

## Part 2 : Management and Corporate Governance

## 7. Company's Securities and shareholder

## 7.1 Company's Securities

## Registered Capital and Paid up Capital

As of 31 December 2014, the Company's registered capital is Baht 8,250,000,000 same as the paid-up capital of Baht 8,250,000,000 all shares are ordinary shares with a par value of Baht 10 per share. The Company is listed at the Stock Exchange of Thailand.

## 7.2 Shareholder

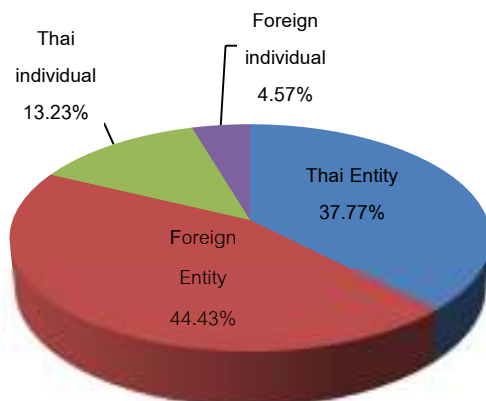
## Top 10 shareholders as of 31 December 2014

No.	Name	Shares	Percent
1	Geant International B.V. <sup>(1)</sup>	264,797,600	32.097
2	Saowanee Holdings Limited <sup>(1)</sup>	218,280,000	26.458
3	THAI NVDR	62,840,774	7.617
4	MRS. ARUNEE CHAN	37,619,714	4.560
5	UBS AG Singapore Branch	18,000,000	2.182
6	Barclays Bank PLC, Singapore	15,900,000	1.927
7	Credit Suisse (Hong Kong) Limited	10,794,300	1.308
8	State Street Bank Europe Limited	10,546,900	1.278
9	Bank of Singapore Limited-BOS	9,902,402	1.200
10	Deutsche Bank AG Singapore - PWM	9,500,000	1.152
Total		658,181,690	79.779

Remark: - <sup>(1)</sup> Shareholders having influence on management policy of the Company including by nominating persons as directors.

- Free float is 41.45%

- Top 10 shareholders Information above will be updated after XM and available on the Company's website (www.bigc.co.th) from 9 March 2015 onwards

**Type of Shareholder**

As of 30 December 2014, there were 3,052 shareholders.

No. of share	No. of shareholder	% of shareholders
1 - 100,000	2,892	94.76%
100,001 – 1,000,000	81	2.65%
1,000,001 – 8,500,000	68	2.23%
8,500,000 up	11	0.36%
<b>Total</b>	<b>3,052</b>	<b>100%</b>

**7.3 Other type of securities**

- None -

**7.4 Dividend Policy****Dividend Policy for the Company**

The Company has a policy to pay dividends at the rate not less than 30 per cent of annual stand-alone net profit after deduction of legal reserve. The Company regularly pays dividend in line with this policy.

**Dividend Policy for subsidiaries**

The Company holds more than 90% of the shares of its subsidiaries. It therefore has a policy to pay the dividends at maximum rate possible in order to allow Big C to fully realize revenue from its subsidiary.

**Annual Dividend Payments over the last 3 years**

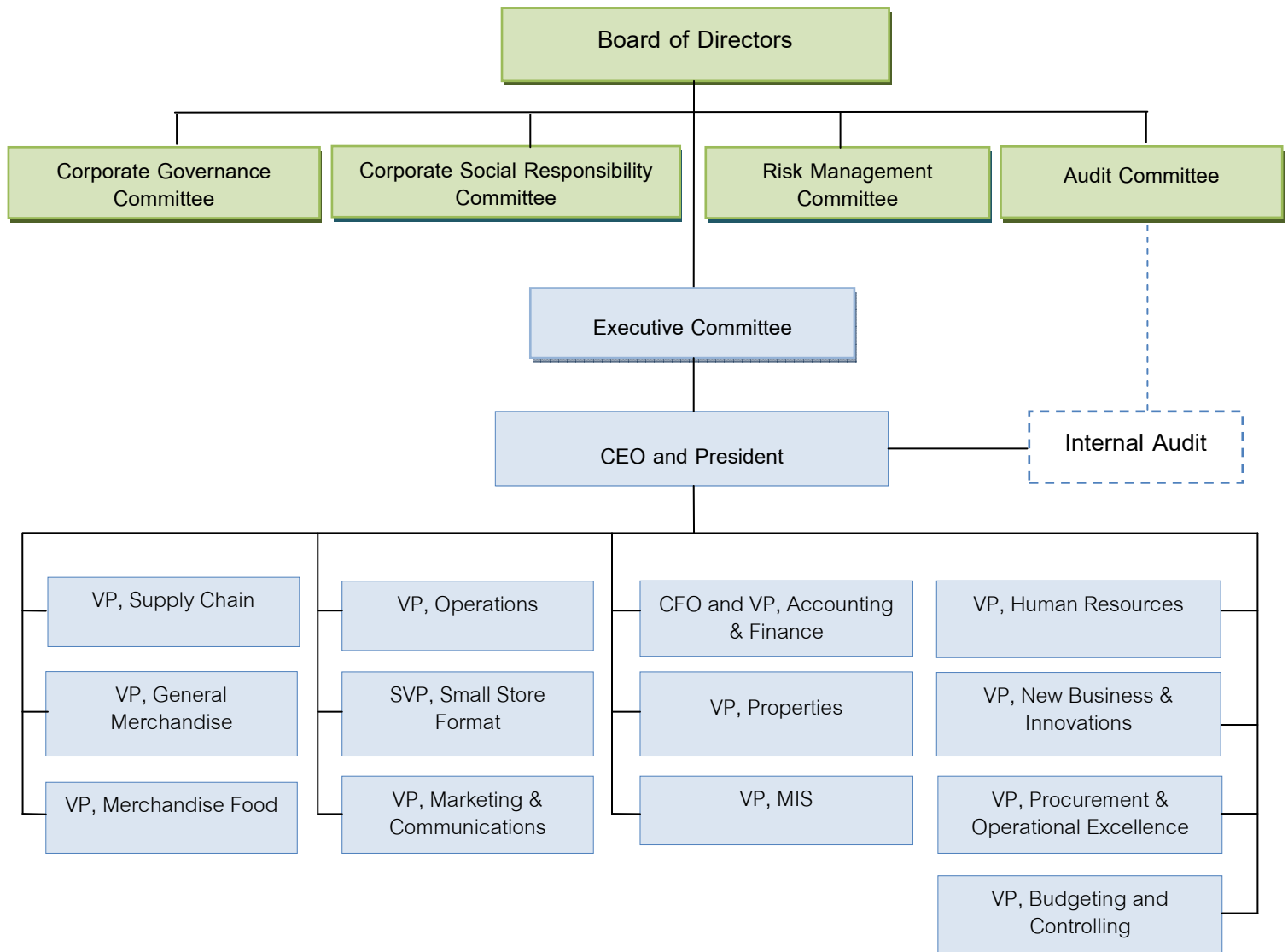
	2014	2013	2012
Dividend Payment (Baht / Share)	2.62 <sup>2</sup>	2.55	2.21
Dividend Amount (Baht)	2,161,500,000	2,103,750,000	1,823,250,000
Dividend Payout Ratio (percent)	30	30	30
Legal Reserve (Baht) <sup>1</sup>	-	-	-
Number of Shares	825,000,000	825,000,000	825,000,000

Note: - <sup>1</sup> In 2011, the legal reserve met legal requirement, i.e., ten (10) percent of the Company's registered capital.

<sup>2</sup> Subject to approval of AGM 2015 to be held on 8 April 2015

## 8. Management Structure

## Organization Chart



## Management Structure

<b>Board of Directors</b>	<b>Subcommittees:</b> <ol style="list-style-type: none"> <li>1. Audit Committee</li> <li>2. Corporate Governance Committee</li> <li>3. Risk Management Committee</li> <li>4. Corporate Social Responsibility Committee</li> </ol>	<b>Executive Committee</b>
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**8.1 Board of Directors:**

As of 31 December 2014, the Board consists of 15 members of which:

- 12 Non Executive Directors
- 3 Executive Directors

The Chairman of the Board and the CEO & President is not the same person, ensuring good corporate governance between the Board of Directors and Management.

Following is composition of our Board of Directors

- 5 independent directors or 1/3 of Board composition.
- The Audit Committee consists of 3 independent directors, with roles and responsibilities in line with SET rules and adequate knowledge and experiences to review the reliability of financial statements and conduct other duties of the Audit Committee.

Name-Surname	Position	Binding Signatories	Date of appointment	Meeting attended (no. of meeting)
1. Mr. Akani Thapthimthong	Chairman of the Board/ Independent Director	-	28 April 2010	5 (5)
2. Dr. Uttama Savanayana	Independent Director	-	30 April 2012	5 (5)
3. Mr. Rapee Sucharitakul	Independent Director	-	10 April 2013	5 (5)
4. Mr. Vachara Tuntariyanond	Independent Director	-	24 April 2013	5 (5)
5. Mr. Kijja Pattamasattayasonthi	Independent Director	-	8 April 2014	2 (2)
6. Mr. Praphan Eamrunroj	Non Executive Director	-	28 April 2010	5 (5)
7. Dr. Hervé Daudin	Non-Executive Director	-	24 Jul 2013	3 (5)
8. Mr. Philippe Alarcon	Non-Executive Director	Group 2	30 April 2012	5 (5)
9. Mr. Gabriel Naouri	Non Executive Director	-	8 April 2014	2 (2)
10. Mr. Guillaume Pierre Antoine Marin Humbert	Non-Executive Director	Group 2	20 Oct 2010	3 (5)
11. Ms. Josseline De Clausade	Non-Executive Director	Group 1	10 April 2013	5 (5)
12. Ms. Diane Coliche	Non-Executive Director	Group 1	10 April 2013	4 (5)
13. Mr. Robert James Cissell	CEO & President	Group 1	5 Nov 2014	5 (5)
14. Ms. Rumpa Kumhomreun	Executive Director	Group 2	30 April 2012	5 (5)
15. Mr. Ian Longden	Executive Director	-	30 April 2012	5 (5)

Name-Surname	Position	Binding Signatories	Date of appointment	Meeting attended (no. of meeting)
<b>Changes during the year</b>				
1.Mr. Christopher King	Independent Director	-	10 April 2013	2 (2)
2. Mr. Arnaud Daniel Charles	Non-Executive Director	-	10 Oct 2007	0 (2)
Walter Joachim Strasser				
3. Mr. Yves Bernard Braibant	CEO & President	-	23 Jan 2001	5 (5)

Remark: There was 1 additional meeting among non-executive directors (NED meeting)

#### Binding Signatories:

Group 1 – Ms. Diane Coliche, Mr. Robert James Cissell, and Ms. Josseline de Clausade

Group 2 – Ms. Rumpa Kumhomreun, Mr. Guillaume Pierre Antoine Marin Humbert and Mr. Philippe Alarcon

Joint signatures of one member of Group 1, and one member of Group 2, when affixed with the Company's seal.

#### Term of the Company's Board of Directors

The Company's Board of Directors term is 3 years in general, subject to Article 18 – "One-third of the entire board must retire at every Annual General Meeting". If the total number of board member cannot be divided into one-third exactly then the number of board retirement should be the closest number to one-third. The retiring director may be reelected.

#### The powers and duties of the Company's Board of Directors

1. To oversee the Company's business management and operations.
2. To supervise and perform the duties to be in accordance with the law, objectives, and the Article of Association of the Company as well as the resolution of the shareholders' meeting.
3. To determine policy, direction, vision, mission for the Company (including annual review thereof) and to supervise Management to effectively and efficiently perform their duties according to the policies in order to create best interest to the Company and shareholders

#### Board of Directors Meetings

Quarterly meeting schedules are notified to Board members at the beginning of the year. In 2014, there were 5 meeting (and 1 NED meeting). Meeting agenda was jointly reviewed by the Chairman of the Board and CEO. Board received invitation with clear agenda items and reading materials 7 days before the meeting except sensitive information. Directors may make inquiry to Company Secretary or Director of Governance, Risk Management and Compliance Department.

**Independent Directors**

The Corporate Governance Committee has the role in reviewing and identifying qualification of independent directors and proposes to the Board for approval. Currently, a qualification of independent directors regarding maximum shareholding in the Company is more stringent than requirement of the SEC and SET, i.e.

1. Holding shares not exceeding 0.5 percent of the total number of voting rights of the company, its parent company, subsidiary, affiliate or major shareholder or controlling person, including the shares held by related persons of the independent director,
2. Neither being nor used to be an executive director, employee, staff, or advisor who receives salary, or a controlling person of the company, its parent company, subsidiary, affiliate, same-level subsidiary, major shareholder or controlling person, unless the foregoing status has ended not less than two years prior to the date of assignment;
3. Not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children, executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the company or its subsidiary;
4. Neither having nor used to have a business relationship with the company, its parent company, subsidiary, affiliate, major shareholder or controlling person, in the manner which may interfere with his independent judgement, and neither being nor used to be a significant shareholder or controlling person of any person having a business relationship with the company, its parent company, subsidiary, affiliate, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of assignment.

The term 'business relationship' above shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or granting or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, and any other similar actions, which result in the company or his counterparty being subject to indebtedness payable to the other party in the amount of three per cent or more of the net tangible assets of the company or twenty million baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the method for calculation of value of connected transactions under the Notification of the Capital Market Supervisory Board governing rules on connected transactions *mutatis mutandis*. The consideration of such indebtedness shall include indebtedness occurred during the period of one year prior to the date on which the business relationship with the person commences;

5. Neither being nor having been an auditor of the company, its parent company, subsidiary, affiliate major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the company, its parent company, subsidiary, affiliate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of assignment;

6. Neither being nor used to be a provider of any professional services including those as legal advisor or financial advisor who receives service fees exceeding two million baht per year from the company, its parent company, subsidiary, affiliate company, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than two years prior to the date of assignment;
7. Not being a director who has been appointed as a representative of the company's director, major shareholder or shareholders who are related to the company's major shareholder;
8. Not undertaking any business in the same nature and in competition to the business of the company or its subsidiary or not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holding shares exceeding one per cent of the total number of shares with voting rights of other company which undertakes business in the same nature and in competition to the business of the company or its subsidiary;
9. Not having any characteristics which make him incapable of expressing independent opinions with regard to the company's business affairs.

#### **The Company Secretary**

Ms. Rumpa Kumhomreun holds the position of the Company Secretary, together with the Executive Director and VP- Accounting & Finance (CFO). She has held the Company Secretary position since she was appointed to it by the Board in 2008, with expertise and experience in accounting. The Company Secretary ensured that the Board and Executives are advised on necessary laws and regulations for the Company's benefits. She also supervised on activities of the Board and coordinated with Management for implementing the board resolutions, including the meeting of directors and shareholders and the preparation and maintenance of director records, invitations to meetings, minutes of meetings, annual reports, conflict of interest report of the directors and/or executives, etc. The company secretary also monitors and gives advice to the Company and the Board in pursuant to relevant laws and regulations. (Biography of Ms. Rumpa Kumhomreun is in the section "Qualifications of Directors and Executives").

The company secretary received IOD training on Director Certification Program (DCP), class 169, year 2013.

#### **Subcommittees**

The Board of Directors established 4 sub-committees; the Audit Committee, the Corporate Governance Committee, the Risk Management Committee and Corporate Social Responsibility Committee

##### **1. The Audit Committee**

As of 31 December 2014, the Audit Committee comprised of 3 members as follow. Term of each member is aligned with the applicable term of his/her directorship (generally 3 years – see details under

“Term of the Company’s Board of Directors”). Every member of the Audit Committee is qualified under the requirements of SEC and SET. One member possesses expertise and experience in Accounting. Responsibility of the Audit Committee is prescribed in the Audit Committee Charter, covering areas beyond the recommendation of SET. The Charter requires at least 5 meetings per annum.

Name	Position in the Audit Committee	Meeting attended (no. of meeting)
1. Dr. Uttama Savanayana	Chairman	8 (8)
2. Mr. Vachara Tuntariyanond	Member	8 (8)
3. Mr. Akani Thapthimthong	Member	8 (8)
(with expertise and experience in Accounting)		

Ms. Nantavadee Suntibunyut, Director of Internal Audit, is the Secretary to the Audit Committee.

#### Duties and Responsibilities

The Audit Committee has power and responsibilities as follows:

1. To review the Company’s financial reports are prepared in accordance with the generally accepted accounting standards and relevant specific laws, including the adequate disclosure of complete, accurate and sufficient information and related party transactions and/or conflicts of interest.
2. To promote the development of financial reporting system so as to be consistent with and meet the requirements of the generally accepted accounting standards.
3. To select the external auditor by considering the independence, competence and experience in performance of duties for appointment, termination and determination of auditor remuneration; and nominate to the Board of Directors for the approval in the Annual General Meeting.
4. To review the external and internal auditors’ observations on related party transactions and transactions which may cause a conflict of interest, in compliance with law and regulations of the Stock Exchange of Thailand so as to ensure reasonableness of such transactions and maximum benefit of the Company.
5. To review internal control and internal audit systems and provide recommendations to ensure the appropriateness, effectiveness and efficiency and in accordance with the international standards by considering worthiness and covering all key processes.
6. To oversee the Company’s preventive control system to reduce or suspend a loss or waste of the Company’s resources for the benefit and enhancement of effectiveness and efficiency in performance of the Company’s functions.
7. To jointly consider with the CEO and President the appropriateness of the appointment, transfer, dismissal, performance appraisal and remuneration of the Internal Audit Head. If any opposing



view, it shall be considered by the Board of Directors or any person delegated by the Board of Directors. The decision of the Board of Directors or any person delegated by the Board of Directors will be final.

8. To coordinate with the external auditor for independence and fairness of auditing.
9. To review that the Company has established an appropriate risk management system and to provide recommendations to ensure that it is always up-to-date.
10. To review the Company's compliance with the law on securities and exchange, regulations of the Stock Exchange of Thailand, and the laws related to the Company's business.
11. To obtain progressed report from management and Company's legal advisor regarding key issues on conforming to the relevant laws and regulations.
12. To 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.
13. To approve the Internal Audit Charter and to regularly review it in an appropriate period determined by the Audit Committee.
14. To approve an annual audit plan and evaluate the performance of the internal audit function.
15. To approve an annual budget and a workforce planning of the internal audit function and present it to the Board of Directors or any person delegated by the Board of Directors for additional comment, if any. Then the approved budget and manpower of the internal audit function shall be submitted to the CEO and President for execution.
16. To have the power, subject to an approval of the Board of Directors or any person delegated by the Board of Directors, to engage any professional advisor to seek independent opinions if it seems necessary at the Company's expense, provided that the engagement shall be in adherence to the Company's procedures and rules on this matter.
17. To have the authority to invite Executives, Management and employees of the Company and related persons to attend a meeting with or to provide information to the Audit Committee. It shall be deemed as the duty of such persons to cooperate with the Audit Committee.
18. To determine the remuneration of secretary to the audit committee and assistant secretary, if any, and propose to the Board of Directors for the approval.
19. To perform other duties as assigned by the Board of Directors of the Company with the consent of the Audit Committee.

## 2. The Corporate Governance Committee

As of 31 December 2014, the Corporate Governance Committee comprised of 5 members as follow. Term of each member is aligned with the applicable term of his/her directorship (generally 3 years – see details under “Term of the Company's Board of Directors”). Chairman and majority of the CG Committee

members are independent directors, possessing expertise and experience in corporate governance matters. Responsibility of the CG Committee is prescribed in the CG Committee Charter, with the responsibility in supporting the development in 3 main areas, i.e., corporate governance in accordance with the framework approved by the Board of Directors, framework for nomination and remuneration of directors and top management. In 2014, the CG Committee convened 6 meetings (the Charter required at least 2 meetings per annum), to sufficiently cover and perform its duties identified in the Charter. Meetings engaged with experts or persons related to meeting agenda in order to effectively discuss and render recommendation to the Company.

Name	Position in the CG Committee	Meeting attended (no. of meeting)
1. Mr. Rapee Sucharitakul	Chairman	6 (6)
2. Dr. Uttama Savanayana	Member	6 (6)
3. Mr. Kijja Pattamasattayasonthi	Member	6 (6)
4. Ms. Rumpa Kumhomreun	Member	6 (6)
5. Ms. Phatchada Muenthong	Member	6 (6)

Miss Rumpa Kumhomreun, VP – Accounting and Finance and Company Secretary, is the Secretary to the CG Committee.

Mrs. Phatchada Muenthong, Director of Governance, Risk Management and Compliance is the Assistant to the Secretary.

#### **Duties and Responsibilities**

1. To recommend guidelines and policies concerning corporate governance to the Company's Board of Directors in accordance with generally accepted principles of good corporate governance, including transparency, accountability and verifiability.
2. To review the good corporate governance policies of the Company at least once a year and make recommendations to the Board as deemed appropriate.
3. To be entitled to hire external expert to act as advisor and to participate in the meeting of the Committee, under approval of the Board of Directors or a person designated by the Board of Directors.
4. To make recommendations on remuneration of the Board and subcommittees to the Board of Directors.
5. To make recommendations on the criteria and qualifications for membership of the Board and screen the qualifications for candidates for election to the Board.

6. To review for the Board the appropriateness of framework for recruitment, evaluation and remuneration of top management including succession plan for top management and key positions
7. To perform any other duties related to corporate governance as assigned by the Board of Directors.

### 3. Risk Management Committee (RMC)

The Risk Management Committee comprised of representatives from the Executive Committee, in order to ensure effective risk management. As of 31 December 2014, the RMC has 6 members as follow, from functions responsible for implementation of mitigation against corporate risks of that year. The review of members will be in parallel with annual assessment of corporate risks, which will take place at the end of each calendar year. Responsibilities of the RMC are defined in the RMC Charter, with minimum quarterly meeting.

	Name	Position in the RMC	Meeting attended (no. of meeting)
1.	Mr. Robert James Cissell	Chairman	2 (2)
2.	Ms. Rumpa Kumhomreun	Member and Chief Risk Officer	4 (4)
3.	Mr. Gary Hardy	Member	1 (1)
4.	Mr. Stephen Joseph Camilleri	Member	4 (4)
5.	Mr. Neil Brian McCann	Member	1 (1)
6.	Ms. Christelle Genevieve Christiane Youx Dufour	Member	1 (1)

Ms. Phatchada Muenthong, Director of Governance, Risk Management and Compliance is the Secretary to the RMC.

#### Duties and Responsibilities

1. To approve Risk Management Policy for Big C and its subsidiaries and review the same at least on bi-annually basis, or promptly when there is any significant change.
2. To approve Risk Management Framework and Process for Big C and its subsidiaries and review the same on annually basis.
3. To monitor adequacy and efficiency of risk management processes and act as sponsors in promotion of risk management awareness across organization.
4. To ensure that each risk area has Risk Representative(s) and Risk Treatment Plan has been implemented appropriately and adequately, in accordance with the identified risk areas.
5. To make a summary report to the Board of Directors regarding efficiency on system, process, and implementation status of the Company's risk management.

#### 4. Corporate Social Responsibility Committee

The Board of Directors approved the establishment of the Corporate Social Responsibility Committee on 23 July 2014. The CSR Committee comprised of representatives from the Executive Committee. As of 31 December 2014, the CSR Committee has 5 members as follow, from functions responsible for driving the implementation of CSR activities in the focus areas. The review of members will be in parallel with the review of key plan. Responsibilities of the CSR are defined in the CSR Charter, with minimum quarterly meeting. The CSR Committee is supported by the CSR Working team. (Details are available under section CSR Report.)

Name	Position in the CSR Committee	Meeting attended (no. of meeting)
1. Mr. Robert James Cissell	Chairman	1 (1)
2. Ms. Rumpa Kumhomreun	Member	1 (1)
3. Mr. Neil Brian McCann	Member	1 (1)
4. Mr. Gary Hardy	Member	1 (1)
5. Mr. Stephen Joseph Camilleri	Member	1 (1)

Ms. Warunee Kitjaroenpoonsin, Director of Corporate Affairs, is the Secretary to the CSR Committee

#### Duties and Responsibilities

To establish and review corporate social responsibility policies and programs, including annual budgets and implementation thereof in accordance with CSR guideline of the SET and/or international standards, and perform any other duties related to corporate social responsibility as assigned by the Board of Directors.

#### 8.2 List of executives

As of 31 December 2014, the Company had 14 Executives under definition of SEC, as follow:

Name - Surname	Position
1. Mr. Robert James Cissell	CEO & President
2. Mr. Neil Brian McCann	Vice President, Supply Chain
3. Mr. Gary Hardy	Vice President, Operations
4. Ms Rumpa Kumhomreun	CFO and Vice President, Accounting & Finance
5. Mr. Stephen Joseph Camilleri	Vice President, Human Resources
6. Mr. Bruno Jouselin	Vice President, General Merchandise
7. Mr. Ian Longden	Senior Vice President, Small Store Format
8. Mr. Yotin Thavikulwat	Vice President, Properties
9. Dr. Sarintip Satitsatian	Vice President, New Business & Innovations
10. Ms. Ching Wa Mimi Lam	Vice President, Merchandise Food

Name - Surname	Position
11. Ms. Anne-Ev Juette Enzmann	Vice President, Marketing & Communications
12. Mr. Prawet Prungtangki	Vice President, MIS
13. Mr. Joong Ho Hyun	Vice President, Procurement & Operational Excellence
14. Mrs. Christelle Genevieve Christiane Youx Dufour	Vice President, Budget and Controlling

#### The powers, duties and responsibilities of the Executive Committee and the CEO & President

The executives under the leadership of the President and the Chief Executive Officer are responsible for supervising the operations of the Company that are in accordance with the specified objectives and strategies in line with the related legal framework and within the scope of power assigned by the Board of Directors. The CEO & President will present the strategic plan to the Board of Directors for approval and acts as the Company's Representative.

#### Report of Conflict of Interest and Shareholding by Directors and Executives

The Company set guideline for reporting the conflict of interest and shareholding by Directors and Executives. In summary, report shall be made to the Chairman of the Board via the Company Secretary within 3 working days (for the case of Big C's securities) and 30 days (for the case of other type of conflict of interest), from the date of change. The Company Secretary will make a summary report and present to the Board of Directors as one of standing agenda.

#### Summary of changes in Big C's shareholding by Directors and Executives as of 31 December 2014.

Shareholding below represents the aggregate number of shares held by spouse, minor child, and people under Section 258 of the SEC Act B.E. 2535.

Name-Surname	Shareholding		Change of Shares during year
	31 Dec 2013	31 Dec 2014	Increased (Decreased)
1. Mr. Akani Thapthimthong	-None-		-
2. Dr. Uttama Savanayana	"		-
3. Mr. Rapee Sucharitakul	"		-
4. Mr. Vachara Tuntariyanond	"		-
5. Mr. Kijja Pattamasattayasonthi	"		-
6. Mr. Praphan Eamrungrroj	"		-
7. Dr. Hervé Daudin	"		-
8. Mr. Philippe Alarcon	"		-
9. Mr. Gabriel Naouri	"		-
10. Mr. Guillaume Pierre Antoine Marin Humbert	"		-

Name-Surname	Shareholding		Change of Shares during year Increased (Decreased)
	31 Dec 2013	31 Dec 2014	
11. Ms. Josseline De Clausade	“	“	-
12. Ms. Diane Coliche	“	“	-
13. Mr. Robert James Cissell	“	“	-
14. Ms. Rumpa Kumhomreun	“	“	-
15. Mr. Ian Longden	“	“	-
16. Mr. Neil Brian Mccann	“	“	-
17. Mr. Gary Hardy	“	“	-
18. Mr. Stephen Joseph Camilleri	“	“	-
19. Mr. Bruno Jousselin	“	“	-
20. Mr. Yotin Thavikulwat	“	“	-
21. Dr. Sarintip Satitsatian	“	“	-
22. Ms. Ching Wa Mimi Lam	“	“	-
23. Ms. Anne-Ev Julette Enzmann	“	“	-
24. Mr. Prawet Prungtangki	“	“	-
25. Mr. Joong Ho Hyun	“	“	-
26. Mrs. Christelle Genevieve	“	“	-
Christiane Youx Dufour			

### 8.3 Directors and Executives remuneration

#### The Directors remuneration

The Board of Directors delegated the Corporate Governance Committee to make recommendation on remuneration of the Board and Subcommittees in order to propose to the Shareholders for approval as required by law. Proposal was in line with the best practice guideline for the Nomination and Remuneration Committee of the SET. Proposed remunerations were categorized into two groups; retainer fees and meeting fees, taking into account the comparison between businesses in same industry, size of the company, average remuneration from the survey by IOD, scope of responsibilities of the board and subcommittees. The proposal will be made to the Board, then to the Annual Shareholders Meeting. Proposal is made on a yearly basis.

Overall, the Board does not propose for the increase of remunerations every year. Proposed remunerations for the year 2014 were same as proposed for the year 2013, as follow:

2014	Retainer Fee (annual amount per person)	Meeting Fee (on attendance basis per time)
<b>Board of Directors</b>		
- Chairman of the Board	286,000 Baht	38,500 Baht
- Member	198,000 Baht	38,500 Baht
<b>Audit Committee</b>		
- Chairman	195,000 Baht	30,000 Baht
- Member	180,000 Baht	25,000 Baht
<b>Corporate Governance Committee</b>		
- Chairman	-	30,000 Baht
- Member	-	25,000 Baht
- Employee Member	-	10,000 Baht

## Summary of remuneration received by each Director for the year 2014

Remuneration (Baht)		BOD	AC	CG		
Name-Surname	Position	Meeting Fees		Retainer <sup>1</sup>	Total	
1. Mr. Akani Thapthimthong	Chairman of the Board/ Audit Committee member	192,500	200,000	-	466,000	858,500
2. Dr. Uttama Savanayana	Chairman of Audit Committee/ Independent Director/ Corporate Governance member	192,500	240,000	150,000	393,000	975,500
3. Mr. Rapee Sucharitakul	Chairman of Corporate Governance Committee/ Independent Director	192,500	-	180,000	198,000	570,500
4. Mr. Vachara Tuntariyanond	Independent Director	192,500	380,000	-	198,000	770,500
5. Mr. Kijja Pattamasattayasonthi	Independent Director/ Corporate Governance member	77,000	-	75,000	148,500	300,500
6. Mr. Praphan Eamrungrroj	Non Executive Director	192,500	-	-	198,000	390,500
7. Dr. Hervé Daudin	Non Executive Director	115,500	-	-	198,000	313,500
8. Mr. Philippe Alarcon	Non Executive Director	192,500	-	-	198,000	390,500
9. Mr. Gabriel Naouri	Non Executive Director	77,000	-	-	148,500	225,500
10. Mr. Guillaume Pierre Antoine Marin Humbert	Non Executive Director	115,500	-	-	198,000	313,500
11. Ms. Josseline De Clausade	Non Executive Director	192,500	-	-	198,000	390,500
12. Ms. Diane Coliche	Non Executive Director	154,000	-	-	198,000	352,000
13. Ms. Rumpa Kumhomreun	Executive Director/ Corporate Governance member	192,500	-	50,000	198,000	440,500
14. Mr. Ian Longden	Executive Director	192,500	-	-	198,000	390,500
<b>Total</b>		<b>2,271,500</b>	<b>820,000</b>	<b>455,000</b>	<b>3,136,000</b>	<b>6,682,500</b>

## Remuneration of directors changed during the year

Remuneration (Baht)		BOD	AC	CG		
Name-Surname	Position	Meeting Fees		Retainer	Total	
1. Mr. Yves Bernard Braibant	Executive Director	192,500	-	-	198,000	390,500
2. Mr. Christopher King	Corporate Governance member/ Independent Director	77,000	-	50,000	49,500	176,500
3. Mr. Arnaud Daniel Charles Walter Joachim Strasser	Non Executive Director	-	-	-	49,500	49,500
<b>Total</b>		<b>269,500</b>	<b>-</b>	<b>50,000</b>	<b>297,000</b>	<b>616,500</b>

Remark: <sup>1</sup> Retainer Fees are paid to the Board of Directors and the Audit Committee

## Other forms of remuneration to the Board of Directors

There was no other form of remuneration to the Board except the Chairman of the Board is entitled to the reimbursement of travelling allowance in amount up to Baht 1 million per year. However, in 2014 the Chairman of the Board did not utilize such traveling allowance.

## The Executive Remuneration

## Remuneration of Top Management

Policy for remuneration of top management is fair and reasonable, in line with international practice, with both short and long term incentive. For example, base remuneration takes into consideration of local and international benchmark, company's size, scope of responsibility, year of service, and variable pay takes into consideration of company's performance and results, both of which are in line with international practice. The Corporate Governance Committee was assigned by the Board to review framework of the top management's remuneration to be in line with standards and to be reasonable. The Executive Committee ensured compliance of such framework.

## Total remuneration of the Executive Committee:

Remuneration	Year 2013		Year 2014	
	People	Amount	People	Amount
		(million baht)		(million baht)
Salary, Bonus and other welfare	16*	239.55	17*	258.43
Contribution to Provident Fund		3.70		4.19
<b>Total</b>		<b>243.25</b>		<b>262.62</b>

Remark \* including change of Executives during year



## 8.4 Personnel

Personnel	In 2013 (as of December 31, 2013)	In 2014 (as of December 31, 2014)
Employees at Stores and DC	24,682	25,000
Employees at Head Office	1,527	1,466
Total	26,209	26,466*
Salary (Million Baht)		
(Salary, wage, bonus, contribution to social security and provident fund)	6,600	6,776

Remark: \* Total employees in 2014 increased due to store expansion.

## Employee benefits

Employees compensation and benefits are aligned with performance of the Company and performance of individual employees, i.e., competitive, fair, flexible and lean. The Company adopted Performance Development Plan (PDP) which comprises of evaluation of key performance indicator (KPI), competency, and development plan.

## 1. Short term employee benefit

This includes salaries, wages, bonuses, contributions to the social security fund and provident fund and other welfares, such as medical expense, health check, life insurance, etc.

## 2. Post-employment benefits

## Provident Fund

The Company participated in a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5.5 percent of monthly salary. The fund, managed by Kasikorn Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules.

Total contributions by the Company for the year 2014 amounted to approximately Baht 146 million (2013: Baht 134 million).

## Severance Payment

The Company has obligations in respect of the severance payments under labor law, where it shall pay to the employees upon termination. This is deemed post-employment benefit.

**Human Capital Development**

The Company focuses on continuous development of human capital, in order to increase their potential and work in alignment with the Company's objective, policy, direction, including competitiveness and awareness of being a good citizen, i.e.

- **Cultivating Employee Potential and Promoting Equality and Diversity** by selecting qualified employees and extending employment opportunity to people with disabilities.
- **Investing in Talent for a Sustainable Future** through internal career progression and setting career development roadmap in parallel with management of talent.
- **Succession Plan** by identifying business-critical positions in order to prepare a successor for each role as to support business strategy in the long run.
- **Enhancing Learning at Big C Academy** together with implementation of training road map and career path program, including development of training via e-learning with continuous development of e-learning courses.
- **Listening to Every Voice** by giving various channels for employees to comment or recommend new ideas, e.g., via call center, emails, etc. (Details regarding human capital development are part of CSR Report in following section.)

## 9. Corporate Governance

### Corporate Governance Committee Report

Dear Shareholder,

The Board of Directors set objective and assigned the Corporate Governance Committee (CG Committee) that the Company should receive score from the Corporate Governance Report of Thai Listed Companies, not less than average score of SET 100 Index.

Hence, the CG Committee ensured that CG gap analysis and action plan is done. The Committee discussed and obtained approval from the Board of Directors and pursue with management on a regular basis, in order to ensure that implementation and support from the Management is embedded in the Company. We discussed gaps with Management and we regularly review the implementation progress according to CG Roadmap 2014/2015 approved by the Board.

CGR score 2014 revealed that average score of all 5 categories for Big C Supercenter is 87, higher than average score of SET 100 Index (81), or SET 50 Index (85), or average score of the participating 550 listed companies.

Besides, following aspects of governance of the Company are particularly notable for shareholders. Details of the practice of good corporate governance of the Company per SEC requirements are in the following pages.

- 1) Strengthened governance through approval of governance principles based upon the governance guidelines of OECD and SET;
- 2) Fostered governance culture through the new Code of Conduct which was designed to fulfill gap analysis report from independent advisor as part of the Company's implementation of fraud risk management program;
- 3) Boosted understanding of independent directors in relation to retail business and its key operation aspects through orientation and site visit program;
- 4) Ensured that board performs its key governance responsibilities on a due care basis, such as, involvement in key corporate policies, approving corporate risks, reviewing internal control assessment, reviewing framework for succession plan for top management and key positions and framework for recruitment, evaluation and remuneration of top management, etc.;
- 5) Being good citizen of the society by joining the Coalition against Corruption and setting certification target.

In 2014, Committee met 6 times, discussed 20 agenda. Every meeting, Committee had 100% attendance of its members; 15 agenda are related to good governance, 3 are related to nomination of the board and top management, and 2 are related to remuneration of the board and top management. The Committee did self-evaluation and concluded that performance of the CG Committee is of satisfactory and in

line with both the Principles of Good Corporate Governance for Listed Companies 2012 and the CG Charter and reported the evaluation result to the Board accordingly.

The Committee is satisfied that the Company has implemented various good governance initiatives in 2014. We believed that the strong governance, culture and values will continue to sustain Big C to the good stead future.



Rapee Sucharitakul

Chairman of the Corporate Governance Committee

### 9.1 Corporate Governance Policy

#### Corporate Governance matters at Big C

The Company places importance on good corporate governance to ensure that business practices are moral, responsible, transparent, auditable, respect the equitable treatment of shareholders, responsible for all stakeholders, and at the same time support mission that will lead to achieving the Company's vision. In 2014, the Board of Directors approved corporate governance principles that are in line with both OECD (Organization for Economic Cooperation and Development) and CG Principles of SET, in order to lift up practical guideline of the Company. In addition, the Company reviewed the Code of Conduct, taking into consideration the recommendations under gap analysis from independent consultant. The Board, executives and all employees signed the acknowledgement of the Company's Code of Conduct and obliged to its merit, as part of normal working procedure.

**Corporate Governance of its Subsidiaries and Affiliate :** Subsidiaries use same policy and governing as Big C. For affiliate, we send representatives on the basis of pro rata of shareholding as board members of affiliate, in order to join the key decisions.

Summary of Corporate Governance in Substance under the CG Best Practice is following:

#### Category I: Shareholders' Rights

Following principles are set with the objective to protect and facilitate the exercise of shareholders' rights

##### A) Big C protects basic shareholder rights as follow:

1. Right to secure ownership registration
2. Right to convey or transfer shares
3. Right to share the profits of the corporation
4. Right to obtain relevant and material information on the corporation on a timely and regular basis
5. Right to participate and vote in general shareholder meetings

6. Right to elect and remove members of the board
- B) Shareholders of Big C have the right to participate in, and to be sufficiently informed on, decisions concerning fundamental corporate changes such as:
1. Amendments to the statutes, or articles of incorporation or similar governing documents of the company
  2. The authorization of additional shares
  3. Extraordinary transactions, including the transfer of all or substantially all assets, which in effect result in the sale of the company.
- C) Shareholders of Big C have the opportunity to participate effectively and vote in general shareholder meetings and are informed of the rules, including voting procedures that govern general shareholder meetings:
1. Shareholders of Big C are provided with sufficient and timely information concerning the date, location and agenda of general meetings, as well as full and timely information regarding the issues to be decided at the meeting.
  2. Shareholders of Big C have a reasonable opportunity to ask questions to the board, including questions relating to the annual external audit, to place items on the agenda of general meetings, and to propose resolutions, subject to Articles of Association of the Company.
  3. Big C supports effective shareholder participation in key corporate governance decisions, such as the nomination and election of board members. Shareholders are able to make their views known on the remuneration policy for board members. The equity component of compensation schemes for board members shall be subject to shareholder approval.
  4. Shareholders of Big C have equal treatment in terms of voting, either voting in person or by proxy.
- D) Any shareholders agreement that enables certain shareholders to obtain a degree of control disproportionate to their equity ownership will be disclosed in the Annual Report.
- E) Markets for corporate control should be allowed to function in an efficient and transparent manner.
1. The rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets, should be clearly articulated and disclosed so that investors understand their rights and recourse. Transactions should occur at transparent prices and under fair conditions that protect the rights of all shareholders according to their class.
  2. Anti-takeover devices should not be used to shield management and the board from accountability.
- F) Big C shall facilitate the exercise of ownership rights by all shareholders.
- G) Big C shall not cause any obstacle for shareholders to consult with each other on issues concerning their basic shareholder rights.

Examples of our implementation of the above principles:

1. The Company has appointed TSD as the Company's share registrar
2. The Company proposed dividend on a regular basis and in line with the dividend payment policy
3. The Company provided sufficient information on a timely basis. Shareholders can access the Company's information through the Company's investor relations website. The Company collected beneficial information for shareholders and investors and updated it on a regular basis.
4. The Company provided shareholders clear AGM agenda in accordance with the law and in line with best practice guidelines kept agendas for director appointments and remuneration separated.
5. The Company promoted shareholders right to participating AGM as follows:
  - (1) Venue for AGM is easy to access by various modes of mass transportation. For example, AGM 2014 was held at the InterContinental Hotel Bangkok
  - (2) Use reliable and transparent system for meeting registration. The Company engaged TSD to service for e-registration and e-voting. Registration was opened much prior to the meeting time (3 hours). Institute investors can send proxy for early registration upon appointment, in order to avoid registration traffic that may cause delays for meeting commencement.
  - (3) Gave opportunity for shareholders to send questions, to propose meeting agenda or candidate for director nomination for the period not less than 3 months before the end of fiscal year.
  - (4) Requirement for proposing meeting agenda is more flexible than legal requirement. For example, the law requires the shareholding of at least 5% of total outstanding shares to propose agenda to the Board, our criteria requires a holding of only 0.5%.
  - (5) Used Record Date to identify shareholders with rights to attend and vote for AGM. As the shareholders are aware of the upcoming AGM, the interested shareholders can prepare themselves with sufficient time for attending AGM.
  - (6) Meeting agenda is clear, e.g., election of directors is separated from directors' remuneration, with the clear objective of proposal, i.e., for acknowledgment or consideration. Board's opinion is also provided to help the shareholders in making decision.
  - (7) Meeting documentation is complete including list of documents to be presented at the AGM. This is to support shareholders in registering their attendance.
  - (8) Shareholders received information about Meeting Regulations and vote requirement for passing each agenda, in order to protect rights for shareholders.
  - (9) Information for shareholders is available both in Thai and English and is published on the Company's website long before the meeting date (for AGM 2014, documentation was available 38 days before the meeting date and was sent to shareholders 27 days before the meeting date).
  - (10) The Company provided all types of proxy as required by the Ministry of Commerce.

Shareholders who are unable to attend may appoint a proxy. The Company provided names of independent directors as choice of proxy.

#### 6. Transparency and governance of the AGM proceedings

- (1) Before the meeting started its agenda, the Chairman of the Meeting assigned a person to introduce the Board, executives, external auditor, legal advisor who has the role in checking the voting and vote counting process and provide explanation (if any) to the meeting, independent person conducting the vote counting (TSD), referee for identifying voided ballot, any agenda or director nomination proposed by minority shareholders, conflict of interest of directors or executives attending the meeting, document of each agenda for consideration. Shareholders at AGM were briefed on meeting regulations which include voting procedure, void ballot criteria, ballot collection, vote counting and announcement and required vote for each agenda according to the Company's Articles of Association.
- (2) Opportunity to inquire or comment. Shareholders can share opinion at each agenda. Interpreter (from Thai to English) is provided to facilitate foreign shareholders. Key questions and response were recorded in the minutes and made available on the Company's investor relations.
- (3) All decisions are based on one share - one vote principle. Ballots are used for every agenda under consideration. Especially for election of director, voting is proceeded on an individual basis. The Company cannot use cumulative voting, as it is obliged by the Company's Articles of Association. Ballots for all votes are collected for election of directors (vote for, vote against, and abstain vote).
- (4) Shareholders consider remunerations of Board and subcommittees. Subcommittees included the Audit Committee and the Corporate Governance Committee.
- (5) No surprise agenda. At each AGM, the board does not add any agenda for consideration other than that identified in the Invitation Letter.
- (6) Company does not create any obstacle for shareholders in exchanging information regarding fundamental rights of shareholders.

The shareholders should be informed of following activities regarding AGM 2015:

Date	Activity
12 February 2015	Notified information on AGM 2015 and annual dividend for year 2014 via SET online
25 February 2015	XM (Excluding Meeting)
27 February 2015	Record Date for AGM 2015
02 March 2015	Closing Date for AGM 2015
08 April 2015	AGM 2015 (2 p.m.)
17 April 2015	XD (Excluding Dividend)
21 April 2015	Record Date for Final Dividend (if shareholders approve the dividend)

22 April 2015	Closing Date for Final Dividend
07 May 2015	Dividend Payment (if shareholders approve)

### Category II: The Equitable Treatment of Shareholders

Following principles are set with the objective to ensure the equitable treatment of all shareholders, including minority and foreign shareholders:

- A) **All shareholders of Big C in the same class of shares will be treated equally.**
  - 1. Each ordinary share carries 1 vote and receives dividend in the same ratio
  - 2. Votes may be cast by custodians or nominees in a manner agreed upon with the beneficial owner of the shares.
  - 3. Processes and procedures for general shareholder meetings of Big C should allow for equitable treatment of all shareholders. Company procedures should not make it unduly difficult or expensive to cast votes or no cross border voting
- B) **Big C has policy to prohibit insider trading and abusive self-dealing.** Breach of such policy shall be subject to serious consequence management or termination of employment
- C) **Big C requires board and executives to disclose their conflict of interest,** whether direct or indirect, in accordance with the Notification of the Board of Directors regarding Guidelines on Report of Director's and Executive's Interest.

### Examples of our implementation of the above principles:

- 1. **All shares are equal.** All shares of Big C carry the same rights, one share one vote. We contacted institutions who are custodians for shareholders, in order to encourage Big C's shareholders to exercise their rights without setting voting procedure that would be inconvenient or incur unnecessary expense to them.
- 2. **Limit financial assistance to related party.** The Company only provided shareholder loans to subsidiaries and affiliates on pro-rata of its shareholding, under review and approval process with the Audit Committee and the Board of Directors. Financial assistance focuses on supporting Big C's business or investment. The Company made complete disclosure and did not provide other financial assistance.
- 3. **Multiple Communication Channels.** Shareholders have equal access through many communication channels, e.g., via the Company's website, or SET Disclosure.
- 4. **Ensuring Equal Treatment of Shareholders** in key areas as follow:
  - 1. **Related Party Transactions (RPT).** RPT may allow special benefit to related party, if not considered fairly or if legal requirements are not followed. The Company has a guideline to ensure that RPT which has influence over Management's decision is justified and in accordance with laws.



**Internal Control and Procedure for RPT**

**Approval requirement.** RPT shall follow legal or SET requirements regarding the review of the Audit Committee and approval of the Board or Shareholders (as required).

**Monitoring Process.** The external auditor reported RPT to the Audit Committee on a quarterly basis, allowing the Audit Committee an opportunity to monitor whether entering into RPT was fair and in accordance with appropriate pricing policy, comparable to transaction with other party, without transferring benefit to the related party. The Audit Committee shall further report its conclusion to the Board of Directors.

**Limit for Management's Decision.** Certain categories of RPTs are under Management's decision, if requirements on type of transaction are met (normal business or support normal business), i.e. having general trade terms and conditions in line with similar condition made with any third party under the same status (arm's length basis) without influence from related party, in accordance with principles approved by the Board of Directors. The Board reviews such principle on a yearly basis, and set an aggregate limit amount for Management. If the limit amount is no longer appropriate, Management has to propose the Board to consider the transaction or reconsider the limit amount as the case may be. The Board of Directors is held responsible for the review of this framework in order to ensure good governance.

**Ensure complete disclosure.** The Company fully disclosed transactions with related parties in accordance with SET regulations and best practice of IOD (Summary of Related Party Transactions is under section "General and Other Important Information").

**2. Insider Trading****Internal Control and Procedure to Prevent Insider Trading**

- The Code of Conduct guidelines include the prohibition of the use of internal information for personal gain. Employee contract for executive level contains the obligation on confidential data. Yearly signing of the same obligation is conducted. Employees are aware that the offense for such breach of obligations may lead to disciplinary sanction or termination of employment (for the case of severe act).
- Blackout periods were notified to Directors, Executives, including relevant employees to suspend the trade of Company's share during the period of 1 month before the financial statements are disclosed.
- The Board of Directors and Executives were required to report any changes of the Company's stock trading to the Security Exchange Commission in compliance with Section 59 of the Stock Exchange of Thailand Act (No.3) B.E. 2535 within 3 business days from the

date of purchase, sale, transfer, or receipt to the Company Secretary. The Company Secretary makes summary report to present to the Board meeting as a standing agenda.

- In 2014, the Company set guideline for use of social media in order to raise awareness on protection of internal information.

### Category III: Role of Stakeholders

Following principles are set with the objective to ensure that Big C recognizes the rights of stakeholders established by law or through mutual agreements. We deem that stakeholders are playing an important role in creating wealth, jobs, and sustainability for Big C.

- A) Big C shall identify and respect the rights of stakeholders.
- B) Big C shall develop performance-enhancing mechanisms for employee involvement.
- C) Big C shall identify channels for stakeholders to have access to relevant, sufficient and reliable information in order to allow their participation in the corporate governance process.
- D) Stakeholders, including individual employees and their representative bodies, are able to freely communicate their concerns about illegal or unethical practices to the Company and their rights are compromised for doing this.
- E) The corporate governance framework aligns with process regarding insolvency and enforcement of creditor rights.

### **Examples of our implementation of the above principles:**

The Company identified stakeholders in relation to its corporate governance and implemented the following with them.

- **Employees:** The Company treated employees in a fair and just manner, as well as provided appropriate compensation that was similar to other industries in accordance with employees' knowledge, performance, skills, and nature of work, with fair and appropriate welfare, such as provident fund, medical allowance and annual health check. The Company continuously promotes people development and respects human rights, especially in relation to condition of employment and policy regarding employee occupational health and safety. (More information is available in section Management Structure, topic Employee Benefits and in CSR Report.)
- **Business partners:** The Company has transparent procedures for bidding, negotiation and selection of suppliers, vendors, and service providers. The Company treats all business partners fairly and equally. Bidding of key items will be considered by cross-functional committee.
- **Creditors:** The Company strictly adhered to fair treatment of creditors, in the responsible and transparent manners, especially regarding collateral, capital management and repayment. The Company will not hide information or facts which will cause damages to creditors. In the case that the Company cannot fulfill contractual obligation, the Company will notify and consult with creditor in

order to jointly seek remediation.

- **Customers:** The Company cares and is responsible for its customers. We serve customers needs with good quality products and services. Call Center receives complaints from customers and communicates with related functions in order to find resolution. In addition, customers' safety is one of our priorities.
- **Competitors:** The Company conducted its operations within the appropriate framework for fair competition among competitors, and did not utilize any unfair tactics against them. The Company adhered to the principles that support free and fair trade.
- **Community:** The Company sets CSR policy and acts as a role model in participating, supporting and facilitating sustainable development, including social, and environmental development. We effectively and efficiently use natural resources or equipments by taking into account the environmental impact and energy conservation. We also have activities to develop social, community and environment in various forms and strengthen awareness in corporate social responsibility by effectively communicating with employees through proper channels. (More information is available in CSR Report.)
- **Society and Governmental Sectors:** The Company maintains good relationships with governmental sectors and provides them with appropriate collaboration. The Company doesn't infringe intellectual property rights. We conducted fraud risk assessment and reviewed fraud risk management policy and procedure, and provided channels for making complaint. We reviewed our investigation procedure and protection of confidentiality and made improvement thereof. Board and employees are communicated through various activities in order to create joint collaboration in antifraud policy.

In addition, the Company promotes the good corporate governance through following implementations:

- **No infringement of Intellectual Properties Rights.** We take this principle as commitment no. 5 - in the revised Code of Conduct. Our personnel are required to sign the acknowledgement of responsibility for safeguarding and preservation of Big C's assets, not disclose confidential information nor use insider trading information and respect owner of intellectual properties. For example, the Company use only authorized computer software. All computer applications have to be approved and installed by personnel of management of information system (MIS) function.
- **Anticorruption.** The Company disclosed fraud risk assessment and monitoring process under good corporate governance framework. (More information is available in Risk Management section and CSR Report – corporate governance topic.)
- **Contact Channels for All Stakeholders.** The Company provides channels to lodge complaints regarding management issues or fraud or misconduct. Investigation and appropriate reporting process to the Management, the Audit Committee or the Board of Directors is in place. Investigation process takes into consideration the confidential information and protects the

privacy of party lodging the complaint (More information is available in CSR Report.)

- **Material Dispute with Stakeholders.** In 2014, the Company did not have any material dispute with stakeholders.

(More information is available in CSR Report.)

#### Category IV: Disclosure and Transparency

Following principles are set with the objective to ensure that timely and accurate disclosure is made on all material matters regarding the corporation, including the financial situation, performance, ownership, and governance of the Company.

**A) Disclosure of Big C shall include, but not be limited to, material information on:**

1. The financial and operating results of the company
2. Company objectives
3. Major share ownership and voting rights
4. Remuneration policy for members of the board and key executives, and information about board members, including their qualifications, the selection process, other company directorships and whether they are regarded as independent by the board
5. Related party transactions
6. Foreseeable risk factors.
7. Issues regarding employees and other stakeholders.
8. Governance structures and policies, in particular, the content of any corporate governance, code or policy and the process by which it is implemented.

**B) Information of Big C is prepared and disclosed in accordance with high quality accounting and financial, and non-financial disclosure standards.**

**C) An annual audit is conducted by an independent, competent and qualified auditor in order to provide an external and objective assurance to the board and shareholders that the financial statements fairly represent the financial position and performance of the company in all material respects.**

**D) Big C ensures that external auditors are accountable to the shareholders and owe a duty to the Company to exercise due professional care in the conduct of the audit.**

**E) Big C shall have channels for disseminating information that provide equal, timely and cost efficient access to relevant information for users**

**F) Big C shall have a guideline that addresses and promotes the provision of advice by analysts, brokers, rating agencies and other relevant parties to investors, by providing their contact details at the Company's investor relations website regardless their current opinions. This allows investors easily establish their contacts directly with the relevant parties as they choose. Big C however does not provide individual analysts research reports to investors in order to avoid appearing endorsing their**

opinions.

**Examples of our implementation or the above principles:**

In implementing the above principles, the Company places importance on accurate, complete and timely disclosure both financial and non-financial data, such as Company's profile, financial statements, operations updates, shareholding, corporate governance, and corporate social responsibility updates, etc. This is in line with best practice on information disclosure under the principles of good corporate governance. The Company provided many disclosure channels for convenient access by stakeholders.

**1. Disclosure Channels include**

- (1) Website of the Stock Exchange of Thailand ([www.set.or.th](http://www.set.or.th))
- (2) Company's website ([www.bigc.co.th](http://www.bigc.co.th)), which is available both in Thai and English. Information therein has been regularly updated.
- (3) Annual Report (Form 56-2)
- (4) Annual Registration Statement (Form 56-1), with complete information per disclosure requirement. The Company prepared Form 56-1 for year 2014 both in Thai and English.

- 2. Audit of Financial Statements.** The Company engages independent and qualified external auditors. The external auditors conduct their audit work with diligence and care, especially regarding responsibility for shareholders. They met Management on important issues in order to ensure that information available to them is corresponding to both actual practice and understanding of Management. For example, they reviewed with Management to confirm whether the Company had any fraud incident or not. This is to ensure the Board of Directors and shareholders that financial statements of the Company represent accurate financial status of the Company on all material topics. (More information is available in the Report of the Audit Committee to the Shareholders.)

**3. Relationship with Investors**

The Company provides dedicated investor relations department, in charge of facilitating, coordinating and disclosing information to investors. This includes presentation on operational results and holding analyst meetings, hosting company visits, meeting investors both in Thailand and abroad. The Company also provides financial information and other useful information on the Company's website ([www.bigc.co.th](http://www.bigc.co.th)), under the investor relations page, which is an effective and free mean to access information. Interested person can subscribe the email news function that alerts subscriber when Big C has made SET Disclosure, via the Company's website at [www.bigc.co.th](http://www.bigc.co.th) > investor relation > information request > email news service.

**Corporate Governance of Investor Relations.** Our Investor Relations adopted IR – Code of Conduct of the Stock Exchange of Thailand as its principles, in order to provide equitable treatment of shareholders and prevent insider trading.

Shareholders or interested person can contact the Company through following channels.

Contact person for Stakeholders in General	Contact person for Media
Ms. Rumpa Kumhomreun, VP – Accounting and Finance Telephone: 02 655 0666, extension 4062 Email : <a href="mailto:kurumpa@bigc.co.th">kurumpa@bigc.co.th</a>	Ms. Warunee Kitjaroenpoonsin, Director of Corporate Affairs Telephone: 02 655 0666, extension 7437 Email : <a href="mailto:kiwarunee@bigc.co.th">kiwarunee@bigc.co.th</a>
Contact person for Investors	Customer Call Center
Mr. Rami Piirainen, CFA, Director of Investor Relations Telephone: 02 655 0666, extension 7416 Email : <a href="mailto:pirami@bigc.co.th">pirami@bigc.co.th</a>	Telephone 1756 Our Call Center also provides effective service in terms of responding to any inquiry or complaint from customers, suppliers, employees, and any interested person. The complaint report is monitored by management on routine basis, in order to ensure continuous development and customer satisfaction.

#### Category of Information for Stakeholders

##### Periodic Report

For example, Quarterly Financial Results and MD&A have been disclosed on SET website on timely basis.

##### Non Periodic Report

We follow disclosure guideline and ensure that our shareholders and public have received equal and adequate information. In 2014, we reported 27 items of non-periodic reports on SET website.

##### Investor Presentation

The Company holds quarterly investor presentation to strengthen its relation with investors and analysts and to give them an opportunity to learn more about Company's business and ask related questions. In these presentations Company announces its quarterly performance and operational developments. High-ranking Company executives join these events. The presentation slides are uploaded to Company's website.

##### Shareholders Meeting

Annual General Meeting of Shareholders is organized on an annual basis to give shareholders an opportunity to obtain relevant information, offer opinions, ask questions, and vote. We encouraged the

shareholders to share their opinion under standard procedure to ensure that all shareholders are facilitated on a fair basis.

#### Company Visit

The Company offers an opportunity for institutional investors and analysts to request a meeting with the Company's management to learn about Company, its performance, and trends. During 2014 we conducted 91 company meetings.

#### International Road Shows and Conferences

The Company conducts road shows and participates to overseas conferences to meet with foreign institutional investors who are interested to learn more about the Company. During 2014 company conducted total of 4 road shows to Hong Kong, Paris, New York, and Boston. Company also participated to 4 conferences held in Hong Kong, Singapore, and London.

#### Local Road Shows and Conferences

The Company chooses to attend some conferences during the year to meet with many institutional investors during the event in one-on-one or small group meetings. During 2014 company attended 3 conferences held in Bangkok.

#### Conference Call

The Company provides conference calls for foreign institutional investors and analysts to give them a chance to learn more about the Company and its business. During 2014 we conducted 30 scheduled calls with institutional investors and analysts.

#### Summary of Information Disclosure in Various Channels in 2014

Channel	Volume (Time / Subject)
<b><u>Direct</u></b>	
- Investor Presentation	4
- Company Visit	91
- Road Shows and Conferences	8
- Conference Call	30
- Shareholders Meeting	1
<b><u>Indirect</u></b>	
- Company's website <a href="http://www.bigc.co.th">www.bigc.co.th</a>	48
- SET website	27

#### Category V: The Responsibilities of the Board

Following principles are set with the objective to ensure that the Board oversees the strategic guidance of the company, the effective monitoring of management, and the board is accountable to the company and the shareholders.

- A) Board members of Big C shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and its shareholders
- B) Board of Big C shall treat all shareholders fairly
- C) Board of Big C shall apply high ethical standards. It should take into account the interests of stakeholders
- D) Board of Big C oversees the management in fulfilling certain key functions, including:
1. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestitures.
  2. Monitoring the effectiveness of the company's governance practices and making changes as needed.
  3. Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.
  4. Aligning key executives remuneration with the longer term interests of the company and its shareholders.
  5. Ensuring a formal and transparent board nomination and election process.
  6. Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.
  7. Ensuring the integrity of the corporation's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
  8. Overseeing the process of disclosure and communications.
- E) Board of Big C is able to exercise objective independent judgment on corporate affairs.
1. Board should consider assigning a sufficient number of non-executive board members capable of exercising independent judgment to tasks where there is a potential for conflict of interest. Examples of such key responsibilities are ensuring the integrity of financial and non-financial reporting, the review of related party transactions, nomination of board members and board remuneration.
  2. When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board.
  3. Board members should be able to commit themselves effectively to their responsibilities.
- F) Board of Big C has access to accurate, relevant and timely information.



Examples of our implementation of the above principles:

**1) Principles for Director's Performance.** Directors perform their duties based upon following principles:

- Principles of good faith, due care, and for the best interest of the Company and its shareholders, through careful review of agenda and proposal that the Company distributed 7 days prior to the meeting date
- Principle of fair and equitable treatment of shareholders
- Principle of good governance, taking into consideration of stakeholders' interest, as appears on policy statement on the Company's Corporate Governance of which we use as guideline.
- No member of the Board or Executives was an employee or partner of the Company's audit firm.

**2) Structure of the Board**

Apart from the Board of Directors and the Executive Committee, the Board has established 4 subcommittees, i.e., the Audit Committee, the Corporate Governance Committee, the Risk Management Committee, and the Corporate Social Responsibilities Committee. (Details are available in section Management Structure.) Subcommittees prepared performance report according to their Charters, which clearly identify the assigned responsibilities. The Board will discuss upon comment or recommendation proposed by the subcommittees.

**3) Nomination of Directors and Top Management**

**Nomination of Directors**

The Corporate Governance Committee, acting in accordance with its Charter, shall make recommendation on criteria and qualifications of directors and made preliminary review of candidates for director nomination.

**Source of Information**

The Company provides opportunity to directors, management or consults to propose any qualified persons, in addition to a search from Director Pool database of the SEC, and from list of experts in various professions.

In addition, the Company provides opportunity to propose candidate during 3 months period (October to December) before it holds the Board meeting to consider qualifications of candidates and further proposes to the shareholders meeting for consideration and election as the Company's directors. In 2014, there was no candidate proposal from minority shareholders.

**Procedure for Selection of Candidates**

The Company focuses on diversity of composition, such as, professions, expertise and gender, aiming at holistic balance for the Board structure and effectiveness for the Board's performance.

Part of nomination process, the Company prepared skill matrix of the Board and subcommittees in order to consider the necessary skills that are currently missing. All of 15 board members have expertise in various areas, such as, accounting, finance, legal, corporate governance, supply chain, online business and others. It should be noted that there are 6 non-executive directors, both male and female, who have expertise in retail business and real estate that are core business of the Company.

**Procedure for Appointment of Directors**

**Normal re-election of same director as a result of rotation.** Re-election will be considered by annual general shareholders meeting, i.e.

1. One share equals one vote
2. Casting vote for one nomination at a time
3. Resolution for appointment of each director requires the majority vote of shareholders who attend the meeting and cast their votes

**Appointment of a new director to fulfill interim vacancy**

Board will consider and appoint a qualified person who does not have untrustworthy characteristics in accordance with SEC regulations at the next board meeting, unless the interim vacancy is less than 2 months. The replacing director shall take the remaining term of the replaced director. In this regard, resolution for appointment of replacing directors shall be made by vote of not less than three-fourth of the remaining directors.

**Nomination of Top Management**

A candidate shall be a qualified person and suitable for the Company, taking into account his/her knowledge, competence, expertise and experience that are beneficial to the Company's operations, including the good understanding in the Company's business and being without untrustworthy characteristics in accordance with SEC and SET regulations.

**4) Written Policy and Principles of Corporate Governance, Code of Conduct, with annual review**

**Corporate Governance Policy Statement:** As a leading Retail Operator in Thailand, our good governance approach shall encompass the following elements:

- accountability
- transparency
- responsibility
- equality
- community support
- ethics

**Principles of Corporate Governance.** The Board of Directors approved the principles for 5 categories in line with international practice, as shown in each category above.

**Code of Conduct.** On 12 February 2015, the Board of Directors approved the review of Code of Conduct and approved 11 commitments as new Code of Conduct, as follows:

Commitment No. 1: Integrity and Transparency	Commitment No. 7: Prevention of Insider Trading
Commitment No. 2: Compliance with Relevant Laws and Regulations	Commitment No. 8: Fair Competition
Commitment No. 3: Anti-Fraud and Anti-Corruption	Commitment No. 9: Political Neutrality
Commitment No. 4: Conflict of Interest Management	Commitment No. 10: Being a responsible Company (CSR)
Commitment No. 5: Preservation of Big C's Assets	Commitment No. 11: Media or Public Disclosure
Commitment No. 6: Personal and Business Information Protection	

Board and all employees adhere to obligation to strictly comply with the Code of Conduct as part of their routine as they have pledged with the Company in writing. The Company continues the implementation of Code of Conduct and strives on the establishment of corporate culture and core values which are acceptable by all stakeholders, starting from raising awareness to new members via distribution of Code of Conduct Guidebook. Supervisors are key advisors for implementation. The breach of Code of Conduct may lead to disciplinary sanction, from giving notice to termination of employment (in case of severe act).

5) **Setting Vision, Mission and Objectives.** The review will be on a yearly basis. Latest review of the Board on vision, mission, priorities, core values and CSR policy was on 12 February 2015. (Details are under topic Vision and Mission.)

6) **Report on Conflict of Interest**

- First report within 15 days from date of appointment as Director or Executive as the case may be
- Report on information change within 30 days from date of change
- Report on conflict of interest from Directors and Executives is a standing agenda of Board Meeting. Conflict of Interest includes holding of the Company's shares and other conflict due to the interest derived from business relation of their family with the Company
- At the Board Meeting, a director with conflict of interest in any meeting agenda shall report to the Chairman of the Meeting and preclude him/herself from attending and voting for such agenda
- The Company sets a form and requires all business partners to declare their conflict of interest regarding their relationship with the Company, Directors or Executives of the Company

- 7) **Establishment of Internal Control System** to ensure that the Company's operations are in compliance with laws and regulations, with effective monitoring system in line with acceptable standard, providing timely warning for the case of noncompliance, and at the same time retain operational flexibility. The Board assigned the Audit Committee to assess effectiveness and efficiency of internal control system and report to the Board for review.
- 8) **Establishment of Risk Management Policy and Framework** as well as regular monitoring of effectiveness of the Company's risk management. The Board assigned the Risk Management Committee (RMC) to conduct a company-wide risk assessment on an annual basis to cover aspects of operations, financial, strategy, legal compliance and fraud risk. The RMC reports and provides monitoring results to the Board for review.
- 9) **Limit of directorship in other listed companies.** Each director will limit the directorship in other Thai listed companies at the maximum of 3, in order to provide adequate time for effectively performing their duty to the Company.
- 10) **Development of Director's Capability.**

**Induction Program for new director**

New director, either Thai or of foreign residence, received orientation from the Company. The meeting package includes minutes of board and shareholders meeting in the previous year, in order for the new director to be aware of important decisions made in the previous year, Code of Conduct, Company's organization, business overview, information on legal responsibilities of a director under SEC Act and Public Companies Act, including specific legal requirement for the Company's business. The package also includes directors' manual published by the SET. Director can use this document for self review or reference.

**Support on Development of Directors and Executives**

The Company supports and facilitates directors, executives, and company secretary to attend seminar or training in related topics on a regular basis, especially training organized by IOD. This is to ensure that related parties understand their roles and responsibilities and can apply knowledge into practice. In 2014, Mr. Kijja Pattamasattayasonthi, a new director, received IOD training for the Director Certification Program (DCP).

In addition, in 2014 the Company arranged for a company visit, which provides information both at policy and practical levels at store and distribution center. This is to support independent directors who do not have experience in retail business, so that they understand complete picture of the Company's business.

**11) Internal Audit and Compliance Units – Gate Keepers**

The Company established an internal audit function, with Miss Nantavadee Suntibunyut as head of Internal Audit, to ensure that the Company complies with regulations and to provide relevant knowledge to employees. Human Resources function has a dedicated unit to monitor compliance of working regulations. Governance, Risk Management and Compliance unit is responsible for compliance of regulations of SET/SEC by the Company and the Board and monitoring on corporate risk, with Mrs. Phatchada Muenthong as the head of the unit. (Qualifications of responsible persons are in Annex 3 of Form 56-1.)

**12) Succession Plan**

The Company has succession plan for key positions in order to ensure continuity of the Business and achievement of the Company's objective.

**13) Performance evaluation of the Board and Four Subcommittees**, i.e., the Audit Committee, the Corporate Governance Committee, the Risk Management Committee and the Corporate Social Responsibilities Committee have annual self assessment. The evaluation form was based upon SET recommended form, and adjusted to suit with the Company's operations and aligned with their duty under the Charter. Evaluation form comprised on four areas; (1) structure and composition (2) roles and responsibilities (3) meetings (4) self-development. Objective of evaluation is to review performance, issue or obstacle during the previous period, in order to improve efficiency of their performance. Evaluation result is reported to the Board. In summary, the Board and subcommittees are satisfied with their performance and each subcommittee effectively performed their duty and contributed benefits to the Company and stakeholders. (More information is in report of each subcommittee.)**Principles that the Company Cannot Comply**

The Corporate Governance Committee reviewed gap analysis report against the Principles of Good Corporate Governance 2012 for Listed Companies of the SET and against the principles used for the survey under CGR

2014 project conducted by the Thai Institute of Directors Association, and prepared CG Road Map 2014-2015 for consultation with the Board of Directors, in order to achieve CGR scores as approved by the Board.

In 2014, the Company has implemented additional 32 activities that fit its operations, resulting in higher CGR scores in 2014. Average scores of 5 categories have increased to 87, higher than in 2013 and higher than the target (or average score of SET 100 Index which was 81). However, some principles that the Company cannot comply are the following:

1. **Size of the Board.** According to the recommended principle, a board should comprise of qualified members who have expertise and experience that are sufficient for effective permanence. The

recommended number of members is between 5-12, depending upon size, type and complexity of the company.

The Company's Board of Directors comprised of 15 members. Election of directors are made by resolution of shareholders meeting, in accordance with the law and Company's Articles of Association, with composition that is in line with SEC requirements, and suitable to the Company's business

2. **Training for Directors.** According to the recommended principle, the Company should support its directors for director training. The recommended number of directors receiving IOD training is no less than 75% of the total board members.

The Company has provided induction program for new directors, both for local and foreign residence. Among the board members, 7 out of 15 or 47% received IOD training. In 2015, the Company has a plan to support director training via in-house course organized by IOD.

## 9.2 Auditor Fees

The Audit Committee considered qualifications of auditor firms more than 1 proposal, taking into consideration the nomination and appointment of the external auditor pursuant to the Company's criteria, taking into consideration its independence, skills, competencies, knowledge, expertise, and experience as well as the competitiveness of the audit fee and 5-year rotation as required by law. In 2014, the Audit Committee proposed to the shareholders meeting to consider and appoint 3 auditors from EY Office Limited as pool auditors of the Company and subsidiaries. The remaining auditors in the pool are for contingency situation.

### (1) Audit Fees for 2014

	Company	Auditor	Fees
1	Big C Supercenter Public Co.,Ltd.	Mr. Wichart Lokatekrawee	5,252,000
2	Big C Fairy Co.,Ltd.	Mrs. Sarinda Hirunprasurtwutti	368,000
3	Phisanulok Big C Co.,Ltd.	Mrs. Sarinda Hirunprasurtwutti	368,000
4	Central Superstore Co.,Ltd.	Mrs. Sarinda Hirunprasurtwutti	96,000
5	Chiang Rai Big C Co.,Ltd.	Mrs. Sarinda Hirunprasurtwutti	80,000
6	Udon Big C Co.,Ltd.	Mrs. Sarinda Hirunprasurtwutti	80,000
7	Theparak Big C Co.,Ltd.	Mrs. Sarinda Hirunprasurtwutti	80,000
8	Central Pattaya Co.,Ltd.	Mrs. Sarinda Hirunprasurtwutti	80,000
9	Surat Big C Co.,Ltd.	Mrs. Sarinda Hirunprasurtwutti	80,000

	Company	Auditor	Fees
10	Inthanon Land Co.,Ltd.	Mrs. Sarinda Hirunprasurtwutti	64,000
11	Chiang Mai Big C (2001) Co.,Ltd.	Mrs. Sarinda Hirunprasurtwutti	56,000
12	Phraram II Big C Co.,Ltd.	Mrs. Sarinda Hirunprasurtwutti	32,000
13	Big C Distribution Co.,Ltd.	Mrs. Sarinda Hirunprasurtwutti	32,000
14	CenCar Co.,Ltd.	Mrs. Sarinda Hirunprasurtwutti	800,000
15	SSCP (Thailand) Co.,Ltd.	Mrs. Sarinda Hirunprasurtwutti	25,000
<b>Total Audit Fees</b>			<b>7,493,000</b>

In 2014, the Company paid audit fees to EY Office Limited, for having Mr. Wichart Lokatekrawee, certified no. 4451 reviewed and certified the financial statement of the Company, with the audit fee of Baht 5,252,000 and for having Mrs. Sarinda Hirunprasurtwutti, certified no. 4799 reviewed and certified the financial statement of 14 subsidiaries, with the audit fee of Baht 2,241,000, so the total fees was Baht 7,493,000.

**(2) Other service fee**

The auditor is independent and no conflict of interest. The auditor did not provide other service to the Company.

**10. Corporate Social Responsibility****Report of the Corporate Social Responsibility Committee**

Dear Shareholder,

As Chair of the Corporate Social Responsibility Committee, I cannot emphasize enough how important it is for us as a company to give back to the communities we serve. Our stores are an integral part of communities across the country, and our towncenters serve as family destination for entertainment, dining out, or simply spending time together for millions of Thai people. Therefore, we are committed to do our part to be a “good neighbor”, contribute to the communities and do our part to “earn” the privilege of being part of these communities.

2014 was an important year for Big C’s CSR Activities. There are 4 points I particularly would like to highlight:

**CSR is now a key part of Big C’s vision & mission**

In December 2014, we conducted a major review of our corporate vision and mission statement. CSR is now explicitly featured as one of the 5 strategic pillars, and is implicitly and integral part of our vision of being the “Marketplace at the heart of our customers’ communities”. With this, we are making a clear statement and commitment towards CSR.

**Setup of CSR Committee and CSR Working Group**

To support achieving our vision and mission, we also re-aligned our organization and governance structure by setting up a CSR Committee as subcommittee to the Board of Directors, as well as (on a working level) a CSR Working Group consisting of a cross-functional team of executives to drive our CSR initiatives.

**Common CSR framework**

We also introduced our new 5-part framework to better structure our activities and allow for more focus, as the framework also supports the identification of internal and external stakeholders for each of the 5 elements. This does not mean that the focus of our initiatives will fundamentally change – we will continue to drive our successful program, but with more focus than was possible under the previous structure.

**Strong CSR achievements in 2014**

The structural changes we made helped us to further strengthen our CSR activities and helped us make strong achievements in all 5 focus areas:



As a committed employer, Big C has the highest rate of employees with disabilities on our staff. We are fostering diversity and continuously focusing on developing our people.

As a responsible retailer, we ensure that there is no animal testing for Big C Private Label products and use Oxo-Biodegradable plastic bags for pre-packed produces.

As an environmentally proactive company we continue to improve our energy efficiency through various means such as new Air-condition, Chillers and state-of-the art lighting technology.

As a local corporate citizen, we continue to support education for young people through Big C Foundation and work on community projects that bring better quality of life to people in the communities we serve.

As a trusted partner, we cooperate with local producers and purchase direct from local farmers as part of our Big C Quality Line (BQL) program.

Big C's vision is to be the Marketplace at the Heart of our customers' communities. Being positioned at the Heart of the Community also means to give back to the communities our stores are located in. We see CSR not as a separate initiative, but as an integrated part of delivering on our long-term business strategy. In 2015, we will continue to expand our community engagement and serve our communities with more than just low prices.

Robert James Cissell

Chairman of the Corporate Social Responsibility Committee

## CSR Report 2014

## The Continuous progress program



## 10.1 CSR Policy

As mentioned in the Report of the CSR Committee, our CSR Policy is the Continuous Progress Program in 5 focus areas.

## 10.2 Reporting Guideline

This CSR report applied guideline of CSRI principles of the Stock Exchange of Thailand. Additional information in relation to policies and related activities is available at [www.bigc.co.th](http://www.bigc.co.th) -> Investor Relations -> Corporate Governance

At international level, CSR's performance of Big C was contributed to the annual Communication on Progress (CoP) Report of Casino Group, who signed the United Nations Global Compact in 2009. For more information, please refer to [www.groupe-casino.fr/en/Reports.html](http://www.groupe-casino.fr/en/Reports.html)

## Corporate Governance

(Please see more information under section "Corporate Governance Report").

### Code of Conduct

The Company has a policy to conduct its business with the highest ethical standard. In 2014, the Board of Directors reviewed the Code of Conduct in order to improve communications of the Company's ethical commitments to employees and stakeholders. The Company will focus on practical guidelines for employees and Suppliers' Charter of Ethics in order to integrate our governance implementation with key stakeholders (details are available at [www.bigc.co.th](http://www.bigc.co.th) -> Investor Relations -> Corporate Governance -> Suppliers' Charter of Ethics).

The revision in 2014 (later approved by the Board of Directors in February 2015) was for 11 commitments of the Code of Conduct are following (details are available at [www.bigc.co.th](http://www.bigc.co.th) -> Investor Relations -> Corporate Governance -> Code of Conduct).

Commitment No. 1: Integrity and Transparency	Commitment No. 7: Prevention of Insider Trading
Commitment No. 2: Compliance with Relevant Laws and Regulations	Commitment No. 8: Fair Competition
Commitment No. 3: Anti-Fraud and Anti-Corruption	Commitment No. 9: Political Neutrality
Commitment No. 4: Conflict of Interest Management	Commitment No. 10: Being a responsible Company (CSR)
Commitment No. 5: Preservation of Big C's Assets	Commitment No. 11: Media or Public Disclosure
Commitment No. 6: Personal and Business Information Protection	

### Our Stakeholders

Five focus areas of CSR Policy expressed both internal and external stakeholders as follow:

- Employees, who are significantly important for the success of Big C
- Customers, who are significantly important for the growth of Big C
- Communities surrounding our stores, including society and youth
- People who are under same environmental impact, including employees, business partners and government authorities
- Business partners, either suppliers or service providers, including creditors and competitors

### Anti-corruption

The Company joined the Private Sector Coalition against Corruption in August 2014 and is currently in process to obtain certification for its anti-corruption measurements.

The Company has following Whistle Blower's Channels:

- 1) **Shareholders:** can contact Company Secretary and GRC function
- 2) **Investors / Analyst:** can contact CFO and Investor Relations function
- 3) **Media:** can contact Director of Corporate Affairs Department

- 4) *All stakeholders including customers, business partners, employees and communities:* Call Center 1756 or Company's website, or put in suggestion boxes that are available in all stores)

#### **Whistle Blowing Procedures**

In 2014, the Company initiated an Anti-Fraud Project, starting from the review of processes related to controlling environment, preparing guidelines and related documentation in order to find common standard across functions, and preparing training materials and procedures for employees and stakeholders, with the intention to strengthen understanding of employees so that they are key drivers to effectively prevent fraud and corruption. The improved procedures include the process adjustment for receiving complaints and monitoring them by the Committee (The Corporate Ethics Committee or CEC). The CEC's roles and responsibilities include the overall responsibility for the fraud risk management process, including the process to prevent, detect and respond to fraud, oversee the fraud complaints through Call Center, and investigation, enforcement, remediation and public disclosure protocol in relation to fraud. Also the Committee; determines and ensures that significant fraud cases are properly investigated, ensures the registration and analysis of incident reports by maintaining a centralized log of reported fraud, ensures anonymity, confidentiality and transparency in the detection and response of fraud, monitors anti-fraud measures to ensure that appropriate controls are designed and implemented, regularly report the summary of fraud reports, incidents, as well as analysis to the Executive Committee, Audit Committee or the Board of Directors in accordance with the procedure.

#### **Protection of Confidentiality and Whistle Blowers**

The Company protects the innocent whistle blowers and informants. Identify and tipped information will be kept confidential and can be accessed only by authorized persons, unless the disclosure is required by law. The Company is aware and gives importance to protection of confidential data and intellectual property. It communicated and required that all employees are aware of their responsibility in protecting company assets, not disclose or use insider trading information or confidential information or proprietary information of the Company. In addition, the Company respects intellectual property rights which are reflected in the authorized usage of copyrighted software. All software applications have to be reviewed and installed by the Management of Information System function only.

(Details are available in the Code of Conduct, Commitments No. 5-8.)

#### **Implementation of CSR**

Following section is our implementation of corporate social responsibility in focus areas that are an integrated part of our normal process (CSR in-process). Although initiatives under Local Corporate Citizen (Area 4) involve philanthropy that is CSR after-process, but decision for these initiatives took into consideration of the alignment of stakeholders of each location or situation. In addition, the Company has process to work with the donation-receivers to ensure that financial support from the Company to such project meets the Company's

objective for philanthropy. The process includes collaboration with Big C Foundation or private sector or government sector who implements the project.



#### Committed employer

Help young people enter the workforce

Promote diversity

Provide growth opportunities for employees



#### At Big C, We Empower People

At Big C, we empower our people to aim high in terms of performance and professional development. Our continued success depends upon our people, and we aim to stimulate a friendly working and learning environment where people feel valued and respected. We also encourage every employee to build their career, pursue their passions through our learning and development programs, and enjoy working at Big C.

#### Cultivating Employee Potential

Big C's HR policy continuously strengthens our position as an employer of choice. We strive to be a place where people want to make their best efforts to grow, leverage their skills, and attain their full potential.

In 2014, Big C devoted time and effort to building mutually beneficial relationships with a number of universities, as well as to participating in several public job fairs. One of our key priorities in 2014 was to extend our career opportunities towards people with disabilities. We are committed to engage this special group of people and provide them with opportunities to grow with us in the long term. As a result, we were able to identify, attract, and strengthen our candidate pipeline with a diverse workforce, which consisted of new university graduates, seasoned employees, and people with disabilities.

**Promoting Equality and Diversity**

In 2014, we continued to enhance our brand reputation as an exemplary employer of people with disabilities, as well as a business that cares for the convenience and well-being of disabled customers. We aim to increase our customer numbers, especially among those with disabilities, as well as strengthen the Big C brand as the only retail business caring deeply for the needs of disabled people, whether it is through specific learning programs and career paths for employees with disabilities or providing better services for disabled customers.

- We successfully integrated people with disabilities into our Big C family. We are proud to be named the first and only retailer in Thailand to meet, and even exceed, the national mandatory ratio of having 1% disabled associates in our workforce for the third consecutive year. In 2014, we exceeded this target by 37.3%.
- We are the first and only retailer in Thailand to implement the “Free of Charge Thai Telecommunication Relay Service (TTRS) Kiosk” for people with hearing disabilities in our stores. Moreover, 11 of our stores won the “The Outstanding Enterprise that Provides Standard Facilities for People with Disabilities” award.

We developed specific learning development programs and career paths for employees with disabilities to help them realize their full potential. In June 2014, Big C cooperated with Ratchasuda College by launching the first of a series of workshops, called “Different Bodies but the Same Mind to Work Happily Together”. The workshop focused on creating a mutually beneficial working environment between supervisors and employees with disabilities. In 2015, we plan to launch the E-Orientation program to support employees with hearing disabilities and create dedicated development programs for their enrichment.

**Awarding Merit-Based Compensation**

Compensation and benefits are key factors for us to attract external talent, retain our internal employees, and reward our outstanding performers. We already ensure that our compensation and benefits reflect both internal equity and external market competitiveness. We conduct market research with top professional consulting firms every year, and review our compensation and benefits with updated and objective data, which ensures that our employees receive fair and competitive rewards for their contributions to the company. Merit increases and bonuses are regular measures that reflect employees' performance. We grant fair rewards for the quality of their work, and also for their further development. In 2014, we continued to employ a

special tool kit, which considers both employee performance and market positioning, to help us reward employees appropriately.

Moreover, we have been providing employees with a provident fund to benefit them on retirement preparation. Our provident fund scheme is always welcomed and well organized. In 2014, we learned more about the provident fund market and fund management from top fund managers in order to ensure that our provident fund scheme is as competitive and efficient as it can be, thereby maximizing our employees' benefits.

#### **Championing Internal Career Progression**

In 2014, we continued to strengthen internal promotion initiatives, which proved to be an effective way to recognize employees' contributions and capability to advance their career. We identified a high number of emerging talent, especially in the hypermarket area. We strive to raise them to a higher level, to fully leverage their professional development potential.

We actively support and encourage our employees to develop and grow their careers via our internal promotion initiatives, and career path and development program. This program helps our employees understand their value by having a plan for their professional growth.

Over 7,320 employees, or 27% of our workforce (full time and part time), across all formats were promoted in 2014.

#### **Investing in Talent for a Sustainable Future**

In 2014, we launched a career development roadmap, along with a talent management program, for all hypermarket branches. This program enables us to further manage and develop our pool of talent in order to support our main business. As a result, we were able to identify a pool of outstanding talent selected from our hypermarket stores. Such potential talent will be developed and groomed with Big C's comprehensive development and coaching programs to rapidly fulfill the high demand from our store operations.

#### **Focusing on Succession Planning**

At Big C, we ensure continuous growth through a concrete plan, both in terms of the business as a whole and our people. Another key focus in 2014 was to implement a succession plan for our organization, identifying all business-critical positions in order to prepare a successor for each role, so as to support our business strategy in the long run.

We are committed to building a leadership pipeline, as well as a talent pool, to strengthen our leadership continuity capacity, delivering the best possible results to all our stakeholders. Also, we will be able to better deliver on our commitments by putting the right people in the right position at the right time.

#### **Grooming Future Leaders**

Big C has always focused on developing our people throughout their careers, nurturing talent and encouraging professional development in tandem with the growth of the business. We invest in our talent and



encourage everyone to continuously improve and expand their responsibilities. The “Mahidol University and Big C-Executive Degree in Leadership Program (EDLP)” was developed to groom and develop our future leaders to support our business in 2013. The program was extended to cover another 21 Store General Managers in 2014, and will continue to include all of our store operations leaders in the years to come.

To strengthen the leadership development of Mini Big C operations, the Mini Big C Leadership Program has been ongoing. There were approximately 360 Mini Big C store management members who completed the program in 2014. This program was designed to prepare our leadership team to support the accelerated expansion of the Mini Big C format.

#### **At Big C, We Grow Together - Enhancing Learning at Big C Academy**

Big C creates an environment that fosters learning among our associates, enabling them to continuously work on the development of their skills and knowledge, as well as to access opportunities for personal enrichment and career advancement. In 2014, we successfully developed and launched the Training Road Map and Career Path Program for Hypermarkets that builds a clear picture of employee development direction, based on the Company’s values, competencies, and business requirements. With this roadmap, all our employees in the Big C family will be able to clearly see how they can progress their careers – vertically within their own teams or functions, across functions, and across the numerous formats in Big C. They will also see the comprehensive suite of learning and development programs, tools, and assessments to help them achieve their career aspirations.

We enhanced Big C Academy’s E-Learning platform with more functional learning modules and online assessments, including the development of 10 new e-learning courses to support fresh food training and development. One of our key priorities in 2015 will be the continuous development of functional courseware, which will assist our employees across formats to perform better in their jobs.

#### **Listening to Every Voice**

To allow open access for all employees to suggest positive changes or ideas for the organization, and to cultivate a sound work environment and boost its efficacy, we established various channels for employees to make their voices heard. They can express their ideas either directly or indirectly through the Company Hotline, e-mail to Human Resources, and even the Customer Care channel.

The Company recognizes the importance of increasing the commitment of employees to the entire organization, which has been achieved through the provision of innovative activities both within the organization’s headquarters and branches.

#### **Enhancing Health and Safety**

Big C has always given priority to its work environment in the context of the health and safety of our employees.



We operate proactively in terms of raising awareness about and protecting employees against accidents. This extends to our customers who use our premises, as well, resulting in continued effectiveness in decreasing in accidents by 26%, compared to that of the previous year. In this regard, we also received national-level awards that recognized this achievement.

- Outstanding Establishment in Terms of Safety for 12 continuous years
- Establishment that Campaigns for Zero Accidents

We have prepared for various emergencies at both the head office and branch levels in order to ensure business continuity. We have also devised a manual of safety regulations for the retail centers, as required by law. Moreover, we established a basic fire fighting training center and conducted fire safety evacuation training – the first fire training center of the retail business to conduct internal training for the prevention and extinguishing of fires in Hypermarket, Big C Market, and Mini Big C.



#### Summary of Implementation Progress 2014 on Committed Employer

1. Diversity commitment	<ul style="list-style-type: none"> <li>- Communicated diversity policies through internal and external recruitment channels.</li> </ul>
2. Promoted Diversity	<ul style="list-style-type: none"> <li>- Provide equal career opportunities, either from internal or external applicants</li> <li>- Provide apprentice opportunity for students or youth</li> <li>- Continued recruitment of disable people</li> <li>- Big C is the first and the only retailer in Thailand to implement a free-of-charge Thai Telecommunication Relay Service (TTRS) Kiosk” for people with hearing disabilities in our stores</li> </ul>

3. Promote employment of Disabled people	<ul style="list-style-type: none"> <li>- Set policy to promote employment of disabled people</li> <li>- Develop e-Academy program for employees with hearing disability</li> <li>- Conduct a workshop “Different Bodies but the Same Mind to Work Happily Together” to help our employees with disabilities realize their full potential.</li> <li>- Provide facilities for employees and people with disabilities to access the same services in organization</li> <li>- Big C received the outstanding business organization which supports people with disabilities 3 consecutive years Award from the National Office for Empowerment of Persons with Disabilities</li> <li>- 11 Stores won the awards "The Outstanding Enterprise that provides standard facilities for People with Disabilities” by level of excellence</li> </ul>
4. Promote Gender Equity	<ul style="list-style-type: none"> <li>- Continue policies designed to enable women to reach executive positions</li> <li>- Provide a place for women to express breast milk.</li> </ul>
5. Support employees from social difficult background /ethnic origin	<ul style="list-style-type: none"> <li>- Provide career opportunities for disadvantage persons around our stores.</li> <li>- Support and provide career opportunities for uneducated people at stores.</li> </ul>
6. Employees trainings	<p>Continue expand Leadership Development program for all formats</p> <ul style="list-style-type: none"> <li>- 2nd year running an Executive Degree in Leadership Program for store management team with Mahidol University International College</li> <li>- Developed and launched Leadership Development Program for all level in all formats.</li> <li>- Identify and develop skills management to become a trainer of leadership development program.</li> <li>- Set up 15 Training Hubs for supporting Leadership Development Program.</li> </ul> <p>Strengthen the e-learning channel through better contents and user friendly interface and clearly.</p>

	<ul style="list-style-type: none"> <li>- Upgraded and modified system to be more modern and user friendly.</li> <li>- Developed 10 new functional courses for e-Learning, which are Integrated, more engaging experiences and cover all aspects</li> <li>- Launched Staff On-boarding Program for Hypermarket.</li> <li>- Launched new Success Passport which is equipped with integrated training programs.</li> <li>- Achieved target of learning hours <math>\geq 30</math> Hrs/Head</li> </ul>
7. Evaluation of competencies /career management	<ul style="list-style-type: none"> <li>- Developed and launched Training Roadmap and Career Path to all Hypermarket stores</li> <li>- Developed and launched Talent Identification and Review for 14 key stores</li> <li>- Achieved target of talent retention program for all Hypermarket stores (Target <math>\geq 85\%</math> of Talent List)</li> <li>- Developed and launched succession plan program to executive level</li> <li>- PDP online system to facilitate and reinforce the performance-driven culture of Big C and personal development plans.</li> </ul>
8. Promote Employees commitment/ Labor climate	<ul style="list-style-type: none"> <li>- Achieved target of internal promotion for all Hypermarket stores and Head Office(Target +10% from last year)</li> <li>- Integrated Core Values and culture into orientation and leadership program</li> <li>- Encourage the use of Suggestion Box at stores</li> </ul>
9. Promote health and security	<ul style="list-style-type: none"> <li>- Promote safety awareness environment in workplace by launching the Safety Poster and Safety Talk to all stores to raise their awareness and to follow correctly for their safety.</li> <li>- Conduct safety course for all level each year (focus more on accident topic)</li> <li>- Annual Health &amp; Safety Activities               <ol style="list-style-type: none"> <li>1) Drugs Abuse Campaign</li> <li>2) No smoking Campaign</li> <li>3) Fire evacuation</li> <li>4) Drug- free Workplace</li> </ol> </li> </ul>

	<ul style="list-style-type: none"> <li>5) Zero Accident Campaign</li> <li>6) Sport Day</li> <li>7) Aids Campaign</li> <li>8) Monthly Firemen practice</li> <li>- Strengthen safety policy regarding forklift and electric hand pallet usage and set authorized staffs who are allowed to use forklift &amp; electric hand pallet.</li> <li>- The rate of workplace accidents declined by 30%, compared to last year</li> </ul>
10.Support apprenticeship for students and youth	<ul style="list-style-type: none"> <li>- Number of apprentices hosted in the year: 694</li> <li>- Continue the Dual Vocational Training (DVT) program in order to encourages Thai children's education to produce qualified labors to retail business</li> </ul>
11.Partnership on educational issues	<ul style="list-style-type: none"> <li>- Signed academic collaboration agreement with the faculty of commerce and accountancy, Thummasat University to share and support the accumulated knowledge and experiences for the purpose of education and development of Thai citizens.</li> <li>- 11 student joined internship program at head office.</li> <li>- Co-operated with Ratchasuda College (College for people with disabilities)</li> <li>- Developed of career development program for employees with disabilities.</li> <li>- Support the activities for student with disabilities.</li> <li>- Exchange working experiences and to apply their learning in way that will enhance work effectiveness.</li> </ul>



#### Responsible retailer

Act in the interest of consumers' health

Encourage environmentally-friendly consumption

Apart from being a valued retailer, we strive to provide suitable products and services for customers. We have a dedicated unit to receive complaints from customers and work on corrective and preventive actions as soon as possible. Safety of our customers is one of our primary priorities.

#### Safe Products

This commitment can be identified by 2 key initiatives:

- Our policy is to select only safe products, good quality with consistency, weight/volume compliance, and labeling compliance. This policy is including goods that are certified with various national and international standards. In particular, our fresh food distribution centers have provided pesticide checking and food contaminant monitoring such as bleaching agent, formalin, and mould prevention substance on daily basis by our own laboratories that were certified with Department of Medical Science, Ministry of Public Health. Our product assurance team test for the contamination of pesticides and other contaminants in our products more than 200 tests every week.
- In addition to GMP (Good Manufacturing Practices) standard that has been certified by Ministry of Public Health at our stores, our company has embraced the Retail Audit Standard (RAS) from Europe as a guideline to determine hygiene and food safety standards at stores. The audits are conducted by a team with expertise in hygiene and food safety areas at the frequency of 2 times per store per year.



**Product Recall**

In case we found that the products sold are not safe or suspect that they are not safe. Our company has advanced systems to manage the situation like this by suspended our sales of particular products online. Therefore, our staffs at all stores cannot sell the suspended products to our customers immediately just after suspended in the system including efficiently collecting unsafe products off the shelves.

**Channels for Complaint**

Our Company places great importance on customer complaints. It is our Company responsibility to resolve customer complaints and to improve our products and services even better. We have the following channels for customer complaints.

- Customer Service : Tel.1756 from 8.00 - 22.00 hrs.
- Website : <http://www.bigc.co.th/th/contact/>
- Big C branches
- Facebook : BigCBigService

**Procuring of Products and Services**

Our Company is fully aware that we have a major part in providing products and services that help our customers and communities live safer and also hygienic improving other than providing valued products. From f-Pads implementation, more than 2,000 fresh food specifications are always updated. The products through our fresh food distribution centers are more consistent quality and safe because the inspection process is controlled by the system. This can significantly reduce human errors. The system also allows us to monitor the performance of our QCs and the conditions of products inspected from f-Pads database.

This shows our high commitment to providing better products and services to our customers.

**Summary of Implementation Progress 2014 on Responsible Retailer**

1. Improved on products nutrition (ingredients)	- Removed Mono Sodium Glutamate from Delicatessen Menus (In stores)
2. Help providing nutrition information to customers (nutritional labeling)	- Required nutritional labeling (either summary or detailed) for all new developed products
3. Policy on raw material	- Use only non GMO raw materials for Big C products - No animal testing for Big C Products - No sale of nearly extinct aquatic animal and sharks
4. Strive on consumers' satisfaction	- Our Customer Center logged all customer complaints and sent to responsible parties for investigation and identification of corrective action

5. Tracking	- System in place to track problem on product quality for corrective action or product recall as necessary
6. Promote sustainable relation with small businesses	<ul style="list-style-type: none"> <li>- Provide training on GMP and GAP for key fresh food suppliers</li> <li>- Coordinate with Thai FDA to train SME on primary GMP requirements</li> <li>- Conducted audit fresh food audit program for 28 key suppliers</li> </ul>
7. Use less environmental impacted plastic bags	- Use Oxo biodegradable plastic bags for pre-packed produces
8. Developed environmental friendly products	- Received Thai Green Label for products in dish washing ranges



#### Environmentally-proactive Company

- Increase energy efficiency
- Reduce and recover waste
- Promote biodiversity
- Reduce greenhouse gas emissions

Big C is proud to emphasize that our environmental proactiveness is our strength in relation to effective CSR in-process. This effort will contribute to all 3 key pillars of sustainability development concept, i.e., economic benefit (cost reduction), environmental benefit (less energy consumption, less CO2 emission from consumption of electricity generated from fossil based fuel), and social benefit where customers will enjoy both direct benefits (freshness of product through improved cooling system or more efficient logistics) and indirect benefits (as the Company will be able to maintain its position on being a valued retailer in parallel with excellent customer service).



Our environmentally proactive implementation in

2014 which will be strengthened in 2015 includes the process in relation to supply chain, energy reduction and loss reduction, i.e.

- Strong increase in supply chain efficiency through improved Distribution Center network (3 new DCs in 2014/2015)
- Energy consumption reduction (which is one of the largest operating expenses) through a project that will not consume capital expenditure which is important for the Company's expansion
- Improvement in stock loss through increased focus and targeted loss control measures.

#### Summary of Implementation Progress 2014 on Environmentally Proactive

1. Reduce emissions associated with transportation	<ul style="list-style-type: none"> <li>- Use trucks with better engine efficiency</li> <li>- Increase amount of backhauling</li> <li>- Use larger trucks to reduce number of trips</li> <li>- Optimize routing to reduce the total distance</li> </ul>
2. Reduce energy consumption	<ul style="list-style-type: none"> <li>- Replace old equipment with better energy efficiency equipment that consume less energy</li> </ul>
3. Better waste management	<ul style="list-style-type: none"> <li>- Centralized collection of card board at distribution centers.</li> </ul>
4. Use certified material from recycle process	<ul style="list-style-type: none"> <li>- Use more reusable packing at distribution centers.</li> </ul>
5. Support reforestation programs	<ul style="list-style-type: none"> <li>- Provide financial support to Department of Interior for the reforestation program.</li> </ul>
6. Earth protection initiatives	<ul style="list-style-type: none"> <li>- Support organizations on activities associated with earth protection awareness, e.g., help the collection of empty milk cartons for making eco - roofs for disaster victims, use oxo-biodegradable plastic for fresh food and produce, help the collection of used mobile phone battery for recycling.</li> </ul>





#### Local Corporate Citizen

- Develop foundation programs
- Develop solidarity partnerships
- Multiply solidarity proximity actions

With an intention to being more than just a retailer, Big C is working to achieve its vision of being “The Marketplace in the Hearth of Community”. This is reflected also in our many CSR projects in 4 major areas such as:

1. Community Development
2. Education Development
3. Health Promotion
4. Environmental Development

#### 1. Community Development:

Throughout the year 2014, Big C has developed many community projects as follow:

Support Community Development via the Royal Initiative Projects under HRH Princess Sirindhorn

To support the Royal Initiative Project in developing community of HRH Princess Sirindhorn, Big C proudly provided space for Phufa Royal Store at Big C Rama 4 branch.



**Big C Joining Hands for Better Community 2<sup>nd</sup> Year.**

By following the concept of “Bottom-up CSR” to enhance more involvement between the community, Big C joined hands with local community and Ministry of Interior to seek community projects that create benefit to community. 10 selected projects will be given an opportunity to be voted via Big C Create Better Day Facebook. 3 popular voted projects would be funded in the amount of 500,000 baht for the implementation. 3 selected projects are:

- The Nursing Room for the Hill Tribes at Muzer Village, Chiangmai Province
- Big C Cleaning Water System at Khamphangpetch Province
- Garbage Bank for Recycle at Phang Nga Province

**People with Disabilities**

Big C, as the first and only retailer in Thailand who has created jobs for persons with disabilities exceeding the mandatory requirements by 35%, has been recognized by the Ministry of Social Development and Human Security with the following awards for the year 2014:

- Outstanding Organization on the Excellent Support to Persons with Disabilities
- Best Organization with Facilities for People with Disabilities to 11 Big C stores as follow:
  - The Best Award: Big C Leoi branch
  - The Good Award: Big C Phetchaboon branch and Big C Mahasarakram branch.
  - The Complimentary Award: Big C Nakhonsawan branch, Big C Nakhonsawan 2 branch, Big C Kanchanaburi branch, Big C Satun branch, Big C Lumphun branch, Big C Hangdong branch, Big C Had Yai branch, and Big C Sri Mahaphote branch.

Big C currently employs 339 persons with disabilities by type as follow:

- Blind 14 persons
- Hearing disability 190 persons
- Moving disability 130 persons
- Mind Disability 2 persons
- Mental Disability 1 person
- Learning Disability 2 persons

**Big C enhances better access to government services via Ampher Yim Activity.**

In cooperation with Ministry of Interior, Big C set up a one-stop government service office in 15 Big C stores nationwide.

#### Enhance Capacity of OTOP Manufacturers

Big C joined with Thai Chamber of Commerce to create OTOP program, which intent to enhance the concept of growing together between local manufacturers and the stores by providing knowhow and technology for manufacturers. More than 100 manufacturers participated in the program and created 23 new business partners for the sustainable growth.



#### Support Government in Reducing Cost of Living among Customers

Big C cooperated with Department of Internal Trade, Ministry of Commerce to help customers to purchase products with fair price via many government campaigns such as:

- Low Price for People by MOC
- Blue Flag Food Price in Food Court
- Back to School Campaign for low price of students uniforms



**Disaster Relief**

Big C Spent more than 2,000,000 baht to support disaster victims.

**Support Local Traditions**

To preserve and remain local traditional events can be considered as a part of our plan in enhancing strong community. Big C supported more than 300 local traditional events per year.

**2. Education Development:**

Education is a foundation of strong society. Big C Foundation has supported Thai education since 2002.

For the year 2014, Big C Foundation has dedicated to the education as follow:

1. Handed over 4 school buildings valued 7.2 million baht
2. Presented two years long continued scholarships for 6,002 high school students valued 18,006,000 baht
3. Handed over 1 basketball court
4. Donated 1.2 million bath to the project that supports development of education and quality of life for youth at Aum - Goy underprivileged area.
5. Donated 280,000 baht to Thai Youth Anti – drug Campaign
6. Donated 1.5 million baht to Vocational Students Build Thailand Campaign
7. Donated 30 AEC book sets to schools valued 1,050,000 baht
8. Donated 100,000 baht to renovate school library
9. Donated water filter system to 2 schools valued 280,000 baht
10. Donated 125,000 baht to schools that affected by disaster in Chiangrai province and Satun province.
11. Donated 100,000 baht to Art for All Camp
12. Supported 50,000 bath for traditional activities such as Children's Day and Songkran Day.



### **The 13<sup>rd</sup> Thailand Sign Language Competition for the Royal Cup of HRH Princess Sirindhorn**

Big C joined with Ratchasuda College to organize the 13<sup>rd</sup> Thailand Sign Language Competition for the Royal Cup of HRH Princess Sirindhorn to encourage youths with hearing disabilities to develop their skill in communication. 1,500 students with hearing disabilities nationwide participated in the competition.

### **Big C Big Kids**

The project is designed to encourage the creativity skill among kids via our store activities. Currently, there were 1,200 kids participated in.

### **Red Bear Survival Camp**

Due to Thailand was facing major disasters, such as earthquake, fire, and flood, Big C joined with Japan Foundation, and Thai Army to organize the camp that provides knowledge to prepare for major disasters. Currently, 300 students joined the camp at Somthavil School and Big C Nawanakhorn branch.

## **3. Health Promotion**

Due to good health of community members is a major factor of better community, Big C has worked directly and indirectly to create projects that promote health as follow;

### **Primary Health-Check**

Big C works with Ministry of Public Health, Provincial Health Office and Bangkok Metropolitan in providing an in-store health inspection unit for customers. The basic check-up mostly focuses on diabetes, dental care, bone mass, and blood pressure.

### **Big C Bike Park**

Big C understands the importance of exercise and environment. Hence, Big C cooperated with Bangkok Metropolitan and NCC NEO to developed Big C bicycle track and donated it to the Youth Center at Rama 8 Bridge for youth who are interested in bike exercise.

### **World Milk Day Activity**

Big C cooperated with Dutchmill to organized activity for World Milk Day to encourage kids to realize an importance of drinking milk for their health.





**Big C DNA Vegan Festival 2<sup>nd</sup> Year**

To raise fund to supply medical equipment for Children Hospital Foundation, Big C and DNA Soy Milk donated proportion from the sale of DNA soy milk throughout the vegan festival. In the end the campaign generated 400,000 baht for a donation.

**Blood Donation**

Big C invited the Thai Red Cross Society to set up a monthly blood donation unit at Big C stores nationwide.

**4. Environmental Development****Green Roof Project**

To encourage consumers to recycle under the “Easy thing you can do to save the earth” campaign, Big C introduced “Green Roof” project, in partnership with Tetrapak Thailand, and FiberPattana, which are local recycle companies, and the Friends in Need (of Pa) Royal Foundation. Big C took an important role in collecting used drink cartons by providing collecting boxes at major branches of Big C Supercenter. The collected cartons will be recycled into eco-friendly foiled roofs called “Green Roof to help disaster victims”. Currently Big C has provided collecting boxes in 138 branches and turned the collected drink cartons into 11,230 eco roof sheets.





#### Trusted partner

- Strengthen ethical social compliance
- Support local production channels (BQL)
- Promote the CSR initiatives of SMEs

Apart from developing programs with isolated communities, Big C focuses on collaboration with business partners in implementing the corporate social responsibility program as we are aware that we are a retailer who is a middle person between producers or suppliers and customers. When our business partners are in alignment with our understanding and vision, this can lead Big C to achieve our vision to be the Marketplace in the Heart of the Community in a sustainable way.

Big C cooperated with local farmers / producers and purchased produce directly from the farmers as part of Big C Quality Line or BQL. Our customers can select these products from approximately 100 items sold under BQL mark.

#### BQL Concept

Every BQL product shall pass the monitoring process of Big C to ensure that the product is safe from farm, packing house, transportation until it is in the display of Big C store. Therefore making our innovative BQL products are premium products.



In addition, relationship with our business partners will be based upon following principles:

- **Business partners:** The Company had procedures for bidding, negotiation and selection of suppliers, vendors and service providers in a fair and transparent manner. A procurement committee will participate in major price consideration. The Company extended the principles for all parties to report their profit and loss in the way that the Company had specified, so to reaffirm the facts relating to the relations with the Company, Committee and/or management depending on the circumstances.
- **Creditors:** The Company strictly adhered to the terms and conditions of loans in accordance with the agreements and contracts with the creditors.
- **Competitors:** The Company conducted its operations within the appropriate framework for fair competition among competitors, and did not utilize any unfair tactics against them. The Company adhered to the principles that support free and fair trade.

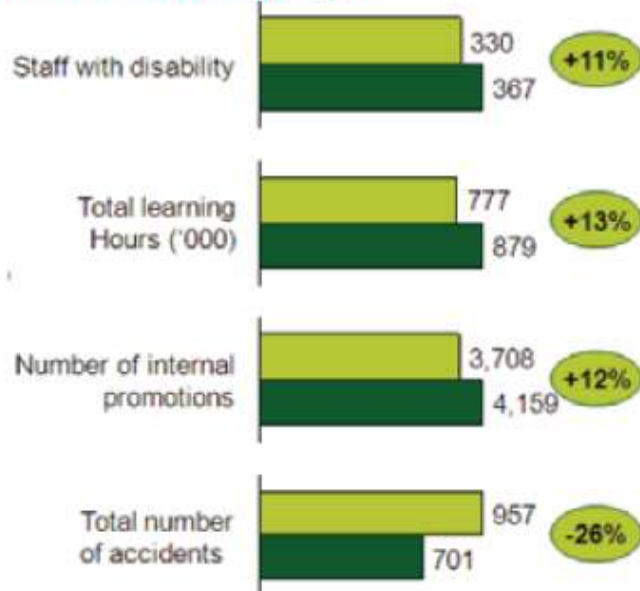
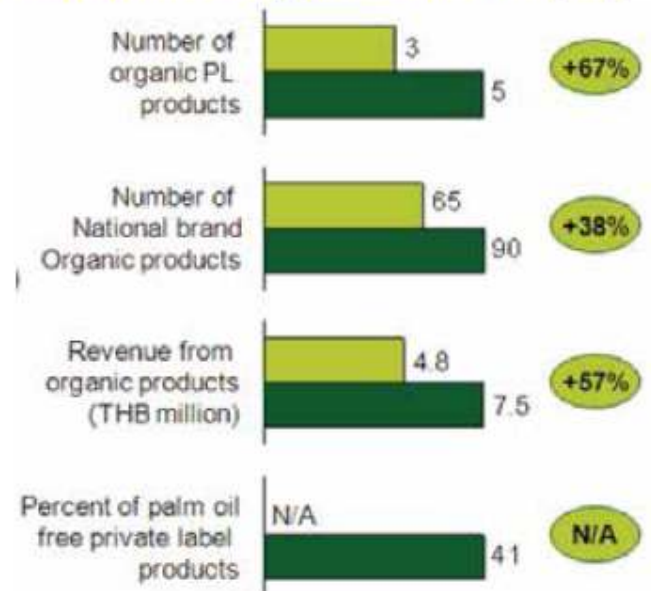
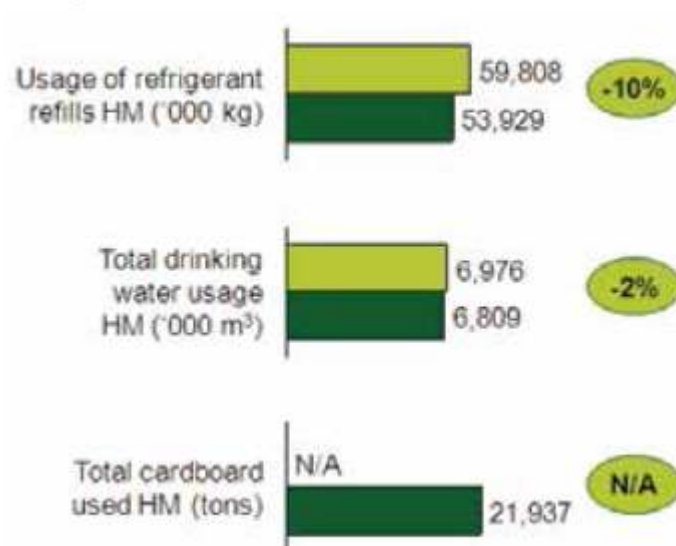
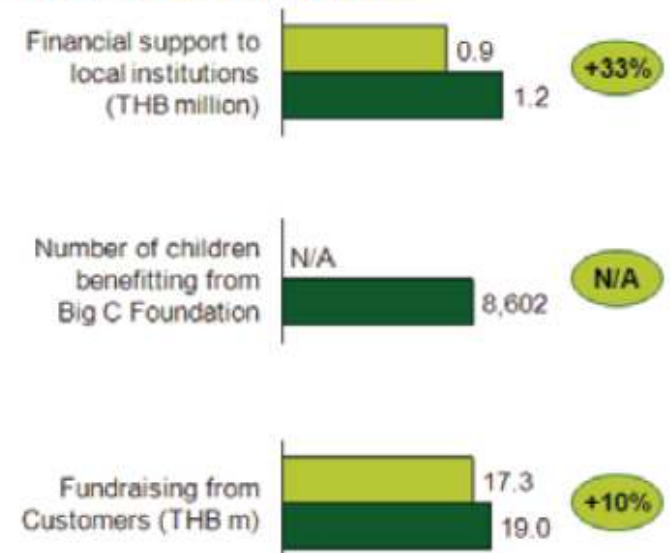
#### Summary of Implementation Progress 2014 on Trusted Partner

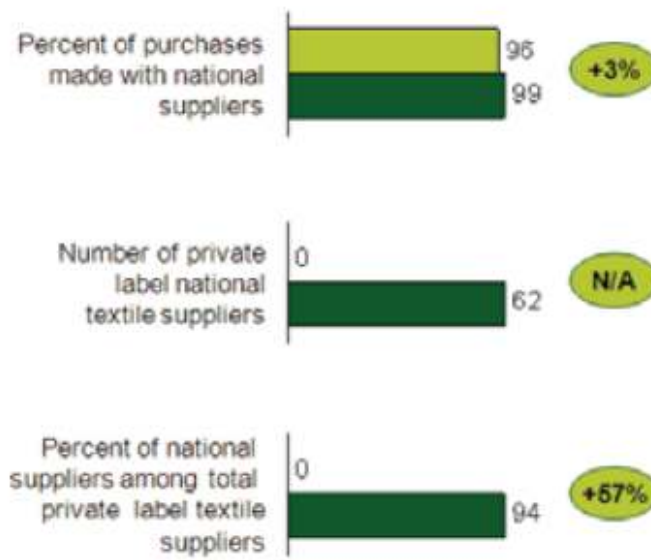
1. Alignment with business partner on Supplier's Charter of Ethics	- Conducted training session on Supplier's Charter of Ethics for suppliers of soft line products on Supplier Ethical Charter
2. Communicate on actions to fight against corruption	- All employees shall review and sign the acknowledgement on "Standard of Business Conduct Employee Pledge" once a year.
3. Monitor compliance with Supplier's Charter of Ethics	- Identified risk categories for further assessment and provided training for related personnel.
4. Promote sustainable relation with small businesses	<ul style="list-style-type: none"> <li>- Provide training on GMP and GAP for key fresh food suppliers</li> <li>- Coordinate with Thai FDA to train SME on primary GMP requirements</li> <li>- Conducted fresh food audit program for 28 key suppliers</li> </ul>
5. Promote sustainability with suppliers	- Support palm oil produced from non-dereforestation (preparing database on source of crude palm oil), by coordinating with the Forest Trust or TFT and suppliers to identify the scope of audit done by Big C. This is started from palm oil supplied to manufacture Big C products.



## Key Performance Indicators for CSR Implementation by Big C

(compared 2013 : 2014)

**Committed employer****Environmentally-proactive Company****Responsible retailer****Local Corporate Citizen**

**Trusted partner**

Remarks : 2013 2014

**11. Internal Control and Risk Management****11.1 Internal Control****Report of the Audit Committee**

Dear Shareholder,

The Audit Committee of Big C Supercenter Public Company Limited consists of three independent directors with combined experience in accounting, finance, and business administration, as follow:

- |                              |                                 |
|------------------------------|---------------------------------|
| 1. Dr. Uttama Savanayana     | Chairman of the Audit Committee |
| 2. Mr. Akani Thapthimthong   | Committee member                |
| 3. Mr. Vachara Tuntariyanond | Committee member                |

All members performed their duty with independence and have adequate qualifications for their posts as specified by the Audit Committee Charter and in accordance with best practice guidelines of the Securities and Exchange Commission of Thailand (SEC), and the Stock Exchange of Thailand (SET). Details of the Audit Committee Charter are available at [www.bigc.co.th](http://www.bigc.co.th)

In 2014, the Audit Committee convened 8 meetings, with complete attendance by all members. In these meetings the Audit Committee engaged with external auditors, internal auditors and executives from relevant functions, such as, Accounting and Finance Department, Management Information System Department, Legal Service Department, and Governance, Risk Management and Compliance Department, as relevant to each meeting's agenda. The Audit Committee regularly reported meeting results and the performance to the Board of Directors on a quarterly basis. Essentials of the Audit Committee's performance can be summarized as follows;

**Review of the Company's Financial Statements**

The Audit Committee reviewed the Company's quarterly and annual financial statements as well as the disclosures in the notes to the Company's financial statements. As part of the review, the external auditors and CFO provided explanations to the Audit Committee prior their conclusion and further proposed to the Board of Directors for approval.

In addition, the Audit Committee held a private meeting without Management of the Company. This meeting provided an opportunity for free discussion in relation to audit result, observations from the review or audit of the financial statements, including an issue that would cause obstacle for auditing work (if any).

The Audit Committee is of the opinion that the Company's financial report is prepared in accordance with the generally accepted accounting principles (GAAP) with a high degree of accuracy, completeness, and reliability. The accounting policy chosen is based on the principle of rationality, while relevant data and

information are revealed adequately in a timely manner, and in the most beneficial way to the shareholders, investors and users of financial statement.

#### Review of Connected Transactions or Transactions with Potential Conflict of Interest

The Audit Committee reviewed the connected transactions or transactions that may lead to conflicts of interest presented by the external auditors on a quarterly basis. The review included new or revised transactions presented by Management and based upon reasonableness and best interest of the Company.

The Audit Committee concluded that the aforementioned transactions have general trade terms and conditions with similar condition as made with any third party under the same status (arm's length basis) and are for the best interest of the Company and shareholders. In addition, the Company made adequate disclosure as required by the laws and requirements of the Securities and Exchange Commission and other relevant agencies.

#### Review of the Internal Control System and Internal Audit System

The Audit Committee reviewed the Adequacy of Internal Control prepared by Management in accordance with the Form of the Securities and Exchange Commission, which is in line with the internal control framework of the Committee of Sponsoring Organization of the Treadway Commission (or COSO 2013). In addition, the Audit Committee reviewed the report from Internal Audit function on effectiveness and adequacy of internal control, in line with the assessment from the external auditor which identified that no substantive defect was found.

The Audit Committee is therefore of the opinion that the Company places importance on internal control which makes it reasonably confident that internal control system of the Company is adequate and effective.

In relation to internal audit, the Audit Committee approved the revised Charter of Internal Auditors, updating scope of responsibilities of internal audit function, and approved the Internal Audit Plan and its resources adequacy. The Audit Committee review work progress of internal audit function on a quarterly basis.

The Audit Committee is therefore of the opinion that the Company's internal audit system is independent, adequate and appropriate.

#### Review of the Company's Risk Management

The Audit Committee reviewed the Company's risk management to ensure that the Company has appropriate and effective risk management system. The Board had established the Risk Management Committee to establish and implement an enterprise-wide risk management framework and monitor the progress of the Company's risk management on a quarterly basis. Director of Governance, Risk Management and Compliance, representing the Risk Management Committee, reported to the Audit Committee on the progress of Company's risk management implementation.

The Audit Committee is of the opinion that the Company has a system for risk management and could respond to change or risk event that might affect its business.

#### **Review of the Company's Corporate Governance**

The Audit Committee reviewed the Company's corporate governance in order to ensure that the Company has appropriate and effective corporate governance framework. The Board had established the Corporate Governance Committee to support and provide recommendation on guidelines and policies in accordance with generally accepted principles of good corporate governance. The Company provided whistle blowing channels for employees, customers and stakeholders to report on suspect of fraud or misconduct and assigned a responsible function for properly and transparently managing the complaints.

The Audit Committee is of the opinion that the Company's corporate governance process can enhance the stakeholders' confidence and the efficiency of the Company's operations.

#### **Review of the Company's Compliance with Securities and Exchange Commission (SEC) Laws, The Stock Exchange of Thailand's (SET's) Requirements, and Applicable Laws**

The Audit Committee reviewed the Company's Compliance with Securities and Exchange Commission (SEC) Laws, The Stock Exchange of Thailand's (SET's) Requirements, and laws pertaining to the Company's business operations, as well as the requirements , encumbrances which might have ensued as a result of contracts enter with third parties, and other claims. In this regard, the Audit Committee deliberated on any such matters in conjunction with the Director of Legal Service and Director of Governance, Risk Management and Compliance, who reported, as well as provided explanations and answers pertaining to the afore-mentioned relevant legal issues

The Audit Committee is of the opinion that the management adopted a clear policy in compliance with Securities and Exchange Commission (SEC) Laws, The Stock Exchange of Thailand's (SET's) Requirements, and laws pertaining to the Company's business operations, as well as commitments vis-à-vis parties outside the Company, whereby particular individuals are designated therewith. In 2014, no actions in violation of the laws and regulations have been found nor established.

#### **Selection and Appointment of the External Auditor**

The Audit Committee took into consideration the nomination and appointment of the external auditor pursuant to the Company's criteria, taking into consideration its independence, skills, competencies, knowledge, expertise, and experience as well as the competitiveness of the audit fee and 5-year rotation as required by law.

The Audit Committee proposed the appointment of Mr. Wichart Lokatekrawee, CPA (Thailand) - License no. 4451 and/or Ms. Kamontip Lertwitworatep, CPA (Thailand) - License no. 4377, and/or Ms. Siriwan Suratepin, CPA (Thailand) - License no. 4604 of EY Office Limited, as the Company's auditors for the year 2015 with a total audit fee of Baht 7,493,000.

**Overall View and Remarks as a result of Performance under the Charter**

The Audit Committee reviewed the Audit Committee Charter and proposed amendments to the Board of Directors for approval in order to line with best practice under the Notification of The Stock Exchange of Thailand and the Securities Exchange Commission. Additionally, it conducted an annual self-assessment both on group and individual basis, in pursuant to a set of best practices as prescribed by the Securities and Exchange Commission.

The Audit Committee is of the opinion that, in aggregate, it has implemented all the duties entrusted by the Company's Board of Directors cautiously and independently. Additionally, it has provided professional opinions and suggestions in a creative manner, equally beneficial to all stakeholders.



Dr. Uttama Savanayana  
Chairman of the Audit Committee

**Internal Control**

The Company recognizes importance of internal control system. The Company, therefore, has continually improved its internal control system to enhance its effectiveness and efficiency with emphases on: the adequacy and suitability taking into account the associated risks; the proper, transparent and auditable business management and work performance. This is to reasonably assure the Company's achievement of its set targets. The Audit Committee has been entrusted with the responsibility to review the Company's internal control system provided by the management to see if it is suitable and efficient, based on the results of the auditing exercise conducted by the Internal Audit Department and the external auditor's opinion on the Company's internal control system. This is to ensure that the Company's internal control system is suitable, adequate, and extensive with coverage in all respects, including the management control, operational control, financial and accounting control, and legal compliance.

Assessment of the Company's internal control system has been conducted according to the Adequacy Assessment Form for Internal Control System in accordance with the Form of the Securities and Exchange Commission, which is in line with the internal control framework of the Committee of Sponsoring Organization of the Treadway Commission (or COSO 2013). . The assessment was made on the aspects categorized by the components of the internal control as follows:

**1. The Environment of the Control**

The Company encourages good control environment by setting the vision, mission and organizational value, with an aim to propel a sustainable growth and top-notch operational performance of the organization, having in place clear short-term and long-term business operation targets and strategies that have been approved by the Board of Directors. The operational performance has been measured periodically, using the Balanced Scorecard and the Key Performance Indicators (KPIs), to monitor the business operation performance, comparing them with the set targets. The Company is prepared to adjust its business plans and strategies according to the current circumstance and consistently changing associated risks.

The Company has established the suitable organizational structure, line of control, and relationship between the intra-company units that are conducive to effective business operations. The suitable delegation of power and responsibility has been implemented.

The Company has in place the policies, rules, procedures and instructional manuals for the work performance of the operational units in all functions, including, for example, finance, procurement, human resources, and administrative work units. Those policies, rules, procedures and manuals have been communicated to, and recognized by, all employees. Non-compliant employees could be subjected to disciplinary punishments. Improvement of the aforesaid policies, rules, procedures and manuals has been made from time to time to maintain their suitability.

With respect to the personnel—the Company's most important resource, the Company has in place the job descriptions for all job positions, standardized assessment of employees' work performance and fair, clear and reasonable compensation schemes with the relevant internal and external factors are factored in. Trainings have been organized to improve employees' knowledge, skills and ability suitable for the employees' respective existing tasks and for the employees to be prepared for future changes. Various trainings are also made available electronically on-line continuously for employees' self-learning according to their preference to accomplish their respective career goals.

The Company has in place the policies on the occupational health, safety and working environment, which are in compliance with the applicable laws, to enhance the efficiency and effectiveness of the work safety management.

The Company has established the Code of Conduct, which has been acknowledged in writing by all employees, including those at the management level. Copies of the Code of Conduct have been distributed to all employees and directors for their use as guidelines in performing their jobs with honesty, integrity, transparency and ethic.

The Company has the rules in dealing with all business counterparties fairly and indiscriminately in accordance with the customary business practice. The Company's procurement staff and suppliers as well as other business counterparties are bound by the confidentiality agreement/policy to determinedly do the business with accountability and fair to all stakeholders, based on the believe that sustainable growth of the Company should goes hand-in-hand with the growth and development of all stakeholders.

The Corporate Governance Committee was established and entrusted with the supervisory task to assure that the Company's business operations are conducted in compliance with the good governance policy, placing importance on honesty and business ethic. Channels are made available for expression of opinions and suggestions in connection with the service provision, for "whistle blowing" in connection with violation of law or business ethic, or suspicious dishonest or illegitimate behavior of employees, officers and other interested parties. These include raising incorrect financial reports, defective internal control system via ordinary mail, telephone, facsimile, e-mail, and internet to the website of the Company.

## **2. Risk Assessment and Management**

The Risk Management Committee was established and entrusted with the responsibility to set policy framework and directions for the systematic risk management and handling. The Company's Risk Management Policy and Guidelines set the steps to be taken to identify risk indicators and risk factors, both inside and outside of the Company. Risk assessment is conducted on two aspects in order to determine the risk level (high, medium or low) as follows: the impact magnitude (both quantitative and qualitative) to assess how much damage could be done; and the occurrence probability (or likelihood). The assessment results are compared with the Risk Appetite to determine which are acceptable, and which are not. For the risks identified as needed to be more intensively controlled, the respective 'risk treatment plans' for those risks will be made, which include the key risk indicators for use by the risk managers to monitor the results of risk management and to make the risk management progress report to the Risk Management Committee, and further report to the Corporate Governance Committee and the Board of Directors, consecutively.

Importance is placed on preparation for the dynamic circumstance influenced or affected by the economic and political situations, the changes in laws, natural disasters, and environmental and safety regulations. The Company has in place the Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) to cope with the potential risks and critical situations, to assure the Company's uninterrupted business operations, and to mitigate damage and adverse effects suffered.



**Risk Management**

The Company adopted Enterprise Risk Management as a tool to handle with uncertainty that may have impact on business goals which the Risk Management Policy was already set up, together with the regularly update and promote Risk Management Process entire Company to ensure that the Company can accomplish its goals, to deal with the changes and risks that may occur immediately and to create more shareholders and stakeholders confidence.

Board of Directors approved Risk Management Policy and authorized Risk Management Committee for this responsibility. Also note that the Company's executives have to do the Risk Assessment on yearly basis which cover Operational risk, Financial Risk, Strategic Risk, Compliance Risk and Fraud Risk. Risk Manager will be a coordinator who analyzes and evaluates the results whether particular risk is at acceptable level or not. Risk Manager is required to report and provide the solution (if any) to Risk Management Committee for consideration and then to propose to Board of Directors.

(Further information is available under section Risk Management and Risk Factor.)

**3. Controlling Activities**

Controlling activities have been implemented. The areas covered include major operations which are material in carrying on the business, including those related to the critical information systems. The control activities are mainly of preventive nature to ensure that the risk management method or the control activities are pragmatic, realistically help prevent or minimize exposure to the risks that potentially causes damage to the business operations. In addition, the policies, rules and controlling activities are reviewed and revised periodically to make them suitable for the changing situations and associated risk profiles. The control activities are summarized as follows:

- The framework of the delegation of approving power to the managements at different cascading levels is clearly set in writing, and is reviewed and revised to maximize its suitability according to the change of organizational structure, while maintaining good check-and-balance mechanism and flexibility in business operations and internal control.
- Job segregation principle is adhered to in defining the responsibilities of the authorized approvers, transaction recording staff, information processing staff, and asset keeping staff to constitute the cross-checking and balancing of power mechanisms. Appropriate power distribution has been implemented to promote work performance flexibility. Staff rotation policy has been adopted and implemented appropriately in terms of suitable job positions and timing.
- In the case of activities classified as connected transactions or activities that potentially give rise to conflict of interest, tight measures in the form of policies and practicing rules which require that approvals must be obtained from the designated authorized persons. The approval process must be in line with the requirements of The Stock Exchange of Thailand and the Securities and

Exchange Commission and for the best interest of the Company. To uphold this principle, the authorized approvers are barred from participating in the approval granting process if they have interest in the proposed activities in question. Each interested director and interested management is required to file within the prescribed time period a report of her/his relevant interest as well as the relevant interest of her/his 'related persons.' Such report must be made in the prescribed form, which the reported information also include the equity interest in the Company.

- Information Security Policy and Manual were made and communicated via the Company's intranet and were sent by e-mail directly to each employee. This is to promote employees awareness of information security. Security standards were set to control access to the information and utilization of information. Information has been classified, and the access to the classified information has been appropriately controlled. Computer data traffic information has been recorded according to the applicable regulations of the Information Technology and Communication Ministry. The Company accomplished the successful completion of its ISO 27001 Project in the context of Data Centre, being granted with the ISO 27001 Certificate on 15<sup>th</sup> March 2012.
- The Legal Department and Corporate Governance Department have been entrusted with the responsibility to ensure full law compliant operations of the Company's business. This is to minimize exposure to the non-compliance risk. To accomplish this objective, the Company has in place various law compliance measures or process, e.g. compilation and development of law compliance database, development of law compliance management system and warning system to prevent untimely actions that need to be taken within the time period, and organization of trainings and provision of advices for staff of all units within the Company.

#### **4. Information and Communication**

The Company has continuously developed and improved its information system and provided channels for efficient intra-company communication with systematic data processing which is accurate, reliable, operates in a timely and suitable manner to accommodate the users' demand for the purposes of work execution and analytical usage. As a result, important information needed for decision-making by the Board of Directors and Management can be made available adequately well in advance. For example, the materials and information necessary for Board of Directors meetings can be provided to the Board members not less than 7 days before the meeting, giving them ample time for preparation and being ready for the meeting and making the decisions. In addition, the questions, discussion, debate, observations, and decisions on the matters raised for consideration at the meetings can be completely recorded in detail.

The supporting information and documents for account book recording and financial statements preparing and other important documents are kept and retained in an organized fashion and for the period of time as required by law. The Company has never received comment from the auditor about any deficiency in document keeping. The Audit Committee has reviewed the audited quarterly and yearly financial statements of the Company, and has discussed with the management and the auditor the significant information in the Notes to the Financial Statements, e.g. the accounting policy, assessment and judgment process used in preparing the financial statements. The Audit Committee was of the opinion that the financial statements have been prepared in accordance with the generally accepted accounting principles, containing accurate, complete, and reliable information. The adopted accounting policies were reasonable. The information disclosure was sufficient, timely and beneficial to the shareholders, investors and other financial statements users.

Intra-company communication via e-mails and intranet has been used to communicate to employees the information about the Company's policies, rules and orders. Internal meetings at all levels of the organization are held and exploited as communication channel for employees to express their opinions to develop work operations and improve work system efficiency. Company's website is available for employees and outside stakeholders as channel of communication with the Company.

#### **5. Monitoring**

The Company has in place the work operation monitoring and assessment processes. The set KPIs are used to measure the performance and the results thereof are reported to the Management and Board of Directors regularly. If the performance results negatively deviate from the plan or targets, analyses are conducted to identify the cause(s) and rectification measures must be established and implemented to solve the problem within the reasonable time fixed.

Monitoring activities were organized and implemented by a separately different work unit to continuously monitor and assess the internal control system. The continuous monitoring and assessment activities are set as routine works in the course of the Company's business operations to enable the Company to be responsive to the changing situations, whereas the monitoring and assessment by a separately different work unit, under the Internal Audit Department, is set to assess the adequacy and effectiveness of the internal control system for the important administration and operation processes, in accordance with the annual audit plan approved by the Audit Committee. The monitoring and assessment results are reported to the Audit Committee on a quarterly basis. The follow up conduct to measure the progress of work process improvement according to the recommendations stated in the audit report.

At the Board of Directors Meeting No. 1/2015, held on 12 February 2015, the meeting approved, as recommended by the Audit Committee, the summarized opinion on the adequacy of the internal control system. That is to say: the Company's internal control system was designed and implemented with adequacy and suitability for the business operations without material deficiency; the Company's financial reports were prepared in accordance with the generally accepted accounting standards with adequate information disclosure; the Company's business operations have been conducted in compliance with the Securities and Exchange Act and other applicable laws.

## **11.2 Risk Management**

### **Report of the Risk Management Committee**

**Dear Shareholder,**

We saw additional improvement in 2014 as our risk management continued to mature, i.e.

1. The Committee has implemented annual identification of corporate risks, embedded with strategy and 3-year business plan, in order to integrate the risk identification process into the company's direction. In 2014, the Committee pursued an exercise to identify corporate risks for 2015 before the year began. This process benefits risk mitigation planning in a proactive way.

2. Prior to corporate risk identification, the Company conducted a workshop, facilitated by independent risk management professionals, for the Committee, the Executives and related parties. This process introduced commonly understood standards and processes that should not only help to increase our oversight of risk, but also promote an increased cultural awareness of risk.

3. The Company developed key risk indicators (KRI) metrics for each significant risk faced by the Company for regular review by management and the Committee. Whilst some KRIs are proving difficult to measure, we have made substantial progress. Looking ahead, we believe we will be able to monitor risk trends more effectively.

4. The Committee integrated risk management as a part of our governance, risk management and compliance system. We take the corporate governance framework into consideration and continue to provide greater definition to the risk management framework, e.g., risk identification in relation to fraud and corruption.

5. The Company has always excelled at crisis management. We focused on alignment between the executive-level crisis management team, and the crisis management support team comprised of representatives from operational functions across the Company.

It is important for us to safely open all stores every day, as we are committed to be the marketplace at the heart of our customers' communities. The safety of customers and employees, smooth supply of merchandise, and the readiness of our backup site is reviewed on a regular basis.

6. The Company has developed an entry for corporate risk register as a living document to help us monitor significant risk with identification of mitigation activities agreed upon by responsible persons. This Key Risk Register development should increase our ability to monitor and prepare ourselves should identified risk continue at its current level or if its level is escalated.

The Committee has made great strides in supporting a more systematic and empirical approach to risk management and its oversight. Members of the Committee represent functions responsible for the risk mitigation plan, ensuring the effectiveness of plan implementation. The Committee reported to the Board of Directors on the progress of corporate risk management on a regular basis, providing sufficient opportunity for the Board to inquire, monitor and advise on risk management issues without hindrance.

The Committee is pleased with the significant progress made this year but is by no means complacent. We will continue to monitor progress next year. We will concentrate on key issues, i.e., to identify and manage risks to the Company and its strategic execution, and to be assured that effective risk management systems are in place throughout the Company.

Robert James Cissell

Chairman of the Corporate Social Responsibility Committee

## **Risk Management**

The Board has overall responsibility for the system of internal controls, including risk management, and delegating authority to the Risk Management Committee with the following objectives:

1. To establish and implement an enterprise-wide risk management framework that is suitable and practical for efficient business management of international standards.
2. To support the Board of Directors in overseeing risk management activities.
3. To build confidence and credibility among investors and stakeholders in the Company's business, as risk management is an integral part of good corporate governance.

(Details of the Risk Management Committee Charter can be found on the Company's website [www.bigc.co.th](http://www.bigc.co.th) -> investor relations -> corporate governance -> Charter of the Subcommittees).

The risk management process is closely aligned with our strategy. Risk is an inherent part of any business. The management of these risks is based on a benefit-risk balance. Under our assessment criteria, consideration is given to various areas of impact, i.e., finance, human, reputation and operation, in conjunction with our assessment on the likelihood of occurrence.

During the assessment, a workshop is set up to review the extensive risk catalog, gathered from retail operators around the world to ensure a thorough assessment, covering operational risks, strategic risks and external risks.

After corporate risks are identified, the process of risk management covers the identification of owners of mitigation plans, timelines, and key risk indicators (KRI) to help Management monitor risk trends on a monthly basis. The RMC will ensure that if the trend is negative, the mitigation plan must be revised. As retail business is very dynamic, many risks are managed separately in the form of committees, providing closer and more serious monitoring.

Our stores have an annual internal control assessment, not only to raise awareness of the importance of complying with the internal control process, but to give each store an opportunity to identify any new risks or concerns and report them to the corporate level. The risk management team exchanges outcomes of their assessment and monitoring with the internal auditors for cross-checking purposes.

During the year, the risk management team observes and notifies the Chief Risk Officer should they feel that new risks should be added to the overall corporate risk assessment.

#### **Heads of Internal Audit and Compliance**

Miss Nantavadee Suntibunyut is the Director of Internal Audit Department and Secretary to the Audit Committee since 2000. She has intensive experience in the Company's audit over 15 years. She has developed her expertise through training in related topics. The Audit Committee has reviewed adequacy of the resource of internal audit team and supported the internal audit in continuous development of expertise. The Audit Committee also supervised the appointment, rotation, removal or evaluation of performance of the head of internal audit in accordance with the AC Charter.

Compliance with SET/SEC regulations of the Company and the Board of Directors and corporate level risks are under responsibility of Mrs. Phatchada Muenthong, Director of Governance, Risk Management and Compliance Department. Qualifications of the Heads of Internal Audit and Compliance appear under Enclosure 3.

## 12. Summary of Related Party Transactions

Item	Company or Individual under RPT definition / relationship with the Company	Type of Transaction and benefit to the Company	Condition/Pricing Policy	Transaction Value (MB.)		Different Opinion of Audit Committee (if any)
				2014	2013	
1.	<p><b>C-Distribution Asia Pte. Ltd.</b> (or C-Asia)</p> <p>The Company holds 40% of C-Asia's shares.</p> <p>Following directors of Big C represent the Company in C-Asia:</p> <ul style="list-style-type: none"> <li>- Mr. Robert James Cissell</li> <li>- Ms. Rumpa Kumhomreun</li> </ul> <p>Ms. Christelle Dufour is an executive of Big C and director of C-Asia</p>	Share subscription	- Par value	81	-	-
2.	<p><b>C Distribution (Thailand) Limited</b> (or CDT)</p> <p>The Company holds 30% of CDT's shares.</p>	<p>Investment in Cdiscount Thailand.</p> <p>Following expenses are necessary for the expansion of online business in Thailand and will support strategic priorities of the Company</p>			-	

Item	Company or Individual under RPT definition / relationship with the Company	Type of Transaction and benefit to the Company	Condition/Pricing Policy	Transaction Value (MB.)		Different Opinion of Audit Committee (if any)
				2014	2013	
	Mr. Robert James Cissell is a director of Big C and represents the Company in CDT.	- Share subscription	- Par value	30	-	-
		- Reimbursement by CDT of initial operating expenses made by Big C and initial assets acquired by Big C on behalf of CDT in advance of the incorporation of CDT	- Actual cost	92	-	-
		- Service Fee and Office Rental	- Cost allocation plus certain margin at the rate comparable to similar business	9	-	-
		- Shareholder Loan (Pro rata of shareholding).	- Cost of fund plus margin comparable to similar business	85	-	-
		- Sale & Purchase of Merchandise	- Market price	169	-	-
		- Trade and other receivable	- General trading conditions	4	-	-
		- Trade and other payable	- General trading conditions	7	-	-



Item	Company or Individual under RPT definition / relationship with the Company	Type of Transaction and benefit to the Company	Condition/Pricing Policy	Transaction Value (MB.)		Different Opinion of Audit Committee (if any)
				2014	2013	
3.	Cavi Retail Ltd. / subsidiary of Groupe Casino, a major shareholder of Big C  Mr. Philippe Alarcon is a director of both Big C and Cavi Retail Ltd.	Income for use of trademark "Big C" in Vietnam  - Royalty fee  - Trade receivable	- Negotiated comparable to similar business  - General trading conditions	20	18	-
				5	5	-
4.	EB Services Co.,Ltd. / subsidiary of Groupe Casino, a major shareholder of Big C	As part of members of AEC, Big C Thailand and Vietnam are developing personnel together. Some personnel are exchanged on secondment basis  - Reimburse advanced payment of personal expense  - Other Receivable	- Actual cost  - General trading conditions	7	-	-
				7	-	-
5.	Casino International SAS/ subsidiary of Groupe Casino, a major shareholder of Big C	Under synergy strategy, subsidiary of Groupe Casino sources products with global volume and share benefit with Big C (global sourcing arrangement). Big C received benefit as commercial				

Item	Company or Individual under RPT definition / relationship with the Company	Type of Transaction and benefit to the Company	Condition/Pricing Policy	Transaction Value (MB.)		Different Opinion of Audit Committee (if any)
				2014	2013	
		rebate and pays commission fees in exchange.  - Rebate income  - Commission fee  - Repayment of personal expense  - Trade and other receivable  - Trade payable	- Market price  - Negotiated, comparable to similar business  - Actual basis  - General trading conditions  - General trading conditions	68  21  25  81  37	76  25  10  75  37	-  -  -  -  -
6.	<b>Distribution Casino France SAS /</b> subsidiary of Groupe Casino, a major shareholder of Big C  Mr. Hervé Daudin is a director of Big C and the Chairman of Distribution Casino France SAS	Big C purchases Casino brand private label products as part of its wide range of assortment to serve customer needs.  - Purchase of Merchandise  - Trade payable	- Market price  - General trading conditions	129  6	106  30	-  -
7.	<b>Casino Services SAS /</b> subsidiary of	Under synergy strategy, Groupe				

Item	Company or Individual under RPT definition / relationship with the Company	Type of Transaction and benefit to the Company	Condition/Pricing Policy	Transaction Value (MB.)		Different Opinion of Audit Committee (if any)
				2014	2013	
	Groupe Casino, a major shareholder of Big C	<p>Casino provides various kinds of management assistance to Big C.</p> <ul style="list-style-type: none"> <li>- Management support and strategic advisory fee</li> <li>- Repayment of personal expense and insurance premium</li> <li>- Other expense</li> <li>- Other payable</li> </ul>	<ul style="list-style-type: none"> <li>- Cost plus margin at the rate comparable to similar business</li> <li>- Actual cost</li> <li>- Actual cost</li> <li>- Actual cost</li> </ul>	<p>19</p> <p>75</p> <p>15</p> <p>70</p>	<p>49</p> <p>49</p> <p>8</p> <p>95</p>	<p>-</p> <p>-</p> <p>-</p> <p>-</p>
8.	Geant International B.V. (or GIBV) / a major shareholder of Big C	<p>Under synergy strategy, Groupe Casino provides various kinds of management assistance to Big C.</p> <p>From 1 July 2014 onwards, GIBV provides management services instead of Casino Services</p> <ul style="list-style-type: none"> <li>- Management support and strategic advisory fee</li> <li>- Other payable</li> </ul>	<ul style="list-style-type: none"> <li>- Cost plus margin at the rate comparable to similar business</li> <li>- General trading conditions</li> </ul>	<p>118</p> <p>118</p>	<p>-</p> <p>-</p>	<p>-</p> <p>-</p>

Item	Company or Individual under RPT definition / relationship with the Company	Type of Transaction and benefit to the Company	Condition/Pricing Policy	Transaction Value (MB.)		Different Opinion of Audit Committee (if any)
				2014	2013	
9.	Green Yellow SAS (or Green Yellow) / subsidiary of Groupe Casino, a major shareholder of Big C	Green Yellow provides energy saving solution service. It assigned personnel for engineering feasibility study for Big C.  - Reimburse advanced payment of personal expense  - Other Receivable	- Actual cost   - General trading conditions	6   4	-   -	-   -