

Global Responsibility

Banyan Tree Holdings Limited
Corporate Social Responsibility Report 2008



BANYAN TREE



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Embracing the Environment Empowering People

As a socially responsible business, Banyan Tree was founded with the core value of driving sustainable development.

With the call to arms of embracing the environment and empowering the people, the Company seeks to continue being an agent of social and economic development through responsible tourism. Banyan Tree's triple bottom line (economy, society and environment) helps direct the Company's sustainable development by inspiring associates, guests, and partners to take a wider consideration encompassing a long term view when making business decisions.



Executive Chairman's Message

Since our founding, Banyan Tree has sought to promote, embrace and uphold the idea of travel with a conscience. Even as the business climate faces unprecedented challenges from the devastating decline of the modern banking and financial systems worldwide, we remain committed to carefully considered concepts and sustainable practices at as many levels as possible.

Consumers today are now more aware of a product's development, and corporate image is no longer just a reflection of the product, but instead encompasses the corporate values as well. Discerning consumers today aspire more towards brands that share the values they embrace. By integrating core values and social beliefs into the signature Banyan Tree experience, we go beyond our company's exemplary service and idyllic settings.

The highest standards of comfort are linked to ecological awareness as a way of life; even today this is still a rare combination in tourism. As a member of the United Nations Global Compact, we share these values with over 5,000 organisations in different fields and concerns around the world.

A uniform challenge facing all hotel operators and developers, the pressure continues to mount to maintain profitability and return against the backdrop of increasing development costs. Banyan Tree however is uniquely placed as we are one of the few and probably the only Asian fully vertically integrated hospitality company. As developers ourselves with our own in-house designers and project managers, we are able to take a more complete view of every project that we undertake seeing a project from both a developer's and a hotelier's point of view. This holistic appreciation allows us to balance the competing needs of delivering a top tier product to our guests with creating a return for our shareholders. Furthermore the approach ensures our values remain embedded in all stages of the development of any project, enabling us as we seek the optimal equilibrium to create value for all stakeholders.

Yours Sincerely

Mr Ho KwonPing
Executive Chairman



CSR Strategy Committee Chairperson's Message

Welcome to our third Banyan Tree Sustainability Report, a milestone as we look back on the year 2008 and our increased presence on the global scale.

In 2008, we witnessed the unfolding events that caused the world economy to stutter if not stall. Among the key reasons for this was the inescapable fact that investors and financial markets had failed to exercise restraint and responsibility in the pursuit of wealth.

In the collapse of the financial systems as we know them, businesses come face to face with the truism that profitable and sustainable growth has to be managed with good leadership values. Markets need some form of management to avoid the excesses that have given us this global recession. The needed management is not so much of markets themselves, but of the individuals who enter markets seeking personal advancement. Corporate Social Responsibility (CSR) embodied in market choices provides a formula for harmonising the constructive and beneficial outcomes of individual enterprise with the interests of others.

Even in this climate of uncertainty, it is the unremitting role of businesses to take the lead by facilitating and creating change for the better, through their product offering as well as purchasing power.

Banyan Tree has not shied away from the challenge of resource conservation and the betterment of society. We continue to push the agenda through our business conduct and initiatives. You can read more about our efforts in the accompanying pages of this report as well as our 2006 and 2007 Sustainability Reports, available online in the publications section of our website (www.banyantree.com/CSR).

Despite all our efforts and whatever we have been fortunate enough to have accomplished, CSR remains our ongoing journey as we continually seek to enhance our ability to find solutions beneficial for all stakeholders in the conduct of our business. This annual report, which we are committed to sharing with all in a mutual learning process, charts our progress and journey as we make incremental changes and in the battle to influence positive change.

Yours Sincerely

Ms Claire Chiang
Chairperson
Corporate Social Responsibility Strategy Committee

Banyan Tree defines success not just financially, but also socially and environmentally. Sustainable development as a socially responsible business is a core value of the Group. This involves:

- creating an enchantingly memorable experience for our guests and customers through our services and products;
- providing our associates with fair and dignified employment which enhances each associate's ability in the long term to contribute to the Company's growth as well as elevate their job prospects;
- enabling long-term societal prosperity for the communities in which we operate. This is achieved via our business conduct and operations as well as by harnessing our key competencies to address issues facing the community;
- exercising caution with respect to the environmental impacts of our operations, and taking an active role in the protection and remediation of our global ecosystem;
- conducting business with suppliers and vendors in a dignified, fair and transparent manner, while working in partnership to enhance societal benefits and reduce environmental impacts; and
- generating sustained, long-term returns on investment for our shareholders.

These CSR values have been embedded as core values since our founding and have enabled us to be agents of social and economic development in countries where we have a presence. With our triple bottom line concept of success as a backdrop, we seek to minimise our impacts while also maximising our positive contributions to our surroundings.



Bang Tao Bay early 1980's



Bang Tao Bay early 2006

Sustainable Development in Banyan Tree

We strongly believe that our ability to inject our founding value of Corporate Social Responsibility into the core of our Company has significantly contributed to our growth and success.

Scope

Banyan Tree Holdings Limited is a leading manager and developer of premium resorts, hotels and spas in the Asia Pacific, with 25 resorts and hotels, 68 spas, 65 retail galleries, and two golf courses. We have grown to become a publicly traded company on the Singapore Stock Exchange, comprising seven operating business segments: hotel investment, hotel residence sales, hotel management, spa operations, gallery operations, property sales, design fees and others (design and project management, golf course operations and other businesses).

Our primary business is the management, development and ownership of resorts and hotels, centred on the two award-winning brands of Banyan Tree and Angsana. We also operate the leading integrated resort in Thailand, Laguna Phuket, through our Laguna Resorts & Hotels Public Company Limited subsidiary.

Headquartered in Singapore, we have a global presence spanning 23 countries and territories including Thailand, Malaysia, Indonesia, Japan, Taiwan, Laos, China, Hong Kong, Australia, India, Sri Lanka, Maldives, Seychelles, Bahrain, Morocco, Ireland, Kuwait, South Africa, Egypt, Mauritius, United Arab Emirates, and Guam. We serve the global in and outbound travel and tourism markets with our hotels, resorts, spas, and retail galleries through over 8,000 associates. Our net revenue for 2008 was US\$287.1million, with a total capitalisation of US\$145 million in debt and US\$384 million in equity.

For more details regarding corporate structure, please see pages 116-123 of the accompanying Banyan Tree Annual Report 2008 (also available online at banyantree.com).

We firmly believe that our socially responsible business decisions and conduct maximise the value created for our stakeholders. With a strong presence in developing areas, we embrace our ability to enable social and economic development. This recognition is the cornerstone of our concept of sustainable development, and grows from our understanding that we all share a common responsibility to safeguard and enhance our human and physical environment for present and future generations.

Sichuan Recovery Fund

On 12 May 2008, a magnitude 8.0 earthquake with its epicentre in Wenchuan County shook Sichuan province, China, affecting hundreds of thousands of lives.

While Banyan Tree has four resorts operating in China (Banyan Tree Ringha, Banyan Tree Lijiang, Gyalthang Dzong Hotel and Banyan Tree Sanya), all were fortunate enough to be located further away from the epicentre, thus escaping damage. As a responsible long-term business partner in China and with a mandate to embrace the environment and empower the people, Banyan Tree stepped up to establish the Sichuan Recovery Fund. This Fund was founded to provide recovery support to the survivors in Sichuan, committing our resources and skills to the needs of the people by seeking to provide relief where it is most needed, with a focus on housing, education and orphanages.

Banyan Tree's China based associates initiated the fund raising via contributions which were donated for immediate rescue and relief. These funds were matched by Banyan Tree's CSR fund to provide a total of US\$23,000, shared between the Red Cross China and Mian Yang representatives, to fund immediate relief efforts.

Further funding to support long-term recovery of affected communities was provided by an opt-in donation available to all associates globally. This optional donation was structured to be made via the June and July 2008 pay checks and the amount donated was matched by the respective business unit, dollar for dollar. Though participation and amount donated were completely optional, a tiered suggested donation helped reinforce the importance of more senior and higher paid associates to lead by contributing a higher percentage (8%) of their wages compared to our more junior associates (5%).

The final aspect of funding for the Sichuan Recovery Fund was provided by guests who stayed at Banyan Tree and Angsana properties. From 1 June to 31 December 2008, all contributions to the Green Imperative Fund were diverted to the Sichuan Recovery Fund. As always, all guest contributions were matched by the hotel, dollar for dollar.

At the end of the collection period, a total of US\$543,000 was raised. This sum was lower than initial expectations largely due to the challenges of the growing global financial slump which gained steam throughout the second half of 2008.

Sichuan Recovery Fund



“I know the beauty of the place, I know some of the government officials, so it's particularly painful to see that place reduced to rubble.”

- Mr Ho KwonPing, Executive Chairman of Banyan Tree Holdings Limited, who was stuck at Chengdu Shuangliu International Airport (about 60 miles from the epicentre) in an airplane that had been taxiing for takeoff when the quake struck.

Despite being less than expected, we are confident in our ability to deliver significant benefits to the local communities. With our network on the ground in the area, our teams will donate time and their expertise to help create, evaluate, and carry out efforts in support of communities. Banyan Tree's overall approach to corporate social responsibility enables a more efficient system to create benefits for communities by tapping into our own in-house expertise in terms of developing new business projects.

The China market remains one of our key growth areas, including a number of potential projects within a short radius of the quake area being explored at the time. Banyan Tree's China Business Development team has been working closely with communities and local authorities to identify key projects to enable communal recovery. Initial ideas included rebuilding of schools, orphanages and provision of other infrastructure while repairs were underway. Initially explored projects are in the process of revision and review to ensure that such projects can be completed amid a lower than expected amount available via the Sichuan Recovery Fund. We are confident that along with reliable partners, these projects will enable efforts to come to fruition in 2009.

“We need to inspire the understanding that businesses can, if morally driven and passionately executed, be a positive force in making this a world of greater equality and prosperity for all in the community.”

Mr Ho KwonPing, Founder



have such mechanisms in place, this was meant to support smaller operators who might lack the resources to invest in commercially available options.

Resource conservation

Some of the main targets of the CSR Self Audit were internal processes and procedures to not only enable our properties to better work with communities, but also to reduce our operational impact upon the environment. Efficiency measures specifically targeted power and water consumption as well as waste management.

Greening Communities

Our Greening Communities project expanded to include three new participating properties, for a total of 11 properties (up from eight when we launched in 2007). Our teams planted 16,715 trees for a cumulative total of 28,321 trees since the start of Greening Communities in 2007.

One of the biggest developments in Greening Communities was Banyan Tree Lijiang's commitment to plant 20,000 fruit trees within the next few years as donations to a local community. Lijiang's team further arranged for a local fruit preserving plant to purchase the fruits from the community to create snacks which will be sold back to Banyan Tree Lijiang as well as in the local markets. This effort reflects a concerted effort to create a project that seeks to embrace the environment, then modify it to simultaneously empower people.

Seedlings

Seedlings, our group wide community support effort continued through to its first full year of working directly

2008 at a Glance

In addition to the Sichuan Recovery Fund, our properties focused on efficiency and further embedding our CSR values into the heart of each and every property in order to enable enhanced efforts in the long term. Manifested through the internal CSR Self Audit, significant gains were made in the practices embodying our CSR values. Simultaneously, we expanded Greening Communities and commenced a review of the first two years of Seedlings.

CSR Self Audit

We developed and refined our own internal CSR Self Audit to help each resort improve its operational practices so as to better protect the local environment and benefit the local communities. To implement the areas for improvement identified by the CSR Self Audit, each resort formed its own onsite CSR committee to enable the sustainability message to be driven effectively through every department.

In April, Banyan Tree presented and freely distributed the environmental portion of our CSR Self Audit at the Pacific Asia Travel Association (PATA) CEO Challenge. The aim was to allow other hotel and resort operators a simple, cost-free way to begin monitoring and reducing their environmental impacts. As many large operators already

with youths at risk of societal exclusion. Late in the year, we commissioned a thorough survey of Seedlings participants, including the participating youths plus their parents, teachers, and mentors to review the efficacy of the effort. Though survey results were in the process of collection and compilation as the year ended, we are confident that the review will allow us to enhance our administration of the project and deliver the maximum possible benefits to the youths.

Location specific initiatives

Our resorts were also once again active with efforts specific to their local communities and eco systems. These ranged from installing water filtration systems in local communities to providing additional access to clean drinking water, hosting visiting experts, testing rainwater capture for landscaping, supporting primary, secondary and tertiary education via scholarships to students who would otherwise not be able to afford schooling, enabling social enterprises, raising awareness and funds for special schools for children of HIV infected parents, and supporting senior citizens' homes with various outings and activities.

Banyan Tree: A History of CSR

1992

Laguna Phuket wins the American Express and International Hotel Association Environmental Award for rehabilitating and transforming a site previously written off as a toxic wasteland by the United Nations Development Programme and the Tourism Authority of Thailand into a lush tropical garden.

1994

Backed by the experience of transforming a worthless plot of land into a veritable haven, Executive Chairman Ho KwonPing decides to launch the company's own global hotel brand with the opening of Banyan Tree Phuket, the Group's flagship resort in Laguna Phuket.

1995

Banyan Tree Vabbinfaru opens in the Maldives after a carefully considered process to protect the island's fragile coral reefs. Specially requisitioned light boats carry prefabricated villa elements ashore during construction.

Banyan Tree Bintan opens with a careful development strategy to protect the virgin rainforest in which it resides. Villas are built on stilts around existing trees and boulders to preserve the natural setting.

1996

The first Banyan Tree Gallery opens in Phuket, Thailand as a retail outlet showcasing indigenous craft. The concept traces back to 1989 when Ms Claire Chiang, co founder of Banyan Tree and founder of Banyan Tree Gallery, purchased two "maun" triangular cushions in support of the Yasothorn community in rural Thailand. This led to the commissioning of handicrafts to furnish the interiors of the Banyan Tree resorts.

2000

Banyan Tree Gallery is launched as a subsidiary working closely with village co-operatives and not-for-profit craft and marketing agents, to provide employment to local artisans and to educate customers about crafts and local issues.

2001

Banyan Tree establishes the Green Imperative Fund (GIF) to raise funds promoting efforts at embracing the environment and empowering people. This fund features a nominal opt-out guest contribution matched by the hotel dollar for dollar.

The Banyan Tree Spa Academy in Phuket opens to train a dedicated group of therapists for both Banyan Tree and Angsana Spas. Encompassing all areas of spa therapy, the training rewards graduates with global opportunities within our Spas.

2002

Banyan Tree Bangkok opens as the Group's first urban hotel. To enhance the hotel as a natural sanctuary, selected car parking areas are converted to urban oases featuring vegetation, aquatic and avian life.

Banyan Tree Seychelles opens amid the fragile wetlands of Seychelles after a wetlands management plan is implemented to minimise the negative impacts of construction and tourism to the environment.

2003

The Banyan Tree Maldives Marine Lab is launched as the first resort-based research and educational facility in the Maldives (opening in early 2004). To promote marine conservation and sustainability of marine resources, the Lab protects and researches locally endangered species such as Green Sea Turtles while also collaborating with local youths to promote education and better health.

2004

Banyan Tree formalises its Corporate Social Responsibility Committee to direct socially responsible practices and use of the Green Imperative Fund (GIF). The committee includes senior management from each resort to synergise efforts to further the mission statement of "Embracing the Environment and Empowering People".

2005

The Asian Tsunami Recovery Fund (ATRF) and Phuket Tsunami Recovery

Fund (PTRF) fund long-term recovery efforts for communities impacted by the Indian Ocean tsunamis of 26 December 2004.

Banyan Tree's Ms Claire Chiang becomes Singapore Compact for CSR's inaugural president.

Banyan Tree joins the United Nations Global Compact in Singapore as a founding member.

Banyan Tree Ringha opens as the Group's first high altitude resort in Yunnan following a considered development process in converting authentic farm houses from the local communities into villas.

2006

Banyan Tree launches Earth Day appreciation events at all resorts and features special environment related guest packages.

Banyan Tree Holdings debuts trading on the Singapore Exchange on 14 June 2006.

Banyan Tree Lijiang opens in Yunnan, China with villas constructed with traditional local materials. During construction, Banyan Tree upgrades the facilities in the Lijiang Ethnic Orphanage and donates 500 books to the orphanage's two libraries.

2007

Banyan Tree launches Seedlings, Greening Communities, and natural resource conservation efforts group wide. Seedlings aims to harness core competencies for societal benefits; Greening Communities aims to plant 2,000 trees per resort per year until 2016 to raise awareness for climate change; and the conservation effort seeks to reduce water and electrical consumption and waste production by 10% per year for the next 3 years.

The Banyan Tree Bintan Conservation Lab opens as the Group's first research and education facility in South East Asia. In addition to local schools and communities, the Lab works with visiting experts to address and raise awareness for environmental and social concerns.



Embracing the Environment





The Intergovernmental Panel on Climate Change's Fourth Assessment Report (2007) stated:

“Global GHG [green house gas] emissions due to human activities have grown since pre-industrial times, with an increase of 70% between 1970 and 2004,” and that “most of the observed increase in global average temperatures since the mid-20th century is very likely due to the observed increase in anthropogenic GHG concentrations.”

Trees are recognised as one of nature's key land-based means to absorb, store, and process atmospheric carbon dioxide, which has been identified as one of the main contributors to climate change.

In early 2007, Banyan Tree launched Greening Communities as a challenge to seven participating resorts (Banyan Tree Phuket, Bangkok, Bintan, Maldives, Seychelles, and Lijiang, plus Angsana Great Barrier Reef, later adding Maison Souvannaphoum Hotel and our Singapore headquarters) to raise awareness for climate change by planting 2,000 trees per year until 2016. While the trees will absorb some carbon, the main goal is engagement of communities, associates, and guests to share the causes of climate change and what actions can reduce our collective carbon footprint. With a total of just over 11,600 trees planted in 2007, we fell just short of our 14,000 tree goal.

In 2008, we added three new participating resorts: Angsana Ihuru, Velavaru, and Bintan with the overall results:

- Banyan Tree Phuket planted 3,000 mangrove trees in support of a mangrove rehabilitation effort helping to rebuild an important piece of the natural coastal defence system.
- In Bintan, Banyan Tree and Angsana planted a combined 4,222 trees, with a majority being Mango trees planted within nearby communities allowing residents to earn additional income by selling the fruit either back to the resorts or in the local market in the future.
- Amid a tumultuous year in the Thai capital city, Banyan Tree Bangkok was able to plant 99 large trees in Lumpoon district, with 2,000 more planted in Kanchanaburi to exceed their annual target.
- In the Maldives, Banyan Tree Vabbinfaru plus Angsana Ihuru and Velavaru planted 2,730 trees on the islands of Veymandoo, Velavaru, Maagau, Bandidhoo, Magoodhoo, and Meedhoo.
- Banyan Tree Seychelles used two sessions (July and December) to plant 2,000 trees along the beach line in order to help reduce erosion of hillsides.



Greening Communities, Velavaru

- Angsana Great Barrier Reef planted 2,000 trees in the over 100-million year old Daintree Forest in partnership with the Australian Rainforest Foundation's Hero₂ project (an effort to extend rainforests).
- Maison Souvannaphoum Hotel planted 40 Jacoba trees in 2008 and was unable to plant remaining trees due to delays to plantings scheduled late in the year.
- While only planting 624 olive trees in 2008, Banyan Tree Lijiang's overall approach to Greening Communities has proven to be the most thoroughly ambitious and wide ranging. The plans include planting a total of 20,000 fruit trees on a hillside over the coming few years (with a total of over 6,500 planted by end 2009). These trees are donated to the nearby community for eventual cultivation, and a partnership was formed with a local preserved fruit factory to produce a final product sold at markets with the potential to be purchased by Banyan Tree Lijiang for guests.

While our total target was pushed up to 22,000 trees, we also fell short with only 16,715 planted in 2008. Our cumulative total from the first two years of Greening Communities is 28,321 trees planted compared with a target of 36,000 trees.

Banyan Tree Labs

In 2003, we commenced an effort to create a dedicated research facility in Banyan Tree Vabbinfaru. When the Banyan Tree Maldives Marine Lab officially opened its doors in early 2004, it became the first resort-based facility in the Maldives. The Marine Lab was designed to provide basic facilities and equipment for important fieldwork conducted by visiting expert scientists, as well as to share the necessity of marine conservation and sustainable livelihoods with local communities.

Since inception, the Lab has grown to carry the banner for our CSR efforts in Maldives, from hosting visiting experts, to sharing the message of marine conservation with local schools and communities, to promoting and test piloting sustainable livelihood options for communities. Due to the success in contributing to both the scientific body of knowledge, as well as the community's understanding of the importance of environmental conservation, this model was recreated in 2006 with the opening of the Banyan Tree Maldives Marine Lab, Velavaru and again in 2007 with the opening of the Banyan Tree Bintan Conservation Lab on the Indonesian island of Bintan.

In addition to regularly hosting local school groups for conservation presentations and hands-on learning, our Labs' activities in 2008 include highlights such as:

Bryzoans, Maldives Marine Lab Vabbinfaru

Conducting his fieldwork on the diversity of bryzoans in the northern Indian Ocean, Dr. Andrei Ostrovsky of St. Petersburg State University and the University of Vienna visited the Lab early in 2008. Giving talks and presentations to guests and the Marine Lab team while onsite, Dr Ostrovsky gathered sample specimens to better understand the vital role the Maldives plays as a division between the eastern and western Indian Ocean.

Coral Spawning, Maldives Marine Lab Vabbinfaru and Bintan Conservation Lab

This past year both our teams in Bintan and Maldives hosted visiting experts to monitor and study coral spawning. Vabbinfaru welcomed the field work of Professor Peter Harrison, a noted expert from Southern Cross University in Australia who was part of the team that first discovered coral spawning in the Great Barrier Reef. In Bintan, coral experts from the National University of Singapore's Marine Biology Laboratory accompanied the Conservation Lab team to witness the coral spawning in late April.

Coral Gardens, Maldives Marine Lab, Velavaru

Continuing their concerted effort to create artificial coral gardens, the Marine Lab in Velavaru commemorated Earth Day by planting a new concrete based coral garden named Earth Garden. This effort was supported by

Environment



students from nearby islands who helped plant coral while spending the day learning about marine conservation.

Turtle Hatching, Bintan Conservation Lab

The Conservation Lab celebrated its very first recorded birth of native Hawksbill Turtles in July. In the past, our teams have observed turtle nests for years, but without the Conservation Lab team's presence, such nests usually end up becoming meals for local monitor lizard populations. However with the nest protected, once the baby turtles hatched they were carefully and expediently brought back to the same beach where they were laid and released into the ocean to begin their journey into the open waters.



In 2008, our three Labs received the following recognitions:

- The 2008 PATA Gold Award under the Ecotourism category was awarded to Banyan Tree Bintan Conservation Lab for its efforts since its founding in 2007.
- In the National Geographic 2008 Geotourism Challenge, our Banyan Tree Maldives Marine Lab was

recognised as one of the 15 finalists out of over 300 entries representing 83 countries.

- In addition to being named a Runner-Up in the category of Education for the Condé Nast World Savers Award 2008, our Marine and Conservation Labs helped us earn Honorable Mention in the wildlife category.

Projects by Location

In addition to the projects carried out by our Bintan Conservation Lab and the Maldives Marine Labs on Vabbinfaru and Velavaru, our resorts conduct a variety of other initiatives in support of environmental conservation and awareness building.

Turtle and beach monitoring – Seychelles

Our Seychelles team continued its ongoing turtle and beach monitoring project in support of the Marine Conservation Society of the Seychelles. Our associates assist with the collation of data, monitoring turtle nesting activities nationwide as well as beach erosion and sedimentation.

Rain water harvesting – Phuket, Lijiang and Bintan

Our teams in Phuket, Lijiang and Bintan have begun harvesting rainwater for landscape irrigation to reduce the amount of fresh water consumed. The collection and harvesting of rainwater differs by resort. In Phuket, the lagoons in the area provide a natural rainwater collection point; in Lijiang three shallow wells have been dug to collect surface runoff; while in Bintan, underground tanks collect rainwater runoff flowing down the hillsides.

Water recycling – Bintan

Banyan Tree Bintan has begun to reduce the amount of fresh water used by draining the water from each jet pool after a guest's stay and filtering it for use in landscape

irrigation. In addition to rainwater harvesting, this practice also helps to reduce the amount of fresh water consumed.

No plastic bags – Bangkok and Lijiang

Both Bangkok and Lijiang launched efforts to eliminate plastic bag usage in our resorts. In guest rooms for example, this includes substituting the bags typically made of plastic like those for laundry service with reusable cloth bags, which are washed between each use.

Associate cleaning day activities – Maldives, Bintan, Seychelles, Lijiang and Bahrain

Our resorts continued arranging associate volunteer days to run clean up efforts of their local ecosystems. In Maldives, this translates to monthly reef cleaning snorkelling excursions to remove any trash which may have been brought in by the tides and become stuck on the reefs. In Phuket and Bintan, this includes beach clean up days. Our Seychelles team conducts not only beach clean ups, but also regularly scheduled wetlands rejuvenation days. Lijiang features days where associates can volunteer to help clean different areas within the local communities. Every quarter, Bahrain rallies its associates to go out for a day of desert clean up efforts.

In all cases, local schools, partners, communities and guests are welcome to participate in cleaning efforts. By working with local communities and schools, we are able to reinforce the concept that environmental conservation is a key effort which we all need to keep in the forefront of our minds.

LED lighting – Great Barrier Reef

As a follow up to the resort's 2007 efforts to replace all lights with energy saving lighting options, Angsana Great Barrier Reef has replaced all pool lighting with Light Emitting Diode (LED) lights in 2008. LED lights are widely considered to be the most efficient and long lasting lighting option available on the market.

Energy Red Cards – Seychelles

Our team in Seychelles has also taken measures to reduce wasting power in the associate housing complex. In 2008, a policy was instituted in the associate quarters that if air conditioning or lights were left on with no apparent usage by associates, a formal warning would be issued to reinforce the practice of turning off unused lights and appliances.

Heat pumps – Great Barrier Reef

Continuing to build on its 2007 effort of replacing all lighting with energy saving bulbs, our team in Angsana Great Barrier Reef installed heat pumps to capture and harness the power of ambient heat in order to heat water for the jet pool.



Beach clean up, Bintan

Resource Conservation

As part of the initiative we launched in 2007 to conserve natural resources, in 2008 we started the process of Green Globe certification with the Earthcheck™ tool for Banyan Tree Lijiang. Green Globe with Earthcheck™ was selected as the external resource due to the reliability and thorough nature of their review as well as for its reliance on the background research and expertise of the Sustainable Tourism Cooperative Research Centre (STCRC).

Methodology

The Green Globe programme is managed by EC3 Global on behalf of Green Globe Asia Pacific and is supported by the science and technology of the STCRC. The programme is based on the Agenda 21 principles for Sustainable Development endorsed by 182 Heads of State at the United Nations Rio De Janeiro Earth Summit in 1992. Earthcheck™ uses a series of indicators to Benchmark key aspects of environmental and social performance of an enterprise in a given sector. This evaluation is made against international standards that reflect best practice.

The values for the Baseline and Best Practice levels for each indicator are derived from over 4000 benchmarks and include accumulated data, extensive worldwide research into available and appropriate case studies, industry surveys, engineering design handbooks, and energy, water and waste audits.

An example of these results for energy and water consumption is displayed on the next page.

Recommendations and enhancements

The following recommendations were included in Banyan Tree Lijiang's benchmarking report :

“ In addition to having a Sustainability Policy in place, all of the ten assessed Earthcheck™ indicators are at or above the Baseline level. From the benchmarking data provided, two indicators, Water Saving and Community Commitment, are above the Best Practice level, which is an achievement to be commended.

Improvements in all the Earthcheck™ indicators will not only help the environment, but can also help reduce operational costs. Due to the positive commitment that Banyan Tree Lijiang Hotel & Resort has demonstrated to the environment, the assessors are confident that they can maintain or improve performance, where appropriate and practical, in all indicators. In line with Green Globe Policy this would enable Benchmarked Bronze status to be retained.”

Reinforcing our overall commitment to continual improvement, our Lijiang team also continued with numerous efficiency efforts to further reduce water and power consumption.

Environment

Once Certification Services have been undertaken, organisations are provided with a Certification Assessment Report which provides feedback of the organisation's performance. The report outlines findings, opportunities for improvement, corrective actions and future audit requirements.

To retain Certified Silver status and qualify for Certified Gold status after five years and Certified Platinum status after ten years, an enterprise is required to undergo an onsite audit at least every two years. The audit is conducted by an independent, qualified third party auditor. EC3 Global approved auditors adhere to the principles and requirements of ISO 17021:2006, the international standard for certification bodies providing certification services of management systems.

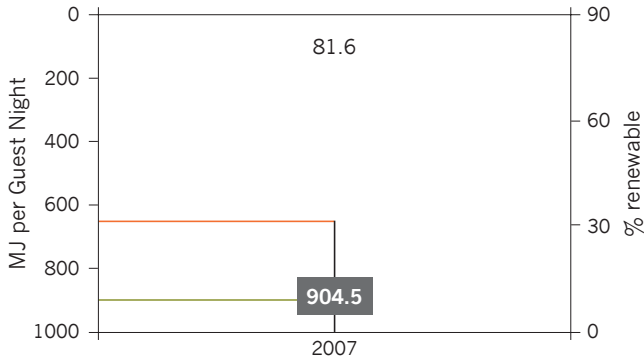
Results

By applying Earthcheck™ Benchmarking, Banyan Tree Lijiang has ensured comprehensive and rigorous quantitative evaluation of environmental and social performance against sector and region Baseline and Best Practice standards. By undergoing independent, third party Certification Assessment and audit our Lijiang team has also ensured independent qualitative evaluation of environmental and social performance against the criteria of the Company Standard.

Measures implemented include kitchen efficiency measures and the installation of hybrid solar-gas water heaters to significantly reduce power consumption without impacting the ability of guests to immediately enjoy hot water. The energy of the sun is harnessed to bring the water up to temperature, following which small amounts of gas are used to maintain the desired heat for guest use. In the back of house and office areas, our team in Lijiang installed motion sensing lights in corridors while also reducing the number of lighting tubes to eliminate redundant lighting while still maintaining safe and productive levels of light. Office equipment was conscientiously shut off during extended periods of non use.

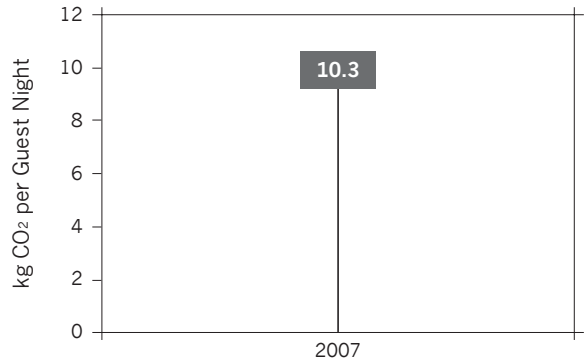
In the area of water consumption, our teams conducted a thorough inspection of all water proofing to ensure there were no leaks in any of the waterways or pools. The team also installed flow restrictors and sensor taps on back of house water points. To reduce the consumption of fresh water for irrigation and gardening, Lijiang also implemented rainwater and runoff water collection via three shallow wells. Collected water is then used for landscape irrigation.

Energy Consumed/Guest Night ◆



Banyan Tree Lijiang Hotel & Resort consumed 904.5 MJ per Guest Night for the year 2007 (1/1/07 – 31/12/07), which was at the Baseline level for Energy Consumption.

Carbon Dioxide (CO₂) Produced/Guest Night

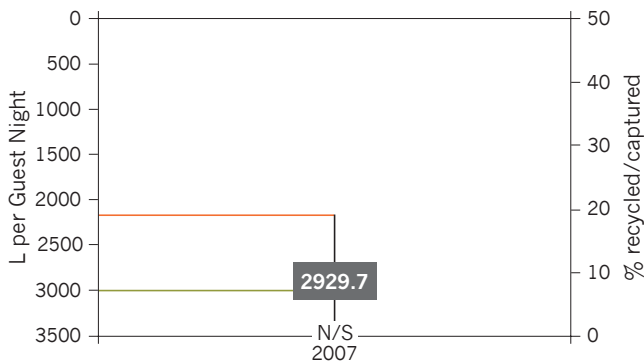


Reported Energy Consumption for the year 2007 (1/1/07 – 31/12/07) produced an estimated 10.3kg of CO₂ per Guest Night.

Energy Consumption

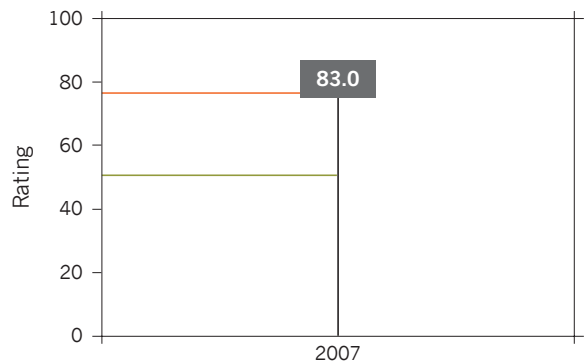
Energy type	Quantity used	Calculated Energy		Calculated CO ₂	
		MJ	% of total	kg	% of total
Hydro	5,600,000 kWh	20,160,000	81.6	0	0
Gasoline (automotive)	50,801 L	1,737,394	7.0	114,668	40.7
LPG	55,000 kg	2,725,082	11.0	161,870	57.4
Diesel	2,000 L	77,200	0.3	5,381	1.9
Totals		24,699,676	100	281,919	100

Water Consumed/Guest Night ◆



Banyan Tree Lijiang Hotel & Resort consumed 2,929.7L per Guest Night for the year 2007 (1/1/07 – 31/12/07), which was 2% better than the Baseline level.

Water Saving ★



The Water Saving Checklist rating for the year 2007 (1/1/07 – 31/12/07), was 8 points better than the Best Practice level.



Performance level
 — Baseline
 — Best Practice

Current Result
 ✖ Below Baseline
 ◆ At or above Baseline
 ★ At or above Best Practice



Empowering People

Even the tallest of trees were once seedlings



Launched in 2007, Seedlings is our group-wide initiative to enhance the long-term prosperity of communities by building the capacities of young people. The Seedlings programme is a holistic approach towards nurturing children at risk of societal exclusion. The programme delivers support to children and adolescents in three ways, starting with mentorship, continuing with scholarship and completing with internship.

Seedlings aims to provide young adults with the motivation and means for completing their education to successfully enter the labour force as adults. This programme benefits the community at large as it provides the next generation with educational opportunities. This in turn allows communities to break the poverty cycle as education is a strong tool for empowerment.

In 2008, Seedlings completed its first full school year, and we took this time to carry out a review of the effectiveness of our efforts. Initial feedback from the participating youths included encouraging reviews such as “I feel livelier and hope to be a successful person”, “I want to be like my mentor, a successful person”, and “My mentor made me more enthusiastic about studying. I hope that my future will be better than before, so that I can make my parents happy”.

To prepare for a more formal review of the impacts of our Seedlings initiative, we conducted a thorough survey of not only the youths but also their mentors, parents, and teachers. This survey was conducted late in the year and the compilation of the results was ongoing as 2008 ended. We are confident that such data will help us further fine tune and enhance Seedlings to continue creating benefits and value within the communities where we operate.

Some enhancements to the programme were made in late 2008. By adding structured topics, the mentorship would be able to address and include discussion of relevant issues and topics while reinforcing communal values. Mentorship schedules and activities outlined by the resorts will touch on four key areas: Social, Environmental, Academic interests, and Health & Sports.

The Social aspect addresses local cultural issues such as celebrating local traditions and holidays while also sharing local arts and crafts to reinforce the importance and beauty of local heritage. The Environmental portion includes field trips addressing the importance of natural conservation as well as activities supporting the environment such as tree planting. Academic interests taps into the resorts’ onsite training facilities to provide additional language training (English) as well as basic information technology training sessions to familiarise students with

Education



Recognition

In September, Condé Nast Traveler announced its World Savers Awards 2008 and recognised Banyan Tree as the Runner-Up for Education for our Seedlings initiative. We were also named as an honourable mention in the Wildlife Category on the strength of our resort-based Marine and Conservation Lab efforts. This combination made us the most decorated finalist from Asia.

computers. Health & Sports focuses on promoting healthy lifestyles including both active recreation as well as practical sessions on cooking and nutrition from our in-house Food and Beverage department.

Other developments in 2008 include Banyan Tree Al Areen, Bahrain and Angsana Maldives Velavaru making preparations to enter Seedlings by undergoing mentor training and reaching out to local organisations to identify youths at risk of societal exclusion. Banyan Tree and Angsana Bintan conducted additional in-house mentor training to enlarge their pool of trained mentors in preparation for bringing in three new participants in addition to the three youths already participating.

The end result is that by the end of 2008, we had expanded Seedlings to include 24 youths across seven locations and are set to include two new locations in 2009.

Projects by Location

In addition to Banyan Tree's support of education and empowerment via Seedlings, we consider education a key enabler and one of the most effective means to enhance long-term communal prosperity. When armed with knowledge and an education, a person is better able to free himself or herself from the poverty trap.

Scholarships and facilities in Bintan – Indonesia

As part of a volunteer day activity, our associates in Bintan mobilised teams to conduct basic renovations on facilities of a local school, Sekolah Dasar Negeri. The team donated school books, as well as basic facilities including a deep well for water, electrical wiring, enhanced first aid facilities, plumbing and toilet improvements, generators, and sports facilities.

Our Bintan team also launched a Helping Hand initiative to provide 25 scholarships per year to local students in need of support for their school costs. These scholarship funds were provided by voluntary associate contributions, led by the resort's senior management team.

Wetlands education with schools – Seychelles

As part of their ongoing effort to support the need for wetlands conservation, our Seychelles team continues to host and include local school children to participate in the resort's regularly scheduled wetlands awareness

and cleanup efforts. In 2008, that also included the opening of our Wetlands Boardwalk on World Wetlands Day (2 February). During such visits, students are given hands-on wetlands briefings which reinforce the importance of the wetlands as a vital part of the natural coastal defense system.

School support – Maldives

Our team in Angsana Velavaru kick started the effort to welcome school groups every few months for onsite conservation presentations. These presentations focus on key activities and practices students can replicate back in their own communities. The first school was from Bandidhoo followed by schools from Meedhoo. This effort seeks to continue expanding to nearby communities.

As part of our partnership with Bandidhoo, our team in Velavaru worked together with the local school to understand some of the challenges they faced. The school's ability to use its computer terminals in the library for educational purposes was hampered by both extreme heat and an unstable power supply. As a result, our team provided engineering expertise and parts to fix the air conditioning. In addition to this, our team also provided six uninterruptible power supply (UPS) systems as a buffer for the fluctuating and intermittent supply of power.

Education



Donating school books, **Bintan**



Wetlands education, **Seychelles**

Scholarships in Lijiang – China

Already funding scholarships for four students at Yunnan University's School of Tourism Culture and Kunming University, our team in Lijiang recently included another scholarship for a local student attending Yunnan Qujing Teachers University. This student excelled at her schoolwork but had lost the funding which had enabled her to afford continued schooling.

Beach awareness and cleaning – Phuket

Inviting both students and teachers from Baan Bangtao School and Cherngtalaywittayakom Juti-kong Anusorn School, our team in Phuket organised volunteer beach cleanings. These sessions included a presentation on the importance of environmental conservation and also provided the teachers and students the opportunity to have a hands-on learning experience as well as to interact with a team of over 50 associates from Banyan Tree Phuket.



Empowering People



Projects by Location

In addition to our Seedlings initiative and other Educational projects, our teams conduct numerous efforts directly addressing issues within local communities. The goal of this is to promote communal prosperity.

Blood donations – Phuket

Our teams in Phuket regularly organise blood donation drives for associates to support local blood banks. This practice is a very basic means to showcase support as through their donations, our associates are, literally, providing the lifeblood for various local medical facilities and patients in need.

Harmony Kathin Ceremony – Phuket

One of the most highly regarded ceremonies of the local predominantly Buddhist community, the Thot Kathin or Kathin Ceremony, is a celebration involving offerings to monks and Buddhist temples in accordance to the lunar calendar. Typically held from July to October, the Kathin Ceremony is viewed as the next most prestigious merit making effort after the ordination of one's close kin. Each temple is allowed to organise only one Kathin Ceremony per year, attracting devotees who travel from far away to make offerings at the temples.

Our teams in Phuket arranged to conduct the Kathin Ceremony for the Bangkrung Temple, Amphoe Kuraburi,



Luhuitou Village, Sanya



Water for Sri Bintan, Bintan

Community

Phang-Nga in October 2008. This allowed associates and their families to support and be a part of the merit making ceremony. By supporting the temple, our teams also provided support to the local communities as local temples serve as centres for communal interaction.

Fresh water provision – Bintan

Our teams in Bintan worked with an expert specialising in small scale solutions to provide rural areas with safe drinking water. An active non-government-linked organisation in the region, Water Initiative for Securing Health (WISH) tested the local water supply, determining it was suitable as a source for drinking water. By providing the means of access to water, our teams enabled the community of Sri Bintan to gain an additional source of water supply which they otherwise would have gone without.

Thai Red Cross HIV Formula Feeding Fund – Bangkok

In September, Banyan Tree Bangkok marked its 10th year organising the annual Vertical Marathon. A yearly fund raiser in support of the Thai Red Cross's HIV Formula Feeding Fund, this annual activity invites participants to race up 61 storeys of stairs to Vertigo, the rooftop

restaurant converted from what was previously the building's helicopter pad. Since its founding, this event has raised US\$40,000 for the Thai Red Cross programme.

Fun environmental education for youngsters – Bintan

In 2008, our Banyan Tree Bintan Conservation Lab launched its efforts to further engage children with the message of environmental conservation. In addition to the conservation presentations which engage an older audience of students and adults, our team created Binty, a turtle mascot who visits local schools to introduce young students to the importance of considering environmental issues in daily life. Binty allows the message of conservation to be shared in a way accessible to children. In addition to his regular rounds of local schools, Binty is a regular visitor to the Kids Club in Angsana Bintan.

Banyan Tree Value Challenge – Singapore

As part of our partnership with the Asian Forum for CSR held in November 2008, we conducted for the second year running, the Banyan Tree Value Challenge. A programme seeking to recognise and provide funding for a worthy social enterprise, the Banyan Tree Value

Challenge relies on an expert panel of judges to identify which initiative stands to create the most value within supporting communities. In its inception in 2007, the Banyan Tree Value Challenge provided US\$15,000 in funding to the winner. In 2008, the prize was modified slightly to provide US\$10,000 for the winning social enterprise and US\$5,000 for the runner-up.

ADAPT – Vietnam

As the winner of the September 2007 Banyan Tree Value Challenge, ADAPT utilised our funding in 2008. With a main cause of combating the trafficking of young women and girls along the Vietnam/Cambodia border, ADAPT uses vocational training, education and job placement to empower while also seeking to recover young women and girls who have become victims of trafficking in rural villages.

With the support of our funding, ADAPT was able to launch an open house in March for young women and girls who were victims of trafficking as well as those at the highest risk of being trafficked. Many who attended were at such high risk that the only solution was to provide full time shelter and care which included a house mother and vocational training. By December, the house was home to about a dozen young women and girls who, in addition to vocational training classes, also receive training in life skills areas such as basic personal finance, etiquette, job interview preparation, medical care, health check ups and reproductive health classes.

Children’s Aid Society – Singapore

Run by the Children’s Aid Society in Singapore, the Melrose Home is a spacious home for close to 60 children who lack familial support (either as orphans or coming from families unable to provide adequate care or supervision). In December, 15 volunteers from our Singapore Headquarters brought 38 of the home’s children to the Singapore Science Centre for an educational and fun-filled field trip highlighting the science of illusions and “magic”. The outing included groups exploring the exhibits, gathering for scientific explanations behind the illusions, a lunchtime party, and gifts for the children in the spirit of the festive season.

The Centre for Health Education, Training and Nutritional Awareness (CHETNA) – India

As the runner-up in the 2008 Banyan Tree Value Challenge, CHETNA is an India-based social enterprise aiming to empower children, young people, and women to take control of the issues affecting their lives. Because the Banyan Tree Value Challenge was only conducted in late November, CHETNA’s new effort to incubate social enterprises organised by youths had not yet been officially launched by the end of 2008.

Tulir Centre for Prevention and Healing of Child Sexual Abuse – India

The winner of the 2008 Banyan Tree Value Challenge, Tulir works against child sexual abuse in India by raising awareness of the issue and educating both adults and children on how to prevent it. Due to the success of its efforts, Tulir had become a sought after partner to conduct awareness and training sessions throughout India. However, with limited resources and a small team, they were unable to keep up with demand for such sessions. By harnessing the power of remote conferencing and the internet, Tulir plans to expand its reach to include the various different dialects to comprehensively fight against child sexual abuse in India. As our funding was only awarded in late November, the efforts to create the online training materials across various dialects had not yet reached fruition by end of 2008.

Senior Citizens’ Home in Luhuitou Village – Sanya

In the traditional filial system in China, it is customary for children to care for their parents as they become older. However, senior citizens without any surviving kin often face difficulties in receiving similar care and attention. Our team in Sanya has partnered with a home for such senior citizens to conduct volunteer visits twice a month. During the visits, our associates spend time interacting with and helping to care for the seniors, thus fulfilling the unmet need of a vulnerable segment of the community.



Ms Sarah Woon, Volunteer & Programme Coordinator Children’s Aid Society:

“Thank you for the wonderful event this morning! Indeed, it was really magical, seeing the joy both on the children’s and the volunteers’ faces today as they explored the exhibits and revelled in the magic show and Thunderbolt demonstration.”

Ms Melody Wang, Banyan Tree volunteer:

“ We enjoyed the outing with all of you and especially with the lovely children! Thanks for the nice pictures, it meant a lot to us!”

Banyan Tree Gallery

As our retail arm, Banyan Tree Gallery is an extension of the Banyan Tree Experience – to enable guests to recreate the resort experience in their own homes. In addition to showcasing indigenous local culture and crafts, other key merchandise highlights include the signature spa amenities Asian-style home furnishings, eco-friendly products, resort apparel and accessories. Banyan Tree Gallery is based on the vision to preserve and promote traditional craft skills from the local communities where Banyan Tree resorts operate. Sustaining village development as well as preserving and promoting traditional cultures and crafts are part of Banyan Tree Gallery's business ethos as a socially responsible tourism retailer while also being in line with the Group's CSR mission to "Embrace the Environment, Empower People".

By embarking on projects to uplift communities, Banyan Tree Gallery has established a wide network of village producers and project partners around the region. Committed to sharing and supporting community-friendly and eco-friendly products and projects, Banyan Tree Gallery relies upon its network of 65 outlets worldwide to showcase traditional Asian village crafts.

Thailand

Meaning 'Rehabilitation' in Thai, 'Fuen Fu' was founded in 2005 to create sustainable income for differently-abled individuals. Recycling old newspapers, phonebooks, and magazines to create a line of attractive and functional house wares, the Fuen Fu artisans come from Chiangmai Thailand. We proudly feature a wide collection of quality handicrafts from this group as their products carry not only a social message, but also highlight the environmental benefits of recycling everyday consumables.

The Tambon Lumpula community in Trang is a small, rubber farming village. A local craftsman works with the village's rubber supplies to craft starfish and turtle shaped collectibles carried by our Gallery outlets.

China

The Tibetan word for 'yak', 'Shokay' is the key element in Shokay Company, a social enterprise which envisioned that yak fibre could bring Tibetan yak herders a sustainable income while still preserving their traditional lifestyles. The Shokay Company sources their yak fibre directly from the Tibetan herders, enabling a direct and steady income for herders and future Tibetan generations. A range of Shokay woollen products is available in our Gallery outlets in China and Singapore.

Community



Save the World product line

Singapore

A local committee, Prime Associates, creates work opportunities for homebound women in Singapore. The women forming the group either have personal time commitments or are differently abled, thus limiting them to working from home. Our Gallery outlets around the South East Asian region carry a range of Singapore-made, traditional Batik gift items.

Earth Day Collection 2008

Our "Save the World" and "Save the Earth" collections were designed exclusively to commemorate Earth Day on 22 April 2008. Adopting animals as iconic representations in their natural ranges on the globe's land and oceans, the motifs of this collection symbolically depict the risks of extinction. To play a part in conservation efforts, Gallery contributed 2% of the revenue generated from the collection to our Green Imperative Fund from April through June 2008. Both these collections aim to raise awareness among consumers towards environmental conservation, while also allowing those who purchase the items in the range to support the community and environmental projects funded by our CSR funds.

Lifestyles

Associate development

Integrated into our human resources practices is an underlying desire to not only respect human rights but to use employment as a vital enabler and capacity building exercise for local communities. Banyan Tree's aim is to allow the skills and experiences gained via employment to open doors and provide enhanced professional opportunities.

Recognising the importance of associate satisfaction and empowerment, we see the vital link between our ability to operate as a profitable business and our ability to train, empower, and motivate our associates. Our approach seeks not only to provide a rewarding and enjoyable professional life, but also to promote a fulfilling personal life beyond the workplace.

Training hours

Continual training in the workplace is one of our key strategies to continue empowering and developing the talents of our associates. Perhaps the best reflection of this belief and value is the fact that each resort's performance, assessed via our balanced scorecard, includes achieving mandatory levels of training for our associates. In 2008, our over 8,000 associates underwent 352,884 paid hours of training, equating to an average of over 44 hours of paid training hours per associate. We recognise the importance of training and seek to continually enhance the training and support offered to our associates.

Banyan Tree Management Academy

Launched in 2008, Banyan Tree Management Academy's mission is to develop the potential of associates at the different levels of management throughout our various geographical locations. Located in Phuket, our Management Academy has two milestone programmes: the Management Development Programme (MDP) and the Talent Management Programme (TMP). The MDP is designed to hone senior managers' management skills to help them perform in key and challenging positions. The TMP, on the other hand, aims to assist new managers to develop managerial capabilities to effectively manage their new associates and responsibilities.

Our Management Academy also launched online advanced management courses to managers group-wide via a partnership with Cornell University's online executive learning initiative which features over 70 Cornell faculty designed courses. The pinnacle of our Management Academy, eCornell allows our associates to advance through our ranks, completing a certified and highly regarded hospitality education which paves the way to the executive and senior management levels. During this entire process of continued and executive education, our associates not only remain employed, thus retaining the real world business experience valued by advanced business education, but enjoy company funded education to help them achieve their fullest professional development potential.

Lifestyles

In 2008, we expanded our Lifestyles programme pioneered by our team in Bintan. Touching on various topics such as health, life skills, and other relevant issues, this series of regularly scheduled presentations to associates is meant to bring in local expertise to allow global topics to resonate with our associates to help enhance their understanding of the issues directly affecting them.

Topics covered include HIV/AIDS awareness, back aches, meditation, pre-cancer awareness and screenings, cholera, personal finance, wine appreciation, nutrition, environmental conservation, and road safety.



Work Life Achiever Award, Singapore



Daybreak over Banyan Tree, Sanya

Banyan Tree Sanya

Opened in April 2008, Banyan Tree Sanya is the first all-pool villa resort in China and will complement the Group's two highly acclaimed properties in China's Yunnan province. Located at Luhuitou Bay on the southern coast of Hainan Island, the resort comprises 61 villas, including two magnificent Presidential Complexes. The spacious pool villas feature locally produced red clay-tiled roofs and black slate-clad walls to combine Chinese details with a distinctive tropical minimalism. Palm trees and lotus ponds surround villas enclosed in private courtyards.

Treasure Island

With beautiful beaches, a climate described as an "endless summer" and the best air quality in China, Hainan Island has grown as a hub for tourism. The surrounding islands make for pleasant day trips, excellent diving excursions, and spectacular photography. A dazzling cape located just 24km west of Sanya, Tianya Haijiao, or 'Edge of the Sky, End of the Sea', is home to the South Column Rock. Featured on China's two-yuan banknote, the rock and cape form a picturesque union of white sands, turquoise seas, azure blue skies and verdant hills.



Spa pool villa

New Resorts

Cultural preservation

Until twenty years ago, the island was better known for its palm-fringed beaches, seafood and colourful aboriginal populations including the Li ethnic minority, just one of over 20 indigenous groups who have retained their unique form of arts, dance and music.

Historically known as Yazhou, the Sanya area's human habitation dates back some 10,000 years. Ancient relics and archeologically significant sites abound in Sanya due to its importance as a trade and economic hub for Southern China. The hub status resulted from a strategic location along shipping routes and outstanding natural harbours. However, during the Tang Dynasty (618 – 907 AD), Sanya was known as a place for banished rebel officers, and thus earned the nickname of the "End of the Earth" due to its remoteness in relation to the nation's capital.

Community action

After opening in April 2008, our team in Sanya got off to a quick start by coming together in support of the local communities. In the hours following the magnitude 8.0 earthquake in May, the team came together to raise and distribute funding for immediate relief and recovery efforts for communities in the Sichuan province.

Efforts to support the local communities were established with our associates officially implementing the practice of organising volunteer trips twice a month to a senior citizens' home. Located in nearby Luhuitou village, this home supports seniors who have no surviving kin. The visits not only foster friendships and aim to help provide lacking care such as assistance with day-to-day tasks like laundry and cleaning, but also provide entertainment with associate performances for the senior citizens.

CSR Funds & Audit

Green Imperative Fund mechanism

In 2001, Banyan Tree set up the Green Imperative Fund (GIF) as a mechanism to continue formalising its corporate social responsibility efforts. The GIF mechanism aims to widen the reach and effectiveness of our efforts by providing critical financial support to worthy environmental action and community based projects where we have a presence.

At Banyan Tree branded properties, every guest is invited to be a supporting partner through a small contribution of US\$2 per room per night, under an “opt-out” arrangement. At Angsana properties, the amount is US\$1 per room per night. Our hotels then match these guest contributions, dollar for dollar, under the GIF mechanism. To further link the performance of the resorts with contributions to our Group CSR Fund, each property must maintain a contribution level of at least 1% of its profit. Combined with the mechanisms to match each guest’s US\$2/US\$1 per room per night, the level of the resort’s contribution will at times exceed the amount of guest contribution for that year, but the amount each hotel contributes will never be lower than contribution from our guests.

Resort Autonomous CSR Budget

Each year, every property is given an Autonomous CSR budget for the year amounting to 20% of their previous year collection and contribution through the GIF mechanism. This fund can be spent at the complete discretion of the property’s General Manager and CSR Champion with the following 3 prohibitions: 1) purchasing turndown gifts for guests, 2) paying service charge to associates, and 3) paying wages.

Eligibility

Projects eligible for funding are those which support communities or environmental issues around our properties. A maximum of 20 percent of the expense can be used for administrative purposes, while the bulk of the funding must directly support the beneficiaries. Our CSR Executive Committee oversees the finances of our Group CSR Fund, allocating funding to worthy projects.

Governance

External Review

Having reviewed our funds collection and allocation since 2005, Ernst & Young has agreed to the accuracy of the statement of accounts below:

CSR Fund

	Through FY2007 US\$	FY2008 US\$	Cumulative Total US\$
Contributions			
Hotel guests	1,141,162	122,903	1,264,065
Hotels and resorts	1,279,109	136,773	1,415,882
Employee	107,692	–	107,692
Others	978,728	1,643	980,371
Total contribution	3,506,691	261,319	3,768,010
Other income			
Bank interest	4,710	31,810	36,520
Expenses			
Project related	1,220,129	315,416	1,535,545
General and administration	183,095	137,081	320,176
Total expenses	1,403,224	452,497	1,855,721
Surplus	2,108,177	(159,367)	1,948,809

Sichuan Recovery Fund

	FY2008 US\$
Contributions	
Hotel guests via GIF redirection	173,913
Hotels and resorts	173,913
Employee	97,422
Business unit matching	97,422
Total contribution	542,670
Other income	
Bank interest	1,217
Expenses	
Project related	731
General and administration	7,172
Total expenses	7,903
Surplus	535,984

United Nations

As a signatory to the United Nations Global Compact, we are committed to upholding the Global Compact's Ten Universal Principles on human rights, labour, the environment and anti-corruption.

Human Rights

Banyan Tree wholeheartedly seeks to safeguard basic human rights and promote prosperity. Through our business practices, we seek to uphold the dignity of our associates, guests, and the lives we touch. This is evidenced by our efforts to build capacities for not only our associates, but also for the communities where we have a presence.

Labour

We recognise the freedom of association and right to collective bargaining within the labour force. We welcome such interaction as a means of collaborative engagement between management and unions. We also strongly believe in the synergy of an engaging workplace where our associates enjoy contributing to the best of their abilities within a merit based system for advancement. We also seek to inspire a fulfilling work life balance. We respect and actively enforce minimum age requirements for our associates while simultaneously providing support for children to continue their education through our Seedlings initiative.

Environment

Ever since our founding, Banyan Tree has been an avid advocate for greater environmental responsibility. We have implemented numerous initiatives to support and instill environmental awareness among our associates, our guests, and the local communities supporting our resorts. We have retained a heavy emphasis on finding and supporting new and existing techniques and practices where environmental, economic, and social objectives are aligned.

Anti-Corruption

As a publicly traded company, both our Board of Directors and Management team are committed to maintaining the highest standards of corporate governance based on the recommendations of the Code of Corporate Governance. We continually seek to enhance our corporate transparency to reinforce our accountability.

Millennium Development Goals

As a signatory to the Global Compact, we also seek to contribute to achieving the eight United Nations Millennium Development Goals of Eradicating Extreme Poverty and Hunger; Achieving Universal Primary Education; Promoting Gender Equality and Empowering Women; Reducing Child Mortality; Improving Maternal Health; Combating HIV/AIDS, Malaria and Other Diseases; Ensuring Environmental Sustainability; and Developing a Global Partnership for Development.



Embracing the Environment



Empowering People

In 2008, our teams put a significant focus on internal operational efforts such as the CSR Self Audit to build up the long term capacities of our respective teams and Champions. As we look to the future, we are excited to see the further fruition of these capabilities and development of initiatives in support of communities and ecologies.

Greening Communities

While we have planted 28,321 trees in the two years since launching Greening Communities, our teams fell 5,285 trees short of reaching our collective goal of planting 22,000 trees in 2008. This brings us to a collective shortfall of 7,679 trees over the two years.

We remain committed to planting 2000 trees per year per property and expanding the number of resorts conducting these plantings. We accept the delay in plantings to allow our teams to structure them so as to support host communities better. This is best highlighted by the Lijiang effort which continues on its path to planting the 20,000 fruit trees to create additional incomes for families of the supporting community.

Seedlings

We continue to expand our Seedlings initiative to include additional youths and mentors while also continuing to expand the number of participating properties. In 2009 we also look forward to conducting additional mentor training to better enable our volunteer mentors to be prepared and play positive roles in developing youths within their communities. The survey conducted in late 2008 will be utilised to further fine tune our mentorship efforts such that our associates can maximise the benefits they create within the lives of the youths.

CSR Self Audit

We will continue to embed and enhance the efficacy of our CSR Self Audit to help our properties ensure they can most effectively implement global best practices. A big part of this effort will include enhanced platforms for internal sharing of our own best practices while also further tapping external practices from which we can learn and benefit. By tapping new media options, we seek to achieve sharing of best practices and cross fertilisation of ideas to a wider audience while minimising any environmental side effects of sharing these case studies, such as consuming paper for hard copy dissemination.

Future Directions



Governance

We will also continue to explore and embrace practices and policies to enhance the transparency and governance of our CSR efforts, funds, and overall practices. Amid all the turmoil in the global financial markets, we recognise enhanced transparency is key to sharing our efforts and practices with our guests, associates, supporting local communities, and a global community. Thus, transparency is the best means we have of inspiring each of us to reach within ourselves to tap into the strength of character and determination common to the human experience.

Overall efficiency

Amid the increasingly gloomy global financial outlook, our CSR teams need to provide effective solutions to ensure we remain at the peak of our social, environmental and economic strengths. In challenging times, it is more important than ever to create value for all stakeholders. A number of promising initiatives are set for action in 2009 and we are excited about the prospects of such initiatives becoming case studies for wider adoption not only across our properties, but also as a source of development within the local communities.

Energy and water efficiency

We will continue with our Green Globe process at Banyan Tree Lijiang including an onsite third party audit in 2009 and further efforts to enhance our environmental and social performances. On the right is the chart of the process Lijiang's team has embarked upon, with the end goal of continually advancing our ability to support local communities while safeguarding the environment. This will be subject to the rigours of independent verification of the Green Globe process and the Earthcheck™ tool.

Following the success of Lijiang's efforts, we look forward to conducting the process at other properties to enable them to continually enhance their own processes, practices, and efforts. In 2009 we hope to include more resorts under the Green Globe and Earthcheck™ benchmarking process to enhance our overall practices.



Phase 1: Benchmarking Bronze

STEP 1: POLICY Developed Sustainability Policy

The Company Standard includes a template policy which was used and adapted for Banyan Tree Lijiang

STEP 2: BENCHMARKING Entered and submitted Benchmarking data using online Benchmarking Software

Completed and submitted Self Assessment Checklist key steps 1 and 2

Underwent Benchmarking Assessment

The dedicated Relationship Manager liaised with coordinator for additional information & clarification of Benchmarking data

Received Benchmarking Assessment Report

Having successfully been Benchmarked, Banyan Tree Lijiang received use of the Benchmarked Bronze Logo, Benchmarking Assessment Report, Benchmarked Certificate

» BENCHMARKED

Phase 2: Certification Silver

STEP 3: COMPLIANCE

STEP 4: APPROACH Completed Risk Assessment and established and implemented Approach

STEP 5: PERFORMANCE

Step 6: COMMUNICATION Completed and submitted Self Assessment Checklist key steps 3 to 6

The dedicated Relationship Manager worked with Banyan Tree Lijiang coordinator to coordinate and schedule Certification Assessments

Underwent Certification Assessment (off-site)

Recommended for Certification

» CERTIFIED

Having successfully been Certified, Banyan Tree Lijiang received use of the Certified Silver Logo, Certification Assessment Report, Certified Certificate



CSR Committee

CSR Strategy Committee

Our CSR Strategy Committee is responsible for the oversight, guidance, and administration of our directions, practices, and efforts in the area of socially responsible business conduct. The CSR Strategy Committee includes:

Ms Claire Chiang, Singapore
Mr Eddy See, Singapore
Mr Michael Kwee, Singapore
Mr Francois Huet, Thailand
Mr David Campion, Thailand

CSR General Committee

First established in 2004, the Banyan Tree CSR General Committee is made up of General Managers from each resort and key members of that resort's management team. In 2008 we formalised both an official CSR Champion for each property and launched property CSR Committees to unite all the departments at each property. Our network of CSR Champions comprises the key contact points for each resort in terms of their CSR efforts and practices.

The CSR General Committee functions as the network to share best practices and experiences while working towards fulfilling the CSR Strategy Committee's guided directives.

The CSR General Committee and our property-based CSR Champions are key to ensuring all of our projects and efforts are implemented as relevantly as possible to allow intended benefits to be delivered to the local community and environment. Our CSR General Committee members and Champions also help to identify, develop, and manage resort specific projects.

We thank you for taking the time to review our efforts for 2008 and look forward to sharing more about our efforts in future reports. In the meantime, please visit us online at www.banyantree.com/CSR for more information or to contact us.

Note about printing:

In line with Banyan Tree's continuing efforts to promote environment sustainability, this report is printed on 9lives paper (with 55% recycled content) and is a Forest Stewardship Council (FSC) certified print job.

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About the Forest Stewardship Council

The Forest Stewardship Council (FSC) is an international organisation that brings people together to find solutions which promote responsible stewardship of the world's forests. Its trademark provides international recognition to organisations that support the growth of responsible forest management. Its Chain of Custody (COC) Certificate provides a guarantee on the production of FSC-certified products. COC is the path taken by raw materials from the forest to the consumer, including all successive stages of processing, transformation, manufacturing and distribution. From a customer perspective, the FSC label represents a promise that is being made to them. COC standards are the mechanism FSC has to ensure that 'promise' is delivered.

For more information, please visit: www.fsc.org/en/about/about_fsc/benefits

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strategic communicator and visual creator
greymatter williams and phoa (asia)

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