




GROUP CORPORATE RESPONSIBILITY COMMITTEE REPORT

 Composition:	<p>Chairman Mr Clement Kwok, Chief Executive Officer</p> <p>Members Director, Group Corporate Responsibility and Sustainability Select members of senior management General Managers of Operations and Heads of Corporate Departments covering engineering, projects, operational risks and safety, operations planning and support, sales and marketing, human resources, legal and corporate affairs functions</p>
 Meeting frequency:	<ul style="list-style-type: none"> At least three meetings each year Four meetings in 2018
 Responsibilities:	<ul style="list-style-type: none"> To propose, recommend, monitor and report to the Group Management Board on corporate responsibility and sustainability (CRS) topics, including the implementation of the company's Sustainable Luxury Vision 2020 To review practices, standards, trends, regulation, plans related to CRS topics that may impact on the operations of the group

Our CRS Approach

Being a responsible and sustainable business is critical to the short, medium and long-term success of our group. The Sustainable Luxury Vision 2020 (Vision 2020) is our blueprint for sustainable growth, supporting the overall business strategy and enabling the group's overall value creation. Vision 2020 has been reassessed to include three focus areas of Our Guests, Our People and Our Cities. This strategy is underpinned by specific commitments developed not only to minimise our environmental and social impact but also to ensure that we operate our business in an ethical and responsible manner, maximising the overall benefits of our business to our key stakeholders.

Governance on CRS

Our CRS approach is managed and governed by the Committee, chaired by the Chief Executive Officer. The Committee reports to the Group Management Board, who in turn, reports to the Board for review and oversight. The Director of Group CRS also updates the Board and provides insights to the Group Risk Committee on environmental and social risks related to the business, including coordinating risk mitigation actions across the group. Each local operation has its own committee chaired by either the General Manager or the Hotel Manager, two of the most senior people in the local operations; with champions comprised of functional/department heads. Through direction from the Committee, these local committees develop and implement action plans, initiate actions and improve on the performance of our commitments.

Reporting Approach

We continued to publish a detailed CRS Report online²¹; also available on the Hong Kong Stock Exchange (HKEx) website. The CRS Report complies with the "comply or explain" provisions in the HKEx's Environmental, Social and Governance

Reporting Guide (ESG Guide) which includes a number of relevant recommended disclosures and this report has been prepared in accordance with the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards): Core Option. As we aim to provide a connected view of our overall performance, we have increased discussion of the linkages of the different aspects of our business and the group's overall value creation, referring to International Integrated Reporting Framework from the International Integrated Reporting Council. KPMG was commissioned to conduct assurance and to provide an independent opinion on the CRS Report in accordance with ESG Guide²².

2018 Main Activities

We are working on further integrating sustainability into our operations to ensure it becomes an innate aspect of our business. We continued to monitor progress on our commitments and provided support and focused attention on those that needed more traction. With these objectives in mind, the Committee's work in 2018 revolved around clarity and enhanced implementation:

- Reviewed CRS performance data and recommended actions relating to energy, water and waste management, responsible sourcing, health and safety, workforce issues and ethical standards and community engagement
- Considered recent global and local trends. For example, single-use plastic, food waste, climate change, human rights and modern slavery, elderly demographic shift, increasing customer expectations on sustainability, cotton use and electric vehicles
- Reviewed progress of the implementation of commitments on energy, water and waste targets; status of Building Research Establishment Environmental Assessment Method (BREEAM) certification of new projects; and community investment



“We regard corporate sustainability as a sensible and necessary business practice that benefits the overall value of the group in both the short and long term. I chair the Group Corporate Responsibility Committee because senior management believes that a topic this important requires our serious attention and focus.”



Clement Kwok
Chairman of the Group
Corporate Responsibility
Committee
14 March 2019

- Oversaw and approved the launch and implementation of the group's global single-use plastics approach announced in June 2018
- Discussed and agreed on the approach on the development of the new CRS strategy post-2020
- Discussed and reviewed the internal and external CRS communication and engagement approach

In 2019, the Committee's focus is to develop the post-2020 CRS approach; to ensure the full implementation of Vision 2020 and to enhance the engagement activities, especially with guests. More information is in the CRS Report.

Progress on Vision 2020

We continued to see good progress in achieving most of the Vision 2020 commitments, with more than 85% of commitments on track. Some key examples in 2018 are:

Our Guests

- Increased focus on family and wellness through our offerings and Peninsula Academy Programme
- Re-launched *Naturally Peninsula* as the choice for sustainable, organic, and healthy fare for guests
- Achieved BREEAM, one of the world's leading sustainable building standards, in the major renovation of The Peninsula Beijing and this standard is being implemented in new projects in London, Istanbul and Yangon
- Implemented steps to increase diversion rates for key waste streams such as food waste
- Began conducting external-led energy and water audits for our hotels and properties

Our People

- Published a consolidated list of all CRS guidelines to our staff in a readable, user-friendly manner called the 'CRS Concierge'
- Engaged with the Committee members globally on their views and insights regarding Vision 2020 and developing the post-2020 approach
- Launched CRS videos to increase awareness amongst staff and make CRS relevant and easily understood
- Completed gap analysis to improve on our safety and security approach

Our Cities

- Around 18.7% of our staff volunteered their time benefiting around 240 organisations across our operations, working on key community areas such as youth development, elderly caring and meeting under-served needs
- Majority of the paper products, cleaning products, tea, chocolate and coffee are sourced sustainably/responsibly
- Launched and begun implementation of our global single-use plastics approach starting with plastics straws and stirrers in 2018
- Developed a supply chain check approach and updated the Supply Chain Code of Conduct to include and strengthen elements on anti-bribery, human rights, modern slavery and plastics use

We are gratified to see progress as implemented by our colleagues around the world. We remain committed to implementing our Vision 2020 objectives in as practicable a manner as possible. We look forward to reporting our progress in future reports as we near the end of our Vision 2020.

21 www.hshgroup.com/en/sustainable-luxury

22 KPMG Independent Assurance Report can be read on pages 252 and 253