



Eng 中文

## CORPORATE SOCIAL RESPONSIBILITY

### NAGACORP CSR

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Ever since the start, NagaCorp strives to be a good corporate citizen by carrying out our business in a socially responsible way and aim at creating long-term values for our stakeholders and contributing to make the world a better place. In 2016, NagaCorp continues to fulfil its social responsibility and achieves its sustainable growth by carrying out practical actions.

This report covering the calendar year 2016 is prepared in accordance with the Environmental, Social and Governance ("ESG") Reporting Guide of the Stock Exchange. It provides an overview of management approach of NagaCorp and its performance relating to ESG. NagaCorp has complied with the "comply or explain" provisions set out in the ESG Reporting Guide for the Year.

#### Environmental Responsibility

NagaCorp has always sought to operate in a responsible, transparent and sustainable way. We aim to operate in a way that satisfies today's needs without compromising the needs of future generations. To perpetuate this commitment, the Sustainability Department was formed in 2013 to focus on ongoing programs to reduce our environmental impact.

In 2016, our flagship property NagaWorld was certified by ASEAN Tourism Forum and recognised as an ASEAN Green Hotel. The ASEAN Green Hotel Standard is an initiative to recognise efforts in the tourism industry to ensure sustainable tourism through the adoption of environmentally friendly and energy conservation practices.



#### Policies and Procedures

Policies and projects have been implemented in the following key areas to reduce our impact on the environment.

#### 1. Energy and Carbon

Our goal is to reduce energy consumption without compromising customer satisfaction and operational efficiency. We are adopting and implementing a range of projects to reduce greenhouse gas and carbon dioxide ("CO<sub>2</sub>") emissions.

NagaWorld is compliant with the relevant Cambodian laws and regulations on environmental protection and is working towards reducing energy consumption. An energy audit based on the American Society of Heating, Refrigerating and Air-Conditioning Engineers ("ASHRAE") walk through audit – level 1 and 2 was first completed in March 2015 and thereafter performed monthly in order to identify opportunities for energy savings.

We are seeking to reduce both direct and indirect emissions. Direct emissions are the CO<sub>2</sub> emitted through our activities, including facilities and vehicles. We are working diligently to minimize the CO<sub>2</sub> released by implementing carbon alternative projects, following ISO 14064-1 guidelines for measurement and reporting.

Indirect emissions are those produced while manufacturing and transporting the products and services we consume. To reduce it, we attempt to source domestic products whenever available and to work closely with our suppliers to develop local supply chains. The main program being implemented is an "ongoing re-commissioning" system which consists of optimization of our consumption through monitoring and benchmarking of energy and water consumption on a daily basis. Irregularities are studied in order to determine causes and develop solutions.

NagaWorld has incorporated energy saving criteria into purchasing policy. As a result of this, the most efficient products are preferred whenever it is feasible to do so. In 2016, we embarked on a number of initiatives in order to ensure higher energy efficiency, including:

- adopting cooling tower systems to maximise chiller energy efficiency;
- minimising use of chiller units during night-time and on cooler days;
- using fit energy-saving devices;
- replacing more than 80% of the "traditional" lighting in public areas and hotel rooms with energy efficient LED lighting;
- ensuring proper steam leakage and insulation management;
- shutting-off lighting and air-conditioning when a guest room is not in use;
- installing thermostats to maintain and control room temperature at a desired energy efficient level; and
- installing Variable Speed Drive controls for the exhaust in the kitchen areas.

Since commencing operations, NagaWorld has operated using diesel electric generators. In 2015, we received confirmation that the city grid could support our usage. NagaWorld was connected to the Phnom Penh electricity grid in October 2015. This has reduced energy consumption and emissions of greenhouse gases significantly. In 2016, the total energy consumption totalled approximately 31,600 tonnes of CO<sub>2</sub> equivalent.



All water at NagaWorld is provided by the Phnom Penh Water Supply Authority to World Health Authority Drinking Water Standards. We had no issue in sourcing water that is fit for purpose during the Year. NagaWorld is in compliance with the relevant Cambodian rules and regulations in relation to water management.

We are committed to using water in a responsible manner and have developed strategies to reduce our water consumption by applying mechanical systems and rethinking processes, with water consumption monitored and benchmarked on a monthly basis.

These changes include the "opt-it" initiative which offers our guests the choice to request daily linen changes. Additionally, there is an ongoing program which is designed to increase the efficiency of the air conditioning and ventilation systems, which will further reduce the amount of water consumed. Total water consumption for 2016 at NagaWorld was approximately 370 megalitres.

We are also educating our customers and our employees on the importance of saving water and providing information about how they may contribute, both at work and at home.

### 3. Air

NagaWorld is in compliance with the relevant Cambodian rules and regulations in relation to air pollution and is actively working to provide good air quality within the company premises. Regular monitoring is carried out in accordance with ASHRAE standards in order to ensure a safe and comfortable environment for our employees and customers. This includes a weekly Indoor Air Quality test to identify any potential issues, based on a range of key indicators including temperature, relative humidity, CO<sub>2</sub>, carbon monoxide, light and sound. Furthermore, at NagaWorld, we encourage our employees to bring in their own plants to participate in making the office green.

### 4. Waste and Recycling

Beyond compliance with the relevant Cambodian rules and regulations on waste management, NagaWorld has embraced the "3R" strategy in our waste management: Reduce, Reuse and Recycle. The aim is to reduce the amount of waste produced which would eventually end in landfill. The Purchasing Department has developed a Sustainability Policy that encourages the use of goods with low negative impact on the environment and humans and to emphasize life cycle thinking into every business decision made. With these policies in place, we aim to minimize our consumption and reduce waste without impacting customers. One example of this thinking is that we have installed energy efficient hand dryers in public and employee restrooms which have enabled us to reduce the consumption of paper towels.

NagaWorld currently produces approximately 10 tonnes of waste per day. Waste is handled and sorted by a waste management partner off site. We do not produce any hazardous waste.

### 5. Education and Awareness

NagaCorp is committed to being a responsible and proactive member of the community. Our goal is to share information about sustainable options with people, as we believe knowledge leads to positive change. We provide training to our employees and encourage them to contribute their ideas for the improvement of our overall sustainability efforts. For example, each year we participate in Earth Hour, where we shut off the external lights in our property for an hour in March. To enhance effectiveness of our awareness campaigns, NagaWorld has introduced city clean-up days when we gather volunteers from the employees to clean up the streets around our facilities and collect rubbish within the vicinity of Phnom Penh.



### Social Responsibility

NagaCorp has contributed positively to the development of the economy and the community of Cambodia for over 20 years. At NagaCorp, corporate social responsibility is more than addressing community welfare. It is about developing a sustainable business strategy and conducting business with a conscience and a longer term view – caring for the Company, Shareholders, employees, customers, public, environment and all stakeholders, including the host country.

#### 1. Employees

In Cambodia, employer-employee relations are governed by a collection of legal authorities, including the Constitution of the Kingdom of Cambodia, the Labour Law of 1997, regulations enacted by the Royal Government (Sub-Decrees) and the Ministry of Labour (Prakas, Circulars, and Notices); collective bargaining agreements; employment contracts; employers' internal regulations; and awards of the Arbitration Council.

Cambodian requirements are in line with international standards, and include such matters as prohibition of child and forced labour, the right of employees to organize unions and engage in collective bargaining, non-discrimination and civil and political rights. NagaCorp complies with the Cambodian Labour Law and relevant regulations.

#### 1.1. Workforce Overview

NagaCorp prides itself on providing a safe, fair and healthy workplace for all staff, with a diverse workforce and equal opportunities for all. As at 31 December 2016, the Group had a total of 6,153 employees, representing over 29 nationalities, with 99% of the employees based in Cambodia. Priority is given to developing our Cambodian workforce, which represents 94% of total employees.



Employees follow designated working hours, meal breaks and rest days according to a rotating shift schedule prepared by each department on the basis of three 8-hour shifts per 24-hours and six consecutive days or 48 hours per work week. Employees based in Cambodia, are entitled to 1.5 days of paid annual leave for every month of service rendered. In addition to annual leave, employees are also entitled to sick leave, maternity leave, paternity leave, marriage leave, and other compassionate leaves, and all public holidays declared by the Ministry of Labor, Cambodia.

#### 1.2. Attracting Talent

The ability to attract the right talent is crucial to our growth strategy. All positions are sourced and recruited through a competency-based assessment strategy. NagaCorp is also actively expanding its talent acquisition strategy by using social media platforms and other innovative platforms to reach out to both local and global communities.

Job applicants must be at least 18 years of age, be able to speak basic English, and not have a criminal record. NagaCorp is committed to ensuring equal employment opportunity to all qualified individuals. We do not discriminate on the basis of union membership, gender, ethnicity, sexual-orientation or religion. NagaCorp has a policy of zero child or forced labour.

In 2016, we hired 1,095 employees (2015: 878) while 660 exited (2015: 691). Reductions in attrition have been achieved by focusing on stricter sourcing and selection criteria, providing more training and development opportunities, increased employee engagement and continuous improvement on the work environment and welfare.



### 1.3. Staff Development

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The Group is committed to developing our employees and advancing their careers by providing suitable training opportunities. Each training program is designed specifically based on operational needs. These programs aim not only to equip our employees with management and operations-related skills, but also empower them with the right attitude and knowledge to succeed in today's dynamic social and economic environment. In addition, our employees are encouraged to develop their skills and expand their knowledge continuously.

NagaWorld recorded 121,993 hours of training in 2016 via 37 focused training programs. On average, each



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