



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

Corporate Responsibility and Sustainability Statement of Approach

With more than 155 years of history and heritage, we remain committed to exhibiting a strong sense of responsibility, level of consciousness and integrity in all that we do. We understand that in creating a legacy and addressing the challenges we face; our group must play a role in building a sustainable future. In recent years, we have witnessed longer-term trends such as environmental and social impacts becoming more significant in the eyes of our stakeholders. It is essential that we address these challenges proactively, considering our ambitions and priorities as a group. We believe that luxury need not be wasteful; that the highest standards of luxury can be delivered in a sustainable and responsible way. It is our aim to make sustainability part of the appeal of our luxury offering.

While we have communicated and documented our Corporate Responsibility and Sustainability (CRS) approach annually through the publication of the [CRS Report](#) since 2007, this separate statement of approach, which is updated on an annual basis, is written for stakeholders who wish to understand our sustainability management approach in a more focused manner. This statement provides an overview of the CRS initiatives taken across the group and covers all operations which are part of The Hongkong and Shanghai Hotels (HSH). For more detailed information on HSH, please see: <https://www.hshgroup.com/en/our-businesses>.

Governance

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. 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 board level, the Board considers this topic to be of substantial importance, warranting review of the group's sustainability strategy and performance at least once a year.

To enable the integration and cross-functional implementation of sustainability into the business, the Board has delegated the management of *Vision 2030* and other related matters to the Group Corporate Responsibility Committee (GCRC) and other key committees and departments across the group.

The GCRC, previously chaired by the CEO, is now co-chaired together with the Chief Corporate and Governance Office as a reflection of the rising importance of sustainability in all aspects of our business and of proactively managing related risks. The GCRC is supported by CRS department and Group Champions comprised of the head of related functions and departments.

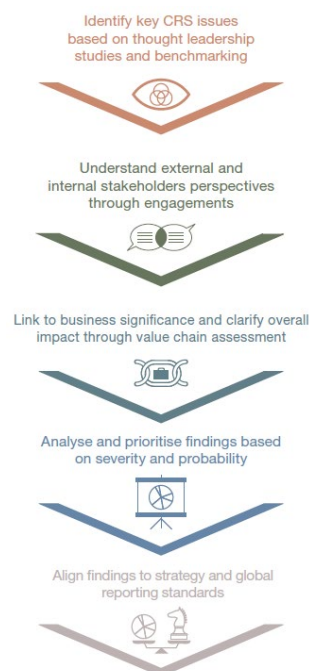
The Head of CRS regularly reports to the Board and GMB and updates the Audit Committee and Group Risk Committee on environmental and social risks related to the business. The Head of CRS also coordinates related risk mitigation actions across the group.



Code of Conduct

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.

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. This approach considers the impact our activities may have on the environment and our communities, as well as the views of our stakeholders.

We identify sustainability related risks specific to the luxury hospitality and real estate industry based on benchmarking studies, research and publications from 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. Through value chain assessments, we are able to clarify our overall impact and in particular the severity and probability of this impact, to help guide the leadership team on prioritising these issues.

Regular engagement with those in our industry through the participation in round-tables or in advisory and working groups allow us to stay abreast on emerging and important issues we face in our business, while regular webinars and calls with executives and sustainability committees in our global operations allow us to better understand these issues on a local context.

Sustainable Luxury Vision 2030

Top Issues in 2023

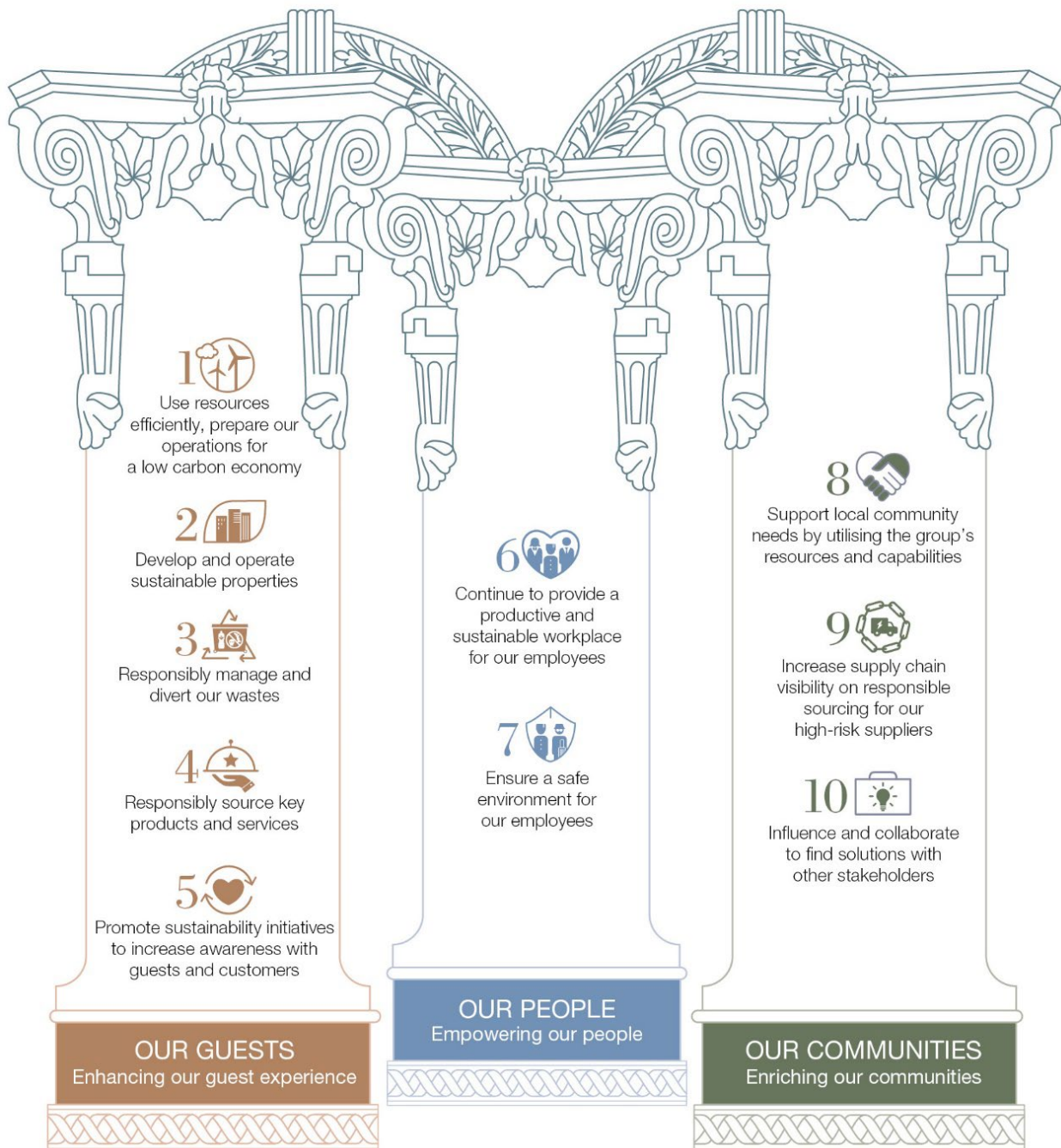
 <p>OUR GUESTS</p>	<p>Energy and water use; low carbon transition; climate adaptation; waste management; sustainable supply chain; guest experience</p>	<ul style="list-style-type: none"> • Climate-risk assessment, mitigation and adaptation • Setting science-based and net zero emission targets • Scope 3 and supply chain decarbonisation • Increasing climate-related disclosure requirements • Circular economy • Wellness-focused, locally sourced and plant-based food • Increase in external and especially guest touchpoints on sustainability
 <p>OUR PEOPLE</p>	<p>Governance and management; attracting and retaining employees; employee engagement; occupational health and safety</p>	<ul style="list-style-type: none"> • Diversity and inclusion • Talent acquisition challenges, particularly in hospitality • Living wage and gender pay equity
 <p>OUR COMMUNITIES</p>	<p>Community contributions; supply chain traceability and transparency; collaboration and partnership</p>	<ul style="list-style-type: none"> • Modern slavery assessment in supply chain and mitigation actions • Green finance • Social inequality compounded from the pandemic • Youth development and vocational training
<p>Remaining True To Our Foundation Timeless issues aligned with our core values</p>		<ul style="list-style-type: none"> • Integrity, transparency and accountability • Uncompromising quality and attention to detail • Respect for our heritage and longevity of our business

This materiality approach enables us to gain the necessary insights to identify material issues to our business, while remaining agile to respond to emerging topics. There were no changes to the list of material issues identified from the previous reporting period.

Sustainable Luxury Vision 2030

In 2023, we have identified projects which address emerging trends and is aligned to our new sustainability strategy. 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 at least three times a year, but also annually to the Group Risk Committee and the Board. As part of our bi-annual risk matrix exercise, the group's environmental and social risks, which are considered principal risks, are assessed.

At its core, *Vision 2030* seeks to address our three focused areas of (i) enhancing our guest experience, (ii) empowering our people and (iii) enriching our communities.



To implement our *Vision 2030*, we developed our sustainability management approach that follows the principles of *Plan, Do, Check, Act*. Individual operations are empowered in creating action plans and actionable targets for their *Vision 2030* journey, alongside regular updates and consultation with Head Office.

Plan	<ul style="list-style-type: none"> • Regular Group Corporate Responsibility Committee meetings at Head Office, jointly chaired by our CEO and Chief Corporate Governance Officer, is supported by Group Champions (heads of departments representing different aspects of the business including finance, human resources, operations, legal, corporate affairs, sales & marketing) • Each operation has its own CRS committee chaired either by the Managing Director or the Hotel Manager, the most senior people in local operations, with champions comprised of functional and department heads • Yearly action plans filled by operations and submitted to Head of CRS for approval • Budget reminders and directions from Head of CRS and other relevant senior management to each operations' management team
Do	<ul style="list-style-type: none"> • Implementation of <i>Vision 2030</i> commitments and action plans • Follow the requirements, guidelines and expectations outlined in CRS Concierge, an internal resource covering expectations and standards on material sustainability topics such as energy, water, single-use plastics, responsible sourcing, modern slavery, community investment and more • Memoranda from our key senior management and CRS department to management team in our operations (Managing Directors, Hotel Managers, and functional heads), for example in 2020 regarding our group's commitment to sourcing cage free eggs by 2025
Check	<ul style="list-style-type: none"> • All operations to submit CRS data through our online data management platform; reviewed by CRS Department and GCRC <ul style="list-style-type: none"> ▪ Energy and water: monthly ▪ All other environment data: quarterly ▪ People and remaining <i>Vision 2030</i> commitments: Semi-annually <i>Data submission is signed off by either the Managing Directors or Hotel Managers of each operation</i> • Semi-annual internal audit by Group Chief Engineer on energy and water performance • Annual compliance questionnaire submitted by each operation to ensure compliance with local laws and regulations (including environmental, labour, supply chain, health and safety etc), signed off by the GM and the Head of Finance of each operation • Annual external assurance audit and data verification by third party • Regular progress update on <i>Vision 2030</i> implementation to GCRC, Group Management Board, and the Board
Act	<ul style="list-style-type: none"> • Semi-annual updates with Head of CRS and CRS Department for performance improvement • Feedback on improvement performance as part of GCRC meetings

Our Approach to Climate Risks

Climate change and the global rise of temperatures have contributed to extreme weather events and long-term shift of weather pattern 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.

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. Starting in 2022, we commenced work with consultants to understand the high-level physical and transitional climate-risks for the group in the next decade, to align with our actions set out in *Vision 2030*. On physical risks, we focused our assessment first on acute physical risks which are extreme weather events, as those require our urgent attention. In the coming year, we plan to conduct more in-depth climate risk assessment, which will enable us to estimate the potential financial impact and develop actionable mitigation plan for our assets, based on the projected likelihood and severity of such climate hazards.

We are exploring further reduction opportunities for our Scope 1 and Scope 2 emissions, such as improving our energy efficiency with equipment upgrades, and the use of renewable energy certificates (RECs) to accelerate the progress on markets with limited renewables options available. We are developing a roadmap to ensure our reduction progress is in line with science-based carbon reduction targets. We also embarked on our journey to map out Scope 3 emissions across our entire value chain, so we can set comprehensive reduction targets that account for not only our own footprint but also the activities of our business partners, suppliers, contractors and employees. More details of our approach, assessment results and mitigation measures can be read on p.68 of the 2023 Corporate and Responsibility Report, which references the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Stakeholder Engagement and Communications

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 such as from employees, customers, regulators, lenders, shareholders and investors, non-governmental organisations and media. To remain in tune with diverse perspectives is especially important in this rapidly changing environment where sustainability issues are increasing in priority for our stakeholders. The feedback from our engagements were channelled into a materiality exercise for this report and our implementation of *Vision 2030*. For more information on our overall engagement approach please refer to page 138 to 142 of our 2023 Annual Report.

Engaging our Employees

Throughout the year, employee engagement activities were organised to ensure our employees are aware, educated and feel a personal connection to environmental and social issues within their local communities. Group-wide initiatives such as WorkPlace2025 and Work Improvement Teams provide a platform for employees to voice their opinions and suggest business and sustainability-related initiatives.

Engaging our Guests

To uphold our commitment of enhancing our guests' experience, we look to provide sustainable luxury while not compromising on the well-being of our people, our communities or the environment. This means holding ourselves accountable for reducing our environmental footprint across our operations, while setting our sights to increase the use of renewable and regenerative resources.

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. Our fully plant-based *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. *Life Lived Best*, a newly launched brand-wide initiative aims to provide our guests with opportunities to pursue their fitness, mindfulness, and nutritional goals – and to access those opportunities whenever they wish through a dedicated Wellness Portal and 24-hour Wellness Concierge service.

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.

We receive feedback on sustainability issues through processes embedded in our day-to-day operations such as our daily briefings led by our Managing Directors and Hotel Managers which discuss that day's operations, including resolving guest concerns. Other channels such as websites, direct calls, emails, comments on online travel portals, social media, etc. enable us to continuously engage and receive feedback and respond to our guests and clients in a timely manner.

Collaborating with suppliers and partners

The [Supplier Code of Conduct](#) was published in late 2009 to help articulate our expectations of suppliers and contractors on environmental, social and ethical practices and is mandated in our contracts. This has since been updated to include alignment with international standards such as the United Nations Global Compact, the UN Universal Declaration of Human Rights, the Conventions of the International Labour Organisation and the OECD Guidelines for Multinational Companies and strengthen elements on anti-bribery, data privacy and confidentiality, human rights and modern slavery, plastics use and supplier engagement.

Supporting community partners

We commit to prioritising our efforts in supporting our local communities in ways which create long-term impact on their lives, focusing on youth development, elderly care and uplifting marginalised communities within communities we operate in. At HSH, we acknowledge that more minds are better than one in solving some of the most pressing issues we face.

Knowledge sharing and industry collaboration

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 2023, we participated in knowledge sharing sessions with industry groups, schools, Small Medium Enterprises (SMEs), and start-ups to stimulate discussion and facilitate generation of new ideas to help address common sustainability challenges, bringing closer alignment of actions across our sector and raising the bar towards achieving a common goal.

To gauge our efforts against the industry, our carbon, energy, water and waste performance are benchmarked against industry peers through [EarthCheck](#) and [Cornell Hotel Sustainability Benchmarking](#) (CHSB). Annually, we submit carbon and climate related information to Carbon Disclosure Project, contributing to the global effort on more transparent and consistent reporting.

We are members of sectoral and industry-wide collaborations to find solutions to our shared sustainability challenges, such as:

Climate Action Focus Group, [World Travel and Tourism Council \(WTTC\)](#) – to maximise the inclusive and sustainable growth potential of the Tourism and Travel industry through partnerships with governments, destinations, communities and others to drive economic development, create jobs, reducing poverty and increasing security

[Business for Social Responsibility \(BSR\)](#) – organisation of sustainable business experts working with its global network on world's leading companies to build a just and sustainable world. Sharing a vision where everyone can lead a prosperous and dignified life within the boundaries of our natural resources

[The Mekong Club](#) – focusing on systemic change to permanently break the cycle of modern slavery. Leveraging the power of collaboration to have strength in numbers.

[Humane Society International](#) – international organisation promoting the human-animal bond, rescue and protecting animals, improvement of animal welfare, protection of wildlife, promoting animal-free testing and research and to confront cruelty to animals in all its forms. We work in tandem on our Cage-Free egg transition plan

[Global Tourism Plastics Initiative](#) – Uniting over 100 players in the tourism sector behind a common vision to address the root causes of plastic pollution. It enables businesses, governments and other tourism stakeholders to lead by example in the shift towards a circular economy of plastics.

[Hong Kong Sustainable Seafood Coalition](#) – to advance the sustainable seafood market in Hong Kong, promoting responsible purchasing and consumption. A shared vision for all seafood imported into Hong Kong to be legal, traceable and biologically sustainable.

[Environment and Sustainability Committee, Hong Kong General Chamber of Commerce](#) – to advise the Chamber of Commerce on issues and areas pertinent to sustainability and its integration with the environmental, economic and social development in Hong Kong.

Sustainability-related feedback

We supplement operational feedback by conducting specific sustainability engagements, examples from recent years as below:

- Sustainability focus groups discussion with retail tenants, guests, suppliers, environmental and social organisations and peer companies
- One-to-one external interviews in our key markets and internal survey with members of our local CRS champions
- Through internal channels to seek feedback such as regular calls with management teams of each operation, presentation at HSH Leadership Conference
- Formulate and review CRS Action Plan with each operation
- Work in tandem with industry groups to develop industry wide action plan and roadmap

The results of our engagements were channelled to our materiality exercise for our CRS report, and the ongoing implementation of *Sustainable Luxury Vision 2030*.

External Communications on CRS

We formally report on our CRS efforts and performance through the publication of our Annual CRS Report, read together with our Annual Report. These two reports refer to several reporting standards such as the Hong Kong Stock Exchange's Environmental, Social and Governance Reporting Guidelines, the Global Reporting Initiative Sustainability Reporting Standard, and the Sustainability Accounting Standards Board. We also report on a number of indicators or disclosures as recommended by the Task Force on Climate-related Financial Disclosures (TCFD), the International Sustainability Standards Board (ISSB) IFRS S2 Climate-related Disclosures and

EarthCheck. The intended audience for this report is predominantly for our shareholders, with the stand-alone CRS Report also intended for CRS professionals and research organisations.

We recognise that more communications need to be provided to additional audiences, particularly to our guests. With the increasing interest of guests in our sustainability efforts, in 2019 we unveiled our sustainability video in-room and in our social media channels; as well as a dedicated page on The Peninsula Hotels website, receiving positive feedback from our guests and followers.

Internal Training and Awareness Raising

Market intelligence in committee meetings

At each GCRC meeting, the Head of Group CRS provides an update on corporate responsibility and sustainability related emerging issues and trends that all Group Champions should be aware of. This includes but not limited to discussions on future regulations, emerging market trends, and updates in sustainability reporting standards. The information prepared for and discussed at those meetings are also shared with the local committees starting in 2019.

On-demand awareness videos

We aim to integrate sustainability into our business by harnessing the passion and creativity of our staff so that it is of personal relevance to them and becomes an innate aspect of our business. In 2024, we will launch an internal engagement CRS video which was aimed at building awareness around the group's goals set in *Vision 2030* and overall sustainability vision.

CRS Guidelines

We developed several sustainability guidelines to outline the specifications and actions required to meet our commitments. These guidelines were presented as simplified decision trees and short explanations to outline the company's position on a number of CRS topics. These were compiled into an online document called *CRS Concierge*, a one-stop resource for all sustainability guidelines and briefing notes – covering issues from sustainable sourcing to single-use plastics transition and community development. We update this resource on an annual basis.

Department and local committee trainings

The Head of Group CRS conducts regular department focussed and local committee members training on an annual basis. This training not only covers an introduction to CRS, but also governance structure, strategy, CRS guidelines and emerging topics.

Onboarding new employees

To ensure our commitment to corporate responsibility and sustainability is understood by all, our CRS strategy is incorporated in our on-boarding training. Mentioned within the Code of Conduct, and followed by an online orientation programme, we ensure our dedication to CRS is iterated from the onset.

Contact

For questions related to this document, please contact the CRS Department at cr@hshgroup.com.