



# GOOD CORPORATE GOVERNANCE



Six Senses Sanctuary Phuket

# Corporate Governance Policy

The Erawan Group Public Company Limited

The Erawan Group Plc. 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 aspect 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 (The President) has been directed to promote corporate governance among staff of all levels.

The President requires the Code of Conduct be made for employees of all levels as 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 Group Plc. 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.

## How we started our CSR?

It started at the corporate leader who had the right understanding of the CSR framework. The CSR core is to be responsible in one's own duty and to treat all stakeholders whether they are shareholders, employees, their families, customers, creditors, suppliers, competitors, government, the society and industrial counterparts with respect and sincerity.

Today, when people heard about CSR, they tend to think of corporate activities held for the benefit of the community, society and the environment. This can be donations for various forms of campaigns to sponsoring a sports event to building schools to the less fortunate students or even promoting the use of green products. In short, any social project aims to return something good to the society we live in is considered a CSR project. While this is right, this aspect of CSR is only a minor part of the overall CSR activity.

Beyond this activity is the fact that for a company to set up a policy, work plan or strategy, it must take into consideration direct and indirect effects to other stakeholders and the company must not focus at shareholders' profits alone and only. In short, the Board of Directors must come up with a policy that achieves a right balance of corporate social responsibility to everyone and this policy must function not only during a good time when the business enjoys profits but also when the company confronts the crisis.



Excellent CG Report 2009/2010

At the Erawan, we believe that CSR is our path to sustainable success. The reason is because CSR is a key factor that makes our organization accepted by all stakeholders and it's something that makes them want to associate with us. For example, to retain good staff, the Erawan must start first by making them happy to come to work. Likewise, customers must be satisfied and wish to come back for our service time after time. Suppliers are glad to deal with us due to the way we do our business frankly while our decisions are made on the basis of facts and not the kickbacks or anything along that line. Minor and major shareholders are confident that they will get access to equal and direct information during the good and bad business time. Creditors are confident in the transparency of the information they receive from us as well as the Erawan's accountability for debt payment, legal compliance as well as accurate tax record and payment. If every organization is able to take a good care of all stakeholders, the society and the economy will benefit as a whole. As such, one can see that social contribution projects are only a small part of the CSR. The organization will not achieve CSR if it continues to take advantage of other stakeholders.

At the Erawan, we have committed to the CSR concept for more than five years. We started first by making sure that there was a right understanding of the issue in our organization. One of our questions was how everyone can naturally incorporate CSR in their daily life without taking so much effort. That's why we made it one of our four the Erawan mottos considered our DNA. In addition, an important factor of our corporate strategy is to take into consideration the satisfaction of all stakeholders when interacting with us and this very factor became one of the criteria to evaluate our staff during the Balance Score Card process, which results in the overall assessment of everyone's performance in the organization. Creating awareness and accountability for all stakeholders is a time-consuming process and cannot be forced to happen overnight. Only when everyone in the organization witnesses by his own that something good out of his practice actually happens to the organization, then, he will be confident and feel like pursuing it. Only then that everyone will communicate on the same basis. We are confident and committed to this path as we believe that it's the right path although the result cannot be felt in the short term. The end result is not merely an accolade or an award but it must really exist and can be felt by everyone in the organization. Those interacting with us can feel it by their heart without any publicity because in the end, all stakeholders who feel good after interacting with us will be the best and most effective publicity vehicle in the whole world to tell the rest who we really are.

## The Special Things We Did

2010 was the horrible year for the hotel and tourism industry. The Erawan's incomes from hotel businesses account for 90 percent of all incomes. Yet, we had at least five hotels opening their doors for fewer than two years. Of this, three hotels had to shut down during the political unrest for at least two months. We suffered heavy loss. Worse, we were accused of supporting the anti-government red-shirt protestors during the crisis, a mystical miscomprehension that the public in general refused not to listen to the truth.

Based on our experience, **we truly believe that it is not so difficult implementing the CSR policy** by taking care of shareholders, our staff, their families, customers, creditors, suppliers, competitors, the government and the society or even the environment and other industries during the good time. Yet, at a time of the crisis, looking back, we believe

the CSR policy and practice was actively exercised in a very concrete manner especially during the crisis. To elaborate, we disclosed information in a very transparent, speedy and timely manner to our investors, creditors and the public. We offered measures to relax financial situations for our clients. We became a center to gather information of all ten competing hotels that, like us, were all affected by the political turmoil. We represented and led a negotiation with the government to seek rehabilitation. We decided to completely shut down our hotel only a few days before the rally started to turn ugly on the basis of a safety issue of our customers, our staff, our properties and an attempt to respond to the state's security measures. We continued to retain our staff and organized training to boost their morale and confidence at our organization. We also paid our staff during the hotel's temporary closure similar to those not affected by the turmoil. We helped relocating our customers to a new workplace and we continued to pay every supplier on the same deadlines without requesting for any payment extension. Yet, despite all the doom and gloom, the Erawan continued our corporate contribution projects under a limited budget. We renovated a footpath beneath the Chalem Maha Nakhon Expressway (Sukhumvit). We reforested for elephants and built a check dam at the Sublangka Wildlife Sanctuary, Lopburi province. The events offered an opportunity for staff and families to enjoy although some may have to partially sponsor the trip themselves.

Again, for more than five years, we believe that we are on the right path. Although CSR will never end, we will try to do more in the years to come as we choose this road with confidence.

We commit in community, social and environment activities through our clear policy and budget as we have clearly allocated 0.5 percent of our net profit to the activities. While the money is not much, we focus at a clear concept and an outcome of the project that can be further developed. In other words, **we will not turn these social, environment or community projects into our PR tool to enhance our profit or to generate even more incomes. In short, for us, these social, environmental and community programs are not profit-oriented.** It's a channel through which we can give something back to our society and something we can still do despite all the crisis we have been through. So far, we divide these activities into four categories as follows.

#### 1. Tourism Promotion Activities

- **The Welcome Guide to Thailand Project** that has offered free English language lessons to taxi drivers since 2008 and so far, we have trained seven classes of taxi drivers.
- **Thai Culture through Annual Calendar Project** being a platform to promote Thai culture – the project has so far received so many awards from the Association of Publicists of Thailand as follows:
  - In 2007, 12 photos in the Erawan Loves Elephant Project printed on the calendar were voted the second winner for a desktop calendar.
  - In 2008, 12 photos depicting the Lord Buddha's history from the Thai Mural Painting Project were voted the second winner for a desktop calendar.
  - In 2009, 12 winning photos from the Land of Smiles photo contest were voted the winner for a desktop calendar.
  - In 2010, our calendar featured 12 photos depicting community lifestyles under the theme of "the Heart of Thai Community".
  - We stopped printing the 2011 calendar due to our policy to save paper.

2. **Community Development Projects** – the Erawan focuses at enhancing areas closed to our properties and other areas in general. Details are as follows:

- **Nice & Neat Surrounding Area** – the idea behind this is to create an awareness in keeping our place clean through participation of our employees, those of our affiliates and trading partners.
  - The renovation of pedestrian’s footpath beneath the Chalerm Maha Nakhon Expressway (Sukhumvit) to facilitate pedestrians in general.
  - The improvement of landscape on street isles, Sukhumvit Road (Ploenchit-Nana) in collaboration with the Klongtoey District.
- **Love Charity Project**
  - Storytelling Tales Project, the 1<sup>st</sup> activity was held on February 12, 2010 when staff told tales to the visual-impaired children at Bangkok Branch, Christian Foundation for The Blind in Thailand under the Royal Patronage of H.M. the King.
  - Filling of Love Project, the 2<sup>nd</sup> activity was held on April 8, 2010 at Baan Bangkae Adult House 2, Bangkok.
  - To help the Flood Victims Project, the 3<sup>rd</sup> activity was organized at Wat Natang Nai School, Bangsai District, Ayutthaya Province to renovate the school suffered from a flash flood.
- **The Erawan for Flood Victims Project** – Erawan’s staff donated money which was later translated into 333 bags of food and other amenities before being donated through Channel 3 TV for flood victims.

### 3. **The Energy Saving and Let’s Green Project**

- **Redeeming Garbage Project** – this project is held every two months all year round. Starting in 2007, the project aims to promote waste separation. Staff and the public are invited to turn in stuff they no longer use in an exchange for eggs.
- **Let’s Green Project** – the project aims to educate energy and environmental matters to our staff and tenants of the Ploenchit 2 Building. There are two running projects; namely, **the Reuse and Waste Separation Project** and **the Efficient Energy Project**. Some photos we posted at an elevator’s door or restrooms in the building to urge for energy savings were a courtesy from Green Peace.

### 4. **Let’s Protect the Elephant Project**

The Erawan has sponsored the “Reforestation for Elephants” Project at Sublungka Wildlife Sanctuary, Lopburi province, as well as built a check dam to store water. The projects are held in two stages as follows:

**Stage one:** Mobilizing funds – this involved selling small trees, vegetables, fabric bags, etc. to visitors of the Ploenchit Building as part of a campaign to reduce the use of plastic bags and to create an awareness in planting more trees. Proceeds from the activities went to buy seedlings while the rest was donated to the forest safeguard volunteers at Sublungka Wildlife Sanctuary, Lopburi province.

**Stage two:** Staff was bused to plant trees to create a habitat for the Thai elephants at Sublungka Wildlife Sanctuary, Lopburi province on September 18 - 19, 2010.

While it would be so easy to just do these projects for the sake of doing it, yet, what matters more will be monitoring results, reviewing their benefits and the effects of what has been done as well as processing all information taken from the projects to make sure that they will be better managed next time. In the end, it's the lesson we learn that matters. Following our evaluation, we believe that there is room for improvement. So far, a unit, which reports directly to the President, has been assigned to monitor and coordinate the matter.

## Corporate Contributions – How to Attract Participation from Willing Stakeholders?

As we believe that our staff has a public mind, therefore, by creating an environment that allows them to participate in corporate contribution projects starting from offering them an opportunity to express their ideas, proposing a project within a required framework and encouraging them to join the activity on a voluntary basis, this has already attracted the participation. What's more important is the activity should not be limited among our staff only. On the contrary, they must be open for all stakeholders. Participating in the activities is not related to the annual staff performance evaluation, either. Everyone is doing this out of a good intention that they are happy to do the activity with someone else. This way, we will see more and more people coming into the loop as some will start asking friends and neighbors to join the activities, which is indeed a beautiful outcome. Yet, the very important question involving the corporate contribution is what to do to let willing and interested stakeholders to join these activities without us having to beg or solicit for donations to achieve our corporate contribution objectives.

## The Erawan's Good Corporate Governance 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 [www.TheErawan.com](http://www.TheErawan.com), a mechanism to ensure that our executive officers and staff commit to their responsibilities to all stakeholders, communities, the society and the environment.

### 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, who 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.

### 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, be an auditor, or others such as 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.

#### 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 (including shares held by related persons).
- 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)

#### 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 meet the management.

## 5. Board of Directors' Meeting

The company sets the number of 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 an agenda of the Board of Directors' meeting every year to inform all directors in advance.

In 2010, the Company organized 9 Board of Directors' meeting, 4 Audit Committee's meetings, 9 Financial and Risk Management Committee's meetings, 2 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:

## Times of Attendance 2010

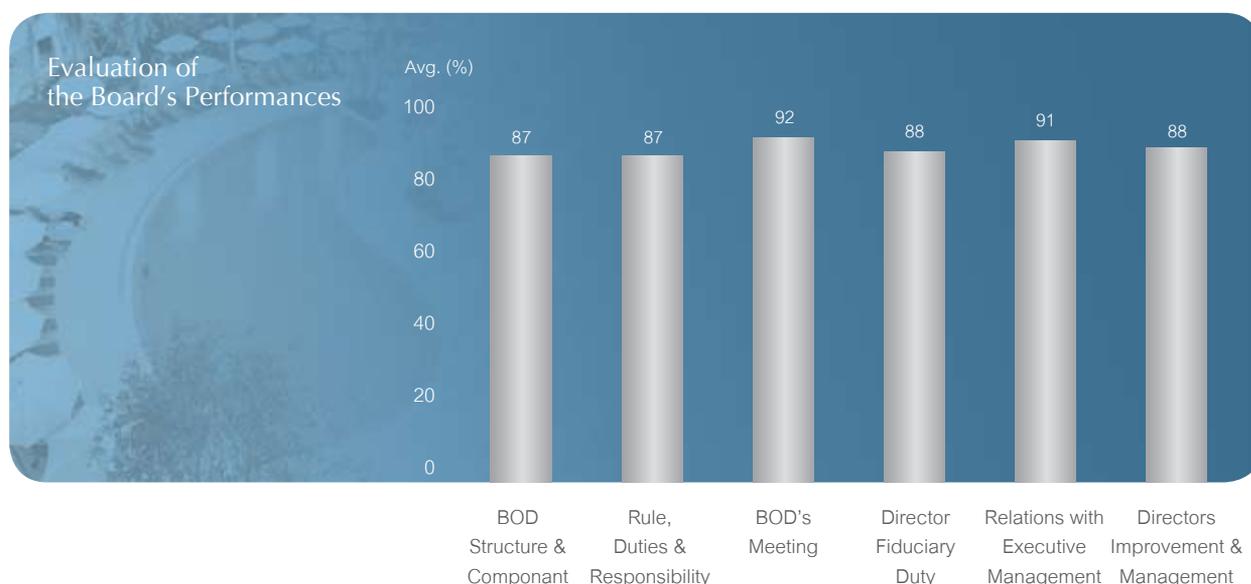
Name	Title	Term	Times of attendance/Number of Total attendance				
			Board of Directors	Audit Committee	Financial and Risk Management Committee	Nominating and Corporate Governance Committee	Management Development and Compensation Committee
1. Mr. Prakrit Pradipasen	Chairman	Apr 2009 - 2012	9/9	-	-	2/2	-
	Independent Director						
2. Mr. Sansern Wongcha-um	Independent Director	Apr 2009 - 2012	9/9	4/4	-	-	-
3. Assoc. Prof. Manop Bongsadatt	Independent Director	Apr 2009 - 2012	9/9	4/4	-	-	-
4. Mr. Dej Bulsuk	Independent Director	Apr 2009 - 2012	8/9	4/4	-	-	-
5. Mr. Banyong Bongpanich	Independent Director	Apr 2010 - 2013	5/9	-	7/9	-	2/2
6. Mr. Ekasith Jotikasthira	Independent Director	Apr 2009 - 2011*	5/9	-	-	-	-
7. Mr. Vitoon Vongkusolkit	Director	Apr 2008 - 2011*	9/9	-	9/9	-	2/2
8. Mr. Supol Wattanavekin	Director	Apr 2010 - 2013	9/9	-	9/9	-	2/2
9. Mr. Chanin Vongkusolkit	Director	Apr 2010 - 2013	7/9	-	9/9	2/2	-
10. Mrs. Panida Thepkanjana	Director	Apr 2008 - 2011*	8/9	-	8/9	2/2	-
11. Mr. Krisda Monthienvichienchai	Director	Apr 2010 - 2013	8/9	-	-	-	-
12. Mr. Kasama Punyagupta	President and Chief Executive Officer	Apr 2008 - 2011*	9/9	-	9/9	-	-
	percent of directors' attended		88%	100%	95%	100%	100%

\* To propose the Annual General Meeting of Shareholders on Tuesday 26<sup>th</sup> April 2011, to reappoint 4 directors who retire by rotation to succeed for another term.

## 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 87 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. 87 percent agreed that the Board understood its independence in making decisions without being influenced by anyone. Meanwhile, 92 percent agreed that matters regarding the number of meetings, acknowledgement when the meeting would be held and the getting of documents in advance was getting much better than before. 88 percent agreed that every director shall bear the fiduciary duties of overseeing the management of the company that it operates in the best interests of the shareholders, for whom the director is responsible. 91 percent agreed that there was a good relationship with the Management Team and Directors could directly discuss with the President and Chief Executive Officer. 88 percent agreed about better self-development among directors, better understanding about business and their duties and responsibilities. Details are in the following:



## 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 or her is 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.

Furthermore, the selection was independently conducted without being subject to anyone's influence. The President and Chief Executive Officer conducted a two-hour orientation session and arranged for a management team to meet the new director so that he learned about the company, got access to corporate information 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 for approval on an annual basis.

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<sup>st</sup> December 2010 totaled Baht 35,333,941.40:

1. Remunerations of Directors of the Company's Board of Directors and Committees totaled Baht 4,310,000.00
2. Remunerations of Directors of the Company's subsidiary totaled Baht 1,980,000.00
3. Remunerations, which were total wages of the nine (9) executives paid by the Company and its subsidiaries totaled Baht 28,100,575.80
4. Provident fund of the executives under item 3 above totaled Baht 943,365.60