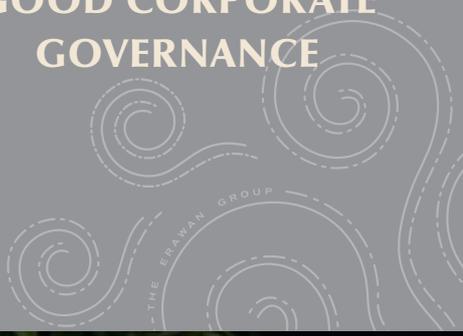




**GOOD CORPORATE
GOVERNANCE**



Corporate Governance Policy



"Success with Integrity"

The Erawan is managed on the principle of good corporate governance. The business is run in compliance with the laws and on the basis of the Business Code of Conduct where information is disclosed in a transparent and straightforward manner. We have also put in place efficient auditing mechanisms. We operate our business by taking into consideration our responsibility in every aspects to shareholders and stakeholders, the structure of our Board of Directors, supervision mechanisms and efficient management responsibility. Aside from complying with the OCED's best practices, we also implement other best practices normally practiced overseas; for example, the Erawan have set up four sub-committees to help supervising each task or the fact that our board consists of as much as 50 percent of independent directors out of the entire board. With regard to corporate governance, the Erawan has set up the Nominating and Corporate Governance Committee (NCG) to regularly review and update corporate governance policies and practices so the company will continue to have up-to-date criteria that it can be actually implemented. To comply with the policy, the President and Chief Executive Officer (President and CEO) has been directed to promote corporate governance among staff at all levels.

The President and CEO requires the Code of Conduct be made for employees of all levels to be a clear guideline for practices under the corporate governance policy. Two Town Hall meetings a year are held to promote understanding in this subject matter. Besides, we also aim to do our work with integrity, which is one of the four values set as our corporate culture. We also ensure that staff understands the concept of Social Corporate Responsibility (CSR) where business is run by properly taking into consideration the interest of all stakeholders whether they are customers, suppliers, shareholders, creditors, employees, the society or the environment. The Erawan regularly conducts an opinion survey of stakeholders. Results of the survey are used to improve business efficiency and to be one of the factors evaluating our staff performances annually.

The Erawan's corporate governance activities can be divided into nine areas as follows:

1. Code of Conduct

We have announced a policy to conduct our business based on the principles of good corporate governance. In 2005, we combined the best practices and the Code of Conduct, which not only were in line with our corporate strategy, but were also practicable, into our Code of Conduct manual. The manual was updated in 2008, which was indeed a significant move based on our motto of **"Success with Integrity"**. The updated Code of Conduct has been distributed to executive officers and staff for implementation to ensure our success with integrity and also to promote our corporate culture and ethical performances. Our Code of Conduct is now posted in our website at <http://www.TheErawan.com>, a mechanism to ensure that our executive officers and staff commit to their responsibilities to all stakeholders, communities, society and environment.



Board of the Year for Distinctive Practices 2006/2007

2. Qualifications, Structure, Duties and Responsibilities of the Board and the Management

Not only qualifications of our directors are in line with the SET's requirements but they are also much more intensive. Director's term of office is three years each term with clear scopes of work and with power being balanced between non-executive directors. Half of the Board's entire members are independent non-executive directors. The Board consists of Chairman of the Board, who is an independent director and different person from the President and Chief Executive Officer where their roles, authority and responsibilities are clearly separated to maintain balance between managing and supervising the company. In addition, there are five other independent directors, five non-executive directors and President and Chief Executive Officer. The total number is 12.

The Board has appointed four different committees in a move to clearly define duties and responsibilities. The Board also has a policy to promote rotation among directors to sit at different committees for appropriate timeframe and on appropriate occasions. Chairman of a committee has a duty to submit a clear-cut policy of his committee to the Board. Every committee must appoint a secretary, who will coordinate with directors and the Management to ensure that the policy is translated into action. In addition, the secretary must also record minutes of meeting in writing. The committees include the following:

The Audit Committee (AC) The entire Audit Committee consists of independent directors and at least three members, whom must have adequate accounting knowledge to be responsible for auditing the company's financial statements and its internal control system and to monitor the company's risk management practices on a regular basis. In addition, the Audit Committee will also review the independence of the company's Internal Audit Unit; approve appointment, transfer or termination of supervisor who works as its secretary; review legal compliance; select, appoint and propose an auditor and auditor's fees and review the auditing and disclose information about connected transactions to meet the criteria in an accurate and transparent manner.

The Financial and Risk Management Committee (FRC) This Committee consists of no fewer than six directors and is responsible for supervising and managing policies, plans and investment projects approved by the Board. The Committee also ensures that the firm has a systematic, distinct and effective risk management system.

The Nominating and Corporate Governance Committee (NCG) This Committee consists of no fewer than three members. Its chairman shall be an independent non-executive director while the remaining two members are non-executive directors. The Committee is responsible for reviewing the structure of the Board, setting qualifications of a particular position, reviewing and recruiting experts to become our directors as well as assessing the Board's performances and other committees appointed by the Board. The Nominating and Corporate Governance Committee also sees that directors, executive officers and staff of all levels comply with the Good Corporate Governance practices and Code of Conduct.

The Management Development and Compensation Committee (MDC) The Committee, consisting of no fewer than three non-executive directors, is responsible for proposing development policies, assessing knowledge and skills of and compensations to new President and Chief Executive Officer, writing a senior management succession plan and reviewing the company's HR development policy.

The Board also appoints the company's Secretary to perform duties as stipulated by the Securities and Exchange Act, No. 4, B.E. 2551 and/or other relevant legislations. The Secretary also monitors and coordinates with the Board, the Management and related internal and external parties.



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3. Qualification of Directors

Principles

The Board of Directors should consist of members with a variety of knowledge and experiences, whether it is in finance, economy, management, business administration, marketing and service, tourism and law. The idea is to ensure that together, they can formulate a right policy for the development of hotel and resort business while having specialized skills, ability to see things in a big picture and enough independence to audit the Management in a balancing manner. The Board of Directors has two significant roles; namely, supporting the Management on the basis of the Good Corporate Governance and formulate a strategy to achieve our business goals.

General Qualifications

1. Director should possess a variety of knowledge and experiences while being a professional with an ethical mind.
2. Director should fully understand his obligations and practices with a commitment to create long-term values to the business and shareholders.
3. Director should have enough time to perform his duties effectively.
4. Director should be able to assess himself and is ready to notify the Board of Directors upon change or if there is anything that prevents him from performing his job effectively.

Director's Term of Office and Retirement Criteria

1. Director shall be in office three years each term. The Board may nominate a director for shareholders to re-elect him/her after his term ends by reviewing his performances on an annual basis. The term of a committee's member is also three years each term.
2. Director shall retire when he/she is fully 75 years old effective from the day following the Annual General Meeting of Shareholders. The calculation will start after the day the director is fully 75 years old.

Specific Qualifications

Chairman of the Board of Directors aside from the duties mentioned above, Chairman will have extra duties; namely, (1) acting as chairman of the Board of Directors' meeting; (2) exercising a casting vote in case of tie at the Board of Directors' meeting; (3) calling for the meeting of the Board of Directors; and (4) acting as chairman of the Shareholders' Meeting. As a result, qualifications of the Chairman will be slightly different from those of other directors as follows:

- Chairman must be Non-Executive Director (NED).
- Chairman must not be involved in a day-to-day management, Auditor, or of other professions such as being a legal consultant nor shall he be employee, staff, advisor receiving monthly salary or a person with controlling power of the company, affiliated company, associated company, auditing company, or be a person who may have conflict of interest without having to have interest or stakes in such manner.



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Executive director

- Director who is also Chief Executive Officer (CEO) is advised not to become director in more than three other listed companies.

Independent director

- Independent director shall hold less than 1 percent of the total shares with voting rights in a company, its affiliated company, associated company or any other person with possible conflicts of interest (To be count on related person).
- Independent director must not be involved in the management and is currently not being and has never been employee, staff, advisor enjoying monthly income or person with controlling power of the company, its affiliated company, associated company and auditing company; nor shall he be a person with conflict of interest without having to have any interest or stake in such manner for no less than two years.
- An independent director shall have neither blood nor registered relationship as a father, mother, spouse, sibling and children including spouse of children of executive officers, major shareholders, persons with controlling authority or anyone to be nominated as an executive officer or a person with controlling power of the company or its subsidiary.
- An independent director shall have no business relationship with the company during the previous two years. Details are as follows:
 - No relationship as a provider of professional service including being an auditor (in any case), or of other professions such as being a legal consultant, a financial advisor or an asset appraiser with an annual transaction value exceeding Baht 2 million.
 - A business and trade relationship including normal transactions, renting or leasing of property, transactions relating to assets and services and giving or getting financial assistance with a transaction value from Baht 20 million or 3 percent of the company's NTA, whichever is lower. This however shall include values of all retroactive transactions during at least the six previous months prior to the latest transaction.
- An independent director shall possess no other characteristic that prevents him/her from expressing his opinion independently.
- Independent director must attend at least one of the following courses held by the Thai Institute of Directors (IOD); namely,
 - Directors Certification Program (DCP); or
 - Directors Accreditation Program (DAP); or
 - Audit Committee Program (ACP)



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Member of the Audit Committee

- He/she shall be an independent director appointed by the Board or shareholders.
- He/she shall not be a director entrusted by the Board to make any decision with regard to a business of the company, its parent company, subsidiary, affiliate, subsidiary of the same level or other entities that may have a conflict of interest.
- His duties must not be fewer than what is stipulated by the SET.

Transactions with Possible Effects to Independence

- Being authorized to approve transactions or signing to bind the company, to exempt collective decision.
- Attending a meeting or voting in a matter he has an interest or a conflict of interest therein.

Prohibited Characteristics

Directors and executive officers must possess no qualifications that are conflicting with the company's requirements and announcements made by the SEC and the SET. Additional information can be read in the company's website.

4. Rules and Responsibility of the Board of Directors and the Management

The Board of Directors determines policies and practices for the management, which include important tasks of an executive. In addition, the Board also allows the management to formulate a management policy based on the Company's objectives and missions, which will be subject to the Board's approval.

The Board of Directors also sets to have its Independent Directors meeting every year so that all directors have met Executive officers lower is President and Chief Executive Officer's duty.

5. Board of Directors' Meeting

The company sets the number of both the Board's meetings and the meetings of its committees by scheduling them and letting directors and relevant parties know about them in advance throughout the year. The Company also sets to have agendas' Board of Directors' Meeting every year so that all directors (11) not within President and Chief Executive Officer, Management's duty and Company Secretary.

In 2009, the company organized 6 Board of Directors' meeting, 4 Audit Committee's meetings, 6 Financial and Risk Management Committee's meetings, 3 Nominating and Corporate Governance Committee's meetings and 2 Management Development and Compensation Committee's meetings (two ordinary meetings and one extraordinary meeting). Minutes of meeting were recorded in writing at each and every meeting and kept at the Office of Secretary and on a data server so that officers can conveniently access the database. Details of meeting attendance of directors are in the following table:



Board of the Year for Distinctive Practices 2006/2007

Times of Attendance 2009

Name	Title	Term	Times of attendance/Number of total attendance				
			Board of Directors	Audit Committee	Financial and Risk Management Committee	Nominating and Corporate Governance Committee	Management Development and Compensation Committee
1. Mr. Luen Krisnakri	Chairman	Apr. 2008 - 2009	2/2	-	-	2/2	-
2. Mr. Praktik Pradipasen	Chairman	Apr. 2009 - 2012	5/6	1/1	-	1/1	-
3. Mr. Sansern Wongcha-um	Independent Director	Apr. 2009 - 2012	6/6	3/3	-	-	-
4. Assoc. Prof. Manop Pongsadadt	Independent Director	Apr. 2009 - 2012	6/6	4/4	-	-	-
5. Mr. Dej Bulsuk	Independent Director	Apr. 2009 - 2012	6/6	4/4	-	-	-
6. Mr. Banyong Pongpanich	Independent Director	Apr. 2007 - 2010	5/6	-	4/6	-	2/2
7. Mr. Ekasith Jotikasthira	Independent Director	Apr. 2009 - 2011	3/4	-	-	-	-
8. Mr. Vitoon Vongkusolkit	Director	Apr. 2008 - 2011	6/6	-	6/6	-	2/2
9. Mr. Supol Wattanavekin	Director	Apr. 2007 - 2010	6/6	-	6/6	-	2/2
10. Mr. Chanin Vongkusolkit	Director	Apr. 2007 - 2010	6/6	-	6/6	3/3	-
11. Mrs. Panida Thepkanjana	Director	Apr. 2008 - 2011	5/6	-	6/6	3/3	-
12. Mr. Krisda Monthienvichienchai	Director	Apr. 2007 - 2010	6/6	-	-	-	-
13. Mr. Kasama Punyagupta	President and Chief Executive Officer	Apr. 2008 - 2011	6/6	-	6/6	-	-
Percent of directors' attended			94.44%	100%	94.44%	100%	100%

Note: On 29 April 2009, Mr. Luen Krisnakri, Independent Director resigned from the Chairman of the Board. The Board appointed Mr. Praktik Pradipasen as the Chairman effective on 29 April 2009 and appointed Mr. Ekasith Jotikasthira as the Independent Director effective on 29 April 2009.

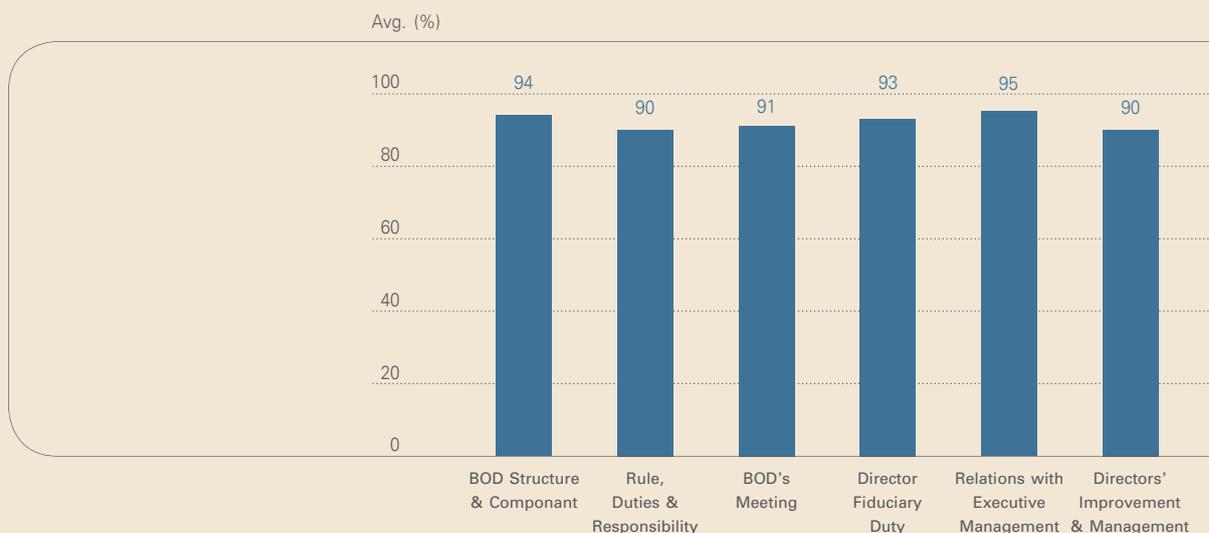


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6. Evaluation of the Board’s Performances

We evaluate performances of our Board annually. Twelve directors conduct a self-evaluation and an evaluation of the entire board independently before sending evaluation results to the Nominating and Corporate Governance Committee for further assessment. Evaluation results are used to improve and develop directors and work processes according to the guidelines recommended by the SET and Institute of Thai Directors.

Based on such evaluation, more than 94 percent of assessors agreed that the structure and components of directors were appropriate and that there were enough independent directors to achieve a balanced power. 90 percent agreeing with the Board understood its independence in making decisions without being influenced by anyone. Meanwhile, 91 percent agreed that matter regarding the number of meetings, 93 percent acknowledgement when the meeting would be held and the getting of documents in advance was getting much better than before. 95 percent agreed that there was a good relationship with the Management Team and directors could directly discuss with the President and Chief Executive Officer. 90 percent agreed that better self-development among directors, better understanding about business and their duties and responsibilities. Details are in the following:





Board of the Year for Distinctive Practices 2006/2007

7. Nomination of Directors and Executives

The Board entrusts the Nominating and Corporate Governance Committee to draft a clear nomination policy and process for directors. This refers to a process to initially check a nominee's qualifications to ensure that his are in compliance with director's qualifications; a selection and courting process of a nominee to be our director; a nomination process to the Board or shareholders and a reviewing process of director being re-nominated. An individual evaluation of a director's performances while in the office will be used to support the consideration.

In 2009, our directors nominated a total of 6 nominees to the Nominating and Corporate Governance Committee in order to replace independent directors and to fill vacancies due to resignations. The selection was independently conducted without being subject to anyone's influence. Nominees were submitted to the Board's meeting on 28 April 2009, which unanimously agreed to appoint Mr. Ekasith Jotikasthira as our independent director (11 votes from 11 directors). The Management conducted a two-hour orientation session for him and arranged for management team to meet the new director so that he learned about the company, got access to corporate information, business directions and strategic plans.

The Board designated the Management Development and Compensation Committee to recruit and formulate a succession plan of executives; namely, President and Chief Executive Officer, to ensure continued performances and to avoid business disruption.

8. Remunerations of the Board of Directors and Management

The Board entrusts several committees to formulate a compensation plan for directors, executives and staff as follows:

The Nominating and Corporate Governance Committee has a duty to formulate a compensation policy of directors where it is to review the soundness of compensations being paid on an annual basis on the basis of directors' scopes of duties as well as their roles and responsibilities and the company's financial status and operation results vis-à-vis others in a similar business enjoying the same amount of revenues. Compensations will be paid in two types: meeting allowances (retainer fees or attendance fees) and bonuses. Director entrusted as a committee's member shall receive additional compensations based on his additional responsibilities and this will be submitted to the Annual General Meeting of Shareholders to seek its approval on an annual basis.



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The Management Development and Compensation Committee evaluates performances of President and Chief Executive Officer based on four aspects; namely, finance, customer satisfaction, internal process and HR and corporate development, as part of a review of his compensation and annual compensation. Together with President and Chief Executive Officer, the Committee formulates a policy to pay executives and Staffs based on the nature of their work.

The President and Chief Executive Officer reviews annual compensations of executives based on a formulated policy through two evaluation processes; namely, (1) Balance Score Card (BSC) evaluation, which reviews strategic significances of each department vis-à-vis corporate strategy through a linkage that will eventually trigger corporate-level strategies to lower levels; namely, from corporate strategy, to departmental and section strategies; and (2) Competency Skill Behavior (CSB) evaluation, where behaviors that support corporate culture will be evaluated. Supervisors will evaluate each individual. Some of the evaluation will be based upon the company's policies; others upon something else, depending on criteria set by department supervisors. To ensure effective evaluation and to access information from co-workers of various levels, the assessment is conducted from every direction. In this regard, supervisors will evaluate their supervisees and vice versa. In addition, staff of all levels is encouraged to conduct a self-evaluation. Results of both BSC and CSB evaluations are used to allocate the company's overall returns to departments, sections and units.

Remunerations in cash for the year ending 31 December 2009

1. Remunerations of directors of the Company's Board of Directors and Committees, totaled Baht 4,347,500.00
2. Remunerations of directors of the Company's subsidiary, totaled Baht 2,085,000
3. Remunerations, which are total wages of the nine (9) executives paid by the Company and its subsidiaries, totaled Baht 29,122,937.04
4. Provident fund of the executives under item 3 above, totaled Baht 922,848.00

Remuneration of the Board of Directors and Management

Remunerations for the Board of Directors and the Committees in the Year Ending 31 December 2009

Name	Title	Compensation in cash for member of the Committee					Total (Baht/Year)
		Board of Directors	Audit Committee	Financial and Risk Management Committee	Nominating and Corporate Governance Committee	Management Development and Compensation Committee	
1. Mr. Luen Krisnakri	Chairman	100,000	-	-	30,000	-	130,000
2. Mr. Prakit Pradipasen	Chairman	280,000	25,000	-	15,000	-	320,000
3. Mr. Sansern Wongcha-um	Independent Director	240,000	75,000	-	-	-	315,000
4. Assoc. Prof. Manop Pongsadadt	Independent Director	240,000	80,000	-	-	-	320,000
5. Mr. Dej Bulsuk	Independent Director	240,000	80,000	-	-	-	320,000
6. Mr. Banyong Pongpanich	Independent Director	240,000	-	180,000	-	22,500	442,500
7. Mr. Ekasith Jotikasthira	Independent Director	160,000	-	-	-	-	160,000
8. Mr. Vitoon Vongkusolkit	Director	240,000	-	240,000	-	22,500	502,500
9. Mr. Supol Wattanavekin	Director	240,000	-	180,000	-	30,000	450,000
10. Mr. Chanin Vongkusolkit	Director	240,000	-	180,000	33,750	-	453,750
11. Mrs. Panida Thepkanjana	Director	240,000	-	180,000	33,750	-	453,750
12. Mr. Krisda Monthienvichienchai	Director	240,000	-	-	-	-	240,000
13. Mr. Kasama Punyagupta	President and Chief Executive Officer	240,000	-	Do not get paid as Executive	-	-	240,000
Total		2,940,000	260,000	960,000	112,500	75,000	4,347,500

Note: On 29 April 2009, Mr. Luen Krisnakri, Independent Director resigned from the Chairman of the Board. The Board appointed Mr. Prakit Pradipasen as the Chairman effective on 29 April 2009 and appointed Mr. Ekasith Jotikasthira as the Independent Director effective on 29 April 2009.

Corporate Social Responsibility



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9. Corporate Social Responsibility (CSR)

Corporate Social Responsibility, shortly called CSR, is one of the Erawan Plc's major business strategies. We truly believe that CSR will guide our business while let us be accountable to shareholders, staff, suppliers, creditors, the society, the environment and neighboring communities where our properties are located. To ensure that everyone here understands the same thing, we have determined CSR guidelines and principles for those involved as follows.

Duties and Responsibilities of the Board to Shareholders

The Board of Directors takes into consideration shareholders' rights without limiting only to their fundamental rights as stipulated by laws. This refers to their rights to trade or transfer shares, to share the company's profits, to adequately receive the company's information, to attend meetings to vote at shareholders' meeting in order to either appoint or remove directors and to appoint auditors and discuss important matters affecting the company. In this regards, important matters can range from allocating dividends to formulating or amending rules and regulations and the Memorandum of Association, increasing or reducing capital and approving special transactions. The Board of Directors also supervises to ensure that meeting's time, date, place and meeting agendas are given to shareholders; that relevant documents and information required for making decisions at a meeting are available to shareholders, that shareholders are notified of applicable rules at the meeting, that voting procedures are not too complicated and that a meeting location is convenient and not expensive for shareholders to attend the meeting.

The Board of Directors has allowed shareholders to propose agendas of the Annual General Meeting of Shareholders in advance prior to the meeting date. Clear rules and regulations in doing so have been posted in the company's website to facilitate shareholders. Shareholders may submit a document to propose potential meeting agendas by 31 January of every year. The Board encourages shareholders to use Proxy Form B so that shareholders can determine a voting direction as there are names and information of six independent directors who can be alternative proxy for shareholders. In addition, the information must be posted in the company's website at least 30 days prior to the meeting. Documents must also be sent to shareholders in advance enough for them to study prior to the meeting.

During the Meeting, the Company treats every procedure equally. No agendas are shortened, deleted or alternated. This is especially the case of an agenda to appoint directors where shareholders are entitled to vote for directors individually upon enough information. All ballots featuring yes, no and abstention votes are duly kept as evidence.

At every the shareholders' meeting, Chairman of the Board, Chairman of the Committees, directors, President and Chief Executive Officer (President and CEO) and Chief of Financial Officer (CFO), attend the meeting to allow shareholders to express their views and ask questions about relevant matters to the meeting. During the past three years (2007 - 2009), the entire Board attended the meeting to allow shareholders to ask questions in an adequate fashion, which however did not delay the meeting. In addition, Q&A sessions, resolutions adopted at the meeting and votes received at each agenda were properly recorded in writing in the company's minutes of meeting and posted at the company's website within 14 days from the shareholders' meeting date.



Board of the Year for Distinctive Practices 2006/2007

Aside from the Board's responsibilities to shareholders as mentioned above, the Board also formulates a Corporate Social Responsibility policy, which includes responsibilities to shareholders as follows:

Responsibilities to Shareholders

1. To manage the Company in a way that will turn it into a quality corporation committed to integrity while creating sustainable strength and growth for shareholders in the long run.
2. To perform our job with thorough care and competency as a business may do under the same situation.
3. To perform our duty with integrity and to fairly treat both major and minor shareholders for the benefit of all relevant parties.
4. To manage the Company's properties in a manner that avoids their depreciation.
5. To report the Company's status and operation results regularly, accurately and completely based on existing facts.
6. To prevent the Company's confidential information from being improperly disclosed to the third party.
7. To avoid doing anything that may lead to a conflict of interest against the Company without any advanced notice.
8. To respect the rights and to equally treat all shareholders, whether they are executive or non-executive shareholders, and foreign shareholders.

Responsibility to Investor Relations

The Erawan sets up the Investor Relations (IR) Department as a center to provide complete company information to retail and institutional investors, shareholders, analysts and the public sector. Contacts can be made directly at the Company's office or go to www.TheErawan.com. Inquiries can also be made through IR@TheErawan.com.

We conduct an Investor Relations IR Survey to gauge satisfaction in relation to our information disclosure at least once a year. In 2009, we conducted the survey by distributing questionnaires to analysts at the Quarterly Meeting held in November 2009, which was a quarterly analyst's meeting and also the last meeting of the year. All respondents were within a target group. 54 percent of the respondents had monitored our information for no less than 3 years. 99 percent of the respondents said they were satisfied with the information.

In 2009, we were nominated by the Stock Exchange of Thailand (SET) as one of the three listed companies of which market capitalization was not over Baht 10 billion under Group 1 for the IR Excellence Awards, among other SET Awards we achieved in 2009.

Responsibility of the Right to Access Information of Stakeholders

We give all stakeholders an access to information. We also determine guidelines and practices for our executive officers and staff to encourage their fair and equal interactions with all stakeholders. We also allow stakeholders to directly contact the Board, the Audit Committee and the Nominating and Corporate Governance Committee for their valuable suggestions that will not only benefit but also add more values to our management at



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our office, No. 2, Ploenchit Center Building, 6th Floor, Sukhumvit Road, Klongtoey District, Bangkok; or at Office of Corporate Governance, email: GCG@TheErawan.com. All information is treated confidential and will be directly forwarded to the Board.

Responsibilities to Employees

1. To determine an appropriate structure of remunerations in line with market rates, staff's competency and responsibilities and their work performances through three levels of strategic assessments; namely, corporate strategy, department strategy and division strategy. The Competency Skill Behavior Assessment will be carried out in a 360-degree manner where supervisor will assess supervisees and vice versa and where everyone will have a self-evaluation at all levels.
2. To provide appropriate welfare and other benefits such as accident insurance to staff and executives working out of the office, health insurance and allowances for healthcare services as an out-patient, annual health check-up and coffee & tea corner for staff.
3. To ensure staff's understanding about their professional roles and responsibilities as well as their career goals, to provide an opportunity for staff to grow professionally and to acknowledge and recognize staff's work.
4. Award and punishment will be conducted based on the concept of right and wrong and with integrity.
5. To ensure workplace safety, health and sanitation.
6. To have a clear and efficient working system that allows staff to exercise their knowledge and competency while supporting their knowledge enhancement and recognizing their participation role.
7. To promote the Code of Conduct to staff to help them duly understand and fully comply with the Code.
8. To comply with all the rules and regulations relating to labor laws and staff welfare.
9. To avoid action considered unfair and illegitimate that may affect staff's advancement and job security while respecting an individual's rights.

Responsibilities to Customers

1. To set up a pricing policy considered fair and appropriate.
2. To treat all business deals equally without treating anyone more favorably where every deal is considered conducted on an arm's length basis.
3. To procure and improve the procurement process considered appropriate and meeting business conditions.
4. To execute a fair contract with customers. (without depriving a customer of his benefits)
5. To disclose related and beneficial information accurately, completely and in time without any distortion.
6. To keep customer's confidential information secret as if it is the Company's own information and not using it for the Company's own benefit.
7. Not demanding, receiving from or not giving any illicit profit to customers.



Board of the Year for Distinctive Practices 2006/2007

Responsibilities to Suppliers and Creditors

1. To offer a fair competition environment where the procurement and hiring process of goods and services is carried out properly, transparently and efficiently. This will include finalizing price negotiations, making quotations, bidding methods, special methods and procurement methods for government agencies and state enterprises. Questionnaire will be regularly issued to ask for opinions about the Company's bid participation in order to regularly improve its procurement and hiring process of goods and services.
2. Avoid specify a particular product or choosing a particular product intentionally unless otherwise there is an enough reason to do so. In case of change of products or specifications of the product, suppliers must be informed. If necessary, a new price quotation must be submitted. An original supplier must be given an opportunity to equally offer his quotation.
3. Choose a quality supplier who is really interested in doing the job. Avoid inviting suppliers just to have enough participating suppliers as stated in a regulation. All bidders are to receive the same written details, information and conditions. If notified verbally, they shall receive a written confirmation later.
4. Executives or staff involving in the procurement or hiring process must disclose information and/or their personal relationship as well as that of their spouses or closed relatives or a personal relationship with a particular bidder that may directly result in an opaqueness of their job. They shall also exercise their responsibility by not attending a decision-making process when a particular supplier is chosen.
5. Not demanding and receiving gifts, favors or treats unless otherwise on appropriate occasions; refrain from having a special relationship with suppliers so much so that others may believe it may lead to an unfair treatment especially if it makes other suppliers misunderstand, refuse to participate in quoting prices or spread ill words that damages the Company's reputation.
6. To prepare a fair contract and to comply with an agreement executed with suppliers and creditors. In case the Company is unable to comply with its contract, negotiate with suppliers/creditors without delay to find a solution and to prevent further damage.
7. To refrain from doing anything that will prevent suppliers from paying tax to the state.
8. To disclose related and beneficial information accurately, completely and in time without distortion.



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Responsibilities to Social and Environment

The Erawan formulates a clear-cut policy for social, community and environmental causes. It plans to implement “the Erawan for the Society and the Environment,” project, to which the Board has already approved to allocate 0.5 percent of its annual net profit as a social contribution. Of the entire budget, 50 percent will be spent for the benefits of communities closed to the Company’s properties whereas the other 50 percent will be spent for the benefit of the society in general.

We support corporate social activities to allow executive officers and employees to be a good citizen of our society. We continue to initiate projects that focus at sustainable development in our neighboring communities and that allow us to work with public and private counterparts. These are our main missions and we continued to do the following in 2009:

- **Love Charity Project** - the company and our staff donated necessary items and provided financial support to the lunch fund of the Foundation for Slum Child Care (FSCC) under the Royal patronage of HRH Princess Galayani Vadhana every 3 months. We have a plan to extend this activity to other foundations.



- **Welcome Guide to Thailand Project** where activity was held every 3 months. The aim of the project is to promote tourism in Thailand by enhancing language skills to taxi and tuk-tuk drivers, who are major forces behind the local tourism industry, in order to create a good impression among our visitors.



- **Blood Donation Project** - together with the JW Marriot Hotel, which provided a location for our blood drive, we coordinated with the blood center of the Rajavithi Hospital every 3 months.





Board of the Year for Distinctive Practices 2006/2007

- **Redeeming Garbage Project** - wastes with chicken's eggs Project - organized every 2 months, the project allowed employees and the interested public to bring in their waste or any stuff they no longer used to exchange for eggs. The idea of the project is to promote waste separation and ensure that waste is re-used in a proper manner to help reduce the global warming.



- **The Let's Green Project** through which we published leaflets and brochures for tenants of the Ploenchit Center Building to reduce their energy use.



- **Keep our Surrounding Nice and Neat Project** - designed to raise awareness in keeping our home clean, we collected waste around our office from areas stretching from Ploenchit Center to around Duangpitak Road and Sukhumvit Soi 4. The event was participated by our employees, staff from our subsidiaries and our suppliers.



- **Keep Our Neighbor Nice and Neat Project** aimed to support communities where we also have our business. Through this project, we gave 30 waste bins to Ao Por Beach in Phuket Province as part of the Keep Ao Por Beach Clean Project. We also donated 50 waste bins to the Big Cleaning Day organized by Phuket's Patong Municipality.





Excellent CG Report 2009

- **The Erawan Loves Elephant Project**, which is an annual project held since 2005, aims to conserve the Thai elephants. Events were organized to raise funds, which were subsequently donated to various elephant foundations such as the National Elephant Institute, the Thai Elephant Conservation Center under the patronage of HRH Princess Galayani Vadhana, the Thai Animal Guardians Association and the Friends of the Asian Elephant Foundation.



- **The Education Support for Thai Children Project** was designed to help our children by donating stationary and improving school environment to keep it clean and sanitary for children.



- **Other projects** such as a project to promote Thai culture through annual desk calendar.



In addition, we also supported other social projects such as a project to build floating buoy at Ban Koh Naka Pier in Phuket Province to facilitate transportation of local produce of farmers and fishermen in the community. Currently, there are two projects we plan to do in the future; namely, the improvement of pedestrian’s footpath beneath the Chalem Maha Nakhon Expressway (Sukhumvit), which we will collaborate with the Expressway Authority of Thailand and the Pathumwan District, and the beautifying of traffic islands in the middle of Nana-Ploenchit Road.

The Erawan, to ensure the safety of our property and to lessen impacts to the environment, the Company has so far formulated a series of building management plans for its office building, shopping center and hotels. The plan calls for changes of air conditioners that meet environmental standards and changes from electrical-based or bunker oil-based hot water to the hot water Heat Pump system. In addition, the Company requires all of its current and future hotels to save energy at a time oil prices were hiking and striving to become a green hotel by avoiding to release emissions. Besides, the systems of its buildings ranging from security to engineering, fire protection and wastewater treatment systems have been upgraded to meet public building standards. (More detail in www.TheErawan.com).

Internal Control

In 2009, the Board of Directors convened 6 times at which the Audit Committee attended every time to give opinions about an adequacy and soundness of the internal control system. The Audit Committee summarized and reported internal audit activities in 2009 to the Board of Directors on 23 February 2010 and the Board of Directors expressed the same opinions as the Audit Committee in this matter, which can be summarized as follows:

1. Internal Control System and Internal Auditing

The Audit Committee has direct responsibilities to supervise the company's internal control system in every aspect, whether it is finance and accounting, legal compliance and compliance to relevant rules and regulations. The Audit Committee formulates auditing mechanisms to ensure effective balance of power. There is also the Internal Audit Department to audit performances of all departments based on a risk-based auditing plan and to offer advice on how to set up a good internal control system.

The Audit Committee has duties to review auditing plans; to control and supervise the Internal Auditing Department's independence; to approve appointment, transfer and termination of the Internal Auditing Department's supervisor and to ensure that the Internal Auditing Department remains independent. The Committee must also make sure that the Department can perform its auditing functions and balance the existing power according to the prevailing standards. The Department is to directly report its auditing work to the Audit Committee at least once each quarter to ensure that the company's internal control and internal auditing work is conducted in a thorough manner and will not damage shareholders.

2. Protection of Information

One of our priorities is focused at the use of our internal information and the prevention of our directors and executives from using internal information for their benefit or the so-called abusing self-dealing. This applies specifically to internal information not yet disclosed to the public or information that may affect our corporate strategy, business, trade negotiations and share prices, which, if abused, not only means that our shareholders are taken advantage of but it can damage shareholders in general. That's why we have set our Executives Ethic Standards as a practice with heavy penalties in case of violations or intended violation of the 10 practices stated in the Code of Conduct under the topic of "**Executives Ethical Standards**".

We also allow different levels of staff to get access to different types of internal information based mainly on their responsibilities and duties. Disciplinary actions are stated in our Work Regulations under the topic of "Disciplinary Actions and Penalties." For example, Clause 3.2 Re: Disciplines with regard to confidentiality and corporate profits prohibits employees to "seek inappropriate benefit from the company or others relating to the company. Employees are prohibited to conduct personal business or to work for others in an identical or similar business as the company's although the work may be performed outside the company's office hours". With regard to disciplinary actions and punishment, the company will normally appoint a disciplinary action committee to conduct an investigation and to ensure fairness to accused staff.



"Success with Integrity"

3. Connected Transactions

The Erawan requires an approval from either the Audit Committee or the Board, as the case may be, when conducting a transaction that may cause a possible conflict of interest. In addition, details of transactions with possible conflict of interest during the past year and their values are disclosed while explanations and reasons for the transactions are clearly stated in the Annual Report. The Erawan requires its executive directors involving in the transaction to disclose the information and/or types of relationship not only of his own, but also of his spouse, closed relatives as well as personal relationship with any bidder for transparency purpose to the Office of the Corporate Governance. In addition, director shall abstain from voting and/or not be part of the decision-making process.

Connected transactions are shown in the Notes to Financial Statements and connected transactions table. All transactions were reasonable and were considered normal transactions. They were conducted for the company's ultimate benefit. Connected transaction had already been reviewed by the Audit Committee and/or the Board on an arm's length basis that they were in compliance with our requirements and rules and regulations of the SEC and the SET and that they were not against accounting standards Re: Disclosure of information in relation to connected persons or transactions.

In 2009 the Erawan has the other connected transaction in addition to the items mentioned above as follows. All transactions were reasonable and were normal transactions.

Mitr Phol Sugar Group of Companies

Revenue from Hotel Operation	Baht 2,610,376.45
Receivables at end of period	Baht 797,523.99

Banpu Plc. Group of Companies

Revenue from Hotel Operation	Baht 629,915.25
Receivables at end of period	Baht 332,307.22

Connected Transactions

Connected transactions between businesses with the following relationships were executed:

Person/entity with possible conflict of interest and nature of relationship	Description	Transaction value (Baht)		Pricing policy and the Audit Committee's opinions
		2008	2009	
<p>1. Mitr Phol Sugar Group of Companies Type of business: sugar factories Nature of relationship:</p> <ul style="list-style-type: none"> Mr. Vitoon Vongkusolkrit and Mr. Chanin Vongkusolkrit, the Company's directors, are authorized director and director of Mitr Phol Sugar Co., Ltd. The Vongkusolkrit Family holds 38.80 percent in the Company's shares. 	<p>Agreement to rent Ploenchit Center's space, 3-year lease agreement.</p> <ul style="list-style-type: none"> Rental and services incomes Receivables at end of period Payables of rent deposits 	<p>29,462,885.94 745,417.25 8,122,908.83</p>	<p>38,880,207.20 596,469.30 9,036,948.83</p>	<p>A major tenant, the agreed price was not lower than the average price agreed with other tenants based on the business standards.</p>
<p>2. IAG Insurance (Thailand) Co., Ltd. Type of business: non-life insurance Nature of relationship:</p> <ul style="list-style-type: none"> Mr. Vitoon Vongkusolkrit, director, is director of IAG Insurance (Thailand) Co., Ltd. 	<p>Non-life insurance agreement for the building and the hotel business between the Company and its subsidiaries</p> <ul style="list-style-type: none"> Insurance expenses Insurance expenses paid in advance 	<p>979,839.60</p>	<p>1,632,376.88</p>	<p>Selected on the basis of the service provider's potential and in compliance with the Company's regulations.</p>
<p>3. Chai Talay Hotel Co., Ltd. (Hyatt Regency Hua Hin Hotel) Type of business: hotels Nature of relationship:</p> <ul style="list-style-type: none"> Mrs. Panida Thepkanjana, director, is a closed relative to Mrs. Wansamorn Wannamethee and Khunying Natthika Wattanavekin, are authorized director of Chai Talay Co., Ltd. The Wattanavekin Family holds 31.14 percent of the Company's shares. 	<p>Agreement to lease office space and the service agreement with The Erawan Hotel Public Company Limited</p> <ul style="list-style-type: none"> Rental and service incomes Receivables at end of period 	<p>2,578,087.93 159,484.08</p>	<p>2,826,315.31 433,800.97</p>	<p>Price agreed was a market price compared to space in nearby areas and not lower than the price offered to other tenants or service users compared to the standard of hotel business.</p>

Person/entity with possible conflict of interest and nature of relationship	Description	Transaction value (Baht)		Pricing policy and the Audit Committee's opinions
		2008	2009	
4. Minor Corporation Public Company Limited Type of business: Retail Sale of book, newspaper, stationery, ready-to-wear, cosmetics and spare parts Nature of relationship: <ul style="list-style-type: none"> • Mr. Prakit Pradipasen, director, is director of Minor Corporation Public Company Limited 	Agreement to rent Erawan Bangkok's space, 3-year lease agreement. <ul style="list-style-type: none"> • Rental and service incomes • Receivables at end of period • Payables of rent deposit 	672,390.71 5,627.62 196,311.80	700,797.60 5,970.60 196,311.80	Price agreed was a market price compared to space in nearby areas and not lower than the price offered to other tenants base of the business standard.
5. Bualuang Securities Public Company Limited Type of business: Other financial intermediation Nature of relationship: <ul style="list-style-type: none"> • Mr. Sansern Wongcha-um, director, is Chairman of the Board of Bualuang Securities Public Company Limited 	Agreement to rent Ploenchit Center's space, 3-year lease agreement. <ul style="list-style-type: none"> • Rental and service incomes • Receivables at end of period • Payables of rent deposits 	476,726.35 12,718.84 467,174.40	2,099,000.86 17,528.21 497,174.40	Price agreed was a market price compared to space in nearby areas and not lower than the price offered to other tenants base of the business standard.

Necessity and Soundness of Connected Transactions

In case the Company signs an agreement or conducts a connected transaction with a subsidiary company, affiliate, related company and/or the third party, the Erawan will consider the necessity and soundness of such contract based mainly on the Erawan's interests.

Approval Measures or Procedures of Connected Transactions

If the Company is to execute a contract or if there is any connected transaction between itself and its subsidiary, affiliate, related company, the third party and/or anyone with possible conflicts of interest, the Board of Directors requires the Erawan for the purpose of its benefits, to comply with the rules stated in the Stock Exchange of Thailand's (SET) Announcement Re: Information disclosure and practices of listed companies in connected transactions. Meanwhile, prices and other conditions shall be as if the transaction is at an arm's length where directors or staff having an interest in such transaction must not participate in any approval process.

Policy or Outlook for Future Connected Transactions

-None-