Governance 148

# GROUP CORPORATE RESPONSIBILITY COMMITTEE REPORT

	Composition:	Chairman Mr Clement Kwok, Chief Executive Officer Director, Group Corporate Responsibility and Sustainability Select members of senior management General Managers of Operations and Heads of Corporate Departments covering engineering, projects, security and operational risks, operations planning and support, sales and marketing, human resources, legal and corporate affairs functions	S
## O ## O	Meeting frequency:	At least three meetings each year Four meetings in 2019	
	Responsibilities:	To propose, recommend, monitor and report to the Group Management Board the Board of Directors on corporate responsibility and sustainability (CRS) top including the implementation of the company's Sustainable Luxury Vision 2020	
		To review practices, standards, trends, regulation, plans related to CRS topics may impact on the operations of the group	that

# Our CRS Approach

Being a responsible and sustainable business is vital to the success of our group. The Sustainable Luxury Vision 2020 (Vision 2020) is our blueprint to being a sustainable business, strengthening our overall strategy and enabling significant value creation not only for our shareholders, but also our key stakeholders who benefit and are impacted by our business for now and into the future. Vision 2020 has three focus areas highlighting our key stakeholders: 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.

## 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 regularly reports to the Board and GMB and updates the Group Risk Committee on environmental and social risks related to the business. The Director of Group 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 Board for reference or action. At the local level, each operation has its own committee chaired by either the General Manager or the Hotel Manager, the most senior people in the local operations; with champions comprised of functional or department heads. They meet regularly to develop and implement action plans and improve on the performance of our commitments.

While we do not have a separate sustainability committee at board level, throughout the year, the Board considers this topic to be of substantial importance warranting Board review of the group's sustainability approach, strategy and performance. In 2019, CRS topics reviewed at Board level included the CRS Report, Vision 2020 performance, sustainability communications, approach to the new strategy, materiality process and results (refer to page 11 of the online CRS Report<sup>19</sup>) and anti-modern slavery statement. Specifically, on our Vision 2020 progress, the Board is provided with a yearly update, with the Executive Committee receiving detailed reports on our progress including commentary on a quarterly basis.

The Hongkong and Shanghai Hotels, Limited | Annual Report 2019



66 While we remain committed to doing our part, we realise this is no longer enough. We must work with others and bring others with us so we can move the needle on sustainability faster, together. 99

149

Clement Kwok Chairman of the Group Corporate Responsibility Committee 17 March 2020

#### 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**

• Principle decision making body on CRS decisions and direction

# Group Corporate Responsibility Committee Local CRS committees

Chaired by CEO; Supported by Director of GCRS and Chaired by General Managers or Hotel Managers; Vision 2020 Group Champions

• Implements and manages CRS performance

# **OPERATION LEVEL**

Supported by functional or department heads;

Implements CRS programmes and action plans

# Reporting Approach

We continued to publish a detailed CRS Report online<sup>19</sup>; which is also available on the Stock Exchange website. This report has been prepared in accordance with the December 2019 updated "comply or explain" provisions in the Stock Exchange's Environmental, Social and Governance Reporting Guide (ESG Guide)<sup>20</sup> and 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 the International Integrated Reporting Framework from the International Integrated Reporting Council (IIRC), as well as the Task Force on Climaterelated Financial Disclosures (TCFD) and the Sustainability Accounting Transparency Board (SASB). KPMG was commissioned to conduct assurance and to provide an independent opinion on the identified elements of the CRS Report in accordance with the updated ESG Guide<sup>21</sup>

<sup>19</sup> www.hshgroup.com/en/sustainable-luxury/sustainability-reports

<sup>20</sup> For disclosures where HSH is unable to provide information, according to the ESG Guide, an explanation (such as an issue not being material or a commitment to provide this data in the future) will be provided on pages 38 to 46 on the CRS Report

<sup>21</sup> KPMG Independent Assurance Report can be read on pages 33 and 34 on the CRS Report

Governance 150

# Group Corporate Responsibility Committee Report



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 2019 revolved around deepening external engagement and preparing for the new post 2020 strategy:

- 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, the rise of "conscious capitalism", single use plastic, agricultural crisis, food waste, climate change and action, cotton use and electric vehicles
- Evaluated progress towards our Vision 2020 commitments, particularly on the energy, water and waste targets; status of Building Research Establishment Environmental Assessment Method (BREEAM) certification of new projects; and community investment
- Approved the external CRS communication and engagement approach, such as the CRS webpage in The Peninsula and HSH websites and the CRS video in-room and in social media channels
- Discussed the outcomes of an initial climate change adaptation study outlining the physical and regulatory impacts of climate change on the business
- Presented and discussed a comprehensive diversity and inclusion approach for the group

In 2020, the Committee's focus will continue to be developing the post-2020 CRS approach; to ensure the full implementation of Vision 2020 and to enhance effective implementation towards mitigating our impacts. 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 89% of commitments on track. Some key examples in 2019 are:

## **Our Guests**

- Rolled out a CRS video in-room and in social media channels, with updated CRS information on the Peninsula and HSH websites
- Enhanced guest activities related to heritage preservation and/or nature conservation through new guest programmes in *The Peninsula Academy*
- On track to achieve BREEAM, one of the world's leading sustainable building standards for our new projects in London, Istanbul and Yangon
- Implemented alternatives and upcycling and recycling initiatives for mooncake and laundry packaging, in-room complimentary bottled water and other key items
- Final phase of implementation for our renewable energy project at Quail Lodge & Golf Club and assessing similar options in our other properties
- · Conducted external-led energy and water audits for our hotels and properties

The Hongkong and Shanghai Hotels, Limited | Annual Report 2019

#### **Our People**

- Developing a comprehensive diversity and inclusion programme
- Rolled out WorkPlace 2025, a group-wide initiative to inspire innovation, and modernise our workplace and the way that we work
- 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 19% of our staff volunteered their time benefiting around 530 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 and coffee are sourced sustainably/responsibly with several restaurants and operations in the group fully complying with these specifications
- Rolled out an endangered species policy referring to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and developed a sustainable seafood tool to improve sustainable sourcing, one of the first hotel companies to do so
- · Conducted training globally on our human rights and anti-modern slavery approach
- Strengthened the group's approach related to modern slavery, including the prevention of child trafficking and prostitution and identifying high-risk suppliers for monitoring

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 next year as we conclude Vision 2020.