

OUR SUSTAINABILITY VISION

In a world where things come and go in the blink of an eye, longevity is a luxury.

We have been in business for more than 150 years, and we hope to continue doing so for the next 150, and beyond. Considering such lengthy timescales, we continually ask ourselves what lasts, what endures and how do we safeguard the things that matter?

We believe that our business thrives when our people and communities do. We aim for our businesses to have a positive social, economic and environmental benefit on the local communities and the wider societies in which we operate. Taking care of our people and the world around us, not only for today, but also for the future is simply the right thing to do.

Conducting our business with integrity, respecting history and heritage, maintaining the best brand and reputation and passing on to future generations a portfolio of the highest quality assets requires us to take a long-term view in our decisions. This means doing more than just the bare minimum and striving to set an example globally by meeting society's evolving expectations.

We recognise that there could be a perceived conflict between the traditional idea of luxury and the principles of sustainability. While delivering on this can be challenging, we know it is possible as we make sustainability part of the appeal of our luxury offering. To us, "sustainable luxury" has become an integral part of our long-term mindset. We aim to offer the best service that is sustainable, thoughtful and purposeful in ensuring we meet the needs of our guests and customers.

In 2019, we witnessed several environmental and social events from the social and civil unrest in Hong Kong and Paris, wildfires and severe typhoons; and at the time of writing in early 2020, the outbreak of the COVID-19 coronavirus which has had a devastating impact on the world. In these challenging times, we remain strongly committed to supporting our operations and where we can, the local communities that have been affected by these events. We strongly believe that this is what it truly means to be a responsible business.

How we create value

HSH is an owner-operator of The Peninsula branded hotels, together with luxury commercial and residential properties, club management and other hospitality-related services. While this model is capital intensive, it allows us to have control over the timing of investments ensuring that we deliver a high quality, consistent and bespoke guest experience. We seek to create value from the appreciation in capital value of our properties and the increasing operating yield as the asset continues to grow its income over time. We develop and operate our properties by embracing the local culture, style and history of the host country or city. It is important that the guest's experience with us forms an integral part of their overall experience of the country they are visiting. Central to our success is hiring, training and retaining the right people, a majority of whom are local, who are instrumental in shaping the experiences of our guests. As our properties are usually located in a historical part of the city and at the heart of a vibrant community, we generate value to the surrounding districts and businesses by attracting customers, further contributing to the local economy.

Sustainable Luxury Vision 2020

In 2013, we formalised our sustainability strategy known as Sustainable Luxury Vision 2020 (Vision 2020). In 2017, to effectively deliver our Vision 2020, we revamped our approach to focus on the three key stakeholders central to the success of our business: *Our Guests, Our People and Our Cities*.

In 2019, over 89% of the goals set in 2013 are on track to be achieved. Realising the systemic and multi-dimensional nature of sustainability issues, we continue to experience challenges for the remainder of our commitments. These challenges include, for example, the lack of waste management infrastructure in specific regions, the low monetary value accorded to resources such as water, energy and waste management; and impacts related to a changing climate that leads to unplanned and increased energy and water usage in some locations. Now, more than ever, we are continuously reassessing our approach through collaboration with different stakeholders to achieve the remaining commitments.

Looking beyond 2020, we are developing our next sustainability strategy with a focus on further business integration and with a regenerative and proactive approach. Our new strategy will leverage the strengths of our business, focusing on issues requiring significant and urgent attention, scaling positive benefits from our business, while effectively reducing our impact. In this new strategy, we are considering different stakeholder expectations such as science-based targets, holistic water assessments, circular economy (aimed at significantly reducing waste and reusing the same resources), human rights and modern slavery due diligence, reducing social inequalities, increasing diversity and inclusion and implementing outcome-based community investment.

