

**Policy on Regulation and Governance of Subsidiary and
Associate Companies Operating the Core Business
S Hotels and Resorts Public Company Limited**

Policy on Regulation and Governance of Subsidiary and Associate Companies

Operating the Core Business

To ensure compliance with the law and regulations on Securities and Exchange, and regulations, notifications, orders, and requirements of the Stock Exchange of Thailand (the “SET”), as well as the notifications of the Capital Market Supervision Board, the Company’s Management presents for the consideration and approval of the Board of Directors of S Hotels and Resorts Public Company Limited (the “Company”) the Policy on Regulation and Governance of Subsidiary and Associate Companies Operating the Core Business. The Company, its subsidiary, and associate companies must conform to the criteria determined under the notifications of the Capital Market Supervision Board and Securities and Exchange Commission (the “SEC”), including the relevant regulations, notifications, orders, or requirements of the SEC, in order for the Company to have both direct and indirect mechanisms to regulate its subsidiary and associate companies. This policy shall put in place efficient measures for the monitoring of subsidiary and associate companies’ operations, and enable the Company to control and account for their operations as though they are the Company’s units, thereby allowing it to safeguard its investment. In this regard, the Chief Executive Officer, as the person with the authority to issue orders and notifications in relation to the Company’s policies under the delegation of authority, shall further consider the preparation and implementation of the Company’s policy on the regulation and governance of its subsidiary and associate companies, as appropriate.

In accordance with the Notification of the Capital Market Supervisory Board No. TorJor. 39/2559 Re: Application for Approval and Granting of Approval of Offering of Newly Issued Shares (as amended), this Policy on Regulation and Governance of Subsidiary and Associate Companies Operating the Core Business has been prepared in order to ensure that the Company can control and account for their operations as though they are the Company’s own units, as well as having a guideline for the management of the subsidiary and associate companies’ operations, thereby allowing it to safeguard its investment.

In these respects, “Subsidiary Companies” and “Associate Companies” mean a subsidiary or associate company operating the business specified in Article 24, whose combined size shall not exceed what has been prescribed under Article 23 (2) of the Notification of the Capital Market Supervisory Board No. TorJor. 39/2559 Re: Application for Approval and Granting of Approval of Offering of Newly Issued Shares (as amended), in

conjunction with Article 2 (11) and 2 (13) of the Notification of the SEC No. KorJor. 17/2551 Re: Determination of Definitions in Notifications relating to Issuance and Offer for Sale of Securities (as amended).

In a case where this policy provides that a matter or undertaking which is significant or will have a material effect on the financial status or operating results of a Subsidiary Company and Associate Company shall be subject to the approval by the Company's Board of Directors or Shareholders' Meeting (as the case may be), the directors of the Company shall have the duty to arrange the meeting of its own Board of Directors and/or Shareholders Meeting for the consideration and approval of such matter prior to the meeting of the Board of Directors and/or Shareholders Meeting of the Subsidiary Company or Associate Company is held to consider and approve the matter for its execution. In this regard, the criteria, conditions, procedures, and methods regarding the matter for approval provided in the laws on public company, Civil and Commercial Code, securities laws, and other relevant laws, as well as notifications and criteria of the Capital Market Supervisory Board, Office of the SEC, and SET shall apply, mutatis mutandis, to the disclosure and follow-up actions under the matter, whereby the Company shall maintain full and proper compliance.

Article 1. In the following cases, prior to the execution or entry into the matter, a Subsidiary Company or Associate Company (as the case may be) shall receive an approval from the Company's meeting of the Board of Directors:

- 1.1. Appointment or nomination of a person to be a director or executive who shall be the Company's representative, at least in accordance with the shareholding ratio of the Company in such Subsidiary Company or Associate Company.

Unless stated by this policy or determined by the Company's Board of Directors otherwise, directors and executives appointed or nominated by the Company shall have the discretion to consider and vote however they see fit in meetings of the Board of Directors of their Subsidiary Company or Associate Company on matters relating to regular management and day-to-day operations of the Subsidiary Company or Associate Company, provided such decision shall be made for the best interest of the Subsidiary Company or Associate Company (as the case may be).

The aforementioned appointed or nominated directors and executives must be in the Issuing Company's Director and Executive Database (Whitelist), and shall

have the qualifications, roles, duties, and responsibilities as prescribed in the relevant laws, including not being untrustworthy in accordance with the Notification of the SEC on the Determination of Untrustworthy Characteristics of Company Directors and Executives;

- 1.2. Capital increase by way of issuance of newly issued shares in a Subsidiary Company, allocation, and reduction of the registered capital and/or paid-up capital of the Subsidiary Company, which is not carried out in accordance with the existing shareholding ratio of the shareholders, or any other undertaking which will cause a reduction, whether directly or indirectly, of the voting ratio of the Company in the Shareholders' Meeting of the Subsidiary Company, regardless of being through how many delegations and assignments, of more than 10 per cent of the total votes in the Subsidiary Company, except for a case where it has been included in the business plan or annual budgeting plan of the Subsidiary Company which has already been approved by the Company's Board of Directors;
- 1.3. Consideration and approval of payment of annual dividends and interim dividends (if any) of the Subsidiary Company;
- 1.4. Amendment to the Subsidiary Company's Articles of Association, except for amendment of a matter of significance under Article 2.5, which shall be subject to the approval of the Company's Shareholders' Meeting;
- 1.5. Consideration and approval of the annual consolidated budget of the Company and all of its group of Subsidiary Companies, unless it is specified otherwise in a Subsidiary Company's line of authority;
- 1.6. Appointment of an auditor of a Subsidiary Company, only in a case where such auditor is not under an audit firm which is a full member of the network of auditors used by the Company, thereby contradicting the Company's auditor appointment policy, which states that the auditors of the Subsidiary Companies must be under an audit firm in the same network of auditors used by the Company.

The items from 1.7 to 1.10 are deemed material, and the entry into or execution of which will have a material effect on the financial status and operating results of a Subsidiary Company. As such, the directors appointed by the Company to the Board of Directors of the Subsidiary Company shall receive the approval from the Company's

meeting of the Board of Directors prior to voting. The significant matters to be undertaken by the Subsidiary Company, subject to the calculation of the matter size and taking into account the nature and/or size of the Company (applying the criteria for the calculation of matter sizes as determined in the relevant notifications of the Capital Market Supervisory Board and the SEC Re: Connected Transactions, or Re: Acquisition and Disposal of Assets (as the case may be) *mutatis mutandis*), which shall meet the criteria to require the consideration and approval of the Company's Board of Directors are as follows:

- 1.7. A case where the Subsidiary Company agrees to enter into a transaction with a connected person of the Company or Subsidiary Company, or where the matter is related to acquisition or disposal of assets of the Subsidiary Company, including but not limited to the followings:
 - 1.7.1. Transfer or waiver of rights or benefits, including waiver of claims against a person who has caused damages to the Subsidiary Company;
 - 1.7.2. Sale or transfer of the Subsidiary Company's business, whether in whole or in a substantial part, to a third party;
 - 1.7.3. Purchase or acquisition of another company's business into the Subsidiary Company;
 - 1.7.4. Entry into, amendment, or termination of contracts in relation to the lease on the Subsidiary Company's business, whether in whole or in a substantial part, assignment of the management of the Subsidiary Company to another person, or merger of the Subsidiary Company with another entity with a view to sharing profit and loss;
 - 1.7.5. Rental or lease of a business or property of the Subsidiary, whether in whole or in a substantial part;
- 1.8. Borrowing, lending, providing a credit facility, guaranteeing, entering into a legal act which binds the Subsidiary Company to more financial burden, or providing financial assistance in any other nature to another person, in a significant amount and which is not a normal practice of the Subsidiary Company, unless it is a loan between the Company and the Subsidiary Company;
- 1.9. Liquidation of the Subsidiary Company;

- 1.10. Any other matter to be carried out that is not a normal practice of the Subsidiary Company and to a material effect thereon.

Article 2. Prior to a Subsidiary Company entering into any of the following matters, it shall have received the approval of the Shareholders Meeting of the Company with a three-fourth majority of the shareholders present and eligible to vote:

- 2.1. A case where the Subsidiary Company agrees to enter into a transaction with a connected person of the Company or Subsidiary Company, or where the matter is related to acquisition or disposal of assets of the Subsidiary Company, where the matter size is calculated with the nature and/or size of the Company taken into account (applying the criteria for the calculation of matter sizes as determined in the relevant notifications of the Capital Market Supervisory Board and the SEC Re: Connected Transactions, or Re: Acquisition and Disposal of Assets (as the case may be) *mutatis mutandis*) resulting in the matter falling into the criteria to require the consideration and approval of the Shareholders' Meeting of the Company;
- 2.2. Capital increase by way of issuance of newly issued shares in a Subsidiary Company, allocation, and reduction of the registered capital and/or paid-up capital of the Subsidiary Company, which is not carried out in accordance with the existing shareholding ratio of the shareholders, or any other undertaking which will cause a reduction, whether directly or indirectly, of the voting ratio of the Company in the Shareholders' Meeting of the Subsidiary Company, regardless of being through how many delegation and assignment, to be below a point specified by the law relevant to the Subsidiary Company, whereby it would result in the Company losing control over such a Subsidiary Company, provided that the matter size is calculated with the nature and/or size of the Company taken into account (applying the criteria for the calculation of matter sizes as determined in the relevant notifications of the Capital Market Supervisory Board and the SEC *mutatis mutandis*) resulting in the matter falling into the criteria to require the consideration and approval of the Shareholders' Meeting of the Company;
- 2.3. Liquidation of the Subsidiary Company, provided that the size of the Subsidiary Company is calculated with the nature and/or size of the Company taken into account (applying the criteria for the calculation of matter sizes as determined

in the relevant notification of the Capital Market Supervisory Board and the SEC Re: Acquisition and Disposal of Assets *mutatis mutandis*) resulting in the matter falling into the criteria to require the consideration and approval of the Shareholders' Meeting of the Company;

- 2.4. Any other matter to be carried out that is not a normal practice of the Subsidiary Company and to a material effect thereon, provided that the matter size is calculated with the nature and/or size of the Company taken into account (applying the criteria for the calculation of matter sizes as determined in the relevant notification of the Capital Market Supervisory Board and the SEC Re: Acquisition and Disposal of Assets *mutatis mutandis*) resulting in the matter falling into the criteria to require the consideration and approval of the Shareholders' Meeting of the Company;
- 2.5. Amendment to the Subsidiary Company's Articles of Association, which may materially affect the financial status and operating results of the Subsidiary Company, including but not limited to an amendment to the Subsidiary Company's Articles of Association which would affect the voting rights of the Company in the meeting of the Subsidiary Company's Board of Directors and/or shareholders, and the payment of the Subsidiary Company's dividends.

Article 3. The Company's Board of Directors shall supervise the directors and executives of the Subsidiary Companies and Associate Companies appointed or nominated by the Company to ensure compliance proper performance of duties and responsibilities under the law and the policies of the Company.

Article 4. The Company's Board of Directors shall monitor the operating results of the Subsidiary Company to ensure continual compliance with the operation plans, to ensure that the Subsidiary Companies discloses its information, financial status, and operating results, prepares the list of connected transactions, acquisition and disposal of assets, and lists of any other significance to the Company, and carry out undertakings properly in accordance with the Policy for the Regulation and Governance of Subsidiary and Associate Companies and in compliance with the notifications of the Capital Market Supervisory Board and the SEC (as the case may be).

Article 5. Directors and executives of the Company or Subsidiary Company shall have the following duties:

- 5.1. Directors and executives of the Company or Subsidiary Company shall disclose the information in relation to its financial status and operating results, list of related-party transactions of the Company or Subsidiary Company, as well as the list of acquisition and disposal of material assets to the Company properly within an appropriate amount of time determined by the Company. The Board of Directors of the Company or Subsidiary Company shall consider its list of related-party transactions, as well as its list of acquisition and disposal of material assets by applying the relevant notifications of the Capital Market Supervisory Board and the SEC *mutatis mutandis*.
- 5.2. Directors and executives of the Company or Subsidiary Company shall disclose the information in relation to their interest, whether direct or indirect, and related persons to the Board of Directors of the Company or Subsidiary Company in order to inform them of the relationship and transactions with the Company or Subsidiary Company whose nature may cause a conflict of interests. They shall avoid carrying out matters which may cause a conflict of interests against the Company or Subsidiary Company. The Board of Directors of the Company or Subsidiary Company shall have a duty to inform the Board of Directors of the Company or Subsidiary Company of such matters within an appropriate amount of time determined by the Company. The information shall be used to support any decision or approval, which are made in the best interest of the Company.

A director and executive of the Company or Subsidiary Company shall not be involved in the approval of a matter in which he or she has a conflict of interests, whether directly or indirectly.

Any of the following undertakings which would result in a director, executive, or any person related to the Company or Subsidiary Company gaining a financial benefit other than what has been normally received, or result in damages to the Company or Subsidiary Company, shall be assumed to be a material conflict of interests against the Company:

- A. Transactions between the Company or Subsidiary Company and a director, executive, or related person carried out not in compliance with the criteria of a related-party transaction;

- B. Use of information of the Company or Subsidiary Company, or which is known by the Company or Subsidiary Company, unless it has already been disclosed to the public;
 - C. Use of the Company or Subsidiary Company's property or business opportunity in a similar way to be carried out by the Company or Subsidiary Company (as the case may be), provided that it also violates criteria or normal practice provided by the Capital Market Supervisory Board.
- 5.3. Directors and executives of the Company or Subsidiary Company shall report the business operations, expansion, major investments, and entry into joint ventures with other business operators to the Company through the monthly report, and shall elaborate or submit documents in support of the consideration thereof upon request.
- 5.4. Directors and executives of the Company or Subsidiary Company shall submit information or documents in relation to the business operations to the Company upon request, as appropriate.
- 5.5. Directors and executives of the Company or Subsidiary Company shall elaborate or submit supporting documents in a case where the Company has discovered any significant matter.
- 5.6. Directors and executives of the Company or Subsidiary Company shall arrange an appropriate and sufficiently secure internal control, risk management, anti-corruption, and other necessary systems, as well as a clear workflow, to show that the company has adequate systems for reliable and consistent disclosure and preparation of its list of related-party transactions under the prescribed criteria, and a channel for the directors and executives of the Company or Subsidiary Company to receive efficiently the Company's information regarding supervision, operating results, financial status, execution of related-party transactions between the Company and directors and executives thereof, related-party transactions between the Subsidiary Company and directors and executives thereof, and execution of significant matters. In addition, directors and executives of the Company or Subsidiary Company shall arrange an inspection mechanism for such systems in the Company, whereby the Company's internal auditors and independent directors can have direct access to such information, and shall arrange that the result of the inspection is



regularly reported to the Company or Subsidiary Company's directors and executives in order to ensure that the Company or the Subsidiary Company has conformed to the systems provided.

Article 6. A director, executive, employee, worker, or assigned person of the Company or Subsidiary Company, including the spouse or a child who has yet to come of age of such a person, shall not use internal information of the Company or Subsidiary Company, which may have a material effect to the Company or Subsidiary Company for the purpose of him or herself or for a third party, whether directly or indirectly, whether compensated or not, and whether such information is obtained from his or her performance of duty or otherwise.

Article 7. The Company shall arrange that there is a director it has appointed to the Board of Directors of a Subsidiary Company attending and voting as instructed by the Company in every meeting of the Board of Directors of the Subsidiary Company that considers an agenda item which is materially important to the Subsidiary Company's business operations.

Article 8. A director, an executive, or a person related to the Company or Subsidiary Company may carry out a transaction with the Company or the Subsidiary Company only upon it being approved by the Board of Directors or the Shareholders' Meeting of the Company, in accordance with the matter sizes calculated under the criteria for connected transactions.

Announced on 3 May 2019

-Mr. Sompong Tantapart-

Chairman of the Board of Directors

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