

Corporate Governance Policy



Courtyard by Marriott Bangkok

The Erawan Group 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 Group have set up four sub-committees to help supervising each task or the fact that our board consists of as much as 46 percent of

Independent Directors out of the entire board. With regard to corporate governance, The Erawan Group 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 Chief Executive Officer and the President have been directed to promote corporate governance among staff of all levels.

The Erawan Group is committed to formulate a strategy for long-term sustainable growth. This consists mainly of (1) Systematic management approach to enhance efficiency as well as to lessen reliance on individuals; (2) Competent workforce with dedication to further learning and continual improvement; (3) Accurate, adequate, and up-to-date database for the purpose of management and decision-making; (4) Sound corporate culture to support sustainable growth and (5) Being a good, responsible corporate citizen by taking care of all stakeholders including community and environment.

At present, the practice is being adjusted so that it is in line with the Asean CG Scorecard to be implemented in 2015. Based on our initial study, Asean CG Scorecard applies the same principles as those of the OECD. There are five issues to be considered; namely, shareholders' rights, equal treatment of shareholders, rights of stakeholders, information disclosure and transparency and responsibility of the Board of Directors. Based on our group study, we found that in only certain areas that Asean CG Scorecard system is more demanding than that of the OECD. However, the Erawan Group and most listed companies have duly complied with the requirements with an exception in some issues that experienced difficulties when practiced. The Association of Listed Companies and other supervising agencies are currently in a preparation process and wish to find a conclusion so that everyone can enjoy the shared practice. Besides, the Erawan Group has signed the Collective Action Coalition, a movement established by the Thai private sector against corruption. At present, a self-assessment survey of anti-corruption measures is under preparation as an initial part of our certifying process.

The Chief Executive Officer and 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 success with integrity, which is one of the four values set as our corporate culture. We also ensure that staff understands the concept of Corporate Social 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 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.

Good Corporate Governance can be divided into nine areas as follows:

1. Code of Conduct

The Erawan Group 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, 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 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 two executive directors (Chief Executive Officer and the President). The total number is 13.

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, removal 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 Investment Committee (IC):

This Committee consists of no fewer than seven 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 four members. Its chairman shall be an independent and 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.

Renaissance Koh Samui Resort Report and Spa

**The Management Development and Compensation Committee (MDC):**

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

The Board also appoints the Company Secretary to perform duties as stipulated by the Securities and Exchange Act, No. 4, B.E. 2551 and/ or other relevant legislations. The Company 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 of Directors 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 Erawan Group set a number of both the Board of Directors' meetings and those of other subcommittees. The meeting dates during an entire year would be communicated to directors and other relevant parties in advance. In addition, an agenda was introduced to allow independent directors to freely exchange ideas at the Board of Directors' Meeting No. 7/2555 held on December 1, 2012 during which neither Chief Executive Officer (CEO) nor the President, both of whom were the management's highest executives, was present at the meeting where ideas were freely exchanged among directors.

In 2012, the Erawan Group organized 7 Board of Directors' meetings, 4 Audit Committee's meetings, 4 Investment Committee's meetings, 2 Nominating and Corporate Governance Committee's meetings and 3 Management Development and Compensation Committee's meetings. Minutes of meeting were recorded in writing at each and every meeting and kept at the Office of the Company Secretary and on a data server so that officers can conveniently access the database. Details of the 2012 meeting attendance of directors are in the following table:

Times of Attendance 2012

Times of attendance/Number of Total attendance

Name	Title	Term	Board of Directors	Audit Committee	Investment Committee	Nominating and Corporate Governance Committee	Management Development and Compensation Committee
1. Mr. Prakrit Pradipasen	Chairman	Apr. 2012 - 2015	7/7			2/2	
	Independent director						
2. Mr. Sansem Wongcha-um	Independent director	Apr. 2012 - 2015	7/7	4/4			
3. Asso.Prof. Manop Bongsadadt	Independent director	Apr. 2012 - 2015	7/7	4/4			
4. Mr. Dej Bulsuk	Independent director	Apr. 2012 - 2015*	7/7	4/4			
5. Mr. Banyong Bongpanich	Independent director	Apr. 2010 - 2013*	3/7		3/4		3/3
6. Mr. Ekasith Jotikasthira	Independent director	Apr. 2011 - 2014	6/7				2/3
7. Mr. Vitoon Vongkusolkit	Director	Apr. 2011 - 2014	7/7		4/4		3/3
8. Mr. Supol Wattanavekin	Director	Apr. 2010 - 2013*	7/7		4/4		3/3
9. Mr. Chanin Vongkusolkit	Director	Apr. 2010 - 2013*	7/7		4/4	2/2	
10. Mrs. Panida Thepkanjana	Director	Apr. 2011 - 2014	6/7		4/4	2/2	
11. Mr. Gavin Vongkusolkit	Director	Dec. 2011 - 2013*	7/7			2/2	
12. Mr. Kasama Panyagupta	Chief Executive Officer	Apr. 2011 - 2014	7/7		4/4		
13. Mrs. Kamonwan Wipulakorn	President	Apr. 2011 - 2014	7/7		4/4		
percent of directors' attended			93%	100%	96%	100%	92%

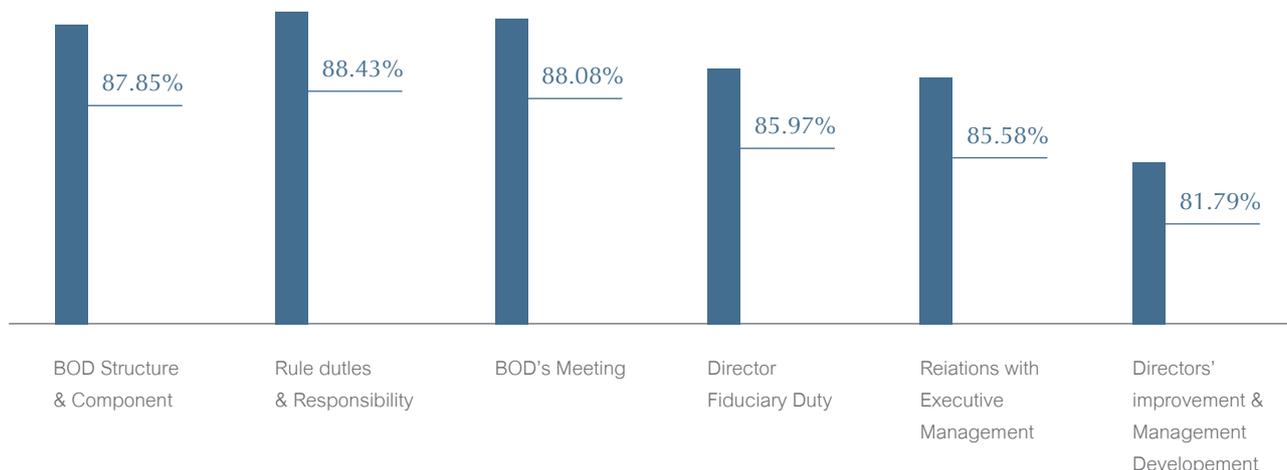
Note: * To propose the Annual General Meeting of Shareholders on Tuesday, April 23, 2013, to reappoint 4 directors who retire by rotation to succeed for another term.

6. Evaluation of the Board's Performances

We evaluate performances of our Board annually. Thirteenth 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 Thai Institute of Directors

Based on such evaluation, 87.85 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. 88.43 percent

agreed that the Board understood its independence in making decisions without being influenced by anyone. Meanwhile, 88.08 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. 85.97 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. 85.58 percent agreed that there was a good relationship with the management team and directors could directly discuss with the Chief Executive Officer and the President. 81.79 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 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.

Furthermore, the selection was independently conducted without being subject to anyone's influence. The Chief Executive Officer and the President 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, Chief Executive Officer and President, to ensure continued performances and to avoid business disruption.