

## CORPORATE SOCIAL RESPONSIBILITY



The 20 Tokyo Peninsula Ambassadors (standing) with the Group's senior executives

### EMPLOYEE DEVELOPMENT AND BENEFITS

*The Group regards its loyal and experienced staff to be its most important asset. Significant investment and efforts are made into staff training, career development, staff well-being and staff communications, taking account of local culture and traditions as far as possible. As a result, the Group enjoys strong loyalty from its staff with many very long-serving members and indeed, successive generations of employees.*

- ◆ The Group's staff orientation video, titled *Portraits of The Hongkong and Shanghai Hotels*, won a Gold Award and came second in the Public Relations category at the 39th Annual WorldFest – Houston Film Festival in April 2006.
- ◆ Wherever a Peninsula hotel operates, local traditions are honoured through a range of employee activities. For example, in Thailand there were staff celebrations at The Peninsula Bangkok during Songkran and Loy Krathong Festivals, and activities were organised to pay respect to the Thai monarch on the 60th anniversary of His Majesty's accession to the throne. At The Peninsula Manila, the hotel established a unique concept, the Pen Coop – which acts as an investment house for current and retired hotel employees, and training ground for casual employees.
- ◆ The spirit of camaraderie was celebrated across the Group. At The Peninsula Chicago, more than 150 employees from the hotel's opening team celebrated their fifth year of employment with the hotel in 2006. In Asia, The Peninsula Manila's Pen-Fam Fair and the annual Pen Sports were organised for employees and their families. The Peninsula Bangkok initiated a 'Make it Better' programme which provided staff with an excellent channel of communication to make suggestions for improvements.
- ◆ At Quail Lodge, a new contract was agreed with the union which would see an increase in productivity from housekeeping staff. At the same time, steps were taken to enhance staff welfare including the construction of a new staff dining room.
- ◆ Training remained a highly important component of the Peninsula fabric. This was especially important to hotels facing intense competition, which would rely on training to stay ahead of competitors. One such example was The Peninsula Beijing which has in recent years offered a significantly enhanced programme of training opportunities at its Centre for Learning and Development. Similarly, The Peninsula Chicago created several unique staff development programmes, including HEAR (for handling guest complaints) and TIPS (for alcohol service and intoxication prevention).
- ◆ An important recruitment and training regime was undertaken by The Peninsula Hong Kong for new spa staff which continued into the first half of the year. By the time the Spa opened in May 2006, the hotel had successfully hired 45 staff, who underwent intensive pre-opening training conducted by ESPA to ensure that the highest professional standards were met. A Spa Awareness pre-opening campaign was conducted for all hotel

employees in April. The activities included briefing sessions, an open day and a spa quiz.

- ◆ The Peninsula Hong Kong and The Peninsula Bangkok provided ongoing intensive training for the 20 Peninsula Tokyo Ambassadors, who embarked on their ten-month training in September 2006. They will be bringing their experience back to Tokyo in time for the opening of The Peninsula Tokyo in the autumn of 2007.
- ◆ Recruitment for The Peninsula Tokyo's management team has been concluded and the full team will be on board by April 2007. Arrangements have been made for the newly-appointed key executives to undergo in-depth orientation and cross-exposure programmes at the Head Office and The Peninsula Hong Kong. The efforts will continue in the first half of 2007.
- ◆ Almost all the Peninsula hotels provided cross exposure training to staff from sister hotels and properties. Overall demand and training days recorded a historical high in 2006, and has proved to be a very effective training tool for the operations to exchange useful tips on best practices and service standards. Internships to students from local and sometimes international hospitality schools were provided by The Peninsula Hong Kong, and by The Peninsula Chicago to The Hong Kong Polytechnic, (US) Kendall College and the Illinois Institute of Art.

### COMMUNITY RELATIONS

*It is a fundamental culture of the Group that its businesses are embodied in the local communities of the places where we operate. The philosophy of our hotels is to provide excellent facilities for the local community to utilise and enjoy, and through this, we become actively involved in community relationships and*

*contribute to many worthwhile causes.*

*The nature and extent of involvement are varied and depend on local circumstances and requirements. A flavour of our many different contributions is provided below.*

- ◆ In Hong Kong, HSH Group General Manager, Properties and Clubs Martyn Sawyer took on a commitment to race across four deserts spread around the world in a bid to raise HK\$1 million for Camp Quality Hong Kong, a local charity which takes children suffering from cancer out of their hospital environment and allows them to enjoy outdoor activities. His first race, through the Sahara Desert, took place in November 2006 and raised HK\$360,000. In a bid to lend additional support to the charity, The Repulse Bay sponsored a Christmas Carnival for 250 children suffering from cancer.
- ◆ Other Group operations in Hong Kong gave to the community. Two teams from The Peninsula Hotels participated in the 2006 Trailwalker and raised more than HK\$210,000 for Oxfam, the highest fundraiser in the Tourism Category for the third consecutive year. Other more significant contributions included: a painting competition titled 'My View of Hong Kong', organised by The Peak Tower to search for the community's most talented young artists in primary and special schools, with the winning works displayed at The Peak Tower's new Sky Gallery; the 'Tree of Hope' programme organised across all Peninsula Hotels, which spanned most of December and raised more than HK\$300,000 for Make-A-Wish Foundation, which benefits children; and The Hong Kong Bankers Club raising funds for the Children's Cancer Foundation through its 25th Anniversary Party.
- ◆ Elsewhere across Asia, The Peninsula Beijing donated to The Children's Village



A Peninsula Hotels team at Oxfam Trailwalker 2006

which provides shelter, sustenance and education for children whose parents are imprisoned; the Thai Country Club donated half a million Baht to the Chacheongsao Special School for the construction of a new classroom building; and in the Philippines where the Bicol Region was ravaged by Typhoon Durian, HSH and The Peninsula Manila jointly donated 2 million Philippine Pesos to the Philippine National Red Cross for relief aid. The hotel also donated woollen blankets to the villagers of Naswak, Neuva Vizcaya.

- ◆ HSH staff also contributed to the local communities in their private capacity. Chief Executive Officer Clement Kwok serves on the Board of Directors of The Community Chest of Hong Kong, a major charitable organisation in Hong Kong. Group General Manager, Human Resources Zuleika Mok serves on the Advisory Board of the Hong Kong Polytechnic University's School of Hospitality Management, and on the Youth Services Committee of The Hong Kong Federation of Youth Groups; and the Chief Security Manager from The Peninsula Bangkok conducted fire escape trainings for community schools in his private capacity.
- ◆ In North America, The Peninsula New York staff gave to the American Cancer Society and Shelter Our Sisters, a charity

which provides shelter to women and children escaping from domestic violence. In the Mid West, The Peninsula Chicago contributed to a wide range of charitable organisations either in kind or by way of staff participation, including the Howard Brown Health Centre which provides HIV relief services, Midwest Eye Bank, the Chicago Abused Women's Coalition, and 'adopted' charities such as the Lupus Foundation of America (Illinois Chapter). In Los Angeles, The Peninsula Beverly Hills staff participated in the Los Angeles Marathon and Tour de Palm Springs bicycle race to benefit a host of local charities, and fundraised for the American Cancer Society and The Maple Counseling Centre.

#### THE ENVIRONMENT

*The Group is fully committed to playing its part in protecting the environment, in relation to which the efforts of our operations are focused on waste re-cycling and energy conservation. The Group also actively promotes the use of natural nutritional ingredients and has developed Naturally Peninsula, a special nutritional programme for its guests.*

- ◆ At The Repulse Bay complex in Hong Kong, a waste recycling programme was implemented in the residential buildings, club house and shopping arcade. Participation from residents was especially encouraging. The Peninsula Chicago adopted the city's Blue Bag method in terms of waste management, which separates all bottles and cardboard before the waste is shipped to landfills. And in Thailand, The Peninsula Bangkok began using output from the sewage treatment plant for fertilization and watering of the hotel's garden.
- ◆ Significant waste recycling efforts were put in by The Peninsula New York, which in 2006 recycled a total of 203 tons of

office paper, newspapers, magazines, cardboard, bottles and cans. This would be equivalent to an approximate savings of US\$30,000 in a year, apart from saving 1,147 trees, 23,625 gallons of oil and 425,000 gallons of water.

- ◆ Energy conservation measures were also adopted in several operations. At The Repulse Bay complex, a range of energy conservation measures resulted in a reduction in electricity consumption by 7.1% as compared to 2005. The Peninsula New York started electricity saving measures in November 2006, and the full 12-month impact can be assessed in the coming year. The Peninsula Chicago installed a VFD for Chiller which would reduce the electricity load when the temperature falls below 85 degrees Fahrenheit. The hotel can now control the heating/cooling draw on all offices, meeting spaces and restaurants when they are not occupied. A plate and frame system was also in place to operate free cooling in the autumn and spring months.
- ◆ In terms of water control, The Peninsula Manila minimised the usage of deep well pumps to less than 30% of the hotel's daily water consumption, in order to contribute to the government's effort in protecting the depleted water table. The hotel also replaced the CO2 fire suppression system with environmentally-friendly chemicals to comply with the government's Clean Air Act.
- ◆ The Group's seven Peninsula Hotels introduced Naturally Peninsula in their dining establishments. Naturally Peninsula advocates light and healthy cuisine options, using organic food and beverages wherever possible. A registered dietician was also made available for guest consultation to develop personalised daily menus to meet individual taste and health requirements.

- ◆ Marrying environmental consciousness with health awareness, The Peninsula Beverly Hills began using trans-fat free in preparation of all menu items throughout the hotel.

## HEALTH AND SAFETY

*Employee health and safety requirements are set at the highest standards. The Group has well-established health and safety practices in place throughout its operations, which come under the responsibility of experienced and specifically-appointed safety and security managers, with regular audits also being conducted.*

- ◆ During the year, Regional Managers of Risk Management visited all the hotel properties and reported on issues that need to be addressed. Audits were conducted on security, safety, health and hygiene, to ensure the safety and security of employees and guests, and to safeguard assets for our shareholders through minimising risk for damages or litigation to our operations and ensuring business continuity.
- ◆ The Internal Audit Department also examined working practices, particularly in hazardous environments, to ensure that safety standards are adhered to.
- ◆ Individual properties have their own customised safety and evacuation plans. Fire safety is of the highest priority, with specialist fire alarm and control systems and training for all employees. For instance, St. John's Building continued to be upgraded in line with the latest fire and building regulations; and at The Repulse Bay, extensive work has been undertaken on the fire prevention and detection systems which are scheduled to be completed by the end of 2007.