2012 Communication on Progress

Participant

The Frangipani Langkawi Resort and Spa

Reporting Period

03/2011 - 03/2012

To our stakeholders:

I am pleased to confirm that the Frangipani Langkawi Resort and Spa reaffirms its support of the Ten Principles of the United Nations Global Compact with respect to labour, environment and anti-corruption.

In this annual Communication of Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

Yours Sincerely,

Anthony Wong Managing Director

1. Labour Principles

1.1 Assessment, Policy and Goals

The Frangipani Langkawi aims to provide as much employment opportunities as possible to the local community.

1.2 Implementation

Almost 95% of the employees in the resort are local people and they comprise a mixture of all races. Discrimination and harassment are not tolerated. All employees regardless of race are given fair share of assessment in their performance and are treated equally.

Training is constantly given to the employees to improve their skills and product knowledge.

The resort works closely with the local and international hospitality and tourism schools/universities to provide internship for interns and this has been a practice for many years. The internship period ranges from 2 months to 6 months. The interns are housed in the resort's staff quarter and provided meals at the staff canteen. They are also given a monthly allowance.

1.3 Measurement of outcomes

With constant training and guidance given by the management, some of the employees had the chance of promotion and such promotion is a big achievement for the local community as in certain hotels on the island, promotions are given to the non-local community.

Interns who are able to understand the culture and concept of the resort's green philosophy are offered permanent positions after their internship and we are pleased to say that most of them accepted the offer and are working in the resort.

2.0 Environmental Principles

2.1 Assessment, Policy and Goals

The Frangipani Langkawi is committed to bettering the environment in and around its company. The resort has an Environmental Policy statement that also includes guidance and policy goals relating to the prevention and management of environmental risks.

In coming year we plan to work with our significant supply chain partners to see if they are signatories to the Global Compact or other initiatives that promote environmental protection and accountability. If they are not currently members we will actively encourage them to become signatories and support the ten core principles of the United Nations Global Compact. Additionally, the Frangipani Langkawi also sets environmental targets for each reporting period. In the coming year the company aims to:

- Reduce energy consumption across the business by 10%
- Reduce water consumption across the business by 10%
- Increase the number of green initiatives implemented by the resort to over 200

2.2 Implementation

The Frangipani Langkawi employs two Environmental Officers who actively ensure that the resort complies with its Environmental Policy Statement and the broader environmental objectives of the United Nations Global Compact.

The resort supports a variety of initiatives and programmes to reduce waste material and the consumption of resources. Staff members receive ongoing training relating to reducing energy consumption, waste separation and recycling. All proceeds generated from recycled waste material are returned to employees through the company's employee welfare scheme.

A natural wetland system has been developed to treat all wastewater produced by the resort to a level that meets the Malaysian Drinking Standard A. Once treated this water is used to water the resort gardens in order reduce water costs. Additionally, the resort uses harvested rainwater for all laundry, toilet flushing and gardening applications. Furthermore, all the resorts hot water is produced using roof mounted solar panels on the guest bungalows.

In line with its commitment raising environmental awareness, the resort works with a number of local schools on Langkawi to help promote environmental stewardship and educate children about the negative effects of poor environmental practices.

2.3 Measurement of outcomes

The Frangipani Langkawi has not had any environmental incidents within the reporting period and has not been subject to any statutory notices or prosecutions.

The resort has a number of processes in place to ensure that environmental progress is carefully monitored for example all water passing through the resort's wetland system is tested bi-annually by an independent certified laboratory to ensure that it complies with the Malaysian Drinking Standard.

3.0 Anti-Corruption Principles

3.1 Assessment, Policy and Goals

The Frangipani Langkawi has always been practising the principle of honesty and all the employees are fully aware of this.

3.2 Implementation

Standard operating procedures are created for each department to avoid any dishonesty to take place and independent checks are conducted regularly.

3.3 Measurement of outcomes

The Frangipani Langkawi has not had any incidents within the reporting period.