



## RESILIENCE AMIDST UNCERTAINTY


### Corporate Responsibility and Sustainability Report 2021



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 2021 is intended to be read together with our Annual Report 2021, 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.

During the pandemic, despite our best efforts to remain reactive and agile, in some cases we had to temporarily close operations for months at a time. These operational changes have negatively impacted the progress of our sustainability activities as well as collaborations with our partners, many of whom faced similar challenges. As a result, our Corporate Responsibility and Sustainability (CRS) metrics are skewed or negatively affected. Please bear this in mind when reading the CRS statistics in this year's annual report. We will continue to closely monitor our sustainability performance, implement group and property-level initiatives, and continue to contribute to our long-term sustainability goals guided by our newly launched *Sustainable Luxury Vision 2030*.

## Reporting Scope and Boundaries

This report focuses on 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. Those businesses account for around 92% 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 pages 56 to 57 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>1</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) recommendations and the Sustainability Accounting Standard Board (SASB) Standards.

This report aligns with the ESG Guide reporting principles of materiality (refer to pages 10 to 11) as well as the quantitative and consistency standards (refer to pages 55 to 57). 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 page 53.

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

The Hongkong and Shanghai Hotels, Limited  
8th Floor, St. George's Building  
2 Ice House Street, Central  
Hong Kong  
[www.hshgroup.com](http://www.hshgroup.com)  
[www.hshgroup.com/en/sustainable-luxury](http://www.hshgroup.com/en/sustainable-luxury)  
[cr@hshgroup.com](mailto:cr@hshgroup.com)

<sup>1</sup> In the clubs and services division where HSH maintains operational control.

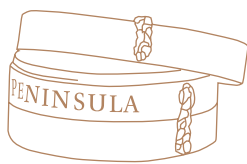
<sup>2</sup> Based on the group's annual revenue in 2021.

<sup>3</sup> 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) is provided on pages 58 to 66 of this report.

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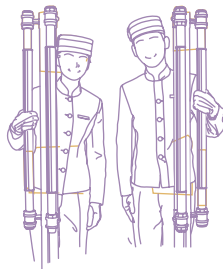
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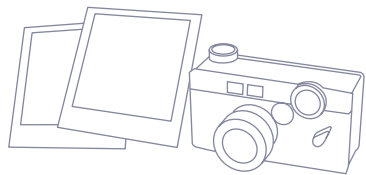


Our Guests **12**

**32**



Our People



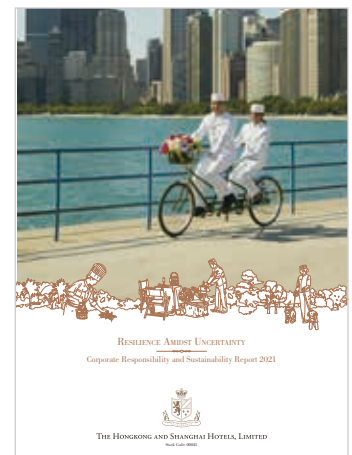
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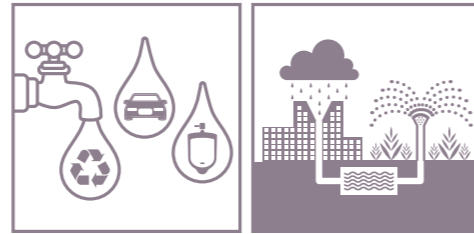
As a company with a heritage of more than 155 years, we continue to adapt, innovate and find creative solutions when overcoming adversity. Taking into account the significant challenges we have faced in recent years and the need to adjust our group-wide strategy to evolve with the changing needs of our 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.

# CRS INITIATIVES AT A GLANCE

## Water Efficiency and Recovery

Water is an invaluable resource essential to our operations, we strive to conserve and reuse water in our operations.

- Water efficient shower heads, faucets and toilets
- Rainwater harvesting system for irrigation in our residential complex
- Wastewater treatment facilities in Bangkok and Ho Chi Minh City
- Low temperature washing programme and using more eco-friendly cleaning detergents to reduce water and energy use
- Water and energy efficient tunnel washer at Tai Pan Laundry, optimised for large volumes



## Energy Efficiency

We seek to reduce consumption of energy where possible, implementing engineering solutions to improve overall energy efficiency.

- Building re-commissioning to optimise performance
- Energy efficient air conditioning, chiller and other building management systems
- LED replacement at back of house, public area; on-going for guestrooms



## Carbon Emissions Reduction

Mitigating the negative impacts of climate change is important, looking first within our own operations to reduce greenhouse gas emissions, and seeking opportunities to source energy from renewable sources to lower our footprint.

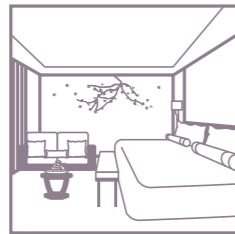
- Feasibility study to install on-site renewable
- First solar farm at Quail Lodge & Golf Club
- Commenced gap analysis on clean energy adoption
- Expand electric vehicle charging to support future demand



## Sustainable Buildings

We aim to develop thoughtful, beautiful and sustainably designed builds which stand the test of time.

- Adopted world leading standards on sustainable buildings (BREEAM, LEED & HQE)
- Woodwork from sustainably certified sources
- Optimisation of indoor air exchange for reduction of airborne pollutants
- Low Volatile Organic Compounds (VOCs) adhesives, paints, wall covering, fabrics and carpets
- Leather upholstery using water-based & water-soluble finish, emitting less VOCs than traditional processes



## Responsible Waste Management

We work with like-minded partners who share a vision of diverting waste from landfill through reducing, reusing, recycling, and recovering valuable resources.

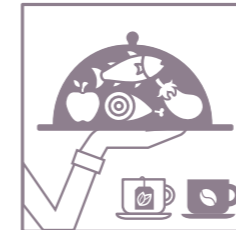
- Waste segregation and recycling at back of house
- Used soap and bottled amenities recycling programme
- Pilot programme to upcycle retired textile products (e.g. bed covers, towels) to yarn and clothing
- Phased out more than 65% of our single-use plastics



## Food Waste Diversion

Food waste is not only an environmental issue but also a reflection of social inequality. We focus on food waste reduction, while working with local partners to redistribute excess food to the community.

- Food waste processed by compostor or digester to produce fertilizer, organic matter, and greywater to feed back into nature
- Excess food donated to local charities or food banks to support underprivileged communities
- Pilot programmes to re-purpose coffee grounds and oyster shells in Hong Kong
- Optimising portion sizes within menu offering to minimise food waste



## Responsible and Sustainable Procurement

In tandem with offering the finest ingredients and materials, we strive to source locally, collaborating with transparent suppliers who prioritise labour rights, stewardship of our planet and empowering vulnerable communities.

- Group wide ban on shark fin and critically endangered species; updated policy to safeguard endangered species
- Continue to expand our sustainable offering (tea, coffee, chocolate, seafood)
- Commitment to source 100% cage-free eggs by 2025
- Regular review of our Supplier Code of Conduct and Modern Slavery Statement



## Authentic Guest Experience

We are positioned to promote the culture and heritage of the cities we are located in through partnerships with local artisans, and offering sustainability experiences for our guests.

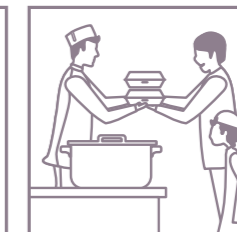
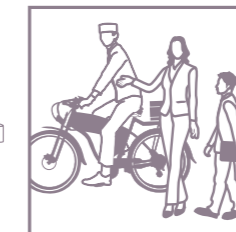
- *Peninsula Academy* programme featuring authentic cultural, artistic, sustainability experiences
- *Naturally Peninsula* cuisine focusing on nutrition, wellbeing and a plant-based diet
- Introduced new bathroom amenities embracing local sensibility and sustainability

## Sustainable and Safe Workplace

Our people are our most valuable assets, and we work to nurture their passion of service into lifelong vocations. We aim to create a safe, inclusive and productive workplace for all our employees.



- *Inclusive Workplace Strategy* to empower employees from all backgrounds
- Refreshed our *Wisdom on Wellness* programme to address mental health
- *WorkPlace 2025* to modernise our workplace
- Launched Group Security and Operations Risk framework

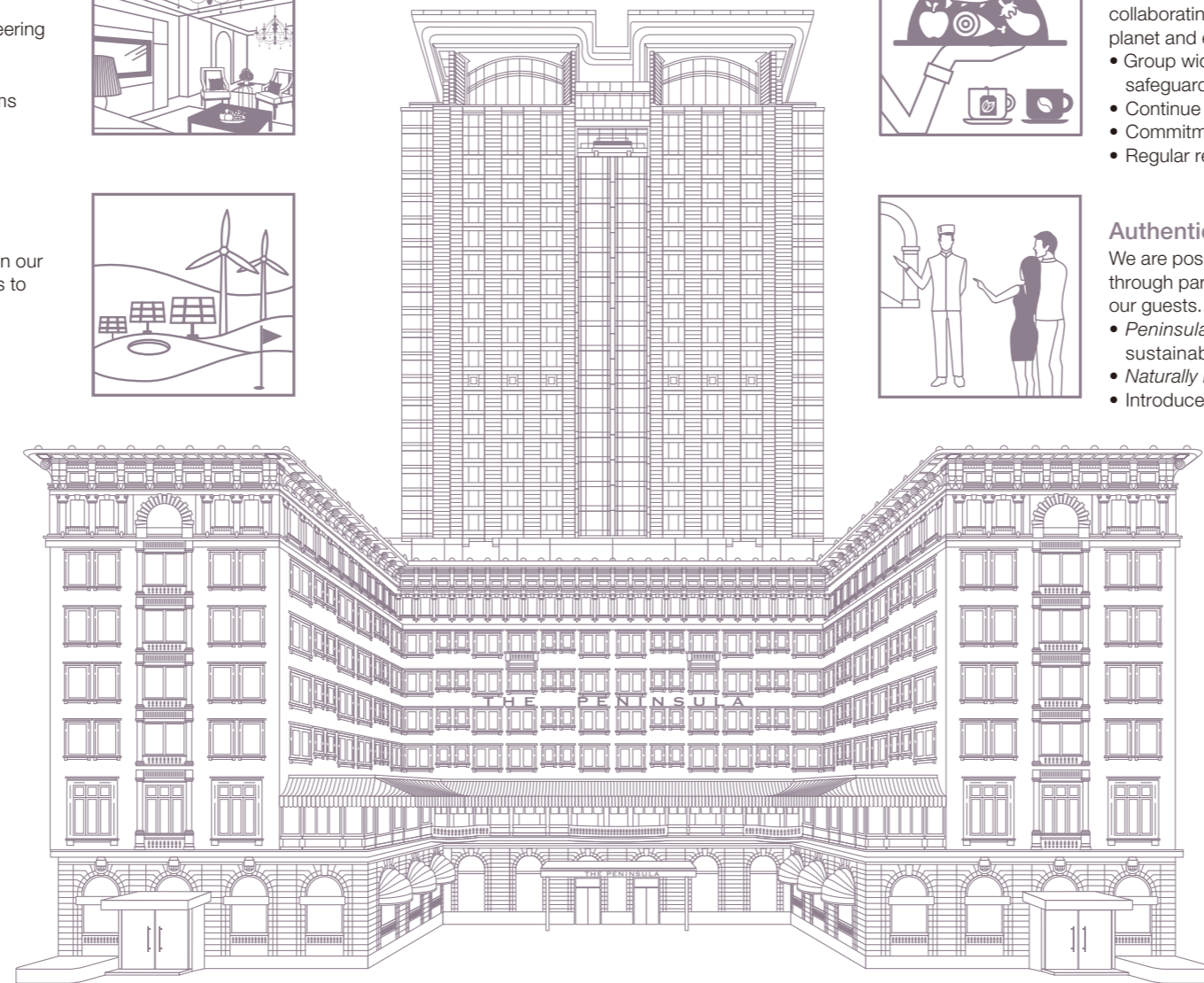


## Strategic Community Investment

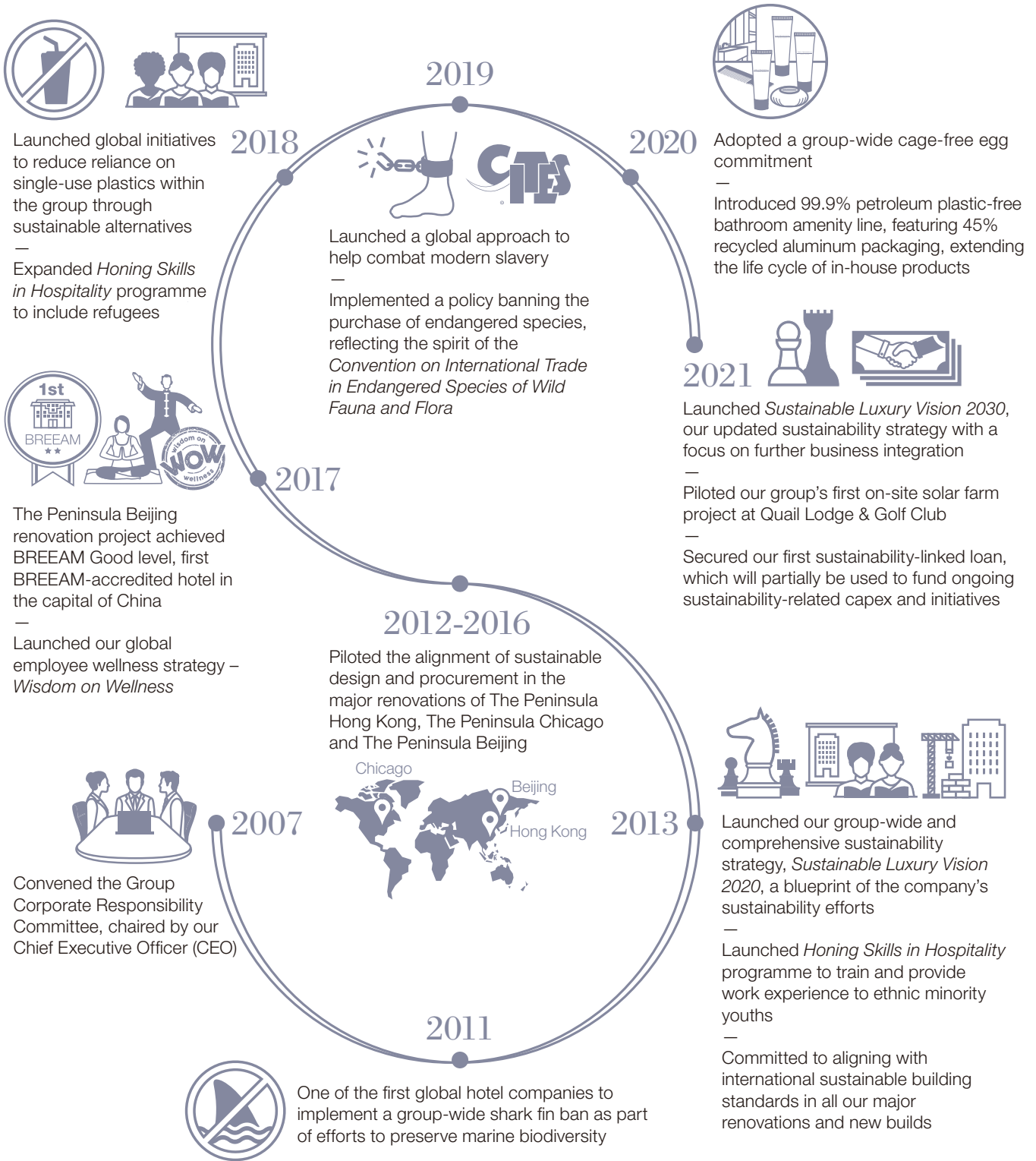
We engage with and invest in our local communities in a manner that contributes to supporting their needs in a strategic and relevant way.

- Outreach programmes and philanthropy focused on youth development, elderly care, uplifting the marginalised
- Vocational training programmes to empower underprivileged communities such as at-risk youth, ethnic minorities, refugees and more
- Meal for Meal programme in hotels, over 190,000 meals (valuing HK\$ 3.2 million) provided to nourish the neediest in our communities throughout 2020 and 2021

Disclaimer: This illustration depicts the value chains involved in our operations (hotels and commercial properties), our management approach, supplemented with key initiatives. While most initiatives are implemented group-wide, some are local solutions and test pilots in certain properties. As this is not an exhaustive list of initiatives implemented across the group, please contact cr@peninsula.com to learn more about the sustainability efforts of specific properties.



# OUR SUSTAINABILITY JOURNEY



## OUR SUSTAINABILITY VISION

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

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We have been in business for over 155 years, and we hope to continue doing so for the next century and beyond. Looking to the future, we continually ask ourselves what lasts, what endures, and how we can safeguard the things that really matter. This year, we continue to be impacted by the global COVID-19 pandemic while experiencing a more rapidly changing climate, accentuating the need for long-term planning in navigating our business through a volatile future rife with unpredictable challenges.



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. We believe that our business thrives when our people and communities do. 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 the perceived contradiction between the traditional idea of luxury and the principles of sustainability, and have thus taken the opportunity to demonstrate their complementary nature by instilling sustainability values within our luxury offering. To us, sustainability and luxury share similar values. We endeavour to offer refined craftsmanship and exceptional service which is timeless, thoughtful and purposeful, while ensuring the needs of our guests, our people and our communities are met. With this, we believe 'Sustainable Luxury' has become an integral part of our long-term mindset.

As we write this report, many parts of the world continue to be impacted by the pandemic. While we see communities and businesses adapting to the new normal, socioeconomic issues such as unemployment, poverty, social inequality and supply chain disruption have been exacerbated. Many parts of the world have had to battle unusual climate events which have damaged ecosystems and places, and had a negative impact on human health. However, the human capacity for innovation is tremendous and we see reasons for hope in relation to climate change: more ambitious targets and net-zero commitments from countries and businesses as a result of COP26, a developing sustainable finance ecosystem, increasing adoption of plant-based diets, and a better understanding of the provenance and true environmental footprints of the materials and ingredients we use.

As stewards of our communities, we prepare ourselves in anticipation of future challenges. This report is an opportunity to reflect on our sustainability journey in the past years, while putting forward our plans to deliver on sustainable luxury for the coming years.

# OUR SUSTAINABILITY VISION

## Sustainable Luxury Vision 2030

This year marks the inaugural launch of *Sustainable Luxury Vision 2030 (Vision 2030)*, which incorporates a deeper focus on business integration and using regenerative and proactive approaches. Our new strategy leverages the strengths of our business, focusing on issues requiring significant and urgent attention, scaling positive benefits from our offering, while effectively reducing our negative impacts.

We seek to address key issues we are facing in our business and in society through *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 our 10 key commitments.





### *How we create value*

The Hongkong and Shanghai Hotels, Limited (HSH) is the owner and 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 visitors and customers, further contributing to the local economy.



## OUR SUSTAINABILITY VISION



*"I am heartened to see how far we have come since we began our corporate responsibility and sustainability journey in 2007. With rising environmental and social risks coming to fore, we are ready to step up, do our part and contribute to collaborative global efforts, using Vision 2030 as our blueprint to navigate the volatile environment arising in the coming decade. It is our aim to deliver on sustainable luxury in all parts of our business and contribute positively to the environment and the communities around us."*

*– 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 Board oversees the management of sustainability issues through regular engagement and updates from the Group Corporate Responsibility Committee (GCRC). While we do not have a separate sustainability committee at the board level, the Board, its committees and interested Board members regularly receive updates from the Head of CRS and key issues are brought to their attention. The Board considers sustainability to be of substantial importance warranting a Board review of the group's sustainability approach, strategy and performance at least once a year. In 2021, CRS topics such as the annual CRS Report, *Vision 2030* progress and key initiatives, major sustainability trends, sea level rise and coastal flood risks, and the annual update on the group's anti-modern slavery statement were discussed and reviewed at Board level.

 Read more about the GCRC's key work in 2021 on page 137.

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 the management and day-to-day business of the group. 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 are escalated to the Audit Committee and the Board for reference or action. For example in 2021, the potential long-term consequences of sea level rises and coastal flood risks to the business was discussed with the Group Risk Committee and the Board.

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 and 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 2030* Group Champions
- Coordinates CRS efforts across the Group;
  - Monitors progress, performance and latest trends

### OPERATION LEVEL

#### Local CRS committee

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

### Approach, Policy and Targets

Sustainable Luxury *Vision 2030* featuring three pillars and 10 key commitments



### Communications and Engagement

- Regular GCRC and local CRS committee meetings
- CRS awareness videos
- CRS content embedded in employee orientation programme
- Internal surveys
- Regular Townhall Meetings and operation updates
- Institutional collaboration with universities to raise awareness and develop new generation



### Performance Monitoring

- Quarterly reporting to local CRS committees and GCRC
- Annual action plan submission
- Regular calls with local operations by Group Champions
- Annual external assurance audit
- Hospitality and tourism benchmarking (EarthCheck and The Cornell Hotel Sustainability Benchmarking)



# STAKEHOLDER ENGAGEMENT AND MATERIALITY

HSH's approach to sustainability is informed by understanding the needs and concerns of our stakeholders through regular engagement and communication. 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 their changing views and how we can implement improvements to the business.

Our main engagement activities included participation in public sustainability events, industry round-tables and focus groups, and regular webinars and calls with executives and sustainability committees in our global operations. We sought to increase communication and engagement with our external stakeholders, particularly with our guests, by developing interactive videos featuring our CRS initiatives shown on a variety of digital channels. The results of our engagements were channelled into a materiality exercise for this report and our implementation of *Vision 2030*.

 [Read our overall stakeholder engagement approach in pages 86 to 89](#)

## Identifying, Prioritising and Addressing Material Issues

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

Our approach to identifying material issues has evolved over time to incorporate sustainability related risks specific to the hospitality industry, increased engagements with our stakeholders, and undertaking value chain assessments to clarify our overall impacts. The list of material issues considered include topics that relate to the foundation of who we are as a company, topics that link to our overall strategy and emerging trends surfaced from our previous assessments. Where possible, we also made reference to 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 for material issues relevant to us. Considerable engagements, presentations and workshops were then held internally for HSH colleagues and externally with key stakeholders such as industry peers, corporate customers and relevant organisations to help seek public opinion and confirm our material issues.

## Key Sustainability Issues from Stakeholders

Top Issues Raised	Raised by Stakeholders	Our Actions in 2021 (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 p.30-31 Our Communities p.47-49
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 p.12-31 Our Communities p.45-46
Inspire and collaborate with others to work on sustainability	Guests, Government and Regulators, Community and NGOs Media	Our Guests p.26-29 Our Communities p.45-49
Making a real difference within the local communities we operate in (diversity, inclusion, inequality)	Employees, Government and Regulators, Community and NGOs, Media	Our People p.36 Our Communities p.40-44
Climate change adaptation	Employees, Community and NGOs, Financial Analysts and Investors	Our Guests p.12-21 Climate-related Financial Disclosures p.50-52
Safety and security for both employees and guests	Guests, Employees, Media	Our People p.38-39

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 list only for reporting purposes, rather that it guides our approach to embedding sustainability into the business.

In 2021, we launched *Vision 2030* internally to the senior management of each operations, and communicated our 10 key commitments to external key stakeholders such as NGOs, charities, suppliers. We have identified projects which address emerging trends and is aligned to our new CRS strategy (more details to be discussed in the following chapters). 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. As a result, significant environmental and social risks to the business including the rising impact of diminishing natural resources, the climate crisis, and social inequality were presented and discussed regularly not only to the GCRC on a quarterly basis, but also annually to the Group Risk Committee and the Board. As part of our bi-annual risk matrix exercise, our operations also identified local environmental and social risks with the appropriate mitigation measures.

 Read our risk management approach in pages 129 to 133



## Sustainable Luxury Vision 2030

### Delivering our sustainability strategy

Energy and water use; low carbon transition; climate adaptation; waste management; sustainable supply chain; guest experience



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



Community contributions; supply chain traceability and transparency; collaboration and partnership



## 2021 Specific Topics

### Responding to emerging trends

Guest engagement; sustainable building design and operation; water stress; climate change adaptation; sustainable seafood; cage-free eggs; circular economy

Workplace enhancement; diversity and inclusion; mental wellness; health and hygiene measures

Sustainable recovery; social inequality; human rights/modern slavery; supplier engagement; industry advocacy group

### 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' expectations and awareness of sustainability 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 offer an experience around our guests' needs, while not compromising on the well-being of our people, our communities or the environment. We want to make their stay with us as much a positive impact on them as it is for the world around us.



## Our Guests

Climate change poses both risks and opportunities. We are constantly looking for ways to reduce our environmental footprint, while upholding our unwavering dedication to luxury.

To deliver our products and services at a high standard of luxury, we rely on an array of resources, in particular energy and water to create a luxurious environment for our guests. It is our responsibility to become more resource efficient, safeguarding the well-being of the planet as well as our guests. We recognise the interconnected, complex and unpredictable nature of climate change, and as such, consider climate change mitigation to be an important move, looking first within our own operations to reduce greenhouse gas (GHG) emissions where possible.

Policies and procedural manuals such as the energy conservation manual and water management guide have already been put in place. At the minimum, we comply with relevant environmental regulations such as carbon disclosure in Beijing, Shanghai, Tokyo and Paris, water savings in California and energy management in New York. We also prepare for new and increasingly tightened legislations in areas where we operate. We evaluate and implement engineering solutions to optimise operational performance, while we continue to explore innovations and increase the use of renewable resources to reduce our environmental footprint.



### Use resources efficiently, prepare our operations for a low carbon economy

Reduce our key environmental impact from 2010 by:

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

Increase the use of renewable and regenerative energy and water sources

Embed climate adaptation measures for existing operations and future investments

Operations across the Group provide regular sustainability performance reports which are reviewed by the GCRC, and are inspected for technical management by the Group Chief Engineer approximately twice per year. During COVID-19, this audit process has been temporarily replaced by regular calls and self-audit surveys. To gauge our efforts against the industry, our carbon, energy and water performance are benchmarked against industry peers through The Cornell Hotel Sustainability Benchmarking (CHSB) and EarthCheck Certification.



### ***Renewable energy on the golf green***

Quail Lodge & Golf Club in Carmel, California piloted our group's first on-site solar farm project which was completed in October 2020 and operated at full capacity starting in 2021. With a total of 1,920 photovoltaic solar panels, the solar farm generates most of the energy for club use. We have made the impact of the project visible to our guests with an interactive display showing the carbon emissions avoided. We are able to feed excess energy back into the local California power grid to avoid energy wastage and to facilitate a shorter payback period which allows us to refinance future renewable energy projects. We continue to conduct feasibility studies in our other properties to identify our next renewable project.



### **Low Carbon Transition**

The pandemic continues to impact our businesses, and many operations have yet to return to normality. This year continues to see a significant drop in energy intensity compared to pre-pandemic years and as a result, absolute carbon emissions and carbon intensity recorded across our portfolio also saw a significant decrease of 42.8% and 48% respectively compared to 2010 baseline. As the hotel business slowly recovered, more guests staying at our hotels lead to an increased energy usage, resulting in group energy intensity and carbon intensity increasing by 14.4% and 6.3% from last year, now at 1,012 MJ per square meter and 112 kg CO<sub>2</sub>e per square meter respectively. Despite the skew in our energy and carbon footprint due to operational challenges, we observed progress on energy and carbon reduction since the implementation of various energy efficiency projects. (Refer to the chart on page 16 for year-on-year energy, carbon, and water performance)

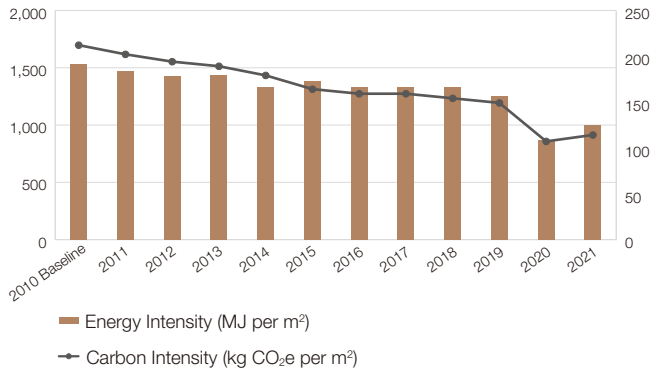
Since the adoption of sustainability philosophies in our business, we were able to implement a number of impactful energy-saving initiatives, such as building recommissioning,

application of high-efficiency oil-free type chiller systems, chiller optimisation, new building automation systems and more. In past years, we began to implement LED lighting replacements starting in our back of house operations, and continued into our guestrooms. We recognise that lighting is a core component to creating a luxurious environment in our hotels and ensured extensive trials were conducted before introducing LED lights into guest areas.

As the world transitions to a low carbon future, we seek to focus on decarbonising our operations through engineering solutions and transition to renewable energy. In 2021, we piloted our first on-site solar farm project at Quail Lodge & Golf Club and commenced studies on energy markets to identify gaps and opportunities in switching to a cleaner energy mix to power our other properties. To ensure we are developing long-term decarbonisation strategies in line with climate science and industry best practices, we are researching different transition methodologies for businesses and specifically for the hospitality industry.

# Our Guests

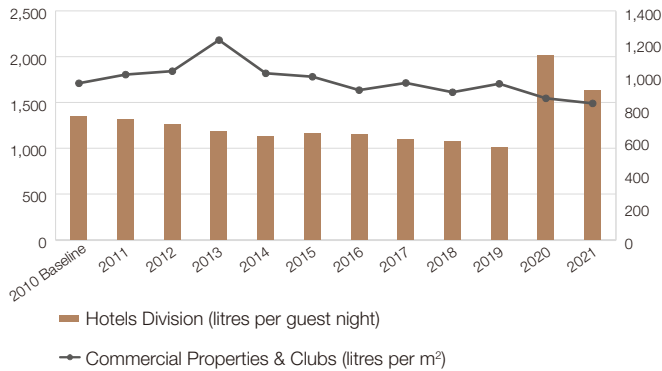
## Group Energy and Carbon Intensity



## Water Efficiency and Recovery

Water remains an undervalued resource with costs not reflecting true value, resulting in difficulties prioritising investments due to long payback periods. Over the years, we have invested in operational and behavioural solutions, assessed drought risk and installed water-efficient equipment.

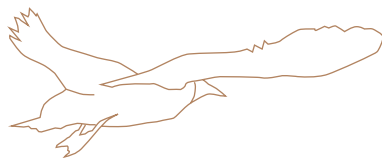
## Group Water Intensity\*



Due to the impact of the global pandemic, our water performance in 2021 was skewed, much like our carbon and energy performance. Prior to the impact of COVID-19, we saw steady improvements in our water consumption, until 2020 recorded a skewed water intensity level due to the number of guest nights (the denominator for our hotel water intensity indicator) dropping at a larger scale than our water demand. As our hotels have gradually re-opened in the past year, water intensity has stabilised at 1,636 litres per guest night. In 2021, the hotel division saw a 18.6% reduction in water intensity compared to 2020, albeit still a 21.6% increase from our 2010 baseline.

On the contrary, water intensity at our commercial properties has shown a decrease both from 2020 by 3.6% and from the 2010 baseline by 21.1% due to reduced business, currently standing at 839 litres per square meter. Tai Pan Laundry’s water intensity, calculated based on litres per kilogram washed, saw a decrease of 16% compared to 2020. This was mainly due to business downturn whereby large volumes of water continued to be used for smaller laundry loads. Considering that water is a necessity in upholding hygiene requirements across our businesses especially during the pandemic, we expect our water usage will continue to be skewed until normal operations fully resume. (Refer to chart on the left for year-on-year water performance)

\* Water Intensity of Tai Pan Laundry (12.9 litres per kilogram washed) is excluded as its intensity is measured on a different metric from that of commercial properties and clubs.







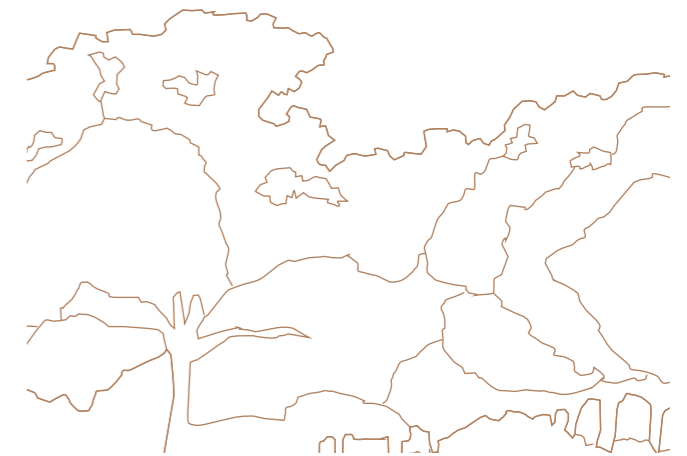
In the past few years, our approach to mitigating drought risk has been to improve water efficiency within our operations. We reviewed water flow rates across our hotels and installed low-flow sanitary fittings and faucet applications where possible. Low temperature washing has been implemented in five of the seven hotels where we manage our own laundry to reduce energy and water consumption. Coupled with the use of biodegradable chemicals, we continue to maintain our standard of luxury for our guests' laundry service. Our operations in California, The Peninsula Beverly Hills and Quail Lodge & Golf Club, are located in water stressed regions and have seen a number of water-saving initiatives ranging from water-efficient irrigation systems, reducing volume in water flushing tanks, utilising drought-resistant landscaping and turf greens, as well as installing no-water urinals and carwash. We also seek to reduce the stress on municipal water sources by recycling wastewater from our operations and redirecting captured rainwater where possible. We will continue to support local and regional efforts to raise water awareness and introduce solutions for the broader community.

### **Managing and Adapting to Climate Change**

Climate change and the global rise of temperatures have contributed to extreme weather events that have increased in frequency and intensity. The associated climate risks we are facing in the coming decades could lead to disruption of business operations and supply chain, impact on the accessibility to and attraction of our assets, increase in operating costs and capital expenditure as well as more stringent regulations on the way we conduct business. Regarding properties more susceptible to natural disasters and climate risks, our insurance costs are expected to increase and there is also the risk of devaluation of our assets.

The potential impact of the climate crisis is clearly of concern. We want to ensure we are well-positioned to weather the impact by continuing to monitor and deepen our understanding of the inter-related and complex nature of climate risks we are facing. We intend to embed preventative measures to address climate risks at all areas of our operations, and begin adaptation measures to improve resilience in a potentially volatile future. We will remain vigilant to evaluate these risks on a yearly basis. More details of our approach can be read on pages 50 to 52, referencing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

## Our Guests



(VOC) emitting materials. Later on, these design specifications were enhanced to align fully with BREEAM standards such as 21 Avenue Kléber which received BREEAM Excellent and Haute Qualité Environnementale Outstanding ratings, as well as major renovation projects such as The Peninsula Beijing which received a BREEAM Good rating. The Peninsula Beijing was the third BREEAM-accredited building in the city and a first for newly renovated hotels. As a part of *Vision 2030*, all new projects will be designed in alignment with sustainable building standards. Still in its construction phase, The Peninsula London has already received an interim BREEAM Excellent rating in its design stage, while The Peninsula Istanbul is currently undergoing pre-assessment. As we enter a new decade of innovation and technological advancement, we will continue to adopt the principles of sustainable building design as a core approach to developing our portfolio.

## We aim to develop thoughtful, beautiful and sustainably designed buildings that will stand the test of time.

Our hotels and other developments are built to appeal to a timeless aesthetic showcasing both our heritage and the rich culture of the cities in which we operate. We aspire to develop HSH properties which are iconic, and – where possible – using materials which are sustainable and enduring. As such, we pay attention to design specifications and product standards in new constructions and renovations. This includes examining fittings and furnishings to ensure that they are luxurious, sustainable and resource-efficient.

**2**

**Develop and operate sustainable properties**

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Align new developments and major renovations with international sustainable building standards

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

### Sustainable Building Design

For our hotel developments, we adopted Building Research Establishment Environmental Assessment Method (BREEAM), a leading standard on sustainable buildings, to serve as a practical guide on the integration of sustainability considerations in our properties. We also work with trusted vendors and artisans to design furnishings which meet our quality, environmental and safety standards. Starting from 2013, the major renovations of The Peninsula Hong Kong, The Repulse Bay and The Peninsula Chicago incorporated sustainability considerations such as using responsibly sourced wood, energy-efficient fittings and low Volatile Organic Compounds

During the design and building stage of our new hotels, we try as much as possible to use carpets, adhesives, wallpapers, leather products, fittings and furniture which meet international standards for low emissions of VOC. For existing properties, we installed specialised air filters and conduct regular maintenance of ventilation systems to maintain optimal indoor air quality. We continued our trial on air purification and microbial filtration solutions, with the goal of mitigating airborne diseases through upgrades in our heating, ventilation, and air-conditioning (HVAC) systems. In 2021, the majority of our operations achieved a combination of excellent-good ratings for our indoor air quality in annual assessments conducted by third-party consultants.

## Sustainable Design Features in our Guestrooms

The below highlighted features are examples of our approach to sustainable builds.

Not all properties include these features, nor is this an exhaustive list

### Minimise energy consumption

- Ensure optimised ambient temperature through adjustable blinds, as well as double-glazed windows within most guestroom
- Energy efficient fan coil units and low intensity LED lights
- Energy efficient televisions and appliances installed in guestrooms
- Full dimming control and thermal comfort control installed to allow zoning of indoor lighting and temperature (bedroom, dining room, closet, bathroom)

### Incorporate circular building design

- Recycled content wall covering
- Integrated waste management processes in buildings which include on-site storage, sorting and recycling capabilities

### Enhanced indoor air quality

- Low VOC paints, adhesives, and curtains
- Certified sustainable carpets made from natural wool fibres meeting international standards for low VOC
- Leather upholstery using water-based & water-soluble finishes, emitting less VOCs than traditional processes. The shortened tanning process also saves energy and water during manufacturing

### Reduce water usage

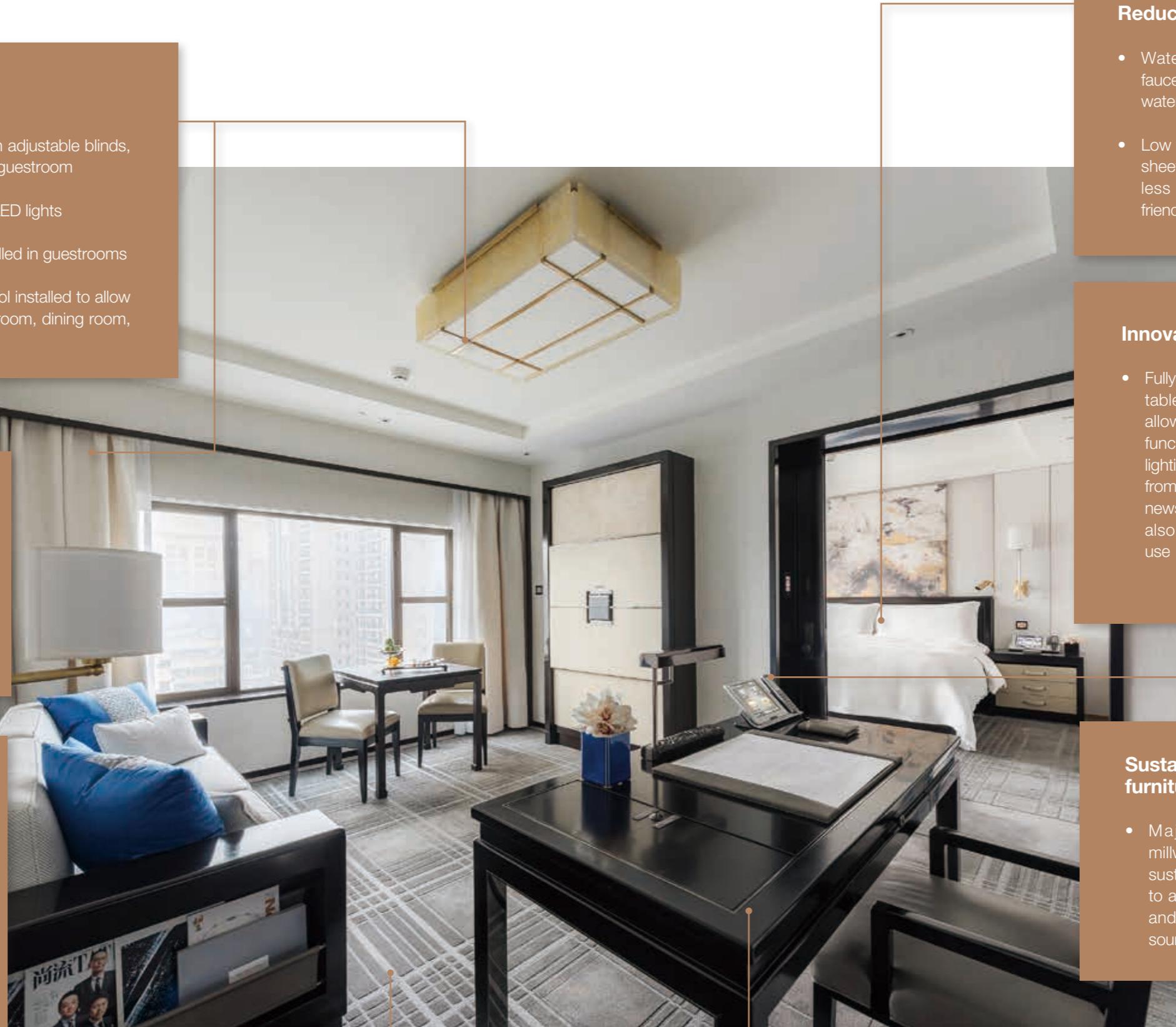
- Water-efficient shower heads, low flow faucets and dual flush toilets to maximise water efficiency
- Low temperature washing to ensure bed sheets, linen and towels are clean using less water and energy, and using eco-friendly cleaning products

### Innovative in-room technology

- Fully customised digital bedside and desk tablets. This centralised one-stop shop allows our guests access to all in-room functions at the tip of their fingers, from lighting, ambient temperature, to ordering from room service menus and daily local newspapers. These streamlined services also allow us to avoid excessive paper use

### Sustainable millwork and furniture

- Majority of the wood used in the millwork and furniture are derived from sustainable sources or recycled timber, to assure their origin is from replenished and renewable forests, not from illegal sources



## Our Guests

It's time to rethink how we define and treat waste in our business – finding ways to eliminate waste, recovering and circulating valuable resources while regenerating natural resources.

In recent years, waste has been redefined as a valuable resource given its potential to be recovered and reprocessed. This is why we have adopted the philosophies of circular economy – redesign, reduce, reuse, recycle and recover, as a key focus for *Vision 2030*.

Starting with the development of group-wide standards and conducting staff training on proper waste segregation protocols, we ensure waste leaving our areas of operation are properly handled and responsibly disposed of. This is not without its own set of challenges as we offer a wide range of products to our guests, resulting in our management of a range of waste types and streams each requiring specific processes to be responsibly disposed of. Then, we work with local waste processors, recyclers and up-cyclers to divert waste from landfills and incineration facilities where possible.



### Responsible management and diversion of our wastes

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

Ensure proper disposal of hazardous waste

Increase usage of recyclable materials



### ***One step closer to circular living***

Overlooking the South China Sea, The Repulse Bay residences emphasise nature and family-friendly living. Here, we trialed waste initiatives using regenerative approaches fit for its environment.

We piloted a composting initiative, decomposing organic waste in a natural way and locally at the property. Food scraps, organic materials, and earthworms were introduced into compost bins, producing an all-natural compost which is used in our gardens. Additional organic waste not able to be fully composted is mixed with yeast to produce a nutrient-rich liquid used in landscaping and permaculture. These initiatives, together with other on-going food diversion initiatives such as food donations to Food for Good and Foodlink, helped The Repulse Bay divert 5.2 tonnes of food waste in the past year.

Instead of throwing away Christmas trees after a single use, our residents' trees are collected and taken to a local recycling center to be mulched down and reused for landscaping and paths in local parks. Tree branches, leaves and other gardening waste are reintroduced into our planters to be used as organic material and nutrient.



### **Waste Diversion**

Overall, we achieved 48.3% waste diversion across our portfolio, a decrease of 0.5 percentage point compared to 2020 as some waste and recyclables collection services were impacted due to the pandemic.

We continue to focus on reducing food waste within our operations. Aside from offering more thoughtful portion sizes at our restaurants, we work with local partners with various food waste upcycling capabilities, and donating surplus food to local charities and food banks where possible. As an example, food waste at The Peninsula Hong Kong is upcycled in a variety of ways including waste-to-energy at local processing plant O-Park, coffee grounds that are composted for landscaping and agricultural use, cooking oils recycled into biodiesel, and cooked foods, vegetable trimmings, pastries and bakery products donated to Food Angel and Foodlink Foundation.

The rate of dry waste sent to landfill or incineration has remained high, and improvements are needed for the infrastructure to support waste recycling. The tightening of waste regulations in many countries and reactions to the pandemic have revealed vulnerabilities in global and local waste management processes. This has encouraged us to find local and tailored closed-loop waste solutions. From reintroducing oyster shells to their natural habitats restoring oyster reefs, to working with textile specialists to “unwind” retired linen into clothing, we seek creative solutions which also uplift the local community.

## Our Guests

### Single-Use Plastics Transition

Unmanaged single-use plastics has become one of the most common pollutants entering the ocean and is detrimental to marine ecology. In 2018, we began implementing a holistic approach to phasing out single-use plastics aligned with the Global Tourism Plastics Initiative's (GPTI) One Planet Sustainable Tourism Programme framework, led by the United Nations World Tourism Organisation (UNWTO) and United Nations Environment Programme (UNEP) in collaboration with the Ellen MacArthur Foundation.

We have reached more than 65% of our transition commitment. Items that are commonly found in our F&B outlets – plastics straws, stirrers, takeaway packaging, and beverage bottles in restaurants and mini-bars have been replaced with more sustainable alternatives.

We also launched our new line of guestroom amenities which are 99.9% petroleum plastics packaging free, using recycled aluminium and bioplastics as packaging alternatives (more details can be found on page 31). With the highest regard for sanitation and hygiene during the pandemic, we are transitioning away from bottled water in our hotels with caution. The Peninsula Paris avoids single-use plastics by offering glass bottled water that is collected and reused by our local supplier, The Peninsula Bangkok and The Peninsula Manila use compostable bioplastics for their bottled water, while The Peninsula Tokyo offers aluminium canned water which is recycled locally. Our remaining hotels are in search of viable alternatives suitable for their local recycling or recovery infrastructure. In search of other areas of our operation to transition away from single-use plastics, we recognise that food safety and hygiene related items are the most challenging due to the lack of practical and cost-effective alternatives.

### Redefining Waste

In past years, we have started to unlock the potential of our waste by converting it to valuable resources, or giving discarded items a second life to benefit the wider community. For example, our long-term partnership with non-profit organisation Clean the World enables us to donate partially used soap bars and bottled guestroom amenities to local communities to help reduce hygiene-related illnesses within the community. Retired linen and bed covers from The Peninsula Hong Kong and The Peninsula Manila were taken to our local partners for textile upcycling and recycling projects (details on page 48). Oyster and other shells collected from restaurants in our Hong Kong operations are used to revitalise marine ecosystems. While progress has been made, the ability to identify like-minded partners and innovators to pilot projects, and finance infrastructure investments to expand the scope of recyclables has been challenging. We continue to seek collaborations along our value chain to help tackle the issue of waste.



### *Two Oysters with One Shell – Restoring coastal habitats*

We are supporters of The Nature Conservancy's (TNC) *Save our Shells* project, which take discarded shells from restaurants and oyster farms to rebuild Hong Kong's oyster reefs. Oyster reefs are known to be beneficial to marine ecosystems as it provides favorable habitat for marine life and contribute to the improvement of surrounding water quality. Oyster reefs also protect underwater flora and fauna by stabilising the ocean floor, reducing erosion and absorbing tidal energy which would otherwise contribute to changing our shorelines.

Our contribution to the TNC's project is to help provide oyster, mussel, clam and abalone shells which were once enjoyed by our guests at our restaurants. Once collected, these shells are left to weather naturally and introduced to their permanent homes in Hong Kong water.

The project has already been met with resounding success due to Hong Kong's heritage and cultural reliance on oyster as a food product. Oyster reefs are the world's most endangered marine habitat, mostly due to overfishing, lack of rehabilitation, and marine dredging. Observing the success of our pilot run at The Repulse Bay, we are delighted to extend the programme to The Peninsula Hong Kong and The Hong Kong Club.

## Our Guests

Offering our guests the finer things in life, ensuring they have been sourced responsibly and sustainably, and not at the expense of others and our planet.

We aim to serve high quality products to our guests, which are sourced responsibly and sustainably. We believe our sourcing decisions support what we believe in and closely align with our environmental, social, and ethical standards. As such, we prioritise products that are created by local businesses in order to empower and create shared value with the communities in which we operate. We source products that minimise environmental degradation, be it the use of hazardous chemicals, endangered flora & fauna, or linked to deforestation. To guide our sourcing decisions, we continuously work with our suppliers to increase the traceability of these products. Understanding that progress comes in stages, we have committed in *Vision 2030* that all of our key products and services sourced will meet more than half of our six key sustainability and social criteria. As supply chains become more transparent and supplier accountability for ethical resource management improves, we will regularly review and modify our purchasing strategies to improve this metric. We are working towards ensuring our suppliers meet all six criteria in the future.



### Responsibly source key products and services

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

- Locally and regionally sourced
- 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



## Our Responsible Sourcing Approach



Suppliers align with HSH Supplier Code of Conduct

Identify priority items

Procurement and Operations teams refer to sustainability specifications in the “CRS Concierge”

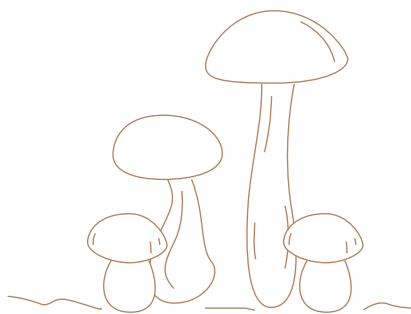
Purchase items with sustainability considerations

Work with suppliers to integrate sustainability factors

### Safeguarding Biodiversity

Biodiversity is a core component of our natural environment which supports the provision of natural resources and regulates the balance of nature. Our approach in protecting such vital assets of our planet is to avoid procuring products which are endangered or contribute to deforestation, and striving to source our agricultural products and other key commodities (such as paper, tea, coffee, chocolate, cotton and seafood) from sustainable sources.

Since 2013, we have been adhering to the International Union for Conservation of Nature’s (IUCN) red list, banning all critically endangered species when sourcing seafood products due to the dangers of population depletion, bycatch and habitat destruction. In 2019, we implemented a policy on the procurement of endangered species, referencing the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).





## Our Guests

In 2021, more than 87% of our cleaning products are biodegradable or free of harmful chemicals. 93% of the paper we use is from certified sustainable or recycled sources, though we still encounter difficulties in sourcing sustainable paper-based products which are laminated or mixed with other materials. We are proud to see the progress made towards our goal of sourcing all our tea, coffee and chocolate from responsible or sustainable sources. In 2021, 96% of our coffee, 67% of our tea, and 80% of our chocolate was responsibly sourced.

### ***Offering our guests the finer things in life, while ensuring they have been 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 offering is Fairtrade certified. In Tokyo, we work with local farmers practicing regenerative farming methods to produce seasonal vegetables during the summer months for us.





### Source Locally and Regionally

Sourcing locally and regionally yields environmental and social benefits including reducing our carbon footprint in transportation, empowering local businesses and small medium enterprises (SME), and safeguarding heirloom products that strengthen local tradition. It is a privilege to support artisans within our communities uplifting our local economy. As of 2021, more than 62% of our perishable goods are locally or regionally sourced. The pandemic has highlighted the fragility of our international supply chains, and we believe that sourcing local is one of the ways to ensure supply chain resiliency.

### Animal Welfare

As awareness of animal welfare concerns continue to grow, we tackle this issue beginning with a group-wide commitment to source only cage-free eggs by 2025. We began our journey this year by conducting initial baseline assessments, then working in consultation with the Humane Society International (HSI) to develop a transition roadmap and identifying responsible cage-free egg suppliers within all regions of our operations. However, the cage-free egg market is nascent and we are seeking alternatives to not only shelled chicken eggs, but liquid eggs and others such as duck, quail, and more. Moving forward, we will continue working with HSI to develop a holistic framework, providing our guests with the ease of mind that we are doing our part for the nature in products we offer them, as well as looking to address these considerations in our other animal products.

## Our Guests

### We refine our luxury offering in tandem with the evolving expectations of our guests

The hotel business is more art than science. We accommodate and care for our guests, hosting with genuine service from the heart. We believe that keeping the human touch in our services is the greatest luxury we can provide our guests.

We are in a position to redefine sustainable luxury for our guests, and we want to share our journey by inviting them to take part in our interactive guest experiences. Our hotels and properties are designed to reflect the unique cities we operate in and we strive to celebrate the local culture, style and history of these cities. Our *Peninsula Academy* programme bring our cities to life as guests explore authentic cultural, artistic, sustainability experiences outside of our doors. Partnerships with local artisans, as we did for our guestroom amenities, using fragrances with a unique scent profile tailored to each of our cities (more details can be found on page 31). Our *Naturally Peninsula* cuisine was born out of the growing awareness of the connection between nutrition and mental and physical well-being. We believe we can continue to provide exquisite dining experiences for our health and environmentally conscious guests while showcasing freshly prepared, locally harvested, healthy ingredients.



#### 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

With an increasing interest in our sustainability efforts from guests, we launched a video communicating our sustainability efforts in-room, on our social media channels, and on a dedicated page on The Peninsula Hotels website. We invite our guests to come along with us on our sustainable luxury journey, and will do so by keeping them closely updated on our progress through these channels.

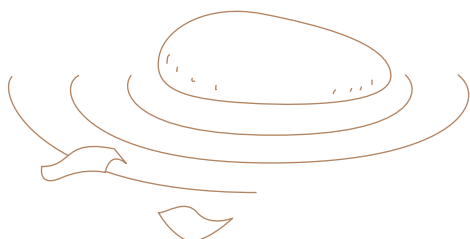




### ***Scent, Sensibility and Sustainability***

Our new line of guestroom amenities is custom-fragranced and takes a holistic approach to honour the story of each hotel's location and culture, while embracing a planet-conscious ethos. When we looked at creating a new line of guestroom amenities for our hotels, we were inspired to go beyond simply providing quality bath products, to create a line that celebrates the unique locations our hotels are in. The group sought out local artisanal perfumers in each of our hotel's home cities, whose knowledge of the regional and native botanical ingredients allowed them to craft custom scents which embodied the essence of their locales. These bespoke scents are infused in all bathroom amenities at each hotel. As well, the new line of amenities is made with gluten-free and soy-free ingredients, with aromatic essence which are free of harmful chemicals such as parabens, silicone and Sodium Lauryl Sulfate (SLS).

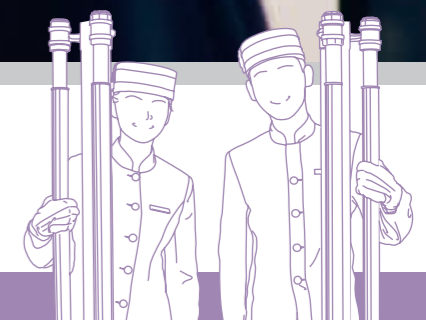
In keeping with our commitment to promote circularity, the amenities are packaged in recyclable bottles that are 99.9% petroleum plastic-free. Selected containers are also comprised of 45% recycled aluminium and container caps made of metal alloy. Amenities such as shower caps, toothbrushes and razors are now produced with eco-friendly bioplastic alternatives such as corn-starch, wheat, and wood.





# OUR PEOPLE

The HSH family is a strong and 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. We celebrate diversity and strive to ensure that each person feels they belong and are an essential part of the team. At HSH, we know that our people are the heart and soul of the company, and we want to build a lasting and genuine relationship with them.



## Our People

### Igniting potential and passion of our employees, creating opportunities for a purposeful career in a modernised workplace.

The importance of having passionate and committed people in our teams is more crucial than ever, especially during these trying times. With the average length of service of our employees surpassing eight years, we are grateful for their resilience and commitment as we navigate this global pandemic.

The past two years of COVID-19 has resulted in unprecedented challenges in talent acquisition and retention for our global operations. With the hospitality sector being one of the more impacted industries in the past two years, we continue to suffer a high turnover rate this year of 24.3%, with an improvement of 7.2 percentage point from last year, relatively low compared with the industry. Moving forward, we remain committed to developing strong leaders, implementing mental and physical well-being programmes, and the improvement of our attraction and engagement strategies.

In 2021, we officially launched our new three-year HR Strategy to reflect the current and future needs of the HSH family. Through our lessons from this pandemic, the HR team has learned that flexibility and adaptability are crucial elements needed for our teams to successfully navigate any crisis, leading to the incorporation of HR Reprioritisation into our strategy. This new addition serves as a reminder to remain agile in our HR response plans, particularly on health and safety protocols, internal engagement campaigns, crisis management and rewards.

#### HSH Core Principles

In 2021, the HR team launched the revised *HSH Core Principles Framework* across our global operations, which guides the way our employees interact with guests and colleagues. It identifies the key behaviours and expectations for our employees in order to meet and exceed guests' needs, as well as to contribute meaningfully to their team.



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



To ensure that our behaviour is aligned with the company's service principles, the new framework was created to support and build a strong foundation for *Peninsula Service Principles (PSP)*.

### WorkPlace 2025

In order to retain and attract the next generation of talents now entering the work force, we must continue innovating and modernising our culture, operational practices and work environment under which we operate. *WorkPlace 2025 (WP2025)* is our company-wide initiative to drive this transformation. Spearheaded by our CEO, this initiative seeks to develop a workplace which is purpose-driven, energetic, creative, allowing staff to feel empowered and motivated.

In 2021, our CEO hosted five focus groups to gain insights from some of our global talents and brainstorm new ideas to improve our working environment and culture in 2025 and beyond. To address the feedback received from this engagement, *WP2025* has been revamped to focus on (i) ambience and well-being (ii) technology and internal communication, and (iii) leadership, engagement and development.

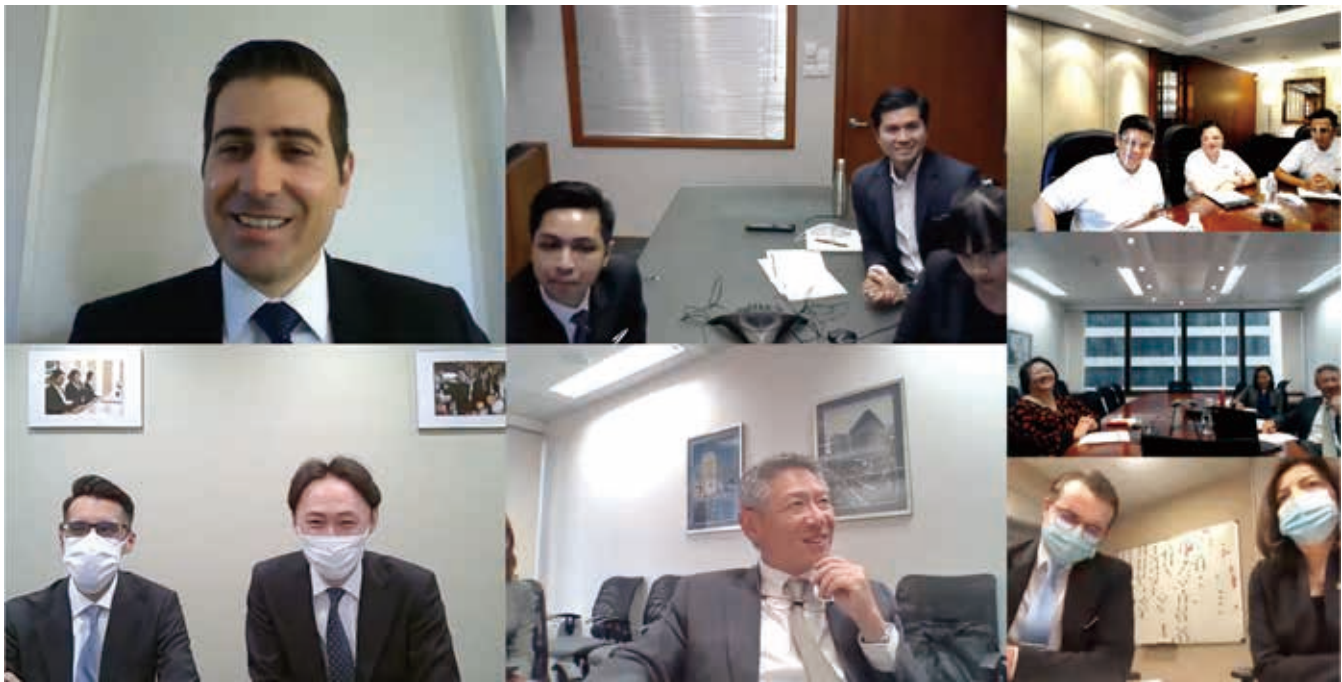
Alongside hosting focus groups, we want to further empower our employees by offering them an open channel to submit ideas for the company to improve operational efficiency, increase cost savings, improve health and safety, and contribute to a strong company culture. In 2021, the *Work Improvement Teams (WIT)* initiative was launched, allowing colleagues to share and contribute their ideas directly to the WIT panel.

As next steps, we are looking to build cross-functional and agile project teams to champion new workplace initiatives. We hope the range of initiatives will contribute to improving our status as a preferred employer and strengthening our employee engagement.

### *Re-igniting the passion of our colleagues during trying times*

The hospitality and tourism industry remains one of the more severely impacted industries throughout the pandemic. We are deeply appreciative of our colleagues who have remained resilient and cohesive in the midst of these challenging times. As the pandemic persisted, we rolled out our sentiment survey *“Let’s Check In – How are you doing”* in an effort to gauge employee engagement, resilience, empowerment, and well-being. We are delighted to have reached more than 80% response rate for this voluntary and anonymous survey. Despite the global pandemic, 84% of our employees still feel proud to work for the company. The findings were analysed and presented to senior management, and will become the foundation of our talent attraction and retention strategy in 2022.





**Inclusive Workplace**

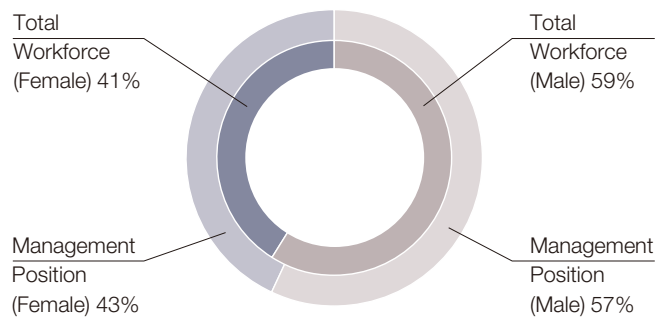
We aim to create an inclusive and harmonious workplace which provides equal opportunity to all employees regardless of gender, age, nationality, religion, sexual orientation, disability, and other aspects of diversity.

Our new *Inclusive Workplace Strategy* aims at fostering an even more inclusive culture within our workplace that empowers our employees to learn and grow while leveraging their unique strengths. This new strategy consists of three pillars:

1. **Building an Inclusive Culture:** this pillar focuses 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 Managers:** change is effected through collective effort, and we are committed to developing inclusive managers to be the changemakers of our company.
3. **Creating Unbiased Talent Management Processes:** we have multiple initiatives to promote inclusivity amongst our current employees, but we also recognise the importance of educating new employees from the start. To accomplish this, we have enhanced our interview guide using our new Core Principles, reviewed orientation programmes to ensure that new employees are aware of our initiatives.

We have begun our review of existing HR systems and protocols, and started our process to use gender neutral job titling across the group, as well as developing inclusivity training modules which are tailored for leadership teams, hiring managers and all employees. We also provide meaningful employment opportunities to people with disabilities, including roles in the Rooms, Kitchen, Front Office departments and more.

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



Gender diversity is an important indicator of an inclusive workplace. In 2021, 43% of management positions and 41% of our total workforce were female.

We have policies and processes 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 2021, there were no reports of discrimination.



### Wisdom on Wellness (WOW)

To complement our other HR initiatives such as the *WP2025*, the new WOW strategy has been created to specifically address mental health. The global pandemic has forced our employees to work under extraordinary and sometimes mentally and physically taxing environments, and the need to provide mental health support to our teams has only risen in importance. The strategy also includes programmes which aim to raise awareness and encourage open dialogues on mental health, so that we can create a more supportive culture for our employees. In 2021, we launched *24-day Selfcare Challenge* in our global operations where employees were encouraged to follow simple actions and tips to improve their mental well-being. Our local HR teams also brought in programmes ranging from “singing bowl” and meditation workshops to parenting and positive psychology workshops, and our employees can learn how to take a mental break and keep a positive mindset despite a busy day of work.



### Ethical Conduct

Our values as a company are the foundation to 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, 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, anti-discrimination and environmental responsibility. This code continues to recognise international conventions and charters such as the United Nations Declaration on Human Rights. 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. In 2021, there were four reports of major breaches of our Code of Conduct, all have been investigated in accordance with the group policy. One report was unfounded; two reports were confirmed with employees involved either being given a warning, suspended or terminated, depending on the severity of the breach; one report was still ongoing at the time of writing.

## Our People

We make sure that guests and employees feel safe and secure whenever they are in our hotels and properties.

The health, safety and security of guests and employees at our hotels, clubs and properties is monitored through effective systems and policies. Each operation has its own health and safety committee which meets regularly to review performance and implement improvements.

To strengthen compliance beyond local regulations, operations supplement through further alignment to OHSAS 18001 or ISO 45001 which are internationally recognised occupational health and safety management standards. Alignment to these standards will be harmonised once we launch our refreshed occupational health management system in 2022, where all operations will be required to follow our internal framework supplemented by annual on-site checks conducted by our Group Health and Safety Manager to identify areas of improvement.



### Ensure a safe environment for our employees

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

In 2021, we continued our efforts to enhance our security and safety management systems. We conducted gap analyses 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. The effectiveness of our security and safety management systems is assessed on a biannual basis. All findings are shared with the senior leadership team of each operation to follow up on the recommendations of the analysis.





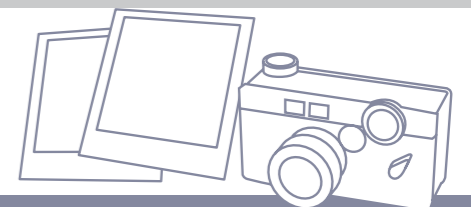
The on-going pandemic has continued to place the safety, health and well-being of our guests and employees at the forefront. We continue to put in place enhanced health and hygiene measures that go beyond the necessary protocols required by local government authorities. In 2020, we introduced a new set 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. Notable efforts back of house, include the appointment of a dedicated Health & Hygiene Manager in each property, procuring additional air filters and air handling units, adopting new cleaning technologies and providing mandatory COVID-19 trainings for staff and third-party contractors. These measures exist to ensure stringent hygiene standards are met in 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 2021, our injury rate is up by 20.2% at 3 cases per 100 employees thanks to improved reporting guidelines. Lost day rate increased by 50% at 71.1 lost days per 100 employees as several prolonged staff injury cases ranging from strains, fractures, bruises and burns that were carried forward from 2020 alongside new prolonged cases reported in 2021. These staff members were compensated in accordance with relevant local laws and were re-assigned to rehabilitative roles when they were able to return to work. Over 99% of injuries recorded did not require a hospital stay. The injury rate for severe cases is at 0.02 per 100 employees. In 2021, we continued to have zero fatalities and no permanent disabilities.



# OUR COMMUNITIES

Wherever we have hotels and properties around the world, we strive 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.



## Our Communities

Our communities are our homes – we stand to benefit when our communities thrive. We look for ways to uplift, contribute and reinvest in the communities that supported us.

Our communities are inseparable from our operations, and this is why we are committed to embracing local culture and enriching the cities we are located in. They provide the resources, infrastructure and markets which our businesses depend on. In turn, we aim to deliver a positive, lasting impact that contributes shared and sustained value for all.

Each community faces distinct challenges, as such, each property tailors their community action plan to meet local needs. Be it equipping the youth with lifelong vocational skills, caring for the elderly, or uplifting the marginalised, we strive to instil positive change with intention and sensibility.

### Community Volunteering and Investment

The three key demographics of youth, elderly and the marginalised were identified as the most strategically aligned to our community investment ethos. The elderly are the backbone of the cities we call home, and with so much to learn from them, we want our colleagues to feel a connection to their heritage. In the same vein, the youth are the leaders of tomorrow, and as a business which has existed for 155 years, we widely recognise the necessity of imparting skills and knowledge for future generations. Lastly, we recognise that though we live in a globalised world, inequalities are solved at a local level, our hotels and properties formulate their own community investment strategy to support their local marginalised community.

In 2021, our volunteering programmes continued to be limited by social distancing protocols. Despite these circumstances, more than 18% of our employees were still able to engage in community work, totalling over 6,300 volunteer hours. From a philanthropic viewpoint, we continued to support local communities through the donation of medical supplies and meals and sponsoring charity events, totalling over HK\$4.5 million in monetary and in-kind donations.

Outreach programmes have been challenging to conduct throughout the pandemic due to social distancing measures. Collaboration with the right partners has been key for us to work with groups of people which we may not otherwise have access.



### Support local community needs by utilising the group's resources and capabilities

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

Contribute to youth development, elderly care and uplifting marginalised communities

Offer employees incentives in volunteering for community activities



#### WHO are our beneficiaries

- Elderly
- Youth
- Marginalised



#### WHY we help them

- Elderly Care: Caring for our heritage
- Youth Development: Preparing for the future
- Uplifting the Marginalised: Helping those in need



#### HOW do we help them

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

### Elderly Care – Caring for our heritage

Partnering with non-profit organisation Little Brothers - Friends of the Elderly in Chicago, our hotel supports isolated shut-in elders with the provision of essential supplies such as anti-bacterial wipes, food pantry items, and handwritten cards. Furthermore, The Peninsula Chicago also partnered with A Silver Lining Foundation in raising funds for cost-free mammograms and diagnostic testing for those in need. This partnership has resulted in providing potentially life-saving breast health testing for over 200 women.

### Youth Development – Preparing for the future

Vocational training is a strong tool for social mobility, equipping the younger generation with practical and transferable skills for the future. In Paris, we continue to partner with the Apprentis D’Auteuil vocational training school to welcome young apprentices, many of whom are migrants or people with disabilities, to our hotel for training. They rotate through various departments, and have the opportunity to interact directly with the experienced staff on-site.

Youth development is a focus for our China hotels in Beijing and Shanghai. At-risk and underprivileged youths are taught life skills through vocational training conducted by Shanghai Minhang District Jiahe Vocational Training School, sponsored by Shanghai K Charitable Foundation at the Sir Horace Kadoorie Youth Development Centre in Shanghai (in memory of Sir Horace Kadoorie, our former Chairman), followed by six-months of industry immersion at various hotels in China including both our Chinese properties. Certain graduates have even joined our properties as full-time members and established careers with us.

Since 2011, The Peninsula Shanghai has been supporting *The Library Project*. Donations are made towards underfunded schools throughout rural China, enabling children to benefit from reading books, and receiving free eye examinations by on-site doctors. In light of the pandemic, this year’s e-Library project was conducted virtually with the Jiangxi Jingkou School to provide over 1,000 books and study materials to students.

### Uplifting the Marginalised – Helping those in need

Throughout the month of October, The Peninsula Paris hosted *Pink October* which enabled diners and guests to partake in a fundraiser for The European Innovation Endowment Fund’s breast cancer fund, providing financial and emotional support services to women navigating the diagnosis of breast cancer.

Throughout the years, we have offered a number of training and work opportunities for refugees. They face disproportionate challenges in finding opportunities within their communities, and we 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. HSH supports RUNHK’s extensive and impactful work by providing office space, in-kind sponsorship, alongside job opportunities and training to refugees. The Peninsula Tokyo and The Peninsula Paris also partners with local charities and social enterprises providing similar opportunities.



## Our Communities

### ***Alleviating hunger in our communities during challenging times***

Throughout the pandemic, we were fortunate to continue operating several of our properties. Those that remained open were able to participate in the pandemic outreach programme *Love of Community: Meal for Meal*. This charitable meal donation programme was designed to alleviate hunger for those in need within our communities. Guests and diners select from an array of menu items from our restaurants, and the hotel matches its value to purchase food items for the wider community. With the collaboration of local charities and food banks, we collectively prepared more than 190,000 cooked meals, ingredient packages, and other dried goods valuing upwards of HK\$3.2 million in 2020 and 2021.

Over the years, our colleagues have developed a long-standing relationship with marginalised groups in their communities. The Peninsula Chicago helped distribute food to people experiencing homelessness and at-risk LGBTQ+ youths through their charitable partner The Night Ministry. In Hong Kong, we support ImpactHK's vision of building an inclusive society by helping to donate food and ingredient packs to at-risk individuals and families during the pandemic in times of lockdown, as well as retiring 220 pillows from our hotels to go towards their public housing initiative.

In 2021, we sent two teams of colleagues to the food bank warehouse of Feeding Hong Kong to participate in emergency food parcel packing. Led by our CEO and in a group of 20, our colleagues packed over 400 boxes of dried and canned non-perishable goods. Each containing around 15 staple products, the finished boxes were then distributed to at-need communities throughout Hong Kong. We are grateful to be a productive force during the trying times our communities face.



## By increasing visibility on the provenance of our products and services, we take steps to ensure our offering does not contribute to modern slavery.

As global supply chains continue to grow in length and complexity, visibility across our value chains become increasingly challenging. With our business positioned at the end of supply chains, we uphold our due diligence processes to ensure products and services offered to our guests comply with relevant regulations, while maintaining good labour and environmental practices.

We have focused our work on high-risk suppliers, defined by their susceptibility to labour exploitation, contribution to environmental degradation, and a general lack of transparency. Examples include suppliers of seafood, cotton, tea, coffee, chocolate, outsourced service contractors and recruitment agencies for our contingent or temporary workforce. Our procurement and operations teams work with reputable suppliers and partners who provide the best quality products, while ensuring compliance with the specifications and requirements outlined in our Supplier Code of Conduct (SCOC).

### Supplier Code of Conduct

Introduced in 2009, the Supplier Code of Conduct exists to articulate our expectations of suppliers and contractors on environmental, social and ethical practices. The SCOC is publicly available and mandated in all contracts. The SCOC is regularly updated to ensure alignment with international standards, notably the United Nations Global Compact, UN Universal Declaration of Human Rights, Conventions of the International Labour Organisation and the OECD Guidelines for Multinational Companies. We have strengthened elements of anti-bribery, data privacy and confidentiality, human rights and modern slavery during the annual review processes. In an effort to encourage suspected breaches and violations, we have also linked our *Speak Up Policy* to the SCOC.



### 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% through targeted audits and engagement

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

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

### Anti-Modern Slavery

We are committed to upholding fundamental human rights within our own operations as well as across our supply chain. We condemn any form of slavery and human trafficking and are continuously improving our policies and processes to build awareness, improve transparency and combat such practices. We continued to implement more detailed checks of key suppliers to ensure compliance with the SCOC and are developing a framework for continuous engagement and dialogue. Since 2020, we have engaged contingent labour agencies and seafood suppliers to incorporate action items related to human rights, human trafficking and modern slavery, and have worked with a number of NGO's both locally and on a group-wide level to strengthen internal awareness and training.

We hope to push the envelope on safeguarding against modern slavery within our supply chains. We regularly review and strengthen our due diligence processes within our operations by conducting spot checks, trainings, and clearly articulating our commitments in our Modern Slavery Statement, which is reviewed and updated annually. In an effort to increase transparency, our Modern Slavery Statement is publicly available on our webpage.

 [Read our Modern Slavery Statement here](#)



## Our Communities

### ***Protecting our “blue economy” and vulnerable communities***

We recognise that the seafood supply chain is particularly susceptible to problems of traceability, resulting in risks of unsustainable fishing practices and modern slavery.

We take reference to recommendations and guidelines from the World Wide Fund (WWF), Monterey Bay Aquarium and other environmental groups to deepen our understanding on ways to safeguard our ocean’s value chain. As purchasers of premium seafood, it is crucial we understand the impact our decisions have on the health of the blue ecosystem. Our procurement teams and chefs work together to secure and promote sustainable seafood within our restaurants.

Our procurement teams are provided with the tools to source seafood from trusted suppliers with certified chains of custody, or who are able to provide baseline information regarding the source of their product such as species name, catch method, vessel and more. We are proud members of the Hong Kong Sustainable Seafood Coalition and join other players in the seafood value chain such as seafood suppliers and commercial buyers to advance the sustainable seafood market locally. The journey to improve traceability and increase sustainable seafood offerings is challenging, but one that we must work on to provide our guests with products we know we can trust.

We work with an artisanal fishery in Manila to source yellow fin tuna which are caught by single hook handlines. They are tagged with a unique trace number and uploaded on a catch documentation system which allows for transparency and traceability throughout the entire process. This example showcases the level of traceability we strive for with all our suppliers.



## Harnessing the power, passion and influence of like-minded partners, to create impactful and lasting change

We recognise that collaboration is key to solving our world's most pressing issues. We are members of several cross-sectoral and industry-wide consortiums, conduct problem-solving sessions with our partners, and where possible listen to the voices of tomorrow. Through this approach, we strengthen not only our sustainability practices, but also share our learnings across industries and like-minded peers.

In 2019, we joined the We Mean Business Coalition, a global coalition of the world's top sustainability organisations working towards a zero-carbon economy by advocating for cross-sectoral and collaborative climate change solutions, improved climate disclosures, and mobilising the business voice in climate policies. More recently in 2021, we joined the Climate Action Focus Group, organised by World Travel and Tourism Council (WTTC) to help develop decarbonisation action plans for the tourism and hotel industry. We sat on the Advisory Group of *Net Zero Methodology for Hospitality* and worked with other industry peers and Greenview, WTTC, Sustainable Hospitality Alliance, Pacific Asia Travel Association, and Tourism Declare to review and provide practical, industry feedback on this document. This is just one example where our involvement in industry-wide initiatives yielded meaningful discussions bringing closer alignment of actions across our sector and raising the bar towards achieving a common goal.

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

Partner with others to implement actions and solutions in our operations

### Sustainable Financing

In recent years, sustainable investment and financing has become a popular vehicle for financial institutions and capital providers to fund green projects and encourage environmental initiatives. In 2021, we partnered with HSBC and MUFG to secure our first sustainability-linked loan totalling HK\$1.25 billion. The proceeds of the loan will be used to generate working capital and corporate funding including sustainability-related capital expenditure and initiatives. This represents an important step for us to further integrate sustainability into HSH's overall business and financing strategy.

### ***Harnessing innovative creativity and engaging with the talents of tomorrow***

We are working with students from the Hong Kong University of Science and Technology to find innovative and creative solutions for responsible procurement and harnessing renewable energy. This mutually beneficial partnership allows students to learn from our practical experience, while having a platform to share their concerns and propose creative solutions for our future. We plan to expand our collaboration with university students from other educational institutions in the future.

The School of Journalism and Communication, Chinese University of Hong Kong produced a video series on sustainability in business strategy, featuring HSH and several other companies' long-term vision and commitment to sustainability. Showcasing the vital role of businesses in building a more sustainable future, and unique challenges different industries face. We hope the video inspires future generations to instil sustainable thinking in their daily lives and future workplace.

## Our Communities

### ***Creative solutions and fruitful collaborations***

In past years, we have collaborated with different organisations such as social enterprises, charities, environmental organisations, and for-profit partners to explore innovative solutions to address a range of societal issues.

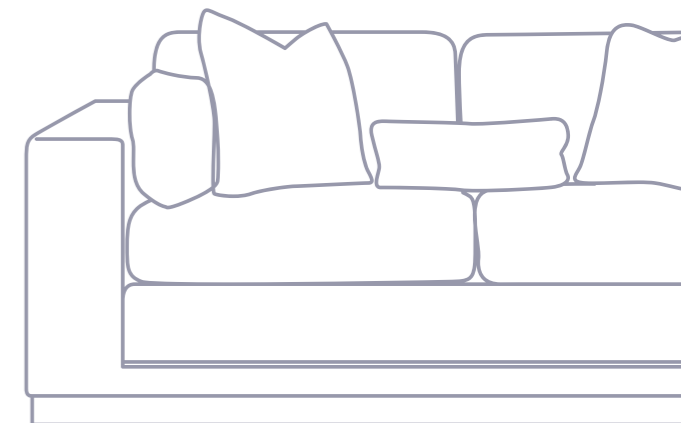
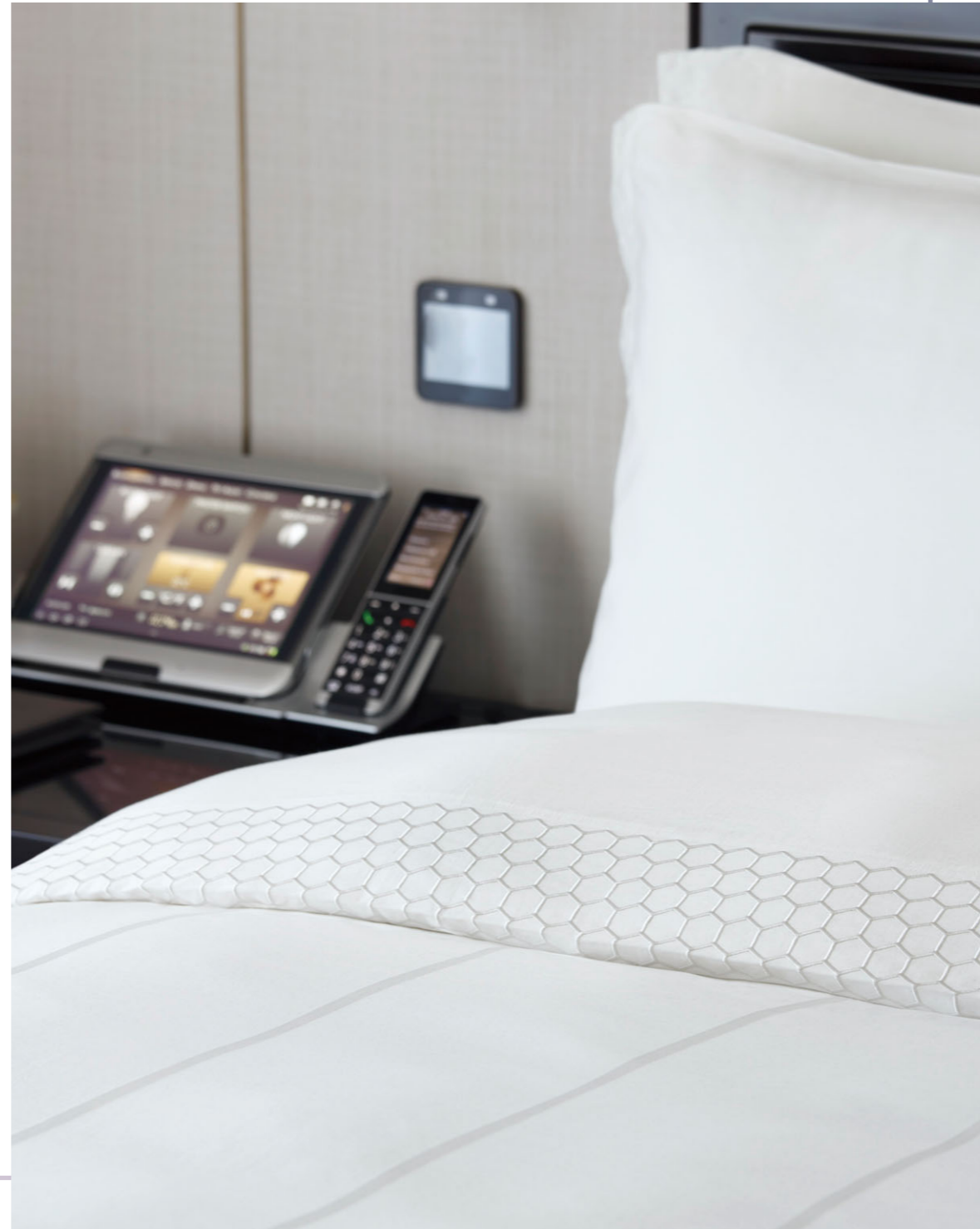
#### **From waste textile to yarn**

In 2018, we started an initiative to upcycle retired textile bed covers from our hotels into bathrobes and teddy bears by partnering with a young Hong Kong designer and social enterprise ANTHILL Fabric Gallery. This initiative, which is run in Hong Kong and the Philippines, not only reduces waste sent to landfill but also supports the livelihood of families from rural villages in the Philippines. We also partnered with Novetex Textiles Limited, a textile company based in Hong Kong, to unwind discarded bed covering back into cotton yarn through The Billie System, a water and hazardous chemical free innovation. Grassroots Future, an organisation focusing on refugee empowerment, uses "Eden yarn", which is upcycled cotton yarn from The Peninsula Hong Kong. This cotton yarn is made into new clothing as part of their sustainable fashion programme. Five female designers who are refugees or asylum-seekers, are now developing a portfolio of work using just the upcycled, biodegradable yarn for crochet.

Not wanting to simply discard retired pillows to our landfills, The Peninsula Hong Kong donated 220 pillows to our partners ImpactHK to go towards their public housing initiative. We also collaborate with the Hong Kong Research Institute of Textiles and Apparel Limited (HKRITA) to find other ways to upcycle the remaining pillows for communities in-need around Hong Kong.

#### **ecoSPIRITS**

In 2021 we partnered with the world's first low-carbon low-waste spirit distributor, ecoSPIRITS by Proof & Company, to reduce carbon emissions arising from our beverage operations. Working closely with their suppliers, ecoSPIRITS delivers premium spirits in refillable tote bags, which can be stored on premises and returned when emptied. Upon delivery of new orders, the tote bags are collected and reused. As an additional benefit, one tree is planted for every tote ordered. Not only are resources saved from glass production, and energy saved from weight reductions in delivery, the quality of the spirit is also uncompromised in any way. This closed-loop system highlights circularity in business, along with the importance of collaborating with like-minded partners. We are assessing the opportunities to adopt such practices through more areas of our operations.



# Climate-related Financial Disclosures

The impacts of climate change are observed globally. With the lack of coordinated action at an international level from different sectors of society, we are conscious of the increasing impacts and risks posed 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 to ensure a sustainable future for all. We continue to reference recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to outline how we are managing the risks related to climate change.



## GOVERNANCE

We regard the integration of sustainability as a sensible and necessary strategy that benefits 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 Board oversees the management of climate change issues and other sustainability topics through regular engagement and updates from The Group Corporate Responsibility Committee (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 receive updates from the Head of Corporate Responsibility and Sustainability (CRS) as matters arise. The Board considers sustainability to be of substantial importance warranting Board review of the group's sustainability approach, strategy and performance at least once a year.

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 senior management, is the principal decision-making body responsible for management and day-to-day business of the group. To enable the integration and cross-functional implementation of sustainability actions 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 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 (GRC) 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.



## STRATEGY

Climate change is a pervasive issue that affects all parts of our business. We have integrated climate mitigation and adaptation actions throughout our newly updated group sustainability strategy *Sustainable Luxury Vision 2030 (Vision 2030)*. Our new strategy leverages the strengths of our business, focusing on issues requiring significant and urgent attention, scaling positive benefits from our offering, while effectively reducing our negative impacts. We seek to address key challenges in our business and in society through *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 our 10 key commitments.



### More details on Sustainable Luxury Vision 2030

To enable our implementation of climate-related actions in *Vision 2030*, we closely monitor our performance and progress on carbon emissions, water efficiency and actions related to the mitigation of climate change such as adopting sustainable designs, mapping out climate risks at the property level and engaging stakeholders such as government, industry peers, think-tanks and more. Currently, each of our operations also have emergency response plans for extreme weather events such as floods, drought, wildfires, extreme heat, hurricanes and typhoons.

At the group-level and as part of our *Vision 2030* strategy, we are developing science-based targets for our Scope 1 and 2 GHG emissions to ensure our goals are closely aligned with rigorous climate science, which will allow us to set out a course of long-term actions to decarbonise our operations. In parallel, we are also referencing methodologies and guidance documents published by tourism and hospitality-focused industry groups to ensure our target-setting is in line with industry best practices.

Climate change is also expected to place increasing pressure on our supply chains and it is important for us to understand the impacts it will have particularly for our key products most vulnerable to environmental changes such as tea, coffee, chocolate, seafood, and cotton products. As part of our *Vision 2030* strategy, we are focused on working with our high-risk suppliers to improve traceability and sourcing practices to improve resiliency in our supply chain.

One key principle of *Vision 2030* is to collaborate with other like-minded companies to help find solutions for our world's shared challenges, including in areas of climate change. For example in 2019, we joined the We Mean Business Coalition, a global coalition of the world's top sustainability organisations working towards a zero-carbon economy by advocating for cross-sectoral and collaborative climate change solutions, improved climate disclosures, and mobilising the business voice in climate policies. More recently in 2021, we joined the Climate Action Focus Group, organised by World Travel and Tourism Council (WTTC) to help develop decarbonisation action plans for the tourism and hotel industry. We sat on the Advisory Group and worked closely with other industry peers and Greenview, WTTC, Sustainable Hospitality Alliance, Pacific Asia Travel Association, and Tourism Declare to review and provide practical, industry feedback to the *Net Zero Methodology for Hospitality*. This is just one example where our involvement in industry-wide initiatives yielded meaningful discussions bringing closer alignment of actions across our sector and raising the bar towards achieving a common goal.



## RISK MANAGEMENT

Some of the risks related to climate change are already included in our Annual Report's Group Risk Committee Report and our Corporate Responsibility and Sustainability Report. Our business faces both physical and transitional risks resulting from climate change. We have identified the following as key physical risks to our business:

- Increased severity and frequency of extreme weather events and natural disasters which may disrupt our operations, cause supply chain disruption for our products and services, and physical damage to our assets
- Extreme temperature causing increased stress to buildings and increased utility costs

- Sea-level rising and increased likelihood of flood events may cause physical damages to our assets, supply chain disruption, reducing accessibility, and risk of devaluation of our assets
- Drought which may reduce availability and increase prices of certain agricultural products within our supply chain, as well as reduce water availability in water-stressed regions

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 better design, upgrade and regular maintenance, (c) establishing site and company level crisis management teams with business continuity plans to facilitate emergency responses, (d) installation of physical protections in the event of a natural disaster, (e) conducting regular evacuation drills and safety training to prepare our employees, and (f) implementing water-saving initiatives particularly in assets located in water-stressed regions.

Key transitional risks identified for our business arising from policy, regulatory and industry changes for a low-carbon future are:

- National policy and regulations with increasingly ambitious decarbonisation commitments which may tighten building and operational requirements, and carbon pricing or taxing in operating markets
- Increased expectations from stakeholders to accelerate corporate sustainability and responsibility actions, which may require more capital investment and expenditure to meet the evolving expectations
- Increased market demand for more sustainable products and offerings at our hotels

At the group level, we mitigate transition risks by (a) increased allocation of capital investments on efficiency upgrades and sustainability projects, (b) collaborating with our stakeholders to develop sustainable solutions for our key products and services, (c) joining sector and like-minded business initiatives to advocate and advance global efforts for sustainable change.

In 2019, we completed an initial qualitative assessment of the risks related to the physical and transitional risks of climate change to our business, 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 assessment report, the leading report on the most current knowledge on the scientific, technical and socio-economic aspects of climate change. These results were presented and discussed with GMB and GRC 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 and knock-on impact brought by climate change that may exacerbate other socioeconomic issues such as poverty, social inequality, supply chain disruption and more.

In 2021, we focused our discussion on the potential long-term consequences of sea level rise and coastal flood risks to the business at the Board level. We are looking to conduct a more detailed asset-level scenario analysis for us to identify short-term measures to protect our assets from extreme weather events. For long-term planning, we hope to integrate climate risks in the planning and design process of all future development and investment projects. More recently, The Board was also given an update on major outcomes from COP26 and progress update on HSH's climate strategy.



## Metrics and Targets

HSH is committed to reducing emissions within our own operations where possible and without impacting our offering to our guests. We publicly report our total energy use and emissions annually in our CRS Report.

To help facilitate our response to climate change, we have set group-wide targets and commitments in *Vision 2030* for greenhouse gas emissions, water efficiency and actions related to the mitigation of climate change such as adopting

sustainable designs, mapping out climate risks at property level and engaging relevant stakeholders. Here are some of our key climate-related commitments:

- Use resources efficiently, prepare our operations for a low carbon economy
  - Reduce our key environmental impact from 2010 by:
    - 55% for carbon and water intensity
    - 35% for absolute carbon emissions
  - Increase the use of renewable and regenerative energy and water sources
  - Embed climate adaptation measures for existing operations and future investments
- Develop and operate sustainable properties
  - Align new developments and major renovations with international sustainable building standards
- Responsible management and diversion of our wastes
  - Achieve a waste diversion rate of 100% for food waste and recyclables by recycling, upcycling and reusing
  - Ensure proper disposal of hazardous waste
  - Increase usage of recyclable material
- Responsibly source key products and services by embedding environmental and social criteria

Details of our *Vision 2030* targets and sustainability performance data can be found in our CRS Report.



## 2021 Outcomes

In 2021 our total energy spend and water spend was HK\$112 million. While we saw some negative financial impact related to short-term loss of business and increase in insurance costs and expenditure to repair damaged property in recent years, these financial impacts are not considered material to our business at this time. Due to the interconnected nature of climate change, it was challenging to provide a reasonable estimation on the overall financial implications to our businesses as of now. We will focus on developing a comprehensive and robust methodology that allows us to determine the climate-related financial impacts and continue to monitor, manage and report on these impacts as appropriate.

# INDEPENDENT ASSURANCE REPORT

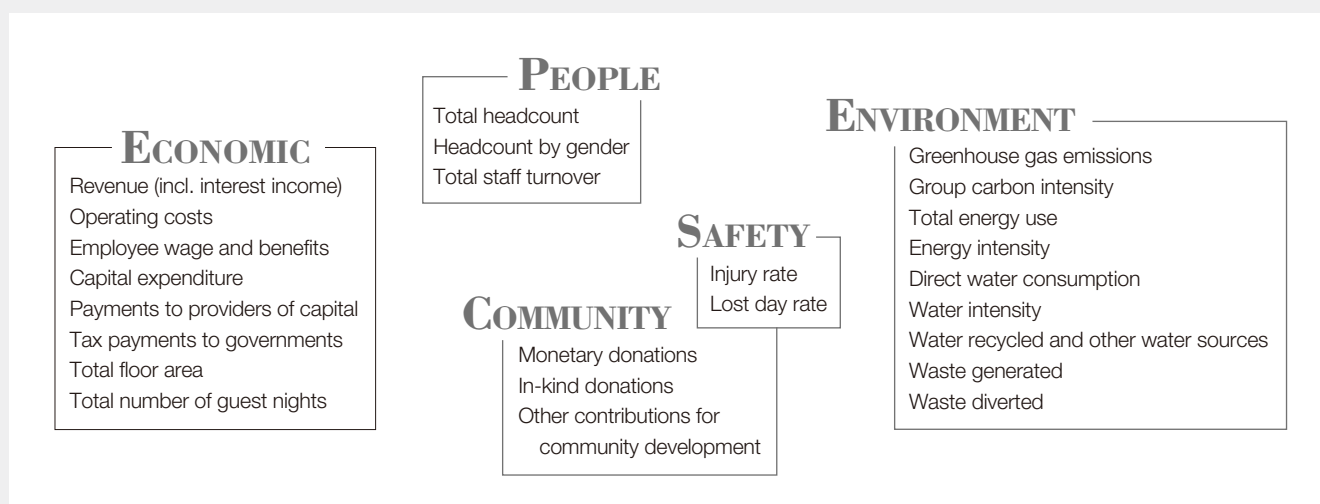
## Independent assurance report to the Directors of The Hongkong and Shanghai Hotels, Limited

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 2021 of HSH (further referred to as “the Report”) for the year ended 31 December 2021 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 pages 2 to 49 of the CRS Report.
- The following data points as included in the Data table on page 55



### 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 and selected business unit level to obtain an understanding of the information collection process;
- 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 page 58 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 2021 of HSH for the year ended 31 December 2021, are not prepared, in all material respects, in accordance with the Reporting Criteria.



KPMG  
 Certified Public Accountants  
 8th Floor, Prince's Building  
 10 Chater Road  
 Central, Hong Kong  
 16 March 2022



# 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.

During the pandemic, despite our best efforts to remain reactive and agile, in some cases we had to temporarily close operations for months at a time. These operational changes have negatively impacted the progress of our sustainability activities as well as collaborations with our partners, many of whom faced similar challenges. As a result, our corporate responsibility and sustainability (CRS) metrics are skewed or negatively affected. Please bear this in mind when reading the CRS statistics in this year's annual report, explanations for significant data changes are included in the footnotes below. We will continue to closely monitor our sustainability performance, implement group and property-level initiatives, and continue to contribute to our long-term sustainability goals guided by our newly launched *Sustainable Luxury Vision 2030*.

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

			2021	2020	2019	2018	2017	2010 Baseline
Economic	<b>Revenue (incl. interest income)</b>	HK\$m	<b>3,465</b>	2,715	5,888	6,232	5,804	
	<b>Operating costs</b>	HK\$m	<b>1,388</b>	1,133	2,049	2,241	2,102	
	<b>Employee wage and benefits</b>	HK\$m	<b>1,562</b>	1,511	2,294	2,291	2,135	
	<b>Capital expenditure</b>	HK\$m	<b>2,050</b>	1,585	1,590	1,490	1,827	
	<b>Payments to providers of capital</b>	HK\$m	<b>165</b>	215	242	195	224	
	<b>Tax payments to governments <sup>(2)</sup></b>	HK\$m	<b>229</b>	355	330	486	442	
	<b>Total floor area</b>	'000 m <sup>2</sup>	<b>646</b>	646	652	652	652	
	<b>Total number of guest nights <sup>(3)</sup></b>	'000	<b>604</b>	384	1,277	1,333	1,240	
Workforce	<b>Headcount <sup>(4)</sup></b>		<b>5,866</b>	5,609	7,451	7,594	7,534	
	<b>Turnover <sup>(4)</sup></b>	%	<b>24.3%</b>	31.5%	19.7%	21.9%	21.3%	
	<b>Headcount by Gender</b>	% Female	<b>40.5%</b>	40.5%	41.6%	42.6%	41.9%	
	<b>Injury rate <sup>(5)</sup></b>	incidents per 100 employees	<b>3.0</b>	2.5	3.9	3.5	3.1	
	<b>Lost day rate <sup>(5)</sup></b>	days per 100 employees	<b>71.1</b>	47.4	74.4	57.7	43.9	
Environment <sup>(6)</sup>	<b>Greenhouse gas emissions</b>	'000 tCO <sub>2</sub> e	<b>72</b>	68	96	99	100	126
	<b>Group carbon intensity</b>	kg CO <sub>2</sub> e per m <sup>2</sup>	<b>112</b>	105	148	153	154	215
	<b>Total energy use <sup>(7)</sup></b>	'000 GJ	<b>654</b>	572	822	853	853	895
	<b>Energy intensity <sup>(7)</sup></b>	MJ per m <sup>2</sup>	<b>1,012</b>	885	1,272	1,320	1,320	1,522
	<b>Direct water consumption</b>	'000 m <sup>3</sup>	<b>1,168</b>	941	1,526	1,673	1,625	1,689
	<b>Water intensity</b>							
	Hotels Division <sup>(8)</sup>	litres per guest night	<b>1,636</b>	2,010	1,014	1,075	1,100	1,346
	Commercial Properties, Clubs & Services Division	litres per m <sup>2</sup>	<b>839</b>	870	959	907	964	1,064
	<b>Water recycled and other water sources</b>	'000 m <sup>3</sup>	<b>337</b>	372	484	448	489	142
<b>Waste diversion rate <sup>(9)</sup></b>	%	<b>48.3%</b>	48.8%	51.0%	51.1%	54.3%		
Community	<b>Monetary Donations <sup>(10)</sup></b>	HK\$'000	<b>1,549</b>	3,157	2,025	2,519	3,250	
	<b>In-kind Donations <sup>(10)</sup></b>	HK\$'000	<b>1,807</b>	1,988	7,403	7,502	6,684	
	<b>Other contributions for community development <sup>(11)</sup></b>	HK\$'000	<b>1,193</b>	380	1,606	2,796	2,730	

### Footnotes:

- (1) Please refer to About This Report for the scope of businesses covered in the reporting of workforce, environment and community performance. With the launch of *Sustainable Luxury Vision 2030*, baseline year for carbon, energy and water metrics has been updated to year 2010.
- (2) Inclusive of corporate income tax, property and real estate tax, payroll tax and other corporate taxes.
- (3) Calculation based on actual number of guests that occupied each of the rooms and suites in the relevant year.
- (4) Year-end data as at 31 Dec 2021. Headcount data only covers full-time employees working full number of hours per week for that particular position. Voluntary turnover rate, which covers full-time employees left employment based on their own decision to resign stands at 20.7%.
- (5) Injury lost day rates increased due to several prolonged injury cases of staff ranging from strains, fractures, bruises and burns that were carried forward from 2020 and several new prolonged cases reported in 2021. Over 99% of the reported incidents did not require a hospital stay, and thus not considered severe injuries. The injury rate for severe cases is at 0.02 per 100 employees. There was no incident of occupational disease recorded.
- (6) As the hotel business slowly recovered, there were more guests staying at our hotel leading to an increase of total energy and water use by 14% and 24% respectively. Hotel water intensity reduced by 19% as the data was normalised by increased guest nights. Please refer to pages 14 to 17 of the report for detailed explanation of the changes.
- (7) Vehicle fuel consumption is not included in the total energy use and energy intensity reported.
- (8) Includes all water uses in the hotels, not just those used by guests directly.
- (9) Grease trap waste, hazardous waste and construction waste were not included in the waste data reported.
- (10) Monetary donations reduced significantly as the charitable meal-for-meal programme was completed in early 2021. In-kind donations from the company decreased due to cancellation of charity events during the pandemic e.g. auction, fund raising and gala. In addition, cost saving measures have been implemented in light of the challenging business environment in 2021.
- (11) 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.

## 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, Istanbul 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 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 Complex, St. John's Building, The Landmark, Quail Lodge & Golf Club, Peninsula Merchandising, and Tai Pan Laundry.
- (d) With the launch of *Sustainable Luxury Vision 2030*, baseline year for carbon, energy and water metrics has been updated to year 2010.

		2021			2020			2019			2010				
		Hotels	Commercial Properties, Clubs & Services	Group	Hotels	Commercial Properties, Clubs & Services	Group	Hotels	Commercial Properties, Clubs & Services	Group	Hotels	Commercial Properties, Clubs & Services	Group		
Workforce	<b>Total Headcount</b> <sup>(1)</sup>	<b>4,806</b>	<b>1,060</b>	<b>5,866</b>	4,511	1,098	<b>5,609</b>	6,016	1,435	<b>7,451</b>					
	Male	<b>58.4%</b>	<b>64.6%</b>	<b>59.5%</b>	58.3%	64.6%	<b>59.5%</b>	57.8%	60.9%	<b>58.4%</b>					
	Female	<b>41.6%</b>	<b>35.4%</b>	<b>40.5%</b>	41.7%	35.4%	<b>40.5%</b>	42.2%	39.1%	<b>41.6%</b>					
	<b>by Management Role</b>														
	Management	<b>19.8%</b>	<b>11.8%</b>	<b>18.1%</b>	21.7%	14.9%	<b>20.4%</b>	16.3%	13.4%	<b>15.8%</b>					
	Non-management	<b>80.2%</b>	<b>88.2%</b>	<b>81.9%</b>	78.3%	85.1%	<b>79.6%</b>	83.7%	86.6%	<b>84.2%</b>					
	<b>Employees under Collective Bargaining</b>	<b>22.6%</b>	<b>19.3%</b>	<b>22.0%</b>	20.3%	17.1%	<b>19.7%</b>	21.7%	16.0%	<b>20.6%</b>					
	<b>Total Turnover Rate</b> <sup>(2)</sup>	<b>23.3%</b>	<b>28.5%</b>	<b>24.3%</b>	31.5%	31.5%	<b>31.5%</b>	19.1%	22.4%	<b>19.7%</b>					
	Under 30 years old	<b>39.2%</b>	<b>49.3%</b>	<b>40.5%</b>	38.4%	46.2%	<b>39.5%</b>	31.3%	33.5%	<b>31.6%</b>					
	30 to 50 years old	<b>19.7%</b>	<b>23.9%</b>	<b>20.3%</b>	24.8%	32.9%	<b>26.1%</b>	15.8%	23.4%	<b>17.2%</b>					
Over 50 years old	<b>16.9%</b>	<b>27.0%</b>	<b>19.9%</b>	42.3%	23.4%	<b>36.7%</b>	11.0%	15.4%	<b>12.3%</b>						
<b>Average training spend</b> <sup>(3)</sup>	per full time equivalent	<b>HK\$ 582</b>	<b>HK\$ 46</b>	<b>HK\$ 286</b>	HK\$ 974	HK\$ 257	<b>HK\$ 808</b>	HK\$ 2,338	HK\$ 1,212	<b>HK\$ 2,136</b>					
<b>Injury Rate</b> <sup>(4)</sup>	incidents per 100 employees	<b>2.3</b>	<b>5.7</b>	<b>3.0</b>	2.2	3.4	<b>2.5</b>	3.9	4.3	<b>3.9</b>					
<b>Lost Day Rate</b> <sup>(4)</sup>	days per 100 employees	<b>36.4</b>	<b>214.3</b>	<b>71.1</b>	48.8	42.0	<b>47.4</b>	69.5	93.7	<b>74.4</b>					
<b>Absentee Rate</b> <sup>(4)(5)</sup>	days per employee	<b>6.2</b>	<b>9.1</b>	<b>6.8</b>	5.9	6.5	<b>6.0</b>	5.5	6.2	<b>5.7</b>					
Environment <sup>(6)</sup>	<b>Greenhouse gas emissions</b> <sup>(7)</sup>	'000 tCO <sub>2</sub> e	<b>59</b>	<b>14</b>	<b>72</b>	54	14	<b>68</b>	79	17	<b>96</b>	104	23	<b>126</b>	
	Scope 1 emission	'000 tCO <sub>2</sub> e	<b>10</b>	<b>5</b>	<b>15</b>	8	4	<b>12</b>	14	6	<b>21</b>	18	6	<b>24</b>	
	Scope 2 emission <sup>(8)</sup>	'000 tCO <sub>2</sub> e	<b>48</b>	<b>9</b>	<b>57</b>	46	10	<b>56</b>	64	11	<b>75</b>	86	17	<b>103</b>	
	<b>Carbon intensity</b>	kg CO <sub>2</sub> e per m <sup>2</sup>	<b>120</b>	<b>87</b>	<b>112</b>	112	85	<b>105</b>	162	108	<b>148</b>	232	161	<b>215</b>	
	<b>Total energy use</b> <sup>(6)(9)(10)(11)</sup>	'000 GJ	<b>542</b>	<b>112</b>	<b>654</b>	472	100	<b>572</b>	681	141	<b>822</b>	752	143	<b>895</b>	
	Direct energy use	'000 GJ	<b>137</b>	<b>60</b>	<b>197</b>	123	49	<b>172</b>	188	80	<b>268</b>	222	61	<b>283</b>	
	Indirect energy use	'000 GJ	<b>405</b>	<b>52</b>	<b>457</b>	348	51	<b>400</b>	493	61	<b>554</b>	530	81	<b>611</b>	
	<b>Energy intensity</b>	MJ per m <sup>2</sup>	<b>1,113</b>	<b>700</b>	<b>1,012</b>	968	630	<b>885</b>	1,398	885	<b>1,272</b>	1,683	1,012	<b>1,522</b>	
	<b>Direct water consumption</b> <sup>(6)(12)(13)(14)</sup>	'000 m <sup>3</sup>	<b>988</b>	<b>180</b>	<b>1,168</b>	772	169	<b>941</b>	1,296	231	<b>1,526</b>	1,456	232	<b>1,689</b>	
	<b>Water intensity</b> <sup>(15)</sup>														
	Hotels	litres per guest night	<b>1,636</b>	<b>n/a</b>	<b>n/a</b>	2,010	n/a	<b>n/a</b>	1,014	n/a	<b>n/a</b>	1,346	n/a	<b>n/a</b>	
	Commercial Properties, Clubs & Services	litres per m <sup>2</sup>	<b>n/a</b>	<b>839</b>	<b>n/a</b>	n/a	870	<b>n/a</b>	n/a	959	<b>n/a</b>	n/a	1,064	<b>n/a</b>	
	<b>Water recycled and other water sources</b> <sup>(16)</sup>	'000 m <sup>3</sup>	<b>34</b>	<b>303</b>	<b>337</b>	72	300	<b>372</b>	166	318	<b>484</b>	142	-	<b>142</b>	
<b>Waste generated</b> <sup>(12)(17)</sup>	tonnes	<b>3,969</b>	<b>268</b>	<b>4,237</b>	3,288	211	<b>3,499</b>	6,614	351	<b>6,965</b>	-	-	<b>-</b>		
<b>Waste diverted</b> <sup>(12)(17)(18)</sup>	tonnes	<b>2,002</b>	<b>43</b>	<b>2,045</b>	1,663	43	<b>1,706</b>	3,451	100	<b>3,551</b>	-	-	<b>-</b>		
<b>Emission of ozone depleters</b>	kg CFC-11e	<b>32.6</b>	<b>2.1</b>	<b>34.7</b>	20.5	1.4	<b>21.9</b>	17.1	5.3	<b>22.4</b>	115.7	31.6	<b>147.3</b>		
Community	<b>Monetary donations</b> <sup>(19)</sup>	HK\$'000	<b>508</b>	<b>1,040</b>	<b>1,549</b>	2,658	499	<b>3,157</b>	967	1,058	<b>2,025</b>				
	Company donations <sup>(19)</sup>	HK\$'000	<b>392</b>	<b>265</b>	<b>657</b>	16	220	<b>236</b>	339	183	<b>522</b>				
	Donations by customers <sup>(19)</sup>	HK\$'000	<b>114</b>	<b>763</b>	<b>876</b>	2,506	264	<b>2,770</b>	587	857	<b>1,445</b>				
	Donations by employees	HK\$'000	<b>3</b>	<b>13</b>	<b>15</b>	136	16	<b>151</b>	41	17	<b>58</b>				
	<b>In-Kind donations</b> <sup>(19)</sup>	HK\$'000	<b>1,167</b>	<b>640</b>	<b>1,807</b>	1,033	955	<b>1,988</b>	4,610	2,793	<b>7,403</b>				
	<b>Other contributions for community development</b> <sup>(20)</sup>	HK\$'000	-	-	<b>1,193</b>	-	-	<b>380</b>	-	-	<b>1,606</b>				
	<b>Community outreach</b>														
Service hours	hours	<b>5,776</b>	<b>599</b>	<b>6,375</b>	5,082	674	<b>5,756</b>	15,945	3,617	<b>19,562</b>					
Employee volunteers		<b>788</b>	<b>177</b>	<b>965</b>	545	60	<b>605</b>	1,154	279	<b>1,433</b>					

#### Footnotes:

- Year-end data as at 31 Dec 2021. 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 6,298, 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).
- Total turnover rate covers all full-time employees who left the company. "Full Time" means that the employee works full time number of hours per week for that particular position. Voluntary turnover rate covers full-time employees left employment based on their own decision to resign, stands at 20.7%.
- Average training spend is based on total annual training spend per full-time equivalent. During the pandemic, most trainings were facilitated through bespoke in-house programmes, and digital training programmes which were made available to all employees on our eHR Suite.
- Injury rate and lost day rate do not include The Peninsula Beverly Hills due to revised methodology used for monitoring. Lost day rates increased due to several prolonged injury cases of staff ranging from strains, fractures, bruises and burns that were carried forward from 2020 and several new prolonged cases reported in 2021, refer to page 39 in report for details. Over 99% of the reported incidents did not require a hospital stay, and thus not considered severe injuries. The injury rate for severe cases is at 0.02 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.
- As hotel business recovering slowly, there were more guests staying at our hotels leading to an increase of total energy and water use by 14% and 24% respectively. Hotel water intensity reduced by 19% as the data was normalised by increased guest nights. Please refer to pages 14 to 17 of the report for detailed explanation of the changes.
- Carbon emissions 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. (2021 location-based Scope 2 GHG emissions was 63,818 tonnes CO<sub>2</sub>e).
- On-site solar farm at Quail Lodge & Golf Club generated 996,129 kwh renewable energy in 2021, it accounts for 0.9% of the group's total electricity use.
- Vehicle fuel consumption is not included in the total energy use and energy intensity reported.
- 2021 direct energy consumption by source was 149,998 GJ of gas, 1,414 GJ liquefied petroleum gas and 45,860 GJ of diesel oil, while our indirect energy consumption by source were 393,709 GJ of electricity, 10,314 GJ of chilled water and 52,730 GJ of purchased steam.
- The Repulse Bay tenants, The Peak Complex, St. John's Building and The Landmark 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 intensity of Tai Pan Laundry (12.9 litres per kilogram washed in 2021, decreased by 16% from 2020) is excluded as its intensity is measured on different metrics from that of commercial properties and clubs.
- Water recycled and other water sources dropped by 10% mainly contributed by the extended closure of The Peninsula Bangkok.
- Total waste generated and diverted increased significantly mainly due to increased guest stays.
- Group waste diversion rate in 2021 is 48.3%. Grease trap waste, hazardous waste and construction waste were not included in the waste data reported.
- Monetary donations reduced significantly as the charitable meal-for-meal programme was completed in early 2021. In-kind donations from the company decreased due to cancellation of charity events during the pandemic e.g. auction, fund raising and gala. In addition, cost saving measures have been implemented in light of the challenging business environment in 2021.
- 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.

# SUSTAINABILITY REPORTING CONTENT INDEX

This table summarises the information disclosed in this report, which aligns with the following reporting standards including the HKEX ESG Guide, GRI Standards and SASB standards. Alignment with these reporting standards must be read from this table for full details and context. 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 are disclosed in accordance with the HKEX ESG Guide. Details of its report can be found on pages 53 to 54.

In case of any discrepancy in the disclosures between the HKEX ESG Guide, GRI Standards or SASB, the HKEX ESG Guide shall take precedence due to the Company's disclosure obligation as per its listing on the HKEX. References to the 2021 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 Company at a Glance; AR Ten Year Operating Statistics; AR Ten Year Financial Summary	Total area of hotel division is 487,264 m <sup>2</sup>
102-8	B1.1		Sustainability Data Statements	Majority (over 90%) of the workforce is hired under full time and permanent contract but it is not material to breakdown in these categories. Instead, full time equivalent (FTE) data is disclosed which also includes employees working on part-time or temporary basis, please refer to pages 56 to 57. There were no significant variations in the number reported. Employee Statistics by region: Asia: 4,156 Non-Asia: 1,710
102-9	–		P. 26–29, 45–46	
102-11	–		AR CEO Strategic Review; Our Sustainability Vision;	
102-12 102-13	–		Stakeholder Engagement and Materiality; AR Engaging our Stakeholders	
<b>Strategy</b>				
102-14	–		AR Letter from the Chairman; AR CEO Strategic Review	
102-15	MDR 1		Our Sustainability Vision; Stakeholder Engagement and Materiality	

GRI Standards	ESG Guide	SASB	Page/Section	Remarks/Reasons of Omission
<b>GRI 102: General Disclosures</b>				
<b>Ethics and Integrity</b>				
102-16	–		Our Sustainability Vision; Our People – Ethical Conduct; AR Corporate Governance Report	
<b>Governance</b>				
102-18	MDR 1		Our Sustainability Vision – Governance; AR Corporate Governance Report	
<b>Stakeholder Engagement</b>				
102-40	–		Stakeholder Engagement and Materiality; AR Engaging our Stakeholders	
102-41	–		Sustainability Data Statements	
102-42	–		Stakeholder Engagement and Materiality; AR Engaging our Stakeholders	
102-43	–		Stakeholder Engagement and Materiality; AR Engaging our Stakeholders	
102-44	MDR 2.1		Stakeholder Engagement and Materiality; AR Engaging our Stakeholders	

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 Company at a Glance; AR Financial Review	
102-46	–		About this Report; Our Sustainability Vision; Stakeholder Engagement and Materiality	
102-47	MDR 2.1		About this Report; Our Sustainability Vision; Stakeholder Engagement and Materiality	
102-48	–		Sustainability Data Statements	Restatement of information: None
102-49	–		Sustainability Data Statements	Significant changes in scope and aspect: With the launch of <i>Sustainable Luxury Vision 2030</i> , baseline year for carbon, energy and water metrics has been updated to year 2010.
102-50	–		–	1 January to 31 December 2021
102-51	–		–	Date of most recent report: 2020
102-52	–		–	Reporting cycle: Annual
102-53	–		About this Report	
102-54	–		About this Report	
102-55	–		Sustainability Reporting Content Index	
102-56	–		About this Report; Independent Assurance Report	

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, 103-3 201-1	B8.2		AR Financial Statements Sustainability Data Statements; AR Financial Statements AR Employee Retirement Benefits	
	201-3				
<b>Market Presence</b>	103-1,103-2, 103-3	B1		Sustainability Data Statements, AR Board Diversity	
	202-2	–		–	Majority of senior management are hired from the local community
<b>Procurement Practices</b>	103-1,103-2, 103-3 204-1	B5		P. 26–29, 45–46	
	–	–		P. 26–29, 45–46	We monitor material issues such as perishable goods, 62% were sourced locally and regionally during the reporting period. 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 lists out the actions we have taken to manage social risks in our supply chain.
	–	B5.1		P. 26–29, 45–46	
<b>Anti-corruption</b>	–	B5.2, B5.3, B5.4		P. 26–29, 45–46	
	103-1,103-2, 103-3	B7		Our People – Ethical Conduct	Please refer to our Code of Conduct and Speak Up Policy for more details. No significant fines or non-monetary sanctions for non-compliance was recorded during the reporting period.
	205-3	B7.1			No identified legal cases regarding corrupt practices during the reporting period.
<b>Anti-competition</b>	–	B7.2		Our People – Ethical Conduct	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.
	–	B7.3			
<b>Anti-competition</b>	103-1,103-2, 103-3 206-1	–		Our People – Ethical Conduct	No identified cases regarding anti-competitive behavior and violations of anti-trust and monopoly legislation during the reporting period.
	–	–			

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, 103-3 302-1	A2, A3  MDR2.2, A2.1	  SV-HL- 130a.1	Our Guest  Our Guest; Sustainability Data Statement	60% of energy consumed was supplied from grid electricity. On-site solar farm at Quail Lodge & Golf Club generated 996,129 kwh renewable energy in 2021, which accounts for 0.9% of the group's total electricity use.
	302-3	A2.1		Our Guest; Sustainability Data Statement	
	302-4	A2.3		Our Guest; Sustainability Data Statement	
<b>Water</b>	103-1,103-2, 103-3 303-3	A2, A3  A2.2	  SV-HL- 140a.1	Our Guest  Our Guest; Sustainability Data Statement	Group total water consumption is 1,504,461 m <sup>3</sup> . Direct water consumption in: high baseline water stress area is 195,693 m <sup>3</sup> (accounts for 13% of the total water withdrawal); extremely high baseline water stress area is 510,306 m <sup>3</sup> (accounts for 34% of the total water withdrawal)
	–	A2.4	SV-HL- -140a.1	Our Guest	Seawater is used for flushing in Hong Kong, the consumption amount is not considered to be material to HSH, and therefore, was not included in the scope.
<b>Emissions</b>	103-1,103-2, 103-3 305-1	A1, A3  A1.1 A1.2		Our Guest  Our Guest; Sustainability Data Statement	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. Refer to response above.
	305-2	A1.1 A1.2		Our Guest; Sustainability Data Statement	
	305-4	A1.2		Our Guest; Sustainability Data Statement	
	305-5	A1.5		Our Guest; Sustainability Data Statement	
	305-6	A1.1		Our Guest; Sustainability Data Statement	

Material Issues	GRI Standards	ESG Guide	SASB	Page/Section	Remarks/ Reasons of Omission
<b>GRI 300: Environmental</b>					
<b>Effluents and Waste</b>	103-1,103-2, 103-3	A1, A3		Our Guest	
	306-4, 306-5	A1.3, A1.4		Our Guest; Sustainability Data Statement	Less than 1% of our waste generated is hazardous waste, and therefore is not a material issue to HSH. All 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 1,808 tonnes and 385 tonnes respectively.
	306-1, 306-2, 306-3	A1.6		Our Guest; CRS at a Glance	All our waste is properly handled and disposed of by our waste contractors 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.	Our Guest	
	307-1	A1		–	No significant fines or non-monetary sanctions for non-compliance recorded in 2021. Examples of relevant laws and regulation for HSH is the Environmental Impact Planning regulations for our new developments in London and Istanbul, carbon reporting requirement in Beijing and Paris, and building energy efficiency requirement in Tokyo.
<b>The Environment and Natural Resources</b>	–	A2.5		–	We are still exploring a practical way to monitor the use of packaging materials and ensure data accuracy. We aim to report on the quantity of packaging materials in the future.
	–	A3.1		Our Guest	
	–	–	SV-HL- 160a.1.	Our Guest	We do not have any lodging facilities operated, owned, leased, or franchised in sites with protected conservation status, or areas of endangered species habitat.
	–	–	SV-HL- 160a.2.	Our Guest	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.
<b>Climate Change</b>	–	A4	SV-HL- 450a.1.	–	Refer to TCFD disclosure on pages 50 to 52.
	–	A4.1	SV-HL- 450a.1.	–	Refer to TCFD disclosure on pages 50 to 52.



Material Issues	GRI Standards	ESG Guide	SASB	Page/Section	Remarks/ Reasons of Omission
<b>GRI 400: Social</b>					
<b>Employment</b>	103-1,103-2, 103-3	B1	SV-HL- 310a.2.	Our People	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		Sustainability Data Statements	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.	Sustainability Data Statement	Voluntary turnover rate: 20.7% Total turnover rate: 24.3%
<b>Labour/Management Relations</b>	103-1,103-2, 103-3 402-1	B1 –		Our People	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.
	–	–	SV-HL- 310a.3.		100% of our employees are earning minimum wage or above. This is slightly differently worded to the SASB reporting requirement.
<b>Occupational Health &amp; Safety</b>	103-1,103-2, 103-3 403-9	B2 B2.1, B2.2, B2.3		Our People	HSH complies with relevant health and safety laws and regulations in cities that we operate.
				Our People Sustainability Data Statement	Total number of hours worked is 11,623,218 hours. Based on GRI methodology, recordable injury rate is 3.15 per 200,000 hours worked. There was one case of high-consequence work-related injury and we continue to record zero fatalities and no permanent disabilities (specifically from 2019 to 2021 according to HKEX requirement).
<b>Training and education</b>	103-1,103-2, 103-3 404-2	B3 B3		Our People	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		Sustainability Data Statement	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, 103-3 405-1	B1 B1.1		Our People; AR Board Diversity AR Board Diversity	Board Membership Statistics: • by gender: 18% female and 82% male • by age group: 12% between 30 to 50; 88% over 50 Employee Statistics: • by gender: refer to Data Statement • by age group: 20% under 30; 56% between 30 to 50; 24% over 50

Material Issues	GRI Standards	ESG Guide	SASB	Page/Section	Remarks/ Reasons of Omission
<b>GRI 400: Social</b>					
<b>Non-discrimination</b>	103-1,103-2, 103-3	B1		Our People – Ethical Conduct; Our Communities	
	406-1	B1		Our People – Ethical Conduct; Our Communities	
	–	–	SV-HL- 310a.4.	Our People – Ethical Conduct	No sexual harassment cases reported in 2021. 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		Our People – Ethical Conduct; Our Cities	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		Our People – Ethical Conduct; Our Communities	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	–		Our People – Ethical Conduct; Our Communities	
	412-2	–		Our People – Ethical Conduct; Our Communities	
<b>Local communities</b>	103-1,103-2, 103-3	B8		Our Communities	
	413-1	–		Our Communities	All operations had local community engagement programmes during the reporting year.
	–	B8.1		Our Communities; Sustainability Data Statement	
	–	B8.2		Our Communities; Sustainability Data Statement	
<b>Customer Health &amp; Safety</b>	103-1,103-2, 103-3	B6		Our People	
	416-1, 416-2	–		–	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.
		B6.1		–	More than 500 boxes of mooncakes sold at The Peninsula Hong Kong were exchanged for customers due to potential food safety issues. No abnormality or non-conformity was found in the Food and Environmental Hygiene Department investigation.

Material Issues	GRI Standards	ESG Guide	SASB	Page/Section	Remarks/ Reasons of Omission
<b>GRI 400: Social</b>					
<b>Marketing and Labeling</b>	103-1,103-2, 103-3 417-2	B6		Our Communities –	No incident of non-compliance in the reporting year.
	103-1,103-2, 103-3  418-1	B6  B6.5		Our People – Ethical Conduct –	No substantial complaints regarding breaches of customer privacy recorded during the reporting period. An example of a significant regulation that we complied with is the European Union General Data Protection Regulation (GDPR). Data privacy and security remained an important subject in 2021, 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>
<b>Compliance</b>	103-1,103-2, 103-3 419-1	B1, B2, B4 B6.2	SV-HL- 310a.2	– –	No non-compliance with law that resulted in significant fines or sanctions identified during the reporting period.
	–	B6.3		–	Our Code of Conduct outlines our commitment to intellectual property rights protection.
	–	B6.4		–	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.





THE HONGKONG AND SHANGHAI HOTELS, LIMITED  
香港上海大酒店有限公司

[www.hshgroup.com](http://www.hshgroup.com)

