Sustainability Report 2020

SHANGRI-LA ASIA LIMITED

Incorporated in Bermuda with Limited Liability Stock Code: 69



Leadership Message



On behalf of the Board, I am pleased to present Shangri-La Asia Limited's 2020 Sustainability Report.

It has been a decade since we published our first standalone report on the Group's Environmental, Social & Governance (ESG) performance. Just as our portfolio of hotels and investment properties has grown substantially during this time, so has our resolve to hold ourselves to higher standards in our commitment to run our businesses in an ecologically sustainable manner to limit the impact we make on the environment and to better serve the communities we operate in.

The COVID-19 global pandemic posed an existential threat not just to the hospitality and travel industries, but also to our very way of life. The unprecedented disruption that was caused to our business operations in 2020 required the Group to take exceptional measures to protect the people we care for and support affected local communities, while operating in an environmentally sustainable manner.

In response to COVID-19, the Group developed and implemented the "Shangri-La Cares" commitment that embodied "best-in-class" health and safety protocols in all our properties. This commitment guides our hotels' unrelenting efforts to ensure the well-being and comfort of every guest and colleague as well as other local and international stakeholders.

I am proud that more than half of our colleagues participated in volunteering activities in their local communities in support of hospital workers, frontline workers, schools and under-privileged families. Our hotels were also privileged to have been able to provide complimentary meals, food packages and face masks to the underprivileged in local communities impacted by the pandemic.

I was extremely moved by the commitment and sacrifice of so many of our colleagues in Wuhan who volunteered to stay on in the hotel to care for guests who were stranded in the city. Going beyond the call of duty, our colleagues provided complimentary meal boxes to local hospitals during the city's lockdown. They also hosted medical officers that were brought in from other provinces to assist in the fight against the virus, providing these medical heroes a warm home and Shangri-La hospitality.

Throughout the year, we maintained our commitment to Shangri-La's signature programmes to care for nature and to promote biodiversity, marine life protection, and responsible consumption. We implemented new utility and energy management systems to improve energy consumption and efficiency across all our properties. We also introduced robust environmental management systems to integrate environmental considerations into our daily operations, as well as improved our waste management systems. Since the introduction of our single-use plastic reduction roadmap in 2019, we continued to make good progress in this area.

In recognition of our stakeholders' increasing expectations for more proactive leadership on environmental, social and governance (ESG) matters, I am pleased to report that the Board has formally endorsed Shangri-La's ESG Framework to embed the Group's core values and culture into 4 key areas – the respect we have for our environment, the manner in which we conduct business, the care we show our people and the contributions we make to our communities. At the heart of our ESG Framework is our commitment to make a positive impact on the communities we operate in.

I would like to take this opportunity to thank my colleagues for their resilience and unwavering dedication during these challenging times. I am also grateful to our guests, business partners and shareholders for their enduring support and trust.

KUOK Hui Kwong

Chairman

Board Statement on Environment, Social and Governance, 2020

- We are committed to operating in an economically, socially and environmentally sustainable manner while balancing the interests of diverse stakeholders in order to make a positive impact on our local communities in every location.
- We strive to be leaders in corporate citizenship and sustainable development; holding ourselves accountable to international standards in order to serve as good stewards of society and the environment.
- Our Environmental, Social and Governance (ESG) Framework is underpinned by strong corporate governance, with emphasis on material topics for our business and our stakeholders organised into four pillars: Our Business, Our Communities, Our Environment and Our People.

About Shangri-La

Shangri-La Asia Limited (Shangri-La or the Group) is incorporated in Bermuda with limited liability. We are primarily listed on the Stock Exchange of Hong Kong (HKEX) with a secondary listing on the Stock Exchange of Singapore (SGX). The Board of Directors is our highest governance body. For information about the Group's

financial performance and Corporate Governance, please refer to our Annual Report, which is available at www.shangri-la.com/group/investors/.

Shangri-La International Hotel Management Limited (SLIM) is a wholly owned subsidiary of Shangri-La headquartered in Hong Kong SAR with operations in Hong Kong SAR, Shanghai, Beijing, Kuala Lumpur and Singapore. It provides management services for our hotels and resorts worldwide under four hotel brands: Shangri-La, Kerry, JEN by Shangri-La, and Traders.









Leadership for Sustainable Development

Our commitment to leadership for sustainable development reflects the core values that have informed every aspect of our business since the first Shangri-La hotel was opened in Singapore in 1971. In 2020, Shangri-La was listed on the Hang Seng Corporate Sustainability Index and Dow Jones Sustainability Asia Pacific Index. In addition to participating in annual CDP Climate Change and Water Security surveys, we also subscribe to the UN Global Compact.



Dow Jones Sustainability Indices

Powered by the S&P Global CSA





About this report

This report fulfils relevant provisions of the Stock Exchange of Hong Kong (HKEX) Main Board Listing Rule 13.91 and ESG Reporting Guide, and also references GRI Standards from the Global Reporting Initiative. Please refer to the <u>HKEX and GRI content indices</u> for more information.

We welcome your feedback on the content of this report and our overall sustainability performance.

Please contact us at csr@shangri-la.com.

Highlights for 2020

Our Guests

64.5% of guests rated
Overall Stay Experience 5 out of 5

49,710 instances of guest feedback were recorded and resolved

hotels maintained ISO 22000: FSMS/HACCP certification for food safety

100% of medium and high risk F&B suppliers fulfilled stringent hygiene and safety standards

Our Environment



36 certified green buildings

55% waste diversion rate

10 active Sanctuary projects
- Shangri-La's Signature
Programme for Nature

54 species at risk of global extinction protected

Our People



Shangri-La Academy Online

41 314 colleagues

1 million training hours

51 hours/colleague, on average

100% of full-time employees completed:

- Code of Conduct & Ethics Learning
- Global Security and Fire Life Safety Orientation
- Shangri-La Cares: COVID prevention standards

Our Community



22.489 volunteers

118,200 + volunteer hours

>21,700 beneficiaries of Embrace, Shangri-La's Signature Care for People Programme

88 hotels support Shangri-La's Rooted in Nature initiative

An extraordinary year

2020 was an extraordinary year in which our 'Shangri-La Cares' commitment for guests, employees and communities assumed top priority due to the COVID-19 pandemic.

During the year, the Group took proactive steps to manage operating costs in response to social distancing restrictions and low hotel occupancy rates. These measures had a material impact on both our employment profile and ecological footprint but we anticipate the effects will be temporary pending resumption of normal business operations.

Scope of ESG Disclosures

In keeping with our approach in previous years, the focus of this report is on material Environmental, Social and Governance (ESG) impacts of the Group's hotel management services. The scope of key performance indicators (KPIs) for 2020 includes 101 properties* that were in operation for at least one full calendar year as of 31 December 2020. Compared with our 2019 report, the scope increased by one operating hotel—Shangri-La Hotel Suzhou Yuanqu—which opened in 2019.



The Group's development programmes, property rentals and property sales are not within the scope of this report. Our newest hotels, Shangri-La Zhoushan and Shangri-La Putian, opened in Mainland China in January and December 2020, respectively. These properties will be incorporated into the scope of next year's reporting cycle.

Sustainability at Shangri-La

ESG Governance

The Group's ESG Governance is underpinned by our Integrated Assurance Framework (IAF). Our hotels, properties, regions and corporate headquarters contribute to Four Lines of Defence (LODs) in order to collectively provide assurance to the Board and our shareholders that the Group's key risks and material issues are being managed effectively.

In 2020, the Board formally endorsed the Group's ESG Framework and delegated responsibility for oversight to its Audit & Risk Committee (ARC). At management level, an ESG Committee has been established to drive implementation and

ensure accountability for performance against ESG targets across the Group. The ESG Committee is chaired by the Group CEO and comprised of representatives from all operating divisions. It will report its work to the Board on an annual basis.

ESG Governance Hierarchy

Provides oversight of the Group's ESG framework, endorses management's ESG strategy and approach and receives assurance from Management on progress towards agreed goals and targets.

ESG Management Committee

Board

Executes the Group's ESG framework, including identification of suitable ESG goals and targets and assignment of ownership and responsibility for pursuing them; Reviews progress and reports to the Board.

Hotels and investment properties

Implements the Group's ESG policies and initiatives; performance is assessed holistically with respect to the Group's ESG goals and targets through our Balanced Score Card.

Monitoring and evaluation

In our approach to ESG Governance, the Group continues to strike a balance between centralised control and adaptable, flexible decision-making by enabling our hotels and properties to take ownership for their ESG initiatives and performance. Our Balanced Score Card (BSC) is a strategic management tool for evaluating the performance of our hotels in a holistic way, incorporating KPIs for Our People, Our Guests and Our Community as well as Our Business. We also monitor hotels' environmental performance with respect to targets for reducing their ecological footprint.

ESG Key Performance Indicators

Our Business

- Revenue & profitability
- Business forecasting

Our Guests

- Guest satisfaction
- Safety & security

Our People

- Succession planning
- Core Learning & Shared Values

Our Community

- Volunteerism
- Community engagement

Balanced Score Card KPIs

Our Environment

- Energy, water and carbon
- Waste
- Plastic reduction
- Women and children

Other ESG KPIs (under development for 2021)

Stakeholder Engagement and Materiality

We completed our first comprehensive materiality assessment for the purpose of ESG reporting in 2012 and updated the list of material issues for our hotels in 2019 to ensure alignment with our IAF. Please refer to our 2019 Sustainability Report for more information.

Our approach to prioritising ESG issues reflects stakeholders' expectations and

priorities for sustainable development. We seek feedback from our guests and actively engage with colleagues and representatives of our local communities. In addition to meeting regularly with investors and responding to their queries, we participate in external surveys such as the Dow Jones and Hang Seng Sustainability Indexes and CDP, which allow us to benchmark our performance with respect to local and

international peers in the hospitality, real estate and other sectors.

In 2020, we reflected on key changes to the ESG Guide and related Listing Rules issued by HKEX in order to ensure that we will continue to comply fully with its requirements.

Upholding our Core Values

Shangri-La is committed to upholding the core values of Integrity, Fairness, Respect, Ethical business conduct and Excellence in service that define our reputation and brand. Our Code of Conduct and Ethics reaffirms and promotes these values by setting out high standards of behaviour for our directors, officers and employees in the

performance of their duties. In all places we do business, we conduct our affairs in full compliance with applicable laws, rules and regulations. We have a whistleblowing and whistle-blower protection policy in place to support anyone who wishes to come forwards with a query or complaint.

In 2020, 100% of our colleagues completed and passed our Essential Learning programme on the Code of Conduct & Ethics. We are not aware of any instances of non-compliance with laws and regulations that have a significant bearing on the performance of the Group.



As a signatory to the UN Global Compact, the Group is committed to upholding fundamental human rights. To ensure proper respect for human rights throughout our supply chain, we insist that our suppliers must implement fair, humane and non-discriminatory employment practices, treat their employees fairly, and respect diversity and inclusion. We do not condone any form of slavery, human trafficking or forced labour, including coerced, bonded, indentured or child labour.

Achieving shared goals: Working with Diversey to make a difference

In response to the COVID-19 pandemic, Shangri-La was the first hotel group to implement a hygiene and disinfection certification programme in partnership with an independent services provider. Throughout 2020, we worked closely with our valued, long-term supply chain partner, Diversey, to design and implement Shangri-La's Official Certification Programme on Hygiene & Disinfection. The course covers personal hygiene and the correct use of preventative equipment, approved cleaning products and tools, as well as detailed disinfection and inspection process flows.





Shangri-La's partnership with Diversey goes back many years and reaches far beyond the daily operations of our hotels into the communities we serve. In 2020, 21 of our hotels in Southeast Asia and Sri Lanka partnered with Diversey to upcycle 12,500 kg of hotel linen into more than 500,000 reusable face masks for donation to local communities.



Upcycle hotel linen into reusable face masks for local communities

Partnerships for sustainable development

The Group works with over 20,000 suppliers of goods and services, of which about one third are based in China. We require our suppliers, their employees, subsidiaries, affiliates and sub-contractors to uphold the Group's core values

by adhering to ethically, socially and environmentally responsible business practices as outlined in our Supplier Code of Conduct. Failure to comply with any provision of this code may result in termination of our business relationship. At

the same time, we actively seek out supply chain partners with strong credentials whose practices go well beyond our minimum requirements.

Responsible Business in our Supplier Code of Conduct (updated February 2020)

- Compliance with Laws & Regulations
- Product Quality & Safety
- Business Integrity & Ethics
- Labour Standards & Practices
- Environmental Protection

- Community Engagement
- Anti-corruption
- Record Keeping
- Confidentiality & Data
 Protection
- Respect for Intellectual Property Rights

OUR GUESTS

At Shangri-La, it is in our nature to look after people, to anticipate their needs and to care for them. In 2020, our "Shangri-La Cares" commitment assumed even greater significance due to the COVID-19 pandemic.

Trusted and Nurturing

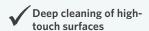
The Group has well-established policies in place to safeguard the safety of our guests, including but not limited to hygiene and disinfection, food and fire life safety, conflict resolution, crime prevention, medical emergencies, and privacy and data protection. All hotels are subject to annual audits to verify their compliance with the Group's standards and procedures.

The "Shangri-La Cares" commitment: Elevating our culture of health and safety to new heights

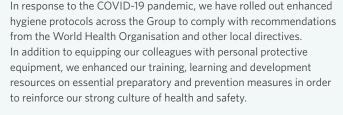


"Shangri-La Cares" commitment

Enhanced hygiene protocols in place throughout our hotels

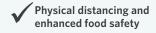






As part of our comprehensive monitoring and compliance regime, Group Hygiene Quality Teams (HQT) utilise a specially developed smart phone app to record and report the results of cleanliness inspections in all hotels. This data is tabulated at group-level in a dynamic dashboard to facilitate transparency and accountability for strict adherence to high standards. We will continue to review and improve our practices as the situation evolves towards the "new normal".





85 Hotels with ISO22000: Food Safety Management System/HACCP

Food Safety

We are committed to safeguarding food safety in accordance with Shangri-La's comprehensive food safety management system. Shangri-La's supplier management programme has been implemented throughout our business to ensure that food and beverage (F&B) suppliers meet stringent requirements for hygiene and food safety.



Strict Enforcement of Food Safety Standards

100% of medium and high risk F&B suppliers are affirmed to meet our stringent requirements, including

Method 1	or	Method 2	or	Method 3
Proof of Certification		Independent		Hotel hygiene audit
e.g. ISO22000 / GFSI		third-party audit		(applicable for small-scale
recognised schemes				suppliers)

Fire Life Safety

Shangri-La's standards for Fire Life Safety (FLS) reference the USA National Fire Protection Association's regulations and other relevant codes for the countries in which we operate. Each hotel has appointed at least one FLS manager with responsibility for monitoring and maintaining our FLS systems in accordance with group standards and local code requirements.

Security and Emergencies

Cross-functional emergency response teams are on duty in our hotels 24 hours a day, 7 days a week. Together with our Group Business Continuity Plan, the Group's standard operating and emergency response procedures help to guarantee the highest standards of security for our guests, colleagues and visitors. We also have a group-wide Security and Safety Reporting System (SSRS) in place to facilitate timely reporting and management of every incident.

Data Protection

Shangri-La's Global Privacy and Data Protection Policy sets out our commitment to safeguarding the personal information of our guests, including respect for data privacy in full compliance with relevant laws and regulations, such as the European Union's General Data Protection Regulation.

Guest Experience

As part of our ESG strategy, we strive to ensure that feedback from our guests always receives the priority it deserves. We track guest satisfaction through our Balanced Score Card and utilise this data when conducting regular reviews of our hotels' and colleagues' performance. As part of our basic programme, all colleagues receive training on problem handling and guest recovery. We empower our colleagues to resolve issues as they arise in order to delight our guests and build their loyalty to our brand.

Since 2018, we have implemented an independent comprehensive feedback measuring tool called TrustYou to help us evaluate guest satisfaction dynamically. It combines internal and external ratings data with an evaluation of our hotels' performance relative to competitors in each market. Our Post-Stay Guest Survey gathers information on Overall Stay Experience (OSE), which feeds into each hotel's TrustYou Complindex score.



Key Drivers for Overall Stay Experience

- Our People
- Overall Arrival
- Overall Departure
- Overall Breakfast
- Overall Guest Room & Bathroom

	2018	2019	2020
Top-box OSE ratings across all hotels*	60.5%	63.0%	64.5%
Post-Stay Guest Survey rate**	15.6%	15.8%	15.0%

 $^{^{\}star}$ The percentage of ratings that are 5 out of 5. This measure reflects the number of "truly delighted" guests.

We have a Guest Defect Tracking System in place known as DR3, which stands for Defect Reporting, Recording and Resolution. Every guest complaint must be entered in the system so that we can monitor defect trends and implement action plans to reduce their reoccurrence with the ultimate objective of eliminating every defect. In 2020, there were 49,710 guest defects reported. The top three types of defect concerned guest room air-conditioning, food taste and noise.

^{**} The number of completed surveys divided by total survey invitations sent to guests with an email address upon check-out.

OUR PEOPLE

We face a range of material issues related to human resources in our hotels, including talent acquisition and retention, training and development, succession planning, employee engagement and occupational health and safety. In every applicable jurisdiction, the Group complies with local laws and regulations governing employment, remuneration and benefits among others.

Caring for our Colleagues

Shangri-La has always prioritised the health, safety and well-being of our workforce. This is a commitment that we have proudly upheld in spite of additional challenges associated with the COVID-19 pandemic. Every hotel has an Occupational Health and Safety (OHS) management system in place covering all employees and other workers within the hotel's premises. Our Group OHS Implementation Manual provides guidance to hotels on how to prepare and implement their OHS Management Systems in accordance with internationally recognised standards such as OHSAS 18001 in order to ensure continuous improvement in OHS performance.

Recognising the threat posed by COVID-19 to our workforce, we implemented effective prevention and control measures throughout the Group in early 2020 to minimise the risk of cross-infection in our workplaces. For their safety, our front-line colleagues were provided with personal protective equipment, hygiene kits, and underwent regular health screening. Strict workplace hygiene, social distancing and infection control policies including the mandatory use of face masks, split team working arrangements and staggered mealtimes were implemented at all properties.

During the year, a number of our colleagues were personally impacted by COVID-19 infection or close contact with confirmed cases. We provided paid sick leave and offered our full support, including psychological counselling. In one particularly heart-warming instance, we were able to step in and provide care for the child of a colleague in Wuhan when she and all adult members of her family were taken into central isolation for treatment and quarantine by local authorities.

Clock In, Get In: Keeping connected and healthy in lockdown



A colleague from Shangri-La Beijing joined the "Clock In Get In" session from home

In early 2020, government lockdown orders required many of our colleagues to remain at home rather than report for duty in our hotels and offices. In order to keep our workforce engaged and connected during this challenging time, we launched a special on-line learning programme covering a range of core functional areas in hotel operations, such as culinary skills, customer service, foreign language learning and office administration. We also added multimedia learning resources to our Shangri-La Academy Online library focused on staying healthy in body and mind during the pandemic. Thousands of colleagues made the most of this unprecedented opportunity to pursue self-directed learning and enhance self-care.

Self-care Topics in our "Live Well" Learning Series

✓ Exploring Anxiety

- ✓ Exploring Positive Habits
- ✓ Self-Discovery through Mindfulness
- √ Developing Self

Learning & Development

We foster a culture of active learning throughout our organisation. Every hotel, regional and corporate office has an annual budget amounting to 2% of payroll cost for learning and development initiatives, including essential, functional and leadership programmes, subscriptions for digital content from the Shangri-La Academy Learning Management System, on-the-job learning, and participation in internal or external workshops.

We are continually reviewing and improving our training resources to ensure they are relevant and effective. In addition to using e-assessment to validate colleagues' experiences, we collect data from participants for course evaluation. To ensure consistency across the Group, our hotels maintain complete records of learning and development activities for all colleagues, which are subject to regular audits by our Corporate HR division.



Essential Elements of our Culture of Learning

Core Learning

Goal: Ensuring consistently high standards

- 100% of eligible colleagues must complete and pass our core learning programmes (Code of Conduct*, Hotel Security, Food Safety, Fire Life Safety and Information Security)
- 5 21 days/colleague/year (depending on role and level of employment)

Shangri-La Academy Goal: Digital learning anytime, anywhere Online

- **460** e-learning programmes
- > 1,500 multimedia files
- > 2,108,700 training hours completed in 2020 by 41,314 colleagues
- 51 online training hours per colleague per year on average

Nurturing Talent Goal: Succession planning

- · Leadership teams are responsible for identifying and stewarding the development of high potentials in each hotel
- Leadership development programmes for colleagues at various management levels
- Includes anti-corruption training

In 2020, 100% of full-time employees completed and passed our Global Security Orientation, Fire Life Safety Orientation and newly introduced Shangri-La Cares: COVID Prevention Standards Training Programme. In addition, 34,635 employees who handle food services completed and passed the Shangri-La Food Safety course. During the year, we developed and introduced 103 new courses to Shangri-La Academy Online. Every course has a duration of between 20 to 45 minutes. In addition, 44 of our Essential and Functional courses are delivered in a blended format, which supplements the virtual classroom experience with practical on-the-job training and mentoring programmes within our hotels.



Shangri-La Academy Online participation in 2020 (# colleagues)

>21,800 Essential courses

(related to safety and compliance)

4,162 (related to skills development)

Leadership courses (related to nurturing talent)

Employment Profile

We value and appreciate the hard work, dedication and contributions of every colleague. In 2020, we undertook extensive organisational restructuring; streamlining operational and human resource costs at our headquarters and in our hotels. Board members, management team members and other colleagues accepted voluntary salary reductions. Headcount reductions were also made as a measure of last resort. We are doing our best to assist affected colleagues during this difficult transition by offering counselling and assistance in-job service.

42,300

9% reduction in total headcount (year on year)

19%

average voluntary turnover rate

Diversity and Equal Opportunities

43%

of our colleagues are female, overall

34% Top Managers who are female (VP level and above) 39% Junior Managers who are female (Levels M4 - M6)

Opportunities for People with Disabilities (PWDs)

1.5%

Profile of our People*

		Number	Share of total
Total Employees		42,300	100%
By Age group	Under 30 years	13,536	32%
	30 - 50 years	22,842	54%
	Over 50 years	5,922	14%
By Region	Mainland China & Hong Kong SAR	23,688	56%
	Rest of World	18,612	44%
By Gender	Male	24,075	57%
	Female	18,225	43%

Employees are defined as workers in an employment relationship with the Group, including permanent and contract employees (full time and part time).

New Hires*

		Number	Rate
Total Newly Hired Em	ployees	3,732	9%
By Age group	Under 30 years	2,836	7%
	30 - 50 years	784	2%
	Over 50 years	112	0%
By Region	Mainland China & Hong Kong SAR	3,284	8%
	Rest of World	448	1%
By Gender	Male	1,941	5%
	Female	1,791	4%

^{*} Method for calculation of rates: Number of employees in the sub-category during the reporting period divided by total headcount at the end of the reporting period.

Statement on Equal Opportunities

At Shangri-La, we are committed to ensuring that our workplaces embrace diversity and are free from discrimination on the basis of gender, race, religion, disability, marital status, sexual orientation, family status or any other personal characteristics. We do not condone harassment or any form of conduct that may cause our colleagues to feel embarrassed or uncomfortable at work.

OUR ENVIRONMENT

Our name, Shangri-La, evokes images of a mystical earthly paradise. The significance of this name is underpinned by two integral elements of our Asian heritage: respect for the environment and deep appreciation of natural beauty. In every place we operate, our hotels aspire to live up to our name and our heritage by providing stewardship for harmony with nature.

Mitigating our Environmental Impacts

We invest in green buildings certified to local and international standards, and also implement robust Environmental Management Systems (EMS) to integrate environmental considerations into the daily operations of our hotels.



36 green building certifications

17 Leadership in Energy and Environmental Design (LEED) certified hotels

19 properties with other locally relevant certifications e.g. China Green Hotel and Green Hotel (Malaysia)

Improving eco-efficiency of our portfolio: Monitoring performance against targets

2020 was intended to be the final year of assessment for group-wide ecological footprint targets that we introduced in 2015. At that time, we challenged our hotels to reduce the energy, water and carbon intensities of their operations by 15% over five years, which amounts to 3% per year from 2015 – 2020. The denominator for the intensity metric used in evaluating each hotels' performance is a 'business unit' measuring guest occupancy.

Due to low occupancy rates and extraordinary operating conditions in 2020, the intensity metric calculations for our hotels this year is fundamentally not comparable with previous years. We are therefore unable to conclude our evaluation of performance against 2020 targets. As previously reported in last year's report, between 2015 and 2019 the energy, water and carbon intensities of our portfolio declined by 10.0%, 3.6% and 8.9%, respectively. Even though we did not achieve the 12% reduction targets over 4 years that we had established for each of these metrics, the improvement in eco-efficiency is still significant. Next year, we plan to announce new performance targets for environmental impacts going forwards.

2019 vs 2015: Reductions in our ecological footprint

\$\bullet 10.0\% \quad \J3.6\% \quad \J8.9\%

Energy use intensity (kWh/BU) Water use intensity (CBM/BU)

Scope 1&2 GHG emissions intensity (kgCO2e/BU)*

Within the scope of this report, our hotels consumed 1,332 gigawatt-hours (GWh) of energy and 11,780 mega-litres (ML) of water, and Scope 1 & 2 GHG emissions amounted to 734 kilo-tonnes of carbon dioxide equivalent (ktCO $_2$ e) in 2020. During the year, the Group took proactive measures to manage operating costs, including temporary closure of some hotels and resorts. As a result, KPIs for the environmental footprint of our portfolio declined substantially year on year. We expect the decline to be temporary, pending the resumption of normal business operations in 2021 and beyond.





Taking Action in Response to Climate Change

Shangri-La recognises climate change as one of the greatest sustainability challenges facing our business and the communities we serve. As we look forwards toward business recovery, we will further enhance the eco-efficiency of our operations and strengthen the resilience of our portfolio to climate-related risks. Our hotels strive to continually improve their environmental performance. Many have implemented energy and water saving technologies and initiatives to reduce consumption of these precious resources.

Energy

In addition to purchased electricity, heat and chilled water, our hotels consume fossil fuels such as natural gas, diesel and LPG for heating, standby electricity or cooking. Combustion of fossil fuels results in some local air emissions, namely NOx, SOx and Particulate Matter (PM), however these are not sizeable enough to warrant disclosure.

To reduce both emissions and purchased energy costs, some hotels produce small amounts of renewable energy from roof-top solar installations for both hot water and electricity.

Across the Group, we are currently working on utility saving initiatives that could reduce annual energy consumption and operating costs by an estimated US\$59.5 million. These projects include variable control strategies for major systems, hot water system upgrades, energy benchmarking and a low-load energy efficiency strategy.

Energy Mix

	GWh	Share
Purchased electricity	782.04	59%
Natural gas	325.04	24%
Diesel	91.36	7%
Purchased heat	78.80	6%
LPG	32.44	3%
Chilled water	16.89	1%
Gasoline	4.57	<1%
Coal	0.55	<1%

Water

Water accounts for a significant portion of our hotels' utility bills, with many relying on municipal service providers not only to purchase freshwater but also to dispose of wastewater. To ensure compliance with local regulations and provide data for accurate calculation of Scope 1 GHG emissions, the Group monitors Biological Oxygen Demand (BOD) content of effluents from hotels.

We have made substantial investments to mitigate the impact of our hotels on availability of freshwater in ecologically sensitive regions. Our resorts in Boracay, Cebu, and the Maldives for example, operate desalination plants using groundwater or seawater to produce freshwater for consumption. In the Sultanate of Oman, Maldives and Mauritius our resorts recycle water for irrigation, washing of external surfaces and other suitable purposes.

Climate Change 2020





In 2020, we continued to improve our CDP scores for water security and climate change. We participate annually in the CDP reporting process in order to promote full transparency and accountability for our environmental performance. For more information, please refer to our recent survey response and results on the CDP website.

Water Security 2020



Waste Management

Our hotels strive to reduce the amount of waste that ends up in landfills through waste prevention and recycling. To avoid unnecessary paper waste, many hotels have implemented paperless check-in.



55%

waste diversion rate from landfills (non-hazardous waste)

↓58%

waste diversion rate from landfills (non-hazardous waste)

94

hotels implement paperless check-in

In 2020, the amount of non-hazardous waste sent to landfills by our hotels declined by more than half compared with 2019, primarily as a result of reduced hotel occupancy and fewer food covers. This category of waste includes food waste, paper and cardboard, plastics, metals, glass and others such as room amenities and linens. Our hotels also produce small quantities of hazardous waste, which is disposed of responsibly in accordance with locally applicable regulations and procedures. In 2020, our hotels recorded 113.8 tonnes of hazardous waste, including paints, chemicals and used oil, batteries, retired light fittings and electrical equipment.

Non-Hazardous Waste in kilo-tonnes*

	2018	2019	2020	2020 vs 2019
Number of hotels reporting	102	100	101	
Total	50.6	48.5	26.1	-46%
To landfill	33.8	27.5	11.6	-58%
Diverted	16.8	21.0	14.5	-31%
Diversion Rate e.g. energy recovery and recycling	33%	43%	55%	

^{*} In our 2019 report, we erroneously indicated that our waste was reported in tonnes when the correct metric is kilo-tonnes i.e. '000 tonnes.

Some of our hotels have difficulty collecting and disclosing data about the amount, composition and disposal of waste streams, often because third-party waste management contractors are unable to provide this information. When more accurate data is not available, our hotels make estimations based on waste volume.

Investing in the future: Retrofit enhances eco-efficiency at Island Shangri-La, Hong Kong



Water filtering system

In December 2020, Island Shangri-La, Hong Kong unveiled an eco-friendly water filtering system as part of the brand new retrofit for its Horizon Club Harbour View rooms and suites. Guests immediately remarked on the convenience of the new system, which displaces the traditional in-room kettle and plastic water bottles with instant hot, boiling and cold water at the turn of a tap.

From an environmental point of view, this relatively small and yet revolutionary initiative provides a glimpse at the future of continual eco-efficiency improvements in our hotels. The new system makes better use of space, electricity and water by delivering just the right amount on demand. We estimate that up to 45,000 plastic bottles will be saved per year as a result of this investment.

Tackling food waste

Kitchen waste is our most significant sub-category of waste by weight. Our hotels are taking primary steps to avoid food waste at source by reducing overproduction through better planning, storage and handling. We also take secondary steps to recycle unavoidable food waste through energy recovery and composting.

Kitchen Waste in kilo-tonnes

	2018	2019	2020	2020 vs 2019
Total	26.3	21.9	9.7*	-56%
To landfill	14.9	8.1	1.6	-81%
Diverted e.g. energy recovery and composting	11.4	13.9	8.2	-41%

^{*} Sum does not total due to rounding.

Reducing Single Use Plastics: Commendable progress continues to be made

In 2019, Shangri-La introduced a plastic reduction roadmap for eliminating unnecessary consumption of single-use plastic items in our hotels. While combating plastic waste continues to be a high priority for our ESG strategy, hygiene and safety considerations had to precedence in 2020 in light of the risks posed by the global COVID-19 pandemic.

Despite the challenges, Shangri-La Zhoushan has nonetheless continued to make commendable progress on reducing single-use plastic items by installing drinking water systems in its guestrooms and replacing single-use miniatures with bulk-size toiletry bottles for bath gel, shampoo and conditioner.

Across the group, 14 properties have switched to serving in-room water in glass bottles and mugs rather than disposable plastic containers.





28 10,000 +
guest rooms plastic water bottles saved per year

12,200 + plastic toiletry bottles saved per year

Biodiversity and Conservation

Shangri-La is proud to invest in some of the most beautiful and ecologically diverse regions of the world. In 2020, our hotels and resorts worked with local communities to help protect and conserve their natural habitats under the banner of 10 active Sanctuary projects, Shangri-La's Signature Programme for Nature.

\$51,000

project investment worldwide

54

species at risk of global extinction protected

974

100

mangroves planted

1,057 colleagues volunteered for

conservation activities

5,500 turtle hatchlings released corals planted

137

students engaged in

environmental education

515

fish houses dropped

Sanctuary at a Glance



Yanuca •

Key Initiatives











Sanctuary for endangered turtles: Shangri-La's Care for Nature project in Oman



9 years of project implementation

44,204 turtle hatchlings released

1,225 volunteer hours (2017-2020)

\$65,758 project investment

Shangri-La Barr Al Jissah Resort & Spa is home to one of only five turtle nesting sites in Oman; hosting up to 100 turtle nests each year. Our Turtle Care Project focuses on ensuring the safety of the endangered hawksbill and green turtles species that are native to the beautiful beaches of this area.

In 2020, the resort recorded over 50 nests containing 5,000 eggs. The first group of hatchlings were welcomed on April 19 – leaving the comfort of their shells to crawl towards the ocean and embark on adventures around the world. The resort's dedicated turtle ranger ensures the nests are sheltered from threats and raises awareness about the plight of these extraordinary creatures through educational activities for our guests and local communities.



Turtle hatchlings make their way towards the ocean

Protecting an ancient species: Aberdeen Marina Club's Care for Horseshoe Crabs



5 years project commitment

24 baby crabs fostered and released

2,583 volunteer hours

\$31,000 project investment

Having survived more than 300 million years, scientists believe that horseshoe crabs are one of the most ancient species on the planet – predating even the dinosaurs! Today, major threats to their continued survival include habitat loss and over-harvesting, especially in areas of high seafood consumption such as the South China coast.

The Aberdeen Marina Club in Hong Kong SAR has partnered with Ocean Park Conservation Fund to implement a Juvenile Horseshoe Crab Rearing Programme. We aim to help increase their survival rate in local waters by rearing young crabs into adulthood before releasing them into the wild. Baby crabs are fostered by our colleagues at the Club for six months, during which time we feed them daily, clean and maintain their living environment, and monitor their health status.

In March 2020, seven crabs were returned into their natural habitat in the mudflats at Pak Nai, Yuen Long. Since 2016, the Club has raised 24 baby horseshoe crabs, 22 of which have been successfully released.



Aberdeen Marina Club is committed to working with partners to protect Hong Kong's Horseshoe Crabs

OUR COMMUNITY

At Shangri-La, we are proud to be part of the community in every location that we call home. We work collaboratively to benefit local people by helping to promote local produce, culture and cuisine in ecological balance with the natural world. Ownership of Corporate Social Responsibility (CSR) initiatives are deeply embedded within the management structure of our hotels. We encourage each hotel to identify local stakeholders and implement community outreach initiatives in response to local needs.

Surviving the pandemic: Combating COVID-19 together

2020 has been a challenging year for us all; and especially so for people working on the frontline to combat COVID-19 and vulnerable people with little or no resources to fall back on. From donating essential supplies to hosting medical professionals in our hotels for a well-deserved break, Shangri-La has extended hospitality from the heart to support our local communities survive this global pandemic.



In the early days of the outbreak, Shangri-La Hotel, Wuhan provided complimentary meal boxes to local hospitals during the city-wide lockdown.

- Up to 30,000 meal boxes
- 4 local hospitals



On International Nurses Day in May, 51 hotels across Mainland China delivered thank-you cards and meal boxes to frontline medical workers.

- 15,000+ medical workers
- 39 cities



Medical professionals received complimentary stays at our hotels the Middle East, India, Indian Ocean, Europe and Americas.

- 100 room nights
- 14 hotels



Colleagues from our Hong Kong headquarters and hotels packed and distributed food parcels for underprivileged families.

- 16,800+ healthy food packs
- 4,000+ households



In Singapore, our hotels recycled their unused stock into soap bars for migrant workers staying in government quarantine centres.

- 2,000 kg soap recycled
- 15,000 soap bars donated

Long-term Relationships

Despite the impact of social distancing restrictions, more than half of our colleagues (52%) participated in volunteering activities in 2020. Our volunteer leave policy encourages and recognises active participation. All permanent employees and trainees are eligible to take up to 8 hours of volunteer leave per year and there are many meaningful opportunities for them to contribute through Embrace and Sanctuary, Shangri-La's signature CSR projects, as well as other community investment initiatives lead by our hotels.



2,000+ volunteer activities

22,489

volunteers

118,200+

volunteer hours



145 children received surgery to rectify hip dislocation

139 children received surgery to correct congenital heart defects

Wrapping up: Concluding Ride for Hope 3 (2018-2020)

Back in 2018, colleagues, guests and local partners from 30 hotels in China raised RMB 5.7 million to help children with hip dislocation and heart disease through a community outreach programme called Ride for Hope 3.

In collaboration with the Ai You Foundation's Morning Star Project, this initiative has made it possible for 284 orphaned and financially disadvantaged children to receive life-changing surgeries over the past three years.



In April, Little Tsering from Ganzi Tibetan Autonomous Prefecture in Sichuan Province received surgery to correct displacement in his right hip. He has subsequently made a strong recovery.

Embrace, Shangri-La's Care for People Project

Embrace, Shangri-La's *Care for People* Project since 2009, promotes health, wellbeing and/or education in local communities. Many of our hotels have formed long-standing partnerships in order to provide children and young adults with life-changing educational opportunities or health services. We also offer skills training for young people through Embrace++.



76 project

477 internships and apprenticeships

\$735,000 project expenses

14 job placements >21,700

Hearing The World: Embracing young children with impaired hearing

Since 2015, Shangri-La Hotel, Suzhou has partnered with Suzhou Jiayue Early Intervention Center to implement our Embrace project entitled Hearing the World. Over six years, the hotel has invested RMB 818,000 (~ USD 120,000), providing treatment for six children, including artificial cochlear implant surgery, physical therapy and rehabilitation.

In 2020, the hotel helped to build a new Multimedia Interactive Teaching System for Hearing Rehabilitation. This system will enhance the quality of rehabilitation teaching in the centre so that even more children can benefit from life-changing support to improve their hearing and speaking ability.



New Multimedia Interactive Teaching System for Hearing Rehabilitation at Suzhou Jiayue Early Intervention Centre



In September, 15-year old junior ranger Sokonaia Tamaya saved the day when he raised the alarm at Sigatoka Sand Dunes national park

Heritage in Young Hands: Empowering youth in Fiji

Shangri-La's Fijian Resort & Spa, Yanuca Island works closely with the National Trust for Fiji and local government agencies to empower young Fijians as passionate and knowledgeable stewards of the natural world. Through our 'Heritage in Young Hands' project, local youths come together for after-school training in order to become junior rangers at Sigatoka Sand Dunes (SSD), an internationally-recognised site for cultural and environmental heritage.

In September 2020, the training paid off when a 15-year-old graduate of the programme noticed smoke emanating from within the grounds of SSD national park. He quickly alerted officials who were able to extinguish the fire, thereby averting what might have been an environmental catastrophe.

Responsible Choices

At Shangri-La, we believe in making responsible choices and encouraging others to do the same. One of the most important ways in which the Group strives to have long-lasting, positive impact on local communities and the natural ecosystems upon which we all depend is by leveraging our influence over guests and suppliers to promote socially and ecologically responsible choices. Our *Rooted in Nature* initiative has been running since 2014 to promote ethical ingredients in our hotels, including sustainably harvested seafood and organic produce.



88 hotels support our Rooted in Nature programme

2,138 Rooted in Nature menu items promoted to guests around the world

Busy Bees: Rooted in Nature at Shangri-La Hotel Toronto

Shangri-La Hotel, Toronto attracts 50,000 very special guests each year – honey bees. The Bee Wall on the hotel's third floor Garden Terrace produces 10 kg of honey annually for our *Rooted in Nature* programme. These welcome little pollinators bring additional benefits for the local community too by helping to enhance the biodiversity of gardens and parks in the downtown area.

Since 2015, harvested honey has been used extensively in the hotel's culinary creations, including a seasonal B-Wall Afternoon Tea, custom cocktails and B-Wall Honey Butter. In 2020, we expanded our F&B repertoire using this raw, unpasteurized, hyperlocal ingredient even further to produce the first batch of B-Wall Honey Lager in newly-designed 437-milliliter cans.

Guests can enjoy the local and sustainably produced lager as an in-room amenity. And when it's time to go home, a range of other specialty honey products are available to purchase in the hotel shop or online, including mini jars of raw honey, honey lip balm, honeysuckle soap and reusable beeswax food wrap.



B-Wall Honey Lager is now available for purchase in 437 ml

Shanana Banana: Treats with benefits at Edsa Shangri-La, Manila



Shanana Banana Bread is made with local produce supplied by indigenous farmers

Edsa Shangri-La, Manila supports our *Rooted in Nature* programme by sourcing locally produced ingredients for many food and beverage offerings, including its popular banana bread made with fruit from a non-governmental organisation started by indigenous Filipino farmers in Davao province. Between 2017 and 2020, the hotel purchased over 940 kg of bananas from this cooperative, helping to uplift the local community with jobs and income.

In June 2020, a new limited edition of Shanana Banana Bread with four unique flavours – Cookie Monster, Crazy Nut, My Cinnabun and Berry Madness – were available for one month only. All proceeds from the sale of these special treats were donated by the hotel to help children with cancer and other chronic illnesses.

HKEX ESG Content Index 2020

This report complies with Mandatory Disclosure Requirements and "Comply or Explain" Provisions in accordance with Hong Kong Exchange Main Board Listing Rule 13.91 and ESG Reporting Guide.

Mandatory Disclosure Requirements	Location of Disclosures and additional information
Governance Structure	SUSTAINABILITY AT SHANGRI-LA: ESG Governance
Reporting principles	SUSTAINABILITY AT SHANGRI-LA: Stakeholder Engagement & Materiality
Reporting boundary	ABOUT THIS REPORT: Scope of ESG Disclosures
"Comply or Explain" Provisions	
Aspect A1: Emissions and waste GENERAL DISCLOSURE KPIs: A1.1, A1.2, A1.3, A1.4, A1.5 and A1.6	OUR ENVIRONMENT: Mitigating Environmental Impacts, Waste Management Additional information A1.1: Emissions of NOx, SOx and Particulate Matter are not reported because they have not been identified as material for our business. A1.3, A1.4 & A1.6: We aim to disclose intensity data for waste and establish waste reduction targets in future.
Aspect A2: Use of resources GENERAL DISCLOSURE KPIs: A2.1, A2.2, A2.3, A2.4, A2.5	OUR ENVIRONMENT: Responding to Climate Change Additional information/explanation A2.5: We do not collect data on packaging materials used in our hotels so this data is not available.
Aspect A3: Environment & natural resources GENERAL DISCLOSURE KPI: A3.1	OUR ENVIRONMENT: Biodiversity & Conservation
Aspect A4: Climate Change GENERAL DISCLOSURE KPI: A4.1	OUR ENVIRONMENT: Responding to Climate Change Additional information A4.1: Please refer to our annual CDP Climate response for full information.
Aspect B1: Employment GENERAL DISCLOSURE KPIs: B1.1 and B1.2	OUR PEOPLE: Employment Profile Additional information/explanation B1.2: To align with our Annual Report we have disclosed average voluntary turnover in 2020. This year we have not disclosed turnover rate by gender, age group and region.
Aspect B2: Health and safety GENERAL DISCLOSURE KPI: B2.1, B2.2 and B2.3	OUR PEOPLE: Caring for our Colleagues Additional information/explanation KPIs B2.1 and B2.2: In 2020, there were zero work-related fatalities and 1,138 work-related injuries recorded involving employees and contractors. We do not collect data on the number of lost days due to injuries at group level.
Aspect B3: Development and training GENERAL DISCLOSURE KPIs: B3.1 and B3.2	OUR PEOPLE: Development & Training Additional information/explanation B3.2: We do not track average training hours by gender and employee category.

"Comply or Explain" Provisions (Continued)	
Aspect B4: Labour standards GENERAL DISCLOSURE KPIs: B4.1 and B4.2	SUSTAINABILITY AT SHANGRI-LA: Upholding our Core Values Additional information B4.2: There have been no incidences of child or forced labour discovered.
Aspect B5: Supply chain management GENERAL DISCLOSURE KPIs: B5.1, B5.2, B5.3 and B5.4	SUSTAINABILITY AT SHANGRI-LA: Partnerships for Sustainable Development OUR GUESTS: Food Safety OUR COMMUNITY: Responsible Choices
Aspect B6: Product responsibility GENERAL DISCLOSURE KPIs: B6.1, B6.2, B6.3, B6.4 and B6.5	OUR GUESTS: Trusted & Nurturing, Guest Experience Additional information/explanation B6.1: Product recalls are not relevant to our industry. B6.3: The Group takes reasonable steps to protect our intellectual property rights in relevant jurisdictions, including trademarks and copyright works, as well as to observe the intellectual property rights of others.
Aspect B7: Anti-corruption GENERAL DISCLOSURE KPIs: B7.1, B7.2 and B7.3	SUSTAINABILITY AT SHANGRI-LA: Upholding our Core Values OUR PEOPLE: Development & Training Additional information B7.1: There were no concluded legal cases brought against the Company during the reporting period concerning corruption.
Aspect B8: Community investment GENERAL DISCLOSURE KPIs: B8.1 and B8.2	OUR ENVIRONMENT: Biodiversity & Conservation OUR COMMUNITY: Long-term Relationships, Embrace

GRI Content Index 2020

When read in combination with other public disclosures as summarised below, this report references Global Reporting Initiative Standards as identified in the following table.

Energy		Location of disclosure	References/remarks	
	: Management Approach 2016			
103-1	Disclosure of management approach	SUSTAINABILITY AT SHANGRI-LA: ESG		
103-2	The management approach and its components	Governance, Stakeholder Engagement & Materiality	Please refer to our annual <u>CDP</u> <u>Climate response</u> on CDP's	
103-3	Evaluation of the management approach	OUR ENVIRONMENT: Mitigating Environmental Impacts, Responding to Climate Change	website for full information.	
GRI 302	2: Energy 2016			
302-1	Energy consumption within the organization	OUR ENVIRONMENT: Mitigating Environmental	Please refer to our annual <u>CDP</u> <u>Climate response</u> on CDP's	
302-3	Energy intensity	Impacts, Responding to Climate Change	website for full information.	
Water				
GRI 103	: Management Approach 2016			
103-1	Disclosure of management approach	SUSTAINABILITY AT SHANGRI-LA: ESG		
103-2	The management approach and its components	Governance, Stakeholder Engagement & Materiality	Please refer to our annual <u>CDP</u> <u>Water Security response</u> on CDP's website for full information.	
103-3	Evaluation of the management approach	OUR ENVIRONMENT: Mitigating Environmental Impacts, Responding to Climate Change		
GRI 303	2: Water and Effluents 2018			
303-3	Water withdrawal	OUR ENVIRONMENT: Mitigating Environmental Impacts, Responding to Climate Change	Please refer to our annual <u>CDP</u> <u>Water Security response</u> on CDP's website for full information.	
Emissio	ons			
GRI 103.	: Management Approach 2016			
103-1	Disclosure of management approach	SUSTAINABILITY AT SHANGRI-LA: ESG Governance, Stakeholder Engagement &	Please refer to our annual CDP	
103-2	The management approach and its components	Materiality	Climate response on CDP's website for full information.	
103-3	Evaluation of the management approach	OUR ENVIRONMENT: Mitigating Environmental Impacts, Responding to Climate Change		
GRI 305: Emissions 2016				
305-1	Direct (Scope 1) GHG emissions	OUR ENVIRONMENT: Mitigating Environmental Impacts	Please refer to our annual <u>CDP</u> <u>Climate response</u> on CDP's	
305-2	Indirect (Scope 2) GHG emissions	Πηρασιο	website for full information.	

Diversit	ty and Equal Opportunity		
	Management Approach 2016		
103-1	Disclosure of management approach	SUSTAINABILITY AT SHANGRI-LA: ESG	
103-2	The management approach and its components	Governance, Stakeholder Engagement & Materiality	
103-3	Evaluation of the management approach	OUR PEOPLE: Employment Profile	
Local Co	ommunities		
GRI 103:	Management Approach 2016		
103-1	Disclosure of management approach	SUSTAINABILITY AT SHANGRI-LA: ESG	
103-2	The management approach and its components	Governance, Stakeholder Engagement & Materiality	
103-3	Evaluation of the management approach	OUR COMMUNITY: Long-term Relationships, Responsible Choices, Embrace	
GRI 413:	Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	OUR COMMUNITY: Long-term Relationships, Responsible Choices, Embrace	
Custom	er Health and Safety		
GRI 103:	Management Approach 2016		
103-1	Disclosure of management approach		
103-2	The management approach and its components	OUR GUESTS: Food Safety, Fire Life Safety, Security and Emergencies	
103-3	Evaluation of the management approach		
GRI 416: Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories	OUR GUESTS: Food Safety, Fire Life Safety, Security and Emergencies	