

“Success with Integrity”

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# CODE OF CONDUCT

THE ERAWAN GROUP

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## *Message from the Chairman*

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The Erawan Group Public Company Limited is committed to manage its business under the principles of good corporate governance where the concept of Corporate Social Responsibility (CSR) is actively promoted among executives and staff to be accountable to stakeholders, communities, the society and the environment.

The second edition of this Code of Conduct is issued as an update to its first and original edition written since 2005. The objective is to inform the Management and staff alike of the Group's major policies and their ethical and moral accountabilities. The Code of Conduct is also to provide practical guidelines so that as a whole, we can achieve our slogan of "Success with Integrity."

Under this policy, the Board of Directors has closely monitored our practice to ensure that we will become a quality organization, which is part of our goal to grow in a sustainable manner and to be the society's good corporate citizen.



Mr. Luen Krisnakri  
Chairman of the Board of Directors and  
Chairman of the Nominating and Corporate  
Governance Committee

# *Vision and Mission*

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## *VISION*

To be one of Thailand's leading hotel and resort developers.

## *MISSION*

To develop a well – diversified portfolio of hotels and resorts that fulfills diverse customer's various needs while continuing to create values to all stakeholders as well as Thailand's tourism as a whole.

## *Our Business Strategy*

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At the Erawan Group Plc., we operate on three core business strategies as follows:

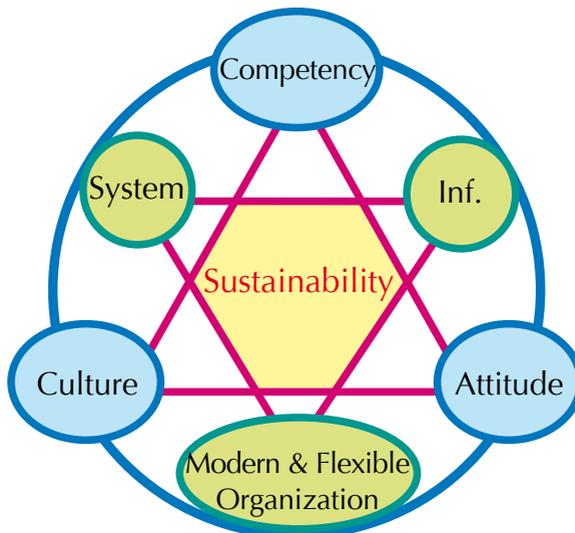
1. To maximize the values of our existing assets via proper usage and effective cost management.
2. To focus on developing a well-diversified portfolio of hotel and resort development in terms of income risks while returns are.
3. To create long-term sustainability for our organization by developing systems, core competencies for our staff, database to help decision-making, and corporate cultures.

## Our Core Values

The Company's five core values are as follows.

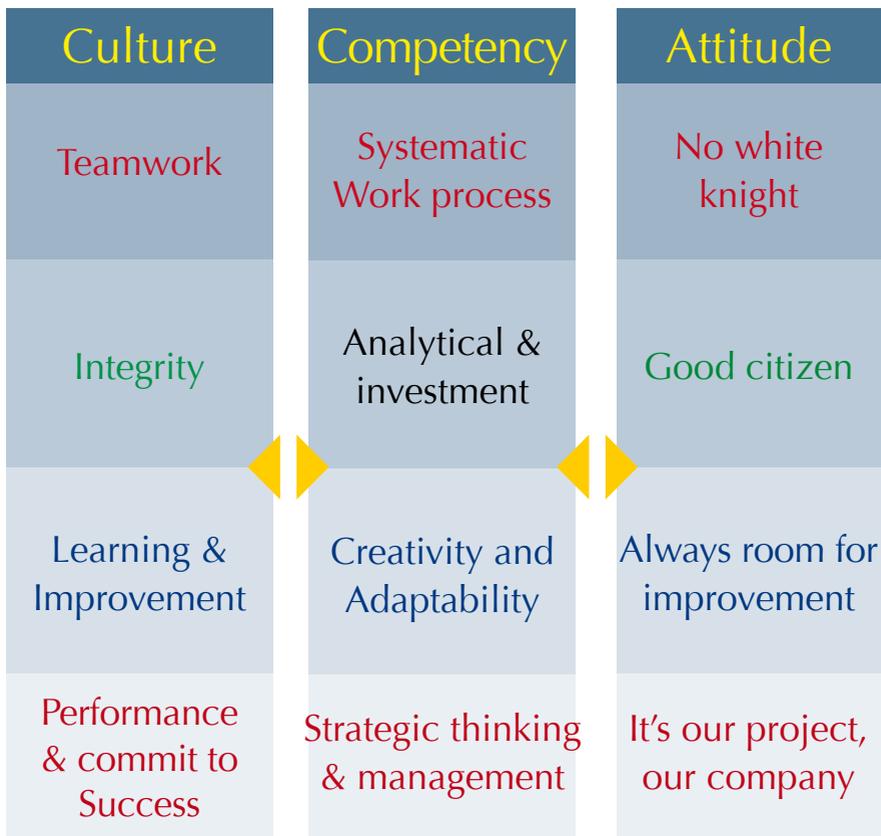
1. **S**ystem - having an efficient work system where work is not based on an individual person.
2. **P**eople - having competent staff who have healthy attitude and love to learn more and to develop themselves on a continuous basis.
3. **I**nformation - having enough, updated and accurate information as part of our decision-making process.
4. **C**ulture - having strong corporate culture to support our goal of sustainable growth.
5. **E**nvironment - being the society's responsible member while help promoting environmental and social issues for the society's benefit.

### ERAWAN's SPICE



Developing human resources is a major activity in maintaining the organization's sustainability. Our management led by Chief Executive Officer and President, realizing the importance of staff competency, are coming with three key factors relating to staff development. They are: culture, competency and attitude. These three factors will be major keys in driving our organization into the future.

### 3 Keys to Drive the Organization



# Corporate Culture

At The Erawan Group, we have decided that these following four qualities will be our corporate culture. They are:

1. Team Spirit
2. Integrity
3. Learning & Improvement Organization
4. Committing to Success

We intend to nurture these four qualities of corporate culture to maintain our sustainability for our organization and our shareholders.

## 4<sup>th</sup> Culture for sustainable growth



Of the four qualities considered as our corporate culture, The Erawan Group emphasizes at integrity since we believe that it will help us achieving a sustainable growth. That's why our slogan is "Success with Integrity" to ensure that our staff work with honesty and integrity. In addition, we also define "integrity" in ten definitions as follows:

1. **Ethics:** This refers to commitment to integrity, legal compliance and ethical practices. Action that may cause any moral or ethical conflict is to be avoided by all means.
2. **Transparency:** Transparency while working includes reporting any irregularities if found, ready for any inspection and enthusiastic for self-improvement.
3. **Honesty:** This refers to a zero conflict of interest where staff will not use their title or corporate information for their business or anyone's business directly or indirectly. Honesty also includes denying or avoiding benefits that he may receive from someone else because of his job.
4. **Trust:** In essence, this refers to speaking the truth and keeping one's promise by trying the best to achieve what is said earlier.
5. **Confidential:** As corporate information is the Company's valuable asset, it must be well-protected and carefully implemented to avoid negative effect to others.

6. **Courage:** This refers to courage to do the right thing, to accept the fact and to report if something unusual is found.
7. **Accountability:** Accountability is working with a responsible mind for any mistake resulted from his decisions and actions. This includes admitting what's wrong, explaining a reason if something wrong happens and fixing it, not blaming someone else and not resenting if someone reports such a mistake.
8. **Judgment:** This refers to a decision made on the basis of accurate and adequate information where all risks and effects are taken into consideration while personal preferences are excluded.
9. **Respect:** Treating others politely, honoring other people's opinions and providing constructive criticism are what the respect is.
10. **Social responsibility:** A company can be a responsible member of the society by taking into consideration social and environmental impacts when doing business and by contributing to the society within its means.

## *Executives Ethical Standards*

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1. Keep confidential information secret and refrain from disclosing any information considered confidential to the third party without proper authorization.
2. Those directly involved with financial information and/or other information which may affect the Company's securities price are prohibited to trade the Company's securities during a 30-day period prior to the disclosing date of the Company's operation or the reporting date of its business to the Stock Exchange of Thailand and the Securities and Exchange Commission.
3. Refrain or avoid expressing any opinion to the third party or the press in any matter related to the Company without proper authorization.
4. Avoid using one's position and/or information acquired as a result of duty to seek interests for oneself or others.
5. Refrain from doing anything or participating in any action or covering anything that might lead to a conflict of interest or that prevents one from performing his duty with fairness or refrain from participating in any illegal cover-up operation.

6. Refrain from doing anything deemed as demanding for or receiving an object, gift, souvenir or entertainment service worth more than Five thousand Baht a year. In case the request can't be denied, the person receiving such gift must reveal and turn over the gift to the Good Corporate Governance Center.
7. Those involving in negotiating a business deal worth more than One Hundred Thousand Baht are required to reveal his personal relationship and a couple and closed relatives according to the personal relationship disclosure form before submitting it to the Good Corporate Governance Center as an expression of opinion to the President & CEO.
8. Mobile phone shall be avoided when negotiating a business deal worth more than One Hundred Thousand Baht and at least one employee shall be present in such negotiation.
9. Any negotiation relating to the bidding shall be discussed at the Company's premise only unless it is necessary where the Good Corporate Governance Center shall be notified in advance and at least one representative from the Bidding Committee shall attend such negotiation.
10. Avoid using or giving any information or indicating any detail about the operation which may prompt any one or several bidder or bidding party to be more advantageous when submitting the tender.

## *Conflict of interest*

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The Erawan Group Plc. 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 Company 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.

## *Corporate Social Responsibility (CSR)*

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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.

## *Responsibilities to Shareholders*

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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.

## *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.

## *Responsibilities to Employees*

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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 a 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.

## *Responsibilities to Suppliers and Creditors*

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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.

## *Responsibilities to Social and Environment*

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The Erawan Group Plc. 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 per cent of its annual net profit as a social contribution. Of the entire budget, 50 per cent will be spent for the benefits of communities closed to the Company’s properties whereas the other 50 per cent will be spent for the benefit of the society in general.

## *Compliance and Receiving Complaints with Corporate Governance and the code of conduct*

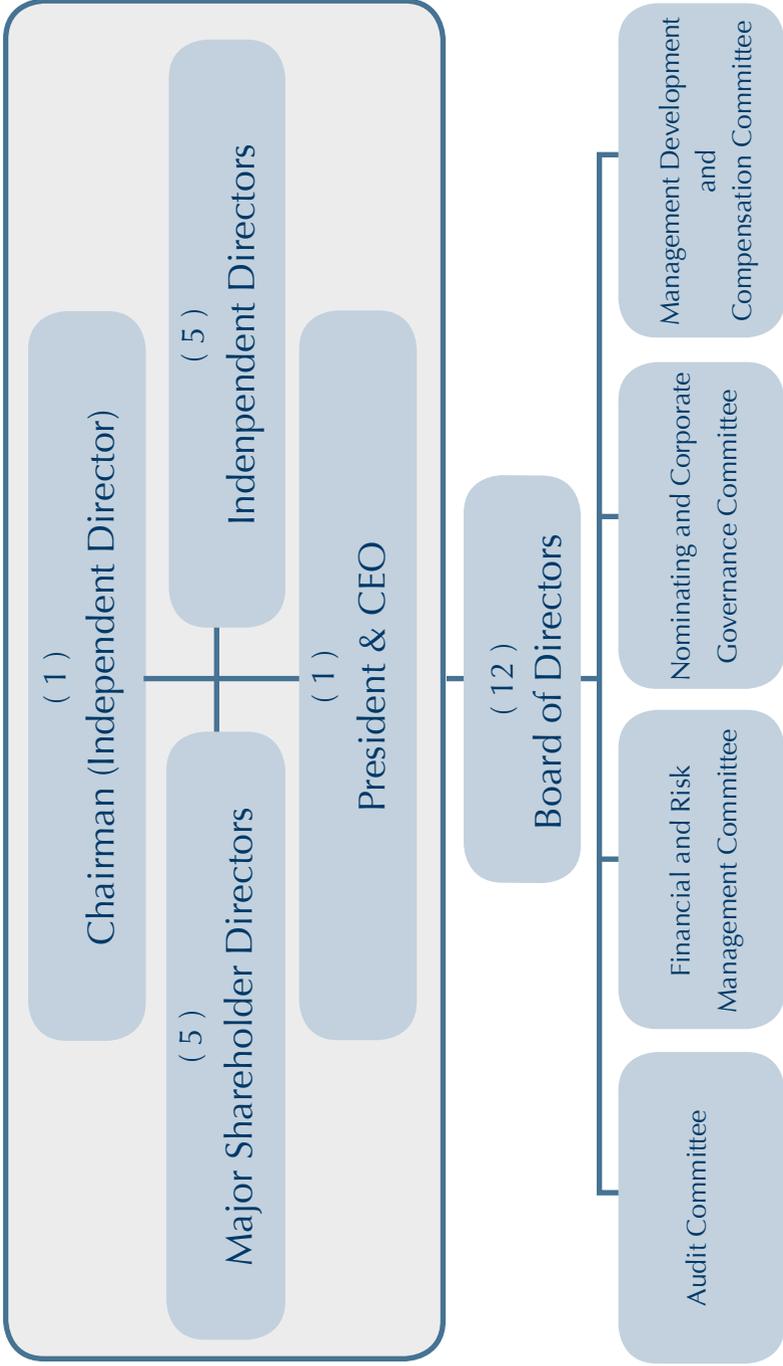
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The Erawan Group Plc. considers that it is a responsibility of all directors, executives and employees to acknowledge and comply with their duties. The Secretary of the Nominating and Corporate Governance Committee (NCG) has a duty to coordinate and ensure compliance by the Management with the principles of corporate governance and to disseminate information to shareholders via internal and external communication channels. The NCG Committee shall also be a point of contact to receive complaints related to corporate governance and the Code of Conduct. It can directly be contacted at:

The Secretary of the Nominating  
and Corporate Governance Committee

The Erawan Group Public Company Limited.  
6<sup>th</sup> Fl., Ploenchit Center,  
2 Sukhumvit Rd., Klongtoey  
Bangkok 10110 Thailand  
Email Address: [GCG@TheErawan.com](mailto:GCG@TheErawan.com)

# BOD Structure - The Erawan Group





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