposed in accordance with certification by Research and Technological Development Project of the National Science and Technology Development Agency amount Baht 55.43 million. Majority of the projects were related to ready-to-eat food products which also support the Company's business operation.

Project Value (Unit : million Baht)	2017	2018	2019
Research and Technological Development Projects	2.53	106.71	55.43

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Annual Financial
Statements
and Auditor Report
of Certified Public
Accountant

CP ALL Public Company Limited and its Subsidiaries
For the year ended 31 December 2019

Independent Auditor's Report

To the Shareholders of CP ALL Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of CP ALL Public Company Limited and its subsidiaries (the “Group”) and of CP ALL Public Company Limited (the “Company”), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2019, the consolidated and separate statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2019 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (“TSAs”). My responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Valuation of inventories	
Refer to notes 3(g) and 9 to the financial statements	
The key audit matter	How the matter was addressed in the audit
<p>The valuation of inventories was focused on because the estimation of net realisable value of inventories involves management's judgment relating to estimate quantity and valuation for deteriorated, damaged, obsolete and slow-moving and shrinkage inventories.</p>	<p>My audit procedures included the following:</p> <ul style="list-style-type: none"> - Understood the inventory control and management policy and the estimation of net realisable value of inventories. - Tested a sample of the aging of inventory and the reasonableness of assumptions used to set the percentage of deteriorated, damaged, obsolete, slow-moving and shrinkage inventories determined by management and compared that percentage with information for destruction and shrinkage inventories. - Tested a sample of selling prices post year-end and the estimated costs to make the sale with related documents including recalculation of net realisable value. - Considered the adequacy of the Group's disclosures in accordance with Thai Financial Reporting Standards.

Impairment of goodwill and other intangible assets	
Refer to note 3(k), 3(m), 13 and 14 to the financial statements	
The key audit matter	How the matter was addressed in the audit
<p>The Group has significant goodwill and other intangible assets with indefinite useful life which was mainly arising from a business acquisition.</p> <p>The management normally assesses the impairment from the estimated recoverable amount at the end of the period. The recoverable amount was based on its value in use, determined by discounting future cash flows to be generated from the continuing use of assets and related assumptions.</p> <p>The judgments of management required to be applied over assumptions and the inherent uncertainty involved in forecasting and discounting future cash flows. This area was focused on my audit accordingly.</p>	<p>My audit procedures included the following:</p> <ul style="list-style-type: none"> - Understood the process of the estimated recoverable amount to assess the impairment. - Considered the key assumptions in the estimated recoverable amount reports, which were approved by management, by comparing the actual operation results, industry trends and information derived from external and internal sources and assessed financial methodologies used by the Group and discount rate and performed sensitivity analysis around the key assumptions. - Considered the adequate of the Group's disclosures in accordance with Thai Financial Reporting Standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance and request that the correction be made. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

Management is responsible for preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



(Munchupa Singsuksawat)
 Certified Public Accountant
 Registration No. 6112

KPMG Phoomchai Audit Ltd.
 Bangkok
 19 February 2020

CP ALL Public Company Limited and its Subsidiaries

Statement of financial position

Assets	Note	31 December		31 December	
		2019	2018	2019	2018
<i>(in Baht)</i>					
Current assets					
Cash and cash equivalents	5	29,860,512,542	34,023,108,678	17,895,285,548	22,611,758,020
Current investments	6	658,571,919	1,467,226,803	-	-
Trade accounts receivable	4, 7	1,718,002,000	2,039,650,878	116,091,721	65,520,257
Other current receivables	4, 8	7,729,043,159	7,406,471,249	5,174,188,651	4,929,326,355
Short-term loans to subsidiaries	4	-	-	6,116,500,000	5,850,000,000
Inventories	4, 9	31,537,849,390	29,570,068,385	14,683,841,916	13,458,885,841
Other current assets		419,217,414	487,183,205	273,570,235	293,762,578
Total current assets		71,923,196,424	74,993,709,198	44,259,478,071	47,209,253,051
Non-current assets					
Investments in subsidiaries	10	-	-	199,527,531,304	197,610,700,540
Investment in related company	4	34,000,000	34,000,000	34,000,000	34,000,000
Other long-term investments		2,041,800	988,482	-	-
Other non-current receivables	4, 8	1,576,268,311	1,398,185,521	1,085,642,493	1,107,169,290
Investment properties		332,832,502	332,832,502	-	-
Property, plant and equipment	4, 12	116,082,072,184	111,287,431,835	35,095,978,841	30,983,841,928
Goodwill	13	128,096,020,528	128,096,020,528	-	-
Leasehold rights		3,916,632,928	4,107,307,022	361,117,272	395,839,291
Other intangible assets	4, 14	51,383,824,998	51,435,443,460	1,688,978,185	1,394,495,418
Deferred tax assets	26	1,291,216,517	1,002,040,250	626,103,383	459,191,755
Other non-current assets		979,348,056	1,053,658,260	1,237,966,689	1,173,596,808
Total non-current assets		303,694,257,824	298,747,907,860	239,657,318,167	233,158,835,030
Total assets		375,617,454,248	373,741,617,058	283,916,796,238	280,368,088,081

The accompanying notes are an integral part of these financial statements.

CP ALL Public Company Limited and its Subsidiaries
Statement of financial position

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2019	2018	2019	2018
		<i>(in Baht)</i>			
Current liabilities					
Short-term borrowings from					
financial institutions	15	3,326,783,629	3,582,583,743	2,500,000,000	-
Trade accounts payable	4, 16	78,549,536,720	78,790,390,772	41,331,658,456	41,442,528,081
Other payables	4, 17	15,169,853,937	15,413,621,022	18,496,677,333	19,212,592,501
Contract liabilities	21	794,163,919	452,968,792	-	-
Short-term borrowing from					
subsidiary	4	-	-	700,000,000	-
Short-term borrowings from					
other parties	15	14,473,920	-	-	-
Current portion of debentures	15	12,289,800,000	22,994,300,000	12,289,800,000	22,994,300,000
Current portion of long-term					
borrowings from financial					
institutions	15	238,688,568	94,476,827	-	-
Current portion of finance					
lease liabilities	15	92,346,896	106,205,916	-	-
Income tax payable		1,532,910,483	1,394,812,435	379,237,114	447,915,573
Other current liabilities		908,597,642	922,328,431	638,077,789	672,669,610
Total current liabilities		112,917,155,714	123,751,687,938	76,335,450,692	84,770,005,765
Non-current liabilities					
Debentures	15	120,593,800,000	117,883,600,000	120,593,800,000	117,883,600,000
Long-term borrowings from					
financial institutions	15	8,599,261,480	9,009,893,588	-	-
Finance lease liabilities	15	549,429,782	592,139,807	-	-
Provisions for employee benefits	18	4,842,898,783	3,368,249,860	2,771,801,939	1,927,575,725
Accrued guarantee deposits		3,926,376,529	3,716,365,858	3,858,827,866	3,634,158,956
Deferred tax liabilities	26	15,003,566,594	15,087,901,684	-	-
Other non-current liabilities		817,168,878	513,093,464	198,315,656	132,459,670
Total non-current liabilities		154,332,502,046	150,171,244,261	127,422,745,461	123,577,794,351
Total liabilities		267,249,657,760	273,922,932,199	203,758,196,153	208,347,800,116

The accompanying notes are an integral part of these financial statements.

CP ALL Public Company Limited and its Subsidiaries

Statement of financial position

Liabilities and equity (Continued)	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2019	2018	2019	2018
(in Baht)					
Equity					
Share capital					
Authorised share capital					
(8,986 million ordinary shares, par value at Baht 1 per share)		8,986,296,048	8,986,296,048	8,986,296,048	8,986,296,048
Issued and paid-up share capital					
(8,983 million ordinary shares, par value at Baht 1 per share)		8,983,101,348	8,983,101,348	8,983,101,348	8,983,101,348
Additional paid-in capital					
Premium on ordinary shares		1,684,316,879	1,684,316,879	1,684,316,879	1,684,316,879
Deficit from changes in ownership interest in subsidiaries		(1,442,732,789)	(1,061,147,719)	-	-
Retained earnings					
Appropriated					
Legal reserve	19	900,000,000	900,000,000	900,000,000	900,000,000
Unappropriated		65,853,268,522	55,731,138,106	48,682,027,658	40,543,715,538
Other component of equity		(2,148,249,520)	(1,315,759,337)	-	-
Total		73,829,704,440	64,921,649,277	60,249,445,885	52,111,133,765
Subordinated perpetual debentures	20	19,909,154,200	19,909,154,200	19,909,154,200	19,909,154,200
Equity attributable to equity holders of the Company					
		93,738,858,640	84,830,803,477	80,158,600,085	72,020,287,965
Non-controlling interests	11	14,628,937,848	14,987,881,382	-	-
Total equity		108,367,796,488	99,818,684,859	80,158,600,085	72,020,287,965
Total liabilities and equity		375,617,454,248	373,741,617,058	283,916,796,238	280,368,088,081

The accompanying notes are an integral part of these financial statements.

CP ALL Public Company Limited and its Subsidiaries
Statement of income

		Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
	Note	2019	2018	2019	2018
		(in Baht)			
Revenues	4				
Revenue from sale of goods and rendering of services		550,900,785,536	508,212,330,195	334,061,076,230	308,843,148,532
Interest income		294,467,357	279,717,094	481,282,052	410,887,018
Dividend income		256,406	222,724	6,571,094,577	6,521,296,935
Net foreign exchange gain		103,577,238	39,718,044	887,417	171,828
Gain on sale of investment in subsidiary	10	-	-	-	907,177,120
Other income	22	19,810,971,226	18,642,252,352	19,919,733,731	18,504,644,095
Total revenues		571,110,057,763	527,174,240,409	361,034,074,007	335,187,325,528
Expenses	4				
Cost of sale of goods and rendering of services		426,063,155,887	394,631,728,898	240,234,513,413	222,800,307,928
Distribution costs		93,390,375,345	84,486,073,988	79,182,021,703	71,667,003,828
Administrative expenses		18,171,689,335	15,709,057,219	13,294,425,941	12,032,226,082
Finance costs	25	6,720,979,703	7,195,670,758	6,326,018,579	6,763,456,915
Total expenses		544,346,200,270	502,022,530,863	339,036,979,636	313,262,994,753
Profit before income tax expense		26,763,857,493	25,151,709,546	21,997,094,371	21,924,330,775
Income tax expense	26	4,069,742,965	3,968,671,446	1,816,992,522	1,979,911,710
Profit for the year		22,694,114,528	21,183,038,100	20,180,101,849	19,944,419,065
Profit attributable to:					
Equity holders of the Company		22,343,084,745	20,929,650,304	20,180,101,849	19,944,419,065
Non-controlling interests	11	351,029,783	253,387,796	-	-
Profit for the year		22,694,114,528	21,183,038,100	20,180,101,849	19,944,419,065
Basic earnings per share (in Baht)	27	2.38	2.22	2.14	2.11

The accompanying notes are an integral part of these financial statements.

CP ALL Public Company Limited and its Subsidiaries

Statement of comprehensive income

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2019	2018	2019	2018
		(in Baht)			
Profit for the year		22,694,114,528	21,183,038,100	20,180,101,849	19,944,419,065
Other comprehensive income					
<i>Item that will be reclassified subsequently to profit or loss</i>					
Exchange differences on translating financial statements		(860,288,021)	(599,145,189)	-	-
		(860,288,021)	(599,145,189)	-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Losses on remeasurements of defined benefit plans	18, 26	(544,668,515)	(55,924,795)	(327,585,140)	(38,520,883)
Income tax relating to components of other comprehensive income on losses on remeasurements of defined benefit plans	26	98,698,339	9,447,402	65,517,028	7,704,177
		(445,970,176)	(46,477,393)	(262,068,112)	(30,816,706)
Other comprehensive income for the year, net of income tax		(1,306,258,197)	(645,622,582)	(262,068,112)	(30,816,706)
Total comprehensive income for the year		21,387,856,331	20,537,415,518	19,918,033,737	19,913,602,359
Total comprehensive income attributable to:					
Equity holders of the Company		21,069,361,850	20,297,861,451	19,918,033,737	19,913,602,359
Non-controlling interests	11	318,494,481	239,554,067	-	-
Total comprehensive income for the year		21,387,856,331	20,537,415,518	19,918,033,737	19,913,602,359

The accompanying notes are an integral part of these financial statements.

CP ALL Public Company Limited and its Subsidiaries
Statement of changes in equity

Note	Consolidated financial statements									
	Retained earnings					Other component of equity				
	Issued and paid-up share capital	Premium on ordinary shares	Deficit from changes in ownership interests in subsidiaries	Legal reserve	Unappropriated	Exchanges on differences on translating financial statements	Subordinated perpetual debentures	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity
	8,983,101,348	1,684,316,879	(1,061,147,719)	900,000,000	55,731,138,106	(1,315,759,337)	19,909,154,200	84,830,803,477	14,987,881,382	99,818,684,859
28	-	-	-	-	(10,779,721,617)	-	-	(10,779,721,617)	(318,822,351)	(11,098,543,968)
	-	-	-	-	(10,779,721,617)	-	-	(10,779,721,617)	(318,822,351)	(11,098,543,968)
10	-	-	(381,585,070)	-	-	-	-	(381,585,070)	(406,465,694)	(788,050,764)
	-	-	(381,585,070)	-	-	-	-	(381,585,070)	(358,615,664)	(740,200,734)
	-	-	(381,585,070)	-	(10,779,721,617)	-	-	(11,161,306,687)	(677,438,015)	(11,838,744,702)
	-	-	-	-	22,343,084,745	-	-	22,343,084,745	351,029,783	22,694,114,528
	-	-	-	-	(441,232,712)	(832,490,183)	-	(1,273,722,895)	(32,535,302)	(1,306,258,197)
	-	-	-	-	21,901,852,033	(832,490,183)	-	21,069,361,850	318,494,481	21,387,856,331
20	-	-	-	-	(1,000,000,000)	-	-	(1,000,000,000)	-	(1,000,000,000)
	8,983,101,348	1,684,316,879	(1,442,732,789)	900,000,000	65,853,268,522	(2,148,249,520)	19,909,154,200	93,738,858,640	14,628,937,848	108,367,796,488

For the year ended 31 December 2019

Balance at 1 January 2019

Transactions with equity holders,

recorded directly in equity

Distributions to equity holders

Dividends

Total distributions to equity holders

Changes in ownership interests in subsidiaries

Called for paid-up share capital

from subsidiaries

Changes in ownership interest in subsidiary

without a change in control

Total changes in ownership interests

in subsidiaries

Total transactions with equity holders,

recorded directly in equity

Comprehensive income for the year

Profit

Other comprehensive income

Total comprehensive income for the year

Interest payment on subordinated perpetual

debentures

Balance at 31 December 2019

The accompanying notes are an integral part of these financial statements.

CP ALL Public Company Limited and its Subsidiaries

Statement of changes in equity

Consolidated financial statements	Other component of equity								
	Retained earnings		Exchange differences on				Equity		Total equity
	Supplus (Deficit) from changes in ownership interest in subsidiary	Premium on ordinary shares	Legal reserve	Unappropriated	Subordinated perpetual debentures	Equity attributable to equity holders of the Company	Non-controlling interests		
	Issued and paid-up share capital	8,983,101,348	1,684,316,879	900,000,000	45,728,253,122	19,909,154,200	75,332,915,603	4,895,864,668	80,228,780,271
	Balance at 1 January 2018		(1,142,585,625)		(729,324,321)				
	Transactions with equity holders, recorded directly in equity								
	Distributions to equity holders								
28	Dividends			(9,881,411,483)			(9,881,411,483)	(189,882,054)	(10,071,293,537)
	Total distributions to equity holders			(9,881,411,483)			(9,881,411,483)	(189,882,054)	(10,071,293,537)
	Changes in ownership interests in subsidiaries								
	Called for paid-up share capital from subsidiaries							145,289,030	145,289,030
	Changes in ownership interest in subsidiary without a change in control		81,437,906				81,437,906	9,897,055,671	9,978,493,577
10	Total changes in ownership interests in subsidiaries		81,437,906				81,437,906	10,042,344,701	10,123,782,607
	Total transactions with equity holders, recorded directly in equity		81,437,906	(9,881,411,483)			(9,799,973,577)	9,852,462,647	52,489,070
	Comprehensive income for the year								
	Profit				20,929,650,304		20,929,650,304	253,387,796	21,183,038,100
	Other comprehensive income			(45,353,837)	(586,435,016)		(631,788,853)	(13,833,729)	(645,622,582)
	Total comprehensive income for the year			20,884,296,467	(586,435,016)		20,297,861,451	239,554,067	20,537,415,518
	Interest payment on subordinated perpetual debentures				(1,000,000,000)		(1,000,000,000)		(1,000,000,000)
20	Balance at 31 December 2018	8,983,101,348	1,684,316,879	900,000,000	55,731,138,106	19,909,154,200	84,830,803,477	14,987,881,382	99,818,684,859

The accompanying notes are an integral part of these financial statements.

CP ALL Public Company Limited and its Subsidiaries
Statement of changes in equity

	Separate financial statements					Total equity
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings			
Note			Legal reserve	Unappropriated		
			<i>(in Baht)</i>			
For the year ended 31 December 2019						
Balance at 1 January 2019	8,983,101,348	1,684,316,879	900,000,000	40,543,715,538	19,909,154,200	72,020,287,965
Transactions with equity holders, recorded directly in equity						
<i>Distributions to equity holders</i>						
Dividends	-	-	-	(10,779,721,617)	-	(10,779,721,617)
Total transactions with equity holders, recorded directly in equity	-	-	-	(10,779,721,617)	-	(10,779,721,617)
Comprehensive income for the year						
Profit	-	-	-	20,180,101,849	-	20,180,101,849
Other comprehensive income	-	-	-	(262,068,112)	-	(262,068,112)
Total comprehensive income for the year	-	-	-	19,918,033,737	-	19,918,033,737
Interest payment on subordinated perpetual debentures	-	-	-	(1,000,000,000)	-	(1,000,000,000)
Balance at 31 December 2019	8,983,101,348	1,684,316,879	900,000,000	48,682,027,658	19,909,154,200	80,158,600,085

The accompanying notes are an integral part of these financial statements.

CP ALL Public Company Limited and its Subsidiaries
Statement of changes in equity

	Separate financial statements						Total equity
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings			Subordinated perpetual debentures	
Note			Legal reserve	Unappropriated reserve			
			<i>(in Baht)</i>				
For the year ended 31 December 2018							
Balance at 1 January 2018	8,983,101,348	1,684,316,879	900,000,000	31,511,524,662	19,909,154,200	62,988,097,089	
Transactions with equity holders, recorded directly in equity							
<i>Distributions to equity holders</i>							
Dividends	-	-	-	(9,881,411,483)	-	(9,881,411,483)	
Total transactions with equity holders, recorded directly in equity	-	-	-	(9,881,411,483)	-	(9,881,411,483)	
Comprehensive income for the year							
Profit	-	-	-	19,944,419,065	-	19,944,419,065	
Other comprehensive income	-	-	-	(30,816,706)	-	(30,816,706)	
Total comprehensive income for the year	-	-	-	19,913,602,359	-	19,913,602,359	
Interest payment on subordinated perpetual debentures							
	-	-	-	(1,000,000,000)	-	(1,000,000,000)	
Balance at 31 December 2018	8,983,101,348	1,684,316,879	900,000,000	40,543,715,538	19,909,154,200	72,020,287,965	

The accompanying notes are an integral part of these financial statements.

CP ALL Public Company Limited and its Subsidiaries
Statement of cash flows

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2019	2018	2019	2018
<i>(in Baht)</i>					
Cash flows from operating activities					
Profit for the year		22,694,114,528	21,183,038,100	20,180,101,849	19,944,419,065
<i>Adjustments to reconcile profit to cash receipts</i>					
Depreciation	12, 24	10,165,615,978	9,507,405,827	6,091,390,572	5,704,493,122
Amortisation of leasehold rights	24	307,593,309	298,791,488	111,585,757	107,281,101
Amortisation of other intangible assets	14, 24	746,640,675	637,951,754	252,834,673	227,181,650
Interest income		(294,467,357)	(279,717,094)	(481,282,052)	(410,887,018)
Dividend income		(256,406)	(222,724)	(6,571,094,577)	(6,521,296,935)
Gain on sale of investment in subsidiary	10	-	-	-	(907,177,120)
Finance costs	25	6,720,979,703	7,195,670,758	6,326,018,579	6,763,456,915
Income tax expense	26	4,069,742,965	3,968,671,446	1,816,992,522	1,979,911,710
Provisions for employee benefits	18	1,193,356,151	569,096,145	680,916,428	365,647,220
(Reversal of) allowance for losses on decline in value of inventories	9	(21,987,739)	(252,994,300)	126,428	(232,739,026)
Impairment for loss on other long-term investment		411,582	-	-	-
(Reversal of) impairment for losses on property, plant and equipment	12	(3,665,000)	8,356,156	-	-
Impairment for losses (reversal of impairment for losses) on other intangible assets	14	7,470,000	(2,500,000)	-	-
Bad and doubtful debts expenses	7, 8	32,879,745	15,355,779	9,567,750	6,505,259
Unrealised loss (gain) on exchange		2,270,791	(7,772,566)	-	-
Loss on disposal and write-off of property, plant and equipment		157,066,981	151,843,212	145,773,791	150,614,581
Gain on disposal of leasehold rights		(9,527,988)	(12,885,650)	(9,527,988)	(12,885,650)
Loss on write-off of other intangible assets		88,693	93,799	39,172	93,799
		45,768,326,611	42,980,182,130	28,553,442,904	27,164,618,673

The accompanying notes are an integral part of these financial statements.

CP ALL Public Company Limited and its Subsidiaries

Statement of cash flows (Continued)

	Consolidated financial statements		Separate financial statements		
	For the year ended		For the year ended		
	31 December		31 December		
Note	2019	2018	2019	2018	
<i>(in Baht)</i>					
<i>Changes in operating assets and liabilities</i>					
Trade accounts receivable		300,160,272	(441,658,271)	(50,571,464)	58,412,877
Other receivables		(535,503,753)	(717,257,078)	(252,333,847)	(256,523,769)
Inventories		(1,945,814,769)	(1,940,788,381)	(1,225,082,503)	(502,471,064)
Other current assets		83,190,631	136,945,334	29,909,870	79,023,407
Other non-current assets		(57,048,843)	(258,980,537)	(64,369,881)	(71,036,146)
Trade accounts payable		(224,887,084)	4,105,602,148	(110,869,624)	3,106,093,506
Other payables		718,978,487	1,013,918,062	(1,136,518,862)	1,955,932,684
Contract liabilities		341,195,127	(5,286,002)	-	-
Other current liabilities		(13,730,790)	65,530,584	(34,591,822)	100,735,575
Provisions for employee benefits paid	18	(262,382,079)	(42,639,218)	(175,049,824)	(14,375,300)
Transferred in (out) of provisions for employee benefits	18	752,000	(1,198,600)	10,774,470	(177,900)
Accrued guarantee deposits		210,010,671	123,623,737	224,668,910	176,400,186
Other non-current liabilities		304,075,414	198,342,725	65,855,986	57,794,037
Net cash generated from operating		44,687,321,895	45,216,336,633	25,835,264,313	31,854,426,766
Income tax paid		(4,210,463,000)	(3,989,499,324)	(1,987,065,581)	(1,825,447,600)
Net cash from operating activities		40,476,858,895	41,226,837,309	23,848,198,732	30,028,979,166
<i>Cash flows from investing activities</i>					
Interest received		290,846,720	282,408,856	500,712,650	383,659,483
Dividends received		256,406	222,724	6,571,094,577	6,521,296,935
Acquisition of current investments	6	(765,619,494)	(1,955,783,272)	-	-
Proceeds from sale of current investments	6	1,571,485,959	1,872,481,447	-	-
Cash outflow on short-term loans to subsidiaries	4	-	-	(1,366,500,000)	(1,600,000,000)
Proceeds from repayment of short-term loans to subsidiaries	4	-	-	1,100,000,000	450,000,000
Cash outflow on investments in subsidiaries	10	-	-	(1,128,780,000)	(999,970)
Acquisition of other long-term investments		(1,464,900)	(576,900)	-	-

The accompanying notes are an integral part of these financial statements.

CP ALL Public Company Limited and its Subsidiaries
Statement of cash flows (Continued)

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2019	2018	2019	2018
		<i>(in Baht)</i>			
Acquisition of property, plant and equipment	30	(16,837,129,878)	(14,434,171,788)	(10,184,285,400)	(8,194,409,744)
Proceeds from sale of property, plant and equipment		208,558,347	203,985,803	169,718,937	142,843,113
Acquisition of leasehold rights		(212,597,787)	(394,011,215)	(91,155,298)	(145,602,131)
Proceeds from sale of leasehold rights		14,102,021	13,340,653	14,102,021	13,191,499
Acquisition of other intangible assets	30	(851,997,693)	(943,154,123)	(451,189,174)	(279,870,575)
Proceeds from sale of other intangible assets		-	1,334,864	-	-
Net cash used in investing activities		(16,583,560,299)	(15,353,922,951)	(4,866,281,687)	(2,709,891,390)
<i>Cash flows from financing activities</i>					
Interest paid		(6,676,471,771)	(7,200,771,650)	(6,335,710,937)	(6,861,639,814)
Interest paid on subordinated perpetual debentures	20	(1,000,000,000)	(1,000,000,000)	(1,000,000,000)	(1,000,000,000)
Dividends paid to equity holders of the Company	28	(10,780,327,816)	(9,880,995,369)	(10,780,327,816)	(9,880,995,369)
Dividends paid to non-controlling interests		(318,822,351)	(189,882,054)	-	-
Payment by a lessee for reduction of the outstanding liabilities relating to a finance lease	15	(124,355,917)	(183,604,902)	-	-
(Decrease) increase in short-term borrowings from financial institutions	15	(235,105,998)	(742,946,098)	2,500,000,000	-
Proceeds from short-term borrowing from subsidiary	4	-	-	700,000,000	-
Proceeds from short-term borrowings from other parties	15	14,902,848	-	-	-
Proceeds from issue of debentures	15	15,000,000,000	-	15,000,000,000	-
Repayment of debentures	15	(22,994,300,000)	(14,747,000,000)	(22,994,300,000)	(14,747,000,000)

The accompanying notes are an integral part of these financial statements.

CP ALL Public Company Limited and its Subsidiaries
Statement of cash flows (Continued)

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2019	2018	2019	2018
		<i>(in Baht)</i>			
Proceeds from long-term borrowings					
from financial institutions	15	3,068,331	5,002,261,007	-	-
Repayment of long-term borrowings					
from financial institutions	15	(86,993,805)	(2,047,595,101)	-	-
Proceeds from called for paid-up share capital from subsidiaries		47,850,030	145,289,030	-	-
(Payment of) proceeds from changes in ownership interests in subsidiaries without a change in control	10	(788,050,764)	10,130,912,000	(788,050,764)	10,130,912,000
Net cash used in financing activities		(27,938,607,213)	(20,714,333,137)	(23,698,389,517)	(22,358,723,183)
Net increase (decrease) in cash and cash equivalents, before effect of exchange rates		(4,045,308,617)	5,158,581,221	(4,716,472,472)	4,960,364,593
Effect of exchange rate changes on cash and cash equivalents		(117,287,519)	(14,278,350)	-	-
Net increase (decrease) in cash and cash equivalents		(4,162,596,136)	5,144,302,871	(4,716,472,472)	4,960,364,593
Cash and cash equivalents at 1 January		34,023,108,678	28,878,805,807	22,611,758,020	17,651,393,427
Cash and cash equivalents at 31 December	5	29,860,512,542	34,023,108,678	17,895,285,548	22,611,758,020

The accompanying notes are an integral part of these financial statements.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

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CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 19 February 2020.

1 General information

CP ALL Public Company Limited, the “Company”, is incorporated in Thailand and was listed on the Stock Exchange of Thailand on 14 October 2003. The company has its registered office at 313 C.P. Tower, 24th Floor, Silom Road, Kwang Silom, Khet Bangrak, Bangkok 10500, Thailand.

The major shareholder of the Company and its subsidiaries (together referred to as the “Group”) during the financial year was Charoen Pokphand Group of companies.

The principal businesses of the Group are operating convenience stores, cash and carry, payment centers and the related supporting services.

The Company operates convenience stores under the “7-Eleven” trademark and franchises to other retailers in the territory of Thailand. The number of 7-Eleven convenience stores as at 31 December 2019 was 11,712 stores (2018: 10,988 stores).

	2019	2018
	<i>(number of stores)</i>	
The Company owns and manages convenience stores	5,215	4,894
The Company franchises the license to other retailers		
- under management agreements	5,687	5,336
- under sub-license agreements	810	758
Total	<u>11,712</u>	<u>10,988</u>

Details of the Company’s subsidiaries as at 31 December 2019 and 2018 are given in note 10 to the financial statements.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”), guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. There is no material impact on the Group’s financial statements. The Group has initially applied TFRS 15 *Revenue from Contracts with Customers* (“TFRS 15”) which replaces TAS 18 *Revenue* (“TAS 18”) and related interpretations. The details of accounting policies are disclosed in note 3(u) to the financial statements.

CP ALL Public Company Limited and its Subsidiaries

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In addition to the above new and revised TFRS, the Federation of Accounting Professions has issued a number of new and revised TFRS which are not yet effective for the current period. The Group has not early adopted these standards in preparing these financial statements. Those new and revised TFRS that are relevant to the Group's operations are disclosed in note 33 to the financial statements.

(b) *Functional and presentation currency*

The financial statements are prepared in Thai Baht, which is the Company's functional currency. All financial information has been rounded in the notes to the financial statements to the nearest million unless otherwise stated.

(c) *Use of judgements and estimates*

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 31 December 2019 that have a significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following notes to the financial statements:

Notes 13 and 14	Impairment test of goodwill and other intangible assets: key assumptions underlying recoverable amounts; and
Note 18	Measurement of defined benefit obligations: key actuarial assumptions

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group").

Business combinations

The Group applies the acquisition method for all business combinations when control is transferred to the Group, as describe in subsidiaries section, other than those with entities under common control.

The Group controls an entity when it is exposed to, or has right to, variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognised in profit or loss immediately.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

Consideration transferred is measured as the fair values of the assets transferred, liabilities incurred by the Group to the previous equity holders of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration.

Any contingent consideration is measured at fair value at the date of acquisition, and remeasured at fair value at each reporting date. Subsequent changes in the fair value are recognised in profit or loss.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at fair value or at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

CP ALL Public Company Limited and its Subsidiaries**Notes to the financial statements**

For the year ended 31 December 2019

(b) Foreign currencies*Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rates at the reporting date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign entities

The assets and liabilities of foreign entities are translated to Thai Baht at the exchange rates at the reporting date.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are stated at exchange rates ruling on the transaction dates.

The revenues and expenses of foreign entities are translated to Thai Baht at rates approximating the exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translating are recognised in other comprehensive income and presented in the exchange differences on translating financial statement reserve in equity until disposal of the investments, except to extent that the translation difference is allocated to non-controlling interests.

When a foreign entity is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign entity is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign entity is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign entity and are recognised in other comprehensive income, and presented in the exchange differences on translating financial statement reserve in equity until disposal of the investment.

(c) Derivatives

Derivatives are used to manage exposure to foreign exchange arising from operational, financing and investment activities. Derivatives are not used for trading purposes.

(d) Hedging*Hedge of future foreign currency transactions*

Gains and losses from forward exchange contracts used to hedge anticipated future currency transactions are deferred until the forecasted transaction occurs. Where the hedged item is a recognised asset or liability, it is translated at the contracted forward rates.

CP ALL Public Company Limited and its Subsidiaries**Notes to the financial statements**

For the year ended 31 December 2019

Foreign currency assets and liabilities hedged by forward exchange contracts are translated to Thai Baht at the contracted forward exchange rates and the forward premium/discount is amortised as income/expense on a straight-line basis over the forward contract period.

(e) Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash balances, call deposits and highly liquid short-term investments.

(f) Trade and other accounts receivable

A receivable is recognised when the Group has an unconditional right to receive consideration. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

A receivable is stated at invoice value less allowance for doubtful accounts which is determined based on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principal and comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, less purchase discount as specified in the contractual agreements. In the case of manufactured finished goods and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

An allowance for losses on decline in value of inventories of the Group is made for deteriorated, damaged, obsolete and slow-moving inventories and is assessed on analysis of aging of inventory and estimation of shrinkage inventories.

(h) Investments*Investments in subsidiaries*

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method.

Investments in other debt and equity securities

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments and stated at amortised cost less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Equity securities which are not marketable are stated at cost less any impairment losses.

CP ALL Public Company Limited and its Subsidiaries**Notes to the financial statements**

For the year ended 31 December 2019

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(i) Investment properties

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use.

(j) Property, plant and equipment*Recognition and measurement**Owned assets of the Group*

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Equipment acquired by way of finance lease is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and accumulated impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings and improvements	3 - 50 years
Leasehold improvements	over the lease period
Machinery and equipment	3 - 15 years
Furniture, fixtures and office equipment	2 - 10 years
Others	
- Electricity and water systems	5 - 20 years
- Vehicles	5 years
- Library book	5 years

No depreciation is provided on freehold land and assets under construction and installation.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(k) Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 3(a) to the financial statements. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets that are acquired by the Group and have indefinite useful lives i.e intellectual property and business license etc. are measured at cost less accumulated impairment losses. They are not amortised but tested for impairment annually or more frequently if there is any impairment indicator. The assessment of the classification of intangible assets as indefinite is reviewed annually.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives are as follows:

Computer software	2 - 10 years
Intellectual property	indefinite useful lives
Business license	3, 10 years and indefinite useful lives
Customer base and other	7, 10 and 15 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(l) Leasehold rights

Leasehold rights, acquired by the Group, have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is recognised in the profit or loss. The Company amortises the cost of leasehold rights on a straight-line basis over the periods of the lease agreements between 1 to 33 years.

(m) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost, the reversal is recognised in profit or loss.

CP ALL Public Company Limited and its Subsidiaries**Notes to the financial statements**

For the year ended 31 December 2019

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(n) Interest-bearing liabilities

Interest-bearing liabilities are recognised as stated in the agreement.

(o) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(p) Contract liabilities

A contract liability is the obligation to transfer goods or services to the customer. A contract liability is recognised when the Group receives or has an unconditional right to receive non-refundable consideration from the customer before the Group recognises the related revenue.

(q) Employee benefits*Post-employment benefit - defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Post-employment benefit - defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

CP ALL Public Company Limited and its Subsidiaries**Notes to the financial statements**

For the year ended 31 December 2019

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(r) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(s) Subordinated perpetual debentures

Subordinated perpetual debentures which are payable upon dissolution are recognised as equity as the Company has the sole right and discretion to early redemption as stipulated in terms and conditions of debentures, and the interest and cumulative interest payment are unconditionally deferred without time and number limitation and payable at the Company's discretion. Accordingly, any interest payments are recognised similar as dividends and directly in equity when payment obligation arises. Interest payments are presented in the statement of cash flows at the same way as dividends paid to ordinary shareholders.

(t) Measurement of fair values

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as much as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follow:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(u) *Revenues*

Accounting policies for revenue recognition in 2019

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax or other sales taxes and is after deduction of any trade discounts and volume rebates.

Sales of goods and rendering of services

Revenue from sales of goods is recognised when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data. Revenue from rendering of services is recognised overtime as services are provided.

Initial fees, royalties and exclusivity fees

The Company recognises the initial fee obtained under the Management Agreements of the 7-Eleven convenience stores upon completion of the required services for the franchisees.

The Company recognises the royalty fee arising from the license for operating its 7-Eleven convenience stores over the period of the Management Agreements.

The Company has agreements with the merchandise suppliers to purchase their products to distribute in the 7-Eleven convenience stores. Under the terms of the agreements, the Company is entitled to charge exclusivity fees for the goods as specified in the agreements. In case of violation or cancellation of the agreements by the Company without reasonable cause, the suppliers have rights to a refund of such exclusivity fees according to the valuation of remaining period. But in case of cancellation of the agreements by the merchandise suppliers, such exclusivity fees are non-refundable. The Company recognises the exclusivity fees as income over the periods of agreements.

Customer loyalty programmes

The consideration received are allocated based on the relative stand-alone selling price of the products, and the royalty points or discount from accumulated purchased volume. The amount allocated to the loyalty points or discount from accumulated purchased volume is recognised as contract liabilities and revenue is recognised when the customers redeem or when the likelihood of the customer redeeming becomes remote. The stand-alone selling prices of the loyalty points or discount from accumulated purchased volume is estimated based on discount provided to customers and the likelihood that the customers will redeem, and the estimate shall be reviewed at the end of the reporting period.

CP ALL Public Company Limited and its Subsidiaries**Notes to the financial statements**

For the year ended 31 December 2019

Commission revenue

For the contracts that the Group is arranging for the provision of the goods or services on behalf of its customers and does not control the goods or services before the primary sellers or service providers will provide the goods or services to the customers. The Group acts in the capacity of an agent and recognises the net amount of consideration as commission revenue.

Accounting policies for revenue recognition in 2018

Revenue excludes value added taxes or other sales taxes and is arrived at after deduction of trade discounts and volume rebates.

Sales of goods and rendering of services

Revenue from the sale of goods is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. The Group will not recognise revenue if there is continuing control or management involvement with the goods sold or there are significant uncertainties regarding the measurement of consideration due and associated costs, or the probable return of goods. Service income is recognised as services are provided.

Initial fees, royalties and exclusivity fees

The Company recognises the initial fee obtained under the Management Agreements of the 7-Eleven convenience stores upon completion of the required services for the franchisees.

The Company recognises the royalty fee arising from the license for operating its 7-Eleven convenience stores over the period of the Management Agreements.

The Company has agreements with the merchandise suppliers to purchase their products to distribute in the 7-Eleven convenience stores. Under the terms of the agreements, the Company is entitled to charge exclusivity fees for the goods as specified in the agreements. In case of violation or cancellation of the agreements by the Company without reasonable cause, the suppliers have rights to a refund of such exclusivity fees according to the valuation of remaining period. But in case of cancellation of the agreements by the merchandise suppliers, such exclusivity fees are non-refundable. The Company recognises the exclusivity fees as income over the periods of agreements.

Customer loyalty programmes

The Group has customer loyalty programmes whereby customers are awarded credits (Points) entitling customers to the right to purchase products from the Group at a discount or qualify for a free gift. The fair value of the consideration received or receivable in respect of the initial sale is allocated between the Points and the other components of the sale. The amount allocated to the Points is estimated by reference to the fair value of the right to purchase products at a discount or fair value of the free gift. The fair value is estimated based on the amount of the discount adjusted to take into account the expected forfeiture rate. Such amount is deferred and revenue is recognised only when the Points are redeemed and the Group has fulfilled its obligations to supply the products. The amount of revenue recognised in those circumstances is based on the number of Points that have been redeemed in exchange for discounted products or gift, relative to the total number of Points that is expected to be redeemed. Deferred revenue is also released to profit or loss when it is no longer considered probable that the Points will be redeemed.

CP ALL Public Company Limited and its Subsidiaries**Notes to the financial statements**

For the year ended 31 December 2019

Commission revenue

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

(v) Other income

Other operating income and interest income are recognised in profit or loss on an accrual basis. Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established, which in the case of quoted securities is usually the ex-dividend date.

(w) Finance costs

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

(x) Operating leases

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(y) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

CP ALL Public Company Limited and its Subsidiaries**Notes to the financial statements**

For the year ended 31 December 2019

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(z) Earnings per share

The Group presents basic earnings per share (“EPS”) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss for the year attributable to ordinary shareholders of the Company less cumulative interest for the year on subordinated perpetual debentures whether it has been accrued or not by the weighted average number of ordinary shares outstanding during the year.

(aa) Related parties

A related party is a person or entity that has direct or indirect control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or has significant influence over the financial and managerial decision-making of a person or entity.

(ab) Segment reporting

Segment results that are reported to the chairman of the executive committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

4 Related parties

Relationships with subsidiaries are described in note 10 to the financial statements. Relationships with key management and other related parties that the Group had significant transactions with during the year were as follows:

Name of parties	Country of incorporation/ nationality	Nature of relationships
Charoen Pokphand Group Company Limited (“CPG”)	Thailand	Shareholder of the Company, Company under CPG Group and 2 common directors
C.P. Merchandising Co., Ltd.	Thailand	Shareholder of the Company, Company under CPG Group, 1 common director and one of family member of the Company’s director is a major shareholder
Charoen Pokphand Foods Public Company Limited	Thailand	Company under CPG Group and 3 common directors
Leadership Development Charoen Pokphand Group Co., Ltd.	Thailand	Company under CPG Group and 2 common directors
SM True Co., Ltd.	Thailand	Company under CPG Group and 2 common directors
True Media Solutions Co., Ltd.	Thailand	Company under CPG Group and 2 common directors
C.P. Consumer Products Co., Ltd.	Thailand	Company under CPG Group and 1 common director
CP-Meiji Co., Ltd.	Thailand	Company under CPG Group and 1 common director
CPF (Thailand) Public Company Limited	Thailand	Company under CPG Group and 1 common director
Perfect Companion Group Co., Ltd.	Thailand	Company under CPG Group and 1 common director
True Move H Universal Communication Co., Ltd.	Thailand	Company under CPG Group and 1 common director
EGG Digital Co., Ltd.	Thailand	Company under CPG Group and two of family member of the Company’s director are major shareholders
True Money Co., Ltd.	Thailand	Company under CPG Group and one of family member of the Company’s director is a major shareholder
C.P. Cambodia Co., Ltd.	Cambodia	Company under CPG Group
C.P. Land Public Company Limited	Thailand	Company under CPG Group
C.P. Packaging Industry Co., Ltd.	Thailand	Company under CPG Group
C.P. Tower Growth Leasehold Property Fund	Thailand	Company under CPG Group
Charoen Pokphand Foods Canada Inc.	Canada	Company under CPG Group
CP B&F (Thailand) Company Limited	Thailand	Company under CPG Group
CP B&F Trading Co., Ltd.	Thailand	Company under CPG Group
CPF Food and Beverage Company Limited	Thailand	Company under CPG Group
CPF IT Center Co., Ltd.	Thailand	Company under CPG Group

CP ALL Public Company Limited and its Subsidiaries
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For the year ended 31 December 2019

Name of parties	Country of incorporation/ nationality	Nature of relationships
CPF Restaurant and Food Chain Company Limited	Thailand	Company under CPG Group
CPF Trading Co., Ltd.	Thailand	Company under CPG Group
International Pet Food Co., Ltd.	Thailand	Company under CPG Group
Real Move Co., Ltd.*	Thailand	Company under CPG Group
True Digital Group Co., Ltd. (formerly “True Digital and Media Platform Co., Ltd.”)	Thailand	Company under CPG Group
True Distribution and Sales Co., Ltd.	Thailand	Company under CPG Group
True Internet Corporation Co., Ltd.	Thailand	Company under CPG Group
True United Football Club Co., Ltd.	Thailand	Company under CPG Group
C.P. Food Store Co., Ltd.	Thailand	Chearavanont family is major shareholders
Dees Supreme Co., Ltd.	Thailand	Chearavanont family is major shareholders
Key management personnel	Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director of the Group (whether executive or otherwise)

* The company was liquidated on 30 September 2019.

The pricing policies for particular types of transactions with related parties are explained further below:

Transactions	Pricing policies
Sale of goods	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies
Rendering of services and other operating income	Contract prices determined by the terms and conditions used in the normal course of business
Interest income	Source of fund costs plus capital management expenses
Dividend income	Right to receive dividends
Purchase of goods and services	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies
Rental and service fees	Rates advised by the lessors and service providers
Technical service fees	Contract prices determined by the terms and conditions used in the normal course of business
Finance costs	Agreed rates stipulated in the agreements
Purchase of property, plant and equipment and other intangible assets	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

Significant transactions for the years ended 31 December 2019 and 2018 with related parties were as follows:

<i>For the year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
<i>Subsidiaries</i>				
Revenue from sale of goods and rendering of services	-	-	710	687
Interest income	-	-	297	243
Dividend income	-	-	6,571	6,521
Other income	-	-	1,547	1,429
Distribution costs	-	-	1,699	1,873
Administrative expenses	-	-	3,022	2,811
Finance costs	-	-	18	-
Purchases of goods and services	-	-	27,550	23,948
Purchases of property, plant and equipment and other intangible assets	-	-	3,157	1,993
<i>Other related companies</i>				
Revenue from sale of goods and rendering of services	1,491	2,081	416	517
Other income	2,077	1,862	2,047	1,733
Distribution costs	134	98	-	-
Administrative expenses	992	835	777	660
Purchases of goods and services	53,592	46,597	36,389	32,800
Purchases of property, plant and equipment and other intangible assets	18	17	-	-
<i>Key management personnel</i>				
Key management benefit expenses				
Short-term employee benefits	884	717	649	491
Severance pay for employees	53	25	45	19
Total key management benefit expenses	937	742	694	510

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

Balances as at 31 December 2019 and 2018 with related parties were as follows:

<i>Trade accounts receivable</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Related companies	232	631	-	-
Less allowance for doubtful accounts	-	-	-	-
Net	232	631	-	-
Bad and doubtful debts expense for the year	-	-	-	-
<i>Other receivables</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
<i>Current</i>				
Subsidiaries	-	-	795	755
Other related companies	839	756	703	552
Total	839	756	1,498	1,307
<i>Non-current</i>				
Subsidiary	-	-	74	104
Total	-	-	74	104
Bad and doubtful debts expense for the year	-	-	-	-

During the year 2008 the Company paid for the prepaid rental and service fees under the terms of lease and service agreements to a local subsidiary (Panyapiwat Institute of Management) for lease of its building spaces for field consultant conferences, trade shows, franchisee conferences and other activities for a period of 15 years, totaling Baht 450 million and were recorded in the accounts “other current receivables” and “other non-current receivables”. The Company amortises the prepaid rental and service fees as an expense according to the terms of the agreements (15 years).

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

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Short-term loans to subsidiaries

Movements during the years ended 31 December 2019 and 2018 were as follows:

	Interest rate At 31 December (% per annum)	At 1 January	Separate financial statements		At 31 December
			Increases (in million Baht)	Decreases	
2019					
Subsidiaries	4.75	5,850	1,367	(1,100)	6,117
Total		5,850			6,117
2018					
Subsidiaries	4.75	4,700	1,600	(450)	5,850
Total		4,700			5,850

As at 31 December 2019 the outstanding balance of short-term loans to the subsidiaries was unsecured and at call.

Investment in related company

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in million Baht)			
True GS Co., Ltd.	34	34	34	34
Total	34	34	34	34

All investment in related company of the Company as at 31 December 2019 and 2018 was denominated entirely in Thai Baht.

Trade accounts payable

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in million Baht)			
Subsidiaries	-	-	2,578	2,355
Other related companies	8,059	7,730	4,524	4,919
Total	8,059	7,730	7,102	7,274

Other payables

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in million Baht)			
Subsidiaries	-	-	10,223	11,122
Other related companies	222	250	57	40
Total	222	250	10,280	11,162

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

Short-term borrowing from subsidiary

Movement during the year ended 31 December 2019 were as follows:

	Interest rate At 31 December (% per annum)	At 1 January	Separate financial statements		At 31 December
			Increase	Decrease	
2019					
Subsidiary	4.50	-	700	-	700
Total		<u>-</u>			<u>700</u>

As at 31 December 2019 the outstanding balance of short-term borrowing from the subsidiary was unsecured and at call.

Future minimum lease payments under non-cancellable operating leases

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Within 1 year	80	211	5	143
After 1 year but within 5 years	127	126	17	-
After 5 years	120	135	-	-
Total	<u>327</u>	<u>472</u>	<u>22</u>	<u>143</u>

The Group has lease agreements covering lease of buildings, vehicles and other assets for periods of 1 to 25 years, which will expire between 2020 to 2048.

Significant agreements with related parties

As at 31 December 2019 the Group had the following significant agreements with related parties:

- The Company has a service agreement with Charoen Pokphand Group Company Limited, a shareholder of the Company, covering technical advisory, management, technical assistances and right to use the trademark and services of the shareholder for a period of 1 year ending in December 2020. In consideration thereof, the Company agreed to pay a monthly service fee to the shareholder totaling Baht 1.58 million.
- The Company has a cash management agreement with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreement, the Company agreed to provide cash management services under conditions stipulated in the agreement to the subsidiary. In consideration thereof, the subsidiary agreed to pay a cash management service fee to the Company at the rates stipulated in the agreement, and the Company agreed to pay benefits for cash management to the subsidiary at the rate stipulated in the agreement. If either party has intention to terminate the agreement, a written notification must be made to the other party at least 60 days before the expiry date of the agreement.
- The Company has service agreements with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreements, the Company agreed to provide and install the computer system to support bill payment services. In consideration thereof, the subsidiary agreed to pay monthly service fees to the Company in accordance with the types of service stipulated in the agreements.

CP ALL Public Company Limited and its Subsidiaries**Notes to the financial statements**

For the year ended 31 December 2019

- (d) The Company has a service agreement with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreement, the Company agreed to be appointed as the agent of the subsidiary for bill payment services under conditions stipulated in the agreement. In consideration thereof, the subsidiary agreed to pay a service fee to the Company at the amount stipulated in the agreement. If either party has intention to terminate the agreement, a written notification must be made to the other party at least 60 days before the expiry date of the agreement.
- (e) The Company has a maintenance service agreement with CP Retailink Co., Ltd., a local subsidiary. Under the terms of the agreement, the subsidiary agreed to provide maintenance of computer hardware and equipment services to the Company for a period of 5 years ending in December 2024. In consideration thereof, the Company agreed to pay an annual service fee to the subsidiary at the amount stipulated in the agreement.
- (f) The Company has a computer service center agreement with Thai Smart Card Co., Ltd., a local subsidiary. Under the terms of the agreement, the Company agreed to provide place for setting up computer center and other facilities to the subsidiary for a period of 3 years ending in September 2020. In consideration thereof, the subsidiary agreed to pay an annual service fee to the Company at the amount stipulated in the agreement.
- (g) The Company and certain local subsidiaries have lease and service agreements with C.P. Tower Growth Leasehold Property Fund, a related company, to lease space in its buildings for offices of the Company and the subsidiaries. In consideration thereof, the Company and the subsidiaries agreed to pay monthly rental and services fees totaling Baht 12.8 million, and placed guarantee deposits with the related company totaling Baht 38.6 million. The guarantee deposits will be refunded to the Company and the subsidiaries upon the termination of the lease. These agreements are effective for a period of 3 years, and will expire on various dates until July 2022.
- (h) The Company and certain local subsidiaries have information system services agreements with Gosoft (Thailand) Co., Ltd. (“the service provider”), a local subsidiary. Under the terms of these agreements, the service provider agreed to provide consulting, advisory, development, design, installation, maintenance and supporting services to the Company and its subsidiaries for a period of 1 year ending in December 2020. In consideration thereof, the Company and its subsidiaries agreed to pay service fees to the service provider at the amounts stipulated in the agreements. If either party has intention to terminate the agreement, a written notification must be made to the other party at least 90 days before the expiry date of the agreement.
- (i) The Company has a service agreement with Thai Smart Card Co., Ltd., a local subsidiary. Under the terms of the agreement, the subsidiary agreed to manage customer loyalty programme. In consideration thereof, the Company agreed to pay monthly service fees to the subsidiary totaling Baht 0.3 million. If either party has intention to terminate the agreement, a written notification must be made to the other party at least 30 days before the expiry date of the agreement.
- (j) The Company has a service agreement with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreement, the subsidiary agreed to manage points for customer loyalty programme. In consideration thereof, the Company agreed to pay a monthly service fee to the subsidiary of Baht 0.3 million. The agreement is for a period of 3 years and are renewable for additional periods of 3 years. If either party has no intention to renew the agreement, a written notification must be made to the other party at least 60 days before the expiry date of the agreement.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

- (k) The Company has service agreements with Siam Makro Public Company Limited, a local subsidiary, as well as, Makro (Cambodia) Company Limited, ARO Commercial Company Limited, Guangzhou Huadu Makro Food Supermarket Company Limited and Makro (Guangzhou) Food Company Limited, foreign subsidiaries. Under the terms of these agreements, the Company agreed to grant the right to use certain trademarks under conditions stipulated in the agreements. In consideration thereof, the subsidiaries are committed to pay a fee, calculated as a percentage of their sales, to the Company as stipulated in the agreements. These agreements are effective for periods of 1 year to 4 years, and will expire on various dates until December 2024.
- (l) A local subsidiary (Siam Makro Public Company Limited) has lease and service agreements with CP Retailink Co., Ltd., a local subsidiary (“the party”). Under the terms of these agreements, the subsidiary agreed to provide space for trading and related services to the party. In consideration thereof, the party agreed to pay monthly rental and services fees, and placed guarantee deposits with the subsidiary as stipulated in the agreement. The guarantee deposits will be refunded to the party upon the termination of the lease. These agreements are effective for a period of 1 year and 3 years, and will expire on various dates until December 2022.

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Cash on hand	10,884	16,399	8,959	13,148
Cash at financial institutions				
- current accounts	5,403	2,953	4,295	1,664
Cash at financial institutions				
- savings accounts	11,407	13,633	4,641	7,800
Highly liquid short-term investments	2,167	1,038	-	-
Total	29,861	34,023	17,895	22,612

6 Current investments

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Cash at financial institutions				
- time deposits	249	97	-	-
Promissory notes	410	1,370	-	-
Total	659	1,467	-	-

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

Movements during the years ended 31 December 2019 and 2018 were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
At 1 January	1,467	1,385	-	-
Increases	766	1,956	-	-
Decreases	(1,571)	(1,872)	-	-
Unrealised loss on exchange rates from translation of outstanding foreign current investments balance to Thai Baht	-	(1)	-	-
Exchange differences on translating financial statements	(3)	(1)	-	-
At 31 December	659	1,467	-	-

7 Trade accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		<i>(in million Baht)</i>			
Related parties					
Within credit terms		151	577	-	-
Overdue:					
Less than 3 months		55	36	-	-
3 - 6 months		6	16	-	-
6 - 12 months		20	-	-	-
Over 12 months		-	2	-	-
Total		232	631	-	-
Less allowance for doubtful accounts		-	-	-	-
Net	4	232	631	-	-
Other parties					
Within credit terms		1,041	1,008	116	66
Overdue:					
Less than 3 months		419	351	-	-
3 - 6 months		27	50	-	-
6 - 12 months		20	12	-	-
Over 12 months		23	18	-	-
Total		1,530	1,439	116	66
Less allowance for doubtful accounts		(44)	(30)	-	-
Net		1,486	1,409	116	66
Grand total		1,718	2,040	116	66
Bad and doubtful debts expense for the year		21	7	-	-

The normal credit term granted by the Group ranges from 7 days to 90 days.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

8 Other receivables

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		<i>(in million Baht)</i>			
Related parties	4	839	756	1,572	1,411
Other parties					
Accrued income		3,602	3,271	1,530	1,429
Prepaid expenses		2,459	2,330	1,261	1,288
Other receivables		1,848	1,815	1,687	1,689
Receivable from Revenue Department		483	478	224	228
Other		109	185	1	4
		8,501	8,079	4,703	4,638
Total		9,340	8,835	6,275	6,049
Less allowance for doubtful accounts		(35)	(30)	(15)	(13)
Net		9,305	8,805	6,260	6,036
Current		7,729	7,407	5,174	4,929
Non-current		1,576	1,398	1,086	1,107
Total		9,305	8,805	6,260	6,036
Bad and doubtful debts expense for the year		12	8	10	7

The normal credit term granted by the Group ranges from 7 days to 90 days.

9 Inventories

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Finished goods	30,635	28,760	14,850	13,625
Work in progress	108	105	-	-
Raw materials	605	542	-	-
Goods in transit	612	607	-	-
Total	31,960	30,014	14,850	13,625
Less allowance for losses on decline in value of inventories	(422)	(444)	(166)	(166)
Net	31,538	29,570	14,684	13,459

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

The cost of inventories which is recognised as an expense and presented as part of the account “Cost of sale of goods and rendering of services” consisted of:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Cost of inventories	422,869	391,148	240,212	223,032
Reversal of allowance for losses on decline in value of inventories	(22)	(253)	-	(233)
Total	422,847	390,895	240,212	222,799

The cost of inventories which is recognised as an expense and presented as part of the account “Distribution costs” in the statements of income for the year ended 31 December 2019 amounted to Baht 2,720 million (2018: Baht 2,267 million) in the consolidated financial statements, and Baht 2,709 million (2018: Baht 2,257 million) in the separate financial statements.

10 Investments in subsidiaries

Movements during the years ended 31 December 2019 and 2018 were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
At 1 January	-	-	197,610	206,833
Increases	-	-	1,917	1
Decrease	-	-	-	(9,224)
At 31 December	-	-	199,527	197,610

Details of the increases (decrease) in investments in subsidiaries during the years ended 31 December 2019 and 2018 were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Lotus Distribution Investment Limited	-	-	1,129	-
Thai Smart Card Co., Ltd.	-	-	788	-
ALL Wellness Co., Ltd.	-	-	-	1
Siam Makro Public Company Limited	-	-	-	(9,224)
Total	-	-	1,917	(9,223)

CP ALL Public Company Limited and its Subsidiaries**Notes to the financial statements**

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Additional investment***Lotus Distribution Investment Limited***

During the second quarter of 2019, a foreign subsidiary (Lotus Distribution Investment Limited) collected from the called for additional paid-up share capital of United States Dollars 36 million; from United States Dollars 244 million to United States Dollars 280 million.

ALL Wellness Co., Ltd.

On 9 August 2018, the Company's Board of Directors approved to set up a local subsidiary (ALL Wellness Co., Ltd.) of which its 99.99% ownership interest was held by the Company. The subsidiary has an initial authorised share capital of Baht 1 million and called for fully paid-up share capital. The registration was completed in August 2018.

Changes in ownership interests in subsidiaries without a change in control***Thai Smart Card Co., Ltd.***

During the first quarter of 2019, the company acquired ordinary shares from shareholders totaling 30,745,600 shares equally to 19.21% of total issued and paid-up shares of a local subsidiary (Thai Smart Card Co., Ltd.) at the price of Baht 18 per share, totaling Baht 554 million in cash, increasing its ownership interest from 72.64% to 91.85%, and during the second quarter of 2019, the Company acquired ordinary shares from shareholders totaling 13,035,000 shares equally to 8.15% of total issued and paid-up shares of the subsidiary at the price of Baht 18 per share, totaling Baht 234 million in cash, increasing its ownership interest from 91.85% to 100%. The Company subsequently disposed 2 shares to two minor shareholders equally to 0.01% of total issued and paid-up shares of the subsidiary, reducing its ownership interest from 100% to 99.99%. The Group recognised a decrease in non-controlling interests of Baht 406 million and deficit from changes in ownership interest in subsidiary of Baht 382 million.

Siam Makro Public Company Limited

On 28 March 2018 ("the date of sale"), the Company had partially disposed 4.80% of total issued and paid-up ordinary shares of a local subsidiary (Siam Makro Public Company Limited) for Baht 10,131 million in cash, reducing its ownership interest from 97.88% to 93.08% without a change in control over the subsidiary. The Group recognised an increase in non-controlling interests of Baht 9,897 million and surplus from changes in ownership interest in subsidiary of Baht 81 million, net of disposal cost of Baht 106 million and income tax expense of Baht 47 million. The Company had the gain on sale of investment in the separate financial statements of totaling Baht 907 million.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

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Investments in subsidiaries as at 31 December 2019 and 2018, and dividend income for the years then ended were as follows:

Name of parties	Type of business	Country of operation	Ownership interests (%)		Paid-up capital		At cost		Dividend income for the year	
			2019	2018	2019	2018	2019	2018	2019	2018
Local direct subsidiaries										
Suksapitwat Co., Ltd.	Holding company	Thailand	99.99	99.99	810	810	810	810	100	94
CPRAM Co., Ltd.	Frozen food plant and bakery	Thailand	99.99	99.99	600	600	600	600	-	-
Counter Service Co., Ltd.	Bill payment services, e-commerce, distributor of all types of commercial cards and tickets and insurance broker	Thailand	99.99	99.99	100	100	91	91	980	1,000
All Corporation Limited	Holding company	Thailand	99.99	99.99	50	50	50	50	-	-
24 Shopping Co., Ltd.	Distributor of catalog merchandises and e-commerce	Thailand	99.99	99.99	30	30	30	30	375	300
CP Retailink Co., Ltd.	Distributor of equipment for retailing and software development	Thailand	99.99	99.99	20	20	20	20	250	-
Gosoft (Thailand) Co., Ltd.	Information system design and development services	Thailand	99.99	99.99	20	20	20	20	200	400

Separate financial statements

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

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Name of parties	Type of business	Country of operation	Ownership interests (%)		Paid-up capital		At cost		Dividend income for the year	
			2019	2018	2019	2018	2019	2018	2019	2018
					2019	2018	2019	2018	2019	2018
OHT Co., Ltd.	Holding company	Thailand	99.99	99.99	12	12	57,754	57,754	1,294	1,318
ALL Now Management Co., Ltd. (formerly ("Dynamic Management Co., Ltd."))	Logistics and distribution of merchandises services	Thailand	99.99	99.99	2	2	2	2	100	-
All Training Co., Ltd.	Training center	Thailand	99.99	99.99	1	1	1	1	230	220
ALL Wellness Co., Ltd.	Digital innovation healthcare services and consultation by medical specialists	Thailand	99.99	99.99	1	1	1	1	-	-
MAM Heart Co., Ltd.	Marketing activities planning services	Thailand	99.99	99.99	1	1	1	1	5	10
Panyatara Co., Ltd.	Training center	Thailand	99.99	99.99	1	1	1	1	40	30
Thai Smart Card Co., Ltd.	Smart purse card services	Thailand	99.99	72.64	1,600	1,600	1,939	1,151	-	-
Siam Makro Holding (Thailand) Ltd.	Holding company	Thailand	49.00	49.00	1,066	1,066	55,490	55,490	1,243	1,266
Siam Makro Public Company Limited	Cash and carry	Thailand	38.07	38.07	2,400	2,400	73,203	73,203	1,754	1,883
Total					190,013	189,225	6,571	6,521	6,571	6,521

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Name of parties	Type of business	Country of operation	Ownership interests (%)		Paid-up capital (in million United States Dollars)		At cost (in million Baht)		Dividend income for the year	
			2019	2018	2019	2018	2019	2018	2019	2018
Foreign direct subsidiaries										
Lotus Distribution	Holding company	British Virgin Islands	100.00	100.00	280	244	9,514	8,385	-	-
Investment Limited	Holding company	British Virgin Islands	100.00	100.00	.*	.*	.*	.*	-	-
Total							9,514	8,385	-	-
Grand total							199,527	197,610	6,571	6,521

* As at 31 December 2019, Albuera International Limited ("Albuera") had paid-up capital amounting to United States Dollar 1 and the Company invested in Albuera amounting to United States Dollar 1.

CP ALL Public Company Limited and its Subsidiaries

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Details of the Company's indirect subsidiaries as at 31 December 2019 and 2018 were as follow:

Name of parties	Type of business	Country of operation	Ownership interests	
			2019	2018
<i>Local indirect subsidiaries</i>				
ALL NOW LOGISTICS CO., LTD.	Parcel and express delivery services	Thailand	99.99	-
CP Foodlab Co., Ltd.	Research and development service, and microbiologic and scientific laboratory services	Thailand	99.99	99.99
Panyapiwat Institute of Management	Educational institution	Thailand	99.99	99.99
Panyapiwat Institute of Management Demonstration School	Educational institution	Thailand	99.99	99.99
Panyapiwat Technological College	Educational institution	Thailand	99.99	99.99
Makro ROH Co., Ltd.	Providing technical and supporting services to the Group	Thailand	93.07	93.07
ProMart Co., Ltd.	Trading of non-food products	Thailand	93.07	93.07
Siam Food Services Limited	Importing and trading of food products from international and domestic sources and providing freight, delivery rental and storage services	Thailand	93.07	93.07
Siam Makro Public Company Limited	Cash and carry	Thailand	55.01	55.01
Siam Makro Holding (Thailand) Ltd.	Holding company	Thailand	50.99	50.99

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Name of parties	Type of business	Country of operation	Ownership interests	
			2019	2018
<i>Foreign indirect subsidiaries</i>				
Nanjing Tech University Pujiang Institute	Educational institution	The People's Republic of China	100.00	100.00
Nanjing Tech University Pujiang Institute Educational Development Fund	Educational development fund	The People's Republic of China	100.00	100.00
Nanjing Tianqu Investment Management Co., Ltd.	Commercial trading, holding of educational institution	The People's Republic of China	100.00	100.00
Nanjing Zheng Yi Xin Trading Co., Ltd.	Commercial trading	The People's Republic of China	100.00	100.00
Successor (China) Investments Limited	Holding company	The People's Republic of China	100.00	100.00
Successor Investments Limited	Holding company	Hong Kong Special Administrative Region of the People's Republic of China	100.00	100.00
Indoguna Vina Food Service Company Limited	Trading and distribution, and import and export food products	Vietnam	93.08	93.08
ARO Commercial Company Limited	Wholesale and retail operator and related business	Republic of the Union of Myanmar	93.07	93.07
ARO Company Limited	Providing marketing and consulting services	Republic of the Union of Myanmar	93.07	93.07
CP Wholesale India Private Limited	Wholesale and related business	India	93.06	93.06
Makro (Guangzhou) Food Company Limited	Wholesale and retail operator and related business	The People's Republic of China	93.06	93.06

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Name of parties	Type of business	Country of operation	Ownership interests	
			2019	2018
<i>Foreign indirect subsidiaries (Continued)</i>				
Guangzhou Huadu Makro Food Supermarket Company Limited	Wholesale and retail operator and related business	The People's Republic of China	93.06	-
Indoguna (Singapore) Pte Ltd	Manufacturing, trading, importing and exporting of food related products	Singapore	74.46	74.46
Indoguna Dubai L.L.C*	Importing and trading of food related products	United Arab Emirates	74.46	74.46
Indoguna Lordly Company Limited	Manufacturing, trading, importing and exporting of food related products	Hong Kong Special Administrative Region of the People's Republic of China	74.46	74.46
Just Meat Company Limited	Importing and trading of food related products	Hong Kong Special Administrative Region of the People's Republic of China	74.46	74.46
MAXZI THE GOOD FOOD RESTAURANT & CAFE L.L.C*	Restaurant and minimart	United Arab Emirates	74.46	74.46
Indoguna (Cambodia) Company Limited	Importing and trading of food related products	Cambodia	65.15	65.15
Makro (Cambodia) Company Limited	Wholesale and retail operator and related business	Cambodia	65.15	65.15

* The Group interest is 74.46% after taking account of nominee holdings. (2018: 74.46%)

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For the year ended 31 December 2019

11 Non-controlling interests

The following table summarises the information relating to each of the Group's subsidiaries that has a material non-controlling interest:

	31 December 2019 Siam Makro Public Company Limited <i>(in million Baht)</i>
Non-controlling interests percentage	6.92
Current assets	23,333
Non-current assets	39,308
Current liabilities	(32,749)
Non-current liabilities	(9,158)
Net assets	20,734
Carrying amount of non-controlling interests	11,883*
Intra-group eliminations	-
Fair value adjustment	2,746
Total	14,629
Revenue	210,627
Profit	6,185
Other comprehensive income	(147)
Total comprehensive income	6,038
Profit allocated to non-controlling interests	372*
Intra-group eliminations	1
Fair value adjustment	(22)
Total	351
Other comprehensive income allocated to non-controlling interests	(33)*
Intra-group eliminations	-
Fair value adjustment	-
Total	(33)
Cash flows from operating activities	10,270
Cash flows from investing activities	(3,130)
Cash flows from financing activities	(7,083)
Dividends to non-controlling interests	(319)
Exchange differences on translating financial statements	(33)
Net decrease in cash and cash equivalents	(295)

* The carrying amount of non-controlling interests included non-controlling interests of indirect subsidiaries. These indirect subsidiaries are not wholly-owned by the intermediate subsidiary.

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For the year ended 31 December 2019

	31 December 2018		
	Siam Makro Public Company Limited	Thai Smart Card Co., Ltd. <i>(in million Baht)</i>	Total
Non-controlling interests percentages	6.92	27.36	
Current assets	22,999	2,235	
Non-current assets	39,067	237	
Current liabilities	(34,094)	(963)	
Non-current liabilities	(8,715)	(23)	
Net assets	19,257	1,486	
Carrying amount of non-controlling interests	11,826*	407	12,233
Intra-group eliminations			(1)
Fair value adjustment			2,756
Total			14,988
Revenue	192,930	304	
Profit	5,873	30	
Other comprehensive income	(164)	(1)	
Total comprehensive income	5,709	29	
Profit allocated to non-controlling interests	264*	8	272
Intra-group eliminations			(1)
Fair value adjustment			(18)
Total			253
Other comprehensive income allocated to non-controlling interests	(14)*	-	(14)
Intra-group eliminations			-
Fair value adjustment			-
Total			(14)
Cash flows from operating activities	6,154	56	
Cash flows from investing activities	(2,866)	(52)	
Cash flows from financing activities	(2,221)	-	
Dividends to non-controlling interests	(190)	-	
Exchange differences on translating financial statements	(142)	-	
Net increase in cash and cash equivalents	735	4	

CP ALL Public Company Limited and its Subsidiaries

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12 Property, plant and equipment

Cost	Consolidated financial statements (in million Baht)						
	Land	Buildings, building and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment	Assets under construction and installation	Other	Total
At 1 January 2018	41,771	49,047	37,988	17,569	5,276	7,499	159,150
Additions	1,089	428	3,043	2,276	8,124	200	15,160
Transfers	-	3,505	1,086	120	(5,261)	550	-
Disposals	(3)	(1,239)	(1,142)	(1,428)	(2)	(252)	(4,066)
Exchange differences on translating financial statements	-	(190)	(15)	(16)	(197)	(4)	(422)
At 31 December 2018 and 1 January 2019	42,857	51,551	40,960	18,521	7,940	7,993	169,822
Additions	306	345	3,288	2,785	8,969	285	15,978
Transfers	75	5,460	1,517	253	(8,446)	1,141	-
Disposals	(67)	(859)	(1,151)	(1,778)	(3)	(192)	(4,050)
Exchange differences on translating financial statements	-	(290)	(45)	(29)	(342)	(8)	(714)
At 31 December 2019	43,171	56,207	44,569	19,752	8,118	9,219	181,036

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For the year ended 31 December 2019

	Separate financial statements (in million Baht)						
	Land	Buildings, building and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment	Assets under construction and installation	Other	Total
Cost							
At 1 January 2018	3,085	21,117	13,274	14,896	930	6,197	59,499
Additions	837	209	1,878	2,174	3,457	133	8,688
Transfers	-	2,409	15	22	(2,898)	452	-
Disposals	(1)	(1,149)	(718)	(1,273)	-	(225)	(3,366)
At 31 December 2018 and 1 January 2019	3,921	22,586	14,449	15,819	1,489	6,557	64,821
Additions	237	142	1,995	2,739	5,200	206	10,519
Transfers	-	3,712	76	165	(4,748)	795	-
Disposals	(67)	(825)	(706)	(1,608)	-	(156)	(3,362)
At 31 December 2019	4,091	25,615	15,814	17,115	1,941	7,402	71,978
Accumulated depreciation and accumulated impairment losses							
At 1 January 2018	-	(8,900)	(8,884)	(9,756)	-	(3,665)	(31,205)
Depreciation charge for the year	-	(1,450)	(1,652)	(1,985)	-	(617)	(5,704)
Disposals	-	989	694	1,172	-	217	3,072
At 31 December 2018 and 1 January 2019	-	(9,361)	(9,842)	(10,569)	-	(4,065)	(33,837)
Depreciation charge for the year	-	(1,500)	(1,778)	(2,130)	-	(683)	(6,091)
Disposals	-	665	689	1,548	-	144	3,046
At 31 December 2019	-	(10,196)	(10,931)	(11,151)	-	(4,604)	(36,882)
Net book value							
At 1 January 2018	3,085	12,217	4,390	5,140	930	2,532	28,294
At 31 December 2018 and 1 January 2019	3,921	13,225	4,607	5,250	1,489	2,492	30,984
At 31 December 2019	4,091	15,419	4,883	5,964	1,941	2,798	35,096

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As at 31 December 2019 the Group had assets under finance leases with a net book value amounting to Baht 522 million (2018: Baht 618 million.)

Security

As at 31 December 2019, the Group's vehicles with total net book value of Baht 5 million (2018: Baht 2 million) were pledged under long-term borrowings from financial institution.

The gross amount of the Group's and the Company's fully depreciated plant and equipment that were still in use as at 31 December 2019 amounted to Baht 26,734 million (2018: Baht 24,807 million) in the consolidated financial statements and Baht 15,883 million (2018: Baht 15,138 million) in the separate financial statements respectively.

13 Goodwill

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
As at 31 December				
Cost	128,096	128,096	-	-
Less impairment loss	-	-	-	-
Net book value	128,096	128,096	-	-

Most of the Goodwill arose from the Company's purchase of shares of Siam Makro Public Company Limited both directly and indirectly, and arose from Siam Makro Public Company Limited's purchase of shares at 80% shareholding each of 4 companies, namely Indoguna (Singapore) Pte Ltd, Indoguna Dubai L.L.C, Just Meat Company Limited and Indoguna Lordly Company Limited (together referred to as "Indoguna Group of companies").

Impairment testing for cash-generating units ("CGUs") containing goodwill

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Siam Makro Public Company Limited	125,936	125,936	-	-
Indoguna Group of companies	2,023	2,023	-	-
Other	137	137	-	-
Total	128,096	128,096	-	-

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Impairment testing for carrying amount of goodwill and other intangible assets with indefinite useful life

The recoverable amount was measured on its value in use, determined by discounting future cash flows to be generated from the going concern of Siam Makro Public Company Limited and of Indoguna Group of companies.

The values assigned to the key assumptions represented management's assessment of future trends in the relevant industries and were based on historical data from external and internal sources. The key assumptions used in the estimation of the recoverable amount were as follows:

Discount rate

The discount rate was based on weighted average cost of capital, with average industry cost of debt, risk free rate of 10-year government bond, market risk premium and average industry beta.

Terminal value growth rate

Terminal value growth rate was determined based on average gross domestic product ("GDP") growth rate, inflation rates and growth rates of historical earnings before interest, income tax, depreciation and amortisation ("EBITDA") of Siam Makro Public Company Limited, and of Indoguna Group of companies.

Budgeted EBITDA growth rate

Budgeted EBITDA growth rate was based on expectations of future outcomes taking into the past experience, adjusted for the anticipated revenue growth. Revenue growth was projected from past experience and estimate number of new stores, sale growth of new stores and sale growth of same stores of Siam Makro Public Company Limited. Indoguna Group of companies would develop and maintain their customer satisfaction by rendering high quality products, new product development, and maintenance customer relationship.

Management has identified that a reasonably possible change in two key assumptions, discount rate and budgeted EBITDA growth rate, which in 2019 if discount rate increases by 1.5% (2018: 1.8%) or budgeted EBITDA growth rate decreases by 5.3% (2018: 6.7%) could cause the recoverable amount to be equal to the carrying amount.

Based on the impairment testing, the recoverable amount of CGU was estimated to be higher than its carrying amount and no impairment was required to these financial statements.

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14 Other intangible assets

	Consolidated financial statements			
	Computer software in use and under development	Intellectual property	Other	Total
	<i>(in million Baht)</i>			
Cost				
At 1 January 2018	5,374	46,521	2,232	54,127
Additions	883	-	-	883
Transfers	(10)	-	10	-
Disposals	(4)	-	-	(4)
Exchange differences on translating financial statements	(1)	-	(60)	(61)
At 31 December 2018 and 1 January 2019	6,242	46,521	2,182	54,945
Additions	799	-	-	799
Transfers	(3)	-	3	-
Disposals	(1)	-	-	(1)
Exchange differences on translating financial statements	(15)	-	(84)	(99)
At 31 December 2019	7,022	46,521	2,101	55,644
Accumulated amortisation and accumulated impairment losses				
At 1 January 2018	(2,139)	-	(739)	(2,878)
Amortisation charge for the year	(470)	-	(168)	(638)
Reversal of impairment losses	3	-	-	3
Disposals	2	-	-	2
Exchange differences on translating financial statements	1	-	-	1
At 31 December 2018 and 1 January 2019	(2,603)	-	(907)	(3,510)
Amortisation charge for the year	(579)	-	(168)	(747)
Impairment losses	(7)	-	-	(7)
Disposals	1	-	-	1
Exchange differences on translating financial statements	3	-	-	3
At 31 December 2019	(3,185)	-	(1,075)	(4,260)
Net book value				
At 1 January 2018	3,235	46,521	1,493	51,249
At 31 December 2018 and 1 January 2019	3,639	46,521	1,275	51,435
At 31 December 2019	3,837	46,521	1,026	51,384

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	Separate Financial statements
	Computer software in use and under development (in million Baht)
Cost	
At 1 January 2018	2,511
Additions	292
Disposals	(1)
At 31 December 2018 and 1 January 2019	2,802
Additions	548
At 31 December 2019	3,350
Accumulated amortisation	
At 1 January 2018	(1,182)
Amortisation charge for the year	(227)
Disposals	1
At 31 December 2018 and 1 January 2019	(1,408)
Amortisation charge for the year	(253)
At 31 December 2019	(1,661)
Net book value	
At 1 January 2018	1,329
At 31 December 2018 and 1 January 2019	1,394
At 31 December 2019	1,689

The gross amount of the Group's and the Company's fully amortised other intangible assets that were still in use as at 31 December 2019 amounted to Baht 2,111 million (2018: Baht 1,763 million) in the consolidated financial statements and Baht 1,481 million (2018: Baht 1,290 million) in the separate financial statements respectively.

15 Interest-bearing liabilities

	Consolidated financial statements					
	2019			2018		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	<i>(in million Baht)</i>					
Short-term borrowings from financial institutions						
Promissory notes	-	171	171	-	2,903	2,903
Liabilities under trust receipts	-	607	607	-	618	618
Short-term borrowings	-	2,549	2,549	-	62	62
Short-term borrowings from other parties	-	14	14	-	-	-
Debentures	68,785	64,099	132,884	85,878	55,000	140,878
Long-term borrowings from financial institutions	1,838	7,000	8,838	2,104	7,000	9,104
Finance lease liabilities	641	-	641	698	-	698
Total interest-bearing liabilities	71,264	74,440	145,704	88,680	65,583	154,263

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	Note	Separate financial statements					
		2019		Total (in million Baht)	2018		Total
	Secured	Unsecured	Secured		Unsecured		
Short-term borrowings from financial institutions		-	2,500	2,500	-	-	-
Short-term borrowing from subsidiary	4	-	700	700	-	-	-
Debentures		68,785	64,099	132,884	85,878	55,000	140,878
Total interest-bearing liabilities		68,785	67,299	136,084	85,878	55,000	140,878

Unutilised credit facilities

As at 31 December 2019 the Group had unutilised credit facilities totaling Baht 882 million and Singapore Dollar 0.5 million (2018: Baht 902 million and Singapore Dollar 0.5 million).

Short-term borrowings from financial institutions

Movements during the years ended 31 December 2019 and 2018 were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
At 1 January	3,583	4,326	-	-
(Decreases) increases	(235)	(743)	2,500	-
Exchange differences on translating financial statements	(21)	-	-	-
At 31 December	3,327	3,583	2,500	-

Short-term borrowings from other parties

Movements during the years ended 31 December 2019 and 2018 were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
At 1 January	-	-	-	-
Increases	15	-	-	-
Exchange differences on translating financial statements	(1)	-	-	-
At 31 December	14	-	-	-

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Debentures

Movements during the years ended 31 December 2019 and 2018 were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
At 1 January	140,878	155,625	140,878	155,625
Increases	15,000	-	15,000	-
Decreases	(22,994)	(14,747)	(22,994)	(14,747)
At 31 December	132,884	140,878	132,884	140,878

Debentures 1/2013

On 31 October 2013 the Company issued Baht 50,000 million unsubordinated and secured debentures in registered name form, which had the objective to repayment of short-term borrowings from financial institutions. Outstanding balances as at 31 December 2019 were as follows:

- Debentures term of 7 years of Baht 10,790 million, fully repayable on 31 October 2020 and bearing interest at the fixed rate of 5.10% per annum
- Debentures term of 10 years of Baht 15,122 million, fully repayable on 31 October 2023 and bearing interest at the fixed rate of 5.35% per annum

These series of debentures have a credit rating of “A(tha)” latest updated by Fitch Ratings (Thailand) Limited on 6 November 2019 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 31 October 2013.

Debentures 1/2014

On 27 March 2014 the Company issued Baht 40,000 million unsubordinated and secured debentures in registered name form, which had the objective to repayment of short-term borrowings from financial institutions. Outstanding balances as at 31 December 2019 were as follows:

- Debentures term of 7 years of Baht 9,884 million, fully repayable on 27 March 2021 and bearing interest at the fixed rate of 4.85% per annum
- Debentures term of 10 years of Baht 15,314 million, fully repayable on 27 March 2024 and bearing interest at the fixed rate of 5.14% per annum

These series of debentures have a credit rating of “A(tha)” latest updated by Fitch Ratings (Thailand) Limited on 6 November 2019 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 27 March 2014.

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Debentures 2/2014

On 22 August 2014 the Company issued Baht 40,000 million unsubordinated and secured debentures in registered name form, which had the objective to repayment of long-term borrowings from financial institutions. Outstanding balances as at 31 December 2019 were as follows:

- Debentures term of 7 years of Baht 7,520 million, fully repayable on 22 August 2021 and bearing interest at the fixed rate of 4.75% per annum (On 17 November 2017, debentures of Baht 4,284 million are early redeemed and paid.)
- Debentures term of 10 years of Baht 16,651 million, fully repayable on 22 August 2024 and bearing interest at the fixed rate of 5.05% per annum (On 22 August 2017, debentures of Baht 6,212 million are early redeemed and paid.)

These series of debentures have a credit rating of “A(thai)” latest updated by Fitch Ratings (Thailand) Limited on 6 November 2019 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 22 August 2014.

Debentures 3/2014

On 26 December 2014 the Company issued Baht 10,000 million unsubordinated and secured debentures in registered name form, which had the objective to repayment of long-term borrowings from financial institutions. Outstanding balance as at 31 December 2019 was as follows:

- Debentures term of 12 years of Baht 4,000 million, fully repayable on 26 December 2026 and bearing interest at the fixed rate of 4.80% per annum

These series of debentures have a credit rating of “A(thai)” latest updated by Fitch Ratings (Thailand) Limited on 6 November 2019 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 26 December 2014.

Debentures 2/2015

On 30 June 2015 the Company issued Baht 13,000 million unsubordinated and unsecured debentures in registered name form, which had the objective to repayment of long-term borrowings from financial institutions. Outstanding balances as at 31 December 2019 were as follows:

- Debentures term of 5 years of Baht 1,500 million, fully repayable on 30 June 2020 and bearing interest at the fixed rate of 3.65% per annum
- Debentures term of 7 years of Baht 3,000 million, fully repayable on 30 June 2022 and bearing interest at the fixed rate of 4.10% per annum
- Debentures term of 10 years of Baht 6,000 million, fully repayable on 30 June 2025 and bearing interest at the fixed rate of 4.45% per annum

These series of debentures have a credit rating of “A(thai)” latest updated by Fitch Ratings (Thailand) Limited on 6 November 2019 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 30 June 2015.

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Debentures 1/2016

On 18 March 2016 the Company issued Baht 7,000 million unsubordinated and unsecured debentures in registered name form, which had the objective to repayment of borrowings. Outstanding balances as at 31 December 2019 were as follows:

- Debentures term of 5 years of Baht 1,382 million, fully repayable on 18 March 2021 and bearing interest at the fixed rate of 2.95% per annum
- Debentures term of 7 years of Baht 937 million, fully repayable on 18 March 2023 and bearing interest at the fixed rate of 3.40% per annum
- Debentures term of 10 years of Baht 2,074 million, fully repayable on 18 March 2026 and bearing interest at the fixed rate of 4.00% per annum
- Debentures term of 12 years of Baht 2,607 million, fully repayable on 18 March 2028 and bearing interest at the fixed rate of 4.15% per annum

These series of debentures have a credit rating of “A(tha)” latest updated by Fitch Ratings (Thailand) Limited on 6 November 2019 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 18 March 2016.

Debentures 2/2016

On 26 August 2016 the Company issued Baht 12,000 million unsubordinated and unsecured debentures in registered name form, which had the objective to repayment of borrowings. Outstanding balances as at 31 December 2019 were as follows:

- Debentures term of 7 years of Baht 500 million, fully repayable on 26 August 2023 and bearing interest at the fixed rate of 3.25% per annum
- Debentures term of 10 years of Baht 748 million, fully repayable on 26 August 2026 and bearing interest at the fixed rate of 3.68% per annum
- Debentures term of 12 years of Baht 4,851 million, fully repayable on 26 August 2028 and bearing interest at the fixed rate of 4.00% per annum

These series of debentures have a credit rating of “A(tha)” latest updated by Fitch Ratings (Thailand) Limited on 6 November 2019 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 26 August 2016.

Debentures 1/2017

On 27 March 2017 the Company issued Baht 4,500 million unsubordinated and unsecured debentures in registered name form, which had the objective to repayment of borrowings. Debentures were with term of 12 years and fully repayable on 27 March 2029, which bear interest at the fixed rate of 4.70% per annum.

These debentures have a credit rating of “A(tha)” latest updated by Fitch Ratings (Thailand) Limited on 6 November 2019 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 27 March 2017.

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Debentures 2/2017

On 18 August 2017 the Company issued Baht 3,000 million unsubordinated and unsecured debentures in registered name form, which had the objective to repayment of matured debentures. Debentures were with term of 10 years and fully repayable on 18 August 2027, which bear interest at the fixed rate of 3.96% per annum.

These debentures have a credit rating of “A(th)” latest updated by Fitch Ratings (Thailand) Limited on 6 November 2019 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 18 August 2017.

Debentures 3/2017

On 15 November 2017 and 30 November 2017 the Company issued Baht 18,000 million unsubordinated and unsecured debentures in registered name form, which had the objective to early redemption of debentures. Outstanding balances as at 31 December 2019 were as follows:

- Debentures term of 5 years of Baht 9,000 million, fully repayable on 30 November 2022 and bearing interest at the fixed rate of 3.10% per annum
- Debentures term of 10 years of Baht 9,000 million, fully repayable on 15 November 2027 and bearing interest at the fixed rate of 3.50% per annum

These series of debentures have a credit rating of “AA-” latest updated by TRIS Ratings (Thailand) Limited on 10 July 2019 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 15 November 2017 and 30 November 2017.

Debentures 1/2019

On 18 January 2019 the Company issued Baht 15,000 million unsubordinated and unsecured debentures in registered name form, which had the objective to repayment of matured debentures and/or for working capital. Outstanding balances as at 31 December 2019 were as follows:

- Debentures term of 3 years of Baht 5,000 million, fully repayable on 18 January 2022 and bearing interest at the fixed rate of 2.86% per annum
- Debentures term of 8 years of Baht 2,466 million, fully repayable on 18 January 2027 and bearing interest at the fixed rate of 3.95% per annum
- Debentures term of 10 years of Baht 1,920 million, fully repayable on 18 January 2029 and bearing interest at the fixed rate of 4.12% per annum
- Debentures term of 12 years of Baht 5,614 million, fully repayable on 18 January 2031 and bearing interest at the fixed rate of 4.40% per annum

These series of debentures have a credit rating of “AA-” latest updated by TRIS Ratings (Thailand) Limited on 10 July 2019 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 18 January 2019.

The Company must comply with the specific covenants such as to maintain net debt to equity ratio in the annual consolidated financial statements through the terms of debentures, and to pledge Siam Makro Public Company Limited shares, etc.

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Siam Makro Public Company Limited shares as at 31 December 2019, which were pledged in accordance with the conditions stipulated in the bond issuance, totaled 1,765 million shares. The fair value of those shares totaled Baht 54,702 million.

Long-term borrowings from financial institutions

Movements during the years ended 31 December 2019 and 2018 were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
At 1 January	9,104	6,281	-	-
Increases	3	5,002	-	-
Decreases	(87)	(2,047)	-	-
Exchange differences on translating financial statements	(182)	(132)	-	-
At 31 December	8,838	9,104	-	-

As at 31 December 2019 the Group had unsecured long-term borrowings agreements with a local branch of a foreign financial institution and a local financial institution, and had a secured long-term borrowings agreement with a foreign financial institution. Details are as follows:

Borrowing agreement	Approved credit facilities	Interest rate <i>(% per annum)</i>	Term of payment
The first agreement	Baht 3,000 million	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in January 2021
The second agreement	Baht 2,000 million	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in September 2021
The third agreement	Baht 1,000 million	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in November 2022
The fourth agreement	Baht 1,000 million	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in December 2022
The fifth agreement	China Renminbi 450 million (or equivalent to approximately Baht 1,942 million)	Floating interest rate as stipulated in the agreement	Semi-annually installment due to May 2026

In this regard, certain foreign subsidiaries issued the letters of guarantee for the fifth long-term borrowing agreement.

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The Group must comply with the specified covenants in each long-term borrowings agreements, such as to maintain debt to equity ratio, total debts to total assets ratio and the shareholdings of the Company in a local subsidiary as stipulated in the agreements, etc.

Finance lease liabilities

Movements during the years ended 31 December 2019 and 2018 were as follows:

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		<i>(in million Baht)</i>			
At 1 January		698	806	-	-
Purchase of assets under finance leases	30	14	13	-	-
Payment for reduction of the outstanding liabilities relating to a finance lease		(124)	(184)	-	-
Finance costs under finance lease contracts	25	53	63	-	-
At 31 December		641	698	-	-

Details of finance lease liabilities as at 31 December 2019 and 2018 were as follows:

	Consolidated financial statements					
	2019			2018		
	Minimum lease payments	Interest	Present value of minimum lease payments	Minimum lease payments	Interest	Present value of minimum lease payments
	<i>(in million Baht)</i>					
Maturity period:						
Within 1 year	139	(47)	92	159	(53)	106
1 - 5 years	445	(113)	332	475	(134)	341
After 5 years	265	(48)	217	313	(62)	251
Total	849	(208)	641	947	(249)	698

As at 31 December 2019 the Group entered into finance lease contracts. Under the terms of the contracts, the Group must comply with certain conditions as stipulated in the contracts.

16 Trade accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		<i>(in million Baht)</i>			
Related parties	4	8,059	7,730	7,102	7,274
Other parties		70,491	71,060	34,230	34,169
Total		78,550	78,790	41,332	41,443

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17 Other payables

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		<i>(in million Baht)</i>			
Related parties	4	222	250	10,280	11,162
Other parties					
Other payables		4,203	4,493	1,924	1,682
Accrued personnel expenses		2,829	2,742	1,322	1,478
Accrued royalties and other accrued expenses		2,128	2,021	918	828
Deferred royalties and other deferred income		2,040	2,147	1,198	1,291
Accrued interest expenses		1,461	1,470	1,400	1,409
Accrued utilities expenses		838	827	617	557
Accrued advertising and sale promotion expenses		354	400	227	284
Accrued rental fees		151	196	141	123
Other		944	868	470	399
		14,948	15,164	8,217	8,051
Total		15,170	15,414	18,497	19,213

18 Provisions for employee benefits*Defined benefit plans*

The Group operates defined benefit plans which have characteristics as follows:

Pension fund benefit

Certain local subsidiaries operate a pension scheme for employees who joined before the 1st of January 2003 and choose to retain the benefits of the original scheme. Employees, upon resignation or retirement after having completed 3 years of service, shall be entitled to receive cash payment equivalent to their prevailing salary multiplied by the number of years of service, but not exceeding the equivalent of 10 months of the final salary.

Severance benefit

Under Thai Labour Protection Act B.E 2541 (1998) and the Group's employment policy, all employees completing 120 days of service are entitled to severance pay on termination or retrenchment without cause or upon retirement age of 55 and 60. The severance pay will be at the rate according to number of years of service as stipulated in the Labor Law which is currently at a maximum rate of 400 days of the final salary.

Additional benefit related to provident fund

A local subsidiary operates an employee benefit scheme under which employees who are members of the subsidiary's provident fund, being a defined contribution plan, for at least 9 years are entitled to receive additional contribution from the subsidiary on their resignation or retirement from employment with the subsidiary. Employees, who are a member of the provident fund for at least 9 years, shall be entitled to receive an additional 50% of the contributions made by the subsidiary on their behalf.

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The defined benefit plans expose the Group to actuarial risks, such as interest rate risk, future salary growth risk and turnover rate risk.

Present value of the defined benefit obligations	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
At 1 January	3,368	2,787	1,928	1,538
Included in profit or loss:				
Current service costs	287	345	138	189
Past service costs	809	151	489	137
Interest on obligation	97	73	54	40
	<u>1,193</u>	<u>569</u>	<u>681</u>	<u>366</u>
Included in other comprehensive income:				
Actuarial losses				
- Financial assumptions	529	(189)	325	(133)
- Experience adjustment	16	245	3	171
	<u>545</u>	<u>56</u>	<u>328</u>	<u>38</u>
Other				
Benefits paid by the plan	(262)	(43)	(175)	(14)
Transfer in (out) provisions for employee benefits from subsidiaries and related companies	1	(1)	10	-
Exchange differences on translating financial statements	(2)	-	-	-
	<u>(263)</u>	<u>(44)</u>	<u>(165)</u>	<u>(14)</u>
At 31 December	<u>4,843</u>	<u>3,368</u>	<u>2,772</u>	<u>1,928</u>

On 5 April 2019, the Labor Protection Act was amended to include a requirement that an employee, who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in 2019. As a result of this change, the provision for retirement benefits as well as past service cost recognised increased.

Principal actuarial assumptions

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(%)			
Discount rate	1.60 - 1.70	2.80 - 3.40	1.60	2.90
Retirement age (year)	55 and 60	55 and 60	55 and 60	55 and 60
Future salary growth	4.0 - 7.0	4.0 - 7.0	5.0 - 5.5	5.0 - 5.5
Turnover rate	1.0 - 50.0	1.0 - 50.0	1.0 - 20.0	1.0 - 20.0

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Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2019, the weighted-average duration of the defined benefit obligations were 9 to 16 years (2018: 8 to 15 years).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Consolidated financial statements			
	1% increase in assumption		1% decrease in assumption	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
<i>At 31 December</i>				
Discount rate	(439)	(250)	473	289
Future salary growth	449	264	(398)	(234)
Employee turnover	(432)	(251)	467	271

	Separate financial statements			
	1% increase in assumption		1% decrease in assumption	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
<i>At 31 December</i>				
Discount rate	(267)	(146)	288	170
Future salary growth	282	161	(247)	(142)
Employee turnover	(275)	(158)	318	182

19 Share premium and reserves

Share premium

Section 51 of the Public Limited Company Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

Surplus (Deficit) from changes in ownership interest in subsidiary

Surplus (Deficit) from changes in ownership interest in subsidiary recognised in equity relate to difference between the amounts by which the non-controlling interests are adjusted and the fair value of the consideration paid.

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Limited Company Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Legal reserve as at 31 December 2019 and 2018 was higher than 10% of the registered authorised capital.

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Other components of equity***Exchange differences on translating financial statements***

The exchange differences on translating financial statements recognised in equity relate to foreign exchange differences arising from translation of the financial statements of foreign entities to Thai Baht.

20 Subordinated perpetual debentures

On 30 November 2016 and 22 August 2017 the Company issued unsecured, unconvertible and subordinated perpetual debentures in registered name form (“Debentures”) of Baht 10,000 million (debentures no. 1/2016) and Baht 10,000 million (debentures no. 1/2017), respectively, which are payable upon dissolution of the Company or upon the exercise of the Company’s early redemption right per condition as stipulated in the terms and conditions of debentures. These debentures bear interest which is calculated based on 5-year government bond yield adjusted with initial credit spread and coupon rate as stipulated in the terms and conditions of the debentures and is paid on a semi-annual basis. In this regard, the Company has the sole right to unconditionally defer interest and cumulative interest payments without time and number limitation based on the Company’s discretion.

If the Company defers interest and cumulative interest payment, the Company shall not perform as follows:

- (a) declare or pay any dividend; and
- (b) pay any interest or distribute any assets to any holder of Parity Securities or Junior Securities; and
- (c) redeem, reduce, cancel, acquire, or buy-back any securities issued by the Company which rank *pari passu* or junior to these debentures.

These Debentures of totalling Baht 19,909 million, net of issuance cost of Baht 91 million, were recognised as a part of equity in the consolidated and separate financial statements for the year ended 31 December 2019 (consisted of debentures no. 1/2016 of Baht 9,953 million, net of issuance cost of Baht 47 million and debentures no. 1/2017 of Baht 9,956 million, net of issuance cost of Baht 44 million).

As at 31 December 2019, the company has not deferred any interest payments to the subordinated perpetual debentures holders. Cumulative interest for the year ended 31 December 2019 which the debentures holders have the right to receive if the interest payment was announced amounting to Baht 1,000 million (2018: Baht 1,000 million). During the year of 2019, the Company paid interest expenses on subordinated perpetual debentures to the holders of Baht 1,000 million (2018: Baht 1,000 million).

As at 31 December 2019, the Company classified subordinated perpetual debentures as a part of equity in the consolidated and separate financial statements. TAS 32 *Financial instruments: Presentation*, which will become effective for annual financial reporting periods beginning on or after 1 January 2020, explains the classification of perpetual debentures as financial liability. However, the Federation of Accounting Professions announced the Federation of Accounting Professions Announcement dated 3 December 2019 regarding *additional transition for classification of perpetual debentures* as an additional guideline during transition period. The Company expects to apply this announcement which, as at 1 January 2020, the Company will classify the subordinated perpetual debentures as a part of equity in the consolidated and separate financial statements. If, as at 1 January 2020, the Company classifies the subordinated perpetual debentures as financial liability, total liabilities and equity of the company will increase and decrease by Baht 19,909 Baht.

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21 Segment information and disaggregation of revenue

Revenue

The Group's main operations are derived from sale of goods from convenience stores and cash and carry, and rendering of services related to these operations.

Segment information

Management determined that the Group has 3 reportable segments which are the Group's strategic divisions for different products and services, and are managed separately because they require different technology and marketing strategies. The following summary describes the operations in each of the Group's reportable segments.

- Segment 1: Convenience stores
- Segment 2: Cash and carry
- Segment 3: Other

Other segments include bill payment services, frozen food plant and bakery, and distributor of retailing equipment and educational institutions. None of these segments meets the quantitative thresholds for determining reportable segments.

The Group is managed and operates principally (more than 99%) in Thailand. There are no material revenues derived from, or assets located in, foreign countries.

Each segment's performance is measured based on segment profit before income tax expense, as included in the internal management reports that are reviewed by the Group's Chief Operating Decision Maker. Segment profit before income tax expense is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

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Disaggregation of revenues, timing of revenue recognition and results, based on segments, in the consolidated financial statements for the years ended 31 December 2019 and 2018 were as follows:

	Convenience stores		Cash and carry		Other		Eliminate		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
For the year ended 31 December										
Types of revenues										
Revenue from sale of goods	332,734	307,388	206,180	188,583	33,328	28,537	(30,786)	(25,981)	541,456	498,527
Revenue from rendering of services	1,327	1,455	3,592	3,414	10,900	10,665	(6,374)	(5,849)	9,445	9,685
Revenue from sale of goods and rendering of services to external customers	334,061	308,843	209,772	191,997	44,228	39,202	(37,160)	(31,830)	550,901	508,212
Total revenues	361,034	335,187	210,629	192,932	45,403	40,480	(45,956)	(41,424)	571,110	527,175
Timing of revenue recognition										
At a point of time	334,061	308,843	206,180	188,583	38,279	33,526	(32,828)	(27,862)	545,692	503,090
Overtime	-	-	3,592	3,414	5,949	5,676	(4,332)	(3,968)	5,209	5,122
Total	334,061	308,843	209,772	191,997	44,228	39,202	(37,160)	(31,830)	550,901	508,212
Segment profit before income tax expense	21,997	21,924	7,503	7,082	4,151	3,554	(6,887)	(7,408)	26,764	25,152

(in million Baht)

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Revenue and results, based on segments, in the consolidated financial statements for the years ended 31 December 2019 and 2018 were as follows:

	Convenience stores		Cash and carry		Other		Eliminate		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	<i>(in million Baht)</i>									
Revenue from sale of goods and rendering of services	334,061	308,843	209,772	191,997	44,228	39,202	(37,160)	(31,830)	550,901	508,212
Interest income	481	411	21	32	109	81	(317)	(244)	294	280
Dividend income	6,571	6,521	-	-	100	94	(6,671)	(6,615)	-	-
Net foreign exchange gain	1	-	47	41	124	51	(68)	(52)	104	40
Gain on sale of investment in subsidiary	-	907	-	-	-	-	-	(907)	-	-
Other income	19,920	18,505	789	862	842	1,052	(1,740)	(1,776)	19,811	18,643
Total revenues	361,034	335,187	210,629	192,932	45,403	40,480	(45,956)	(41,424)	571,110	527,175
Cost of sale of goods and rendering of services	240,235	222,801	185,012	169,639	33,581	29,825	(32,765)	(27,633)	426,063	394,632
Distribution costs	79,182	71,667	13,062	12,159	3,519	3,146	(2,373)	(2,486)	93,390	84,486
Administrative expenses	13,294	12,032	4,731	3,713	3,804	3,637	(3,657)	(3,673)	18,172	15,709
Net foreign exchange loss	-	-	11	3	58	49	(69)	(52)	-	-
Finance costs	6,326	6,763	310	336	290	269	(205)	(172)	6,721	7,196
Total expenses	339,037	313,263	203,126	185,850	41,252	36,926	(39,069)	(34,016)	544,346	502,023
Segment profit before income tax expense	21,997	21,924	7,503	7,082	4,151	3,554	(6,887)	(7,408)	26,764	25,152

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For the year ended 31 December 2019

Details of assets and liabilities, based on segments, in the consolidated financial statements as at 31 December 2019 and 2018 were as follows:

	Convenience stores		Cash and carry		Other		Eliminate		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Investment properties	-	-	333	333	-	-	-	-	333	333
Property, plant and equipment	35,096	30,984	59,267	59,411	22,228	21,170	(509)	(278)	116,082	111,287
Goodwill	-	-	127,959	127,959	137	137	-	-	128,096	128,096
Leasehold rights	361	396	2,728	2,788	828	923	-	-	3,917	4,107
Other intangible assets	1,689	1,394	48,431	48,628	1,521	1,560	(257)	(147)	51,384	51,435
Other assets	246,771	247,594	24,391	23,808	26,618	26,545	(221,975)	(219,463)	75,805	78,484
Segment assets as at 31 December	283,917	280,368	263,109	262,927	51,332	50,335	(222,741)	(219,888)	375,617	373,742
Segment liabilities as at 31 December	203,758	208,348	56,829	57,809	28,433	28,813	(21,770)	(21,047)	267,250	273,923

Segment liabilities as at 31 December

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Promotional privileges

Certain local subsidiaries have been granted promotional certificates by the Office of the Board of Investment for the production of ready-to-serve foods or semi ready-to-serve foods, bakery, chill, research and development for food industry, and food scientific services. The subsidiaries have been granted several privileges including exemption and/or reduction from payment of income tax on the net profit derived from promoted operations with certain terms and conditions prescribed in the promotional certificates.

Revenue from sale of goods and rendering of services under the promoted business of the subsidiaries for the years ended 31 December 2019 and 2018 were as follow:

	Consolidated financial statements	
	2019	2018
	<i>(in million Baht)</i>	
Export sale of goods and rendering of services	-	-
Domestic sale of goods and rendering of services	8,703	7,183
Total	8,703	7,183

Contract balances

As at 31 December 2019 the Group had outstanding balances of contract liabilities in the consolidated financial statements amounting to Baht 794 million (2018: Baht 453 million). The contract liabilities arises from consideration allocated to customer loyalty programmes.

Revenue expected to be recognised in the future related to performance obligations that are unsatisfied	Consolidated financial statements		
	Within 1 year	After 1 year but within 5 years <i>(in million Baht)</i>	After 5 years
At 31 December 2019			
Customer loyalty programmes	49	741	4
Total	49	741	4

22 Other income

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Sale promotion income	11,605	10,630	11,528	10,538
Income on royalties and other fees relating to licenses income	2,346	2,085	2,346	2,085
Other	5,860	5,927	6,046	5,882
Total	19,811	18,642	19,920	18,505

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23 Employee benefit expenses

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2019	2018	2019	2018
		<i>(in million Baht)</i>			
Salaries, wages and bonus		34,718	31,447	22,424	20,444
Defined benefit plans	18	1,193	569	681	366
Staff welfares		1,147	899	584	373
Contribution to social security fund		785	717	523	478
Contribution to provident fund		315	282	165	153
Training expenses		178	123	1,562	1,422
Other		166	153	58	47
Total		<u>38,502</u>	<u>34,190</u>	<u>25,997</u>	<u>23,283</u>

The Company and its local subsidiaries have established contributory registered provident funds to which the Company and subsidiaries each contribute monthly at the rates ranging from 2% to 3% of the employees' basic salaries, and employees each contribute monthly at the rates ranging from 2% to 15% of the employees' basic salaries. The Company's and the subsidiaries' contributions to the provident funds are recorded as expenses in the statement of income as incurred. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by licensed Fund Managers.

24 Expenses by nature

The statements of income include an analysis of expenses by function. Expenses by nature are as follows:

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2019	2018	2019	2018
		<i>(in million Baht)</i>			
Changes in inventories of finished goods and work in progress		(1,882)	(1,846)	(1,225)	(502)
Purchase of finished goods		401,902	371,570	233,804	216,488
Raw materials and consumables used		9,659	8,585	-	-
Depreciation	12	10,166	9,507	6,091	5,704
Amortisation - leasehold rights		308	299	112	107
Amortisation - other intangible assets	14	747	638	253	227
Employee benefit expenses	23	38,502	34,190	25,997	23,283
Convenience store management fees		21,345	19,341	21,345	19,341
Advertising and sale promotion expenses		13,972	12,781	12,676	11,636
Utilities expenses		9,774	8,722	7,444	6,616
Rental fees		9,863	9,067	8,757	8,062
Other		23,269	21,973	17,457	15,538
Total cost of sales of goods and rendering of services, distribution costs and administrative expenses		<u>537,625</u>	<u>494,827</u>	<u>332,711</u>	<u>306,500</u>

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25 Finance costs

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Finance costs paid to:				
Financial institutions	6,668	7,133	6,326	6,763
Other parties under finance lease	53	63	-	-
Total	6,721	7,196	6,326	6,763

26 Income tax expense

Income tax recognised in profit or loss

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Current tax				
Current year	4,376	4,103	1,918	2,004
(Over) under provided in prior years	(31)	26	-	-
	4,345	4,129	1,918	2,004
Deferred income tax				
Movements in temporary differences	(275)	(160)	(101)	(24)
	(275)	(160)	(101)	(24)
Total	4,070	3,969	1,817	1,980

Income tax recognised in other comprehensive income

	Consolidated financial statements					
	Before income tax	2019 Tax benefit	Net of income tax	Before income tax	2018 Tax benefit	Net of income tax
	<i>(in million Baht)</i>					
Losses on remeasurements of defined benefit plans	545	(99)	446	56	(9)	47
Total	545	(99)	446	56	(9)	47

	Separate financial statements					
	Before income tax	2019 Tax benefit	Net of income tax	Before income tax	2018 Tax benefit	Net of income tax
	<i>(in million Baht)</i>					
Losses on remeasurements of defined benefit plans	328	(66)	262	38	(7)	31
Total	328	(66)	262	38	(7)	31

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Reconciliation of effective tax rate

Applicable tax rate (%)	Consolidated financial statements			
	0%	20%	Other	Total
	<i>(in million Baht)</i>			
2019				
Accounting profit (loss) before income tax expense	318	26,935	(489)	26,764
Income tax at the applicable tax rates	-	5,387	11	5,398
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit	-	(1,295)	(2)	(1,297)
Over provided in prior years	-	(30)	(1)	(31)
Net	-	4,062	8	4,070
2018				
Accounting profit (loss) before income tax expense	392	25,347	(587)	25,152
Income tax at the applicable tax rates	-	5,069	15	5,084
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit	-	(1,137)	(4)	(1,141)
Under (over) provided in prior years	-	27	(1)	26
Net	-	3,959	10	3,969
			Separate financial statements	
Applicable tax rate (%)			20%	20%
			2019	2018
			<i>(in million Baht)</i>	
Accounting profit before income tax expense			21,997	21,924
Income tax at the applicable tax rates			4,399	4,385
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit			(2,582)	(2,405)
Net			1,817	1,980

Deferred income tax

Deferred tax assets and liabilities as at 31 December 2019 and 2018 were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Deferred tax assets	1,291	1,002	626	459
Deferred tax liabilities	(15,003)	(15,088)	-	-
Net	(13,712)	(14,086)	626	459

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Movements in deferred tax assets and liabilities during the years ended 31 December 2019 and 2018 were as follows:

	Consolidated financial statements			At 31 December
	At 1 January	(Charged)/ credited to		
		profit or loss	other comprehensive income	
		<i>(in million Baht)</i>		
2019				
<i>Deferred tax assets (liabilities)</i>				
Trade accounts receivable and other receivables	7	2	-	9
Inventories	144	8	-	152
Property, plant and equipment	(52)	12	-	(40)
Provisions for employee benefits	610	149	99	858
Fair value adjustment assets acquired through business combinations	(15,088)	85	-	(15,003)
Other	293	19	-	312
Total	(14,086)	275	99	(13,712)
2018				
<i>Deferred tax assets (liabilities)</i>				
Trade accounts receivable and other receivables	8	(1)	-	7
Inventories	197	(53)	-	144
Property, plant and equipment	66	(118)	-	(52)
Provisions for employee benefits	518	83	9	610
Fair value adjustment assets acquired through business combinations	(15,170)	82	-	(15,088)
Other	126	167	-	293
Total	(14,255)	160	9	(14,086)
Separate financial statements				
	(Charged)/ credited to			At 31 December
	At 1 January	profit or loss	other comprehensive income	
		<i>(in million Baht)</i>		
2019				
<i>Deferred tax assets</i>				
Other receivables	2	-	-	2
Inventories	33	-	-	33
Property, plant and equipment	24	-	-	24
Provisions for employee benefits	385	101	66	552
Other	15	-	-	15
Total	459	101	66	626

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	At 1 January	Separate financial statements (Charged)/ credited to		At 31 December
		profit or loss (in million Baht)	other comprehensive income	
2018				
Deferred tax assets				
Other receivables	2	-	-	2
Inventories	80	(47)	-	33
Property, plant and equipment	24	-	-	24
Provisions for employee benefits	307	71	7	385
Other	15	-	-	15
Total	428	24	7	459

27 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2019 and 2018 were based on the profit for the years attributable to equity holders of the Company less cumulative interest for the years on subordinated perpetual debentures and the number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht/million shares)</i>			
Profit for the year attributable to equity holders of the Company	22,343	20,930	20,180	19,944
Less: cumulative interest for the year on subordinated perpetual debentures	(1,000)	(1,000)	(1,000)	(1,000)
Profit used in calculation of basic earnings per share	21,343	19,930	19,180	18,944
Number of ordinary shares outstanding during the year	8,983	8,983	8,983	8,983
Basic earnings per share (in Baht)	2.38	2.22	2.14	2.11

28 Dividends

The dividends paid by the Company to the shareholders are as follows:

	Approval date	Payment date	Dividend rate (in Baht/share)	Amount (in million Baht)
2019				
2018 Annual dividend	26 April 2019	22 May 2019	1.20	10,780
2018				
2017 Annual dividend	20 April 2018	18 May 2018	1.10	9,881

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29 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivatives for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns to the Company's shareholders and benefits to other stakeholders. The management sets strategies to support the Company's operations for more efficiency, and better performances and stronger financial status, including dividend and capital management policies to maintain the optimal capital structure and cost of capital.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Group's exposure to change in interest rate relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Group manages the interest rate risk of financial assets and financial liabilities by considering fixed and floating rates depend on the market situation.

The interest rates of financial assets and financial liabilities as at 31 December 2019 and 2018 and the periods in which the financial assets and financial liabilities mature or re-price were as follows:

	Interest rate per annum (%)	Consolidated financial statements			Total
		Maturity period			
		Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	
2019					
<i>Financial assets</i>					
Time deposits	1.65 - 6.85	249	-	-	249
Debt securities	1.80	410	-	-	410
Total		659	-	-	659

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		Consolidated financial statements			
		Maturity period			
	Interest rate per annum (%)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2019					
Financial liabilities					
Promissory notes	Market rate	171	-	-	171
Liabilities under trust receipts	Market rate	607	-	-	607
Short-term borrowings from financial institutions	1.60 - 6.58	2,549	-	-	2,549
Short-term borrowings from other parties	Market rate	14	-	-	14
Debentures	2.86 - 5.35	12,290	73,814	46,780	132,884
Long-term borrowings from financial institutions	Interest rate as stipulated on agreement	239	8,211	388	8,838
Finance lease liabilities	6.00 - 9.00	92	332	217	641
Guarantee deposits payable to franchisees	1.25 - 1.50	-	47	3,859	3,906
Total		15,962	82,404	51,244	149,610
2018					
Financial assets					
Time deposits	1.65 - 3.12	97	-	-	97
Debt securities	1.50 - 1.70	1,370	-	-	1,370
Total		1,467	-	-	1,467
Financial liabilities					
Promissory notes	Market rate	2,903	-	-	2,903
Liabilities under trust receipts	Market rate	618	-	-	618
Short-term borrowings from financial institutions	4.70 - 7.06	62	-	-	62
Debentures	2.49 - 5.35	22,994	55,351	62,533	140,878
Long-term borrowings from financial institutions	Interest rate as stipulated on agreement	94	8,254	756	9,104
Finance lease liabilities	9.00	106	341	251	698
Guarantee deposits payable to franchisees	1.25 - 1.50	-	56	3,634	3,690
Total		26,777	64,002	67,174	157,953

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	Interest rate per annum (%)	Separate financial statements			Total
		Maturity period			
		Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	
2019					
Financial asset					
Short-term loans to subsidiaries	4.75	6,117	-	-	6,117
Total		6,117	-	-	6,117
Financial liabilities					
Short-term borrowings from financial institutions	1.60 - 1.67	2,500	-	-	2,500
Short-term borrowing from subsidiary	4.50	700	-	-	700
Debentures	2.86 - 5.35	12,290	73,814	46,780	132,884
Guarantee deposits payable to franchisees	1.25	-	-	3,859	3,859
Total		15,490	73,814	50,639	139,943
2018					
Financial asset					
Short-term loans to subsidiaries	4.75	5,850	-	-	5,850
Total		5,850	-	-	5,850
Financial liabilities					
Debentures	2.49 - 5.35	22,994	55,351	62,533	140,878
Guarantee deposits payable to franchisees	1.25	-	-	3,634	3,634
Total		22,994	55,351	66,167	144,512

Foreign currency risk

The Group is exposed to foreign currency risk relating to borrowings from financial institutions, purchases and sales of goods which are denominated in foreign currencies. The Group primarily utilises forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales of goods, denominated in foreign currencies, for the subsequent period.

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At 31 December 2019 and 2018 the Group was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	Foreign currency	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		<i>(in million Baht)</i>			
Cash and cash equivalents					
Foreign currency	China Renminbi	1,641	1,642	-	-
	United States Dollar	364	272	-	-
	Cambodia Riel	128	71	-	-
	Singapore Dollar	83	48	-	-
	Indian Rupee	75	321	-	-
	United Arab Emirates Dirham	46	65	-	-
	Hong Kong Dollar	29	39	-	-
	Vietnamese Dong	6	11	-	-
	Australian Dollar	1	-	-	-
	Myanmar Kyat	-	1	-	-
Current investments					
Foreign currency	Indian Rupee	43	-	-	-
	China Renminbi	-	75	-	-
	United States Dollar	-	20	-	-
Trade accounts receivable and other receivables					
Foreign currency	China Renminbi	355	399	-	-
	Singapore Dollar	253	261	-	-
	Indian Rupee	222	161	-	-
	United States Dollar	199	240	-	-
	United Arab Emirates Dirham	143	139	-	-
	Hong Kong Dollar	56	64	-	-
	Vietnamese Dong	39	51	-	-
	Euro	4	1	-	-
	Myanmar Kyat	4	1	-	-
	Swiss Franc	3	12	-	-
	Australian Dollar	1	6	-	-
Forward currency contracts - to buy and sell	United States Dollar	26	14	-	-
	Swiss Franc	6	12	-	-
Other current assets					
Foreign currency	Singapore Dollar	5	5	-	-
	Hong Kong Dollar	4	7	-	-
	United Arab Emirates Dirham	2	3	-	-
	Indian Rupee	2	2	-	-
	Myanmar Kyat	2	-	-	-
	United States Dollar	1	6	-	-
	China Renminbi	-	48	-	-

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	Foreign currency	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		<i>(in million Baht)</i>			
Other non-current assets					
Foreign currency	Indian Rupee	27	29	-	-
	China Renminbi	4	1	-	-
	Swiss Franc	3	-	-	-
	United States Dollar	2	-	-	-
	Vietnamese Dong	1	1	-	-
Short-term borrowings from financial institutions					
Foreign currency	Singapore Dollar	171	253	-	-
	Vietnamese Dong	49	-	-	-
	Myanmar Kyat	-	58	-	-
	Euro	-	4	-	-
Trade accounts payable and other payables					
Foreign currency	United States Dollar	1,173	1,063	-	-
	China Renminbi	793	692	-	-
	Indian Rupee	171	273	-	-
	Euro	100	111	-	-
	Singapore Dollar	100	108	-	-
	Australian Dollar	96	45	-	-
	United Arab Emirates Dirham	77	72	-	-
	Pound Sterling	31	27	-	-
	Hong Kong Dollar	12	9	-	-
	Yen	9	121	-	-
	Vietnamese Dong	8	11	-	-
	Myanmar Kyat	5	-	-	-
	Swiss Franc	2	-	-	-
Forward currency contracts – to buy and sell	United States Dollar	266	762	-	-
	Euro	186	37	-	-
	Yen	79	346	-	-
	Australian Dollar	11	34	-	-
	China Renminbi	1	5	-	-
	Pound Sterling	-	8	-	-
Short-term borrowings from other parties					
Foreign currency	United States Dollar	14	-	-	-
Other current liabilities					
Foreign currency	Myanmar Kyat	11	-	-	-
	United States Dollar	6	22	-	-
	Hong Kong Dollar	1	-	-	-

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	Foreign currency	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<i>(in million Baht)</i>					
Long-term borrowings from financial institutions					
Foreign currency	China Renminbi	1,833	2,102	-	-
	Indian Rupee	4	2	-	-
Other non-current liabilities					
Foreign currency	United States Dollar	122	-	-	-
	Indian Rupee	57	35	-	-

Credit risk

Credit risk is the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position. However, due to the large number of parties comprising the Group's customer base, management does not anticipate material losses from its debt collection.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Carrying amount and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount	Consolidated financial statements			Total
		Fair value			
		Level 1	Level 2	Level 3	
<i>(in million Baht)</i>					
31 December 2019					
<i>Financial liabilities not measured at fair value</i>					
Debentures	132,884	-	142,782	-	142,782
Long-term borrowings from financial institutions	8,838	-	8,966	-	8,966
Finance lease liabilities	641	-	757	-	757
Accrued guarantee deposits	3,926	-	3,258	-	3,258

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	Carrying amount	Consolidated financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
<i>(in million Baht)</i>					
31 December 2018					
Financial liabilities not measured at fair value					
Debentures	140,878	-	148,263	-	148,263
Long-term borrowings from financial institutions	9,104	-	9,122	-	9,122
Finance lease liabilities	698	-	821	-	821
Accrued guarantee deposits	3,716	-	3,083	-	3,083
Separate financial statements					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
		<i>(in million Baht)</i>			
31 December 2019					
Financial liabilities not measured at fair value					
Debentures	132,884	-	142,782	-	142,782
Accrued guarantee deposits	3,859	-	3,190	-	3,190
31 December 2018					
Financial liabilities not measured at fair value					
Debentures	140,878	-	148,263	-	148,263
Accrued guarantee deposits	3,634	-	3,001	-	3,001

As at 31 December 2019 and 2018 the Group had total forward currency contracts as follow:

	Foreign currency	Consolidated financial statement	
		2019	2018
		<i>(in million)</i>	
Forward currency contracts - to buy	Yen	281.9	1,166.1
	United States Dollar	8.8	23.5
	Euro	5.5	1.0
	Australian Dollar	0.5	1.5
	China Renminbi	0.1	1.1
	Pound Sterling	-	0.2
Forward currency contracts - to sell	United States Dollar	0.9	0.4
	Swiss Franc	0.2	0.4

As at 31 December 2019 the fair value of forward currency contracts - to buy and forward currency contracts - to sell amounting to Baht 541 million and Baht 32 million, respectively. (2018: Baht 1,191 million and Baht 27 million, respectively).

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Financial instruments not measured at fair value

Fair value for trade debentures have been determined based on quoted selling price from the Thai Bond Market Association at the close of the business on the reporting date.

Fair value of forward currency contracts are derived from financial institutions as at the reporting date which calculated from financial models with reference to market input parameter.

Fair value for finance lease liabilities, long-term borrowings from financial institutions and accrued guarantee deposits were calculated by using discounted cash flow method.

30 Supplemental disclosures of cash flows information

Property, plant and equipment and other intangible assets paid by cash during the years ended 31 December 2019 and 2018 are detailed as follows:

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		<i>(in million Baht)</i>			
Property, plant and equipment					
Increases during the year	12	15,978	15,160	10,519	8,688
Add (Less) - changes in payables		873	(713)	(335)	(494)
- assets under finance leases		(14)	(13)	-	-
Purchase and paid by cash		16,837	14,434	10,184	8,194
Other intangible assets					
Increases during the year	14	799	883	548	292
Add (Less) - changes in payables		53	60	(97)	(12)
Purchase and paid by cash		852	943	451	280

31 Commitments with non-related parties*Capital commitments*

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Contracted but not provided for (construction cost of new plants and installation cost of machinery, and computer system development costs)	988	524	-	-
Total	988	524	-	-

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Future minimum lease payments under non-cancellable operating leases

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Within 1 year	7,963	7,251	6,978	6,402
After 1 year but within 5 years	25,384	22,744	22,601	19,943
After 5 years	23,353	21,894	13,167	10,888
Total	56,700	51,889	42,746	37,233

The Group has lease agreements covering lease of land, buildings, vehicles and other assets for periods of 1 to 50 years, which will expire between 2020 and 2068.

Other commitments

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Unused letters of credit for purchase of goods and supplies	355	496	-	-
Total	355	496	-	-

Letters of guarantee

As at 31 December 2019 the Group has commitments under letters of guarantee with financial institutions, principally guarantee for utilities, rental agreements and others totaling Baht 2,063 million and United States Dollars 0.3 million (2018: Baht 1,974 million and United States Dollars 0.3 million).

Significant agreements

As at 31 December 2019 the Group had the following significant agreements:

- (a) The Company has an area license agreement with 7-Eleven, Inc., which was incorporated in the United States of America, to acquire a license to use the systems and trademarks of 7-Eleven, Inc. in connection with the operations of 7-Eleven convenience stores or franchising of such operations to other retailers in Thailand. The Company has also obtained certain services from 7-Eleven, Inc. in relation to training and technical assistance. In consideration thereof, the Company is committed to pay royalties to 7-Eleven, Inc. calculated as percentages of total sales of the 7-Eleven convenience stores that are operating in Thailand.
- (b) The Company has management agreements with local companies for their management of the Company-owned 7-Eleven convenience stores. Under the terms of the agreements, the Company is committed to pay management fees to those licensees calculated as percentages of gross operating profits of these convenience stores. The Company is entitled to receive the initial payments and royalties from those licensees in connection with the licenses granted for operating these 7-Eleven convenience stores. These initial payments and royalties are not refundable to the licensees in any case. The initial payments include deposits to guarantee the licensees' compliance with the agreements and any damage and/or liability that might be caused by the licensees. In consideration thereof, the Company pays interest on the deposits calculated at the time deposit rates announced by a local financial institution. These deposits will be refunded to the licensees upon termination of the agreements.

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- (c) The Company has sub-area license agreements for operating 7-Eleven convenience stores and franchising such operations to other retailers (“licensees”). Under the terms of the agreements, the Company will provide certain technical assistance and related services to the sub-area licensees. In consideration thereof, the Company is entitled to receive royalties from the sub-area licensees as percentages of total sales of the 7-Eleven convenience stores operating in the licensed areas.
- (d) A local subsidiary (Gosoft (Thailand) Co., Ltd.) has service agreements with local companies (“the parties”), whereby the latter parties provide the installation and development of systems as stipulated in the agreements. Under the terms of the agreements, the subsidiary is committed to pay a service fee to the parties as stipulated in the agreements. These agreements are effective for periods over 1 to 6 months, and will expire on various dates until January 2020.
- (e) A local subsidiary (Counter Service Co., Ltd.) has service agreements with government entities and state enterprises (e.g., utilities, telephone expenses, etc.), and other local companies (e.g., hire purchase, life insurance premium, etc.) (“the parties”). Under the terms of the agreements, the subsidiary is committed to operate payment centers to collect customer payments on behalf of the parties then remits funds to the parties as the agreed procedures. The subsidiary can collect service income from customers or local companies as stipulated in the agreements. These agreements are effective for periods over 1 to 5 years, and will expire on various dates up to May 2024. If either of the parties has an intention to terminate the agreement, a written notification must be made to the other party at least the number of day stipulated in the agreement before the expiry date of the agreement.
- (f) A local subsidiary (Counter Service Co., Ltd.) has service agreements with certain individuals and local companies (“the parties”), whereby the latter parties are appointed as agents of the subsidiary for receipts of customers’ bills as specified in the agreements. Under the terms of the agreements, the subsidiary is committed to pay a service fee to the parties as stipulated in the agreements. These agreements are effective for periods over 1 to 5 years, and will expire on various dates up to June 2021. If either of the parties has no intention to renew the agreement, a written notification must be made to the other party at least 30 days before the expiry date of the agreement.
- (g) A local subsidiary (CP Retailink Co., Ltd.) has repair and maintenance management service agreements with local companies (“the parties”), whereby the latter parties agree to install and repair and maintenance of computer equipment and software, utility systems, electric appliances and other equipment used for operations in retail stores. Under the terms of the agreements, the subsidiary is committed to pay a service fee to the parties as stipulated in the agreements. These agreements are for a period of 3 year and are renewable for additional periods of 3 year. If either of the parties has no intention to renew the agreement, a written notification must be made to the other party at least 30 days before the expiry date of the agreement.
- (h) A local subsidiary (Counter Service Co., Ltd.) has service agreements with local financial institutions (“the parties”). Under the terms of the agreements, the subsidiary is committed to operate as banking agent for cash deposits, cash withdrawals and/or receipts of customers’ bills then remits funds to the parties as the agreed procedures. The subsidiary can collect service income from customers as stipulated in the agreements. These agreements are effective for periods over 1 to 3 years, started and will expire on various dates up to August 2022. If either of the parties has intention to terminate or has no intention to renew the agreement, a written notification must be made to the other party at least the number of day stipulated in the agreement before the expiry date of the agreement.

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32 Events after the reporting period

- 32.1 At the Board of Directors' meeting of the Company held on 19 February 2020, the Company's Board of Directors approved to propose to the annual general shareholders' meeting of the Company for approval to declare the dividends from the profit for the equity holders of the Company for the year 2019 of Baht 1.25 per share for 8,983 million ordinary shares, totaling Baht 11,229 million. The declaration of dividend payment must be approved by the shareholders' meeting of the Company.
- 32.2 At the Board of Directors' meeting of a local subsidiary (Siam Makro Public Company Limited ("Siam Makro")) held on 18 February 2020, the subsidiary's Board of Directors approved to propose to the annual general shareholders' meeting of the Company for approval to declare the dividends from the profit for the equity holders of the Company for the year 2019 of Baht 0.56 per share for 4,800 million ordinary shares, totaling Baht 2,688 million. The declaration of dividend payment must be approved by the shareholders' meeting of the subsidiary.
- 32.3 On 18 February 2020, Board of Directors of a local subsidiary (Siam Makro Public Company Limited) approved to liquidate a foreign subsidiary (ARO Company Limited), since the foreign subsidiary has not operated any business and there was an establishment of another foreign subsidiary (ARO Commercial Company Limited) to operate the business activity in Republic of the Union of Myanmar.
- 32.4 Local and foreign subsidiaries increased the authorised share capital and called for additional paid-up share capital. The processes of some subsidiaries had already completed in January 2020 and the remaining were expected to be completed in February and March 2020.

33 Thai Financial Reporting Standards not yet adopted

A number of new and revised Thai Financial Reporting Standards ("TFRS") which relevant to the Group's operations are expected to have significant impact on the consolidated and separate financial statements on the date of initial application. Those TFRS become effective for annual financial reporting periods beginning on or after 1 January 2020 are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

* TFRS - Financial instruments standards

(a) TFRS - Financial instruments standards

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

Management assessed that there was no material impact of adopting and initially applying TFRS - Financial instruments standards on the consolidated and separate financial statements.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

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(b) TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability, with recognition exemptions for short-term leases and leases of low-value items. As a result, the Group will recognise new assets and liabilities for its operating leases. As at 31 December 2019, the Group's and Company's future minimum lease payments under non-cancellable operating leases amounted to Baht 56,700 million in the consolidated financial statements and Baht 42,746 million in the separate financial statements, respectively, on an undiscounted basis. Lease accounting for lessor remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Management is presently considering the potential impact of adopting and initially applying TFRS 16 on the consolidated and separate financial statements.

34 Reclassification of accounts

Certain accounts in the 2018 financial statements have been reclassified to conform to the presentation of the 2019 financial statements as follows:

	2018					
	Consolidated financial statements			Separate financial statements		
	Before reclassi- fication	Reclassi- fication	After reclassi- fication	Before reclassi- fication	Reclassi- fication	After Reclassi- fication
	<i>(in million Baht)</i>					
Statement of financial position as at 31 December						
Other payables	(15,867)	453	(15,414)	(19,213)	-	(19,213)
Contract liabilities	-	(453)	(453)	-	-	-
		<u>-</u>			<u>-</u>	
Statement of income for the year ended 31 December						
Revenue from sale of goods and rendering of services	(508,552)	340	(508,212)	(308,843)	-	(308,843)
Other income	(18,987)	345	(18,642)	(18,850)	345	(18,505)
Cost of sale of goods and rendering of services	395,317	(685)	394,632	223,145	(345)	222,800
		<u>-</u>			<u>-</u>	

These reclassifications have been made consequent to the adoption of new Thai Financial Reporting Standards as disclosed in note 2(a) to the financial statements.



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