



# Overcoming Adversity; Building for the Future

CORPORATE RESPONSIBILITY AND SUSTAINABILITY REPORT 2020



THE HONGKONG AND SHANGHAI HOTELS, LIMITED

Stock Code: 00045

# ABOUT THIS REPORT

We aim to provide a connected view of different aspects of our performance, financial and non-financial, enabling our stakeholders to have a holistic view of our company. This Corporate Responsibility and Sustainability Report 2020 is intended to be read together with our Annual Report 2020, with this icon  showing relevant linkages in the Annual Report. This medium is just one of the ways we engage with our stakeholders; in addition, we regularly hold meetings with interested stakeholders to discuss our sustainability performance in more detail. Feel free to reach out to us if you would like to find out more.

## Reporting Scope and Boundaries

This report focuses on the all the main businesses of The Hongkong and Shanghai Hotels, Limited (HSH), including the group's hotels division, commercial properties division, and part of the clubs and services division<sup>1</sup> including The Peak Tram, Quail Lodge & Golf Club, and Tai Pan Laundry. It accounts for around 93% of the Group's revenue<sup>2</sup>, including the associated suppliers of these companies where relevant. For more details on Corporate Responsibility and Sustainability (CRS) data reporting scope and methodology, please refer to p.48-49 of this report.

## Reporting Standards and Assurance

This report has been prepared in accordance with the provisions as set out in Appendix 27 of the Stock Exchange's Environmental, Social and Governance Reporting Guide (ESG Guide)<sup>3</sup> and the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards): Core option. This report references the International Integrated Reporting Framework from the International Integrated Reporting Council (IIRC), Task Force on Climate-related Financial Disclosures (TCFD) and industry standards of the Sustainability Accounting Standards Board (SASB).

This report aligns with the ESG Guide reporting principles of materiality (refer to page 12) as well as the quantitative and consistency standards (refer to page 47). KPMG was commissioned to conduct assurance and to provide an independent opinion on identified elements of this report in accordance with the updated ESG Guide. The Independent Assurance Report can be read on p.45.

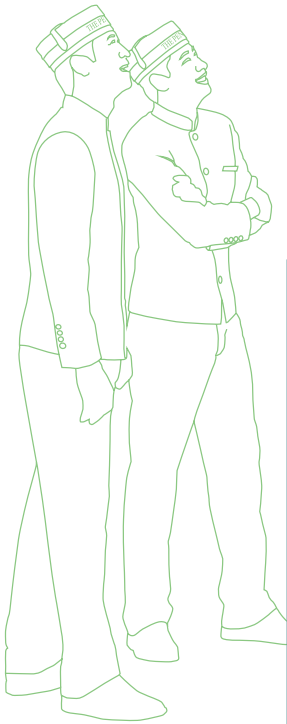
We welcome your feedback. Please share your views with us by post or email:

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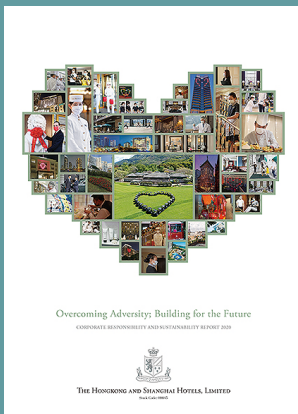
- 1 In the clubs and services division where HSH maintains operational control.
- 2 Based on the Group's annual revenue in 2020.
- 3 For disclosures where HSH is unable to provide information, as per the rules of the HKEX ESG Guide, an explanation (such as an issue not being material or a commitment to provide this data in the future) will be provided on p.50 of this report.



# TABLE OF CONTENTS



06	OUR SUSTAINABILITY VISION
14	OUR GUESTS
26	OUR PEOPLE
34	OUR CITIES
45	INDEPENDENT ASSURANCE REPORT
47	SUSTAINABILITY DATA STATEMENTS
50	SUSTAINABILITY REPORTING CONTENT INDEX

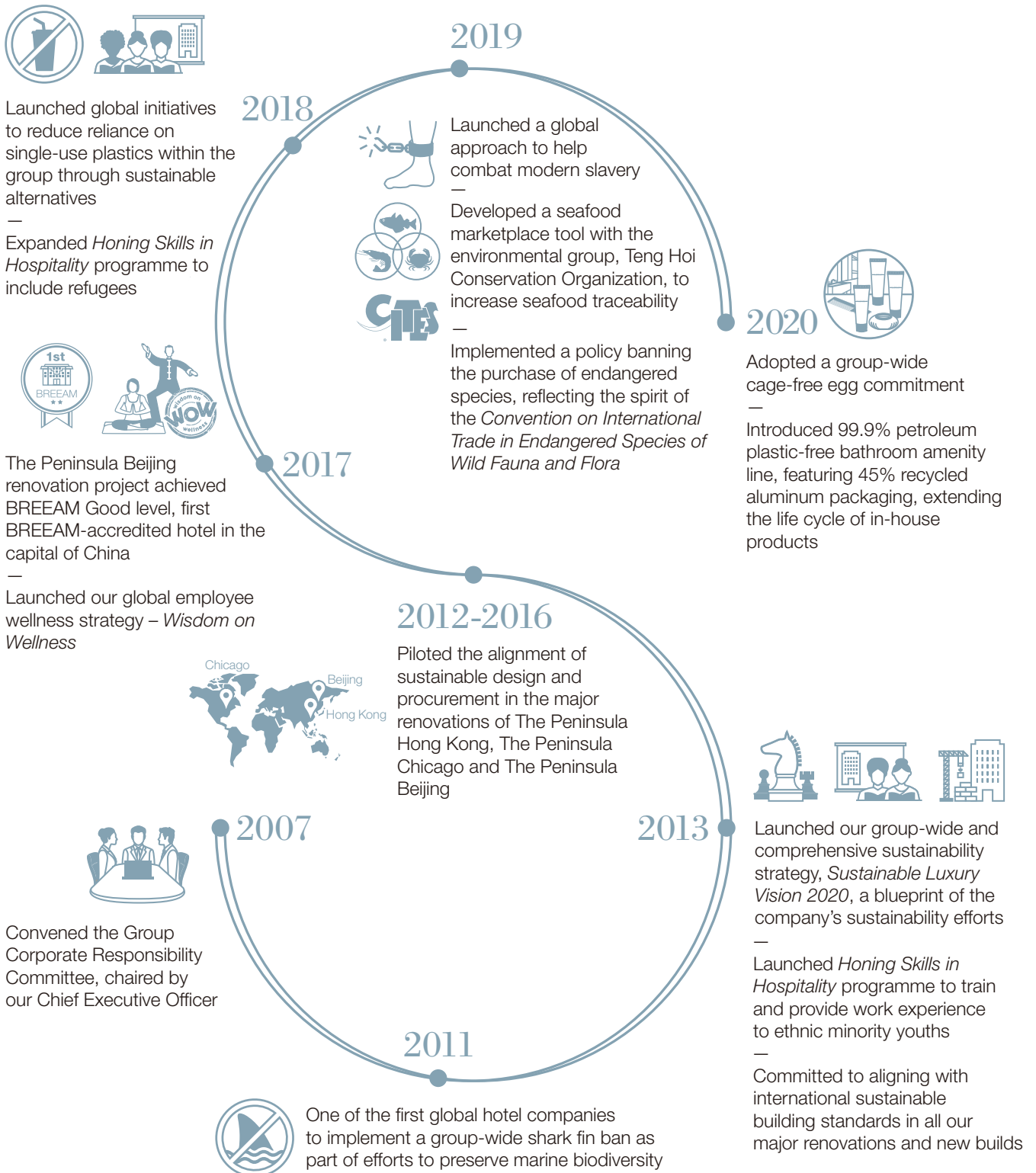


## ABOUT THE COVER

As a company with a heritage of more than 150 years, we have had to adapt, innovate and find creative solutions when overcoming adversity. Taking into account the significant challenges we have faced in recent years and the need to adjust our group-wide strategy to evolve with the changing needs of our industry and our local communities, we have enhanced and updated our Vision for Sustainable Luxury, which we have named *Sustainable Luxury Vision 2030*. Our Guests, Our People, and Our Communities remain at the core of our business, and together, our objective is to build a better future.

# OUR SUSTAINABILITY JOURNEY

The global pandemic has had a significant negative impact on our operations throughout 2020. This impact means that our Corporate Responsibility and Sustainability (CRS) metrics for the year are skewed. However, despite these operational challenges, we are proud to have achieved over 91% of our goals at the time of completion of *Sustainable Luxury Vision 2020*. Below are some highlights since we began our journey to sustainable luxury in 2007. A summary of our *Vision 2020* commitments and progress based on the assessment of our pre-COVID performance and 2020 performance can be found on p.3.



# OUR SUSTAINABILITY COMMITMENTS

## OUR GUESTS

- ✓ Expand customer base by providing facilities and services that cater to their ever-changing needs; multigenerational travellers; sustainable meeting options; rejuvenate *Naturally Peninsula*
- ✓ Engage customers in activities related to heritage preservation / nature conservation
- Improve utility resource use while not compromising our luxury/service standards:
  - ✓ 25% energy intensity; 30% carbon intensity; 10% absolute carbon emission
  - 25% water intensity (hotel); 25% wet waste intensity (2012 baseline)
  - 25% water intensity (CP); 25% dry waste intensity (2012 baseline)
- ✓ In water stressed regions, support initiatives that increase water efficiency
- Achieve a majority of excellent-good ratings in IAQ assessment
- ⏸ Achieve 60% waste diversion rate
- ✓ Implement robust food safety management system, including achieving *HACCP* or appropriate certification
- All new build and major refit projects meet the relevant international sustainable building standards

## OUR PEOPLE

- ✓ Strengthen executive and leadership development and build a robust succession planning framework for senior leadership
- ✓ Provide learning and development opportunities on CRS issues and topics to all staff in a relevant manner
- ✓ Maintain zero work fatality
- ⏸ Maintain zero incidents resulting in total permanent disability
- Minimise OHS incidents by implementing robust safety management systems referring to relevant international standards or others where appropriate



## OUR CITIES

- ✓ Contribute 100,000 hours of community service with 10% of employees engaged
- ✓ Develop group-wide community investment programmes to be implemented at all HSH operations
- ✓ Enforce shark fin ban and remove critically endangered species in our F&B offerings
- ✓ Procurement contracts comply with HSH Supplier Code of Conduct and verified by sample audit
- These products to come from sustainable materials/certified sustainable/ethical sources where relevant:
  - Paper
  - Tea, coffee, chocolate
  - ✓ Guestroom amenities
  - ✓ 50% cleaning products
  - ✓ source 50% of perishables locally or regionally



✓ Achieved

➤ In Progress

⏸ Behind Plan

As *Sustainable Luxury Vision 2020* drew to a close, we launched *Sustainable Luxury Vision 2030*, a more ambitious and comprehensive 10-pronged approach to conducting business sustainably, which we believe will benefit our guests, communities, and the planet. More details of our new sustainability strategy can be found on p.8-9

# A DECADE OF CRS INITIATIVES AT A GLANCE

## 1 Employees

We recognise that our people are our most valuable assets and we ensure that we take care of them as best we can, during both good and challenging times. While we unfortunately suffered layoffs and furloughs, in 2020, voluntary staff turnover reduced by 3.4 pp; injury rate and lost day rates were down by more than 30%

- Holistic employee health focused programme – *Wisdom on Wellness*
- Global roll out of *Employee Assistance Programme*



## 2 Waste Management

We are committed to managing our waste properly and implementing the philosophies of circular economy. Wet waste to landfill or incineration intensity reduction at 22.8% compared to 2012 baseline

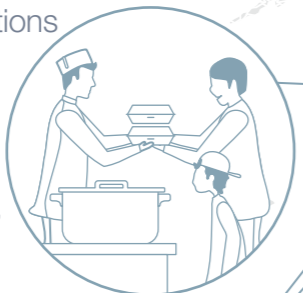
- The Peninsula New York – Food digester to repurpose waste/mitigate waste sent to landfill
- The Peninsula Hong Kong – Food donations to local charities, helping nourish the elderly and underprivileged families



## 3 Community Volunteering and Donations

Since our reinforced stance on community development back in 2013, our employees have engaged in community work extensively, totalling upwards of 116,000 cumulative volunteer hours since then.

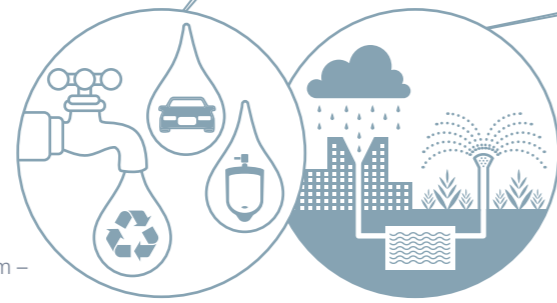
- Launched Meal-for-Meal programme in all hotels, over 160,000 meals (valuing at upwards of HK\$2.9 million) provided to nourish the neediest in the communities where we operate



## 4 Water Efficiency and Recovery

Prior to the impacts of COVID-19, we were on track to meet our water target set for the hotel division and Tai Pan Laundry, and only slightly away from meeting the target for our commercial properties thanks to various water management initiatives

- Water flow rate review in our hotels
- The Peninsula Beverly Hills – Waterless urinals; waterless car wash
- The Peninsula Bangkok and The Landmark Vietnam – Wastewater treatment facility, using treated water for irrigation
- The Repulse Bay – Rainwater harvesting system for irrigation



## 5 Sustainable Building Design Standard and Room Design

Implementing internationally recognised sustainable building standards, BREEAM and LEED certifications in our major renovations and new builds

- The Peninsula Beijing – BREEAM Good Level
- Continue to be on-track to achieving BREEAM certifications in our new hotel projects in London, Istanbul and Yangon



## 6 Community Investment

Continued implementing community investment programmes such as job training, internships, livelihood programmes and long-term partnerships with charities supporting some of society's under-served groups

- The Peninsula Shanghai and Beijing – Job training and internship under a partnership with the Sir Horace Kadoorie Youth Development Centre for at-risk and underprivileged youth



## 2 Waste Management

We are committed to managing our waste properly, implementing the philosophies of circular economy. Diverted nearly half of the waste generated in 2020

- Introduced 99.9% petroleum plastic-free bathroom amenity line
- The Peninsula Tokyo – first hotel in Tokyo to start the Clean the World soap and bottled amenities recycling project



## 7 Energy Efficiency and Renewable Energy

Through the implementation of significant energy-saving initiatives we were able to meet our carbon target earlier in 2019 prior to the pandemic and only slightly away from our energy target.

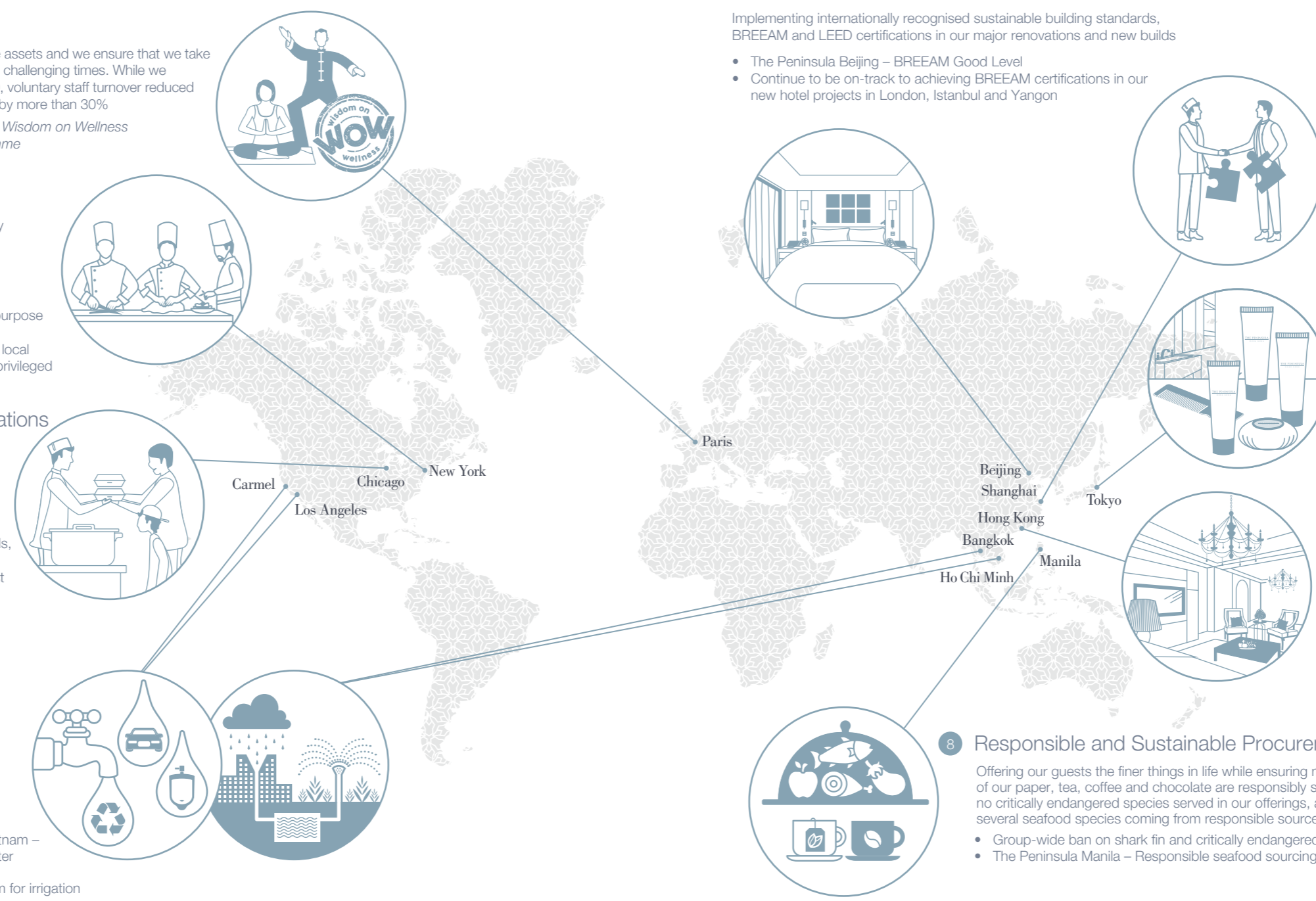
- Group-wide LED lamp replacement at back-of-house area
- The Peninsula Hong Kong – Building re-commissioning project; energy efficient air handling units
- Quail Lodge and Golf Club – Solar farm



## 8 Responsible and Sustainable Procurement

Offering our guests the finer things in life while ensuring majority of our paper, tea, coffee and chocolate are responsibly sourced, no critically endangered species served in our offerings, and several seafood species coming from responsible sources

- Group-wide ban on shark fin and critically endangered species
- The Peninsula Manila – Responsible seafood sourcing with artisanal fisheries



### 2 Waste Management

- *Clean the World* soap upcycling and bottled amenities recycling
- Food waste to compost (Paris, Quail Lodge)
- In-house food digester (Tokyo, New York)
- Bed linen upcycling (Hong Kong, Manila)
- Oyster shell recycling project to re-build oyster reefs (The Repulse Bay)

### 4 Water Efficiency

- Water efficient shower heads, dual-flush toilets, sensor-faucet application
- Sand bottle displacement to reduce toilet flush volume
- Low temperature in-house laundry
- Self-closing faucets in Chinese kitchen (Hong Kong, Shanghai)
- Water efficient laundry operation using tunnel washer (Tai Pan Laundry)
- Underground water for golf course lake and irrigation (Quail Lodge)

### 5 Sustainable Building Design

- The Repulse Bay: LEED Gold for de Ricou
- 21 Avenue Kléber: HQE and BREEAM Excellent
- Sustainable wood (Hong Kong, Beijing, Chicago)
- Minimal to no hazardous chemicals within indoor environment such as VOC and PVC in paints, adhesives, wall coverings, fabrics and carpets; Wall coverings made of 10% recycled content; Carpet from 80-100% wool, a natural resource (Beijing, Chicago)

### 7 Energy Efficiency and Renewable Energy

- Energy audits for 14 properties
- Building re-commissioning (Hong Kong, Chicago, Manila)
- Energy efficient equipment in all properties
- Tesla and Pen Cycles (Tokyo)
- Electric vehicle charging stations

### 3 Community Volunteering and Donations

- Starts from the Tree Festive season fundraising for local charities to support youth development (Hotels)

### 6 Community Investment

- Job training and internship programme *Honing Skills in Hospitality* (Hong Kong, Paris, Chicago)
- Livelihood programme and The Peninsula Village in Leyte (Manila)
- The Night Ministry to distribute food to homeless and at-risk LGBT youths (Chicago)
- Bread and Roses to support local homeless community (Beverly Hills)
- *Onigiri Project* supporting orphaned children and elderly (Tokyo)

### 8 Responsible and Sustainable Procurement

- Several restaurants offering organic vegetables, cage-free eggs and free range chicken options
- Sustainably sourced caviar (Shanghai)
- Rooftop or Urban farms (Beverly Hills, Paris, Shanghai, New York, Bangkok)

### 1 Employees

- *WorkPlace 2025*
- E-learning system in place called Learning KEY
- Management training programme
- Occupational health and safety management programmes

## OUR SUSTAINABILITY VISION

In a world where things come and go in the blink of an eye, longevity is a luxury.

We have been in business for over 150 years, and we hope to continue doing so for the next 150 years and beyond. Looking to the future, we continually ask ourselves what lasts, what endures and how we can safeguard the things that really matter. 2020 was a year which accentuated the need for long-term planning to help us safeguard our business against future volatility and unpredictable challenges, such as the COVID-19 pandemic.

Conducting our business with integrity, respecting history and heritage, maintaining the best brand and reputation, and ensuring future generations inherit a portfolio of the highest quality assets requires us to adopt a long-term lens in our decision-making. This means doing more than just the bare minimum and striving to set an example globally by meeting and exceeding society's evolving expectations.

We believe that our business thrives when our people and communities do. We aim for our businesses to have a positive social, economic and environmental impact on the local communities and the wider societies in which we operate. Taking care of our people and the world around us, not only for today but also for the future, is simply the right thing to do.

We recognise that there could be a perceived contradiction between the traditional idea of luxury and the principles of sustainability. While delivering on this can be challenging, we know it is possible, and we aim to make sustainability part of the appeal of our luxury offering. To us, "sustainable luxury" has become an integral part of our long-term mindset. We aim to offer the best service that is sustainable, thoughtful and purposeful, while ensuring we meet the needs of our guests and customers.

As we write this report amidst the global pandemic, many industries have faced catastrophic downturns. Overall carbon emissions briefly decreased as a result of lessened production and mobility in the first half of 2020. Yet, greenhouse gas emissions have since rebounded, as markets attempt to recover. In addition, 2020 saw devastating fires in the Americas and Australia as well as burgeoning civil unrest in all corners of the world. However, similar to the hope garnered by the successful development of several COVID-19 vaccines, we also see reasons for hope in relation to climate change: 2020 saw a mass adoption of plant-forward diets, greater awareness of the importance of personal physical and mental health, and a need to better understand the provenance of the materials and ingredients we use.

As stewards of our communities, we want to do our part to build on the progress we have made and be prepared to face the future challenges. We take this report as an opportunity to reflect on our sustainability journey in the past decade, while putting forward our plans to deliver on sustainable luxury in the next 10 years.

### Completion of Sustainable Luxury Vision 2020

Looking back on our achievements: in 2013, we formalised our sustainability strategy known as *Sustainable Luxury Vision 2020 (Vision 2020)*. In 2017, to effectively deliver our *Vision 2020*, we revamped our approach to focus on the three key stakeholders central to the success of our business: *Our Guests, Our People and Our Cities*.

By the end of 2020, over 91% of the goals set in 2013 were on track to be achieved. Some key group initiatives that have been recognised internationally include the industry's first shark-fin ban, alignment of our new developments and renovations with international sustainable building certifications, and our single-use plastic transition. Throughout the years of implementing *Vision 2020*, we learned to recognise the systemic and multi-dimensional nature of sustainability issues, and we experienced challenges regarding a number of our commitments. These challenges include, for example, the lack of waste management infrastructure in specific countries, the low monetary value accorded to resources such as water, energy and waste management, and impacts related to a changing climate that leads to unplanned and increased energy and water usage in some locations. In 2020, due to the reduction and closures of our operations as a consequence of COVID-19, some of our key indicators became inaccurate measures of performance, being skewed positively or negatively. This was because a number of these indicators are based on operational metrics such as guests per night. We provide a more detailed explanation in the relevant sections of this report, including a pre-COVID-19 discussion of our performance for reference.



### *How we create value*

The Hongkong and Shanghai Hotels, Limited (HSH) is the owner-operator of The Peninsula Hotels, luxury commercial and residential properties, and provides club management and other hospitality-related services. While our business model is capital intensive, it allows us to have control over the timing of investments ensuring that we deliver a high quality, consistent and bespoke experience to our guests, corporate clients and tenants. Over the long term, we seek to create shareholder value from the appreciation in capital value of our properties and the increasing operating yield as the asset continues to grow its income over time. We develop and operate our properties by embracing the local culture, style and history of the host country or city. It is important that the guests' experience forms an integral part of their overall experience of the country they are visiting. We ensure our properties are relevant in terms of design and features through constant upgrades, and consistently look for opportunities to enhance our offerings and services, which will in turn, generate brand value over time. Central to our success is hiring, training and retaining the right people, a majority of whom are local, and are instrumental in shaping the experiences of our guests. As our properties are usually located in a historical part of the city and at the heart of a vibrant community, we generate value for the surrounding districts and businesses close to our hotels and properties by attracting customers, further contributing to the local economy.



## Sustainable Luxury Vision 2030

Moving beyond 2020, we have developed our updated sustainability strategy, which we call *Sustainable Luxury Vision 2030 (Vision 2030)*, with a focus on further business integration and using a regenerative and proactive approach. Our new strategy will leverage the strengths of our business, focusing on issues requiring significant and urgent attention, scaling positive benefits from our offering, while effectively reducing our impact.

As we seek to deliver sustainable luxury and follow on from the groundwork laid by *Vision 2020*, the key topics which we think will have the most impact on business and the societies in which we operate, and which we address in *Vision 2030* are:

- diminishing natural resources such as energy, food and water;
- climate change; and,
- growing social and political instabilities and inequalities.

We will seek to address these interlinking issues and pursue our *Vision 2030* by focusing on our three stakeholder pillars of (i) enhancing our guest experience, (ii) empowering our people and (iii) enriching our communities, underpinned by the 10 key commitments as set out in our vision.

### Our Guests: Enhancing our guest experience

To uphold our commitment of enhancing guest experiences, we look to provide a luxurious experience to all who come through our doors while creating a positive impact on them and the world around us. This means holding ourselves accountable for reducing our environmental footprint across our operations, while setting our sights to use regenerative processes and renewable sources in our portfolio to support our business' transition in a low carbon economy. In particular, we will be addressing our stakeholder's expectations of us by setting science-based targets, undertaking holistic water assessments, and promoting a circular economy in the coming decade.

HSH recognises that we also have a role to play in effecting change among our stakeholders. We aim to influence across our supply chain by responsibly sourcing key products and services in alignment with our sustainability standards. In our properties, we will continue to promote and increase sustainability awareness with our guests and customers through knowledge sharing and providing in-person experiences connecting them with nature and local cultures.

### Our People: Empowering our people

At HSH, we acknowledge that our people are our most valuable asset. It is important to us that our employees feel valued, heard and respected. Taking this to heart, HSH will continue to listen and respond to their needs, with the aim of empowering our people in the workplace such as launching our *WorkPlace 2025* programme which aims to modernise our workplace in response to our employees' changing needs. We will continue to be transparent and honest, committing to fair compensation for all our employees. This also means promoting a safe and inclusive workplace where our employees can thrive regardless of their gender, race, age, sexual orientation, disability and culture. We are also expanding our focus on employee health and safety to take a more holistic approach in supporting both the physical safety as well as overall wellness of our staff.

### Our Communities: Enriching our communities

Our communities are our homes – where our communities thrive, we thrive. As we step into the new decade, HSH continues to renew our commitment to creating shared positive and sustained value to the communities we belong in.

*Vision 2030* will continue to guide our efforts in engaging with our local communities in meaningful ways, moving away from monetary-based to outcome-based community investment. We commit to prioritising our efforts in supporting the most vulnerable and under-represented populations in our communities in ways that will create long-term impact on their lives.

At HSH, we acknowledge that more minds are better than one in solving some of the most pressing issues we face. Moving into *Vision 2030*, HSH commits to forging partnerships and collaboration with like-minded businesses to push for sustainable change together. This also means leveraging our business and relationships along the supply chain to help raise the standards of our suppliers by continuous monitoring and engagement.

### Equipping Vision 2030 to Prepare HSH for the New Horizon

HSH has evolved over the years, in line with the objectives set out in our *Vision 2020*. Yet the rapid changes in climate, the unprecedented spread of COVID-19 globally, as well as increasing inequality and division in societies also indicates that the world is unpredictable and constantly changing.

*Vision 2030* seeks to harness HSH's achievements and lessons from the past decade, to build a strong foundation which will enable our business to remain resilient and unwavering in our commitment to enhance our guests' experience, empower our people, and enrich our communities, no matter what challenges we may face in the future.

# HSH CRS Vision 2030

## Delivering Sustainable Luxury



1 Use resources efficiently, transitioning our operations to a low carbon economy



2 Develop and operate sustainable properties



3 Eliminate food waste, hazardous waste and minimise non-recyclable items



4 Responsibly source key products and services



5 Promote sustainability initiatives to increase awareness with guests and customers

**OUR GUESTS**  
Enhancing our guest experience



6 Continue to provide a productive and sustainable workplace for our employees



7 Ensure a safe environment for our employees

**OUR PEOPLE**  
Empowering our people



8 Support the neediest by utilising the group's resources and capabilities



9 Increase supply chain visibility on responsible sourcing for our high-risk suppliers



10 Influence and collaborate to find solutions with other stakeholders

**OUR COMMUNITIES**  
Enriching our communities

## OUR SUSTAINABILITY VISION

*"I am heartened to see how far we have come from since we began our formal corporate responsibility and sustainability journey in 2007, to the culmination of our Vision 2020 strategy. But with rising environmental and social risks coming to the fore, there is still so much to do. With the launch of our Vision 2030, it is our aim to deliver on sustainable luxury in all parts of our business. Taking from the three stakeholder pillars: enhancing our guest experience, empowering our people and enriching our communities which is underpinned by our 10 commitments addressing our key priorities of natural resource protection, climate change response and closing inequality gaps, we are strongly committed not only to doing our part, but also doing what it takes to ensure that the environment and the communities around us thrive. We recognise that there is no strong economy, without a healthy planet and a just and fair society."*

– Clement Kwok, CEO



### Governance on CRS

We regard the integration of sustainability as a sensible and necessary strategy that benefits the overall value of the group in both the short and long term. Through the initiative of our Chief Executive Officer (CEO), Mr Clement Kwok, we developed our approach to sustainability, with the oversight and support of our Chairman, The Hon. Sir Michael Kadoorie and our Board.

The Group Corporate Responsibility Committee (GCRC), chaired by the CEO, has been given responsibility by the Group Management Board (GMB) to manage all aspects of the implementation of our sustainability approach. GMB, also headed by the CEO and comprised of other group executives and senior management, is the principal decision-making body responsible for management and day-to-day business of the group. The Board oversees the management of sustainability issues through regular engagement and updates from GCRC. While we do not have a separate sustainability committee at the board level, throughout the year, the Board, its committees and interested Board members review the Group's sustainability approach, strategy and performance. In 2020, the following CRS topics were discussed at Board level: Annual CRS Report, *Vision 2020* performance, sustainability communications, *Vision 2030* strategy, materiality process and results (refer to p.12) and a statement on preventing modern slavery. Specifically, on our *Vision 2020* progress, the Board is provided with a yearly update, with the Executive Committee receiving reports on our progress including commentary on a quarterly basis. This approach will continue for *Vision 2030*.

To enable the integration and cross-functional implementation of sustainability into the business, the GCRC is comprised of Group Champions, who are the functional heads representing different aspects of the business including finance, human resources, operations, legal, corporate affairs, sales & marketing and projects. The GCRC is supported by the Corporate Responsibility and Sustainability (CRS) Department, spearheaded by the Head of CRS, who reports directly to the CEO, to coordinate and formalise sustainability efforts across the Group. The Head of CRS regularly reports to the Board and GMB and updates the Group Risk Committee on environmental and social risks related to the business. The Head of CRS also coordinates CRS-related risk mitigation actions across the Group. Depending on the severity of these risks, these can be escalated to the Audit Committee and the Board for reference or action.

At the local level, each operation has its own committee chaired by either the General Manager or the Hotel Manager, the most senior people in the local operations; with champions comprised of functional or department heads. They meet regularly to develop and implement action plans and strategies pertaining to our commitments.

 [Learn more about our CRS Statement of Approach.](#)

## THE BOARD

### Board of Directors

- Oversees management of CRS issues;
- Reviews and provides final approval for CRS approach, strategy and performance at least once a year



### GROUP LEVEL

#### Group Management Board

- Principal decision making body on CRS decisions and direction

#### Group Corporate Responsibility Committee

- Chaired by CEO;  
Supported by Head of CRS and *Vision 2020* Group Champions
- Implements and manages CRS performance

### OPERATION LEVEL

#### Local CRS committee

- Chaired by General Managers or Hotel Managers;  
Supported by functional or department heads
- Implements CRS programmes and action plans

Below is a summary of the elements of our approach to managing sustainability issues:



### User-friendly guidance: CRS Concierge

To ensure that the sustainability guidelines outlining implementation of our sustainability strategy was user-friendly and practical, simplified decision trees were developed with Group and local champions. These decision trees were compiled into one document called *CRS Concierge* as a one-stop resource for all sustainability guidelines – covering issues from sustainable sourcing to single-use plastics transition and community development. In 2020, this document went through a review process and will be updated to include our commitment on animal welfare issues and *Vision 2030*. We are set to roll out this new document across our businesses in 2021, and will continue to regularly update this resource with feedback from our colleagues.

## STAKEHOLDER ENGAGEMENT AND MATERIALITY

Engaging and responding to our stakeholders is a key part of our overall governance and management approach. We regularly engage a broad set of key stakeholders to gauge how we can appropriately respond to their needs – from employees, customers, regulators, lenders, shareholders and investors, non-governmental organisations, media and others. It is important for us to capture and understand how their views change and ultimately how we can implement improvements to the business.

While we receive feedback on sustainability issues through processes embedded in our day to day operations, we also conduct sustainability engagements with key stakeholders. In 2020, this engagement included webinars and calls with executives and sustainability committees in our global operations, as well as discussions with several non-governmental organisations, think tanks, sustainability experts and regulators. The results of our engagements were channelled into a materiality exercise for this report, our implementation of *Vision 2020* and the *Vision 2030* strategy.

 [Read our overall stakeholder engagement in p.85-86](#)

### Key Sustainability Issues from Stakeholders

Top Issues Raised	Raised by Stakeholders	Our Actions in 2020 (please refer to)
Engage and communicate to guests and wider audience regarding sustainability efforts and performance	Guests, Employees, Community and NGOs, Financial Analysts and Investors	Our Guests – Guest Experience Our Cities – Supply Chain
Responsible sourcing and effective use of natural resources; perception of conflict between luxury and sustainability	Guests, Employees, Community and NGOs, Financial Analysts and Investors	Our Guests – Operations Our Guests – New Build and Refit Our Cities – Supply Chain
Inspire and collaborate with others to work on sustainability	Guests, Government and Regulators, Community and NGOs Media	Our Cities – Supply Chain
Making a real difference within the local communities we operate in (diversity, inclusion, inequality)	Employees, Government and Regulators, Community and NGOs, Media	Our Cities – Community
Climate change adaptation	Employees, Community and NGOs, Financial Analysts and Investors	Our Guests – Operations Our Cities – TCFD Disclosures
Safety and security for both employees and guests	Guests, Employees, Media	Our People – Health, Safety and Security

### Identifying, Prioritising and Addressing Material Issues

The identification and prioritisation of significant issues, known as our materiality approach, provided the foundation for and continues to shape the implementation of our sustainability strategy and considered the views of our stakeholders and their differing, and sometimes competing, interests.

In 2017, we implemented a revised approach to identifying material issues. We mapped out a list of issues based on a review of publications on risk and sustainability related to our industry from leading organisations such as the World Economic Forum and the World Travel and Tourism Council. In 2018, we enhanced our materiality approach through additional engagements, undertaking a value chain assessment to clarify our overall impacts and identifying common and shared topics among ourselves and key stakeholders for further prioritisation. In 2019 and 2020, we included key topics from this year's stakeholder engagements and any new findings from the publications we reviewed in previous years.

The materiality list outlines three themes of sustainability topics, starting with topics that relate to the foundations of who we are as a company, next looking into topics that link to our overall strategy and lastly, new and specific topics from our assessments in 2020. This list aided in the development of *Vision 2030* which also aligns with the recommendations of globally respected organisations such as the World Economic Forum, World Travel and Tourism Council, Forum for the Future, Business for Social Responsibility and the United Nations Sustainable Development Goals. As well, considerable engagements, presentations and workshops were held internally from 2018 to 2020 for HSH colleagues and externally with our key stakeholders such as industry peers, corporate customers and relevant organisations to help shape *Vision 2030*.

This principle-based approach enables us to operate in a manner that aligns with our values, while remaining committed to delivering on our strategy and being agile as we respond to emerging topics. We believe this approach to materiality demonstrates that it is not a static document only for reporting purposes, rather that it guides our approach to embedding sustainability into the business.

In 2020, we continued to link our stakeholder engagement and materiality findings to our risk management process with collaboration between the CRS and Audit & Risk Management Departments. Due to this collaboration the following trends and risks including the rising impact of environmental and social issues to the business such as the climate crisis, social and political instability and decreasing natural resources were given Board level visibility. These trends and risks were presented and discussed regularly not only at the Group Risk Committee, but also at the GCRC on a quarterly basis.

As part of our bi-annual risk matrix exercise, each operation also identified local environmental and social risks with mitigation measures. The most common risks ranged from climate change impact, political and social unrest and instability, energy and water efficiency and availability, evolving stakeholder expectations on CRS issues, and increasing regulation on CRS topics.

 [Read our risk management approach on p.124-128](#)



## Sustainable Luxury Vision 2020

### Delivering our sustainability strategy

Guest experience; operations – energy and water use, waste management, new build and refit

Governance and management; attracting and retaining employees engagement; occupational health and safety

Sustainable supply chain; community contributions



### OUR GUESTS



### OUR PEOPLE



### OUR CITIES

## 2020 Specific Topics

### Responding to change

Guest engagement and communications; sustainable property designs and operations; water stress; single-use plastics and food waste

Enhanced sustainability education; diversity and inclusion; physical and data security

Outcome-based community investment; supplier and peer engagement; income inequality (fair trade); human rights; climate change adaptation; animal welfare

## Remaining True To Our Foundation

### Timeless issues aligned with our core values

- Integrity, transparency and accountability
- Uncompromising quality and attention to detail
- Respect for our heritage and longevity of our business

# OUR GUESTS



We believe our guests are thoughtful citizens of the world. They are evolving with the times and we know that every decision we make – from the way we design our buildings to the way we make our beds – enhances their experience with us. This is why we curate an experience around our guests’ needs, while not compromising on the wellbeing of people, our communities nor the environment. We want to make their stay with us, as much a positive impact on them, as for the world around us.

## Guest Experience

The hotel business is more art than science; we accommodate and care for our guests, but to be truly exceptional these services must come from the heart. We believe that keeping the human touch in our services is the greatest luxury we can give our guests.

We aim to offer guests memorable experiences through our high-quality products and dedication to personal, warm and genuine service.

## Our Approach

Our hotels and properties are designed to reflect the unique cities we operate in and we strive to embrace the local culture, style and history of these cities. It is important that we embed our operations deeper into the life of the community we serve. We are committed to refining luxury in tandem with the evolving needs of our guests – such as groups with multigenerational travellers and the changing expectations of all our guests and clients. In 2019, with the increasing interest of guests in our sustainability efforts, we unveiled our sustainability video in-room and on our social media channels; as well as a dedicated page on The Peninsula Hotels website, all receiving positive feedback from our guests and followers. We continued to provide this information in 2020.

### ***We are committed to promoting the rich and vibrant cultural aspects of our destination cities***

We offer guests sustainable experiences through several events and initiatives in our operations through *The Peninsula Academy*, a selection of inspired, bespoke experiences that aim to immerse our guests in our local communities. For example, the lantern-making activity at The Peninsula Hong Kong is unique and iconic to the city's many cultural festivities and celebrations. Under the guidance of a lantern master, guests make their own lantern creations modelled after a signature Peninsula Page hat. They also learn about the tradition's history and take a tour inside an original paper craft and joss paper shop. While at The Peninsula Beijing, their kite flying activity highlights a beloved Chinese tradition. Under the guidance of the kite master, guests make animal-shaped kites from bamboo, paper, silk and rattan which are then flown at the nearby Temple of Heaven Park, allowing our guests to experience this unique local tradition.

The *Eight Loves of The Peninsula* is a global collection of curated experiences aimed at rejuvenating the sense of travel and discovery throughout the pandemic for our local staycation guests. The Eight Loves: Food & Drink, Art, Fashion & Culture, Exploration, Transport, Wellness, Entertainment and Community, are each personalised experiences allowing our guests to rediscover the cities they call home. For hotels that were closed for extended periods, we will resume these bespoke local experiences for our guests again when our doors re-open.



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### **Over 25**

Environmental, art and heritage-themed programmes available for guests under The Peninsula Academy to immerse guests on the biodiversity and culture of our cities.

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### **Globally recognised**

The Peninsula Hong Kong has continued on its sustainability journey and has achieved Silver Certification under the EarthCheck programme in 2020. The Peninsula Chicago and the Peninsula Tokyo remain at Gold level and Peninsula Paris and New York remain at Silver level that were achieved in 2019. We continue with our commitment to achieving sustainable outcomes by all properties in the coming years.

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## Our Guests

### Operations

To deliver our products and services to high standards of luxury and quality, we rely on an array of resources ranging from the energy and water that we use, to the ingredients in the food that we serve. We consider each of these aspects to ensure that they are sustainable, cost effective and above all, beneficial to the health and experiences of our guests.

#### *Delivering Sustainable Luxury through the bespoke line of sustainable, destination-inspired bathroom amenities*

2020 marks a new distinctive line of custom fragranced, environmentally friendly bathroom amenities to be enjoyed by our guests. Partnering with La Bottega, the new signature line is made with natural ingredients and aromatic essences. All are vegan, gluten-free, soy-free & free of any harmful chemicals. In line with our commitment to sustainable luxury, the amenities are presented in a 99.9% single-use petroleum plastic free packaging, with select containers comprised of 45% recycled aluminium, and container caps made of recyclable alloy. Amenities such as shower caps, toothbrushes and razors are now produced with more eco-friendly alternatives such as corn-starch, wheat, and wood.

In order to create a deeply distinctive sensory immersion at each stay, we commissioned the assistance of local fragrance curators – leveraging their knowledge of endemic botanical fragrances, crafting a custom scent embodying the essence of their locale and the hotel, which are then infused into the amenities. This methodical creative endeavour means our guests can rest assured that products coming in contact with their senses are of the highest standards of environmental stewardship.





### *Preparing our operations for a water-stressed future*

In the past years, we have worked diligently to improve water efficiency, from installing low-flow fittings to water efficient equipment, and utilisation of drought resistant landscaping and turf greens in our properties.

The Peninsula Bangkok continued on its water recycling efforts by recycling over 100,000 cubic metre of water each year for use in its cooling tower as well as floor cleaning, watering plants and replenishing the ponds in its gardens. Similar wastewater recycling efforts have also been implemented in The Landmark Vietnam.

In Hong Kong, rainwater is harvested and stored for landscape irrigation at The Repulse Bay during the rainy season, to reduce the demand for municipal water during the dry season. In 2020, we conducted a feasibility study on rainwater harvesting across all properties. We will evaluate the results and assess the technology available in the market for us to adapt in 2021.

### **Our Approach**

At a minimum, we comply with relevant regulations such as carbon reporting in Beijing, water savings in California, and preparing for waste charging in Hong Kong. We are also deeply committed to driving continuous improvement in other aspects of our operational performance while managing our unwavering luxury standards. Policies and procedural manuals such as the energy conservation manual, water management guide and waste management guide have been put in place. All operations across the Group provide regular sustainability performance reports which are reviewed by the GCRC, with the Group Chief Engineer leading technical management inspections approximately twice per year.

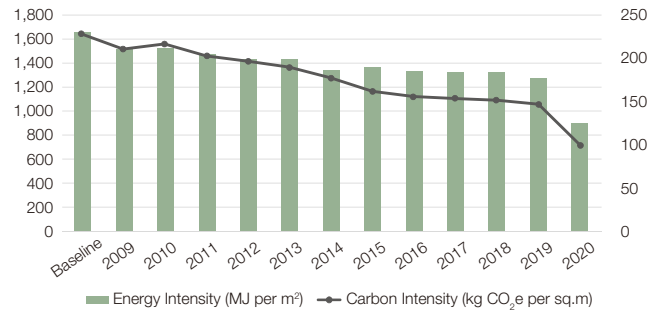
## Our Guests

### Energy Efficiency and Carbon Footprint

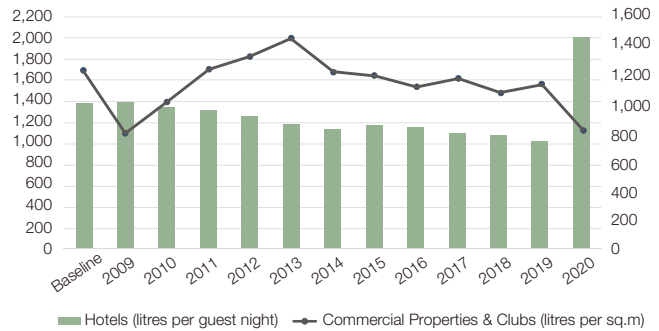
Due to the slowdown of our businesses globally during the pandemic, overall energy intensity dropped significantly by 46.7% from baseline and a 30.4% decrease from 2019. As a result, the absolute emissions recorded across our portfolio also saw a significant decrease of 40.7% compared to baseline. Despite the skew in our energy and carbon footprint due to this year's operational challenges, we still observed consistent progress on energy and carbon reduction since the launch of *Vision 2020*. We were able to meet our carbon target earlier in 2019 prior to the pandemic and only slightly away from our energy target. We will continue to work on this throughout *Vision 2030*.

At the beginning of the implementation of our *Vision 2020* strategy in 2013, we began to undertake our LED lamp replacements starting with our back office operations, and by 2020, most of our guestrooms. Although LED replacement projects can be an effective measure for cost and energy reduction, it has been an area where we tread with great caution. Lighting is a core component for creating a luxurious environment for our guests and enhancing the character of our hotels. Extensive trials were conducted before introducing these LED lights into guest areas.

Group Energy and Carbon Intensity



Group Water Intensity\*



\* Water Intensity of Tai Pan Laundry (15.4 litres per kilogram washed) is excluded as its intensity is measured on a different metric from that of commercial properties and clubs.





We were also able to implement a number of significant energy-saving initiatives, such as the building recommissioning of The Peninsula Hong Kong, application of high-efficiency oil-free type chiller system for The Repulse Bay and The Peak Complex, installation of a Chiller Optimisation System for The Peninsula Hong Kong and The Peninsula Manila, a new building automation system at The Peninsula Beijing, and the installation of a solar farm in Quail Lodge & Golf Club.

### Water Efficiency and Recovery

Water remains an undervalued resource with costs still not reflecting its true value, making it a continuous challenge to prioritise investment due to long payback periods. Throughout the years, we have continued to investigate the key factors of improving water efficiency in our operations which included behavioural and operational process changes, assessing drought risk and installing water efficient equipment such as flow restrictors. For *Vision 2030*, we will continue to work aggressively to achieve a further decrease in water usage despite the lack of monetary incentives.

Due to the impact of the global pandemic and similar to energy and carbon, our water performance in 2020 was also skewed. Prior to the impacts of COVID-19, we were on track to meet our water target set for hotel division and Tai Pan Laundry, and only slightly away from meeting the target for our commercial properties. Yet in 2020, water intensity levels recorded for the hotel division increased by 98.2% compared to 2019 and 46.4% from baseline, as the number of guest nights (the denominator for our hotel water intensity indicator) dropped at a larger scale than our water demand. On the contrary, water intensity at our properties decreased by 9.3% from 2019 and reduced by 27.3% from baseline. This was due in part to the partial closures of our commercial properties. Tai Pan Laundry's water intensity, using a different parameter of litres per kilogram washed, increased by 13.2% compared to 2019 mainly due to business downturn whereby large volumes of water continued to be used for smaller laundry loads. Considering that water has been an important component to keep up with the necessary hygiene requirements across our businesses during the pandemic, we expect our water usage will continue to be skewed until normal operations fully resume. (Refer to chart p.18 for year-on-year water performance)

## Our Guests



In the past few years, our work on water efficiency has contributed towards mitigating drought risk. We reviewed water flow rate across our hotel operations and installed low-flow sanitary fittings and faucet applications where possible. Low temperature washing has been implemented in five of the seven hotels where we manage laundry to reduce our energy and water consumption, coupled with using biodegradable chemicals, help to maintain our standards for luxury. Our operations in California, The Peninsula Beverly Hills and Quail Lodge & Golf Club, led the way with the implementation of a number of water savings initiatives that ranged from water-efficient irrigation systems, reducing volume in our water flushing tanks, utilising drought resistant landscaping and turf greens, as well as implementing no-water urinals and carwash.

We also seek to reduce the stress on municipal water sources by utilising wastewater from our operations and recycling captured rainwater. Yet, we recognise that looking just within our own operations is no longer enough. We continue to support local and regional efforts to raise water awareness and find broader solutions, notably by convening sessions with China Water Risk in 2018. In 2019, we became a signatory of *We Mean Business*, signing up to its commitments on water stress, climate change policy and in 2020, its science-based targets. We are committed to continuing this work in the next few years as part of *Vision 2030*.

### Indoor Air Quality

In 2020, the majority of our operations achieved a combination of excellent-good ratings for our indoor air quality. We installed specialised filters, low chemical fittings and furniture, and conducted regular maintenance of ventilation systems to maintain good indoor air quality. Previously, the Kaleidoscope Lab, an HSH mentorship-driven initiative collaborated with ASA Innovation & Technology (ASA) to develop air purification and microbial filtration solutions, with the end goal of mitigating airborne diseases through successful integration in our heating, ventilation, and air-conditioning (HVAC).

### *Finding synergies to support social issues while moving towards a circular economy*

Though our mooncakes have long been famed for their flavour and celebration of Chinese heritage, it has in recent years been spotlighted for another unique characteristic – its involvement in sustainable initiatives. Beginning with a lightweight, reimagined packaging, we proceeded to replace the majority of the plastic components with sustainable cardboard alternative, except parts that are essential in ensuring high food safety standards.

We then launched our global mooncake box recycling initiative in 2019. Through incentives and the goodwill of our guests, we collected over 120 boxes at our pop-up sustainability kiosk in Hong Kong and found a creative way

to breathe new life into them. Working with our long-term charity partner, St. James' Settlement, a 3-in-1 board game was created, featuring Classic Chess, Checkers, and our very own Journey around Town, showcasing our historic properties in Hong Kong with fun challenges and interesting trivia, encouraging logical and interactive skills required in the Science, Technology, Engineering, and Mathematics (STEM) fields. Net proceeds from the sales of the game sets were donated to Food Angel to support their food rescue and assistance programme.

This year, The Peninsula mooncake boxes were also collected and upcycled by our recycling partner Mil Mill, turning used boxes into paper napkins which were sent to Feeding Hong Kong along with a portion of the proceeds from The Peninsula Boutique mooncake sales.

## Waste Management

The nature of our operations produces waste that needs to be effectively managed. We are committed to managing our waste properly, implementing the philosophies of circular economy – reducing, reusing, recycling and replacing valuable resources throughout our operations, where possible.

We revised our methodology on the calculation of waste intensity to properly reflect waste diversion efforts instead of total waste generation in 2018. The new metric shows waste diverted away from landfill or incineration and normalised by square metres for dry waste and per food cover for wet waste. We also revised the scope of our waste diversion metric, excluding areas not within our control. Overall, we achieved 48.8% waste diversion across our portfolio, which was a slight decrease of 2.2 pp compared to 2019 due to changes in our waste composition and disruption of waste collection services as a result of the pandemic. Looking more closely at our waste performance since the launch of *Vision 2020*, we have made good progress on diverting wet waste, with room for improvement on dry waste diversion.

Waste to Landfill/Incineration Intensity	2020	Change	2012
Dry Waste (kg per sq.m)	1.99	▼29.0% (meeting target)	2.80
Wet Waste (kg per food cover)	0.41	▼22.8% (slightly away from target)	0.53

In the past years, we continued to focus on the issue of food waste, directing our operations to divert food waste away from landfill and incineration facilities. Those efforts have paid off, as we met our *Vision 2020* target prior to the pandemic. However, we have not done as well on diverting our dry waste. In 2020, our dry waste intensity decreased by 29% against baseline mainly due to business slow down which resulted in less waste generated from guest stays. However, we are aware that the rate of dry waste sent to landfill or incinerator facilities has remained high due to a lack of options to divert dry waste with increasingly tightening waste regulations (e.g. banning recycling of certain items such as specific types of plastic in Hong Kong). We are committed to resolving this issue with our operations and waste contractors, and strive to minimise non-recyclables to landfill or incineration for *Vision 2030*.

We continue to focus on reducing food waste in our operations. Aside from offering more thoughtful portion sizes at our restaurants, we work with local partners with various upcycling capabilities, such as the production of nutrient-rich compost from food waste, as fertiliser in our gardens, or sent to local agricultural partners. We also partnered with local food banks to create meals and ingredient packs for local communities.

We also worked on minimising other waste types from entering landfills unnecessarily, such as the continuous partnership with Clean the World, where we donate soap bars and bottled amenities, with the aim of lessening hygiene-related illnesses in our local communities. Discarded linen and bed covers from The Peninsula Hong Kong and The Peninsula Manila were taken to local partners for our textile waste upcycling and recycling pilot projects (more details on p.41)

### **Making headway on our commitment: Transitioning away from single-use plastics**

With single-use plastics being the most common pollutant in our oceans, we took the lead as to implement a holistic approach to phasing out such waste, beginning with plastics straws, stirrers and other plastics commonly found in our operations. Our approach is aligned with the *Global Tourism Plastics Initiative* led by the Ellen MacArthur Foundation, the United Nation’s World Tourism Organisation and the *United Nations Environmental Programme*.

In 2020, we began to roll-out our new bathroom amenities made from recycled aluminium and petroleum free plastics. The Peninsula Paris already uses glass bottles which are then collected and reused by our supplier, and The Peninsula Beverly Hills provides bottled water made with recycled plastic, produced at a third of its initial energy cost. We are working at fully switching to more sustainable alternatives in all our operations in the next few years. We have reached more than 60% of our transition commitment. Due to the increased safety requirements on COVID-19, we had to halt the roll-out of our new bathroom amenities as several properties remained closed. This will be a priority once our doors reopen for our guests.



## New Build and Refit

Our hotels and other developments are built to appeal to a timeless aesthetic that showcases both our heritage and the traditions and culture of the cities where we operate. We aim to develop thoughtful, beautiful and sustainably designed builds that will stand the test of time.

### Our Approach

We aspire for HSH properties to be iconic, and – where possible – built from materials that are both sustainable and enduring. As such, we pay attention to design specifications and product standards in any new construction or renovation. This includes examining the fittings and furnishings to ensure that they are luxurious, and where possible, sustainable and resource-efficient.

For our hotel developments, we adopted Building Research Establishment Environmental Assessment Method (BREEAM), one of the world's leading standards on sustainable buildings, to serve as a practical guide to the integration of sustainability considerations into our properties. We also work with trusted vendors and artisans to design bespoke furnishings that meet our high-quality standards. Ideally, the materials we choose meet high environmental and safety requirements, contributing to the well-being and comfort of our guests. We aim to continue building on the research and use of sustainable materials and incorporate more recycled items into our new projects.



### Past:

Starting from 2013, our major renovations of The Peninsula Hong Kong, The Repulse Bay (LEED Gold) and The Peninsula Chicago in 2015 incorporated sustainability considerations such as sustainable wood, energy efficient fittings and a low VOC environment.

### Present:

Sustainability design standard BREEAM was implemented during the development of our properties 21 Avenue Kleber (BREEAM Excellent), and The Peninsula Beijing (BREEAM Good) since 2017. In 2020, we continue to enhance the sustainability elements of our buildings through the HSH Design Standard, applicable to all new construction and renovation projects.

### Future:

We continue to be on-track to achieving BREEAM in our developments of The Peninsula London, The Peninsula Istanbul and The Peninsula Yangon. Our new hotel in London is set to have one of the highest ratings for a hotel in the United Kingdom, while The Peninsula Istanbul will be one of the first Excellent rated hotels in Turkey, and our renovation of The Peninsula Yangon will be the first internationally rated sustainable hotel in Myanmar. The major upgrade of The Peak Tram will also include sustainable specifications for the new trams.



## Sustainable Building Design

Some detailed examples of our work in this area include The Peninsula Chicago being outfitted with certified sustainable carpets made up of natural wool fibres, meeting international standards for low emissions of Volatile Organic Compounds (VOC), and improving indoor air quality. The guestroom furniture, of which a majority is made of recycled wood and emit low VOC, was uniquely crafted within regional proximity, supporting local artisans and reducing logistical emissions. The leather used in the upholstery of the furniture equally meets international quality and environmental standards. Unlike most tanneries, our partners use water-based & water-soluble finishes which emit less VOCs as opposed to toxic processes usually seen within the industry. This results in an overall tanning process that is less water and energy intensive. Outfitted with Energy-star certified televisions and LED lights in all rooms, our guests can enjoy their stay with the comfort of knowing that we have taken the necessary steps towards being environmentally-conscious.

Using our knowledge from previous developments, The Peninsula Beijing underwent a large-scale renovation in 2017. From low VOC paints, adhesives, and carpets; to recycled material wall coverings, sustainable wood furniture, and Cradle-to-Cradle certified materials; energy efficient fan coil units and low intensity LED lights, the cumulative effort resulted in the hotel being awarded BREEAM Good, the first its kind in refurbishment hotel project in Beijing.

Located in the picturesque cove of Repulse Bay in Hong Kong, the de Ricou apartments, part of The Repulse Bay residential complex, went through a major renovation in 2013, and the building was certified with the Leadership in Energy & Environmental Design (LEED) Gold. The building is equipped with high solar reflective roof coating and double-glazed windows to ensure ambient temperature is less susceptible to fluctuations, keeping the heat out in the summer, and in throughout the winter. The use of rainwater for irrigation and wastewater for flushing contributes to a substantial reduction in water consumption of the residential premises. Energy efficient air-conditioning systems and optimisation of indoor air exchange have led to a reduction of airborne pollutants. We also saw the renovation of 21 Avenue Kleber, a historic building dating back to 1900 situated behind The Peninsula Paris, being a certified BREEAM Excellent and Haute Qualité Environnementale (HQE) Outstanding Environmental Classification.

All the new projects in our pipeline have been designed in alignment with sustainable building standards. Still in its construction phase, The Peninsula London has already received an interim certificate of its BREEAM Excellent rating on its design stage assessment, with both The Peninsula Istanbul and The Peninsula Yangon in its assessment phase. As we enter a new decade of innovation, we will continue to adopt sustainable building design philosophies as a core approach to developing our portfolio.



## Looking to the Next Decade

As we look to the future through the lens of *Vision 2030*, HSH aims to further reduce our key environmental impacts from 2010 by 55% for carbon emissions and water intensity, and 35% for absolute carbon emissions.

Taking our learnings from the past decade, HSH also commits to focus on the challenging issue of waste reduction, starting by seeking continuous improvements in our data collection. In parallel, we are setting an ambitious target to achieve a waste diversion rate of 100% for food waste, hazardous waste and recyclables through systemic recycling, upcycling and reuse by 2030.



### 1 Use resources efficiently, transitioning our operations to a low carbon economy

Reduce our key environmental impact from 2010 by:

- 55% for carbon and water intensity
- 35% for absolute carbon emissions

Transition to renewable and regenerative energy and water sources

Embed climate adaptation measures for existing operations and future investments



### 4 Responsibly source key products and services

Source key products and services that meet 4 or more of the following criteria:

- Locally sourced
- Regionally sourced or supporting small, medium and minority owned businesses
- No harmful chemicals or processes
- Not from an endangered source or caused deforestation
- Sustainably sourced to ensure reusability
- Complies with a credible sustainability standard
- Aligned with a credible modern slavery standard



### 2 Develop and operate sustainable properties

Align new developments and major renovations with international sustainable building standards

Achieve good or better ratings for indoor air quality for all HSH buildings



### 5 Promote sustainability initiatives to increase awareness with guests and customers

Offer sustainability experiences to guests and customers

Promote local culture and heritage, including partnerships with local artisans

Showcase sustainability initiatives and disclose information digitally to guests and customers



### 3 Eliminate food waste, hazardous waste and minimise non-recyclable items

Achieve a waste diversion rate of 100% for food waste, hazardous waste and recyclables through recycling, upcycling and reuse

Increase usage of recyclable materials

# OUR PEOPLE

The HSH family is a strong, committed team which shares a passion for hospitality, luxury and making a difference. We take tremendous pride in our team members who reflect our brand and values in all that they do. Whether they are working in Asia, Europe or North America, we ensure that each person feels like they belong and are an essential part of the team.

At HSH, we know that people are our most valuable assets and we want to build a lasting and genuine relationship with them.



## Employees

Our people are the heart and soul of our company and, in 2020, the importance of having passionate and committed teams was more crucial than ever. With the average length of service of our employees surpassing eight years, we are very thankful for their hard work and understanding during these challenging times.

In 2020, we experienced the global pandemic of COVID-19 impacting our operations around the world with a turnover rate of 31.5%. For the first time, our involuntary turnover rate was higher than our turnover rate due to unavoidable restructurings and layoffs in parts of our global operation. Despite the unprecedented restructurings and difficult times, our teams learned to embrace digital staff engagements, while we identified key areas for employee support and adopted new health and safety measures as required.

### **Unconventional solutions during difficult times**

One of the key challenges during the past year was to maintain staff engagement and overall morale during the pandemic period due to furloughs and permanent layoffs. This has been further exacerbated by the inability to be on-site at our properties that were closed. There was also a lack of face-to-face interaction with colleagues which presented a social isolation issue that many of us had never encountered before. Responding to this new challenge, our Human Resources (HR) teams introduced several programmes to keep colleagues stay engaged, learning and connected.

#### **Communication: Joining Together**

To help our employees feel more connected, we launched a global campaign to encourage colleagues to share updates and to stay positive. Facilitated through our internal communications platform, employees shared photos of time spent with pets, re-discovering hobbies such as drawing and gardening, and trying new recipes with their families. This simple, but effective effort was used by many and generated high engagement on the items shared.

#### **Sharing: Recharge**

Recognising that many employees were having a difficult time adjusting to the changes brought on by COVID-19, we hosted three *Recharge* sessions for our operations in Asia and the United States. Employees were able to share their personal experiences, challenges and learnings with colleagues from around the world. In addition to having a safe space to share their thoughts, employees also had the opportunity to speak with and get to know different colleagues from other operations.

#### **Engagement: HR Hackathon**

Mentioned in last year's CRS Report, a mini hackathon was conducted as part of our WorkPlace 2025 initiative. With a growing need to keep employees engaged, we decided to launch our first HR Hackathon to generate discussion on the topic "Impactful HR Ideas to Support Business Recovery Post COVID-19." Attendees from global operations participated in the discussion led by a Learning and Development facilitator. Held over a video conference tool, all attendees were able to see and interact with each other to discuss their ideas.

#### **Learning and Development**

To keep up our employees' learning momentum, we offer a comprehensive way of learning via our new Learning Management System (LMS) on SAP SuccessFactors – Learning KEY. The learning platform provides all employees with different categories of eLearning content ranging from wellness,



management essential skills and leadership to learn anytime and anywhere, even when they are away from the office. The system is also able to push out online compliance trainings and other trainings to employees based on their job levels and job roles.

#### **Mental Health: Employee Assistance Programme**

We implemented and continued programmes during the year where each employee would have access to a country specific employee assistance programme where counselling services were made available to all employees.

#### **Government Subsidies**

We applied for local government subsidies in all countries where we operate, if available, in order to preserve jobs and protect the livelihoods of our employees. We applied for government subsidies and business and tax relief in China, Hong Kong, the United States, France and Japan.

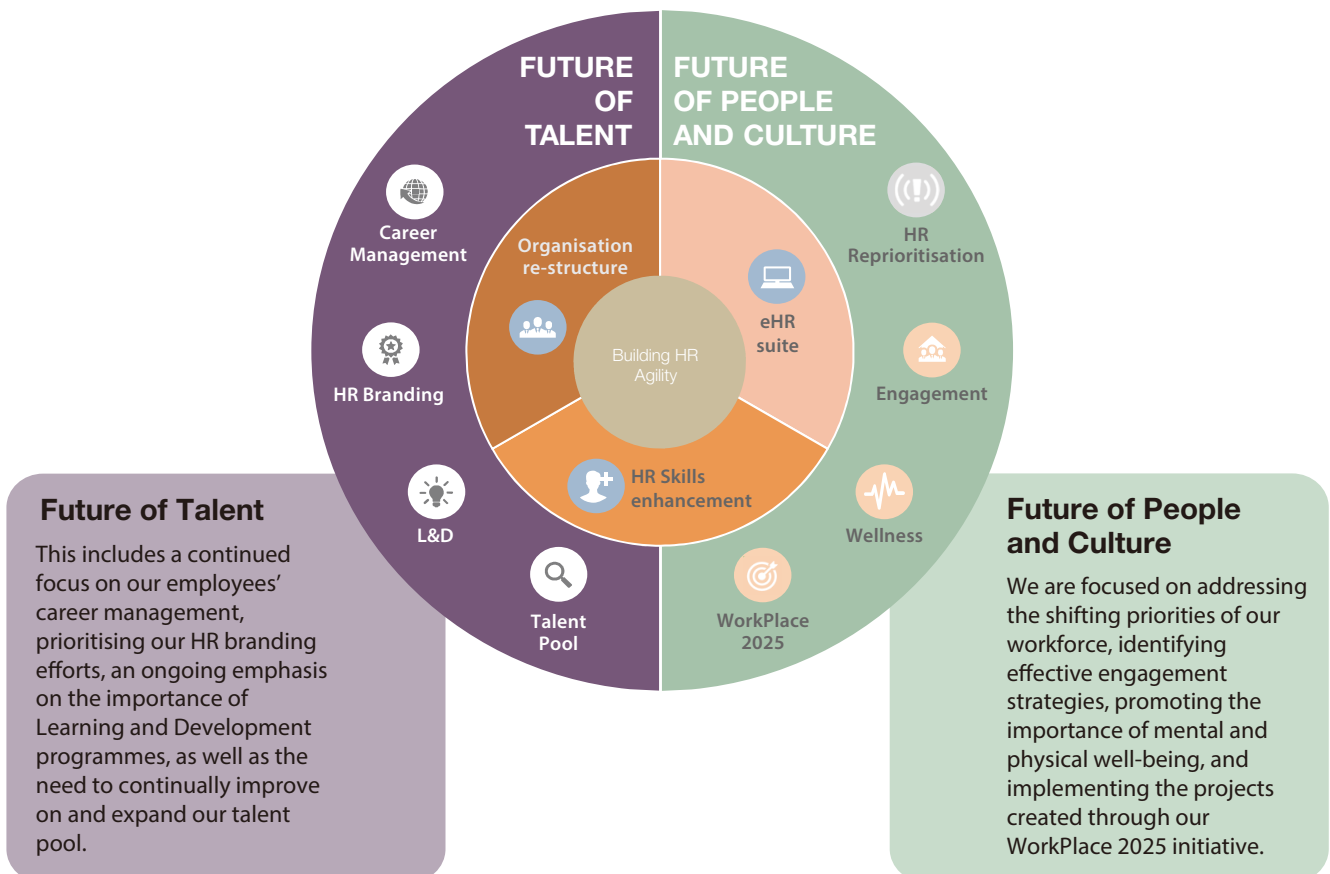
# Our People

## Our Approach

2020 marked the last year of our previous HR strategy, where we achieved 71% of our initiatives, with another 20% that are in progress or that will be carried over to the new HR strategy. In 2021, we are looking forward to introducing a new three-year *HR Strategy 2024* and mission statement to reflect the current and future needs of our HSH family.

Through our COVID-19 experience, our HR team has learned that adaptability is one of the most important elements needed to successfully navigate any crisis. Being able to re-assess priorities has helped us navigate challenges effectively. As a result, we have incorporated a section called HR Re-prioritisation in our new three-year strategy. This will continually remind us to be agile about our HR response plans in areas such as health and safety, internal engagement campaigns, crisis management and rewards as the world continues to change in response to the crises.

**“To ignite potential and passion and to empower employees to foster opportunities for a purposeful career in a modernised workplace aligned to the vision of the Company.”**



## HSH Core Principles

One of the most impactful projects that the HR team is launching in 2021 is the revised HSH Core Principles Framework, which guides the way that employees interact with guests and colleagues. It identifies the key behaviours and expectations that our employees should embody in order to meet and exceed the guests’ needs, as well as to contribute meaningfully to their team.

To ensure that our behaviours are aligned with the company’s service principles, the new framework was created to support and build a strong foundation for Peninsula Service Principles (PSP) – an initiative developed by The Peninsula Hotels.

The previous HSH competency framework has been in place since 2013, and since then, we have garnered additional knowledge and feedback that enabled us to build an improved framework for employees. We are looking forward to launching this across our global operations in 2021 and embracing an enhanced approach to the way that we interact with guests and colleagues.



## Our Work Environment

### Inclusive Workplace

We are committed to providing an inclusive and harmonious workplace which provides equal opportunity to all employees regardless of gender, age, nationality, religion, sexual orientation, disability, and other aspects of diversity.

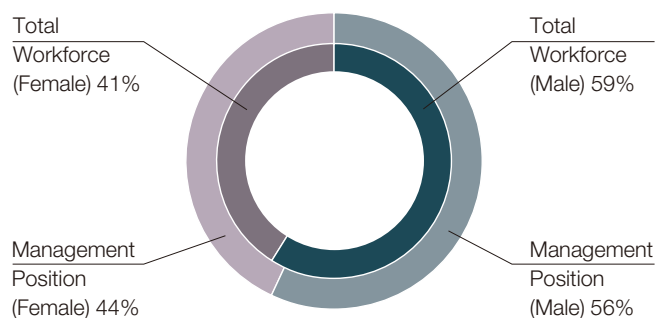
In last year's CRS report, we shared our efforts and initiatives to promote inclusivity in the workplace. This year, we are pleased to have worked on an *Inclusive Workplace Programme*. This includes a pilot programme that will be completed in 2021 with our team at The Peninsula London. This new strategy has three main pillars:

- 1. Building an Inclusive Culture:** this pillar will focus on raising awareness about the importance of inclusivity, educating our employees about topics related to inclusivity such as unconscious bias, and re-evaluating our HR strategies to ensure our processes reflect those of an inclusive workplace.
- 2. Developing Inclusive Leaders:** we know that change starts from the top, and we are committed to further developing an inclusive mindset in our leaders and those who are helping drive change.

### 3. Creating Unbiased Talent Management Processes:

we have multiple initiatives to promote inclusivity among our current employees, but we also recognise the importance of educating new employees from the start. To accomplish this, we will review HR recruitment and orientation programmes to ensure that new employees are aware of our initiatives.

#### Workforce Distribution (By Gender and Management Role)



In 2020, 44% of management positions and 41% of our total workforce were female. While we are proud to have strong female representation in our company, we look forward to achieving even more with our new Inclusive Workplace Strategy. As part of our efforts this year, differently-abled employees represented 1.1 % of our global workforce, with 94% of our operations having hired or trained needy or under-represented groups in their communities.

## Our People

Our policies and processes are in place to ensure that reported incidents of discrimination are heard and managed in a fair and appropriate manner. We respond to these reports very seriously and encourage reporting. In 2020, there were no reports of discrimination.

We also provide meaningful employment opportunities to differently-abled individuals, including roles in the Rooms, Kitchen, Front Office departments, and more. From our hotels to our properties, these employees taught and allowed us to re-evaluate the best methods of communication and learning for all employees.

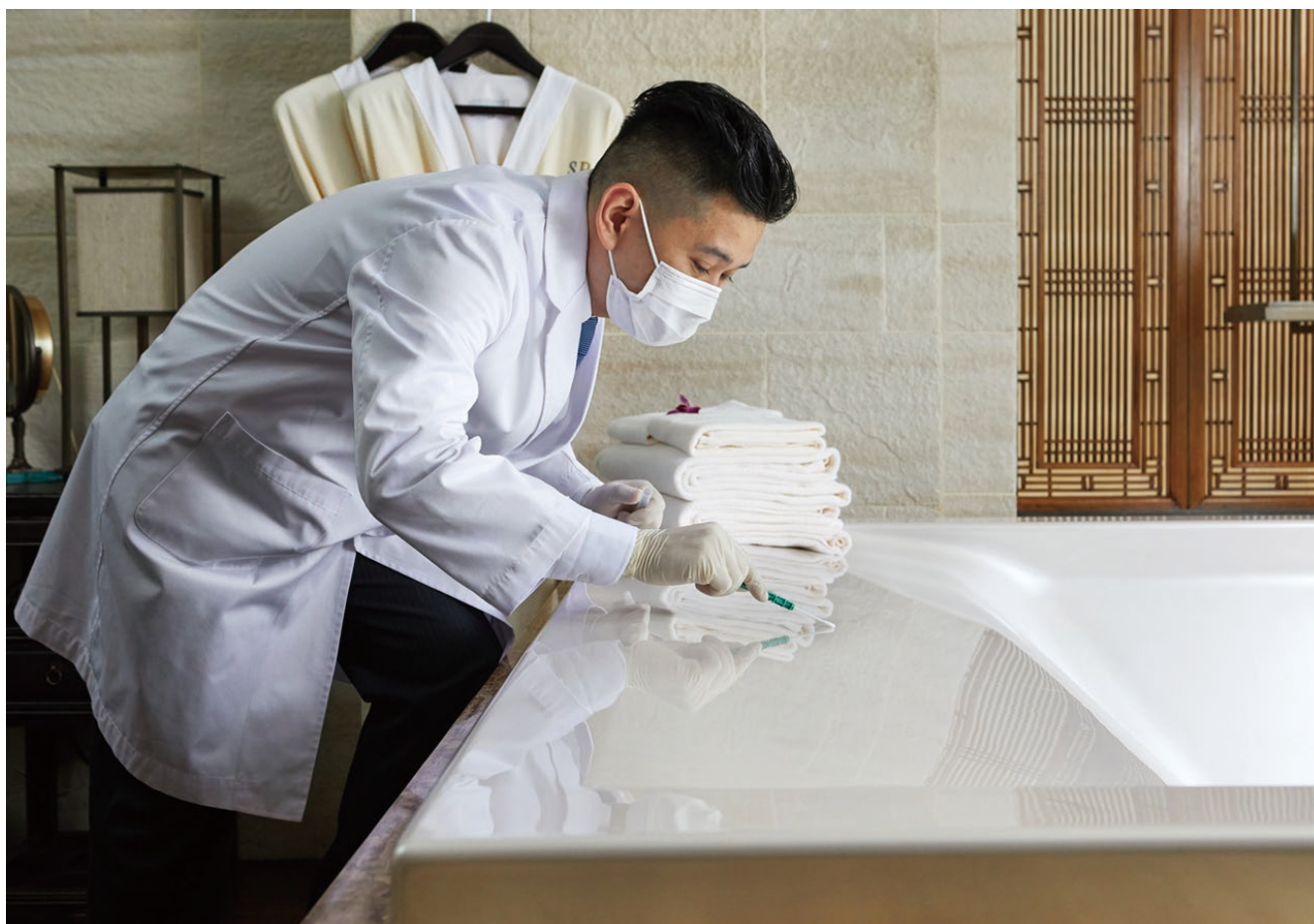
### Health, Safety and Security

The health, safety and security of guests and employees at our hotels, clubs and properties remain a priority through effective systems and policies. Each operation has their own health and safety committee which meets regularly to review performance and implement improvements. Our operations have systems or management procedures in place that comply with local regulations as a minimum and where possible to supplement with alignment or compliance to OHSAS 18001, the internationally recognised occupational health and safety management standard.

In 2020, we continued our efforts to enhance our security and safety management and systems. Specifically, we conducted a gap analysis to identify improvements in our operations towards meeting our Group Security and Operations Risk Framework which aligns with the principles of ISO 31000, the international benchmark on security management and OHSAS 18001. We will be implementing the findings of our analysis in 2021 and onwards.

As we begin to emerge from the current COVID-19 crisis, we place the safety, health and wellbeing of our guests and employees at the highest priority. We have committed to put in place enhanced health and hygiene measures that go beyond the necessary protocols required by local government authorities. In 2020, we introduced a new set of Hygiene and Sanitation Guidelines & Principles with a renewed focus on combating COVID-19, which is regularly reviewed and updated as necessary. Many of the efforts are noticeable, such as the distancing of tables, face masks worn by employees and temperature checks. We are also making notable efforts behind the scenes, such as appointing a dedicated Health & Hygiene Manager in each property, creating new processes to increase frequency of cleaning air filters and air handling units, adopting new cleaning technologies and providing mandatory COVID-19 trainings for staff and third-party contractors. These measures are to ensure stringent hygiene standards are met in any spaces where our guests and employees are present.





We continued to build a safety-first culture and engage employees to keep incidents as low as possible. In 2020, our injury rate is down by 37.2% at 2.47 cases per 100 employees and lost day rate decreased by 36.3% at 47.4 lost days per 100 employees both due to reduced working hours of our staff and increased awareness on injury prevention. Over 98% of injuries were related to those that did not require a hospital stay. The injury rate for severe cases is at 0.06 per 100 employees. There were several prolonged injury cases of staff ranging from strains, fractures, bruises and burns carrying over from 2019 and several new prolonged cases reported in 2020, which were compensated and managed according to relevant local laws. When staff are able come back to work, they are re-assigned to rehabilitative roles. In 2020, we continued to have zero fatalities and no permanent disabilities. However in 2018, we reported one case of a permanent disability due to a pre-existing condition. This was an unfortunate situation which has been settled with the relevant colleague. There was one claim for total permanent disability in 2020, details of which we are still assessing. More information will be provided in the next CRS Report.

### **Ethical Conduct**

Our values as a company are the foundation of our high standards of ethical conduct. We respect human rights, embrace diversity and inclusion and stand firm against corruption. This is core to who we are as a business, and essential to our sustainable growth, ensuring that we gain and keep the trust of our stakeholders. Our Code of Conduct clearly outlines expectations on staff conduct, particularly on anti-bribery, fair competition, equal opportunity, customer data privacy and anti-discrimination and environmental responsibility. This code continues to recognise international conventions and charters such as the United Nations Declaration on Human Rights. There was one report of major breach of our Code of Conduct in 2020, and this has been investigated and resolved in accordance to the Group policy, with the employees involved either being terminated. All employees undergo training on our Code of Conduct to ensure they are familiar with the Group's expectations on ethical and professional conduct. A Speak Up Policy outlines the systems that facilitate reporting of misconduct and the procedures for investigation and resolution of malpractice.



## Our People

### Equipping Our Employees

#### WorkPlace 2025

Our company-wide initiative to modernise our operations and the way that we work is ongoing and, in 2020, a mini hackathon was piloted as part of the *WorkPlace 2025* as mentioned on p.27 there will be more innovation and ideation programmes implemented through this initiative and work improvement teams in 2021. We also introduced new HR strategies to better enable us to be the employer of choice. This is reflected in our previously mentioned *HR Strategy* launching in 2021 and the range of initiatives that we have created to further improve our employer branding.

#### Wisdom on Wellness (WOW)

We have been working hard on the development of this successful global programme for the next three years. To align with other company-wide initiatives such as the *Inclusive Workplace Strategy*, our new *WOW* strategy has been created to specifically address mental health. With programmes ranging from raising awareness, to encouraging open conversation and collaboration, we aim to create an even healthier culture that supports all employees.

### New Hotel Developments

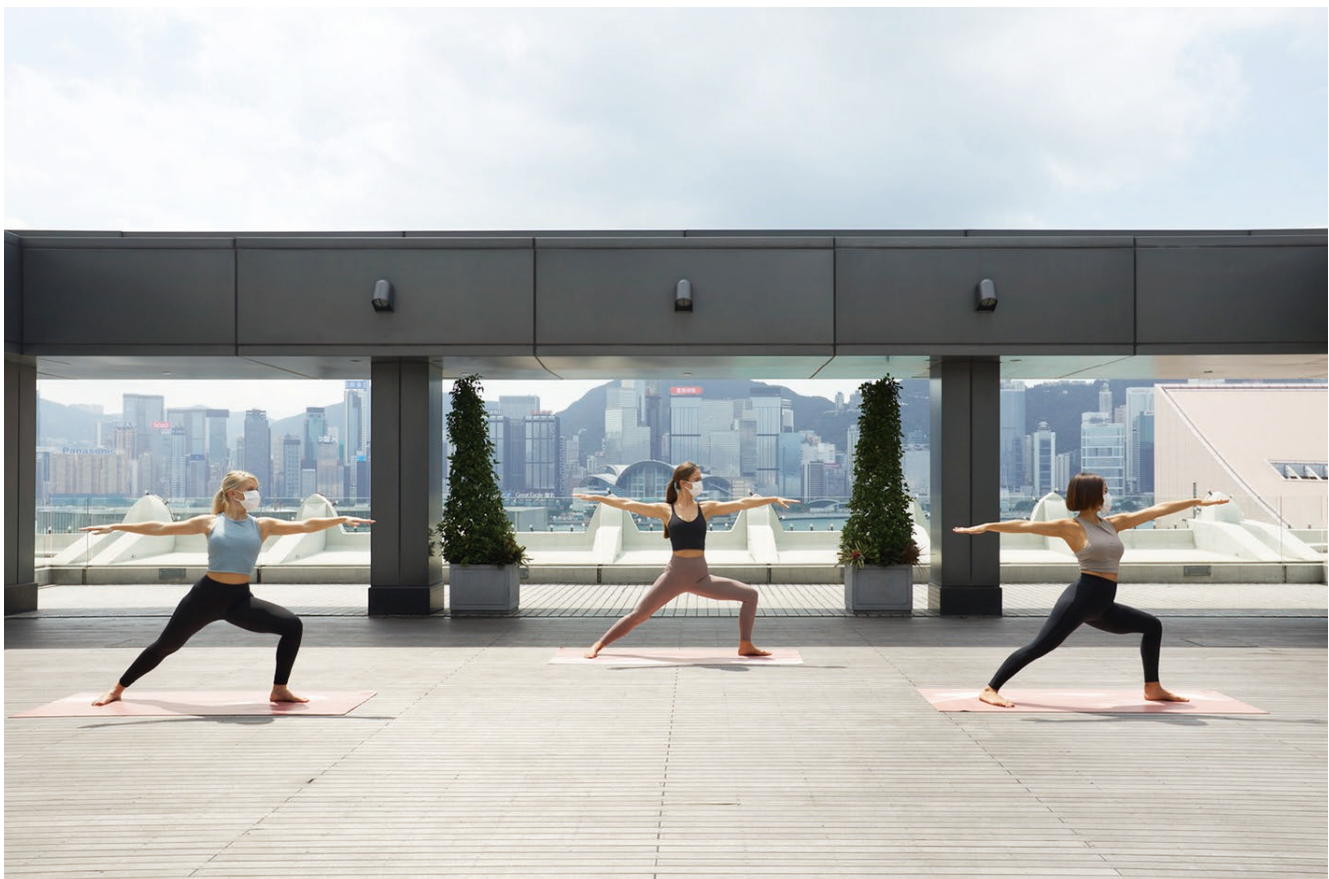
Our three hotel developments in London, Istanbul and Yangon are currently scheduled to open in 2022. In preparation, an exceptional team has been put together to lead pre-opening of The Peninsula London. We have also launched enhanced internal and external Careers websites to facilitate the ease of job applications for candidates.

### LinkedIn Engagement

Over the past year, we have been dedicated to building our employer brand and presence on LinkedIn. This is especially important for us given the upcoming opening of our three new hotels and the need to attract the right talent.

We shared stories aligned with our Employee Value Proposition framework and were pleased to highlight posts such as people features, promotions and new hires, staff engagement activities during COVID-19, and awards, such as *Michelin Star* recognitions, *Condé Nast Readers' Choice Awards*, and others.

Our two accounts, The Hongkong and Shanghai Hotels, Limited and The Peninsula Hotels, saw 37% and 41% growth in followers, respectively, in 2020.



## Looking to the Next Decade

As we look to the future through the lens of *Vision 2030*, HSH commits to empowering our people by providing a productive, sustainable, and safe workplace for our employees. This means a renewed focus on strengthening our diversity and inclusion programmes, committing to fair compensation with a special focus on pay equity, and enhancing holistic wellness and assistance programmes for our employees.

COVID-19 has highlighted the importance of occupational safety, health, and hygiene at the workplace. Protecting our people is of our utmost priority. We take this learning to heart and will continue to enhance safety features for our staff and guests across the group as a part of the new sustainability strategy.



### 6 Continue to provide a productive and sustainable workplace for our employees

Strengthen our diversity and inclusion programmes

Commit to fair compensation with a special focus on gender pay equity

Enhance wellness and assistance programmes for all employees



### 7 Ensure a safe environment for our employees

Further enhance the group-wide HSH occupational safety, health and hygiene programme

# OUR CITIES

Wherever we have hotels and properties around the world, it is our great wish and desire to be woven into the local fabric of the community. We want to be deeply entwined in the societies we serve, supporting the community to thrive.



## Community

Our communities are inseparable to us, and this is why we are committed to embracing the cultures we are a part of, by taking care of the places we call home. By enriching our communities, we help them to thrive. These communities provide the resources, infrastructure and markets that our businesses rely on. It is essential that they benefit from having us there. We believe we have a responsibility to deliver a positive, lasting impact that contributes shared and sustained value for all.

### Supporting people who are most in need for food in cities that we called home during challenging times

We are fortunate that during these trying times we are still able to operate several of our businesses. Having had the support of local communities over the years, we decided to launch 'Love of Community', a charitable meal donation programme designed to uplift at-risk individuals. Guests and diners have the power to decide which items on the menu will be matched by our hotel, with the logistical support of local charities and food banks. As of the end of 2020, we have collectively prepared a variety of cooked meals, ingredient boxes and other dry goods amounting to over 160,000 meals, valuing at upwards of HK\$ 2.9 million. The programme will continue its efforts to nourish those in need into 2021. To further support the 'Love of Community' programme, this year's Peninsula Hong Kong Spring Moon mooncakes were presented in a heart shape, and a portion of proceeds were donated to local partner ImpactHK



#### Our Approach

We recognise that different communities face distinct challenges, and for this reason, each hotel and property tailors their efforts to match community needs through local action plans. We engage and invest in our local communities in a manner that contributes to supporting their needs in a strategic, relevant and focused way. Our volunteering and community initiatives also emphasise the manner and importance of delivering care, a skill that is integral in our daily work.

Since the inception of our reinforced stance on community development back in 2013, 11.6% of our employees have engaged in community work in 2020, totalling upwards of 116,000 cumulative volunteer hours since 2013. From a philanthropic lens, we supported local communities by donating medical supplies (Personal protective equipment and hygiene product) and meals to those most in need, with over HK\$ 5.5 million in cash and in-kind donations.

While we have already met our targets set out in *Vision 2020*, this year presented unique challenges for our community development programmes due to social distancing measures

#### WHO are our beneficiaries

- Elderly
- Youth
- Under-served



#### WHY we help them

- Caring for our heritage
- Preparing for the future
- Helping those who need it the most

#### HOW do we help them

- Charitable Donations/Cause Marketing
- Employee Volunteering
- Community Partnerships

and a challenging business environment. We recognise that our charitable partners are also facing similar operational difficulties and have implemented a dedicated programme in place at the Head Office to stay on-hand to communicate and support them through this time. Where possible, HSH has engaged in virtual community services such as providing phone calls to the elderly who were isolated due to COVID-19. HSH will resume in-kind cash and meal donations as a part of our post-pandemic business recovery plan.

## Our Cities



### Elderly Care

Over the past few years (pre-COVID restrictions), our colleagues from The Repulse Bay have visited Tsang Shiu Tim Home for the Elderly from the Hong Kong Society for Rehabilitation. They interacted with the residents by singing their favourite songs, playing games and making festive decorations. The elderly were served scrumptious snacks prepared by our colleagues from our restaurant, Spices.

Over the years, various initiatives, such as visits to Madame Tussauds Hong Kong wax museum, iconic afternoon tea at The Peninsula Hong Kong, and even scenic helicopter rides have been arranged for the service recipients of the St. James' Settlement.

### Youth Development

The *Honing Skills in Hospitality* programme was developed as a vocational training programme involving our varied operations in Hong Kong. It admits young ethnic minorities interested in the sector, typically in their final years of secondary school, through

a holistic, round-robin training aimed at expanding their horizons by gaining experience and useful skills in hospitality. The 5-week training and mentorship programme was developed as a response to high barriers of entry for ethnic minority students, usually in the form of linguistic and racial challenges.

At-risk and underprivileged Chinese youths are equipped with life skills and vocational training conducted by Shanghai Minhang District Jiahe Vocational Training School and sponsored by Shanghai K Charitable Foundation at the Sir Horace Kadoorie Youth Development Centre in Shanghai (named as a tribute to Sir Horace Kadoorie, our former Chairman) before embarking on a six-month industry experience at various hotels in China including The Peninsula Hotels in Beijing and Shanghai. Some of the programme's graduates have established a career in our hotels and have become valued team members.

In Paris, we partnered with Les Apprentis D'Auteuil, a vocational training centre targeting underprivileged young people, with a number of them eventually joining the Peninsula team as interns or permanent staff.

### ***Empowering and embracing those who are passionate to join the hospitality industry, no matter what background they come from***

Throughout the years, we have offered a number of training and work opportunities for refugees, and have found much success and fulfilment in this work. These groups often face disproportionate challenges in finding opportunities in their communities, and it is our aim to ensure that we contribute to enabling diversity and inclusivity in our workplace, providing relevant job skills and a pipeline for our industry. Since the opening of The Peninsula Chicago, we have

been collaborating with the Heartland Alliance to train and provide employment opportunities to refugees. They are given English language training through government funded programmes, and our volunteers teach various vocational classes, focused on entry-level skills such as housekeeping and food service. The Repulse Bay, The Peninsula Tokyo and The Peninsula Paris also partners with local charities and social enterprises providing similar opportunities.

### **Uplifting the Under-Served**

Over the years, our colleagues have developed a long-standing relationship with their communities. The Peninsula Beverly Hills had supported their local homeless community by offering hot meals for Thanksgiving through Bread and Roses, a local charitable partner, while The Peninsula Chicago has a long-standing relationship with The Night Ministry, distributing food to the homeless and at-risk LGBT youths.

The Repulse Bay was transformed into an authentic European Christmas village to spread love and happiness to Hong Kong's less fortunate in 2016 and 2018. With the support of over 30 local charities, smiles were brought to the faces of more than 1000 children from underprivileged backgrounds. In the Philippines, in the midst of the devastation of super

typhoon Haiyan in 2013, we launched the *Hope for Philippines* programme. After 2 years of hard work, HK\$7 million raised, and 10,000 square feet of land developed, families left homeless due to the natural disaster were finally given the keys to their new homes at The Peninsula Village. We are proud to have partnered with the Gawad Kalinga Community Development Foundation to provide a roof and opportunities to at least 75 families.

In mainland China, volunteers from The Peninsula Beijing work with intellectually disabled individuals at the Li Zhi Rehabilitation Centre to teach vocational skills. Similar to our other vocational programmes, several students have continued in our housekeeping team as interns.



## Our Cities

### Supply Chain

Supplier relationships are an important part of our reputation and brand. We seek to buy at competitive rates, but not at the expense of labour standards, human rights, or negative impact on health or the environment. We work closely with our suppliers to ensure our high quality and comprehensive standards are met. We know our decisions can impact our wider communities, so we have included these supply chain initiatives under this section.



### *Offering our guests the finer things in life, while ensuring that these have been sourced responsibly and sustainably*

We aim to serve high quality items to our guests, as well as it being sourced responsibly and sustainably. Peninsula Merchandising Limited, which sells a range of food products and gift items packaged under The Peninsula brand, was recognised by *Fairtrade Hong Kong with the Fairtrade Corporate Label – Platinum* for their work on responsible sourcing and Fairtrade principles. These principles include workers receiving their fair share of income, alleviating poverty and reducing inequality. For over a decade, they

have been working closely with Teesta Valley, their Fairtrade tea partner in India with 175 years of history in sourcing premium teas. Over 70% of their tea offerings are Fairtrade certified. One of our restaurants in Monterey, California fully sources all its perishable items within California. In Tokyo, we work with farmers in a remote part of Japan that utilises organic methods to provide us with seasonal vegetables during the summer months.

## *From pastures to oceans: Ingredient provenance at the core of our culinary experiences*

Our journey began with the group wide ban of shark fin, followed by the Napoleon Wrasse, both heritage ingredients in traditional Chinese cuisine. Throughout the implementation of our strategy, we referred to international biodiversity standards and benchmarks. Then, while seeing a gap in the market for fisheries to liaise directly with consumers, we partnered with an environmental group, Teng Hoi Conservation Organization, to develop an online sustainable seafood marketplace tool.

Our chefs and procurement teams work towards promoting sustainable seafood within our restaurants. The Belvedere, our Mediterranean-inspired restaurant at The Peninsula Beverly Hills, sources most of its seafood

from local fishermen. Edgars, located on the patio of the Quail Lodge & Golf Club, partners with Monterey Bay Aquarium Seafood Watch to promote sustainable catching practices and denouncing processes harmful to marine health. We are also proud to have partnered with Kaluga Queen, the only internationally certified caviar farm in China, and the first sustainable Sturgeon aquaculture farm in China, allowing our guests to indulge in one of the finest sustainable caviar experiences available.

To increase awareness on sustainable seafood, Mexican artist Jaime Ruiz was commissioned to design a mural on the iconic Peak Tram terminal, depicting the unsustainable undercurrents of illegal fishing practices.





## Our Cities

### Our Approach

In choosing business partners, our procurement and operations teams work with reputable suppliers who help us provide the best quality products, adhering to our sustainability specifications and the requirements of our Supplier Code of Conduct.

We celebrate the hard-earned success of our employees around the world, who together have worked towards sourcing more responsible and sustainable materials. We have exceeded our *Vision 2020* targets to source biodegradable or harmful chemicals free cleaning products at 86%, and locally or regionally sourced perishable goods at 59%. While more than 93% of the paper we use is from certified sustainable or recycled sources, we are close to meeting our target as we have encountered difficulties in sourcing paper-based products that are mixed with other materials and lamination. While we are proud to see the huge progress we made on sustainable food sourcing, it still falls short of meeting the target of sourcing all tea, coffee, and chocolate from responsible or sustainable sources, due to the lack of availability of high quality products that also meet our CRS specifications. In 2020, 90% of our coffee; 74% of our tea and 70% of our chocolate was responsibly sourced. Armed with even more ambitious targets for *Vision 2030*, we will continue working towards sourcing a larger portion of all our products from sustainable sources.

International Labour Organisation and the OECD Guidelines for Multinational Companies, as well as to strengthen elements on anti-bribery, data privacy and confidentiality, human rights and modern slavery, plastics use and supplier engagement. We linked our Speak Up Policy contacts to any suspected breach or violation of the SCOC.

### Working with our suppliers

In 2019, we fully implemented our updated approach for the remainder of our tea, coffee and chocolate suppliers who are not yet Fairtrade certified. This approach includes the completion of questionnaires to increase awareness and begin alignment with Fairtrade principles. Several of our suppliers are small enterprises who find certification particularly challenging and we aim to support them in their sustainability journey. Through continuous engagement with our small enterprise suppliers, we are pleased to see 37 of whom are now aligned to a majority of the Fairtrade principles.

We identified key suppliers in 2019 and 2020 for which we are seeking to implement more detailed checks to ensure their compliance to the SCOC and are developing a framework to ensure continuous engagement and dialogue. We expect to pilot this throughout 2020 and 2021, and have specifically incorporated action points related to human rights, human trafficking and modern slavery.

 [Read our Modern Slavery Statement here](#)

### Working with other sectors

Recognising the collaborative nature of sustainability, we are members of several sectoral and industry-wide collaborations to find solutions to our shared sustainability challenges. In this way we hope that we not only improve our own sustainability performance, but that of our wider sector and industry. One such example is our membership in *We Mean Business*, a global coalition of the world’s top sustainability organisations working towards a zero-carbon economy. We joined in 2019 to strongly advocate for climate change solutions on water risks, climate disclosures and supporting climate regulations. In 2020, this was expanded to include our support for science-based targets. As part of our collaboration on climate change, we convened and participated in sharing sessions on climate change solutions. For example, we shared the sources of climate change scenarios that are publicly available from relevant government regulators in an easily accessible manner to peer companies globally. We received positive feedback for this approach, and in return received guidance on how other companies were adapting to climate change.



### Supplier Code of Conduct

To explain how we expect our suppliers to live up to our responsible sourcing commitments, we introduced our Supplier Code of Conduct (SCOC) in late 2009. The SCOC is publicly available, mandated in our contracts and helps articulate our expectations of suppliers and contractors on environmental, social and ethical practices. In 2018 and 2019, we updated our SCOC to align with additional international standards such as the United Nations Global Compact, the UN Universal Declaration of Human Rights, the Conventions of the

### ***Collaborating with others to find innovative solutions for society's shared problems***

In the past few years we have collaborated with different sectors, from charitable enterprises, environmental organisations, to for-profit partners, exploring innovative solutions helping to move the needle on sustainability together. Two such examples include our initiatives on upcycling and recycling cotton bed sheets and the development of a sustainable seafood tool.

Following our initiative of upcycling bed covers into bathrobes and teddy bears in Hong Kong and Manila, we continued our partnership with ANTHILL Fabric Gallery to upcycle towels into fashionable earrings and blazers. We also partnered with Novetex Textiles Limited, a textile company in Hong Kong, unwinding bed covers back into cotton yarn to be upcycled for clothing, using their innovative, zero water and hazardous chemical-free Billie System. Our partnership with them expanded to test upcycling sheets from Shanghai.

For our seafood tool, we worked with environmental group Teng Hoi Conservation Organization to develop a tool that would mainstream the sustainable procurement of seafood in the food sector. Along with this tool, we rolled out a global and comprehensive endangered species policy aligning with the processes and species listed in the *Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)*.

Working with Humane Society International, we are preparing to launch our group wide commitment on the use of free-range eggs, ensuring ethical treatment for animals and farmers alike. Going forward, we are developing a holistic animal welfare framework regarding all animal produce used within the group, doing our part for the planet and providing our guests with the ease of mind they deserve.

In all cases, we have shared this approach with the wider hospitality sector, including suppliers in Asia. Several hotels have followed our lead and are now implementing similar initiatives. We look forward to seeing more joining us.



## Our Cities



### Managing and Adapting to Climate Change

Climate change is one of the greatest risks and opportunities of our time. With the lack of coordinated action at an international level from different sectors of society, we remain deeply concerned about the increasing impacts from climate change, not only for our business, but for society at large. We believe that urgent systemic action is required with coordination and collaboration from all sectors. Our second disclosure referencing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) outlines how we are managing the risks related to climate change.



### Governance

As with all sustainability related topics, this is governed by the GCRC chaired by our CEO, with regular reporting to the Group Risk Committee, GMB and Board and its committees as appropriate. This work is being coordinated by our Head of CRS on a global and strategic level with the support of Group and local champions on an operational basis.



### Strategy

As part of our *Vision 2030*, we have climate mitigation actions related to operational energy and water use. Our operations have plans relating to extreme weather impacts such as extreme heat, hurricanes and typhoons. In 2019, we completed an initial assessment of the risks related to climate change using scenarios from local regulators and other sources aligned with the four Representative Concentration Pathways (RCP) from the Intergovernmental Panel on Climate Change (IPCC)'s fifth assessment report in 2014, the leading report on the most current knowledge on the scientific, technical and socio-economic aspects of climate change. We are developing science-based commitments and adaptation plans as part of our *Vision 2030* strategy with the aim to ensure resiliency and effectiveness against the impacts of climate change and set-out the plan on transitioning to low carbon economy. Part of this strategy includes collaborating with other like-minded companies, for example in 2019, we became a member of We Mean Business, a global coalition of the world's top sustainability organisations working towards a zero-carbon economy.



### Risk Management

Some of the risks related to climate change are already included in our Annual Report's Group Committee Report and this report – ranging from flooding, increased regulation, supply chain impacts and extreme weather events. At the asset level, we mitigate risks related to physical climate events by (a) maintaining comprehensive insurance coverage for properties and businesses, (b) enhancing the resilience of the physical structure through design, build and proper maintenance, and (c) establishing site and company level crisis management teams. In 2019, we completed an initial qualitative assessment related to the physical and reputational risks of climate change to our business. These results were presented and discussed with our group's senior management team such as increased risk of flooding and precipitation that may damage assets and risks related to natural resources, agricultural products and commodities that may impact on our ability to deliver our services. In 2020, a further assessment was conducted to identify these climate risks at country or city level. We are also aware of the multiplier effect brought by climate change that could exacerbate social and political instabilities and inequalities. We are committed to deepening our understanding of other impacts of climate change, particularly the transitional and financial risks and to fully integrate this into our overall risk process, with increasing disclosure in future reports.



### Metrics and Targets

*Vision 2030* has targets for energy, water and carbon emissions and actions related to the mitigation of climate change such as adopting sustainable designs, mapping out climate risks at property level and engaging stakeholders. The new strategy will look into science or context-based targets for energy (as well as a strategy on alternative energy sources), climate and water, including the value chain assessments of agricultural products such as cotton.



### 2020 Outcomes

In 2020 our total energy spend and water spend was HK\$140 million. While we saw a slight negative financial impact related to short-term loss of business, insurance costs and expenditures to repair damaged property which has increased in the recent years, this has yet to reach a material level. Due to the systemic nature of climate change, it continues to be difficult to provide a reasonable estimation on the overall financial implications to our businesses. We will continue to monitor, manage and report these impacts as appropriate.

## Our Cities

### Looking to the Next Decade

Looking to the future with *Vision 2030*, HSH will continue to support our communities through various initiatives. We are committed to youth development, elderly care and uplifting the under-served within the communities we operate. We also aim to rally our employees behind community engagement by offering staff incentives to volunteer throughout the year.

In our efforts to influence others in our community, HSH will focus on engaging with our high-risk suppliers to increase visibility on responsible sourcing. Moving forward, we will commit to monitoring 90% or more of our high-risk suppliers on issues of traceability by 2030 through targeted audits and continuous engagement. We will also elevate the issue of ethical labour practices by requiring 100% of our suppliers to support our anti-modern slavery efforts as a part of our Supplier Code of Conduct.



#### 8 Support the neediest by utilising the group's resources and capabilities

Provide training and hiring programmes for the neediest and under-represented in their communities

Contribute to youth development, elderly care and uplifting the under-served

Offer staff incentives to volunteering for community activities



#### 10 Influence and collaborate to find solutions with other stakeholders

Join sector and like-minded business initiatives to advocate and advance efforts for sustainable change

Work and engage with our suppliers by strengthening our Supplier Code of Conduct

Partner with others to implement actions and solutions in our operations



#### 9 Increase supply chain visibility on responsible sourcing for our high-risk suppliers

Monitor our high-risk suppliers to ensure clear visibility and traceability of 90% by 2030 through targeted audits and engagement

Require all suppliers to support anti-modern slavery efforts as part of our Supplier Code of Conduct

# INDEPENDENT ASSURANCE REPORT

## Independent assurance report to the Directors of The Hongkong and Shanghai Hotels, Limited

KPMG was engaged by The Hongkong and Shanghai Hotels, Limited (“HSH”) to undertake a limited assurance engagement on identified elements (“Identified Elements”) of the Corporate Responsibility and Sustainability Report and Data Statements 2020 of HSH (further referred to as “the Report”) for the year ended 31 December 2020 being prepared in accordance with the Reporting Criteria.

## Identified Elements of the Report

The Identified Elements are as follows:

- The following data points and relevant narratives included in the Report on p.2-44
- The following data points as included in the Data table on p.47

### Economic

Revenue (incl. interest income)  
Operating costs  
Employee wage and benefits  
Capital expenditure  
Payments to providers of capital  
Tax payments to governments  
Total floor area  
Total number of guest nights

### People

Total headcount  
Headcount by gender  
Total staff turnover

### Safety

Injury rate  
Lost day rate

### Community

Monetary donations  
In-kind donations  
Other contributions for  
community development

### Environment

Greenhouse gas emissions  
Group carbon intensity  
Total energy use  
Energy intensity  
Direct water consumption  
Water intensity  
Water recycled and other water sources  
Waste generated  
Waste diverted

## Responsibilities of the Directors of The Hongkong and Shanghai Hotels, Limited

The Directors of HSH are responsible for the preparation and presentation of the Report specifically ensuring that in all material respects the Report is prepared and presented in accordance with the Reporting Criteria, being the Environmental, Social and Governance Reporting Guide, Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKEX ESG Guide”). This responsibility also includes designing, implementing and maintaining internal controls relevant to the preparation of the Report that is free from material misstatement whether due to fraud or error.

## Responsibilities of the independent assurance provider

Our responsibility is to express a conclusion to the Directors of HSH based on our limited assurance procedures referred to below as performed over the Identified Elements of the Report. Our independent limited assurance report is made solely to HSH in accordance with the terms of our engagement. Our work has been undertaken so that we might state to the Directors of HSH those matters we have been engaged to state in this independent limited assurance report and for no other purpose. We do not accept or assume responsibility to anyone other than HSH for our work, for this independent limited assurance report, or for the conclusion we have reached. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

## Independent Assurance Report

### Basis of our work

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information and ISAE 3410 Assurance Engagements on Greenhouse Gas Statements. These standards require the assurance team to possess the appropriate knowledge, skills and professional competencies needed to perform the assurance engagement.

### Our independence and quality control

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the independence and other requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

### Work performed

Our limited assurance engagement on the Identified Elements of the Report consists of making inquiries, primarily of persons responsible for the preparation of Identified Elements presented in the Corporate Responsibility and Sustainability Report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures include:

- Conducting interviews with management and staff responsible for the collection and review of Identified Elements at HSH Head Office to obtain an understanding of the information collection process;
- Attending a site visit to understand the data collection processes used to gather and review Identified Elements included in the Report;
- Examining and evaluating the systems and processes in place to generate, aggregate and report the Identified Elements;

- Agreeing the Identified Elements, on a sample basis, to underlying calculations and supporting schedules;
- Performing an analytical review of data provided by each operation and investigating, through discussion with management, key movements compared to prior year, expectations and targets;
- Comparing the definitions as included in the HKEX ESG Guide against the definitions used by HSH to prepare the metrics;
- Reading the Sustainability Reporting Content Index on p.50-56 to determine whether it is in line with our understanding of HKEX ESG Guide;
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of the sustainability performance of HSH.

### Conclusion

Based on the limited assurance procedures and the evidence obtained, nothing has come to our attention that causes us to believe that the Identified Elements, as described above, of the Corporate Responsibility and Sustainability Report and Data Statements 2020 of HSH for the year ended 31 December 2020, are not prepared, in all material respects, in accordance with the Reporting Criteria.



KPMG  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong  
17 March 2021

# SUSTAINABILITY DATA STATEMENTS

This section provides statistical information on the Group's sustainability performance. To facilitate stakeholders in understanding and benchmarking our corporate responsibility performance, our reporting follows the HKEX ESG Guide and GRI Standards.

This global pandemic has had a significant negative impact on our operations throughout 2020. This impact means that our Corporate Responsibility and Sustainability (CRS) metrics (including workforce, environment and community) for the year are skewed. However, despite these operational challenges, over 91% of the goals set in our CRS strategy, *Sustainable Luxury Vision 2020*, were achieved or on track. Explanations for significant data changes are included in the footnotes below.

## 1. Performance Highlights <sup>(1)</sup>

			2020	2019	2018	2017	2016	2006-08 baseline
Economic	<b>Revenue (incl. interest income)</b>	HK\$m	<b>2,715</b>	5,888	6,232	5,804	5,668	–
	<b>Operating costs</b>	HK\$m	<b>1,133</b>	2,049	2,241	2,102	2,134	–
	<b>Employee wage and benefits</b>	HK\$m	<b>1,511</b>	2,294	2,291	2,135	2,108	–
	<b>Capital expenditure</b>	HK\$m	<b>1,629</b>	1,590	1,490	1,827	2,479	–
	<b>Payments to providers of capital</b>	HK\$m	<b>215</b>	242	195	224	239	–
	<b>Tax payments to governments <sup>(2)</sup></b>	HK\$m	<b>355</b>	330	486	442	410	–
	<b>Total floor area</b>	'000 m <sup>2</sup>	<b>646</b>	652	652	652	651	518
	<b>Total number of guest nights <sup>(3)</sup></b>	'000	<b>384</b>	1,277	1,333	1,240	1,190	1,119
Workforce	<b>Headcount <sup>(4)</sup></b>		<b>5,609</b>	7,451	7,594	7,534	7,985	–
	<b>Turnover <sup>(4)</sup></b>	%	<b>31.5%</b>	19.7%	21.9%	21.3%	22.0%	–
	<b>Headcount by Gender</b>	% Female	<b>40.5%</b>	41.6%	42.6%	41.9%	42.6%	–
	<b>Injury rate <sup>(5)</sup></b>	incidents per 100 employees	<b>2.5</b>	3.9	3.5	3.1	3.9	–
	<b>Lost day rate <sup>(5)</sup></b>	days per 100 employees	<b>47.4</b>	74.4	57.7	43.9	45.2	–
Environment <sup>(6)</sup>	<b>Greenhouse gas emissions</b>	'000 tCO <sub>2</sub> e	<b>68</b>	96	99	100	101	115
	<b>Group carbon intensity</b>	kg CO <sub>2</sub> e per m <sup>2</sup>	<b>105</b>	148	153	154	156	226
	<b>Total energy use <sup>(7)</sup></b>	'000 GJ	<b>572</b>	822	853	853	866	858
	<b>Energy intensity <sup>(7)</sup></b>	MJ per m <sup>2</sup>	<b>885</b>	1,272	1,320	1,320	1,329	1,658
	<b>Direct water consumption</b>	'000 m <sup>3</sup>	<b>941</b>	1,526	1,673	1,625	1,616	1,792
	<b>Water intensity</b>							
	Hotels Division <sup>(8)</sup>	litres per guest night	<b>2,010</b>	1,014	1,075	1,100	1,154	1,373
	Commercial Properties, Clubs & Services Division	litres per m <sup>2</sup>	<b>870</b>	959	907	964	920	1,197
<b>Water recycled and other water sources</b>	'000 m <sup>3</sup>	<b>372</b>	484	448	489	613	–	
<b>Waste diversion rate <sup>(9)</sup></b>	%	<b>48.8%</b>	51.0%	51.1%	54.3%	47.8%	–	
Community	<b>Monetary Donations <sup>(10)</sup></b>	HK\$'000	<b>3,157</b>	2,025	2,519	3,250	4,232	–
	<b>In-kind Donations <sup>(10)</sup></b>	HK\$'000	<b>1,988</b>	7,403	7,502	6,684	9,048	–
	<b>Other contributions for community development <sup>(11)</sup></b>	HK\$'000	<b>380</b>	1,606	2,796	2,730	2,125	–

### Footnotes:

- Please refer to About This Report for the scope of businesses covered in the reporting of workforce, environment and community performance. There have been changes on reporting scope and methodology for this year's report, please refer to p. 48 for details. Historical environment data (from 2006 onwards) has been restated to exclude Thai Country Club for more accurate benchmarking purpose.
- Inclusive of corporate income tax, property and real estate tax, payroll tax and other corporate taxes.
- Calculation based on actual number of guests that occupied each of the rooms and suites in the relevant year.
- Year-end data as at 31 December 2020. A decrease in headcount due to unavoidable restructurings, layoffs or furloughs in our global operation, and HSH ceased to have any responsibility for the ownership and operation of the Thai Country Club from 28 October 2020. While total turnover increased as a result of this, our voluntary turnover reduced by 3.4 p.p at 12.3% compared to 2019.
- Injury rate and lost day rate decreased significantly due to reduced working hours of our staff and increased awareness on injury prevention. 98% of the reported incidents are those that did not require a hospital stay, and thus not considered severe injuries. The injury rate for severe cases is at 0.06 per 100 employees. There was no incident of occupational disease recorded.
- Energy, carbon and water data are skewed due to this year's operational challenges. Please refer to p.18-20 of the report for detailed explanation of the changes.
- Vehicle fuel consumption is not included in the total energy use and energy intensity reported.
- Includes all water uses in the hotels, not just those used by guests directly.
- Grease trap waste, hazardous waste and construction waste were not included in the waste data reported.
- Increase in monetary donation as we launched "Love of Community", a charitable meal-for-meal programme to nourish the neediest in the communities we operate, of which a significant portion of the donation are from our guests. Decrease in monetary and in-kind donations from the company due to cancellation of gala and charity events. In addition, cost saving measures have been implemented in light of the challenging business environment in 2020.
- Relates to contributions made to non-charitable organisations on projects supporting the wider community, for example, the Hong Kong Heritage Project, an archive project for preserving valuable historical records of the Kadoorie family and its businesses, mostly based in Hong Kong. 2019 figure has been restated as part of our monetary contribution to the Hong Kong Heritage Project was put on hold due to the pandemic.



## Sustainability Data Statements

## 2. CRS Performance

Explanations for significant data changes are included in the main report text or in the footnotes below, as indicated. Group Performance can either be a total number or a weighted average (i.e. ratio or intensity) depending on the methodology used.

- (a) Workforce data reported covers the Group's hotel operations (including corporate office operations in Hong Kong, Beijing, Bangkok, Shanghai, London and the US) and commercial properties, clubs and services operations.
- (b) Environment data reported covers the Group's hotel operations (not including office operations), The Repulse Bay Complex, The Peak Tram Complex, St. John's Building, The Landmark, Quail Lodge & Golf Club, and Tai Pan Laundry.
- (c) Community data reported covers hotel operations and head office in Hong Kong, The Repulse Bay Complex, The Peak Tram Complex, St. John's Building, The Landmark, Quail Lodge & Golf Club, The Peninsula Merchandising, and Tai Pan Laundry.
- (d) Thai Country Club has been excluded from the reporting scope of health and safety, environment and community data starting from 2020. Historical environment data (from 2006 onwards) has also been re-stated to exclude Thai Country Club for more accurate benchmarking purpose.

		2020			2019			2018			2006-08			
		Hotels	Commercial Properties, Clubs & Services	Group Performance	Hotels	Commercial Properties, Clubs & Services	Group Performance	Hotels	Commercial Properties, Clubs & Services	Group Performance	Hotels	Commercial Properties, Clubs & Services	Group Performance	
Workforce	<b>Total Headcount</b> <sup>(1)</sup>	4,511	1,098	5,609	6,016	1,435	7,451	6,148	1,446	7,594				
	Male	58.3%	64.6%	59.5%	57.8%	60.9%	58.4%	56.6%	60.6%	57.4%				
	Female	41.7%	35.4%	40.5%	42.2%	39.1%	41.6%	43.4%	39.4%	42.6%				
	<b>by Management Role</b>													
	Management	21.7%	14.9%	20.4%	16.3%	13.4%	15.8%	15.1%	11.8%	14.5%				
	Non-management	78.3%	85.1%	79.6%	83.7%	86.6%	84.2%	84.9%	88.2%	85.5%				
	<b>Employees under Collective Bargaining</b>	20.3%	17.1%	19.7%	21.7%	16.0%	20.6%	21.4%	16.0%	20.4%				
	<b>Total Turnover Rate</b> <sup>(2)</sup>	31.5%	31.5%	31.5%	19.1%	22.4%	19.7%	21.6%	23.3%	21.9%				
	Under 30 years old	38.4%	46.2%	39.5%	31.3%	33.5%	31.6%	36.7%	41.9%	37.4%				
	30 to 50 years old	24.8%	32.9%	26.1%	15.8%	23.4%	17.2%	16.6%	19.2%	17.0%				
Over 50 years old	42.3%	23.4%	36.7%	11.0%	15.4%	12.3%	14.2%	19.8%	15.8%					
<b>Average training spend</b> <sup>(3)</sup>	per full time equivalent	HK\$974	HK\$257	HK\$808	HK\$2,338	HK\$1,212	HK\$2,136	HK\$3,057	HK\$912	HK\$2,659				
<b>Injury Rate</b> <sup>(4)</sup>	incidents per 100 employees	2.2	3.4	2.5	3.9	4.3	3.9	3.4	4.3	3.5				
<b>Lost Day Rate</b> <sup>(4)</sup>	days per 100 employees	48.8	42.0	47.4	69.5	93.7	74.4	57.6	57.7	57.7				
<b>Absentee Rate</b> <sup>(4)(5)</sup>	days per employee	5.9	6.5	6.0	5.5	6.2	5.7	5.9	5.3	5.8				
Environment	<b>Greenhouse gas emissions</b> <sup>(7)</sup>	'000 tCO <sub>2</sub> e	54	14	68	79	17	96	80	19	99	92	22	115
	Scope 1 emission	'000 tCO <sub>2</sub> e	8	4	12	14	6	21	15	7	22	17	7	24
	Scope 2 emission <sup>(8)</sup>	'000 tCO <sub>2</sub> e	46	10	56	64	11	75	65	11	77	75	16	91
	<b>Carbon intensity</b>	kg CO <sub>2</sub> e per m <sup>2</sup>	112	85	105	162	108	148	164	118	153	244	168	224
	<b>Total energy use</b> <sup>(9)(10)(11)</sup>	'000 GJ	472	100	572	681	141	822	702	151	853	705	144	850
	Direct energy use	'000 GJ	123	49	172	188	80	268	195	89	283	214	68	282
	Indirect energy use	'000 GJ	348	51	400	493	61	554	507	63	570	491	76	568
	<b>Energy intensity</b>	MJ per m <sup>2</sup>	968	630	885	1,398	885	1,272	1,441	950	1,320	1,865	1,078	1,659
	<b>Direct water consumption</b> <sup>(12)(13)(14)</sup>	'000 m <sup>3</sup>	772	169	941	1,296	231	1,526	1,432	241	1,673	1,536	256	1,792
	<b>Water intensity</b> <sup>(15)</sup>													
Hotels	litres per guest night	2,010	-	-	1,014	-	-	1,075	-	-	1,373	-	-	
Commercial Properties, Clubs & Services	litres per m <sup>2</sup>	-	870	-	-	959	-	-	907	-	-	1,197	-	
<b>Water recycled and other water sources</b> <sup>(16)</sup>	'000 m <sup>3</sup>	72	300	372	166	318	484	130	318	448	-	-	-	
<b>Waste generated</b> <sup>(17)(18)</sup>	tonnes	3,288	211	3,499	6,614	351	6,965	6,386	394	6,780	-	-	-	
<b>Waste diverted</b> <sup>(17)(18)</sup>	tonnes	1,663	43	1,706	3,451	100	3,551	3,380	86	3,466	-	-	-	
<b>Emission of ozone depleters</b>	kg CFC-11e	20.5	1.4	21.9	17.1	5.3	22.4	29.7	2.7	32.4	157.0	122.3	279.4	
Community	<b>Monetary donations</b> <sup>(19)</sup>	HK\$'000	2,658	499	3,157	967	1,058	2,025	1,460	1,059	2,519			
	Company donations <sup>(19)</sup>	HK\$'000	16	220	236	339	183	522	396	286	682			
	Donations by customers <sup>(19)</sup>	HK\$'000	2,506	264	2,770	587	857	1,445	995	715	1,710			
	Donations by employees	HK\$'000	136	16	151	41	17	58	68	59	127			
	<b>In-Kind donations</b> <sup>(19)</sup>	HK\$'000	1,033	955	1,988	4,610	2,793	7,403	4,353	3,149	7,502			
	<b>Other contributions for community development</b> <sup>(20)</sup>	HK\$'000	-	-	380	-	-	1,606	-	-	2,796			
	<b>Community outreach</b>													
Service hours <sup>(21)</sup>	hours	5,082	674	5,756	15,945	3,617	19,562	19,949	2,609	22,558				
Employee volunteers <sup>(21)</sup>		545	60	605	1,154	279	1,433	1,093	250	1,343				

## Footnotes:

- Year-end data as at 31 December 2020. From 2017 onwards, headcount data only covers full-time employees working full number of hours per week for that particular position, as more than 90% are full-time employees. Part-time employees working on permanent, fixed term and at will contracts, non-contracted employees and daily contingent casual labour were not included in the reporting scope. Full-time equivalent (as of Dec) is 4,747, this includes employee working on a part time basis (e.g. two part-time employees working half day are counted as one full-time equivalent). A decrease in headcount due to unavoidable restructurings, layoffs or furloughs in our global operation, while HSH ceased to have any responsibility for the ownership and operations of the Thai Country Club from 28 October 2020.
- Turnover rate refers to full-time employees only. "Full Time" means that the employee works full number of hours per week for that particular position. While total turnover rate increased due to unavoidable restructuring, our voluntary turnover reduced by 3.4 p.p at 12.3%.
- Average training spend is based on total annual training spend per full-time equivalent. Decrease by more than 60% in spend was due to extended closure of some operations in 2020 and reduction in training budget. Most trainings was scheduled in-house through digital platforms and online training resources are available on our Talent Management System.
- Injury and lost day rate recorded from 2017 onwards does not include The Peninsula Beverly Hills due to revised methodology used for monitoring. Injury rate and lost day rate in 2020 decreased significantly due to reduced working hours of our staff and increased awareness on injury prevention. 98% of the reported incidents did not require a hospital stay, and thus not considered severe injuries. The injury rate for severe cases is at 0.06 per 100 employees. There was no incident of occupational disease recorded.
- Absentee rate recorded did not include The Peninsula Beverly Hills. As sick days are categorised under paid-time off, absentee data of The Peninsula Beverly Hills is therefore not available.
- Energy, carbon and water data are skewed due to this year's operational challenges. Please refer to p.18-20 of the report for detailed explanation of the changes.
- Carbon emission generated from Hong Kong Towngas includes both scope 1 (combustion) and scope 2 (generation and transportation) as required under Hong Kong Carbon Accounting guidelines. For other countries the extraction, generation and transportation process are considered as scope 3 under GHG Protocol and other international standards, and are therefore excluded.
- Scope 2 GHG emissions data presented are calculated based on the market-based method as per the GHG Protocol Scope 2 Guidance. (2020 location-based Scope 2 GHG emissions was 56,975 tonnes CO<sub>2</sub>e).
- The energy use generated from renewable sources is not significant. None of our properties produce significant renewable energy on-site; renewable energy is limited to the fuel mix used for electricity and steam generation as well as district cooling system in each location of operation.
- Vehicle fuel consumption is not included in the total energy use and energy intensity reported.
- 2020 direct energy consumption by source were 122,548 GJ of gas, 10,176 GJ liquefied petroleum gas and 39,437 GJ of diesel oil, whilst our indirect energy consumption by source were 350,928 GJ of electricity, 7,445 GJ of chilled water and 41,411 GJ of purchased steam.
- The Repulse Bay tenants, The Peak Complex, St. John's Building and The Landmark Vietnam are excluded for water and waste data. Business nature of these properties are different from hotels and other commercial properties, as water consumption and waste disposal are largely determined by number of tenants (or visitors) and their behaviour, where we have limited control.
- Direct water consumption refers to water obtained from municipal source; water captured directly are reported under recycled and other water sources.
- Includes all water uses in the hotels such as restaurant, spa, etc, not just those used by guests directly.
- Water recycled and other water sources dropped by 23% mainly contributed by the extended closure of The Peninsula Bangkok.
- Water intensity of Tai Pan Laundry (15.4 litres per kilogram washed in 2020, increased from 13.6 in 2019) is excluded as its intensity is measured on different metrics from that of commercial properties and clubs.
- Total waste generated and diverted reduced significantly mainly due to business slow down which resulted in less waste from guest stays.
- Group waste diversion rate in 2020 is 48.9%. Grease trap waste, hazardous waste and construction waste were not included in the waste data reported.
- Increase in monetary donation as we launched "Love of Community", a charitable meal-for-meal programme to nourish the neediest in the communities we operate, a significant portion of the donation which are from our guests. Decrease in monetary and in-kind donations from the company due to cancellation of gala and charity events. In addition, cost saving measures have been implemented in light of the challenging business environment in 2020.
- Relates to contributions made to non-charitable organisations on projects supporting the wider community, for example, the Hong Kong Heritage Project, an archive project for preserving valuable historical records of the Kadoorie family and its businesses, mostly based in Hong Kong. 2019 figure has been restated as part of our monetary contribution to the Hong Kong Heritage Project was put on hold due to the pandemic.
- Service hours and employee volunteers decreased by 71% and 58% respectively due to extended closure of some operations and social distancing measures advised by the local government authorities.

# SUSTAINABILITY REPORTING CONTENT INDEX

This table summarises the information disclosed in this report, which follows the following reporting standards including the HKEX ESG Guide, GRI Standards (latest publication) and SASB. Alignment with these reporting standards must be read from this table for full details and context. Details of the GRI Standards can be found at [www.globalreporting.org/standards](http://www.globalreporting.org/standards) while for HKEX ESG at <https://en-rules.hkex.com.hk/rulebook/environmental-social-and-governance-reporting-guide-0> and while for SASB at [www.sasb.org/standards-overview](http://www.sasb.org/standards-overview).

KPMG was commissioned to conduct assurance of this report and to provide an independent limited assurance opinion on whether identified elements of the reported information is disclosed in accordance with the HKEX ESG Guide. Details of its report can be found on p.45-46.

In case of any discrepancy in the disclosures between the HKEX ESG Guide or GRI Standards or SASB, the HKEX ESG Guide shall take precedence due to the Company's disclosure obligation as per its listing in the HKEX. References to the 2020 Annual Report in the page number column will be abbreviated as "AR"

GRI Standards	ESG Guide	SASB	Page/Section	Remarks/Reasons of Omission
<b>GRI 102: General Disclosures</b>				
<b>Organisational Profile</b>				
102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-10	–	SV-HL-000.A to D	About This Report, AR 6-9, AR 14-15	Total area of hotel division is 487,264 m <sup>2</sup>
102-8	B1.1	–	47-49	Majority (over 90%) of the workforce is hired under full time and permanent contract and it is not material to breakdown in this manner. Instead, full time equivalent (FTE) data is available which includes employees working on part-time or temporary basis, please refer to p.49. There were no significant variations in the number reported. Employee Statistics by region: Asia: 4,384 Non-Asia: 1,225
102-9	–	–	38-41	
102-11	–	–	6-11, AR 20-31	
102-12 102-13	–	–	12-13, AR 84-85	
<b>Strategy</b>				
102-14	–	–	AR 16-31	
102-15	MDR 1	–	6-13	
<b>Ethics and integrity</b>				
102-16	–	–	6-11, 31, AR 92-93, AR 107-123	
<b>Governance</b>				
102-18	MDR 1	–	10-11, AR 107-123	
<b>Stakeholder Engagement</b>				
102-40	–	–	12-13, AR 84-85	
102-41	–	–	47-49	
102-42	–	–	12-13, AR 84-85	
102-43	–	–	12-13, AR 84-85	
102-44	MDR 2.1	–	12-13, AR 84-85	

GRI Standards	ESG Guide	SASB	Page/Section	Remarks/Reasons of Omission
<b>GRI 102: General Disclosures</b>				
<b>Reporting Practices</b>				
102-45	MDR 3	–	About This Report, AR 6-9, AR 64-81	
102-46	–	–	About This Report, 6-13	
102-47	MDR 2.1	–	6-13	
102-48	–	–	47-49	Restatement of information: Yes Please refer to footnote (d) and (20) on p.48-49
102-49	–	–	47-49	Significant changes in scope and aspect: Please refer to footnote (d) and (20) on p.48-49
102-50	–	–	–	1 January to 31 December 2019
102-51	–	–	–	Date of most recent report: 2019
102-52	–	–	–	Reporting cycle: Annual
102-53	–	–	About This Report	
102-54	–	–	About This Report	
102-55	–	–	50-56	
102-56	–	–	About This Report, 45-46	

Material Issues	GRI Standards	ESG Guide	SASB	Page/Section	Remarks/ Reasons of Omission
<b>GRI 200: Economic</b>					
<b>Economic performance</b>	103-1, 103-2, 103-3	–	–	AR 147-215	
	201-1	B8.2	–	47, AR 147-215	
	201-3	–	–	AR 186-188	
<b>Market Presence</b>	103-1, 103-2, 103-3	B1	–	48-49, AR 106	
	202-2	–	–	48-49, AR 106	Majority of senior management are hired from the local community.
<b>Procurement Practices</b>	103-1, 103-2, 103-3	B5	–	38-41	
	204-1	–	–	38-41	We monitor material issues such as perishable goods, 59% were sourced locally and regionally in 2020.
	–	B5.1	–	38-41	HSH has operations in Asia-Pacific, US, Europe and therefore, we have a wide diversity of suppliers located in all geographical regions. We are still exploring effective ways to keep track of such data. Currently, we have policies in place to encourage local sourcing and our Modern Slavery Statement also listed out the actions we have taken to manage social risks in our supply chain.
	–	B5.2, B5.3, B5.4	–	38-41	
<b>Anti-Corruption</b>	103-1, 103-2, 103-3	B7	–	31	We have taken the necessary steps to comply with the 2018 amendments in Hong Kong's Anti-Money Laundering and Counter-Terrorist Financing Ordinance. No significant fines or non-monetary sanctions for non-compliance recorded in 2020. Please refer to our Code of Conduct and Speak-up Policy for more details.
	205-3	B7.1	–	–	No identified legal cases regarding corrupt practices in 2020.
	–	B7.2	–	31	
	–	B7.3	–	–	Reading materials on anti-corruption were provided to directors. Group Anti-Fraud Policy and Group Anti-Bribery and Corruption Policy were included as part of their training.
<b>Anti-Competition</b>	103-1, 103-2, 103-3 206-1	– –	– –	31 –	No identified cases regarding anti-competitive behavior and violations of anti-trust and monopoly legislation.

Material Issues	GRI Standards	ESG Guide	SASB	Page/Section	Remarks/ Reasons of Omission
<b>GRI 300: Environmental</b>					
<b>Energy</b>	103-1, 103-2, 103-3	A2, A3	–	16-19, 23-25	
	302-1	MDR2.2, A2.1	SV-HL-130a.1	16-19, 47-49	62% of energy consumed was supplied from grid electricity. We will start reporting the solar energy produced at Quail Lodge and Golf Club in 2021.
	302-3	A2.1	–	16-19, 47-49	
	302-4	A2.3	–	16-19, 47-49	
<b>Water</b>	103-1, 103-2, 103-3	A2, A3	–	19-20, 23-25	
	303-3	A2.2	SV-HL-140a.1	19-20, 47-49	Group total water consumption is 1,313,543 m <sup>3</sup> . Direct water consumption in: high baseline water stress area is 169,561 m <sup>3</sup> (accounts for 13% of the total water withdrawal); extremely high baseline water stress is 485,318 m <sup>3</sup> (accounts for 37% of the total water withdrawal). Seawater is used for flushing in Hong Kong, the consumption amount is not considered to be material to HSH, and therefore, this was not included in the scope.
	–	A2.4	SV-HL-140a.1	19-20	
<b>Emissions</b>	103-1, 103-2, 103-3	A1, A3	–	16-19, 23-25	
	305-1	A1.1 A1.2	–	16-19, 47-49	Greenhouse gases included in the emissions calculation included CO <sub>2</sub> , CH <sub>4</sub> and N <sub>2</sub> O as a result of the consumption of fuel oil, diesel, petrol, natural gas, town gas and Tokyo gas. Fugitive emissions in CFCs and HCFCs from the consumption of refrigerants were also included in the calculations. All greenhouse gases are reported in CO <sub>2</sub> equivalents.
	305-2	A1.1 A1.2	–	16-19, 47-49	Refer to response above.
	305-4	A1.2	–	16-19, 47-49	Refer to response above.
	305-5	A1.5	–	16-19, 47-49	Refer to response above.
	305-6	A1.1	–	47-49	Refer to response above.
<b>Effluents and Waste</b>	103-1, 103-2, 103-3	A1, A3	–	21-25	
	306-4	A1.3, A1.4	–	21-22, 47-49	Less than 1% of our waste generated is hazardous waste, and therefore, it is not a material issue to HSH. Recyclables are sent to off-site recycling facilities or upcycled by our partnering organisations. We currently do not track the amount of materials we re-use within our operations. Waste sent to landfill and incinerator are 1,616 tonnes and 177 tonnes, respectively.
	306-5				
	306-1, 306-2, 306-3	A1.6	–	21-22, 47-49	Hazardous waste is properly disposed according to local regulations or through take back programmes from the suppliers.
<b>Environmental Compliance</b>	103-1, 103-2, 103-3	A1	SV-HL-160a.1.	16-24	
	307-1	A1	–	–	No significant fines or non-monetary sanctions for non-compliance recorded in 2020. An example of relevant laws and regulation for HSH is the Environmental Impact Planning regulations for our new developments in London, Istanbul and Yangon. We comply with these laws.

Material Issues	GRI Standards	ESG Guide	SASB	Page/Section	Remarks/ Reasons of Omission
<b>The Environment and Natural Resources</b>	–	A2.5	–	–	To ensure accuracy of data reported, we aim to report on the quantity of packaging materials when we launch our next sustainability strategy.
	–	A3.1	–	16-25, 38-41	We do not have any lodging facilities operated, owned, leased, or franchised in sites with protected conservation status, or areas of endangered species habitat. Most of our entities are located in cities, we preserve ecosystem services indirectly through sustainable procurement of our seafood, paper products, cleaning products, tea, coffee and chocolate etc. We continue to implement international green building standard e.g. BREEAM to reduce our environmental impact in new projects and major renovations.
	–	–	SV-HL-160a.1.	16-22, 38-41	
	–	–	SV-HL-160a.2.	16-25, 38-41	
<b>Climate Change</b>	–	A4	SV - HL - 450a.1.	38-41	Refer to TCFD disclosure on p.42-43
	–	A4.1	SV - HL - 450a.1.	38-41	Refer to TCFD disclosure on p.42-43 Flood risk assessment has been conducted in 2020.
<b>GRI 400: Social</b>					
<b>Employment</b>	103-1, 103-2, 103-3	B1	SV-HL-310a.2.	26-33	HSH complies with relevant employment and labour laws and regulations in cities that we operate. There were no fines incurred due to law violations.
	401-1	B1.2	–	47-49	In the spirit of conciseness and materiality, we only provide employee turnover by age group.
	401-3	–	–	–	Eligible employees receive parental leave based on local regulations; we do our best to encourage return to work for all employees where possible.
	–	–	SV-HL-310a.1.	47-49	Voluntary turnover rate: 12.3% Total turnover rate: 31.5%
<b>Labour/Management Relations</b>	103-1, 103-2, 103-3	B1	–	26-33	In the case of any significant operational changes that would substantially affect our employees, we keep them informed well in advance, typically with a minimum notice period of 1 to 12 weeks. This is also specified in collective bargaining agreements where they apply. 100% of our employees earning minimum wage or above, this is slightly differently worded to the SASB reporting requirement. Initial research and benchmarking study on living wage has commenced in 2020.
	402-1	–	–	–	
	–	–	SV-HL-310a.3.	–	
<b>Occupational Health &amp; Safety</b>	103-1, 103-2, 103-3	B2	–	30-32	HSH complies with relevant health and safety laws and regulations in cities that we operate.
	403-9	B2.1, B2.2, B2.3	–	30-32, 47-49	Total number of hours worked is 10,897,708 hours. Based on GRI methodology, recordable injury rate is 3.32 per 200,000 hours worked. There were 3 cases of high-consequence work-related injuries in 2020. There continue be no fatalities due to injury in the past three years.

Material Issues	GRI Standards	ESG Guide	SASB	Page/Section	Remarks/ Reasons of Omission
<b>GRI 400: Social</b>					
<b>Training and Education</b>	103-1, 103-2, 103-3	B3	–	26-33	
	404-2	B3	–	26-33	Our learning and development programmes include opportunities for skills upgrading; where relevant, we provide transition assistance programmes, e.g. operations closure
	–	B3.1, B3.2	–	47-49	We provide training as part of one's role and training needs, regardless of gender, other diversity factors and management/non-management role.
<b>Diversity and Equal Opportunity</b>	103-1, 103-2, 103-3	B1	–	28-30, AR 106	
	405-1	B1.1	–	AR 106	Board Membership Statistics: <ul style="list-style-type: none"> <li>• by gender: 18% female and 82% male</li> <li>• by age group: 6% under 30; 6% between 30 to 50; 88% over 50</li> </ul> Employee Statistics: <ul style="list-style-type: none"> <li>• by gender: refer to Data Statement</li> <li>• by age group: 22% under 30; 54% between 30 to 50; 24% over 50</li> </ul>
<b>Non-Discrimination</b>	103-1, 103-2, 103-3	B1	–	31, 40	
	406-1	B1	–		
	–	–	SV-HL-310a.4.	31, 40	No sexual harassment cases reported in 2020. Please refer to our Code of Conduct and Speak-up Policy for more details.
<b>Freedom of Association and Collective Bargaining</b>	103-1, 103-2, 103-3	B4	–	31, 40	HSH complies with relevant laws and regulations in relation to preventing child and forced labour. Please refer to our Modern Slavery Statement.
	407-1	–	–	–	No known significant risks identified within our operations. We strive to mitigate all potential supply chain risks within our sphere of influence through HSH Supplier Code of Conduct.
	408-1 409-1	B4.1, B4.2	–	31, 40	Our Code of Conduct and Modern Slavery Statement outlines our commitment to respecting human rights including our position against child labour and human trafficking, and use of child labour and forced labour in our supply chain.
<b>Human Right Assessment</b>	103-1, 103-2, 103-3	–	–	31, 40	
	412-2	–	–	31, 40	
<b>Local Communities</b>	103-1, 103-2, 103-3	B8	–	34-37	
	413-1	–	–	34-37	All operations had local community engagement programmes during the reporting year.
	–	B8.1	–	34-37, 47-49	
	–	B8.2	–	34-37, 47-49	

Material Issues	GRI Standards	ESG Guide	SASB	Page/Section	Remarks/ Reasons of Omission
Customer Health & Safety	103-1, 103-2, 103-3	B6	–	30-31	Health and safety impacts are assessed for improvement for all significant products and services. No incidents of non-compliance concerning the health and safety impacts of products and services in the reporting year. No products sold or purchased directly from our official sales channels were subject to recalls for safety and health reasons.
	416-1, 416-2	–	–	–	
		B6.1	–	–	
Marketing and Labeling	103-1, 103-2, 103-3	–	–	38-41	No incident of non-compliance in the reporting year.
	417-2	B6	–	–	
Customer Privacy	103-1, 103-2, 103-3	B6	–	–	No substantial complaints regarding breaches of customer privacy recorded during the reporting period. An example of a significant regulation that we complied with in 2019 is the European Union General Data Protection Regulation (GDPR). Data privacy and security remained an important subject in 2020, and we have continued to strengthen our policies and processes in relation thereto. This included ongoing training, as well as a revision and update of several of our privacy-related documents and contracts. In addition, we continued to implement additional IT security measures and training to ensure the safety and security of all our IT systems. For our data privacy and security policy, please visit <a href="http://www.peninsula.com/en/privacy-security">http://www.peninsula.com/en/privacy-security</a>
	418-1	B6.5	–	–	
Compliance	103-1, 103-2, 103-3	B1, B2, B4	–	26-33, 40	No non-compliance with law that resulted in significant fines or sanction identified during the reporting period. Our Code of Conduct outlines our commitment to intellectual property rights protection. Once potentially unsafe products are identified, product recall procedure would kick-start to stop the distribution and sale of the product from marketplace. The cause, extent and result of the recall would be recorded and reported.
	419-1	B6.2	SV-HL-310a.2	–	
	–	B6.3	–	–	
	–	B6.4	–	–	





THE HONGKONG AND SHANGHAI HOTELS, LIMITED  
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