

ESG Report



HOP INN Aseana City Manila, Philippines

CG Awards

Recognition 2020

- "Very Good" CGR Report 2020 by Thai Institute of Directors (IOD) in collaboration with the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission, Thailand (SEC)
- "Excellent" AGM Assessments Program 2020 by Thai Investors Association.
- Certifies as The Member of Thailand's Private Sector Collective Action Coalition Against Corruption's (CAC) on 30 June 2020 with a certified period of 3 years.
- "Thailand's Top Corporate Brand Value 2020" by Faculty of Commerce and Accountancy of Chulalongkorn University

Recognitions 2005-2019

Board of the Year Awards

- Board of the Year for Distinctive Practices 2006/2007

Corporate Governance Report of Thai Listed Companies (CGR Report)

- "2nd Quartile" Year 2005 (Top rating = 1st Quartile)
- "Very Good" Corporate Governance Rating 2006
- "Very Good" Corporate Governance Rating 2008
- "Excellent" Corporate Governance Rating 2009
- "Excellent & Top Quartile" Corporate Governance Rating 2010-2013
- "Very Good" Corporate Governance Rating 2014-2019

AGM Assessments Program

- "Good" AGM 2006
- "Very Good" AGM 2007
- "Excellent" AGM 2008-2009
- "Excellent recognized as Good Example" AGM 2010
- "Excellent" AGM 2011-2019



SET Awards

- SET Awards 2009, 1 in 3 Nomination to “BEST IR Awards”
- SET Awards 2010, “Outstanding IR Awards” and Nomination to “Excellent CGR Awards”
- SET Awards 2011, Nomination to “Excellent CGR Awards”
- SET Awards 2013, “Most Improved” CSRI Recognition and “Best Investor Relations Awards”
- SET Awards 2014, “Best Investor Relations Awards”
- SET Awards 2015-2019, “Outstanding IR Awards”

The Collection Action Against Corruption (CAC)

- Declaration of Intent in Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) on October 30, 2019
- Full Member of the CAC (Certifies that the company to declaration on anti-corruption by putting in place good business principles and control against briber).
- Level 4 “Certified” Anti-Corruption Progress Indicator Completed. Project Sustainable Development by Thaipat Institute and The Securities and Exchange Commission (SEC)

Environmental Social and Governance (ESG)

- “ESG100 Companies” Certified of Environmental Social Governance Company of the year 2015, 2017-2019 are recognized for its outstanding sustainability performance by Thaipat Institute and the Securities and Exchange Commission, Thailand (SEC)

Thailand's Top Corporate Brand

- “Thailand's Top Corporate Brand Value 2019” in the tourist & leisure sector by Faculty of Commerce and Accountancy of Chulalongkorn University

Asia Recognition Awards

- “The Best of Asia 2012/2013” of the Corporate Governance Asia Annual Recognition Awards by Corporate Governance Asia, the leading Asian journal in Corporate Governance

Thailand Corporate Excellence Awards and SMEs

Excellence Awards

- Thailand Corporate Excellence Awards 2016 (Market Capitalization 10,000 million Baht/year) by Thailand Management Association (TMA) and SASIN.



Novotel Bangkok Sukhumvit 4 : Lobby



Novotel Bangkok Sukhumvit 4 : roof top bar

Corporate Governance Policy

The Erawan Group Public Company Limited has conducted the business based on the Corporate Governance Principle by focusing on a law-abiding operation and adhering to morality and business code of conduct where the information is disclosed in a transparent and straightforward manner. We also established the internal control system and auditing mechanisms to ensure that our operations are effective and efficient. We operate the business by taking into account our responsibility in every aspect to shareholders and stakeholders. The Company Board of Directors' structure, that stipulated 36.36% of total number must be independent directors, was consist of 4 sub-committees in order to supervise the management in details.

With regard to the corporate governance, The Erawan Group has set up the Nominating and Corporate Governance Committee (NCG) to establish, review and update the corporate governance policies and practices to ensure that the company have the management standard and guidelines which can be actually and appropriately implemented under the President's supervision. The established corporate governance practices was divided into 8 areas and, for more effective, it was used as one of the factor of the staff's annual performance appraisal.

The Erawan Group has emphasized the staffs' understanding on the concept of Corporate Social Responsibility where business is run by properly taking into consideration the interest of all stakeholders whether they are employees and family, customers, suppliers/creditors, competitors, public sector, society and environment and has appointed the responsible unit to monitor and conduct an opinion survey of stakeholders regularly. In 2015 and 2017-2019 the Erawan Group was certified as an ESG100 Company are recognized for its outstanding sustainability performance in the tourist & leisure sector in Thailand by ThaiPat Institute and the Securities and Exchange Commission, Thailand (SEC) and cerified as The Member of Thailand's Private Sector Collective Action Coalition Against Corruption's (CAC) on 30 June 2020

Corporate Governance can be divided into eight 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. 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 2014, 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 staffs 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 directors, management and staffs commit to their responsibilities to all stakeholders.

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. The Board of Directors consists of 11 members - the Chairman of the Board who is a different person from the President where their roles, authority and responsibilities are clearly separated to maintain balance between managing and supervising function, 4 Independent Directors, 6 Non-executive directors and 1 executive directors.

The Board has appointed 4 different committees to clearly define duties and responsibilities and also has a rotation policy among directors to sit at different committees for appropriate timeframe and on appropriate occasions. Chairman of the committee is responsible for submitting 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 was applied in action and record minutes of meeting in writing.

The Committees are as follow:

The Audit Committee (AC): The Audit Committee consists of 3 independent directors who must have sufficient knowledge on accounting, finance and nature of company business in order to be responsible for reviewing the company's financial statements and its internal control system and monitoring the company's risk management practices on a regular basis. The Audit Committee's responsibilities are also to review the independence of the company's Internal Audit Unit, to approve the appointment, transfer or termination of head of unit who works as its secretary, to review the legal compliance, to select, appoint, remove and propose an auditor and auditor's fees and to review and disclose information about connected transactions to meet the criteria in an accurate and transparent manner.

The Strategic and Investment Committee (SIC): The Committee consists of 8 members and is responsible for considering and formulating the business plan and long term strategy of the Company, supervising and approving the investment projects and divestment transactions as set out in the Company's master plan. The Committee's responsibilities shall include a preliminary approvals of project feasibility, financial returns, and review of risks associated with the project, financial structure and source of financing and giving the recommendation to management in relation to business opportunity.

The Nominating and Corporate Governance Committee (NCG): The Committee consists of 3 members and 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 oversee that directors, executive officers and staffs of all levels will comply with the Good Corporate Governance practices and Code of Conduct.

The Management Development and Compensation Committee (MDC): The Committee consisting of 3 members and is responsible for proposing development policies, assessing knowledge and skills of and compensations to the Executive Management, writing the executive management's succession plan and reviewing the company's HR development policy.

3. Qualification of Directors

(Please see details at Our Shareholders and Management page 31)

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 the meeting of Independent Directors, and the meeting between the directors and senior executives without the top management's presence

5. Board of Directors' Meeting

The Erawan Group set a number of both the Board of Directors' meetings and those of other committees. The meeting dates of the entire year should be communicated to the directors and related persons in advance. In addition, an agenda should be set to allow the independent directors freely exchange ideas at the Board of Directors' Meeting without the presence of President or the top management.

In 2020, The Erawan Group organized 11 the Board of Directors' meetings, 4 the Audit Committee's meetings, 6 the Strategic and Investment Committee's meetings, 2 the Nominating and Corporate Governance Committee's meetings and 2 the Management Development and Compensation Committee's meetings. Minutes of each meetings were recorded in writing and kept at the Office of the Company Secretary and on a data server so that officers can conveniently access the database. Times of Directors' Attendance to the Meeting in 2020 is as the following details:



JW Marriott Bangkok : NAMI Japanese Restaurant

Times of Director's Attendance to the Meeting in 2020

Name	Title	Term	Times of attendance/Number of total attendance				
			Board of Directors	Audit Committee	Strategic and Investment Committee	Nominating and Corporate Governance Committee	Management Development and Compensation Committee
1. Mr. Chanin Vongkusolkit	Chairman of the Board	27 Apr 2018-Present	11/11				
	Director	Apr 2019-2022					
2. Dr. Kulpatra Sirodom	Independent Director	Apr 2020-2023	11/11	4/4			
3. Mr. Ekasith Jotikasthira	Independent Director	Apr 2020-2023	11/11	4/4		2/2	
4. Assoc. Prof. Somprawin Manprasert	Independent Director	Apr 2018-2021*	11/11	4/4			
5. Mr. Banyong Pongpanich	Independent Director	Apr 2019-2022	11/11				2/2
6. Mr. Supol Wattanavekin	Director	Apr 2018-2021*	11/11			2/2	
7. Mrs. Panida Thepkanjana	Director	Apr 2020-2023	11/11				2/2
8. Mrs. Arada Vongkusolkit	Director	Apr 2020-2023	11/11		6/6		2/2
9. Mr. Gavin Vongkusolkit	Director	Apr 2019-2022	11/11		6/6	2/2	
10. Mr. Kasama Punyagupta	Director	Apr 2018-2021*	11/11		6/6		
11. Mr. Petch Krainukul	Director	Apr 2018-2021*	11/11		6/6		
	President	1 Jan 2018-Present					
12. Mrs. Vansamorn Wannamethee	Member of Sub-Committee	Jun 2018-2021			6/6		
13. Mr. Nattapong Vongkusolkit	Member of Sub-Committee	Jun 2018-2021			5/6		
14. Mr. Supatchara Wattanavekin	Member of Sub-Committee	Jan 2021-2024			6/6		
15. Miss Punnaporn Thepkanjana**	Member of Sub-Committee	Jul 2020-2023			5/5		
Percent of directors' attended			100%	100%	97.87%	100%	100%

Note: * the reappointment of all four directors to act as the directors for another term is proposed to the Shareholders' Meeting on April 27, 2021.

** Miss Punnaporn Thepkanjana was appointed on July 29, 2020.

6. Evaluation of the Board's Performances

Our Board of Directors is subject to an annual performance evaluation. To comply with the principle of good corporate governance for listed companies, the Board of Directors and sub-committees are having a self-evaluation at least once a year so that they could review and improve their own conduct. The evaluation is based on the latest forms developed by the Corporate Governance for Capital Market Department of the Stock Exchange of Thailand (SET) released in February 2015, which is applied to suit our business nature and to cover performances of the Board of Directors and four sub-committees. The forms we have used consist of the following:

1. Evaluation form of the Board of Directors' performance to evaluate the entire Board.
2. Evaluation form of four sub-committees of:
 - 2.1 The Audit Committee (AC)
 - 2.2 The Strategic and Investment Committee (SIC)
 - 2.3 The Nominating and Corporate Governance Committee (NCG)
 - 2.4 The Management Development and Compensation Committee (MDC)
3. Evaluation form of Self- assessment

As for the Board of Directors' evaluation performance in 2020, the board members agreed with the structure of the board and its components that they were appropriate and that members were independent enough to create a right check and balance. The directors did understand their roles and responsibilities, were independent when making a decision without being dominated

by anyone. They performed their duties with responsibilities to maximize the interest of shareholders. They did have a good relationship with the management and could frankly communicate with executives. They were properly exposed to both self-development and executive development processes that allowed them to adequately understand the nature of the business.

7. Nomination of Directors and Executives

The Board entrusts the Nominating and Corporate Governance Committee to draft a clear nomination policy and process for the selection of directors. This refers to a process to initially check a nominee's qualifications to ensure that his/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 management 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 executive management, to ensure continued performances and to avoid business disruption.

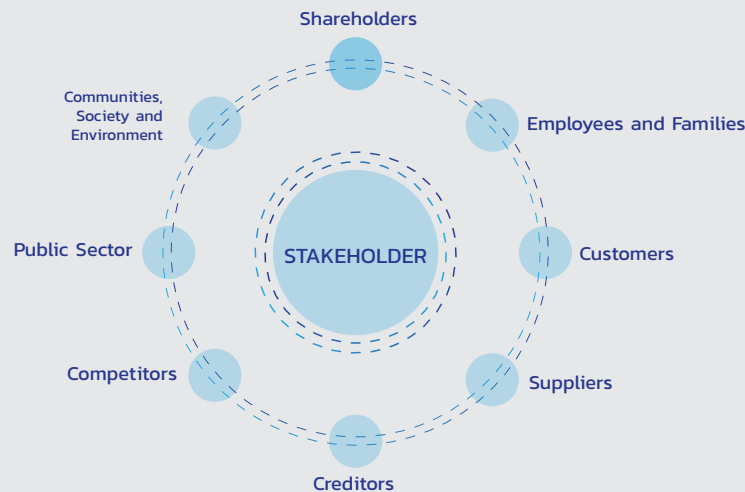


Grand Hyatt Erawan Bangkok: Salvia



CSR – in process

which takes into consideration all groups of Stakeholder



8. Corporate Social Responsibility (CSR)

The Board of Directors has formulated several business strategies and also has a strong determination to develop a sustainable business through the nurturing of internal CSR mentality. Known internally as the “CSR-in-process,” the mechanism refers to our responsibilities to all stakeholders; namely, shareholders, employees and families, customers, suppliers, creditors, competitors, public sector, the communities, the society and the environment. In addition, the Board of Directors has also set aside budget to conduct corporate contribution activities (CSR-after-process). The project is called “The ERAWAN for Society and the Environment” which involves annual activity programs on a continuous basis for the benefit of communities and the society at large.

In addition, we have benefited from the development of a process aimed to enhance the CSR concept by taking into consideration the interests of all stakeholders. Aside from creating values to the society, as a company, we have benefited from the fact that it keeps us run our business on a fair practice, allows us to support trade competitions and liberation and prevents us from doing anything considered a conflict of interest and intellectual property infringement and leads us to oppose all forms of corruption (For more information, please go to the Anti-Corruption Policy, the Anti-Money Laundering and Countering Financing of the Terrorism Policy and the Sustainable Development Policy.). In addition, it also helps preparing us for the ISO37001 anti-bribery management system and makes us consider human rights, fair labor treatment as well as community, social and environmental development under the CSR-in-process concept as our practice with all groups of stakeholders. (For more information, please go to “Code of Conduct” on our website.)

Duties and Responsibilities of the Board to Shareholder

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

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

to shareholders in advance enough for them to study prior to the meeting. During the Meeting, the Company treats every procedure equally. No agendas are shortened, deleted or alternated. This is especially the case of an agenda to appoint directors where shareholders are entitled to vote for directors individually upon enough information. All ballots featuring yes, no and abstention votes are duly kept as evidence. At the Annual General Meeting of Shareholders for the year 2020, no voided ballot.

At every shareholders' meeting, Chairman of the Board, Chairman of the Committees, Directors, the Chief Executive Officer (CEO) and the President attend the meeting to allow shareholders to express their views and ask questions about relevant matters to the meeting. The Chairman, Chairman of the committee, Directors and Management attended the meeting to allow shareholders to ask questions in an adequate fashion, which however did not delay the meeting. In addition, Q&A sessions, resolutions adopted at the meeting and votes received at each agenda were properly recorded in writing in the Company's minutes of meeting and posted at the Company's website within 14 days from the shareholders' meeting date.

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

Responsibilities to Shareholders

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

Responsibilities to Investor Relations

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

Responsibilities of the Right to Access Information of Stakeholders

We give all stakeholders an access to information. We also determine guidelines and practices for our executive officers and staff to encourage their fair and equal interactions with all stakeholders. We also allow stakeholders to directly contact the Board, the Audit Committee and the Nominating and Corporate Governance Committee for their valuable suggestions that will not only benefit but also add more values to our management at our office, No. 2, Ploenchit Center Building, 6th Floor, Sukhumvit Road, Klongtoey District, Bangkok; or at the Office of Corporate Governance, email: GCG@TheErawan.com. All information is treated confidential and will be directly forwarded to the Board.

Responsibilities to Employees and Families

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 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. To award and punish on the basis of righteousness and integrity.
5. To ensure workplace safety, health and sanitation.

6. To have a clear and efficient working system that allows staff to exercise their knowledge and competency while supporting their knowledge enhancement and recognizing their participation role.
7. To promote the Code of Conduct to staff to help them duly understand and fully comply with the practices.
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 fair and appropriate pricing policy
2. To treat all business deals equally without treating anyone more favorably where every deal is considered conducted on an arm's length basis.
3. To procure and improve the procurement process considered appropriate and meeting business conditions.
4. To execute a fair contract with customers. (without depriving a customer of his benefits)
5. To disclose related and beneficial information accurately, completely and in time without any distortion.
6. To keep customer's confidential information as if it is the Company's own information and not using it for one's own benefit.
7. To refrain from demanding, receiving or offering any benefit that is dishonest or over the standard of business conduct and ethics that may motivate an unrighteous decision making.

Responsibilities to Suppliers and Creditors

1. To offer a fair competition environment where the procurement and hiring process of goods and services is carried out properly, transparently and efficiently. This will include finalizing price negotiations, making quotations, bidding methods, special methods and procurement methods for government agencies and state enterprises. Questionnaire will be regularly issued to ask for opinions about the Company's bid participation in order to regularly improve its procurement and hiring process of goods and services.
2. To 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. To 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. To avoid accepting or giving of items, gifts or other benefits including service, facilitation or entertainment with creditors/ partners which exceeded the general business practices that may influence or motivate an unfair decision making and treatment.
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 Competitors

1. To act within the framework of decent competitions
2. To avoid dishonest seeking of competitor's confidential information or doing on inappropriately manner
3. To refrain from trying to ruin competitors' reputation by accusing them under the false information.
4. To cooperate and reinforce business potentials for a sustainable growth, collaborate to ensure safety and public order of public areas in the neighborhood and join in the problem's solving action in order to lessen an impact on business.

Responsibilities to the Public Sector

1. To abide by the government's policies, relevant laws and regulations.
2. To promote the constitutional democracy with the King as Head of state.
3. To conduct the business with an accountability, support the activities held by public sector and other organizations for social and community benefits.
4. To refrain from doing anything that may damage the community, the society and the country.

Responsibilities to the Communities, the Society and the Environment

1. To refrain from doing anything that will damage natural resources and the environment.
2. To support activities initiated by both private and public sectors that will render social benefits regularly.
3. To create and promote the awareness among staff of all levels in our responsibilities to the communities, society and environment.
4. To approve the budget of not more than 0.5 percent of net profit to pursue to Project; "The Erawan for the Society and the Environment" and "Happy Home Happy Stay"

Compliance with Corporate Governance and the Business Code of Conduct

The Erawan Group considers that it's the responsibility of directors, executives and all employees to acknowledge and perform their duties diligently. It's the duty of the Nominating and Corporate Governance Committee to have directors, executives and employees at all levels comply with the corporate governance best practices and the Business Code of Conduct. The secretary will help coordinating, following up with results and reporting the practices so that information can be disclosed to shareholders through both internal and external channels.

Executives Ethical Standards and Best Practices for Employees

Erawan have set out Executives Ethic Standards and Best Practices for Employees. These practices must be followed. Penalties will be enforced in case of violation or intended violation.

Executives Ethical Standards

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. The first four executives succeeding the President and the Head of Accounting Department shall submit the changes in securities and derivatives holding report within 3 working days in accordance with the SEC's requirements.
4. Refrain or avoid expressing any opinion to the third party or the press in any matter related to the Company without proper authorization.
5. Avoid using one's position and/or information acquired as a result of duty to seek interests for oneself or others.
6. 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.
7. Not demanding and accepting gifts, favors or any benefits from business partners, vendors or any third parties who related to the company business unless on appropriate occasions and the gift with a monetary value not exceeding 3,000 baht. In the event that refusal to accept gifts or other benefits is not appropriate, the disclosure of acceptance should be done and the gifts must be delivered to Good Governance Office.
8. 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 and avoided using mobile phone and at least one employee should be presented 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.

Best Practices for Employees

1. Perform one's duty with honesty, fairness, responsibility, commitment and enthusiasm by taking into consideration the Company's interests.
2. Perform one's duty conscientiously; seeking ways and means to improve one's performance for higher efficiency.
3. Use the Company's properties for its full benefit; take care to ensure that they are not depreciated or lost; do not use the Company's properties in any useless meaning to the firm; do not use them for the interest of one's own or of others.
4. Employees are prohibited to participate in any action, or to conceal any action that may possibly lead to a conflict of interest with the Company, or that may prevent employees from fairly performing their duties, or that may lead them to participate in covering any illegal action.
5. Encourage a team work spirit by providing cooperation and assistance to each other for the benefit of the Company's business.
6. Supervisor must perform his duties to the respect of his supervisees whereby he shall become their role model.
7. Treat supervisor with respect; treat colleagues with care and respect of other people's integrity.
8. Pay attention and do everything to ensure that the workplace remains safe and has a good environment.
9. Employees are prohibited to unduly use the Company's information acquired during their performances for their interest or for the interest of others.
10. Keep the Company's confidential information; ensure that no secret document or information is leaked or fell into non-relevant parties which may damage the Company.
11. Refrain or avoid expressing opinions to the third party or the press in any matter relating to the Company if one has no authority to do so; this shall include any matter that may affect the Company's reputation and operation.
12. Not demanding and accepting gifts, favors or any benefits from business partners, vendors or any third parties who related to the company business unless on appropriate occasions and the gift with a monetary value not exceeding 3,000 baht. In the event that refusal to accept gifts or other benefits is not appropriate, the disclosure of acceptance should be done and the gifts must be delivered to Good Governance Office.
13. Do not claim others' work as one's own.
14. Do not use one's title or position to seek the interest for one's own or for others.
15. Do not do anything that may damage the Company's image and reputation.
16. Notify relevant agencies and the Company's executives should one find that there is an unusual operation or illegal action going on within the Company.



JW Marriott Bangkok : TSU Japanese Restaurant

Anti-Corruption Policy

The Erawan Group Public Company Limited “ERAWAN” conducts our business based on the Corporate Governance Principle. We have formulated an anti-corruption policy against all forms of corruption likely to emerge from our operations and contacts with stakeholders which directors, the management and employees of the Company, our subsidiaries and associated firms are required to strictly comply with.

Corruption as defined by the anti-corruption policy

Corruption means bribery, using of title, responsibility and/or information derived from work performed for the company to render the benefit to one's self, his/her alliance and/or other parties in order to directly and indirectly acquire an improper assets or benefits in business transaction or any illegitimate interest for oneself including any action found conflicting with the Company's Code of Conduct. Exception shall be applied in case of laws, regulation, statement, custom, or business traditions enable to do so.

Corruption is possibly expressed through the following 4 course of actions

1. Political Contribution – a contribution made in form of money or items for the political purpose or an encouragement of the company to have its staff participating in any political activities under the name of the company, in order to seek an business advantages. This, however, excludes the case where the staff is willing to participate in such political campaigns or activities on the basis of democratic right.

Erawan has adopted a policy of political neutrality in conducting the business. We will neither align or attach to the politics or professional politician of any party nor donate our funds or other forms of assistance for political purpose as defined in paragraph one for the benefit of our business.

2. Charity donation – a financial contribution made for religious, educational and public interest purposes and etc. that may lead to the risk of corruption since the activity relates to a payment without any tangible returns. Such the activity can become an excuse or a means of corruption. To avoid the hidden purpose on any charitable contribution, Erawan has established a policy, criteria, review process and control details on a charitable contribution as follows.

2.1 Must be proven that the project actually exists and the action has been taken to support the achievement of the project's objectives and bring about genuine social benefits.

2.2 Must be proven that the contribution is irrelevant to reciprocal return with anyone or any organization, however, such return will not include an action of honor announcement as normal business practice such as displaying the logo, mentioning the name at the event or on PR media etc.

3. Sponsorships – a financial contribution made for the promotional purposes on company business, logo or reputation that may lead to the risk of bribery since such money is paid for service or benefits which are difficult to measure and monitor. The sponsorships could be related to the bribery, hence, Erawan has established a policy, review process, control details and assessment methods on sponsorships as follows.

3.1 Must be proven that the requestor for sponsorship has actually run the project and the actions have been taken to support the achievement of the project's objectives and bring about genuine social benefits.

3.2 Must be proven that the sponsorship or any form of benefits which have monetary value, such as the offering of accommodation and food, are irrelevant to reciprocal return with anyone or any organization, however, such return will not include an action of honor announcement as normal business practice.

4. Gift, Hospitality and Expense - the expense that occurred and related to the special occasion, tradition or business manners which may lead to the risk of fraud or corruption, hence, Erawan has established a policy and criteria on giving or accepting gifts to ensure that the company strictly complied with the tradition and normal business manners.

Whistle blowing and controlling measures

Should anyone come across or doubt over the violation of the Code of Conduct or relevant rules, laws and regulations, the Company has set up an independent unit to review details informed by such whistleblower who may either be an internal employee or an external party through the following process for the purpose of fact-finding:

1. Fact-finding process: Erawan has set up a grievance-filing channel on its website, through the annual report under the topic of corporate governance statement and also through Code of Conduct. Our fast and systematic fact-finding process refers to the following:

- 1.1 Sufficiency and clarity-details of what is revealed or filed must be true and/or enough to conduct an investigation.
- 1.2 Materiality-as for tips or grievance found to contain materiality, the person receiving the grievance will submit the matter to the Disciplinary Action Committee whose members consist of the Compliance Unit, the HR Unit, the department in which the person being the subject of such grievance is working and the unit in which the whistleblower or the person filing the grievance (in case of an employee) is attached to in order to conduct a further investigation for fact-finding purpose.
- 1.3 The whistleblower or the person filing the grievance will be equally protected whether he is an employee or the third party.
- 1.4 The whistleblower or the person filing the grievance may choose not to reveal his name, address or contact number unless he feels that such a disclosure will enable Erawan to inform him a progress, to inquire him additional information that could be beneficial to the case, to notify him the facts or to relieve him from damage in a quicker and more convenient manner.

2. Fair treatment process: the Disciplinary Action Committee will review the case on a fair basis and will protect the whistleblower or the person filing the grievance, the person handling the grievance, the person subject to such grievance and parties involving in the fact-finding and reporting process. Information will be kept confidential and only be revealed when necessary while we will take into consideration safety and damage of the whistleblower or the person filing the grievance, the person subject to such grievance or those cooperating in the fact-finding process, source of information or other related persons where everyone will sign a pledge together.

3. Reporting process: The Disciplinary Action Committee has a duty to directly report the facts of the matter to the President and/or the Audit Committee and/or the Board of Directors, depending however on what has happened where it will be upon the Committee's discretion to decide to what extent it is appropriate to present the report to a responsible person where Erawan has stipulated the following as a framework:

- 3.1 To the President if it's about general management and the matter is under the President's supervision;
- 3.2 To the Audit Committee if it's related to the corporate governance policy and/or if it's an intended violation of one's duty and responsibility with serious effect;
- 3.3 To the Board of Directors after the Audit Committee's decision that it's appropriate that the matter be reported thereto for its acknowledgement and/or for action relating to the supervision policy; and/or if the matter is having an effect to senior executives.

4. Disciplinary action and reporting :

- 4.1 Disciplinary action shall be in line with the Employee's Disciplinary Action Regulations issued by the Company and/or relevant laws.
- 4.2 In case the Company can contact the whistleblower or the person filing the grievance, it will report the person in writing.
- 4.3 Related supervisors are required to monitor improvement actions, if any, and report their line supervisors.

Anti-Money Laundering and Countering the Financing of Terrorism Policy

To ensure that the Erawan Group Public Company Limited and its subsidiaries (the Company) comply with the laws on anti-money laundering (AML) and international criteria on Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT), the Board of Directors has established the AML/CFT Policy, the Know Your Customer (KYC) Policy and the Risk Management Policy against Customer's Money Laundering practices. This also include supervise employees to effectively comply with the AML/CFT policy.

The AML/CFT Policy

The Company has a duty and business ethics to establish the AML/CFT policy and practice guidelines while committing to prevent itself from being a money-laundering and terrorist financing haven. This can be done by strictly complying with the laws on AML as well as other related legislations and practices stipulated by the Anti-Money Laundering Office (AMLO).

The Company will also establish secondary policies and supporting measures to accommodate the aforementioned policy which shall include the Know Your Customer (KYC) policy, the Risk Management Policy against Customer's Money Laundering practices, Ongoing Customer Due Diligence (CDD) practice as well as supervision for effective AML/CFT compliance among employees. Details are as follows.

The Know Your Customers (KYC) Policy

The Company has a duty to ask customers to identify themselves and to verify customer's identity before accepting them as customers under the provisions of the anti-money laundering laws.

The Risk Management Policy against Customer's Money Laundering Practices

The Company is liable to manage risks involving customer's money-laundering practices before approving customers under the laws on AML.

Ongoing Customer Due Diligence (CDD) Practices

The Company has a duty to constantly and continuously monitor customer information until its relationship with customers comes to an end in accordance with the laws on AML.

Supervision for AML/CFT compliance among employees

1. The Company requires executives at every levels, employees and business partner (hotel operator) to strictly comply with the AML/CFT policy and practice regulations.
2. The Company requires authorized executives to supervise compliance with the laws on AML and to coordinate with the Anti-Money Laundering Office (AMLO).
3. The Company determine measurement to control AML/CFT risks possibly occurred from customers using its services from the Company.
4. The Company communicates the AML/CFT policy with the Board of Directors, executives, employees and business partner (hotel operator) to promote genuine understanding toward this policy and compliance with it.
5. The Company set up procedure, guideline and operation manuals that comply with the AML/CFT policy.
6. All levels of executives, employees and business partners (hotel operator) must comply with the AML/CFT policy and regulations.

Sustainable Development Policy

The Erawan Group Public Company Limited, the leading hotel operator in Thailand and the Philippines, is well aware of our vital role in the tourism industry. The company has invested, developed and managed hotels of which the operation may impact stakeholders ranging from customers to employees, government sectors, partners, suppliers, investors, creditors, communities and the society and the environment. We are realized that while we have generated the positive effects, such as contribute to the growth of the Thai economy, support community employment and development of tourist sites, we however have also caused waste and consumed energy beyond necessary.

With this in mind, we underline the importance of sustainable development and strive to apply this principle into operational process which cover economic, social and environmental aspects and adhere to corporate governance practices. We are determined to operate a business for a long-term sustainable growth to enhance the benefit and values to all our stakeholders.

In this regard, we have issued the following to practice as the sustainable development policy:

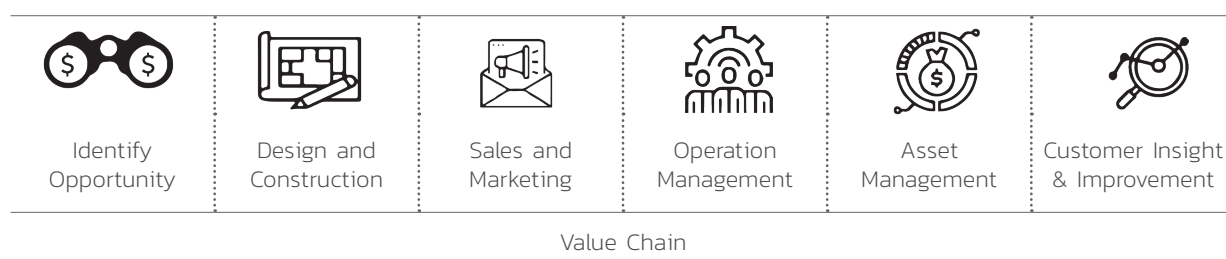
1. Fully compliance with laws and regulations in conducting business both in Thailand and the Philippines and against all form of corruptions.
2. Business supervision on the basis of integrity, transparency and corporate governance by mainly taking into account all stakeholders.
3. Focusing on a balance between industrial, economic, social and environmental development and all stakeholders for the business's sustainable growth.
4. Adherence to the principles of human rights, equality and non-discrimination.
5. Advocating participation and awareness of all stakeholders through the sustainable development policy implemented by the company and by all hotels under the group, as well as focusing on the implementation of sustainable development practices through the entire value chain.

The Sustainable Development Policy is the accountability of our Board of Directors and Management to drive it in a constructive manner. It is also the duty of all employees in our organization to comply with the policy and integrated it as part of our day-to-day business process to achieve concrete outcomes.



Mr. Petch Krainukul
President

Sustainability Development



Stakeholders

The Erawan Group Plc. values the participation of eight groups of stakeholders, namely, (1) staff/employees, (2) customers, (3) business partners, (4) suppliers, (5) shareholders/creditors, (6) government sectors, (7) communities, and (8) the environment. Participation is done through communication, listening to opinions and ideas received from different channels and applying stakeholders' expectation to develop and increase corporate competency that leads to sustainability.

Groups of stakeholders	Communication channels	Expectations/Interest
Staff/employees	<ul style="list-style-type: none"> • Staff meeting with the management; activity to strengthen relationship among employees. • Survey of staff's commitment to the organization. • Annual performance evaluation. • Online communication. • New staff orientation. 	<ul style="list-style-type: none"> • Remunerations, fringe benefits and welfare. • Equal treatment to all staff. • Opportunity for capacity-building and career growth.
Customers	<ul style="list-style-type: none"> • Surveys of customer's satisfaction. • Company's website and other online media. • Customer interactions when having the services. • Sales promotion campaigns, marketing activities organized through different types of media and roadshows. • Complaints, advices/recommendations through various channels of the company and the public. 	<ul style="list-style-type: none"> • Goods and services that are efficient and effective and that respond to customers' needs. • Complete, accurate and timely disclosure of all information. • Immediate remedy for grievances with care. • Securing and safeguarding safety and privacy of customers.
Business partner/alliance	<ul style="list-style-type: none"> • Meetings with the management and employees. • Staff representative as a point of contact with business partner. • Company activity, social activity. 	<ul style="list-style-type: none"> • Sustainable joint operation. • Jointly creating business values and interests. • Timely support upon crisis. • Healthy long-term partnership. • Transparent, fair and accountable procurement process. • Code of Conduct.
Supplier	<ul style="list-style-type: none"> • Selection and evaluation processes of suppliers and contractors. • Assessment of supplier's satisfaction in our work process. • Activities organized by the company, social-related activities. 	<ul style="list-style-type: none"> • Complete disclosure of the information, fair and equitable treatment of partners. • Maintaining long-term sustainable relationship.

Groups of stakeholders	Communication channels	Expectations/Interest
Shareholders/Creditors	<ul style="list-style-type: none"> Quarterly and annual report posted at the SET's and the company's websites. Annual General Meeting of Shareholders (AGM). Analyst's and investor's meeting. Company visit. Various communication channels such as website, email and phone call. 	<ul style="list-style-type: none"> Sustainable operation results and good investment returns. Clear, accurate, complete and timely information disclosure. Corporate governance reflecting transparency and the Code of Conduct. Compliance with conditions, agreements and obligations, on-time payment. Allowing shareholders and investors to express opinions on the company's operation. Long-term healthy relationship.
Government sectors	<ul style="list-style-type: none"> Meetings with government agencies in relevant agendas. Operation reports as required. Communication and discussions with government officers. Continued participation in state-organized activities and projects. Applying for various licenses. 	<ul style="list-style-type: none"> Full-scaled and continued compliance with rules and regulations. Sharing useful information. Participation and support of the government's policies and projects.
Community	<ul style="list-style-type: none"> Surveys and collects information, advices and recommendations from communities. Social and community development activities, community participation through employment. Procurement of community products. Complaints and advices filed through the company's communication channels and public channels. 	<ul style="list-style-type: none"> Co-existence without conflict. Employment and growth of the community's economy. Listening to complaints and exercising effective remedy in a timely fashion.
Environment	<ul style="list-style-type: none"> Direct and indirect environmental impact assessment (EIA). 	<ul style="list-style-type: none"> Minimize environmental impacts from the business.



Grand Hyatt Erawan Bangkok: Campus

Priorities and identifying sustainable materiality topics

As our priority is to fulfil our business philosophy "Success with Integrity". To create business values must take into consideration the interest of every stakeholder. The following are important issues identified to nurture the sustainability.

1. Materiality Identification

We gather expectations and interests of all stakeholders throughout the value chain that the business has taken part in before analyzing and summarizing them into our sustainability issues.

2. Materiality Prioritization

After the materiality issues were identified, the positive and negative impacts to our business and all stakeholders must be taking into consideration in term of economic, social and environmental dimensions to prioritize the issues with material effects to the company's sustainability. The issues are arranged based on their priorities.

3. Validation

The Sustainability Working Committee reviews coverage of issues considered pivotal to the company's sustainability before submitting them to president/CEO and the management to review and approve for further implementation.

Economic	Social	Environmental
• Corporate governance	• Occupational health, hygiene and safety	• Energy and resource management
• Customer's satisfaction development	• Talent and development	• Greenhouse Gas (GHG) management
• Risk and crisis management	• Human rights policy and practices	
• Value chain management	• Community/social participation and development	
• Development of business innovations		

Management Process

Risk management

The company is aware of and underlines the importance of sustainable risk management, which has led to a review of risk factors encompassing all business activities by taking into consideration internal and external factors. This includes assessments of direct and indirect opportunities and their impacts to our operation. The purpose is to enhance the risk management procedures, turn them into part of corporate culture to assure stakeholders when trying to achieve corporate goals and minimize possible losses. Major risks with business impacts are elaborated on Page 51.

Risk management during the Covid-19 crisis

The Covid-19 pandemic has unleashed direct impact to our business. Risk management resulting from the outbreak started in Q1/2020 to respond to immediate situations at the time. A crisis management team was formed under the business risk management plan to manage and implement various measures upon close monitoring.

The crisis management was divided into three periods as follows.

1. Resolving impacts

The devastating impact of the Covid-19 crisis prompted the company to temporarily close 66 hotels in Thailand from April 1, 2020 and 5 hotels in the Philippines from March 19, 2020 to relieve short-term impacts. Certain groups of these hotels however resumed their operation in May 2020. The back-to-business operation was done in four phrases as follows.

• Phase 1: HOP INN Thailand

As the hotel mainly targeted local customers, they gradually resumed the operation from May 18, 2020 before all 44 branches were in full operation on June 1, 2020.

• Phase 2 - June 2020

In June 2020, The Erawan Group reopened its hotels in Pattaya and Hua Hin areas, for their main customers were Thais who could travel there by car in relatively short time. Mercure Pattaya Ocean Resort and Ibis Hua Hin resumed their operation on June 12, 2020. Ibis Pattaya saw its door opened on June 26, 2020.

- Phase 3 - July 2020

Hotels in Bangkok, namely, Grand Hyatt Erawan Hotel Bangkok and JW Marriot Bangkok, resumed their operation, initially targeting Thai customers to experience hotel restaurants. In addition, two budget hotels in Bangkok, namely, Ibis Bangkok Sathorn and Ibis Bangkok Riverside, were opened. Holiday Inn Pattaya in the resort town of Pattaya was added on to the opening list.

- Final phase - from August 1, 2020

The company reopened the remaining 14 hotels in Thailand and 3 HOP INN hotels in the Philippines.

Underlining the importance of liquidity and cashflow management, the group has implemented measures to continue mitigating impacts from Phase 1 of the Covid-19 crisis till at present. This included negotiating with stakeholders to defer payments and expenses, deferring payment of the principal due for repayment with creditor banks and temporarily suspension of all investment plans. The group remained confident to possess enough cashflow and liquidity to operate under the challenge. Taking care of stakeholders was one of the measures in this phrase to minimize impacts they faced from this crisis. Details are as follows.

Staff/employees

The company announced health and hygiene practices for employees working in the hotels and the head office to strictly comply with. Staff were allowed to work from home and different employees could come to the office if necessary at different hours to minimize their presence. Main communication channel was online basis to curb travel and face-to-face interaction. Staff were provided protection gears such as face mask, face shield and gloves.

Customers

All hotels allowed customers reserving hotel rooms or hotel facilities to postpone their reservation or event without charge.

Suppliers

Rent was cut for tenants in our office-for-rent business to relieve them from the immediate situation. In the hotel business, since most hotels were temporarily closed in April before gradually opened in June 2020, the group negotiated to defer payment with groups of suppliers and proceeded to pay on time after the negotiation had completed.

Shareholders

The group informed shareholders of impacts from the Covid-19 situation and temporary hotel closure in March 2020 via the Stock Exchange of Thailand's website. Mitigation measures and how the company handled the situation were regularly updated to shareholders on a quarterly basis in the MD&A report. Operation results were disseminated through various channels.

Society and communities

At the peak period of the Covid-19 pandemic during the first six months of 2020, the group offered medical personnel the privilege to check-in at our hotels within hospital proximity without charge to help relieving them from coping with the pandemic. All hotels cooked food and offered bags containing hygiene items to neighboring communities.

2. Recovering from impacts

For short-term recovery, we focused on upgrading the cleanliness and safety standards at our hotels starting from the early days of the pandemic. All hotels in Thailand and the Philippines were to comply with the most stringent monitoring and prevention measures as recommended by the government. This was something we gave priority to amidst the intensity of the situation. Measures included social distancing, temperature measurement to screen staff and customers entering the premise, providing alcohol gel and disinfecting and cleaning hotel common areas. However, as hotels gradually resumed operation, the group strengthened hotel safety and hygienic measures by, for example, upgrading disinfection level standards within the hotels, implementing hygienic measures at hotel restaurants and function rooms and enabling e-payment. Right now, all hotels in Thailand have passed the SHA safety hotel standards set by Ministry of Tourism and Sports together with Ministry of Public Health.



The group has focused more on revenues from local customers where online marketing was used to disseminate information together with collaboration with the government sector to help recovering the local tourism industry.

Regarding long-term recovery, we keep monitoring the situation and make ourselves ready whenever the situation is better and when foreign visitors are allowed to re-enter the country.

3. Driving long-term values

The group continues to focus on developing the organization for sustainable growth with agility to adapt to all situations. This is done by enhancing our products and services to respond as much as possible to customer's needs through the all-dimension product development. Staff are encouraged to enhance skills so that they are diverse enough to accommodate rapid business changes, which therefore should lead to lower costs of HR management and increase access to all customers. We also encourage participation and co-existence of all stakeholders in the entire value chain for the sustainable growth of the Thai tourism sector.

Supply chain management

The group has issued guidelines for business conducted between itself, suppliers and contractors to reflect risk levels where quality, quantity and nature of services it will acquire are taken into consideration. This should enable fair competition, transparent supervision, environmental care, effective energy consumption, occupational health and safety, community impacts and human rights consideration. These components have been incorporated in our procurement process from start till end, ranging from the selection of suppliers to price negotiation, pricing audit, bidding, special bidding procedures and procurement from government agencies and state-owned enterprises (SOE). Questionnaires were sent to survey supplier's opinion after they participated in our bidding process to increase the process's efficiency.

Developing customer's satisfaction

As customers are pivotal to our business, The Erawan Group commits to nurture and maintain strong relationship with all kinds of customers. The company intends to take care of customers prior to, during and after experiencing services,

which encompass hotel rooms, restaurants or other services. Customer's satisfaction survey is carried out at every step of service on a regular basis to make sure that customers are happy. Continued improvement of our services is also our priority, which is done through opinions solicited from customers before being analyzed to better respond to their needs. Service enhancement will be periodically updated to reflect changing consumption behaviors based on the latest trend. For example, attempts are made to apply the same cleanliness and hygiene standards to all types of hotels and the online reservation system has been refined to make it more user-friendly.

Customer's satisfaction development plan

Customer clustering

Since The Erawan Group offers several types of hotels for customers to choose from, our customer base is quite diverse and commands different tastes. To name a few, they could be customers coming to the hotel for leisure, corporate customers, singles, couples, families and customs of various nationalities. Customer clustering enables us to study demands of a particular group of customers to offer the right products and services to them.

Customer complaint management

The Erawan Group offers diverse channels for customers to file grievance in case we fail to deliver perfect services. This ranges from online channels such as Official Line Account, YouTube, Twitter and email, to offline channels such as call center. Impact assessment and management of customer complaints depend on a particular situation with our service standards being the criteria. Simultaneously, impact assessment to the company's interest and to the interest of all stakeholders is regularly conducted.

Customer engagement

The Erawan Group keeps organizing events at all hotels to deliver first-hand experience to customers who have enjoyed our hotels and services.

- Games are regular organized and prizes in a form of hotel rooms or other awards are regularly given. Specific corners are arranged so that customers can share or post their photos to commemorate memory they have at the hotels on a special occasion.

- Introduction of seamless technology as part of customer's daily interactions such as using Facebook, Official Line Account or Instagram to conduct a 2-way communication 24/7.
- Conducting a monthly customer's satisfaction survey to gauge the number of followers, subscription and online reputation as well as to witness the growth of loyalty members.

Business innovation development

Starting in 2018, the Corporate Strategy and Innovation Department has been set up to oversee and implement new technology to enhance our business, monitor relating factors, adjust corporate strategies for resiliency to cope with rapid change and manage sustainable growth. A special task force whose members are staff from various departments has been set up to manage business innovation projects to cultivate the company's corporate culture.

In 2020, HOP INN Thailand together with ZWIZ.ai, a start-up business with expertise in AI, Chatbot and Analytical Tools, collaborated to develop a hotel online reservation system through Chatbot. The goal was to facilitate customers to reserve the group's hotel rooms through Official Line Account and Facebook Messenger in an attempt to respond to the needs of customers for fast and convenient hotel reservation. At the same time, corporate values were added through these social media. Currently, the Chatbot manages to help staff remove cumbersome layers within the hotel's operating system and focus more on how to create a better customer care experience.

Human resource development

Labor management

Human resource management has been carried out on the basis of the Code of Conduct and corporate governance. This can be further broken down into mutual respect, support of diversity and differences ranging from skin color, race, gender, religion, sexual orientation or disabilities to human rights and safe workplace environment. These criteria have been applied during the selection and nomination process, welfare allocation and capacity-building. New employees will attend an orientation session in order to understand the group's vision, values and corporate culture as well as work practices. The group also offers equal opportunities for vocational staff, male or female, to learn and advance in

their career path through reshuffling, transfer or promotion by mainly taking into account their knowledge and capability. The Erawan Group also compares its remunerations and welfare with peers in the same industry to ensure that staff are not only remunerated with compensations and benefits as required by the law, but they are also proportionally remunerated.

Competency building policy

We have conducted an annual capacity-building plan each year. The plan, which focuses on enhancing capacity, re-skilling, up-skilling and nourishing digital skills, is carried out in tandem with the individual development plan (IDP) at the rate of 70:20:10. Monitoring and assessment are regularly updated.

Cultivating corporate culture and increasing staff's participation

Effective communication, encouragement for staff to participate in company activities and acknowledgement of people's performance are part of our corporate culture that reflects the priority of our staff. Being attentive to this subject matter, the company has set up various communication channels to ensure that everyone is taken care of. In 2020, we conducted a monthly townhall meeting to update business situations and communicate with everyone. The townhall meeting offered an opportunity to staff at all levels to directly meet and express opinions with senior management. At this townhall meeting, employees are given an opportunity to propose ideas that will benefit the firm or directly inquire the management. The firm also provides a communication channel via Facebook for every staff who become a member to receive information while able to post and express their opinions independently.

The company also conducts an annual employee's satisfaction survey to measure satisfaction levels of services provided by internal departments in order to listen to staff's recommendations and advices. Information from the survey is analyzed to come up with a policy overview before a report is written to inform relevant departments to come up with a plan that will initiate or improve services to their internal customers.

Participation and community/social development

The company underlines the importance of participation and development of both the society and communities. We aim to respond to the needs and expectations of stakeholders in communities, those in proximal area around our business and other areas in a balanced manner by creating good co-existence relationship by using our knowledge and expertise. We encourage communities to explore opportunities of self-development while maintaining and nourishing their customs and traditions. We also urge staff, one of the stakeholders, to be involved in social responsibility. We openly listening to people's opinions, enabling employees to volunteer in social projects and collaborating with business partners, alliance networks and government agencies to strengthen community's advantage in order to fulfil the goal of a sustainable society.



Social activities: 2020

Community development activities

The company and hotels within the group organized activities mobilized by employees with volunteer mind to relieve the public from difficulty from the Covid-19 outbreak. Activities were designed to suit the needs of particular sites and locations:

- Hotels within the group delivered food, alcohol gel, consumables to neighboring communities and the public.
- The company donated N95 face masks and dried banana, a product from Pa Pang community in Lampang Province, to Maharaj Hospital in Nakhon Ratchasima, Wachira Phuket Hospital in Phuket, Songkhla Nagarindha Hospital in Songkhla, Maharaj Nakhon Chiangmai Hospital in Chiangmai and Chulalongkorn Hospital in Bangkok.

- The company donated Thank You bags to street cleaners in proximity areas of our hotels, namely, in districts of Klongtoey, Pathumwan, Sathorn, Klongsan, Chaengwattana in Bangkok, and in Pathum Thani Municipality area in Pathum Thani Province, to express our deep appreciation to those who had been working so hard during the Covid-19 pandemic. The Thank You bag consisted of coffee from Pa Mee Community in Chiangrai Province, Jasmine rice from Kok Muang Community in Buriram Province and processed coconut shell products from Ban Laem Community in Nakhon Si Thammarat Province. These products were all from communities in the Happy Home, Happy Stay project developed to enhance community homestay service and management that the company had run to help distributing incomes to local communities, as they were all affected by the pandemic.
- The company donated the entire revenue from room sales of HOP INN hotels nationwide on June 5, 2020 with no deduction together with staff's donations totaling Baht 1 million to the "Baht 63 to Fight Covid-19 Pandemic – Transforming suffering with Baht 63 in 2020 Project" of the Thai Red Cross.



Education support activity

The Creative Cabinet project provides a better access to books and toys that enhance learning and skills to primary school children to widen their imaginations. The cabinet contains teaching materials to produce learning media as well. The company plans to deliver the cabinet to schools in provinces where HOP INN hotels are located all over Thailand. 5 cabinets will be given to 5 schools on the first day a HOP INN hotel in that area opens its door. The project has started since 2014. So far, at least 224 schools have received the imagination cabinet. In 2020, the company gave the cabinets to five more schools in Phuket on the occasion of HOP INN's 2nd branch opening in the island.

Tourism industry support projects

The “Happy Home, Happy Stay” project represents an increasing role of community tourism, as more and more tourists wish to experience local lifestyles, traditions, food and customs. They want to experience first-hand how to cook and eat local culinary, how to DIY handicraft and how to live the same their hosts live. As a hotel operator, the company is eager to take part in promoting community tourism, which is directly related to our business.



To further develop the community homestay management, the company has shared its knowledge and expertise with communities, encouraged them to learn and look at economic opportunities from different perspectives in order to enhance their potentiality for the purpose of sustainable development from within the communities themselves. The project was initiated in 2018 at Ban Laem Community, Tha Sala District, Nakhon Si Thammarat Province. A year later, we collaborated with Air Asia to organize the homestay service and management training in the “Journey D” project for communities. In 2020, the company joined hands with Government Savings Bank (GSB) in the GSB Smart Homestay project by awarding and sharing knowledge with Ban Nong Khao, Ta Muang District, Kanchanaburi Province and Ban Mung Nua, Nern Ma Prang District, Phitsanulok Province. In addition, bedsheets from selected hotels within the group were distributed to six participating communities in the project.

Environmental and natural resource management

The hotel business strives to make customers happy and comfortable. This is the business that not only consumes a lot of energy and resources but also generates a lot of waste, wastewater and Greenhouse Gas (GHG), all of which actively create to the world's climate change and global warming phenomena. Realizing the highest priority on environmental and resource management to mitigate direct and indirect effects, the company requires every hotel to strictly comply with the laws

governing the environment and the policy to maximize the use of resources. Any conduct that could jeopardize the environment of neighboring communities must be avoided. Awareness to use resources responsibly is constantly communicated to staff so that everyone understands the practices and design hotel experiences to raise customer's awareness for lesser energy consumption. The company also promotes the use of technology and innovations in this resource management for their best interest and the interest of all stakeholders.

Energy management

The company and hotels within the group regularly check, maintain and supervise tools and equipment for effective energy consumptions. Details are as follows.

- Campaign to raise an awareness to responsibly use the resources, reduce energy consumption at home and workplace whenever possible, for example, use the electricity only when necessary, turn off computers when not in use, walk instead of taking an elevator, keep electronic devices in a good condition, exercise the 3 R - Reuse, Reduce and Recycle principle in daily work to minimize the use of resources.
- Install timers to control on-off switches and alternately turn on/off lighting to promote adequate and energy-saving lighting.
- Replace 36-watt fluorescent light bulbs with LED-T8 18-watt ones; installing timers to control building lighting.
- JW Marriot Bangkok has installed the Variable Frequency Drive (VFD), which adjusts the frequency of cool pumps. A new high-efficiency steam generator and a chiller with better efficiency level were installed to reduce energy consumption. During 2017-2018, two high-efficiency coolers were installed, which made the building win the “MEA Energy Saving Building Award” from Metropolitan Electricity Authority (MEA). Participating in this project made the hotel's electricity bill fall by 9%.



- Courtyard by Marriot Bangkok has installed the chiller plant organization to manage the hotel's entire cooling system, namely, chiller plant controls, chilled water pump, condenser water pump, cooling tower fan motor and AHU motor. It also adjusted motor's variable speed to reflect the entire system to control the way the system worked to identify actual heat load in need. In addition, for hotels with more than one chiller, the software managed each chiller and was able to generate an accurate level of cool air, which helped improving the efficiency of the chiller and drastically cut electricity consumed by the entire system.
- Hotels under the Accor Chain have hired NCH Co Ltd to maintain and treat wastewater from cooling tower. The firm also checked and assessed air conditioners to ensure efficient performance. This means cooling tower of a chiller did not need to use a softener device, as heat was better ventilated from the chiller, which cut down the consumption of electricity by 1.5% per degree. It's expected that energy consumption would fall by 2%.

Data of Internal use of energy

2018*	2019	2020
74,449,938.71 kWh	82,086,526.44 kWh	52,597,885.82 kWh

* Excluding HOP INN's energy consumption data

Water management of hotels within the group

Water significantly supports our business. The company and hotels within the group exercise the following guidelines when it comes to water management and water awareness among staff and hotel guests: that water must be effectively used with responsibility while innovation is introduced to reduce the use of water.

- Hotel guests are encouraged to repeat using towels and linens to avoid unnecessary laundry
- Staff are encouraged to be aware of the importance of smart water use, for example, not to keep water tap running to avoid wasting water, dispense the right amount of water from a water dispenser.
- Aerators have been installed to limit water flow
- Water-saving toilet bowls are selected.
- Pipes and water meters are constantly checked and repaired to prevent leakage
- Water use is recorded and compared with when water reduction measures are implemented.

- Strict compliance with wastewater treatment practices required by the laws; regular system check to minimize environmental and community impacts.

Data of internal water use

2018*	2019	2020
1,180,075.30 m3	1,440,465.83 m3	855,642.88 m3

*Excluding HOP INN's water consumption data

Waste management

Realizing environmental impacts generated by the hotel business, the company has separated waste into the following categories:

- **Waste from hotel rooms and waste from common areas:** waste is separated for recycling purpose and for better waste management.
- **Waste from kitchen:** JW Marriot Bangkok and Light Blue Co., Ltd. have collaborated with the Light Blue Project to reduce food waste from the food preparation phase down to the cooking and food waste management process.



- **Plastic waste:** Hotels within the group has a policy to reduce plastic waste in order to mitigate environmental impacts where plastic materials are replaced by glass bottles, paper straws, cloth bag and paper bag. Water dispensers have been installed for hotel guests to refill instead of bottle water. Staff are urged to reduce using plastic in hotel activities. Water bottles, cloth bags and foldable silicone food boxes have been distributed to staff to replace a single use plastic container. Suppliers are required to deliver goods in baskets or containers rather than in plastic bags.
- **Paper waste:** The Erawan Group has started separating paper waste since 2008. In 2020, the company and hotels within the group as well as partnering companies in Pleonchit Center Building participated in the Paper X project with SCG Packaging Co., Ltd.

to direct separated waste paper to the recycling process to maximize the efficiency of the recycling economy. About 1.6 tons of paper was separated when the project started in October, which was equivalent to the saving of 17 trees from being cut and the reduction of 680 CO2 equivalent of the GHG released, 7,000 gallons of water used, 380 gallons of oil burnt and 4,000 kilowatt/hour of electricity consumed. (from: www.fusionwaste.com)

Greenhouse Gas (GHG) Management

Our intention is to encourage the management and staff to understand the GHG release process so that their understanding can improve our work process by enhancing energy efficiency, saving energy, conducting waste management and selecting green and GHG-friendly products based on industrial standards through, for example, the use of CFC-free cooling substance, to reduce environmental impacts. When organizing an activity, we incorporated the environmental impact element into the event. For example, we encouraged participants to reduce waste generated from the activity and that they took public transportation instead to the venue. The business started gathering the GHG release data for further analysis and development in order to reduce it or find a better way to handle it.



Internal Control and Protection of Internal Information

In 2020, the Board of Directors convened eleven times at which the Audit Committee attended every time to give opinions about an adequacy and soundness of the internal control system. The Audit Committee summarized and reported internal audit activities to the Board of Directors on February 23, 2021 and the Board of Directors expressed the same opinions as the Audit Committee in this matter, which can be summarized as follows:

Internal Control System

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

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

Protection of Internal Information

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

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

Connected Transactions

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

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

Connected transactions between businesses with the following relationships were executed;

Person/entity	Description	Transaction value (THB)	
		2020	2019
1. Chai Talay Hotel Co., Ltd. - Hyatt Regency Hua Hin Hotel			
Type of business: Hotels and resort hotels	Agreement to lease office space and the service agreement with Erawan		
Nature of relationship:	Hotel Public Company Limited		
• Mrs. Panida Thepkanjana and Mr. Supol Wattanavekin are closed relative to Mrs. Vansamorn Wannamethee, Authorized Director of Chai Talay Hotel Co., Ltd.	• Rental and services income	577,307.59	1,002,315.54
	• Receivables at end of period	91,650.71	-
• Wattanavekin Group holds 28.63 percent of the Company's shares.	• Deposit from Lessee	321,496.48	321,496.48
	(Early termination in September 2020)		
2. SUSHI ICHI (THAILAND) Co., Ltd.			
Type of business: Restaurants activities	Agreement to lease office space and the service agreement with		
Nature of relationship:	The Erawan Group Public Company Limited and Erawan Hotel Public Company Limited		
• Mr. Gavin Vongkusolkrit, Director and Authorized Director of Sushi Ichi (Thailand) Co.,Ltd.	• Rental and services income	1,793,065.51	2,280,200.71
	• Receivables at end of period	190,391.71	24,331.86
• Vongkusolkrit Group holds 26.86 percent of the Company's shares.	• Deposit from Lessee	646,207.76	646,207.76
3. Kuppadeli Co., Ltd.			
Type of business: Restaurants activities	Agreement to lease office space and the service agreement with The Erawan		
Nature of relationship:	Group Public Company Limited		
• Mr. Gavin Vongkusolkrit, Director and Authorized Director of Kuppadeli Co., Ltd.	• Rental and services income		
	• Receivables at end of period	556,477.75	2,674,414.08
• Vongkusolkrit Group holds 26.86 percent of the Company's shares.	• Deposit from Lessee	-	53,572.23
	(Early termination in February 2020)	669,438.00	719,938.00
4. Kiatnakin Bank Plc.			
Type of business: Commercial Bank	The Short - term loan agreement of 500 million bath with an interest rate		
• Wattanavekin Group holds 28.63 percent of the Company's shares.	at MMR (Money Market Rate), for using as the working capital to support the business. As at 31st December 2020, loan has not been drawndown		

Pricing policy and the Audit Committee's opinions

The agreed price was a market price compared to space in nearby areas and not lower than the price offered to other tenants or service users based on the business standards.

Necessity and Soundness of Connected Transactions

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

Approval Measures or Procedures of Connected Transactions

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

Policy or Outlook for Future Connected Transactions

-None-

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

Other Connected Transaction	2020	2019
1. Mitr Phol Sugar Group of Companies		
• Revenue from Hotel Operation	1,743,527.77	8,062,321.48
• Receivables at end of period	221,282.48	1,706,676.71