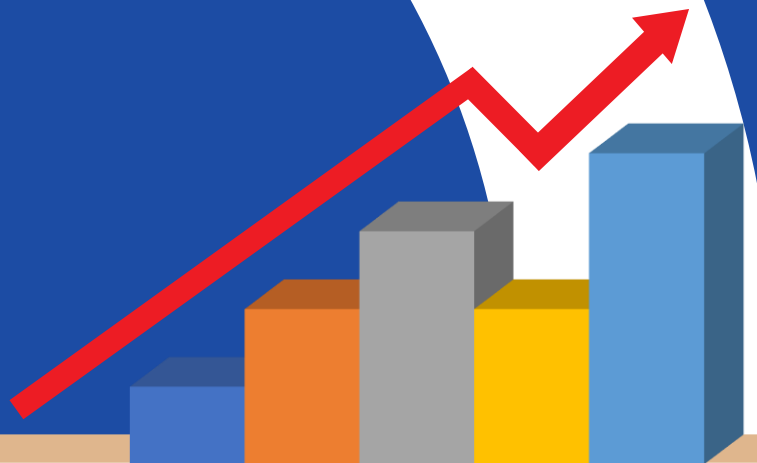




# Guideline and Policy on Trade Competition



CP ALL Public company Limited

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CP ALL PUBLIC COMPANY LIMITED (“the Company”) is committed to conducting business with full compliance to relevant trade competition laws and Trade Competition Commission’s announcement. The Company prioritizes business conducts relating to suppliers and customers, as well as trade practices that yield positive benefits to consumers and society alike. Thus, the Company has developed a Guideline and Policy on Trade Competition. Details as follows.

**Section 1 Good Trade Practice according to Trade Competition Act BE2560 (2017) relevant to modern consumable good retails**

1. **Business consolidation** any business consolidation must strictly comply with Trade Competition Act BE2560 (2017) and Trade Competition Commission’s announcement

2. **No unfair market dominance** prohibit entrepreneurs from unfair market dominance without adequate justification, in the following forms

2.1 Prohibit setting unjust selling or buying prices for products or services, such as

2.1.1 Predatory Pricing, which set products’ prices well below budget, with unjustifiable fluctuation

2.1.2 Excessive pricing, setting unfairly high price without justifiable reasons

2.1.3 Price dominance of products’ or services’ for suppliers without justifiable reasons

2.1.4 Margin squeeze, setting too high a selling price of products and services, which are raw materials for suppliers or competitors, in both upstream or downstream product and service markets without justifiable reasons

2.2 Prohibit setting unfair conditions for suppliers with no justifiable reasons, such as

Setting unfair conditions for other entrepreneurs who are one’s own suppliers, resulting in a limitation in servicing, manufacturing, or distribution or products. This includes limited opportunity to purchase or sell products, to receive or provide services, as well as securing loans from other entrepreneurs, without justifiable reasons.

2.3 Prohibit any conducts to reduce the quantity of products or services to below the market’s demands with no justifiable reasons, such as

Curbing, minimizing or reducing services, manufacturing, distribution, delivery, imports into the Kingdom with no justifiable reasons, resulting in quantity repressed to be below market’s demands

2.4 Prohibit intervention in others’ business conducts with no justifiable reasons

**3. Prohibit agreements for any conducts which are monopolizing conducts, reducing or limiting coemption, in the following forms**

3.1 Prohibit competing entrepreneurs of the same market from colluding to take actions that would severe affect (Hardcore Cartel), such as

- 3.1.1 Price fixing, which is jointly set the buying or selling prices, with trade conditions affecting the prices
- 3.1.2 Quantity limitation, jointly limiting the quantity of products or services
- 3.1.3 Bid Rigging, jointly set colluding agreements or conditions for price bidding
- 3.1.4 Market allocation, jointly set areas of distribution or designate buyers or sellers

3.2 Prohibit entrepreneurs from jointly collaborate to take actions that would severely affect competitions (Non-Hardcore Cartel), such as

- 3.2.1 Jointly set selling prices, buying prices or trade conditions between entrepreneurs who are not competitors in the same market
- 3.2.2 Jointly reduce the products' or services' quality to be below those previously distributed or services
- 3.2.3 Jointly set criteria or procedures relating to product or service selling and distribution per agreement

Notably, this exempts cases the Government's laws and regulations exempts or stipulated, such as conducts between entrepreneurs with relations to policies or authority, or conducts whose objectives are to develop manufacturing, distribution of products, as well as promoting technical and economic advancement

**4. Prohibit conducts resulting in damages on other entrepreneurs, in the following forms**

4.1 Prohibit unfair protection against other entrepreneurs, such as

- 4.1.1 Set buying or selling product or service prices excessively or underprice, or designate differing pricing without justifiable reasons
- 4.1.2 Prohibit other entrepreneurs from buying, selling products, as well as providing or reserving services without justifiable reasons
- 4.1.3 Intervene transactions or internal management of other entrepreneurs without justifiable reasons

4.2 Prohibit market dominance or bargaining power with no justifiable reasons, such as

- 4.2.1 Designate unfair trade conditions, which is discrimination to facilitate certain suppliers without justifiable reasons
- 4.2.2 Designate other entrepreneurs to accept certain regulations differing from what was previously agreed in the contract without justifiable reasons

**4.2.3 Other conducts which are akin to exercising market dominance or higher bargaining power without justifiable reasons**

4.3 Prohibit setting trade conditions which are restrictive or obstructive to others' business without justifiable reasons, such as

4.3.1 Discrimination in ways that facilitate only a select number of suppliers without justifiable reasons

4.3.2 Designating other entrepreneurs to buy one's own products or services, or those of another entrepreneurs, whether in whole or in parts, as a prerequisite if aforementioned suppliers would like to make product or service purchase, without justifiable reasons

**5. Fair trade practices between retail-wholesales entrepreneurs, manufacturers or distributors**

5.1 Trade practices between retail-wholesales entrepreneurs, manufacturers or distributors, must adhere free and fair business principles

5.2 Prohibit conducts which may be considered damaging to manufacturers or distributors unfairly, and without justifiable reasons, such as

5.2.1 Establish unfair trade conditions which is discriminatory, without justifiable reasons

5.2.2 Establish unfair trade conditions that is discriminatory in ways that facilitate only a select number of suppliers without justifiable reasons

5.2.3 Establish unfair trade conditions or prohibit suppliers from conducting business or transactions with competitors without justifiable reasons

5.2.4 Establish unfair pricing by setting the purchase price or suppress the purchase price from manufacturers, distributors or service providers at a lower range than normal purchase price, without justifiable reasons

5.2.5 Demand unfair economic benefits by mandating for product manufacturers, distributors or service providers to grant excessive benefits beyond previously designated, without justifiable reasons. This is in considerations of benefits towards product manufacturers, distributors or service providers, such as excessive and unfair product placement fees

5.2.6 All or partial unfair recalls of products from manufacturers or distributors without justifiable reasons, including conducts equivalent to product returns, such as contract modification, or purchases which are consignment contracts, similar to product returns

5.2.7 Coerce the use or designate unfair conditions in the consignment contract, resulting in significant disadvantages of product manufacturer or distributor from general trade practices in consignment contracts

5.2.8 Refuse Private Brand's products or those of House Brand/ Own Brand unfairly, without justifiable reasons

- 5.2.9 Coerce product manufacturers or distributors, as well as service providers to purchase for the Company's benefits, without justifiable reasons. This increased expense or budget burden to the product manufacturers, distributor or service.
- 5.2.10 Reduce the product purchase volume, stop or cease to do business with, merely because product manufacturers or distributors refuse conditions designated by the Company, or due to manufacturers or distributors making complaints or filing grievance to the governmental agencies in relation to the Company's behaviors, without justifiable reasons
- 5.2.11 Utilize trade confidential information, secrets, or technology of suppliers, which are suppliers' intellectual property, without their permission, for their own House Brand/ Own Brand's products. These are then put in the market against products with normal brands.

Notably, the guideline in section 1 here is in accordance to Trade Competition Commission's announcement no. 93/2563 dated on the 6<sup>th</sup> November 2023. This includes permit to consolidate C.P. Retail Development Co. Ltd and Tesco Stores (Thailand) Co. Ltd.

## Section 2 Good Trade Guideline according to Trade Competition Act 2017 Addition

### 1. Fair trade practices in franchise business

In case of franchises

1.1 The Franchisor must disclose details on one own's franchise business to franchisee, prior to entering a franchise contract. This is in accordance with the laws relating to trade competition.

1.2 Execute branch expansion, with franchisor acting as Management and implementer, or by granting rights to a franchisee or other individuals in franchise business, ensuring execution is in accordance with the laws relating to trade competition.

1.3 Prohibit franchisors from conducting trades which may result in damages against franchisees without justifiable reasons, in accordance with the laws relating to trade competition.

Notably, section 2 here is a guideline relevant personnel of the Company should adhere to, to ensure compliance with Trade Competition Act 2018, which was not part of the Trade Competition Commission's announcement no. 93/2563, dated on the 6<sup>th</sup> November 2020. This is relating to the permission to consolidate C.P. Retail Development Co. Ltd. And Tesco Stores (Thailand) Co., Ltd.

Section 3 Policy to operate business in a free, competitive, and fair economic system, as well as trade practices benefits to both consumers and overall society. This can be divided into 2 parts, as follows.

#### Section 3.1 Good trade guideline supporting and promoting free and fair competition

1. The Company has a guideline in promoting Small and Medium Enterprise (SME), who are the Company's suppliers, as follows.

1.1 The Company is committed to promote or participate in elevating competitive capacity of SME, who are suppliers of the Company, to effectively ensure readiness and capacity.

1.2 The Company is committed to promote market accessibility of SMEs, who are the Company's suppliers, with readiness and capacity through appropriate corporate channels

2. The Company has a guideline in safeguarding confidential information

The Company will safeguard trading confidential information relating to suppliers, competitors and consumers per relevant laws

#### Section 3.2 Good trade guideline for the overall benefits of consumers and society

The Company is committed to operating business in compliance to the laws and regulations relating to business conducts, as well as commitments to operate business for the overall benefits of consumers, stakeholders and society. The guideline is as follows.

1. The Company has a guideline to ensure the Company's distribution channel is appropriate for each type of product, enabling ease in accessibility

2. The Company sets products' manufacturing quality and standards to be appropriate with suppliers and manufacturers, ensuring the Company can distribute quality and safety products, whose safety is verified with acceptable standards

3. The Company organizes to provide information on products and service, which is accurate, sufficient and up-to-date to customers, ensuring sufficient information for their decisions-making

4. The Company safeguards customers' confidential data and does not wrongfully use it for their own benefits or relevant individuals, except with the customers' consent or relevant laws

5. The Company is committed in conducting business with social and environmental responsibility

6. The Company conducts business according to standards on quality, safety and environment relating to the Company's operations

7. The Company shall not commit actions against trade competition laws or other laws relating to the Company's business conduct

Notably, the section 3 of this policy is one developed by the Company due to the commitment to be a business generating positive impacts to society. This refers to ways above and beyond Trade Competition Act 2017 and other regulations, beyond Trade Competition Commission no.93/2020's announcement, dated the 6<sup>th</sup> November 2020, which is related to consolidation of C.P. Retail Development Co. Ltd. And Tesco Stores (Thailand) Co. Ltd.



## Addendum A

### Definition

1. Unfair or unreasonable conducts, which refers to
  - The conduct is not business-as-usual. It was unprecedented
  - Conditions were not written out and suppliers were not informed prior with appropriate duration, per normal suppliers' trade practice
  - The conduct is unjustifiable in business, marketing or economic sense
  - Other relevant factors
2. Those with market dominance, considered to be in 2 categories, as follows
  - Category 1 refers to a sole entrepreneur with the previous year's market share of a product or service at least 50%, and the sales of at least 1,000 million Baht, or
  - Category 2 refers to the first 3 entrepreneurs of a product or service market, with combined market share of over 75%, and the sales of at least 1,000 million Baht

\*\*\*If there are any entrepreneurs whose sales is below 1,000 million Baht, or whose market share in the previous year is lower than 10%, they would be exempted from being considered one with market dominance