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## Guidelines on Fair Trade Practices and Treatment of Business Partners under Fair Trade Competition

7 November 2022

**CP Aextra Public Company Limited**  
**Guidelines on Fair Trade Practices and Treatment of Business Partners**  
**under Fair Trade Competition**

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We, CP Aextra Public Company Limited, (“**Company**”) are committed to undertake our businesses in compliance with the law governing trade competition and the relevant notifications prescribed by the Trade Competition Commission of Thailand. We prioritize our business operations in relation to our trading partners and customers as well as in relation to trade practices which are beneficial to consumers and the society as a whole. We, therefore, implement this Guidelines on Fair Trade Practices and Treatment of Business Partners under Fair Trade Competition as follows:

**Section 1 Fair trade practices under the Trade Competition Act. B.E. 2560 (2017) in relation to modern wholesale/retail trade of consumer products**

1. **Business merger** Any business merger shall be conducted in strict compliance with the Trade Competition Act. B.E. 2560 (2017) and the relevant notifications of the Trade Competition Commission of Thailand.
2. **No unfair exercise of dominant position** No business operators with dominant position shall, without due cause, unfairly exercise their dominant position as follows:
  - 2.1 Unfair determination of purchasing or selling price of a product or service, including:
    - 2.1.1 Price determination of a product or service to drive competitors out of the market (Predatory Pricing), e.g., price determination of a product or service which is below the average variable cost (AVC) without due cause;
    - 2.1.2 Unfair determination of price at a very high level without due cause (Excessive Pricing);
    - 2.1.3 Determination of a purchasing price of a product or service with unfair discrimination and without due cause (Price Discrimination);
    - 2.1.4 Unfair determination of selling price of a product or service being a raw material for another business operator which is its trading partner or competitor in an upstream or a downstream market of the product or service in a high level without due cause (Margin Squeeze).
  - 2.2 Imposition of unfair conditions to trading partners without due cause, including:

Imposition of unfair conditions on another business operator being a trading partner, which causes the trading partner to restrict its service, production, purchase, or distribution of products or restricts opportunities for purchasing or selling product, receiving or providing service, or obtaining financing, from other business operators, without due cause.
  - 2.3 Actions taken to reduce quantity of a product or service to be below market demand without due cause, including:

Suspension, reduction, or limitation of service, production, acquisition, disposal, delivery, or import into the Kingdom, without due cause, aiming to reduce the quantity in the market to be below the market demand.
  - 2.4 Intervention of operations of other business operators without due cause.

**3. No collective actions which are monopolization, or reduction or restriction of competition as follows:**

- 3.1 Business operators competing in the same market shall not take any collective actions which substantially harm the competition (Hardcore Cartel), including:
  - 3.1.1 Collectively fixing purchasing or selling prices or setting any trading conditions which affect the price of a product or service (Price Fixing);
  - 3.1.2 Collectively limiting the quantity of a product or service (Quantity Limitation);
  - 3.1.3 Collectively making an agreement or conditions for a particular party to win an auction or price competition (Bid Rigging);
  - 3.1.4 Collectively allocating geographic areas of distribution or buyer or seller of a product or service (Market Allocation).
- 3.2 Business operators shall not take any collective actions which harm the competition (Non-hardcore Cartel), including:
  - 3.2.1 Collectively fixing purchasing or selling prices or setting any trading conditions amongst business operators which are not competitors in the same market;
  - 3.2.2 Collectively reducing quality of a product or service to be lower than that previously sold or provided;
  - 3.2.3 Collectively imposing conditions or practices related to purchasing or selling of a product or service to be complied with as agreed.

Regardless of the foregoing, the laws or any regulations of government agencies may prescribe for an exception or otherwise, e.g., in case of an action of business operators with common policy relations or common controlling interest, or an action taken for a purpose of development of production or distribution, and promotion of technical or economic advancement.

**4. No actions which may be harmful to other business operators as follows:**

- 4.1 Unfair discriminatory practices against other business operators, including:
  - 4.1.1 Setting purchasing or selling price of a product or service which is excessively high or lower than cost, or setting different price for different business operators, without due cause;
  - 4.1.2 Preventing other business operators from purchasing or selling a product or service, or from obtaining a service, without due cause;
  - 4.1.3 Interfering with a transaction or an internal management of another business operator without due cause.
- 4.2 Unfair exercise of dominant position or bargaining power without due cause, including:
  - 4.2.1 Unfairly imposing trade terms which are discriminatory and specifically favorable to certain trading partners without due cause;
  - 4.2.2 Imposing compulsory conditions to another business operator which are different from those being contractually agreed without due cause;

- 4.2.3 Taking any other actions which are considered an exercise of dominant position or bargaining power without due cause.
- 4.3 Unfair imposition of trade terms which restrict or interrupt the business operations of other parties without due cause, including:
  - 4.3.1 Discriminatory actions which are specifically favorable to certain trading partners without due cause;
  - 4.3.2 Requiring a trading partner to buy other product or service from the Company or from other business operators either in whole or in part without due cause, if such trading partner wants to buy the product or service from the Company;

**5. Fair trade practices between wholesale/retail business operators and manufacturers or distributors**

- 5.1 Trade practices between wholesale/retail business operators and manufacturers or distributors of products or services shall be conducted on a basis of free and fair business operations;
- 5.2 No actions constituting unfair actions which may be harmful to manufacturers or distributors, without due cause, shall be taken, including:
  - 5.2.1 Imposing trade terms which are unfair or discriminatory without due cause;
  - 5.2.2 Unfairly imposing trade terms which are discriminatory and specifically favorable to certain trading partners without due cause;
  - 5.2.3 Imposing trade terms which are unfair or preventing a trading partner from doing business or trading with the Company's competitors without due cause;
  - 5.2.4 Unfair pricing by setting or weighing down the purchase price of a product or service purchased from a manufacturer, distributor or service provider at lower than a normal purchasing price without due cause;
  - 5.2.5 Unfair demanding for economic benefits by forcing a manufacturer or distributor or service provider to overpay for certain benefits without due cause, when comparing to the benefits that the manufacturer or distributor or service provider will receive in return, e.g., unfairly setting an excessive product display fee;
  - 5.2.6 Unfair returning of a product purchased from a manufacturer or distributor in whole or in part without due cause, including other actions equivalent to the return of product, e.g., change of a sale/purchase contract to a sale with redemption which is equivalent to a return of product;
  - 5.2.7 Imposing or fixing terms and conditions for a sale with redemption contract which are unfair and put a manufacturer or distributor into significant disadvantageous position based on a customary trade practice on sale with redemption;
  - 5.2.8 Unfair rejection of a specially ordered or specifically produced product (private brand) or as a house brand/own brand of product without due cause;
  - 5.2.9 Coercion of a manufacturer or distributor or service provider to purchase or pay for service fee for the Company's own benefit which creates additional

expenses or costs to the manufacturer or distributor or service provider without due cause;

5.2.10 Reduction of purchase order, or cease doing business with, a manufacturer or distributor, simply due to their rejection of terms and conditions determined by the Company, or due to a complaint filed or threatening to be filed with a government agency by the manufacturer or distributor regarding the Company's action, without due cause;

5.2.11 Unauthorized use by us of confidential information or trade secret or technological know-how of a trading partner which is its intellectual property for manufacturing and distributing a house brand/own brand product in competition with general branded products.

**Section 1** of this Guidance is in compliance with the merger conditions under the order of the Trade Competition Commission of Thailand No. 93/2563 dated 6 November 2020 related to the approval of business merger between C.P. Retail Development Co., Ltd. and Tesco Stores (Thailand) Limited.

**Section 2 Policy on business operations pursuant to the economic system of free and fair competition as well as trade practices for the benefits of consumers and the society as a whole, comprising of 2 sub-sections:**

**2.1 Good trading practices in supporting and promoting a free and fair competition**

1. We are employing the following practices to promote the business undertaking of small and medium enterprises (SMEs) which are our trading partners:

1.1 We are committed to promote or contribute to improvement of the competitiveness of SMEs which are our trading partners who have potential and capability more effectively;

1.2 We are committed to promote market access through appropriate distribution channels of the Company in respect of SMEs which are our trading partners and are ready and have capacity to benefit from such market access;

2. Our practices on confidential information:

We are maintaining the confidentiality of trade information related to our trading partners, competitors and consumers as required by relevant laws.

**2.2 Good trading practices to generate benefits to consumers and the society as a whole**

We are committed to undertake our business in compliance with the laws, rules and regulations in relation to our business operations. We are also committed to operate our business for the benefits of consumers, stakeholders and the society as a whole. We achieve these commitments through the following practices:

1. We have established the practices for providing appropriate distribution channels in respect of each category of products for ease of access by our customers.

2. We have determined the product quality and standard of manufacturing which are suitable with our trading partners and our manufacturers to ensure that we are distributing products of quality and safety with endorsement of safety under the accepted standards.

3. We shall provide our customers with the information related to our products and services which are accurate, sufficient, appropriate and up-to-dated for their purchasing decisions.

4. We shall keep confidential the information of our customers and shall not unduly use such information for our own interest or our related parties' interest unless with consent of customers or as required by law.

5. We are committed to operate business with utmost accountability to the society and the environment.

6. We shall undertake our business in accordance with the standards on quality, safety and environment in relation to our business operations.

7. We shall not take any action in violation of the law governing trade competition and other laws related to our business operations.

This **Section 2** policy has been established by the Company on a basis of our commitment to be the business operator which is contributing to the merits of the society. This policy is in addition to our compliance with the Trade Competition Act. B.E. 2560 (2017) and any other requirements and is not part of the order of the Trade Competition Commission of Thailand No. 93/2563 dated 6 November 2020 related to the approval of business merger between C.P. Retail Development Co., Ltd. and Tesco Stores (Thailand) Limited.

## **Appendix A Definition**

1. An action which is unfair or without due cause means:
  - Any action which is not under an ordinary course of business, and/or an unprecedented practice
  - Any unwritten condition and of which a trading partner has not been informed reasonably in advance according to the trading partner's customary trade practices
  - Any action which has not justifiable from the perspective of business, marketing or economics
  - Other relevant factors
2. Operator with dominant position is defined under 2 criteria:
  - Firstly, being a single operator with the past year's market share of a particular product or service of 50% or more, and having the past year's sale revenue of Baht 1,000 million or more; or
  - Secondly, being one of the top-3 operators of a particular market of a product or service with the past year's combined market share of the product or service of 75% or more, and having the past year's sale revenue of Baht 1,000 million or more.

\*\*\*However, if any one of the operators' past year's sale revenue was less than Baht 1,000 million or the past year's market share was less than 10%, then the said operator is exempt from being defined as the operator with dominant position under the second criteria.