

GROUP CORPORATE RESPONSIBILITY COMMITTEE REPORT



We focused on strengthening our foundation for achieving our long-term goals and enhancing communication on Vision 2020 to our employees and stakeholders

Role and Composition

The Group Corporate Responsibility Committee (GCRC) is a sub-committee of the Group Management Board, formed as part of the governance structure to assist the Group Management Board and Board in reviewing and addressing the Group's environment, social and ethical responsibility and sustainability practices. As we move towards integrated reporting, for the first time, we include this report in the Annual Report so that our shareholders may have a more informed assessment of our company's strategy, governance, performance and long-term value within the commercial, social and environmental context in which we operate. Accompanying this Annual Report, a separate and more comprehensive Corporate Responsibility and Sustainability Report (CRS Report) in accordance with the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) G4 disclosure standard is published. This report provides an overview of the GCRC's accomplishments during the year.

Chairman: Mr Clement K.M. Kwok, Chief Executive Officer

Members: Director, Corporate Responsibility and Sustainability
Selected members of senior management, General Managers of operations and Heads of Corporate Departments covering engineering, projects, operational risks and safety, operations planning and support, human resources, legal and corporate affairs functions

The GCRC holds three regular meetings every year. In 2015, two additional meetings were held to review the Group operations' sustainability performances and to discuss the policies, objectives and plans for achieving HSH Sustainable Luxury Vision 2020 (Vision 2020). Vision 2020 comprises seven pillars, each of which is championed by a GCRC member whose role is to provide guidance and work with the operations of the Group to deliver progress. Progress towards Vision 2020 is reviewed regularly throughout the year while a Corporate Responsibility Performance Report covering the full range of key performance indicators of Vision 2020 of our operations is reviewed by GCRC semi-annually.

Main Activities in 2015

In 2015, being the second year of our journey towards Vision 2020, we focused on strengthening our foundation for achieving our long-term goals and enhancing communication on Vision 2020 to our employees and stakeholders. We also used newsletters, workshops and calls to share best practices among our operation.

Other activities of the GCRC in 2015 included:

- ✓ Reviewed the Corporate Responsibility Performance Reports which captured the operation's progress towards Vision 2020 based on key performance indicators for disclosure in the CRS Report

- ✓ Reviewed and discussed the Group's 2015 commitments and improvement areas in terms of energy, water and waste management, responsible sourcing, health and safety, workforce issues and ethical standards and community engagement
- ✓ Endorsed the suggestions of KPMG, our independent auditor, to deploy a software reporting system to enhance data collection and analysis
- ✓ Endorsed the new methodology to assess our energy saving and its financial saving for disclosure
- ✓ Discussed climate change issues and its impact to the Group
- ✓ Reviewed a new two-year stakeholder engagement plan
- ✓ Reviewed the terms of reference of the Committee

In 2016, the GCRC's main focus is to set up policies and action plans in developing a group-wide strategy on driving energy savings, and to review the current strategies of LED usage across the Group, as well as other specific initiatives as outlined in the CRS Report.

Sustainability Reporting

We have continued to adopt the reporting requirements of the GRI G4 and the Hong Kong Stock Exchange's Environmental, Social and Governance Reporting Guide which will become effective for the accounting periods beginning on or after 1 January 2016 in our CRS Report 2015. The CRS Report meets GRI G4 Core Level compliance and is verified by GRI on Materiality Disclosures. KPMG were commissioned to conduct assurance of the CRS Report in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000) and ISAE 3410 Assurance Engagements on Greenhouse Gas Statements, and to provide an independent limited assurance opinion on whether the reported information complies with GRI G4.

In addition, we responded to the CDP (formerly the Carbon Disclosure Project) and continued to be part of the CDP's Climate Disclosure Leadership Index for the region in 2015. This annual index recognises the top 10% of CDP reporting companies which demonstrated robust management and transparency in climate strategy and measurement.

The contents reported in the CRS Report covers the calendar year of 2015. In line with G4's materiality principles, our process for defining report content is guided by a process of engaging external and internal stakeholders in assessing the most significant and relevant business continuity and sustainability issues. Details of HSH Sustainability Materiality Matrix can be found in the CRS Report.

On behalf of the Group Corporate Responsibility Committee



Clement K M Kwok
*Chairman of the Group
 Corporate Responsibility Committee*
 16 March 2016