

THE LUX COLLECTIVE

Communication on Progress: 28/08/2018 - 2019

Re: Statement of Continued Support by the Chief Executive Officer and the Group Sustainability & CSR Manager

Dear Stakeholders,

I am pleased to confirm that The Lux Collective reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

The Lux Collective joins the UN Global Compact in its objective to fulfil the core promise of the 2030 agenda (17 Global Goals and 169 targets). Our sustainability strategy is mapping the 17 UN SDGs simultaneously. The Lux Collective and sister company LUX Island Resorts are part of GRI Community – shaping the future of International integrated reporting Standards.

GRI Community members are GRI's core supporters. The Lux Collective is at the heart of the community shaping the future of sustainability and reporting. The Lux Collective is mapping the UN SDGs (Sustainable development Goals) with its GRI STANDARDS KPIs and empowering decision making towards a more sustainable economy and world.



- HUMAN RIGHTS**
 - LABOUR**
 - ENVIRONMENT**
 - ANTI-CORRUPTION**
- Support and respect the protection of internationally proclaimed human rights
 - Not be complicit in human rights abuses
 - Support the freedom of association and the effective recognition of the rights to collective bargaining
 - Support the elimination of all forms of forced and compulsory labour
 - Support the effective abolition of child labour
 - Support the elimination of discrimination in respect of employment and occupation
 - Support a precautionary approach to environmental challenges
 - Under take initiatives to promote greater environmental responsibility
 - Encourage the development and diffusion of environmentally friendly technologies
 - Work against corruption in all its forms, including bribery and extortion



Trade: luxcollective.com

People Planet Profit

Our Commitment: luxcollective.com
 Governance: luxcollective.com
 Risk of Systemic Issues: luxcollective.com

LUX* Corporate Policies

Human Rights Policy
 Labour Policy
 Environmental Policy
 Anti-Corruption Policy
 Whistleblower Policy
 Supplier Code of Conduct
 Code of Ethics
 Anti-Bribery Policy
 Anti-Money Laundering Policy

Continuing our Integrated Annual Report, aligned with GRI Standards bears testimony to our unabated dedication and allegiance to transparency in disclosure. We have established trust relationships with all our stakeholders through sustained accountability and value creation.

We continue to report on our performance to ensure on integrity of information. TLC Policies are enforced via dedicated mechanisms, such a hotline for reporting any breach anonymously, Standard Operating Procedures ensuring any arising situation is handled under the supervision of TLC Executive Committee and Senior Management. Our long-standing Code of Ethics and Anti-Bribery policies ensure transparency and accountability.

Our new Purpose **We Care about what Matters** incorporates our Values: we always put **people** first and stay true to our values by being **passionate, responsible, transformational** and **innovative** in all that we do.

In this annual Communication on Progress from 28/08/2018 to 2019, 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 sharing this information with our stakeholders using our primary channels of communication.

Sincerely,

Paul Jones
Chief Executive Officer

Vishnee Sowamber
Group Sustainability & CSR Manager



United Nations Global Compact

Communication on Progress 28 August 2018 - 2019

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Human Rights

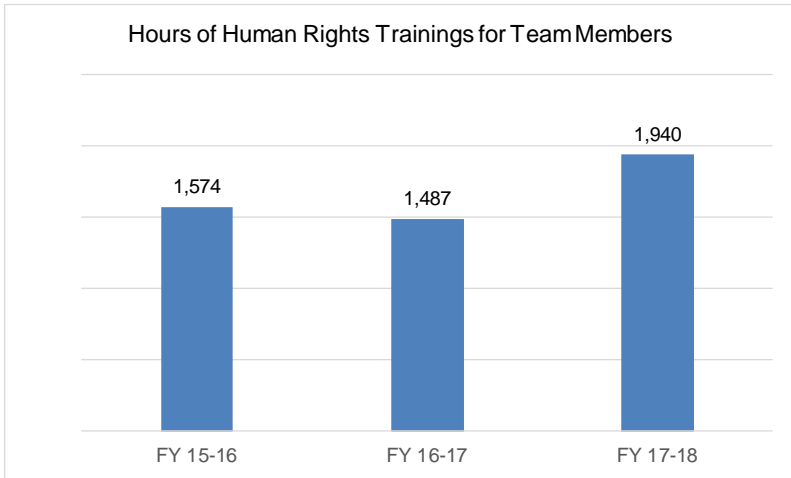
Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights

8 DECENT WORK AND ECONOMIC GROWTH



The Lux Collective Ltd supports Equality and Fairness for all its Team Members. The Human Rights Policy¹ reflects our inclusive company culture. It is available on our website and included in the Team Member Handbook.

Under the GRI criteria, we deliver Human Rights training to all our Team Members. Since 2015, the orientation program includes the training session, ensuring that all those who join us are informed and aware of their rights. Trainees and interns also follow the orientation program.



Our properties comply with local legislations and international recommendations. Team Members subscribe to a health insurance policy, have access to medical leaves and local leaves quotas per annum as well as meal allowances or canteen catering facilities.

The Lux Collective has implemented an anonymous hotline as grievance mechanism to ensure Team Members can act under the protection of the company’s Whistle Blowing Policy without fear of retribution.

In order to ensure on the Health & Safety Policy² in place, Personal Protective Equipment (PPEs) are provided to all relevant departments to protect from hazards. Subsequent trainings are also provided to ensure on proper use of materials.

A general Health & Safety section forms part of the orientation program.

All policies are displayed in the Team Member areas and present in the Team Member Handbook. Properties in the Maldives, LUX* South Ari Atoll and LUX* North Malé Atoll, further sensitised team

members via the “Daily Awareness Tips” by email, notice boards and smartphone Apps.

Principle 2 Businesses should make sure that they are not complicit in human rights abuses

We care for the Human Rights of all, even beyond the physical boundaries of our properties.

Through our flagship project **Ray of Light**, we engage the community & other stakeholders in projects to uplift those affected by marginalisation. Ray of Light covers the following SDGs:



¹ Human Rights Policy <https://www.theluxcollective.com/media/1274/humanrightspolycysigned.pdf>

² Health and Safety Policy <https://www.theluxcollective.com/media/1273/health-safetypolicyandprocedures.pdf>

We collaborate with NGOs dedicated to offering quality education to children coming from disadvantaged households, healthcare to the needy, support for gender equality through women and girls' empowerment, advising and guiding the disabled towards self-reliance, through sports or IT projects.

Starting with our People who are the closest to our destinations, our Ray of Light initiative supports more than 10 NGOs yearly. We work to combat poverty and align the vulnerable communities with the by improving quality of life. We contribute financially to educational projects provided by NGOs, as well as women empowerment through entrepreneurship courses, encouraging economic independence of women and girls and restoring human dignity.

The Lux Collective has invested over 15 Million Mauritian Rupees ³until now in social support. We extend our support in terms of logistics as well and often support fundraising events with lunch and dinner vouchers and complimentary stays as Charity Dinner prizes.

In specific supports of the [UN SDG 5 Gender Equality](#), our collaboration with Gender Links Mauritius encourages open discussions on equality in the workplace as well as at national level. The NGO is a fervent combatant of all forms of discriminations.

In 2016, we contributed to the Gender Links programme for women entrepreneurs who come from difficult backgrounds. The target of the project: to help all of the 95 beneficiaries fight poverty through the Entrepreneurship training. All 95 women entrepreneurs were awarded a certificate. More trainings were deployed for women and girls from difficult backgrounds, in the centre of the island and in the south in collaboration with Tamassa hotel in Bel Ombre, Mauritius. The tailoring course took place at the hotel with the support of the Team Members who shared their skills. A kit consisting of equipment was offered to the women to encourage entrepreneurship and economic self-reliance.

Our commitment to The Code of Conduct against Child Trafficking

We are conscious of the vulnerability of children in touristic zones and destinations. Following our support to the launch of **The Code** of Conduct against Child Trafficking in Travel and Tourism in Mauritius, The Lux Collective has taken a public stance against any form of abuse, specifically against child trafficking in the sector. Our Child Protection Policy⁴ renewed in 2019 was updated with a Standard of Operating Procedure. It ensures no cases of abuse or trafficking go undeclared.

In April 2019, The Lux Collective successfully renewed its membership to The Code.

Labour

Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

With a whistleblowing policy in place and integrated within the team member's handbook, we ensure all team members rights' are protected during disclosures or investigations. Via the hotline, team members also have the option of reporting matters of breach, fraud or violation anonymously.

50% of our properties in Mauritius have recognised Trade Unions representing the rights of the workers. All our properties in Reunion Island adhere to the local legislation; Team Members of both properties are represented

The Lux Collective publishes Integrated Annual Reports aligned with international integrated reporting standards such as GRI Standards. Any reported cases of discrimination are disclosed in the reports after audit by an external firm.

³ <https://www.theluxcollective.com/media/1260/tlccsrpolicy-sop-annex03-19.pdf>

⁴ <https://www.theluxcollective.com/media/1259/tlcchildprotectionpolicy-annex1-203-19.pdf>

Principle 4 The elimination of all forms of forced and compulsory labour

The Lux Collective invests in external assurance of sustainability KPIs, which includes Human Capital. Beyond the Integrated Annual Report statistics, the company regularly submits to external audits by renowned certifying bodies such as International Travelife Certification and more recently, Green Globe (USA) certified our properties.

Following the International Travelife Gold Sustainability Certification, Green Globe audits have enabled us to verify the contractual terms of Team members, through sampling. All audited properties were certified following evidence-based site and desktop audits.

The company has promptly acted upon new enforced local legislations pertaining to minimum wages. Regular performance appraisals encourage dialogue, constructive feedback and professional development as well as advancement.

The management encourages reporting of any forms of abuse anonymously via the hotline managed by Transparency Mauritius or to Human Resources Department for investigation.

The company adheres to local laws of Health & Safety and has created its own Health & Safety Policy.

Principle 5 The effective abolition of child labour

As per the The Lux Collective's Sustainability Policy ⁵and Child Protection Policy⁶, *the protection from child labour is already included in the normal employment policy; hence, this point is well taken into consideration. The Team Members are requested to report on any identified breach in child protection, general abuse and sexual exploitation.*

The policies aligns with our commitment to The Code of Conduct against Child Trafficking.

Principle 6 The elimination of discrimination in respect of employment and occupation

The Company's dedicated Corporate Policies include the Equal Opportunity Policy⁷.

The document clearly states a zero-tolerance attitude towards discrimination at the company, located in several destinations and countries, where the "environment is multi-racial, multi-ethnic, multi-cultural and multi-lingual, where people can achieve their potential regardless of their status, that is, their age, caste, colour, creed, ethnic origin, impairment, marital status, place of origin, political opinion, race, sex or sexual orientation. The company practices and encourages an environment of equal opportunities across all levels where Team Members are respected and valued on their talents, skills, experience, competence, desire and willingness to work"

The display of this policy in Team Member areas is a requirement of external audit bodies like Green Globe and Travelife. These are also displayed for Team Members at the corporate office.



100%* of the properties in Mauritius, Reunion Island and Maldives are Green Globe certified.

Eight properties certified is a testimony of our commitment as a group to sustainable development, from Corporate to Resort level. The certifications were successful thanks to the support and commitment of both internal and external stakeholders.

Green Globe is the premier worldwide certification and performance improvement program developed specifically for the travel and tourism industry.

Through annual audits, the organisation encourages progress and constant improvement by assessing concrete actions we implement.

excluding two new openings after 2018 audit round: SALT of Palmar and LUX North Malé Atoll

⁵ Sustainability Policy <https://www.theluxcollective.com/media/1263/tlcsustainabilitypolicy03-19.pdf>

⁶ Child Protection Policy <https://www.theluxcollective.com/media/1259/tlcchildprotectionpolicy-annex1-203-19.pdf>

⁷ Equal Opportunity Policy <https://www.theluxcollective.com/media/1272/equalopportunitypolicysigned.pdf>

Environment

Principle 7 Businesses should support a precautionary approach to environmental challenges

As per our Sustainability⁸ and Environmental Policy⁹, we promise to preserve and care for the environment, for now and for future generation.

Tread Lightly, our environmental flagship project is recognised locally and internationally as an umbrella for Climate Change mitigation and adaptation initiatives, with renewable energy and biodiversity conservation projects.

We promise our guests a 100% carbon free stays for a voluntary participation of minimum one Euro per night. Tread Lightly has exceeded the millionth participating guest night and ~97,000 TCO2 of offset GHG via UNFCCC registered projects.

The projects found in 6 developing countries, support access to green energy by locals, the creation of direct and indirect work opportunities as well as sustainable economic development. Information about all 9 projects remains transparent, is managed by external firm AERA group and is available online: <https://aera-group.fr/fiche/lux-resorts-hotels/>

The group's GHG emissions statistics published in LIR & Subsidiaries Integrated Annual Reports are externally audited by Ernst & Young.

Emissions are calculated by Carbon Offsetting market leader AERA Group, aligning calculations with the Hotel Carbon Measurement Initiative methodology (HCMI version 1.1, developed by the International Tourism Partnership - ITP and the World Travel & Tourism Council - WTTC), which follows the GHG Protocol principles of relevance, completeness, consistency, transparency, and accuracy.

Tread Lightly covers the following SDGs:



Renewable Energy Pledge at Small Islands Developing States Forum

We have reiterated our renewable energy pledge at the Small Islands Developing States (SIDS) private sector forum in Mauritius, in 2018. Aligned with the Paris Agreement and the S.A.M.O.A Pathway, we support renewable energy development, through stakeholder inclusiveness, involving the vulnerable SIDS destinations where we operate: Mauritius, Maldives and Reunion Island.

⁸ <https://www.theluxcollective.com/media/1263/tlcsustainabilitypolicy03-19.pdf>

⁹ <https://www.theluxcollective.com/media/1261/tlcentvironmentalpolicy03-19.pdf>

Tread Lightly: Renewable Energy

TLC renewable energy strategy includes Ile Des Deux Cocos photovoltaic plant and LUX* South Ari Atoll PV project – launched in 2019 and more upcoming projects. We have already implemented an initial Photovoltaic project in Mauritius at Ile Des Deux Cocos, which is contributing towards reduction of use of diesel and emissions. We have deployed a first phase of a Photovoltaic project (minimum 500MWp) in the Maldives for a lighter footprint.

Our photovoltaic plants



Above image: LUX* South Ari Atoll photovoltaic project. Source: Swimsol GmbH, our project partner.

ILE DES DEUX COCOS

- Plant capacity of 59.52kWp
- Saving over 23,000 Litres of diesel consumption /year
- ~ 64 TCo₂ avoided annually

LUX* SOUTH ARI ATOLL

- Phase 1 capacity of 678kwp
- Represents 11% of consumption on an average day
- 33% of consumption on an ideal sunny day
- Saving ~1000L of diesel per day
- Phase 2 incorporates battery storage
- Capacity expected to reach ~2.5 MWp



SALT of Palmar first Mauritian hotel to receive Positive Luxury's butterfly mark.

SALT, a brand of The Lux Collective, targets ethical travellers and creates positive value across the supply chain.

SALT of Palmar is the first Mauritian hotel to receive the Positive Luxury accreditation, joining the ranks of high-end brands who care.

Starting with a Code of Conduct agreement between suppliers and SALT, the company commits to sensitising suppliers and delivering product and services with traceable origins.

Positive Luxury recognises brands that meet at least 80% of the assessment criterias in Governance, Social Framework, Innovation, Environmental Framework and Philanthropy.

All information provided is further verified by the Sustainability Council of Positive Luxury to confirm veracity of statements.

Principle 8 Undertake initiatives to promote greater environmental responsibility

Involving stakeholders, suppliers, team members, the local community and beneficiaries of NGOs in our initiatives to tackle the effects of climate change head on. TLC is faithful to World Environment Day celebrations, Earth Hour and is involved in sensitisation of team members, guests and the local community.

In 2017, TLC distributed 1,200 endangered endemic plants to the public, team members, primary schools and NGOs, encouraging a higher consciousness of the fragility of the biodiversity that sustains our existence. TLC partners with the Mauritian Wildlife Foundation on various conservation projects in Mauritius and its islets. In 2018, TLC resorts and Head Office planted 140 endemic plants at La Citadel with NGO FORENA. In 2019, TLC announced collaboration with Ebony Forest, by supporting eco-tours bookings. The Group reiterated continued support of the NGO Eco-sud for the protection of two endangered endemic turtles.

Through numerous cleaning campaigns, we invite the community to partake in small actions like waste segregation for easy recycling.

Reunion Island regularly hosts the Marine Reserve de La Reunion to sensitise team members and young NGO beneficiaries of marine life conservation and both resorts of the island now support the NGO Reefcheck to protect the reef.

LUX* South Ari Atoll (Maldives) is equipped with an in house Marine Biology Centre to study and protect the native whale shark population.

LUX* Tea Horse Road Benzilan and LUX* Tea Horse Road Lijiang actively promote and support the conservation of the endangered endemic Yunnan snub-nosed monkey at the Baima Snow Mountain Nature Reserve

Environmentally friendly initiatives at resorts

Guided by our Purchasing Policy ¹⁰and all other corporate policies, we encourage sustainable consumption.

Some Examples:

- Zero plastic straws & upon request only policy deployed in 2018
- In house Earth & Dance water bottling enables us to curb use of ~1 million plastic bottles / year
- Preference for sustainable packaging (FSC certified paper, biodegradable paper straws, etc.)
- LED Lights used at properties – encouraging LED light retrofits to replace previous installations
- Ethically sourced (certified Fair Trade) coffee served in all Café LUX* outlets
- Water saving devices implemented
- Smart Energy Management Systems implemented in rooms
- Our signature Laundry Asterix and soon to be deployed SALT Cubes engage the guests in our laundry reduction program

¹⁰ Purchasing Policy <https://www.theluxcollective.com/media/1262/tlcpurchasingpolicy03-19.pdf>

Anti-corruption

Principle 9 Encourage the development and diffusion of environmentally friendly technologies

Beyond photovoltaic and other energy-saving technologies, we embrace the future via smart technologies to reduce waste and pollution.

Our new property SALT of Palmar deployed a new keyless system, which works in pair with the [SALT Experience App](#). The App encourages paperless restaurant bookings as well as other services such spa treatments, therapies or even eco-tours. For our LUX* properties, the [LUX* Experience App](#) also encourages online bookings to reduce paper waste and increase efficiency.

In 2018, the group has deployed its own financial system based on internationally recognised Oracle software, which covers all areas of operations as well as corporate purchasing, stocktaking and general (contractual and non-contractual) financial transactions. This enables the group to raise our standards in accountability and transparency.

Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery

In line with our internal Equal Opportunity Policy, our long standing Code of Ethics and Anti-Bribery Policy encourages fairness in dealings with external stakeholders. We adhere to all legal, business and accounting principles.

As per the GRI Standards, we report transparently on all expenses, taxes and any political party contributions are also to be disclosed.

Ernst & Young annually audits all our accounts.

