



# STRONGER TOGETHER

**Siam Makro Public Company Limited**

Annual Report 2022 (56-1 One Report)

# Vision

To bring about **change** for how life could be **better** fulfilled with **good health, love, joy** and **wellbeing**

# Mission

To become the **number 1 B2B and B2C** retailer in Asia, combining both online and offline, by fulfilling our customers' daily needs with **technology, innovation** and **operation excellence**; together with people and partners in **sustainable** way





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Appendix for Annual Report 2022 (56-1 One Report)  
are disclosed on our website  
[https://www.siammakro.co.th/pdf/APPENDIX\\_EN.pdf](https://www.siammakro.co.th/pdf/APPENDIX_EN.pdf) or Scan here



# DEFINITIONS

B2B	Refers to	Business to Business
B2B2C	Refers to	Business to Business to Consumer
B2C	Refers to	Business to Consumer
COVID-19	Refers to	Coronavirus disease
CPALL	Refers to	CP ALL Public Company Limited
CPF	Refers to	Charoen Pokphand Foods Public Company Limited
CPG	Refers to	Charoen Pokphand Group Company Limited
CPH	Refers to	Charoen Pokphand Holding Company Limited
CPM	Refers to	C.P. Merchandising Company Limited
CPRH	Refers to	C.P. Retail Holdings Company Limited
Retail Business	Refers to	Retail business under the name Lotus's in Thailand and Lotus's in Malaysia
Ek-Chai/ ECDS	Refers to	Ek-Chai Distribution System Company Limited
CPRD Group	Refers to	C.P. Retail Development Company Limited, a company with limited liability registered in Thailand, and its subsidiaries on a consolidated basis; because Lotus's completed its acquisition of Lotus's Thailand and Lotus's Malaysia on 18 December 2020, references in this Offering Memorandum to Lotus's for the period from 1 January 2019 to such date of acquisition are to Lotus's "as-if" Lotus's Thailand and Lotus's Malaysia had been consolidated subsidiaries of Lotus's on a pro forma basis from 1 January 2019;
CPRD	Refers to	C.P. Retail Development Company Limited only not including subsidiaries of C.P. Retail Development Company Limited
The Company/ Makro	Refers to	Siam Makro Public Company Limited and its subsidiaries on a consolidated basis.



Lotus's Malaysia/ LTM/ Lotus's-MY	Refers to	Lotus Stores (Malaysia) Sdn. Bhd., and subsidiaries.
Lotus's Thailand/ LTH/ Lotus's-TH	Refers to	Lotus's Stores (Thailand) Company Limited and subsidiaries.
Wholesale Business	Refers to	Makro-Thailand, Makro-International and Foodservice APME
Makro-TH	Refers to	Makro-Thailand Business
Makro-INT	Refers to	Makro-International Business
Foodservice APME	Refers to	Foodservice business focuses on import-export-distribution of premium frozen and chilled food business with delivery
O2O	Refers to	Offline to Online / Online to Offline Business
CP Group	Refers to	CPG and its affiliate companies, including CPALL, CPH and CPM
Lotus's Group	Refers to	Business under brand "Lotus" in Thailand and Malaysia
Lotus's Acquisition	Refers to	The entire business transfer of CPRH to Makro including assets, liabilities, rights, and obligations of CPRH in which CPRH is an investment holding company which its main assets being shares in CPRD in in the proportion of 99.99 percent of the registered capital of CPRD and other assets such as cash and cash equivalents. CPRD holds (a) 99.99 percent in Lotus's Thailand which holds 99.99 percent shares in Ek-Chai, an operator of a retail business under the name Lotus's in Thailand (b) 100 percent in Lotus's Malaysia, an operator of a retail business under the name Lotus's in Malaysia.
LPF Fund	Refers to	Lotus's Retail Growth Freehold and Leasehold Property Fund
Subsidiaries	Refers to	Subsidiaries according to the definition as specified in the Notification of the Security and Exchange Commission Kor. Jor. 17/2008 Re: Definitions in the announcements relating to the issuance and securities offering (as amended)
Associates	Refers to	Associates according to the definition as specified in the Notification of the Security and Exchange Commission Kor. Jor. 17/2008 Re: Definitions in the announcements relating to the issuance and securities offering (as amended)
HoReCa	Refers to	Hotels, Restaurants, and Catering business operator
SEC	Refers to	The Securities and Exchange Commission
SEC Office	Refers to	The Securities and Exchange Commission, Office
SET	Refers to	The Stock Exchange of Thailand
Public Limited Companies Act	Refers to	Public Limited Companies Act, B.E 2535 (1992) (as amended)
Security and Exchange Act	Refers to	Security and Exchange Act, B.E. 1992 (as amended)



Over **2,800** branches

and counting with all types of store formats domestically and internationally, the potential for managing leased space is development and differentiation.



The e-commerce platform development with over

**50,000** product offers.



# TRANSFORMATION

Over **47,000** sq.m.

Smart Community Center, creating experiences that meet the lifestyle of today's consumers.





## LEAN AND AGILE BACK-OFFICE

Collaborating and adjusting to new working systems- optimizing operating results for the Company with optimum efficacy.



## A PLATFORM OF OPPORTUNITIES

Supporting local farmers and small-medium scale entrepreneurs (SMEs).



# SYNERGY

## SHARING BEST PRACTICE

Leveraging the benefits of successful business models and operations and strengthening the organization with knowledge management and sharing-optimizing and expanding the business through expertise in the process.



## LOGISTICS

Optimizing logistics for optimal distribution to stores and end customers.





## MAKRO DIGITAL STORE

Striving to develop a better experience for consumers.



# SMART

## SMART APPLICATION

Delivering a smart, seamless shopping experience.



## SMART STORE

Dedicating, developing, connecting, and leveraging technological applications to deliver value-for-money smart experiences.





## PEOPLE & PLANET POSITIVE

Shift from reducing a negative to a the positive net impact on society and the planet.



# SUSTAINABILITY

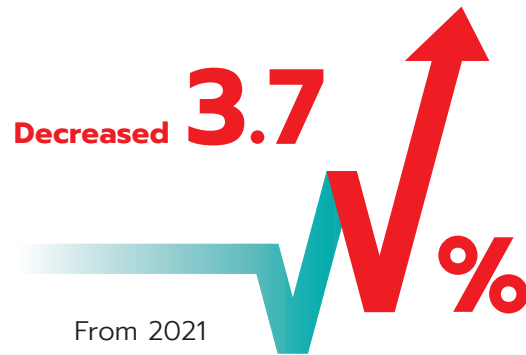
## LOCAL LOVE & DELIGHTING COMMUNITIES

Supporting products and services from local  
Creating jobs and happiness to communities.





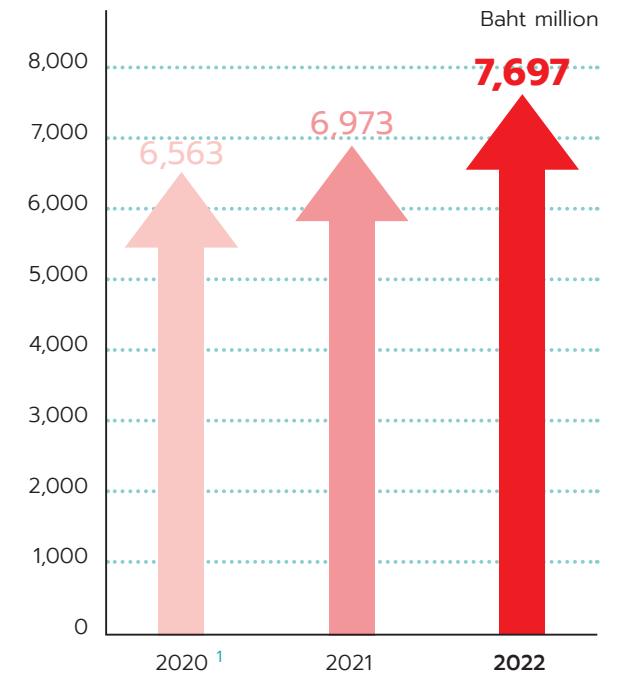
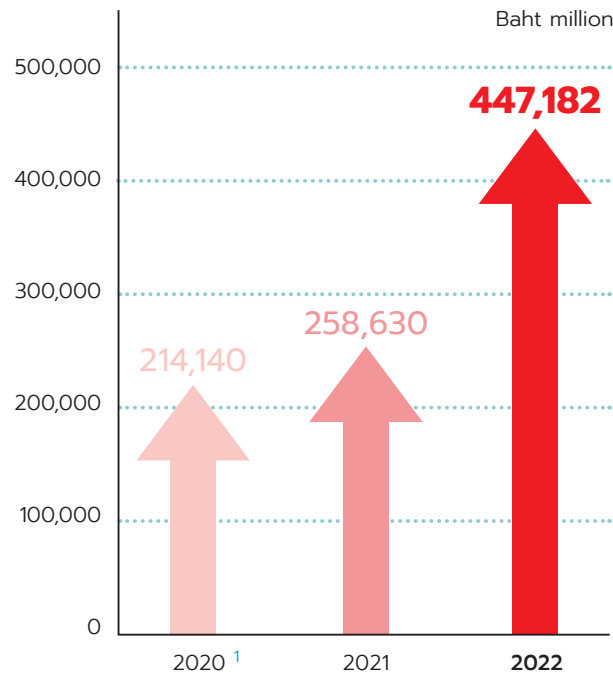
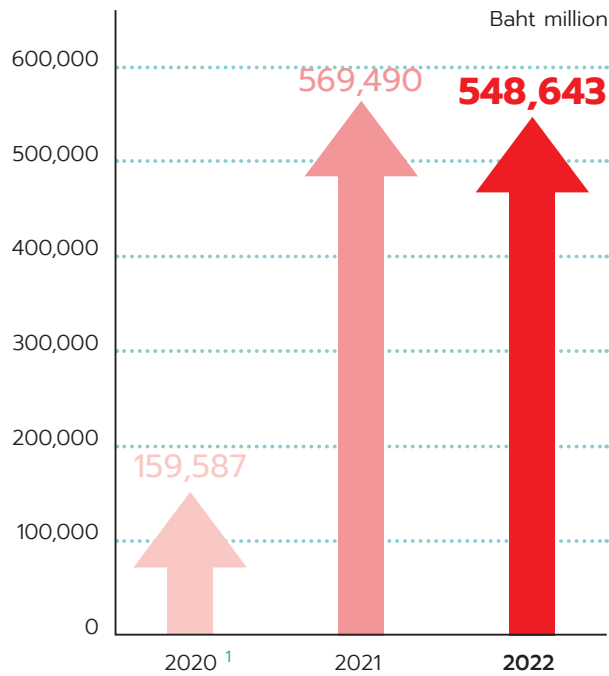
## Total Assets



## Total Sales



## Net Profit\*



\* Excludes non-recurring item



# Financial Highlights

Siam Makro Public Company Limited  
and its Subsidiaries  
As at 31 December 2022

		2020 <sup>1</sup>	2021	2022
<b>Number of Stores</b> (stores)	Total Stores	144	2,829	<b>2,805</b>
	Thailand	137	2,760	<b>2,730</b>
	Oversea <sup>2</sup>	7	69	<b>75</b>
<b>Financial Performance</b> (Baht million)	Total Sales	214,140	258,630	<b>447,182</b>
	Total Revenues	218,760	266,367	<b>469,131</b>
	Gross Profit	22,124	30,292	<b>63,577</b>
	Net Profit	6,563	13,687	<b>7,697</b>
	Net Profit (exclued non-recurring item)	6,563	6,973	<b>7,697</b>
	Earnings per Share (Baht)	1.37	2.38	<b>0.73</b>
<b>Financial Position</b> (Baht million)	Total Assets	159,587	569,490	<b>548,643</b>
	Total Liabilities	51,324	280,992	<b>257,712</b>
	Interest-bearing Debts <sup>3</sup>	8,059	136,319	<b>111,662</b>
	Issued and Paid-up Share Capital	2,400	5,290	<b>5,290</b>
	Retained Earnings	16,751	25,699	<b>28,185</b>
	Total Equity	108,263	288,498	<b>290,931</b>
<b>Financial Ratios</b>	Gross Profit Margin (%)	10.3	11.7	<b>14.2</b>
	Net Profit Margin (%)	3.0	5.0	<b>1.6</b>
	Interest-bearing Debt to Equity <sup>3</sup> (time)	0.07	0.47	<b>0.38</b>
	Return on Total Assets (%)	5.8	3.6	<b>1.4</b>
	Return on Equity (%)	30.9	8.8	<b>2.7</b>
<b>Stock Data</b>	Share Capital (Million ordinary shares)	4,800	10,580	<b>10,580</b>
	Par Value per Share (Baht)	0.50	0.50	<b>0.50</b>
	Book Value per Share (Baht)	4.63	27.22	<b>27.44</b>
	Dividend per Share (Baht)	1.00	0.72	<b>0.51</b> <sup>4</sup>

**Remark:**

- 1 Restated 2020 financial statements
- 2 Excludes restaurant / minimart under Food Service Business Unit.
- 3 Interest-bearing debts exclude lease liabilities.
- 4 Dividend per share of Baht 0.51 includes the followings;
  - Interim dividend of Baht 0.18 per share paid on 6 September 2022.
  - Final dividend of Baht 0.33 per share proposed by Board of Directors for shareholder's approval at the 2023 Annual General Meeting of Shareholders.



# Message from the Chairman

Dear Shareholders,

Year 2022 was a year of recovery for the Company's retail and wholesale business, following the relaxation of travel bans and complete reopening in most countries worldwide which positively affected fundamental growths of the Thai and regional economy at large. The Company has thus continued to expand the business with prudence and perseverance, synergizing collaboration and partnerships, and creating long-term value for the Company and all stakeholders by developing products and services that add novelty for customers and meet their current and future business needs.



**Mr. Suphachai Chearavanont**  
Chairman of the Board of Directors

In the past year, the Company completed the minority shareholders' shares distribution, a key factor in creating liquidity for the Company's shares circulation and meeting major domestic and global index listing criteria, a beneficial step for its shareholders. The Company is also included on the FTSE4Good Index; a leading, globally recognized list of companies with strong Environmental, Social, and Governance (ESG) practices.

**“ Customer-centric online sales and delivery-pickup services, both of which are contingent on a digital organizational transformation, namely a digital infrastructure that underpins B2B and B2C big data as well as the human resource with the digital talent to handle it. ”**



The Company is confident in the long-term potential of the retail and wholesale businesses and is poised to leverage the synergy and added value of an optimized B2B and B2C capacity following the merger, to become a leader in the respective markets.

Having prioritized synergy throughout the 2022 business expansion, the Company is satisfied with the results, namely the asset and real property applications for economic benefits during the period, and expects even more value to transpire in the future. Synergized benefits are also evident in the expansion of fresh food, consumer goods, and private label products under its trademark, as well as collaborated product-mix plans across the Company's affiliates to offer differentiating products and services that combine to enhance overall competitiveness in the market.

### **Become a regional player in wholesale-retail business**

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In the future, the wholesale-retail business will be data-driven by consumption leveraging a complete picture of B2B and B2C market demand and consumption patterns to develop a business model with products, services, and delivery that better fulfill the needs of client operators, business partners, and customers alike, a key factor for the Company competitiveness to become a retail-wholesale leader on a regional scale.

### **Fully optimize asset utilization**

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While the Company continues to add, enhance, and modernize in-store restaurants and shops, namely providers of lifestyle products, to fully optimize asset utilization and transition shopping centers into Smart Community Centers, a strategy is also in place to expand the business through seamless customer-centric online sales and delivery-pickup services, both of which are contingent on a digital organizational transformation, namely a digital infrastructure that underpins B2B and B2C big data as well as the human resource with the digital talent to handle it. Such an enterprise system will add value for customers and business partners by synergizing within internal and among the Charoen Pokphand Group. While the Company continues creating opportunities for business partners, SMEs, or small farmers, optimizing work efficiency and convenience to strengthen its competitiveness over the long run. All of these developments must be developed hand in hand with a digital-savvy corporate culture in order to oversee future business growth trends on a regional playing field.

On behalf of the Board of Directors, I would like to thank all shareholders, business partners, customers, financial institutions, and all stakeholders for their support and trust, and look forward to a dedicated board, management team, and employees that lead the way to good operating results for the Company as well as achieve set goals. Furthermore, I would like to thank the employees and executives who have dedicated their work to the Company in the past. Finally, the Board of Directors and I would like to assure you that the Company will strive to operate the business under the principles of good corporate governance and create sustainable growth for the nation, communities, and all Company stakeholders alike.



# The Audit Committee Report

Dear Shareholders,

Siam Makro Public Company Limited’s Audit Committee, appointed by the Board of Directors, consists of three independent directors who are qualified and have experience in various fields, and are independent as stipulated by the Stock Exchange of Thailand. The members of the Audit Committee are Mr. Ralph Robert Tye, as Chairman of the Audit Committee, Mrs. Kannika Ngamsopee and Mr. Jukr Boon-Long as members of the Committee. Serving as secretary to the Audit Committee is Ms. Busakorn Rakkanka, Head of Internal Audit Department.

The Audit Committee has discharged its duties by rendering independent opinion according to the roles and responsibilities specified in the Audit Committee Charter, complying with the Best Practice Guidelines for Audit Committee of the Stock Exchange of Thailand as well as the Corporate Governance Code of the Securities and Exchange Commission, Thailand. During the year 2022, the Audit Committee proceeded as follows:

1. The Committee held 8 meetings to perform its duties as assigned by the Board of Directors and presented the audit committee report to the Board of Directors on a quarterly basis.

Name	Current position	Attendance of the Audit Committee in the Year 2022*
1. Mr. Ralph Robert Tye	Chairman of the Audit Committee	4/8**
2. Mrs. Kannika Ngamsopee	Member of the Audit Committee	8/8
3. Mr. Jukr Boon-Long	Member of the Audit Committee	8/8

Remark: \* In the year 2022, the Audit Committee held one meeting with the external auditor without the presence of Management.

\*\* Mr. Ralph Robert Tye was appointed to be the Chairman of the Audit Committee at the Board of Directors Meeting No. 3/2022 held on 24 June 2022. Prior to the appointment, the Audit Committee already held 4 meetings.

2. Reviewed and approved the internal audit plan prepared by the Internal Audit Department based on our Roadmap for Transformation (2020-2023) to become the “Next-Generation Internal Audit” and the Company’s risk assessment. The plan’s focus is on collaboration with 1<sup>st</sup> line and 2<sup>nd</sup> line of defense in order that internal audit work is responsive to the changes in risk (continuous risk sensing), while maintaining independence in conducting the audit. To enhance efficiency and standardization, technology is integrated into the internal audit process through the usage of data analytics and “Internal Audit Management System (IAMS)”, a project management tool. The audit plan is continuously developed and included in the 2023 annual audit plan.

In conclusion, the Audit Committee was highly satisfied with the internal audit function, its independence, the adequacy and effectiveness of work and the continuous quality development of people, process and technology.

3. Reviewed the quarterly and annual financial reports of the Company which included the performance of its subsidiaries and the disclosure of material information. Considered the external auditor’s report through meetings with the external auditor and the executive management to discuss the key areas and changes that were relevant to the review and audit of the financial reports. This was to ensure that the Company’s financial statements presented fairly, in all material respects, the Company’s financial position and financial performance, in accordance with Thai Financial Reporting Standards. Moreover, the Audit Committee had a meeting with the external auditor without the presence of the Company’s management to discuss their audit independence and other concerns, if any.
4. Reviewed the Company’s connected transactions and disclosure of related party transactions between the Company and related companies to ensure that the Company complied with the terms of business and rules stipulated by the Stock Exchange of Thailand and the Securities and Exchange Commission, Thailand. In this context,

the Audit Committee assigned the Internal Audit Department to review the Company's connected transactions and report the outcome to the Audit Committee. The results of the Internal Audit Department's review showed that the connected transactions were undertaken in the normal course of business and no unusual transaction was found.

5. Reviewed the adequacy and effectiveness of the Company's internal control systems to reasonably ensure the Company's performance would meet its set targets. Based on the internal audit report of the year 2022 which covered key business processes, the Audit Committee had the opinion that the Company's internal control system was adequate and appropriate.
6. Reviewed with the management the efficiency and effectiveness of risk management at an organisational level (Enterprise Risk Management), including risk management policy, plan and management approach that impact the Company's operational result. Worked with the management to ensure the continuity and effectiveness of risk management. Subsequently, the Internal Audit Department was assigned to prepare a risk-based audit plan which aligned with the result of the aforementioned risk assessment.
7. Considered selecting, recommending the appointment of the external auditor and giving opinion to the Board of Directors for approval at the shareholders' meeting. The Audit Committee's meeting unanimously approved the appointment of KPMG as an external auditor for the year 2022 including the scope and annual audit plan of the external auditor.
8. Considered the policy of engaging an auditor to perform non-audit services; and reviewed the use of aforementioned service for good corporate governance by considering the appropriate actions and independence of the auditor.
9. Monitored the result of whistleblowing and complaint-making process of the Company and its subsidiaries as reported by the Internal Audit Department. Regarding the whistleblowing information concerning fraud, misconduct and the violation of the Code of Conduct, the Internal Audit Department independently reviews and is involved in the investigation process. Furthermore, the Internal Audit Department also acknowledges and monitors the subsidiaries' complaints. The Company took strict disciplinary actions, including reviewing working procedures and stressing code of conduct training for employees to prevent such risks.
10. Considered the Internal Audit Department's report on the Company's compliance with the Securities and Exchange Law, regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission, and other legislations including Anti-Corruption Guidelines and regulations. The Audit Committee was of the opinion that the Company had closely supervised and controlled its operations to ascertain that every unit operates properly and was in compliance with the law, rules and regulations related to businesses.

In summary, the Audit Committee is of the opinion that the Company's financial statements had presented fairly, in all material respects, the Company's financial position and financial performance, in accordance with Thai Financial Reporting Standards. Furthermore, the Company's internal audit, internal controls and risk management were appropriate and effective. The Company is also in compliance with the applicable laws and regulations and has followed the principles of good corporate governance.

**Mr. Ralph Robert Tye**  
Chairman of the Audit Committee



# The Corporate Governance Committee Report

Dear Shareholders,

The Board of Directors of Siam Makro Public Company Limited has appointed the Company Corporate Governance Committee comprising 2 independent directors and 1 non-executive director who are qualified and knowledgeable as well as exhibit a wide range of experiences and complete qualifications per Stock Exchange of Thailand requirements, rendering them suited to serve on the committee for the Company. The appointed committee members are:

1. Mr. Rawat Chamchalerm Chairman of the Corporate Governance Committee
2. Mr. Jukr Boon-Long Member of the Corporate Governance Committee
3. Mr. Umroong Sanphasitvong Member of the Corporate Governance Committee

In 2022, the Corporate Governance Committee performed its duties under the Corporate Governance Committee Charter in its entirety and as assigned by the Board of Directors, holding a total of 2 meetings and reporting the operational results summary to the board regularly. Key committee performance can be summarized as follows:

1. Considered and approved the Corporate Governance Committee Performance Report to be disseminated in the Annual Registration Statement/Annual Report 2021 (Form 56-1 One Report).
2. Considered and approved the 2022 Corporate Governance Plan.
3. Acknowledged the assessment results under the 2022 Corporate Governance Survey of listed companies in Thailand and the assessment criteria under the 2023 Corporate Governance Survey of listed companies in Thailand, as well as rendered operational improvement advice per set criteria according to the business context and boundaries of the Company.
4. Reviewed the implementation of good corporate governance principles for listed companies, the CG Code, under the Securities and Exchange Commission Office and provided CG Code implementation recommendations for appropriate adaption for the Company's business.
5. Considered reviewing and revising the Corporate Governance Committee Charter by changing the name from the Corporate Governance Committee to the Corporate Governance and Sustainable Development Committee with added Company sustainability management-related roles and responsibilities as an integral component of the Corporate Governance and Sustainable Development Committee.
6. Considered, reviewed, and improved the Corporate Governance and Business Ethics Handbook by adjusting related guidelines and information, the vision, mission, Chairperson

roles, and the Code of Conduct on Conflicts of Interest to relevant operational guidelines, criteria, and current practices.

In addition, the Company's corporate governance operations achieved the following goals in 2022:

1. An online reporting platform for giving and receiving gifts was developed to facilitate the reporting, approving, and monitoring, as well as the implementation of the Company's Anti-Corruption Policy, whereby Company executives and employees are expected to have a straightforward and transparent operational standard that reflects the credibility and sustainable growth of the organization.
2. Company Compliance understanding was continuously communicated and publicized to raise awareness of good corporate governance principles, business ethics, and the Anti-Corruption Policy, with a focus on practical applications at the workplace.
3. A survey on the Company's corporate governance and business ethics awareness was conducted, where employees were queried for their understanding of compliance with the principles. The survey results were applied to optimize operational performance for the Company.
4. The Company received a full score of 100 points on the AGM Checklist for the 6<sup>th</sup> consecutive year, reflecting the quality assessment of the annual general shareholders' meeting.
5. The Company was assessed as "Excellent" for the fifth consecutive year according to the 2022 Corporate Governance Report of Thai Listed Companies (CGR).
6. The Company was awarded the ASEAN Asset Class from the 2021 ASEAN Corporate Governance Scorecard (ACGS).

The Corporate Governance Committee is committed to promoting, supporting, and optimizing corporate governance performance for the Company to attain sustainable growth and achieve its sustainability goals, in so doing, retaining investor confidence, creating value and benefits to stakeholders in the long term, and leading the Company to further international recognition in the process.

(Adj. Prof. Rawat Chamchalerm)

Chairman of the Corporate Governance Committee





# Nomination and Remuneration Committee Report

Dear Shareholders,

The Board of Directors of Siam Makro Public Company Limited has appointed the following 3 competent, knowledgeable, suitable, independent, and qualified directors per StockExchange of Thailand (SET) regulations as Nomination and Remuneration Committee Members:

1. Mr. Prasobsook Boondech Chairman of the Nomination Committee, replacing Mr. Joti Bhokavanij, who completed the term of office as an independent director on July 5, 2022.
2. Mr. Korsak Chairasmisak Member of the Nomination Committee
3. Mr. Jukr Boon-Long Member of the Nomination Committee since June 24, 2022.

In 2022, the Nomination and Remuneration Committee (“Nomination Committee”) held a total of 2 meetings and continuously reported operational results to the Board of Directors for acknowledgment. Key operations in 2022 can be summarized as follows:

1. Considered and approved the Nomination Committee Performance Report to be disseminated in the Annual Report and the Annual Information Disclosure Form 2021 (Form 56-1 One Report).
2. Considered and screened the qualifications of 5 directors who were due to retire by rotation in 2022, taking into account the legal qualification requirements, relevant regulations, the Board of Directors Charter, and structural diversity of the Board of Directors, such as skills, knowledge, industry-company business experience, specific skills that are most beneficial to the company, the ability to manage the company's business regardless of gender and age. Considered the performance and the time they dedicated to performing their duties and presented the opinions to the Board of Directors for approval and further consideration in the 2022 Annual General Meeting of Shareholders to re-elect the 5 directors for another term.
3. Considered the 2022 remuneration structure and rate for Company directors, weighing the suitability of a directors' responsibilities against the business size and comparable listed companies in the same industry while correlating remuneration with economic trends, overall company performance, and the dividend payout ratio to shareholders as the priority, and proposed the opinion to the Board of Directors for approval and

further consideration in the 2022 Annual General Meeting of Shareholders under the approval criteria.

4. Considered the 2021 Board of Directors' performance assessment results and reported the results to the Board of Directors.
5. Supported and encouraged the Company to allow shareholders to nominate director candidates at least 3 months before the Annual General Meeting of Shareholders.
6. Reviewed the Nomination Committee Charter and concluded it to be nevertheless appropriate, adequate, and consistent with relevant practices and criteria, including current Company business operations, thus no further revision was required.
7. Considered recruiting qualified persons and presenting them to the Board of Directors for approval and further consideration in the 2022 Annual General Meeting of Shareholders to appoint 2 new directors, taking into account their knowledge, abilities, skills, and the industry-Company business experience required to oversee optimal Group operations under set short- and long-term goals as well as strategic plans.
8. Considered the nominations of Company directors and proposed the opinions to the Board of Directors for appointment as members of additional sub-committees according to knowledge, skills, and experience, as well as qualification requirements under the Stock Exchange of Thailand.

The Nomination Committee performs its duties with prudence and honesty under the duties and responsibilities prescribed in the Nomination Committee Charter and as assigned by the Board of Directors, in so doing, completely adhering to the Principles of good Corporate Governance and taking into account the balanced and sustainable benefits of all stakeholders alike.

(Mr. Prasobsook Boondech)

Chairman of the Nomination Committee



# Highlight Activities in 2022

## February

# 2030

In pursuit of the **Corporate Sustainability Goal**, Makro supplies wildlife in Thailand with excess consumable food to attain **Zero Food Waste in Landfills** under the plan, in collaboration with the Wildlife Conservation Office, Department of National Parks.



**makro**  
คู่คิดธุรกิจคุณ

## April

The **Zero Foam Food Boxes Policy** is reinforced across all branches to promote biodegradable packaging and environmentally-friendly Marko Shopping Centers under the 2030 Corporate Sustainability Goal.



## June

# 12<sup>th</sup>

The **12<sup>th</sup> Sho Huay Flea Market** under the **Thai Sho Huay Success Formula to Fight Economic Dangers** campaign to prepare and strengthen Thai Sho Huays, or small retailers, for crisis management and readiness.



## August

**Makro-Lotus Synergy**: joining forces to help Thai SMEs and support small entrepreneurs through the **Platform of Opportunity**.



# Lotus's

## March



**The Lotus's SMART App launch**, combining online shopping and loyalty program in one application and elevating the shopping experience with personalized rewards.



## March

The Lotus's Malaysia rolled out vending machines installation to better serve customers in the community, especially in residential areas and more

**than 10 parking spots.**



## April

Lotus's entered **petconomy** with the launch of **Pet Us**, an **all-in-one destination** for pet lovers, providing an extensive range of pet products and services. The first two Pet Us locations opened at **Lotus's Bangna and Lotus's Pattanakarn.**

## July

Lotus's introduced the **SMART Urban Supermarket** concept with the launch of **Lotus's Go Fresh** Nuanchan store.





### October

The **Buddy Mart** launches as a community retail store under the **alternative business-success model** for small retailers in communities across the country.



### November

The 15<sup>th</sup> All-In-One Food Apparatus Expo, or HoReCa 15<sup>th</sup>, commences under the

## HoReCa Redefined

concept; Concept Change, Business Adjustment, Unlimited Growth.



### December

Makro announces its commitment to food safety and encourages farmers to reduce the use of chemicals under the 9<sup>th</sup> **Safe Oranges, Smiling Thai** program for the ninth consecutive year.



### New Branches in 2022

**14** launching branches in 2022: **11** domestic and **3** overseas branches, namely in China, Cambodia, and India.



### September 28<sup>th</sup>

Lotus's celebrated its **28<sup>th</sup>** anniversary, ushering in the **New SMART Retail** era and reinforcing its position as the omni-channel retail market leader, leveraging on the strength of its store network to grow online sales.

### November

Launch of **Lotus's North Ratchapruk** as the flagship **SMART Community Center**, catering to the needs of everyone in the surrounding communities.



### December

The 3rd store opening in 2022 and Lotus's Malaysia store at **Aman Mall Central**, a new Alor Setar community hub. **65<sup>th</sup>**

# 2022 Awards and Recognition



## Management



The 2022 Sustainability Model Organization Award: **Outstanding** category for supporting people with disabilities, honoring Thai Capital Market organizations that support and promote employment and careers for the handicapped.



UN Women 2022 Thailand WEPs Awards: **Gender-Inclusive Workplace** category



**Outstanding Model Enterprise Awards for Safety, Occupational Health, and Working Environment** totaling **18** national awards, **5** provincial awards, and **1** national award for executive safety officer, according to the Department of Labor Protection and Welfare, 2022.



## Sustainability

Siam Makro Public Company Limited  
Food & Staples Retailing  
**Sustainability Yearbook Member**  
S&P Global ESG Score 2022

**63** /100

As of February 7, 2023.  
Position and Score are industry specific and reflect exclusion screening criteria. Learn more at [spglobal.com/esg/yearbook](https://spglobal.com/esg/yearbook)  
S&P Global Sustainable 1

The Company is selected, for the first time, as an **S&P Global Sustainability Yearbook Member** in the **Food & Staples Retailing** category, with a score of **63 from 100**, as of February 7, 2023.



### FTSE4Good

Selected as an **FTSE4Good Index Series Member**, a leading, globally-recognized sustainability index for **Organizational Environmental, Social, and Governance (ESG) Ranking**, reflecting the Company's ESG commitment as an economical-ecological co-evolutionary business under Good Governance.



**Honorary Award: 2022 Sustainability Disclosure, the highest level for the 2nd consecutive year**



**2022 Retail Sustainability Award Asia**, a regional award for direct sourcing of produce from farmers nationwide under the Producing-Farming-Marketing concept, by-passing the middleman and facilitating expertise development and efficient crop planning to enhance product quality and increase farmers' competitiveness in the process.



### The CP for Sustainability Award from Charoen Pokphand Group for 7 programs:

- Makro Save The World - "empty bottles aren't wasted".
- Weaving Banana Threads: helping communal economy and sustainability.
- Bamboo Tunnel To Golden Teak: the underground water bank project
- Resurrected Bags Build Careers
- Boxes to Beds: collect cardboard boxes for recycling and making field beds for COVID-19 patients.
- Food Waste Reduction Program
- School Adoption Program



## Social Responsibility



The **MEA Energy Awards**, highlighting energy efficiency management and quality building systems under the **Corporate Outlook: becoming a carbon-neutral organization by 2030**.



The **2022 Civilization Model Organization Award under the 2022 Friendly Design Awards, in the Civilized Buildings For All category**, for designing assistive buildings and service systems that are convenient, safe, and disabled-elderly friendly, providing an assistive environment for all groups of customers regardless of gender or age in the process.



**2022 Gold Level Wastewater Management Assessment plaque**, honoring pollution sources that passed the Pollution Control Department (PCD) Assessment under the Ministry of Natural Resources and Environment.



## Operations



**2022 Top Brand of Thailand** by brand influencers in Singapore for being the most influential supermarket for consumers



**2022 Retail Sustainability Award Asia**, a regional award for direct sourcing of produce from farmers nationwide under the **Producing-Farming-Marketing** concept, by-passing the middleman and facilitating expertise development and efficient crop planning to enhance product quality and increase farmers' competitiveness in the process.



**"Produce Retailer of the Year Award"** from Australia and the **"Exceptional Importer and Distributor of U.S. Fresh Fruits"** Award from the United States Department of Agriculture (USDA), Asia Fruit Logistica.



**2022 Best Companies to Work for in Asia Award from the HR Asia forum.**



Plaque of honor recognizing **excellent performance for providing safe agricultural products** that meet the Q Modern Trade Standard as well as an Organic Shop providing **Gold Level organic products**



**Marketing Award of Thailand (MAT Award)**

## KINCENTRIC> Best Employers

Honorary Award in the **Best Employer Hall of Fame of Thailand from Kincentric.**



**2 Awards from HR EXCELLENCE AWARDS THAILAND 2022** organized by Human Resources Online Institute, Singapore.



Plaque of honor as an **Outstanding Organization for Human Rights Protection and Gender Equality Promotion** from the Ministry of Social Development and Human Security.



# Board Of Directors

As of 20 February 2023



1

**Mr. Suphachai Chearavanont**

• Chairman of the Board of Directors



2

**Mr. Ralph Robert Tye**

• Independent Director  
• Chairman of the Audit Committee



3

**Mr. Rawat Chamchalerm**

• Independent Director  
• Chairman of the Corporate Governance and Sustainability Development Committee



4

**Mrs. Kannika Ngamsopee**

• Independent Director  
• Member of the Audit Committee



5

**Mr. Jukr Boon-Long**

• Independent Director  
• Member of the Audit Committee  
• Member of the Corporate Governance and Sustainability Development Committee  
• Member of the Nomination and Remuneration Committee



6

**Mr. Prasobsook Boondech**

• Independent Director  
• Chairman of the Nomination and Remuneration Committee



7

**Mr. Korsak Chairasmisak**

• Director  
• First Vice Chairman  
• Member of the Nomination and Remuneration Committee



8

**Mr. Tanin Buranamanit**

• Director  
• Second Vice Chairman  
• Chief Executive Officer



**9**

**Mr. Prasert Jarupanich**  
• Director



**10**

**Mr. Pittaya Jearavisitkul**  
• Director



**11**

**Mr. Piyawat Titasattavorakul**  
• Director



**12**

**Mr. Narong Chearavanont**  
• Director



**13**

**Mr. Adirek Sripratak**  
• Director



**14**

**Mr. Umroong Sanphasitvong**  
• Director  
• Member of the Corporate Governance and Sustainability Development Committee



**15**

**Ms. Saowaluck Thithapant**  
• Director  
• Group Chief Executive Officer - Makro Business and Group Chief Finance Officer



# Top Executives

As of 20 February 2023



**1**

**Mr. Tanin Buranamanit**  
Chief Executive Officer



**2**

**Mrs. Saowaluck Thithapant**  
Group Chief Executive Officer - Makro  
Business and Group Chief Finance  
Officer



**3**

**Mr. Naris Thamkuekool**  
Group Chief Executive Officer - Lotus's  
Asia-Pacific (except China)



**4**

**Mr. Sompong Rungnirattisai**  
Group Chief Property Officer



**5**

**Mr. Tarin Thaniyavarn**  
Group Chief E-Commerce and  
Logistics Officer



**6**

**Mr. Tanit Chearavanont**  
Group Chief International Expansion  
Officer



**7**

**Mr. Paul Stephen Howe**  
Group Chief Information Technology  
Officer





Section

1

# Business and Operating Results



# 1

## Business and Operating Performance

### 1.1 Business Structure and Operating Performance

Our vision is to bring about change for how life could be better fulfilled with good health, love, joy and wellbeing. In our Makro wholesale business, we are committed to being a trusted partner to our professional customers. For over 30 years, Makro has been committed to developing its business, products, and services to be in line with the needs of its customers, together with expanding the business in its home market of Thailand as well as abroad through various formats and sales channels to create and maintain its competitive advantage.

We believe Makro's competitive advantage in wholesale includes, among others, its status as a leading grocery and consumer goods modern wholesaler in South and Southeast Asia, the strengths of its online sales platform and its robust customer development program where it maintains direct contact with its professional customers and provides consulting and advisory services. In addition, we recently completed the Lotus's Acquisition on 25 October 2021. Lotus's is a leading grocery and consumer goods retailer and mall operator in Thailand and Malaysia. Lotus's Ltd is a parent holding company which in turn holds Lotus's Thailand,

Ek-Chai and Lotus's Malaysia, which Lotus's acquired from the Tesco Group in December 2020 in the Tesco Acquisition. The objective of the Lotus's Acquisition was to leverage the increased strengths of Makro's wholesale business and Lotus's retail and malls businesses in Thailand and Malaysia. We plan to become a leader in retail and wholesale fresh foods and grocery and consumer products and expand the scope of our business operations to be competitive at a regional level in Southeast Asia, both offline and online. After the Lotus's Acquisition, our full spectrum of businesses comprises three segments: wholesale, retail and malls.



## 1.1.1 Vision Mission Core Value and Business Strategy

### 1.1.1.1 Vision

“To bring about change for how life could be better fulfilled with good health, love, joy and wellbeing.”

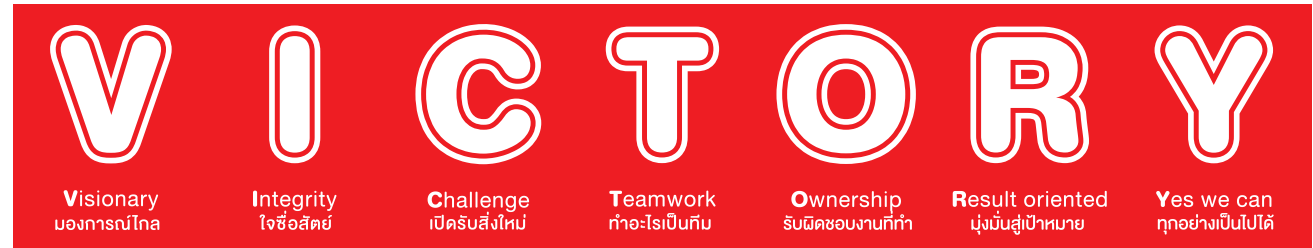
### 1.1.1.2 Mission

“To become the number one B2B and B2C retailer in Asia, combining both online and offline platforms, by fulfilling our customers’ daily needs with technology, innovation and operational excellence, together with individuals and partners in a sustainable way.”

### 1.1.1.3 Core Value

Our culture and core values are signified by **“VICTORY”** Visionary, Integrity, Challenge, Teamwork, Ownership, Result Oriented and Yes We Can. This is a part of our staff development approach, where we teach them to understand and learn how to provide good service, starting from selection of products that meet the professional customers’ needs, to providing good advice and management guidance as the business partner.

## 7 Makro Values



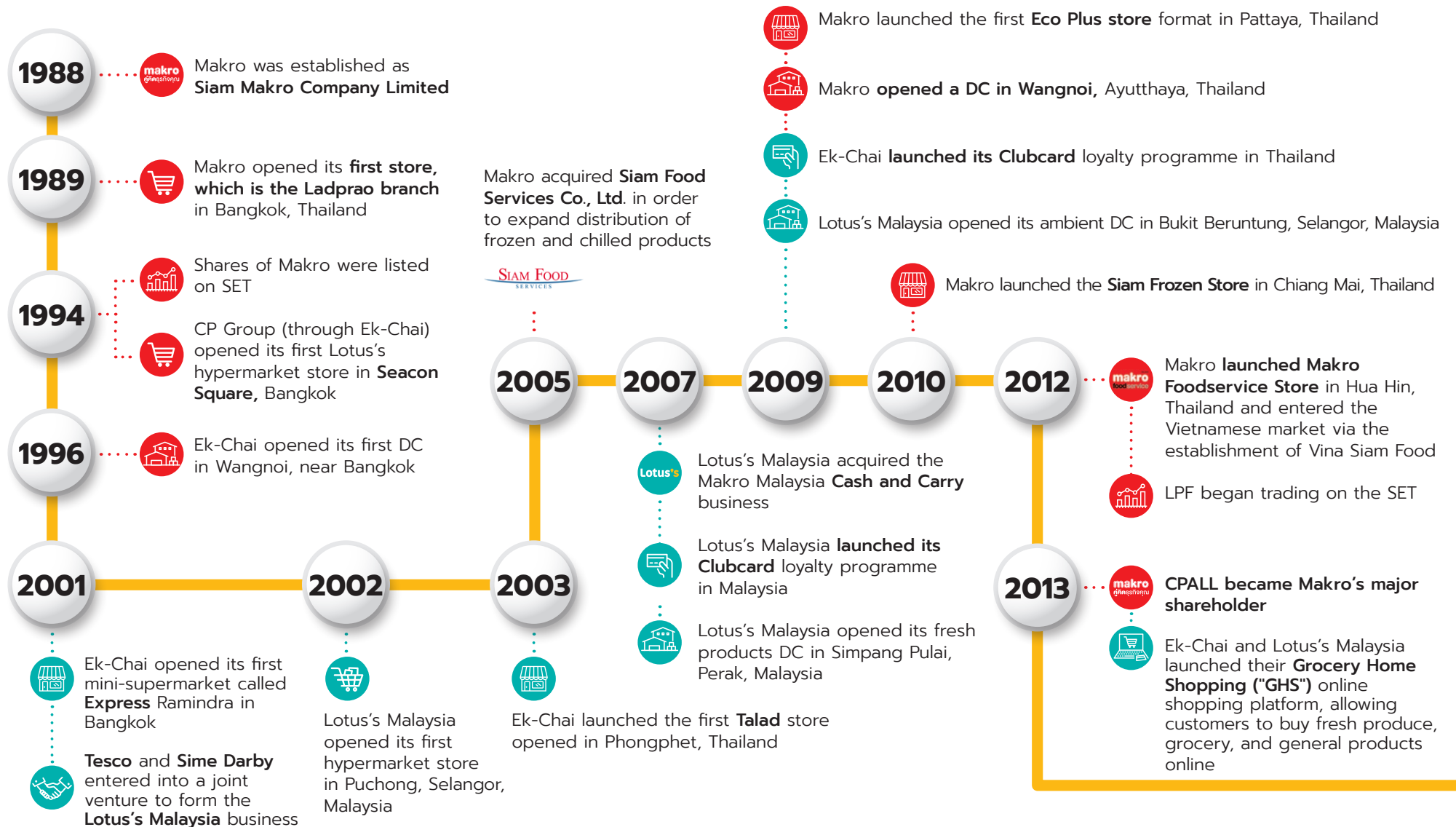
### 1.1.1.4 Business Strategy

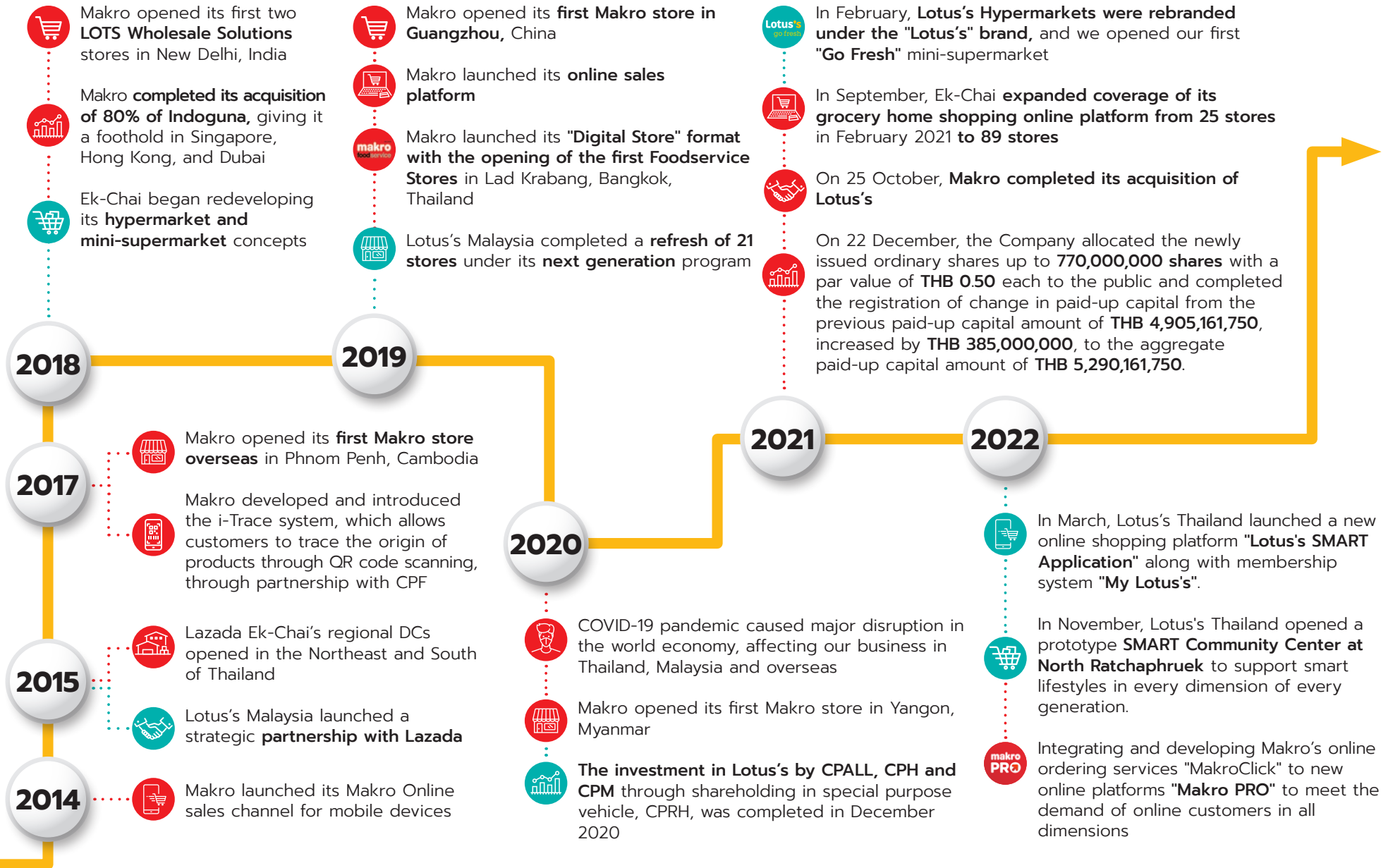
- Build a regional, multi-format, omnichannel retail platform across South and Southeast Asia anchored on fresh food
- Strengthen our operations in Thailand and Malaysia through targeted store network growth, store optimization, digitalization, and transformation of our hybrid stores
- Extend domestic online sales leadership by further investing in and developing food and grocery focused B2B, B2C and B2B2C platforms
- Enhance supply chain capabilities to manage greater sales volumes from online business, fresh food, food service distribution business and store expansions
- Aim to drive cost and network synergies by bringing Makro and Lotus’s platforms together, as well as leveraging the full capabilities of the CP Group to drive further upside in the long terms
- Create a platform of opportunity for all our stakeholders, with strong corporate governance



### 1.1.2 Selected key milestones

Makro was established in 1988 to operate a member-based wholesale center under the brand name “Makro”. Makro’s shares have been listed on the SET since 1994 under the trading symbol “MAKRO”. On 25 October 2021, we acquired 99.9% of the shares of Lotus’s through the entire business transfer of CPRH to us. Selected key milestones relating to our business are set out below:







### 1.1.3 Use of Proceeds from the public offering in the registration statement for securities offering

The Company proceeded the Public Offering according to the registration statement for securities offering which have become effective on 2 December 2021. In this regard, the Company received net proceeds from the offering in the amount of Baht 32,942.82 million. As at 31 December 2022, the Baht 22,423.19 million of such proceeds have been used, resulting a remaining amount of Baht 10,519.63 million.

In order to reduce the interest burden on loans and to increase the efficiency of cash management for best benefits of the Group, the Board of Directors' Meeting No. 7/2022 held on 25 November 2022 approved the change in the objective of utilization of remaining amount of the proceeds. Details appears in the Company's disclosure submitted to the Stock Exchange of Thailand on 25 November 2022.

The Company would like to report the objectives and status of the use of proceeds from the Public Offering as of 31 December 2022 as follows:

Unit : Baht million

Objectives of the Use of Proceeds	Original, Planned	Proceeds Used as at 30 June 2022	Remaining as of 30 June 2022	New Allocation Plan <sup>2</sup>	Proceeds Used from 1 July to 31 December 2022	Remaining as of 31 December 2022
1. Investments in businesses and/or projects for our core businesses and/or in projects with the potential to support and expand core businesses of the Company and/or subsidiaries	16,471.41	2,547.32	13,924.09	4,124.09	3,404.46	719.63
2. Repayment to the existing indebtedness of the Company and/or subsidiaries	16,471.41	16,471.41	-	9,800.00	-	9,800.00
3. The working capital of the Company and/or subsidiaries	Remaining from the proceeds above	-	-	-	-	-
<b>Total</b>	<b>32,942.82</b>	<b>19,018.73</b>	<b>13,924.09</b>	<b>13,924.09</b>	<b>3,404.46</b>	<b>10,519.63</b>

**Remarks**<sup>1</sup> Utilization plan for the proceeds received from the offering and allocation of newly issued ordinary shares as previously disclosed in the registration statement and draft prospectus.

<sup>2</sup> New utilization plan for the proceeds received from the offering and new allocation of newly issued ordinary shares. Detail appears in the Company's disclosure submitted to the Stock Exchange of Thailand on 25 November 2022.

### 1.1.4 Obligation which the Company has a commitment in the registration statement for securities offering (Form 69-1)

- None -

### 1.1.5 Other information relating to the Company

**Company's Name** : Siam Makro Public Company Limited

**Company's Abbreviation** : MAKRO

**Head office** : 1468 Phatthanakan Road,  
Phatthanakan Sub District,  
Suan Luang District, Bangkok 10250

**Business Type** : Retail and wholesale business, and  
mall management

**Company registration No.** : 0107537000521

**Tel.** : 0 2067 8999

**Fax.** : 0 2067 9888

**Website** : www.siammakro.co.th

**Registered capital** : Baht 5,586,161,750.00 with  
(As of 31 December 2022) 11,172,323,500 shares at a par value  
of Baht 0.50 each

**Issued and paid - up capital** : Baht 5,290,161,750.00 with  
(As of 31 December 2022) 10,580,323,500 shares at a par value  
of Baht 0.50 each



## 1.2 Nature of Business

Unless stated otherwise, Retail business's unaudited pro forma consolidated financial information is provided on the premise that CPRD has acquired Lotus's Thailand, which held a 99.9% stake in Ek-Chai and Lotus's Malaysia effective 1 January 2020. For the fiscal year of CPRD ends on 31 December, the financial statements of Lotus's Thailand and Lotus's Malaysia have fiscal years ending 28 February. While the information presented in this document for Lotus's Thailand and Lotus's Malaysia for 2020 is based on the fiscal years of Lotus's Thailand and Lotus's Malaysia ending 28 February 2021. However, the data for 2021 and 2022 are based on the fiscal years ended 31 December 2021 and 31 December 2022, respectively. While the data of Makro and companies in the group other than Lotus's Thailand and Lotus's Malaysia for 2020, 2021, and 2022 represent the fiscal year ending 31 December 2020, 31 December 2021, and 31 December 2022, respectively.

### 1.2.1 Revenue Structure

The total revenue of the business group by business category are as follows:

Business Group	Operated By	Company Shareholding (%)	Years Ended 31 December					
			2020		2021		2022	
			Baht million	%	Baht million	%	Baht million	%
<b>Wholesale Business</b>								
<b>Wholesale Store</b>								
Revenue from sale of goods	SML		209,926	48.8	216,175	49.9	235,246	50.2
Revenue from rendering of services	MROH	99.99	3,756	0.9	3,926	0.9	4,238	0.9
	PRO	99.99						
	ARO	99.99						
	MAC	70.00						
	CPWI	99.99						
	MGZ	99.99						
	MM	99.99						



Business Group	Operated By	Company Shareholding (%)	Years Ended 31 December					
			2020		2021		2022	
			Baht million	%	Baht million	%	Baht million	%
<b>Food Service</b>								
Revenue from sale of goods	SFS	99.99	4,214	1.0	5,169	1.2	7,191	1.5
Revenue from rendering of services	NDV	100.00	1	0.0	1	0.0	3	0.0
	INDS	80.00						
	INDD	80.00						
	JM	80.00						
	LL	80.00						
	MAXZI	80.00						
	INDC	99.99						
Other Income <sup>(1)</sup>			863	0.2	987	0.2	1,401	0.3
<b>Total Revenue - Wholesale Business</b>			<b>218,760</b>	<b>50.9</b>	<b>226,258</b>	<b>52.2</b>	<b>248,079</b>	<b>52.9</b>
<b>Retail Business</b>								
<b>Lotus's Thailand</b>								
Revenue from sale of goods	LTTH	99.99	162,962	37.9	159,272	36.7	169,084	36.0
Revenue from rental and rendering retail services	ECDS	99.99	9,670	2.2	9,348	2.2	10,786	2.3
<b>Lotus's Malaysia</b>								
Revenue from sale of goods	LTMY	99.99	34,498	8.0	34,457	7.9	35,661	7.6
Revenue from rental and rendering retail services			1,518	0.4	1,555	0.4	2,248	0.5
Other Income <sup>(2)</sup>			2,459	0.6	2,835	0.6	3,273	0.7
<b>Total Revenue - Retail Business</b>			<b>211,107</b>	<b>49.1</b>	<b>207,467</b>	<b>47.8</b>	<b>221,052</b>	<b>47.1</b>
<b>Total</b>			<b>429,867</b>	<b>100.0</b>	<b>433,725</b>	<b>100.0</b>	<b>469,131</b>	<b>100.0</b>



**Notes:**

- (1) Other incomes of Wholesale business include last-mile delivery service, waste sales revenue, Revenue from rental and rendering retail service, and interest income.
- (2) Other incomes of Retail business include foreign exchange gains (losses), revenue from rendering of services, net derivatives gains and interest income.

Revenue Structure in the table above may differ from that in the SET's Structured Data System as information provided in the SET's Structure Data is based on audited consolidated financial statements.

**Company Name:**

SML	Siam Makro Public Company Limited
PRO	Pro Mart Company Limited
SFS	Siam Food Service Company Limited
MROH	Makro ROH Company Limited
INDV	Indoguna Vina Food Service Company Limited
ARO	ARO Company Limited
INDS	Indoguna (Singapore) Private Limited
MAC	Makro (Cambodia) Company Limited
INDD	Indoguna Dubai Limited Liability Company
CPWI	CP Wholesale India Private Limited
INDL	Indoguna Lordly Company Limited
MGZ	Makro (Guangzhou) Food Company Limited
INDC	Indoguna (Cambodia) Company Limited
MM	ARO Commercial Company Limited
JM	Just Meat Company Limited
MAXZI	Maxzi The Good Food Restaurant & Cafe Limited Liability Company
MGH	Guangzhou Huadu Makro Food Supermarket Company Limited
LTTH	Lotus's Stores (Thailand) Company Limited
ECDS	Ek-Chai Distribution System Company Limited
LTMV	Lotuss Stores (Malaysia) Sdn. Bhd.

The following table shows Wholesale business's total revenue and Retail business's total revenue, domestically and internationally, for the specified periods:

	Years Ended 31 December					
	2020		2021		2022	
	Baht million	%	Baht million	%	Baht million	%
<b>Wholesale Business</b>						
<b>Wholesale Store</b>	<b>213,682</b>	<b>49.7</b>	<b>220,101</b>	<b>50.8</b>	<b>239,484</b>	<b>51.1</b>
Thailand	207,118	48.2	213,639	49.4	231,245	49.3
International	6,564	1.5	6,462	1.4	8,239	1.8
<b>Food Service</b>	<b>4,215</b>	<b>1.0</b>	<b>5,170</b>	<b>1.2</b>	<b>7,194</b>	<b>1.5</b>
Other Income <sup>(1)</sup>	863	0.2	987	0.2	1,401	0.3
<b>Total Revenue - Wholesale Business</b>	<b>218,760</b>	<b>50.9</b>	<b>226,258</b>	<b>52.2</b>	<b>248,079</b>	<b>52.9</b>
<b>Retail Business</b>						
Lotus's Thailand	172,632	40.1	168,620	38.9	179,870	38.3
Lotus's Malaysia	36,016	8.4	36,012	8.3	37,909	8.1
Other Income <sup>(2)</sup>	2,459	0.6	2,835	0.6	3,273	0.7
<b>Total Revenue - Retail Business</b>	<b>211,107</b>	<b>49.1</b>	<b>207,467</b>	<b>47.8</b>	<b>221,052</b>	<b>47.1</b>
<b>Total</b>	<b>429,867</b>	<b>100.0</b>	<b>433,725</b>	<b>100.0</b>	<b>469,131</b>	<b>100.0</b>

**Notes:** <sup>(1)</sup> Other incomes of Wholesale business include last-mile delivery service, waste sales revenue, Revenue from rental and rendering retail service, and interest income.

<sup>(2)</sup> Other incomes of Retail business include foreign exchange gains (losses), revenue from rendering of services, net derivatives gains and interest income.



## 1.2.2 Product Information

The Company's business is divided into two core businesses:

- Wholesales business is consisted of the Company's wholesale stores under "Makro" in Thailand and international except India, and Foodservice business.
- Retail Business, which is operated by Lotus's in Thailand and Malaysia.

### (1) Product Characteristics

#### (1.1) The Wholesale Business

The wholesale business is divided into the following two sub-business groups:

- Wholesale Store: the core wholesale business of by distribution centers under "Makro" in Thailand (Makro-Thailand) and abroad (Makro-International) with exclusive rights to the registered trademark of "CPALL," the major shareholder of the Company. The business focuses on both third-party brands and private labels of general consumer goods, including fresh food, dry goods, and non-food products, to three main target customer groups, namely operators in retailing, HoReCa, and the hospitality industry. As of 31 December 2022, the Company operates 152 stores in Thailand, 4 in India (under "LOTS Wholesale Solutions"), 3 in Cambodia, 2 in China, and 1 in Myanmar.
- Foodservice: the core food business of premium food import-export-distribution, alongside related services and delivery, where the products vary from the normal Wholesale Store offerings, be it by variety, price range, or target customer group-the latter being 4-5 star hotels, fine-dining and upscale restaurants, airline-related businesses, retail stores, and E-commerce companies. As of 31 December 2022, this business offers services in 14 cities and 6 countries, namely Thailand, Cambodia, Vietnam, Singapore, Hong Kong, and the United Arab Emirates.

The Company specializes in sourcing and providing a selection of exquisite top-shelf prepared foods from excellent foreign sources, be they bakery and pastry, beverages, charcuterie (processed pork products), fine-dining and delicatessen, dairy products, fruits and vegetables, the meat department, plant-based foods, seafood, snacks, or finger foods, among other consumer delights.

The Foodservice business offers over 100 brands that meet the highest standards of international food safety and quality control criteria. In addition to the premium brand names, private label products under Company trademarks are offered as an alternative for customers through normal distribution channels as well as Wholesale store, namely Carne Meats charcuterie, Ocean Gems seafood, and Masterpiece halal dim sum. Makro-Customer Growing Together counseling services are provided to support partners and operating customers in business planning and operations through flexible customized plans and full-range food product services, among other consultation capacities.

#### (1.1.1) Wholesale Store Customers

Small and medium-sized business-to-business (B2B) customers of Wholesale Store in various industrial sectors. The three main groups are as follows:

- Retailers: consumer goods retailing operators, including grocery stores, minimarts, and local shops.
- HoReCa operators: hotels, restaurants, and catering businesses, including small and medium-sized shops and street vendors providing a variety of food and beverages.

- Service providers: government agencies and businesses in various sectors, including schools, hospitals, non-profit organizations, beauty parlors, printing, and laundromats, among other retailing and service-based businesses.

In addition, the Company's Wholesale store also serves the following customer groups:

- Distributors: small and medium-sized independent regional wholesaling operators providing food-related products.
- Other parties such as small B2B businesses, street vendors, and non-food retailing operators, including large families, consumers, and customers in demand for large quantities of food.

The Wholesale Store business underscores "Makro" membership programs where a one-time customer registration is required to become a "Makro" Member, free of charge, to receive special member-only privileges, and most importantly, tax invoices-the primary reason most customers become a member. As of 31 December 2022, Makro has approximately 4.5 million members. A number of Makro Rewards campaigns are introduced and tailored to different customer groups to add membership value, support B2B customers, and encourage sign-ups, rewarding numerous member-only privileges, special offers, discounts, and promotions, among other special concessions, through the Makro Loyalty program that meets both the business and personal consumption needs of customers.



The Company grants approximately 30-day credit terms for specific Wholesale Store service providers and HoReCa operators to enhance their competitiveness in the market where the Company operates, although the proportion of their sales remains relatively small.

The following table compares Wholesale store revenue from sale of goods in Thailand and International by customer group for the year endings 31 December 2020, 2021, and 2022:

	Years Ended 31 December					
	2020		2021		2022	
	Baht million	%	Baht million	%	Baht million	%
<b>Wholesale Store Customer Segment</b>						
Retailers	51,912	24.7	58,397	27.0	55,530	23.6
HoReCa	53,031	25.3	52,850	24.4	65,537	27.9
Service	14,853	7.1	14,228	6.6	16,016	6.8
Distributors	13,884	6.6	14,423	6.7	15,207	6.5
Other customers	76,246	36.3	76,277	35.3	82,956	35.2
<b>Total Wholesale store revenue from sale of goods</b>	<b>209,926</b>	<b>100.0</b>	<b>216,175</b>	<b>100.0</b>	<b>235,246</b>	<b>100.0</b>

The Wholesale store business is continually developed to meet the changing needs of B2B clients and go above and beyond customer expectations as a reliable business partner.

Since the first overseas store in Cambodia in 2017, the company has commenced a total of 10 other centers overseas, including 1 classic center and 2 Eco Plus stores in Cambodia, 4 Eco Plus stores under LOTS Wholesale Solutions in India, 2 food service outlets in China, and 1 Eco Plus store in Myanmar.

The first business establishment overseas in any given country allows the Company to study the local market and evaluate potential business expansions in the future. Notwithstanding COVID-19 epidemic repercussions, the Company has delayed overseas plans until the situation ensures plans can be fully implemented without encountering outsized obstacles or restrictions.

For the year ending 31 December 2022, Makro-International sales revenue accounted for 3.4% of the total sales revenue from the wholesale business.

The following table shows the same-store sales growth (SSSG) of Makro Thailand for the year endings 31 December 2020, 2021, and 2022:

	Years Ended 31 December		
	2020	2021	2022
Same-store sales growth	1.9%	2.5%	6.8%



### (1.1.2) Wholesale Store Products

The Wholesale Store business provides a wide range of consumer goods in the following 3 main groups:

- Fresh food: fresh, chilled, and frozen food, including fruits and vegetables, deli, meat, seafood, dairy, and bakery products, among others.
- Dry food and daily necessities: fast-moving consumer goods (FMCG), non-durable packaged goods, beverages, snacks, consumer groceries, cleaning supplies, cleansing products, and cosmetics, among others.
- Consumer goods: electronics, appliances, kitchen equipment, tableware, furniture, office equipment, HoReCa-related products, food industry clothing, stationery, office supplies, home appliances, and household maintenance, among others.

Given the focus on fresh food products, a number of qualified, competent manufacturers are outsourced to produce a variety of private label products under the Company's trademarks as an alternative for customers in addition to the well-known brand names and distributors. The Company determines the private label specifications, ingredients, and recipes to provide good quality at cost-effective prices and continuous improvement of product quality and variety to meet the rapid, ever-changing consumption needs and preferences. The main private labels offered in Wholesale store are as follows:

- Aro is the main brand for B2B products consisting of raw materials, cooking utensils, and consumer goods.
- Savepak is an entry-level product brand.
- M&K is a brand for snacks and beverages, targeting small retailers.
- Q-Biz is a brand for office supplies.

The private label brands are owned by CPALL with a 0.5% royalty fee on sales revenue, including the gross margin, from the first 10 distribution centers that commenced operations under Makro Thailand.

The following table shows the Wholesale store revenue from sale of goods in Thailand by product type for the year endings 31 December 2020, 2021, and 2022:

	Years Ended 31 December					
	2020		2021		2022	
	Baht million	%	Baht million	%	Baht million	%
<b>Wholesale Store Product Group</b>						
Fresh food	79,373	37.8	83,167	38.5	93,418	39.7
Dry food and daily necessities	112,784	53.7	115,288	53.3	123,540	52.5
Consumer goods	17,769	8.5	17,720	8.2	18,288	7.8
<b>Total Wholesale store revenue from sale of goods</b>	<b>209,926</b>	<b>100.0</b>	<b>216,175</b>	<b>100.0</b>	<b>235,246</b>	<b>100.0</b>

The product mix strategy focuses on fresh food business growth to maintain the Company's position as a leader in the fresh food market in Thailand by increasing fresh food sales space and product range as well as improving supply chain system capacities. In addition, as the Company focuses the product mix strategy for highly secure, trustworthy, and cost-effective HoReCa clients, a full-range food raw material plan is developed to proffer the sector with private label products that add special value for money. For the year ending 31 December 2022, private label sales accounted for 15.6 of the total Makro Thailand sales.

### (1.1.3) Wholesale Store Distribution Channels

Wholesale Store offers products through both off- and online channels, the former being the "Makro" distribution centers. As of 31 December 2022, Wholesale Store expanded to a total of 162 stores, 152 branches being in Thailand and 10 abroad, comprising 6 different distribution-center formats that vary in terms of target customers, sales space, location, and product mix.



The following table compares Wholesale Store offline and online revenue from sale of goods for the year endings 31 December 2020, 2021, and 2022:

	Years Ended 31 December					
	2020		2021		2022	
	Baht million	%	Baht million	%	Baht million	%
<b>Wholesale Store Channel</b>						
Offline	192,055	91.5	191,856	88.8	202,087	85.9
Online	17,871	8.5	24,319	11.2	33,159	14.1
<b>Total Wholesale store revenue from sale of goods</b>	<b>209,926</b>	<b>100.0</b>	<b>216,175</b>	<b>100.0</b>	<b>235,246</b>	<b>100.0</b>

### 1) Offline Channels

The Wholesale Store offline channel consists of 6 distribution-center formats:

- **Classic Store:** the first distribution center designed, developed, and launched by Makro Thailand under the "Complete Product, Good Service, Cheap Price" concept, catering to a wide range of customers, especially HoReCa operators, with small retailers being the main customers. Each branch has an average sales area of about 5,500 to 12,000 square meters. Classic Stores are operated a great many throughout Thailand with a highlight of a complete variety of fresh food, dry food, and consumable products at prices affordable and suitable for small B2B retailers to resell for profit. Over the years, the Company has emphasized fresh food provision through this offline classic by expanding the sales space, which has proven to be increasingly attractive to HoReCa operators
- **Eco Plus Store:** as a Classic Store brainchild, this store format further expands the fresh food space to meet the needs of B2B customers, be the retailers or HoReCa customers, with an average sales area between 5,000 and 7,000 square meters at each branch. The stores are generally located in urban Bangkok areas with a high concentration of HoReCa operators.

- **Foodservice Store:** the new type of distribution center is designed and developed to offer a one-stop shopping service for HoReCa customers with an average sales area ranging from 1,000 to 5,000 square meters. The highlight is the focus on fresh food and dry food products that are highly in demand by HoReCa operators. Other consumer products are offered in the remaining space, also catering to HoReCa's needs.
- **Food Shop:** this format is designed and developed from a food service distribution center into a fresh-dry food selection space. Food Shops are generally located near small and medium HoReCa operators for their shopping convenience with minimal travel with an average sales area of 1,000 square meters or less.
- **Fresh@Makro Store:** a new retail store developed with a focus on fresh food first opened in June of 2020 in Bangkok with a sales area of 800 square meters to facilitate small and medium-sized HoReCa customers in the surrounding area, making it easy to shop without having to travel far. The store also caters to large families and consumers in demand of large quantities of food and plays a key role in the Company's Wholesale Store business expansion strategy.
- **Siam Frozen Shop:** a small frozen food shop developed to increase frozen and dry food distribution channels for small restaurant operators in the surrounding areas with an average sales space ranging between 80 and 260 square meters.

As of December 31, 2022, Makro Thailand has distribution centers located in 69 out of 77 provinces across Thailand.



The following table shows the number of Wholesale Store by format and location as of 31 December 2020, 2021, and 2022:

Wholesale Store Format	Years Ended 31 December		
	2020	2021	2022
Classic	79	79	80
Eco Plus	15	15	16
Foodservice	30	35	42
Food Shop	5	5	4
Fresh@Makro	1	1	3
Siam Frozen	7	7	7
Thailand	137	142	152
Overseas	7	7	10
<b>Total</b>	<b>144</b>	<b>149</b>	<b>162</b>

Optimizing the supply chain, distribution system, and logistics network for the wholesale business is a main business strategy that allows the Company to maintain adequate inventory levels of fresh and high-quality products across distribution centers nationwide, ensuring the customers enjoy the best value for money while profitable margins return to the Company in the same process.

As of December 31, 2021, Makro had the following 7 main distribution centers (DCs) in Thailand:

Distribution Center Type and Location	Space (sq. m.)
Fresh Food - Wang Noi (Central)	10,446 (+ 8 additional warehouses)
Fresh Food - Mahachai (Bangkok Perimeter)	22,533
Dry Food - Wang Noi 1 (Central)	20,100
Dry Food - Bangna (Samut Prakan)	24,043
Dry Food - Wang Noi 2 (Central)	22,050
Fresh Food - Chaing Mai (Northern)	640
Ambient fulfillment center	6,848

The Company has a fresh food distribution-oriented plan as customers need a reliable source for on-demand high-quality fresh food that delivers on time. Most of Makro's fresh food producers and distributors rely on Company transportation, storage, and distribution network for their products, whereby special teams are assigned to Makro distribution centers, consisting of Company employees and quality control personnel on duty. DHL is also outsourced to operate the distribution centers and jointly provide logistics services with other small and medium-size logistics companies, comprising a logistics fleet of over 600 transport trucks that handle in and outbound shipments to-from Company distribution centers.

By the end of 2022, an ambient fulfillment center had commenced services to support online business expansion, stocking over 5,000 popular dry goods for distribution both in Bangkok and the Bangkok Metropolitan Area. Makro distribution capacity will improve and increase with the establishment of a new 88,000 sq.m. distribution center in Wang Noi District in the Central Region of Thailand, with Phase 1 to commence fresh food services in 2023 and Phase 2 to commence dry food services in 2024, respectively, replacing currently operational legacies, namely the Wang Noi Fresh Food Distribution Center, Wang Noi



Dry Food Distribution Center 1, and Wang Noi 2 Dry Food Distribution Center. The new distribution center will focus on fresh food, dry food, and online order fulfillment.

Company procurement is mostly directly from the manufacturers who ship the products to the Company's distribution centers. Large volumes of products are distributed from the distribution centers to sub-distribution centers, stores, or directly to the customers via last-mile delivery. This process optimizes efficiency in shipment volume and cargo handling, reducing the costs otherwise incurred by the traditional multi-step distribution channels.

## 2) The Online Platform

As the Company realizes the changed economy based on a fully fetched digital cashless society where customers enjoy another level of purchasing behavior and expect convenient and prompt transactions and services as the norm, new online channels have been initiated for Makro's Wholesale Store through online Company platforms, namely the MakroClick.com website, the mobile Makro Application, and the Makro Line Official Account, with full-time sales staff standing by to service both online customers and in person foot traffic. Given the online customer growth potential through both small and B2C retail operators, the Company has expanded the legacy online platform to integrate trading entrepreneurs for the online ordering service through MakroClick.com to the AI-equipped Makro PRO online application to attract more targeted customer segments, better meet all dimensions of online trading and product needs, and create a favorable online shopping experience where customers can choose from over 50,000 items from either Makro (1P), and the partners (3P), effectively expanding the customer base through the online application and increasing online sales for the Company in the process.

The Makro PRO point system is also in place for customers to collect points from new purchases, where 1 point earned for every 1,000 baht spent can be used as a discount, accumulate more points, and apply accumulated points through the Makro PRO app in Makro branches throughout Thailand. Customers can also opt to pay for their order in various ways, be it by cash, credit card, online bank transfer, or e-Wallet application, as well as opt to receive their order via delivery or self-pickup options, like "You Order, We Deliver" that included last-mile delivery service, the Speed M Express Delivery, or the Curbside Pickup service where customers can pick up their online order by themselves at the designated service point.

As the COVID-19 pandemic inadvertently led on a massive surge in demand for online shopping, the Company has leveraged its resources to optimize its online distribution infrastructure to offer all Makro product categories through an online platform. Ordered products are processed and delivered to customers through classic distribution centers with space allocated for online sales. While the dark store was an area that exclusively dedicated to facilitating fulfillment operations as an online channel without a physical storefront for order processing, inventorying, distributing, and delivering high-demand products for online orders, each occupying approximately 1,000 to 2,000 square meters of space.

### (1.1.4) Wholesale Store Pricing Strategy

The ability to set product prices at a competitive level for retail customers is one of Makro's key advantages in maintaining its competitive advantage and position as the market leader. As such, the following pricing strategies are used by the Company:

- Cost control to maintain leading price levels in the market and continuous improvement of organizational structure and supply chain efficiency.
- Competitive product pricing in regional markets with regular price evaluation and adjustments accordingly.
- Maintaining long-term relationships and cooperation with manufacturers and distributors of Company products.
- Pricing criteria in comparison with wet market, local modern wholesalers, and retailers of dry or packaged food

The Company believes sustainable development relies on steady progress and growing together in tandem with the support policy to help entrepreneurs develop to increase their competitiveness. Makro business development teams are in place to plan and develop retail operators and hotel-restaurant business operators, namely the Makro Retailer Alliance (MRA) and the Makro HoReCa Academy (MHA) projects, respectively. Moreover, A B2B Sales Team is also developed to ensure Makro entrepreneurial customers are closely taken care of and experience a positive engagement as Makro customers

- The Makro Retailer Alliance (MRA) project has been operating with Thai retailers for over 16 years with the main objective of empowering retail customers with practical retail and store management advice and knowledge through various channels, such as the Makro Retailer Expo and the Regional Retailer Fair,



along with facilities improvement in collaboration with university students, among others.

In 2022, Makro's MRA raised the store development level by identifying and analyzing problems, and developing business models for partner stores under the Friendly Community Retail project (FR Club) to increase the competitiveness of retailer stores by upgrading and modernizing them to meet the standards and needs of modern consumers with proficiency in 5 main areas:

1. Retail store management knowledge gathered from the success of over 600,000 Makro retailer nationwide.
2. Store layout, standard equipment arrangement, and product display with the MRA network banner under the FR Club.
3. Signature products and services to recommend in a wide variety that yield high margins and meet the needs of shopkeepers and consumers in the community.
4. Technological update and Smart Store Management System like POS
5. Delivery services supervised by Makro's professional sales team with shipments directly to the retailer's shop.

The FR Club has a plan to continuously expand the MRA network of retail shops to support steady growth and sustainable development for the Thai society.

- B2B Sales Team is set up to facilitate and meet entrepreneurial customers regularly to discuss products and services and render assistance as needed to develop and expand their business in different formats, be it an entrepreneurial operator, grocery store, restaurant, or hotel, in a time-saving process where orders through the sales teams are delivered to their storefront.

- MHA is a HoReCa support team to promote sustainable growth with HoReCa customers and build capacities in three main areas, namely proficiency development, trade privileges, and business alliances. It also offers hands-on activities and training, offline and online, ranging from recipe preparation, financial management, and marketing and advertising techniques. Entrepreneurs can visit the online platform at MakroHoReCaAcademy.com anytime and the MAKRO HoReCa Fair to access and study available knowledge, and form business alliances to support the HoReCa business and entrepreneurs and grow together. Under the MHA program, the Makro Culinary Center (MCC) is a training center for HoReCa customers to share food-related information, knowledge, experiences, and food business trends, as well as transfer skills relating to cooking and food business management to customers, particularly new business operators, alongside Makro staff. MCC also provides research and development capacities for fresh and dry food products with systematic testing and evaluation for quality control

### **(1.2) Lotus's Thailand**

Lotus's operates a retail business and manages rental space in shopping centers in Thailand through Lotus's Thailand which holds shares in its subsidiary, Ek-Chai. Lotus's is the leading multi-channel retailer in Thailand, either store-space or market-share-wise. As of 31 December 2022, Lotus's had 2,578 stores in 75 out of 77 provinces across Thailand, consisting of 223 hypermarkets, 202 supermarkets, and 2,153 mini-supermarkets. Lotus's retail business in Thailand is secured with a supply chain system and a strong and efficient distribution and logistics domestic network.

The Lotus's retail business model was developed to enhance the Lotus's brand and proven strategies to generate profitable growth through business operations. Lotus's also drives growth with ongoing investment projects in the following areas:

- Quality improvement of products and services at a cost-effective price
- New store embellishment, decoration, and modernization, as well as applying new technological systems to optimize Lotus's business operations and boost customer convenience
- Branch increase to cover more areas in Thailand with expanded distribution channels through vending machines and other pipelines
- The Lotus's SMART Application online distribution platform launched in March 2022 to accelerate online sales growth, leveraging a network of over 2,000 stores across the country and improving efficiency and collaboration with other popular online platforms, particularly Grab, Shopee, and Lazada to increase consumer's distribution points
- Core business strengthening by expanding into related businesses such as coffee and café chains under Jungle Café and Arabitia, and collaborating with the CP Group to expand the scope of retail product offerings





### 1.2.1 Lotus's Thailand

The following table shows Lotus's Thailand sales breakdown by channels for the specified periods:

	28 February 2021 <sup>(1)</sup>		31 December 2021 <sup>(1)</sup>		31 December 2022	
	Baht million	%	Baht million	%	Baht million	%
<b>Retail Revenue</b>						
Hypermarkets	98,271	60.3	91,196	57.3	92,898	54.9
Supermarkets	21,123	13.0	19,490	12.2	18,700	11.1
Mini-Supermarkets	42,362	26.0	44,924	28.2	50,101	29.6
Online Channels	1,206	0.7	3,662	2.3	7,385	4.4
<b>Total revenue from sale of goods</b>	<b>162,962</b>		<b>159,272</b>		<b>169,084</b>	

Notes: <sup>(1)</sup> Unaudited financial statements prepared by management

The following table shows the average same-store sales growth by Lotus's Thailand distribution channels for the specified periods:

	Years Ended 31 December		
	2020	2021 <sup>(1)</sup>	2022
Same-store sales growth	(6.4)%	(6.3)%	0.2%

Notes: <sup>(1)</sup> A comparison for 1 January 2021- 31 December 2021, compared to 1 March 2020 – 28 February 2021.

### Retail Stores in Thailand

Lotus's operates offline brick-and-mortar retail stores in three formats: hypermarkets (H-Store), Go Fresh supermarkets, and Go Fresh mini-supermarkets

- Lotus's hypermarket in Thailand is a large retail store with a one-stop shopping complex, which normally had sales area of about 2,000 to 7,000 square meters, with an average sales area of about 4,500 square meters. H-Stores focuses on fresh food and dry food, including health and beauty products, household and baby products, home appliances, and clothing, among others. H-Stores provide various services to meet customers' needs, such as top-up, bulk, or stock-up purchases for later use. This mega-retail store is key to the online distribution integration project as a multi-purpose distribution center and an offline foot traffic display center promoting online sales growth. Its hallmark is the consistent sales of competitive everyday affordable products as the main attraction for target Lotus's customers.
- Go Fresh Supermarkets: Lotus's rebranding to Go Fresh supermarket was completed in 2022 as a medium-size retail store with a sales area between 500-1,500 square meters and an average sales area of approximately 725 square meters, serving mostly in commercial or suburban areas under the neighborhood store concept for regular and convenient close-range drive and foot shopping with a focus on the distribution of quality fresh and dry food products, including various consumer products, especially in health and beauty, household goods, and baby products. Customer needs for either top-up additional items or stock-up for later use can be satisfied at Go Fresh. This mid-size retailer also plays a key role in Lotus's online retail business.
- Go Fresh mini-supermarket: the Lotus's mini-supermarket rebranding was completed in 2022 under Lotus's Go Fresh. The small retail store has a sales area of 150 to 400 square meters, and an average sales area of about 170 square meters. As one of the largest mini-supermarket operators in Thailand, Lotus's has positioned mini-supermarkets as a key driver in the future growth of Lotus's Thailand and plans to open 120-150 new stores per year. The mini-supermarket operates in various residential and commercial areas, including petrol-station stores, focusing on fresh food and



consumer products, including other essential daily items for customers' convenient and accessibility to daily top-ups and food preparation shopping. While the express store plays a key role in online close-range on-demand delivery services, it also caters a brand new coffee shop, Jungle Cafés, to increase foot traffic and attract consumers to shop at the store.

The following table shows the number of stores under Lotus's Thailand by store format.

	Year Ended		
	28 February 2021	31 December 2021	31 December 2022
<b>Number of stores</b>			
Hypermarkets	219	222	223
Supermarkets	196	199	202
Mini-Supermarkets	1,679	2,197 <sup>(1)</sup>	2,153
<b>Total</b>	<b>2,094</b>	<b>2,618</b>	<b>2,578</b>

Notes: <sup>(1)</sup> A total of 305 stores of CP Fresh Mart, which were included in the 4<sup>th</sup> quarter of 2021

### Online Channels

In addition to brick-and-mortar retailing, Lotus's serves online Thai customers by leveraging an extensive network of hypermarket storefronts that serve as fulfillment hubs. Lotus's online channel serves convenience-centric customers via the Grocery Home Shopping (GHS) online system and allows customers to shop online from more than 200 hypermarkets (as of December 2022). Through the GHS online system, customers can pick up their orders at the store or opt for next-day home delivery. Lotus's has also partnered with other leading online platforms such as Grab, Lazada, Robinhood, Shopee, and Food Panda to offer Lotus's products to customers with next-day or on-demand delivery. With increasing online channels, Lotus's completed the development of an IT system in mid-2022 with a Lotus's online product catalog covering over 2,000 retailers in all formats.

Aside from modernizing relevant operational capacities, namely customer applications and ordering-delivery management systems, and the new IT infrastructure enables a different level of user-friendly and convenient applications that satisfy the unique needs of individual customers. Lotus's Thailand generated Baht 7,385 million of revenue through online sales in 2022, representing 4.4% of Lotus's total retail sales in Thailand and a 101.7% year-on-year growth, and this is expected to continue.

### Retail Optimization Project in Thailand

The Company is committed to developing, optimizing, and expanding Lotus's retail business in Thailand. Several new projects are undergoing as follows:

- *After rebranding the modernized Lotus's*-The rebranding of all stores that completed in 2022 has helped attract new target customer segments, particularly younger customers. While, technological applications have boosted Lotus's business efficiency and customer services, strengthened online sales and new loyalty programs, and facilitates store format optimization by customer segmentation across Thailand.
- *Product and Service Development* - Lotus's main attraction is the wide variety of high-quality offers at competitive asking that serves as a one-stop shopping destination for customers. In particular, Lotus's fresh-food strategy focuses on efficient sourcing from local suppliers that deliver directly to the store to maintain the freshness and quality in a wide variety of fresh foods that are available in all retailing formats, catering to the diverse needs of each customer segment. Lotus's



also invests in private label product development under its trademark alongside other popular brand-name product lines, namely in health, beauty, wellbeing, and home appliances, to expand the options of high-quality, economical products for consumers and the retail market in Thailand. As of 31 December 2022, private label sales accounted for approximately 9.7% of the total retail sales in Thailand. The Company also strives to improve in-shop infrastructural components to optimize the overall shopping experience, such as conducive shop-shelving layouts and product arrangements to recommend suitable products and services for customer needs and technological applications to facilitate self-checkout, alongside in-shop cleaning and safety, among other creative services

- *Hypermarket Transformation* - Lotus's plans to become a Smart Community Center that makes customers 'Feel good every day at Lotus's' and strives to become the purpose of food through a wide well-being matrix of high-quality products, smart living, and personalized value beyond the price and transcends the quality of life and overall sustainability on a daily basis. Lotus's is committed to developing and refurbishing more than 200 hypermarkets to fulfil community with differentiated consumer goods that come with a variety of frozen food products alongside refreshing, modern, and diversified durable as well as non-durable goods, clothing, housewares, or electrical appliances, among many other proffers on display. Special, popular brand names and outlets will be available to attract more foot traffic to spend time and shop in Lotus's stores. Practical, sustainable,

and innovative technological applications that cater to the latest generation lifestyle, namely electric vehicle charging stations and electronic price tags, are introduced to optimize customer shopping satisfaction and Lotus's operational efficiency. Ultimately, the hypermarket optimization goal is to make Lotus's the most efficient and convenient business for every customer.

- *Go Fresh Store Concept* - the rebranding of Lotus's open-market "Talad" supermarket style to the new Go Fresh brand and the Tesco Lotus Express mini-supermarket to Lotus's Go Fresh is the underlying instrument for the Winning With Fresh Company Strategy. Lotus's Go Fresh will focus on presenting fresh food, by weight and by package, leveraging the home advantage as the most convenient, quickest, and best fresh food in the neighborhood. Go Fresh store will focus on a look and store atmosphere of a modern fresh market offering quality fresh selections for daily cooking and household use.
- *Mini-supermarkets* - the Company strives for customer satisfaction by offering a wider variety of consumer goods than conventional convenience stores, with the commencement of the Jungle Café coffee shop and mobile shopping services. Smaller outlets with convertible sales areas to accommodate more products will be upgraded and rebranded as mini-supermarkets under Lotus's Go Fresh. Expanding Store Coverage - As traditional retail stores had a high penetration rate across the country, even in areas without a physical store, the Company plans to open new stores in uncharted territories to make Lotus's stores more accessible to expanded customer bases

to better serve and meet their needs. According to the store expansion plan, the Company aims to open 4-5 new hypermarkets, 5-6 new supermarkets, and 150-200 new mini-supermarkets a year over the next three years.

- *Online Business Growth Acceleration* - the growth of both consumption goods and durable-nondurable goods is accelerated with the launch of Lotus's SMART Application online distribution platform, Lotus's GHS online shopping platform, and improvements to the App's core functionalities, customer applications, order management systems, incoming and outgoing management systems. New online revenue streams are planned with the addition of hypermarket services, Hypermarket on Demand express delivery, Supermarket Scheduled next-day delivery, and the addition of Electronic Mall online stores, as well as Brand collaboration for promotional activities and partnerships with other leading online service providers such as Grab, Lazada, Robinhood, Shopee, and Food Panda to strengthen Lotus's online services



## Retail Product Mix In Thailand

Another key factor in Lotus's retail business success in Thailand is the variety of leading domestic and international products offered in Lotus' stores, including fresh food, consumption and durable-nondurable goods, general goods, liquor and tobacco, or clothing, including from small and medium-size enterprises (SME) as well as Lotus's private label products. The details are as follows:

- *Fresh Food* - the key and the fastest growing product category of Lotus's retail business, includes meat and seafood sections, e.g., pork, poultry, beef, eggs, fish, and shrimp, fresh fruits and vegetables as well as ready-to-eat and ready-to-cook meals, and dairy products, e.g., fresh milk, yogurt, cheese, and ice cream. Lotus's offers affordable top-quality fresh food with carefully selected input and raw materials of the highest quality to ensure consumption safety under applicable legal regulations and requirements.
- *Consumers Goods*
  - *Dry Food Consumer Goods* - includes cooking product, e.g., cooking oils, sauces, condiments; beverages, e.g., water, juices, coffee, and tea; dry foods, e.g., rice, instant noodles, and cereals; pasteurized and plant-based milk; infant products, e.g., milk powder and dairy food; confectioneries, e.g. biscuits, snacks, and candy; dietary supplements, canned foods, and baking machines. Lotus's carefully curates the product mix and availability through multiple distribution channels with a variety of price ranges, brands, and imports, keeping a close relationship with overseas suppliers to continually retain and expand the range of quality products to meet customer needs

- *Non-durable Fast-moving Consumer Goods* - consists of health and beauty products, e.g., shampoo, soap, toothpaste, lotion, cosmetics, medicine; household goods, e.g., detergent, fabric softener, dishwashing liquid, floor cleaner, insecticide; household paper, e.g., toilet paper, paper towels, facial tissues, sanitary napkins, and adult diapers; baby products, e.g., baby diapers and baby supplies; and pet food and accessories. Lotus's prioritizes a wide range of leading brand-name products, all sourced directly from the supplier to meet the retail needs of all customers where Lotus's operates.
- *General Merchandise*: includes household appliances and products, e.g. toys, stationeries, sports equipment, bathroom and bedroom products and accessories, furniture, bags and suitcases, plastic storage boxes, kitchen utensils, auto accessories, electronics, and home improvement DIY products that require self-assembly and installation. Lotus's offers high-quality products for daily usage, including Lotus's private label and thus is able to differentiate and boost product value for customers with a wider range of product mix quality. Lotus's is also focused on offering a wide range of kitchen and food preparation products to leverage its hallmark as the nation's leading food distributor and optimize in-store sales spaces for the changed consumer behavior and food trends. For electronics, Lotus's offers small and large appliances, e.g., TV, refrigerators, air conditioners, and washer-dryer machines; small appliances, e.g., rice cookers, electric pots, floor fans, vacuum cleaners, and hair dryers, among other e-products. With the CP Group, Lotus's collaborates co-marketing campaigns to offer products in the electronics section, namely mobile phones,

SIM cards, and internet-connected home goods, such as smart bulbs, power sockets, and thermostats, along with electronics accessories, and have a joint effort to develop online telehealth consultation services where customers can seek doctor consultation online at the store

- *Liquor and Tobacco* - the liquor and tobacco line includes beer, wine, and spirits, as well as a wide range of both locally produced and imported tobacco products for each store format.
- *Clothing* - Clothing products include everyday wear, with a focus on essential comforts for all family members

As an alternative to brand-name products, Lotus's offers over 1,000 private-label products under the Company's trademark in the 3 following groups:

- Lotus's is the Company's core brand, offering various groups of high-quality products at a cost-effective price.
- Value is an entry-level brand for everyday life-essential brand, providing an alternative at very cost-effective prices suitable for family savings.
- Prestigo is a premium brand of, mainly, high-quality food and kitchen products at a competitive price.



Lotus's continuously develops private label merchandise under the Company's trademark, such as Momento for home goods, Aliv for health and beauty products, NaxNax for snacks, Cute & Care for mother and baby products, and MeStyle for clothing products. The following table shows Lotus's retail revenue in Thailand by products type for the specific period:

	Year Ended					
	28 February 2021 <sup>(1)</sup>		31 December 2021 <sup>(1)</sup>		31 December 2022	
	Baht million	%	Baht million	%	Baht million	%
<b>Retail Revenue</b>						
Dry grocery	92,942	57.0	87,235	54.8	90,281	53.4
Fresh food	33,240	20.4	36,735	23.0	41,750	24.7
Non-Food	36,780	22.6	35,302	22.2	37,053	21.9
<b>Total revenue from sale of goods</b>	<b>162,962</b>		<b>159,272</b>		<b>169,084</b>	

Notes: <sup>(1)</sup> Unaudited financial statements prepared by the management

### Retail Customers in Thailand

Lotus's retail customer segments in Thailand vary by age, income, and household size ranges. The key strengths of Lotus's in attracting customers include:

- The attitude of customers toward Lotus's products as the value for money.
- Lotus's dedication to customer service and involvement in the local community.
- The 2022 Net Promoter Score increased by 6 points year-on-year, coinciding with Lotus's receiving awards from various agencies
- Retail Asia Awards 2022: Brand Transformation of the Year, Marketing Initiative of the Year, and Sustainability Initiative of the Year
- Adman Awards 2022: The Brand That Shifts Award.
- Brand Influential Brand 2022: Thailand's Top Influential Brand Award.
- Marketing Award of Thailand 2022: The Best of Strategic Marketing Award.

The Company plans to leverage these advantages to reach an expansive base of customers, especially those in the younger age group.

Lotus's analyzed an in-depth customer data to provide a deeper understanding of Lotus's customers and thus an opportunity to create a satisfying shopping experience, bring in new and retain existing customers, and curate suitable products for each group. The analytics also brings to light purchasing behavior, enabling Lotus's to study the underlying shopping motives, develop pricing strategies and promotions that add value to the engagement with Lotus's, and accurately predict future shopping behavior.

The My Lotus's membership program is introduced to build and maintain hard-earned customer relationships and enable customers to collect points for their purchases at Lotus's stores. The data analysis suggests that My Lotus's members are more likely to shop than non-members, either by total purchase value or individual purchase volume. As of 31 December 2022, Lotus's Thailand had about 22.7 million My Lotus's members, about 8.2 million being active purchasers who shop regularly and had shopped at Lotus's at least once in the previous 52 weeks. Lotus's SMART Application, on the other hand, provides members with member-only information access, discounts, and coupons, among other promotional campaigns, as well as serving as the medium for direct communication between customers and Lotus's. All aspects of the My Lotus's membership program are continually optimized for user-friendly applications and privileges that vary with individual consumption, in conjunction with the My Loyalty for new membership program which was launched alongside the rebranding of Lotus's. For the year ending 31 December 2022, the net sales from My Lotus's members accounted for 60.0% of the total Lotus's sales in Thailand.

### Retail Distribution and Logistics Network in Thailand

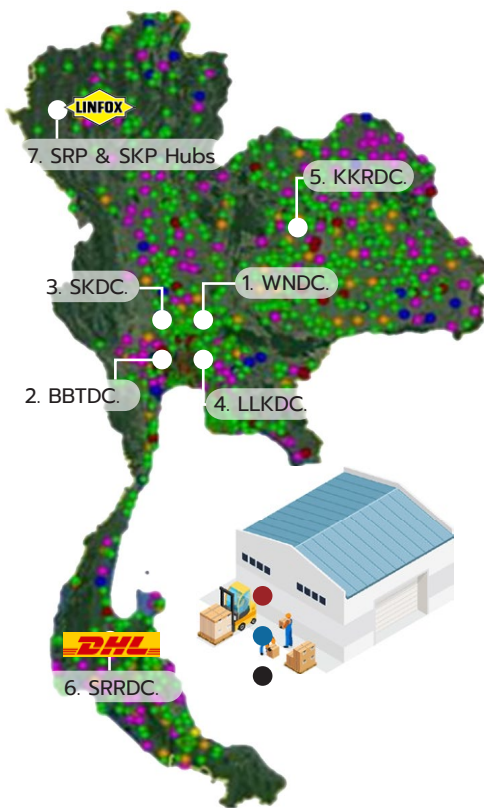
A key factor in Lotus's retail strategy is the optimization of the supply chain and the distribution and logistics network, which allows Lotus's to optimize inventory levels across stores and distribution centers in a way that is efficient and suitable for products with a short shelf life to remain fresh and maintain the highest quality, enabling Lotus's to offer value-for-money to its customers continuously.



DHL and Linfox are also outsourced to support Lotus’s retail business in Thailand with their international logistics expertise and provide cargo transportation services from Lotus’s suppliers to Lotus’s distribution centers, and from there to Lotus’s stores. Due to the rapid expansion of sales through online channels, Lotus’s has adapted strategic distribution

centers for direct warehousing and fulfillment services for online orders. Lotus’s also leverages its nationwide network of stores for sale and last-mile delivery, giving Lotus’s a competitive advantage over other online retail competitors.

### Distribution Center (DC)



✓ 1<sup>st</sup> ISO 45001 certified world-class safety standard

Best employee relation award.

✓ White factory award.

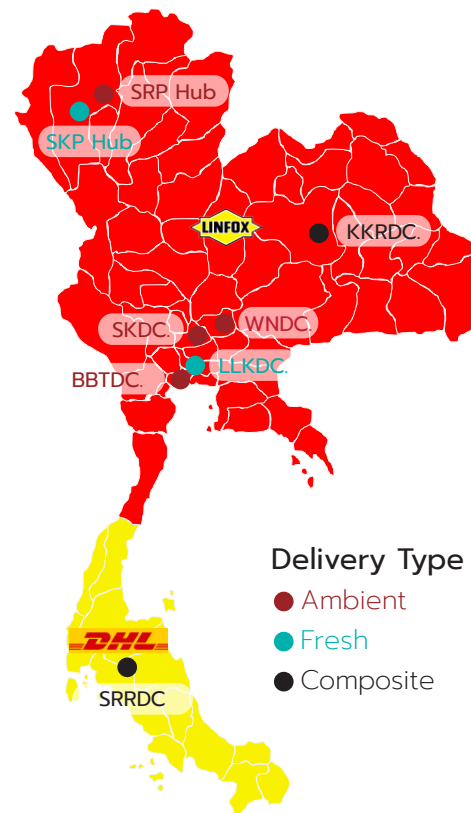
✓

Items: +50K items (ambient & fresh)

Pick Type: **Stocking & X-docking** (Pallet/Case/Inner/Unit).

System: **Oracle Retail** Warehouse Management System (ORWMS).

### Transportation



✓ In-house **transportation** planning using TMS

✓ **Daily and dynamic** routing optimization.

✓ **24/7 real-time** monitoring and tracking

System: TMS ORTEC&Microlise

Operator: Linfox&DHL.



Lotus's continues to improve the distribution-logistics network operational efficiency, e.g. by leveraging its HLE Hub & Spoke system for home delivery where strategic hypermarkets, in addition to distribution centers, serve as storage centers for large white goods and electrical appliances. When an order is placed, service providers are outsourced to pick up and deliver the product directly to the customer, allowing the Company to increase delivery capabilities and support Lotus's online retail expansion strategy. A similar Bakery Hub & Spoke logistics system is also developed for bakery products, leveraging 31 of Lotus's designated hypermarkets as bakery production centers, with bakery chefs on site for staff support, where finished bakery products are shipped directly to other Lotus's stores without going through the normal distribution channels, a system that boosts quality control and reduces product spoilage.

As of 31 December 2022, Lotus's had 8 distribution centers in Thailand with a total building area of about 267,000 square meters and 2 online fulfillment centers with a total building area of about 13,800 square meters and a distribution rate of about 1,600 orders per day. Related information on Lotus's distribution centers and online fulfillment centers is displayed in the following table:

Distribution Center, Region, and Type	Space (sq. m.)	Estimated Distribution Capacity (crates per day)
<b>Regional level</b>		
SRP Hub – North Regional Ambient Hub	5,800	17,000
SKP Hub – North Regional Fresh Hub	1,450	9,000
SK RDC – Central Regional Ambient DC	33,700	185,000
KKRDC – Northeast Regional Ambient + Fresh DC	51,990	Normal Temperature: 110,000 Fresh Food: 34,000
LLKRDC – Central Regional Fresh DC	35,000	65,000
SRRDC – South Regional Ambient + Fresh DC	51,990	Normal Temperature: 51,000 Fresh Food: 14,500
<b>National level</b>		
WN NDC – National Ambient DC	58,347	150,000
BBTDC – National Ambient DC	29,000	152,000
Online Fulfilment Centre	10,364	Orders Per Day: 1,500
Lumlukka Online Fulfilment Centre	3,500	Orders Per Day: 100



Lotus's distribution centers in Thailand are equipped with state-of-the-art logistics equipment and machinery, namely semi-automatic single-pickers and automatic pick-to-light pickers, whereby each Lotus's hypermarket has a storage room with an average area of 200 to 300 square meters.

In addition to providing internal retail transportation and storage services, Lotus's also provides distribution center and logistics network services to third parties, including warehouse space leasing, cross-docking, freight forwarding, merchant returning, and freight handling services.

### 1.2.2 Lotus's Shopping Center in Thailand

The Lotus's shopping center business in Thailand consists of property management and operation of Lotus's shopping centers and retail stores, as well as acting as the property manager of the shopping centers that the LPF mutual fund invests in, a fund of which holds 25% of investment units through its subsidiary Ek-Chai.

As of 31 December 2022, Lotus's shopping center business in Thailand has the following details.

- Leasing space management in 200 shopping centers, excluding the 23 shopping centers invested by LPF (as detailed below), with a permanent net leasable area (NLA) of approximately 745,249 square meters with Lotus's hypermarkets as the flagship store, whereby Lotus's is the freehold land-and-building owner of 63 shopping centers.
- The occupancy rate of the shopping centers is approximately 90%, calculating from the permanent NLA.

- With a 25% unitholding through its subsidiary Ek-Chai, Lotus's is the largest unitholder of the fund. LPF being a SET-listed property fund invested in 23 shopping centers across the country, a fund agreement through Ek-Chai is entered to position Lotus's as the LPF property manager.

As the property manager and the largest unitholder through Ek-Chai, which holds 25% of LPF. Lotus's receives the following income from:

- *Property Management Fee* - As the Property Manager, Lotus's collects 4 types of fees from LPF for providing shopping center services: leasing and service fees, property management fees, incentive fees, and commission from leases. Lotus's receives a monthly fee as the property manager, calculated from various LPF shopping center performance indicators
- *Dividend* - Lotus's receives dividends as an LPF unitholder proportionately to its investment unit holdings. The dividend rate is not less than 90% of the net profit from quarterly investments and paid no more than 4 times a year.

### Lotus's Shopping Center Mix in Thailand

Lotus's shopping center lease management business in Thailand, excluding duties as the LPF property manager, manages lease spaces in the following 3 types of shopping centers to serve various groups of customers:

- Family Malls, or large shopping centers for families with various shopping services and entertainment activities, focus on particular business lessees, namely restaurants, fashion boutiques, financial service providers, and lessees providing entertainment-related activities, among other service providers. It typically has a permanent NLA of over 5,000 square meters

- Neighborhood Malls are medium-size stores customers can swing by in the community for a quick and easy grab, especially food products. It typically has lease spaces for a variety of restaurants, beverage shops, and grab & go fast food outlets. Although the lease spaces are smaller than Family Malls, in-store shops are available for family entertainment activities and fashion boutiques, along with financial and other service providers. The malls typically have a permanent NLA between 2,000 and 5,000 square meters
- Service malls are smaller malls providing one-stop-shop spaces. The smallest of the three formats focuses on everyday products, necessities, and services, alongside selected restaurants, clothing shops, and children's play areas, among other services provided. It typically has a permanent NLA of up to 2,000 square meters

Lotus's shopping centers sit in suitable locations throughout Thailand to serve in strategic areas that reach as many customers as possible, mostly in the central Bangkok metro area as well as other regions in the metropolis, each having a hypermarket as the flagship attraction. As of 31 December 2022, Lotus's shopping centers, built on Lotus's owned property, accounted for about 31% of all Lotus's shopping centers





### Shopping Center Leasing Projects

Lotus's continues to select suitable locations for new shopping centers across Thailand using the following criteria:

- Area with a large and dense population.
- Prominent locations with the potential of increasing in-store foot traffic.
- Access to main roads and public transit systems.
- Large parking areas and sound infrastructure

Lotus's has several projects related to shopping center leasing as follows:

- Future shopping center development projects focus on mixed-use properties that answer customer needs through online orders and delivery services. Lotus's also has plans to optimize foot-traffic shopping satisfaction in the future by expanding the product mix and related services in collaboration with business partners to personalize marketing by customer segmentation.
- Optimizing shopping center space layouts, particularly idled spaces and seamless hypermarket-leased space services.
- Space optimization: expanding food-related commercial space, balancing mass market, niche, and traditional food brands, and transforming shopping centers into food destinations, maximizing customer foot traffic volume and rate for in-demand shopping center leases in the process.
- Optimizing food courts: renovating and optimizing shopping center food court spaces and introducing new brands and service providers, such as Cloud Kitchens, to satisfy food court goers

- Digital experience optimization: incorporating and implementing new IT infrastructures and applications to support digital payments and create shopping satisfaction
- In-store shop mix optimization: managing the appropriate proportions of suitable shopping center lessees by selecting and attracting restaurants operator and other quality service providers, focusing on branded or widely known franchises, and presenting a new shopping center atmosphere and image with the best in-store shop mix variety.
- Health and beauty optimization: improving health and beauty services by allocating space for health and beauty and selecting suitable service providers to adapt with changed demand consumer preferences.

### Shopping Center Tenants Mix in Thailand

Lotus's has several types of tenants in Lotus's shopping centers in Thailand. The three main tenants are as follows:

- *Permanent* lessees: 1-year or longer tenants with either a fixed monthly lease payment or variable lease rate according to sales performance, with or without a minimum lease guarantee, including hypermarket and other lessees

As the source of revenue stream, permanent lessees, namely the largest group of tenants in Hypermarkets, are integral to Lotus's shopping center leasing business success, averaging a lease term of about 3 years with major tenant lease commitments as long as 30 years. Financial, hospitality, technology-related, food, clothing, beauty, and entertainment service providers are Lotus's permanent occupied NLA

- *Temporary* lessees: 1-year or shorter leases that set up shop as stands or small vendors with a high turnover rate, allowing Lotus's to tailor new products and services to customers
- *Food court* lessees: Lotus's services contracts with food court operators in shopping centers for an average term of one year. Food courts help attract foot traffic to shopping centers and other in-store lessees as customers prefer the price, quality, and quantity that offer a good value there.

In addition to revenue streams from lessees, Lotus's shopping center leasing business in Thailand includes other sources of income from service charges, such as utility bills and land-and-building taxes, pylon signage leasing fees, property management fees from managing LPF-invested shopping centers, among others

Lotus's grants an adjustable 7-day commercial credit term to Lotus's shopping center business in Thailand



### (1.3) Lotus's Malaysia

Lotus's is Malaysia's leading retail and shopping center business through its subsidiary, Lotus's Malaysia, the leading retailer in Peninsula Malaysia. As of 31 December 2022, Lotus's Malaysia had 65 stores, including 46 hypermarkets and 19 supermarkets. Similarly to Thailand, Lotus's retail business in Malaysia has a reliable supply chain and an efficient distribution and logistics network, in addition to the strength of Lotus's brand and the following key strategic investment plans

- Attract new customer segments with modernized Lotus's rebranding
- Enhance the quality of goods and services with cost-effective offerings
- Expand the number of branches to cover more areas with store spaces between 2,000 and 4,000 square meters
- Accelerate online sales growth by leveraging a network of over 65 stores, including improving efficiency and collaborating with leading online platforms such as Food Panda, Lazada, and Shopee to increase point-of-sale products for consumers
- Leverage the wholesaling group to expand and optimize distribution channels for B2B customers across the country, focusing on independent restaurants, traditional retail stores, and other local businesses such as hospitals, hotels, and schools

#### 1.3.1 Lotus's Retail Business in Malaysia

Lotus's is the leading retailer in Peninsula Malaysia through its subsidiary, Lotus's Malaysia.

The following table shows the sales volume by channels and period for Lotus's retail business in Malaysia:

	Years Ended					
	28 February 2021 <sup>(1)</sup>		31 December 2021 <sup>(1)</sup>		31 December 2022	
	Malaysian Ringgit, million	%	Malaysian Ringgit, million	%	Malaysian Ringgit, million	%
<b>Retail Revenue</b>						
Hypermarkets	3,720	79.4	3,450	76.0	3,337	74.6
Supermarkets	767	16.3	763	16.8	863	19.3
Online Channels	168	3.6	288	6.4	215	4.8
B2B businesses	32	0.7	37	0.8	61	1.3
<b>Total revenue from sale of goods</b>	<b>4,687</b>	<b>100.0</b>	<b>4,538</b>	<b>100.0</b>	<b>4,476</b>	<b>100.0</b>

Notes: <sup>(1)</sup> Unaudited financial statements prepared by management



The following table shows the average same-store sales growth across all Lotus's Malaysia distribution channels for the specified periods:

	Years Ended		
	28 February 2021	31 December 2021 <sup>(1)</sup>	31 December 2022
Same-store sales growth	0.7%	(2.2)%	(1.8)%

Notes: <sup>(1)</sup> A comparison for 1 January 2021- 31 December 2021, compared to 1 March 2020 – 28 February 2021.

### Retail Store Formats in Malaysia

Lotus's operates 2 retail store formats in Malaysia: hypermarkets and supermarkets.

As of 31 December 2022, Lotus's had 65 retail stores located primarily in the Northwest, Central, and Southwest of Peninsula Malaysia, with as many as 23 stores in Klang Valley, Kuala Lumpur, the capital of Malaysia

- Hypermarket - Lotus's hypermarkets in Malaysia are large retailers with a one-stop shopping complex focusing on fresh food and consumer products with a sales area between 3,000 and 7,000 square meters and an average sales area of about 5,000 square meters, each serving mainly as the flagship store in Lotus's shopping centers, the leading hypermarket chain in Peninsula Malaysia
- Supermarket - Lotus's Supermarkets are medium-size retailers under the Corner Store concept with a sales space between 2,000 to 4,000 square meters, located primarily in Peninsula Malaysia as a convenient choice for daily groceries and other goods

The following table shows the number of Lotus's retail stores in Malaysia by retail format

	Years Ended		
	28 February 2021	31 December 2021	31 December 2022
<b>Number of stores</b>			
Hypermarkets	46	46	46
Supermarkets	16	16	19
<b>Total</b>	<b>62</b>	<b>62</b>	<b>65</b>

### Online Channels

Alongside Lotus's Malaysia's offline brick-and-mortar retail outlets is Lotus's online channel, namely the Lotus's GHS shopping system and services through other third-party online service providers such as Lazada, Food Panda, and Shopee. By year ending 31 December 2022, Lotus's revenue from online channels was MYR 215 million (Baht 1,712 million). Lotus's has various method to improve online customer satisfaction as follows:

- Delivery online services that create greater customer satisfaction through Lotus's continuous IT improvement program, enabling same-day delivery, smart promotion, and presentation of enhanced alternative products
- Develop an online service center prototype, enabling more online services with optimized efficiency and lower operating costs
- Increase the number of branches, from currently nine outlets in Malaysia, with an online presence through Lotus's GHS online shopping system
- Expand click-and-collect pick-ups and ordering systems in Lotus's website and application, enabling customers to order from home and pick up at any Lotus's store instead of shipping

<sup>1</sup> The exchange rate is used at MYR 1 per Baht 7.9672 referring to the 2022 average exchange rate of the Bank of Thailand.



## Retail Optimization in Malaysia

The Company aims to improve and expand the retail business in Malaysia with the following initiatives:

- *Lotus's Rebranding* - the Company completed the renovation and modernization under the new brand in 2022 with a bright, colorful, and refreshing logo alongside technological applications with testing to boost operational efficiency and customer convenience, namely the scan-to-shop and self-checkout points to shop and pay without having to wait in long checkout lines, as part of the plan to strengthen online sales and the new loyalty program launch. The new store will also expand consumer goods, groceries, fresh food, and services in a wider range of product mix to a broader customer base and target segments, namely younger shoppers, compared to traditional convenience stores. The Company expects to open 4-6 new stores per year over the next three years, focusing on versatile, expansive supermarkets to reach new communities and customer groups in the process
- *Optimizing products and services*: one of Lotus's core competencies in retailing, according to the Company, is its ability to offer a wide variety of high-quality products at affordable, worthwhile prices as the customers' preferred one-stop-shop destination. In particular is Lotus's fresh food strategy that focuses on locally sourced fresh supplies delivered directly to Lotus's stores to maintain freshness and quality, alongside a variety of prepared meals to meet the diverse needs of each customer group. Lotus's also invests more in developing private label products under its trademark for the Malaysian retail market to offer value-for-money products compared to other products in the same price range on the shelf. As of December 31, 2022, private label product sales

accounted for about 24% of the total retail sales in Malaysia.

Lotus's product mix is also tailored to meet the changed consumption needs as well as continuously changing trends, including health, beauty, and well-being products, as well as household appliances. In addition to improving product quality, Lotus's aims to improve other in-store components for enhanced shopping experiences such as in-store layout and services, cleanliness, and safety, applying technology to implement spontaneous shelf replenishment, product recommendation, scan-and-shop, and self-checkout features alongside online shopping services.

- *Store modernization*: Lotus's hypermarkets have been modernized to better accommodate the changing needs of customers. Currently, the spaces for clothing and accessories in hypermarkets have been reduced while the space for fresh food and food preparation-cooking products has been expanded, adjusting to the growing demand for this product category. Lotus's has also adopted technological online systems to optimize store operations and customer shopping satisfaction.
- *Store scaling*: Lotus's currently operates 4,000-square-meter sales space hypermarkets and 2,000-4,000 square-meter supermarkets. To account for the shopping shift in favor of convenient smaller retailers, The Company is considering scaling up Lotus's Go Fresh, a smaller retail format with lower operating costs, to satisfy the shift in consumer behavior
- *Accelerating online sales*: Lotus's plans to boost retail sales significantly by leveraging an optimized, reliable online infrastructure along with its retail network to support an efficient, reliable, and seamless

shopping experience through the GHS online shopping system and mobile app, accelerating growth through the online channel in the process. This allows Lotus's to offer convenience-centric services such as on-demand ordering and express deliveries or click-and-collect drive-through pick-ups without having to get out of the car. Lotus's also develops relationships with leading online service providers such as Food Panda, Lazada, and Shopee to further strengthen Lotus's online presence, ensuring customers can easily access prompt services through their preferred online channel.

- *B2B business development*: alongside the enhancement of offline brick-and-mortar is optimizing service capacities for B2B operators as a one-stop-shop destination for restaurant operators and local grocery chains regularly in need of meat, fresh food, dry food, and cooking facilities in bulk. To increase B2B sales through Lotus's Malaysia, the Company has established a B2B sales unit dedicated to providing direct service to nearby restaurants and grocery stores to facilitate business convenience. Lotus's continues to optimize its online infrastructure to provide a seamless shopping experience for customers.
- *Cost reduction*: Lotus's recent investments in cost reduction programs comprise cost-savings energy efficiency projects, leveraging technological renewable capacities to Lotus's stores in the areas of refrigeration, heating, ventilation and air conditioning, HVAC and lighting, as well as switching to renewable energy sources by installing roof solar panels to large retail stores and distribution centers to generate electricity. Also, Lotus's continued to evaluate the cost structure and expenditure associated with its distribution and sales network to improve and develop various related procedures. In 2021, Lotus's



has conducted a supply chain study to improve and maximize utilization for future business growth. Lotus's is also deploying technological software capacities to incorporate in-store features that reduce operating costs such as scan-and-shop shopping and product scale with payment links for self-checkouts, along with in-store shopping tablets for browsing product catalogues and communication with customer service in real-time, and produce scale and payment link.

### Retail Product Mix in Malaysia

Providing one-stop-shop destinations with wide-ranging, affordable, and high-quality product mixes, namely fresh food, general goods, or clothing under various brands and private labels, among other consumer goods, is the core competency that determines Lotus's retail success in Malaysia. The retail product mix in Malaysia is as follows:

- *Fast-moving groceries:* Lotus's consumer products include commodities, dry food, canned food, cooking and baking goods, hot beverages, desserts, dietary supplements, beer, wine and spirits, cold drinks, health and beauty goods, infant chilled and frozen food, with a focus on providing quality consumer goods to customers who wish to purchase a variety of products at affordable prices. Lotus's optimizes inventory management in seamless sourcing from local manufacturers and distributors while developing private label products to compete with other products in the market.

- *Fresh food:* fresh food includes fresh fruits and vegetables, meat and seafood, and bakery products to sell quality food items at affordable prices. Lotus's direct sourcing and procurement enable value-added offerings, such as ready-to-cook food and ready-to-eat meals, where the entire supply chain is continuously evaluated for efficiency to ensure product freshness. Although fresh food is a fast-growing segment that effectively increases foot traffic to the store, it is in directly competition with transitional fresh markets as well as other supermarkets
- *General merchandise* includes a wide range of durable household goods, including home furnishings and accessories, electronics and computer accessories, outdoor entertainment, bags, home improvement items, auto-related products, toys, and stationery. Lotus's also offers quality products for household use under private labels. In addition, Lotus's selects and works with various manufacturers and distributors to provide new and higher quality products to optimize the product mix regularly.
- *Apparel:* Lotus's clothing line includes outfit and daily wear necessities at reasonable prices, including Lotus's private label and other domestic brands. Lotus's plans to expand into the toddler clothing segment in Malaysia.

Under its trademark, Lotus's private label products are offered to provide shopping alternatives to customers where the product groups with large markets, high growth potential, brand variety in the market, and the best chance to stand out in the respected are selected for private label development under its trademark. While local manufacturers are outsourced to produce the private labels, the intellectual property rights to the trademark and production are retained by Lotus's.

The Company plans to strengthen the quality of Lotus' products in the retail market in Thailand and Malaysia, including health food and other health-related products to focus on attracting more health-conscious consumers with wellness-oriented lifestyles. The Company plans to combine its product strategy for Lotus's Malaysia with its retail business in Thailand to allow cross-market distribution of Lotus's private labels and common sourcing to harmonize and synergize product mixes in Thailand and Malaysia with cross-market capacities without compromising the specific needs of each



The following table shows the sales revenue by product category in Lotus's Malaysia by period:

	Years Ended					
	28 February 2021 <sup>(1)</sup>		31 December 2021 <sup>(1)</sup>		31 December 2022	
	Malaysian Ringgit, million	%	Malaysian Ringgit, million	%	Malaysian Ringgit, million	%
<b>Retail Revenue</b>						
Dry grocery	3,246	69.3	2,613	69.5	2,649	59.2
Fresh food	882	18.8	1,297	18.9	1,197	26.7
Non-Food	559	11.9	628	11.6	630	14.1
<b>Total revenue from sale of goods</b>	<b>4,687</b>	<b>100.0</b>	<b>4,538</b>	<b>100.0</b>	<b>4,476</b>	<b>100.0</b>

Notes : <sup>(1)</sup> Unaudited financial statements prepared by management

#### Lotus's Retail Tenants Mix in Malaysia

Lotus's retail customers in Malaysia vary by age, income, and household size. To grasp consumption patterns, Lotus's has partnered with an established company providing professional customer segmentation and analytical services to conduct measurable studies of each customer segment and develop product strategies, plan product sales through both online and in-store channels, develop a loyalty program, and an effective marketing plan.

To build and maintain customer relationships, the My Lotus's program is presented to enable customers to collect points from their purchases from Lotus's outlets. As of 31 December 2022, Lotus's Malaysia reported about 2.5 million members, approximately 53.8% were active purchasers that had made at least one purchase at Lotus's Malaysia over the previous 52 weeks. In addition, the My Lotus's mobile application is also available, providing members with information, member-only discounts and coupons, and other promotions, as well as a convenient medium for direct communication with customer service

#### The Distribution and Logistics Network in Malaysia

Strategic to Lotus's success in Malaysia is the supply chain distribution and logistics network optimization for maximum efficiency and effectiveness in managing appropriate inventory levels in Lotus's stores across the peninsular. This is also necessary for maintaining the freshness of produce, deli, and fresh food through the journey from sourcing to Lotus's shelves with the highest quality and offering value-added products to customers at a suitable price.

As of 31 December 2022, Lotus's Malaysia owned two distribution centers and leased one distribution center for frozen products across the country, with about 108,000 square meters. Lotus's operates with three different types of distribution centers: room-temperature distribution centers storing consumer and general products, fresh-food distribution centers keeping products at 1-2 degrees Celsius, and frozen-product distribution centers operated by third-party service providers. Lotus's hypermarket, on the other hand, has an average storage space of 250 square meters with over 5.5-meter high ceilings, excluding leased stores with pending adjustments.

Lotus's mostly operates its own distribution and logistics network in Malaysia. As of 31 December 2022, the network was comprised of a truck unit transporting goods from-to distribution centers, shops, and warehouses in the northern, southern, and eastern regions of Malaysia with prime movers, ambient trailers, and refrigerated trailers.



The Company also provides distribution and logistics services for manufacturers and distributors in Malaysia to promote Lotus's online channels, including handling services such as freight, returns, and trades through cross-docking centers and transportation systems

### 1.3.2 Shopping Center Business in Malaysia

As of 31 December 2022, Lotus's Malaysia shopping center business comprised:

- Management of leased space in 59 shopping centers, with about 316,400 square meters of permanent NLA, 40 centers of which were either freehold or leasehold<sup>2</sup> from the Malaysian government.
- An occupancy rate of about 93%, calculating from the permanent net leasable area NLA.

#### Lotus's Shopping Center Mix in Malaysia

Lotus's manages three types of shopping center in Malaysia to serve the following customer groups:

- *Family Malls* are large shopping centers that target families and households with a permanent NLA of over 6,000 square meters where a range of shopping and entertainment activities are offered by the main lessees, namely restaurants, fashion boutiques, financial, financial service providers, and entertainment event organizers, among others.

- *Neighborhood Malls* are medium-size shopping centers with a permanent NLA between 3,000 and 6,000 square meters for customers to swing by for a quick grab-and-go, especially food items, from wide-ranging restaurants, beverage shops, and fast-food eateries. Although smaller than Family Malls, there are also shops providing family entertainment activities, fashion boutiques, as well as financial and other services.
- *Service Malls* are smaller shopping centers with a permanent NLA of up to 3,000 square meters serving as a one-stop shopping destination for daily products and services, along with restaurants, clothing shops, and service shops for various daily needs and play-ground areas for children

Lotus's regularly evaluates and selects shopping center locations in strategic areas across Peninsular Malaysia to maximize access and consumer reach with a hypermarket as the main lessee in the establishment. The assessment criteria for selecting new locations are as follows:

- An area with a large and dense population
- A prominent location with increasing in-store customer foot traffic
- Access to main roads and public transit systems
- A large parking area with a sound infrastructure system

#### Shopping Center Tenants Mix in Malaysia

There are three main groups of Lotus's shopping centers tenants:

- Permanent tenants with a minimum lease period of at least 1 year or longer with fixed or variable lease rates based on sales performance, with or without minimum payment requirements. Where the average lease term is approximately 2 years, major tenants have an average term of 3 years. Together, they contribute to the success of Lotus's shopping center leasing business in Malaysia as a source of a stable income stream, including tenants in various businesses such as food-beverage, health-beauty, DIY, and clothing, entertainment, and sporting goods, among other service providers.
- Temporary tenants have under one-year leases that set up stalls or small shops and have a high turnover rate, allowing Lotus's to tailor new products and services to changing consumer behaviour.
- Food Court - Lotus's has lease contracts with food court service operators in Lotus's shopping centers in Malaysia for an average term of one year. Food courts attract foot traffic to shopping centers and other shops as customers prefer reasonably priced meals.

#### (1.4) Business Innovation Development

Please see the detail under Section 3. Driving Business Sustainability

<sup>2</sup> Under Malaysian law, freehold is the right to use land from the Malaysian government that can hold and use the land for an indefinite period of time. While leasehold means the right to use land from the Malaysian government not more than 99 years, which the owner can hold the land until the expiration of the lease agreement. If there is no extension or renewal of the lease agreement, the owner must return the land to the Malaysian government. Both freehold and leasehold ownership can be transferred.



## 2) Industry Overview and Competition

### 2.1) Industry Overview

The 2023 outlook for global economic growth is beginning to show signs of a slowdown, reflecting the war in Ukraine and the protracted energy crisis. Although inflation tends to decrease as central banks raise interest rates, the continued tightening of financial conditions to curb high debt around the world has added uncertainty to economic growth. A better growth rate is forecast for Asia due to China easing its Zero COVID-19 Policy. Although Thailand's economic recovery has been slower than other countries, relying predominantly on tourism and consumption, there has been significant improvement since the return of international travelers, especially from China, and the tourism sector which boosts domestic consumption and employment as well as income distribution in the service sector.

According to the International Monetary Fund (IMF) report in January of 2023, an annual growth rate of 2.9% is projected, a drop from 3.4% in 2022, with likely improvement of inflation and interest rates albeit the geopolitical conflicts that continue to affect the overall global economy, while the Thai economy was expected to grow by 3.7% this year, reflecting the travel relaxation in various countries and the clarity of government policies, namely the measures to accelerate economic recovery, particularly the tourism sector, a factor that underpins economic stability and thus the livelihood of a large number of workers, along with other measures to attract investors and high-potential professionals, and the policy to designate new economic zones, among other plans to boost the economy. In line with the IMF, the Office of the National Economic and Social Development Council (NESDC) projected at 2.7-3.7% economic growth driven by consumption and tourism-related activities, namely the increase in consumer confidence following the return of international tourists and the sector's recovery, as well as the increase in private consumption, even though exports and production contract

with the global economy. In the next phase of 2023, the Thai economy will benefit from China's opening up as the NESDC estimates 28 million tourists as the global demand for tourism continues to recover and flight restrictions are removed. Through reasonable monetary policy adjustments, the Bank of Thailand has gradually and continuously raised the interest rate in line with the ongoing economic recovery direction and the currently high inflation rate of 1.5%, and will likely repeat the raise by a quarter point in March and again in May to keep the rate at 2% throughout the end of the year. The Baht-US Dollar will likely continue to appreciate throughout the year as US Dollar depreciates following the US Federal Reserve's interest rate slowdown policy while fundamentals of the Thai economy continue to improve and capital flows into Thai financial markets. The Thai economy, yet, faces uncertainties should the global economy continue to slow down, affecting the export sector and direct foreign investment while core inflation remains at the same high rate of 2.6% year-on-year, keeping the cost of living and business costs high while the household income level of some groups fall below expenses, causing

some businesses to recover slower than others as the Thai household debt remains high.

The retail business in 2023 is starting to see positive signs in line with the domestic economy and purchasing power, following the return of international tourists, as well as the Shop Dee Mee Kern (shopping rebate) government campaign and election spending stimulus that boosted retail sales, notwithstanding the challenges for businesses to face, namely the increasingly high costs, be they rising oil prices or labor wages, resulting in a cost of living increase, as well as fierce competition from the rising number of retail operators. The Retail Sentiment Index (RSI) survey results by the Thai Retailers Association in December 2022 revealed a slight 7.2-point increase compared to November 2022, following the easing of COVID-19 measures, the increasing volume of tourists, and the high New Year's Eve shopping season to welcome the new year. However, the 2023 RSI index is likely to decline as an asymmetrical economic recovery is expected due to several stumbling blocks and pressure factors, be they high inflation, household debt, or





rising costs from utility bills, as well as weakening purchasing power and consumption stimulus. The retail business format and shopping center will also change to reflect the demographics entering a fully aging society and declining population rebirth rates while technological developments and sustainability requirements change consumer behavior, and operational capacities, creating opportunities for business growth in the future. While, the 2023 agricultural income is expected to decrease by 0.8%, a significant slump from the 13.5% increase in 2022, following the decline in agricultural prices under the global economy while production costs such as oil prices and chemical fertilizers in the world market remain high. Overall, diminished income from agriculture will affect the purchasing power of farmers, the main population of the country.

In December 2022, a report by the Asian Development Bank (ADB) estimated a 4.6% economic growth in Asia for 2023, a rise from 4.2% year-on-year, following the easing of COVID-19 measures, including the China reopening, allowing economic activities to gradually recover, notwithstanding the susceptible global economy to setbacks from war, commodity prices, and energy. Consumer and business confidence will likely be affected by high inflation and higher interest rates while government spending declines under financial constraints. In Malaysia, the ABD expects a 4.3% economic growth, a drop from 7.3% year-on-year, due mainly to recovering domestic demand under supportive central policies and the increasing number of tourists. However, global economic uncertainty may affect future exports and domestic investment.

## 2.2) Marketing

The Company's marketing campaigns are planned on a national scale and implemented locally. Makro's fundamental marketing strategy concerns realigning traditional marketing through digital online channels while highlighting high-quality products at better value for target customers through various distribution channels. Wholesale brands and products are promoted through various offline and online media to reach different customer segments, especially professional entrepreneur customers. Marketing channels include bi-monthly product catalogs, flyers offering and promoting manufacturers and distributors' products, product demonstrations in stores, as well as campaigns through the Company's website and social media channels.

The Company also expands and maintains existing customer bases through its loyalty program, alongside sound pickup and delivery services that keep customers coming back. The Company has multiple teams providing specific one-to-one marketing responsibilities. The insight team monitors store operations and analyzes customer data to optimize marketing, as the proposition team produces strategic marketing proposals based on analysis from the insight team. And while the communication team executes the strategy developed by the proposition team, the customer development team has regular visits with customers to build strong relationships, conduct annual customer satisfaction surveys, and analyze the survey results to optimize services and customer satisfaction.

The Lotus's retail business aims to provide customers a one-stop-shop destination with convenient, swift, and proficient services through offline and online channels for

all-encompassing needs, especially high-quality fresh food for value. Consistency in enhancing value and quality is fundamental to maintaining long-term customer relationships and thus Lotus's success.

To account for rapid changes in customer behavior and shopping preferences following the pandemic, increasingly turning to shop at stores in the neighborhood and using online delivery services, Lotus's has adjusted its marketing activities as follows:

- Promoting enhanced customer services through online channels.
- Promoting in-store shopping to increase shopping frequency.
- Promoting per-shop volume to increase basket sizes through immediate purchase discounts.

In addition, Lotus's offers other marketing programs to reach new customers and retain the existing base with new customer referral campaigns through various partner platforms such as restaurant service providers, food aggregators, e-commerce platforms and marketplaces, telecommunication service partners, and entertainment platforms. This includes new-customer welcome packs, personalized offers, exclusive customer rewards, and personalized customer communication to strengthen customer loyalty.

In the rebranding process, Lotus's is expanding its promotional and marketing campaigns of store trademarks and product brands to different customer segments, nationally and locally, through interviews with key thought leaders, online influencers, and business partners via social media as the target medium, as well as television and target local press, along with product demonstrations and in-store events.



Lotus's has several teams dedicated to marketing, namely the insight team responsible for tracking and analyzing customer data to optimize marketing, the proposition team responsible for formulating marketing strategies using in-depth analysis, and the communicate executing strategy provided by the proposition team. Lotus's also applies customer data to personalize its products to individual customers by adjusting pricing and promotions accordingly.

## 2.3) Competition

Given its diverse business scope, the Company faces many competitors across operating market segments, namely wholesaling, retailing, and leasing management in shopping centers. The Company believes that it has no direct competitors in the market segments that operate a variety of food businesses with the scope and scale comparable to the Company's business, notwithstanding the highly competitive food industry.

The Company is determined to become the leader in each operating market with competitive marketing and strategies to face the competition. Aside from the competitive edges in price levels, product quality, brand positioning and recognition, store locations, shopping convenience, product mix, and the availability of goods and services, it also has a significant competitive edge over competitors with traditional distribution channels. The Company's wholesaling-retailing cost structure and supply chain logistics capacities at scale make it extremely difficult for new entrepreneurs to enter the market and compete with the Company effectively.

### Wholesaling Competition

The Company is in direct competition at diverse regional and local levels with wholesalers, import-export companies, frozen-chilled foodservice distributors, manufacturer and distributor channels, and indirectly with modern wholesalers of food and general goods in the same market. The Company faced intensified competition during the pandemic from traditional wholesale stores, shops, and local traders benefiting from government economic stimulus measures and, most notably, competition from online channels.

### Retail Competition

Lotus's faces competition in Thailand and Malaysia from a wide range of national, regional, and local competitors, including online and offline hypermarket operators, as well as wet markets and traditional retailing corner shops. Lotus's biggest competitors are Big C in Thailand and 99 Speedmart and Econsave in Malaysia.

Lotus's is one of the largest fast-moving consumer goods retailers in Thailand. Its competitive edge is solid end-to-end fresh food sourcing and distributing, from producers and distributors to end consumers, as well as a comprehensive network of stores encompassing the larger part of Thailand. The Company thus believes few operators can effectively compete with Lotus's in the kingdom, especially in fresh food, as opposed to the highly competitive non-fresh food segment.

### Shopping Center Competition

Lotus's competes with major shopping center leasing operators in Thailand and Malaysia for tenant retention, occupancy, shopping center location, customer convenience, tenant selection, tenant mix, and brand awareness. Competitors include Central Pattana and Big C in Thailand and Giant, Aeon, Big, and Mydin in Malaysia. Lotus's is competing with the shopping center operators. Notwithstanding, shopping center ownerships and operations are constantly changing due to much of the goods and services that tenants used to provide in shopping centers now being widely available online, namely financial services. Many tenants no longer need to set up shop with a large shopping center lease as they had to in the past

### Online Competitiveness

The Company faces increasing competition through online channels from the same wholesale and retail competitors in Thailand. In particular, the rapidly evolving online retail business has forced the Company to keep up with changing customer expectations and developments of competitors' new services. Since the COVID-19 outbreak, customers have increasingly been communicating with the Company online through social media from their mobile phones and other mediums such as tablets, laptops, and other internet-connected electronics to shop and chat. The shift in shopping preference is evident in the product selection as well as expectation for standard swift delivery. The Company has made significant investments in technological infrastructure and will continue to do so, especially in the part of the Company's website and application, aiming to improve



the O2O (offline and online) integration strategy. The online-mobile capacity allows customers to easily compare pre-purchase prices, increasing competition from a wide range of existing and new operators.

### 3) Procurement

#### Wholesale Procurement

The Company has developed and maintained strong direct relationships with its procurement sources, either international, domestic, or local, many of whom for over 30 years, namely manufacturers, producers, distributors, and small and medium-sized enterprises (SME) for all categories of products, including farmers and fishers. The Company's wholesale procurement strategy, especially for fresh food products, involves direct sourcing from farmers, manufacturers, local producers, distributors, and SMEs. No large-quantity procurement or a particular product is dependable on a single source for its wholesale business. In 2021, Makro's procurement from its top ten largest sources neither exceeded 30% nor did any single order exceed 10% of the total orders during the year. The COVID-19 epidemic has caused unprecedented supply chain issues, including disruptions and delays, which have affected and may continue to affect the turnover and supply of certain products. When the particular products cannot be procured from the original source, the Company can resort to alternative sources or manufacture private label products under the Makro trademark to keep the shelves adequately stocked.

Group partners allow the Company better access to its manufacturers and distributors, namely the CPF partnership strengthening a stable supply of pork, poultry, eggs, and shrimp products and thus growth in the industry. CPF is also the center coordinator with overseas manufacturers and distributors for certain products.

Makro wholesale suppliers are granted 7 to 60-day credit terms.

#### Retail Procurement

For the retail business in Thailand, Lotus's procures directly from a wide range of sources, including manufacturers, distributors, and suppliers, of brand-name products to provide a resourceful and wide-ranging value chain that delivers affordable quality products to customers. Lotus's Code of Conduct ensures that all procurement dealings are ethical and legal, where all merchandisers receive ongoing training.

Lotus's has leveraged its supply chain system to strengthen its capacity to source raw material and supply goods amidst unprecedented disruptions from the COVID-19 pandemic that could affect the availability of many products in the future. In so doing, Lotus's has also developed a wide range of value-added fresh food to meet customers' needs, including marinated, ready-to-cook, ready-to-eat meat products, and the latest meat-product innovation, plant-based meat.

Lotus's retail suppliers in Thailand are granted 15 to 90-day credit terms.

For the retail business in Malaysia, Lotus's procures directly from a wide range of sources for brand-name products, including manufacturers, distributors, and suppliers. Although no products are procured primarily from a particular source, a high proportion of products are procured from popular brands. Lotus's negotiates with these sources for discounts and large-volume purchase privileges to reduce procurement costs. Although the COVID-19 spread has created unprecedented pressure on sourcing, Lotus's has not experienced severe supply chain disruptions so far. Notwithstanding the potential impact on product availability in the future, Lotus's can procure the same or similar products from its extensive network of suppliers in the event of shortage for any reason.

Lotus's retail suppliers in Malaysia are granted 7 to 105-day credit terms.



## 4) Business Assets

### 4.1) Main Fixed Assets

The main fixed business assets of the Company and its subsidiaries consist of:

Assets	Book value (Baht million) as of December 31	
	2021	2022
Property, plant and equipment	118,443	118,115
Right-of-use assets	36,831	37,167
Investment properties	45,268	43,910

Please consider details in Attachment 4 - Business Assets and Appraisal Details.

### 4.2) Intangible Assets

Significant intangible assets of the Company and its subsidiaries as of 31 December 2021, and 2022 amounted to Baht 8,060 million and Baht 10,521 million, respectively, consisting of mainly computer programs, trademarks, and other assets. Please consider in detail Exhibit 4 - Business Assets and Appraisal Details.

### 4.3) Trademarks and Service Marks

The Company had trademarks as of 31 December 2021, and 2022 amounting to Baht 464 million and Baht 461 million, respectively. Please consider in detail Exhibit 4 - Business Assets and Appraisal Details.

### 4.4) Investment Policy in Subsidiaries and Associated Companies

The Company's policy is to invest in potential subsidiaries and associated companies with similar vision and growth plans that synergize operational capacities or optimize its operating results or competitiveness as a Group in attaining set goals as a leading operator in the business. And, the Company, its subsidiaries, or associated companies, or all, may consider investing in other businesses under the same conditions.

In considering such investment, the Company evaluates investment proportions, calculated risks and return, financial status, as well as investment feasibility and potential. The approval by the Executive Committee or the Board of Directors or the Company's shareholders' meeting is required, or by more than one of the approving parties as the case may be, under the Notifications of the Capital Market Supervisory Board and relevant SEC notifications.

## The Group's Shareholding Structure Diagram

as at 31 December 2022

### Wholesale Business Group



### Retail Business Group



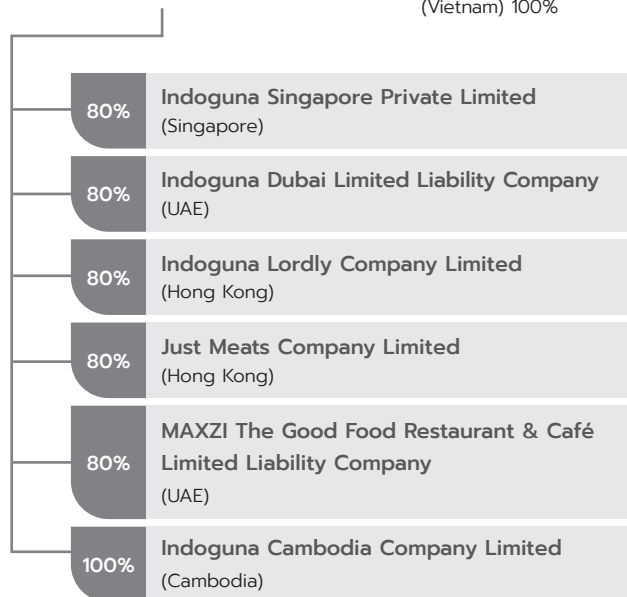
#### Cash & Carry

**Makro ROH Company Limited** (Thailand) 99.99%  
**Pro Mart Company Limited** (Thailand) 99.99%



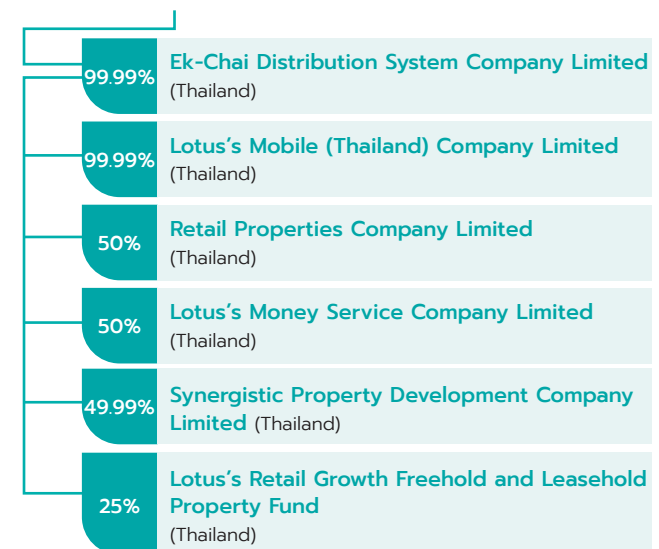
#### Food Service

**Siam Food Services Limited** (Thailand) 99.99%  
**Indoguna Vina Food Service Company Limited** (Vietnam) 100%



#### Retail and Mall

**C.P. Retail Development Company Limited** (Thailand) 99.99%  
**Lotus's Store (Thailand) Company Limited** (Thailand) 99.99%  
**Lotuss Stores (Malaysia) Sdn Bhd** (Malaysia) 100%





## 1.3 The Shareholding Structure of the Company

### 1.3.1 The Shareholding Structure of the Company

#### (1) The Company Operational Division Policy

The Company operates retail and wholesale businesses of consumer goods and manages lease spaces in shopping centers. The wholesale business consists of the Cash and Carry business in Thailand and overseas, under Makro and LOTS Wholesale Solutions, the foodservice business of importing and distributing premium food products with storage and delivery services both in Thailand and abroad, and the Lotus's shopping centers in Thailand and Malaysia.

#### 2. General information of juristic persons in which the Company holds more than 10% of shares

Name of Company / Address	Type of Business	Country of Operation	Type/ Number of Paid-up Shares	Registered Capital	Paid-up Capital	Par Value	Percentage of Shareholding (%)
<b>Wholesale Business Group</b>							
<b>1. Promart Company Limited</b> 1468 Phatthanakan Road, Phatthanakan Sub District, Suan Luang District, Bangkok 10250 Tel : 0 2067 8999 Fax : 0 2067 9044	Trading of non-food products	Thailand	100,000 ordinary shares	THB 10,000,000	THB 2,500,000	THB 100	99.99
<b>2. Makro ROH Company Limited</b> 1468 Phatthanakan Road, Phatthanakan Sub District, Suan Luang District, Bangkok 10250 Tel : 0 2067 8999 Fax : 0 2067 9044	Providing technical and supporting services to the Group	Thailand	60,470,000 ordinary shares	THB 6,047,000,000	THB 5,947,000,000	THB 100	99.99
<b>3. Makro (Cambodia) Company Limited</b> 5734, Street 1003, Bayab Village, Sangkat Phnom Penh Thmey, Khan Sen Sok, Phnom Penh, Cambodia Tel : (855) 23 977 377 Website : www.makrocambodia.com	Wholesales and retail operator and related business	Cambodia	6,800,000 ordinary shares	USD 68,000,000	USD 55,200,000	USD 10	70



Name of Company /Address	Type of Business	Country of Operation	Type/ Number of Paid-up Shares	Registered Capital	Paid-up Capital	Par Value	Percentage of Shareholding (%)
<p><b>4. CP Wholesale India Private Limited</b> 7<sup>th</sup> &amp; 8<sup>th</sup> Floor, WeWork BlueOne Square, 246, Phase IV, Udyog Vihar, Gurugram 122016 India Tel : (91) 124 447 9000 Fax : (91) 124 447 9199 Website : <a href="https://corporate.lotswholesale.com">https://corporate.lotswholesale.com</a></p>	Wholesales and related business	India	94,428,564 ordinary shares	INR 950,000,000	INR 944,285,640	INR 10	99.99
<p><b>5. ARO Commercial Company Limited</b> 322, Upper Pazundaung Road, Sat San Ward, Mingalar Taung Nyunt Township, Yangon, Myanmar 11171 Tel : (95) 9770 330 003</p>	Wholesales and retail operator and related business	Republic of the Union of Myanmar	-	USD 31,300,000	USD 31,300,000	-	99.99
<p><b>6. Makro (Guangzhou) Food Company Limited</b> 11F, B Building, Dongshan Square, No.65, Xian Lie Zhong Road, Yue Xiu District, Guangzhou, China Tel : (86) 020 2333 6999</p>	Wholesales and retail operator and related business	The People's Republic of China	-	CNY 178,000,000	CNY 178,000,000	-	99.99
<p><b>7. Guangzhou Huadu Makro Food Supermarket Company Limited</b> No.163 Yingbin Avenue, Gaosheng Square, 1<sup>st</sup> &amp; 2<sup>nd</sup> Floor, Huadu District, Guangzhou, China Tel : (86) 020 2221 6688</p>	Wholesales and retail operator and related business	The People's Republic of China	-	CNY 15,000,000	CNY 15,000,000	-	99.99
<p><b>8. Siam Food Services Limited</b> 2439 Old Paknam Railway Road, Prakhanong, Klongtoey, Bangkok 10110 Tel : 0 2782 6000 Fax : 0 2782 6009 Website : <a href="http://www.siamfoods-services.com">www.siamfoods-services.com</a></p>	Importing and trading of food product from international and domestic sources and providing freight, delivery rental and storage services	Thailand	33,930,000 ordinary shares	THB 3,393,000,000	THB 3,393,000,000	THB 100	99.99



Name of Company / Address	Type of Business	Country of Operation	Type/ Number of Paid-up Shares	Registered Capital	Paid-up Capital	Par Value	Percentage of Shareholding (%)
<b>9. Indoguna Vina Food Service Company Limited</b> 44B Phan Xich Long Street, Ward 3, Phu Nhuan District, Ho Chi Minh City, Vietnam Tel : (84) 907 091 188 Fax : (84) 28 3995 6756 Website : www.indogunavina.com	Trading, distribution, import and export food products	Vietnam	-	USD 6,300,000	USD 6,300,000	-	100
<b>10. Indoguna (Singapore) Private Limited</b> 36 Senoko Drive, Senoko Industrial Estate, Singapore 758221 Tel : (65) 6755 0330 Fax : (65) 6755 9522 Website : www.indoguna.sg	Manufacturing, trading, importing and exporting of food related products	Singapore	1,231,579 ordinary shares	SGD 1,600,000	SGD 1,600,000	-	80
<b>11. Indoguna Dubai Limited Liability Company</b> P.O. Box 123125, Dubai, United Arab Emirates Tel : (971) 4 338 6304 Fax : (971) 4 338 6305 Website: www.indogunadubai.com	Importing and trading of food related products	United Arab Emirates	1,800 ordinary shares	AED 1,800,000	AED 1,800,000	AED 1,000	80
<b>12. Maxzi The Good Food Restaurant &amp; Cafe Limited Liability Company</b> Al Shafar Investment Building, Shop No. 20, P.O. Box 126113 Al Quoz 1, Dubai, United Arab Emirates Tel : (971) 4 395 3988 www.maxzi.ae	Restaurant and minimart	United Arab Emirates	8,000 ordinary shares	AED 8,000,000	AED 7,000,000	AED 1,000	80





Name of Company /Address	Type of Business	Country of Operation	Type/ Number of Paid-up Shares	Registered Capital	Paid-up Capital	Par Value	Percentage of Shareholding (%)
<b>13. Indoguna Lordly Company Limited</b> Unit 5A & Unit 7B, Sing Mei Industrial Building, 29-37 Kwai Wing Road, Kwai Chung, Hong Kong Tel : (852) 2730 2025 Fax : (852) 2730 2024 Website: www.indogunalordly.hk	Manufacturing, trading, importing and exporting of food related products	Hong Kong	10,000 ordinary shares	HKD 10,000	HKD 10,000	HKD 1	80
<b>14 Just Meat Company Limited</b> Unit 5A & Unit 7B, Sing Mei Industrial Building, 29-37 Kwai Wing Road, Kwai Chung, Hong Kong Tel : (852) 2730 2025 Fax : (852) 2730 2024 Website: www.justmeat.com.hk	Importing and trading of food related products	Hong Kong	1,000 ordinary shares	HKD 1,000,000	HKD 1,000,000	HKD 1,000	80
<b>15. Indoguna (Cambodia) Company Limited</b> No. 5734, Street 1003, Bayab Village, Sangkat Phnom Penh Thmey, Khan Sen Sok, Phnom Penh, Cambodia Tel : (855) 2 390 1369	Importing and trading of food related products	Cambodia	350,000 ordinary shares	USD 3,500,000	USD 3,500,000	USD 10	99.99



Name of Company / Address	Type of Business	Country of Operation	Type/ Number of Paid-up Shares	Registered Capital	Paid-up Capital	Par Value	Percentage of Shareholding (%)
<b>Retail Business Group</b>							
<b>16. C.P. Retail Development Co., Ltd.</b> No.629/1 Nawamintr Road, Kwaeng Nuanchan, Khet Buengkoom, Bangkok 10230 Tel : 02-797-9000 Fax : 02-797-9884	Regional Operating Headquarters	Thailand	2,159,459,845 ordinary shares	THB 215,945,984,500	THB 215,945,984,500	THB 100	99.99
<b>17. Lotus's Store (Thailand) Co., Ltd.</b> No.629/1 Nawamintr Road, Kwaeng Nuanchan, Khet Buengkoom, Bangkok 10230 Tel : 02-797-9000 Fax : 02-797-9884	Activities of holding companies, of mostly investing in non-financial sectors	Thailand	Group A 100 Ordinary Shares <sup>(1)</sup> Group B 740,000 Preferred Shares <sup>(2)</sup> Group C 490,000 Preferred Shares <sup>(1)</sup> Total 1,230,100 shares	THB 12,301,000	THB 12,301,000	THB 10	99.99
<b>18. Lotuss Stores (Malaysia) Sdn Bhd</b> Head Office, Level 3, No.3, Jalan 7A/62A, Bandar Menjalara, 52200 Kuala Lumpur, Malaysia Tel : 03-6287-6000 Fax : 03-6272-8770	Engaged in the operation of retail outlets.	Malaysia	Group A 39,200,000 Ordinary Shares <sup>(1)</sup> Group B 16,800,000 Ordinary Shares <sup>(1)</sup> Group C 60,000,000 Preferred Shares <sup>(1)</sup> Total 116,000,000 Shares	-	MYR 856,000,000	-	99.99
<b>19. Ek-Chai Distribution System Co., Ltd.</b> No.629/1 Nawamintr Road, Kwaeng Nuanchan, Khet Buengkoom, Bangkok 10230 Tel : 02-797-9000 Fax : 02-797-9884	Engaged in the operation of Discount stores/ Supercenters/ Hypermarkets	Thailand	513,750,005 ordinary shares	THB 5,137,500,050	THB 5,137,500,050	THB 10	99.99
<b>20. Lotus's Mobile (Thailand) Co., Ltd.</b> No.629/1 Nawamintr Road, Kwaeng Nuanchan, Khet Buengkoom, Bangkok 10230 Tel: 02-797-9000 Fax: 02-797-9884	Wireless telecommunications activities	Thailand	50,000 ordinary shares	THB 5,000,000	THB 5,000,000	THB 100	99.99



Name of Company / Address	Type of Business	Country of Operation	Type/ Number of Paid-up Shares	Registered Capital	Paid-up Capital	Par Value	Percentage of Shareholding (%)
<b>21. Retail Properties Co., Ltd.</b> 313 C. P. Tower, 1 <sup>st</sup> Floor, Silom, Khwaeng Silom, Khet Bang Rak, Bangkok 10500 Tel : 02-247-3737 FAX : - (Cancel)	Renting and operating of self-owned or leased of non-residential buildings	Thailand	Group A 1,050,000 Ordinary Shares <sup>(1)</sup> Group B 1,050,000 Ordinary Shares <sup>(1)</sup> Total 2,100,000 Shares	THB 210,000,000	THB 210,000,000	THB 100	50
<b>22. Lotus's Money Services Ltd.</b> Krungsri Ploenchit Tower, 550 Ploenchit Road, Lumpini Sub-district, Pathumwan District, Bangkok 10330 Tel : 1712 Fax : 02-627-8615	Finance (Credit Card & Personal Loan)	Thailand	Group A 10,400,000 Ordinary Shares <sup>(1)</sup> Group B 10,400,000 Ordinary Shares <sup>(1)</sup> Total 20,800,000 Shares	THB 2,080,000,000	THB 2,080,000,000	THB 100	50
<b>23. Synergistic Property Development Co., Ltd.</b> 999/9 31 <sup>st</sup> Floor, Rama 1 Road, Pathumwan Sub-district, Pathumwan District, Bangkok 10330 Tel : 02-667-5555 Fax : 02-264-5570	Renting and operating of self-owned or leased of non-residential buildings	Thailand	Group A 2,325,000 Ordinary Shares <sup>(1)</sup> Group B 2,325,000 Ordinary Shares <sup>(1)</sup> Total 4,650,000 Shares	THB 465,000,000	THB 465,000,000	THB 100	49.99
<b>24. Lotus's Retail Growth Freehold and Leasehold Property Fund</b> 1 Empire Tower, 32 <sup>nd</sup> Floor, South Sathorn Road, Yannawa Sub-district, Sathorn District, Bangkok, 10120 Tel : 02-686-6100 Fax : 02-2670-0430	SET listed Mutual Fund, invested in 23 shopping centers in Thailand.	Thailand	2,337,282,928 units	THB 24,671,416,000	THB 23,828,131,994.37	THB 10.19	25

Remarks <sup>(1)</sup> Voting rights: 1 vote per 1 share

<sup>(2)</sup> Voting rights: 1 vote per 10 shares



### 1.3.2 Parties with potential conflicts of interest with the Company, holding over 10% of voting shares in a subsidiary or associated company.

In 2001, Ek-Chai (a subsidiary of Lotus's) and CPG entered into a Joint Venture Agreement dated 5 November 2001, to invest in Retail Properties Company Limited, the Joint Venture Company, where Ek-Chai and CPG held 50% and 27% of the total shares of the joint venture company, respectively. After the Company received the entire CP Retail Holding Company Limited (CPRH) business transfer, Lotus's became a subsidiary of the Company where its joint venture company, Retail Properties Company Limited, automatically became an associate of the Company. The business transfer caused the investment in Retail Properties Company Limited to be classified as a joint venture with a party with potential conflicts of interest with the Company, namely CPG, holding more than 10% of the voting shares of the joint venture company, as defined by relevant Notifications of the Securities and Exchange Commission.

However, the Company has considered the shareholding structure in the joint venture company and related transactions and concluded it to be in the best interest of the Company and Ek-Chai to promote the business; thus, no change is required concerning the shareholding structure of the joint venture company or its related transactions. The conclusion was based on the following reasons:

1. Investment in the joint venture company was solely to promote the Company's core business, enabling Ek-Chai to use the land and buildings to operate the Bangpakok hypermarket, and thus considered immaterial to business operations of the Company or Lotus's, or both:

Ek-Chai's participation in the joint venture was a simple form of investment commonly seen industry-wide and reasonable to promote the Company's two primary businesses, namely Lotus's and Ek-Chai, considering the associated risks and rewards, such as risks of constructing and developing the store, the amount of investment required, including expected future returns as the real estate owner through the joint venture compared to standard investment practices in other industries. Industry-wide investment practices include (a) investing in real estate for freehold ownership, (b) investing in real estate for leasehold rights, and (c) establishing a joint venture to invest in real estate and leasing the real estate to joint venture partners.

The Bangpakok hypermarket, including a hypermarket and shopping centers, is located in a large area in a good location, close to various communities, including residential zones, schools, hospitals, and banks, on the main road (Suksawat Road), with convenient transportation, meeting the sourcing criteria for opening and operating Lotus's and Ek-Chai hypermarket branches. The joint investment and shareholding structure in the joint venture company was thus for the sole objectives of obtaining real estate leasing benefits from operating the Bangpakok hypermarket and penetrating Lotus' target customer segment in the particular area, in the best interest of the Company to promote its main business.

2. The establishment of the joint venture company and the Bangpakok Land lease agreement was a reasonable transaction in agreement with general commercial terms similar to a third-party transaction: The joint venture agreement clearly states that any significant change in the nature of the business or other operations of the joint venture company shall be subject to the unanimous vote of the Board of Directors of the joint venture company, and must be approved by the authorized representatives of both contracting parties.

In addition, the Bangpakok Land lease agreement consists of a 30-year land lease term with leasehold rights registered for Ek-Chai until 2032. As the terms and lease fees under the original lease agreement stipulate recurring 3-year building lease renewal rights upon lease expiration for Ek-Chai, Ek-Chai thus has the right to renew the land lease agreement under future renewal terms and the building lease agreement on Bangpakok land with a lease term of three years.

The Company has considered the transactions and terms in the joint venture agreement and has concluded that the land and building lease agreements are reasonable. As of the transaction date, CPG was a third party to Ek-Chai - an operating company indirectly owned by Tesco. The transaction and agreements thus had already been specified in general commercial terms similar to dealings with a third party. Notwithstanding, CPG neither benefited from any terms in the joint venture agreement nor did it manage the hypermarket at the time.



### 3. The establishment of the Joint Venture Company and its shareholding structure occurred approximately 20 years before the Company received the entire CPRH business transfer, where the business scope of the Joint Venture Company was clearly defined:

The joint venture company was established in 2001 when Ek-Chai was operated and indirectly owned by its former holding company, Tesco, whereby the joint venture purpose was to support operations of Ek-Chai's hypermarket. The scope of business operations was clearly specified under the joint venture agreement as follows:

- 1) Acquire the land in Rat Burana District, Bangpakok District (the "**Bangpakok Land**").
- 2) Construct and maintain ownership of the Bangpakok hypermarket.
- 3) Allow Ek-Chai land and buildings lease rights to the Bangpakok Land to operate a hypermarket business in the Bangpakok branch (the "**Bangpakok Land lease agreement**").

At present, neither does the joint venture company operate any business scope other than those mentioned above nor does Ek-Chai have any intention of changing the nature of the joint venture agreement in any way. Notwithstanding, any agreement amendment must be considered by the Board of Directors under relevant procedures beforehand.

The rules and regulations applicable to listed companies promote transparency and fairness in conducting either present or future connected transactions. The Company is committed to conducting honest and transparent business operations that are fair to all shareholders in the Company's best interests under Corporate Governance codes. This means following protocol for connected transactions with parties of potential conflicts of interest with the Company.

A transaction of such nature must also be considered by the Audit Committee under SET laws and regulations and approved by the Board of Directors. To be considered, the transaction must be reasonable and in the Company's best interest, while general commercial terms must indicate a transaction with a third party. Notwithstanding, stakeholders with potential conflicts of interest are excluded from voting on connected transactions as Company director or shareholder.

### 1.3.3 Relationship with Major Shareholders

#### (1) Relationship with Major Shareholder CPALL

As of 31 December 2022, CPALL held 59.92% of the Company's total issued and paid-up shares, either directly or indirectly. CPALL's main business is the retail convenience store under the 7-Eleven trademark in Thailand, focusing on meeting Customer Daily Life needs with fast-moving everyday groceries. The products can be divided into (1) food and beverages: such as ready-to-eat fruits, vegetables, bread, and desserts, including All Café coffee, coinciding the Food and Beverages Destination strategy under the slogan "Whenever you're hungry, stop by 7-Eleven," and (2) fast-moving groceries (excluding calling cards), the main products being personal and household products, among many other products.

As such, CPALL's business model differs from the Company and Lotus's in two main areas: (1) the wholesale and retail consumer goods business with a variety of store formats (including Cash and Carry stores, hypermarkets, supermarkets, and mini supermarkets), and (2) the shopping center lease spaces management business. Lotus's retail strategy for supermarkets and mini-supermarkets will focus on fresh food offerings under Lotus's Go Fresh rebranding and the "Winning with Fresh" slogan. Go Fresh is designed to

furnish a modern fresh-market store look and atmosphere, providing quality fresh food for daily cooking and household consumption. Mini-supermarkets, currently meeting the needs of customers who shop for everyday cooking and additional top-up items, will be rebranded to Lotus's Go Fresh, providing fresh food groceries and other non-food essentials. CPALL thus has no conflicts of interest with the Company or Lotus's as the companies operate different business models, not in direct competition with one another.

In addition, the Company will operate its business with free business competition and independence, without dominance that may cause conflicts of interest with shareholders. The Company's business operations and its majority shareholder are based primarily on principles that benefit each party's shareholders.

#### (2) Relationship with Major Shareholder CPF

As of 31 December 2022, CPF held 8.85% of the Company's total issued and paid-up shares through CPM (a subsidiary of CPF - a 99.9% holding company of CPM, directly and indirectly). CPF is a complete agro-industrial and food business with the following three main product categories:

1. Animal feed production and distribution
2. Animal husbandry and processing: such as animal breeding, commercial animal husbandry, and basic meat processing
3. Food business and production of processed, semi-cooked, and cooked meat products, or ready-to-eat food, including food distribution channels and restaurants

### 1.3.4 Shareholders

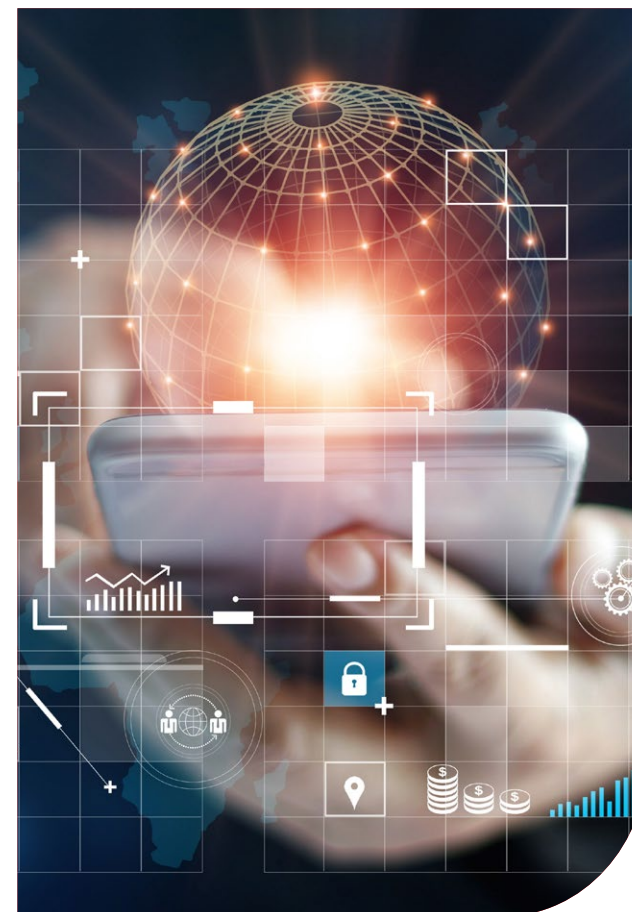
#### (1) Major Shareholders as of 30 November 2022

Top 10 Major Shareholders	Shares	Shareholdings (%)
1. CP All Public Company Limited <sup>(1)</sup>	3,699,728,100	34.97
2. Siam Makro Holding (Thailand) Limited <sup>(1)</sup>	2,640,302,800	24.95
3. Charoen Pokphand Holding Company Limited <sup>(1)</sup>	1,712,132,145	16.18
4. C.P. Merchandising Company Limited <sup>(1)</sup>	936,066,072	8.85
5. Thai NVDR Company Limited	203,083,859	1.92
6. MAYBANK KIM ENG SECURITIES PTE. LTD.	85,397,900	0.81
7. UOB KAY HIAN (HONG KONG) LIMITED - Client Account	79,440,500	0.75
8. SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	48,141,169	0.46
9. Mr. Prinya Tieworn	26,310,000	0.25
10. N.C.B.TRUST LIMITED-NORGES BANK 1	23,947,519	0.23
<b>Total</b>	<b>9,454,550,064</b>	<b>89.36</b>

Notes: <sup>(1)</sup> CPG as the 84.95% shareholder of direct and indirect shares.

#### (2) The Shareholders Agreement

The Company has signed no major-shareholders agreement that affects either the issuance and offering of securities or the management and material matters that impact Company operations.





## 1.4 The Company Registered Capital and Paid-Up Capital

As of 31 December 2022, the Company's registered capital was THB 5,586,161,750.00, comprising 11,172,323,500 ordinary shares at THB 0.5 par value per share, and the paid-up capital was THB 5,290,161,750.00, comprising 10,580,323,500 ordinary shares at THB 0.5 par value per share.

As of 31 December 2022, Thai NVDR Company Limited ("Thai NVDR") held 203,083,859 ordinary shares equivalent to 1.91 percent of the total issued shares of the Company. The investors holding Thai NVDR shall receive underlying economic benefits from holding the Company's shares in all respects i.e. dividends, rights offering, and warrants. The NVDRs cannot be involved in any decision-making of the Company, except for approving a delisting from the Stock Exchange of Thailand.

## 1.5 Issuance of other securities

- None -

## 1.6 Dividend Payment Policy

### 1.6.1 Dividend Payment Policy of the Company

Unless otherwise required, the Company's Board of Directors has the policy, which has been effective from 1994 onwards, to seek approval from the Annual General Meeting of Shareholders to pay dividends not less than 40% of its annual net profit after tax from the consolidated financial statement.

### 1.6.2 Dividend Payment Policy of Subsidiaries

The Board of Directors of each subsidiary shall consider its dividend payment policy on a case-by-case basis.

### 1.6.3 Dividend Payout Information (Year 2018 - 2022)

	2018	2019	2020	2021	2022 <sup>(1)</sup>
Earnings per share (Baht)	1.24	1.30	1.37	2.38	0.73
Dividend per share (Baht)	0.96	0.96	1.00	0.72	0.51
Dividend payout ratio (%)	77.5	73.8	73.1	40.0	70.0

**Remarks:** <sup>(1)</sup> The Board of Directors approved to propose to the 2023 Annual General Meeting of Shareholders to consider and approve the dividend payment from the 2022 consolidated net profit in the amount of THB 0.51 per share which includes the interim dividend paid to the shareholders at the rate of THB 0.18 per share on 6 September 2022. The remaining for the final dividend payment is at the rate of THB 0.33, which will be paid on 17 May 2023 to the shareholders who are entitled to receive dividend as per Record Date on 28 April 2023.

# 2

## Risk Management



### 2.1 Risk Management Policy

The Company realizes the paramount of effective Risk Management in the pursuit of favorable outcomes under set goals, given the highly susceptible retail business fluctuating with product price, supply chain requirements, ever-changing demand, and consumption patterns. The primary objective being a systematic approach to evaluating and controlling every risk factor involving the Company's ever-more top priority-food safety, Corporate Risk Management is thus overlooked by the Company's Risk Management Committee comprising 12 senior advisors and Company executives, as of 2022, that jointly determine Risk Management Policy and develop a Risk Assessment Framework under international standards. Potential risk factors that may impact Company Strategy are identified, analyzed, flagged according to risk level, monitored, and applied in the decision-making process to determine the appropriate Corporate Risk Management Plan along with authorized personnel responsible for managing the risks according to the plan and controlling the impact to an acceptable level. To oversee and reinforce effective risk management across the organization, 4 Risk Management Subcommittees were established in 2021 to monitor and support risk management in 4 different matrixes, namely the Siam Food Service Group Company Limited, Digital Transformation and information technology, cross-Group subsidiary collaboration, and the 4 international Group companies in Myanmar, India, Cambodia, and China. The subcommittees operate with one synchronized objective,

to evaluate and manage risks while keeping abreast of Company changes and business plans and report significant developments to the Company Risk Management Committee directly.

#### Risk Management Standard

The Company has adopted the COSO (Committee of Sponsoring Organizations of Treadway Commission) international standard for cross-organization risk management, setting Company policies, objectives, risk management frameworks, and risk management structure accordingly, and announced its intention to fight as an active member of the Thai Private Sector Collective Action Against Corruption (CAC) since 2018 with a membership renewal on March 31, 2021.

#### Risk Management Tools

To optimize risk management undertakings, a Company risk map, mitigation plan, and key risk indicators (KRIs) are applied as risk management tools to analyze and assess unfolding and emerging risk factors with the potential to affect corporate goals, operationally or investment-wise, to proactively determine the associated impact levels and the required risk-management measures for Company-wide risk management readiness in the business year ahead. The Company also outsources risk management experts from Pricewaterhouse Coopers Limited for advisory capacities under the Company Risk Management Committee.





## 2.2 Operational Risks

The Company analyzes the business environment from internal and external perspectives, including important domestic and overseas developments alongside trends in the economy, the social-political-technological domain, the competitive landscape, and competitors, as well as the environment and ecosystems to which it relies upon, among others, while taking into account the comparable business risk factors from a third-party expert perspective that are analyzed to determine critical organizational risk factors that had to be managed and monitored properly in 2022. The risk factors are as follows:

### 1) Strategic Risks

#### 1.1) Risk of Strategy Implementation

While executing a set strategy is crucial to achieving long-term Company goals amidst the rapidly ever-changing competitive landscape, adjustment to strategy execution may be necessary, be it to pursue business opportunities or avert trouble, or both, if not shift strategy altogether, or risk running up internal complications under rapid growth. A Strategic Execution Risk Workshop is thus organized to identify and assess such risks, determine preventive measures accordingly, and monitor preventive-measure results regularly.

In pursuit of Company visions and growth goals, a new business model that is responsive to changes in customer behavior and needs is in place to identify and drive home key projects that administer Company strategies and goals in both the short- and long-term, each interrelated in responding to fluctuating pressures and changes in the

industry, marketplace, and overall customer sentiments and demands through a systematic process that closely monitors implementation effectiveness, ensuring that each project achieves the planned results and delivers the targeted returns to the Company on time.

#### 1.2) Risks of Strategic Management

As the business world enters the era of digital disruption, where technology is integral to daily life, and as the Company undergoes a digital organizational transformation under adapted corporate strategies and goals in pursuit of a digital-oriented business model, the professionals, corporate culture, and work processes that underpin the model also need to adapt to keep abreast of advancing competitors and develop comparable strength in the new competitive landscape. Notwithstanding impactful organizational requirements for change, digital transformation is thus identified as a risk that affects its strategy and operating model in various areas, be they corporate plans and budget, implementation, work process and professional development, or project management, among other areas.

A central task force is established, comprising Company management, outsourced third-party experts, and related stakeholders in different areas, to jointly prioritize and define strategic projects going forward along with plans to manage implementation, monitor progress and completion, and assess performance. The task force is responsible for ensuring organizational digital readiness with, on one hand, a digital infrastructure to underpin key digital-operational capacities, be it an enterprise system, AI, big data, or paperless workflows, among other capacities, and, on the other hand, adapting human resources and the corporate culture under rapidly changing business conditions, be it the recruit and development of professionals with the digital talent and

mindset or the required incentives and career paths to sustain a competitive organizational capacity in the digital age. The task force is also responsible for monitoring and assessing the performance, progress, and success of the strategic projects, as well as further outsourcing for required capacities.

#### 1.3) Risk of Overseas Investments

Overseas expansion being a growth strategy with uncertain operations and management, overseas executives are required to establish risk management measures to identify and assess potential risks along with the associated impact, mitigate them to an acceptable level, and review the measures regularly. The operational performance of overseas subsidiaries is monitored closely to ensure results are on target and the business is managed efficiently and effectively. Business expansion under planned timetables being key to achieving strategic goals, local executives and professionals in Company-based countries with the applicable knowledge, skills, and experience are retained to manage overseas operations alongside high-level Company executives from Thailand assigned to overseas subsidiaries to transfer and share knowledge and experiences in managing business operations with local management and monitor the business operations closely from abroad. This allows the Company to recognize problems, propose and develop solutions to problems similar to Thailand, and jointly and effectively manage them with local senior management, ensuring they are operational and competitive in achieving set goals and results in the process. The Business Continuity Management (BCM) Committee monitors the COVID-19 situation in each country closely and regularly to provide advice and guidance on proven measures in Thailand that can be adapted to continue with business as usual.



## 2) Operational Risks

### 2.1) Risk of Organizational Readiness

Human Resources being any organization's most valuable asset, another factor obstructing corporate goals and strategy is a human resource risk, be it a shortage of key experience, knowledge, and talent, or, the insufficiency thereof thus the organizational structure to drive implementation with strategy. The Human Resource Management Committee, or the people committee, is thus established by the Company to manage human resource risks, determine risk management policies, and develop the appropriate human resource capacities, as well as the standard operating procedures (SOPs) and corporate culture to support the Company's competitiveness amidst the competitive digital landscape. Great importance is thus placed on succession planning and capability management that systematically retains and prepares existing talent and experience with specific characteristics that fulfill key positions at the next suitable management level, revealing a clear career path and career development potential for key personnel and meeting the professional talent and quantity requirements in the process. Training plans are prepared and offered in various fields for all employees and executives to participate, with courses tailored to different professional levels and applicability to corporate strategy and plans.

### 2.2) Risk of Food Safety and Product Quality

Paramount importance is placed on product quality and safety—the core competency that determines the customers' confidence in Company products and services, thus, its credibility. Quality Control (QC) processes are constantly optimized and implemented to meet international standards for product safety and applicable requirements, starting

from upstream evaluation and ethical sourcing, manufacturing, and procuring raw materials, to transporting goods and ensuring end-user products are from the best sources and have the best quality under food safety standards and certification compliance, namely GLP, Q Mark, HACCP, GMP, and Codex, among others. Food safety projects include Quality Pro for fruits and vegetables and the Makro-Trace system via QR Code scanning for customers to examine product origins. Surveillance, monitoring, and procedures are in place with close coordination with the government to prevent infectious diseases and keep abreast of the latest news and impactful developments, react promptly, set practical capacities to prevent, control, ensure Company-readiness to handle risks appropriately, and mitigate and respond to crisis when it unfolds. The Company has also appointed a Sustainability Project Committee to promote environmentally-friendly resource utilization and production efficiency and prepared the MIA (Makro Initiative Accreditation) standard to raise the QC standards of contracted manufacturers and private labels to international standards.

### 2.3) Risk of Cyber-Security

While the IT infrastructure underpins any organization's operational and business capacity, linking information and communication throughout the organization, cyber attacks and threats are increasing in severity and form, and are evolving rapidly with emerging new technologies. The Company is well aware that such threats bear significant impact potential on its business operations and credibility, and has thus flagged cyber security as a key risk.

The Cyber Security Team is established with subject matter expertise and the main objective of setting up proactive measures to mitigate the possibility of cyber threats. The team's responsibilities include planning and oversight of overall Company security, protection, and inspection, as well as conducting proactive cyber security measures with simulated cyber attacks in virtual reality, building a Company security-oriented mindset, raising awareness, and training Company personnel on cyber security compliance, at the same time, standing by to respond to real-life cyber threats in the process. To ensure organizational cyber security readiness, i.e., the ability to effectively defend against cyber-attacks under business-as-usual operational performance, the Company has outsourced third-party experts to perform cyber security penetration testing to prompt existing protocols and countermeasure rehearsals to deal with different cyber threats in real life situations, activate emergency protocol and backup systems to deal with situations properly, and navigate the impact on Company systems and databases to an acceptable level.

To raise the level of cyber security management and efficiency, the IT and Security Committee is established and headed by the Chief Information Officer (CIO) who is also a member of and reports directly to the Executive Committee. The Company continuously raises cyber security awareness among employees, be it via phishing testing and training, and security email alerts on new threats, how to prevent them, and related IT laws through internal communication channels and training sessions.



## 2.4) Risk of O2O Operations

The Company embraces and reinforces the O2O strategy to seamlessly fuse online shopping with offline foot traffic and customer service experiences under one new, synchronized business model, notwithstanding the necessary developments and adjustments that remain. In responding to changed customer needs for products and services and shopping expectations, however, the Company encounters an O2O risk from doing business under a model that requires significant investment and system development to attain operational efficiency and meet customer satisfaction requirements, e.g., ordering and delivering goods and services that may cause delays and affect product quality, especially fresh food.

The Company has thus assessed and flagged O2O as a risk, as well as set proactive countermeasures to mitigate various aspects of related risks and continually improves the O2O model to meet the needs of customers, be they the variety and convenience of ordering products through online channels and payment methods, including the option to either pick up the order at the branch or have it delivered.

As such, a number of branches in Bangkok have been designated as storage and distribution centers, improving packaging processes, delivering products more efficiently, and optimizing the equipment used to provide O2O business services, such as delivery equipment, temperature control equipment, as well as cleaning and maintenance methods to ensure efficient delivery and maintain product quality throughout the shipping process. The Company has improved training courses for employees and related companies such as transport and delivery companies, among others, to enhance their knowledge and understanding of the O2O

business model and quality management of delivered products, ensuring both Company employees and related parties acknowledge and are familiar with the model.

## 3) Reputational Risk

### 3.1) Risk of Corporate Defamation

Negative and inaccurate information about the Company weighs a heavy impact on its hard-earned reputation and credibility, be they opinions and comments on provided products or services, involved personnel, or the organization itself, all of which can be exaggerated, exacerbated, and go viral on social media online channels to damage related parties with far-reaching implications. A team and countermeasures are thus put in place to promptly handle such incidents and mitigate the likelihood and impact potential of negative circulation. The team is equipped with the technology and systems to monitor social media events that may pose such a threat to the organization where incidents are reported directly to the appropriate chain of command that determines corrective and preventive measures accordingly, with a clearly defined reporting timeline for incident response and incident resolution. Countermeasures are also in place to handle negative reviews on Company product quality, services, employees, or management in particular branches to respond to the comment, prevent the cause of the problem from repeating, and seize the opportunity to show customers that they are the priority and the Company is open and willing to accept, make amend, improve, and prevent the problem from happening again. A communication system is in place to handle both normal situations and crises, where drills are rehearsed to practice prompt crisis handling and the crisis countermeasures are reviewed regularly to ensure practical responses.

## 4) Compliance Risks

### 4.1) Risk of Legal Compliance

The Company adheres to business ethics and the good corporate governance principles of honesty, transparency, and fair business operations under the legal requirements of domestic and international Company-based countries alike, complying with both internal and government policy. Non-or partial compliance, however, be it legal provisions, regulations, or policies, can bear significant consequences or damages, or both, on the Company's reputation, delay operations, and result in penalties, fines, or loss of business opportunities. As legal provisions and requirements change regularly and apply to relevant internal departments differently as they do, the Company's legal department is also responsible for keeping abreast of the latest legal developments and governmental announcements with potential impact on business operations, as well as notifying and providing necessary compliance training to relevant executives and internal departments for acknowledgment. It takes part in adapting work processes that may be affected by changes in legal requirements to ensure accurate and complete compliance and developing a compliance monitoring system, be it compliance reports, contract preparations, renewals, or licenses related to Company operations.

Domestic and international legal advisors are also outsourced to closely monitor legal changes and updates for overseas subsidiaries and advise best compliance practices in countries where the Company operates.

A Whistleblowing Channel is provided on the Company's website to receive complaints and clues of alleged wrongdoings or misconduct, namely corruption, investigate



the case while maintaining whistleblower confidentiality and offer appropriate witness protection where necessary. The Company became a member of the Thai Private Sector Collective Action against Corruption, or CAC, under the Anti-Corruption Act on February 12, 2018, to formally announce a stance against corruption and renewed its membership on March 31, 2021. Corruption risks of susceptible internal activities involving and dealing with government agencies are assessed regularly.

#### 4.2) Risk of Data Privacy

The Company has considered the impact of the Personal Data Protection Act B.E. on its database of customers, members, employees, manufacturers, and suppliers' information and thus has appointed the PDPA committee to optimize existing computer systems and related work procedures, and formulate policies related to the protection of personal data alongside outsourced third-party experts. The committee supervises work processes, receives reports, and considers relevant matters on a monthly basis to ensure accurate and complete compliance with legal requirements, including regularly announced Company policy on data privacy, details of data usage, requests to exercise personal data rights, as well as channels to notify authorization, with consent forms conveniently available for download on the Company's website. Compliance training is organized for executives and relevant employees to acknowledge regular impacts and changes that may occur in the workplace.

## 5) Environmental and Hazard Risks

### 5.1) Risk of Pandemics

At present, the Company still faces the risk of a COVID-19 outbreak. The global epidemic that began in 2020 has had a wide-ranging impact on the economy, domestically and internationally, including significant changes in government regulations as well as changed consumer preferences for online shopping, and purchasing power. An organizational pandemic readiness being the priority, committees and working groups are appointed to properly and promptly handle COVID-19 outbreaks under announced governmental measures that unfold, prepare, schedule, and follow up on preventive and reactive measures accordingly, and ensure protective gear is in place, namely masks, hand sanitizer, temperature checks for both employees and customers. Measures are also in place for the employees to rotate working from home to reduce overcrowding and the risk of exposure and disease transmission, whereby remedial measures are in place to care for exposed and infected employees.

An example of a Company measure to contain internal outbreaks is its pandemic response system of detecting, patient tracing, and isolating risky persons to prevent further spread while encouraging and supporting vaccination among employees to boost both individual antibody and herd immunity, resulting in the rapid decline of virus contractions and infections. The measure is particularly effective with clear and concise communication of key information for everyone to grasp and get on the same page with all involved parties, be they other Company employees, that of associates, or related third parties and government agencies alike.

### 5.2) Risk of Climate Change and Natural Disasters

The Company is aware of the increasingly severe global climate and natural disasters, be they droughts, flash floods, or thunderstorms, intensifying with rapidly rising sea levels and temperature shifts, all of which significantly affect the agricultural farming, production, and output of trading partners as well as the transport thereon to Company distribution centers and stores.

As inconvenient as it already is for customers to travel under normal traffic conditions, the Company has developed a business continuity management (BCM) plan with designated capable branches and distribution centers across the country to transport goods and deliver orders to customers interchangeably in the event of an emergency, forming a national network of business partners and associates with the capacity and resilience to continuously supply products for online orders and provide services that save the customers from unnecessary journeys and exposures at shopping centers.

To mitigate the impacts of future natural disasters to an acceptable level, especially from flood risks, the Company has diversified distribution center locations to low-risk areas with varying natural disaster categories and put in place measures to provide help during a crisis, namely electricity from multiple sources and self-sufficient distribution centers with rooftop solar panels, to facilitate business as usual in the face of a natural disaster.

The Company has formulated a climate coping strategy to reduce both direct and indirect greenhouse gas emissions by using renewable energy and maximizing internal energy efficiency, promoting tree planting in Company areas to



naturally absorb carbon dioxide as well as raising awareness of environmental conservation among employees, business partners, and all stakeholders alike.

Energy efficiency, for instance, is optimized with high-efficiency light bulbs replacements at 26 sales centers, the switch to variable speed drive chillers for air conditioning systems, and environmentally-friendly refrigerants at 17 centers, including the refrigerants in fresh food freezers while increasing the proportion of electricity from solar rooftops. These projects not only result in lower energy impact but also minimize greenhouse gas emissions.

## 6) Emerging Risks

To prepare measures and management guidelines for effective and prompt proper response and management, developments and trends with potential impact on business operations are analyzed and reviewed alongside changes that may become problematic or risky on a yearly basis. The following risks emerged in 2022 with the potential to affect business as usual:

### 6.1) Risk of Shifting Consumer Preference

The post-outbreak new normal has forced the Company to adapt with a shift in consumer lifestyle and a rapidly growing preference, and prioritize online distribution channels and popular delivery services that are replacing foot shopping. Although legacy online platforms emerged with technological developments that allowed the Company to compete and increase market share in the same market sustainably in the past, customers grew weary with safety and exposure concerns as the legacy business model relied predominately on providing products and

services through a storefront. Evermore, the new online platform has optimized maximum consumer convenience in accessing, comparing, and shopping Company products and services anytime and anywhere for a better value with swift e-payments and doorstep deliveries through multiple channels, on and offline, that synchronize into one omnichannel mobile application with zero safety or exposure concerns. Digital marketing and promotional activities are also managed through the application, alongside the Company's website, to conveniently communicate information and acknowledge customer opinions or concerns, on or offline.

### 6.2) Risk of Disruptive Digital

The digital revolution has played a revolutionizing role in redefining the modern lifestyle with a complete transition to a digital-savvy, independent era. Anyone and everyone with a good mind and work ethic can step up to the plate, compete, and succeed with digital backwind.

Since digital technology was officially introduced with the government's strategic Thailand 4.0 to stimulate logistics services alongside selling products online and digital marketing, businesses have become data-driven as data became digital-driven. As no serious player retains a competitive edge and survives in this highly competitive and innovation-driven era of fast-changing consumer needs without it, digital requirements will become the risk that stamps out traditional business models and distribution channels, potentially diminishing the Company's competitiveness and business opportunities that would otherwise add value to the organization and beyond. Cutting-edge technological requirements also entail the risk of human resources and digital talent shortage. As such, the Company has reviewed

its corporate strategy on a regular basis and plans to optimize business growth with organizational digital readiness with an underpinning digital transitional strategy and IT infrastructure with corporate plans to monitor the development and implementation alongside that of required human resources that go hand in hand.

### 6.3) Risk of a Pandemic Normal

Scientists have long warned, not only that the COVID-19 pandemic could persist and become a new normal where we are constantly dealing with an outbreak, but that there are also many other infectious viruses out there with the potential to cross-transmit to humans and go viral the same way, if not worse. Such a transmission is caused by external factors beyond the Company's control, namely climate change, be it rising sea levels that diminish habitable lands for both humans and animals or the change in global temperature that becomes conducive for virus mutation and outbreak among humans. These are likely to become more frequent in the future and represent a disruptive normal that spurs more shifts in consumer behavior and thus Company business as usual. To mitigate this risk, outbreak response plans are reviewed and revised regularly to prepare Company pandemic readiness where the plans can be elevated to meet the challenges and requirements of an unfolding outbreak at any time. The Company will continuously develop products and services to keep abreast with key developments and provide customers with reliable and convenient access to Company products and services in the event of a crisis.



#### 6.4) Compliance Risk

The business acquisition of Lotus's late 2021 subjected the Company to regulatory requirements under the Trade Competition Commission of Thailand (TCCT), namely the announcement to investors regarding the potential benefits of the merger. Failure to comply with applicable laws, regulations, or contractual obligations may affect the outcome of the merger, the continuing operations, and the Company's reputation.

The Company and its subsidiaries have thus jointly established the TCCT Compliance Committee, consisting of legal departments and related parties of involved companies to jointly supervise operational compliance and determine plans to prevent non-compliance risks. Regular monthly committee meetings were scheduled in 2022 to follow up on compliance performance under the plan.

As contractual terms announced to investors arise from synergy projects where companies cooperate, a task force comprising responsible personnel for each project has been established as well as a risk management subcommittee to oversee the joint projects and ensure requirements are efficiently completed.

#### 7) Risks Affecting Securities Holders' Rights or Investments Risk of Controlling Interest

As of 30 November 2022, the Company's majority shareholders consisted of 3 companies under the Charoen Pokphand Group, namely itself, Siam Makro Holding (Thailand) Company Limited, along with Charoen Pokphand Holding Company Limited and C.P. Merchandising Company Limited, each holding 55.92%, 16.18%, and 8.85% of total Company shares, respectively, whereby the 3 CP affiliates have a combined shareholding of 84.95% of all sold shares. This poses a risk to check and balance in the Company as a single group controls its decision-making processes and meeting resolutions, including special resolutions of the shareholders' meetings, thus the direction of the Company as effective voting that would normally check and balance proposed matters without a controlling interest is disenfranchised from the remaining minority shareholders.

The Company always conducts business under the principles of good corporate governance and provides equal opportunities for all. As such, minority shareholders are entitled to propose directorship nominees and meeting agendas to the Board of Directors which consists of 5 independent directors, representing a third of all board members, 3 of which serve on the audit committee, a Company structure of bylaws and procedures protecting the rights and interests of minority shareholders through check and balance of power and auditing transparency. All Company directors are knowledgeable, capable, and respected members of society that are elected irrespective of protected rights. Majority-shareholder matters or transactions with potential conflicts of interest with the Company are properly handled under the Company compliance policy governing measures and procedures for approving connected transactions, as well as relevant legal provisions and requirements.

# 3 Driving Business Sustainability

## 2030 Sustainability Strategies

### 3.1 Sustainability Management, Policy and Target



#### Sustainable Development Vision

To be the number one trusted partner for customers, offering safe and high-quality products at fair prices, supporting customers to remain their competitiveness and profitability. To enhance stakeholders' quality of life without compromising the future generations' opportunity to access the resources for their needs.


























The company has established a framework for developing and managing sustainability in three dimensions: economic, social, and environmental. The company disclosed the 2030 Sustainability Strategies for the 10-year roadmap from January 2021 to December 2030.

Sufficiency Economy Philosophy	C.P. Excellence Management Approach	The 10 UNGC Principles 17 UN SDGs & UNGP	Regulations, and Standards
<h2>HEART</h2> <p>Living Right</p> <hr/> <ul style="list-style-type: none"> <li> Corporate Governance</li> <li> Human Rights and Labor Practices</li> <li> Education and Inequality Reduction</li> <li> Leadership and Human Capital Development</li> <li> Cybersecurity and Data Protection</li> </ul>	<h2>HEALTH</h2> <p>Living Well</p> <hr/> <ul style="list-style-type: none"> <li> Health and Well-Being</li> <li> Social Impact and Economic Contribution</li> <li> Food Security and Access to Nutrition</li> <li> Innovation</li> <li> Stakeholder Engagement</li> </ul>	<h2>HOME</h2> <p>Living Together</p> <hr/> <ul style="list-style-type: none"> <li> Climate Resilience</li> <li> Circular Economy</li> <li> Water Stewardship</li> <li> Ecosystems and Biodiversity Protection</li> <li> Responsible Supply Chain Management</li> </ul>	



## Supporting UN Sustainable Development Goals

The company has integrated the United Nations Sustainable Development Goals (SDGs) into the 2030 Sustainability Strategies, aligning organizational core competencies with the whole SDGs 17 goals and driving positive impact in economic, social and environmental aspects.
























	Strategies	2030 Sustainability Targets	UN Sustainability Development Goals
<b>HEART</b> Living Right	 <b>Corporate Governance</b>	<b>100%</b> The businesses implement a corporate governance impact scoring assessment.	  
	 <b>Human Rights and Labor Practices</b>	<b>100%</b> The businesses periodically conduct human rights impact assessment in high risk own operations and tier 1 supplier.	    
	 <b>Education and Inequality Reduction</b>	<b>150,000</b> people supported through education and lifelong learning and upskilling.	     
	 <b>Leadership and Human Capital Development</b>	<b>100%</b> of employees engaged in learning and initiatives.	    
	 <b>Cybersecurity and Data Protection</b>	<b>100%</b> of businesses are certified on an international standard of data security and data privacy.	






# HEALTH

Living Well

	Strategies	2030 Sustainability Targets	UN Sustainability Development Goals
	 <p><b>Health and Well-Being</b></p>	<p><b>70%</b> of total sales volume of B2B and B2C products and services help promote health and wellness.</p>	  
	 <p><b>Social Impact and Economic Contribution</b></p>	<p><b>400,000</b> jobs supported to generate incomes for the community.</p>	      
	 <p><b>Food Security and Access to Nutrition</b></p>	<p><b>150,000</b> children and people in need get access to safe and nutritious food.</p>	    
	 <p><b>Innovation</b></p>	<p><b>6</b> patents or petty patents were registered.</p>	 
	 <p><b>Stakeholder Engagement</b></p>	<p><b>80%</b> engagement score of multi-stakeholders perception survey</p>	



	Strategies	2030 Sustainability Targets	UN Sustainability Development Goals
<b>HOME</b> Living Together	 <b>Climate Resilience</b>	Carbon Neutral of organization's operation (Scope 1 & 2)	     
	 <b>Circular Economy</b>	<b>100%</b> achieve food waste to landfill and use sustainable packaging	     
	 <b>Water Stewardship</b>	<b>100%</b> Reduction in water withdrawals per net revenue compared to the baseline year 2020	 
	 <b>Ecosystems and Biodiversity Protection</b>	Participate in the biodiversity protection program with a relevant international partner.	   
	 <b>Responsible Supply Chain Management</b>	<b>100%</b> of high-risk raw materials are traceable, whereas high-risk suppliers are audited.	     

## 3.2 Sustainability Management within the Value Chain



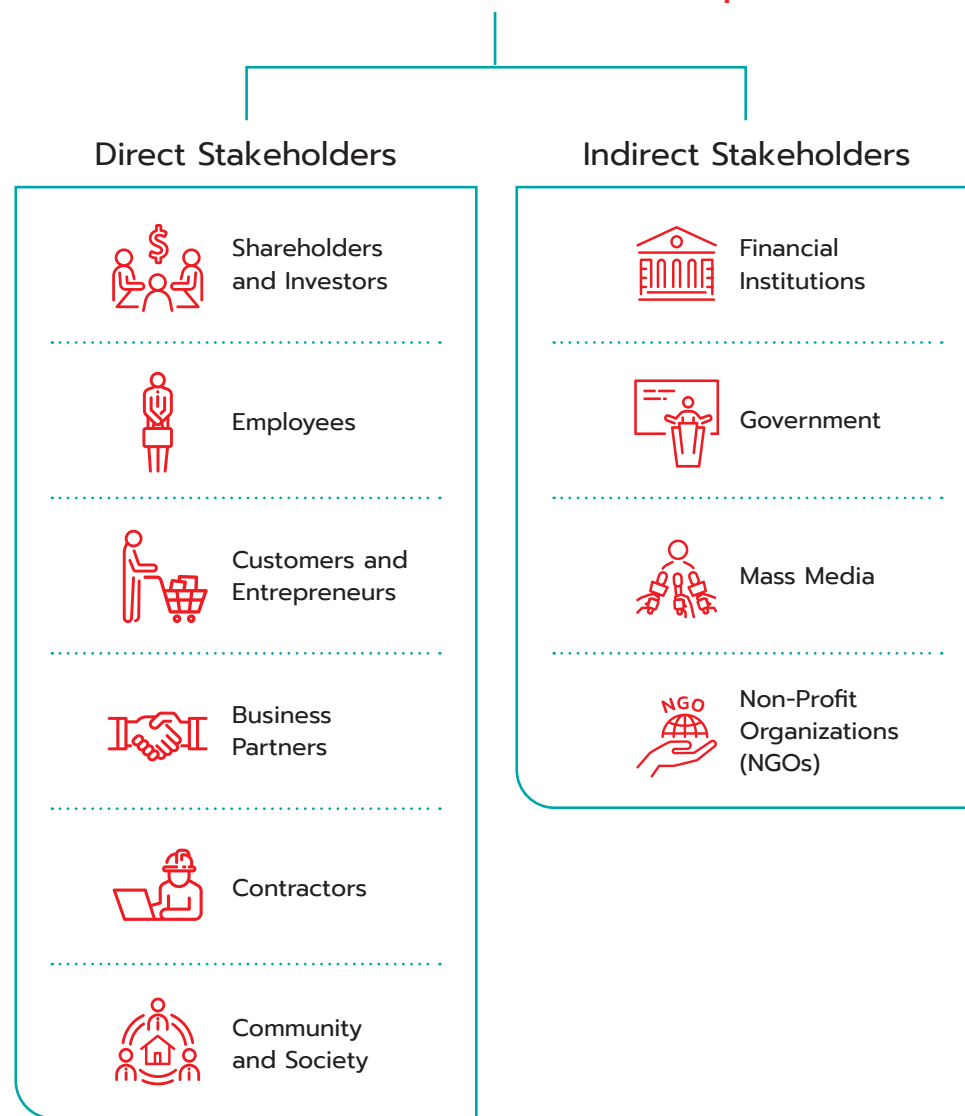


## Stakeholder Expectations and Value Chain Analysis

The company emphasizes stakeholder engagement throughout the business value chain, analyzing and categorizing direct and indirect stakeholders into 10 groups and periodically reviewing the engagement channels.

Main Activities	Supporting Activities
 <p><b>Product Sourcing</b></p> <p>Ethical sourcing, promotes health and well-being products with responsibility for the environment and supports the local communities.</p>	 <p><b>Human Capital Management</b></p> <p>Recruit and develop the necessary skill to employees and grows with a proper career path.</p>
 <p><b>Warehouse &amp; Distribution</b></p> <p>Efficient operation and logistic with low impact on social and environment.</p>	 <p><b>IT &amp; Data Protection</b></p> <p>Cybersecurity and protect the stakeholder's data privacy.</p>
 <p><b>Store Operation (Online &amp; Onsite)</b></p> <p>Continuous sales growth with minimize waste and managing products &amp; services to deliver the better experience to customer.</p>	 <p><b>Financial</b></p> <p>Transparent, Accurate and compliant with the regulations.</p>
 <p><b>Marketing &amp; Selling</b></p> <p>Ethical market, accurate and fair pricing including branding for customers' recognition.</p>	 <p><b>Supporting Function</b></p> <p>Support and ensure the proper response to meet the stakeholders' expectations.</p>
 <p><b>After-Sale Service</b></p> <p>Ontime and proper response to increasing the customer's satisfaction.</p>	 <p><b>Infrastructure</b></p> <p>No significant negative impact to communities and environment including efficient resource usage.</p>

## The Makro's Stakeholders Groups



## Materiality Topic and Assessment

The annual materiality assessment initially considers the topic of the organization's activities, business relationships among value chain, stakeholder impacts, and concerns from engagement, referencing the Global Reporting Initiative (GRI 3: Material Topics 2021), Sustainability Reporting Standard through the following process:



### Stage 1

Understand context and identify material issue and identify impact

The company identifies sustainability material issues by review the context and input from both internal and external, such as laws & regulations, 2030 sustainability strategies, ESG indices and guidelines i.e, FTSE4Goods, DJSI, TH-SI, SASB also Global Trend review and stakeholder feedback. The results from engagement, assessment or complaints including the significant issue from industry peer practices and other related sectors to fine both positive and negative actual and potential impact.



### Stage 2

Assess and prioritize the most significant impact for reporting

The Sustainability committee member (representatives from the executives' level and the head of the relevant departments related to ten stakeholder groups) participate the workshop to assess the severity and likelihood of negative impact while scale & scope and the likelihood of positive impact, to prioritize the impact material issues.



### Stage 3

Validation

The sustainability assessment results were presented to the Chief Executive Officer of Siam Makro Business Group to confirm and approve sustainability issues. Furthermore, the company has engaged an independent agent to verify and certify the accuracy in accordance with the GRI standard and conduct reliability assessment of specific data.



### Stage 4


























Continuous review and improvement

The company periodically reviews the action, performance, reporting process, disclosure and provides channels for stakeholders to feedback and suggestions for improvement.















Remark: \*Detail of stakeholder engagement result and channel within the Stakeholder engagement topic on page 152 - 156.



## Identifying and Managing Economic, Environmental, and Social Impacts. (GRI 102-29)

Material Issues	Stakeholder	Expectation / Impact for ESG	Strategy & Target	
 <b>Corporate Governance</b>	 Shareholder and Investor  Employee  Supplier	 Contractor  Financial Institute	Gap of CG performance disclosure as new Thailand Stock Market's requirement in the annual report.  Maintain the highest standards of governance and risk management including disclosure of accurate and adequate information.	
	 Employee  Supplier	 Contractor  Government		Breach of Human rights And discrimination.  Human rights protection and embracing Diversity & Inclusion with Zero Tolerance of Discrimination, Harassment, and Sexual harassment.
	 <b>Occupational health and safety</b>	 Employee  Contractor		
 <b>Education and Inequality Reduction</b>	 Customer	 Community	Positive impact to local entrepreneurs and communities for education the skill for food and retail business SME.  Long-life learning and job creation for communities in every country company's operating.	
 <b>Leadership and Human Capital Development</b>	 Employee		Lack of skilled employee and impact to business operation.  Develop leadership and digital skill including talent management.	
 <b>Cybersecurity and Data Protection</b>	 Shareholder and Investor  Employee  Customer	 Supplier  Contractor  Financial Institute	Cyber attack risk and Breach of data privacy.  Cyber and data risk assessment and mitigation action.	
















Material Issues	Stakeholder	Expectation / Impact for ESG	Strategy & Target
 <b>Health and Well-Being</b>	 Customer	Positive impact for customers to access quality and healthy food.	70% of Revenue from healthy, and nutrition promotion food.
 <b>Social Impact and Economic Contribution</b>	 Supplier  Community	Positive impact on the Local communities. (GRI 413: Local communities)	Local love Goal with local CSR activities and Support agriculture products from local farmers and SMEs
 <b>Food Security and Access to Nutrition</b>	 Customer  Community	Positive impact on accessibility, traceability and food safety to customers, consumers and communities.	Food distribution, accurate quantity, and traceability.
 <b>Innovation</b>	 Shareholder and Investor  Community  Customer	Positive impact by new products or business models has fulfilled stakeholder's ESG expectation.	Embed innovation culture also innovate the business model, process, and product for better serving including environmentally friendly to customers and consumers.
 <b>Stakeholder Engagement</b>	 All Groups of Stakeholders	Approach to stakeholder engagement.	Two ways communication with stakeholder and use information as the input for ESG risk assessment, actions and disclosure performance.

Material Issues	Stakeholder	Expectation / Impact for ESG	Strategy & Target
<b>Climate Resilience</b>	Shareholder and Investor Government	Business and environmental Impact from climate change impact And risk of Energy cost.	Decarbonization and carbon offset towards carbon neutral in 2030.
	Financial Institute		
<b>Circular Economy</b>	Shareholder and Investor Government	Business and Environmental impact from Waste & Food waste.  Sustainable packaging.	Zero food waste to landfill.
	Financial Institute		
<b>Water Stewardship</b>	Supplier Contractor	Water stress risk and wastewater effluents.	Water stress risk management, improve water intensity, and wastewater treatment.
	Financial Institute Government		
<b>Ecosystems and Biodiversity Protection</b>	Supplier Contractor	Impact to Biodiversity & Deforestation from operation and sourcing.	No-Net-Deforestation Zero operation in world heritage or protected area.  Sustainable fishery.
	Community Government		
<b>Responsible Supply Chain Management</b>	Customer Supplier Contractor	Environmental and social impact protection from supply chain.	Ensure supply chain ESG risk is assessed and managed. Also promote certified sustainable products and enhance every critical tier 1 supplier has implied the sustainable sourcing to their supplier.
	Community Government		



## Result of Materiality Assessment

Critical Material Issues	Very Important Material Issues	Important Material Issues	Moderate Material Issues
 Cybersecurity and Data Protection (+)	 Human Rights and Labor Practices : Equality & Non-discrimination	 Water Stewardship	 Ecosystems and Biodiversity Protection
 Corporate Governance : Data disclosure as new set's guideline.	 Human Rights and Labor Practices : Occupational health & safety (+)	 Leadership and Human Capital Development	
 Human Rights and Labor Practices : Transportation safety (+)	 Circular Economy : Food waste reduction (↑)	 Human rights and Labor Practices : Harassment and Sexual harassment (+)	
	 Climate Resilience (↑)		
	 Circular Economy : Sustainable packaging (+)		
	 Responsible Supply Chain Management		

Remark: (↑) Ranking increased from last year's material review, (+) New issue.



## Materiality Boundaries

Report Headings	Materiality Issues	GRI Standard
<b>HEART</b> Living Right	Corporate Governance	102-11, 102-12, 102-13, 102-18, 102-22, 102-24, 102-30, 102-35, 102-38, 103-1, 103-2, 103-3, 205-1, 205-2, 205-3, 406-1
	Human Rights and Labor Practices	102-41, 103-1, 103-2, 103-3, 401-2, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-9, 403-10, 405-1, 405-2, 412-1
	Education and Inequality Reduction	103-1, 103-2, 103-3, 203-2
	Leadership and Human Capital Development	103-1, 103-2, 103-3, 401-1, 404-1, 404-2, 404-3
	Cybersecurity and Data Protection	102-19, 102-20, 103-1, 103-2, 103-3, 418-1
<b>HEALTH</b> Living Well	Health and Well-Being	103-1, 103-2, 103-3, 417-1
	Social Impact and Economic Contribution	103-1, 103-2, 103-3, 201-1, 413-1
	Food Security and Access to Nutrition	103-1, 103-2, 103-3
	Innovation	103-1, 103-2, 103-3
	Stakeholder Engagement	103-1, 103-2, 103-3, 102-40, 102-41, 102-42, 102-43, 102-44
<b>HOME</b> Living Together	Climate Resilience	103-1, 103-2, 103-3, 302-1, 302-3, 302-4, 305-1, 305-2, 305-3, 305-4, 305-5
	Circular Economy	103-1, 103-2, 103-3, 306-1, 306-2, 306-3, 306-4, 306-5
	Water Stewardship	103-1, 103-2, 103-3, 303-1, 303-2, 303-3, 303-4, 303-5
	Ecosystems and Biodiversity Protection	103-1, 103-2, 103-3, 304-1, 304-2
	Responsible Supply Chain Management	103-1, 103-2, 103-3, 204-1, 308-1, 414-1



# HEART LIVING RIGHT

For sustainable growth of the business along with the country's development, the company prioritizes the internal operational efficiency, legal and regulatory provisions, adhering to business ethics, professional conduct, respect for human rights, and human capital development. People empowerment is key to reducing social inequality and preparing organizational readiness for digital transformation, cybersecurity management, and data protection.



## Corporate Governance

- Corporate Governance
- Anti-Corruption
- Risk Governance and Risk culture
- Tax strategy & Governance



## Human Rights and Labor Practices

- Human rights
- Labor practices
- Occupational Health and Safety



## Education and Inequality Reduction

- Promoting lifelong learning opportunities and improving education
- Promoting social activities to support equality
- Reducing unemployment



## Leadership and Human Capital Development

- Human resource management
- Human capital development
- Talent Attraction & Retention












## Cybersecurity and Data Protection

- Cybersecurity Management
- Cybersecurity Risk Assessment
- Cybersecurity Awareness
- Data Privacy protection



## ESG Achievement and Awards in 2022

 <p><b>FTSE4Good</b></p>	<p>Makro are selected as an “FTSE4Good Index Series” one of global sustainability index for corporate Environment, Social and Governance performance.</p>		<p>The 2022 Civilization Model Organization Award under the 2022 Friendly Design Awards, in the Civilized Buildings For All category, for designing assistive buildings and service systems that are convenient, safe, and disabled-elderly friendly, providing an assistive environment for all groups of customers regardless of gender or age in the process.</p>
	<p>Makro, the first year as a member of S&amp;P Global Sustainable Yearbook (Food &amp; Staples Retailing) as S&amp;P Global ESG Score as <b>63/100</b> (As of 7 February 2023)</p>		<p>The 2022 Sustainability Model Organization Award: Outstanding category for supporting people with disabilities, honoring Thai Capital Market organizations that support and promote employment and careers for the handicapped.</p>
	<p>Makro received a Corporate Governance Report of Thai Listed Companies 2022: CGR rating of “Excellent” (Excellent CG Scoring) or 5-star for the fifth consecutive year from the Thai Institute of Directors Association (IOD), with support from the Stock Exchange of Thailand. This reflects the company’s ongoing commitment to excellent corporate governance and places great importance on all stakeholders. The company operates the business with responsibility, and transparency in accordance with good corporate governance principles for sustainable business growth.</p>		<p>Makro achieved the Sustainability Disclosure Award (highest category) from the Thaipat Institute for the 2<sup>nd</sup> consecutive year.</p>
	<p>Makro achieved the UN Women 2022 Thailand Women’s Empowerment Principles Award (WEPs) in Gender-Inclusive Workplace category Women’s Empowerment Principles (WEPs) which promotes practical equality in the workplace.</p>		<p>The company received the CP for Sustainability Award from the Charoen Pokphand Group for 7 programs:</p> <ul style="list-style-type: none"> <li>• Makro Save The World - “empty bottles aren't wasted”.</li> <li>• Weaving Banana Threads: helping communal economy and sustainability.</li> <li>• Bamboo Tunnel To Golden Teak: the underground water bank project</li> <li>• Resurrected Bags Build Careers</li> <li>• Boxes to Beds: collect cardboard boxes for recycling and making field beds for COVID-19 patients.</li> <li>• Food Waste Reduction Program</li> <li>• School Adoption Program</li> </ul>
	<p>Makro and Lotus's received Outstanding Model Enterprise Awards for Safety, Occupational Health, and Working Environment, totalling <b>18</b> national awards, <b>5</b> provincial awards, and 1 national award for executive safety officer, according to the Department of Labor Protection and Welfare, 2022.</p>		

# CORPORATE GOVERNANCE

## Opportunities and Challenges

To attain business growth on the path of sustainability, the company emphasizes Corporate Governance (CG), building on an anti-corruption culture, managing risks across the organization, preparing organizational competition readiness, and expanding long-term business opportunities.



## Target and Performance

### 2022 Target



**100%** business units are implementing a corporate governance and Zero significant breach case to stakeholder's.

### 2022 Performance



Of Target

**100%** business units have implemented CG.

- **100%** of business units had a Corporate Governance (CG) structure.
- **100%** Assess the Governance body performance
- **100%** Enforce policies implementation
- **100%** Manage the organizational risks
- **100%** Monitor non-compliance, enforcement action, penalty and reporting periodically.
- **100%** Whistleblowing cases are investigated and corrected



The company has received a Corporate Governance Report of Thai Listed Companies 2022: CGR rating of "Excellent" (Excellent CG Scoring) or 5-stars for the fifth consecutive year from the Thai Institute of Directors Association (IOD), with support from the Stock Exchange of Thailand. This reflects the company's ongoing commitment to excellent corporate governance and places great importance on all stakeholders. The company operates business with responsibility, transparency in accordance with the good corporate governance principles for a sustainable business growth.

## Policy and Management Approach

The company implements Zero tolerance policy and guidelines of the Corporate Governance (CG) and Business' Code of Conduct Manual in Thai, English, and Cambodian for a thorough understanding of executives, employees, and Company's representatives alike, to be applied as duties and responsibilities. All personnel must sign, acknowledge and strictly comply with the guidelines in the manual, to achieve Company's goals while maintaining the highest level of the Business' Code of Conduct.

Remark: \*please see in detail the CG and Business Code of Conduct Manual at [https://www.siammakro.co.th/investor\\_corporate.php](https://www.siammakro.co.th/investor_corporate.php)








## Corporate Governance Performance

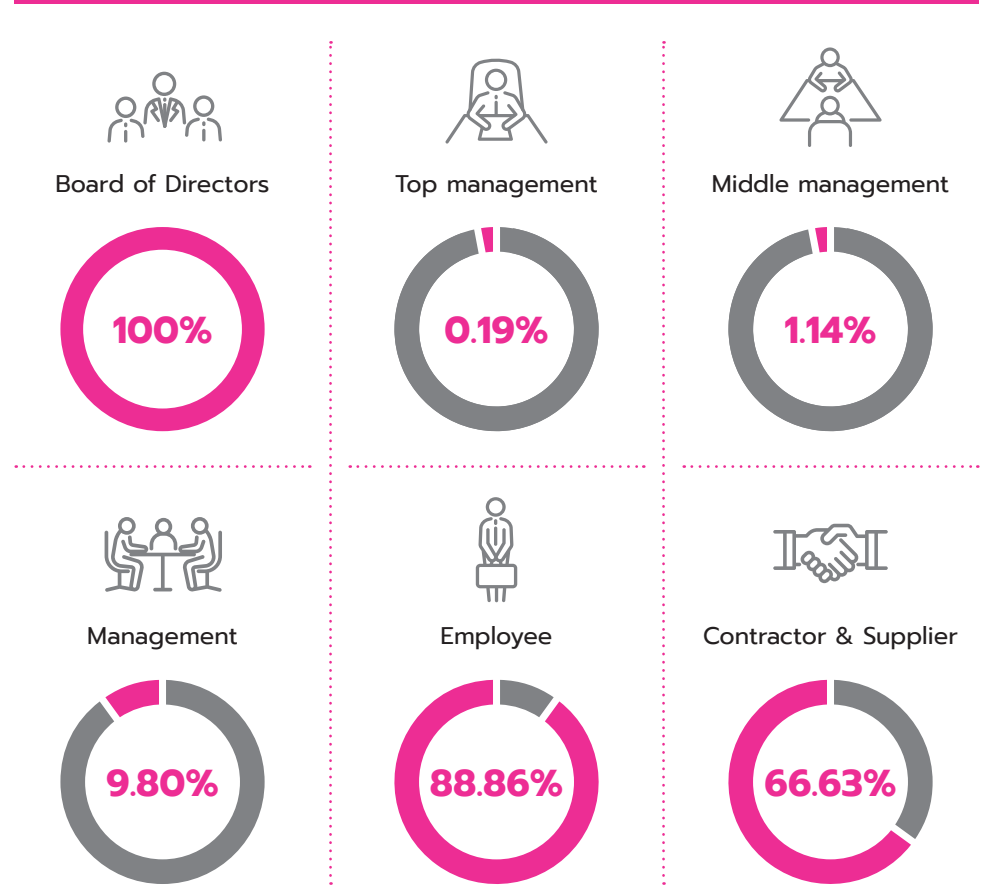
The company believes that the conduct and management of its businesses through adherence to the Principles of Corporate Governance and Code of Conduct are key factors in promoting and effectively achieving operations in an honest, trustworthy, fully transparent, and accountable manner, as well as in being equitable for all its stakeholder groups. Further, this is also in order to create maximum benefits for our shareholders, which will result in ongoing development and growth of the company on a sustainable basis.



## Code of Conduct Management System

Strategies	Description and 2022 Performance
 <b>Code of Conduct Policy and Procedures*</b>	Corporate Governance and Code of Conduct manual Guideline for Fair Trade Practice and Treatment of Business Partners under Fair Trade Competition. Anti-Corruption policy Supplier's Code of Conduct
 <b>Consultancy Hotline / Advisory</b>	Education & Consultancy channel within CG Journal (quarterly basis) Whistle Blowing and issuer protection
 <b>Training &amp; Communication</b>	Example of course such as Corporate and governance, Code of Conduct and, Anti-corruption training for employees <b>16,009</b> persons are trained
 <b>Motivation &amp; Disciplinary</b>	Employee remuneration Employee performance & Promotion Disciplinary action of breach case as Company's Rules Manual
 <b>Validation</b>	Makro achieved "Excellent" CG Scoring for 5 <sup>th</sup> consecutive year from IOD by supporting from The Stock Exchange of Thailand (SET) and Certified CAC for Anti-corruption

## Trained CoC & Corporate Governance



Remark: \*please see in detail the CG and Business' Code of Conduct Manual at <https://www.siammakro.co.th/en/investor-corporate>



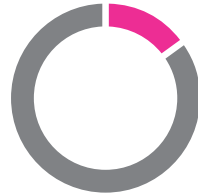
## Board of Directors

### Board Diversity



Male

**13 Persons**  
**87%**



Female

**2 Persons**  
**13%**

### Board Effectiveness



Board Meeting Attendance

**98%**



Minimum of attendance for all members required

**50%**



Board Performance assessment score

**98.5%**



Amount of Shares

**10,580,323,500 shares**



Voting power

**10,580,323,500 shares**

### Board Structure



Executive

**2 Persons**  
**13%**



Independent

**5 Persons**  
**33%**



Non executive

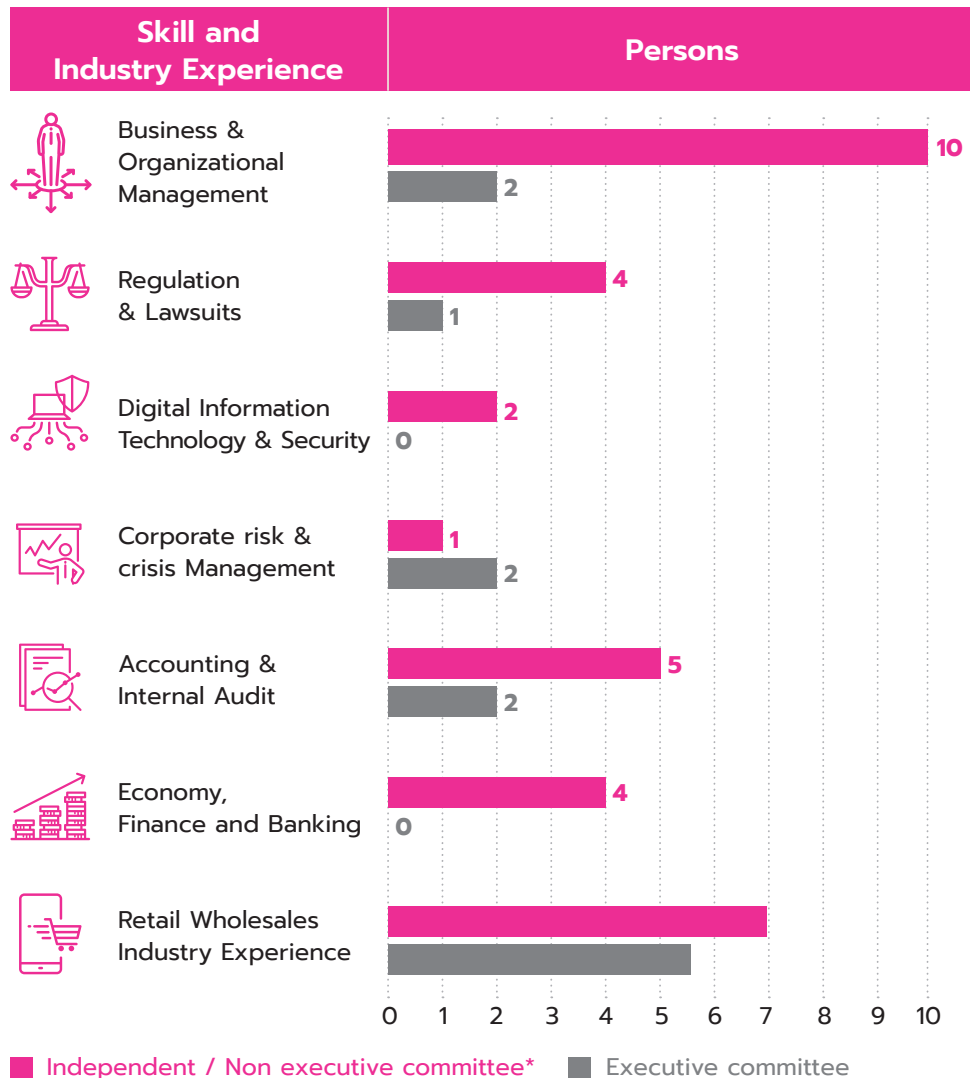
**13 Persons**  
**87%**



Board Average Tenure

**7.81 Years**

## Board Skill Matrix



Remark: \*Independent / non executive committee member who's industry experience are

1. Mr. Ralph Robert Tye
2. Mr. Rawat Chamchalem
3. Mrs. Kannika Ngamsopee
4. Mr. Jukr Boon-Long
5. Mr. Prasobsook Boondech

## Sustainability Development Committee

The company has announced the Sustainability Development Committee to oversee the efficiency and effectiveness of sustainability performance throughout the organization. The committee consists of senior executives from all departments related to economic, social and environmental aspects, responsible for setting targets, action plans to monitor performance and assigning the working teams to implement and drive the action plans to achieve sustainability goals.



## Makro's Membership of Associations in 2022:

- The Thai Chamber of Commerce (TCC)
- The Personnel Management Association of Thailand (PMAT)
- The Thai Listed Companies Association (TLCA)
- The Thai Institute of Directors Association (IOD)
- The Thai Retailers Association (TRA)
- Thai Rice Packers Association
- The Federation of Thai Industries (FTI)
- The Regulatory Affairs Pharmacy Association (Thailand) (RAPAT)
- Thai-Russian Chamber of Commerce of Commerce (NTCC)
- The Netherlands Thai Chamber of Commerce (NTCC)
- The Global Compact Network Thailand (GCNT)
- The World Business Council for Sustainable Development (WBCSD)





## Association Membership Fees

Activities	2019 (Baht)	2020 (Baht)	2021 (Baht)	2022 (Baht)
Lobbying, persuasion, or similar activities	0	0	0	0
Local, regional, or national political campaigns / associations / candidates	0	0	0	0
Trade associations or tax-exempt groups (e.g., expert groups)	0	248,988.85	1,028,817.14	1,048,253.77
Others (e.g., spending on voting or referendum measures)	0	0	0	0
<b>Total</b>	<b>0</b>	<b>248,988.85</b>	<b>1,028,817.14</b>	<b>1,048,253.77</b>

## Partnerships to Drive Sustainable Development

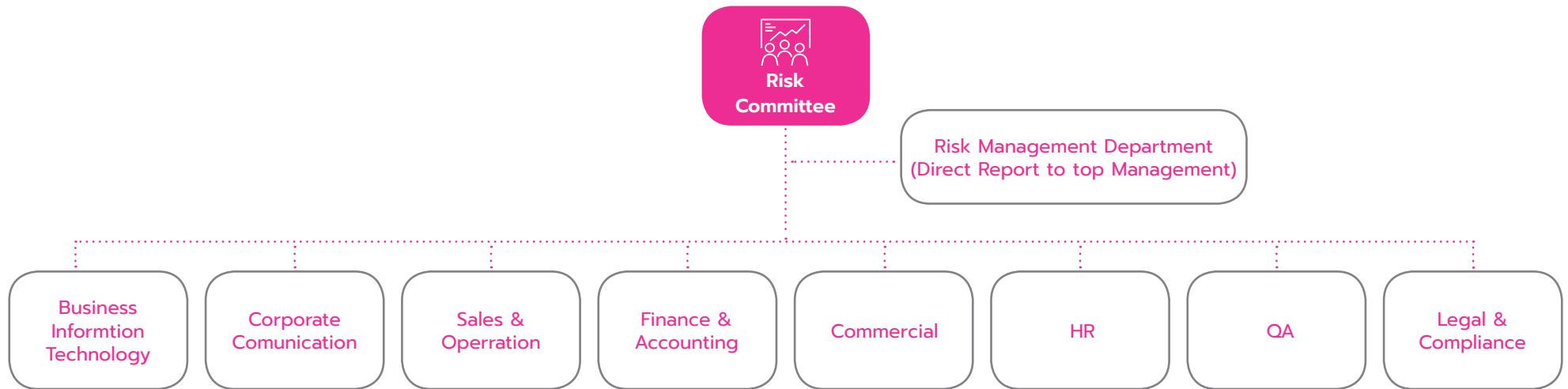
Since 2020, the company has committed to the ten principles UN Global Compact (UNGC) to support human rights, labor practice, environment, and anti-corruption, as well as collaborating with the World Business Council on Sustainable Development (WBCSD). In 2021, the company also endorsed the Women's Empowerment Principles (WEPs) to advocate workplace policies and practices that promote gender equality, enhancing sustainable performance in the process.

## Top 3 Spending of Sustainability Membership Fee

No.	Association	Description	Contribution (Baht): fiscal year 2022
1	 The Global Compact Network Association (GCNT)	The world's largest sustainability development network drives strategic actions through broader social goals focusing on partnership building and innovative developments. It lays strategic operational groundwork under the ten principles of the UN Global Compact, covering four key areas: anti-corruption, environmental protection, labor practices and human rights.	<b>1,489,624</b>
2	 The World Business Council for Sustainable Development (WBCSD)	The global organization as a community of around the world over 200 leading business CEOs to promote and create a sustainable in terms of economic, social, and environmental aspects. The council works on several related issues in attaining the 17 Sustainable Development Goals (SDGs).	<b>167,525</b>
3	 Thai Chamber of Commerce (TCC)	The intermediary institute promotes enterprises and collaborates between business entities, traders, the private sector, and the Thai government under the Chamber of Commerce Act 1966.	<b>23,021</b>

## Risk Management

### Risk Committee Structure



Remark: <https://www.siammakro.co.th/pdf/Risk%20Management%20Committee%20Charter.pdf>

### Embedding Risk Culture to Organization

Strategy	Risk assessment coverage	Regular risk management training	Risk management as KPI for leaders	Incentive support risk management	Proactively reported from employee and management	Continuous improvement	The risk management function
2022 Performance	<p><b>100%</b> of departments are assessed the risk</p> <p><b>80%</b> of mitigation plans are implemented.</p>	<p>Conduct the "Store Compliance and Risk Management" training to non-executive directors and managers.</p> <p>Training attendant: <b>100%</b> as planned (<b>131</b> persons).</p>	<p>Top management: <b>67</b> persons</p> <p>Middle management: <b>17</b> persons</p> <p>Management: <b>23</b> persons</p> <p>Total <b>107</b> persons (<b>36%</b>).</p>	<p>Corporate risk management metrics are considered for performance evaluation related to incentives as Salary and Bonus for line managers and directors.</p>	<p><b>4</b> Issues were reported by staff.</p>	<p>Risk and mitigation plans are followed up as quarterly risk com including a review of annual performance and KPI.</p>	<p>The risk management department is structurally independent of the business lines and direct report to top management.</p>

## Anti-Corruption

The Chairperson of the Board of Directors and Chief Executive Officer of Makro Business Group superintends, monitors, and promotes an anti-corruption corporate culture, both of whom report directly to the board. As a strong against any forms of corruption, the company's Anti-Corruption and No Gift policies contain strict standards and specific guidelines for receiving contributions of all forms, whether political, charitable, sponsoring, favors, presents, or gifts from individuals with business. The Audit Committee also oversees Company activities under the Anti-Corruption policy and reports directly to the Board of Directors, including establishing an internal audit department to support the committee's auditing and ensure that the company has the appropriate internal control system to prevent corruption through business operations.

### Communicating Anti-Corruption Policy

**100%**

of the Board of Directors acknowledge the anti-corruption and Code of Conduct policy.

**100%**

of employees acknowledge the anti-corruption and Code of Conduct policy.

**100%**

of business partners acknowledge the anti-corruption policy through the Supplier's Code of Conduct.

### Anti-Corruption Training

**100%**

of management-level

**100%**

of a non-management level, operational officers and staff

**65%**

of new employees

**Anti-corruption training 12.65 hours per person per year**



## Tax Strategy & Governance

The company commits to comply with all tax laws and regulations in its countries of operation and not to use secrecy jurisdictions or so-called "tax havens" for tax avoidance. The adoption of a formal tax policy serves to guide company practices and provide investors, regulators, and other external stakeholders and disclosures 2-years comparative information as below and also within the financial statement in this report.



Primary Activities:	Names of all the Resident Entities:
 <b>Wholesale Business (Makro)</b>	Siammakro Public Company Limited, Promart Co.,Ltd, ARO Company Limited, Indoguna (Singapore) Private Limited, Makro (Cambodia) Company Limited, CP Wholesale India Private Limited, Makro (Guangzhou) Food Company Limited, ARO Commerical Company Limited, Guangzhou Huadu Makro Food Supermarket Company Limited,
 <b>Foodservice</b>	Siam Food Service Company Limited, Indoguna Vina Food Service Company Limited, Indoguna Dubai Limited Liability Company, Indoguna Lordly Company Limited, Indoguna (Cambodia) Company Limited, Just Meat Company Limited, Maxzi The Good Food Restaurant & Café Limited Liability Company,
 <b>Retail Business (Lotus's)</b>	Lotus's Store (Thailand) Limited, Eak chai Distribution and Lotus's Store (Maylaysia) Sdn.Bhd.

Parameters	2020	2021	2022
Number of employees (persons)	16,108	68,096	71,591
Revenue (million Baht) <sup>1</sup>	218,760	266,367	469,131
Profit (Loss) before tax (Baht)	8,273,590,138	15,425,105,573	10,410,668,467
Income tax accrued (current year) (Baht)	927,351,890	1,126,006,053	953,853,181
Income tax paid (Baht)	1,733,590,589	2,383,385,892	3,635,698,357
Earnings before Tax (Baht)	8,273,590,138	15,425,105,573	10,410,668,467
Reported Taxes (Baht)	1,812,840,394	2,127,544,688	2,728,827,225
Cumulative acceptable adjustment	0	0	0
Effective Tax Rate (%)	21.91117	13.79274 <sup>2</sup>	26.21183
Cash Taxes Paid (Baht)	1,733,590,584	2,383,385,892	3,635,698,357
Cash Tax Rate (%)	20.95331	15.45134	17.37216

Remark: 1 On 25 October, Makro completed its acquisition of Lotus's and total revenue for tax calculation refer to page 11

2 Effective tax rate lower than statutory tax rate was resulted by the impact of the business acquisition which regarded as one-off transaction



## Reporting of Breach Cases

### Reporting on Code of Conduct Breaches

Description	Unit	Total	Makro-TH	Lotus's-TH	Management Measure			
					Verbal Warning	Written Warning	Suspension	Dismissal/Resigned
Breach category								
• Corruption	Case	3	2	1	–	–	–	•
• Fraud & Bribery	Case	32	0	32	•	•	–	•
• Harassment / Sexual harassment	Case	3	0	3	–	–	–	•
Under investigation	Case	0	0	0				
Substantiated cases	Case	38	2	32				
Fine & Penalty	Baht	0	0	0				
Closed Action of Substantiated cases	%	100	100	100				
Correction (If had)	%	100	100	100				

### Reporting on Community, Social & Environmental Breaches

Description	Unit	Total	Makro-TH	Lotus's-TH
Breaches case	Case	0	0	0
Fine & Penalty		0	0	0
Closed Action of Substantiated cases	%	0	0	0
Correction (If had)		–	–	–

### Eyewitness or clues of misconduct can be reported through the following whistleblowing channels:



Chairperson of the Audit Committee /  
Chairperson of the Board of Directors / Chief Executive  
Officer - Siam Makro / Head of Internal Audit

Siam Makro Public Company Limited  
No. 1468 Phatthanakan Road, Phatthanakan Subdistrict  
Suan Luang District, Bangkok 10250



cgoffice@siammakro.co.th



Tel: 0 2067 9300



Fax: 0 2067 9119

# HUMAN RIGHTS & LABOR PRACTICES

## Opportunities and Challenges

Recognizing diversity and respecting the rights of others are essential for any community. Whenever inappropriately communicated and managed can cause the business' operational risk. The company respects human rights and labor practices in all operations, promoting equality, non-discriminatory and workplace occupational health & safety. This includes preventing human rights violations and protecting the person from discrimination and harassment.



## Target and Performance

### 2022 Target



**100%** local business is conducted the Human Rights Impact Assessment.

### 2022 Performance



Of Target

**100%** local business and high risk business partners are conducted the Human Rights Impact Assessment.

- A thorough verification process is in place to identify and assess the potential impacts and risks on human rights.
- **100%** operation was reviewed the human rights due diligence in the past 3 years.
- **100%** Salient Issued are identified and corrected
- **100%** of Makro's store managers are trained the basic human rights in the workplace
- **75%** of tier 1 suppliers are communicated the human rights policy
- **100%** high-risk suppliers are onsite audited and closed the corrective action

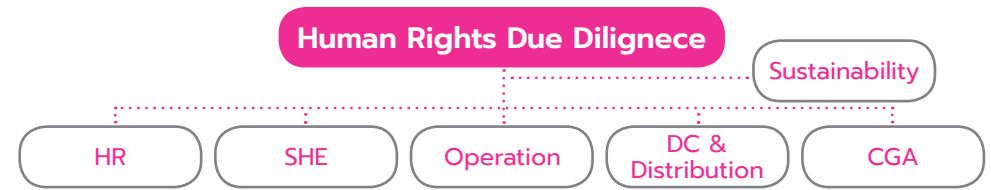
## Policy and Management Approach

The company respects human rights and labor practices, such as the Universal Declaration of Human Rights (UDHR), the UN Global Compact, the UN System Code of Conduct, the UN Guiding Principles on Business and Human Rights (UNGPs), and the Declaration on Fundamental Principles and Rights at Work of the International Labor Organization (ILO), including regulation in all countries where business is operated. The company regularly reviews human rights due diligence and communicates the human rights policies and labor practices to stakeholders.

## Human Rights Due Diligence

	<b>Policy Commitment</b>	<ul style="list-style-type: none"> <li>Review and update human rights policy and labor practices.</li> </ul>
	<b>Embedding</b>	<ul style="list-style-type: none"> <li>Communicate and provide human rights training to new employee orientation programs and refreshment training to all employees.</li> <li>Announce the Human Rights Due Diligence working team.</li> </ul>
	<b>Assessing Impact</b>	<ul style="list-style-type: none"> <li>Conduct Human Rights Risk Assessment.</li> <li>Assess Human Rights Impact.</li> <li>Assess human rights risks of tier 1 suppliers.</li> </ul>
	<b>Integrating and Acting</b>	<ul style="list-style-type: none"> <li>Develop guidelines for managing human rights salient issues.</li> <li>Enforce human rights and labor practices policies and guidelines.</li> <li>Enhance the high-risk suppliers to define the root cause and proper action.</li> </ul>
	<b>Tracking Performance</b>	<ul style="list-style-type: none"> <li>Monitor human rights and labor practice performance.</li> <li>Follow-up action and performance of high-risk suppliers.</li> </ul>
	<b>Communicating Performance</b>	<ul style="list-style-type: none"> <li>Disclosure performance within CPG's annual human rights report.</li> <li>Disclosure performance in The company's One-Report.</li> </ul>
	<b>Stakeholder Engagement</b>	<ul style="list-style-type: none"> <li>Engage with stakeholders to assess salient issues.</li> <li>Engage with stakeholders during human rights impact assessment.</li> </ul>
	<b>Remediation and Grievance Mechanism</b>	<ul style="list-style-type: none"> <li>Develop a rights-based approach for complaint channels.</li> <li>Determine the remediation for salient issues.</li> </ul>

## Human Rights Due Diligence Committee



The company announced the Human Rights Due Diligence committee's roles and responsibilities to ensure the salient issues are identified, and the causes of risk, mitigation, and preventive action are systematically and in place. The top management assigned Human Rights Due Diligence (HRDD) committee to review the policy compliance to the global standard and drive the result performance in human rights, labor practice, occupational health and safety to be effective within the organization, and among the supply chain.

### Human Rights and Labor Practices Policy

In 2022, The company updated the existing human rights and labor practices policy to further inclusive human rights principles and guidelines.

#### Respect for Human Rights

- Civil and Political Rights
- Economic, Social, and Cultural Rights
- Gender Rights
- Community Right
- Human Rights in the Supply Chain
- Right to Land and Natural Resources
- Personal Data Privacy Rights

#### Labor Practices

- Forced Labor
- Child and Youth Labor, Female and Pregnant, Elderly, Disabled and Migrant Workers
- Non-discrimination in Respect of Employment and Occupation
- Harassment in any case and sexual harassment
- Right to Association and Peaceful Assembly
- Right to a Decent Working Environment, Access to Clean Water, and Sanitation and Clean Air
- Whistleblowing

Remark: Please see in detail human rights and labor practices policy at: <https://www.siammakro.co.th/pdf/sustain/2022/en/11.Human%20Right%20Policy.pdf>

## Progress 2022 Human Rights Risk Assessment Performance



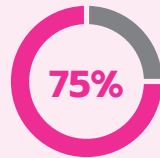
Conduct human rights risk assessment



Human rights salient issues have been identified and closed all significant corrective action



Makro-TH's Store manager trained basic human rights in working place

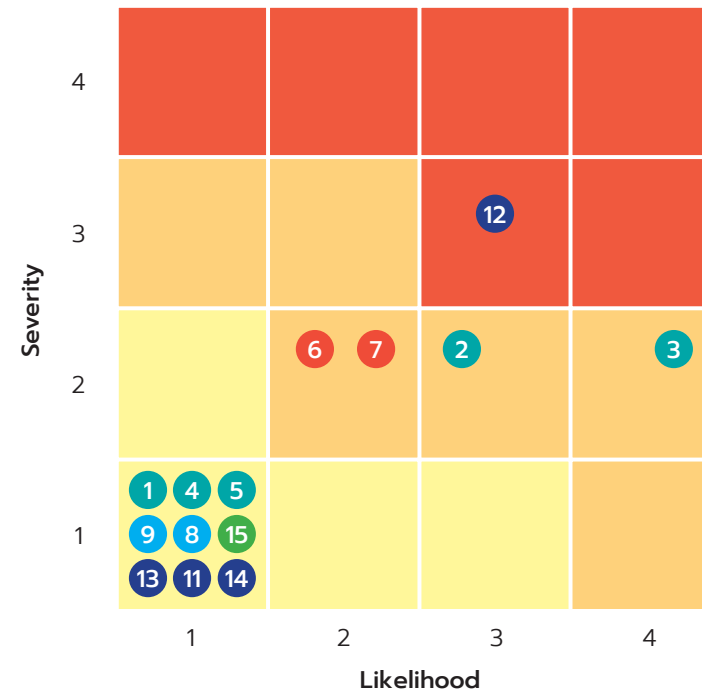


Supplier and vendor are communicated the human rights and labor practice in Supplier's Code of Conduct

## Human Rights Impact Assessment

In 2022, The company conducted the Human Rights Risk Assessment; HRRRA to review the potential risk that related to our operation which the 15 concerned issues are identified and evaluated result found the 5 Salient Human Rights Issues in the next table. The Human Rights Due Diligence committee responds to review the root cause and periodically follows up on the correction and remedial action for every significant salient issue. In 2022, there is not any remedial required cause case among employees, contractors, suppliers, business partners, migrant workers, communities, customers, and vulnerable rights such as disabilities, women and children etc. The 5 salient issues are own operation required preventive action while the other 3 issues are suppliers and all actions are closed 100% within the year.

Makro



## Human Rights Issues

### Employee Practices

- 1 Working Condition
- 2 Health and Safety
- 3 Discrimination and Harassment
- 4 Legal of Labor used
- 5 Freedom of Association and Right to Collective Bargaining (N/A)

### Community Practices

- 6 Health and Safety
- 7 Standard of Living

### Customer Practices

- 8 Health and Safety
- 9 Discrimination (N/A)
- 10 Data Privacy (mentioned in #15)

### Supplier and Contractor Practices

- 11 Working Condition
- 12 Health and Safety
- 13 Discrimination
- 14 Legal of Labor used

### All Right Holder

- 15 Data Privacy / Cybersecurity





## Significant Human Rights Salient Issue and Risk Management

Salient Issue	Potential Impacted Group	Risk Level	Preventive Action
Health & Safety: Road accident <b>12</b>	Vendor Child labor Migrant worker	High	<ul style="list-style-type: none"> <li>Conduct defensive driving training for transportation vendors</li> <li>Prohibition for child labor and illegal migrant worker and reinforced communication to all transportation vendors</li> <li>Onsite human rights and safety audit of the 3 high-risk vendors and <b>100%</b> closed the corrective action request.</li> </ul>
Health & Safety: Injury case at site <b>2</b>	Employee Contractor	Moderate	<ul style="list-style-type: none"> <li>Safety effectiveness audit program</li> <li>Routine onsite inspection through Operation excellence platform (OEP)</li> <li>Report and investigation through the Incident investigation reporting platform</li> <li>Weekly lesson learn communication</li> </ul>
Discrimination & Harassment <b>3</b>	Employee Customer Child & Woman Community	Moderate	<ul style="list-style-type: none"> <li>Human rights &amp; Discrimination prevention and zero tolerance any harassment policy</li> <li>Conduct diversity and inclusion training for all Makro-TH store manager</li> </ul>
Community's Health & Safety <b>6</b>	Community Child & Woman	Moderate	<ul style="list-style-type: none"> <li>Safety equipment inspection</li> <li>Emergency fire drill</li> <li>Site safety officer at every Makro-TH store</li> <li>Safety rules and disciplinary penalties for employee and vendor that cause the impact to the community</li> </ul>
Standard of Living <b>7</b>	Neighbor community	Moderate	<ul style="list-style-type: none"> <li>Prohibit any noisy activity during nighttime</li> <li>Proper arrange the traffic and parking</li> <li>Strictly control nuisance i.e dust, odor, etc not impact any community</li> </ul>



The company monitor and disclose the human rights and labor practice performance that cover with own operation, contractors & vendors, and suppliers including the action as

## Breach case of Human Rights & Labor Practice Monitoring & Action

Human Rights and Labor Practices Issue	Unit	Total	Makro-TH	Lotus's-TH	Disciplinary Action			
					Verbal Warning	Written Warning	Suspension	Dismissal/Resigned
Discrimination	Case	2	0	2	•	–	–	•
Child and Youth Labor	Case	0	0	0	–	–	–	–
Forced Labor	Case	47	0	47	•	•	–	•
Harassment / Sexual harassment	Case	3	0	3	•	–	–	•
Indigenous' s rights	Case	0	0	0	–	–	–	–
Freedom of association rights	Case	0	0	0	–	–	–	–
Discrimination and Harassment Prevention	Case	0	0	0	–	–	–	–
Substantiated cases	Case	52	0	52	–	–	–	–
Fine & Penalty	Baht	0	0	0	–	–	–	–
Closed Action of Substantiated cases	%	100	100	100	–	–	–	–

In 2022, the 52 cases are confirmed and every case has the action and penalty as human rights and labor practice policy and company's rule and regulation.

## Human Rights & Labor Practice Awareness Training

Makro-TH conducted the Basic Human Rights in Workplace Training to store leader in 2 classes. **100%** of store managers (**131** persons) participated. These leaders are influential people to drive and motivate human rights practice, being role models, emphasizing respect for human rights, labor practices, diversity, and inclusion behavior among their working team.



## Labor Practices

The company strictly adheres to local and international labor practices, providing appropriate working conditions and respecting the freedom of association. The company has the Welfare Committee to receive and follow up on employees' welfare suggestions under the Labor Protection Act of 1998. The committee currently comprises **1,972** members, representing **2.97%** of the total workforce. Also provide the complaint channels for employees, business partners, and contractors to raise concerns and opinions to suggestion boxes, telephone and e-mail, etc.

## Discrimination Policy

Under the Human Rights Policy and Supplier's Code of Conduct Manual, The company respects diversity and inclusion where employees, business partners, and contractors are treated with fairness, without any discrimination from the race, nationality, color, ethnicity, religion, social status, gender, age, physical features or disability, political belief and marital status.



The company also conducts equal payment analysis to ensure that both male and female are paid equally fair, including the annual reviewing for compensation and benefits at competitive rates with benchmarking in the same industry and leading companies in Thailand.

## Gender Pay Equity

### Female per Male Employee by Level



### Payment Ratio by Gender\*

Top & Middle management	First Level Management	Officer
<b>0.88 : 1.00</b>	<b>0.96 : 1.00</b>	<b>1.02 : 1.00</b>

\*\*Mean gender pay gap = 1.5      \*\*Median gender pay gap = -2.1  
 Mean bonus gap = -3.2      Median bonus gap = -5.7  
 The result is minus which means females are paid higher than males.

Remark: \* Payment Ratio = Average payment Female / Average payment male  
 \*\* Mean pay gap = (Male's mean pay - Female's mean pay) / Male's mean pay  
 \*\* Median pay gap = (Male's median pay - Female's median pay) / Male's median pay

### Employment of People With Disabilities



Employment of disabilities  
**270** persons

Employment of disabled staffs rose by **18.47%** compared with 2021

The company's overall employee gender ratio is female **59%**, male **41%** and the gender payment ratio found the female in officer level has higher payment while in the first level of management, the female payment is close to males and a 12% less than male's in middle to top management level. Furthermore, the company respects diversity and inclusion, hiring or supporting the disabilities as their potential. The effectiveness of programs cause Makro-TH to achieve 1<sup>st</sup> Prize of the 2022 Thailand WEP Award: Gender Inclusive workplace and 2nd runner-up Asia Pacific Region.

### Equity promoting Network

#### WOMEN'S EMPOWERMENT PRINCIPLES



On October 15, 2021, the company endorsed the Women's Empowerment Principles (WEPs) to advocate for policies and guidelines that promote gender equality in the organization and through society.

**"Equity & Non-discrimination are Makro's fundamental working culture"**

**Mrs. Saowaluck Thithapant**  
 Group Chief Executive Officer - Wholesale Business (Makro)

Learn more at: <https://www.weps.org/company/siam-makro-public-company-limited>.

### Makro Achieved the First Prize for 2022 UN Women's Award: Gender-Inclusive Workplace Category

Because our employees are the top priority and a key factor to drive The company's success the sustainable development goals, integrating the principles of human rights, equality, and non-discrimination into every decision-making and management process, be it product design, facility, and infrastructure, or human resource management, from recruitment, training, benefit & welfare, performance evaluation & promotion. All level employees are given the opportunity to be developed, empowered, and to express their capability as well as advance with a growing career path and respectful workplace environment. Furthermore, The company believes that promoting equality, diversity, and inclusion are impacted sustainable business growth. Throughout the supply chain, our business partners are aligned in equity and non-discrimination practices either.

As a result of programs, The company won the first prize for UN Women's 2022 Gender-Inclusive Workplace under Women's Empowerment Principles (WEPs) which promotes a practical framework for businesses to empower women and promote equality in the workplace, business, and the community.



### Examples of Welfare and Infrastructures Supporting Rights of Vulnerable Groups and Female Staff in Makro-TH sites

Universal Design for Everyone



**100%**

of store and head office have the parking lot, sloping and toilet for wheelchair and older person

Lactation Rooms for Staff



**100%**

of store and head office have the Lactation rooms

Prayer Rooms for Religions



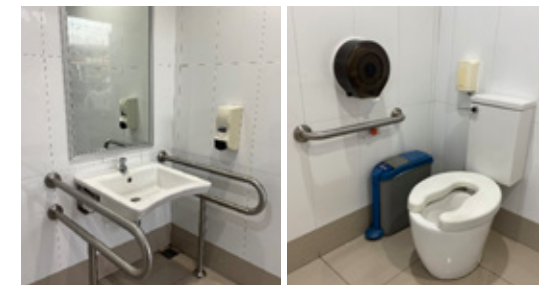
**100%**

head office provides space and time for religious ceremonies

### "2022 Civilization Model Organization Award"

The shopping experience of people with disability is prioritized with installed assistive apparatuses across Company shopping centers, be they disabled parking bays, wheelchair ramps, accessible toilets, handrailed facilities, handicap sinks, or disabled alarms for those in need, among others.

Hard work pays off as The company received first prize Advanced Architecture Organization Of The Year in the Friendly Design Awards 2022 under the Advanced Architecture Structure For All category as a result of the handicap-friendly systems, facilities, and services The company put in place to assist the disabled, the elderly, and all those in need regardless of gender and age, uplifting the safety and convenience standard thus the quality of life for everyone in the community in the process. The award was presented by the Minister of Tourism and Sports at the 5<sup>th</sup> Thailand Friendly Design Expo 2022, BITEC-Bangna Exhibition and Convention Center.



## "The Thai Capital Market Sustainability Model Award: Support the Handicap"

The company received an "Outstanding" Sustainability Model Award of 2022 for business organizations in the Thai capital market that provide exceptional employment and career support for the disabled and the vulnerable, allowing them the independence to support and rely on themselves. The event was organized on November 21, 2022, by the Securities and Exchange Commission (SEC) in collaboration with the Ministry of Labor, the Department of Skill Development, the Department of Employment, the Department of Handicap Empowerment and Development, the Thai Listed Companies Association, and, last but not least, the Association of the Council of Persons with Disabilities of Thailand.



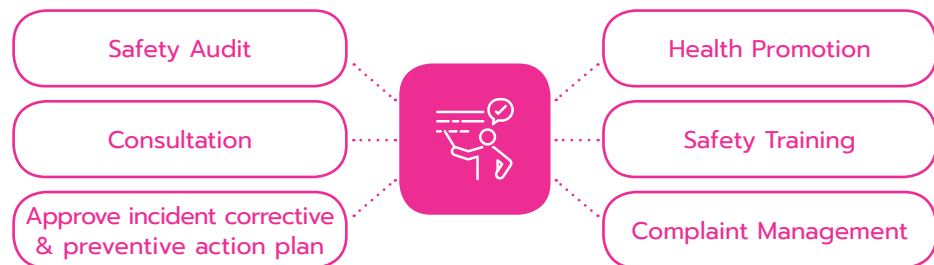
## Safety and Occupational Health

The company's occupational health and safety management system is implemented in all operational facilities and OH&S policy to promote safe working conditions, equipment and machines, prevention and risk control program, and safety training alongside personal and facilities hygiene measurement of each operational area.

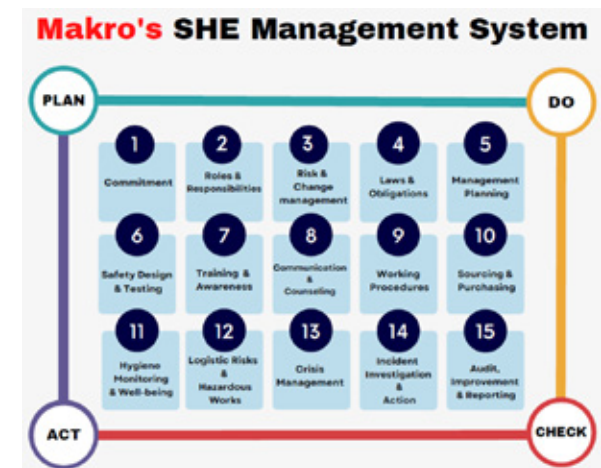
In addition, the safety department and SHE Committee oversees occupational health and safety performance, the committee consists of representatives from the election and executive representatives in legally required proportions.

Safety, Health and Environment Structure	Persons
SHE Department	4
SHE committee	639
Safety officer - Management level	1,572
Safety officer - Professional level	1,444

## Roles of the SHE Committee



The company follows ISO 45001: Occupational health and safety management system as the guideline combine with the safety policies from CP Group to adopt as Makro's SHE Management system which contains the 15 procedures for preventing work-related injury and occupational illness as well as proactively managing SHE's performance and continuous improvement



## Targets and 2022 Incident Safety Statistics

Zero Lost Time Injury and Zero Fatality					
Employees			Contractors		
Lost Time Injury Frequency Rate (LTIFR)			Lost Time Injury Frequency Rate (LTIFR)		
Total	Makro-TH	Lotus's-TH	Total	Makro-TH	Lotus's-TH
0.88	2.44	0.31	0.88	1.22	0.26
Fatality Rate			Fatality Rate		
Total	Makro-TH	Lotus's-TH	Total	Makro-TH	Lotus's-TH
0.00	0.00	0.00	0.01	0.02	0.00

Remark: Rate per 1,000,000 working hours

As the result of intensive actions and measurements, In 2022, the safety statistic got the zero fatality case of employee group but there's one contractor's fatality case road accident. The case has been investigated and actions are implemented such as driver's safety indoctrination including enforcement to the vendor must submit the monthly vehicle & driver safety inspection result including preventive action by comprehensive onsite audits for all potential high-risk transportation vendors.

### Occupational Health and Safety Management System

The company, follows the guideline of ISO 45000 (Occupational Health and Safety Management System). The procedures are established and implemented to ensure the significant risks are effectively managed and continuously improved as the detail of activities as ;



#### Identify and evaluate risk

The Safety risk assessment is integrated into the corporate risk assessment system, In 2022, The company identified and assess the corporate risk and found the delivery service activities with pick up truck and motro bike are high risk for road accident and injury. The risk committee has assigned the responsible working team to provide the corrective prevention plan such as drivers' safety training, instruction for driver for initially response for road accident and emergency. Including contractor driver's safety rules and mandatory for every transportation contractors to attend the driver's safety indoctrination via an e-learning platform prior perform any task with The company.

#### 2022 Results:

- **100%** of sites and key activities are review through risk assessment process.
- Beyond the road accident risk, there are 3 issues are identified as significant risks which are employee injury, customer injury, and fire incident.
- The result from SHE Audit by CP Group also identified other 4 issue of SHE's procedure effectiveness which are Accident prevention, Work permit system, Emergency response and Incident reporting & investigation.



#### Prioritize

Risk assessments are considered by severity x opportunity and take the result to compare with the significant levels which are 4 categories as Critical, Important, Moderate and Low level. The significant risk starts from moderate and up. All significant risk must be planned the correction and/or prevention also follow up within the quarterly risk committee meeting.

#### 2022 Results:

Risk assessment found 3 significant risks which are employee's work related injuries, Non employee - customer or visitor's injuries and Fire risk.



### Improvement plan

Significant risk are corrected and also reviewed gap of compliance with laws and regulations for the annual SHE action plan and cascading safety KPI to one of performance evaluation criteria of employee and supplier.

#### 2022 Results:

Annual SHE Action Plan contains with 4 master plans which are SHE effectiveness audit, Monthly safety inspection, daily safety inspection and Unsafe detection by AI camera plans **100%** Significant risks are corrected as action plan.



### Emergency response and preparedness

Safety officer prepared and organized the annual emergency exercise, fire drill, and evacuation drill as a legal requirement. Also collaborate with BCM (Business Continuity Management) committee for response plan of other crises such as floods, pandemic crises, etc. the prepared procedure, exercise and provide the necessary tools and equipment. Together with the annual fire drill and evacuation drill as regulation to ensure the effectiveness of ER team.



### Monitoring & Evaluation

Plan, Target, performance, suggestion, and improvement are monitored within the SHE committee as a quarterly basis.



### Inspection & Internal audit

Store manager accountable for SHE Daily Inspection at stores and distribution centers to ensure the safety procedure is implied during the working task of employees and contractors including customer safety are inspected.



### Incident Reporting & Investigation

As the procedure, the incident witness must notify their supervisor and manager, then the store manager will immediately report to top management. After the initial response and recovery back to a safe condition, the incident's root cause must be investigated within 24 hours and must be reported including corrective preventive action.



### SHE Training and Motivation Program

Continuously training and motivate safety culture to raise the safety awareness to worker through the general safety indoctrination, or job specific such as Forklift Training etc. The store manager will conduct daily Safety Talk also the Annual SHE Audit are conducted at stores and distribution centers. To comply with the internal standard, in 2021, Makro's stores installed the Smart CCTV to detect and prevent the unsafe act during task performance.



### Integrated Safety criteria into Supplier ESG Assessment

The safety management and performance of vendor is integrated as one of the key ESG Assessment criteria. To evaluation all new supplier & vendor also the annual ESG assessment for the existing group. The safety criteria are weight as **20%** of total score (being part of human rights and labor practice evaluation).

#### 2022 Results:

- **100%** Contractor & vendor are assessed through ESG assessment in topic of safety management criteria.
- **100%** High risk contractor & vendor are onsite safety audited.
- **100%** Corrective actions are corrected.



## Example of Safety Training and Motivation Programs

### Safety Training for Transportation Vendor

Online safety indoctrination for transportation drivers' objectives is to acknowledge the safety roles and safe instructions to prevent road accidents. To promote safety awareness to the fleet driver. The training provides 5 topics which are Know your vehicle, Know your route, Know safe driving, and Know traffic rules. The training is mandatory of every driver. Another objective is to ensure the proper and safe manner on the road that can prevent the accident and reflect the organization's positive reputation to the public.



#### 2022 Result:

- **1,177** persons are attended
- **1,140** persons (**97%**) passed the evaluation

### Safety Training for Hoist and Lifting Equipment

The objective of the safety hoist and lifting equipment training is to provide knowledge, safety instruction and practices for staff to identify the risk and potential injury involved the hoist and lifting equipment, able to conduct equipment inspection before usage to prevent the accident or injury from working with the lifting equipment.



#### 2022 Result:

- **76** persons attended
- **100%** passed the post testing

# EDUCATION & INEQUALITY REDUCTION

## Opportunities and Challenges

Thailand is ranked among the top countries in the world for income inequality. The disparity contributes directly to social imbalances from barriers to quality education and professional development capacities that, in turn, handicap income. The company is thus determined to close the education-admission gap by upgrading access feasibility to quality academia and developing studentship for the underprivileged-the foundation of autonomous learning and overall social wellbeing.



## Target and Performance

### 2022 Target



**140,000** people are supported through education, lifelong learning and upskilling

### 2022 Performance



Of Target

**192,020** people received an education, lifelong learning, and upskilling.

- **120** people participated in internship programs.

- **191,700** people access to education, lifelong learning and upskilling.

- **200** employee's children received a scholarship

## Policy and Management Approach



**01**

Promote opportunities for lifelong learning and improve education



**02**

Promote social support activities to reduce inequality



**03**

Reduce unemployment

## Promoting Lifelong Learning and Quality Education

Makro's realizing the impact to society from poverty led to the educational and skilling inequality, the company committed to reducing this inequality by supporting projects to upskill and competencies to our customers, SMEs and underprivileged groups with knowledge-sharing programs that grant access to Company expertise to strengthen their competitiveness and competencies to create their income-generating careers.

## Makro Retailer Alliance (MRA)

The company has been running the Makro Retailer Alliance or MRA as a sustainable project for 16<sup>th</sup> consecutive years, leveraging the capability of small retailers to adapt to rapidly changing situations. This year, the project continues to focus on familiarizing entrepreneurship and retail shop management through the training program – “8 Steps to a Success”, enhancing knowledge and technology to improve competitiveness that impacts their business. The participants can access the knowledge center and other beneficial information via Makro's website and Facebook page: Makro Your Trusted Partner.

### 8 Steps to Success

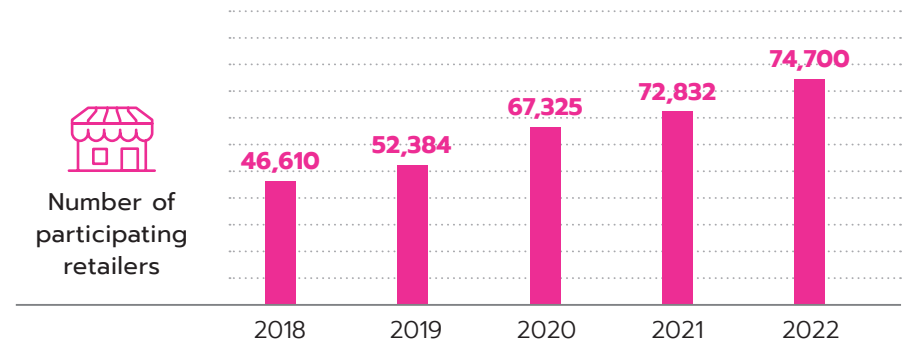


To highlight the enduring 32-year Makro-Sho Huay friendship, the company extends operational support and business projects to optimize the retail potential of corner shops and small stores under the Community Friendly Shop business model to meet the needs of modern consumers. The 5 main components are 1) retail management knowledge, 2) store layout, 3) product mix and variety, 4) smart store management system, and 5) storefront delivery.



### 2022 Result:

- **74,700** retailers participated in the MRA program, an increased **3%** from initially **1,868** retailers.
- Of nearly **199** community-friendly shops that participated in the program had an average increase of **41%** in revenue.



## The 12<sup>th</sup> Thai Sho Huay Event

Following the subsiding COVID-19 situation, Makro organized the 12<sup>th</sup> Sho Huay Flea Market to support small retail entrepreneurs amidst the crisis of rising costs under the Thai Sho Huay Success Formula to Fight Economic Danger concept that highlights a three-prong approach to 'survive and live tomorrow' with proven 3 formulas to success, enhancing community shop growth oh but the situation or circumstances, combined with the True Friendly Sho Huay Plus Smart Sho Huay educational-training program, reinforcing universal know-hows and applications in the digital age and reinvigorating retail business expansion ideas among grocery operators for maximum competitiveness in the process.



### 2022 Result:

- **23,523** participants, in Thai Sho Huay event.

## THE MAKRO HORECA ACADEMY (MHA): Restaurants' One-Stop Business Companion

Under the central mission of the MHA project as a food business partner, creating growth, knowledge, and new entrepreneurs for the HORECA business group, the company has created a collection of management knowledge and cooking skills that are offered for free via offline and online channels, covering all steps and aspects, be it the preparation of raw materials, recipes, or financial management, all the way to continuous marketing techniques and advertisements through online platforms, allowing anyone to learn from anywhere at any time. Courses include creating a famous restaurant and popular digital marketing techniques, e.g., TikTok style, as well as the ancient boat noodle course, among others. Activities with leading brands and partners are organized to provide MHA-member business operators with special members-only product prices, including food-business apparatuses based on points accumulated from purchase orders, which increases the opportunity to generate income.

### MHA Channels



### 2022 Result:

- Over **130,000** HORECA entrepreneurs that participated in the project saw an average sales growth of **24%** in 2021, year-on-year.
- Average **119,000** Followers with Facebook activities.
- Average **5,000,000** views on VDO content.
- Average **690,000** views online course content.

## Workshops and Special Training for SME

The company organizes workshops with special training for Makro-member restaurant owners, such as the Million-Dollar Sushi Course with key speaker Chef Boonsri Suwannapap, a Japanese Chef from Thailand Chefs Association, sharing the basic knowledge of sushi menus, how to cook a variety of popular sushi styles, along with cost-table handouts and selling-price recommendations, and, Makro's Creating a Street Food Career "From Hundreds To Millions" Professionals Course. The courses are made possible by joining hands with the Department of Business Development, Ministry of Commerce, and Thailand Chefs Association, to provide training and techniques on calculating costs and choosing raw materials for maximum profit, including adding value to food menus, for those interested in management principles and popular-restaurant menus, namely papaya salad, yam, grilled chicken-pork and rice, clear soup noodle, among other popular menus. Courses are also offered for all levels of restaurant management, such as the Street Food Go Beyond, Creating a Street Food Career "From Hundreds To Millions" Professionals, and the SMART Restaurant-New Management Chapter courses to raise the level of management for maximum efficiency and profitability.



### 2022 Result:

- Over **1,200** participants joined the training courses.

## "Makro Build Careers - A Millionaire Street Food" Project

As the ongoing epidemic diminished the people's household income and employment, the company has put 4<sup>th</sup> Makro Build Career - Millionaire from Street Food project to alleviate economic impacts and rebuild careers for the person who seeking employment or additional income. Participants can apply the upskill and support from this project to open street food businesses with low investments.



### 2022 Result:

- **262** participants, in either online or workshop class
- Over **112** million Baht generated from the project

## Education of the Deaf (E-Deaf)

Quality education promotes lifelong learning and access to safe and nutritious food, one of the company's 2030 sustainability strategies to improve the quality of life for future generations, a key mechanism to building a healthy society. For the second consecutive year, the company has supported food for youth in the E-Deaf project, a vocational training program for youth studying at the higher vocational level with physical conditions, namely hearing impairment, and lacking the technological capacity, knowledge, or communication skills. At the Don Bosco Technological College, participating youth learn about photography, designing, video editing, and basic cooking knowledge to develop a technology-savvy assertiveness and confidence to collaborate with others to build the potential of vulnerable youth.



### 2022 Result:

- **92** participants with hearing problems were trained in the project.
- The project is held for the **second** year.

## The Scholarship Program

The company, in collaboration with Panyapiwat Institute of Management (PIM), provides scholarships to employees' children to study at the bachelor's degree level in various faculties, promoting opportunities in the career field and a stable future. Scholarship recipients study for free throughout the degree and receive hands-on training with the opportunity to become a supervisor with Makro. In addition, scholarships are given to local students at Makro's stores on the opening day of all new branches.



### 2022 Results:

- **200** scholarship, the value of each **280,000** baht.
- The scholarship fund rose to **1,047,000** baht.



# LEADERSHIP & HUMAN CAPITAL DEVELOPMENT

## Opportunities and Challenges

The most valuable asset to any organization is the human resources that drive the business forward. To the company, they are the delta between reaching set goals and falling short. Taking care of the employees that bridge the gap between available talent and organizational goals in the competitive landscape is key to operational optimization and social value creation.

Remark: The individual performance of Wholesale (Makro-TH) and Retail (Lotus's-TH) on page 329-391.



## Target and Performance

### 2022 Target



**100%** All employees have trained and engaged in learning and initiatives.

### 2022 Performance



100%

of Target






**100%** employee are trained and developed

- Number of training courses organized **440** courses.
- **100%** of employee has participated the development program
- **6,785** employees participated in the leadership development program.
- **56,428** employees or **84.99%** participated in the sustainability training program.
- Average employee training hours were **32** hours per person per year
- Average cost of training and developing employees was **3,728.64** Baht per person per year
- Employee engagement score was **87.25%**
- A performance assessment was completed for **100%** of employees

## Policy and Management Approach

The company has committed a strategic working style shift to an agile and speedy business operational model. The new technology in a digital transformation to leverage business operation meets the needs of the fast-changing world today, The human capital development to upskill and create new career paths to the future. The 5 Human capital development strategies have been defined for the dynamic, agile and accurate working environments for employees across the organization.

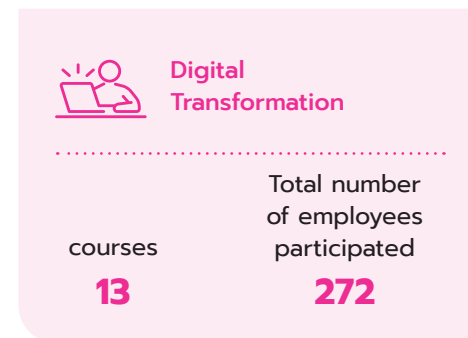
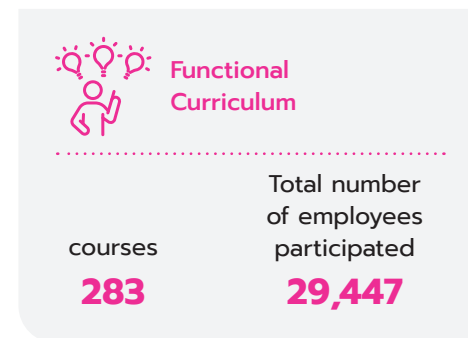
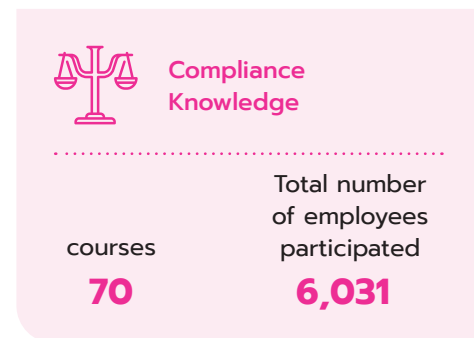


5 Human Capital Development Strategies	Detail
 <b>Customer Centricity</b>	Increase awareness of customer needs at every operational step.
 <b>Agility</b>	Reduce unnecessary workflows to speed up processes.
 <b>Talent</b>	Attract, employ and develop to retain the talent.
 <b>Data Driven</b>	Decision-based on quantitative and qualitative data analysis.
 <b>Enabling People Function</b>	Continuously develop the skills and competencies for all levels of employees.

The company prioritizes the human capital development of perspectives and mindsets that foster a professional corporate culture through 3 dimensions of the human resource management approach which are human capital development, leadership development, and talent attraction and retention to ensure effective competencies development and a happy workplace across the organization.

## Human Capital Development

The company arranges both classroom and online training (M-Learning) the training curriculum has been designed to support the necessary competencies as the Compliance Skill, the functional skill, the Leadership skill, the Digital transformation skill, the soft skill for emotional intelligence and systematic thinking from internal and external instructors to develop employee's competencies, increase self-esteem and upskill the support business growth strategies.





## Functional Business Knowledge Curriculum

Store employees and managers must bear the skills and knowledge necessary to drive business growth, and combine theory and practice, be it store management operations, product knowledge and requirement, and customer segmentation, including sale tools and frontline processing to apply new tools and systems to support sales, among others.

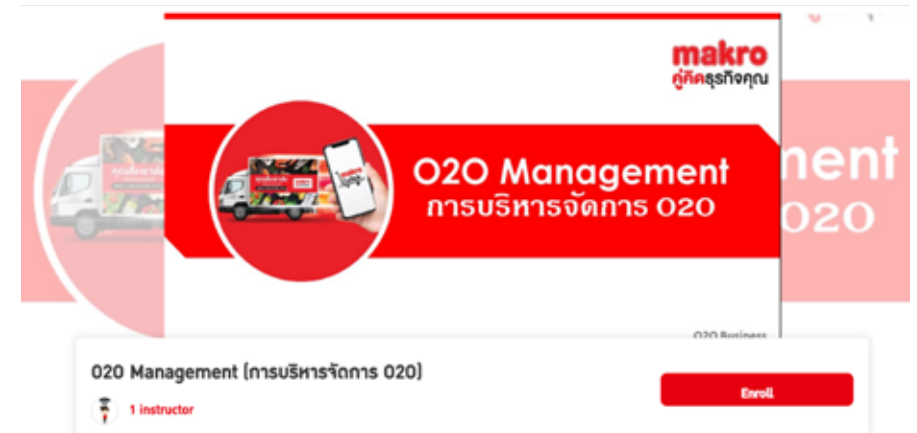


### 2022 Result:

- **35,532** accumulated participants received training, representing **100%**
- Offline sales made a **10,232** baht business impact per year.

## Offline-To-Online (O2O) Business Development Course (M-learning)

To support the expansive growth of the online-offline business model, employees and executives retain necessary skills through Makro's online e-training classroom platforms, or Makro-learning (M-learning) centers, featuring various invaluable courses, namely the O2O Business Management Course, Profit and Loss Analysis, Smart One, Agile and Scrum, TMS for O2O, and Pay Next Extra for Store, among others.



### 2022 Result:

- **28,930** accumulated participants received training, representing **100%**
- O2O sales accounted for **8,840** baht of business impact per year.

## Digital Transformation

The courses are developed under the company's digital talent development program to adjust the work style to be agile and prompt through technological applications and digital strategies for business operations under the corporate digital transformation outlook. The program stages the digital talent curriculum by level; basic, intermediate, and advanced, aiming to promote employee training participation to create career development and opportunities through available learning paths, starting from data analysis, efficient-effective procedures that facilitate pre-implementation preparation, and optimized outcome in the process.

### "Agile Transformation"

The mid-level digital foundation course under McKinsey Academy allows employees to learn new work skills by restructuring, reducing unnecessary processes, focusing on communication, and integrating technological applications that facilitate efficient and effective work procedures.



#### 2022 Result:

- **272** participants received training.
- Average Satisfaction level as **4.27** of **5** (which **5** means Highest).

## Leadership Development

The company leverage the outstanding potential employees to take their fast-tracking and opportunity to be promoted to the next level by developing essential skills to successful leadership such as communication, managerial and business model development and project management etc.

### Leadership Development Courses

The program is organized under the corporate strategy to develop skills and leadership courses for executives at Makro distribution centres to support business growth. The course nurtures essential knowledge and basic skills such as problem-solving and decision-making, coaching and feedback, negotiation and persuasion, and performance management systems, among other courses.



#### 2022 Result:

- **3,573** participants received training, representing **66.16%** of the total management level.
- New leaders were developed to support the expansion of **11** distribution centers where new branches generated **1,736** baht per year.

## The Food Service Academy

The course prepares the necessary skills for food service assistant managers and managers in related fields to become general food service store managers and support food business expansion plans.



### 2022 Result:

- **74** participants received training, representing **100%** of the general management level at food service.
- New managers are developed and promoted for **4** new Makro's stores
- **853** million Baht in sales was generated by this group of new managers.

## Talent Attraction & Retention

The company focuses on creating a corporate innovation culture that fosters creative initiatives, continuous self-improvement, and reliable operational efficiency which led to a suitable and attractive working environment to retain talent.

## People Analytics and Strategic Workforce Planning



### Measuring employee performance

- People working - absent performance dashboard
- PMP (Performance Management Process)



### Workforce planning

- Analyze the organizational and manpower structure and prepare a human resource dashboard to closely and continuously monitor manpower requirements to support business growth.
- Ensure annual succession management continuity
- Ensure tangible career progression with annual one-on-one supervisor-operator discussions.



### Identify current workforce skill gaps

- Determine the required work skills per required work scopes, prepare a recruitment plan under the Employee Development Program, and review required work scopes and skills annually.



### Recruiting & hiring

- Determine recruitment and professional development strategies with skills that meet business needs according to appropriate career stages and establish Individual Development Plans (IDP) to build the strengths required to circumnavigate obstacles that limit growth along the career path.
- Analyze comparable industry compensation, as well as different industries, to determine the overall demand for human resources with relevant professional backgrounds.



### Identify flight risks to improve retention

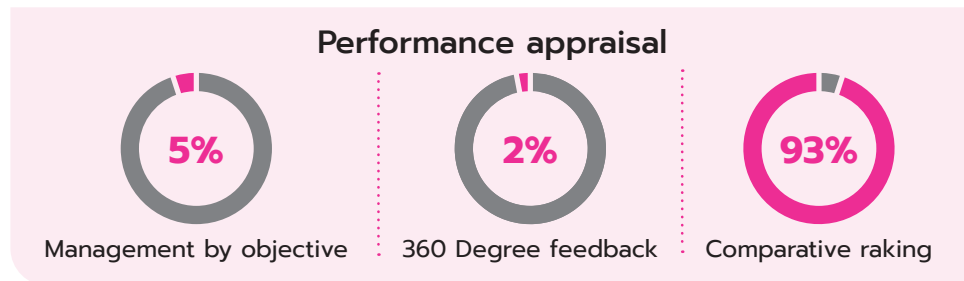
- Evaluate human resource requirements and risks due to retirements and turnover and determine the appropriate measures to retain sufficient qualified personnel to meet business growth plans.
- Establish a program to support employees to reduce work-related obstacles and limitations.
- Exit interview analysis from every resigning employees to set up the manpower retention plan.

The company has prepared an employee competency development program, with key aptitudes in the following 4 areas: 1) knowledge, 2) experience, 3) abilities, and 4) personal attributes. A total of 3 events have been hosted with the participation of executives and senior management, whereby the 4<sup>th</sup> event is expected to complete in 2023.



### Performance Evaluation

The company determines the direction of employee competency development under key performance indicators and straightforward evaluation, starting from goal setting, monitoring, and reviewing annual performance in close collaboration with supervisors, promoting awareness of the existing strengths and weaknesses, thus the opportunities for professional growth to prepare effective, progressive professional developmental plans.



The company places great importance on succession management to allow employees to acknowledge their potential and opportunities on a clear career path. Employees with key talents are considered for succession to positions corresponding to their profile, skills, and experience or specialty of job function. And develop the individual succession and capability Management plan for successors of key positions with the systematically develop competencies and skills that are required in the upper level.

### Result of Successions of Key Position in 2022

Total of **2,146** employees were considered for key positions, where **46%** were male and **54%** were female.

### Living Wage Review

The company regularly reviews the wages and remuneration of employees in each area to ensure fair treatment and compliance with legal requirements, and to have sufficient means to support their livelihoods. Compensation plans, including subsidies and medical benefits, are reviewed to ensure that employees at all levels in all Company-based countries have a satisfactory overall income level to support the cost of living. A variety of benefits are provided to cover, e.g., medical expenses, transport fuel, accommodation, food, diligence allowance, education scholarship, wedding allowance, and funeral ceremonies, among many other coverages. All, **100%**, of full-time employees and contractors are assessed annually for appropriate compensation, with adjustments accordingly to economic conditions, fuel prices, and cost of living. The company also participates in employee wages and benefits surveys through the Korn Ferry Hay Group and applies the results to optimize the wages and compensation scheme, one that is appropriately responsive to fluctuating costs of living.

### Other Benefits and Welfares

The company conducts annual health check-ups and provides medical benefits to all employees under legal regulations and requirements of each country, where health check-up assessments by specializing occupational health-safety doctors are provided for employees at risk of occupational diseases to receive healthcare advice and monitor disease prevention. Employees can rest assured that their health check results are protected under the data privacy policy and cannot be used to determine employment suitability. Welfare coverage for medical expenses applies in both normal and critical situations, be it normal flu or during the COVID-19 outbreak. The company has arranged welfare care for all employees to ensure access to treatment, vaccines, masks, medical supplies, necessary equipment, as well as food and livelihood necessities for employees and their families throughout the quarantine period. The Makro employee satisfaction with the welfare program was evident during the COVID-19 pandemic when the annual employee engagement survey, yet resulted in a score as high as **87%**. Other legally required benefits are provided, namely paid maternity leave for pregnant employees, alongside non-legal benefits such as child and family support and allowances for funerals, weddings, and ordination, as well as scholarships and retirement funds to support employees through different life stages.

The provident fund is also part of the company's welfare program for employees to plan retirement savings, whereby **15%** of their salary or lower is channelled to individual provident fund contributions and gathered by Company contributions.

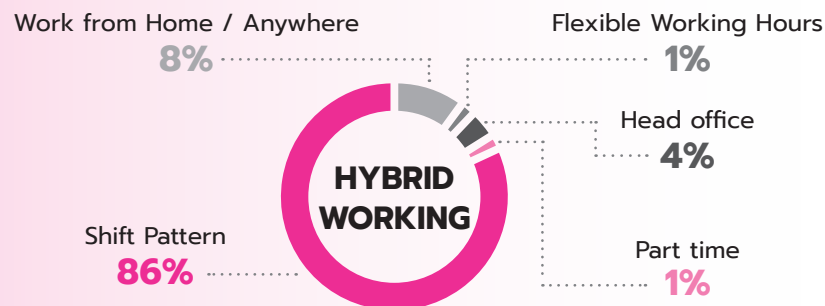
**69% of employees are provident fund members.**



### Hybrid & Flexible Working Hours

The company is committed to creating a post-pandemic working environment that is conducive to work efficiency and adaptability to fluctuating requirements for the working environments and thus commenced hybrid working in 2022 to facilitate a variety of working environments that encourage outcome-based achievements and appropriate time-management among employees without the unnecessary office location or working-hour restrictions, a strategic adjustment under the digital transformation.

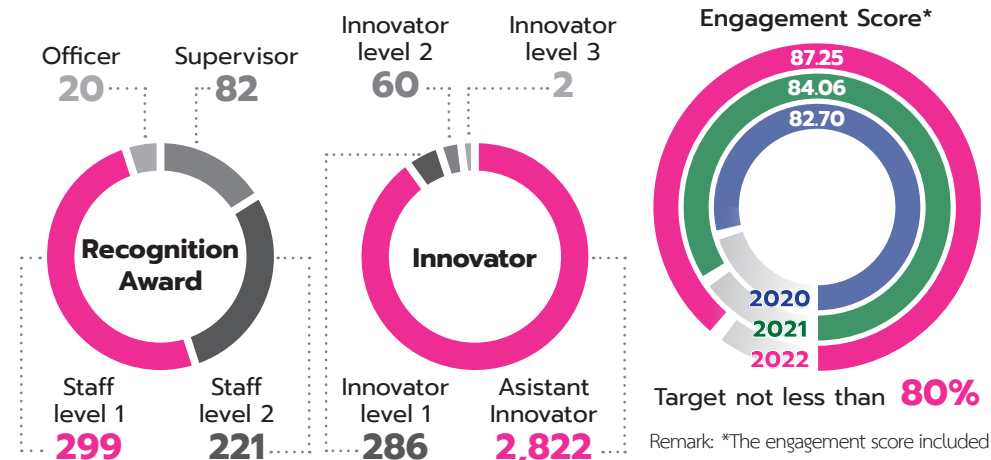
#### 2022 Result:



### Long-Term Employee Incentive

The company has established the Total Reward Strategy & Policy to reward talented employees, build morale and operational encouragement, and empower and retain professionals that make a difference. Incentives include:

Awards	Level	Service years	Relate to Business, Social, and Environmental
Innovator	All position	3.00	Encourage employees to invent new ways of doing their daily work to increase efficiency, reduce waste and work steps, meet customer needs on demand, and enter an innovator contest to cultivate an innovative culture for the organization.
Recognition Award	Staff or Officer level Supervisor	4.32	Encourage pride and commitment to the organization, serving as a good role model for colleagues and the next generation of employees.



Remark: \*The engagement score included Makro-TH and Lotus's-TH



# CYBER SECURITY & DATA PROTECTION

## Opportunities and Challenges

The application of information technology is essential to keeping competitiveness and driving the organization forward. It is also fundamental to maximizing operational efficiency and effectiveness. On the other hand, increasing the risk of emerging risks of cyber-attacks or threats. The company is enhancing cybersecurity and data privacy policy to protect data and trustworthiness for customers and stakeholders throughout the value chain.



## Target and Performance

### 2022 Target



**100%** implement cyber security and data privacy as Personal Data Protection Act requirements.

### 2022 Performance



100%

of Target

**100%** Complied with Charoen Pokphand Group and external party Action list for cybersecurity and data privacy.

• Complied with Charoen Pokphand Group Action list for cybersecurity and data privacy.

• **100%** of employees have been trained in the cybersecurity awareness program.

• **100%** of data routes have been conducted the cybersecurity risk assessment.

• **100%** of no incident or data leakage\*

Remark: \*The incident or data leakage. Which damage to the body, life, and health is less than 1 million Baht. reference to Electronic Transactions Development Agency.

## Policy and Management Approach

The company prioritizes cybersecurity and data privacy, starting from the structure of the cybersecurity department, assessing risks to prepare a plan to deal with various cyber threats, and announcing policies for all Company personnel to be thoroughly informed, serving as a guideline for raising cyber awareness and attaining the Charoen Pokphand Group and ISO27001 international information security certification standards in 2030.

In 2022, the company has updated its cyber security policy, and cover more cybersecurity practices.



### Incident Notification Channel

The company provide the variable notification channels for cyber security case reporting as

**3 ช่องทาง สำหรับการแจ้งเหตุละเมิด**

DPO Office	Helpdesk by Zendesk	DLO Admin Cyber Security
☎ 02-067-9700	☎ 02-067-8996	✉ bit_secure@siammakro.co.th
✉ dpo@siammakro.co.th	🌐 <a href="https://sd.siammakro.co.th/hc/en-us">https://sd.siammakro.co.th/hc/en-us</a>	
🕒 เหนือหัว	🕒 ตลอด 24 ชั่วโมง	🕒 เหนือหัว
จันทร์ - ศุกร์ 8.00 - 18.00	จันทร์ - อาทิตย์	จันทร์ - ศุกร์ 8.00 - 18.00

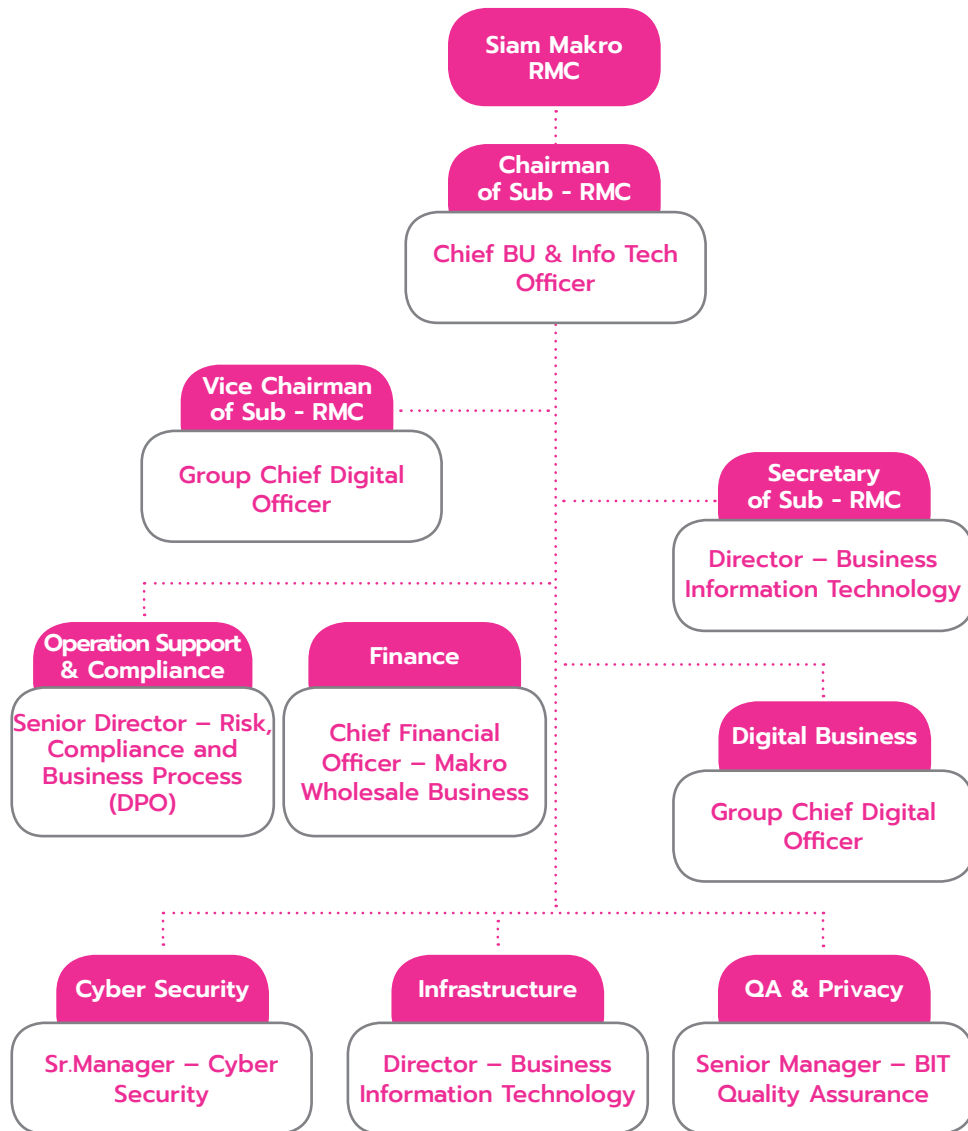
## Cybersecurity Management

The company has established a Cyber Security Department with information technology expertise and primary duties to plan and oversee cyber threat surveillance through the 24-hour Security Operation Center (SOC) to detect vulnerabilities in IT systems with a range of software and hardware capacities, be it artificial intelligence and machine learning tools that automatically respond to cyber threats and report results in real-time or automated data breach prevention tools. Proactive prevention and monitoring operations, protocol rehearsals and training, and simulated real-life cyber threat drills are also conducted to foster a corporate culture of digital-cybersecurity-oriented professionals and raise awareness, thus, overall organizational human resource readiness.

To effectively raise the cybersecurity management standard, the company appointed the Information Technology and Security Management Committee (IT & Security Committee) in 2022 to oversee Makro's Information Security Policy and overall organizational digital-cybersecurity readiness under the company's Chief Information Technology Officer (CIO), a member of the Executive Committee serving as the Chairperson of the Board, reporting directly to the Executive Board of Directors (EBD).



## Cyber Security Team



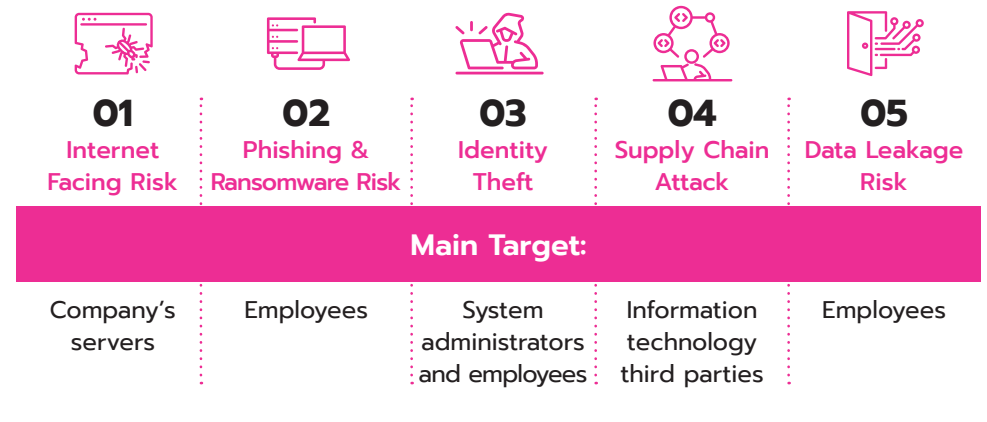
## Cybersecurity Risk Assessment

Presently, cyber threats and attacks are more complex and impact cybersecurity risk. The company thus conducts 5-dimensional risk assessments as follows:

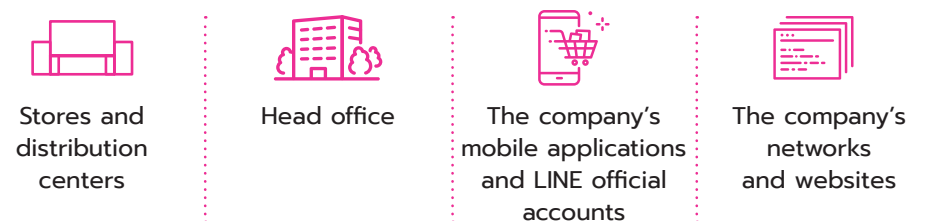
- 1) Internet Facing Risk
- 2) Phishing & Ransomware Risk
- 3) Identity Theft Risk
- 4) Supply Chain Attack Risk; and
- 5) Data Leakage Risk

The cybersecurity risk assessments cover a wide range of data routes that could be used to access company data, from head office, mobile phone applications, websites, as well as store and business partners.

## Risk Assessment Guidelines



## Risk Assessment Scope



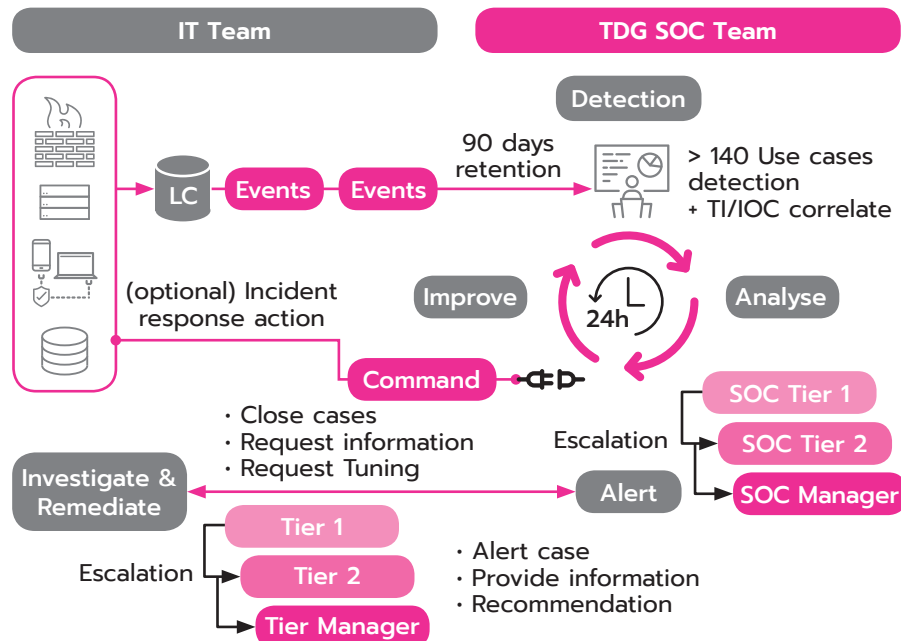


## Cybersecurity Risk Responsiveness

Risk assessment results are documented and analyzed where high-risk areas are prepared for enhanced cybersecurity readiness for both software and hardware. The security protection systems have been inspected and monitored, prevented, improved and put in place the security networks that meet the required cybersecurity standard.

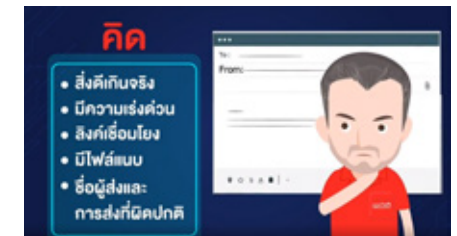
### The Security Operation Center (SOC)

Nowadays, Cyber-attack threats are increasingly efficient, diverse, cutting-edge, and damaging, domestic and international oriented, and can occur any time of the day. The company acknowledges the risks and has set up a 24-hour cyber security team to manage the Security Operation Center (SOC) with the objective of monitoring and responding to various threats in a timely manner under specified SLA and Charoen Pokphand Group information security standards.



### Phishing Email

As cyber-attacks through email scams, or phishing emails, tend to increase, the company has organized phishing email testing and training with employees at least once a year to raise awareness before receiving information from outsiders and reduce the risk of cyber threats asking for email passwords or ID numbers, among others. The course provides techniques to spot 4 key scam patterns and characteristics: 1) emotive content, 2) invalid links, 3) invalid sender email addresses, and 4) invalid email attachments. This helps employees better understand, prevent, and respond to email scams, as well as apply the knowledge from training to their real-life operations.



### 2022 Result:

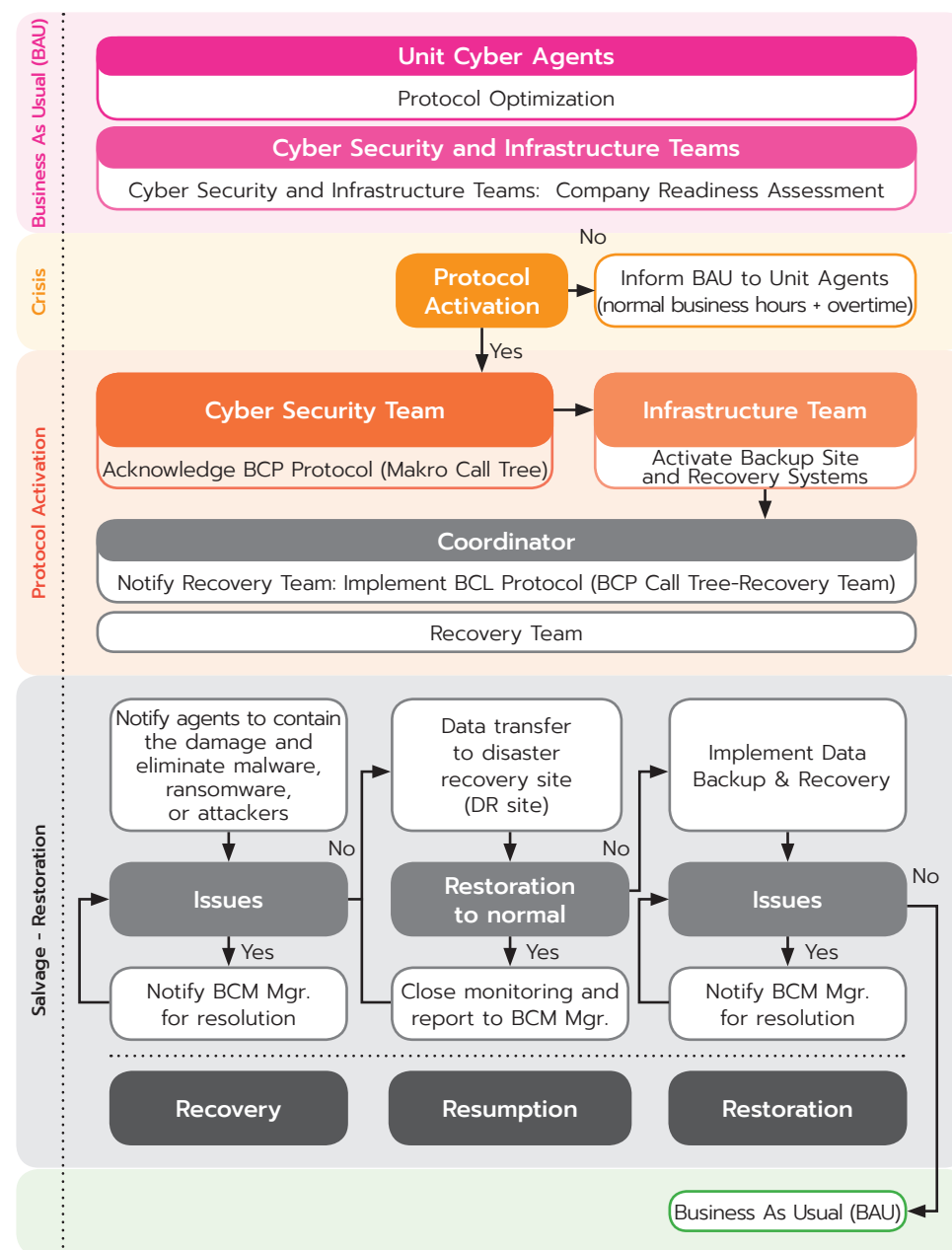
- **2,000** trained employees.
- **3,500** employees participated in phishing email test.

## Cybersecurity Business Continuity

The company prepares the information system continuity management plan and cyber security under the framework of the ISO22301 business continuity management international standard to prepare for various crises that may occur and impact key business operations and the company's hard-earned reputation, image, and stakeholders, as well as optimize the effectiveness in responding to and mitigating the risks thereof. Organizational cybersecurity readiness is assessed and reinforced with annual cyber drills that test and measures the company's cybersecurity risk management protocols, i.e., the ability to detect and respond to different security threats in real-life emergency simulations according to impact level against various systems. This allows employees to develop a clear picture of threats and rehearse standard procedures to mitigate different threats in hands-on scenarios. The drills also allow the cybersecurity team and administrators to collaborate with stakeholders and relevant parties under different threat scenarios and data recovery protocols, as well as rehearse troubleshooting methods, best practices, and backup synchronization when alternating between main and recovery servers. Upon cyber drill alert, the main data server, or the data center that runs the company's network of data, is taken offline to prevent further damage to existing databases and the backup server, or the disaster recovery center, is brought online to simulate protocol and data sync between the two servers alongside emergency functionality and efficiency testings. The main server comes back online to resume business as usual with the go-ahead from the cybersecurity team for system readiness and testing completion.



## Cybersecurity Business Continuity Plan



## Raising Cyber Security Awareness

Awareness being the key to ensuring information system security against cyber threats and data leak prevention, a three-prong approach is reinforced to raise corporate awareness; communication to introduce and create awareness, alerts to activate response awareness, and testing to assess cyber security awareness.

In 2022, the company implemented effective cyber protection measures and disclosed. All of which were professional and successfully managed. No successful cyber-attack or incident was documented during the past year.

### The cybersecurity awareness-raising components are as follows

#### Cybersecurity policy accessibility



All employees, departments, and levels can access relevant policy through the organization's internal communications website.

#### Awareness Communication



Cybersecurity communication of policies, information, and practices through email and training.



#### Awareness Response



Cybersecurity alerts that alarm relevant parties to internet leakage, security breaches, or susceptible emails vulnerable to identity theft, among others, via security-risk alert messages.



#### Awareness Testing



Identity theft phishing simulation to test employee awareness twice a year.



No cases of damaged incidents.

#### 2022 Results:

100% communicated to employees, partners, and contractors

100% were audited under annual internal audit compliance.

84% of risks issue was resolved.

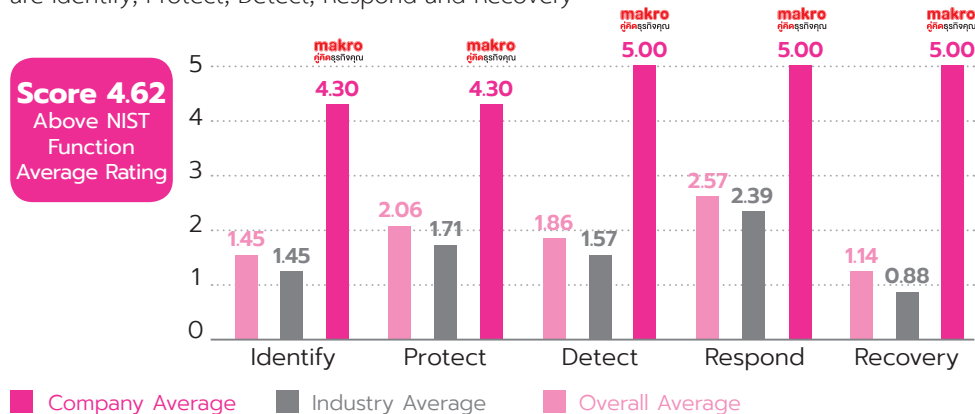
## Cyber Security Compliance and Assessment of Listed Companies in 2022

The company also participated in the 2022 Cyber Security Assessment Program for Listed Companies under the Office of the Securities and Exchange Commission (SEC) and the NIST Cyber Security Framework that ranks organizational cyber security by readiness level. The program regularly disseminates information, news, knowledge, and alerts to prepare cyber resilience among participating entrepreneurs in the capital market sector. The SEC concluded that the company's cybersecurity readiness was at Level 4 with an average score of 4.62 out of 5 levels, 5 being the most secure, thus grouping the company amongst the highest rated comprising 21 of the 210 companies that participated.



## NIST Function's Rating

The result of NIST Function's rating in 5 dimensions of Controlling system which are Identify, Protect, Detect, Respond and Recovery

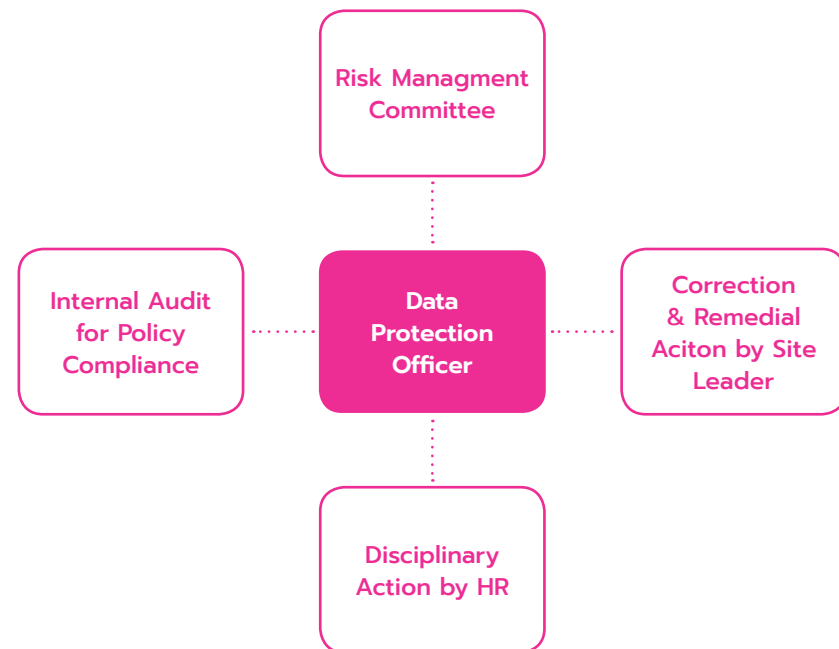


## Data Privacy Protection

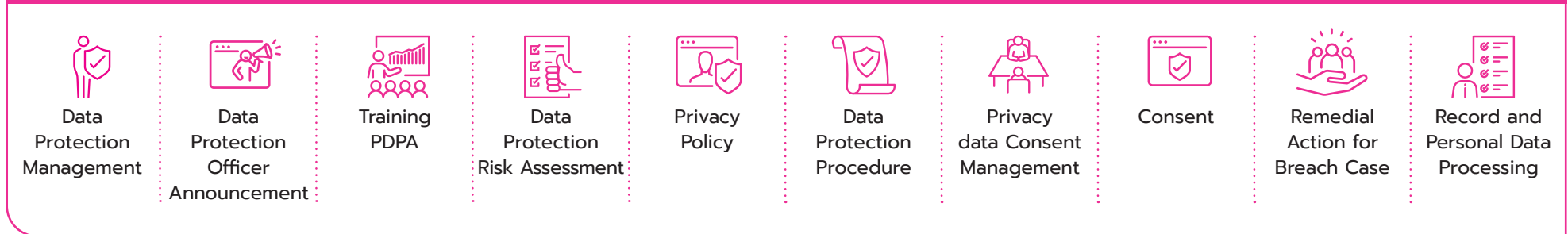
The company Information Security Policy was announced to manage information security, confidentiality, availability, accuracy, and completeness of information under relevant security compliance and requirements under the international standard for Charoen Pokphand Group Companies.

## Privacy Policy

Coinciding with the Information Security Policy covering the personal information of employees, suppliers, customers, and investors under the Personal Data Protection Act (PDPA) B.E. 2562., the company also implements security measures to prevent unauthorized parties from access to personal information. The Data Protection Officer is appointed with responsibilities to supervise the collection, usage, and disclosure of personal data, as well as conduct annual risk assessments, summarize the results, and report to the Risk Management Committee. The officer is also responsible for advising the committee and communicating with the entire organization on best practices and relevant disciplinary action, along with remedial measures for those affected.



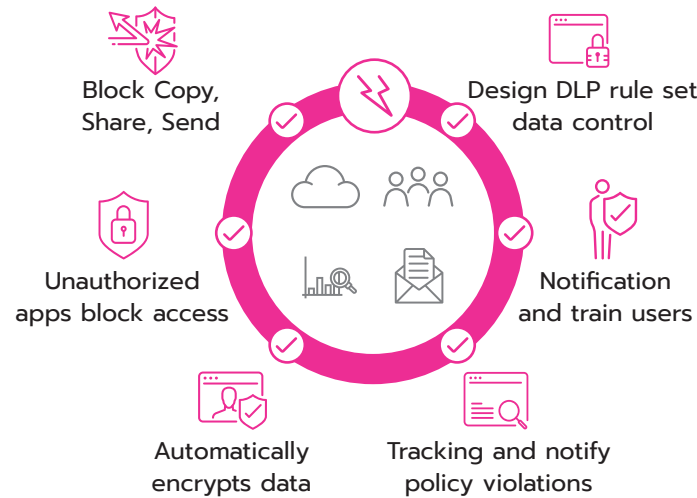
### Data Privacy Policy Structure



Remark: please see in detail the Data privacy Manual at <https://www.siammakro.co.th/sustainability-policy-and-statement>

### Data Loss Prevention

The company prioritizes Personal Identifiable Information (PII) Security under PDPA and has announced a Data Leakage Prevention Policy, as well as the installation of data management tools, namely the classification and labeling for data confidentiality and data loss prevention to automatically mitigate data leakage. This also helps protect personal information throughout the business value chain, be it information of customers, partners, or employees, among other datasets, from being leaked to outsiders or handled without proper authorization, whereby relevant training is available for all Company personnel online. The aim is to reduce the risk of data leakage and maintain data integrity and efficiency via a systemic approach and proper authorization.



#### 2022 Result:

- **3,800** employees participated in the training.
- Over **20,000** data checks were run by the DLP system per month.

In 2022, the company implemented effective personal information leakage prevention measures and disclosed. All of which were professional and successfully managed, namely of data thefts. No successful incidents or leaks were reported during the past year.

### The Result of Data Protection



No incidents of personal data leakage.



# HEALTH

## LIVING WELL

The company contribute economic value to society through economic growth for business partners, promoting access to nutrition, and delivering products with high-quality and food safety. Innovation, continuous development of products and services also stakeholder engagement. The company meets expectations and connects customers, operators, and business partners on the path of sustainability to create long-term value contribution for communities.



### Health and Well-Being

- Quality and food safety
- Health and nutrition support



### Social Impact and Economic Contribution

- Supporting farmer and agricultural products
- Supporting community during the crisis



### Food Security and Access to Nutrition

- Expanding food accessibility
- Traceability



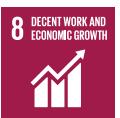
### Innovation

- Creating an innovative organization
- Makro Innovation Awards 2022



### Stakeholder Engagement

- Engagement channel
- Expectation & Response



# HEALTH & WELL-BEING

## Opportunities and Challenges

Quality and safety products are the fundamental schemes of developing products that focus on health and wellness for consumers of all ages. As a leader in the retail and wholesale industry, the company recognizes the importance of developing internal processes and enhancing the business partners for safer also promote better health and well-being product. This requires traceability systems to demonstrate transparency of the source of raw materials and meet the needs of increasingly health-conscious consumers and better health conditions among the population.

Remark: The individual performance of Wholesale (Makro-TH) and Retail (Lotus's-TH) on page 329.



## Target and Performance

### 2022 Target



**42%** of sales from B2B and B2C products and services help promote health and well-being.

### 2022 Performance



Of Target

**44%** of sales from B2B and B2C products and services help promote health and well-being.

- **3%** of sales from food products have reduced fat, trans fat, sodium, and sugar.
- **2%** of sales from food products that increased nutritious ingredients like fiber, vitamins, minerals, phytochemicals, or functional food additives
- **25%** of sales from food products are safe for consumers of all ages, from children to elders.
- **10%** of sales from products and services that promote health and well-being.
- **4%** of sales from healthier food products by reformulation.
- Only **2** product recall cases due to potential health effects on customers.

## Policy and Management Approach

The company emphasizes food quality and safety throughout its supply chain operations on the path of sustainability. The company has applied Makro Initiative Accreditation (MIA) and Makro i-Trace systems to control quality and food safety standards, from upstream to downstream. In addition, products sold in the Makro's store have passed testing results from ISO17025 certified laboratories and nutritional value examination from the Institute of Nutrition, Mahidol University. The company also supports consumer awareness through the QR Code MAKRO i-Trace application to trace back to production sources, ensuring product quality and safety comply with standards and regulations. This reinforces the company's quality and food safety policy that "Makro will grow with good performance, invest in people, strive to develop quality and safe products for consumer, and continued service with responsibly, and social responsibly."

## Makro Implemented Product Quality and Safety Throughout the Supply Chain



### 01 Up-stream:

Food safety from farm

To raise the level of agricultural products in line with the brand standards of MQP (Makro Quality Pro) and Selected, which are standards for the company's food safety management system. The products under the said brand will be selected from orchards or farms that have received Good Agriculture Practice (GAP) standards, along with product inspection at every stage of production, including quality in various aspects, such as size and sweetness, among others. Therefore, the company has prepared Makro Initiative Accreditation (MIA) or guidelines for producing agricultural products in accordance with Makro's standards and announced them to farmers' groups and suppliers. They can do self-assessments that can be conducted both online and offline, which enhances production knowledge and delivers standardized products to consumers. From the implementation of the project, at present, more than 350 of farmers and suppliers (100%) have received the MQP and Selected brand standards.



### 02 Mid-stream:

Control food safety along the process

Therefore, the MIA system was further developed to be used in the evaluation of the company's distribution centers and distribution centers in order to prepare for standard certification application.

- 1) Good Hygiene Practice (GHP)
- 2) International Food Standards (Codex) of the Food and Agriculture Organization and the World Health Organization.
- 3) Hazard Analysis and Critical Control Point (HACCP)
- 4) Food Safety Management System Standards (ISO 22000:2018)



### 03 Downstream:

Product traceability

In addition to producing products that meet the standards of farmers and trade partners and offering quality products for consumers, the company adopted a system that facilitates tracing the origin or raw materials and product nutrition information, namely the Makro i-Trace, which able to trace products in the fresh food category and bakery category, totaled 8,173 items, accounted for 100% of Under aro brand. In addition, the company has also expanded the application of the Makro i-Trace system to branches in the Republic of the Union of Myanmar.

## International Standard, National Standards and Internal Standards:

Standard	Location	
	Stores	Distribution Centers
GMP and GHP CODEX	138	2
HACCP	119	1
Livestock-OK from the Department of Livestock Development and Product Safety Standard from the Ministry of Agriculture and Cooperatives	135	0
Complied or certified ISO 22000 Food Safety Management System)	2	1
Halal Standard (HALAL)	10	1

- Notes:
- Data covers Makro-TH
  - As of December 31, 2022, the company had a total of 2,795 stores in Thailand (Makro-TH 152 stores, Lotus's-TH 2,643 stores)
  - GMP and GHP CODEX 140 stores, OK Livestock 135 stores and Halal 11 stores.
  - Stores = Wholesales Business (Makro-TH)



## Quality and Food Safety Program

### "Safe Oranges Save Thai Smile 9<sup>th</sup> Consecutive year" Project

In collaboration with Kasetsart University, Maejo University, and the Ministry of Agriculture and Cooperatives, the project supports citrus growers in managing crops that comply with GAP standards, ensuring all oranges are of good quality and free from pesticide residues. The Safe Oranges project also includes a traceability application where customers can scan the Makro i-Trace QR Code on the package or display location.



#### 2022 Result:

- Over **70** farmers participated, covering an area of more than **22,350** rai (1,600 square meters).
- Income of farmers **357,000** Baht per year.
- Totalling a support agriculture of **4,500** tons.
- Sale volume **225** million Baht.

### "For Better Lift of Hill Tribe Farmer" Project

The project aims to add value to the tribe farmer's products by implementing the knowledge from Maejo and Kasetsart university and networking for enhancing the farmer's ability to produce better quality and more productivity to comply and qualified for the GAP standard of the Ministry of Agriculture. Together with setting up a qualified GMP packing shop in the area and traceable these products through the QR code of Makro i-Trace system to deliver high-quality products from the hill to the urban to support the micro to the macro-economic system, from organization to 4 communities in the northern provinces and country. Finally, the company handed over the products of this project to medical personnel during the Covid19 pandemic.



#### 2022 Result:

- Purchased **10,000** tons of agriculture products or **200** million Baht
- Average income of **180,000** Baht per household per year
- **1,125** hill tribe households are participated

## Promote Health and Nutrition

To promote nutritional and healthy food to society, The company intend the sourcing process and intensively screening for ensuring every products that are selling in stores contribute the healthy and wellbeing condition to consumer. Altogether, the nutrition fact are communicated on levelling and on Makro I trace, the QR code for consumer to seek for product information. One of the company's long term sustainability strategy's target as 70% of total sales volume products and services help promote health and wellness.



### Own Brand's Health & Wellbeing Products

The company began the producing and selling of Healthier Choice labeled products in 2020, starting with healthy fruit juice formulas yet maintaining the original's favor. 2021, the company launched selling plant-based protein products in large pack sizes for restaurants, in addition to good health also reducing carbon footprints of the production process. The company plans to expand healthy alternatives to ready-to-eat food products in 2022.

### Category of Own brand (Private Brand) Products



Traditional  
Private Label



Value  
Private Label



Premium  
Private Label

## Example of Promoting the Health and Nutrition Projects

### "Alternative Meat and Healthier Choice" Project

Alternative meat is non-meat proteins from plants as Plant-Based Meat or from another source such as insects. To support the United Nations Sustainability Development Goal 2: Zero hunger altogether promoting food security and sustainable agriculture. The company enhances alternative meat on many platforms to provide safe, high-quality, and nutritious products meanwhile reasonable prices to the consumer.

Altogether, continuously developing healthier choice items for own brand's product for less sugar, sodium or trans-fat that have received continuously good feedback from consumers in terms of quality, taste, and nutritional value, such as whole wheat bread and ice cream.



### 2022 Result:

- Alternative meat **69** items and the Healthier choice product **17** items
- Alternative meat sales amount **39.55** million Baht

## "Makro Nutrition-Society's Added Value" Project with Mahidol University

The company continuously cooperates with Mahidol University to develop nutrition facts, laboratory research nutrition in food and Thai Food Composition Databases integrated into Makro's I-Trace, the QR code for traceability information to ensure all products are traceable and complied with food safety requirements including trustworthy product for customer and consumer. Furthermore, healthy food trends are influenced while nutrition facts are informative for consumers to design their own meals such as protein, fat, carbohydrate, fiber, water, mineral, vitamin, cholesterol, fatty acid, etc to avoid malnutrition caused to Non-Communicable Diseases or NCDs which are progressively impacted to the public health concern.



### 2022 Result:

- Nutrition facts contains more than **8,173** items
- Consumers view more than **114,249** times per year
- Provide food information to entrepreneurs of more than **3** million people.

## "True Healthy Corner" Project

The company has collaborated with True Digital to launch the drugstore True Health Corner to provide a new healthcare experience for all customer groups through easy medical service access, as the new normal way. Customers can access several health services through True Health smart platforms that connect online and offline health care services, including online preliminary health checks, consultation with physicians and health specialists, and purchasing prescriptions in one click without risking a visit to the clinic or hospital. Customers can access this convenient, safe, and cost-effective program currently piloting at Makro Srinakarin and Sathorn store.



### 2022 Result:

- **2** of Makro-TH stores have True Healthy service.
- **21** of Makro-TH stores have healthcare services.
- Total revenue **508** million Baht.

## Health Screening Program

Lotus's promotes public access to basic health services and encourages Thai people to have good health and well-being by eating healthy, quality, and safe food-as well as access to services and knowledge on health through Lotus's branches and online platforms, and Lotus also supports exercise and regular health check-ups.

- Free breast cancer screening service with a mobile mammogram machine in cooperation with the Kanchanabarami Foundation and the Bureau of Health, Bangkok. The company provides “Breast Cancer Screening Services with Mobile Mammograms for the fourth year for women with health risks and lack of opportunity on service access. Individuals can be screened for breast cancer by a mammogram from a specialist. There is also information about self-screening for breast cancer for people who are not at risk. Since the beginning of the project, there have been more than 3,319 people who have been screened. In addition, Lotus organized a special campaign that allows customers to participate in helping those who are underprivileged. For example, the clothing brand MeStyle donated part of its profit of 200,000 baht from selling women's clothing and lingerie in October to the National Cancer Institute for the Institute to purchase tools and medical equipment to help underprivileged patients.
- Free preliminary screening service for diabetes to the public, consecutively for the 5<sup>th</sup> year. There is a sugar level monitoring service, an initial physical examination service, and a giveaway for healthy coconuts from farmers. The objective is to support good health for Thai people and promote public access to preliminary health services.



### 2022 Result:

- Free breast cancer screening service ,consecutively for the **4<sup>th</sup>** year.
- Total participated **2,500** people.
- Donated to help underprivileged patients with **200,000** Baht.
- Free preliminary screening service for diabetes to the public, consecutively for the **5<sup>th</sup>** year.



# SOCIAL IMPACT & ECONOMIC CONTRIBUTION

## Opportunities and Challenges

Social and communities are fundamental to sustainable development to promote peaceful and inclusive societies for sustainability development. The economic impacts of the COVID-19 pandemic have accentuated long-lasting social imbalances, particularly on vulnerable groups. The company has contributed our powerful supply chain and value to support the economics-social by the interconnection from producer to the consumer also of reliable support to farmers, small business entrepreneurs and vulnerable groups. Including driven to supply chain to recover and strengthen the economy from the crisis.

Remark: The individual performance of Wholesale (Makro-TH) and Retail (Lotus's-TH) on page 329-391.



## Target and Performance

### 2022 Target



**122,000** people have jobs supported to generate income.

### 2022 Performance



Of Target

**255,627** people have jobs Supported to generate income.

- Employ **66,392** people
- Support SME and Farmer **6,056** people
- Jobs support in value chain
  - > Vendors: **13,271** people
  - > Supplier: **3,992** people
- Hire and support **710** disability people
- Support career opportunity to community **82,520** people

## Policy and Management Approach

The company's committed to operating business and contributing positive and sustainable value to society As the epidemic has continued to affect the world since 2021, the company proceeds to generate the economic value that benefits society by supporting the communities such as farmers, food business entrepreneurs and medical personnel, to mitigate adverse effects and speeding up the overall economic recovery in the process.

## "Makro Alongside Thai Farmers" Project to Support Farmers and their Product

Siam Makro Public Company Limited supports agricultural products and products from local farmers and SMEs within the respective vicinity under the "Makro alongside Thai farmers" project which has been implemented continuously to develop supplier potential in terms of production standards, income sustainability, product quality and food safety.

### Examples of Activities to Support farmers

Agricultural Products	Support Guidelines
 <p><b>Various meat products</b></p>	<ul style="list-style-type: none"> <li>Purchased meat and alternative protein such as insect plant-based from SME over <b>1,571</b> tons, totaling a support of <b>190</b> million Baht.</li> </ul>
 <p><b>Poultry, eggs and milk</b></p>	<ul style="list-style-type: none"> <li>Purchased poultry and organic egg over <b>10</b> tons of milk, totaling a support of <b>1</b> million Baht.</li> <li>Purchased over <b>1,292</b> tons of milk, totaling a support of <b>91</b> million Baht.</li> </ul>
 <p><b>Seasonal fruits including durian, rambutan, mangosteen, longan, longkong, mango, etc.</b></p>	<ul style="list-style-type: none"> <li>Organized the "Good quality Thai fruits delivered directly from the orchard" festival to stimulate consumption with the purchase of over <b>38,400</b> tons of fruit.</li> <li>Supported longan purchases from more than <b>650</b> smallholder farmers, totaling over <b>1,000</b> tons of longan</li> <li>Purchased more than <b>5.28</b> million Baht.</li> </ul>
 <p><b>Vegetables and local vegetables</b></p>	<ul style="list-style-type: none"> <li>Purchased ginger from over <b>647</b> community enterprises, amounting to more than <b>200</b> tons.</li> <li>Organized a "local vegetables" festival with sales of <b>15.60</b> million Baht</li> <li>Purchased over <b>17,775</b> vegetables, totaling a support of <b>415</b> million Baht.</li> </ul>
 <p><b>Aqua &amp; Seafood</b></p>	<ul style="list-style-type: none"> <li>Purchased over <b>1,584</b> tons of seafood.</li> <li>Totaling a support of <b>142</b> million Baht.</li> </ul>

## Example of Commercial Activity Donation

### "Longan of Choice Give Back Joy to Locality" 3<sup>rd</sup> year

The company realized the traditional Longan plantation then seeks to strengthen the income of longan growers as well as improve farm product safety and quality to meet the standard and return benefit from sales to the community with local farmer cooperative in Pasang, Lamphun province and the Department of Agricultural Extension to implement GAP guideline for better food safety and quality products also traceability and meet the customer's preference. Furthermore, the research for installation of the machine for packing workshop to extend shelf life and retention time of products. This project is part of Makro's Job creation project whose purpose is to improve the life quality, a sustainable economy in society to strengthen the community through local jobs including the donation of money from product selling to buy medical equipment and hand over to public health unit in the community as return the happiness to the community.



### 2022 Result:

- Generate income to **650** farmers
- Purchasing longan during the donation event **517** tons or **20,189,125** Baht
- Whole year purchasing **836** tons or **35,511,840** Baht per year

## "Direct Product Sourcing from Farmers (Non Khwao Model)" Project

The Direct Sourcing project generates fair and stable income for farmers, raises cultivation standard through cooperation with government agencies including the Ministry of Agriculture and Cooperatives and local government agencies, and aims to enable efficient cultivation management among farmers and gain bargaining power through encouraging local farmer unionization according to the government's large-scale agricultural policy. Lotus's currently utilizes 4 main farm models in all 4 regions of Thailand, thereby creating careers in addition to fair and stable incomes for over 1700 farmers. Working closely with farmers in the Farm Model enables control and product oversight in terms of safety and quality standards through sourcing information and delivery of high quality fresh vegetables to customers.

### Value Chain



### 2022 Results:

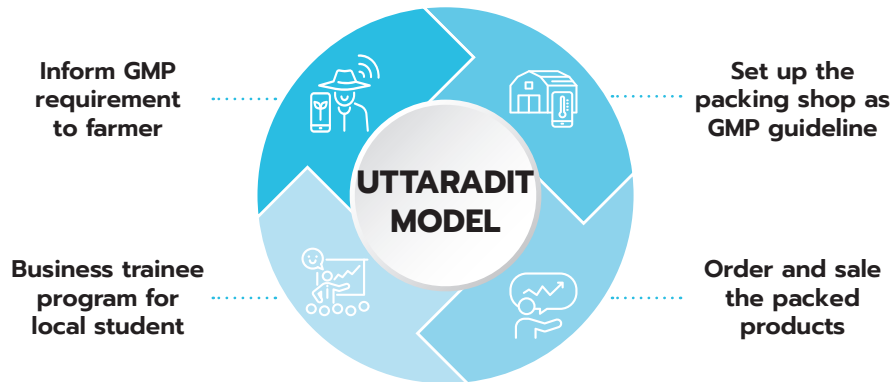
- Number of farmers from all regions participating in the project **105** persons
- Agricultural products purchase volume **120** tons per year
- OTOP on Lotus's-TH **2,279** store, OTOP products over **25,891** items

## Example of Social Investment

### "Uttaradit Model" Project of Student Trainees, Job creation, and Support the Local Farmer

The opening new store event of Makro's Store-Uttaradit, beyond the food supply and job hiring to surrounding communities as every traditional store opening but it is the initiative of the "Uttaradit Model" that established sustainable development and provides social benefit comprehensively economic, job creation, long life education and business skill practice to the communities including benefit through the local farmer and education institute.

The model is based on the local farmers are lacked GMP knowledge and has not a qualified packing shop in their own community which force them to transport fruit and vegetable production to be packed in other provinces which increases cost and time and food loss during unnecessary transportation. Then Makro's corporate with the Faculty of Agriculture, Uttaradit University set up the GMP packing shop to service the farmer in the province which will reduce cost and time while increasing farmer's competitiveness and value adding from food hygiene to their product.



Furthermore, Makro signed MOU with Uttaradit University for the local student trainee program to provide the opportunity for them to earn income together with gain the knowledge of food business and practice reality working procedures to understand the competitive market, consumer behavior, and how to develop the local farmer's potential for wholesale business.



#### 2022 Results:

- Social investment **129,295** Baht



## Job Creation to the Society

The company commits to creating jobs and inclusively recovering economic growth from stimulate the potential of spending on household consumption by delivering and supporting local products from farmers and SMEs.

### Makro's Create the Jobs for the Disabilities

Makro-TH believes in the power of disabled people for valuable contributions to social and economic then to support them to release their potential. The cooperation project with the Department of Empowering of Persons with Disabilities to upskill and purchase handicraft products from the 9 of disability upskilling centers in many provinces includes providing a market for their product that can earn income and create jobs for vulnerable people. Under the project "Makro's Upcountry Store, Job Creation for Disability" The first handicraft products are the wicker basket for the gift festival and fruit basket which are a good response from customers. Besides purchasing, Makro provides marketing support and develops the products as customers' buying behavior. The success of the project is empowering disabled people to sustainable income earning for themselves and their families and finally leverage their self-esteem.



#### 2022 Results:

- Purchasing amount **487,455** Baht
- Job creation for **60** disability people

### "PLATFORM OF OPPORTUNITY" Project

SME business matching events are under the "PLATFORM OF OPPORTUNITY" project, is the activity to open the opportunity for farmers and SMEs to become the company's suppliers. The local farmer and SME can register their product to the platform, then the platform will proceed with the initial screening and matching the buyer to the product and set up the business discussion. The variable product can be registered such as agricultural products, processing food, other consuming product, etc. Altogether, the company corporate with SME D Bank and the Office of Small and Medium Enterprise Promotion (OSMEP) knowledge sharing and provide advisory to farmer and SMEs to improve product quality and productivity for both local market and exportation.



#### 2022 Results:

- **843** farmer and SMEs entrepreneur registered
- Registered products **1,600** items

## Social Support in Other Crisis

In addition to the Covid-19 crisis, Thailand also faced severe flooding resulting in damage to households and properties in disaster zones. As several Makro stores were located in the affected zones, it collaborated with the Red Cross Society to expedite emergency bags to the disaster victims in a timely manner. Also after the disaster, many of Makro's store staff were sent to help the affected small groceries for cleaning and reopening.

### Example of Social Supporting During the Crisis

#### Support for Medical Personnel, Communities and Public

The crises and natural disasters that happened in early of the year 2022, Covid-19 and widening flooding in many provinces, are impacting people's health and their property. The company hand over food, drinking water, and cleaning agents for hygiene to medical personnel against the pandemic and the food, water, and daily shortage of food, drinking water, and life support consuming stuff to the flood victims. Unfortunately, the consequence of the lockdown period caused a blood bank shortage, Makro-TH signed MOU with the Thai Red Cross Society for whole year events for employees and the community to join the blood donation at Makro's stores.



#### 2022 Results:

- **2,500** food and cleaning kind of stuff are handed over to communities and medical personnel including "aro" drinking water **79,165** bottles
- Blood donations from **291** persons or **1,110,039** cc. are delivered to the blood bank.

### Donation and Supporting

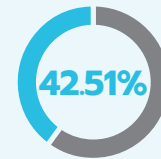


Employee  
Volunteer Hours  
**124,662** Hours



Donating  
Staff  
**497,792** Baht

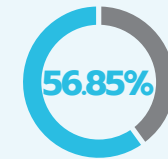
### Proportion of Donation and Supporting



Commercial Activities  
**26.30** million Baht



Social investment  
**0.38** million Baht



Charity Donations  
**35.16** million Baht



# FOOD SECURITY & ACCESS TO NUTRITION

## Opportunities and Challenges

Food security is a concerning issue for many organizations, domestic and abroad. According to the Food and Agriculture Organization of the United Nations (FAO), more than 25.9% of the world's population is facing food insecurity. The situation has become increasingly worrisome since the COVID-19 crisis. Food security is one of Makro's core strategies, the company recognizes the importance of this issue and is committed to taking on the social responsibility as the leading food supply chain.

Remark: The individual performance of Wholesale (Makro-TH) and Retail (Lotus's-TH) on page 329.



## Target and Performance

### 2022 Target



**70,000** children and people get access to safe and nutritious food.

### 2022 Performance



of Target

**108,078** people get access to safe and nutritious food.

- Food donation and surplus to **33,378** persons
- And Community Kitchen has **74,700** members

## Policy and Management Approach

In addition to managing the supply chain to nourish adequate food to meet customers' needs, the company also expands food accessible opportunities for people affected by the COVID-19 crisis, local communities, and vulnerable groups, by delivering food, increasing access to safe food, and sharing food production knowledge through many projects.

## Food Donation to Community

### "Makro's Meal for the Flood Victims in Thailand" Project

The company continuously supports the community in every crisis. In 2022, Thailand faced a natural disaster as floods in wide areas. Makro's leaders and employees in flooding areas in many provinces supported the impacted people by delivering the rescue kinds of stuff to the flood-impact communities including setting up mobile food catering to urgently prepare clean drinking water, cooking food boxes, and delivering to flood victims within the community. Especially, the big flood in Rayong province, which Makro store at Rayong province joined CSR activities with Friend of Pa, the Her royal highness princess's foundation and the Navy's to handed over the food and drinking water to the communities including providing parking lots at Makro's store-Rayong for flooding impacted people to park their car safely.



#### 2022 Results:

- Support food and clean water to **25,123** impacted households

### "Food for Those in Need" for the 5<sup>th</sup> Consecutive year

One of Lotus' commitments is to promote good health for Thai people through eating good, safe, and high-quality food. The project supports lunch and the budget to purchase high-quality ingredients for cooking lunches for students in schools throughout 77 provinces across the country. The objective is for the schools to have access to good, nutritious, and safe food. The project also supports healthy growth and child development conducive to effective learning. In 2022, the project organized a special activity, "The Journey of Good Food for the Young," to promote learning about nutrition by taking students from Wat Kai Tia Community School, Pathum Thani Province-the students visited the food process from upstream to downstream. The objective was for the students to learn the source of quality food through the process of purchasing produce directly from farmers. They also visited the working process at the sorting and packaging plant of Ban Na Khu Community Enterprise Group, along with studying fresh food management at Lotus, Pathum Thani branch, and learning about selecting fresh food that is a good quality product and safe.



#### 2022 Results:

- Number of people receiving food **8,255** persons
- Project support value **1.84** million Baht

## The Supply Model to Enhancing the Food Security

Besides food donations and surplus, the company enhances food security to ensure every community has access to quality and nutritious food including hygiene and adequacy. The company continuously improve the supply chain process through sourcing, transportation, storage, and distribution to ensure food security for the community and reduce inequity for nutrition accessibility in the urban and rural area that is obstructed by location or distance. The company aims to develop supply models to deliver safe and healthy nutrition to the community with equality.

### "Community Kitchen" Project

The COVID-19 pandemic forced people to stay at home to avoid exposure possibility. To expand convenience and access to fresh and frozen food and increase income for Sho Huay, the community's retail shops. The company has continuously implemented the Community Kitchen project and supported Sho Huay by offering discount coupons and promotional marketing media when purchasing community kitchen freezers.



#### 2022 Results:

- **28,037** shops participated in the project in 2022.
- Accumulated to **53,883** shops since the project started.
- Over **16,354** servicing freezers to communities.
- Investment **11,328** million Baht and over **2,115** million Baht was generated from fresh food sold to Sho Huay shops.

# INNOVATION

## Opportunities and Challenges

To ensure the readiness for dramatic changes in circumstances and customer expectations, an innovation culture has been systematically fostered throughout the whole organization. This is accomplished through the cooperation of internal and external parties, in identifying creative and new operational approaches that respond to emerging risks of the wholesale-retail industry altogether improving customer satisfaction.



## Target and performance

### 2022 Target



**1** patent or petty patent is registered.

### Target and performance

**3** of patent or petty patent are being registered.

• Percent Innovators to all employees **16%**

• **10%** of employees participate in innovative projects:

• **21** innovation projects contributed cost-saving **5,389** million Baht

## Policy and Management Approach

The company's Innovation Committee and Innovation Leader team drive and foster an innovative mindset through conducive infrastructure, outreaching communication and interconnected networks, and also through programs like activities and contests that continuously promote understanding, knowledge and accessibility to innovative platforms.

Indicator (units)	2019	2020	2021	2022	
				Makro-TH	Lotus's-TH
Innovators (person)	130	560	1,118	1,189	294
Innovations participate CP All and CPG Innovation Contest (No. of Project)	10	20	11	13	8
Award-winning innovations from CP All and CPG Contest (No. of Project)	10	10	6	11	6
Business impact (million Baht)	41.32	315.04	3,975	3,882	1,507

## Winning the Chairman Awards 2022

### "Web Based Application: Fresh Food Ordering" Project

Reducing the problem of local supplier's Cutting off time and improve delivery fresh food to customer. Makro's design the web based application to automatically processing and managing the orders to serve customer without time or location limit and available for every platform which reduce working time from 40 to 18 minutes.



#### 2022 Results:

- Reduce time spent for order responding **478,000** manhours per year or **7.2** million Baht per year
- Reduce paper work **1,900** packs per year or **0.22** million Baht per year
- Total saving are **7.4** million Baht per year

### "Development of the Fundamental and Protecting form Covid" Project

The covid-19 pandemic is sequentially impacting to health and economy of people. The issue of hygiene contamination during the pandemic causes panic among consumers especially the seafood product which caused fishermen and involved SMEs cannot sell the seafood.

Product. Makro's realized the issue and initiate the project with the Department of Fisheries, Ministry of Agriculture and Cooperatives, and joined with the Department of Disease Control, and the Ministry of Public Health to support the impacted group from upstream to downstream.

Makro studied the information and research from experts nationally and internationally and integrated them into the quality control process and issue new procedures to imply the food safety standard and disease control for the holistically supply chain management and internal audit by Makro's MIA online evaluation system.

This initiative as the first hypermarket complies with the additional governmental measurement of covid 19 protection issue for Modern supports 1,000 family and seafood products of more than 15,000 tons or 2,250 million baths.



#### 2022 Results:

- Income to community **2,000** households.
- 100%** Food Safety
- 100%** Trustworthy to customer

# STAKEHOLDER ENGAGEMENT

## Opportunities and Challenges

As the feedback from stakeholders is a crucial factor in driving a sustainable business according to stakeholders are exactly impacted both positive and negative from the business operation. The company thus places importance on engaging long-term relationships with its stakeholders to appropriately respond to the expectations and global circumstances.

Remark: The individual performance of Wholesale (Makro-TH) and Retail (Lotus's-TH) on page 329.



## Target and Performance

### 2022 Target



Stakeholder engagement score greater than **80%**

### 2022 Performance



100%

Of Target

**87%** score from Stakeholder's ESG engagement survey

- Employee engagement score is **87%**
- Customer satisfaction score is **88%**

## Policy and Management Approach

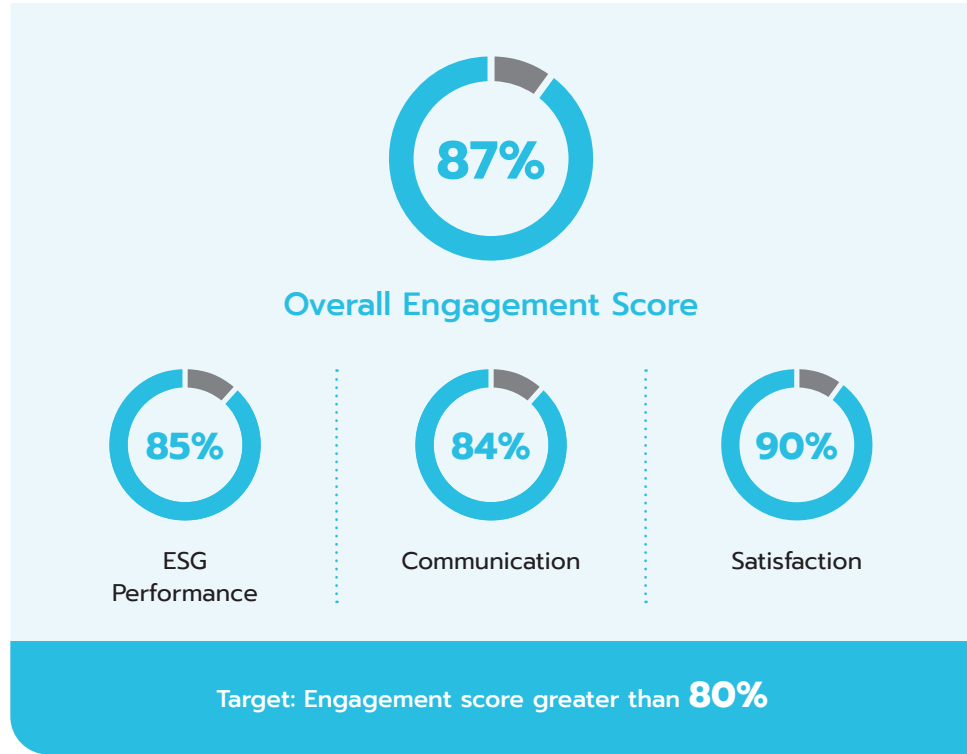
The company realizes that the distinct perspectives from different stakeholder groups are vital to mitigating business risks and the impacts from the operation, improving operational efficiency and creating shared values for all parties involved. The AA 10000 Stakeholder Engagement Standard is applied to form the quality engagements with 10 direct and indirect stakeholder groups along with appropriate participation channels for each group. The channels are reviewed annually to ensure that stakeholder voices are integrated into the company's sustainable development strategies.





### Annual Stakeholder’s ESG Engagement Survey

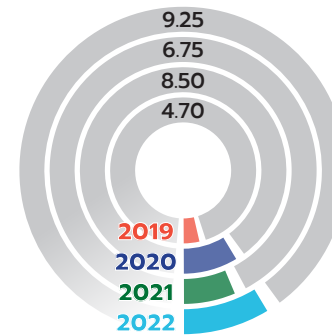
The company’s stakeholder engagement survey was conducted by Charoen Pokphand Group’s Sustainability Department during February - April 2022.



### Responsibility to Customer’s Rights

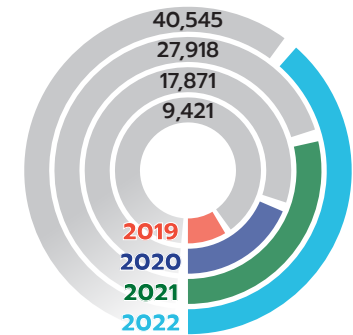
The company recognizes the importance of the online and cashless society including covid-19 pandemic changed consumer behaviour and their expectation for more convenience and faster service. This challenge represents the opportunity for the company, to develop omnichannel sales and services under the online to the offline platform which are dramatical growth in both the number of customers and sales revenue.

Online customer (%)



**2.5%** of increase online customer compared last year

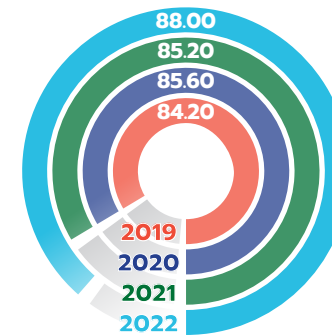
Online sales revenue (million Baht)



Increase online sales **12,627** million Baht compared last year

### Satisfaction



Customer satisfaction score during 2019 - 2022 (%)






The 2022 score greater than **2.8%** compared 2021






<b>0</b>	<b>2</b>
Breach or compliant	Product recall

## Summary of Multi-Stakeholder Engagement Channels, Expectation and Response.

Stakeholder	Engagement Channels	Issue and Expectations	Company's Responses
 <p><b>Shareholders and Investors</b></p>	<ul style="list-style-type: none"> <li>• Makro's website, contact number, email, and LINE Official Account.</li> <li>• Annual General Meeting of Shareholders (AGM)</li> <li>• Quarterly Analysts Meeting.</li> <li>• Continuous engagement with investors via online meetings.</li> <li>• Annual and Sustainability Report (One report).</li> <li>• Financial statements and Quarterly Management Discussion and Analysis (MD&amp;A).</li> </ul>	<ul style="list-style-type: none"> <li>• Accurate, complete, and timely information disclosure.</li> <li>• Equal and Fair treatment</li> <li>• Transparency Management</li> <li>• Shareholders rights</li> <li>• Business growth</li> <li>• Risk management</li> <li>• Competitiveness</li> <li>• Creating sustainable returns for shareholders.</li> </ul>	<ul style="list-style-type: none"> <li>• Strict, transparent, and auditable information disclosure in compliance with SET policies, guidelines, rules, and regulations.</li> <li>• Determine policies and guidelines for Corporate Governance principles and disclose to the public.</li> <li>• Respect and fair treatment of shareholders' rights under legal requirements.</li> <li>• Increase competitiveness by continuously developing work processes, business operations and human resources.</li> <li>• Effectively implement the risk management system.</li> <li>• Promote and continuous improvement process within the whole value chain.</li> </ul>
 <p><b>Employees</b></p>	<ul style="list-style-type: none"> <li>• Internal communication channels through HR Department, email and internal journals.</li> <li>• Complaint channels via Corporate Governance, HR emails, complaint letters and hotline number.</li> <li>• Annual employee engagement survey.</li> <li>• Quarterly meetings action of Welfare Committee.</li> <li>• Bi-annual meetings of Nomination and Remuneration Committee.</li> <li>• Annual Employee Performance Review.</li> <li>• Annual Innovation event.</li> <li>• Survey of stakeholders' perceptions of sustainability.</li> </ul>	<ul style="list-style-type: none"> <li>• Work-life balance.</li> <li>• Comply with human rights principles such as equality, nondiscrimination.</li> <li>• Cyber security and data privacy.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement HR strategy for career paths and job rotation.</li> <li>• Implement competency assessments and succession profiles to design development plans.</li> <li>• Regular competency assessments to develop the individual career paths.</li> <li>• Provide training and individual competency development plans.</li> <li>• Upskill and reskill for modern competency.</li> <li>• Enhance e-learning system (M-learning platform) and practical project.</li> <li>• Build up project and time management skill.</li> <li>• Digital transformation to enhance work processes.</li> <li>• Apply the hybrid work model for head office employees and determine suitable work conditions for vulnerable staff.</li> <li>• Establish safety guidelines for the off-site task during the COVID-19 pandemic.</li> </ul>

Stakeholder	Engagement Channels	Issue and Expectations	Company's Responses
 <b>Customers and Entrepreneurs</b>	<ul style="list-style-type: none"> <li>Complaint channels as website, hotline, customer service and customer interviews.</li> <li>Communication channels as Makro's Facebook, Makro mail, hotline, and LINE Official Account</li> <li>Marketing activities such as Sho Huay Day Live events.</li> <li>Sustainability stakeholder perception survey.</li> </ul>	<ul style="list-style-type: none"> <li>Quality and safety of Products.</li> <li>Product price tags.</li> <li>Reliable product labeling.</li> <li>Stock availability.</li> <li>Satisfied product and service.</li> <li>Security service.</li> <li>Cyber security and data privacy.</li> </ul>	<ul style="list-style-type: none"> <li>Communication ESG performance to community and support education.*</li> <li>Provide product traceability information.</li> <li>Provide safe and quality products that promote good health at affordable prices.</li> <li>Plan and prepare in price and promotions, and random price tag checking.</li> <li>Accurate product labeling and proper advertisements.</li> <li>Advise the modern retail management knowledge and training to the grocery.</li> </ul>
 <b>Business Partners</b>	<ul style="list-style-type: none"> <li>Communication channels via Makro's website, hotline, email, LINE Official Account.</li> <li>Compliant channels for suggestion and complaints.</li> <li>Regular meetings and seminars.</li> <li>Regular visits.</li> <li>Direct communication with business partners.</li> <li>Quarterly supplier audit and capacity-building projects.</li> </ul>	<ul style="list-style-type: none"> <li>Business partners' potential development.</li> <li>New product development.</li> <li>Action plans as target, marketing and sales promotions.</li> <li>Selection and encourage business partners with transparency.</li> </ul>	<ul style="list-style-type: none"> <li>Collaboration the product development in both qualitative and quantitative performance and monitoring.</li> <li>Onsite visits to get feedback and alignment for short- and long-term partnership development.</li> <li>Encourage business partners to increase production quality and quantity.</li> <li>Support agricultural products of small local producers.</li> </ul>
 <b>Contractors</b>	<ul style="list-style-type: none"> <li>Communication channels via Makro's website, contact number, email, LINE Official Account.</li> <li>Complaint channels for suggestions and complaints.</li> <li>Monthly meeting.</li> <li>Regular visits.</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with legal and regulation.</li> <li>Occupational Health &amp; Safety rules and PPE.</li> <li>Selection and encourage business partners with transparency.</li> </ul>	<ul style="list-style-type: none"> <li>Establish contractors' safety rules and procedures.</li> <li>PPE procedure employees and contractors to obtain the proper and ready-to-use PPE based on working risk.</li> </ul>



Stakeholder	Engagement Channels	Issue and Expectations	Company's Responses
 <b>Community and Society</b>	<ul style="list-style-type: none"> <li>• Communication channels via Makro's website, social media, call center, and regular meetings with community representatives.</li> <li>• Complaint channels for suggestions and complaints.</li> <li>• Dialogue / Monthly visits.</li> <li>• CSR activities / donations / continuous support for disaster.</li> <li>• Job creation for community members.</li> <li>• Sustainability stakeholder perception survey</li> </ul>	<ul style="list-style-type: none"> <li>• Support society to boost local economies.</li> <li>• Collaborative with local firms to develop and support communities.</li> <li>• Job and carrier opportunities for local community members.</li> <li>• Protection accident from logistic.</li> <li>• Protection of environmental impact on the community.</li> </ul>	<ul style="list-style-type: none"> <li>• Purchase the local products and be the distribution channel for communities.</li> <li>• CSR activities and projects such as blood donation events and School egg for lunch project etc.</li> <li>• Donate and support the community's disaster recovery.</li> <li>• Support local worker employment.</li> <li>• Pollution prevention and effective resource</li> <li>• Environment protection.</li> </ul>
 <b>Financial Institutions</b>	<ul style="list-style-type: none"> <li>• Communication channels via Makro contact number, mail and email</li> <li>• Regular meetings.</li> <li>• Performance reports such as annual reports and financial statements</li> <li>• Sustainability stakeholder perception survey</li> </ul>	<ul style="list-style-type: none"> <li>• Company performance and business strategy for the following year.</li> <li>• On-time debt payments.</li> <li>• Compliance with contractual terms and conditions.</li> </ul>	<ul style="list-style-type: none"> <li>• Communicate relevant operating results.</li> <li>• Set up actions to reduce and manage foreign exchange risks.</li> <li>• Strict compliance with creditor conditions under accuracy, transparency, and punctuality principles.</li> <li>• Strict compliance with contractual terms and conditions.</li> <li>• Set the measurement to reduce global warming and encourage environmental activity within society.</li> </ul>
 <b>Government</b>	<ul style="list-style-type: none"> <li>• Organize meetings with the government agencies.</li> <li>• Open for government agencies visits.</li> <li>• Collaborative agreements with government agencies.</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with legal and regulation.</li> <li>• Transparent, complete, and timely disclosure of the operations information.</li> <li>• Participation in communal, social, and environmental developments.</li> </ul>	<ul style="list-style-type: none"> <li>• Strict monitoring and compliance with relevant laws.</li> <li>• Transparent, update and complete disclosure of operational information, with feedback received for improvement.</li> <li>• Cooperate and support projects and activities beneficial to the community, society, and the environment.</li> <li>• Encourage circular economy*</li> <li>• Encourage and protection of human right in among value chain*</li> </ul>
 <b>Media</b>	<ul style="list-style-type: none"> <li>• Communication channels such as Makro's website, social media, email, and TV programs.</li> <li>• Quarterly business visits.</li> <li>• Interview press releases.</li> </ul>	<ul style="list-style-type: none"> <li>• Data transparency and accessibility.</li> <li>• Economic direction from the company's perspective.</li> <li>• Strategy for business impact on the economy and society.</li> </ul>	<ul style="list-style-type: none"> <li>• Communicate relevant, factual, and timely performance.</li> </ul>
 <b>Non-Profit Organizations (NGOs)</b>	<ul style="list-style-type: none"> <li>• Meetings to discuss and exchange information.</li> </ul>	<ul style="list-style-type: none"> <li>• Company public policy regarding responsible and sustainable food supply chain.</li> <li>• Natural resources preservation and environmental protection.</li> </ul>	<ul style="list-style-type: none"> <li>• Communicate operating results through channels such as meetings and Company websites.</li> <li>• Acknowledge feedback and discuss environmental protection.</li> </ul>

Remark: \* New issue in 2022



# HOME

## LIVING TOGETHER

The company values the environmental-friendly business operation, efficient resource utilization and minimizing environmental impact from the supply chain on ecosystems and biodiversity to ensure the natural resource is sufficiency for our future generation.



### Climate Resilience

- Climate Change Management
- Promote Lower Carbon Products in Supply Chain



### Circular Economy

- Waste Management
- Food Waste Management
- Sustainable Packaging



### Water Stewardship

- Water Stress Risk Assessment
- Supplier water risk management
- Raising Awareness of Water Stewardship
- Reducing Wastewater



### Ecosystems and Biodiversity Protection

- Biodiversity Policy
- Biodiversity risk management
- Forest Restoration , Conservation and Animals



### Responsible Supply Chain Management

- Supplier Code of Conduct
- Supply chain ESG risk assessment
- Sustainable agriculture Practice



# CLIMATE RESILIENCE

## Opportunities and Challenges

Climate Change is intensifying already severe environmental crises around the world. The solution is, seemingly, an insurmountable task for every sector's cooperating. The company has been a team player in reducing greenhouse gas emissions to maintain the average global temperature and to achieve Carbon Neutral of organization's operation (Scope 1 & 2) in 2030 Sustainability Targets. This includes ensuring readiness to face the Climate Change impacts and supporting the development of projects and innovations on the sustainability path to an energy-efficient and low-carbon society. Believing Sustainable business growth must go with the accountability for environmental protection and responsible natural resource utilization where everyone has a role to play from a communal perspective.

Remark: The individual performance of Wholesale (Makro-TH) and Retail (Lotus's-TH) on page 329-391.



## Target and Performances

### 2022 Target



Reduce greenhouse gas intensity (Scope 1 & 2) per revenue at least **14%**

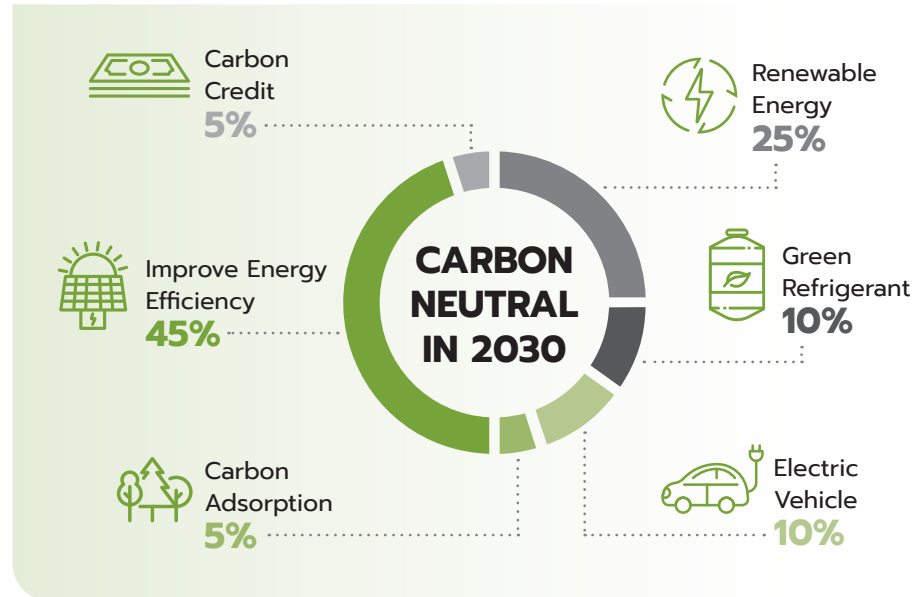
### 2022 Performances

- Greenhouse gas intensity (Scope 1 & 2) per revenue increased by **16%**
- Greenhouse gas emission scope 1 and 2 as **146,753.65** and **571,333.11** tons of CO2 equivalent, respectively.
- Renewable energy consumption as **96,364.96** megawatt-hour increased **8%** compared last year.

## Policy and Management Approach

The company commits the environmental protection policy which is public disclose on the website <https://www.siammakro.co.th/pdf/sustain/2022/en/10.Environmental%20Policy.pdf> Further aims to be carbon neutral in 2030, coping with the impact of climate change as well as the reduction of direct and indirect greenhouse gas emissions. The resilient strategy is increasing renewable energy and maximizing energy efficiency also compliance with laws and regulations involved with energy conservation of buildings and the ISO 50001:2018 energy management system.

## Carbon Neutralization Strategy



Carbon Neutralization Strategy	2022 Results:
--------------------------------	---------------

<p><b>Improve Energy Efficiency</b></p> <ul style="list-style-type: none"> <li>Set policy to increase energy efficiency.</li> <li>Adopt high-efficiency chillers and LED lighting.</li> <li>Replacement of AC split type fixed speed air conditioners with VRF (Variable Refrigerant Flow, SEER = 18) high-efficiency air conditioners at retail stores.</li> <li>Energy saving building project.</li> </ul>	<ul style="list-style-type: none"> <li>Reduce Electricity consumption <b>33,417,844</b> kilowatt-hours per year.</li> <li>CO2 emission reduction <b>17,448</b> tons of CO2 equivalent</li> </ul>
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Carbon Neutralization Strategy	2022 Results:
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<p><b>Renewable Energy</b></p> <ul style="list-style-type: none"> <li>Install and utilize solar energy for reducing electricity consumption (Rooftop solar panel) at stores and distribution centers</li> <li>Install a solar panel for water heater system (Solar Cell Heater)</li> <li>Install solar tube technology in the head office building</li> </ul>	<ul style="list-style-type: none"> <li>Utilized renewable energy from the solar rooftop <b>96,364.96</b> kilowatt-hours per year.</li> <li>Renewable energy increased by <b>8%</b></li> <li>CO2 emission reduction <b>49,800.29</b> tons of CO2 equivalent</li> </ul>
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<p><b>Green Refrigerant</b></p> <ul style="list-style-type: none"> <li>Use low-carbon refrigerants.</li> <li>Refrigerant R290 and R-448A</li> </ul>	<ul style="list-style-type: none"> <li>CO2 emission reduction <b>18,562</b> tons of CO2 equivalent</li> </ul>
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<p><b>Electric Vehicle</b></p> <ul style="list-style-type: none"> <li>Converted to an electric forklift</li> <li>Started testing cargo transportation by electric Vehicle</li> </ul>	<ul style="list-style-type: none"> <li>The ratio of electric forklifts to oil forklifts is <b>52%</b>.</li> <li>CO2 emission reduction <b>1,624.96</b> tons of CO2 equivalent</li> </ul>
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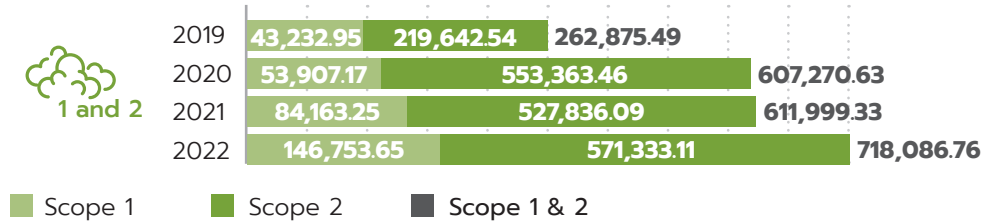
<p><b>Carbon Adsorption and Credit</b></p> <ul style="list-style-type: none"> <li>Promote perennial planting on Company premises and unused areas</li> </ul>	<ul style="list-style-type: none"> <li><b>34,324</b> cumulative tree planting at <b>104</b> wholesale distribution centers</li> </ul>
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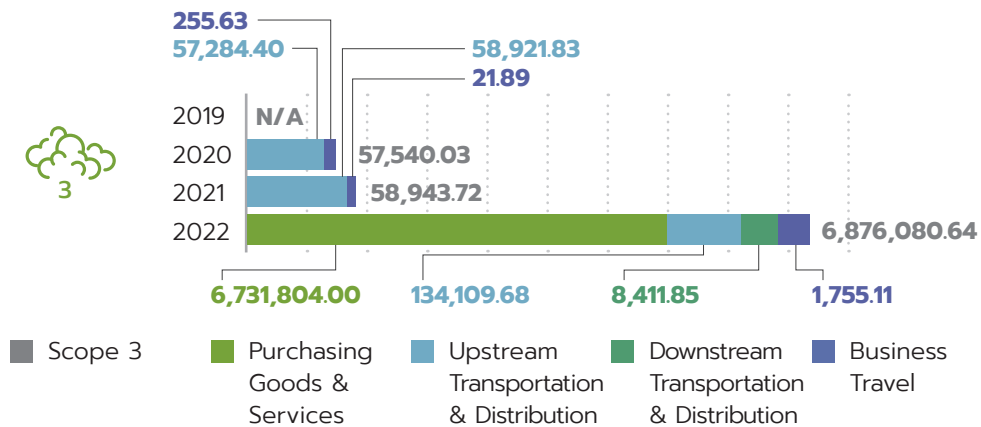
### Direct and Indirect Greenhouse Gas Emissions

From the entire business transfer of Lotus's business group, resulting in 2022 Disclosed the Consolidate Makro-TH and Lotus's-TH data and re-adjust to 2020 Baseline.

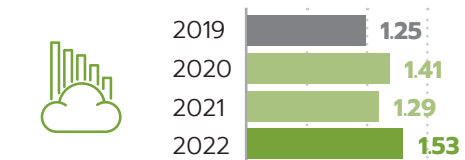
GHG Scope 1 & 2  
(Unit: Tons of CO2 eq.)



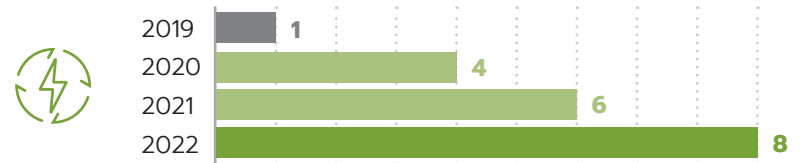
GHG Scope 3  
(Unit: Tons of CO2 eq.)



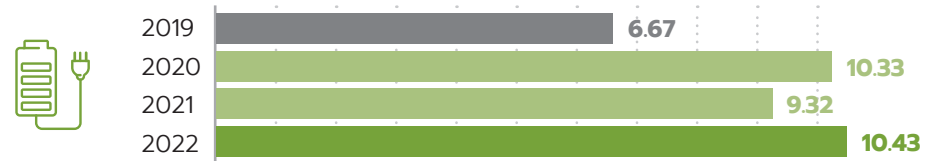
Carbon intensity (Scope 1 & 2) per revenue  
(Unit: Tons of CO2 per million Baht)



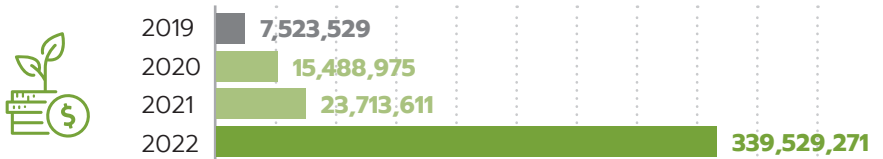
% Renewable consumption increasing  
(Unit: %)



Energy Intensity  
(Unit: Gigajoules per million Baht)



Cost Saving from the Ener Efficiency Improvement  
(Unit: Baht)



Remark: Consolidate data of Makro-TH and Lotus's-TH since 2022 and re-adjust to 2020 - 2021.

### Result of Solar Rooftop Project (accumulated Year 2020 – 2022)

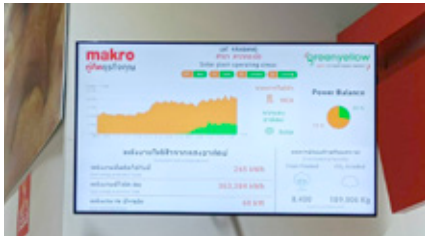
Energy generation	Reduce GHG emission	Cost saving compared to last year
201,210,467.10 kwhr / year	103,850.16 tons CO2 eq.	284,854,663.00 Baht



## Carbon Reduction Strategy

### "Solar Rooftop" Project

The company continuously increased the solar rooftop installation which are 174,427 square meters in Makro-TH's store and other 536,000 square meters in Lotus's-TH store for increasing clean energy utilization, reducing greenhouse gas and cost saving that positively impacts both environment and business. In addition, Makro-TH stores install solar cell displays for customers and the public to observe the real-time solar energy consumption and perceive the activity to achieve carbon neutral in 2030 as commitment.



#### 2022 Results:

- Renewable energy **96,207,283.29** kilowatt-hours per year
- Reduce emission **49,800.29** tons of CO2 equivalent
- Cost saving **136,916,452** Baht compared to last year

### "Electrical Vehicle Utilization" Project

Lotus's-TH pilot the EV car for bakery product transportation in the Bangkok area. While the Makro-TH distribution center kicks off the pilot project to utilize the electrical trailers for the fleet. Furthermore, all of Makro-TH's stores utilize EV forklifts which reduce fossil fuel consumption, and greenhouse gases emission and increase cost savings.



#### 2022 Results:

- Carbon reduction of **66.87** tons of CO2 eq. per truck per year (Makro-Distribution center) and **24.70** tons of CO2 eq. per car per year (Lotus's-Store)
- **399** EV Forklifts in Makro-TH Store reduce emissions **1,624.96** tons CO2 eq. per year

## Promote Lower Carbon Products in Supply Chain

The company supports United Nations' Sustainable Development Goals: Climate Action and the 2030 sustainability strategy commits to Carbon Neutral in 2023. To emphasize the own operation including customer, contractor, business partners along the supply chain and motive supplier to reduce carbon emission through production, transportation, storage, distribution, and delivery of products. The company recognizes the products which are at least 2 percent carbon reduction and certified by Thailand Greenhouse Gases Management Organization (TGO) and conduct continuously promotes the kinds of lower carbon products through media, marketing events, and promotion campaigns to stimulate green consuming behavior, monitor sales amount, and annually disclosed and evaluate supplier's lower carbon product withing the ESG Assessment: Environment criteria.



## Lower Carbon Products that Certified by TGO and Available at Makro's store



Oishi Green Tea  
Kyoho Grape Flavour  
350 ml.



Oishi Green Tea  
Honey Lemon  
350 ml.



Puriku White Tea  
Mixed Berry  
350 ml.



Sponsor Sleek Can  
Electrolyte Beverage  
Original 325 ml.



Gaysorn Refined  
Palm Olein  
from Pericarp 1 L.



Yok Refined  
Palm Olein  
from Pericarp 1 L.



Morakot  
Palm Oil  
1 L.



Lin  
Pure Refined Sugar  
1 kg.



Lin  
Natural Gold Sugar  
1 kg.



Chao Kho  
Coconut Milk  
500 ml.



Wai Wai  
White Noodle  
180 g.



Wai Wai  
White Noodle  
500 g.



Lipon F Dishwashing  
Liquid Bergamot  
Refill 500 ml.



Lipon F  
Dishwashing Liquid  
Refill 550 ml.



Sale amount of Low Carbon products increased **16%** compared to last year



Certified **14** items are promoted



**9** suppliers are recognized



## General Waste Management Strategy

The company aims to raise awareness of the 5Rs principle. (Reduce, Reuse, Refuse, Recycle, Renewable) Continuously promote the reduction and separation of waste. Through campaigns for all groups of employees, as well as customers and partners who join the project to pass on the benefits of the circular economy. and green economy to the community and society.

Strategy	Action	2022 Results:
Reduce	Since day one, Makro's store does not provide free plastic bags to customers. Furthermore, to reduce plastic waste in the environment by stopping selling deoxy plastic, products contain plastic microbeads and cap seals on beverage bottles. Stopping the usage of plastic bags that a thickness of less than 40-micron because are not suitable for the recycling process. And KPI to minimize plastic utilization in store.	<ul style="list-style-type: none"> <li>• <b>100%</b> No product contains deoxy plastic, plastic microbead and cap seal of beverage bottle.</li> <li>• Reduce single use plastic packaging <b>180</b> tons.</li> </ul>
Reuse	Stores and Distribution centers reuse stuff in operation i.e. plastic containers, packing paper, paper box, and palettes.	<ul style="list-style-type: none"> <li>• Reuse <b>308</b> tons of general waste.</li> </ul>
Refuse	Replace with recyclable PET plastic tray for sliced beef or fruit and the Thai culture biodegradable packaging by using the banana stem as the packaging in the campaign "Local Organic Vegetable" festival at every Makro's stores in Thailand.	<ul style="list-style-type: none"> <li>• Replacement of recyclable PET can reduce non-recyclable polystyrene packaging <b>102.54</b> tons.</li> <li>• <b>5,180</b> kgs of banana stems are used to substitute the plastic packaging. With the property of natural material organic and biodegradable packaging</li> </ul>
Recycle	Collaborate with the supplier to collect the plastic waste from Makro's store and return it to recycling plastic material and reproduce it as new product (garbage bags) and return to sell at Makro's store again.	<ul style="list-style-type: none"> <li>• <b>392</b> tons of plastic waste from stores are sent to the recycling process.</li> <li>• <b>1.5</b> tons of plastic packaging are recycled and returned as new products for selling at Makro's stores upcountry.</li> </ul>
Renewable	Drop point at the store for collecting the plastic packaging from employees, customers, and the public to return the recycling process and the upcycling to new materials such as polo shirts, monk robes, and medical PPE	<ul style="list-style-type: none"> <li>• Collect <b>5</b> million bottles and send them to the recycling process.</li> </ul>

## Example of Waste Reduction Project

### "Segregation for Reduction" Project

The company collaborate with plastic bag supplier branded Champion to promote the campaign of color code garbage bags for "garbage segregation is waste reduction".to raise awareness to customer and community This year, the money from this campaign donate 1 Baht per each item to the "Keb Rak with Tono Pakin" project, these to support the sea turtles conservation center. Which under the project "Rak Talay, segregation garbage is to reducing waste".



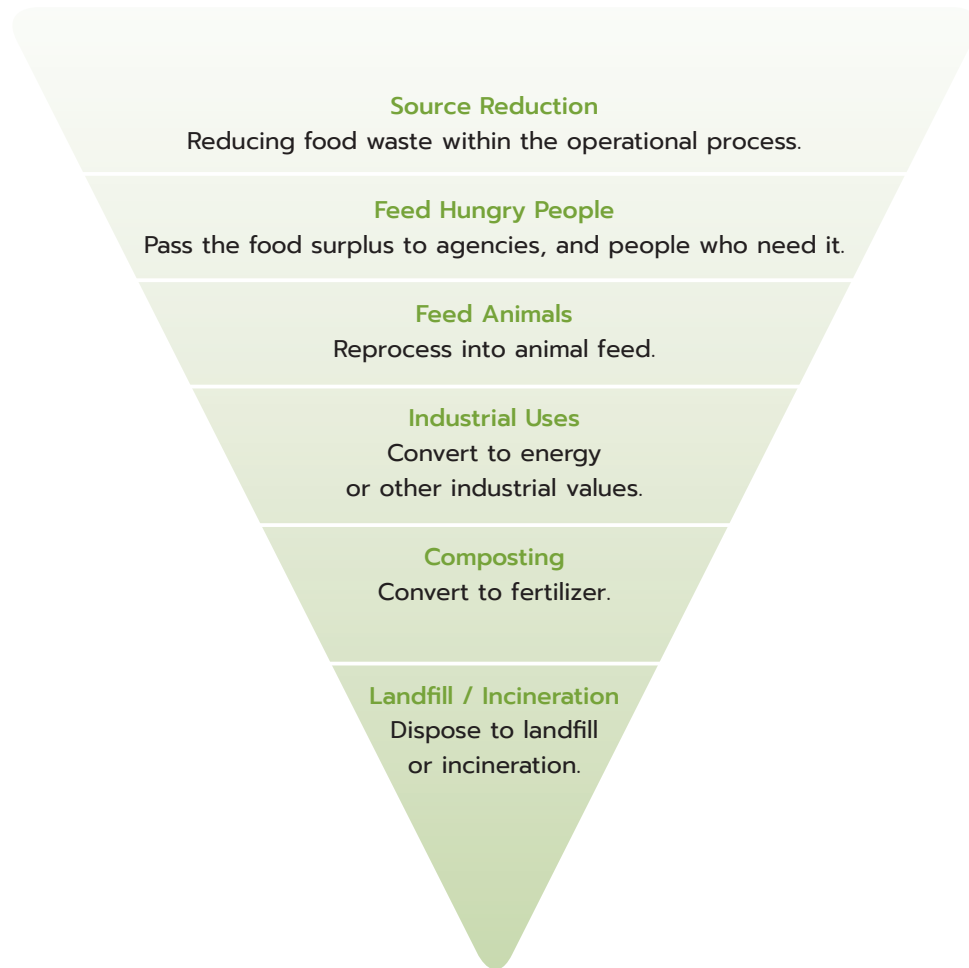
### 2022 Results:




- **200,000** Baht are donated
- **85.45** tons per year of color coding garbage bags are sold

## Food Waste Management

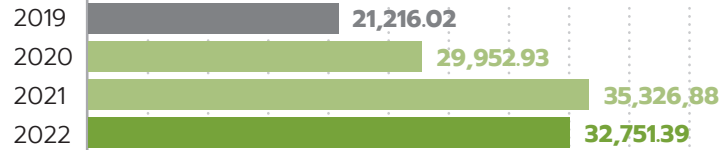
Proper food waste management is paramount to attaining 2030 zero food waste to landfill targets. Company strategy is thus implemented to realize set goals through 6 operational strategies for 4 key food waste management projects as follows:

### Zero Food Waste to Landfill Strategy



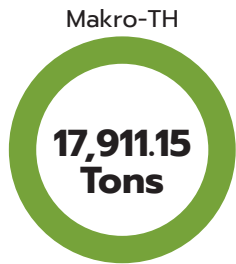
Waste & Food Waste Reduction		2022 Results:
 <b>E-Ordering</b>	The application analyst the inventory data in relation to product order quantity to optimize ordering process accuracy as well as minimize processing time and ordering limitations on local customers.	<ul style="list-style-type: none"> <li>Reduce paper <b>2</b> tons per year</li> <li>Time saving <b>478,000</b> hours per year</li> <li>Cost saving <b>7.4</b> million Baht per year</li> </ul>
 <b>Shrinkage Management System</b>	Develop a supply chain management system for optimal storage processing, encompassing raw material sourcing to production and displayed products on the shelf, enabling pre-waste action and minimized workflow time such as redundant paperwork and the risk of non-compliance documents.	<ul style="list-style-type: none"> <li>Discount program to prevent food waste <b>17,911.15</b> tons per year</li> </ul>
 <b>Food Donation</b>	Donate food waste from stores for being food surplus	<ul style="list-style-type: none"> <li>Donate the food surplus <b>27.32</b> tons</li> </ul>
 <b>Reduce Food Waste to Landfill</b>	Send the leftover food or food waste into, animal feed, or fertilizer, such as the Department of Corrections, military regiments, farmers group foundations, zoos, and municipality and district offices.	<ul style="list-style-type: none"> <li>Food waste to animal feed <b>881.17</b> tons and composting <b>1,321.16</b> tons</li> </ul>
 <b>EM Solution</b>	Fertilize organic food waste, such as citrus fruits and pineapples, into bio-fermented water (EM) used to deodorize and decompose fat in the sewer system.	<ul style="list-style-type: none"> <li>Food waste <b>48.35</b> tons is convert to EM Solution</li> </ul>

### Food Waste Volume (Unit : Tons)

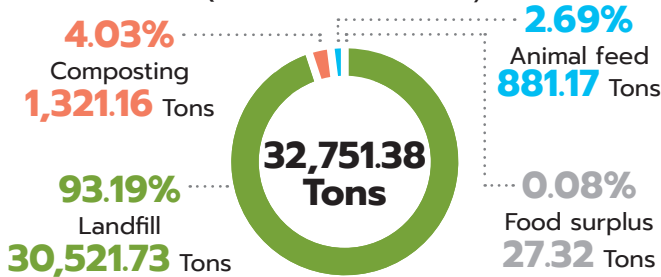


Remark: 2019 Only Makro-TH's

### Discount Product to Prevent Food Waste



### Food Waste by Disposal Method (Makro-TH + Lotus's-TH)



### Example of Food Waste Reduction Project

#### "Makro's Food Waste - Feed Wild Life" Project

Makro's store signed MOU with the Department of National Parks, Wildlife and Plant Conservation to deliver food waste such as fruit, vegetable, sausages, and bakery food waste from Makro's 17 stores to 27 Wild Animal Reservation and Protection Centers in 14 provinces to support these centers that are limited income and budget from lockdown during covid pandemic while reducing food waste to landfill and greenhouse gases emission as the company's sustainability strategy.



#### 2022 Results:

- **725.90** tons of Food waste is sent to animal feed
- Support **17** Wild Animal Reservation and Protection Centres in **14** Province

#### "Food Waste Reduction Program" Project

Lotus's recognizes the criticality pertaining to food waste challenges and therefore initiated the "It's edible, not trash" project. This project aims to reduce food waste volumes destined for landfills to 0 by 2030 through approaches to reduce intra-organizational food waste in all aspects from upstream to the downstream processes involving fresh food sales as follows:

1. The delivery of surplus food to the vulnerable through the Scholars of Sustenance Foundation and the VVShare Foundation initiated from the pilot project involving Lotus's main branches in Bangkok and its vicinity and has since expanding to various other branches continuously since 2017.
2. Collaborate with Ministry of Natural Resource and Environment, by Department of Environmental Quality Promotion, Department of National Parks, Wildlife and Plant Conservation, the Zoological Park Organization of Thailand under the Royal Patronage, and Forestry Industry Organization, to reduce food waste to zero. Unsold but edible food from Lotus's is given out to organizations and NGOs, such as Minizoo Tanyaburi, Chulabhorn Animal Conservation, to name a few. It is given out and shared with underprivileged people, as well as use as animal feed.
3. The company has cooperated with Khon Kaen University in donating excess food which cannot be eaten, comprising vegetables, fruits and other types of fresh food collected from 47 Lotus's branches in the Northeast to farmers within the Khon Kaen University network as feed for Black Soldier Flies (BSF), a protein insect safe towards plants and communities. This non-disease carrier produces over 2,200 kilograms of castings throughout its life stages and is thus suitable for compost production from food waste materials.



#### 2022 Results:

- Reduced food waste to landfills by **39.75** tons per year
- Produced community compost from work excrements by **8.60** tons per year

## Sustainable Packaging

The company commits to reducing environmental impact by promoting sustainable packaging to the public and utilization along the supply chain. Then the sustainable packaging strategy starts from stop selling non-recyclable packaging and single-use foam packaging altogether develop new sustainable packing with the supplier to provide a better solution for the food delivery business and reasonable price for both customers and consumers to motivate social behavior to use sustainable packaging which is reducing the environmental impact to the planet.

Strategy	Action	2022 Results:
 Measurement / Database	Collecting, weighting, and recording the waste database systematically for analysis and monitoring	<ul style="list-style-type: none"> <li>• <b>4,051.61</b> tons of plastic packaging is traceable</li> </ul>
 Circular design	Continuously design and develop variable packaging products with suppliers for recycling and selling at stores.	<ul style="list-style-type: none"> <li>• <b>100%</b> of plastic packaging is selected and designed for being recyclable</li> <li>• <b>6,145.45</b> tons per year of recyclable plastic packaging products are sold</li> </ul>
 Compostable packaging	Makro's store is the leading center of the variable, available, and reasonable price of biodegradable packaging which supports the food delivery business and accessible price for everyone.	<ul style="list-style-type: none"> <li>• <b>100%</b> of biodegradable packaging is environmentally friendly</li> <li>• <b>9,265.66</b> tons per year of biodegradable are sold</li> </ul>
 PCR	As drop point of drinking water plastic bottle and plastic packaging for return to recycling plant for produce post consuming recycled plastic (PCR)	<ul style="list-style-type: none"> <li>• Makro's store <b>6</b> branches are drop points for plastic bottle <b>4.86</b> tons per year are directly returned to recycling plant</li> <li>• Lotus's collaborate with beverage supplier as drop point and return bottles at <b>6</b> branches during 1 Oct 2022 to 31 Mar 2023</li> </ul>
 Upcycling	Collect the waste plastic from Makro's store and return to supplier for recycling-to-recycling plastic, reproduce to new garbage plastic bags, and return to sell at Makro's store.	<ul style="list-style-type: none"> <li>• Recycle plastic packaging products are <b>49%</b> of the whole category</li> <li>• Plastic packaging made from recycled plastic are sold <b>3,508</b> tons</li> </ul>

## Sustainable Packaging Product

(Unit : Tons)



Remark: Only Makro-TH

## Example of Sustainable Packaging Products and Recycling Projects

### "Say Hi to Bio, Say No to Foam" Project

All of Makro's stores announced to stop the single-use polystyrene (foam) food box in 2019. And started from the tourist area and expanded every store. Together with continuously educating, promoting, and campaigning to the customers of restaurants, cloud kitchens, food business customers, and end consumers with the variable design and accessible prices which project's success is proven by the tremendous selling volume and growth every year. In 2022, with a collaborative partnership, can provide more than 530 designed items. Become the centre of biodegradable packaging in Thailand and motivate sustainable consumer trends.



### 2022 Results:

- Biodegradable packaging is sold in **12,766.85** tons increasing **14%** from last year
- **100%** of Makro's stores stop selling foam food box
- The Year 2019-2022, the reducing foam box utilization of more than **107** million pieces (accumulated)
- Single-use plastic waste from Makro's store is recycled to new products (garbage bags) **1.50** tons per year

## "PET Bottle Recycling" Project (CP for Sustainability Award - 2022)

Segregating PET plastic bottles can be beneficial to society in any way. By recycling and upcycling into various materials. Aside from saving the planet, support community and public health during the pandemic.



Makro-TH's polo shirt uniforms are made from PET's recycling material and provide to all employees. (1 shirt made from 20 bottles of 600 ml.)

### 2022 Results:

- Collect and return more than **2.4** million of PET bottles per year to the recycling process
- From PET bottles made Makro's polo shirt uniform more than **120,000** polo shirts
- Avoid greenhouse gases emission of **73.92** tons of CO2 equivalent.



Makro's store upcountry drop point for PET bottles or donate the money from PET bottles selling to Wat Jak Daeng Temple, Samutprakarn province, to upcycle the PET bottle into monk robes. (15 robes made from 20 bottles of 600 ml.)

### 2022 Results:

- Deliver PET plastic bottles to Wat Jak Daeng temple **2.32** million bottles (**38.76** tons)
- Plastic bottle selling and donation to Wat Jak Daeng temple **126,636** Baht.
- Avoid greenhouse gases emission of **111.82** tons of CO2 equivalent.



Makro-TH has collaborated with Indorama Ventures PCL to return PET plastic bottles to high-quality PPE suits for medical staff. The project started in 2021 and this year there are 6 stores participating which are Nakhon Pathom, Salaya, Petchkasem, Bang Bon, Charansanitwong, and Chang Wattana. (1 Medical PPE made from 18 bottles of 600 ml.)

### 2022 Results:

- Return **285,659** bottles (**4.86** tons) to the recycling process.
- Avoid greenhouse gases emission of **4.86** tons of CO2 equivalent.



Clear plastic bottle (PET) collection point From the Reverse Vending Machine, which exchanges clear plastic bottles for Lotus's Coins or eggs under the K. Kuad for K. Kai Project, whereby Lotus's Coins can be redeemed for discounts and various privileges, over 2,301,246 plastics bottles have been collected into the system. With proper recycling and transformation into new products, various projects including the Eco-Friendly Cloth Bag project, Shirts to Save the World, etc., were conceived.

### 2022 Results:

- Collect PET bottles more than **2,301,246** bottles to recycled (accumulated)



## "Change to Biodegradable and Recyclable" Project

In 2022, Makro's store change the non-recyclable plastic tray to a recyclable PET plastic tray. These new packaging are used for sliced beef, vegetable, and fruit. Cause the reduction of non-recyclable trays by 102.54 tons in the year and stop procurement the single-use polystyrene packaging at every Makro store. Furthermore, Makro's store has implemented biodegradable single-use packaging by applying banana stem for the "Local Organic Vegetable" festival at every store.



### 2022 Results:

- Reduce the non-recyclable **102.54** tons by replacing it with a recyclable PET tray
- Reduce the plastic tray to **51,795** pieces (equal to **5,180** kgs) by using the banana stem tray instead.

# WATER STEWARDSHIP

## Opportunities and Challenges

As climate change is seeing intensified flooding and drought year on year, the company recognizes the water stewardship and resource management efficiency throughout the water life cycle to sustain an economic-ecological co-development that adds economic value to communities without encroaching on natural resources.

Remark: The individual performance of Wholesale (Makro-TH) and Retail (Lotus's-TH) on page 329-391.



## Target and Performance

### 2022 Target






Reduce water intensity per revenue unit by **2%**, compared to 2020.

### 2022 Performance

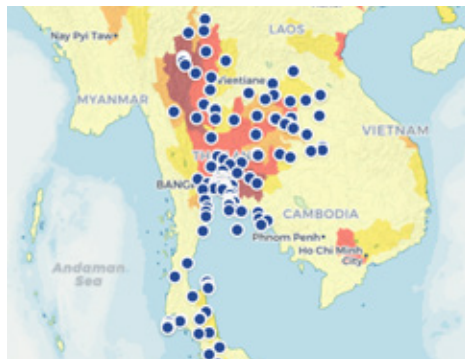
- Water intensity per revenue unit increased by **11%** compared to 2020.
- Water consumption **4,275,162.61** cubic meters per year.
- The proportion of recycled-reused water accounted for **48%** of water retrieved.
- The amount of water withdrawal from water stress areas increased by **27%**.

## Policy and Management Approach

The company prioritizes reducing water consumption in areas prone to water scarcity and optimizing wastewater for maximum economic-social value while raising water stewardship awareness in the process. The company stewards water resources in a 3 pronged approaches as Water Risk Assessment, Creating Awareness, and Waste Water Management. The policy is disclosed at <https://www.siammakro.co.th/pdf/sustain/2022/en/10.Environmental%20Policy.pdf>

Stewardship Approach	Operational Overview
 <p><b>Water Stress Risk Assessment</b></p>	<ul style="list-style-type: none"> <li>Apply Aqueduct Water Risk Atlas global water risk mapping tool under the World Resources Institute (WRI) to assess water stress areas.</li> </ul>
 <p><b>Creating Awareness to Stakeholder</b></p>	<ul style="list-style-type: none"> <li>Communicate and exhibit informative media, including pictures and stickers, to raise water stewardship awareness at stores.</li> </ul>
 <p><b>Waste Water Management</b></p>	<ul style="list-style-type: none"> <li>Install water treatment systems at stores to increase the potential of managing reused of water discharges.</li> </ul>

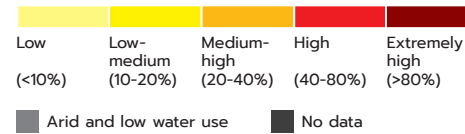
By applying the aqueduct water risk mapping tool in 2022, the company discovered that 32% of water consumption was from water stress areas. The company has thus planned effective water management to increase water usage efficiency and transparency, closely monitoring risk assessments with local authorities, expanding the database to monitor water usage, and applying natural water resources for causes that create better value for risk areas.



Makro-TH Sites

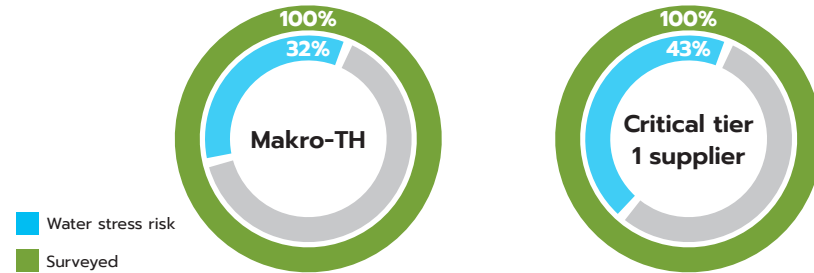
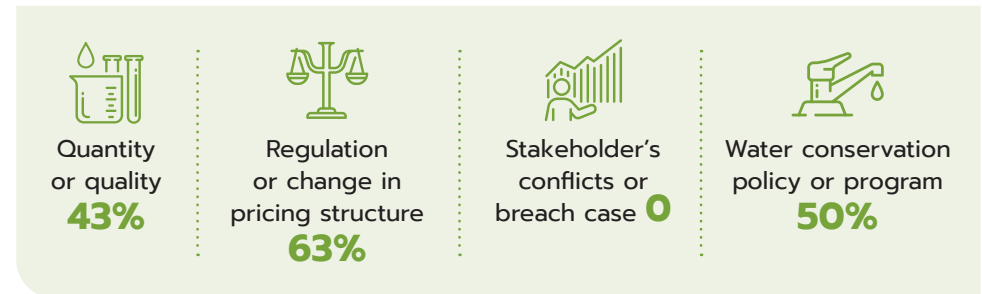


Critical tier 1 Suppliers

**Water Stress**

In 2022, Makro-TH expanding the scope of water stress risk assessment among supply chain. Start with the critical tier 1 supplier which are 30 supplier or 100% of this group are assessed.

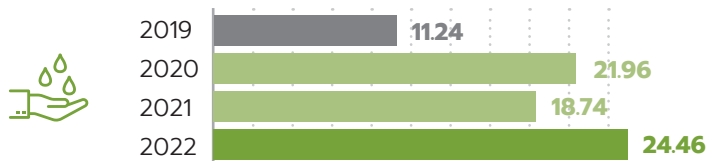
The result found there is 13 critical tier 1 suppliers or 43% are located in the water stress area.

**Critical tier 1 Supplier: Water Risk by Category**

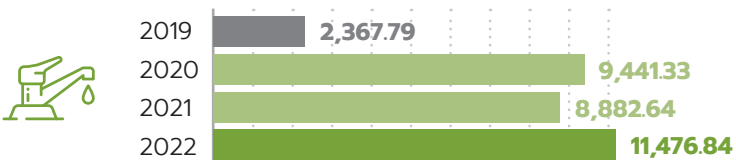
Makro-TH store has installed wastewater treatment systems for all stores nationwide to steward industrial effluent control, including installing treatment systems that circulate treated wastewater back for reuse in watering plants in the store area. The water treatment systems have been installed in 72 branches or 48% of all stores\* as the zero wastewater Discharge concept. The company continuously raises water stewardship awareness, promoting the value of water resources through informative media and material, including pictures and stickers, and extending to customers and employees at the stores.

Remark: \*Total 152 branches of Makro-TH's store as of December 31, 2022.

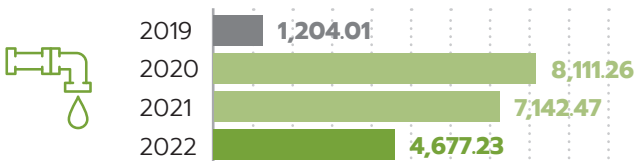
### Water Intensity per Revenue (Unit: Cubic meter per million Baht)



### Water withdrawal (Unit: x1,000 cubic meters)



### Water withdrawal from water stress area-Company's sites (Unit: x1,000 cubic meters)



Remark: 2019 Only Makro-TH

## Example of Water Management Projects

### "Save Water, for Future Water Conservation" Project

The company has been building on water stewardship success by enhancing the potential of the Save Water, Save Future - water management project since 2018, reducing Company water consumption in a sustainable way. By installing a wastewater treatment system, the company can reuse treated water through its automatic plant watering sprinkle system in stores, significantly reducing water consumption and saving costs in the operation.



#### 2022 Result:

- **72** stores participated in the project.
- Reduce **93,960 -104,000** cubic meters of water consumption per year.

### "Groundwater Bank" Project (CP Sustainability Awards 2022)

The company emphasized water resource management in communities by adopting the royal initiative of King Rama IX to develop the Groundwater bank project to increase water-absorbing areas to mitigate drought impacts. Treated water from wastewater treatment can be stored for times of need, where surplus water can be diverted for agriculture to replenish moisture and cultivation. The project has reduced water scarcity impacts and led to good relationships with the local community. An example pilot project is Makro's store - Yasothon branch since 2020. The company plans to expand the prototype into other stores.



#### 2022 Results:

- Over **36** cubic meters of treated water per day, with over **16** cubic meters diverted to groundwater banks per day.
- Over **77,760** Baht in cost savings per year.
- Reduce **720** hours per year of the worker's workload for watering.

# ECOSYSTEM & BIODIVERSITY PROTECTION

## Opportunity and Challenges

Biodiversity is essential in enabling ecosystem infrastructures to survive under intensifying climate changes. The company enhanced to operate a business with sustaining and balancing the economic-ecological development is thus paramount for Climate Resilience and ensuring operational business preventing the impacts on the ecosystem, either directly or indirectly

Remark: The individual performance of Wholesale (Makro-TH) and Retail (Lotus's-TH) on page 329-391.



## Target and Performance

### 2022 Target



**100%** of stores and distribution centers are not in the natural or cultural heritage reservation area.

### 2022 Performance



Of Target

- **100%** of stores and distribution centers are not in the natural or heritage reservation area
- Planting the own trees in own (Makro's) store area of more than **34,324** trees (accumulated)
- Join the Planting activities in external parties' area more than **48,500** trees
- Sales amount of sustainable fishery product certified by MSC and ASC **16,453** million Baht.
- Ocean Gems, the house brand product are certified **42** items

## Policy and Management Approach

To eliminate as much business and supply chain impact on the environment as possible, the company has established the Biodiversity Policy and Framework for restoring and preserving ecological biodiversity.

### ISO 14001



Lotus's **8** stores are certified

## Biodiversity Protection Policy & Framework



01

### Assess Risks and Impacts

The distribution centers and stores of the company and its partners are assessed to ensure that no operational impact encroaches on conservation areas, such as UNESCO World Heritage Sites, IUCN Protected Areas category I-IV, as well as protected areas under municipal regulations.



02

### Reduce, Rehabilitate and Prevention for Losses

The company adheres to the No Net Loss or Net-Zero Deforestation approach and considers the possibility of upgrading to the Net Positive Impact (NPI) approach. As such, the company plan is in place to reduce, rehabilitate for damage to protected or high-risk areas from business operations or activities to promote healthy biodiversity over the long run.



03

### Communication and Education

A biodiversity communication and education plan is provided for the company's personnel, temporary staff, contractors, and critical tier-1 suppliers risking infringement. The plan is implemented through various channels such as internal emails, and the annual sustainability report - One Report.



04

### Enhance and Promote Biodiversity

The company supports biodiversity protection and restoration by working with potential partners to organize change-driving projects.



05

### Disclosure of Biodiversity Performance

The company publicly communicates its biodiversity performance under setting targets through the annual One Report to create operational transparency.

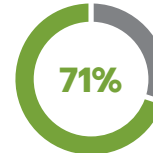
## 2022 Performance

### Awareness & Communication

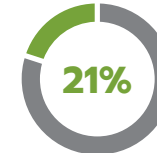
#### Training that related to environment protection



Employee



Critical tier 1 supplier



Tier 1 supplier

### Location Risk Assessment (Only Makro-TH)

#### Not Located in natural or cultural heritage



Makro store and Makro distribution center



Critical tier 1 supplier



Tier 1 supplier

### Dispute reporting or abuse



No violation or related disputes

### Examples of Biodiversity Support Projects

#### "Sustainable Tuna-Sourcing" Project

Under the International Organization for Conservation of Nature (IUCN) guidelines, the company prohibits sourcing raw materials and products from threatened or red-listed species. Ethical and sustainable sourcing guidelines have also been established for tuna-related products, examining where tuna species are sourced and how they are fished to avoid direct and indirect unethical sourcing practices that may endanger tuna species.

[https://www.siammakro.co.th/pdf/sustain/2022/en/7.Tuna%20sustainable%20sourcing%20guideline%20-En\\_Makro.pdf](https://www.siammakro.co.th/pdf/sustain/2022/en/7.Tuna%20sustainable%20sourcing%20guideline%20-En_Makro.pdf)



### "Love the Sea, Segregation for Reduction" Project

Koh Man consists of 3 islands: Koh Man Nai, Koh Man Klang and Koh Man Nork. Each island has a different identity. "Koh Man Nai" is the largest in this archipelago. and the second largest in Rayong Province after Koh Samet It is interesting to be a place where sea turtle conservation projects are implemented.

The company collaborate with plastic bag supplier branded Champion to promote the campaign to rescue the sea turtle. the money from this campaign are donate 1 baht per each item. During 1-30 June 2022 at All Makro's. by donating to the "Keb Rak by Tono Pakin" to support the sea turtles Conservation center. Under the project "Love the sea, segregation garbage is to reducing waste" amount of 200,000 Baht.



### "Planting Trees Inside Makro's Store: Golden Teak Bonding Hearts to Bamboo Tunnel" Projects

The company promotes the planting of a variety of perennial plants to increase green areas in stores. At present, the project has been implemented in 104 Stores and accumulated 34,324 trees are planted. The company has continuously planting trees in Makro's store such as Makro's store – Yasothon , where treated water from wastewater treatment plants is diverted and used as a local water supply to watering the supply water to planted trees. The fruit trees such as mangoes, bananas, jackfruits, and the bamboo to absorb the carbon dioxide. These fruits are shared to employee. And nearby communities. The project achieve the CP for Sustainability Award 2022. The project are combined to the groundwater bank project.

#### Cumulative number of plants (trees)



#### 2022 Results:

- **104** Stores the project has been implemented

## Natural Resources and Environment Conservation Project (Next Gen New World) for the 16<sup>th</sup> Consecutive year

Lotus's, in collaboration with the Khao Yai National Park Protection Foundation, have organized training events to educate volunteer youths and provide direct experiences to instill a sense of environmental cherishment. The aim consists of establishing a coalition for forest, natural resources, environment, flora, and fauna conservation while ensuring intactness of national park areas. In 2022, 200 high school students from Khao Yai Pittayakom School were invited to Khao Yai National Park to attend the Suraswadee Youth Camp. The management team and staff from Lotus's have participated in forestation activities at Chet Sao Noi Waterfall National Park, Pak Chong District, Nakhon Ratchasima Province and Muak Lek District, Wang Muang District, Saraburi Province Sai Yok National Park and the Salakpra Wildlife Sanctuary, Kanchanaburi. The project includes a donation amounting to 2 million Baht. Currently, 47,700 trees have been planted in area of over 368,000 square meters or over 230 rai.



### 2022 Results:

- **1,200** youths participated
- **47,700** trees planting in partner 's area covering **230** rai



# RESPONSIBLE SUPPLY CHAIN MANAGEMENT

## Opportunities and Challenges

The company alike. as the linkage between producer to end-user, the company aims to ensure customers access to safe, high-quality, and sufficient in a timely manner. The company has strengthened the supply chain's risk management and collaborated with producers, distributors, suppliers and business partners to enhance the value chain management, ensuring adequate inventory meets consumption needs with responsible sourcing and traceability to upstream.

Remark: The individual performance of Wholesale (Makro-TH) and Retail (Lotus's-TH) on page 329-391.



## Target and Performance

### 2022 Target



**100%** Tier 1 supplier has been evaluated the Environment, Social, and Governance assessment

### 2022 Performance



Of Target

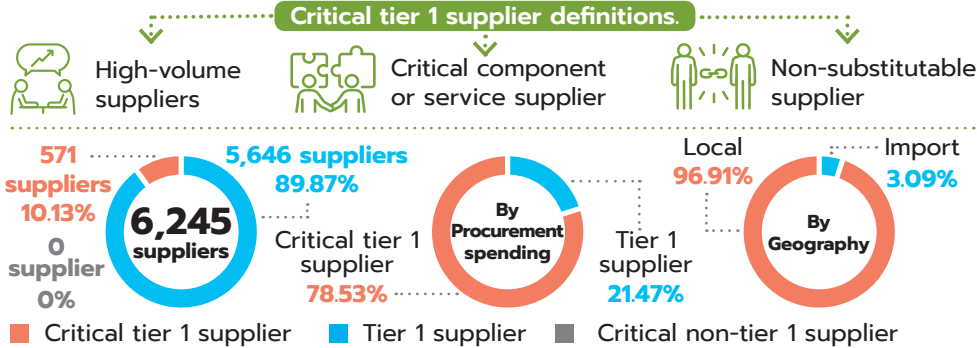
- **55%** Tier 1 supplier has been evaluated
- **75%** Tier 1 supplier has been engaged in the Supplier Code of Conduct
- **100%** High risk of critical tier 1 suppliers are onsite audited
- **89%** High risk of critical tier 1 completed the corrective action
- **100%** New supplier has been assessed with ESG criteria

## Policy and Management Approach

The company's policy is to implement the Supplier's Code of Conduct along the supply chain for compliance with the responsible and business ethic, comply with the law, regulation, and human rights principles, also efficient resource utilization, protect the environment, provide quality and food safety products to consumers such as control risk of GMO, growth hormone and antibiotic substance, etc. Including comprehensive supply Chain's ESG risk assessment & management system.

## Supplier Analysis and Assessment

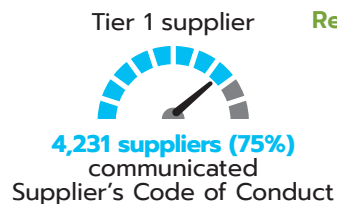
### 01 Identify and Analysis Supplier



### 02 Supplier's Code of Conduct Engagement



**Target:**  
**100%**  
Tier 1 supplier signed acknowledgment



**Result:**

Tier 1 supplier  
**1,926 suppliers (34%)**  
Signed the engagement



Critical tier 1 supplier  
**408 suppliers (71%)**  
Trained ESG

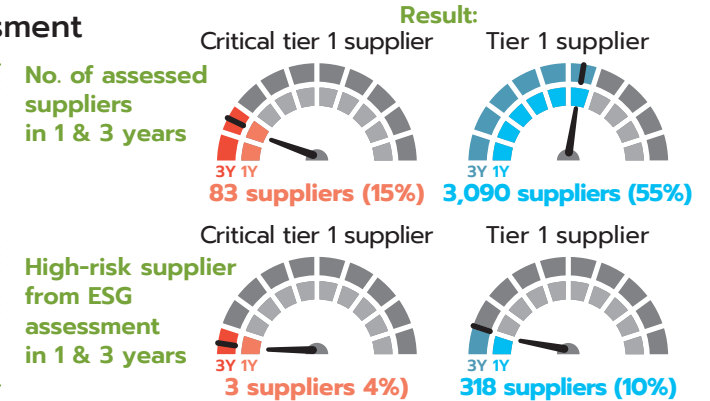
### 03 ESG Assessment

(Score at least 33%)

**Target:**

**100%**

Tier 1 supplier is assessed every 3 year

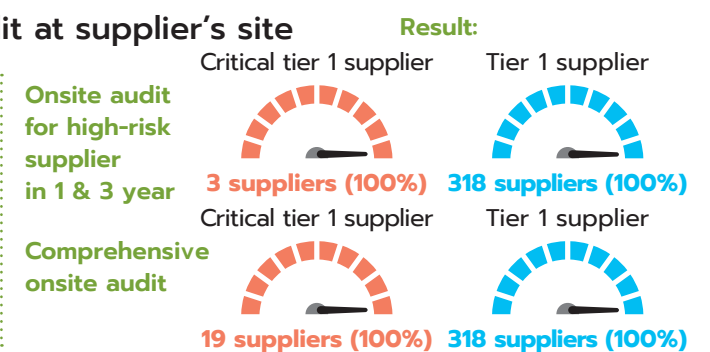


### 04 Onsite audit at supplier's site

**Target:**

**100%**

High-risk supplier is onsite audited



### 05 Correction and Improvement Plan

**Target:**  
More than **80%** high-risk suppliers complete the correction

**Result:**

Corrective action and closed actions within 12 months



### 06 New Supplier Screening

**Target:**  
**100%** new supplier has been assessed ESG risk

**Result:**

New supplier assessed Passed the assessment



## ESG Integration in Supply Chain Management

### The Six Strategic Goals of Makro 4.0



Supply chain management is the corporate's key success factor and the company announced the Six strategic Goals as the supply chain strategies which focus on product quality & food safety, ethical sourcing, environmental protection, positive impact on society, Economic growth for supplier and customer and capability development along the supply chain. The company also integrates ESG strategy into supply chain management strategy as;

## Performance During 2020-2022

Supply Chain's Corporate 6 goals	Sustainability KPI target within 2030	Performance		
		2020	2021	2022*
Ethical and Sustainable Product Sourcing	<b>100%</b> Tier 1 supplier is assessed ESG risk at least once in every 3 year	16.81%	22%	54.50%
	<b>100%</b> new suppliers is access the ESG risk assessment	n/a	n/a	71.35%
Food Safety	<b>70%</b> of sales from product and service help promote health and well being	45	50	44
	<b>100%</b> own brand product is traceable	100	100	100







Remark: \*Including Lotus's-TH since 2022



## Promoting the Sustainable Agriculture and Animal Products







Even though the company has not owned any production site, responsible supply chain management is the key success factor for business operation and corporate sustainability. The supply chain strategy emphasizes suppliers to produce the products with quality, safety and responsiveness to environmental and social.

### Sustainable Agriculture Product Purchasing

Product Group	Ratio on total Revenue (Significant)	Certification of Production, Social or Environment	% Certified Product per total Purchasing
 Plam	3.37%	RSPO	n/a
 Soy bean	1.01%	RTRS	n/a
 Sugar	0.89%	BON Sucro	3.65%
 Cacao	0.15%	GMP, HACCP, FCCS 22000, Halal, ISO 14000	0.63%
 Coffee	0.07%	GMP, HACCP, FCCS 22000, Halal, ISO14000, UTZ, Rainforest Alliance	0.74
 Grain	1.99%	GAP	Less than 0.10%

**0.36%** Certified product of total agricultural products purchasing

### Certified Animal Product Revenue

Product Group	Ratio on total Revenue (Significant)	Certification of Production, Social or Environment	% Certified Product per total Purchasing
 Aquaculture	1.75%	ASC, BRC, GAP	6.74%
 Cattle (excluding dairy)	0.39%	GAP, GMP, HACCP	0.74%
 Dairy	6.81%	GHP	6.81%
 Swine	5.75%	Livestock-OK, GAP	37.31%
 Poultry (include eggs)	4.71%	Livestock-OK, GAP, BRC	30.51%
 Wild fishery	1.75%	MSC, GAP, BRC	7.21%

**89.32%** Certified product of total animal product purchasing

### Asc and Msc Certified of Own Brand Product

Presently, our food Service business in the Asia Pacific and the Middle East (APME) has been certified by ASC & MSC in 6 product categories which are fish, crab, shellfish, shrimp, squid, and roe, as 42 items are certified Marine Stewardship Council (MSC) and Aquaculture Stewardship Council (ASC). The revenue of certified products are 24.5% of total seafood products which increased x % from the previous year.



#### 2022 Results:

- **42** items are certified by MSC & ASC
- **55%** Sales of sea food product
- Increased **21%** from previous year

### Promoting the Animal Welfare

The company's commitment and engagement to animal product suppliers must be audited and qualified with QA and product safety criteria before trading and reassessment every 3 years to ensure the producer's production is minimized antibiotic, Not to use GMO or cloned animals, not to apply the growth-promoting substance. Every animal product supplier must be inspected by qualified laboratory testing to ensure residue chemicals are not over the threshold and safety specifications also continuous QA sampling for each batch.



Minimize Antibiotics



Not to use GMO or Cloned animal



Not to apply growth-promoting substances



Re-assess every 3 year

### GMO Policy and Potential Risk Product Evaluation

The sustainability approach of health & well-being of the product come from genetically modified organisms (GMO policy) focusing on products that have the potential risk of genetic modification or genetic engineering is food must be controlled and clearly labeled with adequate information for customers to recognize and make the decision.

The product containing a potential risk of GMOs are analyzed and identified as 22 product groups that are sold in stores as soybean, cooked soybean, roasted soybean, canned or bottled soybean, fermented soybean (natto), soybean paste, tofu, dried soybean curd, soybean milk, soybean flour, Food contain soybean ingredients, contain green soybean, contain soybean sprouts, corn, popcorn, frozen or chilled corn, corn flour, corn snack, food contain corn ingredients and contain corn grits.

#### 2022 Results:

Sales of non-GMO products **1,496,787** Baht  
 Sales of soybean and corn **6,553,751** Baht  
 Sales of potential GMO products **5,056,964** Baht



Organic product purchasing **97.51** million Baht  
**(0.68%** of the total food product)

### Promoting Cage Free Egg Product

Makro-TH collaborates with egg producers, business partners, and government agencies to improve cage-free egg production, develop egg farmers, educate customers and consumers, as well as commit to making cage-free eggs readily available as an alternative for customers in all stores by 2025.

#### Performance during 3 years\*



■ Sale amount (million Baht)    ■ No. of store

Remark: \*Data of Makro-TH only.

# 4

## Management Analysis and Explanation



The following discussion and analysis contain forward-looking statements relating to the Group's plans, strategies, objectives, expectations, intentions, and resources. For example, information regarding the Group's expectations of future results, performance, achievements, prospects or opportunities, or the markets in which the Group operates, and the impact of the COVID-19 pandemic are forward-looking information. Although based on assumptions the Group considers reasonable, the Group's actual results could differ materially from those expressed or implied in such forward-looking statements. Please see in detail risks and uncertainties under Section 2. Risk Management

### 4.1 Business Overview

In 2022, the economic situation in Thailand as well as other Company-based Asia-Pacific countries, either operationally or investment-wise, or both, gradually recovered to see an overall economic performance improvement, especially in the tourism and service sectors, including private consumption, that coincided with the easing of governmental disease control measures and the reopening to foreign tourists and international travel in each country as the COVID-19 situation improved.

However, exports and investments are likely to reflect the global economic slowdown as a result of the Russo-Ukrainian situation, the escalating energy crisis in Europe, and the sharp downturn in the Chinese economy after the Zero COVID-19 Policy, all contributing to an increase in the price

of energy and commodities, as well as higher inflation and thus financial costs which directly hinder investment and economic activity. In addition, the reduction in governmental cost-of-living assistance and affected purchasing power and domestic consumption, as well as dissuaded investment in the business sector, were all major obstacles to economic recovery, resulting in a slow economic rebound this year, notwithstanding the positive tourism and service-sector factors supporting and improving economic activities. According to estimates from the National Economic and Social Development Council as of 17 February 2023, Thailand's economy in 2022 grew by 2.6% with a core inflation rate of 3.2%.

Notwithstanding the aforementioned factors, the wholesale business performance continued to improve due to an increase in sales from existing stores as well as the opening of new stores, improved sales system via online channels with direct delivery to customers, enhanced facility sales space management that supports the growth of wholesale-to-store last-mile delivery, and the E2E project team that developed in-store product-arrangement procedures and optimized customer services, as well as a sales-team support system that facilitates customer behavior-need analysis, an out-reaching sales team with expanded customer access and bases, and the development of private label products under Company trademarks. Moreover, the Company branches have expanded into China, India, and Cambodia with significant year-on-year sales growth.



In addition to the completed retail business's brand transformation to "Lotus's", the new "Lotus's SMART Application" online shopping platform has also been launched with a new all-popular My-Lotus's membership system in collaboration with other leading online platforms, resulting in a revenue leap in online sales while revenue from traditional shopping centers continues to rise. The retail business has also been revitalizing and re-supplying an expanding number of restaurants to modernize Company shopping centers with new progressive lifestyle products and transforming the centers into Smart Community Centers.

## 4.2 Operating Results

### 4.2.1 Operating Results of the Company

#### 1. Operating Results: the Company and its Subsidiaries

(unit: Baht million)

Consolidated Financial Performance	2020	2021	2022
Sales	214,140	258,630	447,182
Wholesale business <sup>(1)</sup>	214,140	221,344	242,437
Retail business <sup>(2)</sup>	n/a	37,286	204,745
Revenue from rental and rendering retail services	361	2,631	13,477
<b>Total revenues</b>	<b>218,760</b>	<b>266,367</b>	<b>469,131</b>
<b>Gross profit from sales</b>	<b>22,124</b>	<b>30,292</b>	<b>63,577</b>
Gross profit margin from sales (%)	10.3	11.7	14.2
<b>EBITDA <sup>(3)</sup></b>	<b>12,470</b>	<b>23,109</b>	<b>35,084</b>
<b>EBITDA (excludes non-recurring items in notes 4 and 5)</b>	<b>12,533</b>	<b>16,770</b>	<b>35,084</b>
Finance costs	619	1,557	7,122
<b>Net profit</b>	<b>6,563</b>	<b>13,687</b>	<b>7,697</b>
Gain on step acquisition <sup>(4)</sup>	n/a	6,714	n/a
<b>Net profit (excludes gain on step acquisition)</b>	<b>6,563</b>	<b>6,973</b>	<b>7,697</b>
Wholesale business <sup>(1)</sup>	6,563	6,576	7,074
Retail business <sup>(2)</sup>	n/a	397	623
<b>Earnings per share (Baht per share)</b>	<b>1.37</b>	<b>2.38</b>	<b>0.73</b>

- (1) Consisting of Makro-Thailand, Makro-International, and Food Service APME
- (2) Consisting of retail businesses under "Lotus's" and mall business in Thailand and Malaysia (Lotus's Thailand and Lotus's Malaysia)
- (3) Earnings before interest, tax, depreciation, and amortization
- (4) Accounting profit recognized from the difference between the fair value and the carrying amount of interests from business combination under common control
- (5) Share loss from the Associated Company - Retail business (CPRD), under the equity method in proportion of 40%, that used to recognize in the financial statement of CPALL in 2021 and must be restated in the consolidate financial statement of the Company according to financial reporting standards for business combinations under common control in an amount of Baht 375 million (2020: Baht 63 million)

#### 1.1. 2022 Performance of the Company and its Subsidiaries Revenue

In 2022, the Company and its subsidiaries reported sales revenue of Baht 447,182 million, an increase of Baht 188,552 million or 72.9% year-on-year ("YoY"), due mainly to the business combination of the retail business since 25 October 2021, and the continued sales growth of Baht 21,093 million or 9.5% from Makro-Thailand, Makro-International as well as Foodservice APME because of a recovery from the reopening of international borders in core operating countries alongside less rigorous travel restrictions in the Asia-Pacific market.

In addition, the Company and its subsidiaries reported revenues from rental and rendering retail services of Baht 13,477 million, rendering of services of Baht 5,422 million, and other income of Baht 3,050 million totaled Baht 21,949 million, due to a remarkable growth of Baht 14,212 million, or 183.7% compared to the same period last year. This was primarily from an increase of Baht 10,750 million in revenue from rental and rendering retail services from the retail business. Therefore, the Company and its subsidiaries had total revenues of Baht 469,131 million in 2022, an increase of 76.1% compared to the same period last year.



### Gross profit from sales revenue

The Company and its subsidiaries in 2022 had a gross profit margin of 14.2% of the total sales revenue, increased from 11.7% in the same period last year, primarily due to the combination of the retail business, which it has a gross profit margin of 18.6%.

### Cost of rental and rendering of services, Distribution Costs, and Administrative Expenses

The Company and its subsidiaries recorded cost of rental and rendering of services of Baht 5,982 million in 2022, an increase of Baht 4,936 million from the same period last year, mainly attributable to the retail business. Meanwhile the distribution costs and administrative expenses were Baht 62,842 million, an increase of Baht 36,353 million or 137.2% YoY, which represented 13.4% of total revenues. This was primarily due to an increase in Baht 33,560 million in the distribution costs and administrative expense of the retail business. While the wholesale business saw an increase of Baht 2,793 million, due to a higher operational expenditure along with a number of new stores, delivery costs from the sales growth of online channels, a full-charge land and building taxes compared to the previous year rate of only 10.0%, and costs that related to new investment, which comprised of online and delivery's facility improvement. Moreover, the utilities bill increased mostly due to a change in an energy adjustment charge ("FT") during the end of 2022.

### Earnings before interest, tax, depreciation, and amortization ("EBITDA")

In 2022, the Company and its subsidiaries posted an EBITDA (excludes non-recurring items) of Baht 35,084 million, an increase of Baht 18,314 million or 109.2%, compared to the same period last year. This represents 7.5% of total revenues, an increase from the previous year's EBITDA margin of 6.3% (excludes non-recurring items).

### Net Profit

In 2022, the Company and its subsidiaries had a net profit of Baht 7,697 million, a decrease of Baht 5,990 million or 43.8% from the previous year which included a gain on step acquisition of retail business since October 2021. Regardless of the non-recurring item mentioned above, net profit surged by 10.4% from 2021, with wholesale business of Baht 7,074 million, or an increase of 7.6% YoY, and retail business of Baht 623 million.

## 2. Operating Results by Business Division

### 2.1. The Wholesale Business Performance

Wholesale Business	2020	2021	2022
	(unit: Baht million)		
Sales	214,140	221,344	242,437
Other revenues <sup>(1)</sup>	3,757	4,914	5,741
<b>Total revenues</b>	<b>218,760</b>	<b>226,258</b>	<b>248,178</b>
<b>Gross profit from sales</b>	<b>22,124</b>	<b>22,920</b>	<b>25,569</b>
Gross profit margin from sales (%)	10.3	10.4	10.5
<b>EBITDA <sup>(2)</sup></b>	<b>12,534</b>	<b>12,553</b>	<b>13,452</b>
<b>Net profit</b>	<b>6,563</b>	<b>6,576</b>	<b>7,074</b>
<b>Number of Stores (stores)</b>	<b>144</b>	<b>149</b>	<b>162</b>
Thailand	137	142	152 <sup>(4)</sup>
Overseas <sup>(3)</sup>	7	7	10
<b>Sales Space (sq.m.)</b>	<b>805,992</b>	<b>819,815</b>	<b>854,891</b>
Thailand	772,046	785,869	811,622
Overseas <sup>(3)</sup>	33,946	33,946	43,269

(1) Comprises of revenue from rendering of services, revenue from rental and rendering retail services, and other income, which included interest income from loans to the retail business in 2022 in an amount of Baht 99 million.

(2) Earnings before interest, tax, depreciation, and amortization

(3) Excluding a restaurant/food shop under Foodservice APME

(4) Makro-Thailand opened and closed 11 stores and 1 store, respectively





## Revenue

In 2022, the wholesale business reported sales of Baht 242,437 million, which increased by Baht 21,093 million, or 9.5% YoY, primarily attributable to 8.2% growth at Makro-Thailand with 4.3% growth from in-store sales and 11 new stores opening. In addition, the online sales and delivery increased by 3.9%, coupled with higher Makro-International's sales across all countries. While Foodservice APME's sales continued to grow and outpace the pre-COVID-19 pandemic level, this was due to the robust growth of HoReCa.

When combined with revenue from rendering services of Baht 4,240 million, revenue from rental and retail services of Baht 443 million, and other income of Baht 1,058 million, totaling Baht 5,741 million increased by Baht 827 million, or 16.9% YoY, mainly owing to an increase in the promotional supports and rental spaces from new stores. As a result, the wholesale business had total revenues of Baht 248,178 million, an increase of 9.7% over the last year.

## Distribution Costs, and Administrative Expenses

In 2022, the wholesale business had distribution costs and administrative expenses totaling Baht 21,619 million, an increase of Baht 2,793 million or 14.8% YoY principally because:

- Distribution costs increased by Baht 2,215 million, or 17.0%, as a result of higher operational expenses along with an increase number of stores, higher electricity expenses from the FT adjustment charge in the late 2022, a full-charge of land and building taxes compared to that of the previous year's rate of only 10.0%, higher delivery charges accompanied with a surge in sales growth through online distribution channels, and facilities improvement costs to support the rapid expansion.
- Administrative expenses rose by Baht 578 million or 9.9%, mainly from costs related to the online business and employee development.

## Earnings before interest, tax, depreciation, and amortization ("EBITDA")

In 2022, the wholesale business posted an EBITDA of Baht 13,452 million, an increase of Baht 899 million or 7.2% compared to the same period last year. This represented 5.4% of total revenues, due mainly to the aforementioned revenues.

## Net Profit

In 2022, the wholesale business generated a net profit of Baht 7,074 million, rose by Baht 498 million or 7.6% over the same period of last year, mainly from a growth in sales in all businesses and a better performance of Foodservice APME. While Makro-International shown a lower loss compared to last year, owing to an improving performance in Cambodia and Myanmar.

## 2.2. The Retail Business Performance

Retail Business	2020	2021 <sup>(1)</sup>	2022
	(unit: Baht million)		
Sales	n/a	37,286	204,745
Revenue from rental and rendering retail services	n/a	2,284	13,034
<b>Total revenues</b>	<b>n/a</b>	<b>40,109</b>	<b>221,052</b>
<b>Gross profit from sales</b>	<b>n/a</b>	<b>7,372</b>	<b>38,008</b>
Gross profit margin from sales (%)	n/a	19.8	18.6
EBITDA <sup>(2)</sup>	n/a	4,217	21,731
<b>Net profit</b>	<b>n/a</b>	<b>397</b>	<b>623</b>
<b>Number of Stores (stores)</b>	<b>2,164</b>	<b>2,680</b>	<b>2,643<sup>(3)</sup></b>
Lotus's Thailand	2,102	2,618	2,578
Lotus's Malaysia	62	62	65
<b>Sales Space (sq.m.)</b>	<b>n/a</b>	<b>1,813,696</b>	<b>1,822,303</b>
Lotus's Thailand	n/a	1,519,227	1,531,317
Lotus's Malaysia	n/a	294,469	290,986
<b>Permanent Net Leasable Area (sq.m.)</b>	<b>n/a</b>	<b>1,017,786</b>	<b>1,061,683</b>
Lotus's Thailand	n/a	717,224	745,249
Occupancy rate (%)	n/a	90.0	90.0
Lotus's Malaysia	n/a	300,562	316,434
Occupancy rate (%)	n/a	92.1	93.2

(1) Retail business's operating results start from October 25, 2021

(2) Earnings before interest, taxes, depreciation, and amortization

(3) Retail business opened and closed 92 stores and 129 stores, respectively



## Revenue

In 2022, the retail business had sales of Baht 204,745 million, an increase of 449.1% over the operating results from 25 October - 31 December 2021 or rose by 5.7% YoY on the back of rising sales in almost all distribution channels. Furthermore, Lotus's Thailand online channels significantly grew by 101.7% compared to the same period last year. Positively, its revenue from rental and rendering retail services continued to grow and marked at Baht 13,034 million, increased by 470.6% over the operating results from 25 October - 31 December 2021, or a 19.6% increased YoY. Meanwhile, Lotus's Thailand and Lotus's Malaysia had mall occupancy rates of 90.0% and 93.2%, respectively. As a result, the retail business recorded total revenues of Baht 221,052 million in 2022, elevated by 451.1% over the operating results from 25 October - 31 December 2021, or an increase of 6.6% YoY.

## Cost of rental and rendering of services, Distribution Costs, and Administrative Expenses

In 2022, the retail business incurred cost of rental and rendering of services of Baht 5,890 million. Meanwhile, the distribution costs and administrative expenses totaling Baht 41,223 million, comprising distribution costs of Baht 33,155 million, and administrative expenses of Baht 8,068 million, mainly from expenses associated with new stores during the year, amortization of new IT system and stores rebranding which gradually completed in 2022 as well as the higher electricity costs in Thailand.

As aforesaid, the retail business had gross profit from sales, and gross profit from rental and rendering retail services in 2022 at 18.6% and 54.8%, respectively.

## Earnings before interest, tax, depreciation, and amortization ("EBITDA")

In 2022, the retail business posted an EBITDA of Baht 21,731 million, an increase of 415.3% over the operating results from 25 October - 31 December 2021 or rose by 5.9% YoY. This represented 9.8% of total revenues.

## Net Profit

In 2022, the retail business reported a net profit of Baht 623 million, or an increase of 56.7% from the operating results during 25 October - 31 December 2021 or increased by 225.9% YoY.

## 4.3 Financial position analysis

### Financial position analysis of the Group

As of 31 December 2022, the Company had total assets Baht 548,643 million, comprising current assets of Baht 87,355 million and non-current assets of Baht 461,288 million

### 4.3.1 Current assets

#### (1) Cash and cash equivalent

As of 31 December 2022, the Company had cash and cash equivalents of Baht 40,103 million, decreased by Baht 28,426 million compared to the last year, mainly from disbursed in subsidiaries' loan prepayments to financial institutions, store expansion, new IT system, repayment liabilities for the goods, and dividend payment during the year.

#### (2) Trade accounts receivable

As of 31 December 2022, the Company had trade accounts receivable of Baht 2,431 million, increased by Baht 129 million compared to the previous year. This was primarily due to higher credit sales.

#### (3) Other current receivables

As of 31 December 2022, the Company had other current receivables of Baht 1,818 million, decreased by Baht 167 million from last year, mainly from a decrease in other current receivables from the retail business.

#### (4) Inventories

As of 31 December 2022, the Company had inventories of Baht 37,820 million, increased by Baht 5,853 million from the previous year. This was increased from the festive season and recovery in sales.

#### (5) Purchase discount receivables

As of 31 December 2022, the Company had purchase discount receivables of Baht 4,293 million, rose by Baht 517 million compared to the last year. This was owing to an increase in retail business as a result of higher end of year's cumulative sales than in the previous year.

### 4.3.2 Non-current assets

#### (1) Other non-current receivables

As of 31 December 2022, the Company had other non-current receivables of Baht 50 million, increased by Baht 5 million from the last year primarily from an increase in other non-current receivables from the retail business.

#### (2) Investment Properties

As of 31 December 2022, the Company had investment properties of Baht 43,910 million, decreased by Baht 1,358 million, mainly from a decline in investment properties from the retail business. This was due to depreciation and reclassified to property, plant, and equipment.



### (3) Property, plant, and equipment

As of 31 December 2022, the Company had property, plant, and equipment of Baht 118,115 million, decreased by Baht 328 million from the previous year. This was primarily due to the depreciation expense from the retail business.

### (4) Right-of-use assets

As of 31 December 2022, the Company had right-of-use assets of Baht 37,167 million, increased Baht 336 million from last year. This was owing to lease agreement to expand Lotus's stores in Thailand and Malaysia, as well as land lease agreement in the wholesale business to expand Makro stores in overseas.

### (5) Other intangible assets other than goodwill

As of 31 December 2022, the Company had other intangible assets other than goodwill of Baht 10,521 million, increased by Baht 2,461 million compared to the last year, mainly from the retail business. This was owing to the investment in the IT system.

## 4.3.3 Current liabilities

### (1) Short-term borrowings from financial institutions

As of 31 December 2022, the Company had short-term borrowings from financial institutions of Baht 1,637 million, decreased by Baht 27,561 million from the previous year. This was mainly due to CPRD's loan repayments while the wholesale business had an increase borrowing mainly from an increase in trust receipts of the Foodservice APME.

### (2) Trade accounts payable to other parties

As of 31 December 2022, the Company had trade accounts payable to other parties of Baht 55,867 million, increased by Baht 1,022 million compared to last year, primarily due to higher purchasing order during December 2022 to support sales during on the festive seasons.

### (3) Trade accounts payable to related parties

As of 31 December 2022, the Company had trade accounts payable to related parties of Baht 5,951 million, increased by Baht 561 million from the last year, primarily due to higher purchasing order during December 2022 to support sales during on the festive seasons.

### (4) Other current payables to other parties

As of 31 December 2022, the Company had other current payables to other parties of Baht 10,070 million, decreased by Baht 3,156 million from the previous year. This was mainly due to a decrease in retail business from the repayment liabilities related to the new stores expansion and the IT system, which gradually be completed in 2022. While the wholesales business was increased, primarily from liabilities related to the stores expansion, facilities improvement, and online sales system.

## 4.3.4 Non-current liabilities

### (1) Debentures

As of 31 December 2022, the Company had debentures of Baht 23,466 million, increased by Baht 23,466 million from the issuance of debentures of Ek-Chai Distribution System Co., Ltd. ("ECDS") to repay long-term loans from financial institutions.

### (2) Long-term borrowings from financial institutions

As of 31 December 2022, the Company had long-term borrowings from financial institutions (including current portion) totaling Baht 86,559 million, declined by Baht 20,562 million compared to the previous year. This was mainly due to the partial loan prepayment of the retail business.

### (3) Other non-current payables

As of 31 December 2022, the Company had other non-current payables of Baht 462 million, decreased by Baht 37 million from the last year, due to the other non-current payables from the retail business.

### (4) Lease liabilities

As of 31 December 2022, the Company had total lease liabilities (including current portion) of Baht 48,879 million, increased by Baht 905 million from the last year. The was primary owing to stores expansion of Lotus's Thailand and Lotus's Malaysia, as well as the stores expansion of Makro-International for wholesale business.

## 4.3.5 Total shareholders' equity

As of 31 December 2022, the Company had total shareholders' equity of Baht 290,931 million, increased by Baht 2,433 million from last year. This was due mainly to net profit.

## 4.4 Liquidity and funding sources

The financial position and liquidity of the Company has been and continues to be influenced by the following factors:

- The Company's ability to generate cash flow from operations;
- The level of outstanding debt of the Company;
- Interest on debt that the Company has to pay, affecting financial expenses;
- Market interest rates that affect the Company's ability to pay debts;
- The Company's ability to borrow money from financial institutions;
- The Company's ability to access public market for financing; and
- The Company's capital expenditure.

The Company's cash flow needs arise from the following activities, primarily:

- To finance operating activities;
- To fund capital expenditures;
- To finance acquisition of assets;



- To invest in subsidiaries;
- Dividend payments;
- Debt payments; and
- Tax payments

The Company's sources of liquidity historically consisted, and will consist mainly of the following:

- Cash from the Company's operating activities; and
- Borrowings by issuing debt instruments

The Company's ability to generate operating cash flows depends on its future performance and, in part, on its competitiveness in the backdrop of overall economic conditions, financial markets, regulations, and other factors, among which are beyond the control of the Company as shown in Section 2. Risk Management.

The Company believes that it has sufficient cash flow to operate the business over the next 12 months.

#### 4.4.1 Cash flows

The following table summarizes the Company's cash flows for the specified periods

(unit: Baht million)	Year ended 31 December		
	2020	2021	2022
Net cash flows from operating activities	13,353	16,769	22,014
Net cash flows from (used in) investing activities	(2,288)	14,965	(17,164)
Net cash flows from (used in) financing activities	(5,413)	26,461	(32,955)

##### 4.4.1.1 Operating activities

Net cash flow from operating activities amounted to Baht 22,014 million for the year ended 31 December 2022, based primarily on earnings for the year totaling Baht 7,682 million, with adjustments to reconcile profit and cash receipts of Baht 26,234 million, namely depreciation of property, plant, and equipment of Baht 10,211 million, depreciation of right-of-use assets of Baht 3,906 million, Finance costs of Baht 7,122 million, and income

tax expense of Baht 2,729 million. While there were changes in operating assets and liabilities of Baht (4,387) million, including changes in trade accounts payable of Baht of 1,764 million, inventories of Baht (5,474) million and purchase discount receivables of Baht (547) million. As a result, the Company generated Baht 29,529 million in net cash flow from operating activities, which was partially used to cover income tax of Baht (3,636) million and interest expenses of Baht (4,085) million.

##### 4.4.1.2 Investing activities

Net cash flow used in investment activities amounted to Baht (17,164) million for the year ended 31 December 2022, namely in cash paid for acquisition of property, plant and equipment of Baht (12,567) million, acquisition of investment properties of Baht (1,264) million, and acquisition of other intangible assets other than goodwill of Baht (3,584) million.

##### 4.4.1.3 Financing activities

Net cash flows used in financing activities amounted to Baht (32,955) million for the year ended 31 December 2022, mainly due to the repayment borrowings from financial institutions of Baht (51,653) million, dividend payments to Company shareholders of Baht (5,290) million, and payment of lease liabilities of Baht (5,208) million. While it had cash received from issue of debentures of Baht 23,463 million and long-term borrowings of Baht 2,000 million.

## 4.5 Financial Ratios

### 4.5.1 Financial Ratios of the Company

#### 4.5.1.1 Liquidity ratio

Current ratio for the year ended 31 December 2021 and 2022 were 0.9 times and 1.0 times, respectively. However, in 2022, the current ratio increased from the repayment of short-terms borrowings from financial institutions of the retail business. Quick ratio for the year ended 31 December 2021 and 2022 were 0.6 times and 0.5 times, accordingly. A decrease in quick ratio, for the year ended 31 December 2022, was mainly from cash and cash equivalents offset repayment of loans from financial institutions of the subsidiaries, stores expansion, IT system development, repayment liabilities for the goods, and dividend payment during the year.



The cash cycles for the year ended 31 December 2021 and 2022 were (29.2) days and (23.6) days, respectively. The cycles were negative as the average payment periods were greater than the sum of the average inventory turnover ratio and the average collection periods. Notwithstanding, the wholesale business and the retail business had payment periods to pay their suppliers for procurements of 7 to 60 days and 15 to 90 days, respectively.

#### 4.5.1.2 Profitability ratio

The gross profit margins for the year ended 31 December 2021 and 2022 were 11.7% and 14.2%, respectively, primarily due to the combination of the retail business, which it has a gross profit margin of 18.6%. Meanwhile, the operating margin were 4.1% and 3.7% for the year ended 31 December 2021 and 2022, accordingly, owing to the cost of new business investment. From the above ratios, the net profit margins were 5.0% and 1.6% for the year ended 31 December 2021 and 2022, respectively. In 2021, the net profit margin was high due to a non-recurring item of Baht 6,714 million from gain on step acquisition.

The return on equity were 8.8% and 2.7% for the year ended 31 December 2021 and 2022, respectively, where the lower rate in 2022 was due to the non-recurring item of Baht 6,714 million from gain on step acquisition in the previous year.

#### 4.5.1.3 Efficiency ratio

Return on assets were 3.6% and 1.4% for the year ended 31 December 2021 and 2022, respectively. While return on fixed assets were 22.3% and 15.1% of 31 December 2021 and 2022, respectively. In 2022, Return on assets and return on fixed assets decreased, due to the non-recurring item of Baht 6,714 million from gain on step acquisition in the previous year.

#### 4.5.1.4 Financial policy ratio

For the year ended 31 December 2021 and 2022, the interest-bearing debt to equity ratios maintained at 0.6 times.

## 4.6 Liabilities of the Company

The following table shows all interest-bearing debts other than lease liabilities as of 31 December 2022.

	As of 31 December		
	(unit: Baht million)		
	2020	2021	2022
Short-term borrowings from financial institutions	1,050	29,198	1,637
Short-term borrowings from other parties	6	-	-
Debentures	-	-	23,466
Long-term borrowings from financial institutions	7,003	107,121	86,559
<b>Total interest-bearing debt other than lease liabilities</b>	<b>8,059</b>	<b>136,319</b>	<b>111,662</b>

The following table shows all interest-bearing debt based on foreign currencies as of 31 December 2022.

	As of 31 December 2022 (Baht million)
Thai Baht	50,722
US dollar	42,840
Malaysian Ringgit	17,751
Others	349
<b>Total interest-bearing debt other than lease liabilities</b>	<b>111,662</b>



The following table shows the maturity of interest-bearing debt other than lease liabilities as of 31 December 2022.

	As of 31 December 2022 (Baht million)
Within 1 year	1,637
Over 1 year but less than 5 years	106,912
Over 5 years	3,927
<b>Total interest-bearing debt other than lease liabilities</b>	<b>112,476</b>

The following table shows the maturity of lease liabilities of the Company, taking into account the contractual interest rates and contractual cash flows based on pre-discounted contract repayments as of 31 December 2022.

	As of 31 December 2022 (Baht million)
Within 1 year	5,019
Over 1 year but less than 5 years	17,375
Over 5 years	52,070
<b>Total</b>	<b>74,464</b>
<b>Minus</b> deferred interest	(25,585)
<b>Total lease liabilities</b>	<b>48,879</b>

## 4.7 Capital expenditures

The Company's capital expenditures, consisting of the acquisitions of property, plant and equipment and other intangible assets other than goodwill, amounted to Baht 9,195 million and Baht 14,008 million as of 31 December 2021 and 2022, respectively.

The Company expects that cash and cash equivalents from business operations or financing activities, or both, will fund capital expenditure needs in the future. The Company's ability to finance and repay debts on time depends on a number of uncertainties, including future performance, financial position, cash flow, economic conditions in Thailand and other countries where the Company operates, as well as the readiness of banks to grant the Company credit.

## 4.8 Contractual obligations and other commitments

As of 31 December 2022, the Company's contractual obligations and other significant commitments comprised of service agreements, purchase agreements, consulting agreements, contracts between companies, operating leases, construction contracts, bank guarantees, and derivatives for hedging, among others.

The Company's ability to obtain appropriate financing to meet contractual and payment obligations may be limited by its financial position and operating results, including the liquidity of domestic and international financial markets.

**Off-balance sheet commitments:** As of 31 December 2022, the Company was a significant party in neither a contractual obligation nor an off-balance sheet relationship.

**Contingent liabilities:** As of 31 December 2022, the Company had no recorded significant contingent liability in its financial statements.



## Financial Statement and Significant Financial Ratio

Summary of Consolidated Financial Statement of the Company for the year ended 31 December 2020, 2021 and 2022

### (1) Statement of Financial Position

Consolidated statement of financial position	As of 31 December					
	2020 (Restated)		2021		2022	
	Baht million	Percent	Baht million	Percent	Baht million	Percent
<b>Assets</b>						
<i>Current assets</i>						
Cash and cash equivalents	10,484	6.6	68,529	12.0	40,103	7.3
Current investments	35	0.0	-	-	-	-
Trade accounts receivable	945	0.6	2,302	0.4	2,431	0.4
Other current receivables	483	0.3	1,985	0.4	1,818	0.3
Inventories	14,478	9.1	31,967	5.6	37,820	6.9
Purchase discount receivables	1,188	0.7	3,776	0.7	4,293	0.8
Accrued income	631	0.4	782	0.1	848	0.2
Derivative assets	-	-	607	0.1	-	-
Other current assets	8	0.0	52	0.0	42	0.0
<b>Total current assets</b>	<b>28,252</b>	<b>17.7</b>	<b>110,000</b>	<b>19.3</b>	<b>87,355</b>	<b>15.9</b>
<i>Non-current assets</i>						
Investments in associate	85,552	53.6	9,140	1.6	9,053	1.7
Investments in joint ventures	-	-	4,875	0.9	5,334	1.0
Investments in related companies	-	-	295	0.1	573	0.1
Other non-current receivables	13	0.0	45	0.0	50	0.0
Investment properties	112	0.1	45,268	7.9	43,910	8.0
Property, plant and equipment	30,564	19.1	118,443	20.8	118,115	21.5



Consolidated statement of financial position	As of 31 December					
	2020 (Restated)		2021		2022	
	Baht million	Percent	Baht million	Percent	Baht million	Percent
Right-of-use assets	10,204	6.4	36,831	6.5	37,167	6.8
Goodwill	2,191	1.4	234,736	41.2	234,736	42.8
Other intangible assets other than goodwill	2,201	1.4	8,060	1.4	10,521	1.9
Deferred tax assets	453	0.3	530	0.1	566	0.1
Other non-current assets	45	0.0	1,267	0.2	1,263	0.2
<b>Total non-current assets</b>	<b>131,335</b>	<b>82.3</b>	<b>459,490</b>	<b>80.7</b>	<b>461,288</b>	<b>84.1</b>
<b>Total assets</b>	<b>159,587</b>	<b>100.0</b>	<b>569,490</b>	<b>100.0</b>	<b>548,643</b>	<b>100.0</b>
<b>Liabilities and equity</b>						
<i>Current liabilities</i>						
Short-term borrowings from financial institutions	1,050	0.7	29,198	5.1	1,637	0.3
Trade accounts payable to other parties	25,804	16.2	54,845	9.7	55,867	10.2
Trade accounts payable to related parties	2,170	1.4	5,390	0.9	5,951	1.1
Other current payables to other parties	1,672	1.0	13,226	2.3	10,070	1.8
Other current payables to related parties	304	0.2	1,011	0.2	1,799	0.3
Short-term borrowings from other parties	6	0.0	-	-	-	-
Corporate income tax payable	927	0.6	1,126	0.2	954	0.2
Accrued expenses	2,838	1.8	7,351	1.3	7,478	1.4
Current portion of long-term borrowings from financial institutions	5,001	3.1	2,001	0.4	-	-
Current portion of lease liabilities	495	0.3	3,070	0.5	3,159	0.6
Derivative liabilities	5	0.0	703	0.1	2,683	0.5
Other current liabilities	203	0.1	475	0.1	1,165	0.2
<b>Total current liabilities</b>	<b>40,475</b>	<b>25.4</b>	<b>118,396</b>	<b>20.8</b>	<b>90,763</b>	<b>16.6</b>





Consolidated statement of financial position	As of 31 December					
	2020 (Restated)		2021		2022	
	Baht million	Percent	Baht million	Percent	Baht million	Percent
<i>Non-current liabilities</i>						
Debtentures	-	-	-	-	23,466	4.3
Long-term borrowings from financial institutions	2,002	1.3	105,120	18.5	86,559	15.8
Other non-current payables	4	0.0	499	0.0	462	0.1
Lease liabilities	7,622	4.8	44,904	7.9	45,720	8.3
Rental deposit from tenants	32	0.0	2,475	0.4	1,825	0.3
Provisions for employee benefits	1,032	0.6	2,570	0.5	2,550	0.5
Other non-current provisions	76	0.0	2,395	0.4	2,341	0.4
Deferred tax liabilities	81	0.1	4,447	0.8	3,803	0.7
Non-current derivative liabilities	-	-	173	0.0	209	0.0
Other non-current liabilities	-	-	13	0.0	14	0.0
<b>Total non-current liabilities</b>	<b>10,849</b>	<b>6.8</b>	<b>162,596</b>	<b>28.5</b>	<b>166,949</b>	<b>30.4</b>
<b>Total liabilities</b>	<b>51,324</b>	<b>32.2</b>	<b>280,992</b>	<b>49.3</b>	<b>257,712</b>	<b>47.0</b>
<i>Equity</i>						
Share capital						
Authorized share capital	2,400	1.5	5,586	1.0	5,586	1.0
Issued and paid-up share capital	2,400	1.5	5,290	0.9	5,290	1.0
Additional paid-in capital						
Premium on ordinary shares	3,290	2.1	263,882	46.3	263,882	48.1
Deficit from changes in ownership interests in subsidiary	(20)	(0.0)	(20)	(0.0)	(20)	(0.0)
Deficit from acquisition of interests under common control	-	-	(6,714)	(1.1)	(6,714)	(1.2)



Consolidated statement of financial position	As of 31 December					
	2020 (Restated)		2021		2022	
	Baht million	Percent	Baht million	Percent	Baht million	Percent
Retained earnings						
Appropriated – Legal reserve	240	0.1	240	0.0	558	0.1
Unappropriated	16,511	10.3	25,459	4.5	27,627	5.0
Other components of equity	(182)	(0.1)	(140)	(0.0)	(275)	(0.1)
<b>Equity attributable to equity holders of the Company</b>	<b>22,239</b>	<b>13.9</b>	<b>287,997</b>	<b>50.6</b>	<b>290,348</b>	<b>52.9</b>
Equity of subsidiary before business restructuring	85,553	53.6	-	-	-	-
Non-controlling interests	471	0.3	501	0.1	583	0.1
<b>Total equity</b>	<b>108,263</b>	<b>67.8</b>	<b>288,498</b>	<b>50.7</b>	<b>290,931</b>	<b>53.0</b>
<b>Total liabilities and equity</b>	<b>159,587</b>	<b>100.0</b>	<b>569,490</b>	<b>100.0</b>	<b>548,643</b>	<b>100.0</b>



## (2) Statement of Comprehensive Income

Consolidated statement of Comprehensive Income	For the year ended 31 December					
	2020 (Restated)		2021		2022	
	Baht million	Percent	Baht million	Percent	Baht million	Percent
<i>Revenues</i>						
Revenue from sale of goods	214,140	97.9	258,630	97.1	447,182	95.3
Revenue from rendering of services	3,757	1.7	4,136	1.6	5,422	1.1
Revenue from rental and rendering retail services	361	0.2	2,631	1.0	13,477	2.9
Other income	502	0.2	970	0.3	3,050	0.7
<b>Total revenues</b>	<b>218,760</b>	<b>100.0</b>	<b>266,367</b>	<b>100.0</b>	<b>469,131</b>	<b>100.0</b>
<i>Expenses</i>						
Cost of sale of goods	192,016	87.8	228,338	85.7	383,605	81.8
Cost of rental and rendering of services	57	0.0	1,046	0.4	5,982	1.3
Distribution costs	12,701	5.8	19,149	7.2	48,364	10.3
Administrative expenses	5,030	2.3	7,340	2.8	14,478	3.1
<b>Total expenses</b>	<b>209,804</b>	<b>95.9</b>	<b>255,873</b>	<b>96.1</b>	<b>452,429</b>	<b>96.5</b>
<b>Profit from operating activities</b>	<b>8,956</b>	<b>4.1</b>	<b>10,494</b>	<b>3.9</b>	<b>16,702</b>	<b>3.5</b>
Gain on step acquisition	-	-	6,714	2.5	-	-
Share of profit (loss) of associate and joint ventures accounted for using equity method	(63)	(0.0)	(226)	(0.0)	831	0.2
<b>Profit before finance costs and income tax expense</b>	<b>8,893</b>	<b>4.1</b>	<b>16,982</b>	<b>6.4</b>	<b>17,533</b>	<b>3.7</b>
Finance costs	619	0.3	1,557	0.6	7,122	1.5
<b>Profit before income tax expense</b>	<b>8,274</b>	<b>3.8</b>	<b>15,425</b>	<b>5.8</b>	<b>10,411</b>	<b>2.2</b>
Income tax expense	1,813	0.8	2,127	0.8	2,729	0.6
<b>Profit for the year</b>	<b>6,461</b>	<b>3.0</b>	<b>13,298</b>	<b>5.0</b>	<b>7,682</b>	<b>1.6</b>



Consolidated statement of Comprehensive Income	For the year ended 31 December		
	2020 (Restated)	2021	2022
	Baht million		
<b>Profit (loss) attributable to:</b>			
Equity holders of the Company	6,563	13,687	7,697
Former shareholders before business restructuring	(63)	(375)	-
Non-controlling interests	(39)	(14)	(15)
<b>Profit for the year</b>	<b>6,461</b>	<b>13,298</b>	<b>7,682</b>
<b>Other comprehensive income</b>			
<i>Item that will be reclassified subsequently to profit or loss</i>			
Exchange differences on translating financial statements	73	205	(479)
Gain (loss) on cash flow hedges	-	(66)	1,459
Income tax relating to gain (loss) on cash flow hedges	-	13	(58)
Cash flow hedges reserve reclassified to profit or loss	-	(68)	(1,169)
Share of gain of other comprehensive income of associate accounted for using equity method	(19)	364	-
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain on investment in equity instrument designated at FVOCI	-	-	152
Income tax relating to gain on investment in equity instrument designated at FVOCI	-	-	(30)
Gain (loss) on remeasurements of defined benefit plans	(54)	82	99
Income tax relating to gain (loss) on remeasurements of defined benefit plans	11	(21)	(20)
<b>Other comprehensive income for the year - net of income tax</b>	<b>11</b>	<b>509</b>	<b>(46)</b>
<b>Total comprehensive income for the year</b>	<b>6,472</b>	<b>13,807</b>	<b>7,636</b>
<b>Total comprehensive income (loss) attributable to:</b>			
Equity holders of the Company	6,594	13,791	7,641
Former shareholders before business restructuring	(82)	(11)	-
Non-controlling interests	(40)	27	(5)
<b>Total comprehensive income for the year</b>	<b>6,472</b>	<b>13,807</b>	<b>7,636</b>



## (3) Statement of Cash Flows

Consolidated statement of cash flows	For the year ended 31 December		
	2020 (Restated)	2021	2022
	Baht million		
<b>Cash flows from operating activities</b>			
Profit for the year	6,461	13,298	7,682
<i>Adjustments to reconcile profit to cash receipts</i>			
Depreciation of investment properties	-	749	2,084
Depreciation of property, plant and equipment	2,269	3,321	10,211
Depreciation of right-of-use assets	946	1,521	3,906
Amortisation of other intangible assets other than goodwill	362	537	1,349
Interest income	(38)	(51)	(210)
Finance costs	619	1,557	7,122
Income tax expense	1,813	2,127	2,729
Unrealised (gain) loss on exchange rate	-	76	(12)
(Reversal of) loss on decline in value of inventories	40	(269)	(406)
Impairment losses	45	129	72
Share of (profit) loss of associate and joint ventures accounted for using equity method	63	226	(831)
Loss on disposals and write-off of investment properties	-	5	17
Loss on disposals and write-off of property, plant and equipment	7	108	55
Gain on write-off of lease liabilities, net of right-of-use assets	(5)	(24)	(135)
Loss on disposals and write-off of other intangible assets other than goodwill	1	1	4
Loss on lease modification, net of right-of-use assets	-	-	10

Consolidated statement of cash flows	For the year ended 31 December		
	2020 (Restated)	2021	2022
	Baht million		
Provisions for employee benefits	95	145	270
Gain on step acquisition	-	(6,714)	-
Other	2	(2)	(1)
<b>Changes in operating assets and liabilities</b>			
Trade accounts receivable	94	3	(102)
Other current receivables	(15)	563	55
Inventories	258	(2,736)	(5,474)
Purchase discount receivables	73	(1,688)	(547)
Accrued income	17	(32)	(63)
Derivative assets	-	(24)	607
Other current assets	7	(5)	10
Other non-current receivables	-	(8)	(20)
Other non-current assets	1	(174)	(18)
Trade accounts payable to other parties	1,313	7,316	1,199
Trade accounts payable to related parties	237	2,385	565
Other current payables to other parties	25	(2,400)	(842)
Other current payables to related parties	105	243	655
Accrued expenses	461	(411)	(159)
Derivative liabilities	5	(5)	19
Other current liabilities	(11)	(488)	207
Other non-current payables	(3)	3	(37)
Rental deposit from tenants	1	5	(157)



Consolidated statement of cash flows	For the year ended 31 December		
	2020 (Restated)	2021	2022
	Baht million		
Provisions for employee benefits paid	(14)	(60)	(190)
Net cash inflow from employee benefits from related parties	-	47	-
Repayment of other non-current provisions	-	(36)	(72)
Other non-current provisions	48	188	(24)
Other non-current liabilities	-	-	1
<b>Net cash generated from operating</b>	<b>15,282</b>	<b>19,426</b>	<b>29,529</b>
Interest received	40	45	206
Interest paid	(236)	(319)	(4,085)
Income tax paid	(1,733)	(2,383)	(3,636)
<b>Net cash from operating activities</b>	<b>13,353</b>	<b>16,769</b>	<b>22,014</b>
<b>Cash flows from investing activities</b>			
Dividend received	-	81	459
Cash inflow on current investments	7	36	-
Acquisition of investment properties	-	(66)	(1,264)
Proceeds from sale of investment properties	-	-	1
Acquisition of property, plant and equipment	(1,831)	(2,377)	(12,567)
Proceeds from sale of property, plant and equipment	19	29	106
Acquisition of right-of-use assets	(191)	(501)	(189)
Acquisition of other intangible assets other than goodwill	(292)	(1,082)	(3,584)
Cash outflow on investment in related parties	-	(295)	(126)
Cash inflow on entire business transfer	-	19,140	-
<b>Net cash (used in) from investing activities</b>	<b>(2,288)</b>	<b>14,965</b>	<b>(17,164)</b>

Consolidated statement of cash flows	For the year ended 31 December		
	2020 (Restated)	2021	2022
	Baht million		
<b>Cash flows from financing activities</b>			
Proceeds from issue of ordinary shares	-	33,007	-
Payment of lease liabilities	(1,007)	(1,655)	(5,208)
(Decrease) increase in short-term borrowings from financial institutions	220	(81)	(27,712)
Proceeds from issue of debentures	-	-	23,463
Proceeds from long-term borrowings from financial institutions	-	5,000	2,000
Repayment of long-term borrowings from financial institutions	(2)	(5,001)	(23,941)
Repayment of short-term borrowings from other parties	(9)	(6)	-
Proceeds from derivatives	-	-	5,175
Repayment of derivatives	-	-	(1,529)
Dividends paid to equity holders of the Company	(4,608)	(4,800)	(5,290)
Acquisition of non-controlling interests	5	3	87
Payment of changes in ownership interests in subsidiary without a change in control	(12)	(6)	-
<b>Net cash (used in) from financing activities</b>	<b>(5,413)</b>	<b>26,461</b>	<b>(32,955)</b>
Net increase (decrease) in cash and cash equivalents, before exchange differences on translating financial statements	5,652	58,195	(28,105)
Exchange differences on translating financial statements	32	(150)	(321)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>5,684</b>	<b>58,045</b>	<b>(28,426)</b>
Cash and cash equivalents as at beginning period	4,800	10,484	68,529
<b>Cash and cash equivalents as at ending period</b>	<b>10,484</b>	<b>68,529</b>	<b>40,103</b>



## (4) Significant Financial Ratios

Significant Financial Ratios	For the year ended 31 December		
	2020 (Restated)	2021*	2022
<b>Liquidity Ratios</b>			
Current ratio (times) <sup>1</sup>	0.7	0.9	1.0
Quick ratio (times) <sup>2</sup>	0.3	0.6	0.5
Cash flow liquidity ratio (times) <sup>3</sup>	0.4	0.2	0.2
Accounts receivable turnover (times) <sup>4</sup>	202.1	140.1	162.9
Average collection period (days) <sup>5</sup>	1.8	2.6	2.2
Inventory turnover (times) <sup>6</sup>	13.3	9.5	11.4
Average inventory days (days) <sup>7</sup>	27.0	37.8	31.5
Accounts payable turnover (times) <sup>8</sup>	7.1	5.2	6.3
Average accounts payable days (days) <sup>9</sup>	51.0	69.5	57.3
Cash cycle (days) <sup>10</sup>	(22.2)	(29.2)	(23.6)
<b>Profitability Ratios</b>			
Gross profit margin (%) <sup>11</sup>	10.3	11.7	14.2
Operating margin (%) <sup>12</sup>	4.2	4.1	3.7
Other profit margin (%) <sup>13</sup>	0.2	0.4	0.7
Cash flow to income ratio (%) <sup>14</sup>	149.1	159.8	131.8
Net profit margin (%) <sup>15, 29</sup>	3.0	5.0	1.6
Return on equity (%) <sup>16, 28, 29</sup>	30.9	8.8	2.7

Significant Financial Ratios	For the year ended 31 December		
	2020 (Restated)	2021*	2022
<b>Efficiency Ratios</b>			
Return on total assets (%) <sup>17, 29</sup>	5.8	3.6	1.4
Return on fixed assets (%) <sup>18, 29</sup>	28.1	22.3	15.1
Total asset turnover (times) <sup>19</sup>	2.0	0.7	0.8
<b>Financial Policy Ratios</b>			
Interest-bearing debt to equity (times) <sup>20, 28</sup>	0.1	0.6	0.6
Net interest-bearing debt to equity (times) <sup>21, 28</sup>	0.1	0.4	0.4
Debt to equity (times) <sup>22, 28</sup>	0.5	1.0	0.9
Interest coverage ratio (times) <sup>23</sup>	52.9	72.5	8.6
Obligation coverage ratio (cash basis) (times) <sup>24</sup>	1.9	0.7	7.3
Dividend payout ratio (%) <sup>25, 29</sup>	73.1	40.0	70.1

\* The beginning balance of statement of financial position excludes transactions from retail business, and statement of income includes operating results from October 25 to December 31, 2021

**Notes:**Liquidity Ratios

- 1/ Current ratio = current assets / current liabilities.
- 2/ Quick ratio = (cash and cash equivalents + current investments + trade accounts receivable) / total current liabilities
- 3/ Cash flow liquidity ratio = net cash from operating activities / average current liabilities
- 4/ Accounts receivable turnover = revenue from sale of goods / average trade accounts receivable (before allowance for expected credit loss)
- 5/ Average collection period = 360 / accounts receivable turnover
- 6/ Inventory turnover = cost of sale of goods / average inventories <sup>26</sup>
- 7/ Average inventory days = 360 / inventory turnover
- 8/ Accounts payable turnover = cost of sales of goods / average trade accounts payable to other parties and related parties
- 9/ Average accounts payable days = 360 / accounts payable turnover
- 10/ Cash cycle = average collection period + average inventory days - average accounts payable days

Profitability Ratios

- 11/ Gross profit margin = (revenue from sale of goods - cost of sale of goods) / revenue from sale of goods x 100
- 12/ Operating margin = profit from operating activities / revenue from sale of goods x 100
- 13/ Other profit margin = other income / total revenues x 100
- 14/ Cash flow to income ratio = net cash from operating activities / profit from operating activities x 100
- 15/ Net profit margin = profit (loss) for the year / total revenues x 100
- 16/ Return on equity = profit (loss) attributable to equity holders of Company / average equity attributable to equity holders of Company x 100

Efficiency Ratios

- 17/ Return on total assets = profit (loss) for the year / average total assets x 100
- 18/ Return on fixed assets = (profit (loss) for the year + depreciation of property, plant and equipment) / average of property, plant and equipment x 100
- 19/ Total asset turnover = total revenues / average total assets

Financial Policy Ratios

- 20/ Interest-bearing debt to equity = total interest-bearing debt <sup>27</sup> / total equity
- 21/ Net interest-bearing debt to equity = total interest-bearing debt <sup>27</sup> - (cash and cash equivalents + current investments) / total equity
- 22/ Debt to equity = total liabilities / total equity
- 23/ Interest coverage ratio = earnings before interest, tax, depreciation, and amortisation / interest paid
- 24/ Obligation coverage ratio (cash basis) = earnings before interest, tax, depreciation, and amortisation / ( short-term of interest-bearing debt + current portion of long-term interest-bearing debt )
- 25/ Dividend payout ratio = annual dividend payment / profit (loss) attributable to equity holders of Company
- 26/ Average inventories = finished goods before allowance for obsolete and slow-moving inventories
- 27/ Total interest-bearing debt = short-term borrowings from financial institutions + short-term borrowings from other parties + current portion of long-term borrowings from financial institutions + current portion of lease liabilities + long-term borrowings from financial institutions + lease liabilities + debentures
- 28/ During year 2021, significant increase in equity was due to capital increase
- 29/ Net profit of year 2021 included gain on step acquisition of Baht 6,714 million





# 5 General Information and Other Important Information

## 5.1 General Information (of other references)

### Siam Makro Public Company Limited (SML)

**Company Registration No.** : 0107537000521 (Formerly No. Bor Mor Jor. 299)

**Date of incorporation** : 10 May 1988

**Head Office** : 1468 Phatthanakan Road, Phatthanakan Sub-district,  
Suan Luang District, Bangkok 10250

**Telephone** : 0 2067 8999

**Fax** : 0 2067 9888

**Website** : www.siammakro.co.th

**Business Type** : Retail and wholesale business, and mall management

**Number and Type of Shares** : Registered ordinary shares: 10,580,323,500 shares  
par value of 0.50 Baht per share

**Registered Capital** : 5,586,161,750 Baht

**Issued and paid-up capital** : 5,290,161,750 Baht

**Share Registrar** : Thailand Securities Depository Company Limited  
The Stock Exchange of Thailand Building  
93 Ratchadaphisek Road, Dindaeng, Dindaeng,  
Bangkok 10400  
Telephone 0 2009 9000, 0 2009 9999  
Fax 0 2009 9991

**External Auditors** : 1) Mrs. Piyatida Tangdenchai  
Certified Public Accountant Registration number 11766  
2) Mr. Charoen Phosamritlert  
Certified Public Accountant Registration number 4068  
3) Mrs. Manchupa Singsuksawat  
Certified Public Accountant Registration number 6112

KPMG Phoomchai Audit Co., Ltd.  
50<sup>th</sup> Floor, Empire Tower  
1 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120  
Telephone 0 2677 2000  
Fax 0 2677 2222

**Legal Advisor** : SCL Nishimura Co., Ltd.  
34<sup>th</sup> Floor Athenee Tower Building,  
63 Witthayu Road, Lumpini, Pathumwan, Bangkok 10330  
Telephone 0 2126 9100  
Fax 0 2126 9120

Chavalit and Associates Company Limited  
34<sup>th</sup> Floor Athenee Tower Building  
63 Witthayu Road, Lumpini, Pathumwan, Bangkok 10330  
Telephone 0 2126 9100  
Fax 0 2126 9120



## 5.2 Other Essential Information

### 5.2.1 Essential information of important contracts

#### (1) Trademark License Agreement

<b>Counterparties</b>	(1) CPALL as a Licensor (2) Makro as a Licensee
<b>Contract Period</b>	1 January 2023 to 31 December 2023
<b>Service Nature</b>	Trademark License, Service Mark
<b>Contract Service Fee</b>	0.5% of annual gross sales of the first 10 Makro stores in operation in Thailand
<b>Contract Scope</b>	The Licensee operates under "Makro" and "aro", etc., where the trademarks are applied in various forms in store formats, product arrangements, and business management. As new stores develop in different countries under the Makro model, the Licensee gains business expertise and techniques that promote business efficiency.
<b>Other Important Conditions</b>	The term of the contract is 1 year with a recurring annual renewal clause. Either party has the right to terminate the contract with at least a 60-day notice in advance.

Note: In 2013, CPALL acquired Makro shares from SHV Netherlands B.V., the former majority shareholder of Makro. With the acquisition, CPALL obtains the right to access information technology, intellectual property rights, and thus the trademark and service mark rights with exclusive use in the continent of Asia, excluding India and Russia or any member of the Russian federation, where Makro is the trademark and service mark licensee in the exact contract form as it was prior to the acquisition.

#### (2) Trademark and Service Mark License Agreements in Thailand

<b>Counterparties</b>	(1) CPG as a Licensor (2) Ek-Chai as a Licensee
<b>Contract Period</b>	12 October 2021
<b>Contract Purpose</b>	CPG agrees to grant Ek-Chai the right to use the "CP Fresh Mart" trademark and the "Lotus" service mark (the "Marks") as outlined in the contract for the purpose of conducting business in Thailand and agrees that Ek-Chai has the right to use the website under the domain name www.lotuss.com in so doing as well.
<b>Validity Period</b>	From 1 October 2021 to 31 December 2023, with a recurring 3-year contract renewal upon contract expiration where the conditions and compensation rates are to be negotiated by the parties.
<b>Important Contractual Duties</b>	(1) CPG cannot use the Marks to compete with Ek-Chai or allow usage by any other party without a written consent from Ek-Chai. (2) CPG and Ek-Chai jointly acknowledge that the Marks are undergoing the approval and registration process by the Department of Intellectual Property under the Ministry of Commerce of Thailand and agree to cooperate in all respects to see the Marks successfully registered. Once the Marks are registered, CPG agrees to proceed the registration of this Trademark and Service Mark License Agreement with the Department of Intellectual Property, Ministry of Commerce, in full compliance with the law, while Ek-Chai agrees to be responsible for all registration fees.



<b>Compensation Rate</b>	<p>Ek-Chai agrees to pay the compensation at the rate of 0.5% of the sales of goods and services, per Ek-Chai’s audited financial statements (by the auditors), to CPG once a year within 30 April of the following year.</p> <p>Ek-Chai has the right to deduct from the compensation all advertising, public relations, and marketing expenses according to its audited financial statements.</p> <p>Nevertheless, Ek-Chai agrees to compensate CPG at the contractual minimum compensation rate, regardless of the deduction.</p>
<b>Contract Termination</b>	<p>In the event a party breaches the terms and conditions of this contract, the other party may notify the party in breach, in writing, to amend or rectify or take action as specified in the contract within a reasonable period of time. Failure to comply with the terms and conditions of the contract can result in contract termination or claim for damages from the breaching party, or both.</p>
<b>Contract Termination effects</b>	<p>Upon contract expiration or termination, Ek-Chai must immediately discontinue usage of the Marks unless the contract is renewed. However, Ek-Chai has the right to continue to sell all remaining products under the Marks that were manufactured prior to the end of the contract. This is not considered an infringement of intellectual property as long as CPG continues to be compensated for the sales of such products at the described rate.</p>
<b>Sublicense and Transfer of Rights</b>	<p>Ek-Chai does not have any right to the Marks other than the rights described under this contract, where neither the rights to the Marks nor the obligations under the contract can be sublicensed or transferred or delegated to a third-party unless written consent has been obtained from CPG.</p>

### (3) Copyright License Agreement in Malaysia

<b>Counterparties</b>	<p>(1) CPG as a Licensor (2) Lotus’s Malaysia as a Licensee</p>
<b>Contract Date</b>	<p>12 October 2021</p>
<b>Contract Purpose</b>	<p>CPG agrees to grant Lotus’s Malaysia a non-exclusive license under this Agreement which includes the “Lotus’s” mark (the “Mark”) as a trading name for Lotus’s Malaysia to conduct business in Malaysia and, in so doing, Lotus’s Malaysia has the right to use the website under the domain name www.lotuss.com.</p>
<b>Validity Period</b>	<p>From 1 March 2021 to 31 December 2023 where the parties may request to renew the contract upon the end of the period for an additional 3 years and renegotiate the terms and rates of compensation upon renewal.</p>
<b>Material Obligations</b>	<p>CPG and Lotus’s Malaysia jointly acknowledge that the marks licensed under this Agreement are pending trademark registration by the Intellectual Property Corporation of Malaysia and agree to fully cooperate in all respects to see the Mark successfully registered. Once the Mark becomes a registered trademark, the parties agree to enter into another trademark license agreement with the same terms and conditions as this contract.</p>
<b>Compensation Rate</b>	<p>Lotus’s Malaysia agrees to pay the compensation to CPG once a year by 30 April of the following year or within a period agreed upon by both parties at the rate of 0.5% of the net sales of goods and services per Lotus’s Malaysia’s audited financial statements (by the auditors).</p> <p>Lotus’s Malaysia has the right to deduct from the compensation all advertising, public relations, and marketing expenses as stated in the annual management accounts prepared in accordance with IFRS standards or in the preparation of audited financial statements.</p>



Nevertheless, Lotus’s Malaysia agrees to compensate CPG at the contractual minimum compensation rate, regardless of the deduction.

#### Contract Termination

CPG has the right to terminate the contract in the following events.

- (1) Lotus’s Malaysia breaches the contract or fails to comply with any contractual provisions or conditions under this Agreement and continues to do so for a period of 30 days after being notified by CPG.
- (2) Lotus’s Malaysia, under normal operating conditions, suspends or ceases business operations, dissolves or terminates the operation, or fails to compensate CPG as agreed.
- (3) Lotus’s Malaysia either transfers, or shows intention to transfer benefit to creditors, or enter into either any action under Bankruptcy Act, bankruptcy process, or other related Acts.
- (4) An order or resolution imposing Lotus’s Malaysia to dissolve the company or liquidate, or for Lotus’s Malaysia to pass a resolution or show intention that there will be a resolution to dissolve the company, liquidate or merge.
- (5) CPG no longer holds shares in Lotus’s Malaysia, directly or indirectly.

#### Contract Termination Effects

Upon termination of this Agreement, Lotus’s Malaysia must proceed as follows:

- (1) Immediately discontinue usage of the Marks. However, Lotus’s Malaysia has the right to continue to sell all remaining products under the Marks that were manufactured prior to the end of the contract where Lotus’s Malaysia must continue to compensate CPG for the sales of such products at the rate described in this contract.
- (2) Immediately change the company name and discontinue usage of the authorized Mark (Lotus’s).

- (3) Pay copyright royalties for the period up to the date of termination.
- (4) Consent to the cancellation of registration as a licensee with the right to use the Mark.
- (5) Lotus’s Malaysia can claim no compensation of any nature, including but not limited to amortization of Goodwill, projected profits, expenses, and investments.

#### SubLicense

Lotus’s Malaysia does not have any right to the Mark other than the rights described under this contract, where neither the rights to the Mark nor the obligations under the contract can be sublicensed or transferred or delegated to a third-party unless written consent has been obtained from the licensor beforehand.

#### (4) Mutual Undertakings

##### Parties

- (1) LPF Mutual Funds (“LPF”)
- (2) Ek-Chai

##### Contract Date

13 March 2012

##### Objective Objective

To impose obligations on counterparties that wish to exercise the right of first refusal to sell, transfer, or dispose any ownership of land and building or land leasehold rights, under the sale and purchase agreement dated 13 March 2012 (the “**Sale and Purchase Agreement**”), where Ek-Chai was appointed as the property manager by the fund management under the property management agreement dated 13 March 2012, between Ek-Chai and LPF (“**Property Management Agreement**”).

##### Validity Period

The contract is effective from the date that Ek-Chai successfully sells any land or buildings or transfers the leasehold right of the land to LPF to the expiration or termination date of the real estate management contract.

**Material Obligations**

- (1) If Ek-Chai wishes to sell, transfer or dispose to any third party of:
  - ownership of land (which Ek-Chai owns or is a registered tenant) on which Ek-Chai's hypermarket, retail store, or mall with sales floor area of 3,000 sq. m. or more (“**Mall**”) is located
  - leasehold rights in the said land, or
  - ownership of the Mall,  
(Called collectively as the “**Transfer**”)  
Ek-Chai must notify LPF in writing of the price and other material terms of the agreement that are essential to the proposed Transfer and must propose the Transfer to LPF beforehand. As such, LPF has the right to accept the proposal within 2 months (“**Acceptance Period**”). If LPF does not accept the offer within the Acceptance Period, Ek-Chai may transfer to the third party, provided that the terms of agreement with such third party are not more favourable than what Ek-Chai proposed to LPF.
- (2) Ek-Chai shall not construct a mall in competition with the Mall in which Ek-Chai had leased from LPF as the main tenant. Such construction is prohibited within a distance of 500 meters from the aforesaid established shopping malls in the Bangkok areas and within 2 kilometers in other areas in Thailand unless Ek-Chai has obtained a written consent from LPF prior to commencement of construction of the competing mall.
- (3) LPF shall not invest in a mall that competes with Ek-Chai's Malls unless it has obtained a written consent from Ek-Chai prior to the investment.
- (4) Ek-Chai shall neither act or allow its subsidiary to act as a property manager for any property fund with shopping mall as its main property. However, Ek-Chai and its subsidiary are not restricted to sponsoring, holding investment units, or otherwise investing in any property fund (regardless of having shopping malls as its main property).

- (5) Ek-Chai grants LPF a non-exclusive license to use the “**LOTUS**” trademark in Thailand, but only in respect of LPF's name and business.

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**Contract Termination**

The agreement shall immediately terminate without prior notice upon the expiration or termination of the Property Management Agreement, or whenever Ek-Chai is no longer the anchor tenant in the majority of the LPF's Malls.

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**Sublicense**

Neither party can delegate the rights and duties under this Agreement without the written consent of LPF and Ek-Chai unless Ek-Chai designates an associate as a transferee or lessee.

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**5.2.2 Restrictions on Foreign Shareholders**

Company shares can be freely transferred without restrictions unless the transfer causes the Company to lose the rights and benefits that are granted by law, or the transfer does not comply with legal provisions or causes the shareholding proportion of non-Thai nationals in the Company to exceed 49.0% of the total issued and paid-up shares. The Company has the right to reject any share transfer that is a violation of legal provisions or causes the aforementioned results.

However, the transfer of Company ordinary shares becomes valid when the transferor endorses the share certificate by specifying the name of the transferee along with the signature of both the transferor and the transferee and delivers the share certificate to the transferee. The transfer of ordinary shares can be confirmed against the Company only after the Company has received a request to register the transfer and can be confirmed against a third party only after the Company has registered the transfer in the Company's registration book. The transfer of shares is registered within 14 days from the date of receiving the request once the Company determines that the transfer of shares is legal. An incomplete transfer is notified to the applicant within 7 days from the date of receiving the request. The transfer of Company shares that are listed as securities on the Stock Exchange of Thailand, on the other hand, are transacted per regulations put forth by the Stock Exchange of Thailand and the Securities and Exchange Act B.E. 2535 (including amendments).



## 5.3 Legal disputes

Conducting business in the operating environment may at any time involve regulatory or legal proceedings to settle dispute in a civil case, be it administrative action, compliance, arbitration or litigation.

In any event, the Company or its subsidiary (the “Company”) is neither an adverse party in a significant case nor is it aware of any ongoing or developing case by or against the Company that may result in either significant loss to Company assets in the amount of over 5.0 percent of shareholders' equity per audited financial statements of fiscal year-end 2021, or any other significant impact of indeterminable value on its business or financial status or operating results, nor is it in a legal proceeding as a result of unusual business practice other than the following case.

As of 31 December 2022, Lotus’s was involved in two regulatory proceedings pending litigation as the Trade Competition Commission (“TCC”) and the Office of the Trade Competition Commission (“OTCC”) had been sued for a business merger order that allowed Lotus’s to acquire Lotus’s Thailand. Previously, Lotus’s had entered a contract with Tesco on 9 March 2020, to acquire Lotus’s Thailand and Lotus’s Malaysia, acquisitions of which could not have taken place at that time without the permission of the TCC under the Trade Competition Act, B.E. 2560. Later on in November of the same year, the TCC issued an order (the “TCC order”) authorizing Lotus’s to acquire Lotus’s Thailand. Lotus’s and Tesco subsequently completed the acquisition on 18 December 2020, per the TCC order.

In March 2021, the Consumer Foundation, together with other organizations and individuals, filed a lawsuit with the Central Administrative Court (the “Court”) against the TCC (the “TCC lawsuit”) and the OTCC on abuse of process grounds whereby the TCC had approved the order with improper and illicit discretion. The plaintiff thus requested a revocation of the order unless amendments are made to adjust the conditions. The amendments are as follows:

- Lotus’s shall sell part of its business or assets to reduce the impact of its dominance in the market where its market share has to be adjusted to 50% or less.
- Lotus’s expansion is prohibited for a period of 10 years after the merger.
- Extend the period in Condition 2 (as described below) from originally 5 years to 10 years and in Condition 4 (as described below) from originally 2 years to 5 years.
- Condition 2: CPALL and Ek-Chai to increase the proportion of SME (small and medium enterprises) goods being sold by at least 10 percent from the previous year for a period of 5 years, where SME goods consist of agricultural products, community agricultural products, community products, small and micro-community enterprise (SMCE) products, or one tambon (sub-district) one product (OTOP) products, and other product lines under 7-Eleven and Tesco stores (since the Lotus’s store rebranding) combined. In so doing, the SME criteria must be under the legal provisions of the Designation of Characteristics of Small and Medium Enterprises Promotion Act.

- Condition 4: Ek-Chai is to honor the terms of the contract and agreement between the manufacturer and the original supplier of goods or raw material that have been in a contract or agreement for 2 years unless changes to the terms of the contract are approved by and in the favor of the original manufacturer and supplier.

Not directly prosecuted, Lotus’s and Lotus’s Thailand were summoned as the third party (the petitioner) in the lawsuit against TCC as the Court determined they could assist with information and facts required to lay the foundation for the case.

In the court hearing, the plaintiff also filed a request for a temporary suspension of the execution of the TCC order, which was dismissed by the Court in May 2021 as it was determined at that stage that the order had been duly issued under the Trade Competition Act. The ruling against the plaintiff was final and could not be appealed.

Against any revocation or amendment, the TCC, OTCC, Lotus’s and Lotus’s Thailand have testified along the same lines in their defense, that the TCC order was lawful and in compliance with legal procedures in all respects, and that the TCC had carefully, lawfully, and appropriately exercised discretion in examining the facts and issuing the order.



In addition to the TCC lawsuit, a local convenience store owner also filed a lawsuit against the order with requests on similar grounds. As such, in June 2021, the Court ordered to combine the case with the TCC lawsuit. Moreover, as of 31 December 2022, the case had been in the middle of the Court process of determining the facts. Involved parties would not be able to file an appeal until a judgment is rendered whereby the appeal period with the Supreme Administrative Court of 30 days after the ruling may not be extended and the ruling on the appeal would be final.

The Company discerns that the TCC order was duly decided by the legal entity with the authority to approve the acquisition under the Act, through which Lotus's submitted a business acquisition application and required documents in full compliance with legal procedures. The Company thus ascertains that revocation is unlikely, granted the direction of the Court ruling and the consequences to Lotus's and Lotus's Thailand are indefinable.

On the other hand, should the TCC order be revoked, the Company believes that there is no legal ground for the Court or the TCC to cancel or void the acquisition or impose administrative fines as the acquisition was done in good faith under the TCC order which was legally binding at the time of the acquisition. Notwithstanding a revocation, the TCC may order Lotus's to resubmit the acquisition application. In any case, the Company is not able to speculate on any re-acquisition or amendment to which the TCC may or may not impose, or whether Lotus's will be able to fully comply with such imposition. Lotus's, nonetheless, has the right to appeal within the period specified by the law should it disagree with any unfavourable terms that transpire. By inference, as of the date of this document, the Company

is neither involved nor aware of any litigation or arbitration proceedings that may arise with significant adverse effect in any way that has been reasonably considered by the management team.

## 5.4 Secondary Market

The Company is not currently listed on the stock exchange of any other countries.

## 5.5 Financial institutions that are in constant contact (only in the case of debt instruments)

- None -



# Section 2

## Corporate Governance





The Company received the **ASEAN Asset Class Award for the year 2021** from the ASEAN Corporate Governance Scorecard - a collaboration project between ASEAN Capital Markets Forum (ACMF) and Asian Development Bank (ADB) to give recognition to outstanding good governance listed companies in ASEAN.



The Company received an **Excellent rating (5-star)** for the **5<sup>th</sup>** consecutive year in the **2022 Corporate Governance Report of Thai Listed Companies (CGR)** project



The Company received a **full score of 100** for the **6<sup>th</sup>** consecutive year according to the **AGM Checklist**, assessed by the Thai Investors Association



The Company has been **recertified** as a member of the **Thai Private Sector Collective Action against Corruption (CAC)** and **Lotus's** as a member of CAC was awarded the **CAC Change Agent Award 2021** by Thai Private Sector Collective Action against Corruption (CAC)



# 6

## Corporate Governance



### 6.1 Corporate Governance Overview

The Board of Directors places great importance on Corporate Governance and Code of Conduct that are founded on key Corporate Values; namely, integrity, transparency, social and environmental responsibility, as well as loyalty and accountability to customers and all stakeholders. Sustainable growth depends on business practices and operations that adhere to these principles, with which stringent anti-corruption policies and reinforcement also transpire. As such, established Corporate Governance Policy is reflected in writing in the Corporate Governance and Code of Conduct Manual, the Anti-Corruption Policy, and the Board of Directors and Sub-committees Charters.

Assigned by the Board of Directors, the Corporate Governance and Sustainability Development Committee is responsible for reviewing, improving and developing Corporate Governance and Code of Conduct policies and procedures that reflect the Company's business direction, strategy and near-term and long-term goals, and abide by SEC and SET legal provisions, including domestic and international assessment criteria. The committee is also responsible for governing, monitoring and supporting Company operations in accordance with established guidelines.

#### 6.1.1 Policies and Guidelines for the Board of Directors

The Corporate Governance and Code of Conduct Manual, the Board of Directors Charter and the sub-committee

charters (Appendix 5) provide key provisions established by the Board of Directors in relation to directors, including the Chairman, and independent directors; for instance, the components and qualifications, appointments, terms of office, resignation, duties and responsibilities, board meetings, performance appraisal, nomination, remuneration and development of directors, among others.

#### Recruitment

##### Director Selection Criteria and Process

Directors are selected and appointed in accordance with the board's skill matrix, which is established by the Nomination and Remuneration Committee (the "NRC"). The matrix specifies a strategic mixture of qualifications; namely, knowledge, capabilities, work experience, and skills required of the board in meeting current and future challenges for the Company. In the process, the committee is responsible for ensuring that selection is non-discriminatory with respect to gender, race, religion, age and other personal characteristics. A board candidate must be able to undertake the range of duties and responsibilities required of a director in its entirety. Notwithstanding, candidates with prohibited characteristics concerning legal provisions are not considered for selection.

When a board position becomes vacant, the NRC screens for potential candidates to consider and nominate for the position. Selected candidates are presented to the Board of Directors or the shareholders' meeting, or both, for consideration and approval for appointment to the vacancy. In addition to the Director Pool as source of recruitment, minority shareholders are encouraged by the NRC to



nominate candidates for the board position, provided the provisions of the Articles of Association as well as legal provisions are observed. To facilitate and protect the rights of the minority shareholders in the process, the nominated candidates are voted individually at the general meeting of shareholders for the agenda of director election.

#### **Qualifications of a Company Director**

A director must:

- 1) Meet set qualification criteria and display no prohibited characteristics concerning legal provisions, including provisions governing public limited companies and securities and exchange.
- 2) Exhibit a wide range of knowledge, expertise and on-hand experience in the particular business or industry in which the Company operates.
- 3) Exhibit leadership and the capacity to oversee the operation and ensure the effectiveness of the business.
- 4) Hold a board position in no more than 5 public listed companies that are registered with the Stock Exchange of Thailand (SET), including the Company board. Such position holding in other public listed companies shall not affect the ability to serve the Company board.
- 5) Exhibit integrity and ethical judgement and capable of devoting the level attention and effort required to perform the duties and responsibilities that come with the position.

#### **Additional Qualifications of an Independent Director**

In addition to qualifications of a director, an independent director must also meet the following set of qualifications and legal requirements put forth by the Capital Market Supervisory Board.

- 1) Holding no more than 0.5% of voting shares of the Company or its parent companies, subsidiaries, associates, major shareholders or controlling persons, whereby shares held by related persons of the independent director are also included.

- 2) Neither being nor ever was a director with involvements in the management of Company; an employee; a consultant with a regular salary; a controlling person of the Company or its parent companies, subsidiaries, associates, same-level subsidiary companies, major shareholders or of Company controlling persons; with the exceptions of involvements that have been ended for no less than 2 years. However, such prohibited characteristics shall not include the case where the independent director used to be a government official or advisor of a government unit which is a major shareholder or controlling person of the Company.
- 3) Neither being related by birth nor by legal registration as an immediate family member – i.e. father, mother, spouse, sibling, and child, including spouse of child – of the executives, major shareholders, controlling persons, or nominated executive candidates or controlling persons of the Company or its subsidiaries.
- 4) Neither being nor ever was a person having business relationship with the Company or its parent companies, subsidiaries, associates, major shareholders or controlling persons in any manner that may hinder impartial judgement. Neither being nor ever was a significant shareholder or controlling person of any person having business relationship with the Company or its parent companies, subsidiaries, associates, major shareholders or controlling persons of the Company. An exception is for the case that such relationship has been ended for no less than 2 years.

The term “business relationship” under paragraph one includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or granting or receiving of financial assistance including loans, guarantee, providing assets as collateral, and any other similar actions, which result in the Company or its counterpart being subject

to indebtedness payable to the other party in the amount of 3% or more of the net tangible assets of the Company or Baht 20 million or more, whichever is lower. The amount of such indebtedness shall be calculated according to the method for calculation of value of connected transactions under the Notification of the Capital Market Supervisory Board governing rules on connected transactions mutatis mutandis. The consideration of such indebtedness shall include indebtedness occurred during the period of 1 year prior to the date on which the business relationship with the person commences.

- 5) Neither being nor ever was an auditor of the Company or its parent companies, subsidiaries, associates, major shareholders or controlling persons of the Company; and not being a significant shareholder, controlling person, or partner of the audit firm which employs auditors of the Company or its parent companies, subsidiaries, associated companies, major shareholders or controlling persons of the Company; unless the foregoing relationship has been ended for no less than 2 years.
- 6) Neither being nor ever was a professional service provider including a legal counsellor or financial advisor receiving service fee over Baht 2 million per year from the Company or its parent companies, subsidiaries, associates, major shareholders or controlling persons of the Company; and not being a significant shareholder, controlling person or partner of the aforementioned professional service provider; with the exception of services that have been ended for no less than 2 years.
- 7) Is not a director appointed as a representative of a Board member, major shareholders or a shareholder who is related to the major shareholders.



- 8) Not undertaking any business of the same nature that competes with the Company or its subsidiaries; neither being a significant partner in a partnership nor a director who involves in the management, an employee, a staff member, an advisor with regular salary; not holding shares exceeding 0.5% of the total number of shares with voting rights of other companies which undertake businesses of the same nature that competes with the Company or its subsidiaries.
- 9) Not having any other characteristics that hinder impartial judgement with regard to the Company's business operations.
- 10) An independent director shall serve the office no longer than 9 years. Notwithstanding, the independent directors may be assigned by the Board of Directors to make a collective decision on its behalf in operational matters of the Company or its parent companies, subsidiaries, associates, same-level subsidiary companies, major shareholders or controlling persons of the Company.

#### **First-Level Executive Recruitment and Succession Plan**

In addition to setting the qualification criteria, the NRC is in charge of screening and recruiting potential candidates to be considered and appointed as the first-level executive. Unless a member of the Board of Directors is designated as the appraiser on the board's behalf, the NRC is also responsible for evaluating the performance of the first-level executive on a regular basis, along with considering the appropriate remuneration, reviewing succession plan, and presenting the conclusive opinion to the Board of Directors for approval.

With development and succession plans in place, an assessment process is carried out to determine readiness of potential successors, such as undergoing a wide range of assessments to examine aptitude, leadership and psychological capacities, among other soft and hard skills. Assessment results are

analysed and compiled into individual profiles where feedback is communicated to the management and the successor to be used as a basis for individual development plan. The subsequent developmental approach is a diversified model that commences the career road map with progressive stages and steps that construct the shortest path to realize the plan and attend to business needs in a timely manner. For instance, a successor can be arranged to join important Company projects, reassigned to a particular branch in a foreign country, or enrolled in a compulsory leadership development workshops of different levels, such as Charoen Pokphand Group's Leadership Development Program, among others.

#### **Appointment of a Director**

- 1) To be considered by the Board of Directors or shareholders, or both, depending on the circumstance, the appointment of a director must be in accordance with the Articles of Association and relevant legal requirements. The appointment process must be transparent and carried out in accordance with the appointment process put forth by the NRC. The presented information must also be sufficient, of which case the complete profile of the candidate must be produced.
- 2) In the event that directors retire from office, the election of new directors shall be proposed to the general meeting of shareholders, where the majority vote of the shareholders who attend the meeting and cast their votes shall constitute a resolution. In the event that cast votes result in a two-way tie, the chairman of the meeting can cast a tie-breaking vote as the decider.
- 3) In the event that a director position becomes vacant for any reason other than retiring from office, the vacancy is to be filled by a candidate selected and appointed by the Board of Directors the subsequent

board of directors meeting unless the remaining term of office of the vacated position is less than 2 months. A placeholder shall serve out the remainder of the term. Such appointment requires no less than three-fourths of the remaining directors to constitute a resolution.

- 4) In the event a prohibited business or commercial relationship becomes known of a serving director, whereby compensation received as a result of the relationship exceeds the limit specified under clause 4 or 6, Additional Qualifications of an Independent Director, a waiver may be approved by the Board of Directors to have the director in question continue on as usual should the board be of the opinion that such relationship affects neither performing responsible duties nor expressing an objective opinion. Notwithstanding, to be considered for a waiver in such a case, the following information regarding the prohibited relationship must be fully disclosed at the general meeting of shareholders, in the agenda that considers the election of such director.
  - a) The nature of business relationship or professional service that disqualifies the candidate or fails to meet specified criteria.
  - b) The reason and necessity to maintain or appoint the person as an independent director.
  - c) The Board of Directors' opinion regarding the appointment of the person as an independent director.
- 5) The Chairman and Vice Chairman are appointed by the Board of Directors.

#### **Terms of Office**

- 1) A director holds office for a term of three years and may be considered for re-election upon term expiration.
- 2) An independent director shall serve the office no longer than 9 years.



### **Termination of Directorship**

- 1) Notwithstanding the remaining terms of office upon commencement of the annual general meeting, a third of directors are to retire by rotation. Directors with the longest tenures in comparison are the first to vacate office, and eligible for re-election. In the event the total number of active members is indivisible by three, the number that is the closest to a third is applied.
- 2) Aside from retiring by rotation, a director is vacated from the office in the event of death, disqualification, or becoming known for prohibited characteristics according to resolutions passed at the shareholders meeting and legal provisions, namely, the Securities and Exchange Act, the law governing public limited companies, or a court order for imprisonment, with the exception of offenses committed by negligence, petty offenses or where the offender is deemed incompetent, quasi-incompetent or is bankrupt.
- 3) To resign from directorship, a director is required to submit a formal resignation letter to the Chairman of the Board. The resignation becomes effective on the date the letter is filed with the Company. The resigning director may also notify the Public Company Limited Registrar.
- 4) The shareholders' meeting may pass a resolution to remove any director from office prior to retirement by rotation, by a vote of no less than three-fourths of the number of shareholders who are present at the meeting and entitled to vote, with the aggregate number of shares not less than half of the number of shares held by the shareholders who are present at the meeting and entitled to vote.

### **Board Composition**

- 1) The Board of Directors is composed of 15 directors with 5 independent directors and two females. Aside

from meeting the qualification criteria based on SEC regulations, all board members must be capable of carrying out responsible duties and expressing objective opinions on a regular basis.

- 2) In order to oversee and administer pertinent business aspects throughout the organization in accordance with good corporate governance, sub-committees, top executives and the Company Secretary have roles and duties to support the Board of Directors in performing their duties.
- 3) The board composition is based on the board's skill matrix, or a strategic mixture of collective qualifications, a wide range of skills, knowledge, competency and experience that are beneficial to the Company such as industry, information technology, finance and accounting, business, management, international relations, strategy, crisis management, law and corporate governance, regardless of age, gender and other personal characteristics.
- 4) The Board of Directors is composed of at least one non-executive director who is equipped with competency and experience in the particular business or industry in which the Company operates. At present, there are eight non-executive directors with such competency and experience.

### **Development**

#### **Development of Directors and Executives**

- 1) Significant resources are allocated by the Board of Directors to promote and make available educational training programs and material to Company personnel under the Corporate Governance umbrella; namely, Company directors, audit committee members, executives, Company secretaries, among others. Such programs and material are provided by either expert in-house agencies or contracting third-party institutions with subject matter know-how.

- 2) An orientation is arranged for newly appointed directors and executives to provide updates on current business affairs, operations, guidelines and corporate strategies. The event also serves to prepare legal documents pertaining to applicable rules and regulations, operational and business information, and other information and knowledge essential to performing responsible duties.
- 3) As consistent operational efficiency and development requires both comprehensive and practical understanding of complex operational environments among key decision makers, it is Company policy that directors and executives have access to a wide range of knowledge developmental programs. The leaders are encouraged to continually hone their skills and attend tactical seminars and training courses that are organized by subject matter experts; such as, the Thai Institute of Directors Association (IOD), the Stock Exchange of Thailand, and other institutions providing all-inclusive and hands-on training vital to development.

### **Assessment of the Board Performance**

The Board of Directors requires an annual performance assessment that consists of the Board of Directors and sub-committee assessment, and the individual self-assessment. Each include assessment areas as follows:

#### **Board of Directors and Sub-Committee Assessment**

- 1) Board Policy
- 2) Board Composition and Qualifications
- 3) Roles, Duties and Responsibilities of the Board
- 4) Board Meeting Preparation and Conduction
- 5) Board Performance
- 6) Relationship with Management
- 7) Committee Member Self-development and Executive Development
- 8) Audit committee Performance



- 9) Nomination and Remuneration Committee Performance
- 10) Corporate Governance Committee Performance

#### **Self-assessment: 3 Main Categories**

- 1) Board Structure and Qualifications
- 2) Roles, Duties and Responsibilities of the Board
- 3) Board Meetings
  - Assessment criteria (as a percentage of the full score) are as follows:
    - Above 85% = excellent
    - Above 75% = very good
    - Above 65% = good
    - Above 50% = fair
    - Below 50% = need improvement
  - For Company directors towards the end of every year, the Company secretary is in charge of distributing the annual assessment form, preparing the assessment report, and reporting it to the Board of Directors for acknowledgement and consideration.

#### **Performance Assessment of the Chief Executive Officer**

The NRC, or a designated director, is assigned by the Board of Directors to assess the performance of the Chief Executive Officer on a yearly basis. The assessment criteria consists of 3 parts as follows:

- Part 1 Assessment of key performance indicators
- Part 2 Assessment of general management efficiency
- Part 3 Assessment of budget and project management

Assessment results are presented to the Board of Directors or the board designee to determine the appropriate remuneration for the Chief Executive Officer.

#### **Remuneration of the Chief Executive Officer**

It is Company policy to determine the attractive remuneration level for the Chief Executive Officer that is competitive and

comparable with the industry peers. In so doing, the scope, scale and performance of duties and responsibilities, as well as the collective Company performance under the leadership and return for shareholders, are all considered.

#### **Board of Directors Meeting**

- Board meetings are held at least once quarterly to review the Audit Committee Report and approve the financial statements on annual basis and quarterly basis, and to consider the Company's strategy and business plan, and any other matters as per its duties. The meeting dates are pre-scheduled every year to allow directors sufficient time to manage appointments and be able to attend the meetings. In addition, the Chairman may convene additional meetings should an urgent matter arise to require the board's immediate attention.
- It is board policy to encourage independent directors and non-executive directors to meet at least once a year, or as often as possible, to share and discuss persisting matters and interests without the presence of the executives. Meeting minutes are presented to the Chief Executive Officer for acknowledgement.
- The Chairman of the Board considers and approves board meeting agendas, including those requested by directors. Board members, Chief Executive Officer and the Company Secretary can present agendas that need to be included before each board meeting.
- The Company Secretary is in charge of drafting and delivering the meeting invitation letter, together with the meeting agenda and meeting documents, to the board no less than 7 days in advance to allow sufficient time for the meeting material to be reviewed and studied before the important convention.
- There must be not less than half of the total number of directors attending the board meeting to constitute

a quorum. In case the Chairman of the Board is not present or is unable to perform his duty, if there is a Vice Chairman, the Vice Chairman shall act as chairman of the meeting.

- Director who has interest in any matter shall leave the meeting and not be entitled to vote on such matter.
- The Company Secretary, or a designee, must be in present at the board meeting and is responsible for recording the meeting minutes in writing, documenting, and submitting it to the board for approval before storing the documents for future reference.

#### **Remuneration of Directors**

The Nomination and Remuneration Committee is responsible for determining remuneration for directors. In doing so, many performance benchmarks are taken into consideration, for instance, performance outcome and consistency with corporate goals and long-term benefits, industry remunerations standards and comparison with other companies in the industry peers of similar size of business, suitability of assigned duties and responsibilities of directors, attractiveness to retain skillful directors to drive the Company to achieve short and long term goals. Notwithstanding, such remuneration shall be approved by the shareholders meeting.



The following remuneration rates were approved at the 2022 Annual General Meeting of Shareholders, held on 20 April 2022.

Remuneration Components	Baht/Person/ Month	Baht/Person/ Year
<b>1. Regular Remuneration</b>		
• Chairman	155,000	1,860,000
• Chairman of the Audit Committee and Independent Director	140,000	1,680,000
• Member of the Audit Committee and Independent Director	115,000	1,380,000
• Director/ Independent Director	100,000	1,200,000
• Chairman of other Sub-committees <sup>(1)</sup>	15,000	180,000
• Member of other Sub-committees <sup>(1)</sup>	5,000	60,000
<b>2. Annual bonus (entire board)</b>	Baht 26.53 million <sup>(2)</sup> (0.50 percent of dividend paid from 2021 profit)	
<b>3. Other benefits</b>	None	

Note: <sup>(1)</sup> Sub-committees apart from the Audit Committee

<sup>(2)</sup> Representing 0.50 percent of the dividends paid to shareholders based on 2021 operating results, whereby the Chairman of the board determines the appropriate amount to be allocated to each Company director.

In addition, the Company provides Directors and Officers Liabilities Insurance with a sum insured not to exceed USD 30 million or Baht 1,044 million (exchange rate at Baht 34.79 per USD 1).

## 6.1.2 Policies and Guidelines for Shareholders and Stakeholders

Company policies and guidelines regarding shareholders and stakeholders cover important issues in accordance with Corporate Governance principles as follows:

### Chapter 1: Shareholder Rights

The Company protects the rights of all shareholders as a principal matter. Aside from dividends and financial or performance inquiries, Company shareholders are equally entitled to basic rights that grant ability to do several things as a shareholders' meeting; such as, attend, vote, propose agendas, nominate a candidate to be appointed as director, inspect documents, submit inquiries about meetings and express opinions, elect and remove the directors, and determine directors' remuneration, among others. To ensure that the rights are not

infringed upon, the Company works tirelessly to remove barriers to these rights. The rights of all shareholders and investors are also facilitated with supportive and effective management, in the framework of pertinent legal bodies, Corporate Governance and Code of Conduct, with the utmost interest of the shareholders at heart.

### Annual General Meeting of Shareholders 2022

The Company held the 2022 Annual General Meeting of Shareholders on 20 April 2022, via electronic means (E-Meeting) with the venue to control the meeting system at Siam Makro's Convention Room, 4<sup>th</sup> Floor, Siam Makro Public Company Limited, Tara Pattanakarn Building, No. 1468 Phatthanakan Road, Phatthanakan Sub-district, Suan Luang District, Bangkok.

#### Prior to the meeting

- (1) Between 29 October 2021 and 31 January 2022, shareholders had had the opportunity to exercise the right to propose meeting agendas and nominate a qualifying candidate to be considered for appointment as Company director prior to the 2022 Annual General Meeting of Shareholders. For shareholders' information, rules and procedures for exercising rights at the meeting had been shared on the Company's website, www.siammakro.co.th and through the Stock Exchange of Thailand's notification system.
- (2) The 2022 Annual General Meeting of Shareholders invitation letter, in Thai and English, had been posted, first, on the Company's website no less than 30 days prior to the meeting date. The meeting invitation letter, along with a complete set of supporting documents specifying the objectives and opinions made by the Board of Directors, including the Annual Report and the Sustainability Report for 2021, had been distributed to shareholders in a QR Code format at least 21 days prior to the meeting date. Both events had been planned well in advance to allow sufficient preparation time for shareholders to thoroughly review and study the material for the annual event.
- (3) Proxy forms had been distributed, along with the meeting invitation letter, to allow unattending shareholders to appoint a proxy to attend the meeting on their behalf. Profile information of independent directors had also been distributed to shareholders for consideration, should they opt to vote by proxy. Shareholders had been encouraged to appoint a proxy with the right and ability to vote in correlating agendas, one that is supervisable to the direction of the vote.
- (4) Question submission forms had been distributed in advance, along with the meeting notice, to allow shareholders to submit questions or express concerns for meeting agendas in advance.



- (5) Institutional investors had been encouraged to attend the shareholders' meeting and had been contacted in advance to coordinate and prepare proxy forms before the meeting date in order to facilitate registration for the shareholders' meeting.

#### The 2022 Annual General Meeting of Shareholders

- (1) Technology and a barcode system was adopted to facilitate registration, vote counting and score display with real time and accurate processing.
- (2) Registration had been opened to shareholders 2 hours prior to meeting commencement. Late shareholders that arrived and registered after the meeting had started could still vote for agendas that were still being considered, not yet voted on or the votes had not been counted, yet. Late shareholders would be included in the quorum from the first attended agenda onward.
- (3) Shareholders were granted a number of votes according to the number of held shares. One share was entitled to one vote. A separate set of voting ballots were used for each meeting agenda, including ballots for the director election agenda. A vote auditor was assigned to inspect the vote counts in the meeting.
- (4) 14 directors attended the meeting, along with Company auditors and legal advisors. The chairman of the meeting announced the number and proportions of shareholders attending the meeting, the number of assigned proxies, voting practices, and the vote count method from the beginning of the meeting. The chairman then commenced the meeting and arranged for the shareholders to vote according to the agenda specified in the meeting invitation letter. No additional agenda was added to the meeting other than those specified in the meeting invitation letter. The meeting was held in accordance with the Articles of Association,

where shareholders had equal rights to inquire and voice opinions in appropriate agendas, and receive straight and sufficient responses in return.

- (5) To voice concerns and comments, the shareholders assessed the quality of the meeting by answering provided assessment forms. The feedback was used to improve efficiency and transparency of the meeting for the interest of the shareholders, first and foremostly.

#### After the meeting

- (1) The meeting resolutions, together with the vote counts of each agenda, were publicised in the evening of the same day through the Stock Exchange of Thailand's notification system and the Company's website.
- (2) The meeting minutes was publicised in complete detail within 14 days after the meeting, including meeting resolutions, vote counts, and inquiries and questions made by shareholders in each agenda. The shareholders were notified through the Stock Exchange of Thailand's notification system and on the Company's website.

#### **Chapter 2 Equitable Treatment of Shareholders**

As a standard of competency and conduct expected of a professional at all times, Company employees are accountable for their personal and workplace ethical behaviour. As Corporate Governance Policy, as well as a legal requirement, customers and shareholders are to be treated fairly and with respect, always. Important guidelines are as follows:

- (1) To keep key personnel informed and to guide best practices and professional conduct in key operational situations, pertinent policy and standard operating procedures (SOPs) are put forth and announced, regularly. SEC rules and regulations and the Company Code of Conduct both establish provisions that govern authorized and unauthorized access to classified information that lead to insider trading, and conflicts of interest incurred by connected parties with

connected stakes, either between Company staff or with an affiliate or partner. Serious punishment and consequences await involvement of such nature for personal gains or the gain of a connected party. The Code of Conduct and related SOPs are listed in detail in the Corporate Governance and Code of Conduct Manual, where the e-version can be downloaded at any time on the Company's website. No violation of the nature took place with regards to Company directors and executives throughout fiscal year 2022.

- (2) No financial assistance is made available to any person or juristic person other than a subsidiary.
- (3) An Investor Relations Unit is in place to serve as a communication channel for all stakeholders; namely, significant and minority shareholders, institutional investors and analysts, to submit inquiries, suggestions, comments or requests or provide additional information. The unit can be reached directly via email at [ir@siammakro.co.th](mailto:ir@siammakro.co.th), or, by phone at 02 067 8285 (direct line).
- (4) Company measures and procedures are in place to govern the approval of connected transactions in accordance with SEC and SET legal provisions pertaining to connected parties and connected transactions. Connected transactions that are authorized by the Board of Directors or the management are always conducted in a manner that is transparent, fair, at arm's length, and takes account of price levels and general trading conditions.

#### **Chapter 3 Roles of Stakeholders**

##### **(1) Corporate Governance and Code of Conduct**

As patrons with vested interest in the performance of the business, the Company respects and values all individual and group stakeholders. Guidelines for Corporate Governance and Code of Conduct are in place, moreover, to maintain the interest of different groups with the most serviceable approach possible. Applicable administrative policies and





guidelines under the Corporate Governance and Code of Conduct body can be summarized as follows:

#### Shareholders

Business operations are conducted with honesty, transparency and fairness to all shareholders in the Company's best interest to maintain a stable and sustainable growth with good returns for shareholders in the long run.

#### Customers

Customer satisfaction is of priority considerably above the normal to the Company. To retain hard earned contentment and trust, the Company is determined to identify new products and expand the variety of what is available whilst quality and safety standards are enhanced simultaneously. Safety standards of food products, in particular, are of the utmost importance. Operations and services are continually developed and optimized as a key path to create a memorable shopping experience and sustain satisfying relationships with customers over the long run.

Agents from the Customer Relationship Development Unit make special visits to customers on a regular basis to build on the hard earned relationships. Customer satisfaction surveys are also conducted regularly every year, where survey results are processed and applied to improve current services and better meet customer needs. The customer satisfaction score in 2022 was 86%.

#### Employees

- The Company places great importance on staff training and development to ensure of work efficiency and their abilities to grow in the chosen career path. Career development is a progressive preparation for management in rotational positions.
- A succession plan is in place to prepare successors to key organizational positions. Successors are assessed for readiness, where results are used to design individual

developmental plans in preparation of the succession. This better prepares the Company for business expansion, organizational change and replacement of future retirees. The plan is reviewed regularly, every year.

- Safety and health in the workplace is amongst the top on the Company's list of priorities. To circumnavigate unnecessary occupational risks, accidents and injuries that come with hazardous work environments, including exposure to harmful substances; the "Occupational Health and Safety and Workplace Environmental Management Policy" and the Occupational Health and Safety and Workplace Environmental Management Committee as well as the occupational safety officers at supervisory level and executive level were established to ensure that industry safety standards are met. In addition, the Health and Safety Manual is put in place for employees to follow, with helpful advice, guidelines and procedures, along with key rules and regulations included in the manual. Employees can join health and safety campaigns held by relevant governmental agencies that take place on an ongoing basis.
- An Employee Engagement Survey is conducted regularly to learn about the factors that contribute to employee satisfaction and loyalty to the organization. Survey results are analysed and applied to potential areas of improvement. Employee engagement score for the year 2022 was 83%.
- Human capital is the most important asset in any organization. To retain this asset, a policy is in place to provide competitive remuneration and welfare packages. Offers are based on many factors, both internal and external. Internal factors are; for instance, expertise, educational and professional background, duties and responsibilities, as well as performance and professional contribution in accordance with set objectives, among others. External factors are also reviewed; for instance, industry standard and ongoing rates offered in comparable positions at comparable

companies. Both aspects considered, a competitive rate is offered to retain and motivate employees to march towards future goals with the Company. Guidelines for annual salary adjustment take into consideration increased responsibilities, inflation and changes in market conditions, among other factors. A provident fund is also included in the benefit package, along with other medical, life and accidental insurance policies, to serve as long term savings and a source of income after retiring.

- Salary increase is considered once a year, where annual performance assessment results serve as the basis for consideration. Key Performance Indicators (KPIs), nevertheless, are used as the principal basis to assess both current professional performance (short-term) and performance in accordance with corporate strategy in the long term.

By linking remuneration to short and long term Company performance, assessment is consistent with outcome-based principles as the overall organizational competitiveness correlates directly with human resource capacity. This is an industry standard followed by comparable leading organizations. The Company also offers a competitive variable bonus scheme where bonus amounts depend on Company performance (for staff in department level management and above) to motivate teamwork and team efforts to progress towards established organizational objectives.

#### Suppliers and Creditors

- Business partners or suppliers, creditors and co-signers are treated fairly and with respect, where all agreements are honored and followed. Company debts and loans are paid according to the conditions specified in the agreement. In the event where a condition cannot be met, the Company will promptly notify the creditor to find common grounds and mutual solutions.



- Procurement Policy is in place to provide guidelines for the approving authority and setting budget approval limits, and to ensure operations are carried out in a systematic fashion that is effective, transparent and in accordance with Corporate Governance.
- Special attention is allocated to the selection of suppliers. The qualification criteria and selection process are as follows:
  - 1) Have a solid financial history and the potential to grow with the Company over the long term.
  - 2) Produce or sell quality products that are in demand and can be inspected for quality.
  - 3) Support marketing and sales promotions and provide after-sale services to customers.
- The “Supplier Code of Conduct” is established to ensure that the suppliers conduct their business in a manner that is respectful of human rights and responsible for the respective society, community, as well as other traders in the supply chain. Sustainable Business Practices seminars are organized annually to communicate with suppliers the sustainable business policies, pertinent body of knowledge and the importance of preparation, consistency and maintaining a good relationship with all parties.

### Competitors

It is Company policy to conduct business in a manner that adheres to international rules and regulations that guides trade competition fair play. Guidelines are in place as follows:

- 1) Operate business according to international legal frameworks for trade competition fair play.
- 2) Refrain from acquiring confidential information of competitors by dishonest or inappropriate means.
- 3) Refrain from any unlawful, unethical or disrespectful engagement with competitors in an attempt to cause harm or damage in one way or another.

### Social and Environmental Responsibility

The Company realizes the importance of corporate social and environmental responsibility. All stores are encouraged to operate in a way that takes respective communal capacities into account, as well as the underlying ecosystem to which it depends. The Company also supports participation in various public activities in the immediate community and contributes to the development of social and environmental education. In addition, policies and guidelines pertaining to energy usage, energy efficiency applications and waste management are established and reinforced.

### **(2) Monitoring of Compliance and Whistleblowing**

It is the duty and responsibility of all employees, from top to bottom, to strictly adhere to the Corporate Governance Policy. The Company relies on the supervisory capacity of leaders throughout the organization to ensure that guidelines are acknowledged, understood and complied. Their ability to provide practical guidance to all team members in the immediate line of command, nevertheless, is a top priority.

### Whistleblowing Policy

Whistleblowing procedures and channels are in place for staff to submit a formal complaint and report unprofessional conduct. The process starts with the filing of a complaint, ongoing investigation and reaching a conclusion. Confidentiality is provided by the non-disclosure clause to encourage whistleblowers, stakeholders, witnesses and involved parties to come forth, where they may otherwise be discouraged or at risk of retaliation or threats. Notwithstanding, the behavior being reported must be a violation of the Code of Conduct or the Anti-Corruption Policy established in Company Corporate Governance and Code of Conduct Manual. The manual clearly defines main areas of misconduct; for instance, connected transaction, unauthorized access and disclosure, insider trading, as well as unlawful financial undertakings; such as, embezzlement, corruption, and fraud, among other wrongdoings.

### **Whistleblowing Channels**



Chairman of the Board/ Chairman of the Audit Committee/ Chief Executive Officer/ Board of Directors/ Head of Internal Audit  
Siam Makro Public Company Limited  
No. 1468 Phatthanakan Road, Phatthanakan Sub-district, Suan Luang District, Bangkok 10250



cgoffice@siammakro.co.th



0 2067 9300



0 2067 9119

### Whistleblowing Process and Management

As misconduct undergoes investigation, the Company encourages identity disclosure of the whistleblower and involved parties to allow responsible agents to make contact for additional inquiries and, in return, inform them about gathered facts, updates, and progress on the case. On the other hand, whistleblowers can opt to remain anonymous under confidentiality, should they determine that further involvement would affect their safety or entail negative results in any way. Once a complaint is filed, appropriate action is decided and taken by the officer that received the case, or, the matter is designated to the appropriate party. In so delegating, credibility of the designee is considered, namely work ethics and knowledge of applicable Code of Conduct, along with overall suitability. The designee is expected to handle the investigation and ensure that necessary action is taken in the most effective manner possible.

### False Allegation with Intent

In the event that reported misconduct is proven to be a baseless or false allegation with the intent to misrepresent facts in order to offend or disgrace the accused, the responsible whistleblower is thereby deemed a slanderer guilty of defamation with disciplinary action or punishment,



or both, in accordance with the Company Code of Conduct and the terms of law.

#### Whistleblowing Protection

Whistleblowers and related parties can expect to receive appropriate and fair protection without fear of work related changes, such as work location, position, job description, suspension, environment, intimidation, interference with work, termination of employment or any other actions taken by the Company that is unfair to the whistleblower or related parties. Complaint-related information is confidential with the exception of when disclosure is required by law.

All parties related to or involved in an undergoing whistleblowing investigation must honor the confidentiality of the case and refrain from disclosing or sharing any information about the case to any party that is not involved with or related to the case. Disclosure of such information may only take place when required by law. On the other hand, failure to comply with the non-disclosure clause or intentional breach of confidentiality can result in legal or disciplinary action, or both, depending on the case.

#### Disciplinary Action

Disciplinary action is enforceable against Code of Conduct violation and is taken seriously. The Company Code of Conduct is communicated to employees to promote work ethics awareness across the organization. Information gathered from complaints and closed cases are analysed for knowledge that can be applied to enhance policy and preventive measures in the working environment.

### **(3) Anti-Corruption Policy**

Corruption tarnishes not only the Company's hard earned trust and reputation but that of its investors, business partners, customers and beyond with far-reaching consequences. In the big picture, it also holds back Company growth and economic development of the entire nation over the long

run. As a matter of principle, the Company operates the business under the guidance of a fundamental Corporate Value; transparency, and Anti-Corruption Policy and guidelines supplied by the Corporate Governance and Code of Conduct Manual, along with international and industry standards for best practices.

The policy is reviewed and revised regularly by the Board of Directors and supplies in great detail (Appendix 5) the protocol to circumnavigate risky areas. Directors, Managements and staff across the board are required to acknowledge, study and strictly follow. Disciplinary action is taken against violation or failure to comply with the Company Code of Conduct. The maximum penalty can result in termination of employment or any effective contract. Disciplinary action imposition is exempt from an alleged person under allegation that denies corruption despite, however, the case in question results in the loss of business opportunity. Cases that violate legal provisions are carried out in a court of law.

### **(4) Intellectual Property Policy and Guidelines**

Intellectual Property Policy and Guidelines are specified in the Corporate Governance and Code of Conduct Manual as follows:

- Observe the Intellectual Property Law and refrain from assisting or taking part in intellectual property or copyright infringement. Necessary steps are taken swiftly to ensure that access to the source of the alleged infringement is terminated.
- Steps are taken in accordance with Company rules and regulations pertaining to disciplinary action. Personnel under allegation for alleged infringement are promptly notified of the actions being taken.

### **(5) Human Rights**

Inalienable freedom and privileges are granted to every person by birth. To protect and support a non-discriminatory corporate culture, it is Company policy to promote awareness

of intrinsic values across organizational staff; namely, dignity, fairness, equality, respect and freedom. In extension, customers, stakeholders and partners alike are to be treated with respect to protected characteristics. It is also Company policy to avoid undertakings that violate human rights, such as forced, child, or undocumented foreign labor, including discrimination, notwithstanding such engagements are also illegal.

### **(6) Conflict of Interest Policy**

As the integral part to preventive measures against conflicts of interest, supervisory guidelines and capacity work in tandem to the utmost effect. The Corporate Governance and Code of Conduct Manual lays the groundwork to realize the Company Code of Conduct and provides the whys and wherefores of Corporate Values; namely, integrity, transparency and fairness. The stakeholder mobilization strategy and stakeholder engagement protocol are clearly stated and outlined in the manual, with individual phases and associated steps to take to circumnavigate duties with potential risk. The Company also established guidelines for Directors and Top Executives to report their vested interests and for Management and employees of the Company and its subsidiaries to declare their conflicts of interest, as well as guidelines for connected transactions. Details are as follows:

#### Reporting on Vested Interests

Guided by transparency, policy is put to practice to prevent unnecessary conflicts of interest. Directors and Top Executives are obligated to report their and their related persons' vested interests according to the Notification of the Capital Market Supervisory Board, Tor Jor 2/2009 on the Report on Vested Interests of Board of Directors, Executives, and any Related Persons. The first declaration form must be submitted within 30 days after the day of taking office at the Company, whereby the report is prepared as of 31 December of every year. Changes to declared items are to be reported on a quarterly basis, if any. The Company Secretary is in charge of gathering individual declaration forms to produce a



collaborated Conflict of Interest Report and delivering a copy to the Chairman of the Board and the Chairman of the Audit Committee. The report is to be used for internal purposes only

#### Declaration of Conflicts of Interest

All full-time employees of the Company and its subsidiaries; and part-time employees whose responsibilities involve suppliers, distributors, customers, contractors, and service providers are required to declare their conflicts of interest on a yearly basis through means and as per the Company's instruction. Changes to declared items must be immediately reported. New employees are required to declare the information within 7 working days after the first day of work with the Company. This is, mainly, the basis of consideration to workaround potential conflicts of interest and connected parties. This allows the Company to avoid risky work appointments and assignments that could otherwise result in complaints, revoked privileges, or reassignments.

#### Connected Transaction

In the event a connected transaction is necessary, strict compliance to applicable rules and regulations is required. A connected transaction under normal trading conditions must always comply with the principles approved by the Board of Directors and must be treated in the same way as other transactions undertaken with third parties, considering the best interests of the Company as the primary concern. Any stakeholders involved in a connected transaction with conflicts of interest must be identified and withdrawn from the approval process.

Transactions that do not meet the criteria for a normal trade must be reviewed and endorsed by the Audit Committee before being presented to the Board of Directors or shareholders, or both, depending on the size of the transaction, for approval. The Company strictly complies with established rules and guidelines for disclosing relevant information in its entirety.

#### **(7) Inside Information and Confidentiality**

As a listed company on the Stock Exchange of Thailand, ensuring fair and equal treatment of all shareholders is a standard practice expected of the Company. The Company Code of Conduct provides the guidelines for disclosing classified information (or inside information) to shareholders as well as protocol to prevent Company personnel from getting involved in prohibited relationships and trades by means of classified information.

The confidentiality of inside information is of utmost importance in the success of the Company as well as the job security of Company personnel across the board. In responding to inquiries and disclosing Company information, particularly much needed Company securities for stock exchange purposes, any inside information yet to be formally disclosed to the public and has the potential to influence stock exchanges is considered classified information that must be handled with precaution for internal purposes only.

To ensure that sensitive information is released to outsiders in a manner that safeguards hard earned relationships and reputation, regulatory measures and control systems are put in place to prevent and manage classified information. Company personnel are to strictly comply with established rules and guidelines pertaining to confidentiality and inside information and refrain from using such information for personal gain or the gain of a related party, either during or after employment.

Inside information that should be safeguarded against uncoordinated or unauthorized disclosure can include a wide range of material; for instance, performance information, trade agreements, financial information, ongoing court proceedings and legal documents, and survey results. This also includes any information that may affect Company image; for instance, land acquisition, employee profiles, human resource figures, passwords and access to classified sources or information, among others. Notwithstanding,

information is classified when it is yet to be formally disclosed to the public.

#### Protocol

1. Company personnel are to safeguard inside information and documents that cannot be disclosed to outsiders as it could lead to unlawful exploitation for self-interest or to the interest of competitors or affiliates, namely information that can affect the stock price, trade secrets, or any inventions where the copyright belongs to the Company.
2. Company personnel are not authorized to use inside information for personal gain or the gain of others.
3. Company personnel with authorized access to personal data must protect the data from unauthorized access and usage and can only use such data for authorized work purposes. Personal data may be used with the owner's approval for the purpose it is approved for, only, of which case must strictly comply with the rules and regulations defined in the Personal Data Protection Act B.E. 2562 as well as Company personal data protection policy.
4. Company personnel may never use personal data for any purpose other than authorized work purposes. In the event where clarification is needed concerning data applications in the prescribed operation, advice from the Data Protection Officer (DPO) is required and must be obtained immediately.
5. Standard operating procedures (SOPs) and control systems must be put in place to effectively manage inside information within departments and sub-units to prevent sensitive Company information from being disclosed to unauthorized parties prior to the formal release. In so doing, such measures can serve as the integral part of the overall risk management and cybersecurity infrastructure.
6. It is Company policy that information related to partners and partnership agreements are inside information



and cannot be disclosed to an unauthorized party without further approval from the Company or the contracting partner.

7. Company personnel must not disclose inside information either during or after their employment.
8. For inquiries about inside information or information that one is not authorized to give, the inquirer is to be directed to the authorized or responsible unit to make a formal request for such disclosure. This allows the authorized unit to review and document the request, handle disclosure in a safe and considerate manner, as well as sensor unnecessary disclosure and provide consistent information to all approved inquirers.
9. Leaked inside information or rumors of false or incomplete information must be notified to the immediate supervisor, immediately, in order for management to evaluate the situation and consider public clarification.

#### Trading Company Securities

Directors, Executives, and employees have their right to trade Company securities. By exercising the right, the directors and executives, including their spouse and minor children, are required to report and disclose the change of their Company securities holding to the supervising agency and to the Board of Directors in accordance with specified requirements on a quarterly basis.

As a measure to prevent conflict of interest and insider trading, all Company personnel, as well as the immediate family members, of whom duties involve accessing inside information are required to refrain from trading Company securities and related transactions at least 1 month prior to the public disclosure of the Company's financial statements. A formal letter requesting such cooperation is distributed by the Company Secretary well in advance.

#### Non-Disclosure Agreement

Management, employees and related outsiders involved in an ongoing project that has not yet been formally disclosed to the public must sign a Non-Disclosure Agreement to acknowledge the sensitive matter and prevent the mishandling of such classified information or disclosing such information to unauthorized parties.

In this respect, the guidelines for professional ethics are established in the Company Code of Conduct to put in place a corporate standard of behavior expected of professionals in the workplace at all times. Unprofessional personal traits and unproductive practices that must be discouraged in the workplace, as well as unethical undertakings that may result in disciplinary action or even court proceedings, are also specified in the document. The unauthorized access and disclosure of inside information and insider trading, by any means, is a violation of Company Code of Conduct and subject to investigation and possible disciplinary action or even a lawsuit. Punishment is considered on a case-by-case basis and can be harsh or lenient according to the nature of the offense and damage caused to the Company and related parties.

#### **Chapter 4 Disclosure and Transparency**

- (1) In addition to information disclosed through the SET, the Form 56-1 and Annual Report, Company information is also disclosed on the Company's website in Thai and English. All information disclosed by the Company is updated regularly.
- (2) The Board of Directors places great importance on disclosing Company financial and non-financial information that is reliable, transparent and sufficient, and in accordance with specified rules and regulations. As such information is required by decision makers and traders on a regular basis; namely, stakeholders, analysts and the general public from domestic and international sources alike, the Company has set up

the Investor Relations Unit that is responsible for communicating and disseminating information, in accordance with criteria set by the SET and the SEC offices. Aside from the information reporting systems of the SET and of the SEC and the Company's website, Company information is also disclosed through various communication channels, in Thai and in English, through both conventional and online sources. Conventional sources are magazines, the media and news reporting agencies, among others. Online sources are social media, press releases, analyst meetings, virtual meetings, text messages and emails, among others. In 2022, channels for disseminating and communicating Company information were adjusted in accordance with COVID-19 countermeasures to cope with the ongoing pandemic.

- (3) A Report on the Board of Directors' Responsibilities for Financial Statements is put forth by the Board of Directors, along with the Auditor's Report in the Annual Report.
- (4) The roles, duties and responsibilities of the Board of Directors, Sub-committees, Chairman of the Board, and Chief Executive Officer, as well as Director's Terms of Office, Board of Directors Meeting and the Remuneration Policy for Directors and Management are disclosed as detailed in "Section 7.1: Management Structure; and, 7.2 Board of Directors Information.
- (5) Directors and executives are obligated to report Company securities trades or transfer, including such transactions of their spouse and minor children, to the SEC in accordance with Section 59 of the Securities Act as well as to the Board of Directors at the board meeting on a quarterly basis. This measure is fundamental to manage conflicts of interest and reinforce overall organizational transparency.

It is Company policy for directors, executives and their related persons to prepare an annual reporting of their conflict of interest, and to report the changes on a quarterly basis, if



any. Such information is documented for internal use only. This is in compliance with the Capital Market Supervisory Board Notification No. TorJor. 2/2552, regarding the Reporting of Interests of Directors, Executives and Related Persons.

#### **Chapter 5 Responsibilities of the Board of Directors**

Details stated in section 6.1.1 Policy and guidelines for the Board of Directors

## **6.2 Corporate Governance and Code of Conduct Manual**

The Company Code of Conduct for employees and business ethics is established by the Board of Directors to provide Company personnel with principles and guidelines for best practices in the respective business operations and the performance of duties. This is in accordance with the principles of Corporate Governance, to treat all parties with respect and in a way that is professional, transparent, and nondiscriminatory.

Continuous human resources development is the key path to realize a corporate culture of awareness and professionalism. The former requires adherence to unified principles that govern the decisions made in a professional environment as a team with the same goals. The latter requires adherence to a unified personal and organizational standard of behaviour with a level of competency and consistency that can be expected at all times. In so doing, directors and executives must lead by example as key role models that exhibit the highest standard of leadership and behaviour through performed duties that always adhere to established principles and guidelines under Company Codes of Conduct in the context of Corporate Governance and overarching Corporate Values.

The Company has put in place the Policy Acknowledgement and Confirmation of Compliance System – an online platform

developed to ease executives and employees to do self-study on important policies – the Corporate Governance Manual, the Company Codes of Conduct, Anti-corruption Policy, i.e. Such system is in replacement of hand signature and now used as tool for executives and employees to confirm his/her acknowledgement. This is of benefits, in terms of speed, convenience, and documentation. In addition, it eases the Human Resources to accurately keep track on staff acknowledgement. Notwithstanding ever-changing standards, the manual is reviewed and updated yearly to ensure applicability in the context of key business and technological developments that unfold, new normals expected to persist over time, as well as changes to domestic and international guidelines. The e-version of the manual is also available for download on the Company's website, [https://www.siammakro.co.th/investor\\_corporate.php](https://www.siammakro.co.th/investor_corporate.php), to provide easy access to stakeholders and the general public.

## **6.3 Significant changes and developments in policies, practices and Corporate Governance body in 2022.**

In 2022, Company operations were supervised by the Board of Directors in accordance with the principles of Corporate Governance and set objectives for sustainable growth.

### **6.3.1 Important reviews and developments about Company policy and practices took place in 2022, including the Corporate Governance and the Board of Directors Charter. Resolutions are as follows:**

1. The Audit Committee Charter was reviewed by the Audit Committee Meeting No. 8/2022, held on 9 November 2022 and chaired by Mr. Ralph Robert Tye.

(The Board of Directors Meeting No.3/2022, held on 24 June 2022 has appointed Mr. Ralph Robert Tye as Chairman of the Audit Committee, in replacement of Mr.Joti Bhokavanij who retired from office.)

2. The Board of Directors Meeting No.2/2023, held on 20 February 2023 approved the revision of Corporate Governance Committee Charter and the change of the name of the committee from Corporate Governance Committee to Corporate Governance and Sustainability Development Committee. With this regard, roles and responsibilities of the committee have been enhanced to cover sustainability development of the Company.
3. The Board of Directors Meeting No.2/2023, held on 20 February 2023 approved the revision of the Company's Corporate Governance and Code of Conduct Manual that incorporated amendments of key elements – the Company's vision and missions, duties of the Chairman, code of conduct with regard to conflict of interest –to be apropos of pertinent guidelines, requirements, and current practices.

### **6.3.2 Corporate Governance Principles for Other Practices**

Company Corporate Governance policy and practices are reviewed regularly by the Board of Directors, where useful principles and guidelines for a listed Company set forth by the SET and the SEC office are adapted for Company purposes accordingly.

Company corporate governance is consistent with SET and SEC guidelines. Notwithstanding, inconsistent practices are reviewed by management and presented to the Corporate Governance and Sustainability Development Committee for readjustment and improvement, annually.



In 2022, Company practices inconsistent with SET and SEC guidelines were as follows:

SET and SEC Guidelines	Company Practices
<p>1. The Board of Directors consists of no less than 5 members and should not exceed 12 members.</p>	<p>Considering the size of the business and the industry, continuous expansion both domestic and internationally, and good Corporate Governance, the Board of Directors is of the opinion that a total of 15 Company Directors is appropriate at the present time as it is necessary to have diverse base of knowledge and experience presence to ensure management and business operations are in accordance with the direction and strategies set forth.</p>
<p>2. The Chairman of the board should be an independent director.</p>	<p>To ensure a balance of powers, although the present Chairman of the Board of Directors is not an independent director, the Board of Directors has established sufficient and appropriate internal control and audit systems. In addition, the scope of duties and responsibilities of the Chairman of the Board of Directors, specified in the Charter of the Board of Directors, are clearly separated from that of the Board of Directors and the Chief Executive Officer. Without interfering in operations of management, the Chairman is free to carry out necessary duties, express objective opinion and vote independently.</p>
<p>3. The Board of Directors consists of more than half of independent directors.</p>	<p>At present, the Board of Directors consists of 5 independent directors, representing one-third of the total number of directors, in accordance with SEC rules. The Board of Directors is of the opinion that such amount is appropriate for business operations, where current independent directors are able to perform duties effectively and independently.</p> <p>With regards to selecting directors, the Company takes into account the importance of independent directors with respect to the rights and interests of minority shareholders. To maximize the benefits of the shareholders and of the Company over the long run, the overall qualification profile that is appropriate and consistent with Company business is also taken into account.</p> <p>In addition, the criteria for considering and approving various transactions specifies that a stake holding director is refrained from transacting or voting on matters with conflicting interests, as engagement either as or with a connected party is strictly prohibited.</p>
<p>4. Electing directors by Cumulative Voting</p>	<p>Company directors are elected by the majority of votes and each shareholder is granted the number of votes equal to the number of held shares. The Board of Directors is of the opinion that this practice is fair to all shareholders and consistent with the Articles of Association and general practice. In addition, the Company has always had various measures in place to protect the rights of minority shareholders, such as encouraging minor shareholders to exercise the right to propose additional meeting agendas or potential directors for appointment consideration in advance of the annual general meeting, among others.</p>
<p>5. Quorum of no less than two-thirds of directors is required for voting at the Board meetings</p>	<p>The Board of Directors is of the opinion that the minimum quorum, of no less than half of the total number of directors, is appropriate, in accordance with the Articles of Association, and is feasible for businesses in case an urgent meeting is needed to vote on something that needs immediate direction. Practically, no less than two-thirds of directors attend all Board meetings.</p>

### 6.3.3 Other Assessment Support under CG Principles

In 2022, the Company achieved the Corporate Governance Assessment results and its Corporate Governance plans as follows:



- In accordance with the order of Trade Competition Commission (the “TCC”) regarding the business integration between C.P. Retail Development Co., Ltd. and Lotus’s Stores (Thailand) Co., Ltd. (previously, Tesco Stores (Thailand) Co., Ltd.), the Company has developed Business Partners under Fair Trade Competition, as part of the Company’s Corporate Governance and Code of Conduct. Such guideline has been made public and available on the Company’s corporate website (<https://www.siammakro.co.th/investor-policy-code-of-conduct>) since 7 November 2022
- The Company has developed Makro Information Security Policy, which is in line with information security-related regulations and international standards – DJSI’s, Stock Exchange of Thailand’s, ISO 27001, NIST, PCI DSS, OWASP, Personal Data Protection Act, Computer Crime Act, i.e. This is to ensure the sustainability of the Company’s businesses and that data and information have been well kept and managed. Such policy was approved by the Board of Directors Meeting No.6/2022, held on 10 November 2022, and in effective on 1 December 2022 onwards.
- The Company has developed an employee survey to seek employees’ awareness and knowledge on corporate governance and the Company’s Code of Conduct. Result of the survey will be used continuously to further improve and strengthen corporate governance stance of the Company.
- The Company has put in place the Gifting Reporting System – an online platform developed to ease executives and employees on gifting reporting, and to help the Company monitoring and tracking performance with respect to the Anti-corruption Policy. Also, this is aim to make it professional and transparent, which will lead to credibility and sustainability of the Company.

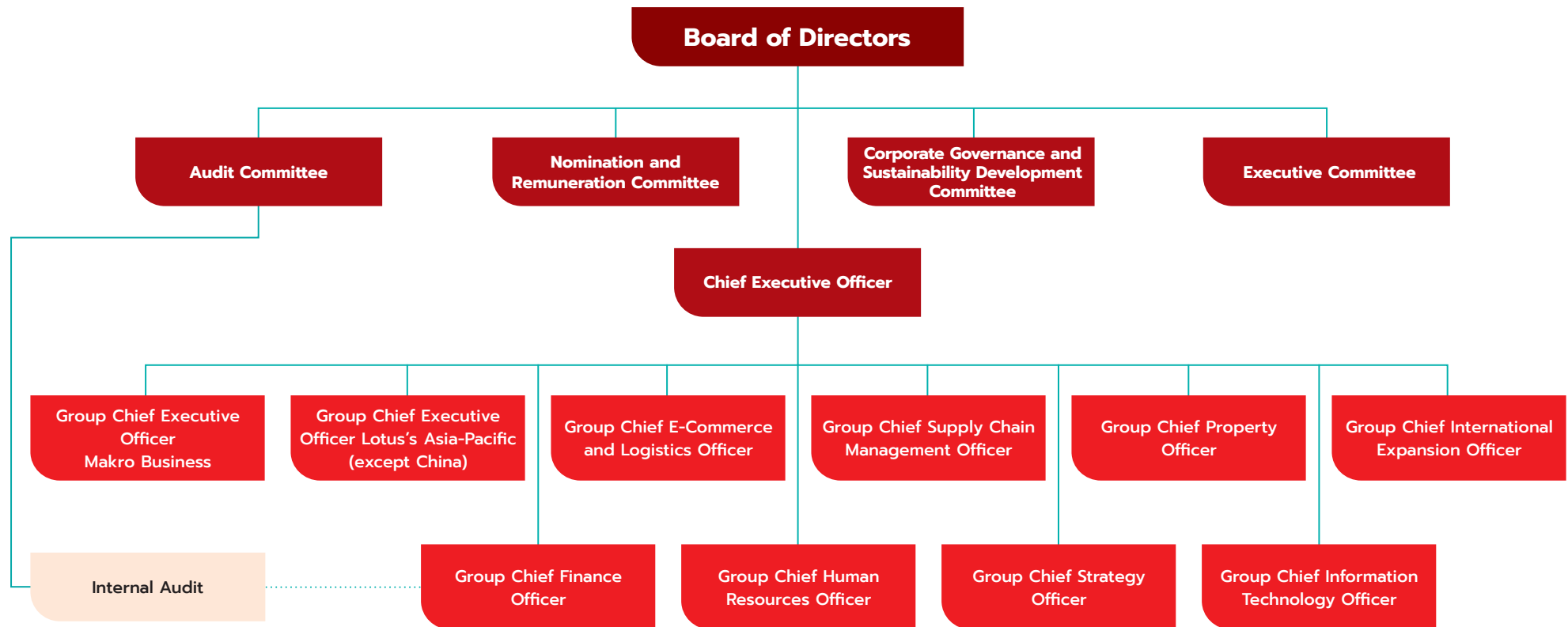




# 7 Corporate Governance Structure

## Board of Directors, Sub-committees, Executives, Employees, and others

### 7.1 Organization Structure as of 20 February 2023





## 7.2 The Board of Directors

### 7.2.1 The Composition of the Board of Directors

According to the Company's Articles of Association and the Board of Directors' Charter, the Board must consist of no less than five members unless the shareholders meeting passes a resolution to approve a different minimum that is consistent with the law. At least one-third must be independent directors, and at least half must reside in Thailand.

The Chairman of the Board of Directors and the Chief Executive Officer should not be the same person as the roles and duties of each, as well as directors and committee members, must be separated to balance the Company powers.

As of 20 February 2023, the Board of Directors consisting of 15 directors:

- 13 non-executive directors, including 5 independent directors (one-third of the board)
- 2 executive directors

### 7.2.2 Information of the Board of Directors and Company controlling persons

As of 20 February 2023, the board consisted of 15 directors as follows:

- 1) Mr. Suphachai Chearavanont Chairman of the Board of Directors
- 2) Mr. Ralph Robert Tye <sup>(1)</sup> Independent Director/ Chairman of the Audit Committee
- 3) Mr. Rawat Chamchalerm Independent Director/ Chairman of the Corporate Governance and Sustainability Development Committee
- 4) Mrs. Kannika Ngamsopee Independent Director/ Member of the Audit Committee
- 5) Mr. Jukr Boon-Long Independent Director/ Member of the Audit Committee/ Member of the Corporate Governance and Sustainability Development Committee/ Member of the Nomination and Remuneration Committee
- 6) Mr. Prasobsook Boondech Independent Director/ Chairman of the Nomination and Remuneration Committee
- 7) Mr. Korsak Chairasmisak Director/ First Vice Chairman/ Member of the Nomination and Remuneration Committee
- 8) Mr. Tanin Buranamanit <sup>(1)</sup> Director/ Second Vice Chairman/ Chief Executive Officer
- 9) Mr. Prasert Jarupanich Director

- 10) Mr. Pittaya Jearavisitkul Director
- 11) Mr. Piyawat Titasattavorakul Director
- 12) Mr. Narong Chearavanont Director
- 13) Mr. Adirek Sripratak Director
- 14) Mr. Umroong Sanphasitvong Director/ Member of the Corporate Governance and Sustainability Development Committee
- 15) Mrs. Saowaluck Thithapant Director/ Group Chief Executive Officer - Makro Business/ Group Chief Financial Officer

Remark: <sup>(1)</sup> The 2022 Annual General Meeting of Shareholders, on 20 April 2022 has appointed Mr. Ralph Robert Tye as an independent director, and Mr. Tanin Buranamanit as a director, effectively 20 April 2022 onwards.

### Authorized Directors

Mr. Korsak Chairasmisak or Mr. Umroong Sanphasitvong or Mr. Narong Chearavanont or Mr. Prasert Jarupanich signs jointly with either Mr. Tanin Buranamanit or Mrs. Saowaluck Thithapant or Mr. Pittaya Jearavisitkul, totaling two persons, with the Company's seal be affixed.

### 7.2.3 Roles and Duties of the Board

#### Duties and Responsibilities of the Board of Directors

- 1) Determine the direction of the Company and set corporate policy that is concise, realistic, and attainable considering the operational environment and persisting developments. To realize policy, the board has to supervise Company executives to ensure that set principles and guidelines are implemented in a way that is effective, transparent, and fair, with the best interests of the Company and stakeholders at heart, given the framework of business ethics, social and environmental responsibility, legal provisions as well as national and international industry standards.
- 2) Determine the corporate vision, objectives, goals and medium-term strategies together with action plans that correspond with set annual budgets that take into account the appropriate allocation of resources, operational environment and control, risk factors, and other persisting matters that may affect stakeholders throughout the value chain. The Board also supervises the Management to ensure of efficient and effective operations according to the business plans and annual budget to maximize economic values for the business. The mission and strategic plans shall be reviewed at least once a year.
- 3) Ensure that the Board of Directors Charter, Corporate Governance Policy, and Code of Conduct have been set in place and served as principles and guidelines for



- Company directors, executives, and all employees to follow in conjunction with the Company rules and regulations for the benefit of all parties involved. Review such item annually.
- 4) Perform duties to the best knowledge and competency, be accountable for their actions, and exercise independent discretion based on integrity and prudence with the best interests of the Company and shareholders at heart.
  - 5) Approve financial operations related to Company investments in the best interests of the Company and fairness to all parties involved.
  - 6) Supervise the Management to ensure that the Company and its subsidiaries have reliable accounting systems, financial reporting, accounting audit, risk management, internal control, and internal audit. The board also has to monitor, assess and review these competencies regularly to make necessary adjustments and optimize policy and guidelines accordingly.
  - 7) Ensure that protocol is in place to manage conflicts of interest, connected transactions, and disclosure of information in a manner that is efficient, effective, and consistent with regulations and legal provisions, with the best interests of the Company and stakeholders at heart. Along the same lines, board members and their immediate family members must refrain from any engagement as a stakeholder in a conflict of interest with the Company.
  - 8) Appoint a Company Secretary to assist in the management of board activities and ensure that undertakings of the board and the Company comply with regulations and relevant terms of the law.
  - 9) Arrange to assess the performance of committees and individual committee members at least once a year, where the assessment results are assessed by board members to consider the problems together and collaborate countermeasures and solutions.
  - 10) Conduct a performance assessment and determine the remuneration of the Chief Executive Officer.
  - 11) Attend every board meeting and shareholders meeting unless an important mission arises to require their presence elsewhere. Absence from the meetings must be notified to the Chairman of the Board.
  - 12) Advocate communication and ensure conformance to the Corporate Governance Policy, and annually assess the conformance to the Corporate Governance Policy and the Code of Conduct.
  - 13) Oversee the promotion of innovation and the application of innovation and technology to enhance the competitiveness of the Company while remaining socially and environmentally responsible.
  - 14) Determine the corporate governance policy of subsidiaries, including the appropriate internal control systems and the appointment of personnel to take key positions in a subsidiary, such as directors, executives, or controlling persons. Ensure conformance to the policy.
  - 15) Support the development of directors with regular arrangements to attend; for instance, training sessions, seminars, and developmental programs abroad, among others. Steer the arrangement of Orientation for new director.
  - 16) Set and annually review the succession plan of the Chief Executive Officer and top executives.
  - 17) Ensure that the Management reviews, develops, and manages Company resources in the most efficient and effective manner possible; namely, finance, assets, human resources, and knowledge management, in so doing, taking into account persisting internal and external developments.
  - 18) Oversee the preparation of Anti-Corruption Policy and Protocol and promote compliance awareness among Company personnel at all levels across the organization, along with pertinent regulations and legal provisions.
  - 19) Oversee that disclosure of Company information, namely, financial statements, and annual reports (Form 56-1 One Report), accurately and adequately reflects the financial position and operating results of the Company; as well as encourage the preparation of the Management Discussion and Analysis in conjunction with the disclosure of the financial statements every quarter. In addition, in the event disclosure includes information related to a particular director, the director should ensure that the information being released to the public is complete and accurate.
  - 20) Supervise the Management to ensure that the financial position of the Company is monitored and assessed, and feedback is reported to the board regularly. In the event the Company expects or is in financial trouble, the board has to ensure that the Management formulates a financial recovery plan with the best interests of the Company and stakeholders at heart.
  - 21) Undertake duties and responsibilities with the best interests of the shareholders at heart. In so doing, shareholders' meetings are convened to facilitate the exercise of given rights in the framework of rules, regulations, and the terms of the law.
  - 22) Oversee that an information security management system is in place with data integrity and availability and proper control of classified information, namely market-sensitive information that can affect the price of Company securities. Thus, the board has to establish



a confidentiality policy to ensure compliance to protocol by Company directors, executives, employees, and all involved parties.

- 23) Perform other duties related to Company business as assigned by the shareholders.

### **Roles and Duties of the Chairman of the Board of Directors**

The duties of the Chairman as stipulated in the board charter are as follows:

- 1) The Chairman of the board, or a designee assigned by the Chairman, has to convene board meetings by distributing the meeting invitation notice no less than 7 days prior to the meeting date to give the directors sufficient time to review and make careful decisions about matters of included agendas.
- 2) Play a role in setting meeting agendas with Board members and the Chief Executive Officer.
- 3) Lead the meeting and ensure that the meeting is managed in an operative fashion by allocating enough time for the Management to present supporting information, providing the opportunity for directors to ask questions and express opinions independently, as well as controlling the topic of discussion and concluding the meeting resolutions.
- 4) Encourage board members to comply with Corporate Governance guidelines; such as meeting presence, abstention, and excuse to vacate the meeting when the agenda under discussion may present a conflict of interest, among others.
- 5) Communicate important information to the board for acknowledgment.
- 6) Encourage board members to attend the shareholders meeting and act as the meeting Chairman to better facilitate, control, and answer questions from shareholders in the meeting.

- 7) Encourage board members to undertake duties as prescribed by laws, the Board of Directors Charter, and the corporate governance principles.
- 8) Direct, monitor, and ensure the Board performance for efficiency and fulfilment of corporate objectives and key goals.
- 9) Promote cordial relations between the executive and non-executive directors, and between the Board and the management.

## **7.3 Committees**

### **7.3.1 Sub-Committees**

#### **1) Audit Committee**

As of 20 February 2023, the committee consisted of 3 independent directors that review Company operations, financial transactions, and internal control systems, as well as select auditors and evaluate connected transactions. All of the Audit Committee members possess sufficient knowledge and experience to audit financial credibility in accordance with the qualification criteria set by the SEC and SET. The 3 independent directors are as follows:

- 1) Mr. Ralph Robert Tye  
Chairman of the Audit Committee
- 2) Mrs. Kannika Ngamsopee  
Member of the Audit Committee
- 3) Mr. Jukr Boon-Long  
Member of the Audit Committee

#### **Roles and responsibilities of the Audit Committee**

- 1) To review the Company's financial reporting process in order to ensure that it is accurate and adequate;
- 2) To review the Company's internal control system including risk management and internal audit system ensuring that they are suitable and effective, to determine the degree of independence of the internal

audit group, as well as to approve the appointment, transfer and dismissal of the head of an internal audit group or any other group responsible for internal audit functions within the Company;

- 3) To review the Company's compliance with the laws on Securities and Exchange, the SET's regulations, and any other laws relating to the Company's business;
- 4) To consider the qualifications, independence, performance and audit fee of the external auditors in order to exercise final approval on the appointment or termination of the auditors;
- 5) To meet separately with the external auditors without the presence of management at least once a year;
- 6) To review any connected transactions or transactions that may lead to a conflict of interests situation, in order to ensure that they are in full compliance with the laws and regulations of the SET as well as that such transactions are reasonable and undertaken for the fullest benefit of the Company;
- 7) To prepare the Audit Committee's Report to be included in the Company's Annual Report, which must be signed by the Audit Committee Chairman and consists of at least the following information:
  - a. An opinion on the accuracy, completeness and reliability of the Company's financial report.
  - b. An opinion on the adequacy of the Company's risk management and internal controls system.
  - c. An opinion on the compliance with the laws on Securities and Exchange, the SET's regulations or any other laws relating to the Company's business.
  - d. An opinion on the suitability of an auditor.
  - e. An opinion on the transactions that may lead to conflict of interests situations.
  - f. The number of the Audit Committee meetings and the attendance record at such meetings by each member of the Audit Committee.
  - g. Any opinions or comments that are received by



the Audit Committee in performing its duties in accordance with its Charter.

- h. Other transactions which, in the opinion of the Audit Committee, should be made known to the Shareholders and general investors, subject to the scope of duties and responsibilities as assigned by the Company's Board of Directors.
- 8) To review the Company's compliance with private sector's anti-corruption and certification programs, including the Collective Action Coalition against Corruption's Self-Evaluation Tool.
- 9) To perform any other activities as assigned by the Company's Board of Directors and concurred to by the Audit Committee.

In the year 2022, the Audit Committee performed its duties as described in the "Report of the Audit Committee".

## 2) The Nomination and Remuneration Committee

As of 20 February 2023, the Nomination and Remuneration Committee consisted of 3 members as follows:

- 1) Mr. Prasobsook Boondech  
Chairman of the Nomination and Remuneration Committee
- 2) Mr. Korsak Chairasmisak  
Member of the Nomination and Remuneration Committee
- 3) Mr. Jukr Boon-Long  
Member of the Nomination and Remuneration Committee

### Roles and responsibilities of the Nomination and Remuneration Committee

In addition to ad hoc duties assigned by the Board of Directors, the committee has prescribed duties as follows:

- 1) Nomination

- 1.1) Consider the criteria for Directors' nomination and determine the qualifications of the Directors.
- 1.2) Consider the structure, size, and composition of the Board of Directors and sub-committees that suits the Company's strategies and situation, consisting of experts in diverse field of knowledge, expertise, skills and experience beneficial to the Company's business, who can devote the time, regardless of gender and age.
- 1.3) Consider the nomination and selection of qualified candidates to become Directors for consideration and approval of the Board of Directors and the Shareholders' Meeting.
- 1.4) Encourage the Company to provide opportunity for minority shareholders to nominate director candidates.
- 1.5) Consider the selection of the Company's Directors who are qualified to be a member in sub-committees for the Board's appointment as appropriate or when the position becomes available.
- 1.6) Consider the selection criteria and qualifications for the Chief Executive Officer.
- 1.7) Regularly review the succession plan of the Chief Executive Officer.
- 1.8) Search and select qualified candidates who are suitable for the appointment of the Chief Executive Officer to the Board of Directors for consideration and appointment of the Chief Executive Officer when the position becomes available.

### 2) Remuneration

- 2.1) Review the criteria, structure, and composition of the remuneration of the Directors, sub-committees, and the Chief Executive Officer every year by considering the Company's operating results and responsibilities, and benchmarking with those of

other companies within the same or similar industry and size of business.

- 2.2) Consider the determination of the remuneration of the Directors and sub-committees for consideration and approval of the Board of Directors and the Shareholders' Meeting.
- 2.3) Evaluate the performance and review the reasonable remuneration for the Chief Executive Officer by proposing to the Board of Directors for approval, unless the Board assigns any particular Director to be the evaluator.
- 3) Regularly review the Charter of the NRC to be in line with the international practice and guidelines or suggestions of relevant institutions or agencies.
- 4) The NRC appoints the secretary of the Committee.
- 5) The NRC has the duty to report the Board of Directors for acknowledgement of the meeting outcome or any other matters that the Board should be informed in the following Board's Meeting.
- 6) The Chairman of the NRC has the duty to report to the shareholders for acknowledgement of their performance in the annual report / Form 56-1 (Form 56-1 One Report), providing the basic details as follows:
  - 6.1) No. of meetings,
  - 6.2) No. of the meetings that each member of the NRC attends, and
  - 6.3) Operating results as defined by the Charter.

In the year 2022, the committee performed its duties as described in the "Report of the Nomination and Remuneration Committee".



### 3) Corporate Governance and Sustainability Development Committee

The Board of Directors Meeting, held on 20 February 2023, has approved the revision of Charter of the Corporate Governance Committee and the change of the name of the committee to Corporate Governance and Sustainability Development Committee. With this regard, roles and responsibilities of the committee have been enhanced to cover sustainability development of the Company.

The Corporate Governance and Sustainability Development Committee consisted of 3 members as follows:

- 1) Mr. Rawat Chamchalerm  
Chairman of the Corporate Governance and Sustainability Development Committee
- 2) Mr. Jukr Boon-Long  
Member of the Corporate Governance and Sustainability Development Committee
- 3) Mr. Umroong Sanphasitvong  
Member of the Corporate Governance and Sustainability Development Committee

#### Roles and responsibilities of the Corporate Governance and Sustainability Development Committee

In addition to ad hoc requirements by the Board of Directors, the committee has the following duties:

- 1) Determine the Corporate Governance Policy, Code of Conduct and Guidelines that continually comply with the laws and regulations and conform with international standards as operational frameworks for the Company and subsidiaries.
- 2) Set the policy, framework and strategies to promote sustainability development of the Company and set goals for the management to ensure the fulfilment of sustainability development objectives.
- 3) Encourage the Company to do self-assessment for corporate governance and sustainability development

and regularly arrange the standard assessment by renowned and internationally accepted appraisers.

- 4) Supervise, monitor and review the Company's operation to ensure conformance with the Corporate Governance policies and guidelines, the sustainability development plan, and the good corporate governance principles of relevant institutions and agencies such as the Stock Exchange of Thailand and the Securities and Exchange Commission.
- 5) Advise and give recommendations to the relevant working team.
- 6) Regularly review the Charter of the Corporate Governance and Sustainability Development Committee and the Company's Corporate Governance Policies to ensure the conformance with international practice and guidelines or suggestions of relevant external institutions or agencies.
- 7) Advocate communication and promote the work culture under the good corporate governance and sustainability development principles at the management level and employees at all levels and ensure the results in action.
- 8) Appoint the secretary of the Committee
- 9) Report the Board of Directors for acknowledgement of the meeting outcome or any other matters that the Board should be informed in the following Board's Meeting.
- 10) The Chairman of the Corporate Governance and Sustainability Development Committee has the duty to report to the shareholders for acknowledgement of their performance in the annual report / Form 56-1 (Form 56-1 One Report), providing the basic details as follows:
  - 10.1) No. of meetings,
  - 10.2) No. of the meetings that each member of the CGC attends, and
  - 10.3) Operating results as defined by the Charter.

In the year 2022, the committee performed its duties as described in the "Report of the Corporate Governance Committee".

### 4) The Executive Committee

As of 20 February 2023, the Executive Committee consisted of 10 members as follows:

- 1) Mr. Suphachai Chearavanont  
Chairman of the Executive Committee
- 2) Mr. Narong Chearavanont  
Vice Chairman of the Executive Committee
- 3) Mr. Tanin Buranamanit  
Vice Chairman of the Executive Committee
- 4) Mr. Umroong Sanpasitvong  
Member of the Executive Committee
- 5) Mr. Pittaya Jearavisitkul  
Member of the Executive Committee
- 6) Mr. Piyawat Titasattavorakul  
Member of the Executive Committee
- 7) Mr. Naris Thamkuekool  
Member of the Executive Committee
- 8) Mr. Sompong Rungnirattisai  
Member of the Executive Committee
- 9) Mr. Tarin Thaniyavarn  
Member of the Executive Committee
- 10) Mr. Tanit Chearavanont  
Member of the Executive Committee

#### Roles and responsibilities of the Executive Committee

- 1) Review and propose to the Board of Directors for approval on the followings matters:
  - 1.1) Company's strategies, financial targets and business plan
  - 1.2) Annual budgeting
  - 1.3) Investment and disposal of assets with total value of more than Baht 500 million and any other



related business transactions under the scope of authority of the Executive Committee, except related party transactions and transactions that may involve conflicts of interest between the Company and its related persons

- 1.4) Transaction and process of merger and acquisition and investment in new countries
- 2) Monitor and control the performance of the Company and its subsidiaries to achieve the financial target and business plan
- 3) The Executive Committee Chairman or any one authorized by the Executive Committee Chairman has the power to approve the management structure of the Company and its subsidiaries including the scope of authority
- 4) Review and approve transactions on investment and disposal of assets with total value of exceeding Baht 200 million but limited to Baht 500 million and any other related business transactions under the scope of authority of the Executive Committee, except related party transactions and transactions that may involve conflicts of interest between the Company and its related persons
- 5) Consider financing options when there is a need for source of funds for various investment projects e.g. issuance of debentures, capital increase, borrowings from financial institution, etc.
- 6) Monitor the progress and results of synergy between Makro and Lotus's to create value for B2B and B2C businesses respectively
- 7) Establish sub-committees to drive the synergies between Makro and Lotus's (B2B and B2C)
- 8) Oversee various operations related to sustainability
- 9) Perform any other tasks as considered appropriate and assigned by the Board of Directors.

- 10) The Executive Committee Chairman has sole authorization to appoint / remove the executive committee members as deemed appropriate on the principal of preserving the Company's interest.

## 7.4 Information about the Executives

### 7.4.1 List of Executive Titles and Occupancy

#### The Executive Officers

As of 1 January 2023, Company executive officers consisted of 7 executives, with the Chief Executive Officer as the highest-ranking officer. The list is as follows:

Name		Position
1. Mr. Tanin	Buranamanit	Chief Executive Officer Group Chief Strategy Officer (acting) and Group Chief Human Resources Officer (acting)
2. Mrs. Saowaluck	Thithapant	Group Chief Executive Officer - Makro Business, and Group Chief Finance Officer
3. Mr. Naris	Thamkuekool	Group Chief Executive Officer - Lotus's Asia-Pacific (Except China)
4. Mr. Sompong	Rungnirattisai	Group Chief Property Officer
5. Mr. Tarin	Thaniyavarn	Group Chief E-Commerce and Logistics Officer
6. Mr. Tanit	Chearavanont	Group Chief International Expansion Officer
7. Mr. Paul	Stephen Howe	Group Chief Information Technology Officer

The relevant information and details of Company executives are included in Appendix 1 (*Information of the Board of Directors, Executives, Controlling Persons and Company Secretary.*)

#### Duties and Responsibilities of the Chief Executive Officer

The Chief Executive Officer is assigned by the Board of Directors to oversee the management and operation of the Company under normal business conditions per set goals, strategic plans, and budgets approved by the board, where the scope of executive power and duties is consistent with legal provisions, Company objectives, the articles of association as well as meeting resolutions of the Board of Directors, the Executive Committee, and the shareholders.

## 7.4.2 Remuneration Policy for Executive Directors and Executives

### Remuneration Policy and Method

Company Executive Directors are not remunerated.

The Chief Executive Officer is remunerated according to the policy and principles established by the Nomination and Remuneration Committee, which is based on the duties, responsibilities, annual performance appraisal, and overall Company performance.

The remuneration of the next level of executives is determined based on duties, responsibilities, and performance of the individual together with Company performance.

## 7.4.3 Remuneration of Executive Directors and Executives

### a) Monetary Remuneration of Executives

For the fiscal year ended 31 December 2022, the seven executives received remuneration in the form of salary and bonus. The total amount was Baht 185 million.

Two executives, namely Mr. Tanin Buranamanit and Mrs. Saowaluck Thithapant, also received remuneration as Company directors. Details are listed under topic 8.1.2. Board Meeting Attendance and Total Remuneration for Individual Directors.

### b) Other remunerations of Executives

For the fiscal year ending 31 December 2022, the seven executives received other forms of remuneration including the Company's contribution to the provident fund (equal to 3% of salary) and expenses of foreign executives such as

house rental fee, tax payments, insurance premiums, and travel expenses, along with bills for water, electricity and telephone service. The total amount was Baht 34 million. The above list is based on Company remuneration that was paid during the year, which is different from the amounts stated in the consolidated or separate financial statements that were prepared under the Generally Accepted Accounting Principles in Thailand Under the Accounting Act B.E. 2543.

## 7.5 Employees

The number of Company employees and the number of employees in each of the core business units.

### (a) Wholesale Business Group

As of 31 December 2022, Wholesale business had 21,782 permanent and temporary employees, respectively. As of the same date, approximately 90% of employees in the wholesale business were employed by for domestic operational purposes, while the remaining 10% were mainly employees of subsidiaries for overseas operations, as displayed in the following table:

Department	Number (Employees)	Percentage
Head Office	2,737	12.6
Stores	19,045	87.4
<b>Total</b>	<b>21,782</b>	<b>100.0</b>

### (b) Retail Business Group

The following table shows the number of employees of Retail Business in Thailand by Department as of 31 December 2022.

Department	Number (Employees)	Percentage
Head Office	2,233	4.0
Stores	53,256	96.0
<b>Total</b>	<b>55,489</b>	<b>100.0</b>

The following table shows the number of Lotus's employees of Retail Business in Malaysia by Department as of 31 December 2022.

Department	Number (Employees)	Percentage
Head Office	616	7.2
Stores	7,897	92.8
<b>Total</b>	<b>8,513</b>	<b>100.0</b>

### 7.5.1 Significant change in headcount over the past 3 years

-None-

### 7.5.2 Labor disputes in the past 3 years.

-None-





### 7.5.3 Employee Compensation.

#### (a) Wholesale Business Group

For the fiscal year ended 31 December 2022, a total of Baht 8,312 million was remunerated to employees of Wholesale Business, where the remuneration included salary and provident fund.

#### (b) Retail Business Group

For the fiscal year ended 31 December 2022, a total of Baht 13,746 million was remunerated to employees of Retail Business in Thailand, where the remuneration included salary and provident fund.

For the fiscal year ended 31 December 2022, the amounts of MYR 271 million were remunerated to employees of Retail Business in Malaysia, where remuneration included salary and provident fund.

## 7.6 Other important information

### 7.6.1 List of personnel with assigned responsibilities

#### 1) Company Secretary

The Board of Directors Meeting No. 2/2022, held on 10 May 2022, resolved to assigned Mrs. Saowaluck Thithapant, Director, Group Chief Executive Officer – Makro Business, and Group Chief Finance Officer to perform duties of the Company Secretary, as per legal provisions, namely the Securities and Exchange Act B.E. 2535 (including amendments), Section 89/15, effective on 1 June 2022 onwards. Prescribed duties and responsibilities are as follows:

1. Prepare and maintain the following documents
  - a) Register of Directors
  - b) Notice of Board of Directors Meetings, Minutes of the Board of Directors Meetings, and the Company's Annual Report.
  - c) Notice of the Shareholders' Meetings and meeting minutes.
2. Document and store the Conflict of Interest Report reported by directors and executives.
3. Perform other tasks as required by the Capital Market Supervisory Board.
4. Submit a copy of the Conflict of Interest Report (of directors, executives, or related persons, or all) to the Chairman of the Board of Directors and the Chairman of the Audit Committee within seven days from the date the Company received such reports.
5. Perform the above duties with responsibility, caution, and honesty, according to Company objectives and regulations, articles of association as well as meeting resolutions of the Board of Directors and shareholders' meetings.

In this regard, relevant information and details of the Company Secretary is included in Appendix 1 (*Information of the Board of Directors, Executives, Controlling Persons and Company Secretary*).

#### 2) Personnel assigned to be directly responsible for overseeing bookkeeping

Ms. Thanyamas Vorachart is assigned to be Information of the Board of Directors, Executives, Controlling Persons and Company Secretary per established financial reporting standards and Company regulations.

In this regard, relevant information and details of those directly responsible for the supervision of the bookkeeping of the Company is included in Appendix 1 (*Information of the Board of Directors, Executives, Controlling Persons and Company Secretary*).

#### 3) Head of Internal Audit and Head of Compliance

Ms. Busakorn Rakkanka, Head of Internal Audit Department, is the Secretary of the Audit Committee as appointed at the Audit Committee Meeting No. 1/2017 on February 21, 2017.

Mrs. Nichayada Ragkhitwetsagul, Director of Legal and Compliance Department, is the Head of the Compliance Office, responsible for overseeing corporate governance policy and operations per the Company vision and mission.

In this regard, the relevant information and details of the person who is directly responsible for internal audit and compliance are included in Appendix 3 (*Details of Head of Internal Audit and Head of Compliance*).

## 7.6.2 List of Heads of Investor Relations

Investor Relations Department (“IR”) has been set up to act as the Company representatives to communicate and disseminate the Company’s information to the investment community, i.e. shareholders, investors, and investment analysts.

The Investor Relations can be reached through the following channels:



**Siam Makro Public Company Limited**  
**SET and Investor Relations Department**  
 No. 1468 Phatthanakan Road, Phatthanakan Sub-district,  
 Suan Luang District, Bangkok 10250



**ir@siammakro.co.th**



**0 2067 8285 (direct line)**



**0 2067 9044**

Ms. Pattarawan Sookplang, Associate Director - Investor Relations, is the head of the Investor Relations, responsible for continuously and regularly communicating and disseminating the Company information that is useful, accurate, and complete, per the criteria set by the SET and the SEC, to investors, analysts and employees, through a variety activities - Opportunity Days hosted by the Stock Exchange of Thailand, press conference and press releases to update the Company’s financial position. At any time, the general public can make enquiries or schedule for meeting with the management or IR through IR portal.

### Key IR Activities in 2022

Activities	Number of activities
Meetings with international investors <sup>(1)</sup>	98
Meeting with domestic investors <sup>(1)</sup>	145
Quarterly Briefings / General Meeting of shareholders <sup>(1)</sup>	5
Company visits and conference calls	15
Emails and phone calls	4-5 per day
Site visits and other activities organized by the Stock Exchange of Thailand or other agencies	5

Remark: <sup>(1)</sup> The meetings were arranged via electronic means (e-meeting).

## 7.6.3 Remuneration of Auditors

### (1) Audit fee

For the fiscal year ended 31 December 2022, the Company and its subsidiaries paid the audit fees to KPMG Phoomchai Audit Limited in the amount of Baht 22 million, to KPMG Group Overseas in the amount of Baht 9.0 million, and to other auditing firms in the amount of Baht 3.0 million.

For the fiscal year ended 31 December 2022, the 2022 Annual General Meeting of Shareholders dated 20 April 2022, resolved to appoint KPMG Phoomchai Audit Limited, a SEC licensed auditing service provider, as the auditor of the Company and its subsidiaries for the fiscal year ended 31 December 2022, and approved the remuneration for the auditors in the amount of Baht 9 million.

### (2) Non-audit fees

For the fiscal year ended 31 December 2022, the Company and its subsidiaries paid other non-audit fees to KPMG Phoomchai Audit Limited in the amount of Baht 2.0 million, to KPMG Group Overseas in the amount of Baht 1.0 million, and to other auditing firms in the amount of Baht 5.0 million. Non-audit fees were such as various business consulting fees unrelated to auditing, legal and tax services, and auditing by a mutually agreed method.

# 8

## Important Corporate Governance Results



### 8.1 Performance Summary of the Board of Directors

In 2022, the Board of Directors performed its duties in the framework of the Board of Directors Charter, Good Corporate Governance Principles, and fiduciary duties in the best interests of the Company and its shareholders, i.e., cautiously and honestly based on trust. The following board duties were undertaken to develop the organization:

- Approve the annual budget and strategic plan.
- Approve investment projects for business expansion to optimize competitiveness.
- Approve various policies in compliance with the Corporate Governance and Code of Conduct Manual, as well as policy compliance assessment through various management reports.
- Supervise and ensure management compliance under corporate policies, strategies, and business plans.
- Assess and follow up on Company performance, as well as render advice for operational optimization.
- Follow up and review the sufficiency and appropriateness of Company risk management and internal control systems via Quarter Audit Committee Reports.

### 8.1.1 Board of Directors: Recruitment, Development, and Performance Assessment

#### Recruitment

##### Recruitment of Board Members

In the past year, the Nomination and Remuneration Committee (“Nomination Committee”) supported the opportunity of minority shareholders to nominate candidates for Board of Directors membership. The committee also proposed the re-election of 5 directors who retired by rotation in 2022 to the Board of Directors to be considered for an additional term of service, namely: Adj. Prof. Prasobsook Boondech, Mr. Korsak Chairasmisak, Mr. Narong Chearavanont, Mr. Adirek Sripratak, and Mr. Umroong Sanphasitvong. After the complete business transfer of CP Retail Holding Co., Ltd., including the retail business and shopping center lease space management under Lotus’s, additional board members were required for the Board of Directors to properly and thoroughly supervise the expanded business and operational requirements in the pursuit of corporate vision and mission. As such, 2 new directors were carefully selected and appointed, namely Mr. Tanin Buranamanit and Mr. Ralph Robert Tye.



The Nomination Committee considered the qualifications of the 7 directors per Board of Directors Charter and relevant legal compliance and requirements, taking into account the collective board matrix and diversity structure, thus, the individual selection criterion that synergizes a unique blend of skills, knowledge, experiences, and unique perspectives beneficial to the Company, irrespective of protected characteristics, be it gender or age, as well as the individual's capacity to dedicate the required time and effort to perform board duties.

All things considered, the best candidates were selected and presented in the 2022 Annual General Meeting of Shareholders for election, whereby individuals with potential conflicts of interest were excluded from candidacy, namely Adj. Prof. Prasobsook Boondech and Mr. Korsak Chairasmisak.

In the new board member voting, each shareholder was entitled to the number of votes equal to the number of held shares, one vote for each share, whereby every shareholder must cast all votes for an individual candidate.

#### Recruitment of the Top Executive

The Nomination Committee reviews the succession plan for the Chief Executive Officer regularly and provides useful suggestions for Company management and the human resources department to optimize the plan, ensuring the Company has a suitable and effective successor for top management, retail-wholesale business operations align with corporate goals, strategy, and plans, and present the succession plan implementation report to the Board of Directors for acknowledgment annually. Details of the selection criteria and successor development guidelines are under section “6.1.1 - Board of Directors Policies and Guidelines for Top Executive Recruitment and Succession Plans”.

## Development

### Director Development and Training (2022)

The Company promotes and facilitates training and education for directors on good corporate governance principles and other matters to optimize the capacity required to perform duties and the efficiency thereof. All Company directors and senior executives attended the Global Economy and Retail Industry Overview lecture by Siam Commercial Bank's Economic and Business Research Center on September 23, 2022, to acknowledge the current situation, global economic trends, and developments in CLMV countries, including economic conditions and the retail-wholesale market, and future trends in Thailand.

All directors have also completed the basic training course organized by the Thai Institute of Directors Association (IOD), representing a 100% training certification of Company directors.

### **Performance Assessment of the Board of Directors**

- The results of the 2022 performance assessment of the board can be summarized as follows:

Performance Assessment Type	2022 (%)	Criterion
Performance of the Board and Sub-committees	98.1	Excellent
Individual self-assessment	98.9	Excellent

- The summary of the 2022 performance assessment results indicates that the overall performance was in the Excellent criterion, representing a 98.5% average score from the two assessment types. The appraisal, with commentaries, was presented in a board meeting where the members jointly evaluated rooms for improvement and opportunities to further optimize overall performance.



## 8.1.2 Meeting Attendance and total Remuneration for Directors

### Meeting attendance by member and committee

Name	Position	Number of Meetings by Committee				
		Board of Directors (7 meetings)	Audit Committee (8 meetings)	Nomination and Remuneration Committee (2 meetings)	Corporate Governance Committee (2 meetings)	Annual General Shareholders (1 meeting)
1. Mr. Suphachai Chearavanont	Chairman of the Board of Directors	6/7	-	-	-	1/1
2. Mr. Ralph Robert Tye <sup>(1)</sup>	Independent Director/ Chairman of the Audit Committee	6/7 <sup>(1)</sup>	4/8 <sup>(1)</sup>	-	-	1/1
3. Mr. Rawat Chamchalerm	Independent Director/ Chairman of the Corporate Governance and Sustainability Development Committee	7/7	-	-	2/2	1/1
4. Mrs. Kannika Ngamsopee	Independent Director/ Member of the Audit Committee	7/7	8/8	-	-	-
5. Mr. Jukr Boon-Long <sup>(2)</sup>	Independent Director/ Member of the Audit Committee / Member of the Corporate Governance and Sustainability Development Committee/ Member of the Nomination and Remuneration Committee	7/7	8/8	0/2 <sup>(2)</sup>	2/2	1/1
6. Mr. Prasobsook Boondech	Independent Director/ Chairman of the Nomination and Remuneration Committee	7/7	-	2/2	-	1/1
7. Mr. Korsak Chairasmisak	Director/ First Vice Chairman/ Member of the Nomination and Remuneration Committee	7/7	-	2/2	-	1/1
8. Mr. Tanin Buranamanit	Director/ Second Vice Chairman/ Chief Executive Officer	7/7	-	-	-	1/1
9. Mr. Prasert Jarupanich	Director	7/7	-	-	-	1/1
10. Mr. Pittaya Jearavisitkul	Director	7/7	-	-	-	1/1
11. Mr. Piyawat Titasattavorakul	Director	7/7	-	-	-	1/1
12. Mr. Narong Chearavanont	Director	7/7	-	-	-	1/1
13. Mr. Adirek Sripratak	Director	6/7	-	-	-	1/1
14. Mr. Umroong Sanphasitvong	Director/ Member of the Corporate Governance and Sustainability Development Committee	7/7	-	-	2/2	1/1
15. Mrs. Saowaluck Thithapant	Director/ Group Chief Executive Officer - Makro Business/ Group Chief Financial Officer	7/7	-	-	-	1/1



Name	Position	Number of Meetings by Committee				
		Board of Directors (7 meetings)	Audit Committee (8 meetings)	Nomination and Remuneration Committee (2 meetings)	Corporate Governance Committee (2 meetings)	Annual General Shareholders (1 meeting)
<b>Resigned in 2022</b>						
Mrs. Suchada Ithjarukul	Director/ Second Vice Chairman / Group Chief Executive Officer - Makro Business (resigned on 1 May 2022)	1/7	-	-	-	1/1
Mr. Joti Bhokavanij	Independent Director/ Chairman of the Audit Committee/ Chairman of the Nomination Committee (resigned on 5 July 2022)	3/7	4/8	2/2	-	1/1

Notes: <sup>(1)</sup> Appointed as an independent director on 20 April 2022, Audit Committee on 10 May 2022, and Chairman of the Audit Committee on 5 July 2022. From the first day in office, Mr. Ralph Robert Tye attended 6/6 board meetings and 4/4 Audit Committee meetings.

<sup>(2)</sup> Appointed as a Nomination and Remuneration Committee member on 24 June 2022, whereby no committee meeting was held since the day Mr. Jukr Boon-Long took office.

#### Directors Remuneration in 2022

Unit : Baht

Committee Member	Position	Monthly Remuneration by Committee				Total Monthly Remuneration	2022 Remuneration	2021 Performance Bonus <sup>(1)</sup>	Total Annual Remuneration + Bonus
		Board of Directors	Audit Committee	Corporate Governance Committee	Nomination and Remuneration Committee				
1. Mr. Suphachai Chearavanont	Chairman of the Board of Directors	155,000				155,000	1,860,000	2,455,000	4,315,000
2. Mr. Ralph Robert Tye <sup>(1)</sup>	Independent Director/ Chairman of the Audit Committee Chairperson		140,000			140,000	1,111,833		1,111,833
3. Mr. Rawat Chamchalerm	Independent Director/ Chairman of the Corporate Governance and Sustainability Development Committee	100,000		15,000		115,000	1,380,000	1,821,500	3,201,500
4. Mrs. Kannika Ngamsopee	Independent Director/ Member of the Audit Committee		115,000			115,000	1,380,000	1,821,500	3,201,500
5. Mr. Jukr Boon-Long <sup>(2)</sup>	Independent Director/ Member of the Audit Committee/ Member of the Corporate Governance and Sustainability Development Committee/ Member of the Nomination and Remuneration Committee		115,000	5,000	5,000	125,000	1,471,167	1,900,700	3,371,867
6. Mr. Prasobsook Boondech	Independent Director/ Chairman of the Nomination and Remuneration Committee	100,000			15,000	115,000	1,322,333	1,663,100	2,985,433



Committee Member	Position	Monthly Remuneration by Committee				Total Monthly Remuneration	2022 Remuneration	2021 Performance Bonus <sup>(1)</sup>	Total Annual Remuneration + Bonus
		Board of Directors	Audit Committee	Corporate Governance Committee	Nomination and Remuneration Committee				
7. Mr. Korsak Chairasmisak	Director/ First Vice Chairman/ Member of the Nomination and Remuneration Committee	100,000			5,000	105,000	1,260,000	1,663,100	2,923,100
8. Mr. Tanin Buranamanit	Director/ Second Vice Chairman/ Chief Executive Officer	100,000				100,000	836,667		836,667
9. Mr. Prasert Jarupanich	Director	100,000				100,000	1,200,000	1,583,900	2,783,900
10. Mr. Pittaya Jearavisitkul	Director	100,000				100,000	1,200,000	1,583,900	2,783,900
11. Mr. Piyawat Titasattavorakul	Director	100,000				100,000	1,200,000	1,583,900	2,783,900
12. Mr. Narong Chearavanont	Director	100,000				100,000	1,200,000	1,583,900	2,783,900
13. Mr. Adirek Sripratak	Director	100,000				100,000	1,200,000	1,583,900	2,783,900
14. Mr. Umroong Sanphasitvong	Director/ Member of the Corporate Governance and Sustainability Development Committee	100,000		5,000		105,000	1,260,000	1,663,100	2,923,100
15. Mrs. Saowaluck Thithaphan	Director/ Chief Executive Officer of Makro Wholesale Business Group/ Chief Executive Officer of the Accounting and Finance Business Group	100,000				100,000	1,200,000	1,583,900	2,783,900
<b>Resigned in 2022</b>									
Mrs. Suchada Ithijarakul	Director/ Second Vice Chairman / Group Chief Executive Officer - Makro Business (resigned on 1 May 2022)	100,000				100,000	400,000	1,583,900	1,983,900
Mr. Joti Bhokavanij	Independent Director/ Chairman of the Audit Committee/ Chairman of the Nomination and Remuneration Committee (resigned on 5 July 2022)		140,000		15,000	155,000	955,833	2,455,000	3,410,833
<b>Total</b>						<b>1,930,000</b>	<b>20,437,833</b>	<b>26,530,300</b>	<b>46,968,133</b>

Notes: <sup>(1)</sup> 2021 performance bonus paid April 2022 per Annual General Meeting of Shareholders resolution, dated 21 April 2022.

<sup>(2)</sup> Holding the position of Independent Director and Chairman of the Sustainability and Corporate Governance Committee, CP All Public Company Limited, receiving a total remuneration of 3,894,000 Baht in 2022.



Director remuneration for the fiscal year ended 31 December 2022, totaled Baht 46.96 million, according to the annual general meeting of shareholders resolution dated 20 April 2022, where a range of criteria was considered in conjunction with comparable companies of the same business size and industry, along with Company operating results, roles, and responsibilities of the board and the overall business environment.

### 8.1.3 Operational Oversight of Subsidiaries and Associates

#### Oversight Instruments

The Board of Directors applies the following oversight instruments to supervise the operations of subsidiaries and associates and maintain Company investment benefits:

1. Board-approved Company representatives are deployed to subsidiaries and affiliates as directors, executives, or persons with controlling power in numbers proportionate to Company held shares.
2. The scope of executive authority, duties, and responsibilities of Company representatives is determined by the level of required control or participation to formulate important policies for the business.
3. The Company ensures complete and accurate disclosure of financial information and operating results, related party transactions, acquisition or disposition of assets, or any other important transactions of subsidiaries and affiliates by applying Company-wide accounting, financial, and internal audit standards and rules. The Subsidiary Articles of Association also contain provisions regarding connected transactions and the acquisition or disposition of assets per legal requirements and board-approved principles.
4. The appropriate and concise internal control system is determined for Company subsidiaries and is monitored

by the Company's internal audit agency. In addition, the companies are required to obtain approval from the board prior to engaging in important transactions that require shareholders' resolutions, such as capital increase, capital reduction, and liquidation, among others.

#### Shareholders Agreement

#### Shareholders Agreements for Managing Subsidiaries and Associates

- None -

### 8.1.4 Corporate Governance Compliance and Monitoring

The Board of Directors prioritizes business operations under established principles in the Corporate Governance and Code of Conduct Manual, which outlines mandatory policy and guidelines with clearly defined duties and responsibilities of all Company directors, executives, and personnel to follow via the Company's Policy Acknowledgement and Confirmation of Compliance online form. A supervisory capacity is expected of leadership at all levels across the organization to supervise the immediate line of command for acknowledgment, comprehension, and compliance.

The Company monitors the implementation of corporate governance principles and code of conduct to reinforce professional conduct and protocol over a wide range of engagements; for instance, fair treatment of stakeholders, respect for human and labor rights, information security and personal data protection, promotion of occupational health, safety and security, all the way to communal, social and environmental care. Transparency is the key principle to guide business operations and ensure compliance in the following four particular areas:

#### **(1) Prevention of Conflicts of Interest**

The Company Code of Conduct for preventing Conflicts of Interest in the Corporate Governance and Code of Conduct Manual lays out the guidelines for directors and executives to report stake holdings and for management and employees of the Company and its subsidiaries to report conflicts of interest. The manual also prescribes guidelines for submitting Connected Transactions as detailed in section "6.1.2 Policies and Guidelines for Shareholders and Stakeholders"

In 2022, the Company monitored the supervision and prevention of conflicts of interest as follows:

- All directors and executives prepared a personal stakeholding or connected transactions report, or both, per criteria set by the Board of Directors.
- All Company employees reported information about their conflicts of interest or a related party, or both, per Company guidelines.
- Connected transactions for normal business engagements or supporting normal business under general trading conditions are considered and operated with transparency, in compliance with the guidelines set by the Board of Directors, and always engaged upon as if transacting with a third party on the Company's behalf thus is conducted with the best interests of the Company at heart. Stakeholders with stakes associated with a connected party were excluded from the approval process. These transactions were reported to the Audit Committee quarterly.

Connected transactions with potential conflicts of interest or do not meet general trading conditions, or both, were reviewed by the Audit Committee and further presented to the Board of Directors or the shareholders for approval, depending on the size of the transaction. The Company





strictly complied with relevant regulations and always ensured that complete and accurate disclosure of connected transactions was managed per regulatory and legal provisions.

In 2022, the Company received no complaints regarding directors or executives that engaged in activities that incurred conflicts of interest.

## (2) Insider Trading

The Corporate Governance and Code of Conduct Manual puts forth the Company Code of Conduct and guidelines for using inside information and the confidentiality of classified information. The details are shown in Section “6.1.2 Policies and Guidelines for Shareholders and Stakeholders”

In 2022, the Company monitored the supervision and prevention of insider trading, i.e., the exploitation of inside information for personal advantage. The following actions were taken:

- The Company Secretary distributed a letter of cooperation requesting all directors,

top executives, and Company personnel whose duty involves accessing and using inside information to refrain from buying, selling, transferring, or accepting transfers of Company securities for a period of one month prior to the public disclosure of financial statements for each quarter. Cooperation was also requested of the spouses and underage children of the Company personnel.

- The Company Secretary prepared a report of Company securities holding of directors and executives for the Board of Directors every quarter.
- The Company supervised and ensured a Non-Disclosure Agreement was signed by Company personnel and third parties involved with ongoing projects or information that had yet to be disclosed to the public, or both, as a reminder to handle sensitive information with care and precaution and to refrain from disclosing such information to unauthorized parties.

In 2022, no director or executive was involved in insider trading and no trading of Company securities violated SEC regulations. The Company did not receive any complaints regarding a director or executive exploiting inside information for personal gain.





## Company Securities Holding Report

The following table displays the Company security holdings of directors and executives (including spouses and underage children) as of 31 December 2022 and 2021

Directors/Executives	Position	2022		2021	Increase/ (Decrease)
		% of Paid-up Capital	Number of ordinary shares (shares)	Number of ordinary shares (shares)	
Mr. Suphachai Chearavanont	Chairman of the Board of Directors	0.01	600,000 <sup>(1)</sup>	600,000	-
Mr. Ralph Robert Tye	Independent Director/ Chairman of the Audit Committee	-	-	undisclosed <sup>(2)</sup>	-
Mr. Rawat Chamchalerm	Independent Director/ Chairman of the Corporate Governance and Sustainability Development Committee	0.00	22,500 <sup>(1)</sup>	22,500	-
Mrs. Kannika Ngamsopee	Independent Director/ Member of the Audit Committee	0.00	16,000	16,000	-
Mr. Jukr Boon-Long	Independent Director/ Member of the Audit Committee / Member of the Corporate Governance and Sustainability Development Committee/ Member of the Nomination and Remuneration Committee	-	-	-	-
Mr. Prasobsook Boondech	Independent Director/ Chairman of the Nomination and Remuneration Committee	-	-	-	-
Mr. Korsak Chairasmisak	Director/ First Vice Chairman/ Member of the Nomination and Remuneration Committee	-	-	-	-
Mr. Tanin Buranamanit	Director/ Second Vice Chairman/ Chief Executive Officer	0.00	25,000	undisclosed <sup>(2)</sup>	-
Mr. Prasert Jarupanich	Director	0.00	200	200	-
Mr. Pittaya Jearavisitkul	Director	0.00	131,080	131,080	-
Mr. Piyawat Titasattavorakul	Director	0.00	6,000	6,000	-
Mr. Narong Chearavanont	Director	-	-	-	-
Mr. Adirek Sripratak	Director	-	-	-	-
Mr. Umroong Sanphasitvong	Director/ Member of the Corporate Governance and Sustainability Development Committee	0.00	51,628	51,628	-
Mrs. Saowaluck Thithapant	Director/ Group Chief Executive Officer - Makro Business/ Group Chief Financial Officer	-	-	-	-
Mr. Naris Thamkuekul	Group Chief Executive Officer - Lotus's Asia-Pacific (except China)	0.00	24,568	undisclosed <sup>(3)</sup>	-
Mr. Sompong Rungnirattisai	Group Chief Property Officer	0.00	50,000 <sup>(1)</sup>	undisclosed <sup>(3)</sup>	-
Mr. Tarin Thaniyavarn	Group Chief E - Commerce and Logistic Office	-	-	undisclosed <sup>(3)</sup>	-
Mr. Tanit Chearavanont	Group Chief International Expansion Officer	-	-	undisclosed <sup>(3)</sup>	-
Mr. Paul Stephen Howe	Group Chief Information Technology Officer	-	-	-	-
<b>Total director-executive shareholding</b>		<b>0.01</b>	<b>926,976</b>	<b>827,408</b>	<b>-</b>

Notes : <sup>(1)</sup> Holding shares by the spouse <sup>(2)</sup> Due to being director appointment on 20 April 2022 <sup>(3)</sup> Became one of the four executives immediately under the Managing Director on 18 February 2022.

### (3) Anti-Corruption

The Company's Anti-Corruption Policy is outlined in detail under Section "6.1.2- Policies and Guidelines for Shareholders and Stakeholders, and Appendix 5"

The following policies and guidelines are applied for practical implementation, tangible results, and to demonstrate the intent and determination against corruption:

- Publicize the Anti-Corruption Policy and relevant guidelines both internally and externally, to all related parties and audiences, be they Company executives, employees, or stakeholders, to declare the Company's stance and commitment against all forms of corruption, foster anti-corruption corporate awareness through various mediums, and encourage participation in spirit-building activities e.g., live Facebook event on the Anti-Corruption Day 2022 at the Bang Sue Grand Station under the title "Leaders and Anti-Corruption!" Good corporate governance (CG) and anti-wrongdoing principles are fostered and communicated across offline and online, CG Communication and CG Voices, all the way to circulating public relations publications and signages in offices and distribution centers, intranet systems, and Company website. Classroom and



online employee training and new employee orientation are also offered, among others.

- The No-Gift Policy is publicized during the pre-festival period through internal and external communication channels, namely public relations materials at various points at the head office and stores, to encourage workplace transparency. Letters of cooperation are also distributed to business partners, customers, financial institutions, and related business parties requesting no gifts or favors be offered to executives or employees of the Company or its subsidiaries. And in 2022, the Company put in place an online reporting system developed for receiving and giving gifts, favors, and reception parties, including charitable donations in various forms, to facilitate and elevate Company





activities and operational procedures to a professional and transparent standard where data of all Company related records and transactions are properly documented and stored in one place for further monitoring, tracking, and follow up, as well as future referenceable purposes, leading to the credible and sustainable growth of the organization as a whole.

- Anti-corruption agents and personnel responsible for promoting, monitoring, and supervising anti-corruption measures are encouraged to attend training courses and seminars on corruption prevention that are organized by third-party agencies with subject matter expertise and apply learned knowledge to review and develop Company anti-corruption capacities regularly.
- A risk management process is established, starting with the identification of internal and external risk factors, assessment of persisting factors, and critical risk analysis, to determine accountable agents that are responsible for mitigating and managing different risks to an acceptable level. The process is incorporated into all aspects of Company strategy, be it investment strategies and operational planning, including the anti-corruption policy.
- Determine clear and practical prevention guidelines for high-risk areas of corruption, including political contributions, charitable donations and grants, gifts and favors, hospitality, and other expenses and payments of facilitation. This ensures that Company personnel are discouraged from any undertakings that may lead to alleged corruption.
- Determine and establish internal control systems to prevent the risk of corruption, e.g., the clearly defined approval authority for high-risk engagements in the scope of duties and responsibilities of involved personnel in related positions. The Internal Audit unit is also set up to monitor the work of various departments to ensure that operations are implemented thoroughly under the operating budget and regulations, among other internal measures.
- The Company's Thai Private Sector Collective Action against Corruption (CAC) membership was extended on 31 March 2021, with a 3-year period that expires on 30 March 2024.
- The Company joined the CAC Change Agent project to extend the business transparency network to business partners. Company partners are encouraged to announce their anti-corruption intent by joining the CAC project and attending a special lecture held by the project.

#### **(4) Whistleblowing**

The Company has made available whistleblowing channels for reporting or submitting complaints. Details are shown in section 6.1.2 - Policies and Guidelines for Shareholders and Stakeholders.

In the fiscal year ending 2022, the Company received a total of 382 complaints, 38 being against alleged corruption, misconduct, or unethical practices. Details are disclosed under Section 3 - Sustainable Business Development.

## **8.2 Audit Committee Performance**

The details are shown in the "Audit Committee Report".

## **8.3 Performance Summary of other Sub-committees**

### **8.3.1 Number of Other Sub-Committee Meetings**

#### **1) Nomination and Remuneration Committee**

#### **2) Corporate Governance Committee**

Details are shown under Section "8.1.2 Committee Meeting Attendance and Individual Director Remuneration".

### **8.3.2 Performance of Other Sub-Committees**

#### **1) Performance of the Nomination and Remuneration Committee**

Details as shown in the Nomination and Remuneration Committee Report.

#### **2) Performance of the Corporate Governance Committee**

Details as shown in the Corporate Governance Committee Report.

# 9

## Internal Control and Related Party Transactions

### 9.1 Internal Control

#### The Board of Directors' opinion related to Internal Control of the Company and Subsidiaries

The Company recognises the importance of the internal control system and risk management as mechanisms that enhance operational efficiency and effectiveness to achieve its goals. Moreover, internal control processes aim to provide reasonable assurance concerning operations, reporting and compliance with statutory requirements and corporate policies. Internal control policies foster the accuracy, transparency and auditability of the Company's operations including reducing and preventing potential risks. Furthermore, the Company constantly develops its internal control system to ensure continuous efficiency and effectiveness.

The Board of Directors appointed the Audit Committee, which consists of three Independent Directors who are qualified and experienced in various fields, and are independent as stipulated by the Stock Exchange of Thailand's requirements. The Audit Committee is responsible for reviewing financial reports, the disclosure of the Company's information,

and the Company's connected transactions or conflict of interest to ensure its reasonableness and best interests of the Company. The Audit Committee also reviews the adequacy and appropriateness of the risk management process, internal control system, and internal audit plan; considers material issues related to internal control; and provides recommendations for any required improvements to the management. The Audit Committee considers the appointment or termination of the external auditor and expresses their opinion to the Board of Directors. The Audit Committee also reviews the Company's compliance with the law of Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET)'s rules and regulations, and any other laws applicable to the Company's businesses.

The Audit Committee assigns the Internal Audit Department, as an independent unit from the Company's management, to evaluate the internal control system and review the operations of each department within the Company and its subsidiaries to ensure that each department complied with internal control policies and procedures. The Internal Audit Department has duly evaluated the adequacy and appropriateness of the internal control system under the five key aspects of the Internal Control - Integrated Framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) as highlighted below:

#### 1. Control Environment

The Company realises the importance of good corporate governance by promoting and supporting a good control environment. The Board performs its duties independently from the management and oversees overall business operations. The Company has established a Corporate Governance Policy and Code of Conduct in compliance with good corporate governance principles including Anti-Corruption Policy and published the Corporate Governance and Code of Conduct Manual, which prohibits the management and the employees from any misconduct which may

constitute conflicts of interest. The Manual has been communicated to the management, staff, contractors and the Company's representatives to acknowledge and strictly comply with the guidelines in performing their duties. Disciplinary actions will be imposed in case of violations. The Manual is continuously reviewed and modified to be consistent with the Company's business. The management outlines the organizational structure that aligns with the business plan and properly adjusts the structure to serve the business needs. The lines of command with separate duties and appropriate responsibilities are established to ensure that the management and employees' performances are efficient and can be clearly monitored, audited, and assessed. The Company has established the People Steering Committee to consider the organizational structure design and manpower, follow-up on the progress of recruitment plan for both short-term and long-term, continuously develop people and development of succession plan for key positions both at head office and branches; including new projects; in order to align with the business operation and sustainable growth. Furthermore, the Internal Audit Department is responsible for auditing and reviewing the performance and promoting a good internal control environment. In addition, the Company had received the renewed certification from Thai Private Sector Collective Action against Corruption (CAC) on 31 March 2021. The existing certification period is valid for 3 years.

#### 2. Risk Assessment

The Company recognises the importance of an enterprise risk management system. The Risk Management Committee is responsible for formulating a systematic risk assessment framework including risk management policies. Every business unit shall assess various risk factors, the likelihood of occurrence and its impact from internal and external perspectives, and it must have mitigating measures to manage risks to an acceptable level. Risk Champion is assigned in each unit to



give advice and support risk assessment within their own unit. The Risk Management Committee shall report to the Audit Committee at least once a year.

In 2022, a Sub-Risk Management Committee was established to supervise and support risk management in the Company's subsidiaries, information technology and various projects in order to consider risks and manage risks on a timely basis with the changes and business plans of the Company. This sub-committee will report directly to the Company's Risk Management Committee. In addition, the joint TCCT Compliance Committee made up of the Company and Lotuss has been established to continuously supervise and monitor operations to comply with legal requirements related to the Trade Competition Act from the acquisition of Lotuss in 2021.

Furthermore, the Company has established a Business Continuity Plan (BCP) and a Disaster Recovery Plan (DRP) to prepare for risks and potential crises and ensure that the Company's key operations will continue to operate without any disruption. For example, the Company has appointed a committee and working team to respond to the COVID-19 epidemic emergency by following government's measures on this matter including setting working guidelines, prevention and correction in the event of the employee being considered at risk from COVID infection. Furthermore, the Company continually revises its short-term and long-term corporate strategies to reflect the ever-changing business environment in the best interests of the Company and its sustainability. The Internal Audit Department regularly reviews the adequacy and appropriateness of the internal control system by carrying out audit planning on key operational processes; and review of risk mitigation measures to ensure that the Company's risks are at acceptable and manageable levels.

### 3. Control Activities

The Company implements transparent and appropriate internal control activities, applies key performance indicators (KPIs) as tools for planning and control, establishes policies and guidelines including the Anti-corruption Policy, the Conflicts of Interest Declaration, and the Corporate Governance and Code of Conduct Manual for employees and business partners. The Company sets out policies and operating procedures for appropriate internal control with segregation of duties and clearly define functional responsibilities and delegation of authority such as different levels of signing power and categories of expenditure for management. Standard operation procedures are in writing and regularly reviewed. In addition, the IT system had been categorised into the roles with levels of control and access to information, identification of access rights and database management that can be retrieved for verification. The Company has set clear guidelines on the connected transactions for transparency and best interests of the Company, and the Internal Audit Department regularly reviews the adequacy and appropriateness of the internal control system, which is aligned with the audit plan covering key operational processes. In addition, the Company has consistently monitored the operations of its subsidiaries to ensure their operations are aligned with the Company's business policies.

### 4. Information and Communication

The Company recognizes the significance of information systems and communication. Information technology has been deployed in order to manage information and analyse data to support management's decision making process. The Company has fully supported employees to develop innovations; in order to increase work efficiency, decrease costs and expenses, and use digital technology such as Robotic Process Automation (RPA) in certain business process. Furthermore, the Company is fully aware of cybersecurity and has implemented a cyber-security system by the installation of hardware and software to prevent

cyber threats. In addition, the Company has issued Makro Information Security Policy (MISP) to comply or align with business rule, or related law and regulation; such as data privacy law and cybersecurity act. It is also a guideline to manage, oversee, and develop information and cybersecurity. Information Technology and Security Steering Committee has been established to oversee information technology and cybersecurity to ensure that the Company achieves sustainable business growth. At the same time, the Company has clear policies to control unauthorized access and to prevent inappropriate use of the Company's information in compliance with the Computer-related Crime Act.

In addition, the Company has communicated to every staff member information relating to policies, regulations and announcements, and examples of threats from the use of information through many internal communication channels, e.g. intra-net, stores' notice board, Company's emails and VDO Conference (Broadcast) to ensure that every staff member is fully, correctly and timely informed. Furthermore, the Company has put in place complaint-making and whistle-blowing communication channels. These cover offenses or suspicious behavior that may imply fraud or corruption or misconduct of any person in the organisation. Communication can be made through the Company's website or e-mail [cgooffice@siammakro.co.th](mailto:cgooffice@siammakro.co.th). The Company also has other appropriate and efficient communication channels for external stakeholders to access the Company's information at all time, such as Call Center (0 2335 5300) for customers' inquiries or complaints about products and services of the Company, and Investor Relations Department for shareholders and investors. This will facilitate the stakeholders' understanding about the Company's business, as well as disclose information to SET.

### 5. Monitoring

The Company has monitoring and evaluation processes designed to assess the adequacy of its internal control system.



Internal Audit Department as an independent Department from management directly reports to Audit Committee. The Internal Audit Department is continually encouraged to develop work compliance with international standards. It undergoes quality assessment by leading third-party assessors once every five years to ensure that the Company's internal audit followed international standards and good practices. Internal Audit Department has duly evaluated the effectiveness of internal control activities in accordance with professional standards for internal auditing and risk-based audit to provide reasonable assurance on the Company's governance, risk management and control processes to help the Company achieve its objectives and goals. Audit plan was annually designed in accordance with the Company's strategies and key risks that would impact on operations and the Company's objectives. Internal Audit Department makes recommendations to management for any

required operation improvement by using data analytics in every audit process to increase the efficiency and effectiveness of the internal control and reports to the Audit Committee on a quarterly basis. Furthermore, the Internal Audit Department provides advisory and consulting services to business units for good governance process. Moreover, the Company has a policy and communication channel to directly report to Audit Committee in the event that any acts of fraud or corruption are found within the Company. The Company also reports the improvement progress of significant issues.

In 2022, the Audit Committee is of the same opinion with the external auditor that there is no significant issue on internal control. The Company has an appropriate internal control system aligning with the business. Furthermore, all business units have complied with the stipulated processes and working procedures.

## 9.2 Related Transactions

### Related transactions between the Company and persons or entities that may have conflicts of interest

For the year ending 31 December 2022 Makro and its subsidiaries ("The Company") conducted the following related transactions with potential conflicts of interest:

Conflicts of interest party and relationship nature As of 31 December 2022	Transaction type	Transactional value (Baht million)		Transaction details, reason, and plausibility
		For the year ended 31 December 2021	For the year ended 31 December 2022	
<b>1. CP All Public Company Limited ("CPALL")</b> Relationship: a major shareholder of the Company with the following 10 joint directors: 1. Mr. Suphachai Chearavanont 2. Mr. Korsak Chairasmisak 3. Mr. Umroong Sanphasitvong 4. Mr. Piyawat Titasattavorakul 5. Mr. Pittaya Jearavisitkul 6. Mr. Adirek Sripratak 7. Mr. Prasert Jarupanich 8. Mr. Narong Chearavanont 9. Mr. Prasobsook Boondech 10. Mr. Tanin Buranamanit	Revenue from sale of goods	14.8	16.7	The Company is licensed to use trademarks and service marks "Makro" and "aro", among others, for business operations in Thailand, Cambodia, Myanmar, and China, such as brand names, store names, store layouts, and business administration to increase operational efficiency. The CPALL royalties are proportional to sales as agreed in the trademark and service mark license agreement, the key terms of which are consistent with Company transaction requirements before CPALL became a Company majority shareholder.  The Board of Directors, including independent and audit committee directors while excluding directors with conflicts of interest, considered and determined that the engagement was appropriate and beneficial to the Company in supporting the business under normal service fees and payment terms.
	Rental and other income	6.1	13.2	
	Distribution costs and administrative expenses	181.7	197.1	
	Trade accounts receivable	3.1	2.8	
	Other current payables	96.0	103.9	
	Other non-current liabilities	2.8	4.1	



Conflicts of interest party and relationship nature As of 31 December 2022	Transaction type	Transactional value (Baht million)		Transaction details, reason, and plausibility
		For the year ended 31 December 2021	For the year ended 31 December 2022	
<b>2. CPRAM Company Limited (“CPRAM”)</b> Relationship: a CPALL subsidiary and a major shareholder of the Company with the following 2 joint directors: 1. Mr. Pittaya Jearavisitkul 2. Mr. Piyawat Titasattavorakul	Revenue from sale of goods	46.0	57.1	The Company sells fresh and dried food to CPRAM, namely frozen fruits and dried mushrooms, and buys ready-to-eat food, namely shumai, steamed buns, and shrimp dumplings. The product purchases are for resale in distribution centers. However, the product purchase price and payment terms are under normal business terms and conditions, considering the purchase and sale transaction of products from other unrelated companies and the market price. <sup>(1)</sup>
	Revenue from rendering of services	4.2	4.2	
	Purchase of goods and services	294.9	350.2	
	Trade accounts receivable	8.2	5.5	
	Trade accounts payable	87.7	89.9	
<b>3. Gosoft (Thailand) Company Limited (“Gosoft (Thailand)”)</b> Relationship: a CPALL subsidiary and a major shareholder of the Company with the following 2 joint directors: 1. Mr. Pittaya Jearavisitkul 2. Mr. Piyawat Titasattavorakul	Purchase fixed assets and intangible assets	95.8	245.4	The Company purchased fixed and intangible assets, such as computer equipment and computer programs, including software maintenance services from Gosoft (Thailand) Such purchase supported the Company’s normal business operations where the prices of purchased goods and services were under normal business terms and conditions, comparable to the market price of fixed or intangible assets between other unrelated third parties. <sup>(1)</sup>
	Distribution costs and administrative expenses	266.9	1,041.6	
	Other current receivables	42.5	164.0	
	Other current payables	316.9	300.6	
	Accrued expenses	-	43.7	
<b>4. Charoen Pokphand Foods Public Company Limited (“CPF”)</b> Relationship: the Company's indirect major shareholder with the following 2 joint directors: 1. Mr. Suphachai Chearavanont 2. Mr. Adirek Sripratak	Revenue from sale of goods	46.2	52.9	The Company procures freshwater fish, namely ruby, tilapia, white sea bass, and catfish for resale in distribution centers and as frozen food products to CPF, whereby independent appraisers determine the value of the products which are sold under the trademark agreement and the purchase price and payment terms are under normal business terms and conditions, comparable to the same transaction type with other unrelated companies at market prices. <sup>(1)</sup>
	Purchase goods and services	369.6	439.4	
	Distribution costs and administrative expenses	-	22.3	
	Trade accounts receivable	7.7	6.9	
	Trade accounts payable	37.8	25.0	





Conflicts of interest party and relationship nature As of 31 December 2022	Transaction type	Transactional value (Baht million)		Transaction details, reason, and plausibility
		For the year ended 31 December 2021	For the year ended 31 December 2022	
<b>5. C.P. Merchandising Company Limited (“CPM”)</b> Relationship: both a direct and an indirect major shareholder of the Company with the following 2 joint directors: 1. Mr. Suphachai Chearavanont 2. Mr. Adirek Sripratak	Revenue from sale of goods	0.1	1.2	The Company imports premium fresh food products such as salmon, mutton, beef, and various cuts for resale in Company distribution centers at a price agreed upon with the buyer periodically as the price of such commodities fluctuate with seasonal market costs, whereby the purchase price and payment terms are under normal business terms and conditions, comparable to the same transaction with other unrelated companies at market price. <sup>(1)</sup>
	Purchase goods and services	1,383.4	1,003.9	
	Trade accounts payable	168.5	82.0	
<b>6. CPF Trading Company Limited (“CPF Trading”)</b> Relationship: under a common direct major shareholder with the following 2 joint directors: 1. Mr. Suphachai Chearavanont 2. Mr. Adirek Sripratak	Revenue from sale of goods	17.4	23.6	The Company procures fresh food and processed food such as pork, chicken, egg, sausage, ham, egg, and tofu, among others, for resale in distribution centers where the price is agreed upon with trading partners periodically as the price of such commodities fluctuates with seasonal market costs, whereby the transport services are provided by CPF Trading. The prices and payment terms of the transactions are under normal business terms and conditions, comparable to those with other unrelated companies at market price. <sup>(1)</sup>
	Revenue from rendering of services, rental and other income	19.6	28.4	
	Purchase goods and services	14,118.8	28,990.1	
	Distribution costs and administrative expenses	62.6	53.4	
	Trade accounts receivable	2.0	4.9	
	Other current receivables	9.1	9.3	
	Trade accounts payable	3,549.1	4,414.8	
	Other current payables	45.2	83.5	



Conflicts of interest party and relationship nature As of 31 December 2022	Transaction type	Transactional value (Baht million)		Transaction details, reason, and plausibility
		For the year ended 31 December 2021	For the year ended 31 December 2022	
<b>7. CP-Meiji Company Limited (“CP-Meiji”)</b> <i>Relationship:</i> under a common indirect major shareholder with one joint director with the Company, namely Mr. Adirek Sripratak.	Revenue from sale of goods	6.7	5.3	The Company procures dairy products, such as pasteurized milk, yogurt, and yogurt drinks, for resale in distribution centers with prices and payment terms under normal business conditions, comparable to those with other unrelated companies at market prices. <sup>(1)</sup>
	Revenue from rendering of services and other income	4.0	4.8	
	Purchase goods and services	644.0	1,092.1	
	Trade accounts receivable	1.1	1.1	
	Other current receivables	4.7	7.8	
	Trade accounts payable	244.1	256.9	
<b>8. CPF (Thailand) Public Company Limited (“CPF (Thailand)”)</b> <i>Relationship:</i> under a common indirect major shareholder with one joint director with the Company, namely Mr. Adirek Sripratak.	Revenue from sale of goods	335.5	347.7	As a normal course of business with CPF (Thailand), the Company sells general consumer goods, e.g., rice, detergent, toilet paper, and A4 paper, among others, and procures goods, e.g., cheese, under normal business terms and conditions, comparable to those with other unrelated companies at market price. <sup>(1)</sup>
	Purchase goods and services	40.7	37.6	
	Distribution costs and administrative expenses	-	1.6	
	Trade accounts receivable	48.6	41.5	
	Trade accounts payable	13.1	6.4	
	Other current payables	0.4	1.0	
	Lease liabilities	7.5	1.9	



Conflicts of interest party and relationship nature As of 31 December 2022	Transaction type	Transactional value (Baht million)		Transaction details, reason, and plausibility
		For the year ended 31 December 2021	For the year ended 31 December 2022	
<b>9. Perfect Companion Group Company Limited (“Perfect Companion”)</b> Relationship: under a common indirect major shareholder with one joint director namely Mr. Prasert Jarupanich	Revenue from sale of goods	22.4	43.6	The Company procures pet food products, e.g., dog food and cat food, for resale in distribution centers with prices and payment terms under normal business terms and conditions, comparable to those with other unrelated companies at market price. <sup>(1)</sup>
	Revenue from rendering of services	20.3	16.3	
	Purchase goods and services	408.4	927.0	
	Trade accounts receivable	3.1	5.6	
	Other current receivables	4.2	4.6	
	Trade accounts payable	159.2	234.9	
<b>10. True Internet Data Center Company Limited (“True Internet Data Center”)</b> Relationship: under a common indirect major shareholder and Mr. Suphachai Chearavanont is a director with an indirect major shareholder through Freewill Solutions Company Limited	Distribution costs and administrative expenses	12.7	28.6	Under the digital disruption plan, the Company leases main and backup True Internet Data Centers with service fees and payment terms under normal business conditions, comparable to those with other unrelated companies at market price. <sup>(1)</sup>
	Other current receivables	0.6	2.2	
	Other current payables	2.3	11.5	
<b>11. True Leasing Company Limited (“True Leasing”)</b> Relationship: under a common indirect major shareholder with the Company.	Distribution costs and administrative expenses	106.0	323.3	The Company leases executive vehicles from True Leasing with service fees and payment terms under normal business terms and conditions, comparable to those with other unrelated companies at market price. <sup>(1)</sup>
	Interest expenses	4.2	9.5	
	Other current payables	51.0	135.7	
	Lease liabilities	344.3	485.8	



Conflicts of interest party and relationship nature As of 31 December 2022	Transaction type	Transactional value (Baht million)		Transaction details, reason, and plausibility
		For the year ended 31 December 2021	For the year ended 31 December 2022	
<b>12. CP Food Store Company Limited (“CP Food Store”)</b> Relationship: the Chearavanont family is an indirect major shareholder in CP Food Store.	Revenue from rendering of services and other income	38.4	32.3	The Company procures dry food products, namely rice, from CP Food Store for distribution center resale and promotes the CP Food Store products with marketing activities through periodic price agreements with payment terms and conditions under normal business conditions, comparable to those with other unrelated companies at market price. <sup>(1)</sup>
	Purchase goods and services	589.1	987.0	
	Other current payables	4.4	5.8	
	Trade accounts payable	210.8	243.4	
<b>13. All Now Logistics Company Limited (“All Now”)</b> Relationship: a CPALL subsidiary and a major shareholder of the company with the following 3 joint directors 1. Mr. Suphachai Chearavanont 2. Mr. Narong Chearavanont 3. Mr. Umroong Sanphasitvong	Purchase goods and services	62.5	894.9	The Company retains product transportation services from All Now with service fees and payment terms under normal business conditions, comparable to those with other unrelated companies at market price. <sup>(1)</sup>
	Other current payables	13.3	293.7	
	Accrued expenses	-	161.5	
<b>14. Egg Digital Company Limited (“Egg Digital”)</b> Relationship: under a common major shareholder with the Company	Other income	-	95.5	The Company retains mobile application services and maintenance from Egg Digital with service fees and payment terms under normal business conditions, comparable to those with other unrelated companies at market price. <sup>(1)</sup>
	Distribution costs and administrative expenses	28.8	159.4	
	Other current receivables	-	99.7	
	Other current payables	23.5	65.4	
	Accrued expenses	-	14.7	



Conflicts of interest party and relationship nature As of 31 December 2022	Transaction type	Transactional value (Baht million)		Transaction details, reason, and plausibility
		For the year ended 31 December 2021	For the year ended 31 December 2022	
15. CP B&F (Thailand) Company Limited ("CP B&F") Relationship: under a common indirect major shareholder with the Company	Revenue from sale of goods	12.7	125.3	With CP B&F, the Company sells consumer goods, provides sorting and e-Commerce system services, and procures consumer goods and coffee machines, whereby the product prices, service charges, and payment terms are under normal business conditions, comparable to those with other unrelated companies at market price. <sup>(1)</sup>
	Rental and other income	0.3	18.0	
	Purchase goods and services	585.8	337.6	
	Distribution costs and administrative expenses	11.9	19.3	
	Purchases of fixed assets	-	107.9	
	Trade accounts receivable	62.1	65.8	
	Trade account payable	184.8	83.6	
	Other current payables	122.5	51.1	
	Accrued expenses	-	1.4	



Conflicts of interest party and relationship nature As of 31 December 2022	Transaction type	Transactional value (Baht million)		Transaction details, reason, and plausibility
		For the year ended 31 December 2021	For the year ended 31 December 2022	
16. Other related parties	Revenue from sale of goods	241.0	349.8	The Company generates revenues mainly from product sales in distribution centers, transportation services, and sales subsidies from suppliers.
	Revenue from rendering of services, rental and other income	126.5	431.4	
	Dividend income	-	10.5	Procurement expenses are mainly for distribution center resale and transportation costs between the warehouses and distribution centers.
	Purchase goods and services	1,380.8	3,799.3	Service fees are normal business expenses such as administrative fees, commercial building management, land leases in Company distribution center locations, and internet service fees, among others.
	Distribution costs and administrative expenses	365.4	1,333.2	
	Interest expenses	4.3	26.8	
	Purchases of fixed and intangible assets	9.2	199.0	In so doing, as a normal business or supporting business transaction with prices and payment terms under normal business conditions, comparable to those with other unrelated companies at market price. <sup>(1)</sup>
	Trade accounts receivable	43.4	110.8	
	Other current receivables	70.9	118.3	
	Trade accounts payable	735.2	514.5	
	Other current payables	326.8	747.4	
	Accrued expenses	33.4	229.6	
Lease liabilities	230.9	1,033.0		

**Note:** <sup>(1)</sup> The related transaction is a normal business or business support transaction with commercial terms under normal trading conditions and board-approved in principle for the immediate undertaking on the Group's behalf. The connected transaction is reviewed by the Internal Audit Unit and presented to the Audit Committee quarterly. The committee reviewed the transactions for the year ending 31 December 2022 on 2 February 2023 and determined they were in line with the normal course of Company business.



### **Related Transaction Approval Policy, Procedures, and Future Trends**

The Company conducts related transactions with related companies strictly for business and operational purposes with the best interest of the Company as the priority. The transactions are conducted for products and services where the Company is the rightful bearer of the trademarks and service marks, an essential part to conduct Company business under normal conditions. The transactions are pre-approved by the Board of Directors under Company bylaws and legal requirements prior to the undertaking or payment for products and services.

Connected transactions under trade agreements with general trading conditions are pre-approved in principle by the Board of Directors with an additional requirement. It is allowed on the Company's behalf when the transaction would be conducted by any reasonable person with another general trading party under the same trade agreement, situation, and bargaining power without the influence of the status as a Company director, executive, or related person. The details are as follows:

#### **1. Purchase of goods :**

When The Company procurement is from a related company, be it with common directors or shareholders, or both, it is at the market price under normal business conditions, comparable to those with other unrelated companies.

#### **2. Use of services:**

The Company retains services from related companies with common directors or shareholders, or both, at prices and terms under normal business conditions, comparable to those with other unrelated companies in the same situation.

#### **3. Sale of goods and services:**

The Group provides products and services to directors, executives, or related companies, or all, which may share common directors or shareholders, or both, at prices and terms under normal business conditions, comparable to those with other unrelated companies in the same situation.

For the procurement of goods and services, as well as the acquisition of fixed and intangible assets, under normal commercial conditions, the transfer of benefits is prevented to protect Company investors by the internal audit unit that verifies transactional necessity with relevant internal departments to ensure compliance with normal commercial conditions and market price. Such transactions must be reported to the Audit Committee quarterly.

The Company policy limits related party transactions on the Group's behalf for business and operational purposes only, at prices and payment terms under normal business conditions, comparable to those between any typical traders, ratified or approved by the Board of Directors prior to the transaction being conducted. Connected transactions may be conducted on the Group's behalf when board-approved in principle and under a commercial agreement with normal terms and conditions, i.e., in the same nature as a reasonable person would do with a general contracting party in the same situation despite the bargaining power of representing the Company, as detailed above. Any connected transaction conducted in the future must be appropriate and supportive of the current business growth, in compliance with applicable rules and requirements of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), as well as Company bylaws and approval procedures.



# Section 3

## Financial Statements







# Report of Board of Directors' Responsibilities for the Financial Reporting

The Board of Directors of Siam Makro Public Company Limited is responsible for the financial statements of the Company and its subsidiaries, which have been prepared in accordance with generally accepted accounting standards in Thailand, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. The Board considers the accounting policies pursued to be appropriate, and that they have been applied consistently with adequate disclosure of important information in the notes to the financial statements. The Company's external auditor has reviewed and audited the financial statements and expressed an unqualified opinion in the auditor's report.

The Board oversees and establishes as well as maintains a proactive risk management system and internal control system to ensure that accounting records are accurate and complete, and that the Company's assets are properly safeguarded against fraud and materially irregular operations. The Board has appointed an Audit Committee consisting of independent directors to provide efficient oversight of the establishment of the financial statements, internal control system and internal audit. The Audit Committee's views are reported in this annual report.

The Board is of the view that the internal control system and the internal audit of the Company are adequate and appropriate and provide reason assurance that the Company's financial statements represent the financial position, results of operations, and cash flows that give a true and fair view in accordance with Thai Financial Reporting Standards.

**Mr. Suphachai Chearavanont**  
Chairman of the Board of Directors

**Mr. Tanin Buranamanit**  
Chief Executive Officer



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# **Siam Makro Public Company Limited and its Subsidiaries**

## **Financial Statements for the year ended 31 December 2022 and Independent Auditor's Report**

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## Independent Auditor's Report

### To the Shareholders of Siam Makro Public Company Limited

#### Opinion

I have audited the consolidated and separate financial statements of Siam Makro Public Company Limited and its subsidiaries (the "Group") and of Siam Makro Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2022, 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 2022 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 including Independence Standards* issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. 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 (f) and 8 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:</p> <ul style="list-style-type: none"> <li>Understood the inventory control and management policy and the estimation of net realisable value of inventories.</li> <li>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.</li> <li>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.</li> <li>Considered the adequacy of the Group's disclosures in accordance with Thai Financial Reporting Standards.</li> </ul>

Impairment of goodwill and other intangible assets	
Refer to note 3 (j), 3 (k), 3 (m), 4, 14 and 15 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 business combinations.</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:</p> <ul style="list-style-type: none"> <li>Understood the process of the estimated recoverable amount to assess the impairment.</li> <li>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.</li> <li>Considered the adequate of the Group's disclosures in accordance with Thai Financial Reporting Standards.</li> </ul>



### 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 identified 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 therein, I am required to report that fact. 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, actions taken to eliminate threats or safeguards applied.

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.

(Piyatida Tangdenchai)  
Certified Public Accountant  
Registration No. 11766

KPMG Phoomchai Audit Ltd.  
Bangkok  
20 February 2023



## Siam Makro Public Company Limited and its Subsidiaries

## Statement of financial position

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2022	2021	2022	2021
		(in Baht)			
<b>Current assets</b>					
Cash and cash equivalents	6, 27	40,103,172,876	68,529,591,461	16,647,001,703	44,989,627,577
Trade accounts receivable	5, 7, 27	2,430,696,127	2,301,496,702	663,603,307	550,352,783
Other current receivables	5	1,818,071,117	1,985,490,137	264,456,678	410,343,128
Short-term loans to subsidiaries	5, 27	-	-	145,252,400	80,943,300
Inventories	5, 8	37,820,444,963	31,966,575,834	15,332,539,838	13,992,303,985
Purchase discount receivables		4,293,288,861	3,775,760,372	1,220,854,343	1,216,680,687
Accrued income		847,815,749	782,351,163	678,123,234	637,639,673
Derivative assets	27	-	606,890,763	-	2,499,213
Other current assets		41,889,461	52,101,517	-	-
<b>Total current assets</b>		<b>87,355,379,154</b>	<b>110,000,257,949</b>	<b>34,951,831,503</b>	<b>61,880,390,346</b>
<b>Non-current assets</b>					
Investments in subsidiaries	9	-	-	260,330,939,005	232,649,106,235
Investments in associate	10	9,053,162,399	9,139,468,357	-	-
Investments in joint ventures	10	5,334,543,334	4,875,371,520	-	-
Investments in related companies	5, 27	572,856,553	294,750,000	-	-
Other non-current receivables		49,524,519	44,832,693	-	-
Investment properties	11	43,910,015,761	45,268,353,686	112,498,502	112,498,502
Property, plant and equipment	5, 12	118,114,692,970	118,443,826,010	30,511,650,575	28,887,221,314
Right-of-use assets	13	37,167,226,932	36,830,567,933	9,025,128,399	9,185,634,048
Goodwill	4, 14	234,736,022,257	234,736,022,257	-	-
Other intangible assets					
other than goodwill	5, 15	10,520,582,459	8,059,821,049	1,999,386,092	1,426,783,589
Deferred tax assets	24	566,079,823	529,951,977	517,087,006	504,824,836
Other non-current assets		1,263,141,725	1,267,196,141	22,752,807	15,528,504
<b>Total non-current assets</b>		<b>461,287,848,732</b>	<b>459,490,161,623</b>	<b>302,519,442,386</b>	<b>272,781,597,028</b>
<b>Total assets</b>		<b>548,643,227,886</b>	<b>569,490,419,572</b>	<b>337,471,273,889</b>	<b>334,661,987,374</b>

The accompanying notes form an integral part of the financial statements.

## Siam Makro Public Company Limited and its Subsidiaries

## Statement of financial position

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2022	2021	2022	2021
		(in Baht)			
<b>Current liabilities</b>					
Short-term borrowings from financial institutions	16, 27	1,636,839,532	29,197,868,282	-	-
Trade accounts payable to other parties	27	55,867,190,205	54,845,229,937	26,549,385,635	26,661,952,678
Trade accounts payable to related parties	5, 27	5,951,296,460	5,390,308,006	3,134,198,570	2,556,622,797
Other current payables to other parties	27	10,070,087,167	13,225,778,914	2,216,646,466	1,732,327,939
Other current payables to related parties	5, 27	1,799,381,521	1,010,780,696	688,496,212	404,196,688
Corporate income tax payable		953,853,181	1,126,006,053	826,978,024	856,808,693
Accrued expenses	5	7,477,737,695	7,350,802,952	3,010,059,077	3,482,758,735
Current portion of long-term borrowings from financial institutions	16, 27	112,065	2,001,072,451	-	2,000,000,000
Current portion of lease liabilities	5, 16, 27	3,159,271,478	3,069,613,050	557,500,586	550,849,719
Derivative liabilities	27	2,683,176,519	702,935,939	19,149,934	-
Other current liabilities		1,164,211,347	475,019,605	231,779,854	201,389,882
<b>Total current liabilities</b>		<b>90,763,157,170</b>	<b>118,395,415,885</b>	<b>37,234,194,358</b>	<b>38,446,907,131</b>
<b>Non-current liabilities</b>					
Debentures	16, 27	23,465,523,281	-	-	-
Long-term borrowings from financial institutions	16, 27	86,559,218,935	105,120,378,884	7,000,000,000	5,000,000,000
Other non-current payables		462,019,034	499,219,266	1,516,818	2,916,810
Lease liabilities	5, 16, 27	45,719,964,874	44,904,541,660	6,009,818,082	6,149,385,897
Rental deposit from tenants	5, 27	1,824,773,544	2,474,694,825	21,271,079	34,812,951
Provisions for employee benefits	17	2,550,072,481	2,569,556,279	1,083,451,992	1,116,276,117
Other non-current provisions	18	2,341,584,557	2,394,938,243	64,737,095	64,737,095
Deferred tax liabilities	24	3,803,174,721	4,447,183,308	-	-
Non-current derivative liabilities	27	208,676,667	172,710,535	-	-
Other non-current liabilities		14,437,849	13,423,295	-	-
<b>Total non-current liabilities</b>		<b>166,949,445,943</b>	<b>162,596,646,295</b>	<b>14,180,795,066</b>	<b>12,368,128,870</b>
<b>Total liabilities</b>		<b>257,712,603,113</b>	<b>280,992,062,180</b>	<b>51,414,989,424</b>	<b>50,815,036,001</b>

The accompanying notes form an integral part of the financial statements.



## Siam Makro Public Company Limited and its Subsidiaries

## Statement of financial position

	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2022	2021	2022	2021
<i>(in Baht)</i>					
<b>Liabilities and equity (Continued)</b>					
<b>Equity</b>					
Share capital					
Authorised share capital					
<i>(11,172 million ordinary shares,     par value at Baht 0.50 per share)</i>	19	<u>5,586,161,750</u>	<u>5,586,161,750</u>	<u>5,586,161,750</u>	<u>5,586,161,750</u>
Issued and paid-up share capital					
<i>(10,580 million ordinary shares,     par value at Baht 0.50 per share)</i>	19	5,290,161,750	5,290,161,750	5,290,161,750	5,290,161,750
Additional paid-in capital					
Premium on ordinary shares	19	263,881,502,666	263,881,502,666	263,881,502,666	263,881,502,666
Deficit from changes in ownership interests in subsidiary		(19,980,479)	(19,980,479)	-	-
Deficit from acquisition of interests under common control	4	(6,714,300,702)	(6,714,300,702)	(6,555,104,609)	(6,555,104,609)
Retained earnings					
Appropriated					
Legal reserve	20	558,616,175	240,000,000	558,616,175	240,000,000
Unappropriated		27,626,963,232	25,459,706,278	22,881,108,483	20,990,391,566
Other components of equity		<u>(274,848,323)</u>	<u>(139,894,740)</u>	-	-
<b>Equity attributable to equity holders of the Company</b>		<b>290,348,114,319</b>	<b>287,997,194,773</b>	<b>286,056,284,465</b>	<b>283,846,951,373</b>
Non-controlling interests		<u>582,510,454</u>	<u>501,162,619</u>	-	-
<b>Total equity</b>		<b><u>290,930,624,773</u></b>	<b><u>288,498,357,392</u></b>	<b><u>286,056,284,465</u></b>	<b><u>283,846,951,373</u></b>
<b>Total liabilities and equity</b>		<b><u>548,643,227,886</u></b>	<b><u>569,490,419,572</u></b>	<b><u>337,471,273,889</u></b>	<b><u>334,661,987,374</u></b>

The accompanying notes form an integral part of the financial statements.

## Siam Makro Public Company Limited and its Subsidiaries

## Statement of income

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2022	2021	2022	2021
<i>(in Baht)</i>					
<b>Revenues</b>	5				
Revenue from sale of goods		447,182,434,521	258,630,249,357	227,434,727,771	209,937,501,612
Revenue from rendering of services		5,422,145,806	4,136,284,392	4,210,025,177	3,896,472,710
Revenue from rental and rendering retail services		13,477,182,488	2,631,058,928	409,290,147	323,134,535
Other income		<u>3,049,676,427</u>	<u>969,686,598</u>	<u>960,322,477</u>	<u>561,589,773</u>
<b>Total revenues</b>	21	<b><u>469,131,439,242</u></b>	<b><u>266,367,279,275</u></b>	<b><u>233,014,365,572</u></b>	<b><u>214,718,698,630</u></b>
<b>Expenses</b>	5				
Cost of sale of goods	8	383,605,757,459	228,337,951,134	204,198,175,598	188,753,490,308
Cost of rental and rendering of services		5,982,275,811	1,045,691,503	84,242,791	63,767,212
Distribution costs		48,363,781,455	19,149,739,086	13,930,374,820	12,001,757,718
Administrative expenses		<u>14,478,472,241</u>	<u>7,339,909,784</u>	<u>5,079,520,612</u>	<u>4,295,098,101</u>
<b>Total expenses</b>	23	<b><u>452,430,286,966</u></b>	<b><u>255,873,291,507</u></b>	<b><u>223,292,313,821</u></b>	<b><u>205,114,113,339</u></b>
<b>Profit from operating activities</b>		<b>16,701,152,276</b>	<b>10,493,987,768</b>	<b>9,722,051,751</b>	<b>9,604,585,291</b>
Gain on step acquisition	4	-	6,714,300,702	-	-
Share of profit (loss) of associate and joint ventures accounted for using equity method	10	<u>831,423,391</u>	<u>(226,474,308)</u>	-	-
<b>Profit before finance costs and income tax expense</b>		<b>17,532,575,667</b>	<b>16,981,814,162</b>	<b>9,722,051,751</b>	<b>9,604,585,291</b>
Finance costs		<u>7,121,907,200</u>	<u>1,556,708,589</u>	<u>377,427,960</u>	<u>388,626,261</u>
<b>Profit before income tax expense</b>		<b>10,410,668,467</b>	<b>15,425,105,573</b>	<b>9,344,623,791</b>	<b>9,215,959,030</b>
Income tax expense	24	<u>2,728,827,225</u>	<u>2,127,544,688</u>	<u>1,878,849,323</u>	<u>1,835,503,640</u>
<b>Profit for the year</b>		<b><u>7,681,841,242</u></b>	<b><u>13,297,560,885</u></b>	<b><u>7,465,774,468</u></b>	<b><u>7,380,455,390</u></b>
<b>Profit (loss) attributable to:</b>					
Equity holders of the Company		7,696,904,447	13,686,726,321	7,465,774,468	7,380,455,390
Former shareholders before business restructuring		-	(374,983,996)	-	-
Non-controlling interests		<u>(15,063,205)</u>	<u>(14,181,440)</u>	-	-
<b>Profit for the year</b>		<b><u>7,681,841,242</u></b>	<b><u>13,297,560,885</u></b>	<b><u>7,465,774,468</u></b>	<b><u>7,380,455,390</u></b>
<b>Basic earnings per share of equity holders of the Company</b>	25	<b><u>0.73</u></b>	<b><u>2.38</u></b>	<b><u>0.71</u></b>	<b><u>1.28</u></b>

The accompanying notes form an integral part of the financial statements.

**Siam Makro 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	
	2022	2021	2022	2021
	<i>(in Baht)</i>			
<b>Profit for the year</b>	<b>7,681,841,242</b>	<b>13,297,560,885</b>	<b>7,465,774,468</b>	<b>7,380,455,390</b>
<b>Other comprehensive income</b>				
<i>Item that will be reclassified subsequently to profit or loss</i>				
Exchange differences on translating financial statements	(478,968,284)	205,036,151	-	-
Gain (loss) on cash flow hedges	27 1,459,114,335	(66,468,535)	-	-
Income tax relating to gain (loss) on cash flow hedges	24, 27 (57,974,725)	13,293,707	-	-
Cash flow hedges reserve reclassified to profit or loss	27 (1,169,240,711)	(68,234,991)	-	-
Share of gain of other comprehensive income of associate accounted for using equity method	10 -	364,271,376	-	-
	<u>(247,069,385)</u>	<u>447,897,708</u>	<u>-</u>	<u>-</u>
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Gain on investment in equity instrument designated at FVOCI	27 152,106,553	-	-	-
Income tax relating to gain on investment in equity instrument designated at FVOCI	24 (30,421,311)	-	-	-
Gain (loss) on remeasurements of defined benefit plans	17 98,913,039	82,115,625	42,150,467	(64,897,131)
Income tax relating to gain (loss) on remeasurements of defined benefit plans	24 (19,782,607)	(20,456,087)	(8,430,093)	12,979,426
	<u>200,815,674</u>	<u>61,659,538</u>	<u>33,720,374</u>	<u>(51,917,705)</u>
<b>Other comprehensive income for the year, net of income tax</b>	<b>(46,253,711)</b>	<b>509,557,246</b>	<b>33,720,374</b>	<b>(51,917,705)</b>
<b>Total comprehensive income for the year</b>	<b><u>7,635,587,531</u></b>	<b><u>13,807,118,131</u></b>	<b><u>7,499,494,842</u></b>	<b><u>7,328,537,685</u></b>
<b>Total comprehensive income (loss) attributable to:</b>				
Equity holders of the Company	7,641,081,296	13,790,840,041	7,499,494,842	7,328,537,685
Former shareholders before business restructuring	-	(10,712,620)	-	-
Non-controlling interests	(5,493,765)	26,990,710	-	-
<b>Total comprehensive income for the year</b>	<b><u>7,635,587,531</u></b>	<b><u>13,807,118,131</u></b>	<b><u>7,499,494,842</u></b>	<b><u>7,328,537,685</u></b>

The accompanying notes form an integral part of the financial statements.







**Siam Makro Public Company Limited and its Subsidiaries**  
**Statement of changes in equity**

Note	Consolidated financial statements													
	Issued and paid-up share capital	Premium on ordinary shares	Deficit from changes in ownership interests in subsidiary	Deficit from acquisition of interests under common control	Retained earnings		Other components of equity			Equity attributable to equity holders of the Company	Equity of subsidiary before business restructuring	Non-controlling interests	Total equity	
					Legal reserve	Unappropriated	Translation reserve	Cash flow hedges reserve	Total other components of equity					
<i>(in Baht)</i>														
<b>For the year ended 31 December 2021</b>														
<b>Balance as at 1 January 2021</b>	<b>2,400,000,000</b>	<b>3,290,152,068</b>	<b>(19,980,479)</b>	<b>-</b>	<b>240,000,000</b>	<b>16,511,320,419</b>	<b>(182,348,922)</b>	<b>-</b>	<b>(182,348,922)</b>	<b>22,239,143,086</b>	<b>85,552,404,610</b>	<b>471,375,233</b>	<b>108,262,922,929</b>	
<b>Transactions with equity holders, recorded directly in equity</b>														
<i>Contributions by and distributions to equity holders</i>														
Issue of ordinary shares	19	385,000,000	32,621,631,348	-	-	-	-	-	-	33,006,631,348	-	-	33,006,631,348	
Issue of ordinary shares as consideration of the entire business transfer	4, 19	2,505,161,750	227,969,719,250	-	-	-	-	-	-	230,474,881,000	-	-	230,474,881,000	
Dividends	26	-	-	-	-	(4,800,000,000)	-	-	-	(4,800,000,000)	-	(323)	(4,800,000,323)	
<b>Total contributions by and distributions to equity holders</b>		<b>2,890,161,750</b>	<b>260,591,350,598</b>	<b>-</b>	<b>-</b>	<b>(4,800,000,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>258,681,512,348</b>	<b>-</b>	<b>(323)</b>	<b>258,681,512,025</b>	
<i>Change in ownership interests in subsidiaries</i>														
Acquisition of non-controlling interests		-	-	-	-	-	-	-	-	-	-	2,796,999	2,796,999	
<i>Change in ownership interest in associate</i>														
Change in ownership interest in associate		-	-	-	-	-	-	-	-	-	(66,040,292)	-	(66,040,292)	
<i>Change in ownership interests arising from business restructuring</i>														
Acquisition of interests under common control	4	-	-	(6,714,300,702)	-	-	-	-	-	(6,714,300,702)	(85,475,651,698)	-	(92,189,952,400)	
<b>Total transactions with equity holders, recorded directly in equity</b>		<b>2,890,161,750</b>	<b>260,591,350,598</b>	<b>-</b>	<b>(6,714,300,702)</b>	<b>(4,800,000,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>251,967,211,646</b>	<b>(85,541,691,990)</b>	<b>2,796,676</b>	<b>166,428,316,332</b>	
<b>Comprehensive income for the year</b>														
Profit or loss		-	-	-	-	13,686,726,321	-	-	-	13,686,726,321	(374,983,996)	(14,181,440)	13,297,560,885	
Other comprehensive income		-	-	-	-	61,659,538	163,864,001	(121,409,819)	42,454,182	104,113,720	364,271,376	41,172,150	509,557,246	
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,748,385,859</b>	<b>163,864,001</b>	<b>(121,409,819)</b>	<b>42,454,182</b>	<b>13,790,840,041</b>	<b>(10,712,620)</b>	<b>26,990,710</b>	<b>13,807,118,131</b>	
<b>Balance as at 31 December 2021</b>		<b>5,290,161,750</b>	<b>263,881,502,666</b>	<b>(19,980,479)</b>	<b>(6,714,300,702)</b>	<b>240,000,000</b>	<b>25,459,706,278</b>	<b>(18,484,921)</b>	<b>(121,409,819)</b>	<b>(139,894,740)</b>	<b>287,997,194,773</b>	<b>-</b>	<b>501,162,619</b>	<b>288,498,357,392</b>

The accompanying notes form an integral part of the financial statements.



## Siam Makro Public Company Limited and its Subsidiaries

### Statement of changes in equity

		Separate financial statements					Total
		Issued and paid-up share capital	Premium on ordinary shares	Deficit from acquisition of interests under common control	Retained earnings		equity
Note	Legal reserve				Unappropriated		
<i>(in Baht)</i>							
<b>For the year ended 31 December 2022</b>							
		5,290,161,750	263,881,502,666	(6,555,104,609)	240,000,000	20,990,391,566	283,846,951,373
<b>Transactions with equity holders, recorded directly in equity</b>							
<i>Distributions to equity holders</i>							
Dividends	26	-	-	-	-	(5,290,161,750)	(5,290,161,750)
<b>Total transactions with equity holders, recorded directly in equity</b>							
		-	-	-	-	(5,290,161,750)	(5,290,161,750)
<b>Comprehensive income for the period</b>							
Profit		-	-	-	-	7,465,774,468	7,465,774,468
Other comprehensive income		-	-	-	-	33,720,374	33,720,374
<b>Total comprehensive income for the period</b>							
		-	-	-	-	7,499,494,842	7,499,494,842
Transfer to legal reserve	20	-	-	-	318,616,175	(318,616,175)	-
<b>Balance as at 31 December 2022</b>							
		<u>5,290,161,750</u>	<u>263,881,502,666</u>	<u>(6,555,104,609)</u>	<u>558,616,175</u>	<u>22,881,108,483</u>	<u>286,056,284,465</u>

The accompanying notes form an integral part of the financial statements.



## Siam Makro Public Company Limited and its Subsidiaries

### Statement of changes in equity

	Note	Separate financial statements					Total equity
		Issued and paid-up share capital	Premium on ordinary shares	Deficit from acquisition of interests under common control	Legal reserve	Retained earnings Unappropriated	
<i>(in Baht)</i>							
<b>For the year ended 31 December 2021</b>							
<b>Balance as at 1 January 2021</b>		<b>2,400,000,000</b>	<b>3,290,152,068</b>	<b>-</b>	<b>240,000,000</b>	<b>18,461,853,881</b>	<b>24,392,005,949</b>
<b>Transactions with equity holders, recorded directly in equity</b>							
<i>Contributions by and distributions to equity holders</i>							
Issue of ordinary shares	19	385,000,000	32,621,631,348	-	-	-	33,006,631,348
Issue of ordinary shares as consideration of the entire business transfer	4, 19	2,505,161,750	227,969,719,250	-	-	-	230,474,881,000
Dividends	26	-	-	-	-	(4,800,000,000)	(4,800,000,000)
<b>Total contributions by and distributions to equity holders</b>		<b>2,890,161,750</b>	<b>260,591,350,598</b>	<b>-</b>	<b>-</b>	<b>(4,800,000,000)</b>	<b>258,681,512,348</b>
<i>Change in ownership interests arising from business restructuring</i>							
Acquisition of interests under common control	4	-	-	(6,555,104,609)	-	-	(6,555,104,609)
<b>Total transactions with equity holders, recorded directly in equity</b>		<b>2,890,161,750</b>	<b>260,591,350,598</b>	<b>(6,555,104,609)</b>	<b>-</b>	<b>(4,800,000,000)</b>	<b>252,126,407,739</b>
<b>Comprehensive income for the year</b>							
Profit		-	-	-	-	7,380,455,390	7,380,455,390
Other comprehensive income		-	-	-	-	(51,917,705)	(51,917,705)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,328,537,685</b>	<b>7,328,537,685</b>
<b>Balance as at 31 December 2021</b>		<b>5,290,161,750</b>	<b>263,881,502,666</b>	<b>(6,555,104,609)</b>	<b>240,000,000</b>	<b>20,990,391,566</b>	<b>283,846,951,373</b>

The accompanying notes form an integral part of the financial statements.



## Siam Makro 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	
		2022	2021	2022	2021
		(in Baht)			
<b>Cash flows from operating activities</b>					
Profit for the year		7,681,841,242	13,297,560,885	7,465,774,468	7,380,455,390
<i>Adjustments to reconcile profit to cash receipts</i>					
Depreciation of investment properties	11	2,084,257,472	748,587,692	-	-
Depreciation of property, plant and equipment	12	10,211,226,040	3,321,370,589	2,068,019,596	1,999,626,341
Depreciation of right-of-use assets	13	3,906,139,763	1,520,850,460	886,876,475	849,158,315
Amortisation of other intangible assets other than goodwill	15	1,349,259,304	536,910,843	465,215,715	360,497,158
Interest income		(209,644,375)	(50,668,219)	(189,431,112)	(23,933,995)
Finance costs		7,121,907,200	1,556,708,589	377,427,960	388,626,261
Income tax expense	24	2,728,827,225	2,127,544,688	1,878,849,323	1,835,503,640
Unrealised (gain) loss on exchange rate		(12,300,977)	75,450,158	(4,141,331)	(5,897,925)
(Reversal of) loss on decline in value of inventories		(405,620,906)	(268,618,665)	(73,866,425)	107,655,455
Impairment losses (reversal of impairment losses)	7, 11-13, 15	71,847,269	129,402,881	18,725,403	(3,494,227)
Share of (profit) loss of associate and joint ventures accounted for using equity method	10	(831,423,391)	226,474,308	-	-
Loss on disposals and write-off of investment properties		17,304,775	4,795,198	-	-
Loss (gain) on disposals and write-off of property, plant and equipment		55,073,590	107,803,299	(4,289,169)	7,515,664
Gain on write-off of lease liabilities, net of right-of-use assets		(134,884,012)	(23,655,563)	(167,411)	(3,869)
Loss on disposals and write-off of other intangible assets other than goodwill		3,986,490	475,124	3,823,845	285,615
Loss on lease modification, net of right-of-use assets		9,650,315	-	-	-
Provisions for employee benefits	17	269,962,257	144,989,502	139,514,268	98,503,268
Gain on step acquisition	4	-	(6,714,300,702)	-	-
Other		(517,000)	(1,671,000)	(675,000)	(1,671,000)
		33,916,892,281	16,740,010,067	13,031,656,605	12,992,826,091

The accompanying notes form an integral part of the financial statements.

## Siam Makro 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	
		2022	2021	2022	2021
		(in Baht)			
<i>Changes in operating assets and liabilities</i>					
Trade accounts receivable		(102,211,699)	3,415,166	(120,580,976)	(215,887,379)
Other current receivables		55,092,917	562,940,794	63,654,773	(129,362,494)
Inventories		(5,473,794,582)	(2,735,766,139)	(1,186,856,267)	(928,376,573)
Purchase discount receivables		(547,109,392)	(1,687,843,448)	(4,173,656)	(35,231,148)
Accrued income		(62,809,047)	(31,803,200)	(40,400,273)	(32,242,537)
Derivative assets		606,890,763	(24,089,428)	2,499,213	(2,499,213)
Other current assets		10,018,353	(4,985,240)	-	-
Other non-current receivables		(20,323,944)	(8,389,559)	-	-
Other non-current assets		(18,492,855)	(173,842,674)	(7,224,303)	(342,556)
Trade accounts payable to other parties		1,198,567,355	7,315,549,119	(107,020,312)	1,776,526,126
Trade accounts payable to related parties		565,376,789	2,384,517,852	577,575,773	341,730,980
Other current payables to other parties		(842,124,533)	(2,400,297,406)	231,735,205	23,623,876
Other current payables to related parties		655,427,206	243,489,685	289,709,272	110,357,340
Accrued expenses		(159,268,928)	(410,845,139)	(471,933,083)	869,443,563
Derivative liabilities		19,159,729	(4,653,030)	19,149,934	(4,653,030)
Other current liabilities		207,139,352	(488,074,415)	31,064,972	5,850,112
Other non-current payables		(37,200,232)	3,138,720	(1,399,992)	(1,399,992)
Rental deposit from tenants		(157,250,160)	4,722,953	(13,541,872)	6,249,334
Provisions for employee benefits paid	17	(190,332,908)	(60,530,600)	(130,187,926)	(40,786,170)
Net cash inflow from provision for employee benefits from related parties		437,177	46,866,477	-	-
Repayment of other-non current provisions	18	(71,645,274)	(36,022,058)	-	(36,022,058)
Other non-current provisions		(24,196,713)	188,067,191	-	24,363,474
Other non-current liabilities		1,308,355	137,001	-	-
Net cash generated from operating		29,529,550,010	19,425,712,689	12,163,727,087	14,724,167,746
Interest received		206,091,778	45,417,641	189,187,526	20,928,685
Interest paid		(4,085,454,556)	(318,787,687)	(153,050,754)	(180,647,768)
Income tax paid		(3,635,698,357)	(2,383,385,892)	(1,929,372,255)	(1,962,872,716)
<b>Net cash from operating activities</b>		<b>22,014,488,875</b>	<b>16,768,956,751</b>	<b>10,270,491,604</b>	<b>12,601,575,947</b>

The accompanying notes form an integral part of the financial statements.



**Siam Makro 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	
	2022	2021	2022	2021
	(in Baht)			
<b>Cash flows from investing activities</b>				
Dividend received	10	458,557,535	81,162,222	-
Cash inflow on current investments		-	36,554,700	-
Acquisition of investment properties		(1,263,844,795)	(65,825,162)	-
Proceeds from sale of investment properties		1,183,989	222,796	-
Acquisition of property, plant and equipment		(12,567,157,081)	(2,377,443,063)	(3,623,431,689)
Proceeds from sale of property, plant and equipment		106,498,024	29,027,152	30,375,436
Acquisition of right-of-use assets		(188,833,348)	(501,459,272)	(188,833,348)
Acquisition of other intangible assets other than goodwill		(3,584,209,383)	(1,081,834,954)	(898,088,061)
Proceeds from sale of other intangible assets other than goodwill		7,405	-	-
Cash outflow on short-term loans to subsidiaries		-	-	(9,980,042,500)
Proceeds from repayment of short-term loans to subsidiaries		-	-	9,914,328,000
Cash outflow on investment in subsidiaries	9	-	-	(27,681,832,770)
Cash outflow on investment in related parties	27	(126,000,000)	(294,750,000)	-
Cash inflow on entire business transfer		-	19,139,959,377	-
<b>Net cash (used in) from investing activities</b>		<b>(17,163,797,654)</b>	<b>14,965,613,796</b>	<b>(32,427,524,932)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issue of ordinary shares		-	33,006,631,348	-
Payment of lease liabilities	16	(5,208,286,548)	(1,654,292,806)	(895,430,796)
Decrease in short-term borrowings from financial institutions	16	(27,712,114,969)	(81,188,308)	-
Proceeds from issue of debentures	16	23,463,293,451	-	-
Proceeds from long-term borrowings from financial institutions	16	2,000,000,000	5,000,000,000	2,000,000,000
Repayment of long-term borrowings from financial institutions	16	(23,940,972,813)	(5,000,953,182)	(2,000,000,000)
Repayment of short-term borrowings from other parties	16	-	(6,007,420)	-
Proceeds from derivatives		5,175,350,000	-	-
Repayment of derivatives		(1,529,159,729)	-	-
Dividends paid to equity holders of the Company	26	(5,290,161,750)	(4,800,000,000)	(5,290,161,750)
Dividends paid to non-controlling interests		-	(323)	-
Acquisition of non-controlling interests		86,841,600	2,796,999	-
Payment of changes in ownership interests in subsidiary without a change in control		-	(6,372,000)	-
<b>Net cash (used in) from financing activities</b>		<b>(32,955,210,758)</b>	<b>26,460,614,308</b>	<b>(6,185,592,546)</b>

The accompanying notes form an integral part of the financial statements.

**Siam Makro 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	
	2022	2021	2022	2021
	(in Baht)			
Net (decrease) increase in cash and cash equivalents, before exchange differences on translating financial statements				
	(28,104,519,537)	58,195,184,855	(28,342,625,874)	36,195,817,931
Exchange differences on translating financial statements				
	(321,899,048)	(149,367,879)	-	-
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(28,426,418,585)</b>	<b>58,045,816,976</b>	<b>(28,342,625,874)</b>	<b>36,195,817,931</b>
Cash and cash equivalents as at 1 January	68,529,591,461	10,483,774,485	44,989,627,577	8,793,809,646
<b>Cash and cash equivalents as at 31 December</b>	<b>6</b>	<b>40,103,172,876</b>	<b>68,529,591,461</b>	<b>16,647,001,703</b>
<b>44,989,627,577</b>				
<b>Supplemental disclosures of cash flows information:</b>				
Investment properties purchased during the year are detailed as follows:				
Increases during the year	11	1,503,054,579	65,825,162	-
Less - lease liabilities		(239,209,784)	-	-
<b>Paid by cash</b>		<b>1,263,844,795</b>	<b>65,825,162</b>	<b>-</b>
Property, plant and equipment purchased during the year are detailed as follows:				
Increases during the year	12	10,180,750,706	8,038,892,433	3,724,707,124
Add (Less) - changes in payables		2,386,406,375	(5,661,449,370)	(101,275,435)
<b>Paid by cash</b>		<b>12,567,157,081</b>	<b>2,377,443,063</b>	<b>3,623,431,689</b>
<b>2,028,081,438</b>				
Right-of-use assets acquired during the year are detailed as follows:				
Increases during the year	13	5,055,387,761	1,647,378,796	740,079,498
Add - lease modification		40,569,021	-	40,569,021
Less - lease liabilities		(4,907,123,434)	(1,145,919,524)	(591,815,171)
<b>Paid by cash</b>		<b>188,833,348</b>	<b>501,459,272</b>	<b>188,833,348</b>
<b>501,459,272</b>				
Other intangible assets other than goodwill purchased during the year are detailed as follows:				
Increases during the year	15	3,827,207,569	1,155,620,649	1,043,986,200
Less - changes in payables		(242,998,186)	(73,785,695)	(145,898,139)
<b>Paid by cash</b>		<b>3,584,209,383</b>	<b>1,081,834,954</b>	<b>898,088,061</b>
<b>359,280,610</b>				

The accompanying notes form an integral part of the financial statements.

Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are in Thai language. These English language financial statements have been prepared from statutory financial statements, and were approved and authorised for issue by the Board on 20 February 2023.

## 1 General information

Siam Makro Public Company Limited, the “Company”, is incorporated in Thailand and has its head office at 1468, Phatthanakan Road, Phatthanakan, Suan Luang, Bangkok 10250, Thailand.

The Company was listed on the Stock Exchange of Thailand on 11 August 1994.

The parent company during the financial year was CP All Public Company Limited with its head office in Thailand.

The principal business of the Company is the operation of wholesale business through its subsidiaries under the name “Makro”, selling food and non-food products to registered members, including small and medium size businesses, retailers, caterers, professional sectors and institutional businesses of the subsidiaries of the Company (together with the Company referred to as the “Group”). The Group’s businesses involve the operation of retail business and mall in Thailand and foreign country, which include operating in foreign countries, importing and trading of frozen and chilled foods, and operating minimart.

As at 31 December 2022 the Company operated 145 Makro stores (2021: 135 Makro stores and 7 frozen shops (2021: 7 frozen shops)).

Details of the Company’s subsidiaries as at 31 December 2022 and 2021 are given in the notes to the financial statements.

## 2 Basis of preparation of the financial statements

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“Thai FRS”) guidelines promulgated by the Federation of Accounting Professions and approved by the regulations of the Thai Securities and Exchange Commission. The financial statements are denominated in Thai Baht, which is the Company’s functional currency. The accounting policies disclosed in these financial statements have been applied consistently to all periods presented in these financial statements.

The preparation of financial statements in conformity with TFRS requires management to make judgments, 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.

Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022**3 Significant accounting policies****(a) Basis of consolidation**

The consolidated financial statements relate to the Group and the Group's interests in associate and joint ventures.

*Business combinations*

The Group applies the acquisition method when the Group assess that the acquired set of activities and assets include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. The acquisition date is the date on which control is transferred to the Group, other than business combinations with entities under common control. Expenses in connection with a business combination are recognised as incurred.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less net fair value of the identifiable assets acquired and liabilities assumed. Any gain on bargain purchase is recognised in profit or loss immediately.

Consideration transferred includes assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, any contingent consideration and equity interests issued by the Group.

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.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group estimates 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.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Business combination under common control are accounted for using a method similar to the pooling of interest method, by recognising assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the ultimate parent company at the transaction date. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognised as surplus or deficit from business combination under common control in shareholder's equity. The surplus or deficit will be written off upon divestment of the businesses acquired. The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative period or the moment the businesses came under common control, whichever date is later, until control ceases.

*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 its proportionate interest in the identifiable net assets of the acquiree. In addition, when there is a change in the Group's interest in a subsidiary that does not result in a loss of control, any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received from the acquisition or disposal of the non-controlling interests with no change in control is accounted for as other surplus/deficit in shareholders' equity.

*Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities, any related non-controlling interests and other components of equity of the subsidiary. 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.

*Interests in equity-accounted investee*

Associate is the entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Group recognised investments in associate and joint ventures using the equity method in the consolidated financial statements. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's dividend income and share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

*Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated on consolidation. Unrealised gains arising from transactions with associate and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**(b) Foreign currencies**

Transactions in foreign currencies including non-monetary assets and liabilities denominated in foreign currencies are translated to the respective functional currencies of each entity in the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate at the reporting date. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated at the exchange rates at the dates that fair value was determined.

Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

Foreign currency differences are generally recognised in profit or loss. However, foreign currency differences arising from the translation of qualifying cash flow hedges to the extent the hedge is effective are recognised in other comprehensive income.

*Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Thai Baht at the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve until disposal of the investment, except to the extent that the translation difference is allocated to non-controlling interests.

When a foreign operation 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 operation 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 Group disposes of only part of associate or joint ventures while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity until disposal of the investment.

**(c) Financial instruments***(c.1) Classification and measurement*

Debt securities issued by the Group are initially recognised when they are originated. Other financial assets and financial liabilities (except trade accounts receivables (see note 3 (e)) are initially recognised when the Group becomes a party to the contractual provisions of the instrument, and measured at fair value plus or minus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition.

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI); or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

On initial recognition, financial liabilities are classified as measured at amortised cost using the effective interest method. Interest expense, foreign exchange gains and losses and any gain or loss on derecognition are recognised in profit or loss.

Financial assets measured at amortised costs are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by expected credit losses. Interest income, foreign exchange gains and losses, expected credit loss, and any gain or loss on derecognition are recognised in profit or loss.

Equity investments measured at FVOCI are subsequently measured at fair value. Dividend income is recognised as income in profit or loss on the date on which the Group's right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

*(c.2) Derecognition and offset*

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

The difference between the carrying amount extinguished and the consideration received or paid is recognised in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and the Group intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

*(c.3) Derivatives*

Derivatives are recognised at fair value and remeasured at fair value at each reporting date. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting in which case recognition of any resultant gain or loss depends on the nature of the item being hedged (see note 3 (c.4)).

*(c.4) Hedging*

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the risk, the economic relationship between the hedged item and the hedging instrument, including consideration of the hedge effectiveness at the inception of the hedging relationship and throughout the remaining period to determine the existence of economic relationship between the hedged item and the hedging instrument.

*Cash flow hedges*

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts (forward points) is recognised in a cash flow hedging reserve within equity.



Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the cash flow hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the cash flow hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the cash flow hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the cash flow hedging reserve are immediately reclassified to profit or loss.

**(c.5) Impairment of financial assets other than trade accounts receivables**

The Group recognises allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Group recognises ECLs equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition or credit-impaired financial assets, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

ECLs are a probability-weighted estimate of credit losses based on forward-looking and historical experience. Credit losses are measured as the present value of all cash shortfalls discounted by the effective interest rate of the financial asset.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 365 days past due, significant deterioration in credit rating, significant deterioration in the operating results of the debtor and existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group takes actions such as realising security (if any is held); or
- the financial asset is more than 365 days past due.

**(c.6) Write-off**

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering. Subsequent recoveries of an asset that was previously written off, are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

**(c.7) Interest**

Interest income and expense is recognised in profit or loss using the effective interest method. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

**(d) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments which have a maturities of three months or less from the date of acquisition.

**(e) Trade accounts receivable**

A trade receivable is recognised when the Group has an unconditional right to receive consideration. A trade receivable is measured at transaction price less allowance for expected credit loss. Bad debts are written off when incurred.

The Group estimates lifetime expected credit losses (ECLs), using a provision matrix to find the ECLs rates. This method groups the debtors based on shared credit risk characteristics and past due status, taking into account historical credit loss data, adjusted for factors that are specific to the debtors and an assessment of both current economic conditions and forward-looking general economic conditions at the reporting date.

**(f) Inventories**

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the weighted average cost principle. Cost includes direct costs incurred in acquiring the inventories less purchase discount as specified in the contractual agreements. In the case of manufactured inventories 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.

**(g) Investments in subsidiaries**

Investments in subsidiaries in the separate financial statements are measured at cost less allowance for impairment losses. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established. If the Company disposes of part of its investment, the deemed cost of the part sold is determined using the weighted average method. Gains and losses on disposal of the investments are recognised in profit or loss.

**(h) Investment properties**

Investment properties are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the investment property includes the cost of self-constructed assets.

Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

Depreciation is calculated on a straight-line basis over the estimated useful lives of investment properties of 6 to 99 years or according to lease term and recognised in profit or loss. No depreciation is charged on freehold land under investment properties and assets under construction.

Differences between the proceeds from disposal and the carrying amount of investment property are recognised in profit or loss.

**(i) Property, plant and equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Differences between the proceeds from disposal and the carrying amount of property, plant and equipment are recognised in profit or loss.

*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 when 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 on a straight-line basis over the estimated useful lives of each component of an asset and recognised on profit or loss. No depreciation is provided on freehold land and assets under construction.

The estimated useful lives are as follows:

Buildings, building improvements and right-of-use assets improvements	5 to 50 years or lease term
Machinery and equipment	3 to 12 years
Furniture, fixtures and office equipment	1 to 15 years
Vehicles	4 to 10 years

**(j) Goodwill**

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investee, the carrying amount of goodwill is included in the carrying amount of the investment.

**(k) Intangible assets**

Intangible assets that have indefinite useful lives are measured at cost less impairment losses. Other intangible assets are measured at cost less accumulated amortisation and impairment losses. Subsequent expenditure is capitalised only when it will generate future economic benefits. Amortisation is calculated on a straight-line basis over the estimated useful lives of intangible assets and recognised in profit or loss.

The estimated useful lives are as follows:

Computer software	1 to 10 years
Trademark and other	3 years, 10 years and indefinite useful lives
Customer relationship	10 years

**(l) Leases**

At inception of a contract, the Group assesses that a contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*As a lessee*

At commencement or on modification of a contract, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices of each component. For the leases of property, the Group has elected not to separate non-lease components and accounted for the lease and non-lease components wholly as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date, except for leases of low-value assets and short-term leases which are recognised as expenses on a straight-line basis over the respective lease terms.

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurements of lease liability. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any prepaid lease payments, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of all lease payments that shall be paid under the lease. The Group uses the Group's incremental borrowing rate to discount the lease payments to the present value. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a lease modification, or a change in options specified in the lease. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

*As a lessor*

At inception or on modification of a contract, the Group allocates the consideration in the contract to each component on the basis of their relative standalone selling prices.

At lease inception, the Group considers to classify a lease that transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to lessees as a finance lease. A lease that does not meet this criteria is classified as an operating lease.

Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

When the Group is an intermediate lessor, the Group classifies the sub-lease either as a finance lease or an operating lease with reference to the right-of-use asset arising from the head lease. In case of a head lease is a short-term lease, the sub-lease is classified as an operating lease. Those right-of-use assets are presented as investment properties.

The Group recognises lease payments received under operating leases in profit or loss on a straight-line basis over the lease term as part of rental income. Initial direct costs incurred in arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as rental income in the accounting period in which they are earned.

The Group estimates lifetime expected credit losses (ECLs), using a provision matrix to find the ECLs rates. This method groups the lease receivables based on shared credit risk characteristics and past due status, taking into account historical credit loss data, adjusted for factors that are specific to the debtors and an assessment of both current economic conditions and forward-looking general economic conditions at the reporting date. The Group derecognises the lease receivables as disclosed in note 3(e).

**(m) Impairment of non-financial assets**

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 in profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount, unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

The recoverable amount 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.

An impairment loss of asset recognised in prior periods is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed. 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) Employee benefits***Defined contribution plans*

Obligations for contributions to the Group's provident funds are expensed as the related service is provided.

*Defined benefit plans*

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods. The defined benefit obligations is discounted to the present value, which 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 OCI. 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 immediately occurs.

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.

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 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.

**(o) 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.

**(p) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- 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: inputs for the asset or liability that are based on unobservable input.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and asset positions at a bid price and liabilities and liability positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price, the financial instrument is initially measured at fair value adjusted for the difference between the fair value on initial recognition and the transaction price and the difference is recognised in profit or loss immediately. However, for the fair value categorised as level 3, such difference is deferred and will be recognised in profit or loss on an appropriate basis over the life of the instrument or until the fair value level is transferred or the transaction is closed out.

**(q) Revenues***Revenue recognition*

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.

Revenue from sales of goods is recognised on the date on which the goods are delivered to the customers. For the sales that permit the customers to return the goods, the Group estimates the returns based on the historical return data, does not recognise revenue and cost of sale for this transaction and remains recognition of inventory for the estimated products to be returned.

Revenue for rendering of services is recognised over time as the services are provided. The related costs are recognised in profit or loss when they are incurred.

*Customer loyalty programme*

For customer loyalty programmes that the Group offers to customers, the consideration received are allocated based on the relative stand-alone selling price of the products and the loyalty points. The amount allocated to the loyalty points is recognised as contract liabilities and revenue is recognised when loyalty points are redeemed or the likelihood of the customer redeeming the loyalty points becomes remote. The stand-alone selling prices of the points is estimated based on the discount provided to customers and the likelihood that the customers will redeem the points. The estimate is reviewed at the end of the reporting period.

*Other income*

Other operating income is recognised in profit or loss as it accrues.

**(r) Income tax**

Income tax expense for the year comprises current and deferred tax, which is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is recognised in respect of 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 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 and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future.

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, using tax rates enacted or substantively enacted at the reporting date. Current deferred tax assets and liabilities are offset in separate financial statements.

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. 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.

**(s) Earnings per share**

Basic earnings per share (EPS) is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

**(t) Related parties**

A related party is a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that is under common control or under the same significant influence as the Group; or a person or entity over which the Group has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making.

**(u) Segment reporting**

Segment results that are reported to the Executive Committee and Chief Executive Officer - Siam Makro Public Company Limited (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly finance costs, income tax expenses, goodwill and other assets.

Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022**4 Business combination by entire business transfer**

At the Company's Extraordinary General Meeting of Shareholders held on 12 October 2021, the Company's shareholders approved the Company to accept the transfer of the entire business ("EBT Transaction") of C.P. Retail Holding Company Limited ("CPRH") to reinforce the business of the Company and support the Company's long-term strategies to become the leader in the retail and wholesale business and to expand the coverage of its business operations to be at a regional level, pursuant to which the Company will accept the transfer of the entire business of CPRH, including all assets, debts, rights, obligations and liabilities of CPRH existing at present and in the future as at the entire business transfer date.

On 25 October 2021, the Company completed the entire business transfer transaction of CPRH. As part of the EBT Transaction, all assets and liabilities of CPRH were transferred to the Company at the closing date. CPRH's main assets and liabilities included cash and cash equivalents, accrued expenses and 99.99% of C.P. Retail Development Company Limited ("CPRD")'s ordinary shares. CPRD holds (a) 99.99% of Lotus's Stores (Thailand) Company Limited's ordinary share which holds 99.99% of Ek-Chai Distribution System Company Limited's ordinary share, an operator of a retail business under the name Lotus's in Thailand; and (b) 100.00% of Lotuss Stores (Malaysia) Sdn. Bhd.'s ordinary share which operates a retail business under the name Lotus's in Malaysia. The business of the Lotus's Group is divided into two main groups which are the retail business and the business of leasing space in shopping malls. The Lotus's Group is a leading operator in the retail business of groceries and consumer products with multi-store formats comprising hypermarkets, supermarkets and mini-supermarkets, and operates the business of leasing space in shopping malls in Thailand and Malaysia.

Under the EBT Transaction, the Company issued and allocated up to 5,010,323,500 new ordinary shares of the Company with a par value of Baht 0.50 each at the offering price of Baht 43.50 per share, totaling Baht 217,949,072,250 to CPRH in consideration of the entire business transfer from CPRH as payment in kind through the private placement offering (the "Private Placement Transaction").

After the completion of the EBT Transaction, CPRH proceeded with dissolution and completed liquidation within the same fiscal year in order to be in accordance with the rules, procedures and conditions stipulated under the Revenue Department for the purpose of tax exemption for such transaction. CPRH has allocated ordinary shares of the Company to the existing shareholders of CPRH (i.e. CP All Public Company Limited ("CPALL"), Charoen Pokphand Holdings Company Limited ("CPH") and C.P. Merchandising Company Limited ("CPM")), proportionately.

As the entire business transfer transaction of CPRH in which CPALL (the parent company of the Group) holds 40% part were under business restructuring and acquisition of interests under common control. As a result, they have been accounted for using a method similar to pooling of interests method, to reflect the economic substances of the companies in the Group which were under common control throughout the related period for the benefit of comparison, although the legal form of the relationship of the Company and the subsidiaries was effective subsequently.

The entire business transfer transaction of CPRH in which CPH and CPM hold 40% and 20%, respectively, were the business combination achieved in stages ("step acquisition") pursuant to the provisions of Thai Financing Reporting Standards ("TFRS") No. 3, *Business Combinations*, which requires, among other things, that (i) the previously held equity interest in CPRD be remeasured to fair value by the Company at the date of business combination with any resulting gain or loss recognised in profit or loss and (ii) assets acquired and liabilities assumed in a business combination be recognised at their fair values as of the date of business combination.

Deficit from acquisition of interests under common control is determined as follows:

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
	<i>(in million Baht)</i>	
Fair value of previously held equity interests	92,190	92,190
Carrying amount of previously held equity interests	85,476	85,635
<b>Deficit from acquisition of interests under common control</b>	<b>6,714</b>	<b>6,555</b>

The gain recognised as a result of remeasuring to fair value of the previously held equity interests is determined as follows:

	<b>Consolidated financial statements</b>
	<i>(in million Baht)</i>
Fair value of previously held equity interests	92,190
Carrying amount of previously held equity interests	85,476
<b>Gain recognised as a result of remeasuring to fair value of the previously held equity interests</b>	<b>6,714</b>

The Company engaged independent valuers to appraise the fair value of identifiable assets acquired and liabilities assumed, and allocation of fair value at the date of business combination. During the first quarter of 2022, the Company has completed the assessment of the fair value. In this regard, the Company recorded goodwill amounting to Baht 232,545 million. Goodwill has been allocated to C.P. Retail Development Company Limited and its subsidiaries ("Lotus's group") which are the group of cash generating units of the Group. The principal factors that contributed to goodwill are that this subsidiary is one of the leading player in retail market that is trusted by customers for their daily purchase with nationwide store network providing them with convenience regardless of their location with ability to operate retail business, experienced human resources in retail business, ability to generate revenue from various store formats and from store space management and innovation, ability to further expand business to neighbouring countries, capability of management, staff and technology that will help to accelerate overseas expansion as well as business sustainability. The overall components of such subsidiary will contribute to the Company's capability to fulfill its Mission "To become the number one B2B and B2C retailer in Asia, by fulfilling our customers' daily needs with technology, innovation and operational excellence; together with people and partners in a sustainable way". Goodwill from the business combination will not qualify for any tax deduction.

Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022*Identifiable assets acquired and liabilities assumed*

	<b>Fair values</b> <i>(in million Baht)</i>
<b>CPRH</b>	
Cash and cash equivalents	4
Accrued expenses	(2)
<b>CPRD</b>	
Cash and cash equivalents	19,136
Trade accounts receivable and other current receivables	3,240
Inventories	14,478
Derivative assets	583
Other current assets	1,023
Investments in associate	9,174
Investments in joint ventures	4,774
Investment properties	51,017
Property, plant and equipment	77,943
Right-of-use assets	26,028
Other intangible assets other than goodwill	5,221
Deferred tax assets	2,157
Other non-current assets	1,054
Short-term borrowings from financial institutions	(28,220)
Trade accounts payable and other current payables	(31,148)
Corporate income tax payable	(496)
Current portion of lease liabilities	(1,907)
Derivative liabilities	(809)
Other current liabilities	(5,201)
Long-term borrowings from financial institutions	(100,093)
Other non-current payables	(492)
Lease liabilities	(36,982)
Rental deposit from tenants	(2,439)
Provisions for employee benefits	(1,487)
Other non-current provisions	(2,166)
Deferred tax liabilities	(6,447)
Other non-current liabilities	(13)
<b>Total identifiable net assets received</b>	<b>(2,070)</b>
Goodwill	232,545
<b>Consideration transferred</b>	<b>230,475</b>

*Business combination-related costs*

The Company had business combination-related costs, totaling Baht 197 million, which were recorded in the administrative expenses account in the consolidated statement of income for the year ended 31 December 2021.

*Operations of new subsidiary after the date of business combination*

In the preparation of the consolidated statement of income for the year ended 31 December 2021, the Company included the operation results of new subsidiary for the period from 25 October 2021 to 31 December 2021. Significant details are as follows:

	For the period from 25 October 2021 to 31 December 2021 <i>(in million Baht)</i>
Total revenues	40,197
Profit for the period attributable to equity holders of the Company	397

**5 Related parties**

Relationships with subsidiaries, associate and joint ventures are described in note 9 and 10 to the financial statements. Relationships with key management and other related parties which 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 parent company
CP ALL Public Company Limited	Thailand	Parent company of the Group
CPRAM Co., Ltd.	Thailand	Subsidiary of the parent company
C.P. Retailink Co., Ltd.	Thailand	Subsidiary of the parent company
Gosoft (Thailand) Co., Ltd.	Thailand	Subsidiary of the parent company
C.P. Food Store Co., Ltd.	Thailand	Chearavanont family is a major shareholder
Advance Transport Co., Ltd.	Thailand	Chearavanont family is a major shareholder
All Now Management Co., Ltd.	Thailand	Company under CPG Group
Ascend Commerce Co., Ltd.	Thailand	Company under CPG Group
Charoen Pokphand Foods Public Company Limited	Thailand	Company under CPG Group
CPF Food And Beverage Company Limited	Thailand	Company under CPG Group
CPF Restaurant And Food Chain Company Limited	Thailand	Company under CPG Group
CPF Trading Co., Ltd.	Thailand	Company under CPG Group
CPF (Thailand) Public Company Limited	Thailand	Company under CPG Group
CP B&F (Thailand) Co., Ltd.	Thailand	Company under CPG Group
CP-Meiji Co., Ltd.	Thailand	Company under CPG Group
CP Sales & Service Co., Ltd.	Thailand	Company under CPG Group
C.P. Consumer Product Co., Ltd.	Thailand	Company under CPG Group
C.P. Land Public Company Limited	Thailand	Company under CPG Group
C.P. Merchandising Co., Ltd.	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
Dynamic Transport Company Limited	Thailand	Company under CPG Group

Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

Name of parties	Country of incorporation/ nationality	Nature of relationships	Consolidated financial statements		Separate financial statements	
			2022	2021	2022	2021
Egg Digital Co., Ltd.	Thailand	Company under CPG Group				
Freewill Solutions Co., Ltd.	Thailand	Company under CPG Group				
International Pet Food Company Limited	Thailand	Company under CPG Group				
Leadership Development Charoen Pokphand Group Co., Ltd.	Thailand	Company under CPG Group				
Pokphand enterprise Co., Ltd.	Thailand	Company under CPG Group				
Perfect Companion Group Co., Ltd.	Thailand	Company under CPG Group				
True Digital Group Co., Ltd.	Thailand	Company under CPG Group				
True Distribution & Sales Co., Ltd.	Thailand	Company under CPG Group				
True e-Logistics Company Limited	Thailand	Company under CPG Group				
True Internet Corporation Co., Ltd.	Thailand	Company under CPG Group				
True Internet Data Center Co., Ltd.	Thailand	Company under CPG Group				
True Leasing Co., Ltd.	Thailand	Company under CPG Group				
True Money Co., Ltd.	Thailand	Company under CPG Group				
True Move H Universal Communication Co., Ltd.	Thailand	Company under CPG Group				
Wire & Wireless Co., Ltd.	Thailand	Company under CPG Group				
Asia Aquaculture (M) Sdn. Bhd.	Malaysia	Company under CPG Group				
C.P. Cambodia Co., Ltd.	Cambodia	Company under CPG Group				
C.P. Vietnam Corporation	Vietnam	Company under CPG Group				
Pk Agro-industrial Product (Malaysia) Sdn.	Malaysia	Company under CPG Group				
Key management personnel	Thai/ Foreigners	Persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.				
<b>Significant transactions with related parties Year ended 31 December</b>			<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
			2022	2021	2022	2021
			<i>(in million Baht)</i>			
<b>Parent company</b>						
Revenue from sale of goods			17	15	16	15
Revenue from rendering of services, rental and other income			13	6	11	6
Distribution costs and administrative expenses			197	182	187	177
<b>Subsidiaries</b>						
Revenue from sale of goods			-	-	382	179
Revenue from rendering of services, rental and other income			-	-	184	59
Purchases of goods and services			-	-	635	546

**Significant transactions with related parties Year ended 31 December****Associate**

Revenue from rendering of services, rental and other income	349	23	-	-
Dividend income	448	81	-	-
Distribution costs and administrative expenses	586	110	-	-
Purchases of goods and services	123	20	-	-
Interest expenses	252	32	-	-

**Joint ventures**

Revenue from rendering of services, rental and other income	118	20	-	-
Dividend income	11	-	-	-
Distribution costs and administrative expenses	99	30	-	-
Purchases of goods and services	10	1	-	-
Interest expenses	1	-	-	-

**Other related parties**

Revenue from sale of goods	1,010	744	639	606
Revenue from rendering of services, rental and other income	522	214	130	132
Distribution costs and administrative expenses	2,919	827	696	561
Purchases of goods and services	38,860	19,884	21,060	16,836
Purchases of equipment	201	24	-	3
Purchases of other intangible assets other than goodwill	351	81	9	1
Interest expense	36	8	7	7

**Key management personnel**

Key management benefit expenses				
Short-term employee benefits	279	265	211	265
Severance pay for employees	40	8	37	8
<b>Total key management benefit expenses</b>	<b>319</b>	<b>273</b>	<b>248</b>	<b>273</b>

Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

Balances as at 31 December 2022 and 2021 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
	<i>(in million Baht)</i>			
<b>Trade accounts receivable</b>				
Parent company	3	3	3	3
Subsidiaries	-	-	72	25
Associate	13	12	-	-
Joint ventures	1	2	-	-
Other related parties	251	192	73	76
<b>Total</b>	<b>268</b>	<b>209</b>	<b>148</b>	<b>104</b>
Less allowance for expected credit loss	(9)	-	-	-
<b>Net</b>	<b>259</b>	<b>209</b>	<b>148</b>	<b>104</b>
<b>Other current receivables</b>				
Subsidiaries	-	-	45	53
Associate	25	26	-	-
Joint ventures	57	21	-	-
Other related parties	357	115	57	44
<b>Total</b>	<b>439</b>	<b>162</b>	<b>102</b>	<b>97</b>
Less allowance for expected credit loss	(2)	-	-	-
<b>Net</b>	<b>437</b>	<b>162</b>	<b>102</b>	<b>97</b>
<b>Short-terms loans</b>				
Subsidiaries	-	-	145	81
<b>Total</b>	<b>-</b>	<b>-</b>	<b>145</b>	<b>81</b>
<b>Expected credit losses for the year ended 31 December</b>				
Trade accounts receivable	9	-	-	-
Other current receivables	2	-	-	-
Short-term loans to subsidiaries	-	-	-	-
<b>Balance as at 31 December</b>				
<b>Investment in related companies</b>				
All Now Management Co., Ltd.	447	234	-	-
Egg Digital Co., Ltd.	126	61	-	-
<b>Total</b>	<b>573</b>	<b>295</b>	<b>-</b>	<b>-</b>
<b>Trade accounts payable</b>				
Subsidiaries	-	-	110	87
Other related parties	5,951	5,390	3,024	2,470
<b>Total</b>	<b>5,951</b>	<b>5,390</b>	<b>3,134</b>	<b>2,557</b>

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
	<i>(in million Baht)</i>			
<b>Other current payables</b>				
Parent company	104	96	98	89
Subsidiaries	-	-	15	1
Joint ventures	62	-	-	-
Other related parties	1,633	915	575	314
<b>Total</b>	<b>1,799</b>	<b>1,011</b>	<b>688</b>	<b>404</b>
<b>Accrued expenses</b>				
Associate	1	-	-	-
Joint ventures	8	-	-	-
Other related parties	445	33	-	-
<b>Total</b>	<b>454</b>	<b>33</b>	<b>-</b>	<b>-</b>
<b>Lease liabilities</b>				
Associate	6,538	6,758	-	-
Joint ventures	20	21	-	-
Other related parties	1,501	562	250	242
<b>Total</b>	<b>8,059</b>	<b>7,341</b>	<b>250</b>	<b>242</b>
<b>Rental deposit from tenants</b>				
Parent company	4	3	4	3
Other related parties	-	7	-	6
<b>Total</b>	<b>4</b>	<b>10</b>	<b>4</b>	<b>9</b>
<b>Capital commitments</b>				
Property, plant and equipment	33	1	33	1
Computer software	27	3	27	3
<b>Total</b>	<b>60</b>	<b>4</b>	<b>60</b>	<b>4</b>

**Significant agreements with related parties**

As at 31 December 2022 the Group had the following significant agreements with related parties:

- The Company and the foreign subsidiaries have service agreements with CP ALL Public Company Limited, the parent company. Under the terms of these agreements, the Company and the subsidiaries obtain the right to use of trademarks and services under conditions stipulated in the agreements. In consideration thereof, the Company and the subsidiaries are committed to pay to the parent company fees calculated as percentages of their sales as stipulated in the agreements. These agreements are effective for periods of 1 year to 5 years and will expire on various dates until December 2026.
- The local subsidiary and foreign subsidiary have service agreement with Charoen Pokphand Group Co., Ltd., a shareholder of the parent company. Under the terms of agreement, the subsidiary obtains the right to use of trademarks and services under conditions stipulated in the agreement. In consideration thereof, the subsidiary is committed to pay to the related company fees calculated as a percentage of its sales as stipulated in the agreement. The agreement is effective for periods of 2 years and will expire in December 2023.



Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

- c) The Company has lease and service agreements with C.P. Retailink Co., Ltd., a related company. Under the terms of the agreements, the Company agrees to provide space for trading and related services to the related company. In consideration thereof, the related company agrees to pay monthly rental and services fees, and places guarantee deposits with the Company as stipulated in the agreement. The guarantee deposits will be refunded to the related company 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 January 2025.
- d) The Company has a service agreement with True Internet Corporation Co., Ltd., a related company. Under the terms of the agreement, the related company agrees to provide services in relation to data center service and disaster recovery site to the Company. In consideration thereof, the Company agrees to pay to the related company a monthly service fee at the rate stipulated in the agreement. This agreement is effective for a period of 1 year and will expire in April 2023.
- e) The local subsidiary, Ek-Chai Distribution System Company Limited (“ECDS”), has a service agreement with Egg Digital Co., Ltd., a related company. Under the terms of the agreement, the related company agrees to provide advertising and data analytics services to ECDS. In consideration thereof, ECDS agrees to pay a service fee to the related company and entitle to receive revenue sharing from advertising and data analytics services to ECDS’s business partner at the rate stipulated in the agreement. This agreement is effective for a period of 3 year and will expire in April 2025.

**6 Cash and cash equivalents**

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
	<i>(in million Baht)</i>			
Cash on hand	4,930	5,600	1,393	1,673
Cash at banks	22,963	58,872	15,254	43,317
Highly liquid short-term investments	12,210	4,058	-	-
<b>Total</b>	<b>40,103</b>	<b>68,530</b>	<b>16,647</b>	<b>44,990</b>

**7 Trade accounts receivable**

<b>Consolidated financial statements</b>			
Trade accounts receivable - other parties	Trade accounts receivable - related parties <i>(Note 5)</i> <i>(in million Baht)</i>	Total carrying amounts	
<b>As at 31 December 2022</b>			
Within credit terms	1,543	194	1,737
Overdue:			
Less than 3 months	641	65	706
3 - 6 months	52	4	56
6 - 12 months	63	3	66
Over 12 months	156	2	158
<b>Total</b>	<b>2,455</b>	<b>268</b>	<b>2,723</b>
Less allowance for expected credit loss	(283)	(9)	(292)
<b>Net</b>	<b>2,172</b>	<b>259</b>	<b>2,431</b>
<b>As at 31 December 2021</b>			
Within credit terms	1,333	118	1,451
Overdue:			
Less than 3 months	749	79	828
3 - 6 months	107	9	116
6 - 12 months	92	2	94
Over 12 months	190	1	191
<b>Total</b>	<b>2,471</b>	<b>209</b>	<b>2,680</b>
Less allowance for expected credit loss	(379)	-	(379)
<b>Net</b>	<b>2,092</b>	<b>209</b>	<b>2,301</b>

Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

	Separate financial statements			
	Trade accounts receivable - other parties	Trade accounts receivable - related parties (Note 5) (in million Baht)	Total carrying amounts	
<b>As at 31 December 2022</b>				
Within credit terms	406	104	510	
Overdue:				
Less than 3 months	124	26	150	
3 - 6 months	1	7	8	
6 - 12 months	1	10	11	
Over 12 months	1	1	2	
<b>Total</b>	<b>533</b>	<b>148</b>	<b>681</b>	
Less allowance for expected credit loss	(17)	-	(17)	
<b>Net</b>	<b>516</b>	<b>148</b>	<b>664</b>	
<b>As at 31 December 2021</b>				
Within credit terms	293	73	366	
Overdue:				
Less than 3 months	160	24	184	
3 - 6 months	1	6	7	
6 - 12 months	-	1	1	
Over 12 months	1	-	1	
<b>Total</b>	<b>455</b>	<b>104</b>	<b>559</b>	
Less allowance for expected credit loss	(9)	-	(9)	
<b>Net</b>	<b>446</b>	<b>104</b>	<b>550</b>	
<b>Allowance for expected credit loss</b>				
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
	(in million Baht)			
As at 1 January	379	66	9	7
Increase	106	24	8	2
Acquired through business combination	-	355	-	-
Reversal	(124)	(52)	-	-
Write-off	(65)	(16)	-	-
Exchange differences on translating financial statements	(4)	2	-	-
<b>As at 31 December</b>	<b>292</b>	<b>379</b>	<b>17</b>	<b>9</b>

Information of credit risk is disclosed in note 27 (b.1).

**8 Inventories**

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
	(in million Baht)			
Finished goods	39,180	33,522	15,165	14,039
Work in process	1	7	-	-
Goods in transit	762	618	387	326
<b>Total</b>	<b>39,943</b>	<b>34,147</b>	<b>15,552</b>	<b>14,365</b>
Less allowance for losses on decline in value of inventories	(2,123)	(2,180)	(219)	(373)
<b>Net</b>	<b>37,820</b>	<b>31,967</b>	<b>15,333</b>	<b>13,992</b>
<b>Cost of inventories recognised in cost of sale of goods for the year ended 31 December</b>				
- Cost of sales	383,663	226,410	204,352	188,565
- (Reversal of) allowance for losses on decline in value of inventories	(57)	1,928	(154)	188
<b>Total</b>	<b>383,606</b>	<b>228,338</b>	<b>204,198</b>	<b>188,753</b>

**9 Investments in subsidiaries**

Movements during the years ended 31 December 2022 and 2021 were as follows:

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
	(in million Baht)			
Net book value as at 1 January	-	-	232,649	8,104
Acquired through business combination*	-	-	-	224,115
Increase	-	-	27,682	430
<b>Net book value as at 31 December</b>	<b>-</b>	<b>-</b>	<b>260,331</b>	<b>232,649</b>

\*Information for the increase in investment with C.P. Retail Development Company Limited acquired through business combination during the year 2021 has disclosed in note 4.

Details of the increases in investment in subsidiaries during the years ended 31 December 2022 and 2021 were as follows:

	Separate financial statements	
	2022	2021
	(in million Baht)	
Siam Food Services Limited	210	-
Makro ROH Company Limited	985	430
C.P. Retail Development Company Limited	26,440	-
Indoguna Vina Food Service Company Limited	47	-
<b>Total</b>	<b>27,682</b>	<b>430</b>



Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

Investments in subsidiaries as at 31 December 2022 and 2021, and dividend income for the years then ended were as follows:

Name of party	Type of business	Country of operation	Ownership interest		Separate financial statements				Dividend income	
			2022	2021	Paid-up capital		At cost		2022	2021
			2022		2022	2021	2022	2021	2022	2021
			(%)		<i>(in million Baht)</i>					
<b>Local direct subsidiaries</b>										
Siam Food Services Limited	Importing and trading of food products from international and domestic sources and providing freight, delivery rental and storage services	Thailand	99.99	99.99	3,393	3,183	3,618	3,408	-	-
Makro ROH Company Limited	Providing technical and supporting services to the Group	Thailand	99.99	99.99	5,947	4,962	5,947	4,962	-	-
ProMart Co., Ltd.	Trading of non-food products	Thailand	99.99	99.99	3	3	3	3	-	-
C.P. Retail Development Company Limited	Investing in retail business and mall	Thailand	99.99	99.99	225,915	199,475	250,556	224,115	-	-
<b>Total</b>							<b>260,124</b>	<b>232,488</b>	<b>-</b>	<b>-</b>



Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

### Separate financial statements

Name of party	Type of business	Country of operation	Ownership interest		Paid-up capital		At cost		Dividend income	
			2022	2021	2022	2021	2022	2021	2022	2021
			(%)		<i>(in million U.S. Dollar)</i>		<i>(in million Baht)</i>			
<b><i>Foreign direct subsidiary</i></b>										
Indoguna Vina Food Service Company Limited	Trading and distribution, and import and export food products	Vietnam	100	100	6	5	207	161	-	-
<b>Total</b>							<u>207</u>	<u>161</u>	<u>-</u>	<u>-</u>
<b>Grand total</b>							<u>260,331</u>	<u>232,649</u>	<u>-</u>	<u>-</u>

Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022*Additional investments in direct subsidiaries during the year*

- a) In January 2022, a local subsidiary, Makro ROH Company Limited (“MROH”) called for additional paid-up share capital of Baht 85 million. The additional paid-up share capital was completed in January 2022.

Later on 12 January and 7 February 2022, MROH’s Board of Directors and shareholders, respectively, approved to increase the authorised share capital of Baht 1,000 million (increase from Baht 5,047 million to Baht 6,047 million) and to call for paid-up share capital at 25% amounting to Baht 250 million. In this regard, the Company has a 99.99% investment in the subsidiary’s paid-up share capital. The registration of the increased authorised share capital with the Ministry of Commerce and the additional paid-up share capital were completed in February 2022.

Later on 1 July 2022, MROH’s Board of Directors approved to call for paid-up share capital of Baht 45 per share amounting to Baht 450 million. In this regard, the Company has a 99.99% investment in the subsidiary’s paid-up share capital. The paid-up share capital was completed in July 2022.

Later on 2 September 2022, MROH’s Board of Directors approved to call for paid-up share capital of Baht 20 per share amounting to Baht 200 million. In this regard, the Company has a 99.99% investment in the subsidiary’s paid-up share capital. The paid-up share capital was completed in October 2022, paid-up share capital totaling Baht 5,947 million.

- b) On 4 April and 19 April 2022, a local subsidiary, C.P. Retail Development Company Limited (“CPRD”)’s Board of Directors and shareholders, respectively, approved to increase the authorised share capital of Baht 16,471 million (increase from Baht 199,475 million to Baht 215,946 million) and to call for paid-up share capital at 100% amounting to Baht 16,471 million. The registration of the increased authorised share capital with the Ministry of Commerce and the additional paid-up share capital were completed in April 2022.

Later on 25 November and 13 December 2022, CPRD’s Board of Directors and shareholders, respectively, approved to increase the authorised share capital of Baht 37,688 million (increase from Baht 215,946 million to Baht 253,634 million) and to call for paid-up share capital at 26.45% amounting to Baht 9,969 million. The registration of the increased authorised share capital with the Ministry of Commerce and the additional paid-up share capital were completed in December 2022, paid-up share capital totaling Baht 225,915 million.

- c) On 8 July 2022, a foreign subsidiary, Indoguna Vina Food Service Company Limited (“INDV”)’s shareholders approved to increase the authorised share capital of USD 1.3 million (equivalent to VND 30,121 million) ((increase from USD 5.0 million to USD 6.3 million) (equivalent to VND 139,701 million)). The registration of the increased authorised share capital and the additional paid-up share capital were completed in August 2022, paid-up share capital totaling USD 6.3 million (equivalent to VND 139,701 million).
- d) On 28 November and 19 December 2022, a local subsidiary, Siam Food Services Limited (“SFS”)’s Board of Directors and shareholders, respectively, approved to increase the authorised share capital of Baht 210 million (increase from Baht 3,183 million to Baht 3,393 million) and to call for paid-up share capital at 100% amounting to Baht 210 million. The registration of the increased authorised share capital with the Ministry of Commerce and the additional paid-up share capital were completed in December 2022, paid-up share capital totaling Baht 3,393 million.



Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

Details of the Company's indirect subsidiaries as at 31 December 2022 and 2021 were as follows:

Name of party	Type of business	Country of operation	Ownership interests	
			2022	2021
<b>Local indirect subsidiaries</b>				
Lotus's Stores (Thailand) Co., Ltd.	Investing in retail businesses	Thailand	99.99	99.99
Ek-Chai Distribution System Co., Ltd.	Retail operator and related businesses	Thailand	99.99	99.99
Lotus's Mobile (Thailand) Co., Ltd.	Telecommunication business	Thailand	99.99	99.99
<b>Foreign indirect subsidiaries</b>				
ARO Commercial Company Limited	Wholesale and retail operator and related businesses	Republic of the Union of Myanmar	99.99	99.99
ARO Company Limited	Providing marketing and consulting services	Republic of the Union of Myanmar	99.99	99.99
CP Wholesale India Private Limited	Wholesale and related business	India	99.99	99.99
Guangzhou Huadu Makro Food Supermarket Company Limited	Wholesale and retail operator and related businesses	The People's Republic of China	99.99	99.99
Indoguna (Cambodia) Company Limited	Importing and trading of food related products	Cambodia	99.99	99.99
Indoguna (Singapore) Pte Ltd	Manufacturing, trading, importing and exporting of food related products	Singapore	80	80
Indoguna Dubai L.L.C	Importing and trading of food related products	United Arab Emirates	80	80
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	80	80
Just Meat Company Limited	Importing and trading of food related products	Hong Kong Special Administrative Region of the People's Republic of China	80	80
Lotuss Stores (Malaysia) Sdn. Bhd.	Retail operator and related businesses	Malaysia	99.99	99.99
Makro (Cambodia) Company Limited	Wholesale and retail operator and related businesses	Cambodia	70	70
Makro (Guangzhou) Food Company Limited	Wholesale and retail operator and related businesses	The People's Republic of China	99.99	99.99
MAXZI THE GOOD FOOD RESTAURANT & CAFE L.L.C	Restaurant and minimart	United Arab Emirates	80	80

Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022*Additional investments in indirect subsidiaries during the year*

- a) In January 2022, a foreign subsidiary, CP Wholesale India Private Limited (“CPWI”) called for additional paid-up share capital of INR 70 per share (with the par value of INR 10 per share and the share premium of INR 60 per share) totaling INR 200 million. The additional paid-up share capital was completed in January 2022.

Later on 24 March 2022, CPWI’s Board of Directors and shareholders approved to increase the authorised share capital of INR 148 million (increase from INR 802 million to INR 950 million) and called for additional paid-up share capital of INR 70 per share (with the par value of INR 10 per share and the share premium of INR 60 per share) totaling INR 310 million. The registration of the increase authorised share capital and the additional paid-up share capital were completed in March and April 2022, respectively.

Later on 11 July 2022, CPWI’s Board of Directors approved to call for additional paid-up share capital of INR 70 per share (with the par value of INR 10 per share and the share premium of INR 60 per share) totaling INR 350 million. The additional paid-up share capital was completed in July 2022.

Later on 14 October 2022, CPWI’s Board of Directors approved to call for additional paid-up share capital of INR 70 per share (with the par value of INR 10 per share and the share premium of INR 60 per share) totaling INR 350 million. The additional paid-up share capital was completed in October 2022, paid-up share capital totaling INR 944 million and the share premium of INR 5,066 million.

- b) On 28 January 2022 a foreign subsidiary, Makro (Guangzhou) Food Company Limited (“MGZ”)’s Board of Directors and shareholders approved to increase the authorised share capital of RMB 6 million (increase from RMB 139 million to RMB 145 million). The registration of the increase authorised share capital and the additional paid-up share capital were completed in February 2022.

Later on 12 April 2022, MGZ’s Board of Directors and shareholders approved to increase the authorised share capital of RMB 6 million (increase from RMB 145 million to RMB 151 million). The registration of the increase authorised share capital and the additional paid-up share capital were completed in April 2022.

Later on 8 June 2022, MGZ’s Board of Directors and shareholders approved to increase the authorised share capital of RMB 8 million (increase from RMB 151 million to RMB 159 million). The registration of the increase authorised share capital and the additional paid-up share capital were completed in June 2022.

Later on 16 August 2022, MGZ’s Board of Directors and shareholders approved to increase the authorised share capital of RMB 10 million (increase from RMB 159 million to RMB 169 million). The registration of the increase authorised share capital and the additional paid-up share capital were completed in August 2022.

Later on 7 November 2022, MGZ’s Board of Directors and shareholders approved to increase the authorised share capital of RMB 9 million (increase from RMB 169 million to RMB 178 million). The registration of the increase authorised share capital and the additional paid-up share capital were completed in November 2022.

- c) On 26 April 2022, a foreign subsidiary, Indoguna (Cambodia) Company Limited (“INDC”)’s Board of Directors approved to increase the authorised share capital of USD 1 million (increase from USD 2.5 million to USD 3.5 million). The registration of the increase authorised share capital and the additional paid-up share capital were completed in June 2022.

- d) On 26 April 2022, a foreign subsidiary, Makro (Cambodia) Company Limited (“MAC”)’s Board of Directors approved to call for paid-up share capital amounting to USD 8 million. The paid-up share capital was completed in August 2022.

**10 Investments in associate and joint ventures**

Movements during the years ended 31 December 2022 and 2021 were as follows:

Note	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
			<i>(in million Baht)</i>	
Net book value as at 1 January	14,015	85,552	-	-
Acquisition/transfer of interests under common control	4	(85,476)	-	-
Acquired through business combination	4	13,948	-	-
Change in ownership interest in associate	-	(66)	-	-
Add share of gain of investment using equity method	831	138	-	-
Less dividend income	(458)	(81)	-	-
<b>Net book value as at 31 December</b>	<b>14,388</b>	<b>14,015</b>	<b>-</b>	<b>-</b>



Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

Investments in associate and joint ventures as at 31 December 2022 and 2021, and dividend income for the years then ended were as follows:

Name of party	Type of business	Ownership interest		Paid-up capital		Consolidated financial statements					
		2022	2021	2022	2021	At cost		At equity method		Dividend income	
		(%)				2022	2021	2022	2021	2022	2021
<i>(in million Baht)</i>											
<b>Indirect associate</b>											
Lotus's Retail Growth Freehold and Leasehold Property Fund	Real estate rental	25.00	25.00	23,828	23,828	6,373	6,373	9,053	9,139	448	81
<b>Total</b>						<b>6,373</b>	<b>6,373</b>	<b>9,053</b>	<b>9,139</b>	<b>448</b>	<b>81</b>
<b>Indirect joint ventures</b>											
Retail Properties Co., Ltd.	Mall rental services and related utilities service	50.00	50.00	210	210	248	248	504	503	10	-
Lotus's Money Services Limited	Credit card services	50.00	50.00	2,080	2,080	1,040	1,040	4,512	4,053	-	-
Synergistic Property Development Co., Ltd.	Property development	49.99	49.99	465	465	256	256	319	319	-	-
<b>Total</b>						<b>1,544</b>	<b>1,544</b>	<b>5,335</b>	<b>4,875</b>	<b>10</b>	<b>-</b>



Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

All associate and joint ventures are registered and operate in Thailand.

Lotus's Retail Growth Freehold and Leasehold Property Fund is listed on the Stock Exchange of Thailand. The fair value of this investment was calculated from its closing price at 30 December 2022, amounting to Baht 7,421 million (2021: Baht 8,823 million).

The Group has considered that none of associate and joint ventures is regarded as individually material to the Group.

*Immaterial associate and joint ventures*

The following summarises the financial information of the Group's interest in immaterial associate and joint ventures based on the amounts reported in the Group's consolidated financial statements:

	<b>Immaterial associate</b>		<b>Immaterial joint ventures</b>	
	2022	2021	2022	2021
	<i>(in million Baht)</i>			
<b>Carrying amount of interests in immaterial associate and joint ventures</b>	<b>9,053</b>	<b>9,139</b>	<b>5,335</b>	<b>4,875</b>
Group's share of:				
- Gain (loss) profit from continuing operations	362	(328)	469	102
- Other comprehensive income	-	364	-	-
- Total comprehensive income	<u><b>362</b></u>	<u><b>36</b></u>	<u><b>469</b></u>	<u><b>102</b></u>



Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

## 11 Investment properties

	Consolidated financial statements					Separate financial statements		
	Note	Land	Buildings, building improvements and right-of-use improvements	Right-of-use assets	Assets under construction (in million Baht)	Total	Land	Total
<b>Cost</b>								
<b>As at 1 January 2021</b>		<b>127</b>	-	-	-	<b>127</b>	<b>127</b>	<b>127</b>
Additions		10	56	-	-	66	-	-
Acquired through business combination	4	14,068	28,699	8,250	-	51,017	-	-
Reclassification		(1,535)	(3,937)	-	-	(5,472)	-	-
Disposals and write-off		-	(23)	(1)	-	(24)	-	-
Lease modification		-	-	330	-	330	-	-
Exchange differences on translating financial statements		(8)	(17)	(4)	-	(29)	-	-
<b>As at 31 December 2021 and 1 January 2022</b>		<b>12,662</b>	<b>24,778</b>	<b>8,575</b>	-	<b>46,015</b>	<b>127</b>	<b>127</b>
Additions		34	30	239	1,200	1,503	-	-
Transfers		-	984	-	(984)	-	-	-
Reclassification		352	(1,060)	139	-	(569)	-	-
Disposals and write-off		-	(62)	(1)	-	(63)	-	-
Lease modification		-	-	41	-	41	-	-
Exchange differences on translating financial statements		(75)	(177)	(52)	-	(304)	-	-
<b>As at 31 December 2022</b>		<b>12,973</b>	<b>24,493</b>	<b>8,941</b>	<b>216</b>	<b>46,623</b>	<b>127</b>	<b>127</b>



Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

	<b>Consolidated financial statements (Continued)</b>					<b>Separate financial statements (Continued)</b>	
	Land	Buildings, building improvements and right-of-use improvements	Right-of-use assets	Assets under construction <i>(in million Baht)</i>	Total	Land	Total
<b><i>Accumulated depreciation and accumulated impairment losses</i></b>							
<b>As at 1 January 2021</b>	<b>(15)</b>	-	-	-	<b>(15)</b>	<b>(15)</b>	<b>(15)</b>
Depreciation charge for the year	-	(661)	(88)	-	(749)	-	-
Reversal of impairment losses	-	1	-	-	1	-	-
Disposals and write-off	-	18	1	-	19	-	-
Exchange differences on translating financial statements	-	(3)	-	-	(3)	-	-
<b>As at 31 December 2021 and 1 January 2022</b>	<b>(15)</b>	<b>(645)</b>	<b>(87)</b>	-	<b>(747)</b>	<b>(15)</b>	<b>(15)</b>
Depreciation charge for the year	-	(1,543)	(541)	-	(2,084)	-	-
Impairment losses	-	(2)	-	-	(2)	-	-
Reclassification	-	93	(9)	-	84	-	-
Disposals and write-off	-	44	1	-	45	-	-
Lease modification	-	-	(18)	-	(18)	-	-
Exchange differences on translating financial statements	-	5	4	-	9	-	-
<b>As at 31 December 2022</b>	<b>(15)</b>	<b>(2,048)</b>	<b>(650)</b>	-	<b>(2,713)</b>	<b>(15)</b>	<b>(15)</b>
<b><i>Net book value</i></b>							
<b>As at 1 January 2021</b>	<b>112</b>	-	-	-	<b>112</b>	<b>112</b>	<b>112</b>
<b>As at 31 December 2021 and 1 January 2022</b>	<b>12,647</b>	<b>24,133</b>	<b>8,488</b>	-	<b>45,268</b>	<b>112</b>	<b>112</b>
<b>As at 31 December 2022</b>	<b>12,958</b>	<b>22,445</b>	<b>8,291</b>	<b>216</b>	<b>43,910</b>	<b>112</b>	<b>112</b>



Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

The gross amount of the Group's fully depreciated investment properties that were still in use as at 31 December 2022 amounted to Baht 100 million in the consolidated financial statements (2021: Baht 2 million).

The fair value of investment properties as at 31 December 2022 of Baht 45,486 million (2021: Baht 46,051 million) in the consolidated financial statements and Baht 204 million (2021: Baht 163 million) in separate financial statements, were determined by independent professional valuers. The fair value of investment property has been categorised as level 3 fair value.



Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

## 12 Property, plant and equipment

<b>Consolidated financial statements</b>								
	<i>Note</i>	Land	Buildings, building improvements and right-of-use improvements	Machinery and equipment	Furniture, fixtures and office equipment <i>(in million Baht)</i>	Vehicles	Assets under construction and installation	Total
<b>Cost</b>								
<b>As at 1 January 2021</b>		<b>12,350</b>	<b>18,833</b>	<b>17,386</b>	<b>3,010</b>	<b>63</b>	<b>70</b>	<b>51,712</b>
Additions		84	825	795	3,192	19	3,124	8,039
Acquired through business combination	4	22,191	40,957	-	13,023	185	1,587	77,943
Transfers		-	1,435	304	(13)	(1)	(1,725)	-
Reclassification		1,535	3,937	-	-	-	-	5,472
Disposals and write-off		-	(159)	(435)	(1,120)	(3)	(4)	(1,721)
Exchange differences on translating financial statements		(15)	(27)	60	(1)	4	3	24
<b>As at 31 December 2021 and 1 January 2022</b>		<b>36,145</b>	<b>65,801</b>	<b>18,110</b>	<b>18,091</b>	<b>267</b>	<b>3,055</b>	<b>141,469</b>
Additions		690	464	1,176	3,736	39	4,076	10,181
Transfers		-	2,654	719	759	-	(4,132)	-
Reclassification		(352)	1,060	-	-	-	-	708
Disposals and write-off		-	(583)	(487)	(2,076)	(49)	-	(3,195)
Exchange differences on translating financial statements		(230)	(195)	(17)	(212)	(4)	(7)	(665)
<b>As at 31 December 2022</b>		<b>36,253</b>	<b>69,201</b>	<b>19,501</b>	<b>20,298</b>	<b>253</b>	<b>2,992</b>	<b>148,498</b>



Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

**Consolidated financial statements (Continued)**

	Land	Buildings, building improvements and right-of-use improvements	Machinery and equipment	Furniture, fixtures and office equipment <i>(in million Baht)</i>	Vehicles	Assets under construction and installation	Total
<i>Accumulated depreciation and accumulated impairment losses</i>							
<b>As at 1 January 2021</b>	-	<b>(6,753)</b>	<b>(12,081)</b>	<b>(2,290)</b>	<b>(24)</b>	-	<b>(21,148)</b>
Depreciation charge for the year	-	(758)	(1,334)	(1,196)	(33)	-	(3,321)
Disposals and write-off (Impairment losses)	-	107	422	1,053	2	-	1,584
reversal of impairment losses	-	(89)	(1)	10	-	-	(80)
Exchange differences on translating financial statements	-	(19)	(31)	(7)	(3)	-	(60)
<b>As at 31 December 2021 and 1 January 2022</b>	-	<b>(7,512)</b>	<b>(13,025)</b>	<b>(2,430)</b>	<b>(58)</b>	-	<b>(23,025)</b>
Depreciation charge for the year	-	(3,780)	(1,361)	(4,971)	(99)	-	(10,211)
Reclassification	-	(93)	-	-	-	-	(93)
Disposals and write-off	-	556	471	1,961	45	-	3,033
Impairment losses	-	(3)	-	(67)	-	(25)	(95)
Exchange differences on translating financial statements	-	(6)	6	5	3	-	8
<b>As at 31 December 2022</b>	-	<b>(10,838)</b>	<b>(13,909)</b>	<b>(5,502)</b>	<b>(109)</b>	<b>(25)</b>	<b>(30,383)</b>



Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

**Consolidated financial statements (Continued)**

	Land	Buildings, building improvements and right-of-use improvements	Machinery and equipment	Furniture, fixtures and office equipment <i>(in million Baht)</i>	Vehicles	Assets under construction and installation	Total
<i>Net book value</i>							
<b>As at 1 January 2021</b>	<b>12,350</b>	<b>12,080</b>	<b>5,305</b>	<b>720</b>	<b>39</b>	<b>70</b>	<b>30,564</b>
<b>As at 31 December 2021 and 1 January 2022</b>	<b>36,145</b>	<b>58,289</b>	<b>5,085</b>	<b>15,661</b>	<b>209</b>	<b>3,055</b>	<b>118,444</b>
<b>As at 31 December 2022</b>	<b>36,253</b>	<b>58,363</b>	<b>5,592</b>	<b>14,796</b>	<b>144</b>	<b>2,967</b>	<b>118,115</b>



Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

### Separate financial statements

	Land	Buildings, building improvements and right-of-use improvements	Machinery and equipment	Furniture, fixtures and office equipment <i>(in million Baht)</i>	Vehicles	Assets under construction and installation	Total
<b>Cost</b>							
<b>As at 1 January 2021</b>	<b>12,350</b>	<b>17,548</b>	<b>16,647</b>	<b>2,769</b>	<b>44</b>	<b>65</b>	<b>49,423</b>
Additions	-	97	769	304	8	984	2,162
Transfers	-	388	303	12	-	(703)	-
Disposals and write-off	-	(60)	(403)	(89)	-	-	(552)
<b>As at 31 December 2021 and 1 January 2022</b>	<b>12,350</b>	<b>17,973</b>	<b>17,316</b>	<b>2,996</b>	<b>52</b>	<b>346</b>	<b>51,033</b>
Additions	593	170	1,127	395	10	1,430	3,725
Transfers	-	594	485	15	-	(1,094)	-
Disposals and write-off	-	(29)	(469)	(121)	(13)	-	(632)
<b>As at 31 December 2022</b>	<b>12,943</b>	<b>18,708</b>	<b>18,459</b>	<b>3,285</b>	<b>49</b>	<b>682</b>	<b>54,126</b>
<b>Accumulated depreciation and accumulated impairment losses</b>							
<b>As at 1 January 2021</b>	-	<b>(6,623)</b>	<b>(11,864)</b>	<b>(2,163)</b>	<b>(16)</b>	-	<b>(20,666)</b>
Depreciation charge for the year	-	(463)	(1,228)	(300)	(9)	-	(2,000)
Disposals and write-off	-	42	394	88	-	-	524
Impairment losses	-	(3)	(1)	-	-	-	(4)
<b>As at 31 December 2021 and 1 January 2022</b>	-	<b>(7,047)</b>	<b>(12,699)</b>	<b>(2,375)</b>	<b>(25)</b>	-	<b>(22,146)</b>
Depreciation charge for the year	-	(494)	(1,246)	(319)	(9)	-	(2,068)
Disposals and write-off	-	20	456	120	10	-	606
Impairment losses	-	(6)	-	-	-	-	(6)
<b>As at 31 December 2022</b>	-	<b>(7,527)</b>	<b>(13,489)</b>	<b>(2,574)</b>	<b>(24)</b>	-	<b>(23,614)</b>





Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

**Separate financial statements (Continued)**

	Land	Buildings, building improvements and right-of-use improvements	Machinery and equipment	Furniture, fixtures and office equipment <i>(in million Baht)</i>	Vehicles	Assets under construction and installation	Total
<i>Net book value</i>							
<b>As at 1 January 2021</b>	<b>12,350</b>	<b>10,925</b>	<b>4,783</b>	<b>606</b>	<b>28</b>	<b>65</b>	<b>28,757</b>
<b>As at 31 December 2021 and 1 January 2022</b>	<b>12,350</b>	<b>10,926</b>	<b>4,617</b>	<b>621</b>	<b>27</b>	<b>346</b>	<b>28,887</b>
<b>As at 31 December 2022</b>	<b>12,943</b>	<b>11,181</b>	<b>4,970</b>	<b>711</b>	<b>25</b>	<b>682</b>	<b>30,512</b>

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 2022 amounted to Baht 11,830 million (*2021: Baht 9,134 million*) in the consolidated financial statements and Baht 10,431 million (*2021: Baht 9,098 million*) in the separate financial statements, respectively.

*Security*

As at 31 December 2022, the Group's property, plant and equipment with total net book value of Baht 13,906 million (*2021: Baht 14,756 million*) were pledged under long-term borrowings from financial institutions.



Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

### 13 Right-of-use assets

	Note	Consolidated financial statements					Total
		Land	Buildings	Machinery and equipment (in million Baht)	Furniture, fixtures and office equipment	Vehicles	
<b>Cost</b>							
<b>As at 1 January 2021</b>		<b>8,198</b>	<b>2,340</b>	<b>1,871</b>	<b>238</b>	<b>201</b>	<b>12,848</b>
Additions		703	453	377	24	90	1,647
Acquired through business combination	4	13,024	12,063	126	471	344	26,028
Write-off		(1)	(148)	(58)	(2)	(40)	(249)
Lease modification		-	359	1	-	68	428
Exchange differences on translating financial statements		66	89	1	1	9	166
<b>As at 31 December 2021 and 1 January 2022</b>		<b>21,990</b>	<b>15,156</b>	<b>2,318</b>	<b>732</b>	<b>672</b>	<b>40,868</b>
Additions		2,264	1,342	874	266	309	5,055
Reclassification		(464)	(69)	539	(146)	1	(139)
Write-off		(161)	(355)	(82)	(15)	(59)	(672)
Lease modification		22	(387)	3	(3)	-	(365)
Exchange differences on translating financial statements		(34)	(105)	1	(12)	1	(149)
<b>As at 31 December 2022</b>		<b>23,617</b>	<b>15,582</b>	<b>3,653</b>	<b>822</b>	<b>924</b>	<b>44,598</b>



Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

**Consolidated financial statements (Continued)**

	Land	Buildings	Machinery and equipment <i>(in million Baht)</i>	Furniture, fixtures and office equipment	Vehicles	Total
<b><i>Accumulated depreciation and accumulated impairment losses</i></b>						
<b>As at 1 January 2021</b>	<b>(1,376)</b>	<b>(340)</b>	<b>(682)</b>	<b>(192)</b>	<b>(54)</b>	<b>(2,644)</b>
Depreciation charge for the year	(610)	(597)	(197)	(24)	(93)	(1,521)
Write-off	1	146	58	2	40	247
Lease modification	-	(13)	-	-	-	(13)
Impairment losses	(36)	(44)	-	-	-	(80)
Exchange differences on translating financial statements	(7)	(12)	-	-	(7)	(26)
<b>As at 31 December 2021 and 1 January 2022</b>	<b>(2,028)</b>	<b>(860)</b>	<b>(821)</b>	<b>(214)</b>	<b>(114)</b>	<b>(4,037)</b>
Depreciation charge for the year	(1,716)	(1,621)	(269)	(42)	(258)	(3,906)
Reclassification	10	(1)	-	-	-	9
Write-off	79	251	82	15	58	485
Lease modification	(19)	-	6	2	-	(11)
Reversal of impairment losses	-	12	-	-	-	12
Exchange differences on translating financial statements	4	15	(1)	-	(1)	17
<b>As at 31 December 2022</b>	<b>(3,670)</b>	<b>(2,204)</b>	<b>(1,003)</b>	<b>(239)</b>	<b>(315)</b>	<b>(7,431)</b>
<b><i>Net book value</i></b>						
<b>As at 1 January 2021</b>	<b>6,822</b>	<b>2,000</b>	<b>1,189</b>	<b>46</b>	<b>147</b>	<b>10,204</b>
<b>As at 31 December 2021 and 1 January 2022</b>	<b>19,962</b>	<b>14,296</b>	<b>1,497</b>	<b>518</b>	<b>558</b>	<b>36,831</b>
<b>As at 31 December 2022</b>	<b>19,947</b>	<b>13,378</b>	<b>2,650</b>	<b>583</b>	<b>609</b>	<b>37,167</b>



Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

	Land	Buildings	Machinery and equipment <i>(in million Baht)</i>	Separate financial statements Furniture, fixtures and office equipment	Vehicles	Total
<b>Cost</b>						
<b>As at 1 January 2021</b>	<b>7,360</b>	<b>1,476</b>	<b>1,851</b>	<b>225</b>	<b>174</b>	<b>11,086</b>
Additions	658	348	375	24	37	1,442
Write-off	-	(121)	(49)	(1)	(20)	(191)
<b>As at 31 December 2021 and 1 January 2022</b>	<b>8,018</b>	<b>1,703</b>	<b>2,177</b>	<b>248</b>	<b>191</b>	<b>12,337</b>
Additions	368	281	19	11	61	740
Write-off	-	(132)	(27)	(15)	(17)	(191)
Lease modification	(18)	-	2	(9)	-	(25)
<b>As at 31 December 2022</b>	<b>8,368</b>	<b>1,852</b>	<b>2,171</b>	<b>235</b>	<b>235</b>	<b>12,861</b>
<b>Accumulated depreciation</b>						
<b>As at 1 January 2021</b>	<b>(1,326)</b>	<b>(264)</b>	<b>(670)</b>	<b>(189)</b>	<b>(45)</b>	<b>(2,494)</b>
Depreciation charge for the year	(359)	(239)	(181)	(18)	(52)	(849)
Write-off	-	121	49	2	20	192
<b>As at 31 December 2021 and 1 January 2022</b>	<b>(1,685)</b>	<b>(382)</b>	<b>(802)</b>	<b>(205)</b>	<b>(77)</b>	<b>(3,151)</b>
Depreciation charge for the year	(382)	(257)	(183)	(15)	(50)	(887)
Write-off	-	132	27	15	17	191
Lease modification	4	-	5	2	-	11
<b>As at 31 December 2022</b>	<b>(2,063)</b>	<b>(507)</b>	<b>(953)</b>	<b>(203)</b>	<b>(110)</b>	<b>(3,836)</b>
<b>Net book value</b>						
<b>As at 1 January 2021</b>	<b>6,034</b>	<b>1,212</b>	<b>1,181</b>	<b>36</b>	<b>129</b>	<b>8,592</b>
<b>As at 31 December 2021 and 1 January 2022</b>	<b>6,333</b>	<b>1,321</b>	<b>1,375</b>	<b>43</b>	<b>114</b>	<b>9,186</b>
<b>As at 31 December 2022</b>	<b>6,305</b>	<b>1,345</b>	<b>1,218</b>	<b>32</b>	<b>125</b>	<b>9,025</b>

Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

## 14 Goodwill

Note	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
		<i>(in million Baht)</i>		
As at 1 January	234,736	2,191	-	-
Acquired through business combination	4	232,545	-	-
<b>As at 31 December</b>	<b>234,736</b>	<b>234,736</b>	<b>-</b>	<b>-</b>

Most of the Goodwill arose from the Company completed the entire business transfer transaction of C.P. Retail Holding Company Limited (“CPRH”) and the Group’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”).

### 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	
	2022	2021	2022	2021
		<i>(in million Baht)</i>		
C.P. Retail Development Company Limited and its subsidiaries (“Lotus’s group”)	232,545	232,545	-	-
Indoguna group	2,023	2,023	-	-
Siam Food Services Limited	168	168	-	-
<b>Total</b>	<b>234,736</b>	<b>234,736</b>	<b>-</b>	<b>-</b>

### Impairment testing for carrying amount of goodwill and other intangible assets within indefinite useful lives

The recoverable amount was based on its value in use, determined by discounting future cash flows to be generated from the going concern and the continuing use of assets of (1) Lotus’s group (2) Indoguna group and (3) Siam Food Services Limited.

The values assigned to the key assumptions represented management’s assessment of future trends in the relevant industries and have been 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 rates were based on weighted average cost of capital comprised of key financial assumptions such as cost of debt and cost of equity which ranging from 6% to 7% (2021: 6%).

#### Terminal value growth rate

Terminal value growth rates were determined based on average consumer price index in the country of operation, inflation rates and growth rates of historical earnings before income tax, depreciation and amortisation (“EBITDA”) at the rate of 3% (2021: 2%).

#### Budgeted EBITDA

Budgeted EBITDA were 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 sale growth.

Management has identified that a reasonably possible change in three key assumptions, discount rate, terminal value growth rate and estimate sale growth rate, which in 2022 if discount rate increases by 1% to 3% (2021: 2%) or terminal value growth rate decreases by 2% to 4% (2021: 3%) or estimate sale growth rate decreases by 7% to 14% (2021: 5%) could cause the recoverable amount to be equal to the carrying amount of (1) Lotus’s group (2) Indoguna group and (3) Siam Food Services Limited.

Based on the impairment testing, the recoverable amount was estimated to be higher than its carrying amount and no impairment was required to the consolidated financial statements.



Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

## 15 Other intangible assets other than goodwill

<b>Consolidated financial statements</b>						
	<i>Note</i>	Computer software	Trademarks and other	Customer relationship <i>(in million Baht)</i>	Computer software under development and other	Total
<b>Cost</b>						
<b>As at 1 January 2021</b>		<b>3,001</b>	<b>468</b>	<b>59</b>	<b>129</b>	<b>3,657</b>
Additions		290	1	-	865	1,156
Acquired through business combination	4	1,571	-	1,078	2,572	5,221
Transfers		2,785	2	-	(2,787)	-
Write-off		(3)	-	-	(10)	(13)
Exchange differences on translating financial statements		29	-	-	3	32
<b>As at 31 December 2021 and 1 January 2022</b>		<b>7,673</b>	<b>471</b>	<b>1,137</b>	<b>772</b>	<b>10,053</b>
Additions		641	-	-	3,186	3,827
Transfers		3,059	-	-	(3,059)	-
Disposals and write-off		(2)	-	-	(4)	(6)
Exchange differences on translating financial statements		(20)	-	-	(1)	(21)
<b>As at 31 December 2022</b>		<b>11,351</b>	<b>471</b>	<b>1,137</b>	<b>894</b>	<b>13,853</b>

Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022**Consolidated financial statements (Continued)**

	Computer software	Trademarks and other	Customer relationship (in million Baht)	Computer software under development and other	Total
<b>Accumulated amortisation and accumulated impairment losses</b>					
<b>As at 1 January 2021</b>	<b>(1,435)</b>	<b>(6)</b>	<b>(15)</b>	-	<b>(1,456)</b>
Amortisation charge for the year	(509)	(2)	(26)	-	(537)
Write-off	3	-	-	-	3
Reversal of impairment losses	8	-	-	-	8
Exchange differences on translating financial statements	(11)	1	(1)	-	(11)
<b>As at 31 December 2021 and 1 January 2022</b>	<b>(1,944)</b>	<b>(7)</b>	<b>(42)</b>	-	<b>(1,993)</b>
Amortisation charge for the year	(1,225)	(3)	(121)	-	(1,349)
Disposals and write-off (Impairment losses)	2	-	-	-	2
reversal of impairment losses	(3)	-	1	-	(2)
Exchange differences on translating financial statements	10	-	-	-	10
<b>As at 31 December 2022</b>	<b>(3,160)</b>	<b>(10)</b>	<b>(162)</b>	-	<b>(3,332)</b>
<b>Net book value</b>					
<b>As at 1 January 2021</b>	<b>1,566</b>	<b>462</b>	<b>44</b>	<b>129</b>	<b>2,201</b>
<b>As at 31 December 2021 and 1 January 2022</b>	<b>5,729</b>	<b>464</b>	<b>1,095</b>	<b>772</b>	<b>8,060</b>
<b>As at 31 December 2022</b>	<b>8,191</b>	<b>461</b>	<b>975</b>	<b>894</b>	<b>10,521</b>



Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

	Separate financial statements		
	Computer software	Computer software under development (in million Baht)	Total
<b>Cost</b>			
<b>As at 1 January 2021</b>	<b>2,634</b>	<b>107</b>	<b>2,741</b>
Additions	45	317	362
Transfers	129	(129)	-
Write-off	(4)	(9)	(13)
<b>As at 31 December 2021 and 1 January 2022</b>	<b>2,804</b>	<b>286</b>	<b>3,090</b>
Additions	484	560	1,044
Transfers	766	(766)	-
Write-off	-	(4)	(4)
<b>As at 31 December 2022</b>	<b>4,054</b>	<b>76</b>	<b>4,130</b>
<b>Accumulated amortisation and accumulated impairment losses</b>			
<b>As at 1 January 2021</b>	<b>(1,314)</b>	-	<b>(1,314)</b>
Amortisation charge for the year	(360)	-	(360)
Write-off	3	-	3
Reversal of impairment losses	8	-	8
<b>As at 31 December 2021 and 1 January 2022</b>	<b>(1,663)</b>	-	<b>(1,663)</b>
Amortisation charge for the year	(465)	-	(465)
Impairment losses	(3)	-	(3)
<b>As at 31 December 2022</b>	<b>(2,131)</b>	-	<b>(2,131)</b>
<b>Net book value</b>			
<b>As at 1 January 2021</b>	<b>1,320</b>	<b>107</b>	<b>1,427</b>
<b>As at 31 December 2021 and 1 January 2022</b>	<b>1,141</b>	<b>286</b>	<b>1,427</b>
<b>As at 31 December 2022</b>	<b>1,923</b>	<b>76</b>	<b>1,999</b>

The gross amount of the Group's and the Company's fully amortised other intangible assets other than goodwill that were still in use as at 31 December 2022 amounted to Baht 751 million (2021: Baht 473 million) in the consolidated financial statements and Baht 651 million (2021: Baht 410 million) in the separate financial statements respectively.

## 16 Interest-bearing liabilities

	Consolidated financial statements					
	2022			2021		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	<i>(in million Baht)</i>					
Short-term borrowings from financial institutions						
Liabilities under trust receipts	-	1,624	<b>1,624</b>	-	915	<b>915</b>
Short-term borrowings	-	13	<b>13</b>	28,283	-	<b>28,283</b>
Debentures	-	23,466	<b>23,466</b>	-	-	-
Long-term borrowings from financial institutions	17,751	68,808	<b>86,559</b>	18,103	89,018	<b>107,121</b>
Lease liabilities	-	48,879	<b>48,879</b>	-	47,974	<b>47,974</b>
<b>Total interest-bearing liabilities</b>	<b>17,751</b>	<b>142,790</b>	<b>160,541</b>	<b>46,386</b>	<b>137,907</b>	<b>184,293</b>
	Separate financial statements					
	2022			2021		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	<i>(in million Baht)</i>					
Long-term borrowings from financial institutions	-	7,000	<b>7,000</b>	-	7,000	<b>7,000</b>
Lease liabilities	-	6,567	<b>6,567</b>	-	6,700	<b>6,700</b>
<b>Total interest-bearing liabilities</b>	<b>-</b>	<b>13,567</b>	<b>13,567</b>	<b>-</b>	<b>13,700</b>	<b>13,700</b>

As at 31 December 2022 the Group and the Company had unutilised credit facilities totaling Baht 28,340 million (2021: Baht 33,886 million) in the consolidated financial statements and Baht 12,993 million (2021: Baht 13,017 million) in the separate financial statements, respectively.



Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

Movements during the years ended 31 December 2022 and 2021 were as follows:

Note	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
	<i>(in million Baht)</i>			
<b>Short-term borrowings from financial institutions</b>				
As at 1 January	29,198	1,050	-	300
Increases	5,696	9,711	1,000	6,750
Acquired through business combination	4	28,220	-	-
Decreases	(33,408)	(9,867)	(1,000)	(7,050)
Interest paid calculated using effective interest rate method	158	52	-	-
Other movement	(7)	32	-	-
<b>As at 31 December</b>	<b>1,637</b>	<b>29,198</b>	<b>-</b>	<b>-</b>
<b>Short-term borrowings from other parties</b>				
As at 1 January	-	6	-	-
Decreases	-	(6)	-	-
<b>As at 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Debentures</b>				
As at 1 January	-	-	-	-
Increases, net of debentures issuance cost	23,463	-	-	-
Interest paid calculated using effective interest rate method	3	-	-	-
<b>As at 31 December</b>	<b>23,466</b>	<b>-</b>	<b>-</b>	<b>-</b>



Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

A local subsidiary, Ek-Chai Distribution System Company Limited (“ECDS”) issued unsubordinated and unsecured debentures in registered name form. Detail of outstanding balances were as follows:

								Balance as at 31 December 2022
No.	Date	Credit limit <i>(in million Baht)</i>	Objective	Debentures term <i>(year)</i>	Amount <i>(in million Baht)</i>	Fixed rate <i>(% per annum)</i>	Fully repayable date	
1/2022	20 October 2022	9,848	Repayment of long-term borrowings from financial institutions	1.5	9,848	2.81	20 April 2024	
1/2022	20 October 2022	8,534	Repayment of long-term borrowings from financial institutions	3	8,534	3.25	20 October 2025	
1/2022	20 October 2022	1,180	Repayment of long-term borrowings from financial institutions	5	1,180	3.55	20 October 2027	
1/2022	20 October 2022	3,931	Repayment of long-term borrowings from financial institutions	7	3,931	4.00	20 October 2029	

ECDS must comply with the specific covenants such as to maintain net debt to equity ratio of ECDS’s consolidated financial statements throughout the terms of debentures, etc.

Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

Note	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
	(in million Baht)			
<b>Long-term borrowings from financial institutions</b>				
As at 1 January	107,121	7,003	7,000	7,000
Increases	2,000	5,000	2,000	5,000
Acquired through business combination	4	100,093	-	-
Decreases	(23,941)	(5,001)	(2,000)	(5,000)
Interest paid calculated using effective interest rate method	626	68	-	-
Other movement	753	(42)	-	-
<b>As at 31 December</b>	<b>86,559</b>	<b>107,121</b>	<b>7,000</b>	<b>7,000</b>

As at 31 December 2022 the Group had long-term borrowings agreements with some local branch of foreign financial institutions and local financial institutions. Details of significant agreements are as follows:

Borrowing agreement	Approved credit facilities	Interest rate (% per annum)	Term of payment
The first agreement	Baht 1,000 million	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in November 2024
The second agreement	Baht 2,000 million	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in November 2024
The third agreement	Baht 1,000 million	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in December 2024
The fourth agreement	Baht 1,000 million	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in January 2025
The fifth agreement	Baht 2,000 million	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in January 2026
The sixth agreement	U.S. Dollar 2,500 million	Variable interest rate as stipulated in the agreement	Entire principal of borrowing in October 2024
The seventh agreement	Malaysian Ringgit 2,300 million	Variable interest rate as stipulated in the agreement	Installment until October 2026

In this regard, the Group must comply with the specified covenants in each long-term borrowings agreements, such as to maintain debt to equity ratio and the shareholdings of the parent company as stipulated in the agreements, etc.

Note	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
	(in million Baht)			
<b>Lease liabilities</b>				
As at 1 January	47,974	8,117	6,700	6,310
Purchase of assets under lease liabilities	5,146	1,146	592	941
Acquired through business combination	4	38,889	-	-
Payment of lease liabilities	(5,208)	(1,654)	(895)	(777)
Write-off	(337)	(25)	(1)	-
Finance costs under lease	1,886	623	225	226
Lease modification	(385)	721	(54)	-
Other movement	(197)	157	-	-
<b>As at 31 December</b>	<b>48,879</b>	<b>47,974</b>	<b>6,567</b>	<b>6,700</b>

**17 Provisions for employee benefits****Defined benefit plan**

The Group operates defined benefit plans which have characteristics as follows:

**Pension fund benefit**

The Group operates a pension scheme for employees who joined before 1 January 2003 and choose to retain the benefits of the original scheme. Employees, upon resignation or retirement from the Group 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 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 60 years. 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 final salary.

**Additional benefit related to provident fund**

The Company operates an employee benefit scheme under which employees who are members of the Company's provident fund for at least 9 years are entitled to receive additional contribution from the Company on their resignation or retirement from employment with the Company. Employees, who are member of the provident fund for at least 9 years, shall be entitled to receive an additional 50% of the contributions made by the Company on their behalf.

Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022*Other long-term employee benefit plan*

The subsidiary provides other long-term employee benefit plan, namely long service awards.

The defined benefit plans expose the Group to actuarial risks, such as interest rate risk, future salary growth risk and employee turnover risk.

<i>Present value of the defined benefit obligations</i>	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
		<i>(in million Baht)</i>			
As at 1 January		2,570	1,032	1,116	994
<b>Included in profit or loss:</b>					
Current service costs		242	125	126	86
Past service costs		1	-	-	-
Interest on obligation		33	16	14	12
Actuarial (gain) loss on other long-term employee benefit plan		(6)	4	-	-
		<u>270</u>	<u>145</u>	<u>140</u>	<u>98</u>
<b>Included in other comprehensive income:</b>					
Actuarial (gain) loss					
- Changes in assumptions		(191)	(60)	(131)	-
- Experience adjustments		92	(22)	88	65
		<u>(99)</u>	<u>(82)</u>	<u>(43)</u>	<u>65</u>
<b>Other:</b>					
Benefits paid by the plan		(190)	(61)	(130)	(41)
Acquired through business combination	4	-	1,487	-	-
Exchange differences on financial statements		(1)	49	-	-
<b>As at 31 December</b>		<u>2,550</u>	<u>2,570</u>	<u>1,083</u>	<u>1,116</u>

*Actuarial assumptions*

The principal actuarial assumptions at the reporting date were as follows:

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
	(%)			
Discount rate	1.9 - 4.0	1.3 - 2.2	3.0	1.3
Future salary growth	3.0 - 8.0	3.0 - 8.0	4.0	4.0
Employee turnover	0.0 - 50.0	0.0 - 50.0	0.0 - 50.0	0.0 - 50.0

Assumptions regarding future mortality have been based on published statistics and mortality table.

As at 31 December 2022, the weighted average duration of the defined benefit obligations were 6 to 15 years (2021: 7 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 increase (decrease) as follows:

<i>Effect to the defined benefit obligation increase (decrease)</i>	Consolidated financial statements		Separate financial statements	
	Assumption changes by 0.5%		Assumption changes by 0.5%	
	Increase	Decrease	Increase	Decrease
	<i>(in million Baht)</i>			
<b>At 31 December 2022</b>				
Discount rate	(78)	83	(35)	38
Future salary growth	72	(68)	29	(28)
Employee turnover	(75)	65	(28)	16
<b>At 31 December 2021</b>				
Discount rate	(83)	89	(39)	41
Future salary growth	63	(58)	17	(15)
Employee turnover	(81)	66	(31)	18



Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

## 18 Other non-current provisions

		<b>Consolidated financial statements</b>							
		2022			2021				
	<i>Note</i>	Dismantling provision	Provision for litigation claim	Other	Total <i>(in million Baht)</i>	Dismantling provision	Provision for litigation claim	Other	Total
As at 1 January		2,239	91	65	2,395	-	76	-	76
Acquired through business combination	4	-	-	-	-	2,101	16	49	2,166
Provision made		90	7	-	97	141	35	16	192
Provision used		(71)	(1)	-	(72)	-	(36)	-	(36)
Provision reversed		(13)	-	(65)	(78)	(3)	-	-	(3)
<b>As at 31 December</b>		<b>2,245</b>	<b>97</b>	<b>-</b>	<b>2,342</b>	<b>2,239</b>	<b>91</b>	<b>65</b>	<b>2,395</b>

Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

	Separate financial statements	
	2022	2021
Provision for litigation claim		
	<i>(in million Baht)</i>	
As at 1 January	65	76
Provision made	-	25
Provision used	-	(36)
<b>As at 31 December</b>	<b>65</b>	<b>65</b>

**19 Share capital**

	Par value per share <i>(in Baht)</i>	2022		2021	
		Number	Baht	Number	Baht
Authorised shares at 31 December		<b>11,172</b>	<b>5,586</b>	<b>11,172</b>	<b>5,586</b>
<i>(million shares /in million Baht)</i>					
<b>Issued and paid-up shares</b>					
At 1 January					
- ordinary shares	0.50	10,580	5,290	4,800	2,400
Increase of new shares	0.50	-	-	5,780	2,890
<b>At 31 December</b>					
<b>- ordinary shares</b>	<b>0.50</b>	<b>10,580</b>	<b>5,290</b>	<b>10,580</b>	<b>5,290</b>

At the Company's Extraordinary General Meeting of Shareholders held on 12 October 2021, the Company's shareholders approved the Company to increase the registered capital of the Company in the amount of Baht 3,186,161,750, from the current registered capital of Baht 2,400,000,000 to be the registered capital of Baht 5,586,161,750, by issuing up to 6,372,323,500 new ordinary shares with a par value of Baht 0.50 each, consisting of (a) up to 5,010,323,500 shares with a par value of Baht 0.50 each as an offering to CPRH which is an offering to a specific person (Private Placement) as payment of consideration for the entire business transfer; and (b) up to 1,362,000,000 shares with a par value of Baht 0.50 each as an offering to the public (Public Offering). The registration of the increased authorised share capital with the Ministry of Commerce and the additional paid-up share capital totaling Baht 2,890,161,750 were completed in December 2021, paid-up share capital totaling Baht 5,290,161,750.

*Share premium*

Section 51 of the Public Limited Companies Act B.E. 2535 (1992) 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.

**20 Legal reserve**

Section 116 of the Public Limited Companies Act B.E. 2535 (1992) requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), 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.

The Company appropriated legal reserve for the year ended 31 December 2022 amounting to Baht 319 million. The Company's legal reserve as at 31 December 2022 was equal to 10% of the registered authorised capital.

**21 Segment information and disaggregation of revenue***Revenue*

The Group's operations is derived from sale of goods from wholesale business, retail and mall business, and rendering of services related to those businesses.

*Segment information*

Segment information is taken from internal reports of the Group which are reviewed by the Chief Operating Decision Maker (CODM). CODM is the Executive Committee and Chief Executive Officer - Siam Makro Public Company Limited, who makes decisions about resource allocation and assesses the segment performance.

During 2022, CODM re-analysed reportable segments. The group's reportable segments have been changed as following:

*Reportable segments in 2021*

Segment 1: Cash and carry  
Segment 2: Retail  
Segment 3: Mall rental  
Segment 4: Food services

*Reportable segments in 2022*

Segment 1: Wholesale  
Segment 2: Retail and mall

The Group did not have single external customer that contributed 10% or more of the Group's total revenues.

The CODM considers the monthly performance of each reporting segment based upon profit before finance costs and income tax expense.

Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

Disaggregation of revenues, timing of revenue recognition and results, based on segments, for the years ended 31 December 2022 and 2021 were as follows:

Year ended 31 December	Consolidated financial statements					
	Wholesale		Retail and mall		Total	
	2022	2021	2022	2021	2022	2021
	<i>(in million Baht)</i>					
<b>Type of revenues</b>						
Revenue from sale of goods	242,437	221,344	204,745	37,286	447,182	258,630
Revenue from rendering of services	4,241	3,927	1,181	209	5,422	4,136
Revenue from rental and rendering retail services	443	347	13,034	2,284	13,477	2,631
External revenues	247,121	225,618	218,960	39,779	466,081	265,397
<b>Total income</b>	<b>248,079</b>	<b>226,238</b>	<b>221,052</b>	<b>40,129</b>	<b>469,131</b>	<b>266,367</b>
<b>Timing of revenue</b>						
At a point in time	242,451	221,357	205,833	37,540	448,284	258,897
Overtime	4,670	4,261	13,127	2,239	17,797	6,500
<b>Total</b>	<b>247,121</b>	<b>225,618</b>	<b>218,960</b>	<b>39,779</b>	<b>466,081</b>	<b>265,397</b>
Profit from operating activities	9,599	8,943	7,102	1,551	16,701	10,494
Gain on step acquisition	-	6,714	-	-	-	6,714
Share of profit (loss) of associate and joint ventures accounted for using equity method	-	(375)	832	149	832	(226)
Profit before finance costs and income tax expense	9,599	15,282	7,934	1,700	17,533	16,982
Finance costs					(7,122)	(1,557)
Income tax expense					(2,729)	(2,127)
<b>Profit for the period</b>					<b>7,682</b>	<b>13,298</b>

Year ended 31 December	Separate financial statements	
	Wholesale	
	2022	2021
	<i>(in million Baht)</i>	
<b>Type of revenues</b>		
Revenue from sale of goods	227,435	209,938
Revenue from rendering of services	4,210	3,896
Revenue from rental and rendering retail services	409	323
External revenues	232,054	214,157
<b>Total income</b>	<b>233,014</b>	<b>214,719</b>
<b>Timing of revenue recognition</b>		
At a point in time	227,447	209,950
Overtime	4,607	4,207
<b>Total</b>	<b>232,054</b>	<b>214,157</b>
Profit before finance costs and income tax expense	9,722	9,605
Finance costs	(377)	(389)
Income tax expense	(1,879)	(1,836)
<b>Profit for the year</b>	<b>7,466</b>	<b>7,380</b>

Details of assets, based on segments, in the consolidated financial statements as at 31 December 2022 and 2021 were as follows:

	Wholesale		Retail and mall		Total	
	2022	2021	2022	2021	2022	2021
	<i>(in million Baht)</i>					
Property, plant and equipment	32,552	30,564	85,563	87,880	118,115	118,444
Goodwill	2,191	2,191	232,545	232,545	234,736	234,736
Other assets	56,050	80,188	139,742	136,122	195,792	216,310
<b>Total segment assets</b>	<b>90,793</b>	<b>112,943</b>	<b>457,850</b>	<b>456,547</b>	<b>548,643</b>	<b>569,490</b>

**Information about geographical areas**

In presenting information on the basis of information about geographical areas, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of assets.

Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

Detail of the geographic segment financial information of the geographical area of the Group as at 31 December and for the year then ended were as follows:

	Consolidated financial statements			
	Revenue		Non-current assets (excluded goodwill)	
	2022	2021	2022	2021
	(in million Baht)			
Thailand	418,344	250,111	186,538	184,368
Malaysia	38,502	6,671	34,979	36,188
Others	12,285	9,585	5,035	4,198
<b>Total</b>	<b>469,131</b>	<b>266,367</b>	<b>226,552</b>	<b>224,754</b>

**22 Leases**

*As a lessee*

The Group has entered into a number of various assets categories primarily on respect of land and building lease agreements. These agreements are effective for periods of 1 year to 99 years and will expire on various dates until August 2077 with extension options at the end of lease term. The rental is payable as specified in the contract.

For the year ended 31 December	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
		(in million Baht)			
<b>Included in profit or loss</b>					
Sub-lease income		4,537	906	10	7
Depreciation of right-of-use assets	13	3,906	1,521	887	849
Interest on lease liabilities	16	1,886	623	225	226
Expenses relating to short-term leases		319	216	144	118
Expenses relating to leases of low-value assets		320	130	127	112
Variable lease payments based on sales		143	15	-	-

In 2022, total cash outflow for leases of the Group and the company were Baht 5,990 million and Baht 1,166 million respectively. (2021: Baht 2,015 million and Baht 1,007 million respectively)

*Extension options*

The Group has extension options on property leases exercisable before the end of the contract period. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options and will regularly reassess so.

*As a lessor*

The Group has entered into a number of land and building spaces lease agreements which were classified as operating leases. These lease agreements are effective for periods of 1 year to 31 years and will expire on various dates until June 2050.

**Lease payments to be received from operating leases as at 31 December**

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
	(in million Baht)			
1 <sup>st</sup> year	5,063	1,901	129	63
2 <sup>nd</sup> year	2,698	2,840	108	30
3 <sup>rd</sup> year	1,071	1,180	44	13
4 <sup>th</sup> year	62	241	-	-
5 <sup>th</sup> year	64	67	-	-
After 5 <sup>th</sup> year	1,354	1,090	-	-
<b>Total</b>	<b>10,312</b>	<b>7,319</b>	<b>281</b>	<b>106</b>

**23 Expenses by nature**

The statement of income includes an analysis of expenses by function. Expenses by nature are as follows:

Note	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
	(in million Baht)			
Changes in inventories of finished goods	(5,853)	(17,489)	(1,341)	(741)
Purchase of raw materials, finished goods and other related costs	389,459	245,827	205,539	189,494
Depreciation - investment properties	11	2,084	749	-
Depreciation - property, plant and equipment	12	10,211	3,321	2,068
Depreciation - right-of-use assets	13	3,906	1,521	887
Amortisation - other intangible assets other than goodwill	15	1,349	537	465
Employee benefit expenses		24,533	10,348	7,406
Utilities expenses		10,392	3,641	2,813
Maintenance and repair expenses		3,517	968	314
Advertising and sale promotion expenses		3,417	1,239	946
Computer expenses		907	687	718
Lease-related expenses	22	782	361	271
Trademark fees		208	184	186
Other		7,518	3,979	2,202
<b>Total cost of sale of goods, cost of rental and rendering of services, distribution costs and administrative expenses</b>		<b>452,430</b>	<b>255,873</b>	<b>223,292</b>
			<b>205,114</b>	



Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022**24 Income tax****Income tax recognised in profit or loss**

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
	<i>(in million Baht)</i>			
<b>Current income tax</b>				
Current year	3,498	2,140	1,927	1,905
Over provided in prior years	(31)	(48)	(27)	(4)
	<u>3,467</u>	<u>2,092</u>	<u>1,900</u>	<u>1,901</u>
<b>Deferred income tax</b>				
Movements in temporary differences	(738)	36	(21)	(65)
	<u>(738)</u>	<u>36</u>	<u>(21)</u>	<u>(65)</u>
<b>Total</b>	<u>2,279</u>	<u>2,128</u>	<u>1,879</u>	<u>1,836</u>

**Income tax recognised in other comprehensive income**

	Consolidated financial statements					
	2022			2021		
	Before income tax	Tax expense	Net of income tax	Before income tax	Tax expense	Net of income tax
	<i>(in million Baht)</i>					
Gains on remeasurement of defined benefit plans	(99)	20	(79)	(82)	20	(62)
Cashflow hedges reserve	(290)	58	(232)	66	(13)	53
Gain on investment in equity instrument designated at FVOCI	(152)	30	(122)	-	-	-
<b>Total</b>	<u>(541)</u>	<u>108</u>	<u>(433)</u>	<u>(16)</u>	<u>7</u>	<u>(9)</u>

	Separate financial statements					
	2022			2021		
	Before income tax	Tax income	Net of income tax	Before income tax	Tax income	Net of income tax
	<i>(in million Baht)</i>					
(Gains) losses on remeasurement of defined benefit plans	(42)	8	(34)	65	(13)	52
<b>Total</b>	<u>(42)</u>	<u>8</u>	<u>(34)</u>	<u>65</u>	<u>(13)</u>	<u>52</u>

**Reconciliation of effective tax rate**

Applicable tax rate (%)	Consolidated financial statements			
	0%	20%	Other	Total
	<i>(in million Baht)</i>			
<b>2022</b>				
Accounting profit before income tax expense	56	9,941	414	10,411
Income tax at the applicable tax rates	-	2,351	254	2,605
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit	-	(2)	157	155
(Over) under provided in prior years	-	(42)	11	(31)
<b>Net</b>	<u>-</u>	<u>2,307</u>	<u>422</u>	<u>2,729</u>
<b>2021</b>				
Accounting profit (loss) before income tax expense	34	15,854	(463)	15,425
Income tax at the applicable tax rates	-	2,410	51	2,461
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit	-	(393)	108	(285)
Over provided in prior years	-	(4)	(44)	(48)
<b>Net</b>	<u>-</u>	<u>2,013</u>	<u>115</u>	<u>2,128</u>

Applicable tax rate (%)	Separate financial statements	
	2022	2021
	<i>(in million Baht)</i>	
Accounting profit before income tax expense	9,345	9,216
Income tax at the applicable tax rate	1,869	1,843
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit	37	(3)
Over provided in prior years	(27)	(4)
<b>Net</b>	<u>1,879</u>	<u>1,836</u>

**Deferred income tax**

Deferred tax assets and liabilities as at 31 December 2022 and 2021 were as follows:

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
	<i>(in million Baht)</i>			
Deferred tax assets	566	530	517	505
Deferred tax liabilities	(3,803)	(4,447)	-	-

Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

Movements in deferred tax assets and liabilities during the years ended 31 December 2022 and 2021 were as follows:

	At 1 January 2022	Consolidated financial statements (Charged)/credited to		Exchange differences on translating financial statements	At 31 December 2022
		profit or loss	other comprehensive income <i>(in million Baht)</i>		
<b>Deferred tax assets (liabilities)</b>					
Inventories	568	(5)	-	(3)	560
Investment in associate	(1,311)	-	-	-	(1,311)
Property, plant and equipment and other intangible assets other than goodwill	(6,063)	(299)	-	56	(6,306)
Right-of-use assets	(4,501)	702	-	25	(3,774)
Derivative liabilities	175	454	(58)	-	571
Lease liabilities	5,777	(70)	-	(20)	5,687
Provisions for employee benefits	491	14	(20)	-	485
Other non-current provisions	442	1	-	-	443
Other	505	(59)	(30)	(8)	408
<b>Total</b>	<b>(3,917)</b>	<b>738</b>	<b>(108)</b>	<b>50</b>	<b>(3,237)</b>



Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

	Separate financial statements			At 31 December 2022
	At 1 January 2022	(Charged)/credited to		
		profit or loss	other comprehensive income	
		<i>(in million Baht)</i>		
<b>Deferred tax assets (liabilities)</b>				
Inventories	88	10	-	98
Property, plant and equipment	40	3	-	43
Right-of-use assets	(1,211)	31	-	(1,180)
Lease liabilities	1,340	(27)	-	1,313
Provisions for employee benefits	223	2	(8)	217
Other	25	1	-	26
<b>Total</b>	<b>505</b>	<b>20</b>	<b>(8)</b>	<b>517</b>

	Separate financial statements			At 31 December 2021
	At 1 January 2021	(Charged)/credited to		
		profit or loss	other comprehensive income	
		<i>(in million Baht)</i>		
<b>Deferred tax assets (liabilities)</b>				
Inventories	95	(7)	-	88
Property, plant and equipment	39	1	-	40
Right-of-use assets	(1,196)	(15)	-	(1,211)
Lease liabilities	1,262	78	-	1,340
Provisions for employee benefits	199	11	13	223
Other	28	(3)	-	25
<b>Total</b>	<b>427</b>	<b>65</b>	<b>13</b>	<b>505</b>

**25 Basic earnings per share**

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
	<i>(in million Baht /in million share)</i>			
<b>Profit attributable to equity holders of the Company for the year ended 31 December</b>	<b>7,697</b>	<b>13,687</b>	<b>7,466</b>	<b>7,380</b>
<b>Ordinary shares outstanding</b>				
Number of ordinary shares outstanding at 1 January	10,580	4,800	10,580	4,800
Effect of shares issued related to business combination	-	934	-	934
Effect of shares issued on 22 December 2021	-	21	-	21
<b>Weighted average number of ordinary shares outstanding at 31 December</b>	<b>10,580</b>	<b>5,755</b>	<b>10,580</b>	<b>5,755</b>
<b>Basic earnings per share (in Baht)</b>	<b>0.73</b>	<b>2.38</b>	<b>0.71</b>	<b>1.28</b>

**26 Dividends**

The dividends paid by the Company to the shareholders are as follows:

	Approval date	Payment schedule	Dividend rate (Baht/Share)	Amount (in million Baht)
<b>Year 2022</b>				
Annual dividend	20 April 2022	19 May 2022	0.32	3,386
Interim dividend	8 August 2022	6 September 2022	0.18	1,904
<b>Total</b>				<b>5,290</b>
<b>Year 2021</b>				
Annual dividend	21 April 2021	20 May 2021	0.60	2,880
Interim dividend	10 August 2021	8 September 2021	0.40	1,920
<b>Total</b>				<b>4,800</b>



Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

## 27 Financial instruments

### (a) Carrying amounts 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, but it does not include fair value information for financial assets and financial liabilities measured at amortised cost if the carrying amount is a reasonable approximation of fair value.

	Consolidated financial statements					Fair value			Total
	Carrying amount				Total	Level 1	Level 2	Level 3	
	Hedging instruments	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Financial instruments measured at amortised cost					
<i>31 December 2022</i>									
<b>Financial assets</b>									
Investment in related companies	-	-	573	-	573	-	-	573	573
<b>Financial liabilities</b>									
Debentures	-	-	-	23,466	23,466	-	23,795	-	23,795
Long-term borrowings from financial institutions	-	-	-	86,559	86,559	-	90,287	-	90,287
Forward exchange contracts	2,873	19	-	-	2,892	-	2,892	-	2,892
<i>31 December 2021</i>									
<b>Financial assets</b>									
Forward exchange contracts	-	607	-	-	607	-	607	-	607
Investment in related companies	-	-	295	-	295	-	-	295	295
<b>Financial liabilities</b>									
Long-term borrowings from financial institutions	-	-	-	107,121	107,121	-	108,405	-	108,405
Forward exchange contracts	876	-	-	-	876	-	876	-	876

Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

	Separate financial statements						
	Carrying amount			Fair value			
	Financial instruments measured at FVTPL	Financial instruments measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
				(in million Baht)			
<b>31 December 2022</b>							
<b>Financial liabilities</b>							
Forward exchange contracts	19	-	19	-	19	-	19
Long-term borrowings from financial Institutions	-	7,000	7,000	-	6,808	-	6,808
<b>31 December 2021</b>							
<b>Financial assets</b>							
Forward exchange contracts	2	-	2	-	2	-	2
<b>Financial liabilities</b>							
Long-term borrowings from financial institutions	-	7,000	7,000	-	6,895	-	6,895

The following tables present valuation technique of financial instruments measured at fair value in the statements of financial position:

**Financial instruments measured at fair value for level 2**

Type	Valuation technique
Forward exchange contracts	<i>Forward pricing:</i> The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.

**Financial instruments measured at fair value for level 3**

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment in related companies	Discounted cash flows	Discount rate: (2022: 11.0% - 12.8% and 2021: 10.5% - 11.0%)	The estimated fair value would increase (decrease) if the discount rate was lower (higher)

**Reconciliation of fair value level 3****Investments in related companies**

	Note	Consolidated financial statements (in million Baht)
At 1 January 2022		295
Additions		126
Change in fair value		
- Recognised in other comprehensive income		152
<b>At 31 December 2022</b>	5	<b>573</b>

**Sensitivity analysis**

For the fair values of financial assets measured at fair value Level 3, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

	Consolidated financial statements	
	1% increase in assumption	1% decrease in assumption
	(in million Baht)	
<b>Effect to other comprehensive income increase (decrease)</b>		
<b>At 31 December 2022</b>		
<b>Investment in related companies</b>		
Discount rate	(65)	84
<b>At 31 December 2021</b>		
<b>Investment in related companies</b>		
Discount rate	(35)	28

**Financial instruments not measured at fair value**

The following tables present valuation technique of financial instruments measured at amortised costs in the statements of financial position:

Type	Valuation technique
Debentures and long-term borrowings from financial institutions	Discounted cash flows

Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022**(b) Financial risk management policies****Risk management framework**

The Group's Board of directors has overall responsibility for the establishment of the Group's risk management by established the risk management committee, which is responsible for presenting risk management framework in accordance with the COSO standard (*Committee of Sponsoring Organisation of The Treadway Commission*) to cover entire business activities and associate with the Group's strategies, and also including assessing and monitoring the Group's risk management which covers financial risk management. The risk management committee reports to the audit committee and the Board of directors on its activities every year.

The Group's risk management policies are established to identify and analyse the risks assessed by the Group, to set up the standard risk level, to control and to monitor risk management in order to limit the risks to acceptable level. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit who verify whether the Group's risk management practices complied with risk management framework. Also, the risk management committee reports the risk management results to the audit committee every year.

**(b.1) Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

**(b.1.1) Trade accounts receivable**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Group has established credit sale strategies and policies, including the credit policy which analyses the customers financial position to determine credit limits for each customer and will be reviewed by annually.

The Group limits its exposure to credit risk from trade accounts receivables by establishing a maximum payment period of 90 days. Outstanding trade receivables are regularly monitored by the Group. An impairment analysis is performed by the Group at each reporting date. The provision rates of expected credit loss are based on days past due for individual trade receivables/groupings of various customer segments with similar credit risks to reflect differences between economic conditions in the past, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Information relevant to credit risk and expected credit loss of trade accounts receivable are disclosed in note 7.

**(b.1.2) Cash and cash equivalents and derivatives**

Impairment on cash and cash equivalents was measured on a 12-month ECLs. The Group considers that cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

**(b.2) Liquidity risk**

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The following table are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

	<b>Consolidated financial statements</b>					Total
	Contractual cash flows					
	Carrying amount	1 year or less	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	
<b>As at 31 December 2022</b>						
<i>(in million Baht)</i>						
<b>Non-derivative financial liabilities</b>						
Short-term borrowings from financial institutions	1,637	1,637	-	-	-	1,637
Trade accounts payable to other parties	55,867	55,867	-	-	-	55,867
Trade accounts payable to related parties	5,951	5,951	-	-	-	5,951
Other current payables to other parties	10,070	10,070	-	-	-	10,070
Other current payables to related parties	1,799	1,799	-	-	-	1,799
Debentures	23,466	753	10,453	10,577	4,242	26,025
Long-term borrowings from financial institutions	86,559	4,529	72,907	20,075	-	97,511
Lease liabilities	48,879	5,019	4,788	12,587	52,070	74,464
Rental deposit from tenants	1,825	-	889	492	444	1,825
	<b>236,053</b>	<b>85,625</b>	<b>89,037</b>	<b>43,731</b>	<b>56,756</b>	<b>275,149</b>
<b>Derivative financial liabilities</b>						
Forward exchange contracts	19	19	-	-	-	19
Forward exchange contracts used for hedging:	2,873	2,665	208	-	-	2,873
	<b>2,892</b>	<b>2,684</b>	<b>208</b>	<b>-</b>	<b>-</b>	<b>2,892</b>

Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

Consolidated financial statements							Separate financial statements						
Contractual cash flows							Contractual cash flows						
As at 31 December 2021	Carrying amount	1 year or less	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	As at 31 December 2022	Carrying amount	1 year or less	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total
			(in million Baht)							(in million Baht)			
<b>Non-derivative financial liabilities</b>							<b>Non-derivative financial liabilities</b>						
Short-term borrowings from financial institutions	29,198	29,345	-	-	-	29,345	Trade accounts payable to other parties	26,549	26,549	-	-	-	26,549
Trade accounts payable to other parties	54,845	54,845	-	-	-	54,845	Trade accounts payable to related parties	3,134	3,134	-	-	-	3,134
Trade accounts payable to related parties	5,390	5,390	-	-	-	5,390	Other current payables to other parties	2,217	2,217	-	-	-	2,217
Other current payables to other parties	13,226	13,226	-	-	-	13,226	Other current payables to related parties	688	688	-	-	-	688
Other current payables to related parties	1,011	1,011	-	-	-	1,011	Long-term borrowings from financial institutions	7,000	158	4,158	3,071	-	7,387
Long-term borrowings from financial institutions	107,121	4,271	87,433	23,271	-	114,975	Lease liabilities	6,567	770	634	1,529	5,834	8,767
Lease liabilities	47,974	4,837	4,605	11,931	50,319	71,692	Rental deposit from tenants	21	-	9	12	-	21
Rental deposit from tenants	2,475	-	11	6	2,458	2,475		<b>46,176</b>	<b>33,516</b>	<b>4,801</b>	<b>4,612</b>	<b>5,834</b>	<b>48,763</b>
	<b>261,240</b>	<b>112,925</b>	<b>92,049</b>	<b>35,208</b>	<b>52,777</b>	<b>292,959</b>	<b>Derivative financial liabilities</b>						
<b>Derivative financial liabilities</b>							<b>Derivative financial liabilities</b>						
Forward exchange contracts used for hedging:	876	703	-	173	-	876	Forward exchange contracts	19	19	-	-	-	19
	<b>876</b>	<b>703</b>	<b>-</b>	<b>173</b>	<b>-</b>	<b>876</b>		<b>19</b>	<b>19</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19</b>
<b>As at 31 December 2021 Non-derivative financial liabilities</b>							<b>As at 31 December 2021 Non-derivative financial liabilities</b>						
Trade accounts payable to other parties	26,662	26,662	-	-	-	26,662	Trade accounts payable to other parties	26,662	26,662	-	-	-	26,662
Trade accounts payable to related parties	2,557	2,557	-	-	-	2,557	Trade accounts payable to related parties	2,557	2,557	-	-	-	2,557
Other current payables to other parties	1,732	1,732	-	-	-	1,732	Other current payables to other parties	1,732	1,732	-	-	-	1,732
Other current payables to related parties	404	404	-	-	-	404	Other current payables to related parties	404	404	-	-	-	404
Long-term borrowings from financial institutions	7,000	2,159	98	5,169	-	7,426	Long-term borrowings from financial institutions	7,000	2,159	98	5,169	-	7,426
Lease liabilities	6,700	765	690	1,562	5,764	8,781	Lease liabilities	6,700	765	690	1,562	5,764	8,781
Rental deposit from tenants	35	-	11	6	18	35	Rental deposit from tenants	35	-	11	6	18	35
	<b>45,090</b>	<b>34,279</b>	<b>799</b>	<b>6,737</b>	<b>5,782</b>	<b>47,597</b>		<b>45,090</b>	<b>34,279</b>	<b>799</b>	<b>6,737</b>	<b>5,782</b>	<b>47,597</b>

The cash inflows/cash outflows disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.





Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

**(b.3) Market risk**

The Group is exposed to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is as follows:

**(b.3.1) Foreign currency risk**

The Group is exposed to foreign currency risk relating to purchases and sales 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, denominated in foreign currencies, for the subsequent period.







Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

**Separate financial statements**

<i>Exposure to foreign currency as at 31 December</i>	2022						2021					
	U.S. Dollar	Australian Dollar	Euro	Yuan Renminbi	Yen	Total	U.S. Dollar	Australian Dollar	Euro	Yuan Renminbi	Yen	Total
	<i>(in million Baht)</i>											
Trade accounts receivable and other current receivables	37	-	-	-	-	37	26	-	-	-	-	26
Short-term loans to subsidiaries	145	-	-	-	-	145	81	-	-	-	-	81
Trade accounts payable and other current payables	(902)	(70)	(39)	(31)	(1)	(1,043)	(915)	(83)	(30)	(29)	(1)	(1,058)
<b>Net statement of financial position exposure</b>	<b>(720)</b>	<b>(70)</b>	<b>(39)</b>	<b>(31)</b>	<b>(1)</b>	<b>(861)</b>	<b>(808)</b>	<b>(83)</b>	<b>(30)</b>	<b>(29)</b>	<b>(1)</b>	<b>(951)</b>
Forward exchange purchase contracts	327	-	-	-	-	327	272	-	-	-	-	272
<b>Net exposure</b>	<b>(393)</b>	<b>(70)</b>	<b>(39)</b>	<b>(31)</b>	<b>(1)</b>	<b>(534)</b>	<b>(536)</b>	<b>(83)</b>	<b>(30)</b>	<b>(29)</b>	<b>(1)</b>	<b>(679)</b>

Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022*(b.3.2) 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 because some of loan interest rates (Note 16) are variable.

<i>Exposure to interest rate risk as at 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2022	2021	2022	2021
	<i>(in million Baht)</i>			
<b>Financial instruments with variable interest rates</b>				
Financial liabilities	79,559	128,402	-	-
<b>Net statement of financial position exposure</b>	<b>79,559</b>	<b>128,402</b>	-	-
Interest rate swaps	-	-	-	-
<b>Net exposure</b>	<b>79,559</b>	<b>128,402</b>	-	-

*Cash flow sensitivity analysis for variable-rate instruments*

A reasonable possible change of 1% in interest rates at the reporting date for the next 12 months; this analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

<i>Effect to profit or loss increase (decrease) of financial instruments as at 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	1% increase in interest rate	1% decrease in interest rate	1% increase in interest rate	1% decrease in interest rate
	<i>(in million Baht)</i>			
<b>2022</b>				
Financial instruments with variable interest rate	(812)	812	-	-
<b>2021</b>				
Financial instruments with variable interest rate	(1,256)	1,256	-	-

*(c) Hedging accounting**(c.1) Cash flow hedges*

The amounts at the reporting date relating to items designated as hedged items were as follows.

<i>At 31 December</i>	Change in value used for calculating hedges ineffectiveness	<b>Consolidated financial statements</b>		
		Cash flow hedges reserve	Costs of hedging reserve	Balance remaining in the cash flow hedges reserve from hedging relationships for which hedge accounting is no longer applied
		<i>(in million Baht)</i>		
<b>2022</b>				
<b>Foreign currency risk</b>				
Long-term borrowings	-	153	79	-
<b>2021</b>				
<b>Foreign currency risk</b>				
Long-term borrowings	-	(10)	(111)	-

At 31 December 2022 and 2021, the Group held the following financial instruments to hedge exposures to changes in foreign currency.

<i>At 31 December</i>	<b>Consolidated financial statements</b>		
	1-6 months	6-12 months	More than 1 year
	<i>(in million Baht)</i>		
<b>At 31 December 2022</b>			
<b>Foreign currency risk</b>			
<b>Forward exchange contracts</b>			
Net exposure	20,823	17,525	6,787
Average forward exchange rate contracts of U.S. Dollars to Thai Baht	36.3	36.8	33.9
<b>At 31 December 2021</b>			
<b>Foreign currency risk</b>			
<b>Forward exchange contracts</b>			
Net exposure	-	50,807	6,787
Average forward exchange rate contracts of U.S. Dollars to Thai Baht	-	33.8	33.9

Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022

The amounts at the reporting date relating to items designated as hedged items were as follows.

	Consolidated financial statements	
	2022	2021
	(in million Baht)	
<b>At 31 December</b>		
Forward exchange contracts - nominal amount	45,135	56,814
Carrying amount included in:		
- Derivative liabilities	2,873	876
<b>Year ended 31 December</b>		
<i>Recognised in OCI</i>		
- Changes in the value of hedging instruments	1,322	58
- Costs of hedging	79	(111)
<i>Recognised in profit or loss</i>		
- The amount reclassified from hedging reserve included foreign exchange losses	(1,169)	(68)

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting.

Cash flow hedges	Consolidated financial statements			
	2022		2021	
	Hedging reserve	Costs of hedging reserve	Hedging reserve	Costs of hedging reserve
	(in million Baht)			
<b>Balances at 1 January</b>	(10)	(111)	-	-
Change in fair value:				
- Borrowings	1,359	99	73	(139)
The amount reclassified to profit or loss				
- Borrowings	(1,169)	-	(68)	-
Tax on movements on reserve during the year	(38)	(20)	(15)	28
<b>Balances at 31 December</b>	<b>142</b>	<b>(32)</b>	<b>(10)</b>	<b>(111)</b>

## 28 Capital management

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern in order to provide returns to the Group's shareholders and benefits to other stakeholders. The management sets strategies to support the Group's operations for more efficiency, and better performance and stronger financial status, including dividend and capital management policies to maintain the optimal capital structure and cost of capital.

## 29 Commitments with non-related parties

As at 31 December	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
	(in million Baht)			
<b>Capital commitments</b>				
Property, plant and equipment	2,157	1,992	1,781	1,781
Right-of-use assets	605	889	15	-
Computer software	437	283	169	262
<b>Total</b>	<b>3,199</b>	<b>3,164</b>	<b>1,965</b>	<b>2,043</b>
<b>Letters of guarantee</b>				
Letters of guarantee issued by financial institutions (mainly for guarantees of electricity, rental and service agreements and sale of goods)	1,877	1,709	502	474
<b>Total</b>	<b>1,877</b>	<b>1,709</b>	<b>502</b>	<b>474</b>
<b>Other commitments</b>				
Unused letters of credit for purchases of goods and supplies	-	4	-	4
<b>Total</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>4</b>

## 30 Events after the reporting period

- On 25 November 2022 the Company's Board of Directors approved the business restructuring of the Group. The Company disposed its interests in Indoguna Vina Food Service Company Limited ("INDV"), a direct foreign subsidiary, to Siam Food Service Limited ("SFS"), a direct local subsidiary. Later on 3 January 2023 the Company entered into a capital transfer agreement with SFS to sale the investment in INDV for the total consideration of VND 139,701 million or equivalent to Baht 207 million. The transaction was considered as a business combination under common control.
- On 26 January 2023, a local subsidiary, C.P. Retail Development Company Limited ("CPRD")'s Board of Directors and shareholders approved to call for the remaining of additional paid-up share capital at 73.55% amounting to Baht 27,719 million. The additional paid-up share capital was completed in January 2023. Therefore, the total paid-up share capital totaling Baht 253,634 million.
- In January 2023, the Company and a local subsidiary, Ek-Chai Distribution System Co., Ltd. ("ECDS") invested in CP Seeding Social Impact Co., Ltd. ("CPSSE"), a related company, totaling of 48,000 ordinary shares. In this regard, the Group has a 16% investment in the related company's paid-up share capital. The paid-up share capital totaling Baht 5 million was completed in January 2023.
- At the Board of Directors' meeting of the Company held on 20 February 2023, the Company's Board of Directors approved to propose to the annual general shareholders' meeting of the Company for approval to declare the final dividends from the profit attributable to equity holders of the Company for the year 2022 of Baht 0.33 per share for 10,580,323,500 ordinary shares, totaling Baht 3,492 million. Such declaration of final dividend payment must be approved by the shareholders' meeting.

Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements** For the year ended 31 December 2022**31 Reclassification of accounts**

Certain accounts in the statement of financial position as at 31 December 2021 and statement of income for the year ended 31 December 2021 have been reclassified to conform to the presentation in the 2022 financial statements as follows:

	Consolidated financial statements			Separate financial statements		
	Before reclassi- fication	Reclassi- fication	After reclassi- fication <i>(in million Baht)</i>	Before reclassi- fication	Reclassi- fication	After Reclassi- fication
<b>Statement of financial position as at 31 December 2021</b>						
Cash and cash equivalents	64,555	3,975	68,530	-	-	-
Current investments	3,975	(3,975)	-	-	-	-
Other current payables to other parties	(13,042)	(184)	(13,226)	-	-	-
Other current payables to related parties	(1,010)	(1)	(1,011)	-	-	-
Other non-current payables	(187)	(312)	(499)	-	-	-
Other non-current liabilities	(510)	497	(13)	-	-	-
		<u>-</u>			<u>-</u>	
<b>Statement of income for the year ended 31 December 2021</b>						
Revenue from sale of goods	258,847	(217)	258,630	-	-	-
Revenue from rendering of services	4,176	(40)	4,136	-	-	-
Revenue from rental and rendering retail services	2,521	111	2,632	-	-	-
Other income	890	79	969	-	-	-
Cost of sale of goods	(228,405)	67	(228,338)	-	-	-
		<u>-</u>			<u>-</u>	

# About the report

## TOPIC 3: Driving Business for Sustainability SECTION 1: Business Operations And Performance

Siam Makro's annual sustainability performance is disclosed in the company's annual report, the sustainability report and the official website, [www.siammakro.co.th](http://www.siammakro.co.th), under Sustainability. In 2021, the Company has changed the pattern of information disclosure to the Annual Registration Statement/ Annual Report 2021 (Form 56-1 One Report) that combines Form 56-1, the annual report and the sustainability report, into a single report. Annual sustainability performance, which covers environmental, social and governance performances, is disclosed on a yearly basis in Topic 3: Driving Business for Sustainability, Section 1: Business Operations and Operation Results, as well as the company's website.

### Reporting Scope

As presented in Topic 3: Driving Business Sustainability, Section 1: Business Operations and Operation Results covers sustainability performance between January 1 and December 31, 2022, for Siam Makro Public Company Limited and its subsidiaries in Thailand, including wholesale business (Makro-TH) and retail business or Lotus's Thailand (Lotus-TH). The relevant domestic and international reporting guidelines have been applied to determine the materiality and the presentation of content, as follows:



#### 56-1 One Report

Sustainability reporting in accordance with the Securities and Exchange Commission (SEC) Guidelines for Preparing the Annual Registration Statement/ Annual Report (Form 56-1 One Report).



#### GRI

Comprehensive sustainability reporting in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standard 2016; in line with the In Accordance criteria and Core option.



#### UN Global Compact

Communication of Progress on Ten Principles of the United Nations Global Compact.



#### SDGs

Progress reporting that contributes to the United Nations Sustainable Development Goals (SDGs).

For any suggestion, question or inquiry, please contact the company



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## Performance of Social and Related KPIs as 2030 Sustainability Strategy

Data	Unit	2022	
		Makro-TH	Lotus's-TH
<b>Health &amp; Well-Being</b>			
Proportion sales from B2B and B2C products and services help promote health and well-being		44	
- Food products have reduced fat, trans fat, sodium, and sugar		60	23
- Phytochemicals, or functional food additives		3	5
- Food products are safe for consumers of all ages, from children to elders	%	2	0
- Products and services that promote health and well-being		3	0
- Healthier food products by reformulation		25	
- Product recall that potential health effects on consumer	case	43	0
		1	9
		10	
		11	9
		2	
		1	1
<b>Direct supporting (Hiring or Procurement)</b>			
SME and Farmers	peoples	6,056	
		5,104	952
<b>Job support in value chain</b>			
- Vendors		13,271	
- Supplier	peoples	28	13,243
Number of disability		3,992	
Community kitchen, food selling at food court etc)		1,982	2,010
		710	
		93	617
		82,520	
		74,700	7,820
<b>Indirect supported</b>			
SME's worker & subsidiary farmers	peoples	19,575	
Vendor's worker		n/a	19,575
		20,000	
		20,000	n/a
<b>Social corporate responsibility</b>			
Commercial Activities		26,295,135	
Social investment	Baht	19,989,125	6,306,010
Charity Donations		389,826	
		129,296	260,530
		35,164,117	
		29,208,719	5,955,398

Data	Unit	2022	
		Makro-TH	Lotus's-TH
Employee Volunteer Hours	Hours	124,662	
Expense of CSR event	Baht	5,080	119,582
		497,792	
		33,540	464,252
<b>Food Security &amp; Access To Nutrition</b>			
Food donation and surplus (both normal and during the crisis)	peoples	33,378	
Member of Community Kitchen & MRA		25,123	8,255
		74,700	n/a
<b>Stakeholder Engagement</b>			
Stakeholder's ESG engagement survey		90	80
Employee engagement score	%	83	92
Customer satisfaction score		86	90
<b>Water Stewardship</b>			
Store installed water recycling system	%	48.00	0.00
Water withdrawal from stress ares		48.00	40.75
		39.41	41.18
<b>Responsible Supply Chain Management</b>			
Tier 1 supplier engaged Supplier's Code of Conduct		75%	
Tier 1 supplier signed Supplier's Code of Conduct		100%	62%
Tier 1 suppliers are trained ESG		34%	
Critical Tier 1 suppliers are trained ESG	%	67%	17%
Tier 1 supplier are assessed ESG criteria		21%	
		29%	17%
		71%	
		100%	68%
		55%	
		68%	48%
		15%	
		100%	5%
		100%	
		100%	100%
		71%	
		100%	45%

Remark: • n/a means not available

# Sustainability Performance Report (GRI)



## Workforce Data during 2019-2022

GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
102-8	1. Workforce data							
	1.1 By gender							
	Employees							
	- Male	Person	6,813	7,242	7,579	19,275	11,129	18,488
	- Female		8,454	8,866	9,341	31,901	12,151	29,823
	by business unit		15,267	16,108	16,920	51,176	23,280	48,311
	The company (Makro-TH and Lotus's-TH)		15,267	16,108	68,096		71,591	
	Contractors							
	- Male	Person	43	215	288	n/a	2,467	n/a
	- Female		24	167	245	n/a	1,361	n/a
	by business unit		67	382	533	n/a	3,828	n/a
	The company (Makro-TH and Lotus's-TH)		67	382	533		3,828	
	1.2 Employee by domicile							
	Thailand							
	- Male	Person	n/a	n/a	7,272	19,275	11,072	18,488
	- Female		n/a	n/a	9,094	31,901	12,145	29,823
	by business unit		n/a	n/a	16,366	51,176	23,217	48,311
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	67,542		71,528	
	Other country							
	- Male	Person	n/a	n/a	19	n/a	57	n/a
- Female	n/a		n/a	2	n/a	6	n/a	
by business unit	n/a		n/a	21	n/a	63	n/a	
The company (Makro-TH and Lotus's-TH)	n/a		n/a	21		63		

GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	<b>1.3 Employee by working employment contract</b>							
	Permanent							
	- Male	Person	6,770	7,027	7,291	19,275	8,027	18,488
	- Female		8,430	8,699	9,096	31,901	10,054	29,823
	by business unit		15,200	15,726	16,387	51,176	18,081	48,311
	The company (Makro-TH and Lotus's-TH)		15,200	15,726	67,563		66,392	
	Part-time / Temporary							
	- Male	Person	43	215	288	n/a	635	n/a
	- Female		24	167	245	n/a	736	n/a
	by business unit		67	382	533	n/a	1,371	n/a
	The company (Makro-TH and Lotus's-TH)		67	382	533		1,371	
<b>405-1</b>	<b>2. Employee diversity</b>							
	<b>2.1 By level</b>							
	Top management							
	- Male	Person	10	10	26	57	16	58
	- Female		14	18	36	33	20	28
	Ratio M : F by business unit	%	42 : 58	36 : 64	42 : 58	63 : 37	44 : 56	67 : 33
	Ratio M : F by The company		42 : 58	36 : 64	55 : 45		61 : 39	
	Middle management							
	- Male	Person	87	93	90	821	429	812
	- Female		116	117	108	1,115	574	1,154
	Ratio M : F by business unit	%	43 : 57	44 : 56	45 : 55	42 : 58	43 : 57	41 : 59
	Ratio M : F by The company		43 : 57	44 : 56	43 : 57		42 : 58	
	First level Management							
	- Male	Person	221	571	597	1,348	1,084	1,382
	- Female		306	781	853	2,400	1,450	2,522
	Ratio M : F by business unit	%	42 : 58	42 : 58	41 : 59	36 : 64	43 : 57	35 : 65
	Ratio M : F by The company		42 : 58	42 : 58	37 : 63		38 : 62	

GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	Officer							
	- Male	Person	6,455	6,353	6,578	17,049	6,498	16,236
	- Female		7,991	7,783	8,099	28,353	8,010	26,119
	Ratio M : F by business unit	%	45 : 55	45 : 55	45 : 55	38 : 62	45 : 55	38 : 62
	Ratio M : F by The company		45 : 55	45 : 55	39 : 61		40 : 60	
	<b>2.2 By race</b>							
	Thai							
	- Male	Person	n/a	n/a	7,272	19,271	8,003	18,485
	- Female		n/a	n/a	9,094	31,901	10,052	29,823
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	67,538		66,363	
	Percent by total employee	%	n/a	n/a	99.96		99.96	
	Cambodian							
	- Male	Person	n/a	n/a	0	0	0	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		0	
	Percent by total employee	%	n/a	n/a	0		0	
	Indian							
	- Male	Person	n/a	n/a	0	0	8	0
	- Female		n/a	n/a	0	0	1	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		9	
	Percent by total employee	%	n/a	n/a	0		0.01	
	Chinese							
	- Male	Person	n/a	n/a	0	0	0	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		0	
	Percent by total employee	%	n/a	n/a	0		0	

GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	Burmese							
	- Male	Person	n/a	n/a	0	0	0	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		0	
	Percent by total employee	%	n/a	n/a	0		0	
	Malaysian							
	- Male	Person	n/a	n/a	0	0	0	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		0	
	Percent by total employee	%	n/a	n/a	0		0	
	Laotian							
	- Male	Person	n/a	n/a	0	0	0	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		0	
	Percent by total employee	%	n/a	n/a	0		0	
	Australian							
	- Male	Person	n/a	n/a	0	0	2	0
	- Female		n/a	n/a	0	0	1	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		3	
	Percent by total employee	%	n/a	n/a	0		0.00	
	Korean							
	- Male	Person	n/a	n/a	0	0	1	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		1	
	Percent by total employee	%	n/a	n/a	0		0.00	
	Other							
	- Male	Person	n/a	n/a	19	4	13	3
	- Female		n/a	n/a	2	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	25		16	
	Percent by total employee	%	n/a	n/a	0.04		0.02	

GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	<b>2.3 By age</b>							
	Under 30 years old							
	- Male	Person	2,734	2,670	2,734	11,651	3,121	10,888
	- Female		2,934	2,912	2,875	18,725	3,312	16,757
	The company (Makro-TH and Lotus's-TH)		5,668	5,582	35,985		34,078	
	Percent by total employee	%	37.29	35.50	53.26		51.33	
	30-50 years old							
	- Male	Person	3,892	4,152	4,331	7,246	4,660	7,172
	- Female		5,183	5,484	5,854	12,717	6,336	12,520
	The company (Makro-TH and Lotus's-TH)		9,075	9,636	30,148		30,688	
	Percent by total employee	%	59.70	61.27	44.62		46.22	
	Over 50 years old							
	- Male	Person	187	205	226	378	246	428
	- Female		270	303	367	459	406	546
	The company (Makro-TH and Lotus's-TH)		457	508	1,430		1,626	
	Percent by total employee	%	3.01	3.23	2.12		2.45	
	<b>2.4 By Religion</b>							
	Buddhist							
	- Male	Person	n/a	n/a	n/a	n/a	7,554	n/a
	- Female		n/a	n/a	n/a	n/a	9,537	n/a
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	n/a	n/a	17,091	
	Percent by total employee		n/a	n/a	n/a	n/a	25.74	
	Christian	%						
	- Male	Person	n/a	n/a	n/a	n/a	60	n/a
	- Female		n/a	n/a	n/a	n/a	58	n/a
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	n/a	n/a	118	
	Percent by total employee	%	n/a	n/a	n/a	n/a	0.18	

GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	Islamic							
	- Male	Person	n/a	n/a	n/a	n/a	338	n/a
	- Female		n/a	n/a	n/a	n/a	378	n/a
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	n/a	n/a	716	
	Percent by total employee	%	n/a	n/a	n/a	n/a	1.08	
	Hinduism							
	- Male	Person	n/a	n/a	n/a	n/a	6	n/a
	- Female		n/a	n/a	n/a	n/a	3	n/a
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	n/a	n/a	9	
	Percent by total employee	%	n/a	n/a	n/a	n/a	0.01	
	Other							
	- Male	Person	n/a	n/a	n/a	n/a	2	n/a
	- Female		n/a	n/a	n/a	n/a	0	n/a
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	n/a	n/a	2	
	Percent by total employee	%	n/a	n/a	n/a	n/a	0.00	
	Non-disclosed							
	- Male	Person	n/a	n/a	n/a	19,275	67	18,488
	- Female		n/a	n/a	n/a	31,901	78	29,823
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	n/a	51,176	48,456	
	Percent by total employee	%	n/a	n/a	n/a	75.75	72.98	
	<b>2.5 By physical characteristics and etc.</b>							
	Number of local middle management or above in oversea businesses							
	- Male	Person	n/a	n/a	0	n/a	11	n/a
	- Female		n/a	n/a	0	n/a	14	n/a
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0	n/a	25	n/a
	Percent by total employee	%	n/a	n/a	0.00		0.04	

GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	Employee with disability							
	- Male	Person	n/a	n/a	13	104	12	133
	- Female		n/a	n/a	13	94	13	112
	The company (Makro-TH and Lotus's-TH)		n/a	22	26	198	25	245
	Percent by total employee	%	n/a	0.14	0.33		0.41	
	Number of indigenous, migrant, and vulnerable groups employed in the workforce							
	- Male	Person	n/a	n/a	n/a	n/a	n/a	n/a
	- Female		n/a	n/a	n/a	n/a	n/a	n/a
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	n/a	n/a	n/a	n/a
	Percent by total employee	%	n/a	n/a	n/a		0.00	
	<b>3. Revenue Generating Functions Workforce</b>							
	<b>3.1 By level</b>							
	Top management							
	- Male	Person	n/a	n/a	1	53	2	53
	- Female		n/a	n/a	1	27	5	22
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	82		82	
	Percent by total employee	%	n/a	n/a	0.16		0.12	
	Middle management							
	- Male	Person	n/a	n/a	187	694	280	693
	- Female		n/a	n/a	198	975	389	1,009
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	2,054		2,371	
	Percent by total employee	%	n/a	n/a	4.10		3.57	
	First level Management							
	- Male	Person	n/a	n/a	713	1,348	779	1,382
	- Female		n/a	n/a	550	2,400	722	2,522
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	5,011		5,405	
	Percent by total employee	%	n/a	n/a	9.79		8.14	



GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	Officer							
	- Male	Person	n/a	n/a	5,311	16,984	5,911	16,159
	- Female		n/a	n/a	5,344	28,194	6,289	25,955
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	55,833		54,314	
	Percent by total employee	%	n/a	n/a	82.64		81.81	
	<b>3.2 By age</b>							
	Under 30 years old							
	- Male	Person	n/a	n/a	2,372	11,618	2,691	10,846
	- Female		n/a	n/a	1,941	18,659	2,385	16,693
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	34,590		32,615	
	Percent by total employee	%	n/a	n/a	67.59		49.12	
	30-50 years old							
	- Male	Person	n/a	n/a	3,658	7,096	4,076	7,032
	- Female		n/a	n/a	3,911	12,497	4,731	12,292
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	27,161		28,131	
	Percent by total employee	%	n/a	n/a	53.08		42.37	
	Over 50 years old							
	- Male	Person	n/a	n/a	182	365	205	409
	- Female		n/a	n/a	241	440	289	523
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	1,228		1,426	
	Percent by total employee	%	n/a	n/a	2.40		2.15	
	<b>4. Number of employee in STEM position</b>							
	Under 30 years old							
	- Male	Person	n/a	n/a	261	30	566	55
	- Female		n/a	n/a	604	65	780	85
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	960		1,486	
	Percent by total employee	%	n/a	n/a	0.88		2.24	

GRI Standard	Performance	Unit	2019	2020	2021		2022		
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH	
	30-50 years old								
	- Male	Person	n/a	n/a	686	120	1,095	117	
	- Female		n/a	n/a	1,488	139	1,931	140	
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	2,433		3,283		
	Percent by total employee	%	n/a	n/a	4.75		4.94		
	Over 50 years old								
	- Male	Person	n/a	n/a	33	8	54	11	
	- Female		n/a	n/a	87	9.00	122	6	
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	137		193		
	Percent by total employee	%	n/a	n/a	0.27		0.29		
405-2	<b>5. Ratio of average salary and remuneration of female to male</b>								
	<b>5.1 By level</b>								
	Top management (base salary only)								
		- Male	Baht	n/a	n/a				
		- Female		n/a	n/a				
		by business unit		n/a	n/a				
		The company (Makro-TH and Lotus's-TH)	Ratio	n/a	n/a	1.14 : 1.00	1.06 : 1.00	0.71 : 1.00	1.09 : 1.00
		Ratio Female:Male		n/a	n/a	1.11 : 1.00		0.82 : 1.00	
	Top management (base salary + other cash incentives)								
		- Male	Baht	n/a	n/a				
		- Female		n/a	n/a				
		by business unit		n/a	n/a				
		The company (Makro-TH and Lotus's-TH)	Ratio	n/a	n/a	1.32 : 1.00	0.98 : 1.00	0.81 : 1.00	1.04 : 1.00
		Ratio Female:Male		n/a	n/a	1.18 : 1.00		0.88 : 1.00	
	Middle management (base salary only)								
		- Male	Baht	n/a	n/a				
		- Female		n/a	n/a				
	by business unit		n/a	n/a					
	The company (Makro-TH and Lotus's-TH)	Ratio	n/a	n/a	1.11 : 1.00	0.89 : 1.00	1.01 : 1.00	0.89 : 1.00	
	Ratio Female:Male		n/a	n/a	1.00 : 1.00		0.95 : 1.00		

GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	Middle management (base salary + other cash incentives)							
	- Male	Baht	n/a	n/a				
	- Female		n/a	n/a				
	by business unit		n/a	n/a				
	The company (Makro-TH and Lotus's-TH)	Ratio	n/a	n/a	1.12 : 1.00	0.89 : 100	1.03 : 100	0.89 : 100
	Ratio Female:Male		n/a	n/a	1.05 : 1.00		0.96 : 1.00	
	Officer (base salary only)							
	- Male	Baht	n/a	n/a				
	- Female		n/a	n/a				
	by business unit		n/a	n/a				
	The company (Makro-TH and Lotus's-TH)	Ratio	n/a	n/a	1.08 : 1.00	1.01 : 1.00	1.05 : 1.00	1.00 : 1.00
	Ratio Female:Male		n/a	n/a	1.05 : 1.00		1.03 : 1.00	
	Officer (base salary + other cash incentives)							
	- Male	Baht	n/a	n/a				
	- Female		n/a	n/a				
	by business unit		n/a	n/a				
	The company (Makro-TH and Lotus's-TH)	Ratio	n/a	n/a	1.09 : 1.00	1.00 : 1.00	1.05 : 1.00	1.00 : 1.00
	Ratio Female:Male		n/a	n/a	1.05 : 1.00		1.02 : 1.00	
	- Mean gender pay gap	%	n/a	n/a	-5.6	7.0	-3.4	6.3
	- Median gender pay gap		n/a	n/a	-5.9	1.4	-6.0	1.9
	- Mean bonus gap		n/a	n/a	-10.5	3.9	-9.2	2.9
	- Median bonus gap		n/a	n/a	-7.9	-1.8	-5.7	-7.2
	<b>6. Employee are number of the provident fund</b>							
	- Male	Person	n/a	13,389	13,850	12,715	6,017	12,083
	- Female		n/a			21,142	7,537	20,216
	The company (Makro-TH and Lotus's-TH)		n/a	13,389	47,707	45,853		
	Percent by total employee	%	n/a	85.14	70.61	69.06		

GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
401-1	7. New hires							
	7.1 By gender							
	New hires							
	- Male	Person	2,586	1,652	2,171	17,303	4,529	13,660
	- Female		2,995	1,618	2,364	30,632	4,621	22,640
	by business unit		5,581	3,270	4,535	47,935	9,150	36,300
	The company (Makro-TH and Lotus's-TH)		5,581	3,270	52,470		45,450	
	Rate of new hires							
	- Male	%	17.01	10.50	13.25	33.81	25.05	28.28
	- Female		19.70	10.29	14.43	59.86	25.56	46.86
	by business unit		36.71	20.79	27.67	93.67	50.61	75.14
	The company (Makro-TH and Lotus's-TH)		36.71	20.79	77.66		68.46	
	7.2 By level							
	Top management							
	- Male	Person	5	5	8	4	5	3
	- Female		2		4	2	2	
	The company (Makro-TH and Lotus's-TH)		5	5	18		12	
	Percent by total employee	%	0.09	0.15	0.03		0.03	
	Middle management							
	- Male	Person	9	10	12	131	97	140
	- Female		8		153	111	193	
	The company (Makro-TH and Lotus's-TH)		9	10	304		541	
	Percent by total employee	%	0.16	0.31	0.58		1.19	
	First level Management							
	- Male	Person	273	215	66	48	212	74
	- Female		88		196	292	116	
The company (Makro-TH and Lotus's-TH)	273		215	398		694		
Percent by total employee	%	4.89	6.57	0.76		1.53		

GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	Officer							
	- Male	Person	5,294	3,040	2085	17,120	4,215	13,443
	- Female				2266	30,279	3,856	22,329
	The company (Makro-TH and Lotus's-TH)		5,294	3,040	51,750		43,843	
	Percent by total employee	%	94.86	92.97	98.63		96.46	
	<b>7.3 By age</b>							
	Under 30 years old							
	- Male	Person	1,726	1,070	1,522	13,496	3,273	11,236
	- Female				1,859	990	1,493	22,068
	The company (Makro-TH and Lotus's-TH)		3,585	2,060	38,579		34,635	
	Percent by total employee	%	64.24	63.00	73.53		76.20	
	30-50 years old							
	- Male	Person	851	579	641	3,766	1,214	2,391
	- Female				1,131	624	867	8,446
	The company (Makro-TH and Lotus's-TH)		1,982	1,203	13,720		10,303	
	Percent by total employee	%	35.51	36.79	26.15		22.67	
	Over 50 years old							
	- Male	Person	9	3	8	41	42	33
	- Female				5	4	4	118
	The company (Makro-TH and Lotus's-TH)		14	7	171		152	
	Percent by total employee	%	0.25	0.21	0.33		0.33	
	<b>7.4 By race</b>							
	Thai							
	- Male	Person	5,578	3,268	2,160	17,302	4,485	13,660
	- Female				2,364	30,632	4,256	22,640
	The company (Makro-TH and Lotus's-TH)		5,578	3,268	52,458		45,041	
	Percent by total employee	%	99.95	99.94	99.98		99.10	

GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	Cambodian							
	- Male	Person	n/a	n/a	0	0	0	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0	0	0	0
	Percent by total employee	%	n/a	n/a	0	0	0	0
	Indian							
	- Male	Person	n/a	n/a	0	0	30	0
	- Female		n/a	n/a	0	0	3	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0	0	33	0
	Percent by total employee	%	n/a	n/a	0	0	0.07	0
	Chinese							
	- Male	Person	n/a	n/a	0	0	0	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0	0	0	0
	Percent by total employee	%	n/a	n/a	0	0	0	0
	Burmese							
	- Male	Person	n/a	n/a	0	0	0	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0	0	0	0
	Percent by total employee	%	n/a	n/a	0	0	0	0
	Malaysian							
	- Male	Person	n/a	n/a	0	0	0	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0	0	0	0
	Percent by total employee	%	n/a	n/a	0	0	0	0
	Laotian							
	- Male	Person	n/a	n/a	0	0	0	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0	0	0	0
	Percent by total employee	%	n/a	n/a	0	0	0	0

GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	Australian							
	- Male	Person	n/a	n/a	0	0	1	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0	0	1	
	Percent by total employee	%	n/a	n/a	0	0	0.00	
	Korean							
	- Male	Person	n/a	n/a	0	0	1	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0	0	1	
	Percent by total employee	%	n/a	n/a	0	0	0.00	
	Other							
	- Male	Person	n/a	n/a	11	1	12	0
	- Female		n/a	n/a	0	0	2	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	12		14	
	Percent by total employee	%	n/a	n/a	0.02		0.03	
	<b>7.5 By physical characteristics</b>							
	Total number of employee with disability							
	- Male	Person	n/a	11	13	104	12	133
	- Female		n/a	11	13	94	13	112
	The company (Makro-TH and Lotus's-TH)		n/a	22	224		270	
	Percent by total employee	%	n/a	0.14	0.33		0.41	
	<b>8. Average hiring cost</b>							
	- Male	Baht per employee equivalent	1,677.00	1,680.00	2,681.00	868.66	4,095.00	1,310.07
	- Female		1,677.00	1,680.00	2,681.00	868.66	4,095.00	1,310.07
	by business unit		1,677.00	1,680.00	2,681.00	868.66	4,095.00	1,310.07
	The company (Makro-TH and Lotus's-TH)		1,677.00	1,680.00	1,774.83		2,702.53	

GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
401-1	<b>9. Filled by internal hires</b>							
	Total number of open job positions filled by internal candidates							
	- Male	Person	1,369	993	1,095	9,594	1,820	10,320
	- Female		1,393	17,019	2,143	17,851		
	by business unit		1,369	993	2,488	26,613	3,963	28,171
	The company (Makro-TH and Lotus's-TH)		1,369	993	29,101		32,134	
	Percent by total employee	%	9.01	6.31	43.07		48.40	
	Total number of total open job positions (both internal and external candidates)							
	by business unit	Position	n/a	n/a	7,153	74,548	12,753	64,471
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	81,701		77,224	
	<b>9.1 By level</b>							
	Top management							
	- Male	Person	n/a	n/a	4	29	8	6
	- Female		n/a	n/a	3	12	15	3
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	48		32	
	Percent by total open positions	%	n/a	n/a	0.06		0.04	
	Middle management							
	- Male	Person	n/a	n/a	11	223	149	162
	- Female		n/a	n/a	17	333	187	239
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	584		737	
	Percent by total open positions	%	n/a	n/a	0.71		0.95	
	First level Management							
	- Male	Person	n/a	n/a	83	923	331	1,057
- Female	n/a		n/a	113	1,841	483	2,099	
The company (Makro-TH and Lotus's-TH)	n/a		n/a	2,960		3,970		
Percent by total open positions	%	n/a	n/a	3.62		5.14		



GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	Officer							
	- Male	Person	n/a	n/a	997	8,419	1,332	9,095
	- Female		n/a	n/a	1260	14,833	1,458	15,510
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	25,509		27,395	
	Percent by total open positions	%	n/a	n/a	31.22		35.47	
	<b>9.2 By age</b>							
	Under 30 years old							
	- Male	Person	n/a	n/a	480	5,731	755	7,110
	- Female		n/a	n/a	590	9,204	830	11,040
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	16,005		19,735	
	Percent by total open positions	%	n/a	n/a	19.59		25.56	
	30-50 years old							
	- Male	Person	n/a	n/a	599	3,724	1,019	3,148
	- Female		n/a	n/a	774	7,604	1,263	6,677
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	12,701		12,107	
	Percent by total open positions	%	n/a	n/a	18.80		18.24	
	Over 50 years old							
	- Male	Person	n/a	n/a	16	139	46	62
	- Female		n/a	n/a	29	211	50	134
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	395		292	
	Percent by total open positions	%	n/a	n/a	0.48		0.38	
	<b>9.3 By race</b>							
	Thai							
	- Male	Person	n/a	n/a	1,067	9,594	1,815	10,320
	- Female		n/a	n/a	1,330	17,019	2,143	17,851
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	29,010		32,129	
	Percent by total open positions	%	n/a	n/a	35.51		41.60	

GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	Cambodian							
	- Male	Person	n/a	n/a	0	0	0	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		0	
	Percent by total open positions	%	n/a	n/a	0.00		0.00	
	Indian							
	- Male	Person	n/a	n/a	0	0	3	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		3	
	Percent by total open positions	%	n/a	n/a	0.00		0.00	
	Chinese							
	- Male	Person	n/a	n/a	0	0	0	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		0	
	Percent by total open positions	%	n/a	n/a	0.00		0.00	
	Burmese							
	- Male	Person	n/a	n/a	0	0	0	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		0	
	Percent by total open positions	%	n/a	n/a	0.00		0.00	
	Malaysian							
	- Male	Person	n/a	n/a	0	0	0	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		0	
	Percent by total open positions	%	n/a	n/a	0.00		0.00	
	Laotian							
	- Male	Person	n/a	n/a	0	0	0	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		0	
	Percent by total open positions	%	n/a	n/a	0.00		0.00	

GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	Australian							
	- Male	Person	n/a	n/a	0	0	1	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		1	
	Percent by total open positions	%	n/a	n/a	0.00		0.00	
	Korean							
	- Male	Person	n/a	n/a	0	0	0	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		0	
	Percent by total open positions	%	n/a	n/a	0.00		0.00	
	Other							
	- Male	Person	n/a	n/a	0	0	1	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		1	
	Percent by total open positions	%	n/a	n/a	0.00		0.00	
	<b>10. Turnover</b>							
	Total number of turnover (Both voluntary and involuntary turnover)							
	- Male	Person	2,246	1,334	1,315	14,960	7,407	15,658
	- Female		2,371	1,297	1,357	25,799	6,202	26,547
	by business unit		4,617	2,631	2,672	40,759	13,609	42,205
	The company (Makro-TH and Lotus's-TH)		4,617	2,631	43,431		55,814	
	Rate of turnover							
	- Male	%	14.78	8.48	8.02	78.00	40.97	32.41
	- Female		15.60	8.25	8.28	83.00	34.30	54.95
	by business unit		30.38	16.73	8.15	80.50	37.63	43.68
	The company (Makro-TH and Lotus's-TH)		30.38	16.73	44.33		40.66	

GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	<b>10.1 By level</b>							
	Top management							
	- Male	Person	n/a	n/a	1	3	8	8
	- Female		n/a	n/a	2	1	7	9
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	7		32	
	Percent by total number of turnover	%	15.69	7.84	0.02		0.06	
	Middle management							
	- Male	Person	n/a	n/a	11	120	84	173
	- Female		n/a	n/a	7	160	120	222
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	298		599	
	Percent by total number of turnover	%	6.25	5.88	0.69		1.07	
	First level Management							
	- Male	Person	n/a	n/a	63	205	189	399
	- Female		n/a	n/a	52	425	193	735
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	745		1,516	
	Percent by total number of turnover	%	22.58	12.56	1.72		2.72	
	Officer							
	- Male	Person	n/a	n/a	1,240	14,632	7,126	15,078
	- Female		n/a	n/a	1,296	25,213	5,882	25,581
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	42,381		53,667	
	Percent by total number of turnover	%	29.07	17.30	97.58		96.15	
	<b>10.2 By age</b>							
	Under 30 years old							
	- Male	Person	1,334	745	739	11,992	5,281	12,250
	- Female		1,275	671	715	19,622	3,803	19,509
	The company (Makro-TH and Lotus's-TH)		2,609	1,416	33,068		40,843	
	Percent by total number of turnover	%	56.51	53.82	76.14		73.18	

GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	30-50 years old							
	- Male	Person	881	569	555	2,913	2,026	3,337
	- Female		1,080	609	626	6,084.00	2,302	6,950
	The company (Makro-TH and Lotus's-TH)		1,961	1,178	10,178		14,615	
	Percent by total number of turnover	%	42.47	44.77	23.43		26.19	
	Over 50 years old							
	- Male	Person	31	20	21	55	100	71
	- Female		16	17	16	93	97	88
	The company (Makro-TH and Lotus's-TH)		47	37	185		356	
	Percent by total number of turnover	%	1.02	1.41	0.43		0.64	
	<b>10.3 By race</b>							
	Thai							
	- Male	Person	n/a	n/a	1,314	14,960	7,398	15,658
	- Female		n/a	n/a	1,357	25,799	6,201	26,547
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	43,430		55,804	
	Percent by total number of turnover	%	23.65	14.96	100.00		99.98	
	Cambodian							
	- Male	Person	n/a	n/a	0	0	0	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		0	
	Percent by total number of turnover	%	n/a	n/a	0		0	
	Indian							
	- Male	Person	n/a	n/a	0	0	3	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		3.00	
	Percent by total number of turnover	%	n/a	n/a	0		0.01	

GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	Chinese							
	- Male	Person	n/a	n/a	0	0	0	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		0	
	Percent by total number of turnover	%	n/a	n/a	0		0	
	Burmese							
	- Male	Person	n/a	n/a	0	0	0	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		0	
	Percent by total number of turnover	%	n/a	n/a	0		0	
	Malaysian							
	- Male	Person	n/a	n/a	0	0	0	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		0	
	Percent by total number of turnover	%	n/a	n/a	0		0	
	Laotian							
	- Male	Person	n/a	n/a	0	0	0	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		0	
	Percent by total number of turnover	%	n/a	n/a	0		0	
	Australian							
	- Male	Person	n/a	n/a	0	0	0	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		0	
	Percent by total number of turnover	%	n/a	n/a	0		0	
	Korean							
	- Male	Person	n/a	n/a	0	0	0	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		0	
	Percent by total number of turnover	%	n/a	n/a	0		0	

GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	Other							
	- Male	Person	n/a	n/a	1	0	6	0
	- Female		n/a	n/a	0	0	1	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	1		7	
	Percent by total number of turnover	%	30.77	9.09	0.00		0.01	
<b>11. Employees with a new job after leaving the company</b>								
Employees with a new job less than 1 year after leaving company in reporting year (Sustainable employability)								
	- Male	Person	n/a	n/a	1,214	12,689	5,226	11,554
	- Female		n/a	n/a	1,283	22,109	4,555	20,274
	by business unit		n/a	n/a	2,497	34,798	9,781	31,828
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	37,295		41,609	
	Percent by total number of turnover	%	n/a	n/a	85.87		95.80	
<b>12. Voluntary Turnover</b>								
Number of cumulative voluntary turnover								
	- Male	Person	n/a	n/a	1,214	12,689	5,226	11,554
	- Female		n/a	n/a	1,283	22,109	4,555	20,274
	by business unit		n/a	n/a	2,497	34,798	9,781	31,828
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	37,295		41,609	
	Percent by total number of voluntary turnover	%	23.66	14.96	85.87		95.80	
<b>12.1 By level</b>								
Top management								
	- Male	Person	n/a	n/a	0	3	6	6
	- Female		n/a	n/a	2	1	7	9
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	6		28	
	Percent by total number of voluntary turnover	%	13.73	3.92	0.02		0.07	
Middle management								
	- Male	Person	n/a	n/a	9	111	77	160
	- Female		n/a	n/a	6	156	103	212
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	282		552	
	Percent by total number of voluntary turnover	%	5.68	5.88	0.76		1.33	

GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	First level Management							
	- Male	Person	n/a	n/a	57	184	181	334
	- Female		n/a	n/a	50	371	186	626
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	662		1,327	
	Percent by total number of voluntary turnover	%	21.27	12.06	1.78		3.19	
	Officer							
	- Male	Person	n/a	n/a	1,148	12,391	4,962	11,054
	- Female		n/a	n/a	1,225	21,518	4,259	19,427
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	36,282		39,702	
	Percent by total number of voluntary turnover	%	24.14	15.39	97.28		95.42	
	<b>12.2 By age</b>							
	Under 30 years old							
	- Male	Person	n/a	n/a	694	10,165	3,688	9,020
	- Female		n/a	n/a	682	16,843	2,728	14,887
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	28,384		30,323	
	Percent by total number of voluntary turnover	%	34.50	22.72	76.11		72.88	
	30-50 years old							
	- Male	Person	n/a	n/a	511	2,481	1,458	2,474
	- Female		n/a	n/a	595	5,181	1,746	5,313
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	8,768		10,991	
	Percent by total number of voluntary turnover	%	17.60	11.05	23.51		26.41	
	Over 50 years old							
	- Male	Person	n/a	n/a	9	43	80	60
	- Female		n/a	n/a	6	85	81	74
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	143		295	
	Percent by total number of voluntary turnover	%	8.22	3.74	0.38		0.71	



GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	<b>12.3 By race</b>							
	Thai							
	- Male	Person	n/a	n/a	1,213	12,689	5,217	11,554
	- Female		n/a	n/a	1,283	22,109	4,554	20,274
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	37,294		41,599	
	Percent by total number of voluntary turnover	%	23.65	14.96	100.00		99.98	
	Cambodian							
	- Male	Person	n/a	n/a	0	0	0	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		0	
	Percent by total number of voluntary turnover	%	n/a	n/a	0		0	
	Indian							
	- Male	Person	n/a	n/a	0	0	3	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		3	
	Percent by total number of voluntary turnover	%	n/a	n/a	0		0.01	
	Chinese							
	- Male	Person	n/a	n/a	0	0	0	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		0	
	Percent by total number of voluntary turnover	%	n/a	n/a	0		0	
	Burmese							
	- Male	Person	n/a	n/a	0	0	0	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		0	
	Percent by total number of voluntary turnover	%	n/a	n/a	0		0	

GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	Malaysian							
	- Male	Person	n/a	n/a	0	0	0	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		0	
	Percent by total number of voluntary turnover	%	n/a	n/a	0		0	
	Laotian							
	- Male	Person	n/a	n/a	0	0	0	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		0	
	Percent by total number of voluntary turnover	%	n/a	n/a	0		0	
	Australian							
	- Male	Person	n/a	n/a	0	0	0	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		0	
	Percent by total number of voluntary turnover	%	n/a	n/a	0		0	
	Korean							
	- Male	Person	n/a	n/a	0	0	0	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		0	
	Percent by total number of voluntary turnover	%	n/a	n/a	0		0	
	Other							
	- Male	Person	n/a	n/a	1	0	6	0
	- Female		n/a	n/a	0	0	1	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	1		7	
	Percent by total number of voluntary turnover	%	30.77	9.09	0.00		0.02	

GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	<b>13. Parental leave of employee</b>							
	Number of employees taking parental leave in the reporting year							
	- Male	Person	n/a	n/a	0	556	0	571
	- Female		n/a	n/a	373	1,420	223	1,601
	by business unit		n/a	n/a	373	1,976	223	2,172
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	2,349		2,395	
	Percent by total employee	%	n/a	n/a	3.48		3.61	
	Number of employees who returned to work after parental leave ended in the reporting year							
	- Male	Person	n/a	n/a	0	518	0	565
	- Female		n/a	n/a	351	1,321	223	1,478
	by business unit		n/a	n/a	351	1,839	223	2,043
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	2,190		2,266	
	Percent by total employee	%	n/a	n/a	93.23		94.61	
	Number of employees who returned to work after parental leave ended and were still employed up to 12 months or over after their return to work							
	- Male	Person	n/a	n/a	0	n/a	0	413
	- Female		n/a	n/a	334	n/a	223	1,041
	by business unit		n/a	n/a	334	n/a	223	1,454
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	334		1,677	
	Percent by total employee	%	n/a	n/a	14.22		70.02	
	<b>14. Performance evaluation</b>							
	MBO : KPI							
	- Male	Person	n/a	n/a	n/a	16,634	462	15,988
	- Female		n/a	n/a	n/a	27,388	601	26,005
	by business unit		n/a	n/a	n/a	44,022	1,063	41,993
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	n/a	44,022	43,056	
	Percent by total employee	%	n/a	n/a	98		69.43	

GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	Multi Dimension : 360 degree Feedback							
	- Male	Person	n/a	n/a	n/a	351	135	14
	- Female		n/a	n/a	n/a	480	153	12
	by business unit		n/a	n/a	n/a	831	288	26
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	n/a	831		314
	Percent by total employee	%	n/a	n/a	2.00		0.51	
	Comparative Ranking : Force Ranking							
	- Male	Person	n/a	n/a	n/a	0	8,061	201
	- Female		n/a	n/a	n/a	0	10,087	299
	by business unit		n/a	n/a	n/a	0	18,148	500
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	n/a	0		18,648
	Percent by total employee	%	n/a	n/a	0		30.07	
	<b>15. Human capital ROI</b>							
	Total revenue (published finance statement)							
	- Male	million Baht	n/a	n/a				
	- Female		n/a	n/a				
	by business unit		n/a	n/a				
	The company (Makro-TH and Lotus's-TH)		n/a	n/a				
	% ROI per training investment							
	- Male	Ratio	n/a	n/a				
	- Female		n/a	n/a	17.46	4.44	10.89	0.02
	by business unit		n/a	n/a	17.46	4.44	10.89	0.02
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	7.50		3.58	
	% ROI per O2O training investment							
	- Male	Ratio	n/a	n/a			0.31	n/a
	- Female		n/a	n/a	n/a	n/a	0.31	n/a
	by business unit		n/a	n/a	n/a	n/a	0.31	n/a
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	n/a		0.31	

GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
404-1	<b>16. Employee Training and Development</b>							
	Average hours of training for all employees							
	- Male	Hour/ person/ year	10.79	14.03	13.16	35	34.17	30.00
	- Female		10.58	14.60	16.34	38	32.66	32.00
	by business unit		10.69	14.32	14.75	36.32	33.42	31.00
	The company (Makro-TH and Lotus's-TH)		10.69	14.32	25.54		32.21	
	<b>16.1 By level</b>							
	Top management							
	- Male	Hour/ person/ year	66.77	60.59	98.52	21.00	52.00	27.00
	- Female		70.86	114.21	167.79	20.00	59.00	35.00
	The company (Makro-TH and Lotus's-TH)		68.82	87.40	76.83		43.25	
	Middle management							
	- Male	Hour/ person/ year	49.01	45.41	37.55	88.00	40.00	25.00
	- Female		48.61	56.97	19.69	96.00	37.00	29.00
	The company (Makro-TH and Lotus's-TH)		48.81	51.19	60.31		32.75	
	First level Management							
	- Male	Hour/ person/ year	37.34	31.77	30.85	71.00	119.33	47.00
	- Female		46.54	35.47	34.95	79.00	119.12	49.00
	The company (Makro-TH and Lotus's-TH)		41.94	33.62	53.95		83.61	
	Officer							
	- Male	Hour/ person/ year	9.28	13.00	9.37	46.00	23.00	80.00
	- Female		8.51	13.21	12.15	52.00	20.00	62.00
	The company (Makro-TH and Lotus's-TH)		8.90	13.11	29.88		46.25	

GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	<b>16.2 By age</b>							
	Under 30 years old							
	- Male	Hour/ person/ year	n/a	n/a	10.88	33.00	43.63	32.00
	- Female		n/a	n/a	15.14	34.00	46.24	33.00
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	23.26		38.72	
	30-50 years old							
	- Male	Hour/ person/ year	n/a	n/a	14.22	39.00	28.00	24.00
	- Female		n/a	n/a	16.64	43.00	26.00	27.00
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	28.21		26.25	
	Over 50 years old							
	- Male	Hour/ person/ year	n/a	n/a	21.93	40.00	36.27	26.00
	- Female		n/a	n/a	21.57	47.00	34.36	28.00
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	32.62		31.16	
	<b>16.3 By race</b>							
	Thai							
	- Male	Hour/ person/ year	n/a	n/a	13.09	34.96	34.22	30.12
	- Female		n/a	n/a	16.34	37.69	32.66	31.96
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	25.61		32.24	
	Cambodian							
	- Male	Hour/ person/ year	n/a	n/a	0.00	0.00	0.00	0.00
	- Female		n/a	n/a	0.00	0.00	0.00	0.00
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0.00		0.00	
	Indian							
	- Male	Hour/ person/ year	n/a	n/a	0.00	0.00	4.13	0.00
	- Female		n/a	n/a	0.00	0.00	9.00	0.00
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0.00		3.28	

GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	Chinese							
	- Male	Hour/ person/ year	n/a	n/a	0.00	0.00	0.00	0.00
	- Female		n/a	n/a	0.00	0.00	0.00	0.00
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0.00		0.00	
	Burmese							
	- Male	Hour/ person/ year	n/a	n/a	0.00	0.00	0.00	0.00
	- Female		n/a	n/a	0.00	0.00	0.00	0.00
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0.00		0.00	
	Malaysian							
	- Male	Hour/ person/ year	n/a	n/a	0.00	0.00	0.00	0.00
	- Female		n/a	n/a	0.00	0.00	0.00	0.00
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0.00		0.00	
	Laotian							
	- Male	Hour/ person/ year	n/a	n/a	0.00	0.00	0.00	0.00
	- Female		n/a	n/a	0.00	0.00	0.00	0.00
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0.00		0.00	
	Australian							
	- Male	Hour/ person/ year	n/a	n/a	0.00	0.00	68.50	0.00
	- Female		n/a	n/a	0.00	0.00	3.50	0.00
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0.00		18.00	
	Korean							
	- Male	Hour/ person/ year	n/a	n/a	0.00	0.00	9.00	0.00
	- Female		n/a	n/a	0.00	0.00	0.00	0.00
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0.00		2.25	
	Other							
	- Male	Hour/ person/ year	n/a	n/a	36.12	7.00	21.35	53.00
	- Female		n/a	n/a	54.00	7.00	72.00	25.00
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	26.03		42.84	

GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
<b>16.4 By function</b>								
Operation (Stores)								
	- Male	Hour/ person/ year	n/a	n/a	12.00	59.00	24.06	32.00
	- Female		n/a	n/a	15.00	20.00	22.04	34.00
	by business unit		n/a	n/a	13.50	39.50	23.05	33.00
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	26.50		28.03	
Distribution and logistic								
	- Male	Hour/ person/ year	n/a	n/a	8.00	1.00	12.95	4.00
	- Female		n/a	n/a	6.00	0.00	11.15	3.00
	by business unit		n/a	n/a	7.00	0.50	12.05	3.50
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	3.75		7.78	
Administration								
	- Male	Hour/ person/ year	n/a	n/a	38.00	2.00	188.23	15.00
	- Female		n/a	n/a	35.00	1.00	146.18	16.00
	by business unit		n/a	n/a	36.50	1.50	167.21	15.50
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	19.00		91.35	
<b>17. Employee Training and Development Cost</b>								
Average training costs per employee equivalent								
	- Male	Baht per employee equivalent	n/a	n/a	3,086.11	1,146.48	3,466.36	4,407.00
	- Female		n/a	n/a	4,540.33	1,246.11	3,468.18	3,573.00
	by business unit		2,528	2,366.41	3,813.22	1,196.29	3,467.27	3,990.00
	The company (Makro-TH and Lotus's-TH)		2,528	2,366.41	2,504.76		3,728.64	
<b>17.1 By level</b>								
Top management								
	- Male	Baht per employee equivalent	n/a	n/a	121,908.87	2,950.00	450,787.00	225,736.00
	- Female		n/a	n/a	147,592.27	2,468.00	510,875.00	314,481.00
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	68,729.78		375,469.75	



GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	Middle management							
	- Male	Baht per employee equivalent	n/a	n/a	69,744.52	7,265.00	26,281.00	11,078.00
	- Female		n/a	n/a	72,319.92	7,484.00	19,755.00	13,651.00
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	39,203.36		17,691.25	
	First Level Management							
	- Male	Baht per employee equivalent	n/a	n/a	12,622.69	3,378.00	17,340.10	1,312.00
	- Female		n/a	n/a	18,703.17	3,875.00	17,055.20	1,108.00
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	9,644.71		9,203.82	
	Officer							
	- Male	Baht per employee equivalent	n/a	n/a	799.28	2,153.00	1,140.00	132,507.00
	- Female		n/a	n/a	1,073.79	2,578.00	724.00	87,297.00
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	1,651.02		55,417.00	
	<b>17.2 By age</b>							
	Under 30 years old							
	- Male	Baht per employee equivalent	n/a	n/a	5,530.01	758.79	5,540.53	5,883.00
	- Female		n/a	n/a	10,321.85	881.02	6,237.99	5,427.00
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	4,372.91		5,772.13	
	30-50 years old							
	- Male	Baht per employee equivalent	n/a	n/a	1,355.30	1,780.18	3,497.00	2,768.00
	- Female		n/a	n/a	1,502.91	1,806.04	3,200.00	3,003.00
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	1,611.11		3,117.00	
	Over 50 years old							
	- Male	Baht per employee equivalent	n/a	n/a	4,727.36	1,784.21	7,419.81	2,538.00
	- Female		n/a	n/a	5,539.66	1,688.84	10,962.51	2,247.00
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	3,435.02		5,791.83	

GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
<b>17.3 By race</b>								
Thai								
- Male	Baht per employee equivalent		n/a	n/a	2,981.19	1,146.24	3,449.92	4,003.00
- Female			n/a	n/a	4,518.91	1,246.11	3,465.32	3,572.00
The company (Makro-TH and Lotus's-TH)			n/a	n/a	2,473.11		3,621.31	
Cambodian								
- Male	Baht per employee equivalent		n/a	n/a	0	0	0	0
- Female			n/a	n/a	0	0	0	0
The company (Makro-TH and Lotus's-TH)			n/a	n/a	0		0	
Indian								
- Male	Baht per employee equivalent		n/a	n/a	0	0	366	0.00
- Female			n/a	n/a	0	0	0	0.00
The company (Makro-TH and Lotus's-TH)			n/a	n/a	0		91.46	
Chinese								
- Male	Baht per employee equivalent		n/a	n/a	0	0	0	0
- Female			n/a	n/a	0	0	0	0
The company (Makro-TH and Lotus's-TH)			n/a	n/a	0		0	
Burmese								
- Male	Baht per employee equivalent		n/a	n/a	0	0	0	0
- Female			n/a	n/a	0	0	0	0
The company (Makro-TH and Lotus's-TH)			n/a	n/a	0		0	
Malaysian								
- Male	Baht per employee equivalent		n/a	n/a	0	0	0	0
- Female			n/a	n/a	0	0	0	0
The company (Makro-TH and Lotus's-TH)			n/a	n/a	0		0	
Laotian								
- Male	Baht per employee equivalent		n/a	n/a	0	0	0	0
- Female			n/a	n/a	0	0	0	0
The company (Makro-TH and Lotus's-TH)			n/a	n/a	0		0	

GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	Australian							
	- Male	Baht per employee equivalent	n/a	n/a	0	0	35,592.67	0.00
	- Female		n/a	n/a	0	0	1,594.12	0.00
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		9,296.70	
	Korean							
	- Male	Baht per employee equivalent	n/a	n/a	0	0	0	0
	- Female		n/a	n/a	0	0	0	0
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		0	
	Other							
	- Male	Baht per employee equivalent	n/a	n/a	40,985.95	900	12,960.70	30,500.00
	- Female		n/a	n/a	105,129.40	0	44,770.48	6,400.00
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	36,753.84		23,657.79	
	<b>18. Employee training and development in Sustainability</b>							
	Employee trained and developed in Sustainability							
	- Male	Person	n/a	n/a	674	2,038	6,816	16,196
	- Female		n/a	n/a	1,194	4,170	9,121	24,295
	by business unit		n/a	n/a	1,868	6,208	15,937	40,491
	The company (Makro-TH and Lotus's-TH)	n/a	n/a	8,076		56,428		
	Percent by total employee	%	n/a	n/a	11.95		84.99	
	Employee engaged in corporate shared value program(s)							
	- Male	Person	n/a	n/a	2,930	n/a	5,100	n/a
	- Female		n/a	n/a		n/a		n/a
	by business unit		n/a	n/a	2,930	n/a	5,100	n/a
	The company (Makro-TH and Lotus's-TH)	n/a	n/a	2,930		5,100		
	Percent by total employee	%	n/a	n/a	4.34		7.68	

GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	Employee engaged in initiatives/ leadership development programs							
	- Male	Person	n/a	n/a	557	5,886	734	2,716
	- Female		n/a	n/a	877	11,396	1,112	2,223
	by business unit		n/a	n/a	1,434	17,282	1,846	4,939
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	18,716		6,785	
	Percent by total employee	%	n/a	n/a	27.70		10.04	
	Employee trained the governance and other related topics							
	- Male	Person	n/a	n/a	n/a	n/a	7,348	n/a
	- Female		n/a	n/a	n/a	n/a	8,661	n/a
	by business unit		n/a	n/a	n/a	n/a	16,009	n/a
	The company (Makro-TH and Lotus's-TH)		%	n/a	n/a	n/a	n/a	16,009
	Percent by total employee Number of hours volunteered by employees							
	- Male	Hour	n/a	n/a	4,358.00	n/a	5,080.00	119,582
	- Female		n/a	n/a				
	by business unit		n/a	n/a	4,358.00	n/a	5,080.00	119,582
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	4,358		124,662	
	<b>19. Employee engagement Survey</b>							
	Employee engagement score							
	- Male	%	n/a	82.70	85.00	92.00	84.00	91.00
	- Female		n/a		84.00		82.00	92.00
	by business unit		n/a	82.70	84.50	92.00	83.00	91.50
	The company (Makro-TH and Lotus's-TH)		n/a	82.70	87.00		87.25	
	Employee engagement target		n/a	80.00	>80		>80	
	Engagement survey participants							
	- Male	Person	n/a	15,726	7,291	19,275	8,027	18,488
	- Female		n/a		9,096	31,901	10,054	29,823
	by business unit		n/a		16,387	51,176	18,081	48,311
	The company (Makro-TH and Lotus's-TH)		n/a		67,563		66,392	
	Percent by total employee	%	n/a	100	100		100	

GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	Total number of disable employee engagement survey participants							
	- Male	Person	n/a	n/a	13	104	12	97
	- Female		n/a	n/a	13	94	13	88
	by business unit		n/a	n/a	26	198	25	185
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	224		210	
	Percent by total employee		n/a	n/a	0.33		0.32	
	<b>19.1 Number of survey participants by level</b>							
	Top management							
	- Male	Person	n/a	n/a	26	57	16	58
	- Female		n/a	n/a	36	33	20	28
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0.22		0.18	
	Middle management							
	- Male	Person	n/a	n/a	90	821	429	812
	- Female		n/a	n/a	108	1,115	574	1,154
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	3.16		4.47	
	First level Management							
	- Male	Person	n/a	n/a	597	1,348	1,084	1,382
	- Female		n/a	n/a	853	2,400	1,450	2,522
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	7.69		9.70	
	Officer							
	- Male	Person	n/a	n/a	6,578	17,049	6,498	16,236
	- Female		n/a	n/a	8,099	28,353	8,010	26,119
	The company (Makro-TH and Lotus's-TH)		%	n/a	n/a	88.92		85.65
	<b>19.2 Number of survey participants by level</b>							
	Under 30 years old							
	- Male	Person	n/a	n/a	2,734	11,651	3,121	3,312
	- Female		n/a	n/a	2,875	18,725	10,888	16,757
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	35,985		34,078	
	Percent by total employee	%	n/a	n/a	53.26		51.33	

GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	30-50 years old							
	- Male	Person	n/a	n/a	4,331	7,246	4,660	6,336
	- Female		n/a	n/a	5,854	12,717	7,172	12,520
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	30,148		30,688	
	Percent by total employee	%	n/a	n/a	44.62		46.22	
	Over 50 years old							
	- Male	Person	n/a	n/a	226	378	246	406
	- Female		n/a	n/a	367	459	428	546
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	1,430		1,626	
	Percent by total employee	%	n/a	n/a	2.12		2.45	
	<b>19.3 Number of survey participants by race</b>							
	Thai							
	- Male	Person	n/a	n/a	7,272	19,271	8,003	10,052
	- Female		n/a	n/a	9,094	31,901	18,485	29,823
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	67,538		66,363	
	Percent by total employee	%	n/a	n/a	99.96		98.22	
	Cambodian							
	- Male	Person	n/a	n/a	n/a	n/a	n/a	n/a
	- Female		n/a	n/a	n/a	n/a	n/a	n/a
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	n/a	n/a	n/a	n/a
	Percent by total employee	%	n/a	n/a	n/a	n/a	n/a	n/a
	Indian							
	- Male	Person	n/a	n/a	n/a	n/a	n/a	n/a
	- Female		n/a	n/a	n/a	n/a	n/a	n/a
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	n/a	n/a	n/a	n/a
	Percent by total employee	%	n/a	n/a	n/a	n/a	n/a	n/a

GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	Chinese							
	- Male	Person	n/a	n/a	n/a	n/a	n/a	n/a
	- Female		n/a	n/a	n/a	n/a	n/a	n/a
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	n/a	n/a	n/a	n/a
	Percent by total employee	%	n/a	n/a	n/a	n/a	n/a	n/a
	Burmese							
	- Male	Person	n/a	n/a	n/a	n/a	n/a	n/a
	- Female		n/a	n/a	n/a	n/a	n/a	n/a
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	n/a	n/a	n/a	n/a
	Percent by total employee	%	n/a	n/a	n/a	n/a	n/a	n/a
	Malaysian							
	- Male	Person	n/a	n/a	n/a	n/a	n/a	n/a
	- Female		n/a	n/a	n/a	n/a	n/a	n/a
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	n/a	n/a	n/a	n/a
	Percent by total employee	%	n/a	n/a	n/a	n/a	n/a	n/a
	Laotain							
	- Male	Person	n/a	n/a	n/a	n/a	n/a	n/a
	- Female		n/a	n/a	n/a	n/a	n/a	n/a
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	n/a	n/a	n/a	n/a
	Percent by total employee	%	n/a	n/a	n/a	n/a	n/a	n/a
	Australian							
	- Male	Person	n/a	n/a	n/a	n/a	n/a	n/a
	- Female		n/a	n/a	n/a	n/a	n/a	n/a
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	n/a	n/a	n/a	n/a
	Percent by total employee	%	n/a	n/a	n/a	n/a	n/a	n/a
	Korean							
	- Male	Person	n/a	n/a	n/a	n/a	n/a	n/a
	- Female		n/a	n/a	n/a	n/a	n/a	n/a
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	n/a	n/a	n/a	n/a
	Percent by total employee	%	n/a	n/a	n/a	n/a	n/a	n/a

GRI Standard	Performance	Unit	2019	2020	2021		2022	
			Makro-TH	Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	Other							
	- Male	Person	n/a	n/a	19	n/a	13	n/a
	- Female		n/a	n/a	2	n/a	3	n/a
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	21		16	
	Percent by total employee	%	n/a	n/a	0.03		0.02	
	<b>20. Employee entering welfare committee</b>							
	- Male	Person	n/a	700	926	479	262	491
	- Female		n/a			718	483	736
	by business unit		n/a		1197		745	1,227
	The company (Makro-TH and Lotus's-TH)		n/a		2,123		1,972	
	Percent by total employee	%	n/a	4.35	3.12		2.97	
	<b>21. Non-binary (LGBTQ+)</b>							
	The company (Makro-TH and Lotus's-TH)	Person	n/a	n/a	n/a	n/a	656	n/a
	Percent by total employee	%	n/a	n/a	n/a		3.63	

Remarks: • n/a means not available

- Total employees covers permanent employee, contract and temporary under Siam Makro Public Company Limited and Lotus's Stores (Thailand) Co.,Ltd, Thailand only.
- Scope of GRI 401-1, 404-1, and 405-1 cover only permanent employee.
- Makro-TH mean Makro-Thailand Business
- Lotus's-TH Lotus's Stores (Thailand) Co., Ltd., and subsidiaries
- In 2021 included Lotus's-TH
- In 2022 initial disclosure of the combined data Makro-TH and Lotus's-TH
- Blank = non-disclosure





## Occupational Health and Safety Data during 2019-2022

GRI Standard	Performance	Unit	2019	2020		2021		2022	
			Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
403-9 (a) (2018)	<b>The number of fatalities as a result of work-related injuries</b>								
	Employees								
	- Male	Person	0	0	0	n/a	0	0	
	- Female		0	0	0	n/a	0	0	
	by business unit		0	0	0	n/a	0	0	
	The company (Makro-TH and Lotus's-TH)		0	0	0	0	0	0	
	Contractors								
	- Male	Person	0	0	2	n/a	1	0	
	- Female		0	0	0	n/a	0	0	
	by business unit		0	0	2	n/a	1	0	
	The company (Makro-TH and Lotus's-TH)		0	0	2	1	0	0	
	<b>Rate of fatalities as a result of work-related injuries</b>								
	Employees								
	- Male	Case/ million working hours	0.00	0.00	0.00	n/a	0.00	0.00	
	- Female		0.00	0.00	0.00	n/a	0.00	0.00	
	by business unit		0.00	0.00	0.00	n/a	0.00	0.00	
	The company (Makro-TH and Lotus's-TH)		0.00	0.00	0.00	0.00	0.00	0.00	
	Contractors								
	- Male	Case/ million working hours	0.00	0.00	0.08	n/a	0.03	0.00	
	- Female		0.00	0.00	0.00	n/a	0.00	0.00	
	by business unit		0.00	0.00	0.04	n/a	0.02	0.00	
	The company (Makro-TH and Lotus's-TH)		0.00	0.00	0.04	0.01	0.00	0.00	

GRI Standard	Performance	Unit	2019	2020		2021		2022	
			Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	<b>Number of high-severity work-related injuries; including fatalities</b>								
	Employees								
	- Male	Person	n/a	n/a	67	n/a	67	17	
	- Female		n/a	n/a	30	n/a	30	17	
	by business unit		n/a	n/a	97	n/a	97	34	
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	97		131		
	Contractors								
	- Male	Person	n/a	n/a	33	n/a	40	3	
	- Female		n/a	n/a	22	n/a	28	5	
	by business unit		n/a	n/a	55	n/a	68	8	
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	55		76		
	<b>Rate of high-severity work-related injuries; including fatalities</b>								
	Employees								
	- Male	Case/ million working hours	n/a	n/a	0.47	n/a	3.77	0.39	
	- Female		n/a	n/a	1.48	n/a	1.36	0.26	
	by business unit		n/a	n/a	2.64	n/a	2.44	0.31	
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	2.64		0.88		
	Contractors								
	- Male	Case/ million working hours	n/a	n/a	1.30	n/a	1.24	0.20	
	- Female		n/a	n/a	1.16	n/a	1.25	0.33	
	by business unit		n/a	n/a	1.24	n/a	1.24	0.26	
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	1.24		0.89		
	<b>Number of recordable work-related injuries</b>								
	Employees								
	- Male	Person	n/a	n/a	82	n/a	78	40	
	- Female		n/a	n/a	43	n/a	37	43	
	by business unit		n/a	n/a	125	n/a	115	83	
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	125		198		

GRI Standard	Performance	Unit	2019	2020		2021		2022	
			Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	Contractors								
	- Male	Person	n/a	n/a	73	n/a	44	17	
	- Female		n/a	n/a	29	n/a	31	19	
	by business unit		n/a	n/a	102	n/a	75	36	
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	102		111		
<b>Total Recordable Injury Frequency Rate : TRIFR</b>									
	Employees								
	- Male	Case/ million hours worked	5.68	4.56	4.98	n/a	4.38	0.91	
	- Female		2.37	1.90	2.12	n/a	1.68	0.66	
	by business unit		3.86	3.09	3.40	n/a	2.89	0.76	
	The company (Makro-TH and Lotus's-TH)		3.86	3.09	3.40		1.33		
	Contractors								
	- Male	Case/ million hours worked	4.03	2.34	2.87	n/a	1.37	1.11	
	- Female		1.50	1.45	1.53	n/a	1.38	1.24	
	by business unit		2,64	1.93	2.29	n/a	1.37	1.18	
	The company (Makro-TH and Lotus's-TH)		2,64	1.93	2.29		1.30		
<b>Number of Lost Time Injuries</b>									
	Employees								
	- Male	Person	n/a	n/a	67	n/a	67	17	
	- Female		n/a	n/a	30	n/a	30	17	
	by business unit		n/a	n/a	97	n/a	97	34	
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	97		131		
	Contractors								
	- Male	Person	n/a	n/a	31	n/a	39	3	
	- Female		n/a	n/a	22	n/a	28	5	
	by business unit		n/a	n/a	53	n/a	67	8	
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	53		75		

GRI Standard	Performance	Unit	2019	2020		2021		2022	
			Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	<b>Lost Time Injuries Frequency Rate: LTIFR</b>								
	Employees								
	- Male	Case/ million hours worked	4.16	3.80	4.07	n/a	3.77	0.39	
	- Female		1.91	1.66	1.48	n/a	1.36	0.26	
	by business unit		2.92	2.62	2.64	n/a	2.44	0.31	
	The company (Makro-TH and Lotus's-TH)		2.92	2.62	2.64		0.88		
	Contractors								
	- Male	Case/ million hours worked	7.91	1.47	1.22	n/a	1.21	0.20	
	- Female		5.68	1.14	1.16	n/a	1.25	0.33	
	by business unit		6.80	1.31	1.19	n/a	1.22	0.26	
	The company (Makro-TH and Lotus's-TH)		6.80	1.31	1.19		0.88		
403-10 (a)	<b>The number of fatalities as a result of occupational illness</b>								
(2018)	Employees								
	- Male	Person	0	0	0	n/a	0	0	
	- Female		0	0	0	n/a	0	0	
	by business unit		0	0	0	n/a	0	0	
	The company (Makro-TH and Lotus's-TH)		0	0	0		0		
	Contractors								
	- Male	Person	0	0	0	n/a	0	0	
	- Female		0	0	0	n/a	0	0	
	by business unit		0	0	0	n/a	0	0	
	The company (Makro-TH and Lotus's-TH)		0	0	0		0		
	<b>Number of cases of recordable occupational illness</b>								
	Employees								
	- Male	Person	n/a	n/a	0	n/a	0	0	
	- Female		n/a	n/a	0	n/a	0	0	
	by business unit		n/a	n/a	0	n/a	0	0	
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		0		

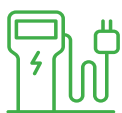
GRI Standard	Performance	Unit	2019	2020		2021		2022	
			Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	Contractors								
	- Male	Person	n/a	n/a	0	n/a	0	0	
	- Female		n/a	n/a	0	n/a	0	0	
	by business unit		n/a	n/a	0	n/a	0	0	
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0		0		
	<b>Occupational Illness Frequency Rate: OIFR</b>								
	Employees								
	- Male	Case/ million hours worked	0.00	0.00	0.00	n/a	0.00	0.00	
	- Female		0.00	0.00	0.00	n/a	0.00	0.00	
	by business unit		0.00	0.00	0.00	n/a	0.00	0.00	
	The company (Makro-TH and Lotus's-TH)		0.00	0.00	0.00		0.00		
	Contractors								
	- Male	Case/ million hours worked	0.00	0.00	0.00	n/a	0.00	0.00	
	- Female		0.00	0.00	0.00	n/a	0.00	0.00	
	by business unit		0.00	0.00	0.00	n/a	0.00	0.00	
	The company (Makro-TH and Lotus's-TH)		0.00	0.00	0.00		0.00		
	<b>Fleet safety accident rate</b>								
	Employees								
	- Male	Case/ million hours worked	n/a	n/a	0.00	n/a	0.00	3.28	
	- Female		n/a	n/a					
	by business unit		n/a	n/a	0.00	n/a	0.00	3.28	
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0.00		0.00	3.28	
	Contractors								
	- Male	Case/ million hours worked	n/a	n/a	0.32	n/a	0.71	0.00	
	- Female		n/a	n/a					
	by business unit		n/a	n/a	0.32	n/a	0.71	0.00	
	The company (Makro-TH and Lotus's-TH)		n/a	n/a	0.32		0.71		

GRI Standard	Performance	Unit	2019	2020		2021		2022		
			Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH	
	<b>Number of fatalities as a result of work-related fleet accident</b>									
	Employees									
	- Male	Person	n/a	n/a			0	n/a	0	0
	- Female									
	by business unit						0	n/a	0	
	The company (Makro-TH and Lotus's-TH)						0	0		
	Contractors									
	- Male	Person	n/a	n/a			2	n/a	1	0
	- Female									
	by business unit						2	n/a	1	
	The company (Makro-TH and Lotus's-TH)						2	1		
	<b>Worker covered by an occupational health and safety management system</b>									
	Employee covered by an occupational health and safety management system									
	- Male	%	n/a	n/a			100	n/a	100	100
	- Female									
	by business unit						100	n/a	100	100
	The company (Makro-TH and Lotus's-TH)						100	100		
	Employee covered by OSH internal audit									
	- Male	%	n/a	n/a			100	n/a	100	100
	- Female									
	by business unit						100	n/a	100	100
	The company (Makro-TH and Lotus's-TH)						100	100		
	Employee covered by such a system that has been audited or certified by an external party									
	- Male	%	n/a	n/a			0	0	0	0
	- Female									
	by business unit						0	0	0	0
	The company (Makro-TH and Lotus's-TH)						0	0		

GRI Standard	Performance	Unit	2019	2020		2021		2022	
			Makro-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	Other worker covered by an occupational health and safety management system								
	Contractor covered by an occupational health and safety management system								
	- Male	%	n/a	n/a	n/a	n/a	n/a	100	100
	- Female								
	by business unit								
	The company (Makro-TH and Lotus's-TH)								
	Contractor covered by OSH internal audit								
	- Male	%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	- Female								
	by business unit								
	The company (Makro-TH and Lotus's-TH)								
	Contractor covered by audited or certified by an external party								
	- Male	%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	- Female								
	by business unit								
	The company (Makro-TH and Lotus's-TH)								
	<b>Total costs of workplace accidents including property damage</b>								
	Direct cost								
	- Male	Baht	n/a	n/a	n/a	n/a	n/a	0	5,000
	- Female								
	by business unit								
	The company (Makro-TH and Lotus's-TH)								
	Indirect cost								
	- Male	Baht	n/a	n/a	n/a	n/a	n/a	0	0
	- Female								
	by business unit								
	The company (Makro-TH and Lotus's-TH)								

- Remark:**
- n/a = Not Available
  - Contractor covers regular contractor, contractors entering the area, transportation suppliers, security officers and housewives.
  - Lost-Time Injuries Frequency Rate (LTIFR) = Total number of lost time injuries (cases) over the reporting period x 1,000,000 hours worked / Total hours worked (over the reporting period)
  - Occupational Illness Frequency Rate (OIFR) = Total number of occupational diseases (cases) over the reporting period x 1,000,000 hours worked / Total hours worked (over the reporting period)

## Environmental Performance



### Energy

GRI Standard	Performance	Unit	2019	2020		2021		2022	
				Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
302-1 (E)	Total energy consumption within the organization	GJ	1,405,725.92	4,442,241.03		4,415,051.67		4,892,166.60	
		MWh	390,480.57	1,420,985.62	3,021,255.40	1,508,488.76	2,906,552.91	1,591,116.56	3,301,050.25
				1,233,993.34		1,226,404.22		1,358,936.25	
				394,755.69	839,237.64	419,024.99	807,379.23	441,977.18	916,959.08
302-1 (A)	Total non-renewable energy	GJ	37,251.58	98,000.81		186,023.68		214,818.04	
		MWh	10,347.67	34,634.86	63,365.95	43,914.25	142,109.42	44,334.23	170,483.80
	- Diesel			27,222.47		51,673.28		59,671.72	
				9,620.80	17,601.67	12,198.41	39,474.87	12,315.07	47,365.65
				29,763.08		78,781.82		117,505.99	
				23,948.62	23,332.52	6,430.56	31,909.05	46,872.77	31,092.85
				8,267.53		21,883.86		32,640.58	
				6,652.40	6,481.26	1,786.27	8,863.63	13,020.22	8,636.91
	- Gasoline 91			n/a		14,739.29		16,627.39	
				n/a	n/a	n/a	2,124.16	12,615.13	2,376.07
				n/a		4,094.25		4,618.72	
				n/a	n/a	n/a	590.04	3,504.21	660.02
	- Gasoline 95			10,869.17		28,521.88		28,900.32	
				12,510.95	10,869.17	n/a	5,343.96	23,177.92	5,877.03
				3,019.22		7,922.75		8,027.87	
				3,475.27	3,019.22	n/a	1,484.43	6,438.32	1,632.51
- E20			n/a		10,097.84		12,957.14		
			n/a	n/a	n/a	1,862.50	8,235.35	1,890.14	11,067.00
			n/a		2,804.96		3,599.21		
			n/a	n/a	n/a	517.36	2,287.60	525.04	3,074.17



GRI Standard	Performance	Unit	2019	2020		2021		2022	
				Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
302-1 (B)	- E85	GJ	n/a	n/a		116.02		169.25	
		MWh	n/a	n/a	n/a	116.02	-	169.25	-
	- LPG	GJ	792.00	n/a		32.23		47.01	
		MWh	220.00	n/a	n/a	32.23	-	47.01	-
		GJ	792.00	57,368.56		53,766.82		38,657.94	
		MWh	220.00	433.17	56,935.39	2,558.56	51,208.26	2,928.89	35,729.05
		GJ	792.00	15,935.72		14,935.24		10,738.33	
		MWh	220.00	120.33	15,815.40	710.71	14,224.53	813.58	9,924.75
302-1 (B)	Total renewable energy	GJ	10,094.12	147,029.59		231,417.14		346,913.70	
		MWh	2,804.76	63,859.30	83,170.30	128,094.88	103,322.26	142,775.51	204,138.20
	- Solar cell	GJ	10,094.12	40,878.73		64,282.54		96,364.92	
		MWh	2,804.76	17,755.85	23,102.88	35,581.91	28,700.63	39,659.86	56,705.05
	- Solar thermal	GJ	10,094.12	146,744.99		231,132.54		346,346.06	
		MWh	2,804.76	63,574.70	83,170.30	127,810.28	103,322.26	142,207.86	204,138.20
		GJ	-	40,799.66		64,203.48		96,207.24	
		MWh	-	17,696.80	23,102.86	35,502.86	28,700.63	39,502.18	56,705.05
		GJ	-	284.60		284.60		567.65	
		MWh	-	284.60	-	284.60	-	567.65	-
		GJ	-	79.06		79.06		157.68	
		MWh	-	79.06	-	79.06	-	157.68	-
302-1 (C)	Total electricity purchased	GJ	1,358,380.22	4,197,210.62		3,997,610.85		4,330,434.86	
		MWh	377,328.14	1,322,491.46	2,874,719.16	1,336,479.62	2,661,131.23	1,404,006.82	2,926,428.04
		GJ	1,358,380.22	1,165,892.13		1,110,447.75		1,202,898.89	
		MWh	377,328.14	367,359.03	798,553.10	371,244.64	739,203.12	390,002.21	812,896.68

GRI Standard	Performance	Unit	2019	2020		2021		2022	
				Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
302-2	Total Energy consumption outside of the organization	GJ	n/a	n/a		n/a		1,892,395.87	
		MWh	n/a	n/a	n/a	n/a	860,868.79	1,031,527.08	
	- Upstream transportation and distribution	GJ	n/a	n/a		n/a		525,665.94	
		MWh	n/a	n/a	n/a	n/a	239,130.41	286,535.53	
	- Downstream Transportation and distribution	GJ	n/a	n/a		n/a		1,780,476.95	
		MWh	n/a	n/a	n/a	n/a	750,190.19	1,030,286.76	
	Energy intensity	GJ per million THB of revenue	6.67	10.33		9.32		10.43	
				6.50	14.31	5.66	14.01	6.41	14.93

Remarks: • n/a means not available

• Energy consumption (Joules) is calculated by multiplying the volume of fuel with a conversion factor, based on the type of fuel used (reference from The Department of Alternative Energy Development and Efficiency).

1. Total energy consumption within the organization covers total non-renewable energy consumption, total renewable energy and total electricity purchased.

2. Non-Separable data of gasoline 91 and 95 during 2019-2020

3. In 2020, scope covers distribution center.

4. 2022 Disclosed the consolidate Makro-TH and Lotus's-TH and re-adjust to 2020 Baseline

5. Revenue for intensity re-adjust calculation during 2020-2022 of Makro are 218,760, 266,435, 248,079 (X million Baht) While Lotus's are 211,107, 207,467, 221,052 (X million Baht) respectively.



## Greenhouse Gas Emissions

GRI Standard	Performance	Unit	2019	2020		2021		2022	
				Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
305 (A)	Total GHG emissions (Scope 1 + Scope 2)	tons of CO <sub>2</sub> eq.	262,875.49	607,270.63		611,999.33		718,086.76	
				233,476.01	373,794.62	251,517.37	360,481.96	243,733.52	474,353.23
305-1 (A)	- Direct (scope 1) GHG emissions	tons of CO <sub>2</sub> eq.	43,232.95	53,907.17		84,163.25		146,753.65	
				49,833.38	4,073.79	65,932.33	18,230.92	48,771.58	97,982.07
305-2 (A)	- Energy Indirect (scope 2) GHG emissions	tons of CO <sub>2</sub> eq.	219,642.54	553,363.46		527,836.09		571,333.11	
				183,642.63	369,720.83	185,585.05	342,251.04	194,961.95	376,371.16
305-3 (A)	Other indirect (scope 3) GHG emissions	tons of CO <sub>2</sub> eq.	n/a	57,540.03		58,943.72		6,876,080.64	
	- Purchases of goods and services		n/a	n/a	n/a	n/a	n/a	3,594,707.85	3,281,372.78
	- Upstream transportation and distribution		n/a	57,284.40	n/a	58,921.83	n/a	56,591.51	77,518.16
	- Downstream Transportation and distribution		n/a	n/a	n/a	n/a	n/a	8,319.15	92.70
	- Business travel (by airplane)		n/a	255.63	n/a	21.89	n/a	1,288.11	467.00
305-4 (A)	GHG emissions intensity	tons of CO <sub>2</sub> eq. million THB of revenue	1.25	1.41		1.29		1.53	
				1.07	1.77	0.94	1.74	0.98	2.15

Remarks: • n/a means not available

- Scope 1 is direct greenhouse gas emissions.
  - Scope 2 is indirect greenhouse gas emissions from energy consumption.
  - Scope 3 is indirect greenhouse gas emissions from others.
  - Scope 3 covers greenhouse gas emissions from product transportation and distribution (upstream level) and business travel.
  - The greenhouse gas emissions above include CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, CFCs, HFCs and PFCs — calculated and converted to the equivalent amount of carbon dioxide with similar global warming potentials (GWP) as defined by the IPCC (Intergovernmental Panel on Climate Change). The Emission Factor is based on data from Thailand Greenhouse Gas Management Organisation (Public Organisation) and the Energy Policy and Planning Office, the Ministry of Energy.
1. In 2020, scope covers distribution center.
  2. 2022 Disclosed the consolidate Makro-TH and Lotus's-TH and re-adjust to 2020 Baseline
  3. Revenue for intensity re-adjust calculation during 2020-2022 of Makro are 218,760, 266,435, 248,079 (X million Baht) While Lotus's are 211,107, 207,467, 221,052 (X million Baht) respectively.



## Refrigerant

GRI Standard	Performance	Unit	2019	2020		2021		2022	
				Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	R141B	kg	n/a	142.90		87.45		1,491.58	
				142.90	0.00	87.45	0.00	1,491.58	0.00
	R22		n/a	13,704.60		10,918.51		8,737.63	
				13,680.60	24.00	10,878.91	39.60	8,227.43	510.20
	R290		n/a	43.72		821.89		374.15	
				43.72	0.00	821.89	0.00	204.65	169.50
	R32		n/a	19.00		511.63		306.00	
				5.00	14.00	511.63	0.00	283.00	23.00
	R134		n/a	28.00		0.00		0.00	
				0.00	28.00	0.00	0.00	0.00	0.00
	R134A		n/a	2,337.90		2,701.66		2,429.84	
				2,337.90	0.00	2,691.66	10.00	2,344.94	84.90
	R404A		n/a	2,673.23		8,922.57		16,658.82	
				2,673.23	0.00	7,620.27	1,302.30	4,674.21	11,984.61
	R407C		n/a	832.40		955.24		235.40	
		832.40	0.00	955.24	0.00	235.40	0.00		
R407F	n/a	4,497.29		4,626.15		11,783.68			
		4,427.29	70.00	4,105.85	520.30	3,973.84	7,809.84		
R410A	n/a	31.50		339.00		385.80			
		31.50	0.00	339.00	0.00	342.50	43.30		
R717 (ammonia)	n/a	0.00		2,100.00		4,800.00			
		0.00	0.00	2,100.00	0.00	0.00	4,800.00		
CO2	n/a	0.00		1,038.20		2,238.70			
		0.00	0.00	1,038.20	0.00	2,238.70	0.00		
R507	n/a	0.00		0.00		0.00			
		0.00	0.00	0.00	0.00	0.00	0.00		
R448A	n/a	n/a		2,368.60		20,312.04			
		n/a	n/a	0.00	2,368.60	0.00	20,312.04		

GRI Standard	Performance	Unit	2019	2020		2021		2022	
				Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
	R141B	tons of CO <sub>2</sub> eq.	n/a	n/a	n/a	n/a	n/a	1,063.50	0.00
	R22		n/a	n/a	n/a	n/a	15,378.23	897.95	
	R290		n/a	n/a	n/a	n/a	4.60	0.51	
	R32		n/a	n/a	n/a	n/a	207.16	15.57	
	R134		n/a	n/a	n/a	n/a	0.00	0.00	
	R134A		n/a	n/a	n/a	n/a	3,158.79	110.37	
	R404A		n/a	n/a	n/a	n/a	65,585.17	47,252.92	
	R407C		n/a	n/a	n/a	n/a	417.60	0.00	
	R407F		n/a	n/a	n/a	n/a	20,322.74	13,074.45	
	R410A		n/a	n/a	n/a	n/a	798.43	83.29	
	R717 (ammonia)		n/a	n/a	n/a	n/a	0.00	0.00	
	CO2		n/a	n/a	n/a	n/a	2.24	0.00	
	R507		n/a	n/a	n/a	n/a	0.00	0.00	
	R448A		n/a	n/a	n/a	n/a	25,857.23	25,857.23	

**Remark:**

- n/a means not available
- Emission Factor coefficient is 0 such as R717 (ammonia) or no refrigerant added.

1. 2022 Disclosed the consolidate Makro-TH and Lotus's-TH and re-adjust to 2020 Baseline



## Water

GRI Standard	Performance	Unit	2019	2020		2021		2022		
				Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH	
303-3 (A)	Total water consumption <sup>1</sup>	1,000 m <sup>3</sup> (1 Million liters)	473.56	3,199.14		3,419.86		4,275.16		
				483.43	2,715.71	939.22	2,480.64	993.99	3,281.18	
	Total water withdrawal		2,367.79	9,441.33		8,882.64		11,476.84		
				2,417.17	7,024.16	2,679.47	6,203.17	2,769.41	8,707.43	
	- Surface water		-	-	-	-	-	-	-	
			-	-	-	-	-	-		
- Ground water	84.64		98.17		122.39		95.09			
			76.53	21.65	94.59	27.80	93.01	2.08		
- Municipal water supplies	2,283.15		9,343.16		8,760.26		11,381.75			
			2,340.64	7,002.52	2,584.88	6,175.38	2,676.40	8,705.35		
303-3 (C)	Total water withdrawal from water stress area <sup>2</sup>			1,270.80	4,179.54		3,669.58		4,677.23	
					1,087.09	3,092.44	939.30	2,730.28	1,091.46	3,585.77
	- Surface water		-	-	-	-	-	-	-	
				-	-	-	-	-	-	
- Ground water	66.79		21.65		27.80		59.39			
		-	21.65	-	27.80	59.39	-			
- Municipal water supplies	1,204.01	4,157.89		3,641.78		4,617.85				
		1,087.09	3,070.80	939.30	2,702.48	1,032.08	3,585.77			
303-3 (C)	Freshwater with Total Dissolved Solids below 1,000 mg/l		2,367.79	9,441.33		8,882.64		11,476.84		
				2,417.17	7,024.16	2,679.47	6,203.17	2,769.41	8,707.43	
	Freshwater with Total Dissolved Solids more than 1,000 mg/l	0.00	0.00		0.00		0.00			
		0.00	0.00	0.00	0.00	0.00	0.00			
Water consumption intensity	m <sup>3</sup> per million THB of revenue	11.24	21.96		18.74		24.46			
			11.05	33.27	10.06	29.92	11.16	39.39		

Remarks: • n/a means not available

1. Total water consumption is the difference of total water withdrawal and water discharge

2. Data refers to Aqueduct Water Risk Atlas that was aligned with GRI standard

3. In 2020, scope covers distribution center.

4. 2022 Disclosed the consolidate Makro-TH and Lotus's-TH and re-adjust to 2020 Baseline

5. Revenue for intensity re-adjust calculation during 2020-2022 of Makro are 218,760, 266,435, 248,079 (X million Baht) While Lotus's are 211,107, 207,467, 221,052 (X million Baht) respectively.



## Wastewater

GRI Standard	Performance	Unit	2019	2020		2021		2022	
				Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH
303-4 (A)	Total water discharge <sup>2</sup>	1,000 m <sup>3</sup> (1 million liters)	1,894.23	6,242.18		5,462.79		7,201.68	
	- Surface water		1,894.23	1,933.73	4,308.45	1,740.25	3,722.53	1,775.42	5,426.26
	- Ground water		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	- Discharge with Total Dissolved Solids below 1,000 mg/l		1,894.23	1,933.73	4,308.45	1,740.25	3,722.53	1,775.42	5,426.26
	- Discharge with Total Dissolved Solids More Than 1,000 mg/l		n/a	n/a	n/a	n/a	n/a	11.57	n/a

- Remarks: 1. Water discharge was calculated from 80% of total water withdrawal.  
2. 2022 Disclosed the consolidate Makro-TH and Lotus's-TH and re-adjust to 2020 Baseline



## Waste Performance during 2019 - 2022

GRI Standard	Performance	Unit	2019	2020		2021		2022	
				Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's -TH
GRI 306 (2020)	Total weight of waste generated <sup>1</sup>	ton	91,391.23	117,668.33		116,556.50		130,551.75	
				61,628.42	56,039.91	67,900.85	48,655.65	85,102.35	45,449.40
	Total weight of hazardous waste generated <sup>2</sup>		n/a	2.96		12.88		236.49	
				n/a	2.96	9.02	3.86	169.09	67.40
	- Reuse		n/a	n/a		0.00		40.97	
				n/a	n/a	0.00	0.00	0.00	40.97
	- Recycling		n/a	n/a		0.00		23.15	
				n/a	n/a	0.00	0.00	0.00	23.15
	- Energy recovery		n/a	n/a		0.00		1.88	
				n/a	n/a	0.00	0.00	0.00	1.88
	- Incineration – mass burn		n/a	2.96		10.96		6.79	
				n/a	2.96	7.1	3.86	6.05	0.74
	- Landfill		n/a	n/a		1.92		163.03	
				n/a	n/a	1.92	0.00	163.03	0.00
	- Other disposal		n/a	n/a		0.00		0.66	
				n/a	n/a	0.00	0.00	0.00	0.66
Total weight of non-hazardous waste generated	91,391.23	117,665.36		116,543.61		130,315.26			
			61,628.42	56,036.94	67,891.83	48,651.78	84,933.26	45,382.00	
- Reuse	n/a	n/a		0.19		308.12			
		n/a	n/a	0.19	0.00	308.12	0.00		
Glass	n/a	n/a		n/a		0.00			
		n/a	n/a	n/a	n/a	0.00	0.00		
Wood	n/a	n/a		n/a		0.00			
		n/a	n/a	n/a	n/a	0.00	0.00		
Paper	n/a	n/a		n/a		308.12			
		n/a	n/a	n/a	n/a	308.12	0.00		



GRI Standard	Performance	Unit	2019	2020		2021		2022	
				Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's -TH
	Metal	ton	n/a	n/a		n/a		0.00	
			n/a	n/a	n/a	n/a	n/a	0.00	0.00
	Plastic		n/a	n/a		n/a		0.00	
			n/a	n/a	n/a	n/a	n/a	0.00	0.00
	Other reusable material		n/a	n/a		n/a		0.00	
			n/a	n/a	n/a	n/a	n/a	0.00	0.00
	- Recycling		70,175.21	87,473.62		78,953.07		93,212.27	
				40,258.00	47,215.62	39,239.06	39,714.01	58,556.26	34,656.01
	Glass		n/a	n/a		n/a		0.00	
			n/a	n/a	n/a	n/a	n/a	0.00	0.00
	Wood		n/a	n/a		n/a		116.95	
			n/a	n/a	n/a	n/a	n/a	116.95	0.00
	Paper		n/a	n/a		n/a		90,983.04	
			n/a	n/a	n/a	n/a	n/a	58,046.90	32,963.13
	Metal		n/a	n/a		n/a		0.00	
			n/a	n/a	n/a	n/a	n/a	0.00	0.00
	Plastic		n/a	n/a		n/a		649.11	
			n/a	n/a	n/a	n/a	n/a	392.41	256.70
	Other recyclable material		n/a	n/a		n/a		0.00	
			n/a	n/a	n/a	n/a	n/a	0.00	0.00
	Non-Classified	n/a	0.00		0.00		1,463.18		
		n/a	0.00	n/a	0.00	n/a	0.00	1,463.18	
	- Animal feed	n/a	n/a		294.14		796.21		
		n/a	n/a	n/a	294.14	0.00	796.21	0.00	
	- Composting	118.20	53.39		508.76		1,312.99		
			53.39	n/a	508.76	0.00	1,312.99	0.00	
	- Energy recovery	n/a	n/a		0.00		0.00		
		n/a	n/a	n/a	0.00	0.00	0.00	0.00	
	- Incineration – mass burn	n/a	n/a		0.00		0.00		
		n/a	n/a	n/a	0.00	0.00	0.00	0.00	

GRI Standard	Performance	Unit	2019	2020		2021		2022	
				Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's -TH
	- Feed material	ton	n/a	n/a		0.00		0.00	
				n/a	n/a	0.00	0.00	0.00	0.00
	- Landfill		21,097.82	30,138.35		37,081.59		33,233.47	
				21,317.03	8,821.32	28,143.82	8,937.77	23,959.68	9,273.79
	- Other disposal		n/a	n/a				1,452.20	
			n/a	n/a	0.00	0.00	0.00	1,452.20	
	Total waste that has been utilized		70,293.41	87,527.01		79,358.48		95,693.71	
				40,311.39	47,215.62	39,644.47	39,714.01	60,973.58	37,720.13
	Ratio of waste that has been utilized per total waste from operation	%	76.91	74.38		68.09		73.30	
				65.41	84.25	58.39	81.62	71.65	76.39

Remarks: • n/a means not available

1. In 2021, scope of waste data was expanded to Distribution Center
2. In 2021, scope of waste data covers hazardous waste generated.
3. 2022 Disclosed the consolidate Makro-TH and Lotus's-TH and re-adjust to 2020 Baseline



## Food Waste Performance during 2019 - 2022

GRI Standard	Performance	Unit	2019	2020		2021		2022	
				Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's -TH
GRI 306-2A	Discount product to prevent food waste generation	ton	n/a	n/a		n/a		17,911.15	
				n/a	n/a	n/a	n/a	17,911.15	n/a
GRI 306 (2020)	Ratio discount product to prevent food waste generation per Total food waste	%	n/a	n/a		n/a		0.71	
				n/a	n/a	n/a	n/a	0.71	n/a
GRI 306 (2020)	Total food waste	ton	21,216.02	29,952.93		35,326.88		32,751.39	
				21,370.42	8,582.51	26,825.66	8,501.22	25,119.05	7,632.34
<b>Food waste by disposal</b>									
GRI 306 (2020)	Recycling	ton	n/a	n/a		375.36		908.49	
				n/a	n/a	294.14	81.22	796.21	112.28
	- Food surplus		n/a	n/a		81.22		27.32	
				n/a	n/a	0.00	81.22	0.00	27.32
	- Animal feed		n/a	n/a		294.14		881.17	
				n/a	n/a	294.14	0.00	796.21	84.96
	- Bio-mass/biochemical processing		n/a	n/a		0.00		0.00	
				n/a	n/a	0.00	0.00	0.00	0.00
	Compositing		118.20	53.39		509.36		1,321.16	
				53.39	n/a	508.76	0.60	1,312.99	8.18
	- Composting/aerobic processes		118.20	53.39		509.36		1,321.16	
				53.39	n/a	508.76	0.60	1,312.99	8.18
	Energy Recovery		n/a	n/a		0.00		0.00	
				n/a	n/a	0.00	0.00	0.00	0.00
- Codigestion/anaerobic digestion	n/a	n/a		0.00		0.00			
		n/a	n/a	0.00	0.00	0.00	0.00		

GRI Standard	Performance	Unit	2019	2020		2021		2022		
				Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's -TH	
	- Controlled combustion	ton	n/a	n/a		n/a		0.00		
	Landfill		21,097.82	29,899.54		34,442.16		30,521.73		
	Others		n/a	n/a		0.00		0.00		
	Ratio of food waste that has been utilized per total food waste from operation	%	0.56	0.18		2.50		6.81		
				0.25	0.00	2.99	0.95	8.40	1.58	
<b>Food waste by category</b>										
	Fruit and Vegetable	ton	n/a	n/a		19,899.06		21,304.13		
					n/a	n/a	19,899.06	0.00	17,800.87	3,503.26
	Meat		n/a		n/a		3,766.27		4,534.33	
					n/a	n/a	3,766.27	0.00	3,548.23	986.11
	- Beef		n/a		n/a		1,007.75		323.66	
					n/a	n/a	1,007.75	0.00	323.66	0.00
	- Pork		n/a		n/a		674.65		846.08	
					n/a	n/a	674.65	0.00	846.08	0.00
	- Poultry		n/a		n/a		240.67		639.23	
					n/a	n/a	240.67	0.00	639.23	0.00
	- Lamb		n/a		n/a		0.00		1.98	
					n/a	n/a	0.00	0.00	1.98	0.00
	- Fish	n/a		n/a		527.25		815.01		
				n/a	n/a	527.25	0.00	815.01	0.00	
	- Seafood	n/a		n/a		1,315.95		922.27		
				n/a	n/a	1,315.95	0.00	922.27	0.00	
	- Other Meat	n/a		n/a		0.00		986.11		
				n/a	n/a	0.00	0.00	0.00	986.11	

GRI Standard	Performance	Unit	2019	2020		2021		2022	
				Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's -TH
	Bakery	ton	n/a	n/a	n/a	844.94	0.00	951.29	445.53
	Frozen and dairy		n/a	n/a	n/a	2,315.32	0.00	2,818.66	824.39
	Ready to Eat		n/a	n/a	n/a	0.00	0.00	0.00	441.70
	Other		n/a	n/a	n/a	0.00	0.00	0.00	1,431.35

Remarks: • n/a means not available

1. 2022 Disclosed the consolidate Makro-TH and Lotus's-TH and re-adjust to 2020 Baseline



## Packaging Performance during 2019 - 2022

GRI Standard	Performance	Unit	2019	2020		2021		2022	
				Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's -TH
<b>Plastic packaging usage</b>									
GRI 301-1	Total Plastics Packaging	ton	n/a	n/a		4,231.54		16,551.34	
	PET: Polyethylene Terephthalate		n/a	n/a	n/a	4,231.54	n/a	4,051.61	12,499.73
	Ethylene		n/a	n/a	n/a	71.77	n/a	2,672.88	
	HDPE: High Density Polyethylene		n/a	n/a	n/a	71.77	n/a	69.02	2,603.86
	PVC: Vinyl or Polyvinyl Chloride		n/a	n/a	n/a	2,456.34	n/a	2,398.88	
	LDPE: Low Density Polyethylene		n/a	n/a	n/a	2,456.34	n/a	2,198.44	200.44
	PP: Polypropylene		n/a	n/a	n/a	1,399.82	n/a	1,516.43	
	PS: Polystyrene		n/a	n/a	n/a	1,399.82	n/a	1,506.58	9.85
	PE: Polyethylene		n/a	n/a	n/a	4.02	n/a	247.50	
	PC: Polycarbonate		n/a	n/a	n/a	4.02	n/a	3.31	244.28
	Others (Cable ties, POF, PA, PU)		n/a	n/a	n/a	15.12	n/a	22.37	8,455.98
			n/a	n/a	n/a	0.00	n/a	4.33	
	n/a	n/a	n/a	0.00	n/a	0.00	0.00		
	n/a	n/a	n/a	230.30	n/a	229.48	0.00		
	n/a	n/a	n/a	0.00	n/a	909.43			
	n/a	n/a	n/a	0.00	n/a	0.00	909.43		
	n/a	n/a	n/a	54.17	n/a	93.97			
	n/a	n/a	n/a	54.17	n/a	22.41	71.56		

GRI Standard	Performance	Unit	2019	2020		2021		2022	
				Makro-TH	Lotus's-TH	Makro-TH	Lotus's-TH	Makro-TH	Lotus's -TH
Single-Use packaging usage									
G4-EN1	Total Single-Use packaging	ton	n/a	n/a		n/a		16,551.34	
	- Glass		n/a	n/a	n/a	n/a	4,051.61	12,499.73	
	- Wood		n/a	n/a	n/a	n/a	0.00	0.00	
	- Paper		n/a	n/a	n/a	n/a	0.00	0.00	
	- Metal		n/a	n/a	n/a	n/a	0.00	0.00	
	- Plastic		n/a	n/a	n/a	n/a	16,551.34	12,499.73	
	- Other reusable material		n/a	n/a	n/a	n/a	0.00	0.00	
					n/a	n/a	n/a	n/a	0.00

Remarks: • n/a means not available

1. 2022 Disclosed the consolidate Makro-TH and Lotus's-TH and re-adjust to 2020 Baseline

# GRI Content Index and UNGC Principles



## GRI Content Index Core Standards

GRI Standard	Description	One Report (Page/URL) and Remarks (Omission/Comment)	External Assurance
<b>GRI 102: General Disclosures 2016</b>			
<b>Organizational Profile</b>			
102-1	Name of the Organization	30, 328	-
102-2	Activities, brands, products, and services	31-55	-
102-3	Location of Headquarters	30, 328	-
102-4	Location of operations	62-67	-
102-5	Ownership and legal form	60-70	-
102-6	Markets served	34-35	-
102-7	Scale of the organization	31-33, 351	-
102-8	Information on employees and other workers	330-368	-
102-9	Supply Chain	83	-
102-10	Significant changes to the organization and its supply chain	Makro completed the acquisition of Lotus's on Oct 25, 2021. In 2022, the company's disclose the consolidate Makro-TH and Lotus's-TH GRI performance	-
102-11	Precautionary Principles or approach	72-78	-
102-12	External initiatives	80-83	-
102-13	Membership of associations	96-97	-
<b>Strategy</b>			
102-14	Statement from senior decision-maker	12	-
<b>Ethics and Integrity</b>			
102-16	Values, principles, standards, and norms of behavior	27, 79-82	-



GRI Standard	Description	One Report (Page/URL) and Remarks (Omission/Comment)	External Assurance
<b>Governance</b>			
102-18	Governance Structure	93, 225	-
102-19	Delegating authority	225	-
102-20	Executive-level responsibility for economic, environmental, and social topics	96	-
102-22	Composition of the highest governance body and its committees	225-231	-
102-24	Nominating and selecting the highest governance body	210-212	-
102-30	Effectiveness of risk management processes	98	-
102-32	Highest Governance Body's Role in Sustainability Reporting	94, 96	-
102-35	GRI 102-35 Remuneration policies	214-215	-
102-38	GRI 102-38 Annual total compensation ratio	215	-
<b>Stakeholder Engagement</b>			
102-40	List of stakeholder groups	84, 154-156	-
102-41	Collective bargaining agreements	154-156	-
102-42	Identifying and selecting stakeholders	84	-
102-43	Approach to stakeholder engagement	85	-
102-44	Key topics and concerns raised	86-89	-
<b>Reporting Practice</b>			
102-45	Entities included in the consolidated financial statements	10-11, 30-33	-
102-46	Defining report content and topic boundaries	90, 328	-
102-47	List of material topics	89	-
102-48	Restatements of information	There is not any restatements of information given in previous reports.	-
102-49	Changes in reporting	328	-
102-50	Reporting period	328	-
102-51	Date of most recent report	328	-
102-52	Reporting cycle	328	-
102-53	Contact point for questions regarding the report	328	-

GRI Standard	Description	One Report (Page/URL) and Remarks (Omission/Comment)	External Assurance
102-54	Claims of reporting in accordance with the GRI Standards	328	-
102-55	GRI content Index	330-399	-
102-56	External Assurance	401	-



## Material Topics

GRI Standard	Description	One Report (Page/URL) and Remarks (Omission/Comment)	External Assurance
<b>GRI 201: Economic Performance</b>			
103-1	Explanation of the material topic and its boundary	141-146	-
103-2	The management approach and its components	141-146	-
103-3	Evaluation of the management approach	141-146	-
201-1	Direct Economic value generated and distributed	146	-
<b>GRI 203: Indirect Economic Impacts</b>			
103-1	Explanation of the material topic and its boundary	114-118	-
103-2	The management approach and its components	114-118	-
103-3	Evaluation of the management approach	114-118	-
203-2	Significant indirect economic impacts	115	-
<b>GRI 204: Procurement Practices</b>			
103-1	Explanation of the material topic and its boundary	177-181	-
103-2	The management approach and its components	177-181	-
103-3	Evaluation of the management approach	177-181	-
204-1	Proportion of spending on local suppliers	178	-
<b>GRI 205: Anti-Corruption</b>			
103-1	Explanation of the material topic and its boundary	93-101	-
103-2	The management approach and its components	93-101	-
103-3	Evaluation of the management approach	93-101	-
205-2	Communication and training about anti-corruption policies and procedures	99	-
205-3	Confirmed incidents of corruption and actions taken	101	-

GRI Standard	Description	One Report (Page/URL) and Remarks (Omission/Comment)	External Assurance
<b>GRI 301: Materials</b>			
103-1	Explanation of the material topic and its boundary	163-169	-
103-2	The management approach and its components	163-169	-
103-3	Evaluation of the management approach	163-169	-
301-1	Materials used by weight or volume	163, 390, 391	-
<b>GRI 302: Energy</b>			
103-1	Explanation of the material topic and its boundary	158-162	-
103-2	The management approach and its components	158-162	-
103-3	Evaluation of the management approach	158-162	-
302-1	Energy consumption within the organization	376-378	Yes
302-3	Energy intensity	160, 378	Yes
302-4	Reduction of energy consumption	159, 161	-
<b>GRI 303: Water and Effluents (2018 Edition)</b>			
103-1	Explanation of the material topic and its boundary	170-172	-
103-2	The management approach and its components	170-172	-
103-3	Evaluation of the management approach	170-172	-
303-1	Interactions with water as a shared resource	170-172	-
303-3	Water withdrawal	172, 382	Yes
303-4	Water discharge	383	Yes
303-5	Water consumption	172, 382	Yes
<b>GRI 304: Biodiversity</b>			
103-1	Explanation of the material topic and its boundary	173-176	-
103-2	The management approach and its components	173-176	-
103-3	Evaluation of the management approach	173-176	-
304-2	Significant impacts of activities, products, and services on biodiversity	174	-
<b>GRI 305: Emissions</b>			
103-1	Explanation of the material topic and its boundary	158-162	-
103-2	The management approach and its components	158-162	-
103-3	Evaluation of the management approach	158-162	-

GRI Standard	Description	One Report (Page/URL) and Remarks (Omission/Comment)	External Assurance
305-1	Direct (Scope 1) GHG emissions	158, 160, 379	Yes
305-2	Energy indirect (Scope 2) GHG emissions	158, 160, 379	Yes
305-3	Other indirect (Scope 3) GHG emissions	160, 379	Yes
305-4	GHG Emissions intensity	160, 379	Yes
305-5	Reduction of GHG emissions	159-161	-
<b>GRI 306: Waste (2020 Edition)</b>			
103-1	Explanation of the material topic and its boundary	163-169	-
103-2	The management approach and its components	163-169	-
103-3	Evaluation of the management approach	163-169	-
306-1	Waste generation and significant waste-related impacts	163-169	-
306-2	Management of significant waste-related impacts	163-169	-
306-3	Waste generated	166, 384-389	Yes
306-4	Waste diverted from disposal	163, 384-386	Yes
306-5	Waste directed to disposal	163, 384-386	Yes
<b>GRI 308: Supplier Environmental</b>			
103-1	Explanation of the material topic and its boundary	177-181	-
103-2	The management approach and its components	177-181	-
103-3	Evaluation of the management approach	177-181	-
308-1	New suppliers that were screened using environmental criteria	177, 179	-
<b>GRI 401: Employment</b>			
103-1	Explanation of the material topic and its boundary	102-113	-
103-2	The management approach and its components	102-113	-
103-3	Evaluation of the management approach	102-113	-
401-1	New employee hires and employee turnover	340-356	-
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	355	-

GRI Standard	Description	One Report (Page/URL) and Remarks (Omission/Comment)	External Assurance
<b>GRI 403: Occupational Health and Safety</b>			
103-1	Explanation of the material topic and its boundary	102-113	-
103-2	The management approach and its components	102-113	-
103-3	Evaluation of the management approach	102-113	-
403-1	Occupational health and safety management systems	110-112	-
403-2	Hazard identification, risk assessments, and incident investigation	110-112  Omission: 403-2: A description of the policies and processes for workers to remove themselves from work situations that they believe could cause injury or ill health, and an explanation of how workers are protected against reprisals.	-
403-3	Occupational health services	112	-
403-4	Worker participation, consultation, and communication on occupational health and safety	111-112	-
403-5	Worker training on occupational health and safety	112	-
403-6	Promotion of worker health	-	-
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	112	-
403-9	Work-related injuries	369-375	Yes
403-10	Work-related ill health	372-373	Yes
<b>GRI 404: Training and Education</b>			
103-1	Explanation of the material topic and its boundary	119-125	-
103-2	The management approach and its components	119-125	-
103-3	Evaluation of the management approach	119-125	-
404-1	Average hours of training per year per employee	119, 357-364	-
404-2	Programs for upgrading employee skills and transition assistance programs	120-124	-
404-3	Percentage of employees receiving regular performance and career development reviews	119, 124	-

GRI Standard	Description	One Report (Page/URL) and Remarks (Omission/Comment)	External Assurance
<b>GRI 405: Diversity and Equal Opportunity</b>			
103-1	103-1 Explanation of the material topic and its boundary	102-113	-
103-2	103-2 The management approach and its components	102-113	-
103-3	103-3 Evaluation of the management approach	102-113	-
405-1	GRI 405-1 Diversity of Governance bodies and employees	331-336	-
<b>GRI 412: Human Rights Assessment</b>			
103-1	103-1 Explanation of the material topic and its boundary	102-113	-
103-2	103-2 The management approach and its components	102-113	-
103-3	103-3 Evaluation of the management approach	102-113	-
412-1	412-1 Operations that have been subject to human rights reviews or impact assessments	102	-
<b>GRI 413: Local Communities</b>			
103-1	Explanation of the material topic and its boundary	141-146	-
103-2	The management approach and its components	141-146	-
103-3	Evaluation of the management approach	141-146	-
413-1	Operations with local community engagement, impact assessments, and development programs	141-146	-
<b>GRI 414: Supplier Social Assessment</b>			
103-1	Explanation of the material topic and its boundary	177-181	-
103-2	The management approach and its components	177-181	-
103-3	Evaluation of the management approach	177-181	-
414-1	New suppliers that were screened using social criteria	178	-
<b>GRI 417: Marketing and Labeling</b>			
103-1	Explanation of the material topic and its boundary	135-140	-
103-2	The management approach and its components	135-140	-
103-3	Evaluation of the management approach	135-140	-
417-1	Requirements for product and service information and labeling	138	-

GRI Standard	Description	One Report (Page/URL) and Remarks (Omission/Comment)	External Assurance
<b>GRI 418: Customer Privacy</b>			
103-1	Explanation of the material topic and its boundary	126-133	-
103-2	The management approach and its components	126-133	-
103-3	Evaluation of the management approach	126-133	-
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	131-133	-
<b>Food Security</b>			
GRI 103 Management Approach 2016	103-1 Explanation of the material topic and its boundary	147-149	-
	103-2 The management approach and its components	147-149	-
	103-3 Evaluation of the management approach	147-149	-
Makro's own indicator	Number of communities get an access to safe and nutritious food	147	-
<b>Innovation</b>			
GRI 103 Management Approach 2016	103-1 Explanation of the material topic and its boundary	150	-
	103-2 The management approach and its components	150	-
	103-3 Evaluation of the management approach	151	-
Makro's own indicator	Number of patents for innovations or inventions	150	-
<b>Stakeholder Engagement</b>			
GRI 103 Management Approach 2016	103-1 Explanation of the material topic and its boundary	152-156	-
	103-2 The management approach and its components	152-156	-
	103-3 Evaluation of the management approach	152-156	-
Makro's own indicator	Employee engagement score	152, 364-368	-



## The Ten Principles of the United Nations Global Compact

Principles	Description	Page
1	Businesses should support and respect the protection of internationally proclaimed human rights	102-113
2	Businesses should make sure that they are not complicit in human rights abuses	102-113
3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	102-113
4	Businesses should uphold the elimination of all forms of forced and compulsory labour	102-113
5	Businesses should uphold the effective abolition of child labour	102-113
6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	102-113
7	Businesses should support a precautionary approach to environmental challenges	157-181
8	Businesses should undertake initiatives to promote greater environmental responsibility	157-181
9	Businesses should encourage the development and diffusion of environmentally friendly technologies	157-176
10	Businesses should work against corruption in all its forms, including extortion and bribery.	93-101





# LRQA Independent Assurance Statement

## Relating to SIAM MAKRO Public Company Limited's Sustainability Report for the calendar year 2021

This Assurance Statement has been prepared for SIAM MAKRO Public Company Limited (SIAM MAKRO) in accordance with our contract but is intended for the readers of this Report.

### Terms of Engagement

LRQA (Thailand) Limited (LRQA) was commissioned by SIAM MAKRO Public Company Limited (SIAM MAKRO) to provide independent assurance on its Sustainability Report 2021 "the report" against the assurance criteria below to a moderate level of assurance and at the materiality of the professional judgement of the verifier, using AccountAbility's AA1000AS v3, where the scope was a Type 2 engagement.

Our assurance engagement covered SIAM MAKRO's subsidiaries in Thailand only, and specifically the following requirements:

- Evaluating SIAM MAKRO's adherence to AA1000 AccountAbility Principles (2018) of Inclusivity, Materiality, Responsiveness and Impact.
- Confirming that the report is in accordance with GRI Standards<sup>1</sup> (2016) : core option
- Evaluating the reliability of data and information for only the selected indicators listed below:
  - *Environmental:*
    - GRI 302-1 Energy consumption within the organization, GRI 302-3 Energy intensity, GRI 303-3 to 5 Water withdrawal, discharge and consumption, GRI 305-1 Direct (scope 1) GHG<sup>2</sup> emissions, GRI 305-2 Energy indirect (scope 2) GHG emissions, GRI 305-3 Other indirect (Scope 3) GHG emissions (Upstream transport and distribution and business travel only), GRI 305-4 GHG emissions intensity, (GRI 306- 3 to 5) Waste generated/diverted form disposal and direct to disposal and food waste disposal.
  - *Social:*
    - GRI 403-9 to 10 Work-related injuries and ill health.

Our assurance engagement excluded the data and information of SIAM MAKRO's subsidiaries within Thailand where it has no operational control, all operations and activities outside of Thailand and suppliers and any third-parties mentioned in the report.

LRQA's responsibility is only to SIAM MAKRO. LRQA disclaims any liability or responsibility to others as explained in the end footnote. SIAM MAKRO's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of SIAM MAKRO.

### LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that SIAM MAKRO has not, in all material respects:

- Met the requirements above
- Disclosed reliable performance data and information for the selected indicators as no errors or omissions were detected
- Covered all the issues that are important to the stakeholders and readers of this report.

The opinion expressed is formed on the basis of a moderate level of assurance and at the materiality of the professional judgement of the verifier.

**Note:** The extent of evidence-gathering for a moderate level of assurance engagement is less than for a high level of assurance engagement. Moderate assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a moderate assurance engagement is substantially lower than the assurance that would have been obtained had a high assurance engagement been performed.

### LRQA's approach

LRQA's assurance engagements are carried out in accordance with AA1000AS v3. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Assessing SIAM MAKRO's approach to stakeholder engagement to confirm that issues raised by stakeholders were captured correctly. We did this by interviewing SIAM MAKRO's management who engage directly with stakeholder groups as well as reviewing documents and associated records.
- Reviewing SIAM MAKRO's process for identifying and determining material issues to confirm that the right issues were included in their report. We did this by benchmarking reports written by SIAM MAKRO and its peers to ensure that sector

<sup>1</sup> <https://www.globalLQRAreporting.org>

<sup>2</sup> GHG quantification is subject to inherent uncertainty



specific issues were included for comparability. We also tested the filters used in determining material issues to evaluate whether SIAM MAKRO makes informed business decisions that may create opportunities which contribute towards sustainable development.

- Auditing SIAM MAKRO's data management systems to confirm that there were no significant errors, omissions or mis-statements in the report. We did this by reviewing the effectiveness of data handling process, and systems, including those for internal verification. We also spoke with key people in various departments responsible for compiling the data and drafting the report.
- Visiting SIAM MAKRO's operations as business representative (Siam Makro - Charansanitwong, Town in Town and Wangnoi Distribution centre) to sample performance data and information for only the selected indicators to confirm its reliability.

### Observations

Further observations and findings, made during the assurance engagement, are:

- **Stakeholder inclusivity:**  
We are not aware of any key stakeholder groups that have been excluded from SIAM MAKRO's stakeholder engagement process. Stakeholders have the opportunity to express their concerns about how SIAM MAKRO's operations may impact on them.
- **Materiality:**  
We are not aware of any material issues concerning SIAM MAKRO's sustainability performance that have been excluded from the report. SIAM MAKRO has processes for identifying and determining material issues based on a set of unbiased criteria and qualitative impact valuation.
- **Responsiveness:**  
SIAM MAKRO has addressed the concerns of stakeholders in relation to GHG emissions and food waste as well as established target over these performance.
- **Impact:**  
SIAM MAKRO has processes and KPI's to monitor and measure climate change and food waste impacts. However, SIAM MAKRO should address the quantitative impact for all material issues in the future reports.
- **Reliability:**  
Data management systems are considered to be well defined, but the implementation of these systems varies across SIAM MAKRO's operational facilities. SIAM MAKRO should consider interim verification to further improve the reliability and timeliness of its disclosed data and information.

### LRQA's standards, competence and independence

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

This verification is the only works undertaken by LRQA for SIAM MAKRO and as such does not compromise our independence or impartiality.

Opart Charuratana  
LRQA Lead Verifier  
On behalf of LRQA (Thailand) Limited  
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LRQAQA reference: BGK00000697

Dated: 7 March 2022

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