

# *CENTER of LIFE*

Center Of Community



Annual Report 2017



**PROPERTY  
DEVELOPMENT  
& INVESTMENT**

A Member of Central Group

## Central Pattana Public Company Limited

Location	30 <sup>th</sup> – 33 <sup>rd</sup> Floor, The Offices at CentralWorld, 999/9 Rama I Road, Patumwan Sub-District, Patumwan District, Bangkok 10330, Thailand
Telephone	+ 66 (0) 2667 5555
Corporate Website	<a href="http://www.cpn.co.th">www.cpn.co.th</a>
Registration No	0107537002443
Year of Establishment	1980
Business Overview	Develop and invest in retail property for rent comprising large-scale shopping complexes and other related supportive businesses. In addition, the Company invests in property fund and real estate investment trust and acts as a property manager of the fund.
Securities Information	Common shares of Central Pattana Plc. were listed and traded on the Stock Exchange of Thailand in 1995 under the abbreviated security name of “CPN”.
Registered Capital	Baht 2,244,000,000
Issued and Paid-up Capital	Baht 2,244,000,000 comprising ordinary shares of 4,488,000,000 shares Par value of Baht 0.5 per share
Contacts	
Company Secretary	Telephone : + 66 (0) 2667 5555 Ext. 1665, 1684, 1685, 1686 and 1687 Email : <a href="mailto:co.secretary@cpn.co.th">co.secretary@cpn.co.th</a>
Investor Relations	Telephone : + 66 (0) 2667 5555 Ext. 1614, 1632, 1633 and 1689 Email : <a href="mailto:ir@cpn.co.th">ir@cpn.co.th</a>

Investors can obtain further information regarding the Company from the Annual Registration Statement (Form 56-1) which has been disclosed at [www.sec.or.th](http://www.sec.or.th) or [www.cpn.co.th](http://www.cpn.co.th)

ANNUAL REPORT 2017  
*CENTER of LIFE*



**PROPERTY  
DEVELOPMENT  
& INVESTMENT**  
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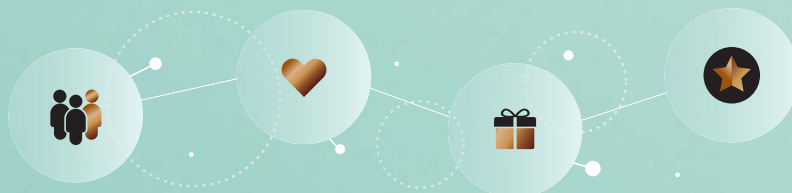
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GRI INDEX AND  
UNGC PRINCIPLES

# *CENTER* *Of* *LIFE*

Center Of Community



The success story for society, communities, employees and business partners.

Aspired developer of the Center of Life for everyone.

Enchants new experiences for all lifestyles.

Happiness through services beyond expectations.

The background is a solid teal color. Overlaid on this are several geometric elements: a large, light-blue semi-transparent circle on the right side; a smaller, light-blue semi-transparent circle on the left side; and a dotted white line that forms a large, irregular loop passing through the center of the page. There are five small white dots placed at various points along this dotted line. The text is located within the large circle on the right.

CPN places customers at the center of development and management of properties to become the Center of Life that meets everyone's desires and cultivates new experiences under the vision of a "top regional developer with a relentless pursuit to create world-class happiness and experiences admired by everyone."



# CENTER *of* COMMUNITY

ENGAGEMENT  
WITH SUSTAINABILITY



CPN focuses not only in developing contemporary shopping centers but also in positioning itself as the center for all communities at every part of the country to offer unique products, services and experiences to fulfill the needs of customers, business partners and tenants. Praised as the shopping center for mutual success by communities, employees and tenants, CPN's shopping centers are committed to nurture the environment and the local cultures through innovative designs and architectural features that conserve the use of natural resources. It also upholds the public policy to support the local SMEs to embrace new business opportunities, as shown by the CPNlead initiative for new generation SMEs, as existing and new customers, to learn and gain experience on running their businesses.

# CENTER *of* LIFESTYLE

A DESTINATION  
FOR ALL

CPN acknowledges the dynamic and constantly evolving nature of customer lifestyles in the digital era. This great challenge is a key driving force to develop the shopping centers as the center for all lifestyles through innovations and optimization of spaces and zones to meet the fast-changing trends and behaviors of consumers and ensure that CPN's shopping centers can become the lifestyle centers for dining, working, relaxation, shopping, strolling, reading, music and arts, sports and updates on latest trends. Moreover, CPN is keen to offer new experiences through The 1 Card loyalty program by offering points for the amount spent on shopping or services, as well as through pop-up stores for customers to try out physical products and experience new ways of shopping.







# CENTER *of* ACTIVITIES AND NEW EXPERIENCES

—  
OUTSTANDING DYNAMIC  
AND INSPIRATIONAL



In the age of internet-of-things, online and social media are becoming more influential on consumer behavior through story sharing or comments. Online shopping and financial transactions through mobile applications present opportunities for CPN to integrate technology with external and internal communications of events, activities and promotions under the flagship of CPNLife through social media channels, such as YouTube, Facebook and Instagram. Moreover, CPN has secured partnership with banks and financial institutions and utilizes technology in the form of electronic payment channels, such as e-Wallet and QR code, as the cashless society becomes prevalent.











# CENTER *for* ALL GENERATIONS

SERVICES AND  
FACILITIES BEYOND  
EXCELLENCE

As shopping centers are no longer just a place to shop but rather a place of happiness and a Center of Life for everyone, CPN's shopping centers offer a complete range of services and facilities to customers of all ages. These include intelligent parking system, parking stations for electric vehicles, special parking spaces for ladies, people with disabilities and the elderly, exercise area for health-conscious people, children and elderly-friendly playground, baby stroller and wheelchair availability, kids restrooms, specific space for beloved pets, as well as free Wi-Fi access and many more conveniences.



## VISION

"To be the most admired and dynamic regional retail property developer with world-class rewarding experience"

# VISION AND MISSION

## MISSION

Based on the vision, CPN strives to accomplish four missions to turn its vision into reality.



## 01. MOST ADMIRED RETAIL DEVELOPER OF ALL STAKEHOLDERS

“To be the preferred mall of choice, delivering extraordinary values that exceed all stakeholders’ expectation”

- To be the investor of choice by delivering competitive and sustainable returns to shareholders, investors, and strategic partners.
- To be the happiness experience destination of targeted shoppers by delivering world-class rewarding experience.
- To be the most preferred partner of targeted tenants and partners by delivering business success together with long-term relationships.
- To be the top-ranked employer of choice by offering brilliant career opportunities and engaged society.
- To be the most socially and community-admired brand through CPN’s shopping mall positioning and signature corporate social responsibility programs.

## 02. DYNAMIC RETAIL DEVELOPER

“To create new retail formats and merchandising mix that fit better with our targeted customers’ changing lifestyles”

CPN fully recognizes that customers’ dynamicity poses a key challenge. By the minute, customers have higher expectations, more complicated needs, and ready access to information. CPN’s own dynamicity pushes its shopping centers toward greater sophistication to cater to customers’ lifestyles. To this end, CPN never stops inventing formats for shopping centers, selects novelty shops and outlets that are both modern and match customers’ needs, applies advanced technology to customer services, stages outstanding and unique activities to create new experiences for customers, and synergizes with affiliates in catering to customers’ needs while striving for maximum impression among service users.

## 03. REGIONAL RETAIL DEVELOPER

“To be a potential leader in the region and be considered as threat in all markets that we operate in”

CPN is committed to steady, sustainable growth, with the next step being a regional organization. To this end, we are committed to becoming a renowned retail property developer, with rapidly successful regional projects. Our prospective markets are clearly identified after prudent, strategic deliberation, with business plans and alliance formation plans that can promptly address business opportunities. All the time, the organization and its teams develop themselves for the capability and readiness to operate overseas business as envisioned.

## 04. WORLD-CLASS REWARDING EXPERIENCE

“To be the shopping mall destination delivering world-class shopping experience superior to those of our competitors in all markets that we have presence in”

Constantly recognizing that CPN is not just a shopping center developer, but also a deliverer of happiness to everyone, we ensure that all components of our shopping centers pay due attention to service users—whether through shop selection aimed for diversity and novelty, staging of interesting activities, or complete amenities. CPN is convinced that high standards and world-class qualities lead to market leadership, which is why we are always committed to attaining world-class status. We are convinced that our world-class happiness experience can put CPN at the top of customers’ mind and at the top of regional shopping center developers’ list in the future.

# CORPORATE VALUES

Year after year of Central Group's rapid business growth has created employment opportunities, generating stable income for people who have become part of its current workforce of more than 60,000. **Central Group's Corporate Values** are therefore crucial for full alignment of these employees' ways of thinking, decisions and behaviors.

The Group's corporate values are instrumental for such growth, of which CPN is considered as a key driving force with its shopping complexes reaching all target groups in different parts of Bangkok and major provinces. Based on its corporate values, the Group's five core values or I-CARE offer a unified concept and working direction for all employees.

## I-INNOVATION

CPN designs its shopping complexes innovatively, taking into consideration environmentally friendly architecture by applying energy-saving innovations, alternative energy and environment-friendly materials and equipment, including recycled water for green areas. All CPN personnel are also continually encouraged to creatively exploring new concepts, methods or inventions.

## C-CUSTOMER

Fully committed to its customers, CPN responds to all their needs and develops shopping complexes under its management into centers for retail trading, recreational and learning activities, along with requiring its personnel to foster good relationships with their colleagues and other people by enthusiastically giving cooperation, assistance, encouragement and information.

## A-ALLIANCE

CPN respects the values of diversity and teamwork. Besides enhancing the sharing of knowledge and experiences, the Company's relationships with its business allies lead to mutual achievement of business progress, sustainability and common goals under unified endeavor.

## R-RELATIONSHIP

Besides promoting the participation of internal and external stakeholders, including its employees, business alliances and society, CPN delivers the promises given to customers to create trust while valuing and respecting the diversity of other people's qualifications without discrimination of age, gender and culture, and conducting its work with flexibility, joy, attentiveness, sincerity and care for others, together with social responsibility.

## E-ETHICS

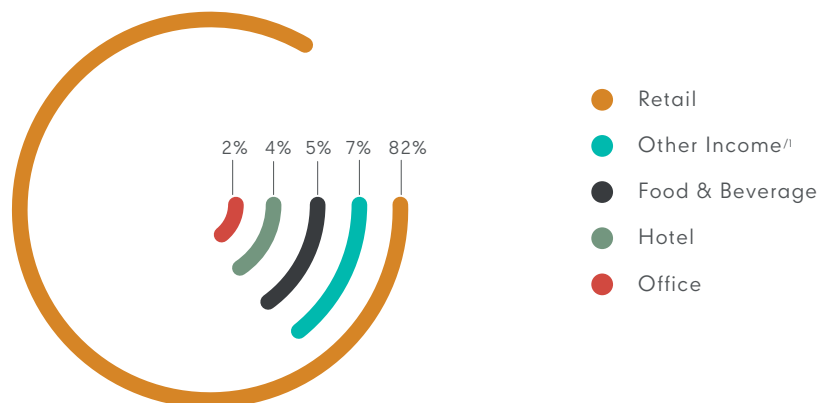
CPN ethically conducts its business with good governance, encouraging its personnel to perform their duties with responsibility, integrity and reliability toward themselves and others. In achieving balanced and sustainable growth, CPN strictly adheres to its Code of Business Conduct, anti-corruption measures, transparent and fair practices, with complaint-handling channels provided.



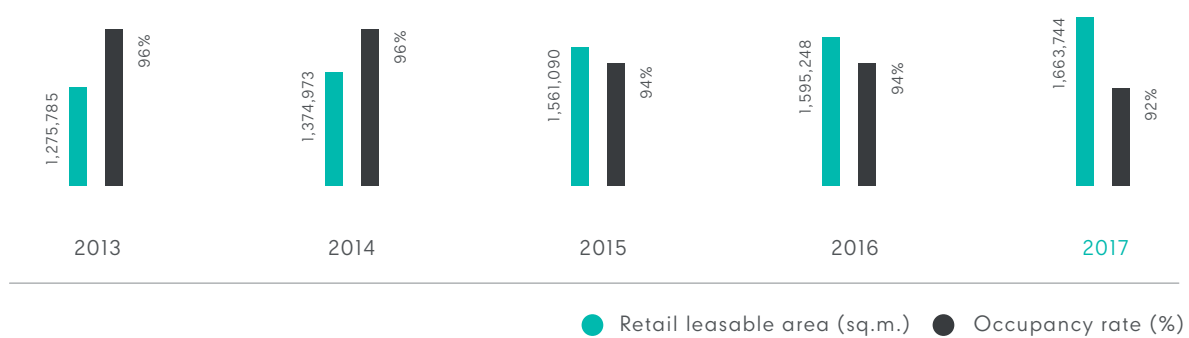
I·CARE

# FINANCIAL HIGHLIGHTS

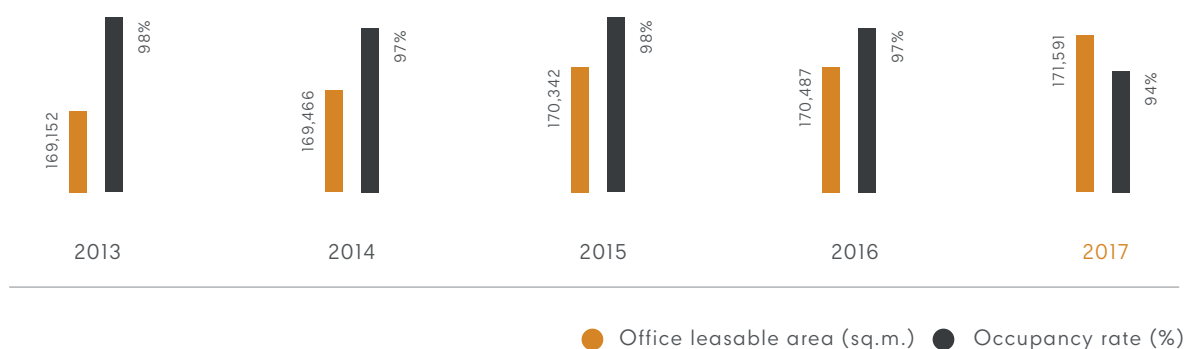
## REVENUE BREAKDOWN BY BUSINESS



## SHOPPING CENTER



## OFFICE

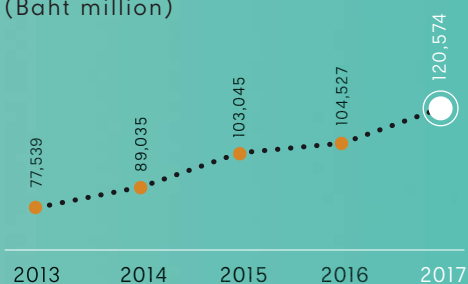


Note: <sup>1</sup> Excludes interest income, dividend income, share of profit from associates, and non-recurring income.

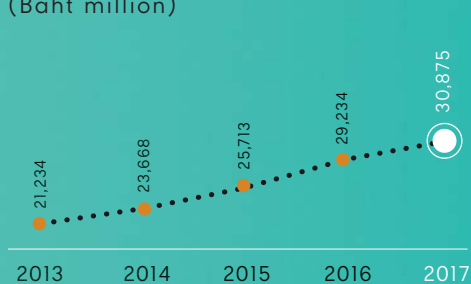


## TOTAL ASSETS

(Baht million)

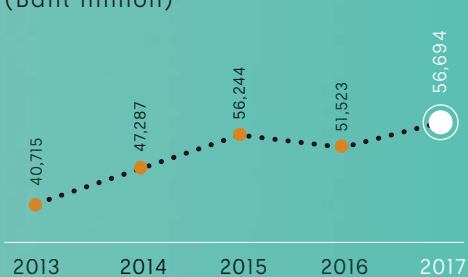
TOTAL REVENUES <sup>/2</sup>

(Baht million)

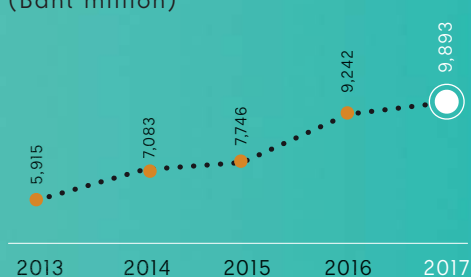


## TOTAL LIABILITIES

(Baht million)

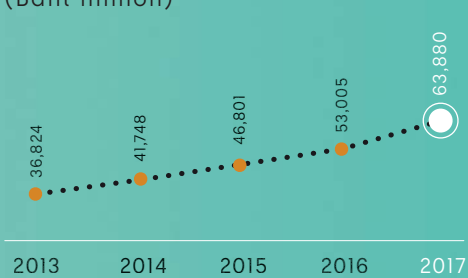
ADJUSTED NET PROFIT <sup>/2</sup>

(Baht million)

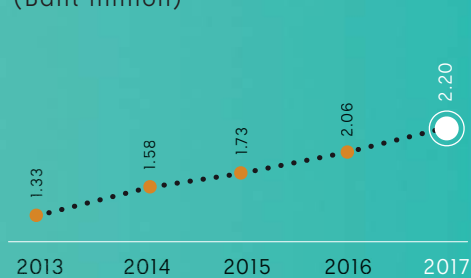


## TOTAL SHAREHOLDERS' EQUITY

(Baht million)

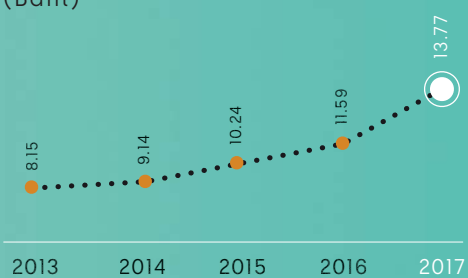
ADJUSTED EARNINGS PER SHARE <sup>/2</sup>

(Baht million)



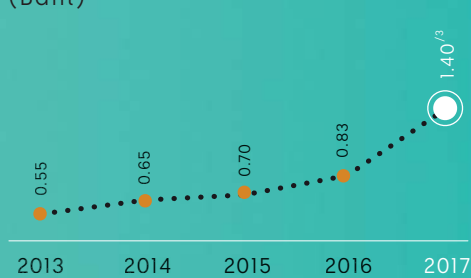
## BOOK VALUE PER SHARE

(Baht)



## DIVIDEND PER SHARE

(Baht)

Note: <sup>/2</sup> Excludes non-recurring items<sup>/3</sup> Subject to AGM 2018 approval

## Financial Highlights

As at 31 December	2013	2014	2015	2016	2017
<b>Operational Performance of Assets under CPN's Management</b>					
Leaseable Area (square metres)	1,451,310	1,550,812	1,732,999	1,767,302	1,836,902
Retail	1,275,785	1,374,973	1,561,090	1,595,248	1,663,744
Office	169,152	169,466	170,342	170,487	171,591
Hotel (room)	561	561	561	561	561
Residential	6,373	6,373	1,567	1,567	1,567
<b>Occupancy Rate (%)</b>					
Retail	96	96	94	94	92
Office	98	97	98	97	94
Hotel	76	75	77	83	85
Residential	67	53	30	21	21
<b>Consolidated Financial Results (Unit: '000 Baht)</b>					
Total Revenues <sup>(1)</sup>	21,234,033	23,667,717	25,713,003	29,233,920	30,875,333
Revenue from Rental & Service, Food & Beverage, Hotel	19,913,174	22,307,540	24,282,565	27,633,700	28,785,006
Cost of Rental & Service, Food & Beverage, Hotel	10,541,623	11,616,239	12,633,723	14,040,598	14,518,159
Gross Profit <sup>(2)</sup>	10,692,410	12,051,478	13,079,280	15,193,322	16,357,174
Net Profit	6,292,529	7,306,953	7,880,310	9,243,797	13,567,645
Adjusted Net Profit <sup>(2)</sup>	5,915,196	7,083,269	7,745,912	9,243,797	9,892,890
<b>Consolidated Financial Position (Unit: '000 Baht)</b>					
Total Assets	77,538,774	89,035,187	103,044,632	104,527,348	120,573,590
Total Liabilities	40,715,133	47,287,267	56,243,515	51,522,547	56,693,804
Net Interest-Bearing Debt <sup>(3)</sup>	17,972,416	12,245,660	18,297,518	14,700,513	4,057,880
Total Shareholders' Equity	36,823,641	41,747,921	46,801,117	53,004,802	63,879,787
Retained Earning	25,419,599	30,258,196	35,174,147	41,276,432	51,114,634
Issued and Paid-up Share Capital	2,244,000	2,244,000	2,244,000	2,244,000	2,244,000
Total Number of Shares ('000 Shares)	4,488,000	4,488,000	4,488,000	4,488,000	4,488,000

As at 31 December	2013	2014	2015	2016	2017
<b>Consolidated Financial Ratios</b>					
Net Interest-Bearing Debt to Equity <sup>(3)</sup> (time)	0.49	0.29	0.39	0.28	0.07
Gross Profit Margin <sup>(2)</sup> (%)	50.36	50.92	50.87	51.97	52.98
Net Profit Margin <sup>(2)</sup> (%)	26.41	28.60	29.10	30.70	31.17
Return on Assets (%)	8.55	8.77	8.21	8.91	12.05
Return on Equity <sup>(4)</sup> (%)	20.45	18.93	18.12	18.87	23.84
Earnings per Share <sup>(5)(6)</sup> (Baht)	1.42	1.63	1.76	2.06	3.02
Adjusted Earnings per Share <sup>(2)(5)</sup> (Baht)	1.33	1.58	1.73	2.06	2.20
Book Value per Share (Baht)	8.15	9.14	10.24	11.59	13.77
Dividend per Share (pay in the following year) (Baht)	0.55	0.65	0.70	0.83	1.40 <sup>(6)</sup>
<b>CPN Stock <sup>(7)</sup></b>					
Market Cap (Baht million)	184,008	204,204	210,936	254,694	382,602
Close Price as of Year End (Baht)	41.00	45.50	47.00	56.75	85.25
High Price (Baht)	106.00 <sup>(8)</sup>	50.25	49.25	61.75	87.00
Low Price (Baht)	35.50	36.25	39.75	43.00	53.75
Average Price (Baht)	50.80	44.92	44.61	54.35	68.95
P/E (times)	32.56	28.22	27.08	28.50	28.42
P/B (times)	5.34	5.21	4.79	5.11	6.42

## Remarks:

(1) Excludes interest income, dividend income, share of profit of associate, and non-recurring incomes.

(2) Excludes non-recurring items.

(3) Net interest-bearing debt excludes loans from related parties.

(4) Excludes minority interest in subsidiaries.

(5) Basic earnings per share only attributable to ordinary shareholders.

(6) Subject to AGM 2018 approval

(7) Data from SET Smart

(8) Par Split from Baht 1 per share to Baht 0.50 per share effective on May 7, 2013

## MESSAGE FROM THE BOARD OF DIRECTORS



## TO THE SHAREHOLDERS

Central Pattana Public Company Limited ("CPN") conducts its businesses under a strategic direction towards sustainable development in parallel with transparent corporate governance, accepted ethics, and responsible towards every stakeholder group. In the past year, CPN has shown its determination to develop and manage the shopping centers as the Center of Life for people of all generations amidst the fast-changing world, technologies and consumer behaviors, which shaped the contemporary consumer lifestyles. Through innovations and creative ideas, CPN develops real estate properties that caters to the consumer preferences, allowing prosperity to reach various communities and pivotally supports the local and nationwide economies. Apart from the development of shopping centers in high potential locations, CPN diversifies its investments into a number of different prospects, such as international projects and mixed-use development projects. Hence, 2017 marks another year of success for CPN in which the business operations were carried out as planned and targeted results were achieved.

### Diversified base for property development and management

In the past year, CPN successfully launched two new shopping centers in the provincial area, namely CentralPlaza Nakhon Ratchasima, the 31<sup>st</sup> shopping center, and CentralPlaza Mahachai, the 32<sup>nd</sup> shopping center. Apart from the new shopping centers, there were major renovations at two shopping centers, namely CentralWorld and CentralPlaza Rama 3, to enhance the value and competitiveness of assets, as well as incorporate modern designs and formats. In 2018, CPN plans to launch two new shopping centers, one of which in the domestic market called CentralPhuket. To fulfill its vision to become the leading property developer in the region, CPN has expanded its business into international markets in Southeast Asia, particularly those with high and stable economic growth. Hence, it plans to launch the other new shopping center in 2018 and its first international shopping center, Central i-City, in Malaysia.

As the current business environment with high competition from new and existing players and progressively increasing land prices contribute to higher development costs, CPN

has adopted the concept of mixed-use development, which encompasses shopping mall, residence, hotel and office, to support and maximize the value of its core business. After the launch of three condominium projects located in the same area as CPN's shopping centers, namely CentralFestival Chiangmai, CentralPlaza Khonkaen and CentralPlaza Rayong, was met with considerable success and expected to be ready for transferred later in 2018, CPN followed through with the development of another three condominium projects in the same area as its shopping centers at CentralPlaza Nakhon Ratchasima, CentralPlaza Chiangrai and CentralFestival Chiangmai. The feedback has been largely positive due to their advantageous locations, project format and conveniences, which supports CPN to continue to develop new residential projects. Moreover, in early 2017, CPN announced a joint venture investment with Dusit Thani Public Company Limited in a mixed-use development project at the corner of Silom Road and Rama 4 Road, Bangkok, which would take approximately 5-7 years to develop.

### **Property development innovation and excellence in management and service**

To address the lifestyles of consumers, CPN adopted a development concept called the “Center of Life” by transforming innovation and creative ideas into unique experience offers for customers at the shopping centers. This includes creating a thrilling shopping ambience and destinations for customers to engage in various activities, such as Food Destination, Think Space, Market-Market and Government Center, to name a few, as well as attractive destinations for tourists, taking for instance the Fish Market, Public House and showcases of key regional tourism spots in the shopping mall’s rest area.

CPN has also utilized technologies to aid various processes, such as customer service, marketing communication through online channels to present its information and marketing activities more extensively, and energy savings initiative to conserve the environment. Going forward, CPN continues to leverage innovation and new concepts to make its shopping centers acknowledged amongst Thais and tourists.

### **Continuous growth, robust financial position, and prudent sourcing and management of funds**

CPN and its subsidiaries posted a net profit in 2017 of Baht 13,568 million, a growth of 46.8% from the previous year, and a consolidated revenue of Baht 34,594 million, a growth of 18.3% from the previous year. These include non-recurring items of Baht 3,500 million of insurance claim received under the terrorism protection from CentralWorld, as well as income and expenses related to the conversion of the CPN Retail Growth Leasehold Property Fund (CPNRF) into CPN Retail Growth Leasehold REIT (CPNREIT) and the lease of CentralFestival Pattaya Beach (certain parts) and Hilton Pattaya Hotel to CPNREIT. Excluding these non-recurring items, CPN posted a net profit of Baht 9,893 million, a growth of 7.0% from the previous year, and consolidated revenue at Baht 30,875 million, a growth of 5.6% from the previous year. Strong contributions from the new mall opened in 2016, namely CentralPlaza Nakhon Si Thammarat, and renovated malls at CentralPlaza Pinklao and CentralMarina, as well as strong performances from existing shopping malls and ongoing effective cost management, have all played part in the delivering the financial results. In view of its performance, financial position, and the overall economy, the Board of Directors passed a resolution to propose Baht 1.40 dividend per share at the 2018 Annual General Meeting for Shareholders whilst enabled CPN to maintain a robust capital structure and resilience funding sources to support the business expansion in the future.

Additionally, the successful conversion of CPNRF to CPNREIT and the latter’s subsequent listing on the Stock Exchange of Thailand in December 2017 have made CPNREIT the largest REIT in Thailand in terms of asset size. The REIT primarily focuses on investment in retail properties with CPN REIT Management Company Limited as the REIT manager and CPN as the property manager.

### Successively sustainable growth

CPN commits to conduct its businesses with good ethics and corporate governance to bring about development and optimal benefits to all related parties. It is committed to fostering sustainable growth as a corporation that creates prosperity for communities, societies, the country, and Southeast Asia, in line with its vision to become a top regional business operator. In 2017, the Board of Directors shares the pride with the management and employees as CPN is selected as a member of Dow Jones Sustainability Indices (Emerging Markets) for the fourth consecutive year, as well as to be honored with two prestigious awards from the Stock Exchange of Thailand, namely the Sustainability Award - Rising Star and the Thailand Sustainability Investment Award for the third consecutive year.

On behalf of the Board of Directors, we would like to express our heartfelt appreciation to all stakeholders—the shareholders,

tenants, customers, business partners, financial institutions, the media, and related public and private agencies—for their trust and wonderful support for CPN. We also extend our appreciation to our employees for their cooperation and dedication to achieve goals concerning revenue growth, mall expansion, stewardship of tenants, customers, and the employees in the organization, as well as the continuous joint effort to conserve energy usage and the environment, ensure the well-being of communities and societies, and abide by good governance practices, altogether uphold CPN's reputation on the global stage. Hence, the Board of Directors assures you that CPN will continue to commit its businesses with good corporate governance and in consideration of social responsibility for the optimal benefit of all stakeholders. We hope that you will continue to extend your support to help us develop and grow sustainably in the years ahead.



**Suthichai Chirathivat**  
Chairman



**Preecha Ekkunagul**  
President & CEO

# REPORT OF THE AUDIT COMMITTEE

## TO THE SHAREHOLDERS

Consisting of four qualified independent directors, the Audit Committee is chaired by Mr. Paitoon Taveebhol, who is knowledgeable and experienced in reviewing the financial statements, with Mr. Karun Kittisataporn, Mrs. Jotika Savanananda and Mr. Veravat Chutichetpong serving as members.

In 2017, there were a total of 11 meetings, whereby the committee consulted the management, the external auditor, and the internal auditor on related matters as well as non-executive directors as seen necessary, and provided candid views and recommendations. The committee reported its performance to the Board of Directors on six occasions, with the following summary of performance and views.

### ACCURACY, COMPLETENESS, AND RELIABILITY OF FINANCIAL REPORTS

Reviewed were the quarterly and annual financial statements, major accounting policies and financial reports, coupled with the consideration of the audit scope and plans, audit methods, and detected issues, jointly investigated with the management and the external auditor. In addition, it held two meetings with the external auditor in the absence of the management to discuss the auditor's freedom for carrying out its duties. Its view is that the Company's financial reports, prepared under the accounting policy designed by the Federation of Accounting Professions, are accurate, complete, and reliable with a sensible choice of accounting policies.

### ADEQUACY OF INTERNAL CONTROL SYSTEM, INTERNAL AUDIT, RISK MANAGEMENT, AND GOOD CORPORATE GOVERNANCE

Reviewing the audit reports of Internal Audit and the external auditor concerning assessment of the internal control system, the committee reviewed to ensure that CPN commanded sound risk management and corporate governance and provided essential recommendations for development, and monitored management performance improvement against the recommendations of relevant reports, while reviewing internal processes of the whistleblower system and complaint-handling. It is the committee's view that the Company's internal control system is adequate and

appropriate. Also, the management has constantly valued and monitored implementation on these matters.

The Audit Committee reviewed and endorsed the annual risk-based audit plan and regularly consulted Internal Audit executives in the absence of the management. Also, a quality assessment of the internal audit is scheduled every five years. This year it underwent an audit by PricewaterhouseCoopers ABAS Ltd. The system is also annually assessed by the Audit Committee, with reference to the international standard of professional internal auditors. The committee's opinion is that Internal Audit had adhered to the defined international standard of performance. It also continually pushed Internal Audit to improve its work standard.

### OVERSIGHT OF ANTI-CORRUPTION

In November 2017, the Company filed for renewal of its CAC coalition membership, which was duly endorsed by CAC on February 12, 2018.

In 2017 the committee valued its oversight of compliance with and reviewed anti-corruption practices by steering the management's extension of anti-corruption guidelines to customers and business partners for good balance, including criteria for business partners' assessment, development of a Code of Conduct for Suppliers, and guidelines for acceptance of no gifts.

### COMPLIANCE WITH SEC LAWS, SET'S REGULATION, AND APPLICABLE LAWS

Reviewed were the Company's compliance with SEC laws, SET's regulation, and applicable laws; in addition, the committee regularly monitored the management's improvement approach. It also provided oversight of the code of conduct and CG Policy review to keep up with new



and international standards; the revision took place on August 10, 2017. It also assigned the management to review CPN's compliance with the CG Code. In 2017 the committee considers the Company is in full compliance.

#### **CONNECTED TRANSACTIONS OR TRANSACTIONS WITH POTENTIAL CONFLICTS OF INTEREST**

The Audit Committee especially values the quarterly reviews of all connected transactions as well as those transactions that may involve possible conflicts of interest, in full compliance with all laws and regulations of SET. It assigned Internal Audit to make the initial assessment annually and stressed that all involved observe the Company's policies, while requesting the external auditor to undertake a full review of all these transactions. The committee considers these connected transactions part of the normal course of business with regular commercial (arm's length) conditions, sensible and fair conditions, and in the best interests for the Company.

#### **SUITABILITY, CONSIDERATION, SELECTION, AND ENDORSEMENT OF THE EXTERNAL AUDITOR**

The Audit Committee assessed the degree of independence of the external auditor and reviewed their performance of 2017. The overall performance is considered good, and the external auditor has been fully independent in its audit activities. Additionally, the committee had two meetings with the external auditor in the absence of the management to obtain its opinions on audit activities and coordination with relevant member of the management.

In selecting and proposing the external auditor for 2018, the committee has considered the performance outcomes, work

scope, and work volumes in comparison to the proposed audit fees for 2018 and agreed to appointed KPMG Phoomchai Audit Ltd. ("the main external auditor") as the external auditor to provide views on the consolidated financial statements of CPN and its subsidiaries for 2018 and approved its audit fee for 2018 at up to Baht 7,970,000 together with a fee of up to Baht 749,470 for the auditor(s) of CPN's selected subsidiaries registered in other countries.

#### **OVERALL VIEWS AND REMARKS ON CONFORMANCE TO THE AUDIT COMMITTEE CHARTER**

The Audit Committee engaged in self-assessment of its overall performance for 2017 on January 8, 2018. This assessment was in two parts: First, the overall activities of the committee during the year. And second, the specific activities of the committee, which in total consisted of six activities, namely (1) reviewing of the financial reports to ensure their accuracy and adequacy, (2) reviewing to ensure that both internal control systems and internal audit functions were fully effective and efficient, (3) reviewing to ensure that Company activities were in full compliance with all the requirements of the securities laws and SET's regulations as well as the laws relevant to the business sector in which the Company operated, (4) reviewing and selecting the proposed appointment of the Company's external auditor, (5) reviewing all connected and related transactions, and (6) preparing its own report.

The Audit Committee's overall view is that it has performed the duties and responsibilities stated in its Board-approved charter sufficiently and thoroughly with due competence, care, prudence, and independence for all stakeholders' equitable interests.



**Mr. Paitoon Taveebhol**

Chairman of the Audit Committee

## REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE



### TO THE SHAREHOLDERS

In 2017, the Nomination and Remuneration Committee held two meetings and reported its performance to the Board for acknowledgment after each meeting, summarized below:

1. Recruited suitable candidates for tabling to the Board and the 2017 Annual General Meeting of Shareholders (AGM) for consideration. CPN offered minor shareholders a chance to nominate directors from September 23, 2016 to January 15, 2017. Since no such nomination emerged, the committee recommended that the directors who completed their terms in 2017 should be reappointed to another term. The 2017 AGM approved the appointment of all nominated directors.
2. Considered the 2017 remuneration for the Board and the subcommittees, comprising the Audit Committee, the Nomination and Remuneration Committee, and the Risk Policy Committee, and then submitted to the Board and the shareholders' meetings for consideration and approval, taking into account their responsibilities and performance related to revenue earned and other relevant factors. The remuneration amounts are also compared with industry peers and met with approval from the shareholders.

3. Evaluated the President & CEO's performance in the preceding year and worked with the President & CEO in setting goals and evaluation methods for his performance in the current year.
4. Reviewed the succession plan for the President & CEO, with his involvement in the review and data presentation
5. Acknowledged the CPN's 2017 Board diversity information, which comprises the number of independent directors, their genders, ages, tenures, and Board Skill Matrix. The information will be considered for the nomination of qualified candidates who are knowledgeable and skillful in diverse fields relevant to CPN's business operation.
6. Acknowledged the outcomes of the Committee's self-assessment for 2016 as input for the development of its performance in line with corporate governance practices.
7. Monitored and provided comments on the policy and practices of human capital management and organizational management, including plan and operation in 2017, recruitment, turnover rate and staff development plan.
8. Reviewed the Charter of the Board and the Charter of the Nomination and Remuneration Committee, in 2017 amending the contents to align with the current corporate governance principles to give them clearer practical guidelines.

The Nomination and Remuneration Committee cautiously completed its duties with integrity, based on the responsibilities designated in its charter. It adhered to the principle of good governance adequately and suitably for the balanced and sustainable benefits of all stakeholders.



**Mr. Karun Kittisataporn**  
Chairman of the Nomination  
and Remuneration Committee

## REPORT OF THE RISK POLICY COMMITTEE



### TO THE SHAREHOLDERS

Sustainable risk management is highly valued at CPN as a means of supplementing value for relevant parties. An explicit risk management policy was spelled out, while the Company is committed to developing comprehensive business risk management and turning it into a corporate work culture. Identified key risk factors span all aspects at the corporate and business unit levels, after which suitable risk management strategies mitigate them to be in line with acceptable risk levels under the supervision of the Risk Policy Committee. At the same time, the Risk Management Committee engages in the management of risks. This year the Risk Policy Committee held four meetings, and the Risk Management Committee held another four meetings. The performance outcomes are highlighted below:

1. Reviewed annual corporate risk issues: Taken into account were the dynamics of external changes in economic, social, climate, and technological innovation aspects affecting consumers' lifestyles and behavior, coupled with increasingly fierce competition with those in the same industry and new competitors from other substitute

industries. Also considered were internal factors so as to define a risk universe of five key risks: strategic, operational, compliance, financial, and hazard risks. Details about each of these appear under Risk Factors. The opinions of both committees and the management were also surveyed to jointly assess key corporate risks.

2. Reviewed emerging risks potentially with significant impacts on CPN's mission, goals, strategies, or operations. Here are the risks considered by the Risk Policy Committee:

1) Cyber Risks: CPN recognizes increasingly growing cyber-threats as a result of dependence by the business sector on technologies and digitalization. Inevitably, this dependence breeds more and more information thefts and cyber-attacks, potentially harming CPN's operations or reputation. CPN commands ongoing measures to develop and improve its computer systems and network systems for modernization and self-protection from various cyber-attacks. This is made possible through coordination with cyber experts and the business continuity plan (BCP) that embraces IT to quickly restore the systems and addresses cyber-threats originating from CPN's own employees. CPN launched its Data Confidentiality Management Program to define a structure for storing key documents and access privileges of those authorized and relevant parties to various documents and data. At the same time, it constantly invests in hardware and software development to keep pace with the modern world, cope with new forms of cyber-threats, and prevent data access by unauthorized parties. That way, key data have become more stable and safer.

2) Risks from social media: These risks arise because CPN each day engages in shopping complex administration to serve tenant stores and numerous customers patronizing them. Several events happening in such complexes have "gone viral" in adverse ways to tenants or CPN's

administration. Unfortunately, some of these are groundless and simply distorted, thus hurting CPN's image and credibility. CPN therefore conceived mitigation measures under which a dedicated unit constantly monitors customers' complaints in social media and coordinates with executives from relevant functions on issuing clarification through CPN's public relations unit or take appropriate, timely actions to boost all sectors' confidence in CPN's shopping complexes' safety and service quality.

3. Approved the risk register, defined key risk indicators, and defined acceptable risks levels.
4. Tracked the status of key risks and reviewed risk response plans of risk owners.
5. Tracked branches' risk management, constantly revising emerging risks and mapping out their mitigation plans for all branches.
6. Endorsed the revised risk management plans fitting the current business and execution with an eye for efficient risk management.

The Risk Policy Committee constantly reported the risk management outcomes to the Board of Directors. This year the Risk Policy Committee and the Risk Management Committee comprehensively reviewed all risk factors, while managing and tracking key risks regularly. CPN efficiently managed key corporate risks to acceptable levels, which has promoted its full achievement of goals under its vision and mission.



**Mr. Paitoon Taveebhol**

Chairman of the Risk Policy Committee

# REPORT OF THE CORPORATE GOVERNANCE AND SUSTAINABLE DEVELOPMENT COMMITTEE



## TO THE SHAREHOLDERS

The Board of Directors has defined a policy ensuring dynamic commitment of Central Pattana Public Company Limited (CPN) to its Code of Conduct and Corporate Governance (CG) Policy in parallel with CPN's sustainable growth, with the Corporate Governance and Sustainable Development Committee overseeing relevant programs and communicating with all personnel to ensure full compliance. In 2017, the Committee held six meetings and reported its performance to the Audit Committee and the Board as highlighted below:

1. Approved the proposed improvement of CPN's Code of Conduct and Corporate Governance Policy, and Anti-Corruption Measure in line with the CG Code 2017, CAC guidelines and other applicable regulations to guide CPN's business operations and full compliance by all personnel.
2. Defined CPN's Code of Conduct for Investor Relations (IR) in conformance to SET regulations, requiring IR staff to perform their duties correctly, appropriately and honestly in compliance with the basic principles on the disclosure of information, control of inside information, and fair and equitable treatment of shareholders.
3. Provided recommendations to the Audit Committee on the application for CAC recertification for its consideration, with consequent approval by the Board.
4. Provided recommendations to the communication working group in organizing its campaigns to cultivate among employees CPN's integrity, caring and anti-corruption culture.
5. Defined a rule requiring individual CG assessment to be undertaken annually by all employees and executives to leverage the assessment results in developing CG promotion programs.

6. Incorporated UN-Sustainable Development Goals (SDGs) in defining key sustainability issues, focusing on achievable goals that align with CPN's business context.
7. Approved key sustainability issues, risks and opportunities for the formulation of strategies and operation plans toward becoming a Center of Life and a Center of Community by integrating the original 10 Sustainable Development (SD) missions Sustainability Missions in the formulation of corporate sustainability strategies.
8. Approved and monitored the execution of corporate sustainability strategies and integrated them into the operating plan of every unit in CPN's value chain by undertaking four-pronged approaches:
  - a. Diversification of business bases for property management and development
  - b. Innovation and operation excellence on property development, management and services
  - c. Stakeholder engagement
  - d. Prudent financial management and funding strategy
9. Defined CPN's sustainability goals in line with the UN's and Thailand's sustainable development goals, specifying that in the next five years, CPN's usage of clean energy will reach 10% of its total energy consumption and the Company will significantly contribute to regional economic growth.
10. Executives performed their duties as SD Champions and role models to motivate employees for the achievement of CPN's sustainability goals in line with the Company's

CG principles and code of business conduct, with readiness to consider information disclosure issues, acknowledge and monitor market situations and global trends, in line with the Environmental, Social and Corporate Governance (ESG) Disclosure Framework.

11. Adopted the Environmental, Social and Corporate Governance (ESG) Disclosure Framework in communicating with key stakeholders, including shareholders, tenants, customers, employees and society, via appropriate internal and external PR activities and media, to foster their participation and understanding.

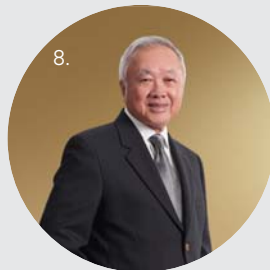
Owing to the collaboration of all employees and executives, along with a close, relentless and careful monitoring of implementation programs by the Board and related working groups, in 2017 CPN was named a member of Dow Jones Sustainability Indices (DJSI) for a fourth consecutive year and won SET Sustainability Awards 2017-Rising Star (listed companies with market capitalization over Baht 100 billion) by SET, while the CentralFestival EastVille also won Asia-Pacific Shopping Center Awards 2017, recognizing the region's most innovative shopping centers (New Developments) from the International Council of Shopping Centers (ICSC). These accolades clearly demonstrate the success and commitment of CPN's business conduct in line with CG principles and its sustainability development approach, taking into account stakeholders' benefit and the environment. These will lead to the development of admirable products and innovations while enhancing CPN's capability to achieve sustainable growth, truly regarded at the international level.



**Mr. Preecha Ekkunagul**

Chairman of the Corporate Governance  
and Sustainable Development Committee

## BOARD OF DIRECTORS



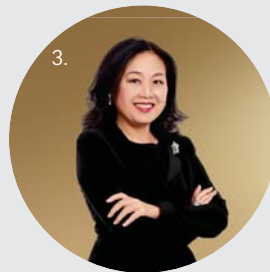
1. Dr. Supachai Panitchpakdi  
Honorary Chairman
4. Mr. Karun Kittisataporn  
Independent Director
7. Mr. Suthikiati Chirathivat  
Director
10. Mr. Kobchai Chirathivat  
Director

2. Mr. Suthichai Chirathivat  
Chairman
5. Mrs. Jotika Savanananda  
Independent Director
8. Mr. Sudhisak Chirathivat  
Director
11. Mr. Prin Chirathivat  
Director

3. Mr. Paitoon Taveebhol  
Independent Director
6. Mr. Veravat Chutichetpong  
Independent Director
9. Mr. Sudhitham Chirathivat  
Director
12. Mr. Preecha Ekkunagul  
Director



## MANAGEMENT COMMITTEE



1. Mr. Preecha Ekkunagul  
President & CEO
2. Mr. Suthipak Chirathivat  
Senior Executive Vice President, Office of the President
4. Mr. Pakorn Partanapat  
Senior Executive Vice President, Operation

3. Ms. Wallaya Chirathivat  
Senior Executive Vice President, Business Development and Project Construction
5. Ms. Naparat Sriwanvit  
Senior Executive Vice President, Finance, Accounting and Risk Management

## MILESTONE DEVELOPMENT IN 2017

### MARCH

#### **CPN Announced Joint Venture Investment in a Mixed-Use Development Project with DTC.**

The Board of Directors meeting No. 2/2017 on February 27, 2017 approved the acquisition and disposal of assets transaction in the form of joint venture between CPN and Dusit Thani Public Company Limited ("DTC") to jointly invest in a mixed-use development project, including hotel, residence, shopping mall and office building. The project will be located on the corner between Silom Road and Rama 4 Road, Bangkok with approximated land area of 23 rai, 2 ngan and 2.72 square wah. CPN's portion of investment is budgeted to not exceed Baht 17,393 million, which will be distributed throughout 2017-2024.

### APRIL

#### **Dividend Payment of Baht 0.83 per Share**

The Annual General Meeting of Shareholders No. 1/2017 on April 24, 2017, approved the dividend payment from the 2016 financial results at Baht 0.83 per share, totaling to Baht 3,725 million of dividend paid.

### MAY

#### **CPN Entered into the Joint Venture for the Development of Theme Park in CentralPhuket.**

The Board of Directors meeting No. 4/2017 on May 31, 2017 approved the joint venture investment to develop a theme park project in CentralPhuket. The project will be operated by Phenomenon Creation Co., Ltd., a joint venture company between Bangna Central Property Co., Ltd. ("BCP") (a subsidiary that CPN indirectly holds 99.99%) and Rightman Co., Ltd. at the shareholding ratio of 51:49 respectively. The approximated total investment of the project is Baht 550 million.

### JULY

#### **Purchase of Shares in Dara Harbour Co., Ltd. for Land Sublet Right to Support Business Expansion**

CPN purchased 26 million shares, equivalent to 65% ownership, of Dara Harbour Co., Ltd. from Property Perfect Public Company Limited, with the purpose of acquiring land sublet right to support the business expansion in Si Racha district, Chonburi province. The agreement was finalized on July 14, 2017, after the Board of Directors meeting No. 3/2017 on May 12, 2017 approved the transaction.

### SEPTEMBER

#### **Establishment of Joint Venture to Support Business Expansion Plan**

CPN, together with Ek-Chai Distribution System Co., Ltd., established a joint venture, Synergistic Property Development Co., Ltd., to jointly study new business opportunities. The ownership proportion of the joint venture is distributed evenly at 50:50 with a registered capital of Baht 100,000, comprising 1,000 common shares valued at Baht 100 per share.

#### **Case Closed on the Compensation Regarding the Fire Incident at CentralWorld from Deves Insurance Public Company Limited**

The Supreme Court gave the verdict on the case regarding the fire incident at CentralWorld in 2010 from Deves Insurance Public Company Limited, based on the Industrial All-Risk policy, to not permit the petition appeal and reject CPN's petition. CPN, however, previously purchased the terrorism insurance with the sum insured of Baht 3,500 million and subsequently filed for the claim through its subsidiary, Thai Business Fund 4, which holds the leasehold right for CentralWorld. The claim was received in September 2017.

#### **Member of the Dow Jones Sustainability Indices (DJSI) for the Fourth Consecutive Year**

CPN has been selected as a member of the 2017 DJSI, within the real estate sector under the DJSI Emerging Markets indices group, for the fourth consecutive year. CPN was the first and only Thai company in the real estate sector to attain such membership, which reflects its ability to operate its business sustainably, its exceptional performance that gains the success and trust from customers and investors, as well as its commitment to good corporate governance that considers the interest of social, environmental and all other stakeholders' aspects.

#### **TRIS Rating has Upgraded Corporate Credit Rating to 'AA' with 'Stable' Outlook**

TRIS Rating has upgraded CPN's corporate rating and rating of its senior unsecured debenture to 'AA' from 'AA-'; signifying the strength of CPN's financial profile, reinforced by solid operating performance, stable source of revenue and its leadership position in the shopping center business. Together with its high-quality asset management performance that generate consistently healthy levels of cash flow, prudent financial management and conservative financial policy, CPN was given a "stable" outlook upon

the expectation of sustained financial and operating performances, as well as maintain its financial discipline and keep its operating profit margin above 50% and adjusted debt to EBITDA ratio of lower than 2 times.

## NOVEMBER

### **CentralPlaza Nakhon Ratchasima, the 31<sup>st</sup> shopping mall**

was inaugurated on November 3, 2017 and is the largest mixed-use development project in the region under the banner "Mahanakorn of Isan". The project comprises a shopping mall, hotel and condominium situated on a 65-rai land with total investment over Baht 5,100 million with the intention of becoming the lifestyle innovation center, as well as the new center of life, for the Korat and Isan people. The exterior design was inspired by the Mahahong flower through white and a shade of orange and pink colors, whereas the interior was designed under the concept of "Seasons of Life", providing the colorful and dynamic 5 seasons ambience with modern interactive features.

### **CentralPlaza Mahachai, the 32<sup>nd</sup> shopping mall**

was inaugurated on November 23, 2017 to be the center of communities in the Samut Sakhon and Samut Songkram provinces, as well as serve as the destination for Bangkokians, commuters, tourists and people of nearby provinces. Situated on the Rama 2 Road on a 100-rai land with over Baht 3,400 million of total investment, the project was designed under the concept of "Mahavana", portrayed as a large ship, with the ambience of fisherman's village and seaport to symbolize Samut Sakhon. Furthermore, the "EATALAY" zone, the first-of-its-kind seafood market zone, undoubtedly marks the project to be "The Best Highway Destination" to fully revitalize your energy with complete and convenient facilities including clean restrooms.

### **Pre-sales Launch of 3 Condominium Projects in Nakhon Ratchasima, Chiang Rai and Chiang Mai at a Total Value of Baht 2.2 billion**

CPN Residence Co., Ltd., a subsidiary of CPN, launched 3 condominium projects on the land next to CPN's shopping malls, namely CentralPlaza Nakhon Ratchasima, CentralPlaza Chiangrai, and CentralFestival Chiangmai, with a total value of Baht 2.2 billion. All three projects, expected to be completed and the ownership of which transferred by 2019, attracted great responses due to their outstanding locations, layout and designs that match the customers' preferences.

### **CPN was Selected on the Thailand Sustainability Investment (THSI) for 2017 by the Stock Exchange of Thailand.**

CPN received the Rising Star award, given to companies that begin to demonstrate exemplarity in sustainable development, and named amongst a list of companies with outstanding risk management and supply chain management processes. These companies also contributed to the development of business and social innovations in the organization channeled through good corporate governance that considers the interest of all stakeholders in order to balance the growth of their businesses with the economic, social and environmental development. Moreover, these companies have disclosed information on the impact of their operations on the economic, social and environmental aspects in a complete and transparent manner.

## DECEMBER

### **The Conversion of CPN Retail Growth Leasehold Property Fund ("CPNRF") into CPN Retail Growth Leasehold REIT ("CPNREIT")**

The Unitholders' Meeting of CPNRF on August 28, 2017 approved the conversion of CPNRF into CPNREIT and the lease of CentralFestival Pattaya Beach (certain parts) and Hilton Pattaya Hotel to CPNREIT for a period of 20 years, ending August 31, 2037, for the net asset price of Baht 11,908 million. Consequently, CPN REIT Management Co., Ltd., a subsidiary of CPN, was established to be the REIT manager.

CPNREIT was established on November 29, 2017 and assumed the lease of CentralFestival Pattaya Beach (certain parts) and Hilton Pattaya Hotel on December 1, 2017. The first trading day for unit trust of CPNREIT was on December 14, 2017.

## AWARDS OF GREAT PRIDE

“Silver Award in New Development”



01

### Achievement Awards for Project Design and Development

01

“Silver Award in New Development” from the International Council Shopping Centers (ICSC) at the ICSC Awards 2017

ICSC presented the Silver Award in New Development to **CentralFestival EastVille** at the ICSC Recon Asia-Pacific Conference held during October 23-25, 2017 in Thailand. The award is a testimony to CPN's determination to develop the best shopping centers that provide the best customer experiences in every aspect, as well as upholding the reputation of shopping center standards in Thailand onto the global stage.

02

“Award Winner in Retail Development Thailand”



02

“Award Winner in Retail Development Thailand” at the Asia Pacific Property Awards 2017-2018

One of Asia Pacific's largest and most prestigious awards in the retail industry, the Award Winner in Retail Development is presented to two of CPN's shopping centers, **CentralFestival EastVille** and **CentralPlaza Nakhon Si Thammarat**, in recognition of their distinguished designs with concepts that accommodate the contemporary lifestyles, as well as a reflection of CPN's leadership in the industry.

“TOP 10 Developers Awards 2017”



03

03

“Top 10 Developers Awards 2017” at the BCI Asia Awards 2017 for six consecutive years

Given by BCI Asia, the leading information provider for construction projects in Asia Pacific, to the top 10 property developers in Thailand in recognition of their outstanding design, quality and environmental friendliness, the Top 10 Developers Awards 2017 was presented to two of CPN's shopping centers, **Central Phuket** and **CentralPlaza Mahachai**. This marks the sixth consecutive year for CPN to receive the accolade.

“Thailand’s Top Corporate Brand Values 2017”



04

#### Achievement Awards for Marketing and Branding

04

“Thailand’s Top Corporate Brand Values 2017” Award for four consecutive years

Given to public-listed Thai companies jointly by the Master of Science in Marketing Program of Chulalongkorn Business School, the Stock Exchange of Thailand and the Manager Media Group, the award was presented to CPN as the most valuable corporate brand in the property development sector with Baht 139,199 million of brand value.

05



“Drive Awards 2017 Strategy Excellence”

05

“Drive Awards 2017 Strategy Excellence” Award

Given in seven categories to companies, organizations and individuals with noteworthy contributions to both effectively and efficiently drive the country’s economy, as well as making the difference to benefit the society, the inaugural award was presented to CPN jointly by The Chulalongkorn University Master of Business Administration (MBA) Alumni Association and the MBA Program, Faculty of Commerce and Accountancy, Chulalongkorn University, in recognition of CPN’s excellence in strategic and corporate governance directions.

#### Achievement Awards for Financial and Business Management

06

“Excellent” CG Score on the Corporate Governance Report of Thai Listed Companies 2017 for nine consecutive years

Published by the Thai Institute of Directors Association (IOD) and commissioned by the Stock Exchange of Thailand, the report shows CPN with “Excellent” CG score for nine consecutive years during 2009-2017.

07

Rating upgraded to “AA” from “AA-” with “Stable” Outlook for CPN’s Corporate Credit Rating and Senior Unsecured Debenture Rating by TRIS Rating

The upgrade signifies the strength of CPN’s financial profile, reinforced by solid operating performance, stable source of revenue and CPN’s leadership position in the shopping center business. Together with its high-quality asset management performance that generate consistently healthy levels of cash flow, prudent financial management and conservative financial policy, CPN was given a “stable” outlook upon the expectation of sustained financial and operating performances.

## Achievement Awards for Sustainable Development

08

Member of Dow Jones Sustainability Index (DJSI) Emerging Markets 2017 for four consecutive years

CPN remains the first and only Thai property development company selected to be the member of DJSI Emerging Markets, now in its fourth consecutive year. The DJSI comprises a series of globally renowned indices based on corporate economic, environmental and social performances. The DJSI is managed cooperatively by RobecoSAM and S&P Dow Jones Indices to assess leading companies from stock exchanges globally that demonstrate exemplary business performance, market capitalization, transparent management with sound corporate governance, and contribution to social and environmental well-being.

09

“SET Sustainability Investment Awards 2017” and “Thailand Sustainability Investment (THSI) 2017” organized by the Stock Exchange of Thailand whereby CPN received the following awards:

- SET Sustainability Awards 2017-Rising Star for a public company that has begun to demonstrate exemplarity in sustainable development chosen from a group of companies with market capitalization above Baht 100,000 million.

“Thailand Sustainability Investment”



09

“SET Sustainability Awards 2017”



10



## 10

### “Sustainability Report Recognition Award 2017”

Presented by the CSR Club of the Thai Listed Companies Association (TLCA), the award is given to public companies with outstanding disclosure of operating information, including economic, environmental, social responsibility and benefits to investors and all stakeholders.

## 11

### “Thailand Energy Awards 2017”

Presented by the Department of Alternative Energy Development and Efficiency, the Ministry of Energy, as the pinnacle and internationally recognized award in Thailand for energy conservation and global warming reduction, Thailand Energy Award is given in acknowledgement of factories, buildings, personnel and supporters that resulted in meaningful energy saving and adoption of renewal energy. CPN received three awards as follows:

- Thailand Energy Awards 2017-Energy Conservation for Designated Building awarded to **CentralPlaza Suratthani**
- Thailand Energy Awards 2017-Energy Conservation for Designated Building awarded to **CentralPlaza Chonburi**
- Thailand Energy Awards 2017-Energy Personnel for Executive of Designated Building awarded to **CentralPlaza Rattana Thibet**



# ECONOMIC AND INDUSTRY OVERVIEW

## ECONOMIC OVERVIEW

In 2017, the Thai economy grew at a higher rate than last year with GDP growth at 3.9% compared to 3.2% in the previous year, mainly driven by the recovery of exports and the service sector. Exports expanded by 9.9%, the highest in six years, following an improved global trade market. The tourism sector continuously grew as international tourist arrivals increased by 8.8% from the previous year to 35.4 million. Private consumption slightly grew at 3.2% from 3.1% last year. Growth in overall investment, however, slowed from 2.8% in the previous year to 2.0% as a result of delays in public investment. Inflation rose by 0.7%, having improved from last year due to the rising global crude oil and commodity prices, whilst the policy interest rate remained at 1.5%.

Improved export performance was the key driver to the economy as the global economy and trade recovers. Thailand's key export markets in Asia, Europe, and the US performed solidly, especially the Chinese market on increased demand in certain industries, such as electronic parts, automotive, and electrical appliances as well as the rising prices of agricultural exports and oil-based commodities, in line with the increase in the crude oil price.

The tourism sector played an important role in driving the Thai economy. In light of promoting Thailand to be ASEAN's tourism hub, public agencies marketed new tourism products to help distribute wealth to industries other than tourism. Chinese tourists remain the largest and the core focus market for Thai tourism operators. In addition, financial institutions and retail operators incorporated payment channels, such as Alipay and WeChat Pay, to enhance convenience for Chinese tourists. As a result, the number of Chinese tourists increased by 12.0% from the previous year, while the arrival of Russian tourists grew by 23.5%. Hence, Thailand's revenue from foreign tourists increased by 12.0% to Baht 1.8 trillion.

Although private consumption has improved, its distribution remains concentrated amongst middle-income and upper-income classes as shown in the rise of durable products sales, especially automotive and services. The consumption of consumer goods and semi-durable goods expanded slowly as purchasing power remains at weak levels due to stagnated agricultural household income levels, high household debt levels, and stable non-agricultural household income levels.

Overall investment grew at a slower rate than the previous year as public investment expanded only 1.8%, down from 9.9% in the previous year. Growth in private investment improved from 0.4% in the previous year to 2.2%, mainly attributed to strong performances by export producers, such as agribusiness and electronic parts. Meanwhile, investment in retail businesses, such as modern trade, continued to grow this year along with the number of stores.

## ECONOMIC OUTLOOK

In 2018, the Thai economy is expected to grow at a similar rate to the previous year. Public investment in major infrastructure projects is the key driver, especially those in the development of the Eastern Economic Corridor (EEC) Project. Exports continue to benefit from the recovering global economy, which in turn benefits the manufacturing industry from expanding production capacities. Improved and better distribution of household expenditure from the public sector's measures to prioritize farmers and low-income groups, as well as the development of SME strength, employment and income base in the economy are on the rise. Moreover, the tourism sector will continue to perform strongly as the public and private sectors introduce more tourism-based activities to attract international tourists. These activities will stimulate tourism and help generate income for communities, including gastronomy tourism, international tourists under the MICE (meetings, incentives, conferences and exhibitions) group, incentive reward tourism, health and wellness tourism, and sports tourism-organizing international sports events in new categories.

## RETAIL INDUSTRY OVERVIEW

The retail industry, which comprises 15% of Thailand's GDP, grew 4.2% in 2017 as purchasing power from the middle-to-upper income and the regular-income classes remain the key contributors. The middle-to-lower income and farm income groups were still burdened with high household debts, while agricultural prices remained at low levels. Public measures to prohibit trade on footpaths, crackdown and scrutiny on corrupted activities resulted in more cautious spending behavior by the low-income class.

According to a research by Colliers International Thailand Co., Ltd., the retail market continued expanding, albeit at a slower rate. In 2017, retail space grew by 334,845 sqm., which





resulted in the supply of retail space in Bangkok and its perimeter at 7,878,669 sqm. Shopping centers accounted for about 78% of the space, followed by community malls at 14%, supporting retail space at 6%, and hypermarkets at 2%. The overall retail occupancy rate was higher than 90%. (Source: Market Report of Bangkok Retail 4Q 2017, Colliers International Co., Ltd.)

### Shopping Centers and Department Stores

The Thai Shopping Center Association (TSCA) said the retail gross floor areas of all shopping centers in Thailand this year totaled 19 million sqm. and would increase to 20.9 million sqm. by 2019. Retail gross floor areas (GFA) of TSCA's 13 members in the shopping center business, namely Central Pattana Plc., Seacon Development Plc., Siam Piwat Co., Ltd., MBK Plc., Rangsit Plaza Co., Ltd., Siam Future Development Plc., LH Mall Hotel Co., Ltd., The Platinum Group Plc., K.E. Land Co., Ltd.,

The Mall Group Co., Ltd., Index Living Mall Co., Ltd., Pacific Park Sriracha Co., Ltd., and Boonthavorn Ceramic Co., Ltd., amounted to 8.0 million sqm. this year, comprising 97 shopping centers. By 2019 the area would increase to 9.1 million sqm. and comprise 107 shopping centers. During 2017-2019, the total investment budget of TSCA's members, including new projects, renovation, and expansion, is expected at Baht 57 billion.

New projects launched in 2017 consist of CentralPlaza Nakhon Ratchasima, CentralPlaza Mahachai, Show DC, Century the Movie Plaza On-nut, and Mega Bangna Phase 2, and renovation of existing shopping centers consists of CentralWorld, CentralPlaza Rama 3, King Power Rangnam, MBK Center, Seacon Square, and Market Place Nang Linchee. New shoppingcenters to be launched by 2019 include CentralPhuket, IconSiam, The Market Bangkok, and Terminal 21 Pattaya.

Under the current market conditions, shopping centers and department stores face the challenge of changing consumer behavior that focuses on speed, convenience and new experiences, growth of online shopping, the introduction of lifestyle retail with space designed to meet consumers and tourists' lifestyles, as well the rapid growth of food delivery services. These factors contribute to a declining trend of customer traffic and spending at shopping centers and department stores, which in turn must adopt new strategies to continuously enhance their service offers, address to changing customer preferences and create new customer experiences.

### Community and Lifestyle Malls

In 2017, community and lifestyle malls continued to expand with the addition of 27,700 sqm., although lower than the past several years. Projects launched this year included Chang Chui, Summer Hill, Stadium One, Landmark Mahachai, and Lhong 1919.

The community and lifestyle malls in the retail and wholesale industry face strong competition and the operators must make adjustments to differentiate and match the changing lifestyles of target customers and tourists through expansion or enhancement of projects, attracting new and diversified tenants, organizing activities and events to maintain existing and expand new existing customer bases, and providing convenient accommodations and facilities. These implementations require skillful management under the challenge of rising costs.

### Hypermarkets and Convenience Stores

Few hypermarkets were launched this year, whereas most of the focus was shifted to developing "super convenience store", a small sized retail format that combines the features of convenience store and supermarket, and conventional convenience stores, such as Mini Big C, Tesco Lotus Express, Tops Deli, and MaxValu Tanjai. Project development in the form of market could help operators expand branches, covering diversified customer targets and more access to remote areas. As online channels become more convenient and significant for retail operators to capture their target

customers, more emphasis will be placed on creating online outlets in the near future to materially boost the retailers' revenues as the changing customer behavior come with higher expectation on speed of delivery and convenience of access.

The focus of convenience stores were the expansion of branches to maximize area coverage, initiation of franchises to support branch expansion, diversification of products, including hygienic foods and beverages at reasonable prices, to serve the needs of all consumers in their respective areas, and accommodation of speedy services. This retail group also applied communication technologies in conducting its business via e-commerce and online shopping, together with leveraging the social media for efficient communication with customers. In addition, foreign investors are becoming more interested in this market. As a consequence, large-scale operators need to focus on branch expansion and sales promotion to enhance their relationship with customers.

## RETAIL INDUSTRY OUTLOOK

For 2018, the Thai Shopping Center Association (TSCA) forecasts retail business growth at 4.0-5.0%, with more new-style retail projects under the current careful spending condition, which is in line with the research of Colliers International Thailand Co., Ltd. More contemporary retail formats will appear, as shown by projects opened in November 2017 with CentralPlaza Mahachai, followed by Siam Future Development's Mega Bangna Phase 2, Siam Piwat's The Icon Siam, and Platinum Group's Market Bangkok. These projects will increase retail space to 9.0 million sqm. by 2019, consistent with the increase in consumer and tourist spendings in the urban area, which brings about strong demand levels by the tenants. Hence, the occupancy rate and average rental rate in 2018 are expected to grow even further.

Shopping centers scheduled to be launched in 2018 consist of large scale shopping center-Icon Siam project, a mixed-use project located on the bank of Chao Phraya River that features a shopping center, a residential area, an entertainment complex; and midsize shopping centers, such as Gateway in Bangsue,

The Market Bangkok in Rajprasong, Wisdom 101 in Phrakonong, and Ikea in CentralPlaza WestGate in Bangyai. Hence, Retail space in Bangkok Metropolitan Area will increase by about 489,000 sqm. Projects to be launched outside Bangkok include Siam Retail's Terminal 21 in Pattaya and CentralPhuket.

Four large-scale shopping centers planned are due to be launched during 2019-2021, namely 1) One Bangkok - a joint-venture project between TCC Asset (Thailand) Co., Ltd. and Frasers Property Holdings (Thailand) Co., Ltd. on the corner of Wireless Road and Rama 4 intersection close to Lumpini Park; 2) Samyan Mitrtown - a mixed-use project by Golden Land Property Development Plc., to be launched at end 2019; 3) Bangkok Midtown on Ratchadapisek road by Property Perfect Group; and 4) Emsphere - the third part of the Em District group, on Phrom Phong area by The Mall Group.

The acceleration of development in the government's projects, such as the mass transit infrastructure, the establishment of special economic zones in several regions of Thailand and the development of the Eastern Economic Corridor (EEC), will result in a long-term integration of domestic and international economies. The increase in investments from both public and private sectors, particularly foreign investors that have begun investing since end 2017 and for the next several years, will stimulate not only nationwide employment but also purchasing power of larger groups. Hence, retail operators find the development of projects in provincial areas, especially cross-border regions and major provinces, more attractive, as witness in the spur of super store malls and specialty stores in those areas. At the same time, shopping centers and department stores operators have announced their project development plans in those areas.

Retailers, particularly those with offline stores, will face fierce competition and many challenges in the form of e-commerce and non-retail operators, especially the large operators of full scale E-Market Place from China and South Korea that are entering Thai and ASEAN online markets. In 2018, the e-commerce market in Thailand is forecasted to expand by 20-25% from 2017, or a market value of Baht 256 billion.

Understanding of the behavior or lifestyles of target consumers is a key factor under the evolving digital world. In 2018, all retail operators could apply technologies to perform Big Data Analytics on consumers or artificial intelligence (AI) to best manage and connect retail business online to offline (O2O).

## RESIDENTIAL PROPERTY INDUSTRY OVERVIEW

In 2017, the property business expanded along with the economy, thanks to increases in public and foreign investments. Interest rates remained unchanged whilst financial institutions raised the amount of credit for residential loans. Condominiums, especially those in the central business district (CBD) and those located along the mass transit line, are the most popular residential property investment supported by the purchasing power from middle-to-upper income level customers. Most operators focus on developing residential properties along the mass transit line, such as the extension of the BTS and MRT routes. The sales and development format varies depending on the location and target customer groups. For instance, mixed-use development format is preferred in the city central area with high potential to maximize revenues from rental space, whilst a mid-scale residential project would be developed and designed in locations easily accessible to mass transit line that offers complete living solutions to the customers.

### 1. New residence projects in Bangkok and its perimeter

According to a survey by Government Housing Bank's Real Estate Information Center, the number of residential projects available for sale in 2017 were lower than 2016 whilst number of units decreased by only 0.7%. On the contrary, aggregate project value increased by 23.1% from Baht 107,000 million to Baht 131,736 million, which meant that operators focus less on the project quantities and more on upper segment projects with an average unit value of Baht 4.5 million, higher than that of 2016 at Baht 3.7 million. Key players in the residential

market in Bangkok Metropolitan Area still comprise SET-listed companies with a total of 64 projects, 22,603 units, which accounted for about 78.1% of all units available for sale. New projects in Bangkok Metropolitan Area available for sale in 2017 consist of the following:



### **Housing projects**

The 7,825 new units, through 42 projects, with an aggregate value of Baht 41,210 million have dropped 44.3% and 36.2% respectively from the previous year. Roughly 45.1% of the new housing projects were priced at Baht 2.01-3.00 million, followed by 27.3% priced at Baht 3.01-5.00 million; however, no housing project was priced below Baht 1 million. The increase in price was partly from higher construction costs.

Townhouses are the most popular type of new housing projects at 74.6% proportion, mostly priced at about Baht 2.01-3.00 million, followed by Single-detached houses at 18.6%, priced at Baht 5.01-7.50 million. The rest were twin houses of 5.1% priced at Baht 3.01-5.00 million and commercial building of 1.7% priced at Baht 7.51-10.00 million. Hence, the proportion of townhouses available for sale grew at the expense of the other types.



### **Condominium projects**

In 2017, a total of 21,130 units, spanning across 48 projects, with a total value of Baht 90,562 million increased in terms of number of units and value by 39.9% and 113.4% respectively from the previous year. About 42.4% of the new condominium units priced at Baht 2.01-3.00 million, followed by 27.1% of the units priced at Baht 3.01-5.00 million; 13.6% priced at Baht 5.01-7.50 million; 8.1% priced at Baht 1.01-2.00 million; and 8.8% priced at Baht 7.51 million and above. Hence, the operators of condominium projects increased their unit prices as witnessed in the higher number of units priced at Baht 5 million compared to 2016.

1-bedroom condominium units available for sale constitutes 77.2% of the new units priced at Baht 2.01-3.00 million, followed by the 2-bedroom units at 12.3% priced at Baht 3.01-5.00 million, and the studio units make up 9.7% priced at Baht 2.01-3.00 million, with the 3-bedroom units round up the other 0.7% priced at more than Baht 10 million.

### **Trend of new residential projects in Bangkok Metropolitan Area**

New projects continue to be rolled out, especially condominiums, due to the increased interest from foreign investors that resulted in higher joint investments between Thai operators and foreign investors. Furthermore, development was catered towards customers that intend to reside at or make investments from the residential properties.

### **Trend of new registered residential properties in Bangkok Metropolitan Area**

A decrease of 12.0% from 2016 was in line with a report on the macro economy of the construction sector, which in the first half of 2017 saw a decline of 1.9% due to lower public and private construction by 2.4% and 0.7% respectively.

## **2. Demand for Residential Properties**

### **Transfer of ownership of residential units in Bangkok Metropolitan Area in 2017**

About 40,760 units with value totaling Baht 110,662 million were transferred this year, an increase from 33,216 units and Baht 87,405 million in value, or 22.7% and 26.6% respectively from the previous year. In the third quarter of 2017, the number of condominium units transferred was highest at 15,362 units or 37.7% of total units transferred, followed by townhouses at 12,979 units or 31.8%, single-detached houses at 7,579 units or 18.6%, commercial buildings at 3,575 units or 8.8%, and twin houses at 1,265 units or 3.1%. Fees collected from residential property ownership transfer in 2017 fell from 2016 due to property business stimulus measures to accelerate the transfers during the first four months of the year.

### **Trend of new approved personal loans nationwide in 2017**

Total newly approved personal loans in 2017 was at Baht 566,300 million, a decrease of 3.4% from the previous year although the figure could increase to Baht 602,700 million. Therefore, the total value of outstanding personal loans nationwide could be about Baht 3,441,100 million to Baht 3,464,500 million.

### **3. Residential Property Unit Prices**

A survey of residential projects on sale from six units up for pricing index preparation under three categories consists of condominiums, detached houses, and townhouses showed that all categories increased from the second quarter and third quarter last year.

An observation of new projects launched, new registered residences, and transfers of ownership showed that growth in demand and supply appeared healthier this year, though less than in 2016 with the government's property stimulus measures. However, this could indicate a potential market. Should the economy expand with more purchasing power from consumers, the property business would also be improved.

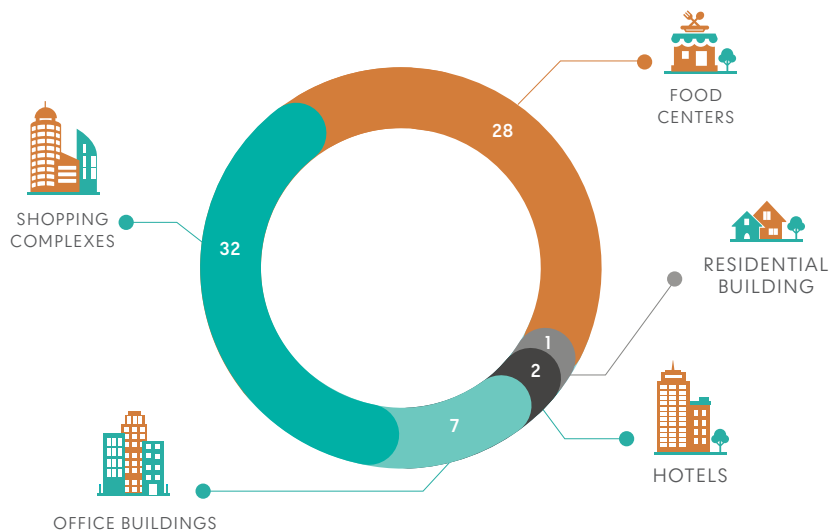
belonging to the public sector. To distribute risks and minimize business competition in project development, entrepreneurs bring in a mixed-use concept, incorporating an office building, a hotel, a residential area, and a department store, as well as realizing the imminent aging society according to the demographic structure. Meanwhile, foreign investors such as Japan, China, and Hong Kong, both large and small, are interested in collaborating with Thai developers, not only in funding but also in technology. In addition, more and more foreign customer groups continue invest in properties in Thailand as long-term investment and rent them out.

## **RESIDENTIAL PROPERTY MARKET OUTLOOK**

For 2018, the real estate markets in Bangkok Metropolitan Area continues to grow in contrast to other provinces, the growth in which has been stagnated due to limited purchasing power there resulting from agricultural price doldrums and natural disasters. However, horizontal home projects in some area can still sell. In tourist cities, their sale is for investment or as a second home, since interest rates remains low, resulting in higher loan amounts which is a positive factor, while the negative factor is low agricultural prices and uncontrollable yields from drought and floods.

As for investment, entrepreneurs tend to develop large-scale leasehold projects on high-potential locations with properties

## NATURE OF BUSINESS



## BUSINESS OVERVIEW

Central Pattana Public Company Limited (“the Company” or “CPN”) was established under the name of “Central Plaza Co., Ltd.” on June 17, 1980, with an initial registered capital of Baht 300 million. In 1982, CPN launched CentralPlaza Lardprao, the first fully integrated shopping center in Thailand, followed by CentralPlaza Ramindra and CentralPlaza Pinklao, both of which are multipurpose shopping complexes with office buildings, and Central Center Pattaya (currently CentralMarina). CPN was listed on the Stock Exchange of Thailand (SET) on March 1, 1995, with a registered capital of one billion baht and a par value of Baht 10 per share. Currently, its paid-up capital is Baht 2,244,000,000, with a par value of Baht 0.5 per share, of which the majority is held by Central Holdings Co., Ltd., and Chirathivat family members.

CPN has been expanding its large-scale integrated shopping centers by developing new shopping centers under the “CentralPlaza” brand in big cities and “CentralFestival” in major provinces that are tourist destinations. This included the acquisition of shopping centers such as CentralPlaza Chiangmai Airport (1996), CentralWorld (2002), CentralPlaza Rattanaibet (2003) and CentralPlaza Udonthani (2009) and continuous renovation programs of existing shopping centers to serve customers’ needs. In 2005, the Company established the CPN Retail Growth Leasehold Property Fund (CPNRF) to raise funds

from domestic and foreign investors to invest in properties with potential benefits. CPNRF made initial investments in most of CentralPlaza Rama 2 and CentralPlaza Rama 3 and additional investments in CentralPlaza Pinklao and CentralPlaza Chiangmai Airport. In 2017, CPNRF units were successfully converted into CPN Retail Growth Leasehold REIT (CPNREIT) units with additional investments in CentralFestival Pattaya Beach and Hilton Pattaya Hotel.

With a strong commitment to sustainable growth, CPN has opened 2-3 new shopping centers each year since 2011. In 2012, CPN established the Commercial Growth Leasehold Property Fund (CPNCG) to invest in The Offices at CentralWorld and its benefits. In 2015, due to changing retail environment and consumer behavior, CPN adopted a new strategic direction to turn its shopping centers into the “Center of Life” to better serve the changing lifestyles of people of all ages and genders. Under the concept of “Innovative and Lifestyle Shopping Mall”, the shopping centers applied innovations to structural designs, features and services with emphasis on convenience, safety, health and environmental friendliness. Examples of these shopping centers included CentralPlaza WestGate and CentralFestival EastVille (opened in 2015), CentralPlaza Nakhon Si Thammarat (opened in 2016), and CentralPlaza Nakhon Ratchasima and CentralPlaza Mahachai (both



opened in 2017). CPN continues to develop new formats of shopping center to match the changing consumer preferences.

In addition to shopping center development, CPN recognized the business opportunity for mixed-use development projects, comprising residences, office buildings and hotels to maximize the benefits of land use, expand its revenue base, and increase traffic in shopping centers. In 2016, CPN established a subsidiary, CPN Residence Co., Ltd., to develop high-quality residential projects on the same premises as the shopping center or nearby areas. The first three projects launched in 2016 are located near CentralFestival Chiangmai, CentralPlaza Khonkaen and CentralPlaza Rayong and another three projects launched in 2017 were CentralPlaza Nakhon Ratchasima, CentralPlaza Chiangrai and CentralFestival Chiangmai (second project).

## NATURE OF BUSINESS

CPN's core businesses comprise the development of shopping complexes and other complementary mixed-use projects, which include residences, office buildings and hotels, to add value to the shopping complexes. By the end of 2017, CPN manages 32 shopping centers, 14 in Bangkok Metropolitan Area and 18 in prime provincial areas; seven office buildings in Bangkok; two hotels, namely Centara Hotel and Convention Center Udon Thani and Hilton Pattaya Hotel; and one residential project in Bangkok. Furthermore, CPN invested in CPN Retail Growth Leasehold REIT (CPNREIT) and CPN Commercial Growth Leasehold Property Fund (CPNCG).

CPN's project development starts from securing strategic locations at reasonable prices and onto conducting feasibility studies, controlling design and construction processes, overseeing lease progress, and finally managing shopping complexes and office buildings after commercial openings, which extends to the provision of utilities, security and cleaning services at each site. Furthermore, CPN operates certain complementary businesses, such as food centers, multi-purpose convention halls, water parks, and recreation parks in some shopping complexes to accommodate customers. Regarding the hotel business, CPN has employed expert hotel management companies to manage its hotels and maximize benefits from the properties.

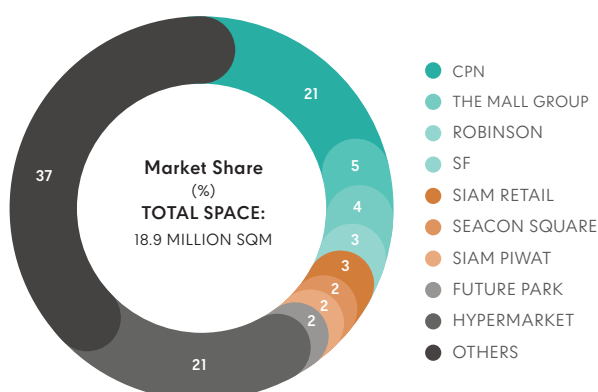
Categorized based on sources of revenue, there are six business groups described as follows:

## 32 SHOPPING COMPLEXES

CPN's main source of revenue, the shopping complex business accounts for more than 80% of the total revenue. Revenue is derived from rental of retail space, utility and security services, cleaning services, rental and services of convention halls, and onsite media services at 32 properties-14 in Bangkok Metropolitan Area and 18 in prime provincial areas-of which 27 projects are owned by CPN and the other 5 projects leased out to CPNREIT in which CPN is the property manager.

In November 2017, CPN launched two new shopping centers, namely CentralPlaza Nakhon Ratchasima and CentralPlaza Mahachai as the 31<sup>st</sup> and 32<sup>nd</sup> shopping center respectively. In 2018, CPN plans to launch CentralPhuket and Central i-City in Malaysia.

According to its estimated data as of December 31, 2017, CPN has 21% market share of the retail industry in Bangkok Metropolitan Area based on gross floor area, excluding parking space.



CPN has led the concept of the “Center of Life” to better address consumers’ lifestyles by offering a wide range of products and services. CPN shopping centers also integrate iconic local heritage and identity as part of their designs. The interior of the shopping center creates an attractive ambience for customers to have enjoy shopping experiences. These distinguished features continue to elevate CPN’s shopping center as the leader in the shopping center and department store business.

## 7 OFFICE BUILDINGS

The office building business involves the development of office buildings for rent not only for their complementarity with the shopping complex, but also for their value accretion from the optimization of land use and efficiency of car park management.

The decision to develop an office building in any shopping center area is based on the strategic location together with the demand and supply of office space in that area. The revenues from office building include rental of office space, rental of retail space within the office building, and revenue from utilities services.

At present, CPN runs 7 office buildings on the premises of 1) CentralPlaza Lardprao, 2) CentralPlaza Pinklao (2 towers), 3) CentralPlaza Bangna, 4) CentralWorld (The Offices at CentralWorld), 5) CentralPlaza Chaengwattana, and 6) CentralPlaza Grand Rama 9. For office buildings, CPN owns 4 projects and manages the other 3 projects, 2 of which are under CPNREIT (Pinklao Tower A and B Office buildings at CentralPlaza Pinklao) and the other under CPNCG (The Offices at CentralWorld). Tenants of office buildings in CentralPlaza Lardprao, CentralPlaza Pinklao, CentralPlaza Bangna, CentralPlaza Chaengwattana, and CentralPlaza Grand Rama 9 projects are mostly operators of businesses that benefit the shopping mall business, such as tutorial schools, language and music schools, beauty parlors, and securities brokerage firms. In contrast, The Offices at CentralWorld is a grade A office building located in the heart of the business district. Its tenants are, therefore, leading Thai and multinational companies.

## 2 HOTELS

The hotel business on the same premises as shopping centers complements the shopping center business in terms value accretion to the overall project by making the most use of properties for the maximum return on investment. Key consideration factors of hotel investment include project location, demand and supply, surrounding environment, and the project’s growth potential. The hotel business comprises guest rooms, food outlets, seminar rooms and convention centers to serve the growth of the MICE (Meeting Incentive Convention and Exhibition) industry. Revenue from the hotel business comprises room revenue, sale of food & beverage and rental of units in buildings and service income.

CPN owns two hotels:

- 1) Centara Hotel & Convention Centre Udon Thani (formerly known as Charoensri Grand Royal Hotel, a part of Charoensri Complex, acquired by CPN in April 2009) comprises 259 rooms. CPN has employed an expert hotel management company, namely Central Plaza Hotel PLC., to manage the hotel.
- 2) Hilton Pattaya Hotel consists of 302 rooms (situated in the same complex as CentralFestival Pattaya Beach and launched in November 2010). In December 2017, CPN leased it to CPNREIT for 20 years and employed Hilton Hotel Corporation to manage the hotel.

## 1 RESIDENTIAL BUILDING

Recognizing the potential of mixed-use development of shopping complex projects, CPN has developed residential projects to maximize the benefit of its core shopping-complex business. Hence, a specialized team of executives, experienced personnel and experts was set up to conduct feasibility studies on the development of residential projects and execute other relevant tasks.

The development process of CPN’s residential projects starts from selecting strategic locations; conducting feasibility studies from market information and other impact factors to analyze and decide on suitable types of housing project for each location; procuring construction and decorative materials



directly from suppliers through fair bidding processes to compare prices and quality and benefit from the economies of scale; setting delivery prices in advance to avoid price fluctuation; and selecting contractors who are skillful, experienced, and reputable in their respective types of work under CPN's procurement procedures and standards. CPN's control systems are also in place to ensure that construction work proceeds as planned and their quality is strictly controlled. Besides undertaking Environmental Impact Assessment (EIA) to address environmental impacts potentially caused by the construction of residential projects and their utility systems, CPN requires that all projects comply with the Building Control Act and minimizes their environmental impacts.

Currently, CPN has been developing six condominium projects on the premises of its shopping complexes: 1) CentralFestival Chiangmai 2 projects 2) CentralPlaza Khonkaen 3) CentralPlaza Rayong 4) CentralPlaza Nakhon Ratchasima and 5) CentralPlaza Chiangrai by CPN's subsidiary, CPN Residence Co., Ltd., which is responsible for the design, development and management of the condominium projects under brand "ESCENT" and "ESCENT VILLE". The construction of the first three condominium projects started since the second quarter of 2016 and should take about two years to complete and be ready to transfer and realize revenue in 2018. Additionally, CPN manages a residential building project called Central City Residence Condominium, a 11-unit condominium on the premises of CentralPlaza Bangna.



2

## WATER PARK AND RECREATION PARK

Water park and recreation park are supplementary businesses to the shopping complexes through adding a variety to features and services. Not only can they attract more customers to shopping complexes, but they also bring satisfaction to customers and people in surrounding communities. For the parks to materialize, the size of land and space availability in the project are key considerations.

Currently, CPN is operating a "Pororo Aquapark Bangkok" water park on the sixth floor of CentralPlaza Bangna, designed under the theme of Pororo, The Little Penguin, a highly popular character in a Korean animation series, to create new

experiences and fun for customers and their families. As for recreation parks, "Central Park", a large-scale recreational park on the premises of CentralPlaza Rama 2, is open to the public and consists of a health park, a children playground, an activity area, and renowned restaurants.



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## FOOD CENTERS

Food centers are considered an essential element that complements shopping complexes. Intended to provide convenience for customers with a wide variety of affordable, quick and ready-to-serve dishes, food centers at CPN shopping centers generate return from the sale of food and beverages at food centers.

CPN developed and improved food centers under the concept of Food Destination, which includes a wide selection of restaurants to serve various lifestyles, including casual dining, family restaurant, cafe, bakery or take-home food.



2

## INVESTMENT IN CPNREIT & CPNCG

CPN is the major unit holder of CPNREIT and CPNCG, representing 26.69% and 25.00% of total ownership respectively. It is also the property manager and receives monthly fees under management contracts and profit-sharing agreement based on investment proportions. The details are as follows:

- 1) CPNREIT was listed on the Stock Exchange of Thailand on December 14, 2017, after CPNRF had been converted into CPNREIT according to the resolution of the Board Meeting No. 4/2017 on May 31, 2017. It approved the conversion based on the interest of CPNRF unitholders, who would enjoy the income tax incentive and VAT exemption for property fund, specific business tax and stamp duty. Moreover, the privileges on the registration of related right and juristic acts due to the conversion to be ended on December 31, 2017.

CPNREIT was established on November 29, 2017, with an indefinite expiration date. It received assets transferred from CPNRF, namely CentralPlaza Rama 2, CentralPlaza Rama 3, CentralPlaza Pinklao and CentralPlaza Chiangmai

Airport. It also invested in CPN's two additional properties, namely CentralFestival Pattaya Beach (certain parts) and Hilton Pattaya Hotel. The transfer was completed on December 1, 2017 and the lease for the two newly acquired properties will expire on August 31, 2037, for a net asset value of Baht 11,908 million.

CPNREIT is managed by CPN REIT Management Company Limited, a subsidiary of CPN, as the REIT manager. It appointed CPN as property manager. CPN Pattaya Hotel Co., Ltd., a subsidiary of CPN, is a sub-lessee of Hilton Pattaya Hotel, which remains under the management of Hilton Hotels Corporation. SCB Asset Management Co., Ltd., acts as the trustee and the Thailand Securities Depository Co., Ltd. (TSD) acts as the registrar.

2) CPNCG was registered on September 13, 2012, with an indefinite expiration date. The purpose of the fund is to raise funds from unitholders to invest in properties or leasehold properties and seek benefit from properties. CPNCG has invested in parts of The Offices at CentralWorld.

SCB Asset Management Company Limited acts as the management company, Kasikorn Bank Public Company Limited acts as the mutual fund supervisor, the Siam Commercial Bank Public Company Limited acts as the registrar, and CPN acts as the property manager.

As the property manager, CPN is entitled to monthly management fee from the fund according to the contractual agreement between the fund and the property manager.



Currently, the projects under the management by CPN and its subsidiaries are:

Projects Owned by CPN	Shopping Complexes	Office Buildings	Hotels	Residential Building	Food Centers
CentralPlaza Lardprao	•	•			
CentralPlaza Ramindra	•				
CentralMarina (formerly Central Center Pattaya)	•				•
CentralPlaza Bangna	•	•		•	•
CentralWorld	•				
CentralPlaza Rattana Thibet	•				•
CentralPlaza Chaeng Wattana	•	•			•
CentralPlaza Udon Thani	•		•		•
CentralPlaza Chonburi	•				•
CentralPlaza Khonkaen	•				•
CentralPlaza Chiangrai	•				•
CentralPlaza Phitsanulok	•				•
CentralPlaza Grand Rama 9	•	•			
CentralPlaza Surat Thani	•				•
CentralPlaza Lampang	•				•
CentralPlaza Ubon Ratchathani	•				•
CentralFestival Chiangmai	•				•
CentralFestival Hatyai	•				•
CentralFestival Samui	•				•
CentralPlaza Salaya	•				•
CentralPlaza Rayong	•				•
CentralFestival Phuket	•				•
CentralPlaza WestGate	•				•
CentralFestival EastVille	•				•
CentralPlaza Nakhon Si Thammarat	•				•
CentralPlaza Nakhon Ratchasima	•				•
CentralPlaza Mahachai	•				•

Projects Managed by CPN	Shopping Complexes	Office Buildings	Hotels	Residential Building	Food Centers
CentralPlaza Pinklao	•	•			•
CentralPlaza Rama 3	•				•
CentralPlaza Rama 2	•				•
CentralPlaza Chiangmai Airport	•				•
CentralFestival Pattaya Beach	•		•		•
CentralWorld		•			

## ASSETS UNDER CPN'S MANAGEMENT



Retail	Year of Operation	Development <sup>/2</sup>	Land Ownership <sup>/3</sup> (Expiry Year)
1. CentralPlaza Lardprao	December 1982	G	L (2028)
2. CentralPlaza Ramindra	November 1993	G	L (2023)
3. CentralPlaza Pinklao <sup>/1</sup>	March 1995	G	L (2027)
4. CentralMarina (Formerly, Central Center Pattaya)	July 1995	G	L (2035)
5. CentralPlaza Chiangmai Airport <sup>/1</sup>	March 1996 <sup>/4</sup>	A	F
6. CentralPlaza Rama 3 <sup>/1</sup>	December 2001 <sup>/4</sup>	G	F
7. CentralPlaza Bangna	December 2002	A	F
8. CentralPlaza Rama 2 <sup>/1</sup>	December 2002 <sup>/4</sup>	G	L (2025)
9. CentralWorld	December 2003 <sup>/4</sup>	A	L (2040)
10. CentralPlaza Rattanathibet	November 2008	A	F&L (2034)
11. CentralPlaza Chaengwattana	January 2009	G	F
12. CentralFestival Pattaya Beach <sup>/1</sup>	January 2009	G	F&L (2038)
13. CentralPlaza Udonthani	April 2009 <sup>/4</sup>	A	F
14. CentralPlaza Chonburi	May 2009	G	F&L (2027)
15. CentralPlaza Khonkaen	December 2009	G	F
16. CentralPlaza Chiangrai	March 2011	G	F
17. CentralPlaza Phitsanulok	October 2011	G	F
18. CentralPlaza Grand Rama 9	December 2011	G	L (2040)
19. CentralPlaza Suratthani	October 2012	G	F
20. CentralPlaza Lampang	November 2012	G	L (2041)

Data as of December 31, 2017

Investment Cost <sup>/5</sup> as end of 2017	Total Project GFA <sup>/6</sup> (sqm.)	Parking Space (vehicles)	Hall (sqm.)	Leaseable Area (sqm.)	Occupancy Rate (%)	No.of Tenants (shops)	ISO 14001 <sup>/7</sup>	ISO 20121 <sup>/8</sup> (for Convention Hall)
4,444	310,000	3,000	4,500	45,740	97	338	•	•
660	86,000	1,000	-	17,206	95	76	•	
3,024	370,000	3,500	-	62,783	97	374	•	
1,464	70,000	400	-	17,527	93	101	•	
2,394	250,000	2,300	4,800	76,453	93	600	•	•
1,840	220,000	2,300	-	53,814	82	201	•	
5,716	500,000	3,250	-	62,413	90	278	•	
1,393	210,000	3,200	4,100	91,447	91	302	•	
13,858	830,000	7,000	-	199,501	84	409		
2,359	140,000	2,000	-	77,220	96	190	•	
5,396	310,000	3,300	4,200	65,677	92	343		
6,311	210,000	2,000	-	58,104	96	222	•	
4,602	250,000	2,000	5,000	71,366	94	237	•	
2,825	156,000	2,040	-	40,383	98	254	•	
3,946	200,000	2,100	4,100	47,370	94	291	•	
1,682	110,000	1,000	-	23,977	98	119	•	
1,550	100,000	1,440	-	26,476	91	134	•	
5,161	214,000	2,400	-	58,914	97	240	•	
2,242	130,000	1,400	4,700	31,262	92	127	•	
1,114	110,000	2,000	-	22,261	97	96	•	



Retail	Year of Operation	Development <sup>/2</sup>	Land Ownership <sup>/3</sup> (Expiry Year)
21. CentralPlaza Ubonratchathani	April 2013	G	F
22. CentralFestival Chiangmai	November 2013	G	F
23. CentralFestival Hatyai	December 2013	G	F
24. CentralFestival Samui	March 2014	G	L (2043)
25. CentralPlaza Salaya	August 2014	G	F&L (2044)
26. CentralPlaza Rayong	May 2015	G	F
27. CentralFestival Phuket	June 2015	A	L (2056)
28. CentralPlaza WestGate	August 2015	G	L (2043)
29. CentralFestival EastVille	November 2015	G	F&L (2045)
30. CentralPlaza Nakhon Si Thammarat	July 2016	G	F
31. CentralPlaza Nakhon Ratchasima	November 2017	G	F
32. CentralPlaza Mahachai	November 2017	G	F
<b>Total</b>			

Remarks:

<sup>1/</sup> Assets leased/subleased from CPN to CPNREIT in December 2017, following the conversion of CPNRF to CPNREIT and the leases of CentralFestival Pattaya Beach (certain parts) and Hilton Pattaya Hotel. Their respective ownerships by CPNREIT and lease expiry dates are as follows:

- 44% in CentralPlaza Pinklao, ending December 2024
- 81% in CentralPlaza Rama 3, ending August 2045 (extendable twice for 30 years each)
- 96% in CentralPlaza Rama 2, ending August 2025
- 49% in CentralPlaza Chiangmai Airport, ending April 2044
- 50% in CentralFestival Pattaya Beach, ending August 2037

<sup>2/</sup> Development (A = Acquisition), (G = Greenfield)

<sup>3/</sup> Land Ownership (F = Freehold), (L = Leasehold)

<sup>4/</sup> Year of acquisition

<sup>5/</sup> Includes investment of office/residentail/hotel components. Excludes annual lease payments and investments of the assets leased/subleased to CPNREIT.

<sup>6/</sup> GFA including NLA, parking, hall, common area, office and hotel.

<sup>7/</sup> ISO 14001 is the international standard on effective environmental management by providing a framework for organizations to follow to preserve and protect damage to the environment through their operations.

<sup>8/</sup> ISO 20121 is the international standard on effective management and organization of sustainable events for businesses.

Data as of December 31, 2017

Investment Cost <sup>/5</sup> as end of 2017	Total Project GFA <sup>/6</sup> (sqm.)	Parking Space (vehicles)	Hall (sqm.)	Leaseable Area (sqm.)	Occupancy Rate (%)	No.of Tenants (shops)	ISO 14001 <sup>/7</sup>	ISO 20121 <sup>/8</sup> (for Convention Hall)
1,835	151,000	1,500		32,215	97	142	•	
4,289	260,000	3,500		66,063	94	231	•	
4,910	295,000	2,500	5,000	66,861	88	223	•	•
1,867	76,000	600		31,359	92	114	•	
2,597	185,500	1,600		38,738	93	195	•	
2,647	155,000	2,000	1,000	29,466	95	183		
6,886	137,000	1,100		39,094	94	138		
7,316	352,000	4,000	5,000	78,322	95	353		
3,868	150,000	1,824		36,050	98	191		
1,816	90,000	1,500		21,367	89	129		
4,448	233,000	3,600	3,300	49,447	80	278		
2,742	131,250	1,500		24,869	85	159		
<b>117,203</b>	<b>6,991,750</b>		<b>45,700</b>	<b>1,663,744</b>	<b>92</b>	<b>7,268</b>		





## Office Properties

Data as of December 31, 2017

Office	Year of Operation	Development <sup>/4</sup>	Land Ownership <sup>/5</sup>	Leaseable Area (sqm.)	Occupancy Rate (%)	No. of Tenants (shops)
1. Lardprao	December 1982	G	L (2028)	16,171	91	64
2. Pinklao Tower A <sup>/1</sup>	March 1995	G	L (2027)	22,697	85	52
3. Bangna	December 2001 <sup>/2</sup>	A	F	10,007	88	26
4. The Offices at CentralWorld <sup>/3</sup>	November 2004 <sup>/2</sup>	A	L (2040)	84,061	98	98
5. Pinklao Tower B <sup>/1</sup>	March 2006	G	L (2027)	11,334	87	49
6. Chaengwattana	March 2009	G	F	19,942	98	50
7. Grand Rama 9	December 2011	G	L (2040)	7,378	95	33
<b>Total</b>				<b>171,591</b>	<b>94</b>	<b>372</b>

Remarks:

<sup>/1</sup> Assets subleased from CPN to CPNREIT in December 2017, following the conversion of CPNRF to CPNREIT, with the lease terms ending in December 2024.

<sup>/2</sup> Year of acquisition.

<sup>/3</sup> 97% of the Offices at CentralWorld were subleased to CPNCG from September 2012 to September 2032 (part 1) and from December 2012 to December 2032 (part 2).

<sup>/4</sup> Development (A = Acquisition), (G = Greenfield)

<sup>/5</sup> Land Ownership (F = Freehold), (L = Leasehold)



## Hotel Properties

Data as of December 31, 2017

Hotel	Year of Operation	No. of Guest Rooms	Occupancy Rate (%)
1. Centara Hotel & Convention Centre Udon Thani <sup>/1</sup>	April 2009 <sup>/3</sup>	259	77
2. Hilton Pattaya <sup>/2</sup>	November 2010	302	95
<b>Total</b>		<b>561</b>	<b>86</b>

Remark:

<sup>1/</sup> CPN is the project owner and Central Plaza Hotel Plc is the hotel manager.<sup>2/</sup> CPNRIET has the leasehold rights from December 2017 to August 2037 and Hilton Hotel Corporation is the hotel manager.<sup>3/</sup> Year of acquisition.


## Residential Properties

Data as of December 31, 2017

Residential	Year of Operation	Leaseable Area (sqm.)	Occupancy Rate (%)
1. Central City Residence <sup>/1</sup>	December 2001 <sup>/2</sup>	1,567	21
<b>Total</b>		<b>1,567</b>	<b>21</b>

Remarks:

<sup>1/</sup> CPN owns strata-title of 11 units of the condominium.<sup>2/</sup> Year of acquisition.

# FUTURE PROJECTS

## DOMESTIC



### CENTRALPHUKET



#### Location:

At the corner of Thap Kasatri and Wichit Songkhram Roads, Wichit Sub-District, Mueang District, Phuket



#### Size:

About 57-rai plot of land (CPN has the land lease rights), with a total project area of 244,000 sqm., of which CPN's area accounts for 219,000 sqm. This project is to be a luxury shopping mall consisting of a three-storey shopping center and one basement. CentralPhuket houses leading World Fashion brands, Central Food Hall, a premium supermarket, Famous Thai Dishes food court, a spa, cinemas, and a world-class entertainment hub featuring Tales of Thailand floating market zone, Aquaria underwater world, and Thibhum - The Mystic of Three World botanical garden, which is guaranteed to thrill worldwide tourists, among others. In addition, one can find gastronomic delights, including bars and bistros, lifestyle restaurants, family restaurants, coffee shops, bakery shops, a Food Park food court, and a Take Home food corner. The project can accommodate over 3,000 cars.



#### Potential:

This project lies close to Phuket International Airport and in the heart of the island at Thai Nan Intersection, the foremost business district and a connecting point for all major routes. The project is facing 1,500 meters to the road and providing a broad perspective. This location will be developed into a perfect business district of Phuket, leveraging on the success of CentralFestival Phuket in response to luxury and casual lifestyles of both Thais and tourists.

CPN plans to combine the existing CentralFestival Phuket and

new CentralPhuket together as one of a large-scale integrated shopping complex in Phuket. The project is to cater for a multi-level purchasing power of various customer groups both local and foreign and to enhance its competitive advantage over counterparts. The whole project involves a total of three phases. The first phase is the existing CentralFestival Phuket, which is to be renovated to give a refreshing, magnificent look and house leading worldwide brands as well as countless leading international brands of restaurants. The second phase represents the new development under this CentralPhuket project, catering to luxury lifestyles of the tourist group with high purchasing power and complete with brand flagship stores and world-class live attractions to bring novel experiences to shoppers. The first and second phases will be connected by a "Skylink" decorated as a lush park, with a flat escalator for patrons' extra convenience.

In addition, CPN is preparing future development of the third phase, which will consist of a luxury hotel, a large and most advanced international convention center in the South for conferences and national events, and world-class expositions, not to mention a tremendous theme park for tourists' family groups.



#### Progress:

Under construction of Phase 2. The project is set for completion and launch in late 2018.



#### Investment:

About Baht 6,650 million (excluding investment in Central Department Store, to be the responsibility of Central Department Store).

## OVERSEAS PROJECT

For over the past six years, CPN has been contemplating overseas investment, especially in Asian countries with high economic potential, to expand its business base while diversifying investment risks. In doing so, different market conditions, competition, and business risks are considered. A working committee was appointed to investigate target countries in a variety of aspects, whether economic, social, political, industrial, competition, business laws, or associated risks in each country to screen markets blessed with potential, business opportunities, and suitability to CPN's business. All projects under the plan have undergone stringent feasibility assessment for maximum effectiveness of investment decisions to ensure that its overseas investment is made on the path of sustainability and growth.

CPN looked into additional investment opportunities in Southeast Asia, with a focus on Malaysia, Vietnam and Indonesia. Overseas projects include the renovation of existing shopping complexes as well as brand-new projects in areas with great potential. To this end, CPN may undertake joint investment with overseas business allies so as to penetrate new markets rapidly, efficiently, and robustly to boost competitiveness in a given country. Today, CPN has certain data support from Central Group, a precedent investor in these countries, which has enabled CPN to analyze and develop overseas projects more efficiently. At this stage, CPN has participated in Malaysia's Central i-City project as its pioneering shopping complex abroad, since it envisions retail commerce there to be blessed with opportunities and growth potential, underpinned by Malaysia's economic and industrial growth outlook.



\*Subject to change





## CENTRAL i-CITY



### Investment Structure:

CPN set up a subsidiary with I-R&D Sdn. Bhd. (IRD), a subsidiary of Malaysia's I-Berhad, a listed company on the Bursa Stock Exchange engaged in the property development business, to develop Central i-City project. CPN holds 60% shares in the project through subsidiaries registered in Thailand, while IRD holds the rest 40%. CPN is responsible as a property manager and will get the management fee in return.



### Location:

In Section 7 of Shah Alam City, Selangor, 22 kilometers from Kuala Lumpur and between two main highways (Federal Highway and Baru Lembah Klang Highway). Directly connected to the Federal Highway, the site has convenient access from Kuala Lumpur, Klang, and Shah Alam.



### Size:

A total 11.12 acres (about 28 rai) of land under the ownership, with a total project area of 278,000 sqm. Intended as a Regional Mall, CPN is in charge of the design, development, and management. The project will make a clear differentiation to Malaysia's retail industry, bringing in leading brands from Thailand and store design innovation. A parking area for over 3,000 vehicles will be provided.



### Potential:

The project is situated in the i-City "Malaysia Cybercenter", Malaysia's new technology city of 72 acres. The project is planned as an integrated community center in the west of Selangor, serving as a main business center, a residential area, and a recreational zone equipped with complete entertainment, a shopping mall, a cyber center, office space for leading businesses, a hotel, a housing complex, retail shops, as well as a water park, a snow dome, and a Ferris wheel. It is also planned as a tourist spot with night lighting decoration. A performing arts center will be developed to attract more tourists. The target customers are some 600,000 residents of Shah Alam, comprising middle to upper-income groups, noting that the middle-income group with high purchasing power is mushrooming. The over 5 million residents of Selangor and those from nearby states are also potential customers.



### Progress:

Under construction. The project is planned for completion and launch in 2018.



### Investment:

About MYR 830 million or equivalent to Baht 8,300 million (total investment for whole project including investment in department store with which CPN holds 60% stake in the subsidiary company)

## Condominium projects under development

### Condominium Projects: ESCENT

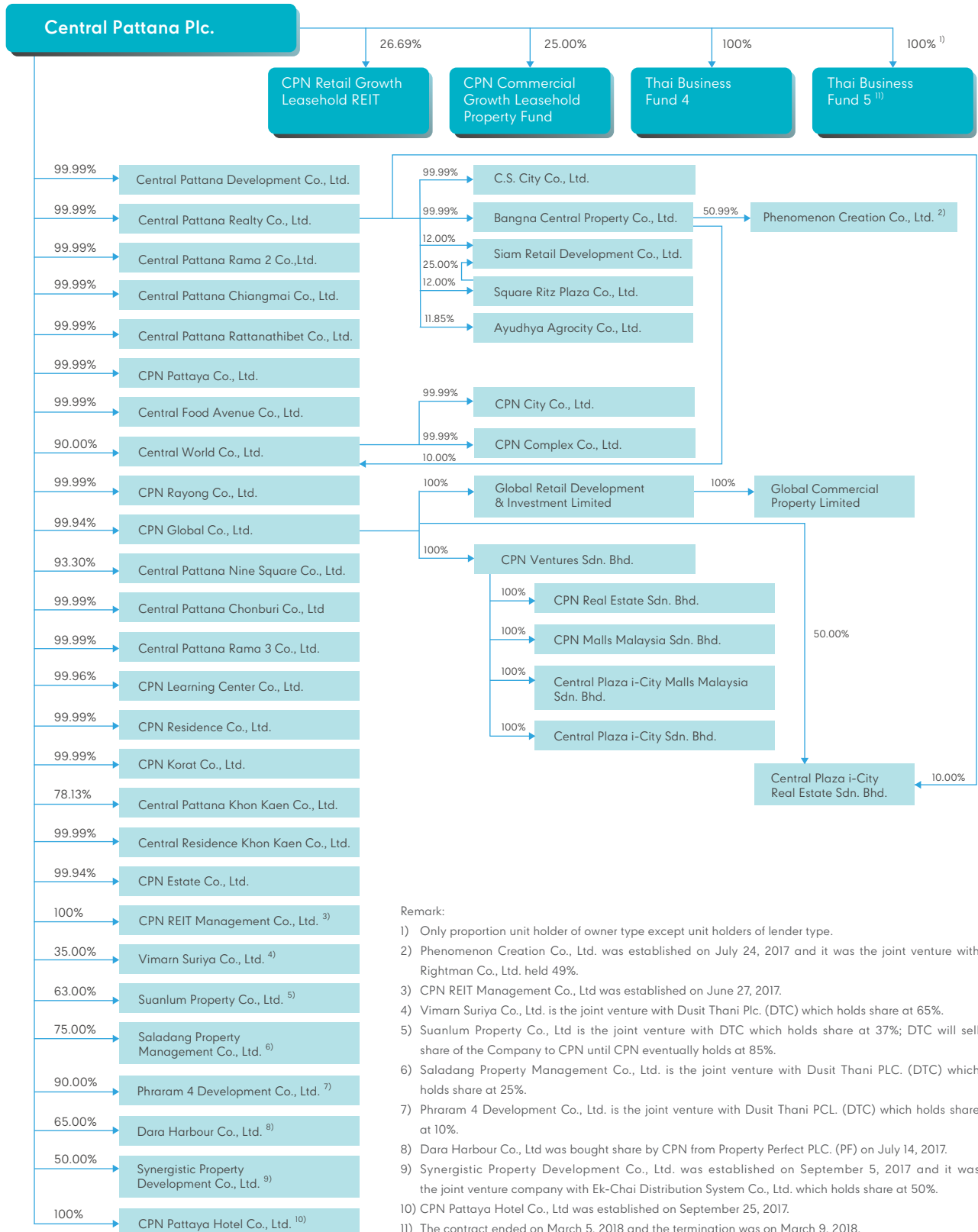
Project	ESCENT Chiangmai	ESCENT Khonkaen	ESCENT Rayong
Location	By Highway 118, Chiangmai-Doi Saket Road, Fa Ham Sub District, Mueang Chiangmai District, Chiangmai	By Highway 2 (Mittraphap Road), Nai Mueang Sub District, Mueang Khonkaen District, Khonkaen	By Highway 36, Sai bannongmahad-Banchaikapom Road, Choeng Noen Sub-District, Mueang Rayong District, Rayong
Land area	2-0-88.1 Rai	2-1-45.5 Rai	2-3-60.4 Rai
Type	26-storey Condominium	24-storey Condominium	25-storey Condominium
No. of Units	389	408	419
Size	24-42 sqm. (Standard room) Fully Furnished Ready to Move In		
Construction Period	Approximately 2 years , Ready for transfer in 2018		
Target Customer	Local residents and employees working in surrounding areas who buy property for their own use		
Project Investment (Excluding Land Cost)	Baht 1,595 million		
Pre-Sale	100%		

### New Condominium Projects: ESCENT VILLE and ESCENT

Project	ESCENT VILLE Chiangmai	ESCENT VILLE Chiangrai	ESCENT Nakhon Ratchasima
Location	By Highway 118, Chiangmai-Doi Saket Road, Fa Ham Sub District, Mueang Chiangmai District, Chiangmai	By Highway 1, Phaholyothin Road, Robwiang Sub District, Mueang Chiangrai District, Chiangrai	By Highway 2, Local Road, Nai Mueang Sub-District, Mueang Nakhon Ratchasima District, Nakhon Ratchasima
Land area	5-1-10.76 Rai	2-2-35.4 Rai	2-3-78 Rai
Type	2 Buildings of 8-storey Condominium	2 Buildings of 8-storey Condominium	21-storey Condominium
No. of Units	450	312	380
Size	23-32 sqm. (Standard room) Fully Furnished Ready to Move In		
Construction Period	Approximately 2 years, Ready for transfer in 2019		
Target Customer	Local residents and employees working in surrounding areas who buy property for their own use		
Project Investment (Excluding Land Cost)	Baht 1,306 million		

CPN Residence plans to continually launch residential projects following CPN's shopping complexes with prime locations across Thailand. CPN will develop projects in the concept of Residential & Commercial Community, leveraging on the leading position in retail business together with its experienced real estate team to move forward with business expansion.

# INVESTMENT STRUCTURE





## REVENUE STRUCTURE

Unit: Baht million

Type of Business/ Operated By	% of Shareholding	Year 2013		Year 2014		Year 2015		Year 2016		Year 2017	
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Shopping Centers		17,522	79.58%	19,743	79.93%	21,577	81.46%	24,537	81.48%	25,340	79.30%
Central Pattana Plc.											
Central Pattana Chiangmai Co., Ltd.	99.99%										
Bangna Central Property Co., Ltd.	99.99%										
Central Pattana Rama 3 Co., Ltd.	99.99%										
Central Pattana Rama 2 Co., Ltd.	99.99%										
Central Pattana Rattanathibet Co., Ltd.	99.99%										
CPN Pattaya Co., Ltd.	99.99%										
Central World Co., Ltd.	99.99%										
Central Pattana Khon Kaen Co., Ltd.	78.13%										
Central Pattana Chonburi Co., Ltd.	99.99%										
Central Pattana Nine Square Co., Ltd.	93.30%										
Central Pattana Development Co., Ltd.	99.99%										
CPN Rayong Co., Ltd.	99.99%										
Office Buildings		579	2.63%	612	2.48%	638	2.41%	667	2.21%	690	2.16%
Central Pattana Plc.											
Bangna Central Property Co., Ltd.	99.99%										
Central Pattana Nine Square Co., Ltd.	93.30%										
Hotels		903	4.10%	958	3.88%	983	3.71%	998	3.31%	1,097	3.43%
Central World Co., Ltd.	99.99%										
CPN Pattaya Co., Ltd.	99.99%										
Residential Properties		19	0.08%	17	0.07%	10	0.04%	1	0.003%	1	0.002%
Central Pattana Realty Co., Ltd. <sup>1)</sup>	99.99%										
Bangna Central Property Co., Ltd.	99.99%										
Water Park and Recreation Park		8	0.04%	3	0.01%	7	0.03%	42	0.14%	27	0.08%
Central Pattana Plc.											
Central Pattana Rama 2 Co., Ltd.	99.99%										
Bangna Central Property Co., Ltd.	99.99%										
Food Centers		882	4.01%	975	3.95%	1,068	4.03%	1,389	4.61%	1,631	5.10%
Central Food Avenue Co., Ltd.	99.99%										
Central Pattana Chiangmai Co., Ltd.	99.99%										
Bangna Central Property Co., Ltd.	99.99%										
Central Pattana Rama 2 Co., Ltd.	99.99%										
Central Pattana Rattanathibet Co., Ltd.	99.99%										
Central World Co., Ltd.	99.99%										
Central Pattana Development Co., Ltd.	99.99%										
Interest Income		98	0.44%	61	0.25%	24	0.09%	27	0.09%	23	0.07%
Share of Profits from investment in associates and joint ventures		686	3.12%	813	3.29%	749	2.83%	853	2.83%	839	2.62%
Others		1,321	6.00%	1,518	6.14%	1,431	5.40%	1,600	5.31%	2,309	7.23%
Total Revenues <sup>2)</sup>		22,018	100%	24,700	100%	26,486	100%	30,114	100%	31,956	100%

Remark: 1) Formerly Langsuan Realty Co., Ltd., renamed to Central Pattana Realty Co., Ltd. on June 22, 2016.

2) Excluding non-recurring items

The background is a solid teal color. Overlaid on this are several thin white circles of varying sizes. One large circle is centered on the page, and several smaller circles are positioned around it, some overlapping it. The text is centered within the largest circle.

# CPN **SUSTAINABILITY**

## SUSTAINABILITY MANAGEMENT

MEMBER OF

**Dow Jones  
Sustainability Indices**

In Collaboration with RobecoSAM



2017 Constituent  
MSCI Global  
SRI Indexes

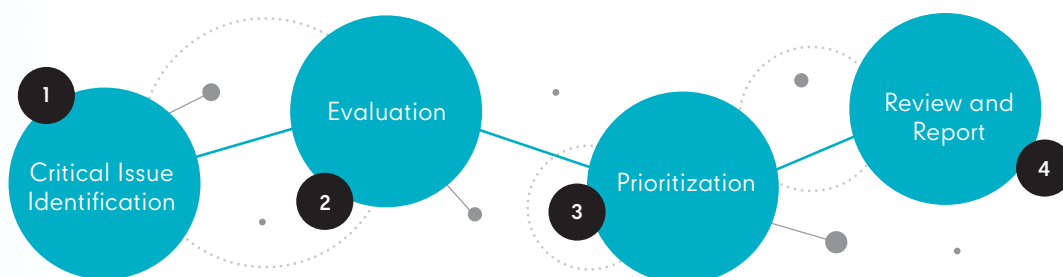


2017 Constituent  
MSCI Global  
Sustainability Indexes

CPN has adhered to and implemented corporate governance since its establishment in 1980. It was later developed according to international standards, focusing on transparency and accountability, combining sustainability development, taking into account three dimensions of the sustainability criteria, namely economic, social, and environmental aspects, participating in Thailand's Private Sector Collective Action

Coalition against Corruption (CAC), as well as focusing on the importance of all stakeholders in the entire value chain. Since 2015, CPN has integrated the UN Sustainable Development Goals (SDGs) to the material issue identification approach on sustainability, stressing the target in line with the business operation context and concrete implementation.

### Material Issue Identification Approach on Sustainability



#### 1. Critical Issue Identification

CPN conducted material issue identification on sustainability, together with risks and opportunities, through the following analyses:

- Challenges from external factors such as global trends, changes in consumers' behavior, competition in market, as well as challenges from internal factors, such as performance, weakness, strength, and risk indicators at the organization level
- Significant issues derived from comments and suggestions, as well as participation of five main stakeholders, namely customers, tenants, business partners, employees, and communities via channels of opinion surveys, focus groups, meetings, official and unofficial discussions

- Implementation guidelines of sustainability development according to international standards, such as UN SDGs Guidelines, UNGC, Dow Jones Sustainability Assessment Criteria, Committee of Sponsoring Organizations of the Treadway Commission (COSO), Global Reporting Initiative (GRI STANDARDS), Corporate Governance Report of Thai Listed Companies (CGR), Thai Institute of Directors (IOD), Stock Exchange of Thailand (SET), and ESG from domestic and foreign financial and investment institutions.

#### 2. Evaluation

The Division of Excellence and Sustainable Development analyzed and assessed the importance of sustainability, risks, and opportunities by implementing the following:

- Focus groups with departments directly involved with stakeholders, such as customer relations, tenant relations, and community relations to examine the levels of impacts and review the levels of importance from stakeholders' perspectives, based on secondary information.
- Meetings with direct representatives of some groups of stakeholders, such as meetings with business partners and employees to assess the impacts and importance of related sustainability issues from direct stakeholders' perspectives, based on primary information.
- Analysis of issues related to other groups of stakeholders, such as creditors, competitors, shareholders, and investors through analyses, discussions and assessment of issues given by top executives in formulating the Company's strategic plans.
- Assessment of the severity and likelihood of impacts through surveys by the Risk Policy Committee and the Risk Working Group.

### 3. Prioritization

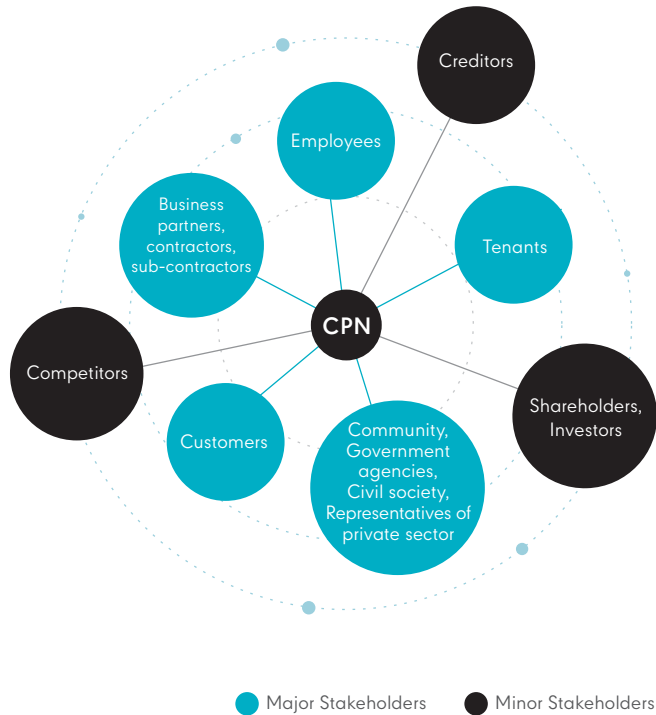
The Risk Policy Committee and the Corporate Governance and Sustainable Development Committee met to review the completeness and prioritize the issues, to approve and confirm nine sustainable issues, risks, and significant opportunities in 2017 to be used as compositions in formulating the organizational strategies toward sustainability and the organizational risk management strategies.

### 4. Review and Report

CPN monitored and analyzed performance according to the organizational strategies toward sustainability and risk management and reported to the Corporate Governance and Sustainable Development Committee and the Risk Policy Committee. These panels reviewed prioritization of importance and impacts of those issues closely and continuously, with some issues retaining the importance, while others were added to align with fast-changing situations in the world. They also approved information disclosure according to international criteria.

## ENGAGEMENT OF KEY STAKEHOLDERS

CPN analyzed and divided key stakeholders into eight big groups, devised channels for comments and suggestions, encouraged stakeholders' engagement to meet the needs and expectations of stakeholders based on appropriateness, completeness, and timeliness. CPN appropriately assigned responsible agencies in each business function, covering analysis, response, and efficient transfer of internal information to reduce direct and indirect risks and forge good relationship on a continuous basis.



### 1 Classification and Analysis of Stakeholders

Classified stakeholders into major and minor stakeholders to analyze risks as well as direct and indirect impacts, and channels of appropriate participation in joint formulation of sustainability issues

### 2 Comments and Participation

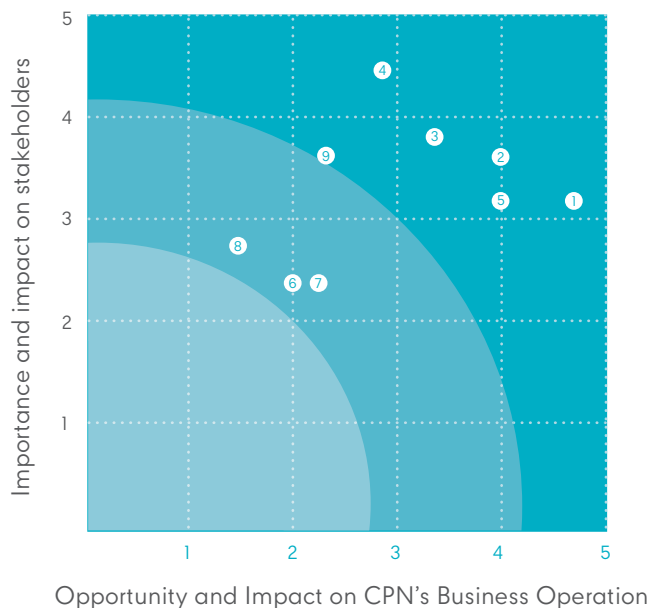
Provided online and offline communications, including meetings in person, by directly responsible employees on a continuous basis, as well as channels for suggestions, complaints, survey of needs, satisfaction, commitment, focus groups, meetings, joint activities as stipulated by the process on a regular basis

### 3 Response

Formulated the process of response to needs and complaints of each group based on appropriateness, compactness, and complete, sufficient, and timely communication or disclosure of information. Formulated the process to appropriately sustain and analyze the received information, leading to development and improvement of internal processes

Additional information on the Roles of Stakeholders on page 150 and Engagement of key stakeholders at [www.cpn.co.th/Sustainability/Sustainability Management/Stakeholder Engagement](http://www.cpn.co.th/Sustainability/Sustainability%20Management/Stakeholder%20Engagement)

## Performance Assessment of Material Sustainability Issues in 2017



- 1 Risk management (Locally and Internationally)
- 2 Adaption to consumers' behavior
- 3 Customers' safety and convenience
- 4 Tenant sourcing and engagement
- 5 Employee development of and engagement
- 6 Community and social responsibility
- 7 Resource and environmental management
- 8 Supply chain management and business partner development
- 9 Corporate governance

Additional information on risk management and emerging risk issues on page 72

## SUSTAINABLE BUSINESS STRATEGIES

Based on the analysis of the above sustainability issues, CPN formulated major strategies in business operations and planned long-term operations for sustainability development and growth consisting of the following:



### Diversification of Business Base of Property Development and Management

CPN was committed to continuous business growth by seeking opportunities to expand property investment, development, and management in Thailand and Southeast Asia with a potential of stable economic growth, in the form of mixed-use development to create value added to projects. Diversification of the business base would secure business growth and reduce business risks.



### Innovation and Operation & Service Excellence in Property Development

CPN valued competitiveness through creativity and application of new innovations in design, decoration, and new forms of service to create special experience, novelty, service of excellence that met customers' needs, as well as development of technology used in management and implementation within the company and shift of work processes to increase efficiency on a continuous basis.



### Stakeholder Engagement

CPN operated business with commitment to "jointly creating value with stakeholders and society in general" based on corporate governance, discussions with stakeholders, use of CPN's potential and expertise in creating common value, including responsibilities towards society and environment in collaboration with stakeholders.



### Prudent Financial Management and Funding Strategy











CPN valued financial prudence and provided numerous forms of funding, including funding from business operations, loans, debentures, real estate investment trust (REIT), and share issuance for additional funding to strengthen its financial status, sustain business expansion plans, and efficient management of finance costs.



### Management Guidelines

In 2017, CPN established sustainability targets toward the Center of Life and the Center of Community by integrating 10 sustainable sub-missions devised in 2015 in the process of formulating strategies and action plans of sustainability business operations in parallel, as well as determined sustainability indicators and major agencies responsible for submitting and reporting performance divided by sustainability contexts to the Management Committee, the Corporate Governance and Sustainable Development Committee, and the Risk Policy Committee on a regular basis, and translating the results of the assessment indicators to the performance assessment of executives and employees, cascading down proportionally in the business functions, as well as assigning an executive as the SD Champion to promote and support the drive of the action plan to meet the targets.

## SUSTAINABILITY GOALS AND IMPLEMENTATION

Issues	Goals	Key strategies in business operation	Current implementation	SDGs	Reporting in
Risk management	Risk management to reduce risks to acceptable levels	Diversification of business base for property development and management	Enterprise risk management and mitigation plans		Risk factors and risk management Page 72
Adaptation to consumers' changing behavior	Committed to developing shopping centers and related businesses, providing comprehensive services in response to the needs of all groups, all lifestyles, taking into account modernity, convenience, safety, and good hygiene	Innovation and operation & service excellence in property development	1. Development of innovative lifestyle shopping centers 2. Service excellence 3. Digital solution		Page 90 and <a href="http://www.cpn.co.th/Sustainability/">www.cpn.co.th/Sustainability/</a> Innovative Product and Service
Customers' safety and convenience					
Tenant sourcing and engagement	Committed to forging relationship with tenants, business partners, and employees for common innovation development	Stakeholder engagement	Partner development		Page 99 and <a href="http://www.cpn.co.th/Sustainability/">www.cpn.co.th/Sustainability/</a> Stakeholder Engagement/Partner Development
Employee development and engagement	Committed to forging relationship with tenants, business partners, and employees for common innovation development	Stakeholder engagement	Employee engagement		Page 102 and <a href="http://www.cpn.co.th/Sustainability/">www.cpn.co.th/Sustainability/</a> Stakeholder Engagement/Employee Engagement
Supply chain management and business partner development	Committed to forging relationship with tenants, business partners, and employees for common innovation development	Stakeholder engagement	Supply chain management		Page 109 and <a href="http://www.cpn.co.th/Sustainability/">www.cpn.co.th/Sustainability/</a> Stakeholder Engagement/Supply Chain Management
Community and social responsibility	Drive and promote community's good quality of life	Stakeholder engagement	Community engagement	 	Page 114 and <a href="http://www.cpn.co.th/Sustainability/">www.cpn.co.th/Sustainability/</a> Stakeholder Engagement/Community Engagement
Resource and environmental management	Committed to efficient use of energy, reducing consumption, and reducing impacts on the environment and climate	Stakeholder engagement	Resource management	 	Page 121 and <a href="http://www.cpn.co.th/Sustainability/">www.cpn.co.th/Sustainability/</a> Resource Management
Corporate governance	Create an organizational culture based on corporate governance	Stakeholder engagement	Corporate governance		Page 148 and <a href="http://www.cpn.co.th/Sustainability/">www.cpn.co.th/Sustainability/</a> Corporate Governance



## RISK FACTORS

CPN takes very seriously for sustainable risk management and encourages risk management to form part of the corporate culture and add value to the Company. In carrying out risk management, CPN constantly analyzes comprehensive aspects of risks, both internal and external, considers the likelihood for each risk, and assesses the direct and indirect impacts of risks on business. To accommodate the findings, CPN maps out concrete work plans in parallel with suitable risk management measures for the prevention, supervision, and control of assorted risks to ease impacts to manageable levels. Below are the key risks with business impacts.

### 1. STRATEGIC RISK

Based on the vision of becoming the most admired and dynamic regional and retail property developer with world-class rewarding experience, CPN plans to continually expand its business in Bangkok and its vicinity, major economic cities in prime provinces and foreign countries, especially in Southeast Asia. The expansion plan encompasses the development of new shopping complexes, renovation of existing shopping complexes and business acquisitions. Recognizing the potential of mixed-use project development, it is engaging in a new business of developing residential condominium projects to add value to shopping complexes. The risks that are associated with CPN's business strategies comprise:

#### 1.1 Risks from economic slowdown and political uncertainty

In 2017, the Thai economy showed healthy recovery from last year because of growing exports in line with the world economy, expanding tourism (notably the rise in Chinese tourists), increasing public-sector investment, and the continuing stable domestic political situation. Yet, the public's spending and consumption has risen marginally. That is why CPN has defined its investment policy in line with prevailing surrounding factors by launching only two shopping complexes in November 2017, one in Nakhon Ratchasima and Amphoe Maha Chai, Samut Sakhon. Along with these, a major facelift was undertaken on existing shopping complexes, namely CentralWorld and CentralPlaza Rama 3, to satisfy the needs of today's consumers and grow asset values to accommodate long-term business growth.

In addition, CPN values tenant stores under the principle of tenant shops centralizing services for greater service efficiency. To monitor these stores' performance, CPN's leasing and tenant service teams look after them while regularly nurturing relations with them to identify problems and recommendations, counsel them, and jointly find ways to further develop their caliber, operations, and competition so that they may grow at the same time as CPN's shopping complexes. Assistance measures are in place to support tenants in shopping centers hit by the slow economy and the still-recovering purchasing power. To elaborate, CPN and tenants map out a joint plan to develop more efficient and effective marketing, sales promotional campaigns jointly with credit cards and The 1 Card, and finally, signature events to attract customers to spend and use services in CPN's shopping complexes.

#### 1.2 Risks from competition

The overall retail business continues to be highly competitive among existing entrepreneurs and new ones that have launched new shopping complexes one by one and renovated existing shopping centers, particularly in high-potential areas in Bangkok and its perimeter, as well as tourist provinces or major economic zones like Phuket and Nakhon Ratchasima. Then there were swift, continual additions to community malls to provide options to stores by launching them in suitable shopping centers while adding the option of operating in shopping centers that meet customers' lifestyles.

Based on today's consumer behavior that depends more and more on mobile technology, online shopping has become shopping center formidable competitor, particularly foreigners' encroaching E-market places like Lazada and Shopee, which command supply chain management of an integrated E-commerce market, ranging from platforms, online shops, delivery, to payment systems. In addition, because of consumers' search for cost-effective goods or services, convenience, and speed, a portion of store operators have added online services to meet such needs, including food ordering through the internet and mobile banking-based financial transactions. These have affected sales of goods and services of several retailers in shopping centers, including fashion, IT gear, cosmetics, restaurant, and bank outlets.

In conducting risk management from pre-development of new shopping complexes to the renovation of existing ones, CPN conducts market research, analyzes rivals, and carefully investigates project viability, considers internal and external factors to embrace all aspects before defining shopping complexes formats and the suitable proportion of stores. Then it lines up suitable technologies and digital platforms for application so as to enhance sophistication and create impressive and differentiated experience—which cannot be offered by online shopping. Finally, CPN strives to give higher efficiency and effectiveness to shopping complexes management.

In 2017, CPN has taken steps to develop and improve its shopping complexes for differentiation, novelty, and outstanding looks as well as acceptability through “Universal Design”, environmental friendliness, and energy efficiency, not to mention customer satisfaction by way of lifestyle innovation for new experiences, including Integrated Ambience (shopping centers filled with design innovation and technological innovation) and Think Space (Co-Working Space)—an area for joint creative thinking in work and learning. What is more, some shopping complexes have a Pet Park and exercise areas.

CPN has evolved assorted services in its shopping complexes to facilitate customers, including VAT refund counters in those located in tourist areas, check-in counters for departing flights, airport shuttle bus service, free Wi-Fi for tourists, foreign-language signposts, and foreign language training for personnel. CPN also cooperated with public agencies in setting up one-stop “Government Centers” to add service channels and ease access to public-sector services, for instance, those at CentralPlaza WestGate and CentralPlaza Mahachai.

### 1.3 Risks from domestic investment

- 1.3.1 Risks of developing new shopping complexes, which are capital-intensive. For these, the key steps for long-term performance are project planning and design and land selection.

In project planning and design, CPN peruses and surveys information on the likes of customer groups, target stores, direct and indirect competitors, and

other key marketing information for market positioning and winning strategies before viability analysis and investment cost-effectiveness. Finally, CPN tables its findings for experts at the management level and director level to approve before such information finds way into actual design, development, and construction.

Many property developers are currently competing to acquire land, especially that located in prime areas. CPN therefore conducts studies and research to identify outstanding locations, acquires land plots before the areas become urbanized and purchases large plots of land. Besides increasing its bargaining power in land acquisition, these measures support CPN's future business expansion toward mixed-use project development, which combines shopping centers, office buildings, hotels and residential areas.

After the launch of each shopping complex, CPN undertakes periodical monitoring of its performance, such as the number of customers, occupancy rates and rates of return against targets on biannual and annual basis, to review its achievement. Regarding shopping complexes that perform below targets, the Property Management Team will be responsible for conducting analysis and submitting appropriate solutions. With these measures in place, CPN rates its domestic investment risks low.

- 1.3.2 Risks from developing residential property projects:

Based on current competition in the residential markets marked by supply gluts and customers' spending care as well as the lack of encouragement measures issued by the public sector over this year, one sees a slowdown in the residential market. Yet, because of CPN's executives and teams that are experienced and skillful in the residential business responsible for all project development from survey, customer and rival research, project design, construction administration, sale, to after-sale services—in parallel with the uniqueness of locations next to shopping complexes and designs that cater

to customers' needs, all three condominium projects launched in 2016 in Chiang Mai, Rayong, and Khon Kaen were resounding successes, with 100% booking in all three. That is why CPN has developed and begun sales of three additional projects late this year in Nakhon Ratchasima, Chiang Rai, and Chiang Mai. Similar warm reception has greeted these projects, with booking volumes as planned.

That said, CPN still attracts risks arising from being unable to transfer condominium ownership to buyers, which may be because of speculator customers who do not want to transfer ownership or those who have not secured bank approval for credit, thus affecting CPN's income. To solve this problem, CPN closely tracks relevant indicators, including down installation payment, non-payment of installment, customers' pre-approved application, and the waiting lists of those interested in these projects. In addition, CPN values risks arising from brand image, potentially arising from after-sale administration and improper management of complaints. Therefore CPN values construction quality control, administration of juristic persons by CPN in the initial post-transfer period, and establishment of standards for after-sale administration and complaint-handling.

#### 1.4 Foreign Investment Risk

Aspiring to be a regional retail property developer, CPN has expanded its investment to the Southeast Asian region to supplement its existing businesses and enhance opportunities for long-term growth. Currently, it is developing its first project in Malaysia and undertaking feasibility studies for investment in other prospective countries, such as Vietnam and Indonesia.

In supporting its foreign expansion strategy, CPN has revised its management structure by appointing a dedicated unit to take responsibility for projects abroad and perform the duties of conducting studies and research on various aspects, for example, customers, competitors, marketing, social environment, culture and relevant laws; applying useful knowledge and information from subsidiaries of Central Group to analyze the feasibility and returns on investment; and

submitting the analysis results to the committee of experts for consideration before making decision on investment.

Furthermore, CPN has approached business allies with competency and experience in shopping mall projects allies in each targeted country, to jointly develop businesses and strengthen each other's operation. The Central i-City in Malaysia, due to be launched in 2018, for example, is a joint venture between CPN and a subsidiary of Malaysia's I-Berhad, an eminent property development company listed on Malaysia's Bursa Stock Exchange, and established a subsidiary company to invest in shopping mall development as part of mixed-use projects, incorporating office space, hotel and residential areas. By maintaining constant monitoring on the development of this project, CPN is capable of formulating risk response plans and promptly solve potential problems. As a consequence of these risk management measures, CPN rates its foreign investment risk medium.

## 2. OPERATIONAL RISKS

### 2.1 Risks from recruitment and retention of competent personnel

Human resources are vital to corporate success. CPN's objective is to do a good job of human resource management and have a big enough workforce in line with business expansion, develop personnel so that they may command suitable competency for their jobs, and keep personnel happy at work and always ready to dedicate to the creation of decent work for CPN. Admittedly, the present labor market is highly competitive, making it critical for CPN to take personnel recruitment and retention of quality personnel very seriously. Below are mitigating measures.

- Recruitment of competent personnel from assorted channels. Internally, for instance, CPN investigates job rotation, transfers to hometowns, and promotion, and externally, CPN searches leading universities' websites and launches the Friend Persuades Friend, among others.
- Designation of key positions in various functions to groom successors. This move would enable such functions to continue uninterrupted when positions become vacant due to retirement or resignation.
- Personnel competency development. CPN commands concrete methods, including career path planning,

individual development planning, and greater synergy with the Central Group in personnel development, including joint curriculum development and ongoing sharing of expertise and experience among affiliates' executives.

- Measures designed to retain personnel through ongoing relations activities between employees and CPN, including On Boarding activities for newcomers, New Year Greeting Communication Day, CPN Volunteers, Family Day, and Sport Day. An annual employee survey, called Power of Voice, provides findings and recommendations that find ways into improved processes and work environment. One of CPN's sustainability missions clearly focuses on employee engagement and their quality of life.

## 2.2 Risks from information management

CPN values information management for accuracy, credibility, and timeliness for decision-making in addition to information security and disclosure. It commands preventive measures and manages risks arising from cybercrimes potentially caused by cyber-attacks from outside CPN, which unfortunately are on a rise, or from its own employees. CPN's Data Confidentiality Management Project defines a structure for managing key documents and entitles only those authorized or relevant to access assorted documents and data. In addition, it invests in ongoing development of hardware and software for sophisticated handling of new forms of cybercrimes, while preventing access by unauthorized parties. CPN's key data are therefore more stable and safe.

## 3. COMPLIANCE RISK

CPN strictly observes relevant laws and regulations to ensure a correct, reliable and transparent conduct of its operations, with fairness to all parties. Followings are potential compliance risks:

### 3.1 Compliance Risk concerning environmental and safety laws

Under CPN's sustainability policy, which emphasizes environmentally friendly development and management of shopping complexes to forge a safe atmosphere, the management system on safety and environmental standards is applied as guidelines to ensure that related units strictly observe CPN's policies and applicable laws, with preparation

for future laws. Outside experts were hired to review and provide recommendations to further ensure that CPN's practices are correct and appropriate. Consequently, CPN rates the risk in this area low.

### 3.2 Risks arising from corrupt practices

Committed to operating its business sustainably, CPN focuses on good corporate governance and an effective internal control system. Besides specifying a clear anti-corruption policy and enforcing strict compliance, CPN has joined the Collective Action Coalition Against Corruption (CAC) and received endorsement as having formulated a company anti-corruption policy that fully conforms to CAC's criteria. CPN also prepares and communicates the Code of Conduct to suppliers and contractors to emphasize its standpoint.

In prohibiting and managing risks arising from corrupt practices, CPN has set up measures to control and monitor key work processes that are at risk of corrupt practices, with an Internal Audit team conducting risk assessment and spot-checking to reaffirm the correctness, honesty and transparency of these processes, along with prohibiting risky behavior. Communication channels are also opened for stakeholders and whistleblowers to voice their complaints or recommendations directly to the Audit Committee or the President. A committee will be appointed to consider and investigate complaints through a systematic, transparent and accountable process to ensure confidence and trust in its fair investigation process for all related parties. CPN therefore rates the risk in this area medium.

## 4. FINANCIAL RISKS

CPN's policy is to maintain continued growth contributed by the shopping complexes, residential, and other businesses that carve suitable investment opportunities. To achieve this objective, CPN must be able to handle the financial risks listed below.

### 4.1 Liquidity Risk

CPN implements a prudent monetary policy regarding capital expenditure. Comprehensive investment analysis is undertaken for each project so that only high-potential projects are submitted to the Investment Committee for meticulous

consideration and approval. Regarding the sources of fund, CPN maintains its capital structure with a low debt-to-equity ratio (up to 1) and also applies appropriate financial instruments in sourcing capital, such as the preparation to use a real-estate investment trust (REIT) as an alternative funding source.

After its commercial launch, CPN constantly assesses the returns of each project and modifies strategies, so that the project would achieve its targeted returns. These measures contribute to reducing financial risk and enabling CPN to maintain a robust financial status, thus increasing CPN's flexibility in sourcing sufficient funds for future business expansion at appropriate level of finance costs and rate of return on investment. CPN consequently rates its liquidity risk low.

#### 4.2 Credit Risk

CPN's credit-risk prevention policies are 1) to collect advance rents from tenants, 2) to terminate leases for tenants whose rents are outstanding for over 90 days and accelerate coordination to negotiate and find problem solution with them, and 3) to closely follow up debt collection so that most tenants pay their rents in time. In case of overdue payments, related units will cooperate to effectively deal with the default payment. Allowance for doubtful accounts in previous year was below 0.1% of its revenue, so CPN rates its credit risks low.

#### 4.3 Foreign Exchange Risk

CPN considers the application of forward-exchange contracts to hedge foreign-currency risks of its financial assets and liabilities denominated in foreign currencies. Besides, CPN mostly raises funds dominated in Thai Baht from domestic funding sources, thus naturally reducing this risk. CPN therefore rates its foreign exchange risk low.

#### 4.4 Interest Rate Risk

Interest rate risk arising from the market movement of interest rate in the future affects the results of CPN's operations and its cash flows. To efficiently manage and reduce these risks,

CPN has a policy that its debt securities and borrowings are mainly at fixed interest rates. CPN therefore rates its interest rate risk low.

### 5. HAZARD RISK

CPN's core business connects with properties and diverse groups of stakeholders, for example, customers who purchase products and services, tenants and surrounding communities. These groups highly expect that CPN's operation will ensure their safety. CPN therefore recognizes and commits itself to conducting risk management for safety from dangerous threats, which include:

#### 5.1 Natural Disaster Risk

Global warming is causing increased recurrence of abrupt changes in weather conditions with severe impacts. Last year Thailand also experienced drought, flash floods, earthquakes and thunderstorms. Natural disasters therefore pose major risks to CPN's properties and services.

CPN requires each shopping complex to assess its natural-disaster risks because natural disasters vary in different areas. For example, the North is more prone to thunderstorms, hail storms and earthquakes, while flash floods and monsoons are more common in the South. CPN also put in place risk mitigation measures, such as the requirement to constantly inspect the strength of buildings and facilities, together with the preparation of mitigation actions and tools. The latter includes dredging of drainage passages, adding water pumps at flood-prone shopping complexes, finding alternative water sources to alleviate drought and inviting experts in building structure to assess earthquake impacts and provide recommendations on how to handle future incidents. CPN also reviews and prepares a crisis management plan to cover more scenarios, with regular drills to ensure personnel's crisis preparedness.

The statistics of natural disasters and their outcomes are systematically monitored and collected as incident cases for analysis to improve response plans and the management of these plans before reporting to the Risk Management Committee for acknowledgment and consideration.

## 5.2 Risk arising from Unrest

Incidents of unrest or terrorism currently pose critical threats to the international communities. Recognizing such threats, CPN undertakes the following risk management measures:

- 1) Coordinate and monitor information provided by government agencies or relevant bodies for an accurate and timely assessment of each situation. The color-code system, which indicates the severity of situation on a real-time basis, is utilized to communicate with relevant parties for proper preparation and responses under specified guidelines.
- 2) Provide relevant employees with knowledge and training to be alert and capable of observing unsafe incidents, with regular conduct of crisis response drills.
- 3) Install an adequate number of modern safety equipment, such as CCTV cameras, which provide detailed recording of incidents and contribute to suppressing unrest incidents.

## 5.3 Other Crisis Risks

Recognizing the importance of business continuity management, CPN's Business Continuity Management Committee (BCM Committee), chaired by the CEO, is responsible for establishing policies and supervising formulation of business continuity plans, together with regular business continuity drills. Last year, the BCM Committee simulated a crisis situation which prevented employees involved in CPN's key processes from entering the Head Office and forced them to perform their duties at an alternate site. After completing this exercise, the drill team analyzed problems and summarized recommendations to enhance the efficiency of Head Office's business continuity management process. Business continuity management drills and reviews will also be undertaken at all branches nationwide.



## MANAGEMENT DISCUSSION AND ANALYSIS

In 2017, the Thai economy continues to expand with the GDP growth of 3.9% compared to 3.2% in 2016. Factors that drive the economy include 1) Growth in exports at 9.9% from 2016 with strong performances in many product categories including electronics, automotive parts and processed agricultural goods, and higher export value that tracks the higher oil prices., 2) Strong inbound tourism, especially from Chinese tourists as more direct flights from China to Thailand become available and partially helped by the visa fee discount and waiver incentives during the year, 3) Steady growth in private consumption from stimulus packages and recovering agricultural product prices from production expansion and 4) Other supporting factors, such as government spending and other stimulus measures as inflation gradually increases.

Central Pattana Public Company Limited (“The Company” or “CPN”) carried out its business plan, while continued placing a great emphasis on effective revenue generation through new shopping malls, enhancement of existing malls, as well as efficient cost management. CPN currently manages 32 shopping malls with the net leasable area (NLA) of approximately 1.7 million sqm., higher than in 2017 of approximately 1.6 million sqm. due to the opening of 2 new shopping malls in November 2017, which are CentralPlaza Nakhon Ratchasima and CentralPlaza Mahachai. At the end of 2017, the average occupancy rate for CPN’s retail properties stood at 92%, slightly lower from the previous quarter due to major renovations at both CentralWorld and CentralPlaza Rama 3.

CPN reported its 2017 consolidated net profit at Baht 13,568 million, an increase of 46.8% from the same period in the previous year (YoY). Total revenues stood at Baht 34,594 million, an increase of 18.3% YoY. Excluding non-recurring items, namely the insurance claim from the terrorism risk protection amounted Baht 3,500 million, the conversion of CPN Retail Growth Leasehold Property Fund (“CPNRFP”) into CPN Retail Growth Leasehold REIT (“CPNREIT”) and the lease of CentralFestival Pattaya Beach and Hilton Pattaya Hotel, net

profit is reported at Baht 9,893 million, an increase of 7.0% YoY, and total revenue at Baht 30,875 million, an increase of 5.6% YoY.

### SUMMARY OF BUSINESS OPERATIONS IN 2017

#### New Shopping Malls in 2017

consists of 2 locations, namely CentralPlaza Nakhon Ratchasima and CentralPlaza Mahachai, as the Center of Life with complete and immersive customer experience for everyone.

##### CentralPlaza Nakhon Ratchasima

The 31<sup>st</sup> shopping mall was officially opened on November 3, 2017, as part of the largest mixed-use development project in the Isan region. The structural design is inspired by the Mahahong flower, a floral symbol of Nakhon Ratchasima province, and decorated with the “Seasons of Life” theme. Inside the mall features a variety of historic locations and heritage of the Isan region, such as Pha Keb Tawan, Sam Phan Bok, Saeng Chan Waterfall, Surin Elephant to name a few. Moreover, the shopping mall caters towards new experiences, such as the outdoor market “Talad Dadad” and a co-working space. Total NLA is approximately at 50,000 sqm. with the occupancy rate on the opening day at 80%.

##### CentralPlaza Mahachai

The 32<sup>nd</sup> shopping mall was officially opened on November 23, 2017, with the exterior and interior designs portrays the MAHANAVA, the ship of happiness that symbolizes the way of life in the Samut Sakhon province. Through the semi-outdoor lifestyle concept, the shopping mall serves as the best highway destination for the local communities, commuters and travelers that features a convenience store, plentiful parking space and clean restrooms, the EATALAY zone that showcases renowned seafood restaurants, and the Sarm Samut outdoor market of locally made gifts and delicacies. Total NLA is approximately at 25,000 sqm. with the occupancy rate on the opening day at 85%.

#### Asset Enhancement Initiatives

CPN continuously engages in asset enhancement programs to increase the value of existing shopping malls, customers, tenants and societies, and create long-term returns. In 2017, CPN engaged in the following asset enhancement initiatives.

- **Major renovations at 2 shopping malls**, namely CentralWorld, which began in 4Q16 through phases and



expected to be completed by 3Q18 and has an occupancy rate of 84% at the end of 2017. The other is CentralPlaza Rama 3, which is owned by CPNREIT and has undergone a 6-month renovation program completed and re-opened in December 2017 under the concept of “Where Nature Meets Urban Living”, a blend of urban lifestyle close to nature with newly opened zones that feature green and rest areas, along with new stores and a co-working space area.

- **Minor renovations at 3 shopping malls**, namely CentralFestival Phuket and the shopping malls owned by CPNREIT, CentralPlaza Rama 2 and CentralPlaza Chiangmai Airport. The minor renovation includes adding new tenants, changing tenant-mix, re-zoning, enhancing interior and exterior look, and also setting up a new “Food Destination Zone”, which combines food court, restaurants, food kiosks, and supermarket altogether at the same area in order to draw traffic into the shopping mall and become a convenient gathering for customers.

#### Prudent Financial Management and Funding Strategy

In 2017, CPN’s average cost of fund stood at 2.81%, lower than the previous year at 3.23%. Meanwhile, total interest-bearing debt stood at Baht 9,544 million, a decrease from Baht 17,904 million from the previous year as a result of effective financial management to match the money and capital markets’ environment. CPN successfully maintain an effective capital structure and flexible financing cost structure, as well as prepare adequate funding to support the investment plan and lower the financing cost at the same time.

- On December 1, 2017, CPN announced a successful conversion of CPNRF into CPNREIT and the lease of CentralFestival Pattaya Beach (certain parts) and Hilton Pattaya Hotel to CPNREIT at a net asset value of Baht 11,908 million, (leasehold period equal to 20 years) the lease term of which ends on August 31, 2037.
- On September 22, 2017, TRIS Rating Agency upgraded CPN’s rating and its ratings of senior unsecured debentures to “AA” from “AA-”. The upgrades reflect CPN’s stronger financial profile, driven by solid operating performance and reliable streams of income, proven record of managing high quality shopping centers, reliable cash flows from contract-based rental and service income, and conservative financial policy.

#### Diversification into Mixed-use Development Projects

CPN sees the potential in mixed-use development projects,

which consist of residential projects, office buildings and hotels, in the same complex as the shopping malls to support and maximize the benefits of the latter’s business.

- On March 1, 2017, CPN announced a joint venture with Dusit Thani Public Company Limited (“DTC”) to jointly invest in a mixed-use development that consists of a hotel, residence, shopping mall and office building. The project is located on the corner between Silom Road and Rama 4 Road, Bangkok, with an investment budget of no more than Baht 17,393 million. In the joint venture, CPN holds 40% ownership in the hotel, residential businesses, 85% in the shopping mall business, 100% in the office building business.
- In November 2017, CPN announced 3 new condominium projects under the names “ESCENT” and “ESCENT VILLE” situated on the same area as the shopping malls, namely at CentralPlaza Nakhon Ratchasima, CentralPlaza Chiangrai, and the second project near CentralFestival Chiangmai, for a total value of Baht 2,200 million. Responses for these projects were widely acclaimed due to their strategic locations, designs and features that match customers’ preferences. Construction is ongoing as planned and expected to be completed and ready for transfer in 2019.

#### Sustainable Growth as a Core Principle in Business

CPN is selected to be the member of the Dow Jones Sustainability Indices (DJSI) in the real estate industry under the emerging markets indices for the fourth consecutive year (2014-2017). This is a testimony to CPN’s philosophy on sustainable business operations by taking into consideration the interests of the whole, the environment, the related parties and continuously partake in driving the well-being of society and communities forward.

In addition, CPN is chosen amongst the companies with the honor of Thailand Sustainability Investment 2017 by the Stock Exchange of Thailand, having demonstrated outstanding achievements in sustainable business operations with utmost consideration in environmental, social and governance aspects.

#### Other Events

- On July 14, 2017, CPN purchased 26 million shares, or 65% of the total 40 million shares, in Dara Harbour Co., Ltd., from Property Perfect Public Company Limited for the amount of Baht 291.75 million. The purpose of the transaction is to acquire land sublet right to support the business

expansion in Si Racha district, Chonburi province. After the completion of the transaction, CPN will hold 65% ownership in Dara Harbour Co., Ltd.

- On July 25, 2017, CPN established a new joint venture, Phenomenon Creation Company Limited, to develop the Theme Park Project in CentralPhuket. The new venture, with a registered capital of Baht 400 million, was jointly invested between Bangna Central Property Co., Ltd. ("BCP"), the subsidiary that CPN indirectly holds 99.99%, and Rightman Co., Ltd. ("RM"). The shareholding ratio of

BCP and RM in the new joint venture company is 51:49. The approximated total investment in this project is Baht 550 million which is the BCP's estimated portion of investment of Baht 281 million.

- On September 5, 2017, CPN established a new joint venture, Synergistic Property Development Company Limited, with a registered capital of Baht 100,000. The venture was jointly invested with Ek-Chai Distribution System Company Limited for a 50:50 shareholding proportion and will serve the business expansion in the future.

## FINANCIAL AND OPERATING PERFORMANCE IN 2017

As of December 31, 2017, CPN managed 32 shopping centers (14 projects in Bangkok Metropolitan Area (BMA) and 18 projects in the provinces), 28 food courts, 7 office towers, 2 hotel properties, and 1 residential property (totaling 11 units), which includes the properties which had been transferred to CPNREIT and CPN Commercial Growth Leasehold Property Fund ("CPNCG").

At the end of 2017, CPN maintains an average occupancy rate of its shopping malls at 92%, slightly lower than 94% in the previous year. This was largely attributed to the major renovations at CentralWorld and CentralPlaza Rama 3, which at the end of the year have occupancy rates of 84% and 92% respectively.

**Table 1: Operational Statistics**

Retail Properties	No. of Projects	Net Leaseable Area (sqm.)	Occupancy Rate (%)	
			End of 2016	End of 2017
CPN in BMA	14	912,693	94	91
CPN in Provinces	18	751,051	94	93
<b>Total</b>	<b>32</b>	<b>1,663,744</b>	<b>94</b>	<b>92</b>

Non-Core Properties	No. of Projects	Net Leaseable Area (sqm.)	Occupancy Rate (%)	
			End of 2016	End of 2017
Office	7	171,591	97	94
Residential	1	1,567	21	21
Hotel*	2	561 rooms	82	86

\* Occupancy rate of Hotel Business was an average of occupancy rate for the whole year.

In 2017, there are a number of non-recurring items to be excluded from the discussion and analysis of financial results. In 3Q17, CPN received an insurance claim based on the terrorism risk protection for the amount of Baht 3,500 million (details available in Note 36: Other Events in the annual financial statements ended December 31, 2017). In 4Q17,

CPN recorded a net income receipt of Baht 175 million, mainly related to the execution fee received from CPNREIT in proceeding with the lease of the properties, following the conversion of CPNRF to CPNREIT and the lease of CentralFestival Pattaya Beach (certain parts) and Hilton Pattaya Hotel.

### Total Revenue

In 2017, CPN reported total revenue (excluding non-recurring items) of Baht 30,875 million, an increase of 5.6% YoY. Main components of revenue are as follows.

#### Revenue from rent and services

In 2017, CPN recorded revenue from rent and services at Baht 26,057 million, an increase of 3.2% YoY due to the following factors.

- Full year contribution from a new mall opened in 2016, namely CentralPlaza Nakhon Si Thammarat.
- Strong post-renovation performances for malls under renovation in 2016, namely CentralMarina and CentralPlaza Pinklao.
- Resilient contribution from new malls in 2017, namely CentralPlaza Nakhon Ratchasima and CentralPlaza Mahachai.
- Strong performances of existing shopping malls, such as CentralFestival EastVille, CentralPlaza WestGate, CentralPlaza Grand Rama 9, CentralPlaza Chiangrai, CentralPlaza Khonkaen, CentralPlaza Ubonratchathani, CentralPlaza Suratthani and CentralPlaza Phitsanulok.
- Solid growth from shopping malls with partial renovation, namely CentralPlaza Chaengwattana and CentralPlaza Bangna.
- Meanwhile, malls under major renovation include CentralWorld and CentralPlaza Rama 3.

In 2017, same store rental revenue growth, which excludes the performances of new malls in 2017 and 2016, namely CentralPlaza Nakhon Ratchasima, CentralPlaza Mahachai and CentralPlaza Nakhon Si Thammarat, as well as those under renovation in either year, namely CentralWorld, CentralPlaza Rama 3, CentralPlaza Pinklao and CentralMarina, grew by 3.5% YoY.

#### Revenue from food and beverages

In 2017, the in-mall food court business recorded revenue of Baht 1,631 million, an increase of 17.4% YoY due to the following factors.

- Full year contribution from new food courts opened in 2016, namely at CentralPlaza Nakhon Si Thammarat, CentralPlaza Bangna, CentralMarina and CentralPlaza Chaengwattana.

- Contributions from newly opened food courts in 2017, namely at CentralPlaza Nakhon Ratchasima and CentralPlaza Mahachai.
- Strong post-renovation performance of the food court at CentralFestival Phuket, which reopened in 2Q17.
- Strong performances of existing food courts both in BMA and provinces with double digit growth, such as CentralFestival EastVille, CentralPlaza WestGate and CentralFestival Samui.

#### Revenue from hotel operations

Hotel operations are considered CPN's non-core businesses. In 2017, revenue from hotel operations was Baht 1,097 million, an increase of 10.0% YoY. The increase was driven mainly by strong performance of Hilton Pattaya Hotel, which boasted an increase in average occupancy rate to 93% from 89% in the previous year, in line with the higher number of tourists. Centara Hotel & Convention Centre Udonthani Hotel also performed reasonably well with an increase in average occupancy rate of 78% from 73% in the previous year due to higher number of seminars and meetings held by both public and private organizations. Both hotels also posted higher average room rates. On December 1, 2017, CPN transferred Hilton Pattaya Hotel to CPNREIT as part of the conversion process from CPNRF to CPNREIT.

#### Other revenue

CPN reported other revenue of Baht 2,091 million, an increase of 44.1% YoY. Main constituents of other revenue include management fee of CPNREIT and CPNCG amounted Baht 492 million and revenue from marketing events at Baht 166 million, and receipt of property tax due to the increased number of shopping malls.

### Total Costs

In 2017, CPN reported total costs of Baht 14,518 million, an increase of 3.4% YoY. Main components of the costs are as follows.

#### Cost of rent and services

Costs of rent and services constituted utilities, security & cleaning services, on-site personnel, land rental, depreciation & amortization, repair & maintenance costs and insurance premium and property tax of properties owned for rental.

In 2017, CPN reported cost of rent and services at Baht 12,894 million, an increase of 2.1% YoY. The rate of increase is lower than the growth in revenue from rent and services, courtesy of effective utility cost management. The rise in cost comes from the following factors.

- Full year recognition of operating and depreciation costs of new and renovated projects in 2016, namely CentralPlaza Nakhon Si Thammarat, CentralMarina and CentralPlaza Pinklao, as well as the costs of newly opened projects in 2017, namely CentralPlaza Nakhon Ratchasima and CentralPlaza Mahachai.
- Higher maintenance, repair and personnel expenses to support the expansion of new shopping malls.
- Utility cost, a major component (accounts for approximately 30% of cost of rent and services) for shopping mall operation, have successfully been reduced due to the ongoing effort of energy efficiency, the result of which is the reduction in same store utility costs by around 3.2% YoY. To maintain an optimum level of cost-to-revenue ratio, CPN continues to explore further efficiency gains despite an increasing trend of electricity Ft rate since May 2017.

#### Costs of food and beverages

Costs of food and beverage constituted costs of operating in-mall food centers, as well as depreciation and repair & maintenance costs of food center equipment and furniture, and decoration costs.

In 2017, CPN reported costs of food and beverages at Baht 1,280 million, an increase of 18.0% YoY. The rise in cost exceeds the growth in food and beverages revenues due to higher costs arising from newly opened food courts in 2016 and 2017, namely CentralPlaza Nakhon Si Thammarat, CentralPlaza Nakhon Ratchasima and CentralPlaza Mahachai. Also contributing to the rise in cost are renovated food courts into Food Destination zones in 2017, namely at CentralFestival Phuket, CentralPlaza Chaengwattana, CentralPlaza Pinklao and CentralFestival Samui.

#### Cost of hotel operations

In 2017, CPN reported costs of hotel operations at Baht 344 million, an increase of 5.5% YoY in line with the growth of revenues. Both hotels showed effective cost control in both room and food and beverage management.

#### Administrative Expenses

Total administrative expenses constituted expenses on personnel, marketing & promotion, office supplies, professional fees, and depreciation and amortization of office equipment and hotel properties.

In 2017, CPN reported total administrative expenses (excluding non-recurring items) at Baht 5,066 million, an increase of 15.0% YoY. The increase are mainly attributed to higher personnel expenses due to an increase in headcount to support business expansion, higher marketing expenses for the opening of new and renovated shopping malls in 2016 and 2017, namely CentralPlaza Nakhon Si Thammarat, CentralPlaza Nakhon Ratchasima, CentralPlaza Mahachai, CentralPlaza Pinklao and CentralPlaza Rama 3, as well as promotional and event-based expenditures in the festive seasons during the year. Hence, administrative expenses to total revenue ratio stood at 16.4%, higher than the previous year at 15.1%.

#### Gross Profit Ratio & Operating Profit Ratio

In 2017, CPN's gross profit ratio (excluding other income) rose to 49.6% from 49.2% in the previous year, owing to effective operations management to ensure that growth in the shopping mall business, hote operations, food and beverage comes with at least the same level of profitability as the previous year. Meanwhile, operating profit ratio (excluding non-recurring items) dropped slightly to 36.6% from 37.0% in the previous year due to higher administrative expenses, particularly personnel, marketing and general management costs as mentioned earlier. CPN is, however, determined to exercise effective cost management and prudent cost control measures to maintain its profitability.

#### Net Profit

In 2017, CPN reported a net profit (excluding non-recurring items) of Baht 9,893 million, an increase of 7.0% YoY, due to solid revenue growth and profitability performances, effective cost management and lower financing cost by 42.6% YoY, in line with the lower amount of interest-bearing debt whilst cost of debt remains at a low level. Meanwhile, share of profit from investments declined 1.7% YoY due to the renovation at CentralPlaza Rama 3.

Return on Equity (excluding non-recurring items) stood at 17.4%, slightly lower than in the previous year at 18.9%. Net profit margin in 2017 was 31.2%, a slight increase than in the previous year of 30.7%, whereas at the end of 2017, asset turnover ratio was 0.28 times and the equity multiplier was

at 1.95 times compared to the previous year's level of 0.29 times and 2.01 times respectively. Return on Assets (excluding non-recurring items) equals 8.8%, a slight decrease from the previous year at 8.9%.

**Table 2: Summary of Consolidated Results**

Consolidated Earnings (Baht million)	FY2016	FY2017	YoY (%)
Revenue from rent and services	25,247	26,057	3
Retail	24,579	25,367	3
Office	667	690	3
Other supportive businesses	1	1	(29)
Revenue from hotel operations	998	1,097	10
Revenue from food and beverage	1,389	1,631	17
Other income	1,600	5,809	263
<b>Total revenues</b>	<b>29,234</b>	<b>34,594</b>	<b>18</b>
<b>Total revenues excluding non-recurring items</b>	<b>29,234</b>	<b>31,096</b>	<b>6</b>
Cost of rent and services	12,630	12,894	2
Retail	12,349	12,627	2
Office	279	267	(5)
Other supportive businesses	1	1	(51)
Cost of hotel operation	325	344	6
Cost of food and beverage	1,086	1,280	18
<b>Total costs</b>	<b>14,041</b>	<b>14,518</b>	<b>3</b>
Operating profit	10,814	14,989	39
Operating profit excluding non-recurring items	10,814	11,314	5
<b>Net profit</b>	<b>9,244</b>	<b>13,568</b>	<b>47</b>
<b>Net profit excluding non-recurring items</b>	<b>9,244</b>	<b>9,893</b>	<b>7</b>
EPS (Baht)	2.06	3.02	47
EPS (Baht) excluding non-recurring items	2.06	2.20	7
<b>Gross profit margin (excluding other income) (%)</b>	<b>49</b>	<b>50</b>	<b>0</b>
<b>Operating profit margin (excluding other income) (%)</b>	<b>37</b>	<b>37</b>	<b>0</b>

## Financial Position

### Total Assets

As of December 31, 2017, the Company reported total assets at Baht 120,574 million, an increase of Baht 16,046 million or 15.4% from the previous year. Total assets include the following items.

### Current assets

Current assets consist of cash and cash equivalent, short-term investments, net trade and other accounts receivable, and real estate projects under development.

As of December 31, 2017, the Company reported current assets at Baht 13,114 million, an increase of Baht 6,579 million or 100.7% from the previous year. Key drivers to the change are:

- An increase in real estate projects under development of Baht 3,178 million mainly from the advances on construction costs for the residential projects currently under construction.
- An increase in short-term investments of Baht 2,352 million in which the Company has a policy to invest in securities with low-risk and high liquidity, such as government bonds and open-ended mutual funds that invests in government treasuries and low-risk corporate debentures.
- An increase in other accounts receivable of Baht 914 million mainly from the income awaiting collection from retail tenants.

### Non-current Assets

Non-current assets consist of investments in joint ventures and associates, long-term investment in related businesses, deferred tax assets, investment properties, leasehold rights, and net property, plant and equipment.

As of December 31, 2017, the Company reported non-current assets of Baht 107,459 million, an increase of Baht 9,467 million or 9.7% from the previous year. Key drivers to the change are:

- An increase in investment properties of Baht 8,272 million mainly from the capital expenditures in new shopping malls opened in 2017, namely CentralPlaza Nakhon Ratchasima and CentralPlaza Mahachai, and those under construction and expected to open in 2018, namely CentralPhuket and Central i-City in Malaysia. Also included are investments for future projects of 2-3 new malls per year and asset enhancement initiatives of 2-3 existing malls per year.
- An increase in leasehold rights of Baht 560 million mainly from the acquisition of land lease and sublet rights for future business expansion.
- An increase in investment in associates of Baht 351 million

mainly from the share purchase of Dara Harbour Company Limited, accounting for 65% of its ownership with the purpose to acquire land sublet right in Sriracha district, Chonburi province.

- An increase in deferred tax assets of Baht 207 million mainly arising from tax differences in certain items, such as customer deposits, accumulated loss carryforward balance, and employee benefit obligations, to name a few.

### Total Liabilities

As of December 31, 2017, the Company reported total liabilities of Baht 56,694 million, an increase of Baht 5,171 million or 10.0% from the previous year. The Company's liabilities include the following items:

### Current Liabilities

Current liabilities consist of trade and other accounts payable, interest-bearing debt due within 1 year, portion of advances on rental and services revenue to recognize within 1 year, portion of leasehold rights payable due within 1 year and income tax payable.

As of December 31, 2017, the Company reported current liabilities at Baht 14,353 million, a decrease of Baht 528 million or 3.5% from the previous year. Key drivers to the change are:

- A decrease in interest-bearing debt due within 1 year of Baht 2,434 million mainly from the repayment of short-term interest-bearing debt at maturity.
- A decrease in income tax payable of Baht 270 million, which came from the payment of taxes during the year at Baht 2,307 million offset by recognition of corporate income tax during the year at Baht 2,037 million.
- An increase in advances on rental and services revenue within 1 year of Baht 705 million mainly from the lease of CentralFestival Pattaya Beach and Hilton Pattaya Hotel to CPNREIT.
- An increase in contractor payables of Baht 1,364 million due to increase in construction activities, which is in line with the increase in investment properties.

### Non-current Liabilities

Non-current liabilities consist of long-term interest-bearing debt, deferred tax liabilities, employee benefit obligations, accounts payable of leasehold rights, advances on rental and services revenue, customer deposits, guarantees for leasehold rights and provision for decommissioning and restoration.

As of December 31, 2017, the Company reported non-current liabilities at Baht 42,340 million, an increase of Baht 5,700

million or 15.6% from the previous year. Key drivers to the change are:

- An increase in advances on rental and services revenue of Baht 11,259 million mainly from the lease of CentralFestival Pattaya Beach and Hilton Pattaya Hotel to CPNREIT.
- An increase in customer deposits of Baht 248 million, consistent with the higher number of shopping malls and tenants.
- A decrease in long-term interest-bearing debt of Baht 5,941 million, mainly from the repayment of loan from financial institutions at maturity and the early repayment of loans with floating interest rate from financial institutions as part of capital structure management to suit current money and capital market environments.

#### Shareholders' Equity

As of December 31, 2017, the Company reported total shareholders' equity at Baht 63,880 million, an increase of Baht 10,875 million or 20.5% from the previous year. Key drivers to the change are:

- An increase in unappropriated retained earnings of Baht 9,838 million, comprises net profit for the year at Baht 13,568 million, net of dividend paid during the year at Baht 3,725 million and acquisition in non-controlling interest of subsidiaries at Baht 5 million.
- An increase in total non-controlling interest portion of Baht 1,111 million mainly due to increases in holding proportions of subsidiaries, both direct and indirect, by the non-controlling parties, consistent with the increase in total capital in subsidiaries during the year.

#### Dividend

- CPN has a dividend policy of no less than 40% of annual net profit. On February 19, 2018, the Board of Directors passed a resolution to propose to the Annual General Meeting of Shareholders, to be held in April 2018, to approve the dividend payment of Baht 1.40 per share from the 2017 net profit, compared to Baht 0.83 per share in the previous year. Hence, the proposed dividend payout ratio from the 2017 consolidated net profit is at 46.3%.

**Table 3: Financial Position**

Financial Position (Baht million)	As of 31 Dec 2016	As of 31 Dec 2017	YoY (%)
Current assets			
Cash and current investments	3,080	5,361	74
Other current assets	3,455	7,753	124
Total current assets	6,535	13,114	101
Non-current assets			
Investment properties <sup>1)</sup>	76,700	84,972	11
Leasehold rights	10,647	11,207	5
Property & equipment (PP&E)	1,797	1,676	(7)
Other non-current assets	8,724	9,604	10
Total non-current assets	97,992	107,459	10
<b>Total assets</b>	<b>104,527</b>	<b>120,574</b>	<b>15</b>
Current liabilities	14,882	14,354	(4)
Non-current liabilities	36,640	42,340	16
<b>Total liabilities</b>	<b>51,523</b>	<b>56,694</b>	<b>10</b>
<b>Total equity</b>	<b>53,005</b>	<b>63,880</b>	<b>21</b>

Remarks:

1) Investment Properties are booked at cost and depreciated with the straight-line basis over the life of the assets. The estimated fair value is Baht 180,409 million (Baht 167,688 million in December 2016), stated in the disclosure notes to the main financial statements no. 13 under "Investment Properties".



## LIQUIDITY AND FUNDING ADEQUACY

### Sources and Uses of Funds

#### Cashflow

As of December 31, 2017, the Company has cash and cash equivalent balance of Baht 2,418 million, a decrease of Baht 71 million or 2.8% from the previous year. Key movements in the cash and cash equivalent are as follows:

#### Cashflow from Operating Activities

In 2017, the Company receives a net cash inflow of Baht 26,599 million, an increase of Baht 12,223 million or 85.0% from the previous year, mainly attributed to the higher cash receipt from strong operating performance. Also contributing to the higher cash inflow are the insurance claim from the terrorism protection of Baht 3,500 million and cash generated from the Company's working capital, such as increases in unearned rental and services revenue, accounts payable, to match the operating environment with new and renovated malls during the year.

#### Cashflow from Investing Activities

In 2017, the Company has a net cash outflow from investing activities at Baht 14,576 million, an increase of Baht 8,634 million or 145.3% from the previous year. Key investing activities include the capital expenditure for new shopping malls opened in 2017, namely CentralPlaza Nakhon Ratchasima and CentralPlaza Mahachai, renovations at CentralWorld and CentralPlaza Rama 3, and increases in short-term investments to optimize liquidity and leasehold rights accordingly with the business expansion.

#### Cashflow from Financing Activities

In 2017, the Company has a net cash outflow from financing activities at Baht 12,016 million, an increase of Baht 3,496 million or 41.0% from the previous year, mainly from the net repayment of loans from financial institutions, which is consistent with the lower finance cost, and higher dividend paid to shareholders.

As of December 31, 2017, CPN reported total interest-bearing debt of Baht 9,544 million, a decrease of 46.7% from the balance as of December 31, 2016 due to the redemption of loans at maturity and early redemption of loans with floating interest rate. As a result, CPN's entire interest-bearing debt have fixed

interest rates with an average cost of debt throughout the year at 2.81%, lower than the rate in 2016 at 3.23%.

Net interest-bearing debt to equity ratio stood at 0.07 times, a decrease from 0.28 times at the end of last year, on lower debt balance and increase in retained earnings.

#### Capital Expenditure

In 2017, CPN spent approximately Baht 16,024 million of capital expenditure (CAPEX), Baht 10,455 million of which on land acquisition and development of new projects in the future, Baht 2,143 million of which on enhancement of existing shopping malls and Baht 3,426 million of which on mixed-use development projects.

## FUTURE PROJECTS

### Retail Property Development

#### Domestic expansion

CPN currently has 2 new shopping malls under construction, namely CentralPhuket, which is expected to open by the first half of 2018, and one other to be announced in 2Q18.

Apart from the expansion plan, CPN continues to focus on enhancing the value of existing assets throughout the year, namely CentralWorld, which is ongoing and expected to be completed by 3Q18, CentralPlaza Chiangrai, CentralPlaza Chonburi, CentralFestival Phuket, CentralFestival Pattaya Beach and CentralPlaza Lardprao.

#### International expansion

CPN currently engages in joint development of Central i-City in Malaysia on the grounds of the country's growth potential and diversification of investment risk. Central i-City, with its strategic location and promising potential in area, is a joint investment between CPN, with 60% ownership, and I-R&D Sdn. Bhd ("IRD"), a subsidiary of I-Berhad, the other 40% ownership. Total project value amounts to 830 million Malaysian Ringgit, or approximately Baht 8,300 million. The project is currently under construction with the expected opening date in 4Q18, having secured major tenants and anchors, such as the department store, supermarket and cinema. It is also progressing its lease agreements with various retail tenants.

### Residential Property Development

CPN recognized the potential of our mixed-use development of shopping mall complex projects. The company plans to utilize our existing vacant plots of land adjacent to existing shopping malls to add value to our core business. CPN plans to launch about three new residential projects per year.

The 3 condominium projects launched in 2016, namely ESCENT Chiangmai, ESCENT Khonkaen and ESCENT Rayong, all of which have been sold out, is in the process of construction, interior and exterior designs. These units will be transferred

and recognized as revenue during the first half of 2018 for an approximated value of Baht 2,800 million.

In 2017, CPN announced the pre-sales of 3 new condominium projects on the same area as its shopping malls in Nakhon Ratchasima, Chiangrai and Chiangmai (phase 2). The project at Nakhon Ratchasima was exceptionally popular with all units sold out. Demand for the other 2 projects is strong with the pre-sale progress currently at 60-80%. Construction of the projects have begun and expected to be completed and ready for transfer by the second half of 2019.

**Table 4: Projects under development**

Retail Properties to Open in 2018

Location		Project	Progress	Net Leaseable Area (sqm.)
Domestic	Provinces	Central Phuket	Under Construction	63,000
Overseas	Selangor, Malaysia	Central i-City	Under Construction	89,700

Residential Projects Launched in 2017

Location		Project	Progress	Completion	Type	Presales
Domestic	Provinces	ESCENT Chiangmai	Under Construction	1H2018	26-storey Condominium, 400 units	100%
		ESCENT Khonkaen	Under Construction	1H2018	24-storey Condominium, 408 units	100%
		ESCENT Rayong	Under Construction	1H2018	25-storey Condominium, 419 units	100%

Residential Projects Launched in 2018

Location		Project	Progress	Completion	Type	Presales
Domestic	Provinces	ESCENT Nakhon Ratchasima	Under Construction	2019	380 units	100%
		ESCENT Chiangrai	Under Construction	2019	312 units	80%
		ESCENT Chiangmai	Under Construction	2019	450 units	60%



# SUSTAINABILITY PERFORMANCE

CPN implements sustainable development concept with the intention to “Creating shared value for stakeholders and society as a whole”. To serve each stakeholder, CPN defined strategic plans, goals, operational plans, and responsible units that present the work progress. CPN also assigns CPN executives as SD Champions who promote, support, and drive missions toward goals. Performance must be reported quarterly to the Corporate Governance and Sustainable Development Committee (CG-SD Committee), with the sustainability strategy.



## DIVERSIFICATION OF PROPERTY DEVELOPMENT AND MANAGEMENT

CPN prioritizes on the retention of strong and sustainable growth in business through the five-year business plan (2018-2022) with a compounded average growth rate (CAGR) in revenue of at least 13% per annum. To achieve such target, the Company established the direction to grow its business through diversification of property development and management, as part of its sustainable business development strategy, through a variety of approaches, such as:

1. Geographical expansion
2. Expansion through different asset types
3. Joint-investment with business partners

### Geographical expansion

CPN has historically developed and managed its properties through new shopping malls in high potential areas, starting with Bangkok Metropolitan Area (BMA) and expanding to provincial cities that have strong and stable economic growth to the region. This is done to disperse the business risk from concentrated areas, as well as capture the growth opportunities of each region. As of present, CPN has 14 shopping malls in BMA and 18 shopping malls in the provincial areas.

Before commencing on the development of a project, CPN prudently selects the best location within an area that is conveniently accessible by customers, tourists and retail tenants. Through the concept of “Center of Life”, CPN’s shopping malls are uniquely designed to suit the locality of each area by featuring popular icons and symbols, as well as immerse with the local communities, create new lifestyles, offer complete range of products and services, and become the center of attraction for both locals and tourists. These features also support the regional and national economy, create jobs to distribute income through the social classes, and are beneficial to the interest of all stakeholders.

Under the vision of a regional business leader with sustainable long-term growth, CPN aims to expand its business in Southeast Asia, particularly those with strong and stable economic growth, such as Malaysia, and studies the possibilities of expanding into neighboring countries, such as Vietnam and Indonesia, to distribute the business dependency outside of a single domestic market.

### Expansion through different asset types

CPN expands its investment horizon into a complete real estate developer under the mixed-use development strategic direction. These investments include the development of residential projects, office buildings and hotels to maximize the value of the core shopping mall business. In 2016, CPN, through its subsidiary CPN Residence Company Limited, developed three condominium projects located in the same area as its shopping malls, namely at Chiangmai, Rayong and Khonkaen. Another three condominium projects were launched in 2017 at Nakhon Ratchasima, Chiangrai and Chiangmai (second project).

Mixed-use development projects are complementary to the shopping mall business, enhancing both its value and revenue base. For instance, CentralPlaza Nakhon Ratchasima: Mahanakorn of Isan, is the largest mixed-use development project in the Isan region comprising a shopping mall, hotel, convention hall, condominium, outdoor market and recreational park in the same complex and offers a dynamic range of contemporary lifestyle models to the Isan people.

### Joint-investments with business partners

The mixed-use development strategic direction does not limit to proprietary investments as CPN is open to jointly invest with potential business partners that bring invaluable experiences and know-hows in the real estate development business to share and support one another. Exemplified in the announcement on March 1, 2017, CPN entered a joint investment partnership with Dusit Thani Public Company

Limited (“DTC”) to invest in a mixed-use development project comprising hotel, residence, shopping mall and office building on the land situated at the corner of Silom Road and Rama 4 Road. The Company has 85% investment stake in the

shopping mall business and 100% stake in the office building business, both within its expertise, whereas it has 40% stake in the hotel and residential businesses, both of which are within DTC’s expertise.



## INNOVATION AND OPERATION EXCELLENCE

CPN strongly adheres to a customer-centric approach for development including the management of its property projects aiming to be the “Center of Life” – serving the needs and lifestyles for all customers – recognizing modernity, convenience, safety, health and friendliness to the environment. In doing so, CPN formulates the action plans through the three value chains:

1. Innovative Lifestyle Shopping Malls
2. Service Excellence
3. Operational Excellence

### Sustainability context

One of the greatest challenges for shopping complex developers is the ability to address customers’ changing behavior in the digital era, such as living in high-rise buildings or condominiums, online shopping habits together with innovation and technology shifts. This simultaneously turns out to be an opportunity for business operations, especially for new marketing tools that deploy the use of communication technology for service delivery and creation of customers’ experiences. This includes the chances to use such technology to enhance competency, speed and responsiveness to customers’ lifestyles. More importantly, key factors – such as income distribution, basic infrastructure by the government and private sector to develop mega-communities in provincial areas and tourist destinations – have become both an opportunity and a challenge for CPN’s business operations. We realize these challenging factors would be one of the risks for organizational sustainability. CPN, therefore, sets a target to develop the current shopping complexes into the “Center of Life” – turning from traditional shopping centers to destinations where people from all walks of life, ages, generations and lifestyles are to be highly satisfied. To this end, CPN has brought innovation for shopping complexes development, services with convenience, safety, health and friendliness to the environment.

### Management Approaches and Performance



#### Innovative Lifestyle Shopping Malls

With a customer-centric approach<sup>1</sup>, we are allowed to use research findings and tendency analyses regarding customers’ changing behavior to rearrange the proportions of elements and stores in new shopping complexes. This aims to generate the beyond-expectation experiences by means of “add and drop” components in zoning areas to catch up with new customers’ demand and changing consumption patterns. To do this, CPN piloted new zoning development for major renovations in its shopping complexes, as well as new shopping complexes to be opened. Under this vision, CentralFestival EastVille successfully became a new identity of the CentralFestival brand, resulting in CPN’s modification and addition of new zones as one of the plans to create new innovations for shopping complexes. In 2017, CPN specified an action plan for product and service innovations as follows:

Remarks: <sup>1</sup> additional information in [www.cpn.co.th/Sustainability/Innovative Product and Service](http://www.cpn.co.th/Sustainability/Innovative Product and Service)



**(1) To serve the needs of new family lifestyles (Family Offering)**

inclusive environmental designs – combining a relaxation area, a resting site and a playground. It is the place for all family members to leisure with convenience, safety and healthiness, particularly for children and the elderly such as:

- 1) Indoor Playground: Custom design based on the specific identity of location in each shopping complex. At CentralFestival EastVille, the indoor playground is fully equipped with a huge sand tray with a spider web mockup allowing children to climb, situated in an open area for light sunshine. Here, hygienic practice is conducted every day to ensure sanitation.
- 2) Kid's Restroom: Separated from the adult area for children self-practice at a young age. This was officially launched at CentralPlaza WestGate.
- 3) Co-recreation space and amusement part for kids: For instance, the Pororo Aquapark located at the rooftop of CentralPlaza Bangna, Fun Planet at CentralPlaza Lampang and CentralPlaza Nakhon Ratchasima.

**(2) To address customers' changing demand,** a “food destination” with a great variety of choices is set up. Areas are allocated based on specific consumers' lifestyles – take-home retailers and a more distributed ratio of restaurants in shopping complexes such as Food Ville (non-air-conditioned food area at CentralFestival EastVille) and Food Patio (the perfect combination of food court, food park, eat-in and take-home of food retailers in a single area). It was first piloted at CentralPlaza Bangna, Fish & Seafood Market (a fresh seafood destination for entrepreneurs) at CentralPlaza Mahachai.

**(3) To provide new lifestyles for those who have co-interests such as:**

- 1) Co-working Space: An area where new generations can discover inspirations, have unique space for working, reading, listening to music, visiting an arts gallery, chitchatting with friends and engaging in favorite hobbies. This includes book shopping and shopping for

stationery, electronic devices and gadgets. This was officially launched at CentralFestival EastVille, CentralPlaza Bangna and CentralPlaza Salaya.

- 2) Wellness Zone: An area for exercise and health activities focusing on common-area development for exercise lovers, for example, Sky Run, a rooftop running track situated at CentralFestival EastVille, a public park equipped with jogging tread and bike lanes at CentralPlaza Nakhon Ratchasima.
- 3) Free space and marketing activities for all lifestyles: The exclusively designed area for all – health, animal and music lovers. For instance, Pet Park zone for dog lovers, and bike lanes for bike lovers at CentralFestival EastVille. This included the hosting of the “Melody of Life Festival Concert”, one of the largest music festivals held in Bangkok, the allocation of open-discussion area for music lovers to share and exchange ideas at CentralWorld, and the organization of the Thailand Smile Jazz Music event for jazz music lovers – rotated among 10 CPN complexes nationwide.



#### (4) To respond to a dynamic modern society such as:

- 1) Development of Market – Market Zone: A variety of choices offered to community members for shopping under the concept of Bazaar Market – consisting of small-sized shops with reasonable prices, hand-made and local goods and lifestyle products. This, at the same time, supports local entrepreneurs' and businesses' more sales channels. To do this, CPN has allocated certain areas outside buildings for interested tenures with flexible contracts. It is now available at CentralPlaza Rayong, CentralPlaza Nakhon Si Thammarat, CentralMarina, CentralPlaza Nakhon Ratchasima and CentralPlaza Mahachai.
- 2) Development of Government Center: The allocation of areas to facilitate government services and transactions under a one-stop service center operating 24/7 (some services, however, are only available on specific dates). This covers housing registration, issuing of the ID card, occupation practice registration, tax payment in various forms – property, signboard and land taxes – business registration including disabled persons and the elderly registration. These services are currently available at CentralWorld, CentralPlaza WestGate, CentralPlaza Salaya, CentralPlaza Chaengwattana, CentralPlaza Lampang, CentralPlaza Nakhon Si Thammarat, and CentralPlaza Mahachai.



#### Service Excellence

CPN is strongly committed to elevating its service standards at all levels. To reaffirm the high quality of services, a Customer Satisfaction Survey is annually conducted at every CPN project which operates year-round under the normal operation situation. Key issues relating to customers' convenient and safety aspects are raised in a bid to acquire feedback and comments for further developments. This includes concrete collaboration between business development and business operation units. More importantly, CPN has placed a strong emphasis on the utilization of innovation and technology to facilitate and enhance customers' confidence together with ensuring full service coverage. In 2017, CPN imposed an action plan for development and experience creation of service excellence as follows:

#### (1) Traffic facilitation

One of the largest challenges for shopping complex developers is traffic management to the complexes and traffic inside the projects. To avoid undesirable impacts of traffic on nearby communities for those who prefer to travel by private car and motorcycles, especially in provincial areas where transportation infrastructure is problematic, CPN decided to provide traffic facilities inside shopping complexes to all customers as follows:

- 1) Allocation of parking areas for cars and motorcycles 2.5 times larger than the law's minimum requirement.
- 2) Arrangement of Lady Parking Area for lady drivers at all CPN projects.
- 3) Installation of Intelligent Parking (or smart guiding light indicator) navigating cars to unoccupied parking lots. Now available at 13 CPN projects in Bangkok and vicinities and in major provinces.
- 4) Providing valet parking services where traffic congestion is highly expected, such as at CentralWorld, CentralPlaza Bangna and CentralFestival EastVille.
- 5) Collaboration with local transportation agencies to arrange a "Transportation Hub" in front of CPN projects, now at CentralPlaza Lardprao, CentralPlaza WestGate, CentralPlaza Salaya, and CentralPlaza Suratthani.
- 6) Coordination with private agencies to provide public transportation services in congested areas such as at CentralWorld, CentralPlaza Lardprao, CentralPlaza Bangna, CentralPlaza Rama 3, CentralPlaza Rama 2 and CentralPlaza Salaya. This includes the collaboration with Grab Taxi to provide public transportation (taxi) hand in hand with the measure on recording vehicle registration plates to restrict taxi drivers who reject passengers not to be later allowed inside the CPN areas.
- 7) In 2017, CPN started the installation of electric vehicle charging stations (EV charging) for electric vehicles at CentralWorld and plans to increase the number to 20 at CPN projects in Bangkok and other cities by 2018.
- 8) In 2017, CPN developed the Traffic Zone Manager and Specialist, adding further momentum to the current Real-time Traffic Management on mobiles. This aims to manage the traffic near and inside CPN projects more effectively and mitigate overall traffic constrains. This initiative was piloted at nine CPN projects fitting



each location before launching full implementation in 2018.

- 9) In 2017, CPN launched the Automatic Payment Machine under the test-run phase at several exits of CentralWorld to alleviate traffic gridlock inside the building.

## (2) Enhancing confidence in safety & security

CPN has strictly followed through on the international management standard of Occupational Health and Safety (OHSAS 18001) alongside systematic structures in compliance with ISO 45001 or Occupational Health and Safety<sup>2</sup>. while taking safety in life and property of customers into account. CPN sets up security measures according to situational security assessment by color-code security system. The Color-Code Condition is classified into 5 levels: low risk-safe level is green, general risk-guarded level is blue, significant risk-elevated level is yellow, high risk level is orange and severe risk level is red. The code was communicated by Command Committee amongst the Loss and Prevention function at each branch to adjust daily security measures promptly. In 2017, most of CPN's properties were under guard level except some sites where under high risk area, the code was adjusted on situational basis.

Apart from conducting co-practices of fire evacuation drills with tenants and stores on a yearly basis at every CPN project, CPN also conducted Hot Kitchen training for food's tenants every quarter and organized Fire Fighter Competition for our firemen every year to assess their readiness and teamwork. In 2017, CPN together with some members of Thai Shopping Center Association (TSCA) had set up Fire Fighter Neighborhoods Network to help and practice firefighting together for instance fire fighter team from CentralPlaza Bangna, Seacon Square Srinakarin and Mega Bangna.

For daily security guard in committed area, CPN outsources this service to legal security firms permitted under Security Guard Business Act, B.E. 2558 (2015) and uphold the right to hire legal indigenous workforce in some areas. In 2017, CPN together with security consultant and some security guard outsources applied Crime Clock system to analyze relative frequency of how often violence and property crime

offenses occurred and used the result to prevent and manage manpower for certain area at frequent period. This also includes the application of devices and tools for property and life protection for instance, the installation of 6,645 closed circuit television (CCTV) units in every CPN project and 11 Automated External Defibrillator (AED) devices at CentralWorld, CentralPlaza Lardprao, CentralPlaza Rama 2, CentralPlaza Rattanaibet, CentralPlaza Chaengwattana, CentralPlaza Salaya, CentralPlaza WestGate, CentralPlaza Chiangrai, CentralPlaza Nakhon Ratchasima, and CentralFestival Phuket, as well as conducted safety training for both CPN's staffs and business partners by the Emergency Commander and Explosive Ordnance Disposal specialist.

## (3) Deployment of innovation and technology for greater communication efficiency and service facilities

One of CPN's key strategies is to apply digital solutions to accommodate and facilitate customers and service users in our shopping complexes. In 2017, we optimized innovation and technology for the sake of customers and stores such as:



### Communication

This is the application of online media to enhance communication efficiency, contact channels and content quality so as to precisely address consumers' lifestyles. In 2017, CPN joined hands with various marketing communication partners and social media influencers for co-development of the contents, as well as making use of their communication channels to interact with target audiences more purposefully. To do this, Instagram, Facebook and other video clips broadcast in other digital media channels – with a large number of followers – are intensively used to attract more groups of audiences and followers. In this case, contents are categorized as local, national and international levels, especially the latest, making sure that it could reach out to international travelers visiting Thailand. More importantly, this contains CPN's online media, which is the CPNLife broadcast via Youtube, Facebook, and Instagram. We recently decided to add more online media, namely the LINE Application – initially piloted at CentralPlaza Nakhon Rachasima and CentralPlaza Mahachai.

Remarks: <sup>2</sup> additional information in [www.cpn.co.th/Sustainability/Corporate Governance/Policies & Implementing Guides/Occupational Health and Safety Policy](http://www.cpn.co.th/Sustainability/Corporate%20Governance/Policies%20&%20Implementing%20Guides/Occupational%20Health%20and%20Safety%20Policy)



### Payment services

- E-Wallet: Aimed to correspond with customers' behavior in a cashless society era – especially given an increasing number of Chinese tourists. CPN partnered with retail stores to provide payment services through Alipay and WeChat in prime shopping locations such as CentralWorld, CentralPlaza Lardprao, CentralPlaza Grand Rama 9, CentralPlaza Chaengwattana, CentralPlaza Chiangrai, CentralPlaza Chiangmai Airport, CentralFestival Chiangmai and CentralFestival Pattaya Beach.
- QR Code: Intending to address the government policy on digital economy, CPN collaborated with Central Group, retail stores, and banks which were ready to implement the QR Code payment via smart-phone QR Code scanning. This initiative was successfully piloted at CentralWorld, CentralPlaza Lardprao, CentralPlaza Grand Rama 9, and CentralPlaza Pinklao.
- Rabbit Card: Initially piloted at Food Park, CentralPlaza Nakhon Rachasima, and CentralPlaza Mahachai.

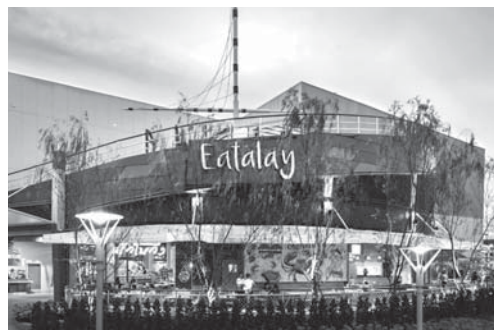


### Experiences delivery

- CPN manages its customer relationship through a variety of Customer Relationship Management (CRM) channels guaranteeing that demand from customers is correctly satisfied. In 2017, CPN partnered with Central Group, one of the strongest firms conducting customer relationship via The 1 Card (T1C) – the program offering customers the chance to accumulate points when purchasing items on goods and services at any element of Central Group (see [www.the-1-card.com](http://www.the-1-card.com) for more information). This allowed customers to enjoy more benefits, everyday and every time, under the T1C campaign with CPN's participating stores. It included reward redemption and participation in marketing activities, exclusively designed for a

particular group of customers, such as “Your Food, Your Taste” for office workers, “Being Good Because of Friends” for university students, and “Traveller Privilege” for tourists.

- On Food Court management in the shopping complexes, apart from Free-WiFi service for customers, in 2017, CPN studied the use of the Paging System in the Food Courts to facilitate customers who want to call service staff. This plan will be piloting in five locations by 2018.
- The Smart Customer Service (Smart CS) project, developed an information system on the mobile computer platform – detailing the layout of retail stores on each floor based on service type, including service points in the complexes such as wheelchair, stroller, redemption counter, lost & found center, mobile charging station, and first-aid point – to ensure easy information access and convenience for customers.





### Operational Excellence

CPN is striving to improve and develop its performance in economic, social and environmental aspects in accordance with the international standard maximizing the benefits of all stakeholders. It enhances work efficiency covering five areas in line with the organization strategies highlighting human resources in services development – hand in hand with the implementation of an international management concept and technological innovation to boost overall performances.



### Effective Human Resources Development in every point of services

#### General Manager (GM)

Ensuring a unity of management and standardized practices of all CPN's shopping complexes, all general managers are required to pass specific training under the guidelines of CPN's Standard Mall Handbook – the management guidebook for shopping complex – to increase value-added and efficacy of shopping complex performances with respect to the Malcolm Baldrige National Quality Award (MBNQA) and Thailand Quality Award (TQA).

#### Customer Service (CS) Unit

CPN requires staff who is in direct contact with customers including Customer Services to attend service excellence training at least once a year to guarantee continual improvement and development of service standards. This includes personality and skill development training such as service etiquette, positive service mindset, English communication, basic first aid and cardiopulmonary resuscitation (CPR).

#### Tenant Service (TS) Unit

CPN specifies the TS Efficacy Enhancement Training Course – the development for shop staff to be friends or partners for business. Training contents cover service standards with reference to organizational quality management speculated by ISO 9001. Additional training in customer behavior, branding, store decoration, margin analysis, preparation of sale report, relationship building and negotiation is also included. Resource persons for such training are in-house trainers. Knowledge assessment and testing are undertaken together with satisfaction evaluation on stores upon the completion of each training program.

#### Outsourcers

CPN carries out an outsource development program for outsourcers such as housekeepers and security staff continuously guaranteeing that these outsourcers fully comprehend CPN's expectations and standardized practices. This is conducted through E-Learning and Staff Grading Checklist. They are the mechanism to evaluate the service performances of business partners' staff to ensure that their staff could maintain and meet the standard requirements of CPN.



### Deployment of international management standard

In 2017, CPN initiated the deployment of an international management standard or "The Quality Management System in accordance with ISO 9001" – following through the service-standard guidelines of ISO 9001 – for shopping complex and service delivery to customers. These procedures contain all inclusive steps for implementation according to the ISO 9001 requirements, complemented by system tracking and monitoring for the specifications imposed by the working committee on quality in each CPN project, that is, the project leader, ISO-coordinator and ISO-auditor. In addition, a random quality test is to

be yearly conducted by another quality management unit. At the branch level, these implementation methods will be reported through the Corrective Action Request (CAR). This includes result analyses to be submitted to the highest management authority and implementing bodies in each project, ensuring that further improvement and development alongside standard requirements are taken into account in a constructive manner. In each shopping complex, the daily accounting examination is to be based on the Division Checklist – one of the toolkits that each department is required to undertake every day. It includes a random check by the ad hoc working team such as image examination, attraction and safety.

CPN initiated the implementation of the conference and exhibition management system (ISO 20121 Event Sustainability Management System) with an emphasis on transparent management according to related laws and regulations. This includes safety and waste management systems to monitor multi-purpose conference halls. In 2017, CPN sought two additional ISO 20121 for BEC Hall at CentralPlaza Lardprao and Hatyai Hall at CentralFestival Hatyai.






### Deployment of innovation technology to enhance operational efficiency

In 2017, CPN adopted innovation technology for greater mobility of work via the development of the CPN Workspace system, adding further momentum to the current internal system to Web Application and e-Workflow interconnected with the core Enterprise Resource Planning System of CPN to allow officers to work on the go with higher efficiency. This system also supports supervision of the intra-authorization system in accordance with the previous regulations on authorization.

On the adaptation of ICT for shopping complex management, CPN has actively utilized existing stores' and customers' information for investigation for layout arrangement, retail space for sale, advertising and Smart Sale for greater work flexibility via tablet devices linking with the central system. All is connected to the most updated real-time data.


Apart from such deployment for efficiency, CPN has developed a retail store service system in the form of Web Application to increase communication, notification and follow-up channels; previously the coordination was undertaken under the single command of store supervision before forwarding to the officers. But with the new platform, the system will enable stores to directly coordinate with the officers; in the same way, stores can look into the progress of services by themselves. Furthermore, this system is able to combine feedback from customers on services – evaluated by stores – thus allowing Tenant Services to analyse these data set for further service improvement.

## Sustainability Performance: Products and Services

Topic	Performance of 2017	Plan for 2018
 Sustainability indicator	<ul style="list-style-type: none"> <li>Specified “Shopper Satisfaction Scores” as a corporate KPI, targeted to achieve 82-84%.</li> <li>In 2017, CPN obtained Shopper Satisfaction Score of 83% (2.5% higher than 2016).</li> </ul>	<ul style="list-style-type: none"> <li>Specify “Shopper Satisfaction Scores” as a corporate KPI with the minimum target of 85%.</li> </ul>
 Shopping complexes development for all lifestyles	<ul style="list-style-type: none"> <li>Successfully established four shopping complexes as planned: two completed, namely CentralPlaza Nakhon Rachasima and CentralPlaza Mahachai; two under renovations, one completed, namely CentralPlaza Rama 3.</li> <li>Successful development of product innovations and new services. Follow-up was carried out through five strategic visions<sup>3</sup>. This included the development of new 27 destinations as planned in 10 branches.</li> </ul>	<ul style="list-style-type: none"> <li>Three shopping complexes to be constructed; five shopping complexes to be renovated, according to plans.</li> <li>Follow product innovations and new services plan with 8 new formats to meet the target of 20 destinations.</li> </ul>
 Service excellence	<ul style="list-style-type: none"> <li>Successful implementation of service standard management for shopping complexes, in pursuit of the Total Quality Management (ISO 9001) alongside ISO 9001 requirements for 30 shopping complexes.</li> <li>Successful implementation for customers' experiences by means of progress updates under five strategic aspects. Achieved service excellence development plan for 53 new services in 28 branches.</li> <li>In 2017, CPN obtained Shopper Satisfaction Score in convenience category at 81% (1.3% higher than 2016) and safety category at 79% (1.3% higher than 2016).</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of the action plan on service quality enhancement and creation of beyond expectations experience for customers. These consist of the development of a service charter and the greater improvement on the current amenities to be monitored through five strategic aspects<sup>3</sup>.</li> </ul>

Remarks: <sup>3</sup> Monitoring of strategic plan in five aspects: 1) corporate growth 2) brand value creation 3) efficiency improvement 4) internal process 5) personnel



Topic	Performance of 2017	Plan for 2018
 <p>Application of digital technology</p>	<ul style="list-style-type: none"> <li>• Implementation of online marketing channels – achieved 40% increase or 1.5 times in customers’ access year-on-year.</li> <li>• Implementation on the action plan to offer unique experiences for customers and relationship building through TIC. This exceeded the target – an increase in sales for the participating stores, cumulative members above the target by 5.6% (greater than 2016 at 30%), and the point redemption through TIC QR Code Application accounted for 56% of total redemption.</li> </ul>	<ul style="list-style-type: none"> <li>• Development of digital strategy to be into concrete shape, leveraging the use of technology to enhance convenience for all stakeholders, including more efficiency on building management, systems and equipment as a whole.</li> </ul>





## STAKEHOLDER ENGAGEMENT

CPN recognizes the importance of stakeholders and aims to deliver sustainable values for mutual benefit. These encompass joint development of innovations, improvement of communities' well-being and environmental responsibility under CPN's sustainability framework. Action plans are defined for each functional line throughout the value chain, while the implementation of such plans are closely monitored by the Management Committee, Risk Management Committee, People Development Committee at Corporate Level, and Corporate Governance and Sustainable Development Committee.

The action plans comprise:

1. Tenant development
2. Employee engagement
3. Supply chain management
4. Community engagement
5. Environmental resources management



## Tenant Development

### Sustainability context

Retail and shopping mall businesses are tremendously impacted by digital disruptions, with consumers' changing behaviour increasing their purchases and transactions via online channel. Some categories of tenants, including operators of department stores, fashion and banking businesses, need to modify their business formats to keep abreast of such changes. Meanwhile, shopping centers are getting more tourist customers due to the recovery of Thailand's tourism sector. Faced with these challenges and opportunities, CPN actively responds to consumers' behavioral changes by developing its shopping complexes, merchandise mixes and innovations, along with improving the efficiency of services to satisfy customers. CPN also focuses on building the capacities of tenants and suppliers, and supporting their growth to strengthen business partnership and mutual responsibility toward society.

## Management Approach and Performance

CPN defined the following guidelines for tenant management<sup>1</sup>:

- (1) Recruiting new tenants and creating opportunities for them.
- (2) Managing tenant relationships
- (3) Listening to tenants' comments and evaluating their satisfaction.

Since its establishment, CPN has considered tenants partners for mutual growth. Tenants' participation and feedback play a significant role in improving CPN's service processes and products. They can take part in defining business directions with CPN during its quarterly and annual tenant meetings, in-depth meetings on joint strategic development for business, and daily tenant visits. They can also give comments and recommendations in the annual satisfaction survey, interviewing and focus group sessions. CPN therefore assigns a dedicated unit to build strong and sustainable engagement with tenants.

Remark: <sup>1</sup> additional information in [www.cpn.co.th/Sustainability/StakeholderEngagement/PartnerDevelopment](http://www.cpn.co.th/Sustainability/StakeholderEngagement/PartnerDevelopment)



Taking the challenges of tenants' growth as its own, CPN focuses on supporting and promoting strategic sales with anchor and small tenants. Below are the additional formats developed this year to support tenants' sales:

- (1) Encouraged tenants to experimenting running their businesses in the pop-up store format at CPN's high-potential locations. By studying consumers' behavior at different locations, tenants will be able to properly modify their strategies and assess their potential for business expansion. CPN also utilized the pop-up caravan format for tenants who aim to promote brand awareness and attract customers to experience actual products. An example of this practice is the "Summer on the Move Lifestyle Caravan", which arranged 10 fashion brands and six drink brands on a caravan of trucks travelling from Bangkok to 10 provinces across the country, bringing new summer experiences to customers nationwide. This year 17 pop-up stores were held, with 22 tenants participating and achieving their marketing and brand-creation goals as planned.
- (2) Provided venues for new and small tenants to sell products on trial in specially selected locations that match product characteristics. They can either host special events similar to the OSMEP's (Office of Small and Medium Enterprises Promotion) New Entrepreneur Development projects or hold activities at exclusive locations such as food festivals in front of Food Parks.
- (3) Extended the Exclusive campaign ONLY @ CPN to more tenant segments such as fashion, food, books, gift items and tuition institutes. The joint promotion with The One Card was particularly a great success, because The One Card customer database was analyzed to improve target group penetration, leading to significantly higher sales of participating tenants. In 2017, CPN hosted 30 promotional activities entitled Exclusive Campaign only @CPN, with tenants' sales increased by 15 – 30% during the activities.



- (4) Collaborated with major tenants such as Central Group's affiliates to reduce inventory and promote special products by holding sales or product promotional activities at the convention hall, which were easy to manage and enhanced customers' convenience. CPN hosted 21 sales events at the hall this year and increased its sales by 50-200% during the events.

In response to the government's Public-Private Collaboration policy, CPN launched this year its small entrepreneur development program to continuously educate tenants and improve their competitiveness. Under this program, CPN organized SME Think Big activities in Nakhon Ratchasima, participated by 530 tenants and interested entrepreneurs, with 151 business partnerships created. CPN also expanded its in-depth training course for new and existing tenants, enabling them to have distribution channels, opportunities for business expansion and sustainable growth. The expanded course was named CPNLead (CPN Leading Entrepreneur Advanced Development Program), jointly developed by CPN and Thammasat University specifically for new SMEs intending to operate their businesses in shopping centers. Attended by 34 people, consisting of tenants and other competent and creative entrepreneurs from diverse businesses, including food, fashion and others (bedding upholstery, beauty and spa products, soap and musical instrument), the program focused on enhancing trainees' understanding about business operation in shopping centers, which are different from opening or running their businesses in other locations. Trainees were also able to enhance their skills at CPN's venues by, for example, simulating the operation of pop-up stores to learn about realistic responses from customers. In addition to classroom sessions and hands-on activities, trainee's products and services were promoted through CPN's marketing channels, promotional activities and marketing events, enabling them to learn about product display, shop decoration and promotional techniques.

The CPNlead program successfully convinced 19% of entrepreneurs of the potential of business partnership with CPN and 33% of existing tenants to expand their businesses. CPN is committed to actively and incessantly supporting SME businesses by allocating venues for distribution channels and tailoring the CPNlead program to match their diverse needs and experiences.

CPN holds tenant relationship activities annually to strengthen engagement and attentively listen to their informal comments. The format of these activities was modified this year to better align with entrepreneurs' lifestyles. For example, CPN organized golf tournaments for business owners who love sports, hosted concerts for music enthusiasts, and collaborated with cooking schools to provide short cooking classes for business owners and family to spend time together.

### Sustainability Performance: Stakeholder Engagement - Tenant

Topic	Performance of 2017	Plan for 2018
 <b>Sustainability indicator</b>	<ul style="list-style-type: none"> <li>• Applied "tenant satisfaction scores" as a corporate KPI and set the target at 80%.</li> <li>• In 2017, CPN's tenant satisfaction score was 78% (which increased from 2016 by 1.3%).</li> </ul>	<ul style="list-style-type: none"> <li>• To apply "tenant satisfaction scores" as a corporate KPI and set the target at 80%.</li> </ul>
 <b>Partner development</b>	<ul style="list-style-type: none"> <li>• Implemented the strategic sales to support tenant's brand, especially the trial of pop-up store and lifestyle caravan. The stores participated in this program are satisfied and confident to expand their business with CPN.</li> <li>• Implemented the CPNlead program, attended by 34 entrepreneurs, with 14 attendants expanding their business partnerships with CPN.</li> </ul>	<ul style="list-style-type: none"> <li>• To implement a strategic sales promotional plan that focuses on nationwide campaigns, targeting specific clients and cross-promotional campaigns to sell products that complement one another.</li> <li>• To implement a plan for joint application of digital technology with tenants and banks to drive cashless purchases of goods and services.</li> <li>• To apply the Dynamic Insight Methodology to surveys on customers' behavior.</li> </ul>



## Employee Engagement

### Sustainability Context

The sustainability of business operations is at risk of being affected by issues relating to the recruitment and retention of skillful and knowledgeable employees to ensure that they work happily, stay committed, and deliver high-quality performance. Meanwhile, the new or 'millennial' generation is playing an important role in the labor market. Every organization therefore needs to adapt itself by planning to recruit and retain diverse generations of employees whose qualifications fully match the contextual requirements of each department, taking into account the different ideas and attitudes among generations, along with applying the "Internet of Things" (IoT) technology in corporate communication and personnel recruitment processes, work procedures, and workplace arrangements. In tackling these challenges, CPN is focusing on corporate management, employee engagement and human resource development to better match lifestyles, individual aspirations and corporate goals.

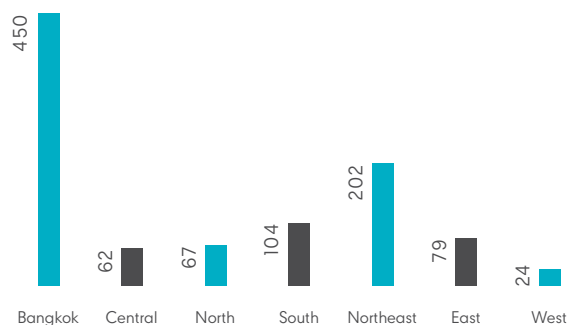
### Recruitment and Employment

CPN treats all employees equitably under its human resource management guidelines on manpower planning, recruitment and performance assessment, which fully align with Corporate Governance principles. CPN instills employees with pride and listens to their comments and recommendations so that they can take part in its development and happily performing their duties with the utmost ability and wholeheartedness.

In 2017, CPN employed 988 new staff by recruiting local people 598 of which aged below 30 or in the millennial generation. Consequently, the proportion of employees aged between 18 and 30 was approximately 34% of total employees, increasing 96 people from the previous year, and corresponds to CPN's recruitment plan. The process focused on utilizing social media and recruiting platforms such as LinkedIn, Facebook and Central Group's online recruitment channels, which effectively reached the new generation. For internal recruitment under the policy to support job rotation and relocation to employees' hometowns, there were 76 employees requesting to be transferred to two new projects, namely CentralPlaza Nakhon Ratchasima and CentralPlaza Mahachai, representing 37% of the total employees in the projects.

### Management Approach and Performance

In 2017, CPN fully adopted the new "I•CARE" value, developed from the original CPN values and fully applied to the recruitment, employee management, performance assessment and human resource development processes, with corresponding structural reviews and re-organization of the Human Capital and Organizational Development division. These undertakings ensure CPN's flexibility in addressing of all employees' needs in every aspect in line with its "Employer of Choice"<sup>2</sup> strategy, which focuses on the retention, engagement and development of employees, including the cultivation of CPN's work culture toward becoming a wide-open, modernized and flexible organization based on strict adherence to its CG policy, applicable laws and human rights principles<sup>3</sup>



Remark: <sup>2</sup> For more information, please visit [www.cpn.co.th/Sustainability/Stakeholder Engagement/Employee Engagement](http://www.cpn.co.th/Sustainability/Stakeholder%20Engagement/Employee%20Engagement)

<sup>3</sup> For more information, please visit [www.cpn.co.th/Sustainability/Corporate Governance/Policies & Implementing Guidelines/Respect of law and principles of human rights policy](http://www.cpn.co.th/Sustainability/Corporate%20Governance/Policies%20&%20Implementing%20Guidelines/Respect%20of%20law%20and%20principles%20of%20human%20rights%20policy)

Another challenge is to fulfill all branches' requirements for staff in the electrical engineering, marketing and management positions. CPN therefore defined the following programs to recruit, employ, and develop specialized personnel:

- 1) The Work Integrated Learning (WIL) program, CPN collaborates with the National Science, Technology and Innovation Policy Office and King Mongkut's University of Technology North Bangkok in recruiting students with high vocational certificates to work with CPN for three years while continuing their education at the bachelor's degree level. These students will gain hands-on experience and apply their academic learning provided by instructors in each subject to improve and match actual industrial practices. Their salaries and welfare benefits are different from those offered to regular employees in some details to address their specific needs by, for example, not assigning them to work in shifts and providing full welfare benefit while they take leave for examinations. Currently, 14 students are participating in the WIL program.
- 2) The Marketing Next GEN program recruits new graduates aged not over 27, with competence in and enthusiasm for marketing. The program provides these people with on-the-job training (OJT) by observing how skilled employees work before practicing, marketing techniques from senior CPN experts, training in eight basic marketing courses, opportunities to present their real projects, systematic assessment of their competencies and creativities based on their project presentations, and job rotation to CPN branches and Head Office. This year CPN employed 16 people from this program.
- 3) The Central Group Management Associate (MA) is an intensive program that creates a new generation of management, enabling them to explore their work goals and needs by choosing career growth in retail, property management, or brand management. They can also gain more experience from job rotation in the same business functions to other Central Group's affiliates. This program corresponds with the lifestyles of graduates or people with a master's degree and less than five years of work experience, whose aim is to find the right thing and

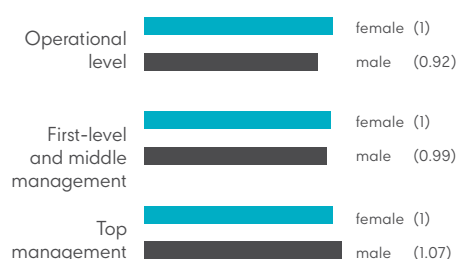
grow in the line of work they choose. This year CPN accepted seven people from the program, including those already employed by CPN and others who are undergoing job rotation.

- 4) The General Manager Trainee program recruits and develops shopping center managers to support CPN's business expansion plan. Three application channels are available: internal recruitment, recruitment from Central Group's affiliates that operate similar types of businesses, and recruitment of new applicants. Interested persons are required to pass a written examination, an interview and an assessment of leadership characteristics before attending 20 classroom training courses to learn about relevant work, processes and leadership development. After that, they have to perform actual work at a CPN branch under the General Manager of that branch's guidance.
- 5) The Pre-Retirement program, employees' retirement periods are annually or bi-annually extended, depending on the demand for employees' work and mutual agreements of both employer and employees, while the working age will be extended to 65. Currently, there are 9 employees under this program.

#### Welfare and Remuneration

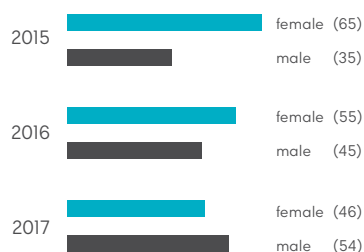
CPN determines welfare and remuneration that is appropriate and competitive with the overall labor market. CPN annually conducts surveys and benchmarks in comparison with leading organizations in the labor market, both in the same business and within Central Group, to review and improve its remuneration criteria. Besides studying the remuneration trend that aligns with the expectations of new-generation employees, CPN sets flexible compensations for some groups of employees to better suit their job descriptions without gender discrimination in the determination of employees' remuneration and promotion. In addition, CPN provides employees (exclude contract employment) with extra welfare, including medical welfare for both inpatient and outpatient cases, child education, employee scholarship, marriage allowance, funeral allowance and emergency loans.

#### The ratio of remuneration for female and male employees (female: male)



CPN continues to conduct employee assessment through (1) performance appraisal (yearly) and (2) behavioral assessment (twice a year). This year CPN improved the assessment process in line with KPIs, cascaded from the corporate to the departmental and division levels in tandem with behavioral assessment and behavior that align with the I•CARE corporate values. Assessment results are used for the consideration of salaries and yearly bonuses.

#### Ratio of employees' promotion female vs male (%)



The findings from surveys on employees' welfare and remunerations were analyzed together with employees' recommendations and comments received from diverse channels. Based on these findings, CPN formulates its welfare and remuneration plan and proposes that to the People Development Committee annually to ensure its alignment with socio-economical environment, and the real needs of employees, in full compliance with labor-related laws and regulations. This year CPN increased employees' welfare

benefits to the level offered by Central Group's affiliates and other companies that operate similar businesses, while adding more benefits including mobile phone expenses to meet the needs of employees working outside their duty stations.

#### Work Environment and Atmosphere

CPN ensures employees' safety and hygiene by formulating its safety and occupational health policy<sup>4</sup> which fully corresponds with applicable laws and OHSAS 18001 (Occupational Health and Safety Management Systems certification), requiring all employees and suppliers to be responsible and accountable for the safety of colleagues', customers' and themselves. CPN also arranged its operation to meet the ISO 45001 standard (Occupational Health and Safety) and established the Safety, Occupational Health and Work Environment Committee at the corporate and branch levels. In 2017, 376 employees joined the committee, comprising 188 employer's representatives, and 188 members representing employees, accounting for 8.07% of total employees respectively.

In 2017, CPN introduced this the Office 365 system integrating its information and employees' access on the Cloud database. With a single log-in, employees are able to access MS Office applications and internet services to increase productivity, either while working at home or at their branches. CPN also increased online data storage, improved the file-sharing speed and added a data security system that effectively prevents data losses. By not requiring its users to adjust behavior or learn difficult techniques, the system fully matches the work styles of the current workforce which comprises the new and older generations of employees. The system's mobile-access capability also aligns with CPN's Smart Office plan to modernize and improve the flexibility of employees' work environment, taking into account their diverse lifestyles and age groups. In 2017, CPN collected data and conducted surveys on employees' needs and expectations regarding their workplaces; designed workplaces to provide adequate space, by adding co-working space and changing office desks into mobile types; and utilized an IT system and applications for the recording of employees' work hours, meeting room reservations and preparation of internal paperwork.

Remarks: <sup>4</sup> additional information in [www.cpn.co.th/Sustainability/Corporate Governance/Policies & Implementing Guidelines/Safety and occupational health policy](http://www.cpn.co.th/Sustainability/Corporate%20Governance/Policies%20&%20Implementing%20Guidelines/Safety%20and%20occupational%20health%20policy)

### Strengthening Employee Engagement

CPN provides assorted communication and participation channels<sup>5</sup> to listen to employees' opinions and recommendations, together with conducting annual employee engagement assessment. The 2017 survey was undertaken through the "Power of Voice" campaign for all Central Group companies at the same time under the Aon Hewitt Company's "Employer of Choice" framework. The survey was divided into two parts, comprising four fundamental requirements and three factors affecting changes. Total 95% of all CPN personnel participated in the survey.

Survey findings and employee-engagement risk factors are analyzed by an HR (Human Resources) team and the top executive of each function for the formulation of the employee-engagement improvement plan. Then the plan is submitted to the People Development Committee Workgroup at the functional and branch levels, who will screen the plan and matters related to HR development before submission to the People Development Committee at the corporate level.

CPN designated 2017 as the "Power of Collaboration" year, requiring all units to restructure internal processes to ensure collaborative work toward the same goal. One of the measures proposed under the plan is to create a cooperative working atmosphere through teambuilding activities at various outings, family day activities, and evening entertainment events that respond to different lifestyles such as yoga, cake baking, boxing and massaging to fight office syndromes. Other measures are communication and PR campaigns through internal communication channels such as the Admired newsletter, Admired Plus poster, CPN Radio, CPN internal television channel, social media and the "CPN GEN WE".

Besides creating a collaborative working culture, CPN focuses on instilling good governance behavior regarding "integrity and generosity" through 11 SD Champions who take turns on a monthly basis serving as role models for motivating and inspiring people with their ethical convictions and stories about honest and generous endeavor. Employees are also invited to participate by sending in their mottos for "honest and generosity" through social media. Also, there was Corporate Governance Workshop focusing on anti-corruption, and bribery- "Speak Out or Keep Quiet" for employees to understand laws and regulations as well as to join as allied network to observe and report any misconduct behavior.

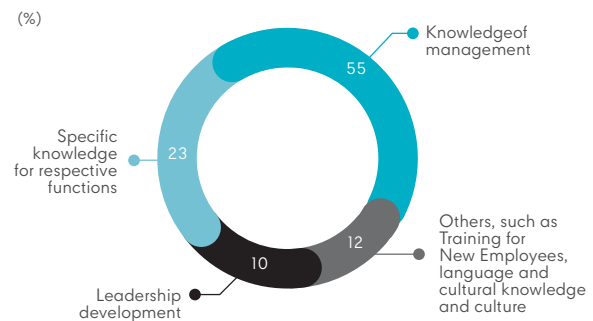
Remarks: <sup>5</sup> additional information in [www.cpn.co.th/Sustainability/Stakeholder Engagement/Employee Engagement](http://www.cpn.co.th/Sustainability/Stakeholder%20Engagement/Employee%20Engagement)

The findings of this year's survey on employees' understanding of the CG principles indicated an increase of such understanding by 6%

### Employee Development

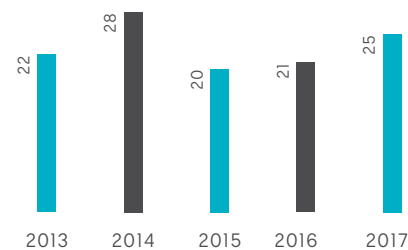
The focuses of CPN personnel development are "On-the-Job Training" (OJT) and supervisors' advice to enhance the effectiveness of skill development and capacity building, based on a 70-20-10 ratio: 70% OJT, 20% supervisory recommendations, and 10% classroom training. Development courses comprise (1) knowledge on administration and management, (2) specific knowledge for functional tasks, (3) leadership training, and (4) others. This year 378 courses were organized as planned, with a 26% increase of attendance in classroom and on-line training sessions against 2016. Attendances' satisfaction also increased by 92% over the previous year by 5%, while the average training hours of CPN personnel is currently 25.41 hours per year.

#### Type of Courses



#### Average training hours

hour / year / person



CPN also focuses on developing personnel through a mentorship program by skilled and experienced trainers within CPN and Central Group. Therefore, 5 experience sharing lectures were organized this year, with curricula and contents such as development and administration of CPN shopping complexes under the name of “CPN Shopping Center Development and Management”; lectures to enhance creative thinking under the topics of “Next Retail Trend and Design, and Blurring the lines”; and panel discussions by the CEO of each Central Group business group called the “CEO Sharing Forum”.

In 2017, CPN also improved the career path and promotional plan of each functional line or “Middle Leadership Development Plan”. Under its pilot stage, the plan was carried out among competent employees with outstanding capabilities at the supervisor up to senior manager levels, ensuring their readiness for business expansion and the retirement of personnel at the manager level. CPN performed 360-degree evaluation and selection of potential leadership as well as individual career development plan (ICDP). The ICDP was monitored every six months, including preparation of leaders from a group of competent employees, enabling them to teach and




participate in the development of other employees in the group to achieve ICDP targets.

#### **In-house Innovation Development**

CPN also focuses on efficient development of in-house processing and creation of innovation by defining activities appropriate to each function, allowing employees to take part in proposing development processes, thus leading to new trends at work. One of the in-house innovation projects conducted continually for the last eight years since 2009 is the “Dream Team Project”, an outstanding, practical and effective competition for innovation that promotes collaboration within working groups under the PDCA (Plan, Do, Check and Act) framework of quality management. This year there were 71 dream teams, with 611 members from all branches, representing 13% of the workforce. With a 12-month project scope, these innovations focused on reduction of environmental impacts, energy savings and enhancement of satisfaction among clients and tenants. The project was found to effectively reduce CPN's electricity and water costs, maintenance costs and the use of raw materials by Baht 2.40 million per year.

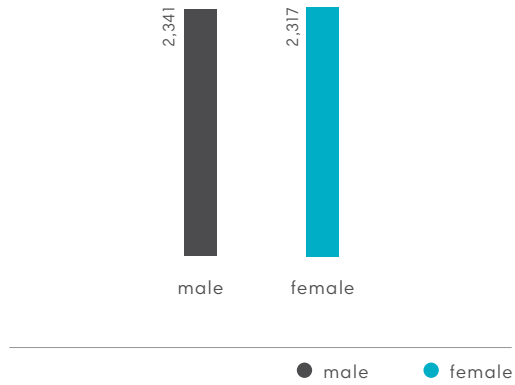


## Sustainability Performance: Stakeholder Engagement - Employees

Topic	Performance of 2017	Plan for 2018
 <b>Sustainability indicator</b>	<ul style="list-style-type: none"> <li>• Applied Power of Voice: PoV Scores as corporate KPIs and set the target at 60%</li> <li>• Applied the achievement of the Middle Leadership Development Plan as corporate KPIs</li> <li>• CPN's PoV score this year was 77% (5% higher than 2016), with the Middle Leadership Development Plan fully implemented (100%).</li> </ul>	<ul style="list-style-type: none"> <li>• To apply PoV Scores as corporate KPIs and set a target at 80%</li> </ul>
 <b>Employees' wellbeing and engagement</b>	<ul style="list-style-type: none"> <li>• Employee work-related injury rate is equal to 0.12%</li> <li>• Employee lost day rate is equal to 0.0031%</li> <li>• Employee absentee rate is equal to 1.08%</li> <li>• Implemented the PoV Plan, which reduced employees' resignation by 0.83% compared to 2016</li> <li>• No labor union was established within the corporation, with no CPN personnel joining other labor unions.</li> <li>• No employees were seriously injured, injured, or fatalied from work</li> </ul>	<ul style="list-style-type: none"> <li>• To undertake capacity building in the recruitment and hiring of people whose competencies match CPN's requirements.</li> <li>• To attract and retain competent employees by implementing the plan to adjust the standard of work values and responsibilities.</li> <li>• To implement the smart-office development plan.</li> </ul>
 <b>Employee development</b>	<ul style="list-style-type: none"> <li>• Implemented the Middle Leadership Development Plan and identified qualified management according to the plan</li> </ul>	<ul style="list-style-type: none"> <li>• To develop a center of technical specialists development</li> <li>• To expand the leadership development plan to all corporate leaders.</li> </ul>

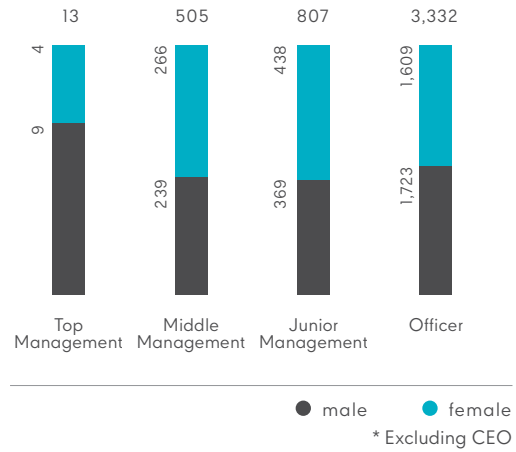
### No. of Employer by Gender

(person)



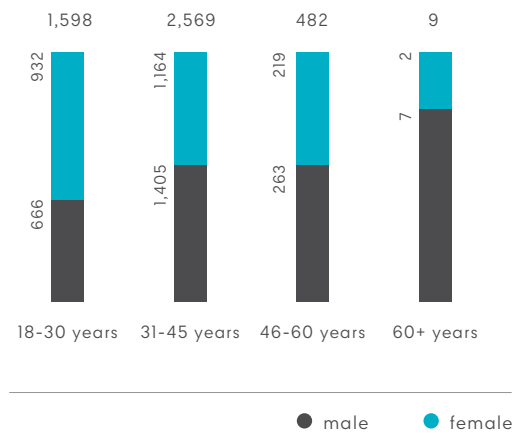
### No. of Employer by Job Level

(person)



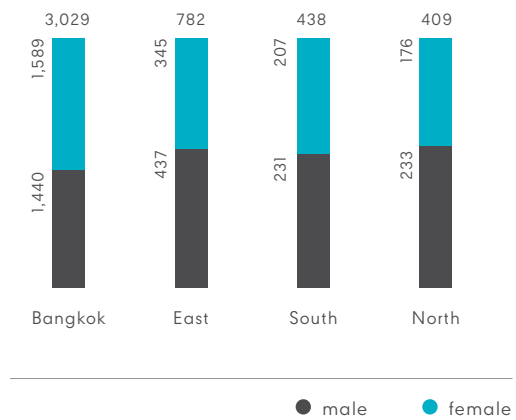
### No. of Employer by Age

(person)



### No. of Employer by Region

(person)





## Supply Chain Management

### Sustainability Context

The current worldwide expectation is to see collaborative responsibilities throughout the supply chain in terms of safety in production and services, respect for workers' human rights, consideration for climate change, eco-friendly and human-friendly use of natural resources as well as anti-corruption practices. Unable to handle them alone, CPN requires the cooperation of business partners and contractors in managing such issues. CPN has defined guidelines to manage and develop business partners' wider perception of global situation, including joint development based on their diverse fields of specialization and good corporate governance practices.

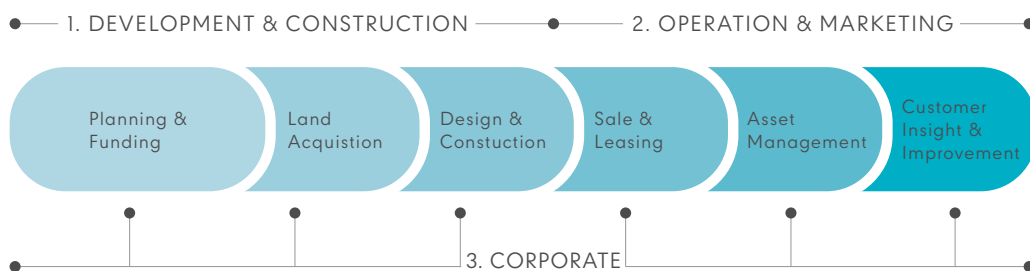
- (1) Regulating the operations to ensure cautious implementation, transparency, and fairness in compliance with mutual corporate governance principles
- (2) Caring for the environment, for example selecting environmentally friendly products and technologies and jointly managing potential environmental impacts and risks
- (3) Considering consumers' health, hygiene, and safety as well as the quality of products and services
- (4) Considering positive and negative impacts on communities
- (5) Considering human rights, including taking care of business partners' employees
- (6) Business partners' capacity and potential to manage rules, regulations, and guidelines for mutual operational approaches.

### Business Partner Classification

Covering the process of all direct procurement, CPN's supply chain management focuses on partners that conducted transactions with CPN during this year in (1) development and construction activities, (2) management of shopping complexes and marketing operation, and (3) corporate administration.

### Management Approach and Performance

CPN's supply chain management policy<sup>6</sup> defines a collaborative approach between itself and trading partners in developing innovative products and services in line with six sustainability and CG principles as follows:



Besides specifying partner groups according to their functions within its value chain, CPN applies the following criteria to classify them:

- 1) Spending analysis of annual procurement value as shown in the table "Spending-Analysis Classification" and "Classification by Type of Service"
- 2) Importance of business partners to CPN's operations

- 3) Business partners' expertise and monopoly in service provision

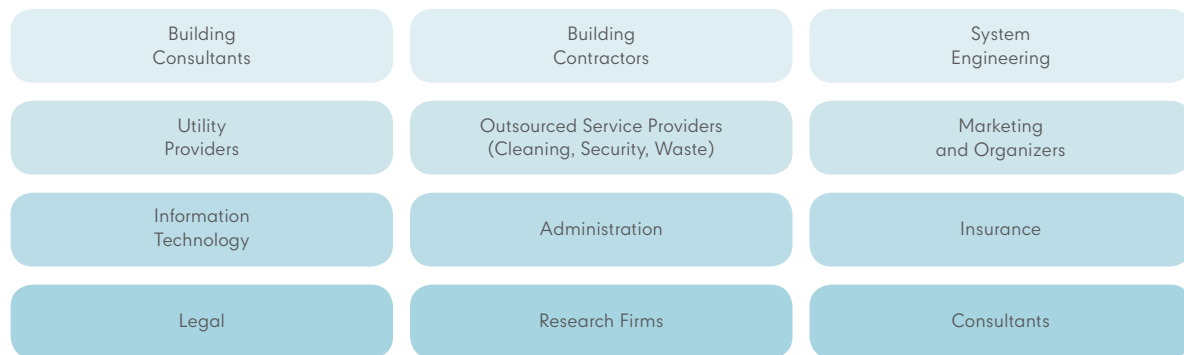
The above classification is utilized in the planning to increase the efficiency of supply chain management, supervision and development of partners, including annual assessment of their risk factors to define more effective risk management measures.

Remarks: <sup>6</sup> additional information in [www.cpn.co.th/Sustainability/Sustainability Management/Infographic](http://www.cpn.co.th/Sustainability/Sustainability%20Management/Infographic)  
[www.cpn.co.th/Sustainability/Corporate Governance/Policies & Implementing Guidelines/Supply Chain Management Policy](http://www.cpn.co.th/Sustainability/Corporate%20Governance/Policies%20&%20Implementing%20Guidelines/Supply%20Chain%20Management%20Policy)

### Spending-Analysis Classification

Partner Group	Definition: classified by procurement in 2017	Number of Partners	Spending Amount (million Baht)	% of total spending
Group 1	More than Baht 10 million	120	10,750	85
Group 2	Between Baht 1 million and Baht 10 million	437	1,419	11
Group 2	Less than Baht 1 million	2,517	427	4
Total		3,074	12,596	100

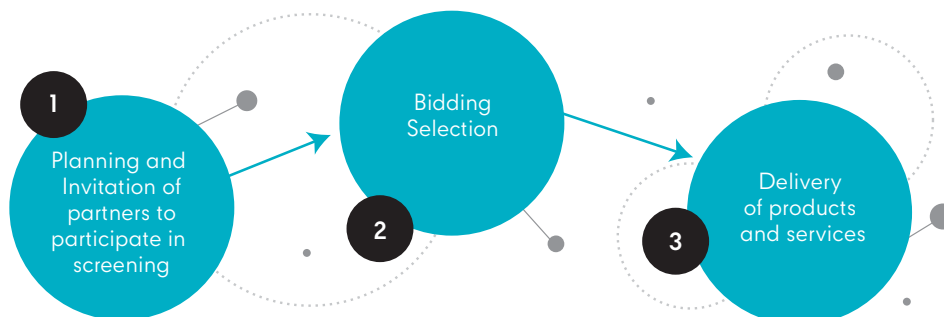
### Classification by Type of Service



The findings of its annual analyses on partners' spendings enable CPN to define cost-reduction plans, along with analyzing and selecting cost-effective, environmentally friendly and safe technologies. CPN carried out spending analyses on 3,074 partners that conducted transactions with

CPN during the year and found that 120 of them were in Group 1, representing 85% of all procurements, comprising project development and construction (48%), and procurement of energy for daily operation (30%).

### Supply Chain Management Process



## 1

- CPN invites partners by providing clear information about the scope, activities, objectives and goals of each project, including specific requirements, which include sustainability, safety and environmental requirements in line with its procurement, fair treatment of business partners and anti-corruption policies<sup>7</sup>.
- Interested parties are required to conduct self-assessment by completing CPN's pre-qualification form, which comprises a development and construction section and a shopping complex and corporate management section. The screening criteria are (1) each company's credibility and financial management caliber, (2) technical and technological innovation, and (3) management of the quality of work and consideration for impacts on the environment, safety and occupational health.
- Partners' performance are assessed annually by the hiring departments, the outcomes of which are considered for the continuation of their status next year before their registration under the procurement policy.

## 2

- CPN divides its partner selection process into (1) Fair bidding process or through E-Auction, by considering bidders' technical competency and cost-effectiveness; (2) Comparison of three partners is required before any of them can be hired (except for special cases specified under CPN procurement regulations) in accordance with the e-catalog of products and services that have passed the price comparison and annual partner assessment processes.
- CPN's partner selection criteria comprise (1) Right quality, (2) Right Price, (3) Right source & condition, (4) Right quantity, (5) Right time, (6) Right source, and (7) Right place. The quantity of work to be procured from each partner is also regulated to ensure fairness, avoid monopoly and diversify risks relating to their operations and delivery of goods and services.

## 3

- The delivery of work, goods and services must conform to all regulatory requirements, including labor laws, safety standards and environmental conservation regulations.
- Strict adherence to the TOR, CPN's quality management, ISO 9001 and other specified ISO standards. Each department has also set its rules on development and construction projects in line with sustainable operations, requiring contractors to:
  - Prepare a safety check plan for construction workers, covering employee development training, assistance and first aid, with regular review and improvement.
  - Arrange life insurance for workers in case of death while on duty, which is beyond the requirements of Thai laws.
  - Clearly state in contracts that the use of child labor is prohibited, while all migrant workers must have work permits and be given fair wages in line with the human rights principles.
  - Provide proper facilities for workers, such as toilets, shower rooms, wash areas, canteens, welfare grocery stores, childcare rooms, and accommodation.
  - Consider their impacts on communities by specifying in contracts requiring contractors to survey and look after the neighborhood around each construction site to minimize impacts and take corrective actions should there be any valid complaint about the project's work.
- Partners' operation: Responsible departments randomly assess operations and use the outcomes as a reference for registering manufacturers/contractors under the procurement policy and considering if the status of those manufacturers/contractors should be retained next year. Development and construction projects are inspected weekly by CPN's project managers, with random checks conducted by senior executives of the function to assess project progress and contractors' treatment of subcontract companies in providing fairness, safety, human rights and negative impacts on the environment and communities.

Remarks: <sup>7</sup> additional information in [www.cpn.co.th/Sustainability/Corporate Governance/Policies & Implementing Guidelines/Anti-corruption Policy](http://www.cpn.co.th/Sustainability/Corporate%20Governance/Policies%20&%20Implementing%20Guidelines/Anti-corruption%20Policy)

- Assessment of specific issues include safety, road traffic, and negative impacts on the environment and biodiversity, to be undertaken by external consultants certified with ISO 9001, ISO 14000 or other specified standards.
- Partners are required to formulate their corrective action plans and will be penalized if they are found to have neglected or violated CPN's sustainability guidelines and the Safety Evaluation Checklist and Discipline/Order form.
- The list of registered partners is reviewed according to each department's timeframe in line with CPN's procurement policy and the consideration of their status as CPN partners.

#### Business partner relationship management and joint development

For almost four decades of CPN's property business leadership, suppliers/contractors and business partners have played important roles in achieving success and growth. Committing to doing business under the sustainable development guidelines, CPN has built, developed and grown together with them. CPN always valued participation and hearing from stakeholders, both formally and informally. This year CPN invited 58 companies involving in development and construction to attend its annual Supplier Information Meeting for the second time. It also received comments and recommendations in working together through its annual questionnaires, in addition to the assessment of each project. In 2017, CPN initiated an informal one-on-one meeting between long-time business partners of more than 10 years and CPN executives to hear comments and recommendations under sustainable development guidelines as well as discussion on the development of construction innovation. The meeting was well received by stakeholders, so the information obtained would be used for improvement and development of our collaboration further.

As a rule, the annual meeting is a chance to communicate with stakeholders not only CPN's business policy, emphasizing good corporate governance, anti-corruption, and sustainability development under CPN's Code of Conduct for Suppliers<sup>8</sup>. Such meeting also supports their development through an in-depth seminar on the design and construction innovation, labor laws and human rights. Stakeholders were also invited to participate in Thailand's Private Sector Coalition Collective

Action against Corruption (CAC). Evaluation showed 80% were satisfied with the activity and would like CPN to hold it again next year.

Under its engagement guidelines with suppliers, CPN insists on fair and transparent interactions. This year a No-Gift Policy was emphasized by seriously revisiting the internal process as well as seriously and continually communicating with suppliers to acknowledge and understand CPN's intention. Suppliers were asked to adhere to CPN's Suppliers' Code of Conduct and were informed about communication channels for complaint-filing and whistleblowing through integrated communication for the clarity of collaboration procedures.

A CPN element of pride is the development of business partners to grow side by side with CPN and the ability to expand their businesses, domestic and provincial. CPN focused on business partners' development in two dimensions as follows:



- (1) For development, construction, operation, and marketing, focusing on joint innovation development such as:
  - 1) Construction focusing on process innovation
    - Light walls and durable materials which can be delicately modified according to designs and are environmentally friendly.
    - Reusable screw piles used for temporary fences or billboards.
    - Pixel tile technique for exterior tile work or hardscape, which not only is beautiful but can also maximize the benefit of using tile chips, which are otherwise wasted.
    - Wood, vinyl, and slings applied as temporary walls instead of calico for space renovation, which are reusable to reduce consumable materials and not disrupt the feelings of customers when strolling in service areas where renovation is going on.
  - 2) System work – applying the deep-shaft process for water treatment for project expansion with limited horizontal expansion.
  - 3) Shopping complex management – CPN cooperated with partners in business development of recycled-water system in large buildings.
  - 4) Collaborated with automation system technology

Remarks: <sup>8</sup> additional information in [www.cpn.co.th/Sustainability/Corporate Governance/Code of Business Conduct/Code of Conduct for Suppliers](http://www.cpn.co.th/Sustainability/Corporate%20Governance/Code%20of%20Business%20Conduct/Code%20of%20Conduct%20for%20Suppliers)

- management firms in implementing a parking guidance system to manage traffic and parking space.
- 5) Worked with event organizers to improve modern marketing activities in response to rapid change in customers' behavior.
  - 6) Collaborated with sub-contractors to develop international standards of service<sup>9</sup>
- (2) The development of local suppliers focused on the thinking process system to modernize provincial identity arts and crafts for decoration through both interior and exterior designs, while being responsible to the environment, for instance CPN's collaboration with

local suppliers specializing in ceramic production to specifically apply modern designs in producing ceramics for pillar decoration at CentralPlaza Lampang building CPN jointly with local suppliers in the CentralFestival Samui project reused resources during construction, for example, sand compaction on the parking space foundation and the subbase around the project area, and the use of pile chips left over from cutting for retaining walls for project signs and part of office foundation. The facade of CentralPlaza Salaya was also decorated with "orchids" made from reused fretwork wood.

### Sustainability Performance: Stakeholders Engagement - Business Partners

Topic	Performance of 2017	Plan for 2018
 <p><b>Sustainability indicator</b></p>	<ul style="list-style-type: none"> <li>Define KPIs at a department level for the effectiveness of partners' operation plans under sustainability and risk management guidelines.</li> <li>In 2017, CPN achieved its target to operate under partners' sustainability management plan.</li> </ul>	<ul style="list-style-type: none"> <li>Define the ratio of partners participating in CPN's anti-corruption declaration of intent project as a KPI for stakeholder management, which will be monitored by the CG-SD Committee.</li> </ul>
 <p><b>Supply chain management</b></p>	<ul style="list-style-type: none"> <li>136 business partners and contractors were assessed under sustainability (economic, environmental and social dimension)</li> <li>No serious accidents occurred during construction and improvement of the projects.</li> <li>No complaint-filing about human rights, illegal labor, or impacts on communities and the environment in CPN's construction and improvement projects in 2017.</li> <li>Procurement of goods and services via e-bidding of 133 cases, totaling some Baht 500 million, improving cost management efficiency by 31% against the pre-bidding cost.</li> </ul>	<ul style="list-style-type: none"> <li>Conduct risk reviews and implement assessment plans of partners annually and define risk mitigation measures specifically for key and interdependent business partners.</li> <li>Strengthen more intimate relationships with partners by developing channels for comments, complaint-filing, and policy communication with each other.</li> <li>Postpone partners' plan development to concrete development from 2017 to 2018</li> </ul>

Remarks: <sup>9</sup> For further information described in Annual report 2017 under "Human Resources Development to Improve Efficiency in Every Service Point" page 95





## Community Engagement

### Sustainability Context

All CPN operations are in locations and communities with urban progress and lifestyles suitable for shopping center business operations, not only blessed with suitable provincial economic and purchasing power, but also with local entrepreneurs. Therefore, CPN and Central Group are committed to the development of communities, society, and the country's wellbeing and driving of economic growth. CPN's goal is serving as the "community center", engaging in business to ease negative impacts on communities and improve the community quality of life as well as promoting the pride of local traditions, identities, and cultures.

### Management Approach

CPN defined its scope of community management at two levels: (1) community around the project, within an 8-15 km radius; (2) provincial community, with management divided into easing community impacts and nurturing relations with communities.

#### 1. Management to reduce community impact

##### 1) Traffic

Before and during project construction	For all developing projects, CPN held meetings with concerned agencies, representatives of the civil society (local and provincial) on traffic plans for public and private vehicles together with traffic management in front of the projects to prepare for busy traffic after a project launch. CPN also surveyed and consulted representatives of communities next to the projects to try to reduce impacts of heavy traffic or, in some projects, to open internal project traffic routes to the public to facilitate customers and communities.
Regular business period	CPN incorporated the facilitation of customers and adjacent communities into the operating plans of the Operation Department, which is to be improved each year in accordance with the travel behavior of consumers. Actions taken in 2017 are described on page 92

## 2) Environment

Before and during project construction	In addition to community relations teams' looking after impacts on the lives of nearby communities through the construction period, CPN prepared EIAs (Environmental Impact Assessment Reports) as required by the law to study and forecast impacts from project development on the environment (positive and negative) and take preventive and corrective actions. In 2017, CPN collaborated with the Royal Irrigation Department to survey the impacts of drainage in the community of the Central Plaza Nakorn Ratchasima Project reduce the overall impacts of floods and waste water and CPN did not have any environmental impact in 2017.
Regular business period	CPN applied the ISO 14000 standard to each project environment and the neighborhood, especially impacts of garbage and waste water. In 2017, CPN cooperated with Central Group, and private sectors and community nearby in to ensure that the Central Green Project looks after the environment by focusing on canals, waste management and expanding green areas in the community. (More details on page 127)

## 2. Community Engagement

CPN divided community engagement into four categories as follows:

- 1) Construction of public-service facilities to enhance community wellbeing, for instance, a U-turn bridge, footbridge, public transport bridge, traffic islands and community health centers. This year CPN, through CentralFestival Pattaya Beach and CentralMarina, in collaboration with Central Group, prepared to build a rest area for bikers in Siri Charoenwat Forest Plantation Project, Chon Buri, to facilitate and provide security to users and drum up awareness of forest conservation. Moreover, together with Central Group, CPN constructed prototype toilets located at Lumpini Park for Bangkok Metropolitan Administration that is clean, safe, and of a "Universal Design" for all genders and ages as well as the handicapped and the elderly in order to improve the community quality of life.
- 2) In-kind support by allocating complimentary space to the public sector, educational institutes, civil society, and non-profit organizations for exhibitions, special space for public services or a place for donation boxes. since 2014 CPN and Central Group together with the Thai Red Cross Society and Regional/ Provincial Red Cross Chapter have assigned space for blood donation annually. Blood donation drives in 2017 were organized 85 times, receiving totaled 3.34 million cubic centimeters of blood, under the "Central Group invites charitable blood donation as a tribute to and in remembrance of HM the late King Bhumibol Adulyadej project".
- 3) Donation to communities, charities, agencies related to the communities where CPN's businesses are located as well as donation to disaster victims and educational donations. This year CPN donated a total of Baht 32.42 million to foundations such as Saijaitai Foundation, Chaipattana Foundation, Princess Maha Chakri Sirindhorn Scholarship Foundation, Kidney Foundation of Thailand, Office of the Prime Minister Disaster Relief Fund, Foundation for the Environment, and Tiang Chirathivat Foundation. Moreover, CPN together with Central Group gave 10,200 bags, a total budget of Baht 8.2 million, to flood victims family in the Northeast, including Sakon Nakhon, Roi Et, Ubon Ratchathani, Udon Thani, Khon Kaen, Nakhon Ratchasima; the Central and Western Regions, including Suphan Buri, Ayutthaya, Phetchaburi; and the South, including Nakhon Si Thammarat, Trang, Surat Thani, and Songkhla.

4) CPN Volunteer represented activities for which CPN subsidized expenses and allowed its employees to participate in voluntary activities during office hours to support the improvement of communities' wellbeing. Activities comprised (1) health and safety, such as firefighting and air-conditioner cleaning for public agencies, (2) community and environmental development, such as reforestation, Big Cleaning Day, canal and waterway dredging, and (3) education such as the CPN Growing Thai Wisdom Project. In 2017 CPN organized 54volunteers' activities, with 1,774 employees participating (this number was from participant-tallying projects), a 200% increase from last year due to redesigned activities for a greater participating number of employees and communities.

## Engagement

CPN firmly intends to be an integral part and pride of each community, valuing and admiring local traditions, cultures and identities of all its business locations. Therefore, local cultures and identities were incorporated into project development operational guidelines, including facades, interior decoration and marketing activities to promote pride for locals and promote provincial tourism, while indirectly increasing revenue for communities.

In 2017, CPN's had received inspiration for the exterior design of CentralPlaza Nakhon Ratchasima project from the "Petal of Butterfly Lily" folk tale, using white crossed with orange, together with pink shading. Interior designs were different for each of five floors, including the basement, under the Seasons of Life concept, featuring five seasons or ambiances. CentralPlaza Mahachai is located in a seaside province where local people engage in fishery, so the "Maha Nawa Ship" concept is applied to building design resembling an ocean liner with a creative souvenir zone called "Sam Samutr – Three Oceans" to promote tokens specific to the province.

In 2017, CPN set goals for marketing activities to promote provincial values and identities to make its shopping complexes living and community centers. The scope of activities in three categories consisted of:

1) Hub of the city, focusing on collaboration with the public sector and civil society, especially Public-Private Collaboration Project (Pracharath), to create marketing activities reflecting locals' pride in a given city's identity.

2) Landmark of lifestyles, focusing on collaboration with all sectors to create marketing activities with exotic experience and exceptionally advanced, while doing the best at matching locals' lifestyles in all regions. That way, each community may experience the best living in each region of Thailand.

3) Center of local business, focusing on collaboration with commercial agencies and institutions, not only the public and private sectors, but also state enterprises in supporting local and small entrepreneurs and enhancing competitiveness and sustainably driving Thailand's growth in the global market, including the following:

- "SME's Fest Chom Chim Shop-See Savor Shop" consisted of an exhibition and distribution of local SME products from all regions under the collaboration of the public and private sectors along with CPN, Office of Small and Medium Enterprises Promotion and the Thai Chamber of Commerce to seek opportunities and distribution channels for more than 3,300 new local SMEs. CPN rotated such events among its nine shopping with retail space nationwide, namely CentralWorld, CentralPlaza Bangna, CentralPlaza Rattana Thibet, CentralPlaza Rama 2, CentralPlaza Chiangrai, CentralPlaza Udon Thani, CentralPlaza Khonkaen, CentralFestival Chiangmai, and CentralFestival Hatyai. Therefore, these SMEs would have the ability to enter modern trade, meet consumers and enhance their sale. The total post-event trade value exceeded Baht 130 million, while 777 business-matching was completed with Central Group's affiliates.

- "Products of Our Community Fair", each an exhibition and distribution of products of farmers nationwide, under a collaboration between CPN, Central Group and the Ministry of Commerce to allocate free space for selling quality goods, organics, and rare items as well as Geographical Indication (GI) products of more than 100 items from 55 communities. Events were rotated among four CPN projects that matched consumers' lifestyles, namely CentralWorld, CentralPlaza Chaengwattana, CentralPlaza Bangna, and CentralPlaza Khonkaen.

	Sample Activity	Summary of 2017 Activities (Activities)
Hub of the city	<ul style="list-style-type: none"> <li>• Royal Project Fair at CentralWorld</li> <li>• Art and culture, Ko Kret, River of Life at CentralPlaza WestGate</li> <li>• King of Durians at CentralPlaza WestGate</li> <li>• The Best of Nonthaburi at CentralPlaza Rattanathibet</li> <li>• Miracle of Large Terrarium at CentralPlaza Chonburi</li> <li>• Miracle of Candle – Miracle of Serpent King at CentralPlaza Ubon Ratchathani</li> <li>• Retro (859-year-old) Market, Nakhon Si Thammarat (Nakhon Si Old Town), at CentralPlaza Nakhon Si Thammarat</li> </ul>	64
Landmark of lifestyles	<ul style="list-style-type: none"> <li>• Songkran Festival</li> <li>• Thailand Smile Jazz</li> <li>• Thailand Toy Expo</li> <li>• Bangkok River</li> <li>• Pet Expo Championship</li> <li>• Badminton Academy Championship</li> <li>• Run &amp; Ride for Pink Pak Home</li> </ul>	47
Center of local business	<ul style="list-style-type: none"> <li>• SME's Fest See Savor Shop Fair</li> <li>• Products of Our Community</li> <li>• OTOP City</li> <li>• Central Group Farmers' Market</li> <li>• GI (Geographical Indication) Market</li> </ul>	35



## Community Development

For more than three decades of CPN's collaboration with Central Group, Tiang Chirathivat Foundation and business partners in developing and strengthening communities, the internal process and community development direction have been constantly improved to align with communities' basic needs, skills and capabilities, Central Group's business goals, sustainable development practices, and the distribution of income to local communities. The following descriptions are the three dimensions of CPN's community development framework:

### (1) Economic development for communities

In strengthening local economies for self-reliance and greater security, CPN's "Our Community Products" project has for six consecutive years imparted the knowledge of retail business gained from Central Group's over 70 years of experience. Owing to the project, many farmer groups have matured to become SMEs selling their products first to domestic consumers and later on to overseas customers. Following the operational direction of the Public-Private Collaboration (Pracharath) on the Development of Regional Products, CPN's "Our Community Products" project covers three aspects of development:

- 1) Human development: Provides knowledge on product selection, product designing and accounting; and promotes the production of environmentally friendly products
- 2) Product development: Provides budget support for construction work
- 3) Community development: In selling their products or organizing marketing activities through Central Group's affiliates, targeted communities earn more income, while the sharing of their knowledge gained from CPN's support to other communities also contributes to strengthening the overall local economy.

In 2017, the Central Voluntary Project for Community Development supported the Nam Duk Tai Co-operative Limited, Pakduk Sub-district, Lom Sak District, Phetchabun, by providing Baht 2 million budget for the construction of its vegetable sorting and packaging building which corresponds with the GMP standard. Under the project, the co-operative



was also able to sell its products and conduct marketing activities via CPN's affiliates. The amounts of communities' vegetables sold increased by more than 135% from the period before joining the project, generating an income of Baht 25 million per year for 156 households of co-operative members in four districts of Phetchabun province. Another noteworthy endeavor is CPN's "Our Community Products" project, which has up to now developed more than 1,508 community products and generated over Baht 637 million, covering 123 communities in 49 provinces throughout Thailand.

CPN and Central Group also collaborates in supporting farmers who are producers of over 30 high-quality GI (Geographical Indication) products, which include Thung Kula Rong-Hai Thai Hom Mali rice, Doitung coffee, Doi Chaang coffee, Khaotan Lampang and Sang Yod Muang Phatthalung rice. The focus of this collaboration is to add value to these products by, for example, processing them into more marketable goods, organizing marketing activities and providing more sales channels via modern-trade outlets and Central Group's affiliates. In recognition of its

strong commitment to provide practical support for farmers, Central Group has received Asian GI Ambassador Awards from the Department of Intellectual Property (DIP).

## (2) Educational development

The aims of Central Group's Educational Development project and CPN's Growing Thai Wisdom project are to provide good education, learning facilities, materials, equipment and tools to local communities and disadvantaged groups; develop teachers' quality, skills and attitudes; and cultivate positive values among students. This year's implementation of both projects have covered eight schools in six provinces:

- 1) Chonpratan Khuean Mae Kwang (Chiratiwat Opathum) school, San Sai District, Chiang Mai
- 2) Wat Pa Khoi Tai school, Muang District, Chiang Mai
- 3) Ban Nasainamrod school, Phibun Rak District, Udon Thani
- 4) Ban Pongmalangwan Chiratiwat Opathum school, Muang District, Nakhon Ratchasima
- 5) Ban Nong Song Phi Nong school, Huay Yod District, Trang
- 6) Ban Ja-noo Border Patrol Police school, Muang District, Chiang Rai (under construction)
- 7) Ban Na Sa-ung school, Lom Kao District, Phetchabun (under construction)
- 8) Ban Hin Chok Border Patrol Police school, Palian District, Trang (under construction)

Educational development activities include improvements or construction of school canteens, sanitary kitchens, toilets, playgrounds, vegetable plots for school lunch program, and educational equipment, both durable and non-durable; and cultivation of positive behaviors among students, including garbage segregation, vegetable planting, adding values to garbage, zero-Baht weekend markets, and firefighting drills.

CPN through its volunteering employees and Central Group have also joined the Public-Private Collaboration (Pracharath) in Education to develop the learning process of 60 Pracharath schools with more than 15,000 teachers and students in 209 villages of six southern provinces: Ranong, Phangnga, Krabi, Phuket, Trang and Nakhon Si Thammarat. Project implementation is divided into two parts: 1) conducting

teacher development workshops, and 2) providing budgets for programs that correspond with the workshops. Below are examples of such programs implemented this year:

- (1) School Agent Program - CPN employees are encouraged to take on the role of Central Volunteer working with Pracharath schools in developing a sustainable learning process. These volunteers are trained before traveling to collect data. Their duties at designated areas are to learn from school directors, teachers and students about the local communities, occupations and needs for further development.
- (2) Teacher Development Program provides teachers with training to improve their competency in (1) English language, (2) STEM (Science Technology Engineering and Mathematics) Education, (3) the application of IT to produce media for learning and teaching, (4) teaching skills for the cultivation of ethics awareness, and (5) the development of sustainability schools.
- (3) Classroom Conversion Program - Students, teachers and village philosophers take on the leading roles in converting classrooms into English language, sustainable and ethical classrooms.

## (3) Support for the disadvantaged

Strictly adhering to human rights principles in its business conduct, CPN provides the disadvantaged with equal opportunities in numerous aspects, including access to education and occupational opportunities for people with disabilities; (1) CPN's Growing Thai Wisdom project installed long-distance-learning satellites for 87 Child and Juvenile Observation and Protection Centers nationwide. (2) CPN initiated a program providing lottery-selling space for people with disabilities at their preferred locations, with CPN's 20 shopping center projects joining the program this year and allocating their retail space to 45 disabled people, representing one percent of the workforce. Meanwhile, CPN and the Central Group continued their Central C.A.R.E for Disability program by providing financial support to eight projects in seven provinces that provide occupational training for people with disabilities. Currently, there are 195 disabled people under these projects.

## Sustainability Performance: Stakeholders Engagement - Community

Topic	Performance of 2017	Plan for 2018
 <p><b>Sustainability indicator</b></p>	<ul style="list-style-type: none"> <li>Applied the performance outcomes of Community Engagement plan as indicators at the departmental level, to be monitored by the CG-SD Committee</li> <li>CPN implemented all (100%) of its Community Engagement plan this year (including Central Green project in the environmental section)</li> </ul>	<ul style="list-style-type: none"> <li>To apply performance outcomes of the Creating Shared Value plan as indicators at the corporate level, by setting the target of time to be spent by employees in volunteering activities at 5,000 man-hours</li> </ul>
 <p><b>Community engagement</b></p>	<ul style="list-style-type: none"> <li>Organized 146 marketing activities to achieve the status of a center of life and center of communities, 44%, 32% and 24% of which corresponded with the approaches for becoming a center of cities, lifestyle destination and center of local business respectively.</li> <li>Supported government agencies and communities by offering free use of venues, the cost of which estimated Baht 143 million.</li> <li>Provided manpower and budget for the CPN Volunteer project and other community collaboration projects, totaling Baht 5 million (including the Growing Thai Wisdom project for Child and Juvenile Observation and Protection Centers) and 4,500 man-hours of volunteering activities.</li> <li>Provided Baht 18.6 million support and jointly implemented the Central Takes Action project with Central Group; participated in Public-Private Collaboration in Education under a budget of Baht 15.8 million (calculated for the whole Central Group)</li> <li>Donated Baht 32.4 million to various foundations for charitable purposes.</li> </ul>	<ul style="list-style-type: none"> <li>To increase by 8% from the previous year marketing activities to achieve the status of center for daily life and center for communities.</li> <li>To implement the two-way programs initiated by CPN and employees to strengthen a corporate volunteering culture.</li> <li>To support educational development via the Growing Thai Wisdom project and Public-Private Collaboration (Pracharath) projects, focusing on communities near CPN's business premises.</li> </ul>





## ENVIRONMENTAL RESOURCES MANAGEMENT

### Sustainability Context

CPN recognizes the significance of global warming caused by climate change that does not only have direct impact to the business, such as construction plan, but also indirect impact to the operations through natural disasters, such as flood and earthquake, that may disrupt the business or prevent service offering to customers. Therefore, CPN identifies the risks of climate change as one of the factors for sustainability management, as well as establishes preventive plan and baseline resource management plan, especially on the effective use of electricity and water resource. CPN intends to minimize impact to the environment by utilizing the available resources to operate its business in the best possible way.

### Management Approach

The environment management at CPN is conducted according to the climate change and environment guidelines<sup>1</sup>, the policy of which was announced to cover operation and management of natural resources, energy, utility, climate, environment, biodiversity, and waste management to ensure the maximum benefit and effectiveness in a systematic and sustainable way. It focuses on the following:

- 1) Application of related international standards certified by third-party agencies, such as environmental management system (ISO 14001), greenhouse gas management (ISO 14064-1), energy management system (ISO 50001), criteria of Thailand Energy Award presented by Ministry of Energy, and ASEAN Energy Award.
- 2) Reduction of energy consumption through (a) new techniques and modern technologies; (b) effective energy consumption processes and standards and (c) conservation of energy and utility by employees from change management of the organization through training, knowledge sharing, and embed an energy and environmental conscious mindset into the corporate values.

- 3) Reduction of indirect greenhouse gas (GHG) emission (Scope 2) through energy conservation program.
- 4) Increase usage of alternative energy sources, especially solar energy.
- 5) Expand alternatives for water resources, such as rainwater and recycled water.
- 6) Reduction of cause and impact to environment, ecosystem and biodiversity.

### Management of Electricity Consumption

In 2017, CPN's electricity costs made up approximately 90% of total utility costs, or approximately 18% of total company costs<sup>2</sup>. About 53% of electricity usage is related to tenant shops. In 2017, CPN adopts various techniques and measures to conserve energy at 28 shopping centers through a total investment of more than Baht 190 million. This helped CPN to increase its energy efficiency (excluding that of tenant shops) based on the Specific Energy Consumption (SEC) Index by 4.2% compared to 2016, or by 3.6% compared to 2015 base year. New processes and measures that resulted in the efficiencies are:

Remarks: <sup>1</sup> additional information in [www.cpn.co.th/Sustainability/Resource Management](http://www.cpn.co.th/Sustainability/Resource%20Management)

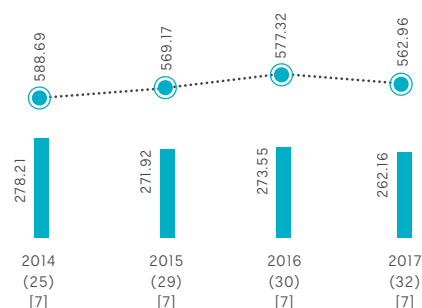
<sup>2</sup> additional information in "Expense by Nature" page 93 of Annual Report 2017-Financial Report

- 1) Conversion of lighting system to LED at 24 shopping centers, and the full implementation of LED at CentralPlaza Nakhon Ratchasima and CentralPlaza Mahachai.
- 2) Implementation of solar panels on the rooftop of CentralPlaza Ubonratchathani. Solar energy accounts for 13% of total energy consumption at the CPN shopping center (excluding tenant shops). As a result, CPN conducted feasibility study on further implantation of solar panels, which will be divided into two phases. The first phase spans in short-term for 1-2 years, covering 6 shopping centers, whilst the second phase in the next 5-10 years to study the adoption of thin-film solar panels to accommodate the architectural and environmental aspects of the shopping centers. In 2017, CPN began producing electricity through solar panels at CentralWorld, CentralPlaza Chaengwattana, and CentralPlaza Ubonratchathani at the rate of 899 MWh, or 0.21% of CPN's total electricity consumption (excluding tenant shops).
- 3) Adoption of variable speed drive technique for chiller system by condensing the vapor based on the actual usage to conserve the energy. The system was implemented at CentralPlaza WestGate, CentralFestival EastVille and CentralFestival Phuket.
- 4) Incorporation of energy and environment conservation management into the employee development program through participations in various events, such as the Energy Day (Annually) and the energy savings contest under the Dreamteam project. In 2017, a total of 20 external and internal training programs on energy and environment conservation management was conducted through 38 sessions with a total of 647 attendees (including recurring attendances). As for the Dreamteam project, a total of 7 energy and environment conservation projects

were submitted, representing 10% of the total projects submitted, and were assessed to reduce the energy-related expenditures by Baht 2 million per year (based on the project selected in the final round).

One of the means that CPN uses to measure the efficiency garnered from the energy conservation practices is the annual submission for the Thailand Energy Awards from the Ministry of Energy. In 2017, CPN received 3 awards related to the energy conservation and development of renewable energy, namely Energy Conservation for Designated Building Award to CentralPlaza Suratthani and CentralPlaza Chonburi, and the Energy Personnel for Executive of Designated Building Award to CentralPlaza Rattanaibet. The recent recognition brings the total number of CPN shopping centers to receive the award to 19, or 59% of the current number of CPN shopping centers. Moreover, CentralPlaza Suratthani received the runner-up award for energy conservation building at the ASEAN Energy Awards.

**Energy Consumption by CPN in 2017**  
**Specific Energy Consumption per Unit Area**  
(kWh/m<sup>2</sup>)



● Total (XX) Total Shopping Centers  
● CPN [X] Total Office Buildings

### Total Energy Consumption (MWh)



Target 2018	Reduction of energy consumption by 2% compared to 2017 (CPN portion only)
Target 2025	Reduction of SEC index by 20% compared to 2015 base year (CPN portion only)

#### Remarks:

- Energy consumption in the shopping centers consists of two major parts: (1) fuel combustion in CPN and (2) electricity consumption by CPN and tenant shops, including purchase of non-renewable energy and renewable energy. In 2017, CPN generated a total of 899 MWh of solar electricity. However, the table above displays only power consumption.
- The report of energy consumption is different from the one in 2016 Annual Report due to the inclusion of all projects operational in 2017 and the electricity usage of office buildings.
- The calculation of SEC index applies to projects that were operational for the full calendar year and includes office building. Hence, the data may have differed from the ones reported in 2017.
- Since 2016, CPN has adopted a methodology to calculate the SEC index according to the GRI Guideline for Real Estate Section to account for the net leasable area only.
- The increase in SEC index in 2016 came from four new projects that were operational for the full calendar year, which has higher-than-average energy consumption during the operating hours, and the change of chiller system at CentralMarina.

### Management of GHG Emission

CPN adopts the Carbon Footprint for Organization or Corporate Carbon Footprint (CCF) guidance as a guideline to display the amount of GHG emissions caused by its operations, leading to effective management of GHG emissions. CPN adheres to carbon assessment guideline of GHG standards (ISO 14064-1) and requested accreditation from Thailand Greenhouse Gas Management Organization (Public Organization) ([www.tgo.or.th](http://www.tgo.or.th)) for three locations, namely CentralWorld, The Offices at

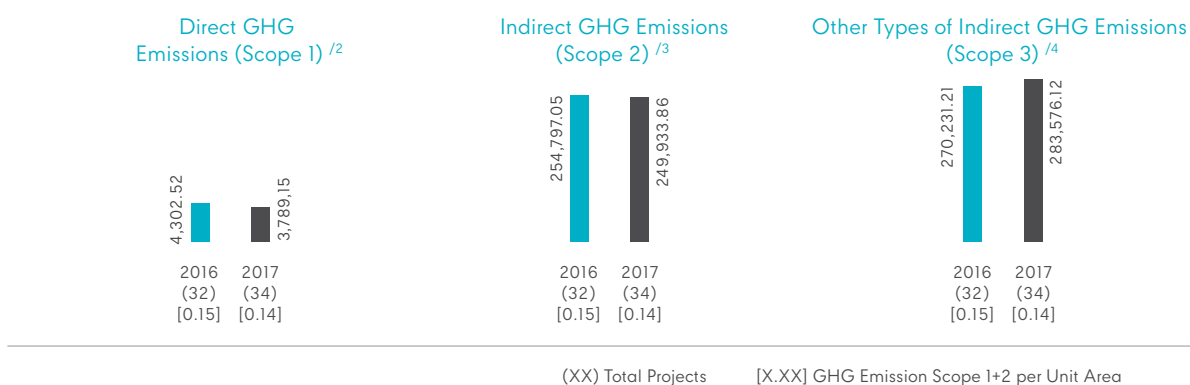
CentralWorld, and the head office of CPN. This brings the total number of locations in CPN accredited with CCF to 11. Furthermore, CPN has extended the reporting guideline to all of its 34 projects (including The Offices at CentralWorld and the head office) based on the disclosure plan in the base year and accurately tracks the progress of GHG reduction. It also allows CPN to better prepare for the CCF accreditation for the entire organization in 2018.

Based on the assessment, the ratio of direct GHG emissions (Scope 1) to indirect GHG emissions (Scope 2) is 0.02 to 1. Therefore, the framework to reduce GHG emissions is aimed towards lower energy consumption. In 2017, CPN adjusted its plan to inspect, repair and maintain the chiller system, which

resulted in the reduction of Scope 1 GHG emissions by 12% compared to 2016 and the amount of Scope 1 and Scope 2 GHG emissions per unit area to 0.14, a reduction of 5% compared to 2016.

### GHG Emissions by CPN <sup>1</sup> in 2017

(TonCO<sub>2</sub>eq)



Target 2025

Reduction of Scope 1 and Scope 2 GHG emissions per unit area by 20% compared to 2015 base year

#### Remarks:

<sup>1</sup> GHG emissions consist of the emissions caused by several activities of CPN's shopping malls, office buildings, and offices for rent. Direct GHG emissions are calculated based on the report and method of Intergovernmental Panel on Climate Change 2006 (IPCC) and the guideline of Thailand Greenhouse Gas Management Organization (Public Organization), which uses the operation control method.

<sup>2</sup> Direct GHG emissions (Scope 1) derive from CPN's fuel combustion, namely benzene, diesel, and natural gas and leakage of methane gas, CO<sub>2</sub>, SF6 in operating process.

<sup>3</sup> Indirect GHG emissions (Scope 2) derive from energy purchase form outside for CPN operations only, excluding power purchase by tenant shops.

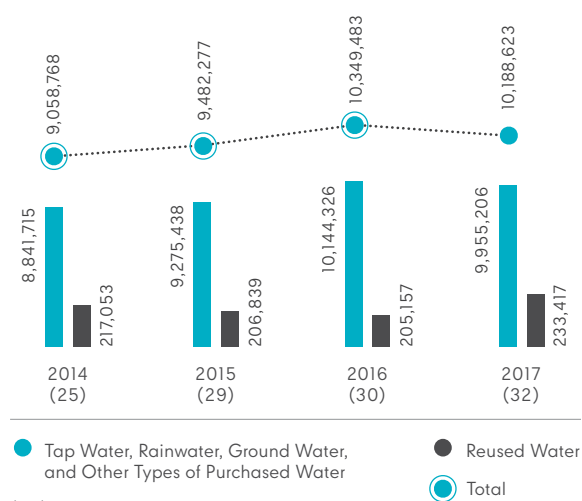
<sup>4</sup> Other types of indirect GHG emissions (Scope 3) derive from energy consumption along transportation routes and power purchase by tenant shops.

• The reported GHG emissions differed from that of 2016 Annual Report due to the inclusion of all projects operational in 2017, the GHG emissions at office buildings, and the calculation adjustments accredited by the Thailand Greenhouse Gas Management Organization (Public Organization)

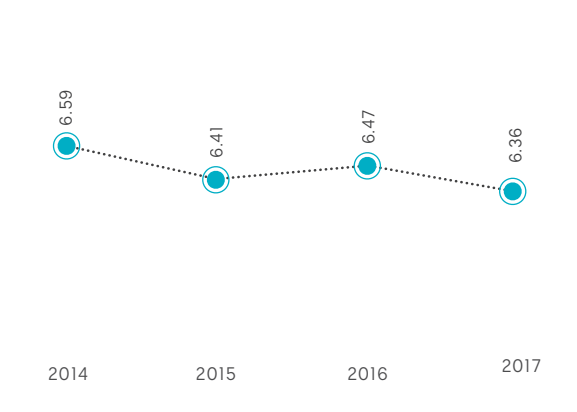
### Water Management

Water used in CPN's businesses is portable water supplied by either Metropolitan Waterworks Authority or Provincial Waterworks Authority, including ground and reused water. In 2017, CPN consumed a total of 10.19 million cubic meters of water across its 32 shopping centers. The amount of reused water was 0.23 million cubic meters as a result of installation of water recycling system at 7 shopping centers, namely CentralPlaza Khonkaen, CentralPlaza Grand Rama 9, CentralPlaza Udonthani, CentralPlaza WestGate, CentralPlaza Suratthani, CentralFestival Hatyai and CentralFestival

Samui (the water recycling system at CentralPlaza Chonburi and CentralPlaza Chaengwattana are currently under refurbishment), which also increases the efficiency of tap water usage per unit area by 2% compared to 2016. Part of the increased efficiency was down to the purchase of water-efficient equipment at restrooms, as well as the cooperation from suppliers to adjust work processes and use of janitorial supplies to conserve water usage without compromising the sanitary quality. Total amount of reused water represents 2.3% of the total amount of water consumption.

Total Water Consumption  
(m<sup>3</sup>)

(XX) Total Shopping Centers

Water Consumption per Unit Area  
(m<sup>3</sup> / m<sup>2</sup>)

Target 2018

Recycled water represents 5% of total water consumption

## Remarks:

- The reported water consumption differs from that of 2016 Annual Report due to the inclusion of all projects operational in 2017 and water consumption at office buildings.
- The decrease in water consumption in 2015 and 2016 was due to the ineffectiveness of water recycling system already installed, some of which were subsequently discontinued.

## Garbage and Waste Management

CPN manages the impact to the environment by adopting the ISO 14001 guidelines to eliminate wastewater and garbage produced by the business operations before they are disposed of or discharged into public water sources. It also introduced the policy to reduce and separate at the waste storage facility, as well as encourage the tenant shops to separate reusable wastes. In 2017, CPN requested for the accreditation of ISO 14001 environment management standard for 5 shopping centers, namely CentralPlaza Salaya, CentralPlaza Ubonrat-chathani, CentralFestival Hatyai, CentralFestival Chiangmai and CentralFestival Samui. This brings the number of CPN shopping centers accredited with ISO 14001 to 24, representing 71% of total leasable area (excluding office buildings). During the year, CPN sent a total of 107,323 tons of waste from 32 shopping centers for proper treatment. Of the total waste, 62% was wet waste, 30% general waste, and 8% chemical and hazardous waste. Total volume of recycled waste represents 0.2% of the general waste.

CPN also ceased the use of foam boxes at food parks and take-home food zones at all of its food courts and partakes in the Pracharat project to promote separation of hazardous wastes with cooperations from the public sector, namely the Pollution Control Department and the Department of Environment, Bangkok Metropolitan Administration, and the private sector led by 11 volunteer organizations. The project aims to collect hazardous wastes from communities and broken parts of electronic equipment, in which CPN facilitates the collection of such item, such as mobile phones, mobile phone batteries, conventional batteries and light bulbs, at 53 designated locations through 14 shopping centers in Bangkok Metropolitan Area, from the total of 109 locations at 31 shopping centers nationwide.

As for the head office activities in 2017, CPN incorporated the 5S Plus project into the smart office project to emphasize on

clean, accessible and safe workplace at the head office and The Offices at CentralWorld. This extends to the waste separation process initiated by certain departments, notably the paper separation under the Shred2Share project amounted to 15.95 tons, or equivalent to a reduction of GHG emissions of 4.15 tons of carbon dioxide equivalent

(TonCO<sub>2</sub>eq). Since 2008, CPN, jointly with Infozafé to assemble paper documents for safe disposal, was able to recycle 20.75 tons of paper, or equivalent to a reduction in GHG emissions at 5,396.25 (TonCO<sub>2</sub>eq).

#### Total Waste Disposal in 2017 (Ton)



### Ecology and Biodiversity Management

CPN established a policy on ecology and biodiversity management<sup>3</sup> and made a distinction not to develop any projects at protected or conservation areas. CPN strongly follows the protocol, with the assistance of outside experts, to explore and study the ecological aspects of the site and takes care to conserve the ecology around each construction site.

CPN focuses on promoting the quality of life by bringing nature close to people in society. Architectural designs aim to blend with the existing cityscape and ecosystem and bond with nature, appreciate its value, and conserve it so that it may remain with the communities. More green areas are promoted through trees and plantations in the internal and external areas of the project. In the case of decommissioning, trees are either sheltered or relocated to a nearby project. Additionally, locally grown plants surround the project to integrate with the local community.

In 2017, CPN developed a large area in front of CentralPlaza Nakhon Ratchasima and next to the city canal into a landmark green area. The green area, comprises 119 Ratchapruet trees along the jogging track and bike lane within the park area, also facilitated with exercise equipment, is dedicated to the local

community to mutually utilize and conduct activities together.

At CentralPlaza Mahachai, situated on saline soil based on exploration finding, trees suitable to the soil condition, such as Ratchapruet trees, Silver Trumpet trees, Octopus trees and Hibiscus, were erected. Not only that green areas are incorporated into the parking area, the front of the project are also furnished with tall-grown trees, namely 92 Ratchapruet trees and 33 Silver Trumpet trees, to maintain the greenery and beauty of the trees through the seasons.

Incorporated into the renovation program at CentralPlaza Rama 3 was the addition of green area, comprising 17 Silver Trumpet trees along the road in front of the project. Meanwhile, due to limited area and necessitation for roadway, the front of the project is furnished with a green wall, including a façade with vertical and horizontal wood tiles along the building poles.

The focus on the ecology and biodiversity management revolves around raising large trees with beautiful flowers across the seasons at all possible project locations, which is also considered as the framework of community and environment development. In 2018, the focus is on collecting data to study the feasibility of ecology and biodiversity in each project to determine the suitable development plan.

Remarks: 3 additional information in [www.cpn.co.th/Sustainability/Corporate Governance/Policies & Implementing Guidelines/Biodiversity Management Policy](http://www.cpn.co.th/Sustainability/Corporate%20Governance/Policies%20&%20Implementing%20Guidelines/Biodiversity%20Management%20Policy)

## Development and Preservation of Environment with Communities

For nearly 40 years of strong alliances with the local communities, CPN is committed to minimize the impact of its business to the communities, especially towards the environment, starting from construction period, having considered the impact of dust and noise pollution, as well as wastegeneration, until the operational period. CPN also helps the local community to become more educated on the removal of water wastes at public canals mutually used by other communities.

In 2017, CPN, together with the Central Group, formulated a clear framework for environment management under the project “Central Green”, which focuses on the involvement of communities in 3 aspects as follows: (1) maintenance of public water sources; (2) waste reduction and (3) green area promotion. As such, CPN, jointly with the Utokapat Foundation and the Hydro and Agro Informatics Institute, introduced an initiative on water management under the philosophy of His Majesty The King, namely the plan to explore water sources, analyze the situation, and manage to solve water-related issues together with the local communities such that they become self-sustainable. The initiative is allocated into 3 phases, starting with year 1 to explore the water source areas, followed by years 2-3 to analyze the situation and issues and identify suitable action plans together with the local communities, and ending with years 4-5 to ensure that the communities become viable. In the first year, CPN facilitated training and development program to a total of 36 employees, volunteers and related organizations (extended to other Central Group companies). The task force is responsible for 12 projects under the stewardship of the Central Green project related to 9 natural hydro resource locations, covering a total distance of 7 kilometers (CPN operated distance only), which are:

- 1) Vibhavadi road canal
- 2) Phrik Pon canal
- 3) Wae canal
- 4) Mae Khao canal
- 5) Bang Krasor canal
- 6) Kot canal
- 7) Chiangmai ditch
- 8) Canal next to CentralPlaza Bangna
- 9) Canal next to CentralPlaza Chonburi


To solve the issue, the team begin to dig the canal to grow plants to absorb the toxic substances along the canal route, install turbines to increase oxygen in water, and transform the adjacent area into green area. The initiative received strong cooperation from 43 local communities and network, comprising 43 organizations, and extended the know-hows to nearby vendors and shops on oil wastewater treatment prior to its discharge to the canal. An example of such target audience is the cart vendor on the Vibhavadi Road and the communities at the back of CentralPlaza Salaya to reduce the impact on the upstream.

Another environment development initiative with the communities is an environment-conscious mindset for the children and youth through the Growing Thai Wisdom project. The project elaborates on the value of recycled products and the separation of wastes towards family income, the farming of organic produces for consumption at school, and the installation of waste separation bins for students to practice daily. At the end of 2017, CPN installed the waste separation bins at 5 schools, which consist of 1) Border Patrol Police School and Vocational Education of Chiangrai-Phayao, Chiangrai Province 2) Banpongmalangwan (Chirathivat-upatam) School, Nakhon Ratchasima Province 3) Banbangtoei School, Nakhon Pathom Province 4) Bankuanngern School, Nakhon Si Thammarat Province and 5) Banchalong School, Phuket Province. It also carried out the initiative at 2 communities, namely the community behind CentralPlaza Salaya, Nakhon Pathom Province, and the community at the Phra Si Rattana Mahathat Temple, Phitsanulok Province.

The role of CPN as the Center of Community aims to instill a mindset towards resource and environment conservation at the available capacity. An example is the effective space allocation for on-site media and communication, such as news bulletin, event facilitation or administrative rally walk. Amongst the events that CPN regularly participated, for 9 years in a row, is the “60+ Earth Hour 2016” campaign, together with the Bangkok Metropolitan Administration, Foundation for Environmental Education for Sustainable Development, World Wide Fund for Nature (Thailand), as well as public and private sector organizations, in which volunteers nationwide close the lights for 1 hour to reduce global warming.



## Sustainability Performance: Environment

Topics	2017 Performance Outcome	2018 Plan
 <p>Sustainability indicator</p>	<ul style="list-style-type: none"> <li>Assigned “Return on Asset” as an organization level key performance indicator since utility cost represents 18% of total costs that may impact the return on asset.</li> <li>Assign “Electricity Consumption” as a department level key performance indicator with the target reduction of 3% (compared to 2016) and monitor the progress through the Five Viewpoint Strategic Meeting</li> <li>In 2017, CPN achieved a reduction in electricity consumption (excluding that of tenant shops) of 5.4% compared to 2016.</li> </ul>	<ul style="list-style-type: none"> <li>Assign “Electricity Consumption” as an organization level key performance indicator with the target reduction of 2% compared to 2017.</li> <li>By 2025, the total reduction of SEC index will be 20% to the level at the base year (2015).</li> </ul>



Topics	2017 Performance Outcome	2018 Plan
 <b>Management</b>	<ul style="list-style-type: none"> <li>Carried out the GHG emissions reduction plan at 100% progress for the organization for projects operational in 2017.</li> <li>Incorporated a total of 34 energy conservation measures at 28 shopping centers, resulting in a reduction of CPN-own usage of 22,032 MWh (projects with enforced measures only)</li> <li>Commenced with the installation of solar panels on the rooftop of 6 projects, all of which have completed the bidding process.</li> <li>Commenced with the installation of concessionary water recycling systems at 7 projects, which brought the proportion of recycled water to 2.3% of total water usage as planned.</li> <li>Appraised the performance of waste separation and incorporated ledger system at CentralPlaza WestGate, which signified that customers are not ready and lacked understanding on waste separation.</li> <li>Prepared for the accreditation of Leadership in Energy and Environmental Design (LEED) for the renovation of 7<sup>th</sup> floor at CentralWorld.</li> <li>Requested for ISO 14001 accreditation at 4 locations as planned.</li> <li>Progressed with sustainability assessment (environment, social and governance) with 136 suppliers and contractors.</li> <li>Committed no trespass or violation of off-limit areas either by law or consent of owner.</li> <li>Detected no unlawful action with major loss or leakage based on good environment management practices.</li> </ul>	<ul style="list-style-type: none"> <li>Lead CPN to be certified as a Carbon Footprint Organization at 34 projects including the head office.</li> <li>Lead the renovation project at CentralWorld to be accredited with LEED.</li> <li>Complete the installation of solar panels at the rooftop of 6 projects.</li> <li>Complete the installation of water recycling system at 13 projects and revised the target of recycled water proportion to total water usage at 5% from 2025 to 2018.</li> <li>Request for ISO 14001 accreditation for 3 additional locations.</li> <li>Establish a prototype center for environment management.</li> </ul>
 <b>Environmental development with communities</b>	<ul style="list-style-type: none"> <li>Proceed with 17 tasks under the “Central Green” project with a total of 944 participants, representing 2,488 volunteer hours (including other organizations).</li> </ul>	<ul style="list-style-type: none"> <li>Extend the deliverables of Central Green project to 8 other projects close to water source.</li> <li>Apply the water management philosophy of His Majesty The King to pioneer the canal management in front of CentralPlaza Nakhon Ratchasima.</li> </ul>



## PRUDENT FINANCIAL MANAGEMENT AND FUNDING STRATEGY

CPN adopts a rigorous set of financial and capital management policies, identifies sources of funds suitable to the money and capital market environments and maintains a resilient approach to manage its finance costs. Apart from funds generated from its operations, CPN has access to other sources of fund, such as loans, debt and equity issuances to expand its retail properties domestically, as well as the establishment of real estate investment trust (REIT) and property funds. The ample funding alternatives have enabled CPN to demonstrate effective financial management, maintain healthy financial ratios and liquidity, and become well-prepared to support new investments that capitalize and enrich the value of business supported by prudent financial and risk management policies.

CPN manages its liquidity according to cash flow generated from operations and investment plan to determine the funding strategy accommodative to capital requirements and the interest rate trend. In 2017, CPN sourced its funds primarily through short-term loans. When CPN successfully converted CPNRF to CPNREIT and leased CentralFestival Pattaya Beach (certain parts) and Hilton Pattaya to CPNREIT on December 1, 2017 for a net asset value of Baht 11,908 million, the amount received was used to repay the short-term loan borrowed during the year, as well as early repayment for a portion of long-term loans. At the end of 2017, CPN lowered its debt balance to Baht 9,529 million from the level in the previous year at Baht 17,904 million, resulting in lower finance cost and a net debt-to-equity ratio of 0.07 times. Hence, it leaves CPN with ample debt financing capacity to fund its business expansion going forward.

As such, CPN emphasizes on reducing the risk of interest rate volatility due to the high and long-term investment nature

of business. As the interest rate trends upward, CPN prefers to source its funds through fixed-interest rate loans and debentures as opposed to those of floating-interest rate. In addition, CPN focuses on the flexibility of loan terms and the balanced distribution of loan maturities to maintain a resilient portfolio accordingly with the change in interest rate environment.

As CPN engages in overseas investments, it utilizes the available financial instruments to manage the foreign exchange risk through forward contracts. This allows CPN to reliably manage its investment cost and reduce the foreign exchange rate volatility under dynamic market conditions.

On September 22, 2017, TRIS Rating Agency upgraded CPN's rating and its ratings of senior unsecured debentures to "AA" from "AA-". The upgrades reflect CPN's stronger financial profile, driven by solid operating performance and reliable streams of income, having demonstrated conservative and disciplined financial management according to its policies.

## SUSTAINABLE DEVELOPMENT REPORTING APPROACH

CPN integrated the Sustainable Development (SD) Report within the annual report for the fifth year to disclose the operating performances related to the economic, social and environmental aspects that corresponds to the guidelines specified in the Global Reporting Initiative (GRI) Standard-Core Option -, reporting framework of International Integrated Reporting Committee (IIRC), ISO 26000 Guidance on Social Responsibility, the 10 principles of United Nations Global Compact (UNGC) and in line with the Sustainable Development Goals (SDGs) of the United Nations.

### Scope of Report

This report covers the performances of CPN and subsidiaries in Thailand only, in line with CPN's financial report from the period of January 1 to December 31, 2017. The report includes the performance progress and outcomes in economic, social, and environmental dimensions aligned with Sustainable Development strategy. The scope of the report covers business performance and sustainable development of 32 shopping centers, 7 office buildings and related supporting businesses under CPN's management nationwide as reported in the Nature of Business on page 48. However, for environmental dimension reports excluding operation of hotels and residents. For supply chain management reports excluding operation of CPN Residence Company Limited.

CPN's implementation of sustainable development values the engagement of all stakeholders, namely shareholders, tenant shops, customers, business partners, creditors, employees, business competitors, society, communities and the environment, the public sector, independent organizations and related social organizations. The contents and details in this report disclose the performance outcomes of CPN and its subsidiaries and associates (whose 50% shares are held by CPN or where CPN can exercise management authority), including the companies that need to disclose information.

### Report Quality Control

The Sustainable Development Department, Excellence and Sustainable Development Division, the focal point that controls the report quality to ensure its completion and accuracy. The Annual report working team is responsible for preparing the annual report completion and review information dissemination.

### Assurance of Report

For credible and transparent reports guided by GRI Sustainable Reporting Standards, CPN organized report certification for some key performance indicators by a third party well-versed in certification and independent assurance in the field of real estate business as detailed in the certification of assurance on page 212-213.

### Additional Information on SD Report

Should there be any questions or inquiries concerning the sustainability management, please contact:

*Department of Sustainable Development,  
Division of Excellence and Sustainable Development*

Central Pattana Public Company Limited  
10<sup>th</sup> floor, The Offices at CentralWorld  
999/9 Rama 1 Road, Pathumwan Sub-District,  
Pathumwan District, Bangkok 10330  
Tel : +66 (0) 2667-5555 ext. 6906-9  
Fax : +66 (0) 2264-5593  
E-mail : sd.ho@cpn.co.th

## DEFINITION

### Environmental Aspect Information

The environmental aspect information in this report covers activities considered by CENTRAL PATTANA PUBLIC COMPANY LIMITED to have significant impacts on the environment and has been compiled from CPN's subsidiaries that produce environmental impacts.

The environmental aspect information comes from different sources, e.g. recording gauges, accounting evidences, operating processes and data evaluation on quality principles.

### Energy

Total energy sources for consumption include natural fuel consumption, electricity usage and renewable energy.

### Greenhouse Gas (GHG)

This exhibits greenhouse gas (GHG) emissions from operations or activities of CPN, calculated in compliance with Carbon Footprint Assessment Guidelines of Thailand Greenhouse Gas Management (Public Organization), Volume 5, third revision, October 2016, with the following principles:

#### 1. Report Boundaries

- 1.1 **Direct emissions (Scope 1)** occur from fuel or natural gas combustion and the leakage of methane gas from waste water treatment, septic tank, refrigerant, fire extinguisher (CO<sub>2</sub>) and Sulfur Hexafluoride (SF<sub>6</sub>) through operating processes and activities under CPN's monitoring, control and management.
- 1.2 **Indirect emissions (Scope 2)** occur mainly from electricity, bought from external sources for CPN's operations only.
- 1.3 **Other indirect emissions (Scope 3)** occur from staff travels by taxis, buses, airplanes and car rent, water usage and electricity usage of tenants.

#### 2. Report on Intensity

- 1.1 **Direct GHG Emissions (Scope 1)** is based on fuel consumption (by weight or quantity), e.g. the quantity of oil or natural gas x GHG emission rate, as suggested in the 2006 IPCC guidelines.
- 1.2 **Energy Indirect Emissions (Scope 2)** emissions is based on the quantity of purchased electricity, with reference to the GHG emission rate of the power producer or distributor.

#### 3. The GHG emission

report covers CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCS, PFCS and SF<sub>6</sub>, calculated and illustrated in the form of carbon dioxide equivalent (CO<sub>2</sub>e), indicating Global Warming Potential (GWP) as designated by IPCC.

#### 4. Emission Factor

according to Thailand Greenhouse Gas Management Organization (Public Organization) (TGO)

#### 5. Assessment Method

according to The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard Revised Edition and TGO guideline for carbon footprint assessment, third revision, October 2016.

### Water

Water management involves water from external sources, recycled water, discharged wastewater and reused water. Evaluation of water utilization efficiency and risks from different water sources is in place.

Water from external sources is used for CPN's activities. The information is extracted from the accounting evidence or water supply meter reading.

Recycled water refers to the amount of reused water consumption after wastewater is treated through the wastewater management processes. Water management is in place at CPN's shopping center and CPN's office buildings.

### Waste

Waste management covers total waste generated through CPN's operations and activities. The quantity of waste is based on valid estimation.

### Social Aspect Information

#### Number of CPN Employees

CPN employees are workers under employment contracts with CENTRAL PATTANA PUBLIC COMPANY LIMITED; they are classified into three groups, as below:

- "Top Management or Executive Level" includes those from the level of Senior Executive Vice President and Executive Vice President, except Chief Executive Officer.
- "Middle Management and Junior Management" includes Department Heads and Functional Heads.

- “Officers” are officers and senior officers/supervisors.

The above employees are also classified in accordance with the employment contracts, i.e., permanent and contract employees.

#### Calculation of Working Hours

- 1) The data is extracted from the time recording system and data record at Human Capital and Organization Development Division, and related units.
- 2) In case the companies lack a time recording system, average working hours will be used for the calculation, as follows:

#### Working hours (hours-employees)

= [Number of employee] X [working days] X [normal working hours (per day)] + [total overtime hours (only applicable to Operating Level employees)]

#### Safety Data Recording

Work safety data concerning health and hygiene is calculated and recorded as shown below:

#### Calculation

##### Injury Rate (IR)

$$\text{Injury Rate (IR)} = \frac{[\text{Number of all injuries as of the day the report is prepared}] \times 200,000 (\text{operating hours})}{[\text{Operating hours as of the day the report is prepared}]}$$

##### Occupational Disease Rate (ODR)

$$\text{Occupational Disease Rate (ODR)} = \frac{[\text{Number of Occupational Diseases as of the day the report is prepared}] \times 200,000 (\text{operating hours})}{[\text{Operating hours as of the day the report is prepared}]}$$

##### Lost Day Rate (LDR)

$$\text{Lost Day Rate (LDR)} = \frac{[\text{Number of Lost Day Injuries}] \times 100}{[\text{Operating Day as of the day the report is prepared}]}$$

Note: Information refers to the report of accident, illness or injury and request for compensation, according to the Workmen's Compensation Act, BE 2537 (Form 16 : Occupational Injury Notification from employer and injured employee and Claim form).

##### Absentee Rate (AR)

$$\text{Absentee Rate (AR)} = \frac{[\text{Number of Lost Day Injuries and other Occupational Diseases that are not excused as of the day the report is prepared}] \times 100}{[\text{Total number of operating days in one year}]}$$

Note: Information refers to the record of Human Resources Information System (HRIS) based on the number of sick day leave and sick day leave without pay.

#### Definition

##### Day means scheduled work day.

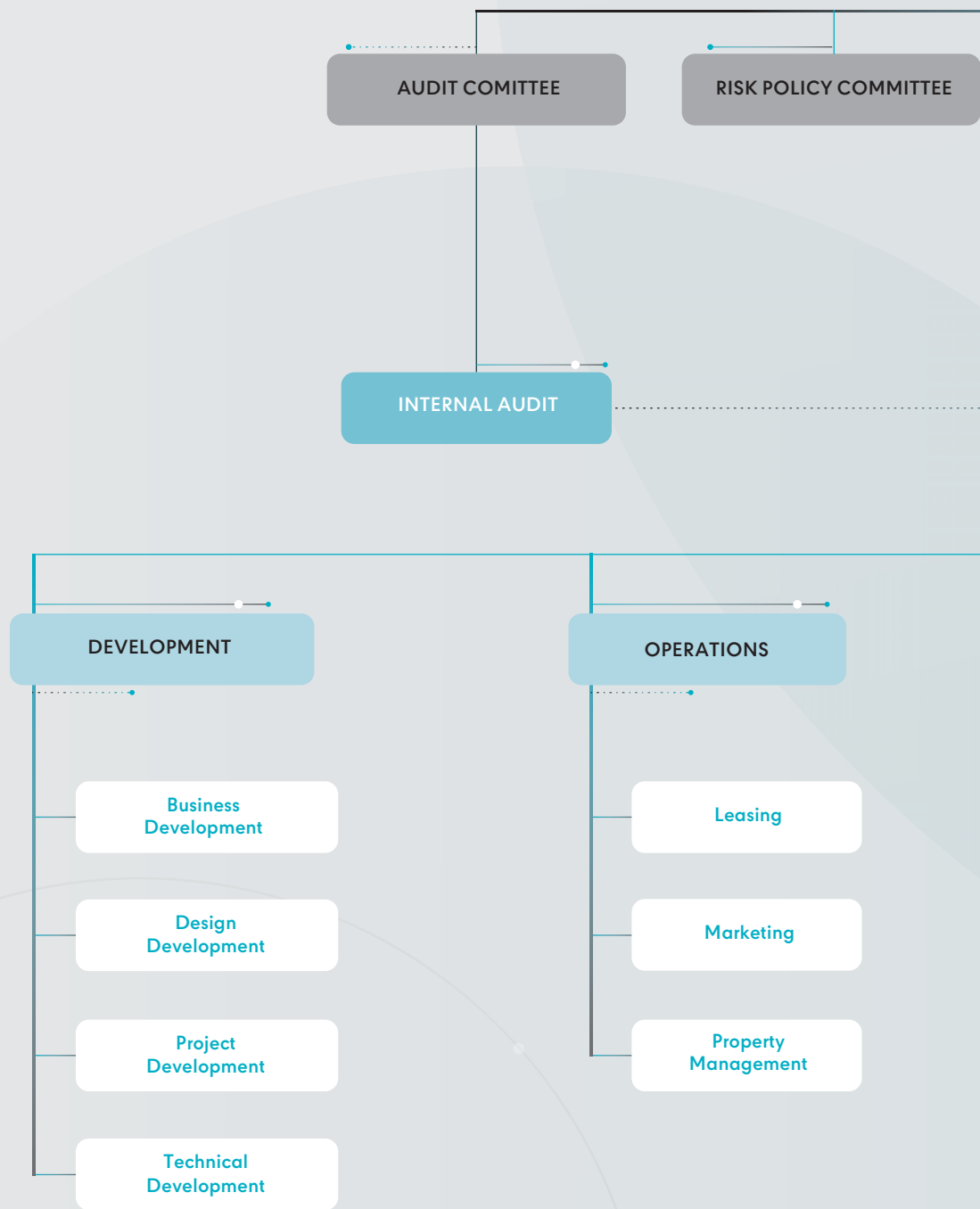
Injury is a Medical Treatment Injury (MTI) that requires medical attention, to fight injuries or diseases or disorders such as wounds, splinters, surgery (small or large), detoxification, gastric lavage, saline, blood, oxygen, CPR, including rehabilitation until the injured body is returned to normal, but does not include the following:

- In case of visiting a doctor for symptoms or consulting a doctor.
- In the case of a medical diagnostic process, such as X-ray examination, ultrasound, blood test or diagnostic drug (e.g., retinopathy for diagnostic purposes)

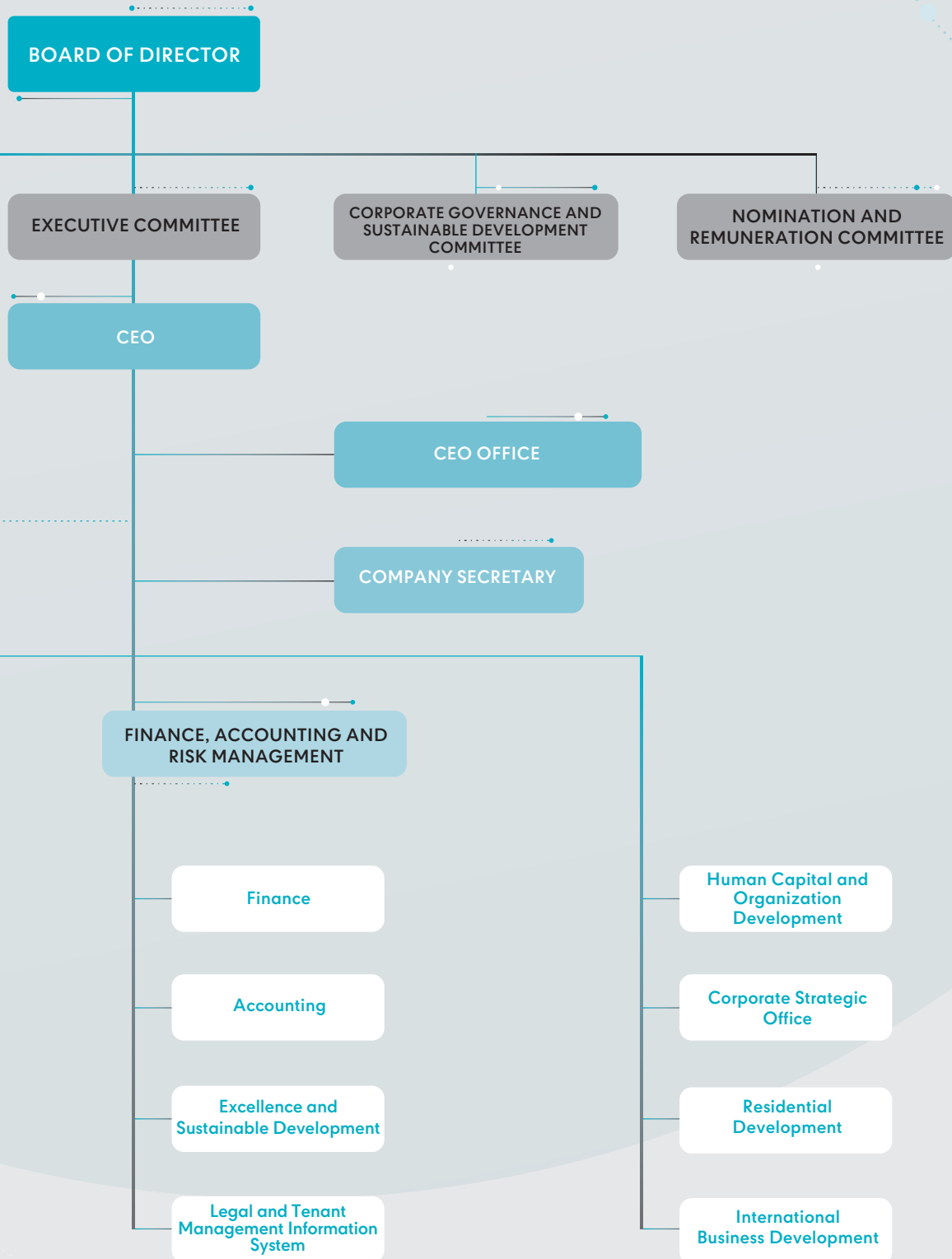
Lost Time Injuries are injuries that lead to absence of one day or more (starting from the day of absence after the day the incident occurs).

Work-related fatalities are accident due to work or the activities of the company that cause injury or sickness until death.

# ORGANIZATION CHART







# MANAGEMENT STRUCTURE

## BOARD LEVEL

### The Board of Directors

The Board of Directors comprises directors who are knowledgeable and experienced in diverse fields relevant to CPN's business.

The Board of Directors consists of 11 directors, as follows:

- Four independent directors or equivalent one-third of the Board of Directors
- The Chairman of the Board represents the shareholders, and is a different person from the President & CEO, in order to have complete separation of responsibilities as well as a balance of power in operations
- 10 non-executive directors and one executive director.

### Name and Position of the Members of the Board of Directors:

#### Honorary Chairman

1. Dr. Supachai Panitchpakdi<sup>1</sup>

#### Board of Directors

1.	Mr.Suthichai Chirathivat <sup>2</sup>	Chairman
2.	Mr.Paitoon Taveebhol	Independent Director
3.	Mr.Karun Kittisataporn	Independent Director
4.	Mrs. Jotika Savanananda	Independent Director
5.	Mr.Veravat Chutichetpong	Independent Director
6.	Mr.Suthikiati Chirathivat <sup>2</sup>	Director
7.	Mr.Sudhisak Chirathivat <sup>2</sup>	Director
8.	Mr.Sudhitham Chirathivat <sup>2</sup>	Director
9.	Mr.Kobchai Chirathivat <sup>2</sup>	Director
10.	Mr.Prin Chirathivat <sup>2</sup>	Director
11.	Mr.Preecha Ekkunagul	Director

Note:

<sup>1</sup> CPN was honored to have Dr. Supachai Panitchpakdi as Honorary Chairman since 2016 to provide advice and recommendations for its business operation.

<sup>2</sup> Representatives of the shareholders

### Directors with Company Signatory Rights

Directors with company signatory rights are Mr. Sudhitham Chirathivat, Mr. Prin Chirathivat, Mr. Kobchai Chirathivat, and Mr. Preecha Ekkunagul. The joint signatures of any two of these four directors with the Company seal are required for validity. In case of filing taxes or submitting financial statements to the government agencies or any organizations, a signature of any of the aforementioned directors with the company seal is required.

### Composition and Qualifications of the Board of Directors

- 1) The Board of Directors consists of at least five directors, three or more of whom must be independent directors, equivalent to no less than one-third of the Board. At least half of the directors must reside in the Kingdom.
- 2) Directors must be fully qualified and not be under any of the prohibitions prescribed in the Public Limited Company Act, the Securities and Exchange Act, the Capital Market Supervisory Board's announcements, regulations of the Securities and Exchange Commission ("SEC"), regulations of the Stock Exchange of Thailand ("SET"), CPN's articles of association, corporate governance principles and relevant regulations. In addition, directors must not possess any distrustful characteristics unsuitable for CPN's management position.
- 3) Directors must be honest, ethical, knowledgeable and experienced in diverse fields relevant to the conduct of business, capable of performing duties by dedicating sufficient time.
- 4) Directors may serve as directors of other companies, but such service must not affect their responsibilities for CPN. As a rule, a director should not serve in more than five SET-listed companies.
- 5) Directors must not, either for their own benefit or the benefit of others, engage in the management of another company that may harm CPN's interests or generate benefits for any person or juristic person.

### Terms of Directorship

- 1) At every Annual General Meeting of Shareholders (AGM), one-third of the directors must retire. If the total number is not a multiple of three, the number closest to one-third must be used.

- 2) The names of the directors to retire during the first year and second year after CPN was registered are to be drawn by lots. For subsequent years, directors who have served the longest terms must retire. Retired directors may be re-elected to the Board.

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

- 2.1) death
  - 2.2) resignation
  - 2.3) lacking qualifications or having any prohibited characteristics prescribed by law or CPN's regulations
  - 2.4) the meeting of shareholders may pass a resolution to remove any director from office by a vote of no less than three-fourths of the number of eligible shareholders in attendance at the meeting, and the total number of such shares must be no less than half of the number of shares held by eligible shareholders in attendance
  - 2.5) court order
- 3) Directors who wish to resign must submit their resignation letters to CPN. The resignation takes effect on the day the resignation letter is received by the Company.
- 4) To enhance their independent input and performances, independent directors may hold office for up to two consecutive terms, extendable to up to nine years in total, to maintain the independence of opinions and performance of duties as the Company's independent director.

The Board could extend independent directors' terms as seen fit. When independent directors complete their terms, the Board may nominate such directors to the AGM to be re-elected for the extension of their terms.

#### Duties and Responsibilities of the Board

- 1) Acting in the best interest of shareholders (Fiduciary Duty) by observing the following four main practices:
- 1.1) Performing its duties with faithfulness and honesty (Duty of Loyalty)
  - 1.2) Performing its duties with responsibility and all due circumspection and caution as well as with accountability and ethics (Duty of Care)

- 1.3) Performing its duties in compliance with laws, objectives, the Company's Articles of Association, the resolutions of the Board of Directors and resolutions of Shareholders' Meetings (Duty of Obedience)

- 1.4) Disclosing information to shareholders and stakeholders accurately, completely, and transparently with verification, timeliness and equitability (Duty of Disclosure)

- 2) Set the vision, mission, and short-term & long-term strategies to ensure fulfillment of corporate objectives and key goals with a focus on sustainability goals agreeing with value addition to the business, stakeholders, and society at large. These elements are revised annually.
- 3) Consider approving key transactions under the Board's authority scope under the law and corporate regulations and approval protocol.
- 4) Consider approving annual plans and budget, while constantly monitoring its business performance to ensure goal achievement by suitably and safely applying innovation and technology.
- 5) Set and review Board structure, specifically the number of directors and ratio of independent directors, as well as diverse qualifications suiting corporate business. Review Board and committee compensation as proposed by the Nomination and Remuneration Committee.
- 6) Consider appointing subcommittees to provide support for the Board's performance and responsibilities where suitable and necessary, and monitor the subcommittees' performance on a regular basis.
- 7) Disclose financial and key information to all shareholders and stakeholders on a correct, complete, transparent, reliable, timely, and equitable basis in compliance with regulations, standards, and practical guidelines.
- 8) Set up efficient and effective internal control and internal audit systems.
- 9) Develop a code of business conduct for the directors, executives, and employees to set the standards for the Company's business operation. All directors, executives, and employees shall perform their duties ethically and in strict compliance with the Company's code of conduct.
- 10) Ensure business operation based on good corporate governance principles and provide support to communicate to every personnel in the Company to acknowledge and strictly adhere to them.

- 11) Ensure clear and transparent connected transactions.
- 12) Ensure clear procedures of the Audit Committee's report to the directors when doubtful of transactions and actions that may seriously affect the Company's financial status and performance. The Board must rectify the problems within the timeframe deemed appropriate by the Audit Committee.
- 13) Institute a suitable and efficient risk management policy and procedures with regular monitoring and assessment of risk management performance.
- 14) Ensure the succession planning of the Company's top executives and annually arrange effective assessment of their performance.
- 15) Arrange for the company secretary to assist the directors' activities and ensure that the Board and the Company comply with the relevant law and regulations.
- 16) Annually assess Board performance and monitor Board and committee performances for joint review in the Board.
- 17) Constantly develop competency through training and participation in courses on Board performance or in other activities designed to enhance job expertise.
- 18) Steer the formulation of an anti-corruption policy and practical guidelines, strictly conform to the corporate policy and measures to set good examples for all personnel, and advocate internal and external communication for genuine conformance.
- 19) Steer the institution of processes and channels for receiving and effectively handling complaints filed by those with fraud leads and all stakeholders.
- 20) Steer the institution of an information security system, which includes the defining of a policy and procedures for confidentiality, integrity, availability, and the handling of market-sensitive information. Ensure conformance to this system by all directors, top management, personnel, and relevant third-party personnel.
- 21) Review and rectify the Charter of the Board as appropriate under prevailing circumstances.
- 22) Seek professional opinions by hiring outside advisers paid for by the Company.
- 23) Perform other duties as specified by the shareholders.
- 2) Ensure all directors' roles in promoting a corporate culture filled with ethics and governance
- 3) With the President & CEO, set Board meeting agenda and apply measures to ensure that critical matters under Board authority are included in the agenda
- 4) Allocate enough time for the management to present matters and the Board to thoroughly discuss key issues. Encourage directors' exertion of discretion and expression of free views
- 5) Promote cordial relations between the Board and the management, while supporting performances of the President & CEO and the management under corporate policies
- 6) Ensure transparent disclosure of information and management for conflicts of interest
- 7) Steer the overall performance of the Board, committees, and individual directors for efficiency and effectiveness.

### Independent Directors

Independent directors are those who have independence from the control of management and major shareholders and do not involve nor have any interest in management's decision. CPN has defined much stricter qualifications for independent directors than those required by the SEC as follows:

- 1) Not holding more than 0.5% of the total outstanding voting shares of the Company, its parent company, subsidiary or affiliated company, major shareholders or controlling person including shares held by related persons of the independent director
- 2) Neither being nor having been an executive director, officer, employee, controlling person or advisor who receives a salary of the Company, its parent company, subsidiary, a same-level subsidiary, affiliate, major shareholder or controlling person, unless the foregoing status ended not less than two years prior to the date of appointment
- 3) Not being a person related by blood or registration under law, such as a father, mother, spouse, sibling, or child, including spouses of children of directors, executives, major shareholders, controlling persons, or persons to be nominated as directors, executives or controlling persons of the Company or its subsidiaries
- 4) Not having nor having had a business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, in a manner which
- 1) Direct, monitor, and ensure Board performance for efficiency and fulfillment of corporate objectives and key goals

### Roles of the Chairman

may interfere with his or her independent judgment, and neither being nor having been a substantial shareholder or controlling person of any entity having business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, unless the foregoing status ended not less than two years prior to the date of appointment

The term 'business relationship' under the above paragraph includes any normal business transaction, rental, or lease of immovable properties, transaction relating to assets or services, or grant or receipt of financial support through receiving or extending loans, guarantee, providing assets as collateral, including any other similar action whose value exceeds 20 MB or more than 3% of the net tangible assets, whichever is lower. The value of each transaction is based on the calculation method for the values of connected transactions under the Notification of the Capital Market Supervisory Board. Under the regulation, all transactions occurring within a year of preceding transactions must be included in such calculation.

- 5) Neither being nor having been an auditor of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person nor being a substantial shareholder, controlling person or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, unless the foregoing relationship ended not less than two years from the date of appointment
- 6) Neither being nor having been any kind of professional advisor including a legal advisor or financial advisor who receives an annual service fee exceeding two million baht from the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, and neither being nor having been a substantial shareholder, controlling person or partner of the professional advisor unless the foregoing relationship ended not less than two years from the date of appointment
- 7) Not being a director who has been appointed as representative of the Company's directors, major shareholders, or shareholders who are related to CPN's major shareholders
- 8) Not conducting any businesses which have the same nature as or in competition with the Company's or its subsidiaries or neither being a substantial partner,

executive director, employee, officer or advisor who receives regular salary, shareholder holding more than 1% of the voting shares of businesses which have the same nature as or in competition with the Company or its subsidiaries

- 9) Not having any characteristics that could prevent him/her from giving independent opinions concerning CPN's operation

Independent directors may be assigned by the Board to make decisions regarding the operation of the Company, its parent company, subsidiaries, associated companies, a same-level subsidiary, major shareholders or controlling person in an organization's collective decision.

Independent directors should freely exert discretion on business matters and express their views on or objection to cases affecting shareholders' equitability.

## Sub-Committees

In conformance to corporate governance principles, the Board has appointed sub-committees to help it fulfill its responsibilities, screen specific key operational aspects as assigned, give opinions to the Board and decide certain matters as authorized by the Board. Followings are the structure of sub-committees:

### Audit Committee

The Board of Directors is responsible for the appointment of members of the Audit Committee, which consists of four members, comprising as follows:

- Four independent directors are qualified persons in accordance with SET's and CPN's definition of independent directors.
- Every member on the list has adequate knowledge and experience in reviewing reliability of financial statements.
- The first Audit Committee member graduated in accounting.

#### Name and Position of the Members of the Audit Committee:

##### 1. Mr. Paitoon Taveebhol Chairman

[Being experienced in reviewing financial statements](#)

- 2002 - Present Chairman of the Audit Committee, Central Pattana Plc.
- 2008 - Present Member of the Audit and CG Committee, Somboon Advance Technology Plc.
- 2010 - 2012 Chairman of the Audit Committee, Big C Supercenter Plc.
- 2012 - Present Chairman of the Audit Committee, KCE Electronics Plc.
- 2012 - Present Member of the Audit Committee, Easy Buy Plc.

##### 2. Mr. Karun Kittisataporn Member

[Being experienced in reviewing financial statements](#)

- 2009 - Present Member of the Audit Committee, Central Pattana Plc.
- 2008 - Present Member of the Audit Committee, Sahamit Machinery Plc.
- 2012 - 2017 Member of the Audit Committee, Khon Kaen Sugar Industry Plc.

##### 3. Mrs. Jotika Savanananda Member

[Being experienced in reviewing financial statements](#)

- 2015 - Present Member of the Audit Committee, Central Pattana Plc.
- 2014 - Present Chairman of the Audit Committee, the Stock Exchange of Thailand

##### 4. Mr. Veravat Chutichetpong Member

[Being experienced in reviewing financial statements](#)

- 2016 - Present Member of the Audit Committee, Central Pattana Plc.
- 2012 - 2016 Chairman of the Audit Committee, Phatra Securities Plc.
- 2017 - Present Member of the Audit Committee, Kiatnakin Bank Plc.

#### Duties and Responsibilities of the Audit Committee

- 1) Review the financial report preparation process for accurate, complete, credible, and timely information disclosure by coordinating with the external auditor and executives responsible for preparing quarterly and annual reports

- 2) Review extraordinary significant items of the past year (if any) on the basis of their sensibility, impacts on the financial standing and company performance, as well as the accuracy and completeness of the data disclosed
- 3) Consider connected transactions which may cause conflicts of interest; ensure conformance to laws and SET regulations to ensure that they are reasonable and in CPN's best interests
- 4) Consider the accurate and complete disclosure of information in case of connected or related transactions or other transactions that may cause conflict of interest
- 5) Review the internal control system to ensure its suitability and effectiveness, including any transactions that may cause financial fraud
- 6) Consider the audit outcomes and suggestions of the external auditor and Internal Audit concerning internal controls and pass on suggestions for action by the management as well as following up the implementation of such suggestions
- 7) Review and ensure that Internal Audit is independent and has an efficient internal audit process, in addition to ensuring Internal Audit's access to essential data
- 8) Review the activities and structure of Internal Audit and approve its charter
- 9) Provide views on the appointment, commendation, removal, transfer, or discharge, as well as adjustment of compensation of the head of the Internal Audit Office, to ensure its independence
- 10) Provide suggestions and remarks about the budget and manpower of Internal Audit for the management's approval
- 11) Review and endorse annual internal audit plans and changes subject to the assessment outcomes of enterprise risk management and Internal Audit's strategic plans
- 12) Review the internal audit plan with the head of the Internal Audit Office, especially about the internal control system and financial management process
- 13) Review audit plans and coordinate the scope of audit of internal auditor and the external auditor to be mutually supportive and eliminate redundancy
- 14) Review Internal Audit's performance outcomes against the Audit Committee-approved audit plans to ensure conformance to the Audit Committee-assigned framework of responsibility
- 15) Review the hiring of external experts to conduct internal

- audit if the internal auditor lacks essential skills or specialization needed to conduct internal audit, including IT aspects
- 16) Institute annual quality assurance reviews and external quality reviews at least every five years
  - 17) Select, nominate, and propose fees for the external auditor for approval so as to obtain an independent auditor, taking into account the reliability, adequacy of resources, audit volume, the experience of the personnel assigned to audit the Company as well as past work. Also, consider the removal of the external auditor
  - 18) Review the scope and method of auditing proposed by the external auditor as well as reasons for changing the auditing method (if any)
  - 19) Provide suggestions to the external auditor to review certain transactions that may be necessary or important during the auditing process of CPN and subsidiary companies
  - 20) Review the report of the external auditor and submit to the management for adjustments in practices as well as following up on such suggestions
  - 21) Consider the adequacy and efficiency of coordination between the external auditor and Internal Audit
  - 22) Act on received information from the external auditor as soon as possible regarding suspicious activities of directors, managers or persons responsible for operating CPN that may constitute a breach of the second paragraph of Section 281/2, Clause 2, Section 305, Section 306, Section 308, Section 309, Section 310, Section 311, Section 312 or Section 313 of the Securities and Exchange Act and promptly check the information received and report preliminary findings in the first instance to SEC and the external auditor within 30 days from the date when a given breach was reported
  - 23) Review conformance by the Company to Securities and Exchange laws, SET requirements, or CPN business-related laws and ethics
  - 24) Review the management's performance and follow up in case of nonconforming
  - 25) Review issues identified by external regulators and remarks by auditor
  - 26) Review the communication of Code of Ethics to the employees and monitor its conformance
  - 27) Review progressed report from management and Company's legal advisor regarding key issues on conforming to the relevant laws and regulations
  - 28) Report its performance for acknowledgement and consideration once every quarter
  - 29) Review any reports prepared by the Company regarding duties and responsibilities of the Audit Committee
  - 30) Prepare Audit Committee's annual performance report in accordance to SET's guideline and signed by the Chairman of the Audit Committee as well as disclose it in the Company's annual report
  - 31) In case of any suspicious transactions or actions that may significantly affect the Company's financial status and performance, the Audit Committee shall report the findings to the Board to make any improvement or correction in a timely manner as seen appropriate by the committee. Detailed are displayed below:
    - 31.1) Transactions regarding conflict of interests
    - 31.2) Transactions regarding frauds, irregularities or significant deficiencies in internal control system
    - 31.3) Any violation against laws on the securities and exchange, SET regulations or business-related laws relevant to the Company
  - 32) In case the Board or the management fails to take corrective actions on those transactions under 31.1), 31.2) and 31.3) within the timeframe set by the Audit Committee, any of the Audit Committee members may report of such transactions or actions directly to SEC or SET
  - 33) Review CPN's continual improvement process of good corporate governance, as well as providing approaches and advices for development
  - 34) Emphasize and promote good corporate governance as a regular agenda for the Board meetings and AGMs
  - 35) Ensure that the Chairman of the Committee receives a copy of the report of the directors' vested interests from the Company Secretary under Article 89/14 of the Securities and Exchange Act within seven days of the date when CPN receives the report
  - 36) Review CPN's risk management process to ensure standardization, effectiveness, and efficiency
  - 37) Work with the management in considering key policies regarding risk management and risk assessment as well as risks from corruptions
  - 38) Work with the Risk Management Committee, the Risk Management task force, and the management in considering, making recommendations, and updating reports on CPN's risk management



- 39) Conduct other Board-assigned duties
- 40) Regularly review the Audit Committee Charter on an annual basis in order to consider and assess its current assigned roles and responsibilities as well as to propose any required amendments accordingly
- 41) Conduct other duties assigned by SET
- 42) Oversee that there is an effective whistleblower system in place, in the event that an employee or any stakeholder is suspicious of any possible wrongdoing, as well as non-compliance to any laws, regulations, business ethics, or to any corporate governance principles, so that the whistleblower has the confidence that the Company has the required and appropriate independent procedure to effectively investigate and resolve such possible wrongdoings and non-compliance issues
- 43) Monitor any special investigation as necessary

### Nomination and Remuneration Committee

The Board of Directors is responsible for the appointment of the members of the Nomination and Remuneration Committee, which consists of three members, comprising as follows:

- Two independent directors
- One non-executive director
- The Chairman is an independent director.

#### Name and Position of the Members of the Nomination and Remuneration Committee:

- |    |                           |          |
|----|---------------------------|----------|
| 1. | Mr. Karun Kittisataporn   | Chairman |
| 2. | Mrs. Jotika Savanananda   | Member   |
| 3. | Mr. Sudhitham Chirathivat | Member   |

Two advisors to the Committee are appointed as follows:

- |    |                          |          |
|----|--------------------------|----------|
| 1. | Mr. Sudhisak Chirathivat | Advisory |
| 2. | Mr. Prin Chirathivat     | Advisory |

The advisors may attend the Nomination and Remuneration Committee meetings; however, they are not allowed to vote. Also, if any advisor has stakes in the reviewed agenda, such advisor shall leave the meeting to prevent conflict of interests

and allow other committee members and advisors to fully discuss.

#### Duties and Responsibilities of the Nomination

- 1) Consider the appropriate structure, size, and composition of the Board to suit the organization and changing environment as well as review the criteria of independent directors' qualifications
- 2) Ensure that Board structure comprises ethical and honest experts who are knowledgeable, experienced, and skillful in diverse fields relevant to the conduct of business. Furthermore, Board members are selected with non-discrimination of gender, race, religion, age, professional skill, or other qualifications
- 3) Consider the criteria for selecting directors, as well as select and nominate those persons qualified and appropriate to be considered by the Board of Directors before further submission to shareholders' meetings for appointment as directors
- 4) Consider the criteria for selecting President & CEO, as well as select and nominate those persons qualified and appropriate to be considered by the Board of Directors for appointment as President & CEO
- 5) Allow minor shareholders the opportunity to propose qualified persons for selection as directors, providing shareholders with enough time prior to shareholders' meetings being held
- 6) Formulate succession plans for President & CEO and senior executive position and review such plan on a regular basis
- 7) Consider appropriate strategies relating to human capital management and organization development to be implemented to ensure its consistency with the Company's business operations

#### Duties and Responsibilities of the Remuneration

- 1) Consider a clear compensation method and standard for directors, members of the sub-committees, as well as that for the President & CEO, so that they are equitable and appropriately corresponds to the respective assigned duties and responsibilities, current business environment and performance results of the Company as well as will facilitate an effective discharge of their responsibilities. The proposed compensation plan should also be comparable to those of other companies within the same

or similar industry and business sector as the Company, and also take into consideration the overall increase to the total value of the shareholders equity in the long term.

- 2) Consider the compensation for directors and propose it to the Board for endorsement and, in turn, tabling it for the approval of shareholders' meetings
- 3) Define goals and evaluate the performance of the President & CEO to set reasonable compensation

#### Other Duties and Responsibilities

- 1) If it is considered essential and suitable to do so, the Committee may appoint regular advisor(s) or hire project advisor(s), or both, to provide advice on the Committee's performance. As seen essential and suitable, NRC may decide on such advisors' fees at CPN's expenses
- 2) Revise and amend the Committee charter in line with prevailing circumstances and seeks Board approval
- 3) Perform other Board-assigned duties related to nomination and remuneration

### Risk Policy Committee

The Board of Directors is responsible for the appointment of the members of the Risk Policy Committee, which consists of four members, comprising as follows:

- Four directors
- The Chairman is an independent director.

#### Name and Position of the Members of the Risk Policy Committee:

- |    |             |             |          |
|----|-------------|-------------|----------|
| 1. | Mr. Paitoon | Taveebhol   | Chairman |
| 2. | Mr. Kobchai | Chirathivat | Member   |
| 3. | Mr. Prin    | Chirathivat | Member   |
| 4. | Mr. Preecha | Ekkunagul   | Member   |

#### Duties and Responsibilities of the Risk Policy Committee

- 1) Oversee all risk management policies, strategies, structures and development frameworks at every corporate level
- 2) Assess the effectiveness of risk management established by the management
- 3) Review and endorse the manageable levels of risks and deviation acceptable by CPN

- 4) Review CPN's overall risk management in comparison with the manageable risks to CPN
- 5) Acknowledge the identified key risks and review the management's responsive actions
- 6) Participate in CPN's annual analysis of risk management strategies and provide recommendations
- 7) Provide directions and guidance for risk management supervision
- 8) Supervise the identification of performance goals and key risk KPIs
- 9) Acknowledge reports on the trends of corporate risks and ensure that CPN's strategies can effectively address identified risk issues
- 10) Ensure proper prioritization of CPN's actions based on immediate and long-term financial impacts on shareholders and operational quality
- 11) Report the committee's risk management activities to the Board every quarter
- 12) Perform other tasks as assigned by the Board.

In addition, the management has appointed Risk Management Committee consisting of senior executives and the executives from each core department to implement the Risk Management Policy as assigned by the Risk Policy Committee, control the development of a risk management system under the responsibility scope of each business unit's executives in line with the standard approach and incorporate risk management into business plans, review measured performance against risk management standards by benchmarking it with the acceptable deviation, communicate and manage established and maintained enterprise risk management in line with CPN's risk management vision, and constantly update risk management matters for the Risk Policy Committee.

### Company Secretary

The Board of Directors appoints knowledgeable, capable and qualified person as Company Secretary to support related work and ensure the efficiency and effectiveness under laws and good governance principles. The Board therefore appointed Ms. Ampawee Chompoopongkasem as the Company Secretary, also performing as secretary to the Nomination and Remuneration Committee. Please see the profile and work experience under "Board and Management Profile". Duties and responsibilities are as follows:

#### Summary of the Appointment of Directors on Sub-Committees:

Director	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Risk Policy Committee
1. Mr. Suthichai Chirathivat	C	-	-	-
2. Mr. Paitoon Taveebhol	M	C	-	C
3. Mr. Karun Kittisataporn	M	M	C	-
4. Mrs. Jotika Savanananda	M	M	M	-
5. Mr. Veravat Chutichetpong	M	M	-	-
6. Mr. Suthikiati Chirathivat	M	-	-	-
7. Mr. Sudhisak Chirathivat	M	-	A	-
8. Mr. Sudhitham Chirathivat	M	-	M	-
9. Mr. Kobchai Chirathivat	M	-	-	M
10. Mr. Prin Chirathivat	M	-	A	M
11. Mr. Preecha Ekkunagul	M	-	-	M

Note:

C - Chairman  
M - Member  
A - Advisory

#### Duties and Responsibilities of the Company Secretary

- 1) Prepare and maintain all documents relating to the Company's statutory register of directors, Annual Reports, notices and minutes of the meetings of the Board of Directors as well as notices and minutes of the shareholders' meetings
- 2) Maintain and keep a record of vested interests as reported by directors and executives
- 3) Send copies reporting vested interests of directors and executives or related persons to the Chairman and the Chairman of the Audit Committee within seven days of the receipt of each report
- 4) Organize Board and shareholders' meetings according to rules and applicable laws
- 5) Provide advice to CPN and the Board of Directors in conformance to CPN's memorandum of association, articles of association, Securities and Exchange Act, Public Company Limited Act, and applicable laws
- 6) Act as the clearing house between the Board of Directors, executives, and the shareholders
- 7) Coordinate and follow up the Board's and shareholders' resolutions
- 8) Ensure that appropriate information disclosure and information reports are submitted to the regulators as required
- 9) Perform other duties as specified by the regulations of the Capital Market Supervisory Board or as assigned by the Board of Directors
- 10) Prepare minutes of meetings of the Board and the shareholders

## Executive Committee

The Board of Directors is responsible for the appointment of members of the Executive Committee, which consists of a total of five members, comprising as follows:

### Name and Position of the Members of the Executive Committee:

1.	Mr. Suthichai	Chirathivat	Chairman
2.	Mr. Suthikiati	Chirathivat	Member
3.	Mr. Sudhisak	Chirathivat	Member
4.	Mr. Sudhitham	Chirathivat	Member
5.	Mr. Prin	Chirathivat	Member

### Duties and Responsibilities of the Executive Committee

- 1) Screen the following items and submit the findings to the Board for consideration and approval:
  - 1.1) CPN's strategic plans, financial targets and operating plans
  - 1.2) Annual budget estimates based on CPN's strategic plans
  - 1.3) Project investments or material transactions within the Committee's scope of authority
  - 1.4) Activities and operations concerning mergers and acquisitions
  - 1.5) Identification and assessment of investment opportunities in new businesses
- 2) Monitor CPN's performance to ensure its conformance to the specified budget and targets
- 3) Supervise and monitor CPN's performance and financial status
- 4) Consider, review and approve within the scope of authority approved by the Board investment transactions, disposition of assets and other transactions relating to CPN businesses
- 5) Assess opportunities, risks and factors facing business operations, and provide recommendations to the Management Committee and the Board
- 6) Support business collaboration to enhance bargaining power and competitiveness
- 7) Strengthen relationships and manage matters concerning all stakeholders
- 8) Secure funds, including loans for business operations
- 9) Ensure efficient management of resources and personnel development

- 10) Hire independent consultants or persons to give opinions or advice as necessary
- 11) Perform or approve other transactions assigned by the Board on a case-by-case basis.

## MANAGEMENT LEVEL

### Management Committee

The Management Committee consists of 13 members.

### Name and Position of the Members of the Management Committee:

1.	Mr. Preecha	Ekkunagul <sup>1</sup>	Chairman
			<i>President &amp; CEO</i>
2.	Mr. Suthipak	Chirathivat <sup>1</sup>	Member
			<i>Senior Executive Vice President, Office of the President</i>
3.	Ms. Wallaya	Chirathivat <sup>1</sup>	Member
			<i>Senior Executive Vice President, Business Development and Project Construction</i>
4.	Mr. Pakorn	Partanapat <sup>1</sup>	Member
			<i>Senior Executive Vice President, Operation</i>
5.	Ms. Naparat	Sriwanvit <sup>1</sup>	Member
			<i>Senior Executive Vice President, Finance, Accounting and Risk Management</i>
6.	Mrs. Panida	Sooksridakul	Member
			<i>Executive Vice President, Property Management</i>
7.	Major Narit	Ratanaphichetchai	Member
			<i>Executive Vice President, Project Development</i>
8.	Mrs. Narttaya	Chirathivat	Member
			<i>Executive Vice President, Office of the President</i>
9.	Flt.Lt. Kree	Dejchai	Member
			<i>Executive Vice President, Residential Development</i>
10.	Dr. Nattakit	Tangpoonsinthana	Member
			<i>Executive Vice President, Marketing</i>
11.	Mr. Chanavat	Uahwatanasakul	Member
			<i>Executive Vice President, Business Development</i>
12.	Mr. Chart	Chirathivat	Member
			<i>Executive Vice President, Leasing</i>
13.	Mr. Boonchan	Kulvatunyou	Member
			<i>Executive Vice President, Leasing</i>

Note:

<sup>1</sup> As of December 31, 2017, CPN's executives No.1-5 are the management members as specified in the SEC Notification. Please see their profiles and experiences under "Board and Management Profile".

### **Duties and Responsibilities of the Management Committee**

- 1) Prepare and propose strategic business plans, financial targets and operation plans
- 2) Prepare and propose annual budget estimates
- 3) Approve within the Committee's scope of authority CPN's investment and operating budgets, and propose investment and other material transactions to the Executive Committee or the Board, or both, for consideration under the authorization procedure or other CPN regulations
- 4) Take full responsibility for CPN's conformance to applicable laws, its objectives and regulations, shareholders' resolutions, the Board's resolutions and relevant rules
- 5) Regularly consider and review CPN's risk management and internal control system to ensure their efficiency
- 6) Consider the enhancement of CPN's competitiveness and promote continual innovations
- 7) Report the nomination of executives who report directly to the President & CEO, then to the Executive Committee or the Board, or both, for consideration
- 8) The Committee may delegate its authority to any executive or person in performing single or multiple tasks as seen appropriate by the Executive Committee or the Board, or both.
- 9) Encourage employees and executives to continually enhance their knowledge and skills
- 10) Hire independent consultants or persons to give opinions or advice as necessary
- 11) Perform or approve other transactions assigned by the Executive Committee or the Board, or both, on a case-by-case basis.

## **OPERATIONAL STRUCTURE FOR SUSTAINABILITY**

### **Risk Management Committee**

#### **Duties and Responsibilities**

- 1) Turn the policy and control framework into action and monitoring the implementation of corporate risk management plan to ensure that it meets the requirements, directions and policies.
- 2) The President & CEO acts as Chairman and the top management of every function act as committee members, reporting to the Risk Policy Committee. In 2017, the Committee held four meetings.

### **Corporate Governance and Sustainable Development Committee**

#### **Duties and Responsibilities**

- 1) Define goals for business sustainability; reviewing policies, strategies, operational plans, requirements, standard systems and operating guidelines; and following up on performance to ensure uniform direction.
- 2) The President & CEO acts as Chairman, while the Senior Executive Vice President and Executive Vice President of every function act as committee members, reporting to the Audit Committee. In 2017, the Committee held six meetings.

### **Climate and Environment Committee**

#### **Duties and Responsibilities**

- 1) Cascade and drive the climate and environment policy, operations and management of natural resources, energy, utilities, environment, biodiversity, waste management, greenhouse gas emissions and use of alternative resources to systematically and sustainably maximize system efficiency.
- 2) Executive Vice President, Project Development, and Executive Vice President, Property Management, jointly act as Chairmen. The management from the above-mentioned functions and the Excellence and Sustainable Development Department act as committee members. In 2017, the Committee held three meetings

### **Occupational Health, Safety and Environment Committee**

#### **Duties and Responsibilities**

- 1) Mobilize and upgrade the safety and hygiene standards in the company to be aligned and in the same direction.
- 2) The top management of Property Management Department, executives of support function and operation employees act as committee members, reporting to the Corporate Governance and Sustainability Development Committee or the Risk Management Committee (or both) on related issues. In 2017, the Committee held 12 meetings.

## CSR Committee

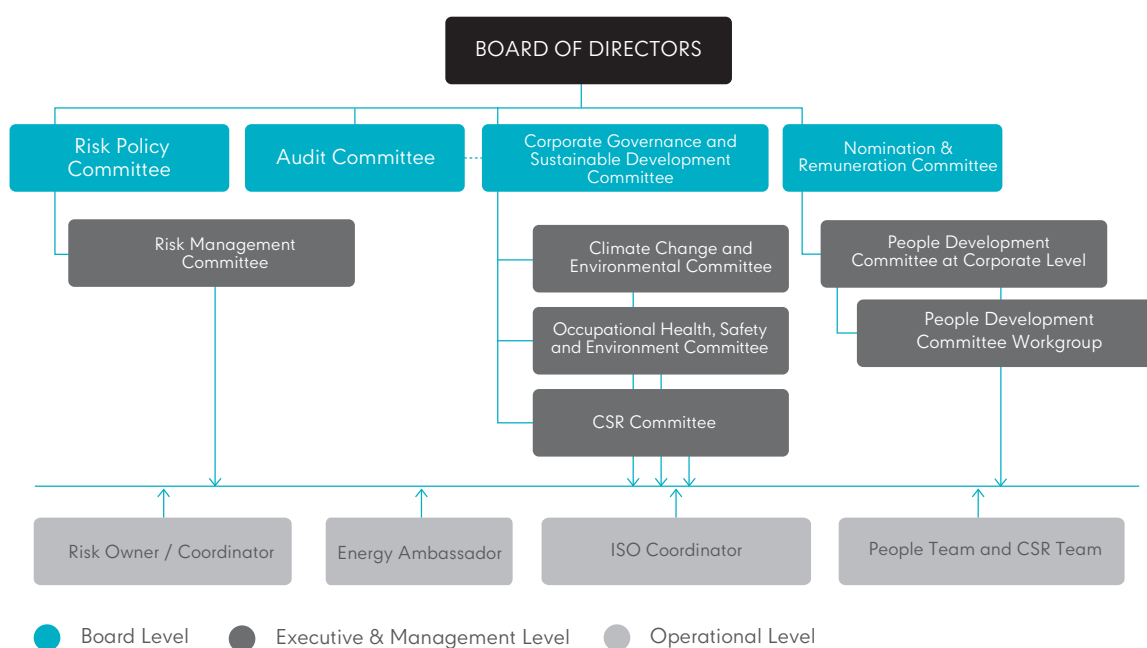
### Duties and Responsibilities

- 1) Approve economic, social and environmental activities related to CSR to make sure that they follow the guidelines on sustainable development and value co-creation with the communities and stakeholders. This includes approval of employees' volunteer activities and projects.
- 2) The top management of Property Management Department and the management of support functions act as key committee members. Other directors take turns holding the position by type of activities. In 2017, the Committee held two meetings.

## People Development Committee at Corporate Level

### Duties and Responsibilities

- 1) Formulate strategies, review, monitor, and give advice on the employee engagement development plan and cascade it.
- 2) The President & CEO acts as the Chairman, while the Senior Executive Vice President and the Executive Vice President act as committee members. The top management of Human Capital Management and Organization Development Department acts as the Committee's secretary. In 2017, the Committee held 13 meetings.



## Personnel

CPN employs 4,658 employees. In 2017, the changing number of employees was in line with the Company's growth direction. The Board made sure that CPN has a policy to pay fair remuneration and continuously builds employees' capacity. Please find more details under "Employee Engagement". To date, CPN has never had any significant labor disputes.

# CORPORATE GOVERNANCE

The Company always values corporate governance, trusting that the achievement of sustainable growth will be realized through ethical, transparent and accountable business operation, with the Board of Directors serving as a role model in adhering to ethics and CPN's Corporate Governance (CG) Policy. The Company also regularly formulates and reviews its corporate governance and ethical policies, including operating guidelines, to give directions to its personnel.

## CORPORATE GOVERNANCE PRINCIPLES

In ensuring personnel's conformance to its good corporate governance policy, the Company has defined six CG principles, namely:

- Honesty and transparency
- Open-mindedness
- Equitable treatment
- Fairness
- Adherence to commitment
- Responsibility toward society

## CORPORATE GOVERNANCE POLICY

Below are the five sections of CPN's CG Policy:

### 1. Rights of Shareholders

CPN takes the following measures to protect the rights of every shareholder:

- CPN ensures that shareholders will receive full returns from their investments by maintaining a straightforward structure of alliance among CPN, its affiliates, and joint ventures, with no joint-holding or cross-holding of shares. It also has no pyramid shareholding structure within the Group.
- CPN equitably provides shareholders, whether major or minor ones, foreign or institutional investors, with basic shareholding rights and right protection treatment, including the right to purchase, sell, and transfer shares; to receive clear and accurate information; to attend shareholders' meetings and vote on significant transactions; to elect or dismiss CPN's directors; to set the Board's compensation and remuneration; to appoint and dismiss external auditors and set their fees; to receive part of CPN's profit as dividends; and to participate in and be adequately informed on decisions about CPN's fundamental changes.

- Details about the exercise of these rights are distributed via Stock Exchange of Thailand's Community Portal system (SET Community Portal), with due respect for the equitable and convenient access to information, as well as the right-exercising period. No action will be taken to limit shareholders' rights of access to CPN's information system or obstruct communication between shareholders.

### 2. Equitable Treatment of Shareholders

CPN observes the principle of affording equitable treatment to all shareholders without discrimination, whether major or minor ones, institutional or foreign investors. Practical guidelines to promote genuine equality include:

- CPN has put in place internal regulations to prevent abuse of inside information and conflicts of interest. Relevant details appear under "Control and Prevention of the Use of Inside Information".
- Transactions with possible conflicts of interest must be submitted to the Audit Committee for their review and comments before submission to the Board and shareholders' meetings for approval, if applicable. CPN discloses complete, essential information under the law and regulations. Relevant details appear under "Monitoring of Conflicts of Interest".
- Acting under the principles and guidelines on affording equal treatment to all shareholders during shareholders' meetings as detailed below:

#### 2017 AGM:

CPN recognizes the importance of giving identical rights and affording equal treatment to all shareholders. Relevant guidelines have been adopted for actual actions (before, during and after meetings) for all shareholders' meetings.

The 2017 AGM was held on Monday, April 24, 2017, at 14.00 hours at World Ballroom, 23<sup>rd</sup> floor, Centara Grand & Bangkok Convention Centre at CentralWorld, 999/99 Rama 1 Road, Patumwan, Bangkok. There were 270 shareholders attending the meeting in person and 1,352 shareholders attending by proxy, in total amounting to 83.64% of the total 4,488,000,000 shares issued. Out of 11 members of the Board, 10 directors attended the meeting, equal to 90.91% of the Board. The Chairman of the Board, Chairman of the Audit Committee,



Chairman of the Nomination and Remuneration Committee, Chairman of the Risk Policy Committee, President & CEO, Chief Financial Officer, Company Secretary, and the external auditor attended the meeting. Details of the AGM proceedings are as follows:

#### Before the Meeting

- CPN provided minor shareholders with rights to propose in advance additional agenda items and nominate directors from September 23, 2016 to January 15, 2017. This included shareholders' rights to query meeting agenda before the meeting date by submitting their queries to the Company Secretary. Criteria for such consideration, which were agreed by the Board, can be viewed at CPN's website. However, in 2017, no shareholder proposed any name or agenda item for consideration.
- Meeting notices are in Thai and English. For the 2017 AGM, the meeting notice was posted on CPN's website on March 17, 2017, 30 days ahead of the meeting date, and was distributed to shareholders no less than 21 days ahead. This provided shareholders with enough time to examine the information.
- In the meeting notice, CPN enclosed essential, adequate facts and rationales, as well as directors' comments on all items on the agenda for shareholders' consideration. The AGM agenda comprises:
  - 1) Nomination of Directors: CPN provides basic information on candidates, including each one's name, age, type of directorship, position held in CPN, education, director training/seminar courses attended, experience, positions held in other or CPN's related businesses, date of being a director, number of years in each position, and participation in committees' meetings as member of such committees of the last three years, shareholding in CPN, and other information such as any conflict of interest incurred in the previous year.
  - 2) Compensation: CPN provides information on the policy, amount, and form of compensation for each director's position and responsibility, criteria, and the procedures for determining compensation.
  - 3) Appointment of External Auditors: CPN provides information on the names of auditors and their affiliations, auditors' independence, and the number of service years

with the audit company for consideration of the suitability of the auditors' fee, presented separately from other fees.

- 4) Dividend Payment: CPN provides information on the dividend policy and dividend amount proposed for approval, in comparison with the amount paid in the previous year.
- There was no significant, extraordinary document distributed at the meeting, no added item, and no amendment made to material information without informing the shareholders in advance.
  - CPN facilitates shareholders who could not attend the meeting themselves by enclosing in the meeting notice Proxy Form B, on which they could state their voting preference, together with details about how to appoint a proxy to shareholders' meetings. Shareholders can download Proxy Forms A, B, and C from [www.cpn.co.th](http://www.cpn.co.th). In addition, the names and profiles of the three independent directors are provided for shareholders' voting by proxy. At the 2017 AGM, 1,732 shareholders appointed independent directors as their proxies. Details are as follows:
    - 1,253 shareholders appointed Mr. Paitoon Taveebhol, Chairman of the Audit Committee.
    - 280 shareholders appointed Mr. Karun Kittisataporn, Member of the Audit Committee.
    - 199 shareholders appointed Mr. Veravat Chutichetpong, Member of the Audit Committee.

#### During the Meeting

- CPN provided at least a two-hour registration period before the meeting. Barcode and computer systems eased registration and vote counting to speed up the process and ensure information accuracy and reliability.
- CPN provided shareholders with voting rights equivalent to the number of shares held. One share yields one vote. There was only one type of share, which was ordinary share.
- Shareholders were informed by CPN about the vote-tallying procedures before the shareholders' meeting.
- CPN introduced the use of ballots for casting votes. The ballots were prepared separately for each agenda item for shareholders' voting convenience.
- CPN provided shareholders with the rights to exercise their votes on the nomination of directors by electing them one by one.

- Participants were informed of the voting result for each agenda item and presented with the voting scores.
- CPN transparently conducted the AGM by following respective agenda items as stated in the meeting notice, in strict conformance to the law and CPN's regulations. Representatives from KPMG Phoomchai Audit Limited were invited to witness the vote counting.
- Shareholders were allowed to attend a meeting in progress and vote on remaining items.
- CPN allowed shareholders to freely express their views and raise their questions at the meeting. The Chairman of the Board, Chairman of the Audit Committee, Chairman of the Nomination and Remuneration Committee, President & CEO, executive management, and external auditor attended the meeting to clearly answer all aspects of shareholders' questions.

#### After the Meeting

- CPN submitted the resolutions of every shareholders' meeting through SET Community Portal on the same day so that non-attending shareholders might be immediately informed.
- Shareholders could also view a webcast of the AGM via CPN's website or request a video-recording VCD of the meeting from the Office of the Company Secretary.
- The quality of minutes of shareholders' meeting was emphasized by recording the following information:
  - list of directors attending and in absence at the meeting, including their positions
  - voting rights and methods, including the use of ballots for casting votes
  - shareholders' queries and recommendations, including the explanation of directors or the management;
  - shareholders' meeting resolutions and voting-tally on every agenda item that includes voting.
- Minutes of each shareholders' meeting were distributed in Thai and English through the Company's website within 14 days starting from the meeting date, with a copy sent to SET within the stated period.
- The resolutions of CPN's 2017 Annual General Meeting of Shareholders were provided on SET's website and disseminated via the Company's website on April 24, 2017, which was the meeting date.
- Shareholders' opinions on the organizing of shareholders'

meeting were obtained through a satisfaction survey. The information acquired was then applied to improving the efficiency of future shareholders' meetings.

CPN complied with the AGM quality assessment project, jointly conducted by the Thai Investors Association, the Securities and Exchange Commission (SEC), and the Thai Listed Companies Association. The assessment criteria included steps undertaken before each shareholders' meeting and activities on the meeting date and afterward.

### 3. Roles of Stakeholders

CPN values all stakeholders and observes sustainability of common benefits. It has clearly set policies and roles toward stakeholders in its "CG Policy", as detailed below:

#### Policy and Practices toward Stakeholders

##### Shareholders:

- Stimulating growth with quality and stability for the shareholders' sustainable benefit with good and efficient performance.
- Respecting the shareholders' equal rights to receive necessary information; disclose correct and actual information.
- Conducting business based on honesty, transparency, and fairness. Relevant details appear under "Rights of Shareholders" and "Equitable Treatment of Shareholders".

##### Employees:

- Providing fair and proper treatment of employees, whether in opportunity, compensation, job assignment, job transfer, or competency development, as well as managing employees' workplaces to ensure the safety of their lives and properties.
- Setting up policy of human resources management without discrimination, emphasizing equity and respect in human rights for employees at all levels.
- Enhancing education on several matters that are significant and useful to employees' work, including trainings on safety, occupational health and environment in workplace, trainings on the environment and energy conservation as well as trainings for existing and new employees on corporate governance and anti-corruption.

- Encouraging dialogue between the Company and employees or their representatives to present information to its decision-makers so as to improve the quality of their work lives in pursuit of joint development.
- Formulating fair compensation and welfare policy for CPN's personnel at all levels, setting up the compensation structure of salary and bonus, for instance, to be in line with employee's knowledge, expertise, performance and CPN's operating result, both in short-and long-term. Relevant details appear under "Sustainability Management".
- Setting up provident fund for employees, on a voluntary basis, to provide employees with additional funds in support of their retirement life or life after quitting.
- Setting up a cremation association for employees to join on a voluntary basis. The association provides its members with support in cremation services for their families.

#### Tenants and Customers:

- Delivering satisfaction to the customers with good service and treat customers fairly and properly, ensuring safety for health, life, and property. The Office for the Promotion and Supervision of Standards ensures that tenants at all branches offer the same standard of services, with regular improvement of tenant-related policies and work processes.
- Providing complete, correct, and actual information. Recognizing the importance of developing public relations media by not using images or contents that may cause negative attitudes, social division, or improper values, especially those about sex or immorality, in the Company's sales campaigns.
- Developing service staff and evaluate their services, including tenant relations staffs' daily visits to each store to serve tenants and listen to their problems and complaints. Customer service staffs are also assigned to walk around shopping areas inside every center to handle shoppers' questions or promptly provide recommendations.
- Meeting and communicating any significant operational plans with tenants at least once a year, including meeting with the tenants when opening or renovating any CPN's shopping complex, in order to announce its policies and to plan any joint marketing activities. Furthermore, these meetings provide an opportunity for tenants to express their opinions and make any recommendations for continuous service improvement. For existing shopping

complexes, CPN holds one tenants' meeting every quarter.

- Undertaking satisfaction surveys relating to the services provided to the tenants on a regular and annual basis, in order to be informed and aware of any tenants and customers' needs as well as to improve CPN's excellence in services.

#### Business Partners:

- Equitable treatment of business partners and joint benefit.
- Observing CPN's clearly detailed procurement procedures and practices to facilitate mutual trust and long-term relationships.
- Fostering economic, social, and environmental cooperation.
- Defining CPN's procedure for business partner selection under its rule on procurement and the rule on project development and construction management, including procurement through business partner selection by price inquiry or price auction, or through E-Auction under CPN's rule on pool procurement. Procurement is, in any case, conducted transparently in line with CPN's Anti-Corruption Policy, while each interested party is required to undergo CPN's screening process of pre-qualification assessment before becoming a business partner.
- Arranging the Supplier Information Meeting to meet and communicate the Company's strategic plans and business directions, enabling suppliers to conduct compatible businesses and grow with CPN in a sustainable way.

#### Creditors:

- Strictly respecting agreements with creditors; managing loans according to lending objectives; avoiding using the loans to cause damage to CPN; ensuring timely repayment of loans and interests; thoroughly honoring loan conditions as agreed; and competently operating the business to assure creditors about CPN's healthy financial standing and loan repayment capabilities.
- Maintaining CPN's financial ratios as specified in loan agreements or the terms and conditions of such agreements, with regular reporting of its performance to creditors as required, CPN has never defaulted on either debt or interest payment or caused any concern among creditors on its debt repayment ability. Moreover, CPN provides loans only to subsidiaries under its shareholding structure, with no financial assistance offered to any unrelated company.

#### Business Competitors:

- Conducting business with fairness; refraining from improperly seeking competitors' confidential information; refraining from abusing the intellectual property rights of others or those of competitors; promoting information-sharing that benefits the overall development and management of shopping complexes to strengthen the business and contribute to sustainable national economic, social, and environmental development.
- The establishment of the Thai Shopping Center Association exemplifies close cooperation between CPN and industry peers, designed to share useful business directions and experience for common benefit, with CPN holding membership and directorship in the association since 1998.
- Publicity guidelines for association information through various communication channels, including press conferences and interviews with the mass media, publicity documents, and association seminars designed to educate and provide intelligence on the shopping center business that is useful and timely for the public.
- Appointment of a mini-taskforce to track new laws and provide views on laws potentially affecting the businesses of shopping centers and retail commerce since 2015.
- Implementation of safety measures, including cooperation for crisis preparedness and the invitation of experts to discuss security matters in shopping centers.
- Advocating trade promotion measures to stimulate tourists' spending and encourage Thais to purchase local products, through consultation with the Ministry of Tourism and Sports, Ministry of Finance, Ministry of Commerce, and relevant public and private organizations.
- Functioning as working groups on diverse projects to drive and promote macro-economic development, together with enhancing the competitiveness of shopping-center business sector under the Pracharath (Public-People) Collaboration Project, such as tourism promotion and a MICE<sup>1</sup> working group of the Amazing Thai Taste Project and a working group on the Occupational Standards and Professional Qualifications Development Project for Property Management Phase 2.

Note: <sup>1</sup> Travelling in a type of Meetings, Incentives, Conferences, and Events

#### Society, Communities and the Environment:

- Respecting relevant laws and/or regulations and try to surpass standards, such as inventing or applying the innovation of energy-efficient buildings in CPN's shopping centers and office buildings; monitoring the operation of the Company and preventing it from damaging the quality of life of society, communities, and the environment; developing society in its quality of life, education, energy saving, and environmental protection.
- Actively communicating and disseminating knowledge of environmental conservation to its relevant stakeholders to establish an environmental protection network that spreads knowledge and experience to all social sectors.

#### Government:

- Cooperating and supporting government policies for the benefit of the country under relevant law and criteria; actively implements projects beneficial to the public, whether as assigned by the government or company-initiated projects.
- Providing cooperation in anti-corruption.

#### Independent Organizations and Related Social Organizations:

- Upgrading cooperation and information-sharing with independent organizations and other related social organizations for joint, sustainable development of society and the country, taking into account impacts on the economy, society, and the environment.

#### Policy and Guidelines on Safety, Occupational Health and the Environment

In ensuring the safety and sound occupational health of its employees and stakeholders, CPN has defined a policy and guidelines requiring the planning and setting up within its offices and facilities of efficient, adequate security and warning systems. The purposes are to prevent and control risks of damage from accidents, injuries, work-related illnesses, damage or loss of properties, incorrect practices and other mistakes.

### Policy and Practices on Intellectual Properties

CPN conducts its business strictly under the law or regulations on intellectual property rights, whether in trademarks, patents, copyrights, classified commercial information, or other stipulated categories of intellectual property, such as using only licensed software that has been inspected and installed by CPN's Information Technology Department, and encouraging employees to ensure that the application of research findings or other data in their work does not constitute a violation of other people's intellectual property rights.

### Policy and Practices on Adherence to Human Rights Protection Laws and Regulations

A key basis of CPN's business conduct is legal compliance, which includes domestic and foreign laws, as well as relevant customs, traditions, and cultures. CPN also tries to surpass standards, such as undertaking studies of relevant laws during conducting feasibility studies of projects and complying with them throughout the development stages, with constant monitoring of any legal revision that may affect its business operation. For example, CPN fully complies with city planning laws to avoid causing any economic, social, and environmental impacts. CPN also strictly observes the laws of every targeted country to ensure that its overseas investments are properly and transparently executed.

CPN promotes and respects the protection of human rights, and ensures that its business conducts have no connection with any human rights violation such as forced labor or child labor. All stakeholders are treated fairly on human dignity and non-discrimination of national origin, race, gender, age, skin color, religion, physical condition, status, or birth. It also promotes the monitoring of human rights compliance within CPN and encourages subsidiary companies, investors, business partners, and all stakeholders to observe the international standards of the principles of human rights. Another example of CPN's human rights practices is the protection of stakeholders whose rights are affected by CPN's operation by offering compensation at a rate comparable to what is stated by the law.

### Policy and Practices against Fraud and Corruption

CPN has undergone the certification process and become an ally of the Thailand's Private Sector Collective Action Coalition against Corruption (CAC) since January 16, 2015, organized through the collaboration of the Thai Chamber of Commerce, International Chamber of Commerce, the Federation of Thai Industries, Thai Listed Companies Association, the Thai Bankers' Association, the Federation of Thai Capital Market Organizations, Tourism Council of Thailand, and Thai Institute of Directors ("IOD") as secretary. CPN was recertified on February 12, 2018, having continually carried out the following measures:

#### Training and Communication

- Improving its Anti-Corruption Policy by incorporating it as part of CPN's Code of Conduct and CG Policy, along with improving the Anti-Corruption Measure to support the public sector's prevention of fraud by posting the Code of Conduct and CG Policy and the Anti-Corruption Policy on CPN's website and intranet network, enabling all directors, executives and employees to comprehend and consistently observe.
- Educating employees by organizing orientation and training courses, providing an E-learning system for self-education, and other PR media, including the ADMIRE journal and bulletin boards. Below are noteworthy activities undertaken this year:
  - Improvement of orientation contents and questionnaire, together with improving the E-learning course on CPN Code of Conduct in line with this year's amended version of the Company's Code of Conduct and CG Policy, and the Anti-Corruption Measure.
  - Organizing anti-corruption training under the "Speak Out or Keep Quiet" topic for the management and staff, with experts giving lectures on civil and criminal laws relating to the prevention and suppression of corrupt practices, together with description of actual corporate and national cases, including the penalties imposed by court judgments. This training will be continually organized every year.

- Undertaking campaign activities on CPN's "Honest and Caring Attitude" by communicating good practices from senior executives to instill the corporate culture of performing one's duties honestly and caringly.
- Preparation of the CG Individual Assessment for the management and employees via online channels to assess their knowledge, understanding and compliance as follows:
  - The objective of CG Individual Assessment is to gauge the level of knowledge and understanding about the adherence to the CPN Code of Conduct and CG Policy, while the purpose is to apply assessment results in developing effective approaches for the promotion and implementation of the CG Policy.
  - Behavior Assessment, intended to quantify the level of commitment to the CPN Code of Conduct, which is part of the corporate culture.
- Consistently communicating relevant policies, including No Gift Policy, via assorted channels, including the email, CPN's website, bulletin boards and internal radio programs at CPN's headquarters, with letters sent to all customers and business partners for acknowledgement and compliance.

#### Extension of Cooperation toward CPN's Business Partners

- Informing suppliers about the Anti-Corruption Measure during the Supplier Information Meeting and persuading them to join CAC. During the meeting, CPN was honored by experts who shared knowledge on the prevention of risks and impacts of labor-related laws, including the prevention of corruption, as guidance for all suppliers to transparently conduct their businesses for mutual and sustainable growth.

Details of relevant policies are disclosed in CPN's Code of Conduct and CG Policy, Anti-Corruption Measures as well as Code of Conduct and Practices for Business Partners.

#### Whistleblowing and Complaints

CPN provides the following channels for stakeholders to voice their suspicions or complaints:

- In the case that employees or stakeholders suspect any unlawful activities or those in violation of the law, rules, regulations, or code of business conduct, they can ask, alert or file complaints together with detailed evidence to the Company or relevant agencies. Then, the Audit

Committee will investigate the facts related to such activities and propose its findings to the Board, independent directors, executive management, and related persons for acknowledgement and consideration of penalties as prescribed by CPN's regulations if the suspect persons are found guilty. Details of communication channels are as follows:

#### Audit Committee

Central Pattana Public Company Limited  
30<sup>th</sup> floor, The Offices at CentralWorld  
999/9 Rama I Road, Patumwan Sub-District  
Patumwan District, Bangkok 10330, Thailand  
Tel: +66(0) 2667-5555 ext. 1200  
Email: whistleblower@cpn.co.th

- In the case that employees or stakeholders suspect any activities concerning operation, they can ask or alert complaints to CPN's management via the following channel.

#### The President & CEO

Central Pattana Public Company Limited  
33<sup>th</sup> floor, The Offices at CentralWorld  
999/9 Rama I Road, Patumwan Sub-District  
Patumwan District, Bangkok 10330, Thailand  
Email: CEO@cpn.co.th

The rights of whistleblowers who are employees, customers, and outsourced persons will be protected. Those involved in the investigation process must keep all relevant information confidential and disclose only the parts that are necessary, taking into account the safety and interests of whistleblowers, complainants and those cooperating with the investigation. The whistleblowing and complaint-handling processes, including rights protection for staff, employees and outsourced persons are disclosed in the CPN Code of Conduct and CG Policy as well as Anti-Corruption Measure.

## 4. Disclosure and Transparency

CPN is committed to correct, complete, transparent, thorough, and timely disclosure of information, whether financial or non-financial, so that investors and all stakeholders may regularly receive reliable and adequate information for their

decisions through the SET Portal system and the CPN website, enabling all people to equitably access information. For information that cannot yet be disclosed, CPN has in place measures to prevent unauthorized access to such inside information.

### Investor Relations

CPN is committed to conducting its business in line with good governance to assure that Investor Relations (IR) accurately, completely and transparently performs its duties under relevant laws, regulations of governing bodies and CPN's rules. It has defined a CPN Code of Conduct for Investor Relations as guidelines requiring all IR-related executives and employees to strictly observe.

IR represents CPN's center for disclosing financial and non-financial information, promoting and managing good relations with shareholders, investors, securities analysts, the public and stakeholders in Thailand and abroad on an equal, inclusive and timely basis, in line with SET's requirements. The division has also prepared questionnaire forms for its annual conduct of satisfaction surveys on the division's operation as perceived by institutional shareholders, individual shareholders, investors and securities analysts. The findings are analyzed for the optimization of policies, operation and activities in line with international standards.

Investor Relations reports directly to the CFO and works closely with senior executives to formulate policies as well as quarterly and annual plans, including operating guidelines and approaches for developing CPN Investor Relations practices on a par with leading regional listed companies. The division also presents performance results and comments from shareholders, analysts, and investors to the Board twice a year.

CPN disseminates material information, available in both Thai and English and useful to shareholders and investors for their decision-making on investment, via diverse channels such as the Company's information submitted to SET, the SEC, newspapers and press releases. Information that has been disclosed to shareholders, investors and the general public will be posted on the Company's website under "Investor Relations" ([http://www.cpn.co.th/investor\\_th.aspx](http://www.cpn.co.th/investor_th.aspx)) and is regularly updated.

Information disclosed on the website includes Form 56-1, the Annual Report (Form 56-2), financial statements, Management Discussion & Analysis (MD&A), the Company's past performances, data on the Company's business operation, factsheets for existing and new projects, notices to shareholders' meetings, minutes of shareholders' meetings, corporate governance, information submitted to SET, Investor Relations calendar (IR events and calendar), press releases and presentations used during both domestic and international roadshows. In 2017, the website received over 14,143 visitors a month, with over 118,285 viewings of the webpage information a month. Furthermore, at the end of 2017, over 4,142 people subscribed to Investor Relations' electronic newsletters.

In addition, before the announcement of its quarterly and annual performance results to SET, the Company sets a silent period of 14 days to abstain from communicating its quarterly and annual performance report to analysts and investors to avoid unfair release of information which may affect CPN's share price.

### IR Activities

Recognizing the value of forging good relations with investors, CPN's senior executives regularly make time to join investor meetings and activities to elaborate CPN's policies and business directions. These activities include the CEO forum, investor meetings, quarterly performance announcement events, domestic and overseas roadshows to meet investors. The Company's executives have also been invited by SET to share their knowledge and experiences with interested persons at Investor Relations events, whose number at each quarterly event averaged 30-40 persons this year. The events are also broadcast live via SET's Opportunity Day Webcast Live on SET's website, where viewers can post their questions and get real-time responses from the management during Q&A sessions. Furthermore, document and recordings of executives' presentations are disseminated through the Investor Relations website, enabling investors to view all past data.

CPN's diverse formats of investor relations activities consistently organized in 2017 for senior executives and IR Division to meet with interested persons were as follows:



Meeting Format	Number of Meetings	Number of Companies	Number of Investors
1. One-on-One Meetings	66	80	160
2. Conference Calls	10	11	12
3. CEO Forum and Analyst Briefings	5	54	213
4. Opportunity Days	4	-	108
5. Investor Conferences	8	109	230
6. Non-deal Roadshows	7	80	112
7. Site Visits	16	34	49
<b>Total</b>	<b>144</b>	<b>368</b>	<b>884</b>

Shareholders, investors and interested parties may contact Investor Relations for additional information either in person or by sending a letter or email to:

#### Investor Relations Division

Central Pattana Public Company Limited  
31<sup>st</sup> floor, The Offices at CentralWorld  
999/9 Rama I Road, Patumwan Sub-District  
Patumwan District, Bangkok 10330, Thailand  
Tel: +66(0) 2667-5555 ext. 1614, 1632, 1633 and 1689  
E-mail: ir@cpn.co.th

## 5. Board Responsibilities

### The Board's Structure

The Board consists of 11 directors who are knowledgeable, experienced and skillful in diverse fields relevant to the Company's operation, with four of them, including a woman, being independent directors, equivalent to one-third of the total as required by SEC's regulations. Fully qualified under CPN's standard, independent directors can effectively and efficiently discharge their duties for the full benefit of CPN.

To ensure an inclusive supervision of all operational aspects under CG principles, CPN has set up sub-committees, Executive Committee, and Management Committee, as well as appointing the Company Secretary to help the Board in performing its duties. Relevant details appear under "Management Structure".

### Diversity in Board Structure

Recognizing the benefit of board diversity, CPN's emphasis on the diversity of the Board's structure, its policy is clearly defined in the Charter of the Nomination and Remuneration Committee and the Code of Conduct and CG Policy. The Board considers it appropriate that its structure comprises ethical and honest experts who are knowledgeable, experienced, and skillful in diverse fields relevant to the conduct of business. Furthermore, Board members are selected with non-discrimination of gender, race, religion, age, professional skill, or other qualifications.

### Directors' Duties and Responsibilities

The Board actively fulfills its leadership role in ensuring CPN's good governance. Besides performing their duties in accordance with relevant laws and the Company's objectives and regulations, directors are responsible for resolutions of the Board and shareholders' meetings, with duty of loyalty, duty of care, accountability, ethics and equitable treatment to all shareholders without discrimination. The Board provides views on defining CPN's vision, missions, long-term goals, strategic plans and policies which include the corporate governance policy, business ethics and ethical standards for directors, executives and employees, with annual revision for compatibility with prevailing business circumstances. The Board also monitors and supervises the management to ensure that the Company's key strategies and policies are actively implemented, enhances the effectiveness of itself and senior

executives to drive CPN toward the goals, promotes assorted innovations that add values to business in tandem with creating stakeholder benefits by conducting business responsibly toward society and the environment, supervises the risk management and internal control systems to ensure their efficiency, which in turn guarantees that CPN fully complies with the laws and standards for the supervision of systems for financial reporting and disclosing of material information to ensure their accuracy, adequacy and timeliness under applicable regulations, standards and guidelines. Besides treating all shareholders equitably, CPN provides them with the opportunity to participate in its decisions on important matters.

CPN's significant strategies and policies are conveyed to all management and employees through various channels. At the managerial level, the communication is through the Annual Management Committee and the Management Information Meeting, which is annually held, for instance. At the employee level, either at the headquarter or branches, the communication is through the line of command and a variety of media issued by the Internal Communication Department to vastly cover the whole company. The Board, then, monitors the progress of all defined working plans through the agenda of acknowledgement on CPN's quarterly performance.

#### **Roles of the Chairman and the CEO**

For clear role segregation and checks and balances, the Chairman and the CEO are always two different persons.

In spite of being representatives of the shareholders and not independent directors, based on the deliberation of the Nomination and Remuneration Committee and the approval of the Board, the current structure is appropriate for CPN's business and, in fact, is a forte supporting CPN's constant success and business growth, since the Chairman is knowledgeable, experienced, skillful in the retail and property development industries, and conforms to the principles of good governance, taking into consideration the benefits of all stakeholders.

As a director bound by the Charter of the Board, the Chairman is committed to the Code of Conduct and CG Policy in providing a role model for the Board, executives, and employees. The Chairman presides over the meetings of the Board as well as

those of the shareholders, ensuring smooth meetings and providing directors and shareholders with opportunities to express their views and recommendations freely and creatively. Further details are provided in "Management Structure".

The CEO is responsible for managing and administering day-to-day CPN businesses under its strategic plans, vision, and missions, with a scope of authority bound by law, objectives, and company regulations, in addition to the resolutions of the Board and shareholders' meetings.

#### **Directorship in Other Listed Companies**

The Charter of the Board of Directors has stipulated that directors may hold directorships in other companies, but must not let them affect their work as the Company's directors. It is stipulated that directors may hold directorships in no more than five listed companies. CPN had no director holding directorships in more than five listed companies.

The CEO may hold directorships in other companies, but must not let them affect the work as the Company's CEO. Moreover, such entities must not operate business of the same type nor competing to that of the Company. Directorships in other listed companies must gain approval from the Board. In practice, the CEO held directorship only at CPN.

#### **Policy on Limiting the Number of Term of Directorship for Independent Directors**

The Charter of the Board of Directors has stipulated that independent directors may hold office for up to two consecutive terms, extendable to up to nine years in total, to maintain their independence in giving opinions and performing their duties as independent directors. Taking effect from September 27, 2013, this decision is not retroactive for independent directors who assumed their titles before directors' appointment in 2008.

The Board may consider extending the term of independent directors as deemed appropriate. In the year when any independent director is retired by rotation, the Board may propose such director to the annual general meeting of shareholders to consider reappointment of such independent director for another term.

## Board meetings

- CPN's regulations requires Board meetings to be held at least once every three months. The Board jointly and in advance plans meeting dates for the entire year, with at least six meetings a year. This year there were eight Board meetings, consisting of six regular meetings and two extraordinary ones, while the ratio of directors' participation was 89.77%.
- The Chairman, CEO, and Company Secretary jointly set a clear agenda before each Board meeting. All directors can freely propose agenda items for consideration by the Chairman before inclusion in a meeting.
- The Company Secretary must submit meeting documents that can be revealed in a written form without affecting CPN's business operations to the directors at least seven days in advance for consideration, together with an invitation letter specifying the meeting date, time, place, and agenda. In emergencies, to protect CPN's rights or interests, appointments for such meetings can be made through other methods at shorter notice.
- During each meeting, the Chairman allocates enough time for discussion of each significant issue and encourages all directors to creatively and freely express ideas with due discretion, with the Company Secretary and Legal Department in attendance to take notes.
- Any director with a vested interest on any agenda item must abstain from the meeting and voting on that item.
- Each time the Board voted, the Board decided that the Board composition should be recorded in the meeting minutes. To date, voting on each item requiring approval was done by no less than two-thirds of the Board.
- If a situation occurs that is critically important or may have a significant impact on CPN and/or any stakeholder, the management will submit full details of the incident to the Board for consideration, opinions, and suggestions, for example, overseas project updates, market situations and project investment plans, "social interest" events or those that could involve CPN's business, and CG guidelines, and so on.
- In ensuring an effective management of CPN's business operation and future changes, the major issues considered by the Board this year are as follows:
  - The safety of lives and properties, which includes shopping-complex designs that minimize accidents, displaying warning signs at accident-prone spots, terrorism-related risks, the prevention of fire incidents and responsive actions.
  - IT-related issues including smart technology, disruptive technology, cybercrime, cyber security, and IT governance.
  - The environment and energy conservation issues covering climate change, building design and the use of energy-saving materials and appliances wherever applicable.
  - Social issues such as the demographic structure of aging population, shopping-complex designs that address the needs of elderly persons, facilities for the disabled, traffic management, the availability of public transport systems for customers' convenience and the alleviation of traffic jams, including the preparation of sufficient parking space.
  - Consumers' behavioral changes.
- Meeting documents, minutes, information and all relevant documents are safely stored in electronic files together with the original documents.
- For any question arising during a meeting that requires follow-ups and/or additional information from any involved department, the Company Secretary will coordinate and submit additional details/information to the Board as soon as possible.
- The Company Secretary must submit monthly reports, comparing achievements against the Board-approved targets, for the directors' acknowledgment.
- Non-executive directors must hold at least one exclusive meeting a year. In 2017, two meetings were held in August and October to review strategic plans for 2018 and significant business matters, where summaries of issues for consideration and helpful recommendations were provided to the Board and the management for further action.
- The efficiency of Board meetings is evaluated at every Board meeting to promote constant improvement of directors' performance and meeting arrangement. The outcomes of such evaluations for 2017 averaged 98.47%.
- The Board also regularly considers any changes in relevant laws, rules, and regulations that are crucial to CPN, together with any news and updates on good CG practices, so that ongoing activities of the Board fully conform to any revised and relevant laws, as well as rules, regulations, and guidelines currently in effect.

## The Board's Self-Evaluation

### 1. Board's Self-Evaluation Form

#### Criteria

CPN Board's Self-evaluation Form applies SET's evaluation approach to suit the characteristics and structure of the Board of Directors. The results are key factors for the enhancement of directors' performance and related duties. The evaluation form consists of two key components:

*Component I* The Board evaluates the scores given to the following five aspects of its operation:

- 1) Board structure and qualifications
- 2) The roles, duties, and responsibilities of the Board
- 3) Board meetings and board performance
- 4) Relationship with management
- 5) Director's self-improvement and executive development.

*Component II* The Board gives its opinions and suggestions or identifies special issues of interest about its performance or different aspects of CPN's operation.

#### Procedure

At the end of each year, the Company Secretary will send a self-evaluation form to every director, collect the completed forms, and report the summary annually to a Board meeting as an agenda item for acknowledgment and discussion.

### 2. Director's Self-Evaluation Form

#### Criteria

Designed to assist each director in reviewing and enhancing his/her performance, this evaluation form fully aligns with the Board's legal obligation, CPN's Charters and Code of Conduct, and the best-practice guidelines of the SEC and SET, by focusing on:

- 1) Director's code of conduct and performance
- 2) Strategic formulation, supervision, and monitoring of CPN's operation
- 3) Responsibilities toward stakeholders.

#### Procedure

At the end of each year, the Company Secretary will send a self-evaluation form to every director, collect the completed forms, and report the summary annually to a Board meeting as an agenda item for acknowledgment and discussion.

### 3. Subcommittee's Self-Evaluation Form

All subcommittees including 1) Audit Committee, 2) Nomination and Remuneration Committee and 3) Risk Policy Committee must undertake annual self-evaluation, the outcomes of which are applied to boost their input to support CPN committees' work and each dimension of its business operation.

The "excellent" outcome of the Board, individual Director and Subcommittees performance assessment this year can be summarized as follows:

Evaluation	Outcome (%)
<b>The Board of Directors</b>	
1. The Board of Directors (full board)	98.32
2. The Board of Directors (individual)	96.60
<b>Sub-Committees</b>	
3. Audit Committee	97.66
4. Nomination and Remuneration Committee	99.43
5. Risk Policy Committee	95.63

## Evaluation of the CEO's Performance

### Criteria

Based on SET's evaluation approach, the CEO evaluation form consists of two key components:

*Component I* Evaluation of the 10 following aspects of CEO's performance:

- 1) Leadership skills
- 2) Strategic identification skills
- 3) Adherence to strategic plans
- 4) Financial planning and outcomes
- 5) Relationship with the Board
- 6) Relationship with other business entities and other sectors
- 7) Management skills and staff relationship
- 8) Succession plan
- 9) Products and service knowledge
- 10) Personal qualifications.

*Component II* Under the section of CEO Development, CEO's strengths and aspects for further improvements are identified by the Board.

### Procedure

The CEO participates in the process of setting his own performance targets and acknowledges the targets approved for the year. At the end of each year, the Company Secretary will distribute a CEO evaluation form to all directors and the CEO for self-evaluation. The completed forms will then be compared, and the information acquired from the comparison will be used for the CEO's further capability development. The outcomes of the evaluation for 2017 averaged 97.30%, rated as "excellent".

The Company Secretary will collect all the information and report the summary to the Nomination and Remuneration Committee and the Board for the consideration of the CEO's future compensation.

### Training and Seminars of the Board

In supporting Board members' continual knowledge enhancement and the sharing of experience gained from their discharge of duties as a Board and/or sub-committees member, the Company Secretary keeps them informed about upcoming seminars and training courses dedicated to directors, as well as coordinating and facilitating their attendance. Details of attendance at seminars and participation in directors' training courses appear under "Board and Management Profile"

## Seminars and Training Courses Attended by Each Director in 2017

Names	Details
Mr. Suthichai Chirathivat	<ul style="list-style-type: none"> <li>- Chairman Dinner 2/2017, organized by IOD.</li> </ul>
Mr. Paitoon Taveebhol	<ul style="list-style-type: none"> <li>- Chairman Dinner 2/2017, organized by IOD.</li> <li>- Independent Director Forum 1/2017, organized by IOD.</li> <li>- Director Breakfast Talk 4/2017, organized by IOD.</li> <li>- National Director Conference 1/2017, organized by IOD.</li> <li>- CAC Conference 1/2017, organized by IOD.</li> <li>- Thailand's 8<sup>th</sup> National Conference on Collective Action against Corruption, organized by IOD.</li> <li>- Forum 2/2017 on "Sustainability Strategy: Key Blueprint for Business Growth", organized by SET.</li> <li>- Attended the Executive Sharing on "Sustainable Development Goals", organized by CPN.</li> <li>- Attended a special lecture on "Thailand &amp; SEA Economic Outlook", organized by CPN in collaboration with Credit Suisse AG (Singapore).</li> </ul>
Mr. Karun Kittisataporn	<ul style="list-style-type: none"> <li>- Independent Director Forum 1/2017, organized by IOD.</li> <li>- Director Breakfast Talk 4/2017, organized by IOD.</li> <li>- Attended the Executive Sharing on "Sustainable Development Goals", organized by CPN.</li> </ul>
Mrs. Jotika Savanananda	<ul style="list-style-type: none"> <li>- Corporate Governance for Capital Market Intermediaries (CGI) Class 18/2017, organized by IOD.</li> <li>- Seminar on "Cyber Incident Management for Board of Directors of Listed Companies", organized by the SEC in collaboration with the Business Software Alliance (BSA).</li> </ul>
Mr. Verawat Chutichetpong	<ul style="list-style-type: none"> <li>- Seminar on cyber resilience, organized by the Bank of Thailand.</li> </ul>
Mr. Preecha Ekkunakul	<ul style="list-style-type: none"> <li>- Attended the Executive Sharing on "Sustainable Development Goals", organized by CPN.</li> <li>- Attended a special lecture on "Thailand &amp; SEA Economic Outlook", organized by CPN in collaboration with Credit Suisse AG (Singapore).</li> </ul>

#### Participation in Directors' Training Courses Organized by IOD

Courses \ Directors	Mr. SuthiChai Chirathivat	Mr. Paitoon Taveebhol	Mr. Karun Kittisatoporn	Mrs. Jotika Savananda	Mr. Veravat Chutichetpong	Mr. Suthikiati Chirathivat	Mr. Sudhisak Chirathivat	Mr. Sudhitham Chirathivat	Mr. Kobchai Chirathivat	Mr. Prin Chirathivat	Mr. Preecha Chirathivat
Advanced Audit Committee Program (AACP)				•						•	
Audit Committee Program (ACP)		•	•							•	
Anti-Corruption for Executive Program (ACEP)		•	•								
Chief Financial Officer (CFO)										•	
Corporate Governance for Capital Market Intermediaries (CGI)				•	•						
Director Accreditation Program (DAP)	•	•			•	•	•			•	•
Director Certification Program (DCP)		•	•	•			•	•	•	•	•
Financial Institutions Governance Program (FGP)			•								
Financial Statements for Directors (FSD)			•								
Monitoring the Internal Audit Function (MIA)		•	•							•	
Monitoring the System of Internal Control and Risk Management (MIR)		•								•	
Monitoring Fraud Risk Management (MFM)		•								•	
Monitoring the Quality of Financial Reporting (MFR)		•	•							•	
Chartered Director Class (R-CDC)		•									
Role of the Compensation Committee (RCC)		•	•								
Role of Chairman Program (RCP)	•	•								•	
Risk Management Committee Program (RMP)				•							



### Supervision of Subsidiaries and Associated Companies

- **Supervision mechanisms for subsidiaries and associated companies:** CPN specifies efficient corporate governance, risk management and internal control systems in supervising the operation of its subsidiaries and associated companies through applicable rules, regulations and policies. These include clearly defined authorization procedures, operational guidelines and work processes. Under CPN's reporting system, subsidiaries and associated companies are also required to report through their respective lines of command, with periodic submission of reports to CPN's Audit Committee and Board of Directors. These mechanisms ensure a harmonized operation of subsidiaries, associated companies and CPN in line with the Company's establishment objectives, which in turn will be a driving force for the achievement of CPN's long-term targets and sustainable growth.

In addition, CPN has arranged for its subsidiaries and associated companies to accurately and comprehensively disclose their material financial information in line with the criteria and procedures announced by SET. Such information includes the financial status and performance of subsidiaries and associated companies, transactions between them and connected parties, the acquisition or disposition of assets, and significant transactions.

- **Shareholders' agreements:** CPN honors the rights of investors, treats all of them equally and collaborates with them in preparing shareholders' agreements specifying clear and fair investment details to forge an accurate and common understanding. Such details include the proportion of shareholding, controlling power, scopes of duties and responsibilities for management, and the distribution of dividends.

### Control and Prevention of the Use of Inside Information

The Board ensures that a policy is put in place to control the use of inside information and transactions on CPN's shares, to ensure equitable treatment of all shareholders and assuring them that relevant directors and executives are prohibited from undertaking dishonest stock transactions for their own benefit or the benefit of others,

- **Control of inside information:** Directors, executives, and all employees must not use CPN's inside information, significant and undisclosed, for their own benefit or the benefit of others and must strictly comply with the policy specifying the safeguarding and use of inside information.
- **Holding CPN's securities:** CPN directors, executives, and employees may invest in CPN's securities. However, to prevent conflicts of interest, these personnel and their related persons (spouses and under-aged children) must not buy, sell, transfer, or accept any transfer of CPN's shares during the one-month period before the public disclosure of CPN's financial statements and at least 48 hours after the Company has disclosed such information to SET or the public. If any of them buys, sells, transfers, or accepts transfer CPN's shares, they must prepare and disclose the report of shareholding and changes to the regulators as specified.

In case of violation against the policy on the use of inside information, executives and employees will be considered guilty and is subject to the legal punishment.

- **Disclosure on the holding of CPN's securities:** CPN's directors and executives are required to report within 30 days of assuming office their CPN's securities portfolios and report subsequent changes within three days of their transactions. The Company Secretary must file a quarterly report on the shareholding of directors, executives, and related persons including spouse and minor children and submit it to the Board.

### Monitoring of Conflicts of Interest

It is CPN's policy to conduct business with honesty, open-mindedness, transparency, and fairness. CPN's directors, executives, and employees must not engage in any business in competition with CPN or undertake any connected transaction related to themselves or persons/juristic persons, which could pose any conflict of interest to CPN. The Board must ensure strict conformance to the regulations and procedures for the disclosure of connected transactions specified by the law and the regulators.

If a connected transaction is unavoidable, however, such transaction must follow the general business provisions as

specified and approved by the Board, based on transparency and fairness in the same way as ordinary transactions undertaken with outsiders, taking into account the best interests of CPN. Any party involved in a conflict of interest transaction must not take part in the consideration of such transaction. If connected transactions that breach the approved general business provisions could pose any conflict of interest, the Audit Committee will examine such transactions and include its opinions to the Board or shareholders for approval.

- **Disclosure of connected transactions:** For each fiscal year ending on December 31, directors and executives must fill out the connected transactions disclosure form to demonstrate their transparency, thoroughness, and discretion for deliberating connected transactions during the year. The form is provided by the Company Secretary, who also collects the disclosed information.
- **Disclosure of personal interests held by directors, executives, and related parties:** Directors and executives must submit their first disclosure report within 30 days after first holding office and submit subsequent reports of their interests as of December 31 every year. To ensure the transparency of direct and indirect transactions undertaken by directors, executives, or related parties during the year, such directors or executives must notify CPN without delay by indicating facts about the nature of such contracts, names of counterparties, and their personal interests in such contracts.
- **Disclosure of vested interests:** Directors and executives must report vested interests held by themselves and related persons under the regulations, conditions, and methods specified by the Capital Market Supervisory Board. The Company Secretary must compile and submit a copy of the report of such vested interests to the Chairman and Chairman of Audit Committee within seven days after receiving the report.

In 2017, CPN did not receive any complaint about misuse of inside information committed by any director or executive.

#### Application of the CG Code 2017

The Board has considered and reviewed SEC's CG Code 2017 and applied it to CPN's business context, while requiring a constant review at least once every year. Other major actions undertaken by the Board are as follows:

- Charter review: Board meetings No. 2/2017 and No. 5/2017 approved the reviewing of the charters of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Executive Committee and Management Committee to ensure their compliance with laws, guidelines, the CG Code and CPN's current business operations.
- Key policy review: Board meeting No. 6/2017 approved an amendment of CPN's Code of Conduct and CG Policy, and Anti-Corruption Measure to ensure their conformance to the CG Code and best anti-corruption practices.

During their meetings, the Board also considered other guidelines currently not applicable. Such consideration was recorded as part of the Board's resolutions.

#### Compliance with additional CG guidelines

CPN fully observes additional CG related guidelines widely recognized, whether in the domestic or the international context. The domestic ones include the CG Code 2017, the evaluation criteria of Corporate Governance Report (CGR) for Listed Companies, AGM Checklist and CAC's criteria, while the international CG guidelines are those defined by the likes of the Organisation for Economic Co-operation and Development (OECD), ASEAN Corporate Governance Scorecard and DJSI Sustainability Assessment. Such practices are disclosed in CPN's annual reports under the following topics:

- Sustainability Management
- Sustainability Performance
- Management Structure
- Corporate Governance
- Nomination of Directors and Management
- Remuneration of Directors and Management

## NOMINATION OF DIRECTORS AND MANAGEMENT

### Nomination of Directors

#### Criteria for Nomination

The Nomination and Remuneration Committee reviews eligible directors by:

- Allowing the major shareholder, minor shareholders, directors, and executives to nominate directors. The Company allows all shareholders the opportunity to participate in proposing persons for consideration as possible nominees for appointment as a Director of the Company. This is to take place at least three months prior to the end of the financial year, whereby the Company makes the announcement, together with the details of procedure for the nomination and consideration, through the Stock Exchange of Thailand's Community Portal system (SET Community Portal) as well as through the Company's website. There was no shareholder proposed any person to be nominated as a director of the Company in 2017.
- Examining the Director Pool of the Thai Institute of Directors Association or other agencies with similar lists
- Leveraging other channels considered suitable by the Nomination and Remuneration Committee.

Recruitment of directors is the responsibility of Nomination and Remuneration Committee, which screens candidates with qualifications predetermined in Company's articles of association, Charter of the Board, and applicable criteria. These qualifications are summarized below:

- Conformity to all relevant legal requirements, with no record of criminal conviction or that of being penalized nor blacklisted by any organization, including the Securities and Exchange Commission ("SEC")
- Candidates for independent directors must possess SEC-required qualifications
- Board skill matrix comprising knowledge, experience, skills, and relevant expertise in line with the Company's business operation
- Board diversity, including age and gender diversity
- Leadership, vision, ethics, and integrity
- Ability to devote adequate time to their duties (for outgoing directors nominated for reappointment)

After completing the screening process, the names of shortlisted candidates were tabled by the Nomination and Remuneration Committee for the Board's endorsement and finally for the shareholders' appointment under the following methods:

1. In voting for directors, each share carries one vote.
2. Each shareholder must exercise all of his/her voting rights to elect the proposed candidates one by one.
3. The candidates with the top votes and those in descending order will become directors, with the number of successful candidates equal to the number of directors required or to that to be elected at a given meeting. The chairperson of the meeting casts his/her deciding vote if more than one candidate receives equal votes.

In case of a vacant position due to causes other than term completion, the Board must appoint qualified and lawful candidates as replacement directors at the next Board meeting unless the remaining term is shorter than two months. Each replacement serves in such position only for his/her predecessor's remaining term. For the appointment of the replacement, he/she must receive no less than three-quarter of the votes from the remaining directors.

At the 2017 AGM, four directors completed their terms in 2017:

- |    |                           |   |
|----|---------------------------|---|
| 1. | Mr. Suthichai Chirathivat | Chairman  |
| 2. | Mr. Paitoon Taveebhol     | Independent Director/<br>Chairman of the Audit<br>Committee/Chairman of the<br>Risk Policy Committee                          |
| 3. | Mr. Sudhitham Chirathivat | Non-Executive Director/<br>Member of the Nomination<br>and Remuneration Committee   |
| 4. | Mr. Prin Chirathivat      | Non-Executive Director/<br>Member of the Risk Policy<br>Committee/Advisory of the<br>Nomination and Remuneration<br>Committee |

Although Mr. Paitoon Taveebhol has been an independent director for more than nine years, his knowledge, competency and experience are required to the Company. In addition, he can perform his duties as the independent director well and can support the Company to achieve its goal and to grow consecutively. The Nomination and Remuneration Committee had considered that Mr. Paitoon Taveebhol could freely exert discretion. The Board, therefore, deems it appropriate to propose the extension of Mr. Paitoon Taveebhol as the independent director term for another one term.

Shareholders at the 2017 AGM reappointed Mr. Suthichai Chirathivat, Mr. Sudhitham Chirathivat and Mr. Prin Chirathivat

as directors, and Mr. Paitoon Taveebhol as an independent director.

### Orientation for newly-appointed Directors

CPN had arranged a meeting among new and existing ones, including CPN's management team. An orientation was held to develop a better understanding of their roles and to present Company's business, as follows, to the new directors:

1. CPN's goals, vision, and strategies
2. Summary of CPN's group structure, organization chart, and sub-committees
3. Summary of CPN's business nature
4. Summary of CPN's shareholding structure
5. Summary of CPN's policy on connected transactions
6. Summary of CPN's performance, recent projects, and projects under construction to provide new directors with adequate basic information to perform their duties efficiently

Additionally, the Office of the Company Secretary has prepared and provided the following documents to the new directors:

1. Director's manual, consisting of CPN's vision, mission, and values; corporate governance policy; code of conduct for directors, executives, and employees; CPN's Articles of Association; CPN's Memorandum of Association; charters of the Board of Directors and sub committees; manual of listed companies' directors; suggestions for disclosure of information; and applicable laws
2. Company profile
3. Regulations on the CPN's internal information control
4. Regulations on the CPN's securities portfolio
5. Policy on reporting of directors' and executives' vested interests and relevant forms for report preparation
6. Annual reports of the last three years, with information about CPN's business operation and performance, and details on risk management and internal control
7. Board meeting minutes dating back one year
8. Performance reports of the Audit Committee dating back one year
9. Performance reports of the Nomination and Remuneration Committee dating back one year
10. Performance reports of the Risk Policy Committee dating back one year.
11. The regular meeting dates of the Board for the entire year

In 2017, there was no orientation because no directors were newly appointed.

## Nomination of Management

### Nomination of President & CEO

The Executive Committee conducts a preliminary screening of qualified candidates with the required competency and experience, and then tables them to the Nomination and Remuneration Committee's consideration and endorsement before submitting the final list to the Board for its consideration.

### Nomination of Management

The President & CEO selects and appoints qualified and competent candidates, possessing knowledge, skills, and experience relevant to the Company's business operation, suitable for each executive position and responsibility. The recruitment will be done under Human Capital Management and Organization Development Department's regulations.

### Succession Plan

The Board oversees the formulation of CPN's succession and development plans for top executives. Emphasis is on the position of President & CEO to ensure business continuity, while developing personnel to competently take important positions through the following procedures:

- The Executive Committee and the CEO jointly formulate succession plans for the positions of Senior Executive Vice President and Executive Vice President, along with determining the skills, knowledge, competency and other qualifications of candidates for the succession plan.
- The CEO oversees the development of candidates' knowledge and competency via assorted methods including training, special assignment, and job rotation to strengthen essential skills and groom them for future positions.
- The CEO reports to the Nomination and Remuneration Committee on the succession plan for management positions and the implementation outcomes of individual development plans for qualified executives at least once a year and when there is any significant change.
- The Nomination and Remuneration Committee reports to the Board on the summary of the implementation outcomes of succession plans management positions for the Board's acknowledgement at least once a year and when there is any significant change.

## REMUNERATION OF DIRECTORS AND MANAGEMENT

### REMUNERATION OF DIRECTORS

CPN has considered the remuneration of directors, taking into account both its fairness and appropriateness, which reflects the extent of their responsibilities and performance relative to the Company's overall operational performance and related factors, inclusive of comparisons to remuneration of other companies within the same or similar industry and business sectors as the Company; whereby the Nomination and Remuneration Committee has annually considered from the survey on remuneration of directors undertaken by the

Stock Exchange of Thailand (SET) and the Thai Institute of Directors (IOD) as reference.

In 2017, the Nomination and Remuneration Committee has reviewed and proposed the remuneration of directors to the Board of Directors for consideration and concurrence in submitting it to the 2017 Annual General Meeting of Shareholders on April 24, 2017 for approval with a ceiling of Baht 14,000,000, details as follows:

Type of Remuneration	Amount (Baht)
<b>1. Quarterly Retainer (Baht/Quarter)</b>	
- Chairman	165,000
- Chairman of the Audit Committee	133,000
- Member of the Audit Committee	103,000
- Director	85,000
<b>2. Board Meeting Allowance for the Board of Directors (Baht/Meeting)</b>	
- Chairman	60,000
- Director	42,000
<b>3. Meeting Allowance for the Audit Committee (Baht/Meeting)</b>	
- Chairman of the Audit Committee	65,000
- Member of the Audit Committee	50,000
<b>4. Meeting Allowance for the Nomination and Remuneration Committee including Advisory (Baht/Meeting)</b>	
- Chairman of the Nomination and Remuneration Committee	35,000
- Member and Advisory of the Nomination and Remuneration Committee	30,000
<b>5. Meeting Allowance for the Risk Policy Committee (Baht/Meeting)</b>	
- Chairman of the Risk Policy Committee	35,000
- Member of the Risk Policy Committee	30,000
<b>Total Remuneration for the Directors as approved by the shareholders</b>	<b>14,000,000</b>

Note: Executive director and management do not receive any remuneration for being members of any sub-committees.

The quarterly retainer for the directors together with meeting allowances for sub-committees for 2017 totaled Baht 10,712,000 with no benefits in other forms, whereby details of meeting attendance and remuneration are as follows:

## Meeting Attendance and Remuneration of the Directors in 2017

	Name of Directors	Position	Meeting Attendance (Meeting)			
			Board of Directors	Audit Committee	Nomination and Remuneration Committee	Risk Policy Committee
			8 Meetings	11 Meetings	2 Meetings	3 Meetings
1.	Mr. Suthichai Chirathivat	Chairman	8/8	-	-	-
2.	Mr. Paitoon Taveebhol	Independent Director Chairman of the Audit Committee Chairman of the Risk Policy Committee	8/8	11/11	-	3/3
3.	Mr. Karun Kittisataporn	Independent Director Member of the Audit Committee Chairman of the Nomination and Remuneration Committee	8/8	11/11	2/2	-
4.	Mrs. Jotika Savanananda	Independent Director Member of the Audit Committee Member of the Nomination and Remuneration Committee	7/8	10/11	1/2	-
5.	Mr. Veravat Chutichetpong	Independent Director Member of the Audit Committee	7/8	10/11	-	-
6.	Mr. Suthikiati Chirathivat	Director	8/8	-	-	-
7.	Mr. Sudhisak Chirathivat	Director Advisory of the Nomination and Remuneration Committee	8/8	-	2/2	-
8.	Mr. Sudhitham Chirathivat	Director Member of the Nomination and Remuneration Committee	7/8	-	2/2	-
9.	Mr. Kobchai Chirathivat	Director Member of the Risk Policy Committee	4/8	-	-	3/3
10.	Mr. Prin Chirathivat	Director Member of the Risk Policy Committee Advisory of the Nomination and Remuneration Committee	6/8	-	1/2	3/3
11.	Mr. Preecha Ekkunagul	Director Member of the Risk Policy, Committee	8/8	-	-	-
Total						

## Remuneration of Management

For the remuneration of the management, CPN bases its decisions on fairness and suitability for their responsibilities proportionally to company performance and comparison with pay rates of industry peers.

In addition, it takes into account individual performance outcomes against their goals in line with CPN's vision, mission, and annual strategic plans so as to drive the CEO's and the management's long-term contribution to organizational stability and growth. Below are the details.

- **Remuneration for CEO:** The Nomination and Remuneration Committee and the Board of Directors evaluate the performance of the CEO annually to set appropriate remuneration in form of salary and bonuses. Apart from such short-term incentives, to further motivate the CEO's contribution to sustainable management, CPN provides him with additional remuneration corresponding to his long-term performance and term of office.

Director Remuneration (Baht)					Total (Baht)
Quarterly Retainer	Meeting Allowance for Board of Directors	Meeting Allowance for the Audit Committee	Meeting Allowance for the Nomination and Remuneration Committee	Meeting Allowance for the Risk Policy Committee	
647,000	480,000	-	-	-	1,127,000
532,000	336,000	715,000	-	95,000	1,678,000
412,000	336,000	550,000	95,000	-	1,393,000
412,000	294,000	500,000	30,000	-	1,236,000
412,000	294,000	500,000	-	-	1,206,000
340,000	336,000	-	-	-	676,000
340,000	336,000	-	55,000	-	731,000
340,000	294,000	-	55,000	-	689,000
340,000	168,000	-	-	85,000	593,000
340,000	252,000	-	30,000	85,000	707,000
340,000	336,000	-	-	-	676,000
<b>4,455,000</b>	<b>3,462,000</b>	<b>2,265,000</b>	<b>265,000</b>	<b>265,000</b>	<b>10,712,000</b>

- **Remuneration of Senior Management:** Each year the CEO assesses the performances of individual members of senior management, the outcomes of which support decisions on their remuneration (salaries and bonuses).

The total remuneration paid to the management for 2017 are as follows

- **Salaries and Bonuses** CPN contributed remuneration in form of salaries and bonuses paid to 15 executive management team members in 2017 amounted to Baht 160,146,064.

- **Provident Fund** CPN contributed the Provident Fund paid to 15 executive management team members in 2017 amounted to Baht 8,590,130.



## CAPITAL STRUCTURE AND DIVIDEND POLICY

CPN's capital structure, as at December 31, 2017, was as follows:

### 1. CAPITAL STRUCTURE

#### Common shares

Authorized share capital	2,244,000,000	Baht
Paid-up share capital	2,244,000,000	Baht
Number of common shares	4,488,000,000	Shares
Par value	0.50	Baht
Share price	85.25	Baht

#### Unsecured and unsubordinated debentures <sup>1</sup>

Debenture	Credit Rating	Amount (Baht Million)	Issuance Date	Tenor (year)	Interest Payment Cycle	Repayment of Principle	Maturity Date	Balance as at Dec 31, 2017
CPN18OA	AA	500	12/10/2011	7	Every 3 months	Upon maturity	12/10/2018	500
CPN21OA	AA	300	12/10/2011	10	Every 3 months	Upon maturity	12/10/2021	300
CPN19NA	n/a	1,000	07/11/2014	5	Every 6 months	Upon maturity	07/11/2019	1,000
CPN221A	AA	1,000	02/06/2015	6.6	Once on the maturity date	Upon maturity	12/01/2022	1,000
CPN188A	AA	1,000	06/08/2015	3	Every 6 months	Upon maturity	06/08/2018	1,400
CPN208A <sup>2</sup>	AA	1,400	06/08/2015	5	Every 6 months	Callable after the 3 <sup>rd</sup> year	06/08/2020	1,400
CPN21DA <sup>2</sup>	AA	800	16/12/2015	6	Every 6 months	Callable after the 4 <sup>th</sup> year	16/12/2021	800
CPN22DA <sup>2</sup>	AA	600	16/12/2015	7	Every 6 months	Callable after the 5 <sup>th</sup> year	16/12/2022	600

Remarks:

<sup>1</sup> Average applicable annual loan interest rate of 3.19% per annum

<sup>2</sup> The Issuer has the right to make early redemption in full or in part of the debenture before the maturity date

Company Financial Ratios following the Debenture's Rights and Conditions		Covenant Ratios	As at Dec 31, 2017
1.	Total Debt to Total Shareholders' Equity	Not over 2.50 times	0.88 times
2.	Total Interest Bearing Debt to Total Shareholders' Equity		
2.1	Before deducting cash and cash equivalents, and current investments	Not over 1.75 times	0.15 times
2.2	After deducting cash and cash equivalents, and current investments	Not over 1.75 times	0.07 times
3.	Total Assets (excluding Secured Debt) to Unsecured Debt	Not less than 1.50 times	9.70 times

## Shareholders

CPN's shareholding distributions as at December 31, 2017 are:

Shareholders	Shares	Shareholding (%)
<b>Registered Capital</b>	<b>4,488,000,000</b>	<b>100.00</b>
<b>Local Shareholders</b>		
- Juristic persons	1,916,000,314	42.69
- Persons	1,341,143,817	29.88
<b>Total</b>	<b>3,257,144,131</b>	<b>72.57</b>
<b>Foreign Shareholders</b>		
- Juristic persons	1,203,171,719	26.81
- Persons	27,684,150	0.62
<b>Total</b>	<b>1,230,855,869</b>	<b>27.43</b>

Top ten major shareholders as at December 31, 2017 are:\*

Shareholders	Shares	Shareholding (%)
1. CENTRAL HOLDING CO., LTD.	1,176,343,960	26.21
2. THAI NVDR CO., LTD.	278,776,776	6.21
3. HSBC (SINGAPORE) NOMINEES PTE LTD **	115,426,500	2.57
4. STATE STREET BANK EUROPE LIMITED **	101,146,396	2.25
5. BANK OF SINGAPORE LIMITED-SEG **	92,490,020	2.06
6. CREDIT SUISSE AG, HONG KONG BRANCH **	77,344,160	1.72
7. SOCIAL SECURITY OFFICE	70,229,300	1.57
8. NORTRUST NOMINEES LTD-CL AC **	63,846,911	1.42
9. BANK OF SINGAPORE LIMITED **	61,850,648	1.38
10. STATE STREET BANK AND TRUST COMPANY **	55,692,408	1.24
<b>Total</b>	<b>2,093,147,079</b>	<b>46.63</b>

Remarks:

\* The top ten shareholders are ranked by Thailand Securities Depository Co., Ltd.

\*\* The Share Registrar is not able to give details of the names of Shareholders; however these nominee accounts do not have any influence over the Company's strategies or operational management.

### Major shareholders who have significant de facto influence on policies or operations of CPN

Since Central Holding Co., Ltd., and members of the Chirathivat family altogether hold approximately 53% of the total shares in CPN, they have significant de facto influence on its policy formulation and operations. This is because 6 out of 11 members of the Board are representatives of these major shareholders.

### Foreign Limit in Shareholding

CPN has set a foreign limit of 30% of the paid-up capital. As at December 31, 2017, foreign investors altogether held 27.43% of CPN's total paid-up capital.

Directors and executives holding CPN shares in 2017, are as follows

	Name	Position	No. of Shares as at January 1, 2017		
			Direct	Indirect <sup>1</sup>	Total
1.	Mr. Suthichai Chirathivat	Chairman	3,312,800	22,293,200	25,606,000
2.	Mr. Paitoon Taveebhol	Independent Director	-	-	-
3.	Mr. Karun Kittisataporn	Independent Director	-	-	-
4.	Mrs. Jotika Savanananda	Independent Director	-	-	-
5.	Mr. Veravat Chutichetpong	Independent Director	-	-	-
6.	Mr. Suthikiati Chirathivat	Director	22,645,900	-	22,645,900
7.	Mr. Sudhisak Chirathivat	Director	28,346,400	-	28,346,400
8.	Mr. Sudhitham Chirathivat	Director	26,764,600	-	26,764,600
9.	Mr. Kobchai Chirathivat	Director	27,105,400	113,000	27,218,400
10.	Mr. Prin Chirathivat	Director	42,145,895	192,000	42,337,895
11.	Mr. Preecha Ekkunagul	Director, President & CEO	-	3,000	3,000
12.	Mr. Suthipak Chirathivat	Senior Executive Vice President, Office of the President	25,589,600	-	25,589,600
13.	Ms. Wallaya Chirathivat	Senior Executive Vice President, Business Development and Project Construction	17,199,200	-	17,199,200
14.	Mr. Pakorn Partanapat	Senior Executive Vice President, Operation	-	-	-
15.	Ms. Naparat Sriwanvit	Senior Executive Vice President, Finance, Accounting and Risk Management	54,000	24,000	78,000
16.	Mrs. Suwadee Singngam	Senior Vice President, Accounting and Administration	20,000	48,000	68,000

Remarks:

<sup>1</sup> Securities held by a spouse and/or children under the legal age of directors or executive officers.

Changes in No. of Shares Increased/(Decreased) during 2017			No. of Shares as at December 31, 2017			Shareholding (%) as at December 31, 2017
Direct	Indirect <sup>1</sup>	Total	Direct	Indirect <sup>1</sup>	Total	
-	-	-	3,312,800	22,293,200	25,606,000	0.57
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	22,645,900	-	22,645,900	0.50
-	-	-	28,346,400	-	28,346,400	0.63
-	-	-	26,764,600	-	26,764,600	0.60
-	-	-	27,105,400	113,000	27,218,400	0.61
-	-	-	42,145,895	192,000	42,337,895	0.94
-	-	-	-	3,000	3,000	0.00
-	-	-	25,589,600	-	25,589,600	0.57
-	-	-	17,199,200	-	17,199,200	0.38
-	-	-	-	-	-	-
-	-	-	54,000	24,000	78,000	0.00
-	-	-	20,000	48,000	68,000	0.00

## 2. DIVIDEND POLICY

The policy of CPN is to pay dividends not less than approximately 40% of its operating net profit from consolidated financial statement, except when there is a compelling reason not to. The dividend payment will not exceed the retained earnings in separate financial statement.

The policy of CPN's subsidiaries is to pay dividends when it has net profit and adequate cash flow balance. The dividend payment will depend on the consideration of the Board of Directors and shareholders of the subsidiaries and it will not exceed the retained earnings in financial statement.





## INTERNAL CONTROL

CPN engages in businesses with due regard for efficiency and effectiveness in its operations, credibility and accuracy of financial reports, and compliance with applicable laws and regulations. To this end, an internal control system and internal audit represent crucial tools in parallel with the sharing of knowledge and understanding among the workforce through CPN's various lines of command and channels. The Board of Directors assigned Internal Audit to assess the preliminary adequacy of the internal control system and report its findings to the Audit Committee.

Reporting directly to the Audit Committee, the Internal Audit essentially reviews employees' business compliance with policies, standards, protocols, requirements, and laws; improvement of business processes efficiency; and internal control system adequacy and suitability. To this end, Internal Audit reviews evidence of CPN's internal control system assessed in five aspects: control environment, risk assessment, control activities, information and communication, and monitoring activities. It subsequently reports to the Audit Committee to review the adequacy of findings before presenting to the Board of Directors for consideration.

In 2017, CPN held a total of 11 Audit Committee meetings, each of which includes agendas on the review of internal control system adequacy, which is done through the review

processes of Internal Audit and the external auditor's; review of connected transactions; review of proper risk management and good governance; provision of essential recommendations to develop and monitor executives' performance improvement against the reported recommendations; and review of internal processes for whistleblowing.

At Audit Committee Meeting No. 1/2018 of January 8, 2018, an assessment of the internal control system was reported and the committee's opinion finds CPN's internal control system adequate and suitable. Furthermore, CPN have adequate personnel to efficiently operate the system, closely monitored and stewarded by the top management. In addition, KPMG Phoomchai Audit Ltd. (the external auditor of the quarterly and annual financial statements of 2017) reported its view in the audit report did not have material concerns regarding the internal control system.

The current head of Internal Audit is Ms. Nonglak Sriwongphanawes, Assistant Vice President, Internal Audit Office, who has 11 years of internal audit experience in businesses similar to that of CPN and possess good understanding of CPN's activities and operations. The qualifications and experience of the head of Internal Audit appears under "Details about Directors, Executives, Controllers, and Company Secretary".

## CONNECTED TRANSACTIONS

CPN's core business is provision of retail space rental, other relevant businesses, and promotion of the Company's business operation. The long history of success during its business operation is partly due to the fact that CPN is one of business lines within Central Group, the constant leader in retail business. Central Group encompasses various businesses, ranging from department stores, hotels, restaurants, to retail shops of various brands and products, which are anchor and retail tenants within CPN's shopping complexes. It can be said that the alliance businesses within Central Group support CPN to increase its rental rate and build confidence among other prospects to become new tenants. These help guarantee the success of CPN's projects and therefore, the high profits are yielded to CPN shareholders from such mutual relationship explained above. In fact, CPN and Central Group are two related business alliances, both of which have the Chirathivat family as major shareholders. The Board of Directors and the Audit Committee have considered that such alliance businesses create synergies that benefit CPN; thus, it is deemed necessary and reasonable for the Company's maximum benefits. The Board of Directors and Audit Committee ensure that the transaction is in compliance with the relevant law, regulations, and rules.

CPN and its subsidiaries conducted transactions with connected parties with potential conflicts of interest, as disclosed financial statements of 2017. Most of the connected transactions were engaged with Central Holding Co., Ltd., and the Chirathivat Group as described below:

### CONNECTED TRANSACTIONS WITH RELATED PARTIES

#### 1. Revenue from connected parties

comprises revenue from space rental and utility service fee in shopping complexes, revenue from land rental, and management fees, as well as revenue from other sources, including insurance premiums, property taxes, sales promotion expenses, warrant fees, and other fees for various services collected from connected parties. Total amount of revenue from connected parties in 2017 was 4,991 MB.

#### Justification and Rationale for Connected Transactions

CPN's core business is the provision of space for rent and services in shopping complexes, office buildings, residential condominiums, food centers, water parks, and recreational

parks located on the premises of shopping complex projects. The company is also the provider of utility services in shopping complexes. Various businesses in the Central Group are inter-related and complementary of one another-department stores, supermarkets, retail shops, and various leading branded restaurants. Most of the revenue is earned from doing business under normal business conditions and under general commercial conditions made with the Central Group, with high growth potential and secure financial status. In addition, businesses under popular brands, including department stores, supermarkets, retail shops and restaurants, can draw more customers to CPN's shopping complexes. This, as a consequence, produces higher returns to CPN and its shareholders. The Company's policy on the rates of rental and services collected from connected parties are as follows:

- **Rates of rental, service fees, and utility fees** from space rental in shopping complexes collected from businesses are based on market prices. Compared with other space for rent in the vicinity, or in the same class, CPN's rental rates and service fees are comparable. Rental rates are subject to locations, area sizes, forms, periods, and categories, and are in line with normal business practice following the condition of general trading.
- **Other types of revenue** come from the collection of insurance premiums, property taxes, sales promotion expenses, warrant fees, and other service fees from tenants in shopping complexes. CPN's policy is to standardize revenue collection from both connected parties and general customers, based on the actual cost, space rental category, and the usual business practice following the condition of general trading.
- **Revenue from land lease** occurs at some properties where CPN and other companies in the Central Group have a project on the same piece of land, taking into account the marketing advantage and the size of the project. In this case, one of the companies in the Group will act as the buyer or tenant of the whole piece of land from the landlord and will divide the land into various sizes as needed by other companies, and have those companies lease or sub-lease. The rental is the cost plus actual interests or market price which evaluated by the independent appraiser. Furthermore, the Company's assets were evaluated under SEC, SET and other related regulations and transactions concerning revenue from land leases are verified by the auditor.
- **Revenue from large space rental in shopping complexes** is agreed at the stage of project design. Rental is derived



from the costs of land and construction plus actual interests as well as operating expenses. Most transactions in this category were conducted before the listing of the Company

on SET. The Company's assets were evaluated under SET regulations and transactions concerning income from large space rental are verified by the auditor.

#### Details of Revenue Derived from Connected Parties

Detail	Connected Party	Relationship	Transaction Value (Baht million)
1. CPN earns revenue from rental, service fees, utility fees, and other revenue from leasing retail areas in shopping complexes and office building. The transactions in this category occur in the course of normal business following the condition of general trading.	1. Central Department Store Group (CDG) <sup>1</sup>	Majority share held by the Chirathivat Group	2,090
	2. Central Food Retail Group (CFG) <sup>2</sup>		591
	3. Central Hardlines Group (CHG) <sup>3</sup>		332
	4. Central Online Group (COL) <sup>4</sup>		177
2. CPN has made a sub-lease contract for land and part of the building in the premises of CentralWorld Project <sup>9</sup>	5. Central Marketing Group (CMG) <sup>5</sup>		440
3. CPN has made a sub-lease contract for part of land in the premises of CentralFestival Samui Project <sup>10</sup>	6. Centara Hotels and Resorts Group (CHR) <sup>6</sup>		104
	7. Central Restaurants Group (CRG) <sup>7</sup>		432
	8. Other Businesses <sup>8</sup>	Related parties of CPN are serve as major shareholders, directors, management or controlling persons	825

#### Remarks:

<sup>1</sup> CDG runs department stores, which comprise Central Department Store, Robinson Department Store, Zen Department Store, Central Embassy Shopping Center, SuperSports, La Rinascente Department Store and ILLUM Department Store, etc.

<sup>2</sup> CFG operates consumer goods retailers, which comprise Central Food Hall, Tops Supermarket, FamilyMart, EATHAI and Central Wine Cellar

<sup>3</sup> CHG operates home decoration, electronic and construction products retailers, which comprise PowerBuy, HomeWorks, baan & BEYOND and Thai Watsadu

<sup>4</sup> COL operates stationery shops, bookstores, and office supplies solution providers through both in-store and online formats, which comprise OfficeMate and B2S

<sup>5</sup> CMG manages imported consumer goods bearing both international and house brands in categories as follows.

- Apparels : such as Dorothy Perkins, Hush Puppies, G2000, Jockey, Lee, Miss Selfridge, Wrangler and Topshop Topman, etc.
- Cosmetics : such as CLARINS, Illamasqua and H2O, etc.
- Watches : such as Guess, Casio and Nautica, etc.
- Miscellaneous : such as Dyson, Tanita and Kawai, etc.

<sup>6</sup> CHR operates hotels and resorts in Centara Group.

<sup>7</sup> CRG operates Quick Service Restaurants in various brands such as Mister Donut, KFC, Auntie Anne's, Pepper Lunch, Chabuton, Cold Stone Creamery, Yoshinoya, Ootoya, The Terrace and Tenya, etc.

<sup>8</sup> Other businesses such as Fuji Japanese Restaurant, Zen Japanese Restaurant, AKA, Sakura Restaurant, Bar-B-Q Plaza, Body Shop and Ragazze, etc.

<sup>9</sup> The Thai Business Fund 4 has made a sub-lease contract with Central World Hotel Co., Ltd. for land and part of the building in the premises of CentralWorld Project with land area of 2.53 rai. Under the contract, which is valid for 29 years until December 22, 2032, CHR agreed to use the mentioned land and building for the development of a hotel, a parking lot, and a convention hall. The rental is calculated by the cost plus actual interests and paid to CPN into two parts, one of which is the rental that was paid in the year when the agreement was signed and the other is the annual rental.

<sup>10</sup> Central World Co., Ltd. has made a sub-lease contract with Cosi Hotels Co., Ltd. for part of land in the premises of CentralFestival Samui Project with land area of 2 rai and 73 square wa to develop hotel business. With the contract ending on September 27, 2043, the sub-leasing duration covers approximately 27 years and 2 months. With rights to extend the sub-leasing duration for another 10 years, the sub-lease covers 37 years and 2 months in total. CPN receives total sub-leasing value worth 62 MB throughout the sub-lease period. Such transaction gained approval from the Board of Directors Meeting No. 5/2016 on August 5, 2016.

## 2. Expenses paid to connected parties

comprise expenses for space rental in shopping complexes, land rental, and management fees. In 2017, CPN paid altogether 1,210 MB to connected parties.

### Justification and Rationale for Connected Transactions

- **Rental of land from connected businesses** occurs in projects where CPN and other companies in the Central Group have a joint development plan on the same piece of land, taking into account the marketing advantage and the suitable size of the project. In this case, one company will act as the buyer or tenant of the land from the landlord and will divide the land into different sizes as required for leasing or sub-leasing. The rental will be the cost plus actual interests or market price which evaluated by the independent appraiser. The Company's assets were evaluated under SEC, SET and other related regulations. In addition, the transaction concerning rental payments are verified by auditor.
- **Large space rental in shopping complexes** occurs in projects where CPN has a joint investment with a department store in the Central Group. The building will be divided into two parts, the shopping complex and the department store. In some cases, CPN will rent large space in a department store and develop it into a sales area, considering mainly the revenue from rental and service fees compared with the cost of space rental that CPN has to repay the department store. An agreement on the cost of large space rental is reached at the stage of project design under the same criteria as those used for large space rental to connected businesses. Most such transactions occurred before the listing of the Company on SET. The Company's assets were evaluated under SEC, SET and other related regulations. In addition, the transactions concerning rental payments of large space rental are verified by auditor.
- **Hiring a connected business as management consultant**  
CPN's consideration to hire a management consultant is mainly based on its experience in the retail business and the understanding of the nature and strategies of the business. The management fees paid to management consultant, who is also the Company's connected business, are the actual expenses the service provider incurs in its services.

- **The application for insurance with a connected business** is considered the market price and conditions or the best coverage offered from insurance agents by comparing the price in the past two years. In case of only one insurance agent make a quotation, the Company shall consider by compare the price in the past year, it depend on the conditions and insurance market situation.
- **Hiring of IT infrastructure management with a connected business** for maximum and optimal efficiency in IT infrastructure in the investment, system administration, and personnel development aspects. Savings arise with the economies of scale along with bargaining power over IT transactions. Conditions and service fees are based on actual costs, which are comparable to market rates as well as CPN-administered fees. Every two years, the average fees undergo revisions for baseline fees.

### Details of Expenses paid to Connected Parties

- 2.1 CPN rents land from Central Department Store Co., Ltd., the Company in CRC which Chirathivat Group is major shareholder, to launch shopping complexes in CentralPlaza Ramindra and CentralPlaza Pinklao projects.
- 2.2 CPN rents parts of the buildings belonging to Central Department Store Co., Ltd., which Chirathivat Group is major shareholder, in CentralPlaza Lardprao, CentralPlaza Pinklao, and CentralPlaza Rama 3 projects for development into retail areas in addition to the parts where CPN holds land ownership or land rental rights.
- 2.3 CPN sub-rents some part of land and building in CentralPlaza Lardprao from Central International Development Co., Ltd. ("CID"), which Chirathivat Group is major shareholder (ownership of the land is held by the State Railway of Thailand). Under the sub-lease contract which is valid for 20 years ended on December 18, 2028. Total sub-lease payment that CPN will pay to CID according to the contract is 16,178.32 MB. This transaction was approved by the shareholders with no conflict of interest in the EGM No.1/2009 on March 25, 2009.
- 2.4 CPN hired Harng Central Department Store Co., Ltd. ("HCDS") which Chirathivat Group is major shareholder, to manage the business, provide management consultation, set up policies, and provide recommendations for running businesses. The directors with no conflict of interests and the Audit Committee have agreed that the

service provided by HCDS is beneficial to CPN's business operation due to HCDS's experience, knowledge and understanding in retail business. In addition, the offered terms and conditions of the agreement from HCDS are reasonable. The transaction details were disclosed to the Stock Exchange of Thailand on December 7, 2016.

- 2.5 Centara Udonthani Hotel (formerly named "Charoensri Grand Hotel") which CPN acquired accompany with the CentralPlaza Udonthani Project (formerly named "Charoensri Plaza") since 2009, hired Central Plaza Hotel Co., Ltd. the subsidiary of CHR, which Chirathivat Group is major shareholder, to manage the hotel. The management fee is according to the market price and comparable to the transaction with the other persons.
- 2.6 CPN has signed a 30-year lease on a plot of land with Vantage Ground Co., Ltd. ("Vantage"), a company in Central Group which Chirathivat Group is a major shareholder, for developing CentralPlaza WestGate Project. This contract will end on February 17, 2043. Total upfront and annual rental fee, which CPN has to pay to Vantage for the whole duration of the contract, is 5,099 MB. This transaction was approved by the shareholders with no conflict of interest in the EGM No.1/2013 on January 18, 2013. The Board of Directors of CPN at its meeting No. 4/2015, dated August 7, 2015, approved the revocation of part of the land lease for CentralPlaza WestGate Project with Vantage, so that Vantage may sell the land as mentioned to the IKANO Group of companies for IKEA Store construction. In return for this revocation, Vantage has agreed to refund the upfront fee and rental fee paid by CPN under the conditions of the land lease, amounting to about Baht 120 million.
- 2.7 CPN invested in part of the assets under the CentralFestival Phuket 1 Project with Central Department Store Co., Ltd. ("CDS"), a company in Central Group which Chirathivat Group is a major shareholder. This investment consisted of 41-year land subleasing where the project is located, the contract ending on June 6, 2056; a partial lease of the project building (excluding Central Department Store there); and ownership transfer of utility systems, relevant equipment and furniture. Altogether, the compensation for lease, annual rent, and ownership transfer fees that CPN must pay CDS through the lease period amounts to Baht 9,166 million, which has secured approval from the

shareholders without vested interests at the 2015 AGM on April 24, 2015.

- 2.8 CPN purchased some merchandises and services from the businesses in Central Group; COL such as purchasing office supplies, CHR such as rental room and service in the hotel included food and beverage, CRG such as purchasing food and beverage, and other businesses which related parties of CPN are serve as major shareholders, directors, management or controlling persons. The transactions in this category occur according to support normal business and following the condition of general trading that comparable to the transaction with the other persons.
- 2.9 CPN took out insurance for shopping complexes and office buildings against any accidents, disasters, and other detrimental incidents with CG Broker Co., Ltd., which Chirathivat Group is major shareholder.
- 2.10 CPN hired RIS, a company in Central Group which Chirathivat Group is a major shareholder, to provide IT infrastructural management, namely the procurement and installation of essential IT and communication equipment, namely hardware and software, maintenance and control of applications to efficiently accommodate business applications, and provide troubleshooting through service desks and hardware to CPN.

### 3. Loans between CPN and connected parties

#### Justification and Rationale for Connected Transactions Policies on loans between CPN and connected parties

All loans must comply with the following policies on loans between CPN and connected parties:

- CPN and subsidiaries (those with 99.99% shares held by CPN)

CPN allows subsidiaries to borrow from CPN and vice versa if the subsidiaries have working capital surplus and CPN needs such money. In this case, current accounts are set up with CPN and promissory notes are prepared as evidence with the average interest rate of unsecured debt securities issued by the Company. Connected transaction approvers consist of the Vice President for Finance, the Senior Executive Vice President for Finance & Accounting, and the President & CEO, respectively.

- CPN and joint-venture partners (those with 50 to 99.99% shares held by CPN)

CPN allows joint-venture partners to secure their own sources of fund. In urgent cases, however, they may borrow from shareholders in proportion to their shareholding in CPN. Approval is needed from the Senior Executive Vice President for Finance & Accounting, the President & CEO, and the Board of Directors, respectively. In this case, promissory notes are prepared as evidence and with the average interest rate of unsecured debt securities issued by the Company.

- CPN and associated companies (those with less than 50% shares held by CPN) or connected parties

CPN has no policy to let associated companies, with CPN holding less than 50% shares, or connected parties borrow from it. In fact, no such instance has happened. According to CPN's regulations, if a loan is extended to an associated company, approval is needed from the Board of Directors with promissory notes as evidence and with commercial banks' MLR applied.

#### Loans between CPN and connected parties

Description as at December 31, 2017	Amount (Baht million)	Financial Statements of
<b>1. Loans</b>		
1) Loans obtained from subsidiaries <sup>1</sup>	33,818	CPN
2) Loans obtained from related parties <sup>2</sup>	-	Consolidated
<b>2. Loans <sup>3</sup></b>		
1) Loans granted to subsidiaries	17,369	CPN
2) Loans granted to related parties	-	Consolidated

#### Remarks:

<sup>1</sup> These items without collaterals are payable on demand and carry interest at the average interest rate of unsecured debt securities issued by the Company.

<sup>2</sup> These items without collaterals are payable on demand and carry interest at the commercial banks' MLR.

<sup>3</sup> These items without collaterals are payable on demand and carry interest at the average interest rate of unsecured debt securities issued by the Company.

## 4. Guarantees for loans for connected parties

### Justification and Rationale for Connected Transactions

CPN's policy is to provide loan guarantees for its subsidiaries in proportion to its shareholding but has no policy of placing assets for such loan guarantees. However, CPN does provide guarantees as its parent company, and collects commissions from subsidiaries for such guarantees.

CPN had two categories of guarantee obligations to connected parties:

Description as at December 31, 2017	Amount (Baht million)
1. Guarantees for subsidiaries' outstanding loans - Thai Business Fund 5	40
2. Loan ceiling guarantees for subsidiaries' guarantees given to Thai commercial banks	441

### Approval procedure of connected transactions

All transactions with connected businesses or individuals must go through an approval process, as stipulated by the Company's regulations, in the same way as normal transactions. Approvals are given by authorized persons in each duty and responsibility. Each person in charge of and involved in the transaction would have to make reasonable judgment under the normal business practice, taking into account the best interests of the Company and shareholders, like engaging in transactions with outsiders. All transactions with connected parties must also be lawfully conducted to ensure transparency and compliance with the relevant laws, rules, and regulations. The Company has instituted that normal business practice and supporting normal business practice with operation under the condition of general trading set by the Committee are under the jurisdiction of the operational task forces to deliberate the transaction in accordance with the Company's approval procedure. Other transactions are deliberated by its category and size, with the Office of Company Secretary taking charge of compliance with SET regulations as well as occasionally collecting and summarizing connected transactions for the Audit Committee's acknowledgment. CPN has announced its "Connected Transaction Policy" and communicated to all relevant parties for compliance. The Committee and the management must sign their names at year's end to ensure that no transactions with conflicts of interest occurred in the past year. If there was any, it was done in compliance with SET regulations. Transactions between connected parties and the Company are scrutinized by the Office of Internal Audit and External Audit to ensure the Company's compliance with laws and related regulations.

### Policy or trend for future connected transactions

Since transactions with connected parties represent those conducted in the course of normal business practice, it is expected that connected transactions will continue to take place in future. Especially for the one related to joint development of shopping complexes with other companies in the Central Group, it is the strong point that helps promote CPN's successful operation and contributed to its market leadership from past to present. The policy or trend for future connected transactions remains committed to the same principle as the previous year, namely following the condition of general trading and taking into account the benefit of the

Company and shareholders. CPN's Board has clearly approved the condition of normal trading in the Company's and its subsidiaries' transaction with connected parties for transparent business operation and the operational guidance for related parties as follows:

#### 1. Joint Shopping Complex Development with Companies of the Central Group

\*\*\* It is an open principle that has been practiced since the Company was enlisted on SET in 1995\*\*\*

To develop an integrated shopping complex, it is necessary to have components enhancing the Company's strength. Companies in the Central Group operate related businesses with CPN, such as department store, retail business, and hotels. With their long experience in the industry and strong brand, these companies can enhance the project's credibility, resulting in stronger business operation as well as Company's and shareholders' added value. Below are the characteristics of joint shopping complex development with other companies in the Central Group.

##### 1.1 Land Purchase/Sale or Leasing/For Rent

**Principles:** CPN and other companies in the Central Group make a purchase or leasing from outsiders for joint shopping complex development. The process is to have a company buy or rent a whole plot of land from the landlord. Once the project design is completed, that company sells or sub-leases the land to other companies in proportion to each company's need to develop its own project. (Each takes responsibility for its own plot of land.)

**Price and condition setting:** Cost plus cost of fund

##### 1.2 Construction of Shopping Complexes and Department Stores or Business Units (BUs)

**Principles:** Each holds the ownership of land on which its building is situated. Each is therefore responsible for its own construction cost.

**Price and condition setting:** actual cost with the independent engineering consultant fairly calculating the construction cost and system according to the proportion of actual area use.

### 1.3 Construction of common areas, comprising car parks and landscape

#### Principles:

- CPN holds the ownership of the car park and the outer section of shopping complexes. It also takes responsibility for the costs of all common areas, considered part of the service provided to tenants.
- Department stores or BUs jointly take responsibility for construction according to operational guidance as follows:
  - 1) Car parks: At no less than half of the construction costs provided by department stores for customers as required by law
  - 2) Common areas: In proportion to the gross area
  - 3) Price and condition setting: Actual cost-with the independent engineering consultant fairly calculating the construction cost and system according to the proportion of actual area use.

### 1.4 Large Space Rental or Space for Rent in Shopping Complexes

**Principles:** CPN may rent or rent out large areas of department stores or Bus, and the lease will be agreed at the stage of project design.

**Price and condition setting:** Cost of land and construction plus cost of fund and operating expense

## 2. Space Rental, Service Fee and Utility Fee

**Principle:** In charging short-term or long-term rental, service fees or utility fees from various retail businesses under the Central Group or connected parties that rent the retail space for other purposes, the price will be set by comparison with the one for profitable clients. Rental rates are subject to locations, area sizes, forms, rental patterns, periods, and categories. The benefits earned are not only rentals, service fees, and utility fees, but also the potential in business operation, experience and success in joint business from past to present.

**Price and condition setting:** Set a price by comparing with the one for profitable clients.

“Profitable customers” means clients with high potential, who rent large retail space or in many projects and provide direct or indirect support for the Company’s successful operation.

The Central Group conducts connected businesses with various companies and with potential connected transactions. Since its establishment, the Central Group has been potential business alliance and it has provided great support to CPN’s successful operation. As a result, CPN remains the source of continually connected transactions. For price and condition deliberation, CPN still takes its best interests into account.

## 3. Fee for Operating Expenses

“Operating Expenses” are insurance premiums, property taxes, promotional expenses, recognizance fees, and service fee collected by tenants

**Principles:** Asset management incurs operating expenses. In normal business practice, the Company charges these expenses by calculating from the actual operating cost. The rate, in the same standard for general customers, depends on lease categories and space rental patterns.

**Price and condition setting:** Actual cost

## 4. Insurance/Group Health Insurance

**Principles:** Comprehensively and equally provide relevant and necessary information for the price offer to each insurance broker. The committee considers the selection of these brokers. In the process, no connected committee or connected management members can attend the deliberation.

**Price and condition setting:** Market price or compared price from the price offered by the insurance broker with the most reasonable amount and the most beneficial conditions for the Company. The price can be compared at least two years backward. In case there is no comparable offer, the Company deliberates the approval by comparing prices with those of the previous year, depending on the insurance conditions and market situation during that period.

## 5. Procurement-Employment

“Procurement” means the purchase of materials, equipment or products, including rental or hire purchase

“Employment” means to hire a seller, manufacturer, contractor or organizer to produce, organize, manage, assemble or construct from the beginning stage to completion, including service provision, inclusive service, and transportation.

This includes the package purchase or hiring of a given contractor to construct buildings and install equipment while managing construction project as well.

**Principles:** Follow the Company’s procurement regulations and process. In selecting the seller or contractor, CPN will proceed with transparency and fairness according to the stated procurement policy. In the process, no connected committee or connected management can attend the deliberation.

**Price and condition setting:** Market price or compared price from the price offering with the most reasonable amount and the most beneficial conditions for the Company.

## LEGAL DISPUTE

The lawsuit significant to the Company and its subsidiaries (“Group of Companies”), and the progress of the case up to December 31, 2017, is as follows:

- (1) On December 16, 2011, the Group of Companies filed a lawsuit against an insurance company concerning the fire incident at CentralWorld for claim under the Industrial All Risks insurance policy for Baht 2,848.4 million to be paid to the Group of Companies and/or The Bureau of the Crown Property and Baht 989.8 million to be paid to the Group of Companies under to the Business Interruption insurance policy. As of March 1, 2013, the Court of First Instance had ruled the judgement in favour of the Company and ordered the insurance company to pay the claim for the damaged properties in the amount of Baht 2,719.7 million and compensation for the loss of income in the amount of Baht 989.8 million with interest of 7.6% per year, starting from the March 31, 2011, until the full amount has been paid.

On October 9, 2014, the Court of Appeal reversed the verdict by the Court of First Instance, citing that the fire incident on May 19, 2010 was caused by political conflict and people uprising against the government, which is not covered by any risk insurance policy. Hence, the insurance company does not have to pay compensation to the Company.

On March 9, 2015, the company filed an appeal to object the ruling by the Court of Appeal and a petition to appeal to the Civil Court, which forwarded the suit to the Supreme Court for further directives.

On August 24, 2017, the Supreme Court issued the order not to permit the appeal and the petition to appeal for consideration as the subject of issue did not involve public interests and was not a significant problem that the Supreme Court should consider under the Consumer Trial

Act, B.E. 2551 (2008), Article 52 (former), and the regulation of the Supreme Court President on the conduct of the proceedings and performance of duties of the prosecutor in a consumer case, B.E. 2551 (2008), Clause 40. Therefore, the request to file a petition was not allowed and the Company’s petition was not accepted. The case was dismissed.

In addition, CPN entered into the terrorism insurance with the sum insured of Baht 3,500 million. CPN has already received the compensation pursuant to the terrorism insurance of Baht 3,500 million, which CPN has recorded as revenue from compensation in statement of comprehensive income for the year ended December 31, 2017.

- (2) On May 30, 2011, a domestic company filed a lawsuit against the Thai Business Fund 4 and its subsidiaries as joint defendants for breach of a rental contract due to water leakage caused by fire extinguishment at CentralWorld for total damage claims of Baht 73.7 million.

The Court of First Instance dismissed the case (that is, the Thai Business Fund 4 and its subsidiaries won the case) on June 24, 2013, and the Court of Appeal stood by the ruling by the Court of First Instance on June 18, 2014. Later, the plaintiff filed a petition to appeal the Court of Appeal’s verdict.

On August 29, 2017, the Supreme Court prohibited the plaintiff from filing the petition and rejected its petition for consideration because the plaintiff’s petition did not involve public interests and was therefore not a significant problem that the Supreme Court should consider under the Consumer Trial Act, B.E.2551 (2008), Article 52. Hence, the case was dismissed.



## BOARD AND MANAGEMENT PROFILE

01

### MR. SUTHICHAIR CHIRATHIVAT

Age 77 Years  
Chairman

#### Date of Being a Director of the Company

28 March 2000

#### Shareholding in the Company

- Held personally 3,312,800 shares (0.0738%)
- Held by spouse or minor children 22,293,200 shares (0.4967%)

#### Family Relationship among Directors and Executives as Specified in the SEC Notification

- Elder Brother of Mr. Suthikiat Chirathivat, Mr. Sudhisak Chirathivat, Mr. Sudhitham Chirathivat, Mr. Suthipak Chirathivat and Ms. Wallaya Chirathivat
- Uncle of Mr. Kobchai Chirathivat and Mr. Prin Chirathivat

#### Education

- Diploma in Civil Engineering, Kingston College of Technology, United Kingdom

#### 5-year Past Experiences

- 2000 - Present Chairman, Central Pattana Plc.
- 2009 - 2013 Chairman of the Supervisory Board, Central Group of Companies Co., Ltd.

#### Directorship in Other Listed Companies

- Vice Chairman, Central Plaza Hotel Plc. and Director in subsidiaries

#### Directorship in Non-listed Companies

- 54 Companies

#### Completed Program from Thai Institute of Directors (IOD)

- 2006 - Director Accreditation Program (DAP)  
Class 55/2006
- 2000 - Role of Chairman Program (RCP)

#### Other Training Courses

- None -

02

### MR. PAITON TAVEEBHOL

Age 67 Years  
Independent Director,  
Chairman of the Audit Committee,  
Chairman of the Risk Policy Committee

#### Date of Being a Director of the Company

10 July 2002

#### Shareholding in the Company

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

#### Family Relationship among Directors and Executives as Specified in the SEC Notification

- None -

#### Education

- B.A. in Accounting, Ramkhamhaeng University
- MBA, Kasetsart University
- Certificate in Auditing, Thammasat University

#### 5-year Past Experiences

- 2002 - Present Independent Director, Chairman of the Audit Committee, Central Pattana Plc.
- 2014 - Present Chairman of the Risk Policy Committee, Central Pattana Plc.
- 2015 - 2016 Member of the Risk Management Committee, Somboon Advance Technology Plc.
- 2010 - 2012 Independent Director, Chairman of the Audit Committee, Member of the Corporate Governance Committee, Big C Supercenter Plc.

#### Directorship in Other Listed Companies

- Independent Director, Chairman of the Audit Committee, Chairman of the Risk Policy Committee, KCE Electronics Plc.
- Independent Director, Chairman of the Nomination and Remuneration Committee, Member of the Audit and CG Committee, Somboon Advance Technology Plc.

**Directorship in Non-listed Companies**

- 2 Companies

**Completed Program from Thai Institute of Directors (IOD)**

- 2012 - DCP Reunion (M-DCP Re) Class 1/2012
- Anti-Corruption for Executive Program (ACEP) Class 2/2012
- 2010 - Monitoring the System of Internal Control and Risk Management (MIR) Class 9/2010
- Monitoring the Internal Audit Function (MIA) Class 9/2010
  - Role of the Compensation Committee (RCC) Class 10/2010
  - Monitoring the Quality of Financial Reporting (MFR) Class 11/2010
- 2009 - Monitoring Fraud Risk Management (MFM) Class 1/2009
- 2008 - Chartered Director Class (R-CDC) Class 3/2008
- 2005 - Role of Chairman Program (RCP) Class 11/2005
- Audit Committee Program (ACP) Class 6/2005
- 2003 - Director Certification Program (DCP) Class 38/2003
- Director Accreditation Program (DAP) Class 4/2003

**Other Training Courses**

- None -

## 03 MR. KARUN KITTISATAPORN

Age 70 Years

Independent Director,  
Member of the Audit Committee,  
Chairman of the Nomination  
and Remuneration Committee

**Date of Being a Director of the Company**

10 April 2009

**Shareholding in the Company**

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

**Family Relationship among Directors and Executives as Specified in the SEC Notification**

- None -

**Education**

- B.C.A. (Economics) Victoria University of Wellington, New Zealand
- M.A. in International Trade, Syracuse University, U.S.A.
- Diploma, GATT Commercial Policy Course, Geneva, Switzerland

**5-year Past Experiences**

- 2009 - Present Independent Director, Member of the Audit Committee, Central Pattana Plc.
- 2015 - Present Chairman of the Nomination and Remuneration Committee, Central Pattana Plc.
- 2009 - 2014 Member of the Nomination and Remuneration Committee, Central Pattana Plc.
- 2012 - 2017 Member of the Audit Committee, Khon Kaen Sugar Industry Plc.
- 2008 - 2017 Chairman of the Executive Committee, The Support Arts and Craft International Centre of Thailand (Public Organization)
- 2007 - 2014 Director, Office of Insurance Commission

**Directorship in Other Listed Companies**

- Independent Director, Chairman of the Nomination and Remuneration Committee, Member of the Corporate Governance Committee, Khon Kaen Sugar Industry Plc.
- Independent Director, Member of the Audit Committee, Sahamit Machinery Plc.
- Independent Director, Chairman of the Nomination and Remuneration Committee, Bank of Ayudhya Plc.

**Directorship in Non-listed Companies**

- None -

**Completed Program from Thai Institute of Directors (IOD)**

- 2013 - Anti-Corruption for Executive Program (ACEP) Class 7/2013
- Monitoring The Internal Audit Function (MIA) Class 15/2013

- 2011 - Monitoring the Quality of Financial Reporting (MFR) Class 13/2011
- Financial Institutions Governance Program (FGP) Class 2/2011
- 2009 - Audit Committee Program (ACP) Class 27/2009
- Financial Statements for Directors (FSD) Class 4/2009
- 2008 - Role of the Compensation Committee (RCC) Class 6/2008
- 2006 - Director Certification Program (DCP) Class 81/2006

#### Other Training Courses

- The Joint State-Private Sectors Course Class 8, National Defence College

## 04 MRS. JOTIKA SAVANANANDA

Age 57 Years

Independent Director,  
Member of the Audit Committee,  
Member of the Nomination  
and Remuneration Committee

#### Date of Being a Director of the Company

25 September 2015

#### Shareholding in the Company

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

#### Family Relationship among Directors and Executives as Specified in the SEC Notification

- None -

#### Education

- B.A. in Psychology, University of Minnesota, U.S.A.
- M.S. in Psychology, University of San Francisco, California, U.S.A.
- MBA (Finance and International Business),

Sasin Graduate Institute of Business Administration,  
Chulalongkorn University

#### 5-year Past Experiences

- 2015 - Present Independent Director, Member of the Audit Committee, Member of the Nomination and Remuneration Committee, Central Pattana Plc.
- 2014 - 2017 Commission Member, Office of Insurance Commission
- 2014 - 2015 Director, Government Housing Bank
- 2009 - 2014 President, Chairman of the Investment Committee, Member of the Risk Management Committee, SCB Asset Management Co., Ltd.

#### Directorship in Other Listed Companies

- None -

#### Directorship in Non-listed Companies

- 1 Company
- 4 Organizations

#### Completed Program from Thai Institute of Directors (IOD)

- 2017 - Corporate Governance for Capital Market Intermediaries (CGI) Class 18/2017
- 2015 - Risk Management Committee Program (RMP) Class 6/2015
- Advanced Audit Committee Program (AACP) Class 18/2015
- 2006 - Director Certification Program (DCP) Class 73/2006

#### Other Training Courses

- Capital Market Academy Leadership Program, Class 10
- Thailand Insurance Leadership Program Class 5
- The Joint State-Private Sectors Course Class 20, National Defence College

## 05 MR. VERA VAT CHUTICHETPONG

Age 57 Years

Independent Director,  
Member of the Audit Committee

**Date of Being a Director of the Company**

21 April 2016

**Shareholding in the Company**

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

**Family Relationship among Directors and Executives as Specified in the SEC Notification**

- None -

**Education**

- B.Eng. in Civil Engineering, Faculty of Engineering, Chulalongkorn University
- MBA, Stern School of Business, New York University, U.S.A.

**5-year Past Experiences**

2016 - Present	Independent Director, Member of the Audit Committee, Central Pattana Plc.
2010 - 2016	Director, Chairman of the Audit Committee, Phatra Securities Plc.
2010 - 2016	Independent Director, Phatra Capital Plc.
2012 - 2013	Director, Kiatnakin Bank Plc.

**Directorship in Other Listed Companies**

- Independent Director, Member of the Audit Committee, Kiatnakin Bank Plc.

**Directorship in Non-listed Companies**

- 2 Companies

**Completed Program from Thai Institute of Directors (IOD)**

2016 -	Corporate Governance for Capital Market Intermediaries (CGI) Class 15/2016
2005 -	Director Accreditation Program (DAP) Class 40/2005

**Other Training Courses**

- None -

**06****MR. SUTHIKIATI CHIRATHIVAT**

Age 75 Years  
Director

**Date of Being a Director of the Company**

10 July 2002

**Shareholding in the Company**

- Held personally 22,645,900 shares (0.5046%)
- Held by spouse or minor children (None)

**Family Relationship among Directors and Executives as Specified in the SEC Notification**

- Younger brother of Mr. Suthichai Chirathivat
- Elder brother of Mr. Sudhisak Chirathivat, Mr. Sudhitham Chirathivat, Mr. Suthipak Chirathivat and Ms. Wallaya Chirathivat
- Uncle of Mr. Kobchai Chirathivat and Mr. Prin Chirathivat

**Education**

- B.A. in Political Science, Ramkhamhaeng University
- M.A. in Political Science, Ramkhamhaeng University
- Diploma in Mechanical Engineering, South West Essex Technical College, United Kingdom

**5-year Past Experiences**

2002 - Present	Director, Central Pattana Plc.
2014 - 2016	Honorary Advisor, Thai Hainanese Trade Association
2014 - 2015	Advisor to Chairman of the Constitutional Court

**Directorship in Other Listed Companies**

- Chairman, Central Plaza Hotel Plc. and Director in subsidiaries
- Director, Chairman of the Executive Committee, Bangkok Post Plc. and subsidiaries

**Directorship in Non-listed Companies**

- 41 Companies
- 2 Organizations

**Completed Program from Thai Institute of Directors (IOD)**

2008 -	Director Accreditation Program (DAP) Class 68/2008
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**Other Training Courses**

- The Joint State-Private Sectors Course Class 1, National Defence College
- The Modern Management Class 1, National Defence College

## 07 MR. SUDHISAK CHIRATHIVAT

Age 72 Years

Director,  
Advisory of the Nomination  
and Remuneration Committee

### Date of Being a Director of the Company

10 July 2002

### Shareholding in the Company

- Held personally 28,346,400 shares (0.6316%)
- Held by spouse or minor children (None)

### Family Relationship among Directors and Executives as Specified in the SEC Notification

- Younger brother of Mr. Suthichai Chirathivat and Mr. Suthikiati Chirathivat
- Elder brother of Mr. Sudhitham Chirathivat, Mr. Suthipak Chirathivat and Ms. Wallaya Chirathivat
- Uncle of Mr. Kobchai Chirathivat and Mr. Prin Chirathivat

### Education

- B.A. in Mathematics, St. John Fisher College, U.S.A.

### 5-year Past Experiences

- 2002 - Present Director, Central Pattana Plc.
- 2007 - Present Director, Advisory of the Nomination and Remuneration Committee, Central Pattana Plc.

### Directorship in Other Listed Companies

- Chairman, Robinson Department Store Plc. and Director in subsidiaries
- Director, Central Plaza Hotel Plc. and subsidiaries

### Directorship in Non-listed Companies

- 28 Companies

### Completed Program from Thai Institute of Directors (IOD)

- 2007 - Director Accreditation Program (DAP) Class 61/2007
- Director Certification Program (DCP) Class 89/2007

### Other Training Courses

- None -

## 08 MR. SUDHITHAM CHIRATHIVAT

Age 70 Years

Director (Authorized Signature),  
Member of the Nomination  
and Remuneration Committee

### Date of Being a Director of the Company

1 March 1995

### Shareholding in the Company

- Held personally 26,764,600 shares (0.5964%)
- Held by spouse or minor children (None)

### Family Relationship among Directors and Executives as Specified in the SEC Notification

- Younger Brother of Mr. Suthichai Chirathivat, Mr. Suthikiati Chirathivat and Mr. Sudhisak Chirathivat
- Elder brother of Mr. Suthipak Chirathivat and Ms. Wallaya Chirathivat
- Uncle of Mr. Kobchai Chirathivat and Mr. Prin Chirathivat

### Education

- B.S. in Electrical Engineering, University of Maryland (College Park), U.S.A.
- MBA (Operations Research), Iona University, U.S.A.

### 5-year Past Experiences

- 1995 - Present Director, Central Pattana Plc.
- 2016 - Present Member of the Nomination and Remuneration Committee, Central Pattana Plc.
- 2007 - 2015 Advisory of the Nomination and Remuneration Committee, Central Pattana Plc.
- 2009 - 2013 Chairman of the Executive Committee, Central Group of Companies Co., Ltd.

### Directorship in Other Listed Companies

- Independent Director, Jasmine International Plc.
- Vice Chairman, Robinson Department Store Plc. and Director in subsidiaries
- Director, Central Plaza Hotel Plc. and subsidiaries
- Director, TV Thunder Plc.

**Directorship in Non-listed Companies**

- 26 Companies

**Completed Program from Thai Institute of Directors (IOD)**

2003 - Director Certification Program (DCP) Class 37/2003

**Other Training Courses**

- The Joint State-Private Sectors Course Class 13, National Defence College

## 09 MR. KOBCHAI CHIRATHIVAT

Age 61 Years

Director (Authorized Signature),  
Member of the Risk Policy Committee

**Date of Being a Director of the Company**

1 March 1995

**Shareholding in the Company**

- Held personally 27,105,400 shares (0.6040%)
- Held by spouse or minor children 113,000 shares (0.0025%)

**Family Relationship among Directors and Executives as Specified in the SEC Notification**

- Nephew of Mr. Suthichai Chirathivat, Mr. Suthikiati Chirathivat, Mr. Sudhisak Chirathivat, Mr. Sudhitham Chirathivat, Mr. Suthipak Chirathivat and Ms. Wallaya Chirathivat
- Cousin of Mr. Prin Chirathivat

**Education**

- LL.B. (Law), Chulalongkorn University
- M.A. in Political Science, University of Norte Dame, U.S.A.
- MBA, University of Chicago, Graduate School of Business, U.S.A.

**5-year Past Experiences**

1995 - Present Director, Central Pattana Plc.  
2014 - Present Member of the Risk Policy Committee, Central Pattana Plc.  
2002 - 2013 President & CEO, Central Pattana Plc.  
2012 - 2016 Director, Malee Group Plc.

**Directorship in Other Listed Companies**

- None -

**Directorship in Non-listed Companies**

- 3 Company

**Completed Program from Thai Institute of Directors (IOD)**

2001 - Director Certification Program (DCP) Class 7/2001

**Other Training Courses**

- The Joint State-Private Sectors Course Class 21, National Defence College

## 10 MR. PRIN CHIRATHIVAT

Age 55 Years

Director (Authorized Signature),  
Member of the Risk Policy Committee,  
Advisory of the Nomination  
and Remuneration Committee

**Date of Being a Director of the Company**

1 March 1995

**Shareholding in the Company**

- Held personally 42,145,895 shares (0.9391%)
- Held by spouse or minor children 192,000 shares (0.0043%)

**Family Relationship among Directors and Executives as Specified in the SEC Notification**

- Nephew of Mr. Suthichai Chirathivat, Mr. Suthikiati Chirathivat, Mr. Sudhisak Chirathivat, Mr. Sudhitham Chirathivat, Mr. Suthipak Chirathivat and Ms. Wallaya Chirathivat
- Cousin of Mr. Kobchai Chirathivat

**Education**

- B.A. in Accounting, Skidmore College, U.S.A.
- MBA (Business Management), Sasin Graduate Institute of Business Administration, Chulalongkorn University

**5-year Past Experiences**

1995 - Present Director, Central Pattana Plc.  
2007 - Present Advisory of the Nomination and Remuneration Committee, Central Pattana Plc.  
2014 - Present Member of the Risk Policy Committee, Central Pattana Plc.  
2015 - 2016 Director, Thai Chamber of Commerce

2004 - 2012 Advisor, Market for Alternative Investment (MAI)

2003 - 2012 Chairman of the Audit Committee, Bualuang Securities Plc.

1999 - 2012 Director, Malee Sampran Plc.

#### Directorship in Other Listed Companies

- Director, Central Plaza Hotel Plc. and subsidiaries
- Director, Robinson Department Store Plc. and subsidiaries
- Member of the Audit Committee, Bumrungrad Hospital Plc.

#### Directorship in Non-listed Companies

- 90 Companies
- 2 Organizations

#### Completed Program from Thai Institute of Directors (IOD)

2010 - Advanced Audit Committee Program (AACP)

2009 - Monitoring Fraud Risk Management (MFM) Class 1/2009

- Monitoring of the Quality of Financial Reporting (MFR) Class 7/2009

2007 - Monitoring the Internal Audit Function (MIA) Class 1/2007

- Monitoring the System of Internal Control and Risk Management (MIR) Class 1/2007

2006 - Chief Financial Officer (CFO)

2005 - Director Accreditation Program (DAP) Class 35/2005

- Audit Committee Program (ACP) Class 6/2005

- Role of Chairman Program (RCP) Class 11/2005

2000 - Director Certification Program (DCP) Class 2/2000

#### Other Training Courses

- Psychology Workshop Class 73, Institute of Security Psychology
- Graduate Diploma in Management of Public Economy Class 4, King Prajadhipok's Institute
- Capital Market Academy Leadership Program Class 1
- The Programme for Senior Executives on Justice Administration Class 13
- The Joint State-Private Sectors Course Class 22, National Defence College



## MR. PREECHA EKKUNAGUL

Age 59 Years

Director (Authorized Signature),

President & CEO,

Member of the Risk Policy Committee

#### Date of Being a Director of the Company

25 April 2014

#### Shareholding in the Company

- Held personally (None)
- Held by spouse or minor children 3,000 shares (0.0001%)

#### Family Relationship among Directors and Executives as Specified in the SEC Notification

- None -

#### Education

- B.Sc. in Chemical Engineering, Chulalongkorn University
- M.Eng., Asian Institute of Technology

#### 5-year Past Experiences

2014 - Present Director, President & CEO, Member of the Risk Policy Committee, Central Pattana Plc.

2012 - 2014 Director, Officemate Plc.

2003 - 2013 Director, Executive Director, President, Robinson Department Store Plc. and subsidiaries

#### Directorship in Other Listed Companies

- None -

#### Directorship in Non-listed Companies

- 1 Company

#### Completed Program from Thai Institute of Directors (IOD)

2005 - Director Certification Program (DCP) Class 62/2005

2004 - Director Accreditation Program (DAP) Class 8/2004

#### Other Training Courses

- Capital Market Academy Leadership Program Class 7



## MANAGEMENTS

### 12 MR. SUTHIPAK CHIRATHIVAT

Age 56 Years  
Senior Executive Vice President,  
Office of the President

#### Shareholding in the Company

- Held personally 25,589,600 shares (0.5702%)
- Held by spouse or minor children (None)

#### Family Relationship among Directors and Executives as Specified in the SEC Notification

- Younger brother of Mr. Suthichai Chirathivat, Mr. Suthikiat Chirathivat, Mr. Sudhisak Chirathivat and Mr. Sudhitham Chirathivat
- Elder brother of Ms. Wallaya Chirathivat
- Uncle of Mr. Kobchai Chirathivat and Mr. Prin Chirathivat

#### Education

- B.A in Political Science, Ramkhamhaeng University
- Mini MBA (Property), Faculty of Architecture, Chulalongkorn University
- Mini MBA, Faculty of Commerce and Accountancy, Chulalongkorn University
- Executive MBA, Sasin Graduate Institute of Business Administration, Chulalongkorn University

#### 5-year Past Experiences

2015 - Present	Senior Executive Vice President, Office of the President, Central Pattana Plc.
2009 - 2014	Executive Vice President, Office of the President, Central Pattana Plc.

#### Directorship in Other Listed Companies

- None -

#### Directorship in Non-listed Companies

- 1 Company

#### Completed Program from Thai Institute of Directors (IOD)

2011 - Director Certification Program (DCP) Class 12/2011

#### Other Training Courses

- Advanced Management Program, Executive Course, Harvard Business School, U.S.A.
- Real Estate Investment, Sasin Graduate Institute of Business Administration, Chulalongkorn University
- The Joint State-Private Sectors Course Class 24, National Defence College
- Capital Market Academy Leadership Program Class 8
- The Executive Program in Energy Literacy for a Sustainable Future (TEA) Class 5
- Politics and Governance in Democratic Systems for Executives, Class 9, King Prajadhipok's Institute
- Top Executives Program in Commerce and Trade (TEPCOT 10)
- Thammasat World Leadership Program (TWLP 1)

### 13 MS. WALLAYA CHIRATHIVAT

Age 56 Years  
Senior Executive Vice President,  
Business Development and Project Construction

#### Shareholding in the Company

- Held personally 17,199,200 shares (0.3832%)
- Held by spouse or minor children (None)

#### Family Relationship among Directors and Executives as Specified in the SEC Notification

- Younger sister of Mr. Suthichai Chirathivat, Mr. Suthikiat Chirathivat, Mr. Sudhisak Chirathivat, Mr. Sudhitham Chirathivat and Mr. Suthipak Chirathivat
- Aunt of Mr. Kobchai Chirathivat and Mr. Prin Chirathivat

#### Education

- B.A. in Business Management, University of California, Los Angeles (UCLA), U.S.A.
- MBA, University of Hartford, U.S.A.

#### 5-year Past Experiences

2012 - Present	Senior Executive Vice President, Business Development and Project Construction, Central Pattana Plc.
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#### Directorship in Other Listed Companies

- None -

#### Directorship in Non-listed Companies

- 9 Companies

#### Completed Program from Thai Institute of Directors (IOD)

- None -

#### Other Training Courses

- Advanced Management Program, Executive Course, Harvard Business School, U.S.A.
- PoompalungPandin Class 3, Chulalongkorn University
- The Joint State-Private Sectors Course Class 25, National Defence College
- Capital Market Academy Leadership Program Class 10

2008 - 2014 Executive Vice President,  
Kasikornbank Plc.

#### Directorship in Other Listed Companies

- None -

#### Directorship in Non-listed Companies

- None -

#### Completed Program from Thai Institute of Directors (IOD)

- None -

#### Other Training Courses

- Capital Market Academy Leadership Program Class 16
- Good Governance for Medical Executives (TMC) Class 3, King Prajadhipok's Institute

## 14 MR. PAKORN PARTANAPAT

Age 52 Years

Senior Executive Vice President, Operation

#### Shareholding in the Company

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

#### Family Relationship among Directors and Executives as Specified in the SEC Notification

- None -

#### Education

- B.A. in Economics, Thammasat University
- MBA (Finance, Money & Financial Markets, and International Business), Columbia Business School, U.S.A.

#### 5-year Past Experiences

2017 - Present Senior Executive Vice President,  
Operation, Central Pattana Plc.

2014 - 2016 Senior Executive Vice President,  
Kasikornbank Plc.

2012 - 2014 Director, Kasikorn Leasing Co., Ltd.

2009 - 2013 Director, Muang Thai Group  
Holding Co., Ltd.

2008 - 2015 Director, Muang Thai Life Assurance Plc.

## 15 MS. NAPARAT SRIWANVIT

Age 45 Years

Senior Executive Vice President, Finance,  
Accounting and Risk Management

#### Shareholding in the Company

- Held personally 54,000 shares (0.0012%)
- Held by spouse or minor children 24,000 shares (0.0005%)

#### Family Relationship among Directors and Executives as Specified in the SEC Notification

- None -

#### Education

- B.A., Faculty of Commerce and Accountancy, Chulalongkorn University
- M.A., Faculty of Commerce and Accountancy, Thammasat University
- Certified Public Accountant (CPA), Federation of Accounting Professions under the Royal Patronage of His Majesty the King

#### 5-year Past Experiences

2015 - Present Senior Executive Vice President,  
Finance, Accounting and Risk Management,  
Central Pattana Plc.

2013 - 2014 Executive Vice President, Finance,  
Accounting and Risk Management,  
Central Pattana Plc.

#### Directorship in Other Listed Companies

- None -

#### Directorship in Non-listed Companies

• 1 Company

#### Completed Program from Thai Institute of Directors (IOD)

2002 - Company Secretary Program (CSP) Class 2/2002

#### Other Training Courses

• Finance for Executives Program, INSEAD Business School,  
France

#### Continuing Professional Development in the Accounting Profession (CPD)

2017 - News Fraud and Wrong Accounting Standards of  
the Listed Company Class 4, Federation of  
Accounting Professions Under the Royal Patronage  
of His Majesty the King, totaling 6 hours  
- IT Audit for Non IT Auditor Class 3, Federation of  
Accounting Professions Under The Royal Patronage  
of His Majesty the King, totaling 6 hours  
- General Principle of Double Taxation Agreement  
and Methodology for Making Decision on  
International Tax Problems, Central People  
Development Center Co., Ltd., totaling 6 hours  
- Big Changes Ahead for TFRS Class 3, Central People  
Development Center Co., Ltd., totaling 6 hours

## 16 MRS. SUWADEE SINGNGAM

Age 53 Years

Senior Vice President,  
Accounting and Office Management

#### Shareholding in the Company

• Held personally 20,000 shares (0.0004%)  
• Held by spouse or minor children 48,000 shares (0.0011%)

#### Family Relationship among Directors and Executives as Specified in the SEC Notification

- None -

#### Education

• B.B.A. (Accounting), Ramkhamhaeng University  
• MBA, Chulalongkorn University

#### 5-year Past Experiences

2009 - Present Senior Vice President, Accounting and  
Office Management, Central Pattana Plc.

#### Directorship in Other Listed Companies

- None -

#### Directorship in Non-listed Companies

- None -

#### Completed Program from Thai Institute of Directors (IOD)

- None -

#### Other Training Courses

• Specialist Bar in Taxation: The Best Practice, ASEAN Law  
Association  
• Executive Financial Management, Department of  
Accountancy, Chulalongkorn University  
• Employee's Choice Ambassadors, Association of  
Investment Management Companies

#### Continuing Professional Development in the Accounting Profession (CPD)

2017 - General Principle of Double Taxation Agreement  
and Methodology for Making Decision on  
International Tax Problems, Central People  
Development Center Co., Ltd., totaling 6 hours  
- Big Changes Ahead for TFRS Class 3, Central People  
Development Center Co., Ltd., totaling 6 hours

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**MS. AMPAWEE  
CHOMPOOPONGKASEM**

Age 40 Years

Vice President, Company Secretary Office,  
as the Company Secretary**Date of Being a Company Secretary of the Company**

1 May 2016

**Shareholding in the Company**

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

**Family Relationship among Directors and Executives as Specified in the SEC Notification**

- None -

**Education**

- B.A. in Accounting, Kasetsart University
- M.A. in Managerial Accounting, Chulalongkorn University

**5-year Past Experiences**

- 2016 - Present Company Secretary, Central Pattana Plc.
- 2003 - 2016 Company Secretary Assistant,  
Central Pattana Plc.

**Directorship in Other Listed Companies**

- None -

**Directorship in Non-listed Companies**

- None -

**Completed Program from Thai Institute of Directors (IOD)**

- 2017 - Open House for Company Secretary (IOH)  
Class 1/2017
- Anti-Corruption: The Practical Guide (ACPG)  
Class 38/2017
  - CGR Workshop 2017: Enhancing Good Corporate Governance based on CGR Scorecard (R-CGW)  
Class 2/2017
  - Director Briefing 4/2017: The Sleeping Giants of Succession (M-DBT) Class 4/2017
- 2013 - Anti-Corruption: The Practical Guide (ACPG)  
Class 5/2013

- 2010 - Board Reporting Program (BRP) Class 4/2010

- 2007 - Board Performance Evaluation (CG Workshop)  
Class 2/2007

- 2006 - Developing Corporate Governance Policy  
(CG Workshop) Class 1/2006

**Other Training Courses**

- Company Secretary Program (FPCS) Class 21,  
Thai Listed Companies Association
- Corporate Secretary Development Program Class 9, Faculty  
of Commerce and Accountancy, Chulalongkorn University,  
and the Thai Listed Companies Association

18

**MS. NONGLAK  
SRIWONGPHANAWES**

Age 43 Years

Assistant Vice President, Internal Audit Office

**Shareholding in the Company**

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

**Family Relationship among Directors and Executives as Specified in the SEC Notification**

- None -

**Education**

- B.B.A. in Finance and Banking, Assumption University
- The Master of Commerce in International Business  
The University of New South Wales, Australia

**5-year Past Experiences**

- 2015 - Present Assistant Vice President, Internal Audit  
Office, Central Pattana Plc.
- 2011 - 2015 Assistant Vice President, Internal Audit  
Office, Big C Supercenter Plc.
- 2008 - 2011 Senior Manager, Internal Audit Office,  
Big C Supercenter Plc.

**Directorship in Other Listed Companies**

- None -

#### Directorship in Non-listed Companies

- None -

#### Completed Program from Thai Institute of Directors (IOD)

- None -

#### Other Training Courses

- Analytical Thinking for Professional Internal Auditors, The Institute of Internal Auditors of Thailand
- Anti-Corruption Synergy to Success, The Institute of Internal Auditors of Thailand
- Internal Audit's Challenge in Value Adding, The Institute of Internal Auditors of Thailand
- The IA Insights: The Professional of Sustainable Development, The Institute of Internal Auditors of Thailand
- IA Core competencies, The Institute of Internal Auditors of Thailand and The Stock Exchange of Thailand
- Fraud Examination, Federation of Accounting Professions Under the Royal Patronage of His Majesty the King
- Skills for New Auditor-In-Charge, The Institute of Internal Auditors of Thailand
- Endorsed Internal Auditing Program, Chulalongkorn University
- Standards and Techniques of Auditing, The Institute of Internal Auditors of Thailand
- Accountants with the Operating Internal Audit, The Institute of Internal Auditors of Thailand





## LIST OF COMMITTEE IN SUBSIDIARIES

LIST OF  
COMMITTEE  
IN SUBSIDIARIES

		Central Pattana Plc.	Central Food Avenue Co., Ltd.	Central World Co., Ltd.	Central Pattana Realty Co., Ltd.	Central Pattana Rattana Thibet Co., Ltd.	Bangna Central Property Co., Ltd.	Central Pattana Rama 3 Co., Ltd.	Central Pattana Rama 2 Co., Ltd.	Central Pattana Chiangmai Co., Ltd.	Central Pattana Chonburi Co., Ltd.	Central Pattana Khon Kaen Co., Ltd.	CPN Pattaya Co., Ltd.	Central Pattana Nine Square Co., Ltd.	CPN Residence Co., Ltd.	Central Pattana Development Co., Ltd.	CPN Global Co., Ltd.	CPN City Co., Ltd.	CPN Complex Co., Ltd.	CPN Learning Center Co., Ltd.	CPN Rayong Co., Ltd.	CPN Korat Co., Ltd.	CPN Residence Khon Kaen Co., Ltd.	C.S. City Co., Ltd.	CPN Estate Co., Ltd.	CPN REIT Management Co., Ltd. <sup>1)</sup>	CPN Pattaya Hotel Co., Ltd. <sup>2)</sup>	Suanlum Property Co., Ltd. <sup>3)</sup>	Pharam 4 Development Co., Ltd. <sup>4)</sup>	Sala Dang Property Management Co., Ltd. <sup>5)</sup>	Dara Harbour Co., Ltd. <sup>6)</sup>	Phenomenon Creation Co., Ltd. <sup>7)</sup>	Synergistic Property Development Co., Ltd. <sup>8)</sup>	Global Retail Development & Investment Limited	Global Commercial Property Limited	CPN Ventures Sdn. Bhd.	CPN Real Estate Sdn. Bhd.	CPN Malls Malaysia Sdn. Bhd.	Central Plaza i-City Malls Malaysia Sdn. Bhd.	Central Plaza i-City Sdn. Bhd.	Central Plaza i-City Real Estate Sdn. Bhd.			
1	Mr. Suthichai Chirathivat	●				●																																						
2	Mr. Sudhitham Chirathivat	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
3	Mr. Suthikiati Chirathivat	●																																										
4	Mr. Kobchai Chirathivat	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
5	Mr. Prin Chirathivat	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
6	Mr. Preecha Ekkunagul	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
7	Mr. Sudhisak Chirathivat	●																																										
8	Mr. Paitoon Taveebhol	●																																										
9	Mrs. Jotika Savanananda	●																																										
10	Mr. Veravat Chutichetpong	●																																										
11	Mr. Karun Kittisataporn	●																																										
12	Mr. Suthiphand Chirathivat		●	●	●	●		●	●					●																														
13	Mr. Suthipak Chirathivat		●	●	●		●	●		●	●	●	●					●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
14	Miss Wallaya Chirathivat		●	●		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
15	Mrs. Narttaya Chirathivat											●												●																				
16	Mr. Suthilaksh Chirathivat															●																												
17	Mr. Yotin Booddicharein													●																														
18	Mr. Jatesiri Booddicharein													●																														
19	Mr. Premchai Karnasuta													●																														
20	Mr. Thaveepol Kongseri													●																														
21	Mr. Jareen Jirawisan													●																														
22	Mr. Peerapon Pattanapeeradej											●												●																				
23	Mr. Noppadon Pattanapeeradej											●											●																					
24	Mr. Chanavat Uahwatanasakul							●			●	●	●				●	●		●	●	●	●					●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
25	Mr. Isareit Chirathivat								●		●																																	
26	Flt.Lt. Kree Dejchai									●						●								●																				
27	Mr. Kunayudh Dej-udom																								●																			
28	Miss Naparat Sriwanvit																									●										●								
29	Mr. Charly Madan																									●																		
30	Mrs. Suphaje Suthumpun																										●																	
31	Miss Pattaneeporn Thienprasiddhi																										●																	
32	Mr. Sangchai Apichatthanapath																										●																	
33	Mr. Sithisakdi Apichatthanapath																										●																	
34	Mrs. Pornnipa Prutisart																										●																	
35	Mr. Upathum Nisitsukcharoen																											●																
36	Mr. Wiwat Eurvongvaranont																											●																
37	Mr. Miroslav Friml																												●															
38	Miss Anusara Chokvanitphong																													●														
39	Mr. Ittichai Banasanprasit																														●													
40	Ms. Puan Sri Tey Siew Thuan																																											
41	Mr. Soon Thien Suan																																										●	
42	Ms. Leong Wai Yin																																											
43	Mr. Razali Bin Abdul Rashid																																											

### Notes

<sup>1)</sup> CPN REIT Management Co., Ltd. was established on June 27, 2017.

<sup>2)</sup> CPN Pattaya Hotel Co., Ltd. was established on September 25, 2017.

<sup>3)</sup> Suanlum Property Co., Ltd. was established on August 23, 2016 and CPN entered a joint venture on June 28, 2017

<sup>4)</sup> Pharam 4 Development Co., Ltd. was established on October 5, 2016 and CPN entered a joint venture on June 28, 2017

<sup>5)</sup> Sala Dang Property Management Co., Ltd. was established on December 26, 2016 and CPN entered a joint venture on June 28, 2017

<sup>6)</sup> Dara Harbour Co., Ltd. was established on September 7, 2015 and CPN entered a joint venture on June 14, 2017

<sup>7)</sup> Phenomenon Creation Co., Ltd. was established on July 24, 2017.

<sup>8)</sup> Synergistic Property Development Co., Ltd. was established on September 5, 2017.



## SUMMARY OF ASSOCIATE COMPANIES WITH CPN OWNERSHIP OF 10% OR MORE

	Company	Nature of Business	Registered Capital (Baht)	Percentage of Shareholding
1	Central Food Avenue Co., Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	Restaurant operations and servicing of shopping complex and food center: CentralPlaza Chaengwattana and CentralPlaza Pinklao (Partially) and CentralPlaza Bangna	5,000,000	99.99%
2	Central Pattana Realty Co., Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	Holding Company and servicing of shopping facilities: CentralPlaza Lardprao	1,003,658,000	99.99%
3	Central Pattana Rama 2 Co., Ltd. 160 Rama 2 Rd., Samaedum, Bangkhuntian, BKK 10150 Tel +66 (0) 2866 4300	Shopping Center: CentralPlaza Rama 2	1,500,000,000	99.99%
4	Central Pattana Chiangmai Co., Ltd. 2 Mahidol Rd., 252-252/1 Wualai Road, Haiya, Muang, Chiang Mai 50100 Tel +66 (0) 5399 9199	Shopping Center: CentralPlaza Chiangmai Airport	1,000,000,000	99.99%
5	Central Pattana Rattana Thibet Co., Ltd. 562, 566 Rattana Thibet Rd., Bangkrasor, Muang, Nontaburi 11000 Tel +66 (0) 2834 6000	Shopping Center: CentralPlaza Rattana Thibet	800,000,000	99.99%
6	Central Pattana Rama 3 Co., Ltd. 79 Sathupradit Rd., Chongnonsee, Yannawa, BKK 10120 Tel +66 (0) 2649 6000	Shopping Center: CentralPlaza Rama 3	324,738,000	99.99%
7	Central Pattana Khon Kaen Co., Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	Shopping Center: CentralPlaza Khonkaen	2,000,000,000	78.13%
8	Central Pattana Chonburi Co., Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	Shopping Center: CentralPlaza Chonburi	900,000,000	99.99%
9	Central Pattana Nine Square Co., Ltd. 9/9 Rama 9 Rd., Huai Khwang, BKK 10310 Tel +66 (0) 2103 5999	Shopping Center/Office: CentralPlaza Grand Rama 9	3,200,000,000	93.30%

	Company	Nature of Business	Registered Capital (Baht)	Percentage of Shareholding
10	Bangna Central Property Co., Ltd. 587, 589 Bangna-Trad Rd., Bangna, BKK 10260 Tel +66 (0) 2763 6000	Shopping Center/Office/Residential/ Playland at CentralPlaza Bangna	1,160,563,400	99.99% (Held by Central Pattana Realty Co., Ltd.)
11	CPN Pattaya Co., Ltd. 999/9, Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	Shopping Center: CentralFestival Pattaya Beach	2,500,000,000	99.99%
12	Central World Co., Ltd. 4, 4/1-4/2, 4/4 Ratchadumri Rd., Patumwan, BKK 10330 Tel +66 (0) 2640 7000	Centara Hotel & Convention Centre Udon Thani, Shopping Center: CentralPlaza Udonthani, CentraPlaza Phitsanulok, CentralPlaza Ubonratchathani and CentralFestival Samui	2,511,938,100	99.99% (Held directly 90% and held by Bangna Central Property Co., Ltd. 10.00%)
13	Siam Retail Development Co., Ltd. 587, 589, 589/7-9 Ramindra Rd., Kannayao, BKK 10230 Tel +66 (0) 2947 5000	Shopping Center: Fashion Island	500,000,000	15.00% (Held by Central Pattana Realty Co., Ltd. and Square Ritz Plaza Co., Ltd.)
14	Square Ritz Plaza Co., Ltd. 587 Ramindra Rd., Kannayao, BKK 10230 Tel +66 (0) 2947 5000	Real Estate Developer	125,000,000	12.00% (Held by Central Pattana Realty Co., Ltd.)
15	Ayudhya Agrocitcity Co., Ltd. 3/10 M.17 Bangna-Trad Rd., Bangpleeyai, Bangplee, Samutprakarn 10540 Tel +66 (0) 2399 4510	Real Estate Developer	400,000,000	11.85% (Held by Central Pattana Realty Co., Ltd.)
16	CPN Retail Growth Leasehold REIT Managed by CPN REIT Management Co., Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	Property Investment in CentraPlaza Rama 2, CentralPlaza Rama 3, CentralPlaza Pinklao, CentralPlaza Chiangmai Airport, CentralFestival Pattaya Beach and The Hilton Pattaya Hotel	29,653,382,715	26.69%
17	CPN Commercial Growth Leasehold Property Fund Managed by SCB Asset Management Co., Ltd. SCB Park Plaza 1, 7 <sup>th</sup> -8 <sup>th</sup> Floor, 18 Ratchadapisek Rd., Chatuchak, BKK 10900 Tel. +66 (0) 2949 1500	Property Investment in The Offices at CentralWorld	4,394,381,700	25.00%

	Company	Nature of Business	Registered Capital (Baht)	Percentage of Shareholding
18	Thai Business Fund 4 Managed by Krung Thai Asset Management Plc. 1 Empire Tower, 32 <sup>nd</sup> Fl., South Sathorn Rd., Yannawa, Sathorn, BKK 10120 Tel. +66 (0) 2686 6100	Property Investment in CentralWorld	5,443,793,159 <sup>1)</sup>	100.00%
19	Thai Business Fund 5 Managed by Krung Thai Asset Management Plc. 1 Empire Tower, 32 <sup>nd</sup> Fl., South Sathorn Rd., Yannawa, Sathorn, BKK 10120 Tel. +66 (0) 2686 6100	Property Investment in CentralPlaza Bangna  * The contract ended on March 5, 2018, and the termination was on March 9, 2018	58,520,000 <sup>1)</sup>	100.00%
20	CPN Residence Co., Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	Residential Developer: ESCENT and ESCENT VILLE	1,000,000,000	99.99%
21	Central Pattana Development Co., Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	Shopping Center: CentralPlaza Chiangrai, CentralPlaza Suratthani, and CentralPlaza Lampang	700,000,000	99.99%
22	CPN Global Co., Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	Real Estate Developer and Holding Company	1,000,000	99.94%
23	CPN City Co., Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	Real Estate Developer	2,863,485,000	99.99% (Held by Central World Co., Ltd.)
24	CPN Complex Co., Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	Real Estate Developer	2,341,600,000	99.99% (Held by Central World Co., Ltd.)
25	CPN Learning Center Co., Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	Human Capital Management	1,000,000	99.96%

Company	Nature of Business	Registered Capital (Baht)	Percentage of Shareholding
26 CPN Rayong Co., Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	Shopping Center: Central Plaza Rayong	1,000,000,000	99.99%
27 CPN Korat Co., Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	Shopping Center: Central Plaza Nakhonratchasima	1,000,000,000	99.99%
28 CPN Residence Khon Kaen Co., Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	Residential Developer ESCENT Khonkaen	200,000,000	99.99%
29 C.S. City Co., Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	Real Estate Developer	500,000,000	99.99% (Held by Central Pattana Realty Co., Ltd.)
30 CPN Estate Co., Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	Real Estate Developer	1,000,000	99.94%
31 Phenomenon Creation Co., Ltd. <sup>2)</sup> 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	Theme Park Developer in CentralPhuket	400,000,000	50.99% (Held by Bangna Central Property Co., Ltd.)
32 CPN REIT Management Co., Ltd. <sup>3)</sup> 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	Management of real estate investment trust	10,000,000	100.00%
33 Vimarn Suriya Co., Ltd. <sup>4)</sup> Dusit Thani Building, 5 <sup>th</sup> Floor, 946 Rama IV Rd., Silom, Bangrak BKK 10500 Tel +66 (0) 2200 9999	Real Estate Developer	1,100,000,000	35.00%
34 Suanlum Property Co., Ltd. <sup>5)</sup> 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	Real Estate Developer	172,000,000	63.00%

Company	Nature of Business	Registered Capital (Baht)	Percentage of Shareholding
35 Saladang Property Management Co., Ltd. <sup>6)</sup> 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	Real Estate Developer	400,000	75.00%
36 Phraram 4 Development Co., Ltd. <sup>7)</sup> 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	Real Estate Developer	1,000,000	90.00%
37 Dara Harbour Co., Ltd. <sup>8)</sup> 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	Real Estate Developer	400,000,000	65.00%
38 Synergistic Property Development Co., Ltd. <sup>9)</sup> 31 <sup>st</sup> Floor, 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	Real Estate Developer	465,000,000	50.00%
39 CPN Pattaya Hotel Co., Ltd. <sup>10)</sup> 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	To sublease and conduct a business of Hilton Pattaya Hotel which is under CPN Retail Growth Leasehold REIT ("CPNREIT")	200,000,000	100.00%
40 Global Retail Development & Investment Limited 30/F Jardine House One Connaught Place Central, Hong Kong	Real Estate Developer	HKD10,000	99.94% (Held by CPN Global Co., Ltd.)
41 Global Commercial Property Limited 30/F Jardine House One Connaught Place Central, Hong Kong	Real Estate Developer	HKD10,000	99.94% (Held by Global Retail Development & Investment Limited)
42 CPN Ventures Sdn. Bhd. Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia	Real estate management consulting and corporate services	MYR 10,000,000	99.94% (Held by CPN Global Co., Ltd.)
43 CPN Real Estate Sdn. Bhd. Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia	Holding Company	MYR 400,000	99.94% (Held by CPN Ventures Sdn. Bhd.)

Company	Nature of Business	Registered Capital (Baht)	Percentage of Shareholding
44 CPN Malls Malaysia Sdn. Bhd. Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia	Holding Company	MYR 400,000	99.94% (Held by CPN Ventures Sdn. Bhd.)
45 Central Plaza i-City Malls Malaysia Sdn. Bhd. Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia	Holding Company	MYR 400,000	99.94% (Held by CPN Ventures Sdn. Bhd.)
46 Central Plaza i-City Sdn. Bhd. Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia	Holding Company	MYR 400,000	99.94% (Held by CPN Ventures Sdn. Bhd.)
47 Central Plaza i-City Real Estate Sdn. Bhd. Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia	Real Estate Developer	MYR 458,000,000	59.97% (Held by CPN Global Co., Ltd. and Central Pattana Realty Co., Ltd.)

## Remarks:

- 1) Only proportion unit holder of owner type except unit holders of lender type.
- 2) Phenomenon Creation Co., Ltd was established on July 24, 2017 which a joint venture with Right Man Co., Ltd. hold 49%.
- 3) CPN REIT Management Co., Ltd was established on June 27, 2017.
- 4) Vimarn Suriya Co., Ltd is a joint venture company with Dusit Thani PLC holding 65% of shares.
- 5) Suanlum Property Co., Ltd is a joint venture company with Dusit Thani PLC (DTC) holding 37%. DTC will gradually sell its shares to CPN. Finally, the shareholding proportion between CPN and DTC will be 85:15.
- 6) Saladang Property Management Co., Ltd. is a joint venture company with Dusit Thani PLC (DTC) holding 25 % of shares.
- 7) Phraram 4 Development Co., Ltd. is a joint venture company with Dusit Thani PLC (DTC) holding 10% of shares.
- 8) Dara Harbour Co., Ltd.; CPN purchased 65% shares from Property Perfect PLC.(PF) on July 14 ,2017.
- 9) Synergistic Property Development Co., Ltd was established on September 5, 2017 which is the joint venture company with Ek-Chai Distribution System holding 50% of shares.
- 10) CPN Pattaya Hotel Co., Ltd., was established on September 25, 2017.

## LIST OF CPN SHOPPING MALLS

01

### **CENTRALPLAZA LADPRAO**

Address: 1693 Phaholyothin Road, Chatuchak, Chatuchak, Bangkok 10900  
Tel: + 66 (0) 2793 6000 Fax: + 66 (0) 2541 1341

02

### **CENTRALPLAZA RAMINDRA**

Address : 109/10 Ramindra Road, Bangkhen, Bangkok 10220  
Tel: + 66 (0) 2790 3000 Fax: + 66 (0) 2552 5513

03

### **CENTRALPLAZA PINKLAO**

Address: 7/222 Baromrachachonnane Road, Arunamarin, Bangkoknoi, Bangkok 10700  
Tel: + 66 (0) 2877 5000 Fax: + 66 (0) 2884 8486

04

### **CENTRALMARINA (FORMERLY KNOWN AS CENTRAL CENTER PATTAYA)**

Address : 78/54 Moo 9, Pattaya Sai 2 Road, Banglamung, Chonburi 20260  
Tel: + 66 (0) 3300 3888 Fax: + 66 (0) 3300 3888 ext.1225-6

05

### **CENTRALPLAZA CHIANGMAI AIRPORT**

Address: 2 Mahidol Road, 252-252/1 Waulai Road, Haiya, Muang Chiang Mai, Chiang Mai 50100  
Tel: + 66 (0) 5399 9199 Fax: + 66 (0) 5399 9122-3

06

### **CENTRALPLAZA RAMA 3**

Address: 79 Sathupradit Road, Chongnonsee, Yannawa, Bangkok 10120  
Tel: + 66 (0) 2649 6000 Fax: + 66 (0) 2673 6009

07

### **CENTRALPLAZA BANGNA**

Address: 587, 589 Bangna-Trad (KM.3) Road, Bangna, Bangkok 10260  
Tel: + 66 (0) 2763 6000 Fax: + 66 (0) 2399 5777

08

### **CENTRALPLAZA RAMA 2**

Address: 160 Rama 2 Road, Samaedum, Bangkhuntian, Bangkok 10150  
Tel: + 66 (0) 2866 4300 Fax: + 66 (0) 2872 4560

09

### **CENTRALWORLD**

Address : 4, 4/1-4/2, 4/4 Rajdamri Road, Patumwan, Bangkok 10330  
Tel: + 66 (0) 2640 7000 Fax: + 66 (0) 2255 9767

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### **CENTRALPLAZA RATTANATHIBET**

Address: 68/100, 68/919 Moo 8, Rattanathibet Road, Bangkrasor, Muang Nonthaburi, Nonthaburi 11000  
Tel: + 66 (0) 2103 5777 Fax: + 66 (0) 2526 6092

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### **CENTRALPLAZA CHAENGWATTANA**

Address: 99, 99/9 Moo 2, Chaengwattana Road, Bangtarad, Pak Kret, Nonthaburi 11120  
Tel: + 66 (0) 2101 0000 Fax: + 66 (0) 2101 1343



- 12 CENTRALFESTIVAL PATTAYA BEACH**  
Address : 333/99 Moo 9, Banglamung, Chonburi 20260  
Tel: +66 (0) 3300 3999 Fax: + 66 (0) 3300 3999 ext.1225-6
- 13 CENTRALPLAZA UDONTHANI**  
Address: 277/1-3, 271/5 Prajaksillapakhom Road, Markkeang, Muang Udonthani, Udonthani 41000  
Tel: + 66 (0) 4224 9192 Fax: + 66 (0) 4224 4639
- 14 CENTRALPLAZA CHONBURI**  
Address: 55/88-89, 55/91 Moo 1, Sa-Med, Muang Chonburi, Chonburi 20000  
Tel: + 66 (0) 3300 3333 Fax: + 66 (0) 3300 3179
- 15 CENTRALPLAZA KHONKAEN**  
Address: 99, 99/1 Srichan Road, Naimuang, Muang, Khon Kaen 40000  
Tel: + 66 (0) 4300 1000 Fax: + 66 (0) 4300 1209
- 16 CENTRALPLAZA CHIANGRAI**  
Address: 99/9 Moo 13, Robwang, Muang District, Chiang Rai 57000  
Tel: + 66 (0) 5202 0999 Fax: + 66 (0) 5202 0900
- 17 CENTRALPLAZA PHITSANULOK**  
Address: 9/99 Moo 5, Plaichomphon, Muang Phitsanulok, Phitsanulok 65000  
Tel: + 66 (0) 5500 0999 Fax: + 66 (0) 5500 0990
- 18 CENTRALPLAZA GRAND RAMA 9**  
Address: 9/9 Rama 9 Road, Huai Khwang, Bangkok 10320  
Tel: + 66 (0) 2103 5999 Fax: + 66 (0) 2103 5990
- 19 CENTRALPLAZA SURATTHANI**  
Address: 88 Moo 10, Watpradu, Muang Suratthani, Suratthani 84000  
Tel: + 66 (0) 7796 3555 Fax: + 66 (0) 7796 3599
- 20 CENTRALPLAZA LAMPANG**  
Address: 319 Highway Lampang-Ngao Road, Suandok, Muang Lampang, Lampang 52100  
Tel: + 66 (0) 5401 0555 Fax: + 66 (0) 5401 0599
- 21 CENTRALPLAZA UBONRATCHATHANI**  
Address: 311 Moo 7, Chae Ra Mae, Muang Ubonratchathani, Ubonratchathani 34000  
Tel: +66 (0) 4595 0699 Fax: +66 (0) 4595 0600
- 22 CENTRALFESTIVAL CHIANGMAI**  
Address: 99, 99/1, 99/2 Moo 4, Superhighway Road, Fa Ham, Muang Chiang Mai, Chiang Mai 50000  
Tel: +66 (0) 5399 8999 Fax: +66 (0) 5200 1700

**23****CENTRALFESTIVAL HATYAI**

Address: 1518, 1518/1, 1518/2 Kanchanavanid Road, Hatyai, Hatyai, Songkhla 90110  
Tel: +66 (0) 7480 1555 Fax: +66 (0) 7480 1599

**24****CENTRALFESTIVAL SAMUI**

Address: 209, 209/1-209/2 Moo 2, Borpud, Samui, Suratthani 84320  
Tel: +66 (0) 7796 2777 Fax: +66 (0) 7796 2799

**25****CENTRALPLAZA SALAYA**

Address: 99/19, 99/20 Moo 2, Bangtoey, Sampran, Nakhon Pathom 73210  
Tel : +66 (0) 3410 0888 Fax : +66 (0) 3410 0899

**26****CENTRALPLAZA RAYONG**

Address: 99, 99/1 Bangna-Trad Road, Chengneun, Muang Rayong, Rayong 21000  
Tel: +66 (0) 3301 3333 Fax: +66 (0) 3301 3300

**27****CENTRALFESTIVAL PHUKET**

Address: 74, 75 Wichitsongkran Road, Phuket City, 83000  
Tel: +66 (0) 7629 1111 Fax: +66 (0) 7629 4000

**28****CENTRALPLAZA WESTGATE**

Address: 199,199/1,199/2 Moo 6, Soa Thong Hin, Bang Yai, Nonthaburi 11140  
Tel: +66 (0) 2102 7999 Fax: +66 (0) 2102 7900

**29****CENTRALFESTIVAL EASTVILLE**

Address: 69, 69/1, 69/2 Praditmanutham Road, Ladprao, Bangkok 10230  
Tel: +66 (0) 2102 5000 Fax: +66 (0) 2102 5099

**30****CENTRALPLAZA NAKHON SI THAMMARAT**

Address: 8, 9/8 Moo 7, Nasan, Phraphrom, Nakhon Si Thammarat 80000  
Tel: +66 (0) 7580 3333 Fax: +66 (0) 7580 3399

**31****CENTRALPLAZA NAKHON RATCHASIMA**

Address: 990,998 Mittraphap-Nong Khai Road, Nai Muang, Muang Nakhon Ratchasima, Nakhon Ratchasima 30000  
Tel: +66 (0) 4400 1555 Fax: +66 (0) 4400 1599

**32****CENTRALPLAZA MAHACHAI**

Address : 98 Moo 4, Na Di, Muang Samut Sakhon, Samut Sakhon 74000  
Tel: +66 (0) 3411 2777 Fax: +66 (0) 3411 2799

## INFORMATION FOR INVESTORS AND REFERENCE PERSONS

### Central Pattana Public Company Limited

Registered Capital : Baht 2,244,000,000  
 Issued and Paid-up Capital : Baht 2,244,000,000  
 Comprising ordinary shares of 4,488,000,000 shares  
 Par Value of Baht 0.5 per share

### Securities Information

Common shares of Central Pattana Public Company Limited were listed and traded on the Stock Exchange of Thailand with "CPN" as the abbreviated Security Name.

### Shareholders' Meeting

The Board of Directors of Central Pattana Public Company Limited agreed to hold the Annual General Meeting of Shareholders ("AGM") 2017 on April 27, 2018 at 2.00 pm at World Ball Room 23<sup>rd</sup> Floor, Centara Grand and Bangkok Convention Centre at CentralWorld, 999/99 Rama I Road, Patumwan Sub-District, Patumwan District, Bangkok 10330, Thailand.

### Investor Relations

Address:  
 Central Pattana Public Company Limited  
 31<sup>st</sup> Floor, the Offices at CentralWorld,  
 999/9 Rama I Road, Patumwan Sub-District,  
 Patumwan District, Bangkok 10330, Thailand  
 Telephone: +66 (0) 2667 5555 ext. 1614, 1632, 1633, 1689  
 E-mail: [ir@cpn.co.th](mailto:ir@cpn.co.th)  
 Website: [www.cpn.co.th](http://www.cpn.co.th)

### Dividend Policy

CPN has a policy to pay dividend at a rate of approximately 40 percent of the annual net profit (unless there is a compelling reason against this).

### Share prices and dividend payments for the past five years (2012-2016)

Unit: Baht/Share

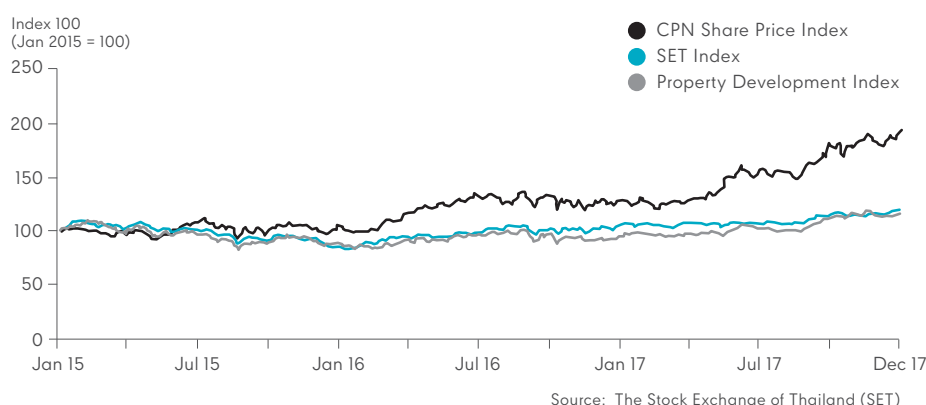
Year	Highest Price	Lowest Price	Dividend Payment
2013	57.25	36.00	0.55
2014	49.50	37.00	0.65
2015	49.25	39.75	0.70
2016	61.75	43.00	0.83
2017	87.00	53.75	1.40 <sup>/1</sup>

Remark: <sup>/1</sup> Subject to an approval from the AGM 2018

### Movements of CPN Share Price against SET Index and Property Development Index

Index	3 years	1 year
CPN Share Price Index	92%	50%
SET Index	18%	14%
Property Development Index	15%	23%

### 3-year comparison of CPN Share Price Index, SET Index, and Property Development Index (2015 as base-year)



## Investor Relations Activities for 2017

Date	Events
6 January	DBS Pulse of Asia Conference in Singapore, organized by DBS Vickers Securities (Thailand) Co., Ltd.
10 January	CEO Forum with local fund manager and analyst in Bangkok, organized by Central Pattana Plc.
10 January	Local Conference in Bangkok, organized by Phatra Securities Plc.
19-20 January	Non-deal roadshow in Hong Kong, organized by CLSA Securities (Thailand) Co., Ltd.
3 March	Analyst Briefing FY2016, organized by Central Pattana Plc.
22-23 March	Non-deal roadshow in Malaysia, organized by CIMB Securities (Thailand) Co., Ltd.
16 May	Analyst Briefing 1Q17, organized by Central Pattana Plc.
18-19 May	Non-deal roadshow in Singapore, organized by Phatra Securities Plc.
26 May	Local Conference in Bangkok, organized by Deutsche TISCO Investment Advisory Company Limited
3 July	Conference in Japan, organized by The Stock Exchange of Thailand and Krungsri Securities Plc.
20 July	Local Conference in Bangkok, organized by CIMB Securities (Thailand) Co., Ltd.
24-27 July	Non-deal roadshow in Canada and US, organized by CitiCorp Securities (Thailand) Limited
15 August	Analyst Briefing 2Q17, organized by Central Pattana Plc.
29-30 August	Thailand Focus 2017 Conference with foreign institutions in Bangkok, organized by The Stock Exchange of Thailand in cooperation with Phatra Securities and Bank of America Merrill Lynch
19-20 September	Non-deal roadshow in Hong Kong, organized by Credit Suisse Securities (Thailand) Limited
16-17 October	Non-deal roadshow in London, organized by Phatra Securities Plc.
18-19 October	Non-deal roadshow in Paris, organized by Macquarie Securities (Thailand) Limited
9 November	Analyst Briefing 3Q17, organized by Central Pattana Plc.
20 November	8 <sup>th</sup> Annual dbAccess Asia Conference in Australia, organized by The Stock Exchange of Thailand in cooperation with Deutsche TISCO Investment Advisory Company Limited
27 November	Conference in Japan, organized by Capital Nomura Securities Plc.

## Financial Calendar for 2018

Financial Calendar	2018 (Tentative)
Announcement of full year financial results (prior year)	February
Analyst Meeting for full year performance at The Offices@CentralWorld, organized by Central Pattana Plc.	February
Analyst Meeting for full year performance (prior year) (Opportunity Day) organized by The Stock Exchange of Thailand	February
The closing date of the shareholders registration book for the rights to attend the AGM	March
The Annual General Meeting of the Shareholders	April
Dividend payment for prior year performance	May
Announcement of first quarter financial results	May
Analyst Meeting for first quarter performance at The Offices@CentralWorld, organized by Central Pattana Plc.	May
Analyst Meeting for first quarter performance (Opportunity Day) organized by The Stock Exchange of Thailand	May
Announcement of second quarter financial results	August
Analyst Meeting for second quarter performance at The Offices@CentralWorld, organized by Central Pattana Plc.	August
Analyst Meeting for second quarter performance (Opportunity Day) organized by The Stock Exchange of Thailand	August
Announcement of third quarter financial results	November
Analyst Meeting for third quarter performance at The Offices@CentralWorld, organized by Central Pattana Plc.	November
Analyst Meeting for third quarter performance (Opportunity Day) organized by The Stock Exchange of Thailand	November

## REFERENCE FIRMS

### REGISTRAR OF COMMON SHARES

**Thailand Securities Depository Co., Ltd.**  
93 The Stock Exchange of Thailand Building  
Ratchadapisek Road, Dindaeng,  
Bangkok 10400, Thailand  
Telephone: + 66 (0) 2009 9999  
Facsimile: + 66 (0) 2009 9991

### REGISTRAR OF UNSECURED DEBENTURES

#### *Debentures CPN19NA*

**CIMB Thai Bank Public Company Limited**  
44 Langsuan Road, Lumpini Sub-District, Pathumwan  
Bangkok 10330, Thailand  
Telephone: + 66 (0) 2626 7503  
Facsimile: + 66 (0) 2626 7542

#### *Debentures CPN18OA and CPN21OA*

**Siam Commercial Bank Public Company Limited**  
9 Ratchadapisek Road, Chatuchak  
Bangkok 10900, Thailand  
Telephone: + 66 (0) 2256 2323-8  
Facsimile: + 66 (0) 2256 2406

#### *Debentures CPN221A, CPN188A, CPN208A, CPN228A, CPN20DA, CPN21DA and CPN22DA*

**Bank of Ayudhya Public Company Limited**  
1222 Rama 3 Road, Bang Phongphang, Yannawa,  
Bangkok 10120, Thailand  
Telephone: + 66 (0) 2296 3582  
Facsimile: + 66 (0) 2296 2202

### AUTHORIZED AUDITOR

**KPMG Phoomchai Audit Ltd.**  
Ms. Bongkot Amsageam,  
Certified Public Account, Registration No.3684  
50<sup>th</sup>-51<sup>st</sup> Floor, Empire Tower  
1 South Sathon Road, Yannawa Sub-District, Sathorn  
Bangkok 10120, Thailand  
Telephone: + 66 (0) 2677 2000  
Facsimile: + 66 (0) 2677 2222

### CREDIT RATING AND DEBENTURE RATING COMPANY

**TRIS Rating Co., Ltd.**  
24<sup>th</sup> Floor, Silom Complex Building,  
191 Silom Road, Silom Sub-District, Bangrak  
Bangkok 10500, Thailand  
Telephone: + 66 (0) 2231 3011  
Facsimile: + 66 (0) 2231 3012

## SUMMARY OF SPECIFIED ITEMS PER FORM 56-2

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Note: Investors can study further information from CPN's 56-1 Form which appear on [www.sec.or.th](http://www.sec.or.th) or CPN's website ([www.cpn.co.th](http://www.cpn.co.th)).



## LRQA Assurance Statement

### Relating to the Central Pattana Public Company Limited's Annual Report (Sustainability part) for the calendar year 2017

This Assurance Statement has been prepared for Central Pattana Public Company Limited in accordance with our contract but is intended for the readers of this Report.

#### Terms of Engagement

Lloyd's Register Quality Assurance Ltd. (LRQA) was commissioned by Central Pattana Public Company Limited (CPN) to provide independent assurance on its Annual Report (Sustainability part) for the calendar year 2017 ("the Report") against the assurance criteria below to a limited level of assurance and at the materiality of the professional judgement of the verifier using LRQA's verification approach. LRQA's verification approach is based on current best practice and uses the principles of AA1000AS (2008) - Inclusivity, Materiality, Responsiveness and Reliability of performance data and processes defined in ISAE3000.

Our assurance engagement covered CPN's operations and activities in Thailand and specifically the following requirements:

- Confirming that the Report is in accordance with the GRI Sustainability Reporting Standards and core option
- Evaluating the reliability of data and information for following topic specific standards below:
  - Environmental: (GRI 305-2) Energy indirect (Scope 2) GHG emissions
  - Social: (GRI 403-2) Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities for all employees, and (GRI 403-1) workers representation in formal joint management-worker health and safety committee.

Our assurance engagement excluded the data and information of CPN's operations and activities outside of Thailand.

LRQA's responsibility is only to CPN. LRQA disclaims any liability or responsibility to others as explained in the end footnote. CPN'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 CPN.

#### LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that CPN has not:

- Met the requirements above
- Disclosed reliable performance data and information for the selected topic specific standards
- 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 limited level of assurance and at the materiality of the professional judgement of the Verifier.

Note: The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites.

#### LRQA's Approach

LRQA's assurance engagements are carried out in accordance with verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Assessing CPN's approach to stakeholder engagement to confirm that issues raised by stakeholders were captured correctly. We did this by reviewing documents and associated records.
- Reviewing CPN's process for identifying and determining material issues to confirm that the right issues were included in their Report and updated overtime. We did this by benchmarking reports written by CPN and its peers to ensure that sector specific issues were included for comparability. We also tested the filters used in determining material issues to evaluate whether CPN makes informed business decisions that may create opportunities which contribute towards sustainable development.
- Auditing CPN'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 facilities responsible for compiling the data and drafting the Report.
- Sampling of evidences presented at CentralPlaza Lardprao and CentralFestival Eastville Shopping Centers in Bangkok to confirm the reliability of the selected topic specific standards.



Lloyd's Register  
LRQA

### 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 CPN's stakeholder engagement process. However, we believe that future Reports should explain how the CPN's engagement process has been continuously progressing to further demonstrate inclusivity. This is particular to its transitioning from an internal advisory panel setting to a full stakeholder dialogue process.
- **Materiality:**  
We are not aware of any material aspects concerning CPN's sustainability performance that have been excluded from the Report. CPN has processes for determining which issue/aspect is material and that these criteria are not biased to the CPN's management.
- **Responsiveness:**  
CPN and its subsidiaries have processes for responding to various stakeholder groups. However, we believe that future reports should provide more information about the CPN's practices and activities on public safety management.
- **Reliability:**  
CPN has a well-defined data management system to consolidate data and information associated with the selected specific topic standards. However, we believe that establishing internal control and verification processes will improve the reliability of its reported data and information.

### LRQA's 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 work undertaken by LRQA for CPN and as such does not compromise our independence or impartiality.

Signed

Dated: 22<sup>nd</sup> February 2018

Opart Charuratana  
LRQA Lead Verifier

On behalf of Lloyd's Register Quality Assurance Ltd.  
Lloyd's Register International (Thailand) Limited  
22<sup>nd</sup> Floor, Sirinrat Building, 3388/78 Rama IV Road  
Klongton, Klongtoey, Bangkok 10110 THAILAND

LRQA Reference: BGK1000000133

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GRI 418 Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	None
GRI 419 Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	None

Principles		Page
Human rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	153
	Principle 2: Business should make sure that they are not complicit in human rights abuses	<a href="http://www.cpn.co.th/Sustainability/CorporateGovernance/PoliciesandImplementingGuidelines/Respectoflawandprinciplesofhumanrightspolicy">www.cpn.co.th/Sustainability/Corporate Governance/Policies and Implementing Guidelines/Respect of law and principles of human rights policy</a>
Labor	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	107
	Principle 4: The elimination of all forms of forced and compulsory labor	<a href="http://www.cpn.co.th/Sustainability/CorporateGovernance/CodeofConduct/CodeofConductforSuppliers">www.cpn.co.th/Sustainability/Corporate Governance/Code of Conduct/Code of Conduct for Suppliers</a>
	Principle 5: The effective abolition of child labor	Same as principle 4
	Principle 6: The elimination of discrimination in respect of employment and occupation	<a href="http://www.cpn.co.th/Sustainability/CorporateGovernance/PoliciesandImplementingGuidelines/Respectoflawandprinciplesofhumanrightspolicy">www.cpn.co.th/Sustainability/Corporate Governance/Policies and Implementing Guidelines/Respect of law and principles of human rights policy</a>
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges	115
	Principle 8: Undertake initiatives to promote greater environmental responsibility	125-126
	Principle 9: Encourage the development and diffusion of environmentally friendly technologies	121-122, 124, 129
Anti-corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	<a href="http://www.cpn.co.th/Sustainability/CorporateGovernance/PoliciesandImplementingGuidelines/Anti-corruptionpolicy">www.cpn.co.th/Sustainability/Corporate Governance/Policies and Implementing Guidelines/Anti-corruption policy</a>





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