

DUE DILLIGENCE REPORT

**EVASON HUA HIN, THAILAND
A MEMBER OF SIX SENSES RESORTS AND SPAS**

June 2009

IUCN Thailand

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1. COMPANY INFORMATION

General information

Evason Hua Hin is set amongst 20-acres of tropical landscape facing the gulf of Thailand. It is a resort, in the Pranburi District, which is approximately 23 kilometers to the south of Hua Hin town at Prachuabkirikhan Province (approximately 230 km or 3 hrs by car from Bangkok).



Fig. 1: The location of Evason Hua Hin (Figure credited to Evason Hua Hin website)

Evason Hua Hin is a 185-room luxury resort, which is operated by Six Senses Resorts & Spas or Six Senses BVI who also operates and manages other properties in Maldives, Oman, Vietnam, Spain, Fiji, Jordan and Thailand under the brand names Soneva, Six Senses Hideaway, Six Senses Latitudes, and Evason, as well as Six Senses Spas and Six Senses Destination Spas.

Group Companies

- Evason Hua Hin is a member of the Six Senses Group. Details of the Group companies are contained in the Due Diligence Report for the Six Senses Group http://www.uicn.org/about/union/secretariat/offices/asia/regional_activities/elg/bbp/

Competitor and company status

Because of the beautiful landscapes and famous beaches, there are many resorts and hotels located in Hua Hin and the District nearby. Therefore, Evason Hua Hin has many business competitors, not only of the-same-luxury-level status, but also small local guest houses.

II CULTURE, VALUE AND POLICY

Culture

The Evason believes that travelers and guests now expect hotels and resorts to have policies and practices in sustainable ways. Therefore, effective resort management policies and operator responsibility are required by the customer's decision.

- From: 1. <http://www.sixsenses.com/Evason-Hua-Hin/Environment/Evason-Hua-Hin-and-the-Environment.php> ,
2. <http://www.sixsenses.com/Evason-Hua-Hin/Environment/Environmental-and-Social-Sustainability-Policy.php>)

Value

The Evason Hua Hin also shares major CSR values with the Six Senses. However, these values are reorganized and presented under term of "Sustainable development". Sustainable development is based on the premise that current needs are met without compromising the ability of future generations to meet their needs.

The Evason Hua Hin shows its opinions on the relations among tourism, environment and Sustainable development as "eco-tourism", the hospitality industry responds to increased consumer awareness of environmental issues. In addition, the Evason Hua Hin is also aware that tourism is one of the largest and fastest growing industries, which has significant social and environmental impacts in both local and global levels. In order to develop in a sustainable way resorts should not consume renewable resources faster than they are replenished. Also, non-renewable resources should not be exploited before renewable substitutes can be found. Similarly, pollutants should not be released faster than they can be recycled within the ecosystem.

(Reference: <http://www.sixsenses.com/Evason-Hua-Hin/Environment/Evason-Hua-Hin-and-the-Environment.php>)

Policy

The Evason Hua Hin is committed to reducing the environmental and social impacts of its activities, to sustainable development, specifically the protection and regeneration of both the environment and communities. It is also committed to monitoring and continually improving its sustainability through both construction and operation.

The construction and operation policies:

- To reduce resource consumption and waste generation through responsible waste-reducing purchasing policies, composting programmes, and the waste minimization approach (reduce, reuse, and recycle).
- To responsibly manage energy use and to seek renewable energy sources, as well as eliminate activities that produce green houses gas and carbon emission by implementing alternative efficient energy.
- To responsibly manage and protect water resources.
- To promote awareness of sustainability amongst hosts, guests, local communities and suppliers/business partners through training programmes, regular environmental awareness events and engaging business partners.
- To contribute 0.5% of revenues to projects which benefit both the local and global community and environment
- To address the issue of climate change through both energy management as part of its resource management policies and avoidance of fugitive emissions of CFCs.
- To regularly monitor our environmental impact, developing action plans through regular environmental meetings and monitoring of Key Sustainability Indicators.
- To prevent any escape of hazardous substances into the environment and to phase out environmentally damaging products as soon as benign alternatives are practicable.
- To preferentially purchase local, environmentally friendly, socially responsible products, especially organic and fair trade products.
- To strictly avoid the use of animal products derived using unnecessarily cruel or environmentally destructive production methods or those derived from any endangered species.
- To enhance and maintain environmental quality, remain original plant species, protect ecosystem – mangrove forest, beach forest, and coastal marine resources.
- To strongly forbid any animal harassment activities, such as animal riding, hunting, fishing.
- To engage local communities and actively employ local staff and service providers wherever practicable.

- To support traditional festive or other occasions concerning as cultural and heritage of local community.
- To integrate social and environmental concerns into planning and decision-making processes.
- To generate host self-recognition and ownership towards social and environmental responsibility.

(From: <http://www.sixsenses.com/Evason-Hua-Hin/Environment/Environmental-and-Social-Sustainability-Policy.php>)

III COMPANY COMMITMENT TO COMMUNITY AND ENVIRONMENT

A. Sustainable Tourism Approaches

The Evason Hua Hin supports these following eco-activities:

- The Kingfisher River Trip: The resort promotes guests to enjoy the magnificent flora and fauna of the Pak Num Pran and Pran Buri areas by boarding on the “Kingfisher”, Thailand’s first and to date only electrically Propelled Thai Long Boat, which produces zero noise and air pollution.
- The Evason Hua Hin introduces eco-tourism to several local attractive places such as Khao Sam Roi Yod National Park, Pranburi Forest Park located in Klongkao-Klongkob National Reserve Forest, Pala-U Waterfall and Kaeng Krachan National Park.
- The Evason Hua Hin delivers environmental information and encourages guests to participate in several ways as following ways:
 - Placing the ‘Little Green Book’ or Green Compendium in guest’s room
 - Inviting guest to cocktail evenings where they can discuss environmental and social issues with the social and environment officer. Guests are provided the opportunity to ask questions and give feedback.
 - Sending messages direct to guests when conservation projects are conducted such as mangrove forest plantation activities.
 - Asking guest to help by reducing the amount of laundry in order to save water and detergent usage.
 - Encouraging guest to make their contributions by donation. A donation letter lists various organizations and asks guest for their support to help better the quality of life of people who are less fortunate than others and to help improve the environment.

B. Environmental Responsibility

Sustainability approaches toward resort operations followed by Evason Hua Hin are as follows:

- Energy Efficiency: the resort undertakes many methods to reduce electric consumption. For example drying cloths by sunlight, turning electric devices off when they are not in use, recycling, re-using cooking oil in other purposes, replacing the old electric bulb by the lower watt but efficient one and providing natural ventilations in guest's rooms, etc.
- Chemical Control: The resort tries to minimize energy and chemicals use through implementation of eco-friendly procedures and products. Biodegradable washing detergents and cleaning substances are used in laundry and housekeeping operations. The cleaning product company provides environmental solutions or components, and offers non-toxic chemicals, biodegradable and biological based formulations, and consulting services on eco-friendly cleaning program. Therefore, the chemical products used in laundry must have a minimum impact on the environment. Laundry staffs are educated on more efficient working habits and are not allowed to come into direct contact with any chemical.
- Waste Management and waste minimization: A waste management practice is implemented to minimize the impacts of waste on the environment. The procedure includes reducing, re-using, re-cycling and disposing of waste appropriately. Waste is systematically disposed by the appropriate channels. Paper, glass, aluminum, plastic and metal is recycled. The resort reuses old bed sheets for wrapping cloth and laundry bags. However, there are some things which cannot dispose of safely in this area, for example batteries and any electronic waste. The resort has switched to rechargeable batteries to reduce electronic waste.
- Only wet garbage from the kitchen is used in animal husbandry purposes such as the pig raising farm. Organic waste from garden goes through recycling process by allowing it to decompose, after a couple months it turns into natural soil conditioner and fertilizer in the resort's garden and vegetation projects. Only small amounts of waste are delivered to the municipal landfill.
- Water management: Freshwater supply in the resort mainly comes from tap water and ground water. Water efficient techniques are installed in showers and toilets. Implementing a float adjusting technique decreases the water level of storage tanks in guest restrooms. The result is water is saved through flushing. In addition, the resort encourages hosts and guests to reduce water consumption. No threads from water pollution discharge into ocean and no treated water is released into natural streams. Treated water from the water treatment plant is re-injected into man-made ponds and streams around the resort. Plants, vegetation and the garden are watered using treated water. Water is slowly absorbed into the ground and stored in a natural aquifer.
- Organic Vegetable Garden: The resort is also taking policy in a new direction by combining organic gardening using permaculture principles and an on-site recycling

- program. An organic raised bed garden is being built using a combination of recycled materials. The idea is to use the area as an educational tool for the local community to demonstrate that the concept of waste is essentially a question of perception. There are experimenting building beds using old beer bottles, wine bottles, mud bricks and aluminum cans to grow a range of different organic vegetables.
- Mushroom Hut: a mushroom cultivation hut where oyster and wood ear mushrooms on sawdust grown for use in the kitchens and the staff canteen. Once the mushrooms have extracted the cellulose and lignin from the wood the resulting rich compost is then used in the garden as mulch.
- (<http://www.sixsenses.com/EvasonHuaHin/Environment/Environmental-Responsibility.php>)

C. Social Responsibility

The Evason Hua Hin also contributes money, manpower, and other kinds of support as much as possible to local NGOs, government agency, local school, and community in order to reach their achievements. In addition, the resort also encourage hosts interact with these activities. Listed below are some selected contributions.

- Kevoorkian Foundation: Since January 2001, Baan Nor Giangk is committed to assisting HIV positive babies and children. Apart from our other social responsibility programs, the resort financially sponsors the foundation from guest donations and twice a year the children come to stay at the resort for a week
- Deaf and Mute hosts: Following Equal Employment Opportunity Statement, The resort currently provides employment opportunity to seven deaf and mute working in laundry and Food and Beverage departments.
- Traditional Long Tail Boat Competition: The resort supported for traditional long tail boat competition winning the cup given by Her Royal Princess Sirinthorn, 2006. The objectives are to inherit Thai culture, solidification of the community, to enhance a good relationship between villages, and also support the Thailand tourism industry.
- Local Student Scholarship: The resort gave opportunity to local students in Pak Num Pran School who lack sufficient financial support or funds to complete their studies through the sixth year of secondary school (M.6).
- Cultural Conservation: The resort offers job opportunities to local students to perform Thai classical dance and music during breakfast and dinner.
- Mangrove Forest Conservation: The resort eco-representative joins mangrove forest plantation projects with university students from King Mongkut's Institute of Technology Ladkrabang. Additionally, the resort also provides lunch boxes for all participants.

- Youth against drug project: The resort supports a special provincial police detachment Prachuabkirikan province on football competition among schools and community nearby in police's area.
- Building Libraries and Toilets in Schools: Money is contributed for library and toilet construction. Evason in association with the Hua Hin Hotelier Club donate money to Baan Wang Koi School at Hua Hin.
- Earth Day 2005: The resort assisted by providing recycling bins to Sam Roi Yod National park.
- Vetiver Grass (Yah Fakk) Cultivation in Preu Noi Village: Vetiver grass is a kind of grass that has roots 2-3 meters long, helping to protect soil fertility and collect humidity.
- English for Youth Guide, March 2008 Teaching English language programme for local children in order to prepare them into the professional level in future.

<http://www.sixsenses.com/Evason-Hua-Hin/Environment/Social-Responsibility.php>)

IV ASSESSMENT OF COMMITMENT TO CSR AND ENGAGEMENT WITH IUCN

Company reports and websites convince that both Six Senses as a Group and its branch resort, Evason Hua Hin are strongly committed to CSR. There are several important management cores focused on environment and social issues, such as core purposes, values and policies. The environment impacts are concerned at both periods of resort construction and its operation. They are several methods which are newly created and continually applied to improve environmental and social performance. In addition, the group founder and owner, Sonu Shivdasani presents himself and his group with a green image. He has also declared that the Six Senses group will be de-carbonizing by 2020.

Moreover, the Six Senses group and the Evason Hua Hin have been recognized worldwide on its qualitative services along with environment concerns by several awards each year. The company has also appointed on-duty persons, at both management team and local officers, to be involved in green engineering and to participate in environmental activities created by themselves, others organizations and communities.

In 2009, Six Senses and IUCN entered into a Memorandum of Understanding with a view to enhancing their opportunities for cooperation and provide the bases for future collaboration. It has been agreed that collaboration will strengthen institutional capacities in both organizations and enhance the efficiency and effectiveness of the use of their respective resources. The overall purpose of the partnership is to enable both organizations to build a lasting relationship in order to enhance biodiversity conservation performance by Six Senses as a measure of their sustained profitable operations, to raise sector-wide biodiversity performance standards in the ecotourism

industry and its supply chains and to strengthen IUCN's capacity for leadership in integrating biodiversity into businesses.

<http://www.iucn.org/about/union/secretariat/offices/asia/?3078/IUCN-Signs-Agreement-With-Six-Senses-Resorts-and-Spas>)

V. MEDIA AND STAKEHOLDER ANALYSIS

Environmental Recognition of Evason Hua Hin

- Green Globe 21 Benchmarked in October 2006 as second resort in Thailand.
- Certified by the Thai Green Leaf Foundation since 2002 and currently hold a 3 leaf status.

Media news

By researching through several Thai and English newspaper websites, which provide a news search engine, negative news regarding the Evason Hua Hin is not found. Several news items advertised about its tourism promotion plans on its accommodation and spa. During 2004 – 2008, there were some news mentioned to the name 'Six Sense' as an international major investor in luxury resort and spa business who were interested to invest in several tourist attraction areas, in Thailand and Vietnam. It is also found that The Evason Hua Hin was often selected to be the resort destination of several environmental rally competitions, which were held by private companies such as AIS and automobile companies. Some news concerning CSR was found as follows:

(Translation from Thai language to English language)

- The Evason sets up 'English for youth guide' preparing youngster to a professional level (22 March 2008)

Sirinart Rachini Ecosystem Learning Center together with The Evason Hua Hin and Spa offered 35 young students who were accomplished in the 'Young Guide Training Programme' an English Practical Course 'English for youth guide' in order to prepare them in the professional level.

Miss Srichan MONRAKKHAROM, Social and Environment Department Manager of the Evason Hua Hin Resort and Spa said that 0.5 percentage of resort's income was distributed for CSR activities. The resorts asked the opinion of the local habitants on their demands and found that the local habitant demanded more English language education for their children. Therefore, this

activity was launched in cooperation with Sirinart Rachini Ecosystem Learning Center, an environmental conservative organization which provides environmental knowledge to children.

(Exacted Translation from <http://www.rd1677.com/branch.php?id=30184>)

- **Agoda's "Top 10 Green Hotels in Asia" (12 Mar 2008)**

In line with the global movement to 'go greener', we decided to release our Agoda 'Top 10' pick list of eco-friendly hotels in Asia. Going green is not just limited to protecting the environment but includes all aspects of corporate responsibility. See how the International Tourism Partnership defines sustainability and social responsibility. Agoda applauds hotels who are progressive in this area and travelers who go green! In fact, according to the International Ecotourism Society, approximately 70% of travelers prefer to pay premium rates for a hotel that is green than choose one that is value for money but void of any policies on the environment and community sustainability. And since we are known for specializing in Asian hotels, we thought we'd limit our list to the Asian region.

Agoda's "Top 10 Green Hotels in Asia" are:

.....3. Evason Hua Hin Resort & Six Senses Spa, Thailand: The Evason Hua Hin Resort is eco-friendly on many levels. Drawing on biodegradable products and adopting practices that conserve energy and minimize waste, the resort also supports several local initiatives such as the Mangrove Forest Conservation, the Kervorkian Foundation (dedicated to assisting HIV+ babies and children) as well as providing employment opportunities to disabled individuals and hosting its own organic vegetable farm.

(<http://www.sixsenses.com>)

<http://www.thaihotelit.com/modules.php?name=News&file=print&sid=471>)

Bangkok-based hotel operator Six Senses Resorts and Spas has announced it will cut its executive salaries 10 per cent as part of cost-reduction measures. (6 February 2009)

CEO and Chairman Sonu Shivdasani said the group wanted to retain its entire staff during these difficult economic times. It will cut salaries of those in the "inner sphere" and at the "core level" by 10 per cent while making up the difference in company shares.

The shares can be sold back to the company after 12-24 months, with a guaranteed buy-back price not less than the shares' value at the time they are received. In fact, the shares could actually appreciate in value.

While the programme is mandatory for foreign executives at its facilities abroad, Thai nationals may also opt to take advantage of the offer. All will have a limited option to purchase additional shares at the same time.

"As with other companies in our sector, we must weather the storm", he said.

Unlike many companies in the hospitality and travel sectors that are making cutbacks and laying off staff during the economic downturn, Six Senses has introduced an innovative, industry-first alternative.

"The sophisticated traveler will be watching to see who in the luxury-services industry - where highly trained people are so key, to the point of being almost sacred - will lower their standards," he said.

Six Senses was established in 1995. It manages resorts under the brands Soneva by Six Senses, Six Senses Hideaway, Six Senses Latitude and Evason, plus Six Senses Spas and Six Senses Destination Spas.

(Published on 6 February 2009 by Nation Newspaper

<http://www.nationmultimedia.com/search/read.php?newsid=30095107&keyword=Evason>)

Queries to watchdog, sustainable development, and NGO websites

The research is conducted through search-engines of several NGO websites.

- o Business and Human Rights Resource Centre (www.business-humanright.org);
- o ECA Watch (www.eca-watch.com);
- o Extractive Industries Transparency Initiative, EITI (www.eitransparency.org);
- o Friends of the Earth (www.foei.org);
- o WWF-Thailand (www.panda.org)
- o Greenpeace and Greenpeace Southeast Asia (www.greenpeace.org) and
- o Thai NGO (www.thaingo.org)

There is no relating news, information nor article found under search key words "Six Senses" and "Evason".

VI. POTENTIAL ENHANCEMENT OF IUCN MISSION OR PROGRAMME

IUCN mission

The IUCN's mission is to influence, encourage and assist societies throughout the world to conserve the integrity and diversity of nature and to ensure that any use of natural resources is equitable and ecologically sustainable.

Even though, the Evason Hua Hin is a private company in the hotel industry. They share several values with IUCN, especially encouraging people's awareness in environment, natural resource usage and sustainable development.

Collaboration with The Evason Hua Hin can contribute to IUCN's Thailand programme the following ways:

- The company is a “green” enterprise, i.e. a business “whose activities lead to conservation benefits. Green enterprises are a priority sector for engagement in IUCN's private sector engagement.
- The company appears strongly committed to environmental protection and community development. As a successful company in Thailand, Evason offers another channel and voice for conveying messages about the benefits of sustainable tourism to other companies and governments. Collaboration may also provide opportunities to promote the wider uptake of IUCN's previous work/guidelines relevant to sustainable tourism.
- There may also be an opportunity to show that luxury eco-tourism benefits, often the preserve of elites, can flow to local communities and environments, i.e. to increase the equitability of luxury tourism operations.
- Collaboration may offer potential site-specific benefits for biodiversity conservation and sustainable livelihoods in some key areas in Thailand.
- The collaboration would offer the promotion of eco-tourism values, environment concerns and IUCN's mission and core values to luxury-life-style travelers
- It would be an opportunity for extending the network of the Mangrove for the Future programme to local communities and organizations
- It would offer opportunities for strengthening local activities and bringing up key issues to the policy making arena
- More guest involvement in conservation and biodiversity concerns

VII. RISKS & OPPORTUNITIES FOR IUCN

This preliminary due diligence indicates that a partnership with Evason Huan Hin represents a positive opportunity for IUCN, with a limited and acceptable degree of associated risk.

Reasons for concluding that the risk is acceptable include the following:

- Although Six Senses commitment to sustainable development is highly influenced by the CEO's leadership and - as with any organization - there is a certain vulnerability to a change of the top, sustainable development appears to be firmly embedded in the company's strategy and public identity.
- For Evason there would be a high degree of reputation risk (and therefore business risk) associated with manifest failure to live up to its public commitments with IUCN and other partners.
- Evason's reporting in the media does not indicate any significant or systemic negative reputation issues.
- IUCN can report a broadly positive experience to date with Six Senses as a Group.

Reasons for seeing this partnership as a distinctively positive opportunity for IUCN include:

- The partnerships would be fully consistent with IUCN's mission to "influence, encourage and assist."
- IUCN's partnership would build directly on the long and broadly successful partnership with MFF – the Mangroves for the Future Programme.
- IUCN would be associated with a company that is acknowledged to be one of leading corporate actors in the field of sustainable development.
- IUCN could strengthen Evason's capacity to advance their "sustainability" agenda.
- IUCN could help to strengthen Evason's biodiversity performance indicators.
- The area of carbon offsetting is an innovative field where IUCN and Six Senses together could play to their strengths.
- The partnership could strengthen IUCN's capacity to assess the social impacts of environmental change and conservation.
- The partnership could help to design new approaches and best practice for private sector involvement in protected area (wetland) management.

It appears that the potential opportunities presented to IUCN by a partnership with Evason Hua Hin far exceed the potential risks.

VIII. METHODOLOGY

Internet searches

- i. Internet researches conducted on 7-12 June 2009
- ii. Meetings with IUCN staff and Six Senses Staff
- iii. Annual Reports

