

OUR EES FRAMEWORK



RECOGNISING AND ENGAGING the community



RESTORATION AND CONSERVATION of the environment



REDUCING carbon footprint



RESPONSIBLE employer



The Board of Directors of Landmarks Berhad has always been mindful in embedding economic, environmental and social (“EES”) impacts to ensure that its businesses are operated sustainably by continually assessing the risks and opportunities in the Group’s operations. As responsible corporate citizens, the Group has made continued progress on giving cognisance towards the management of the material EES risks and opportunities to create value for its key stakeholders, including business partners, shareholders, regulators and the communities within which it operates.

This statement illustrates the Company’s commitment in ensuring long term growth and success in maintaining a proper balance between our economic, environmental and social responsibilities underpinned by the four pillars that have been developed to drive the Group’s activities at The Andaman and Treasure Bay Bintan (“TBB”).





ECONOMIC

RECOGNISING AND
ENGAGING THE COMMUNITY



>> Cooking bubur lambuk at Masjid Jamek, Kampung Kok
>> Blood donation by TBB staff

Procurement

The Group's two business units, The Andaman and TBB, are located in Langkawi, Malaysia and Bintan, Indonesia, respectively. Both resorts are located on islands and it makes economic sense to source for goods and services from local suppliers as far as possible, for cost efficiency and timeliness of deliveries.

During the year, The Andaman has awarded supply and maintenance contracts for goods and services to local suppliers in Langkawi totalling about RM16 million. The goods and services comprise mainly food and beverages, engineering and maintenance services, event management services, kitchen supplies, and other operating supplies and equipment.

Local sourcing of goods and services for The Canopi and Chill Cove amounted to about RM3.6 million in 2017, mainly for operational requirements such as fresh food and beverages, hotel amenities, office equipment and stationery, local transport services, staff uniforms, diesel and gas, medical supplies and general store items. Local contractors and material suppliers were also used in the extension of The Canopi, construction of the Marine Life Park and main access road, and other construction projects, with total contract value of about RM23 million. Local entrepreneurs have been invited to operate food stalls, convenience stores, souvenir shops and other retail activities in Chill Cove, TBB. This initiative serves to raise the socio-economic status of the people in Bintan and share the benefits with them by creating jobs, developing skills and encouraging enterprise. TBB is however, a new destination being developed by the Group located in a tourism area with limited supply of capital goods, technical services and related commercial activities. Hence, much of the procurement, especially for capital goods and services for resort development and recreational activities, is still being sourced from countries such as Singapore and China for cost efficiencies and the availability of a wider range of supply.

Community Investment

The Group recognises that mutual growth of the communities where we operate is key to its success. As part of the community outreach programme, The Andaman and TBB have organised or collaborated with like-minded corporate citizens in various community programmes at their respective locales.

As a good corporate citizen, The Andaman has put in place a programme to engage with the local community in Langkawi. On 8 June 2017 during the month of Ramadhan, the associates of The Andaman collaborated with Masjid Jamek, Kampung Kok to cook and distribute 1,000 packets of the special porridge, *bubur lambuk*, which were distributed to the local community and schools. The total cost of this initiative was RM1,800. On 24 September 2017, The Andaman together with



>> Donation of 150 bags of cement for renovations of Musholla Kecamatan mosque at Bintan, Indonesia

The associates of The Andaman collaborated with Masjid Jamek, Kampung Kok to cook and distribute 1,000 packets of the special porridge, *bubur lambuk*, which were distributed to the local community and schools.

The Westin, St Regis and Ritz-Carlton, sister hotels managed by Marriott International in Langkawi, joined forces to run for a good cause under the Run to Give programme. A total of RM35,000 was raised at the run to support the National Kidney Foundation. Marriott International has, since 1995, worked on annual projects in partnership with UNICEF in the Check Out for Children programme. Guests at The Andaman may donate USD1.00 on check out to this initiative. In 2017, a total of RM35,000 was collected and forwarded to UNICEF for its projects under the programme. On 24 May 2017, The Andaman teamed up with Trash Hero, Langkawi Chapter and sister hotels managed by Marriott International in Langkawi to clean the surrounding areas of Telaga Harbour and Jalan Pantai Kok, with approximately 300 kg of trash collected. Trash Hero is a global movement that creates sustainable, community-based projects that remove existing waste, and reduce future waste by inspiring long-term behaviour change.

To promote the mutual growth of the community in Telok Sebong District, Bintan where TBB is located, various events and activities have been organised in 2017. On 5 April 2017, TBB collaborated with Bintan Resorts in their Corporate Social Responsibility programme Hari Kasih Sayang, where 50 students from the district were invited to visit TBB for a half-day event comprising team building games and career insight. The purpose of the Hari Kasih Sayang programme is to familiarise students in junior high school for careers in the hospitality industry whilst giving them an opportunity to visit the hotels in Lagoi, Bintan. The cost of this programme was approximately RM2,000. In the spirit of Ramadhan, TBB organised a breaking of fast for 70 orphans from all 7 villages in Telok Sebong District on 31 May 2017 at a cost of about RM5,000. A blood donation event was organised with the Bintan branch of the Indonesian Red Cross Society on 9 August 2017 where 73 staff of TBB donated 45 packets of blood for the blood bank. On 30 August 2017, in conjunction with Eid Adha Qurban, 7 goats were donated to the 3 poorest villages in Telok Sebong District of Ekan Aculai, Pengudang and Berakit with contribution of RM5,000 from TBB and RM1,600 from staff. TBB also spent about RM3,300 by donating 150 bags of cement for the renovations to expand the Musholla Kecamatan mosque on 25 October 2017 to cater to the needs of the community.



ENVIRONMENT

RESTORATION AND
CONSERVATION OF THE
ENVIRONMENT

REDUCING CARBON
FOOTPRINT

The Group is conscious of its responsibility to manage the impact that its business activities have on the environment and is committed to continuously improve its environmental performance. The restoration and conservation of the particular natural attributes at the places it operates remained high on the business agenda.

Coral Conservation at The Andaman

The Andaman is located within an ancient tropical rainforest on the pristine sandy shores of Datai Bay, Langkawi which is home to a diverse variety of marine life and precious fringing reef said to be 6,000 to 8,000 years old. Much effort has been expended to restore the coral reef damaged by the tsunami in 2004. Monthly coral cleaning activities and reef walks to educate



>> Harvesting vegetables at organic farm, TBB
>> Young guests at The Andaman learning about coral conservation

guests and associates on the coral reef ecosystems have and continues to be a major activity at the resort. A Coral Nursery was launched in 2012 to grow corals for transplantation at Datai Bay to restore and rehabilitate the corals. Corals are grown at the nursery which are later transplanted at the bay. On 8 June 2015, a Marine Life Laboratory (“MLL”) was opened as a research laboratory for marine science and biology students to help increase their understanding of coral reef ecosystems and effective artificial reef management in addition to encouraging guests to explore, experience and interact with the students. The MLL serves as the main research laboratory for the Artificial Reef Module System (“ARMS”) which was launched in collaboration with a cement manufacturer and a Malaysian public university. The ARMS were deployed at the ocean for the growth of corals which will be a habitat for marine life. On 8 June 2017, this coral conservation project was expanded by launching a Coral Garden in the ocean. The Coral Garden is about 100 meters in diameter with 500 mini-ARMS and about 300 corals.

The Andaman also offers unique teambuilding activities and events to guests developed around the coral conservation theme. This allows MICE groups and teenagers to participate in an activity that not only promotes teamwork, but also to gain knowledge in marine conservation and at the same time, be involved in environmental conservation activities.

The Andaman provides non-motorised water sports activities for its guests at Datai Bay to protect the corals as fuel-based motors will cause water pollution and damage the corals.

Organic Farming

One of TBB’s missions is to integrate wellness with sustainable operations which incorporates the experience of clean air, water and food. Organic



>> Organic Farm at TBB

The coral conservation project was expanded by launching a Coral Garden in the ocean. The Coral Garden is about 100 meters in diameter with 500 mini-ARMS and about 300 corals.

farming is one of the drivers to achieve this mission. Visitors will learn and participate in organic farming and the community at TBB will be able to enjoy “farm to table” dining options, providing a healthier eating option. The pilot organic farm started in 2016 is still in its experimental stage. However, its organic produce to-date are supplied to The Canopi, with excess distributed to staff. The certification of the farm under the International Federation of Organic Agriculture Movements (“IFOAM”) (European Union and Australia) has commenced in June 2017 and is expected to be received in 2019. The IFOAM is the worldwide umbrella organisation for the organic agriculture movement which maintains an organic farming standard, and an organic accreditation and certification service.

Various sustainable practices were incorporated into the planning for this organic farm. The site was chosen based on minimum efforts to generate

the best results. The farm is located away from any form of industry and near to the Crystal Lagoon, and is naturally concealed yet easily accessible. The terrain has a gradient for drainage as well as collection of water. It also ensures no over shadowing and is a natural site for creating a scenic view of the entire farm. The farm faces east to gather the morning sun and ensures the uniform distribution of sunlight. Seasonal and prevailing wind directions are considered to provide good constant circulation for clearing air pollutants as well as cooling under the tropical sun. A natural stream nearby to the site suggests a high-water table, and natural pond locations were identified for stable and clean water supply all year round. Soil tests were done to select the most suitable site for planting. The existing secondary forests around the site provide a good barrier for a conducive enclave for farming. Local timber and top soil are harvested for use in construction and planter beds.

SUSTAINABILITY STATEMENT

In the design and construction of facilities at the farm, adequate spaces, comfortable shelters, a visually pleasant work place and necessary amenities were incorporated to create a good environment for staff to learn, work and rest. The operational pattern and logistics were carefully planned to ensure an efficient workflow and safety for the staff. The design harvests in situ natural materials for structures and furniture. Structures are designed to optimise the strength of the materials, which minimises material use and wastage. Structures are built specifically for optimised function and minimal maintenance. All structures are naturally ventilated except for a small viewing gallery.

Operational staff were chosen from the local population in Bintan and provided with training and education to introduce new skills and confidence. A lesson plan has been established and will be part of the standards to train new staff. This has created awareness and jobs locally within the community. There is potential to seed and engage the local community for organic agricultural plots or animal farming outside TBB on Bintan island which is an attractive proposition for local entrepreneurship or career alongside TBB's development blueprint as they can be a supplier of organic food to TBB.



There are no operations at night to promote energy efficiency. There are no piped water mains as the natural pond provides the requirements for watering of plants and preparations.

>> Sprinkler system for watering plants at organic farm, TBB



Energy & Water Efficiency and Waste Management

The Group's business activities in the hospitality industry consumes substantial amounts of water and energy. Added to that, non-hazardous and organic wastes are also constantly being generated from its operations. Recognising the effects these have on the environment, various practices have been implemented to reduce water and energy consumption as well as waste management.

The Crystal Lagoon at Chill Cove, TBB, a 6.3-hectare lagoon, is South East Asia's largest sea water lagoon. Sea water is pumped from the bay and is specially filtered into crystal clear water, creating a safe environment for an extensive range of sea and water recreational and sporting activities. The innovative eco-friendly technology from Crystal Lagoons® requires 100 times less chemical products than conventional swimming pools, and is sustainable and safe for the environment, allowing limited resources such as energy and water to be used efficiently. The lagoon is energy efficient and only consumes 2% of the energy needed compared with conventional filtration pools. The lagoon operates in a closed circuit that only needs to compensate for water loss caused by evaporation.

Electric bikes and buggies, and segways are provided as a recreational activity as well as an environmentally friendly form of transport within Chill Cove and The Canopi at TBB. At least 90% of the lighting at TBB utilises LED bulbs. The balance 10% which are presently utilising non-LED bulbs will be phased out and replaced with LED bulbs to reduce energy consumption. To further enhance the use of green initiatives and reduce usage of energy at TBB, street lighting has been designed using solar power and wind turbines as energy sources.

Sustainable practices have been designed into the operations of the farm. There is no grid electricity on site; a generator is only turned on for watering of plants. There are no operations at night to promote energy efficiency. There are no piped water mains as the natural pond provides the requirements for watering of plants and preparations. Water is also collected and stored at a high level, using gravity as feed for taps. The natural pond also serves as the collection point whereby "organically fertilised" water is collected and reused for watering the plants. Composting is done to produce organic fertilisers from unwanted harvest. Plant waste are also recycled by shredding to become mulch used to condition soil and for aesthetics. Crop rotation is practised to fully optimise the growth of different crops. This practice also allows the study of suitable variety of crops to ensure sustainable agriculture as well as to control pest growth. Earthworms are also introduced to loosen the soil and provide natural castings to enhance plant growth. To mitigate pests, nettings are used and predators are encouraged on site, e.g., aquatic plants encourage dragonflies which prey on aphids. Reports and records are maintained regularly to inform and maintain the performance of the farm. The items recorded include harvest yield, planting schedule, compost/fertiliser usage, soil/water test results, amongst others.

SUSTAINABILITY STATEMENT

To enhance energy efficiency, The Andaman has replaced all lighting in the lobby, main building, guest rooms, bathrooms, corridors and public toilets from halogen bulbs with energy-saving LED bulbs.

At The Andaman, various initiatives have been implemented to reduce water usage. Large earthen jars are used to collect rain and stream water for guests to wash sand from their feet upon returning from the beach before entering the resort premises. Rain water is also harvested for watering garden plants around the resort and washing of floors. The Andaman has invested in a waste water treatment plant which cleans sewage and water by removing solids

and pollutants, breaks down organic matter and restores the oxygen content before returning it to the environment. After 4 stages of treatment, the water is almost free of harmful substances and chemicals which is then filtered through a bed of sand before being released into the mangrove swamp at the resort. The solid wastes are collected by the vendor of the treatment plant for proper disposal at the designated landfill at Langkawi.

To enhance energy efficiency, The Andaman has replaced all lighting in the lobby, main building, guest rooms, bathrooms, corridors and public toilets from halogen bulbs with energy-saving LED bulbs. The next step is to replace the halogen bulbs for outdoor lighting of the resort to LED bulbs. Lighting schedules at The Andaman have been pre-programmed to reduce electrical loads during the day to further reduce the use of energy. Air-conditioning in meeting rooms are set on programmable timer whilst temperatures are centrally controlled in accordance with the meeting schedules. The temperatures at guest rooms are also set to a minimum of 22°C for optimum energy usage. Battery-powered green buggies are used to transport guests from the hotel lobby to the spa which reduces the use of fuel. To reduce water and energy usage, a linen and towel reuse



>> *The Andaman, Langkawi*

programme card is left in all guest rooms to encourage participation by the resort guests. The Andaman has also participated in the Earth Hour every year since 2010 to be in solidarity with the global business community to reduce energy consumption and support strategies that will help reduce the effects of global warming.

The Andaman has also invested in an energy efficient heat machine system for the supply of hot water to guest rooms which will save about RM78,000 in energy usage per annum. Laundry operations in the hotel of washing, drying and ironing is a major consumer of energy. Both the electric dryer and flat iron systems at The Andaman have been converted to gas systems, which have reduced the usage of electricity and generated savings of about RM47,000 per annum.

Waste management is a central theme in our hotel operations. Toxic and chemical wastes such as paint cans, and chemicals and its containers are stored outdoor to be collected by suppliers for proper disposal. The Andaman consciously sources for eco-friendly cleaning products for laundry, housekeeping and stewarding. The spa at the resort also uses natural and certified organic food grade products. Organic composting of kitchen, food and garden wastes are undertaken in containers at a designated location at the resort, with the compost used for landscaping purposes. As part of waste management, the 3R Programme – Reuse, Reduce, Recycle – has been implemented at The Andaman. The various initiatives in this programme include recycling of cooking oil into bio-diesel through a third-party vendor,



>> Natural products used at the spa, The Andaman

The Andaman has been recognised for its substantive efforts in environmental management and energy conservation.

recycling of used soap from guest rooms to wash rags and cleaning cloths for housekeeping purposes, providing reusable bags for delivery of newspapers to guest rooms and laundry, providing recycling bins at all venues and offices in the resort for collection of recyclable items and using recycled wood as menu cards and recycled bottles as candle stands at The Jala. To reduce waste from plastic bottles, filtered drinking service using glasses are provided at the poolside and the beach. Drinking water is also provided in pitchers and writing paper at the stationery centre for meetings hosted at the hotel to reduce waste.

The Andaman has been recognised for its substantive efforts in environmental management and energy conservation. Based on the inspection conducted in 2017, The Andaman has been awarded the ASEAN Green Hotel Standard for 2018 – 2020 by the ASEAN Secretariat.



SOCIAL

**RESPONSIBLE
EMPLOYER**

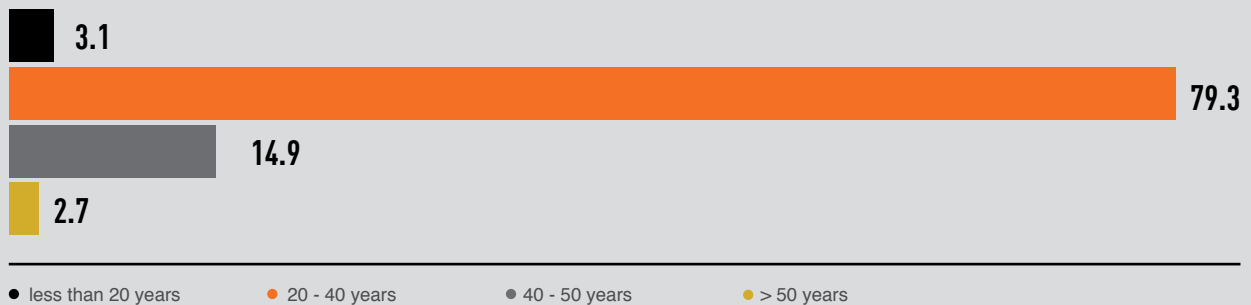
The Board recognises that one of the Group’s most important assets is its human capital. As a responsible employer, we are committed to running a safe, efficient and profitable business where honesty, integrity and respect for people govern the way we work and interact with each other within the organisation and externally with our guests and business partners. The standards of behaviour expected of all employees are set out in the Code of Ethics and Conduct which is published on the Company’s website at www.landmarks.com.my. Staff are given an avenue to report any violations of the Code of Ethics and Conduct or discriminatory acts as set out in the Whistleblowing Policy without fear and the policy is publicly available on our website.

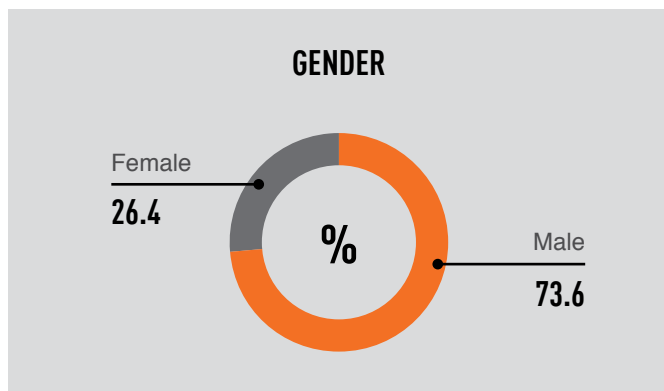
In our efforts to become a preferred employer, we are committed to the practice of equal opportunity policies for our workforce and respect for our employees’ human rights in the communities we operate in. Our policies include zero tolerance of discrimination on grounds of colour, religion, ethnicity, age, national origin, gender or any other personal characteristics as well as zero tolerance towards physical or verbal discriminatory harassment in the workplace. We believe these policies are crucial in retaining and attracting talent. The selection and recruitment of employees is made on an open competitive basis.

Medical benefits which include medical care for staff and their families, hospitalisation and surgical insurance benefits, maternity and paternity leave and flexible working arrangements are provided for staff.

The Group employed a total of 764 permanent employees across Malaysia, Singapore and Indonesia as at December 2017. The breakdown by gender and age group of the employees is:

AGE GROUP





There is room to improve the employment of female personnel in the Group. The Board of Directors targets to increase female employees to at least 30% within the next 2 years.

Health, Safety and Security

The Group places paramount importance on the health and safety of its associates and guests. We are committed to delivering high standards in health and safety across all aspects of our operations to ensure a safe and secure environment for both guests and associates. All associates at the Group's resorts receive comprehensive and regular training in health and safety awareness, food safety, hygiene and sanitation, and fire safety to ensure that they are able to provide the highest standards to our guests.

Both our resorts place strong emphasis on ensuring the highest level of food safety and on managing food safety risks. Ten associates in the Food and Beverage ("F&B") kitchen at The Canopi, TBB, have undergone training in food safety conducted by the Executive Sous Chef in 2017. Thirty-nine associates in the F&B department were trained in hygiene and sanitation conducted by an external trainer. All associates in F&B kitchen and service were vaccinated against typhoid. Fifty-two associates involved in food handling in F&B, kitchen, stewarding and receiving/purchasing were trained in food safety and certified at The Andaman. Further, all food handlers have undergone the compulsory hygiene and sanitation training.

All associates hired by TBB have to undergo a Safety at Work programme during their orientation. A total of 134 associates hired in 2017 were trained in the programme whilst another 119 associates were given a refresher course. The Director of Engineering at TBB has been trained and certified in occupational safety and health. Occupational safety and health training is conducted on a monthly basis at The Andaman and has been completed for associates in engineering, stewarding, housekeeping, kitchen, loss prevention, and pool and recreation in 2017. Fire life safety training has also been completed for the resort's Emergency Response Team.

To promote the physical wellbeing of our associates, regular sporting and exercise activities are scheduled. At The Andaman, the general manager leads an early morning running event twice a week and all associates as well as guests are encouraged to participate. Various team sporting activities such as football, volleyball, futsal, netball, to name a few, are held on a monthly basis where participation by associates is encouraged. At TBB, a weekly jogging/running session followed by zumba is held in the evening after working hours to encourage associates to maintain a healthy and active lifestyle. Table tennis equipment are also provided for associates to use at their convenience. Associates at TBB have also formed a band with equipment supplied by the Company as an additional recreational activity. These activities are avenues to promote interaction and team work amongst colleagues.

Training and Development

The Group provides an environment that emphasises continuous development of all associates to achieve their potential as well as building on their capabilities for career progression and advancement. Associates are provided service and functional skills training to raise their competency and service levels. Training and development activities may be internal courses conducted by a dedicated training officer or associates may participate in a range of external training and development programmes to learn or upgrade specific skills.

TBB has achieved functional training of an average of 5 hours per associate per month for the period from March to December 2017, exceeding the target of an average of 4 hours per associate per month. Line associates at The Andaman are required to achieve 50 training hours per annum whilst managers are required to achieve 55 hours.

TBB has formalised an internship programme in collaboration with various tourism and hospitality schools in Indonesia. Students pursuing courses in hotel operations, and tour and travel services are offered internships ranging from 4 to 6 months. In 2017, 20 internships were offered to students in housekeeping, front office, F&B at The Canopi and those in tour and travel services were assigned to Chill Cove. One of the interns has been offered employment in Front Office at The Canopi upon graduation. The Andaman has a similar internship programme for students from local and international universities and colleges. Students from Malaysia, Indonesia, Nepal, Russia, Spain and Italy have undergone training at The Andaman and some have been offered employment in F&B, Front Office, Kitchen, and other support services after completion of their courses.

This Statement was approved by the Board of Directors on 27 February 2018.