The Hongkong and Shanghai Hotels, Limited

Corporate Responsibility and Sustainability Report 2022

About This Report

We aim to provide a connected view of different aspects of our performance, financial and non-financial, enabling our stakeholders to have a holistic view of our company. This annual Corporate Responsibility and Sustainability Report 2022 is intended to be read together with our Annual Report 2022, with this icon AR showing relevant linkages in the Annual Report. This medium is just one of the ways we engage with our stakeholders; in addition, we regularly hold meetings with interested stakeholders to discuss our sustainability performance in more detail. Feel free to reach out to us if you would like to find out more.

As the pandemic continued into 2022 in some of our key markets, we had to temporarily make adjustments to our operations in response to local COVID-19 measures despite our best efforts to remain agile. These operational changes have negatively impacted the progress of our sustainability activities as well as collaborations with our partners, many of whom faced similar challenges. As a result, some of our corporate responsibility and sustainability (CRS) metrics are skewed or negatively affected. Please bear this in mind when reading the CRS statistics in this year's annual report. We will continue to closely monitor our sustainability performance, implement group and property-level initiatives, and continue to contribute to our long-term sustainability goals guided by our *Sustainable Luxury Vision* 2030.

Reporting Scope and Boundaries

This report focuses on all the main businesses of The Hongkong and Shanghai Hotels, Limited (HSH) including the group's hotels division, commercial properties division, and clubs and services division[1]. The reporting period covered by this report is 1 January to 31 December, 2022.

Reporting Standards and Assurance

This report has been prepared in accordance with the provisions as set out in Appendix 27 of the Stock Exchange's Environmental, Social and Governance Reporting Guide (ESG Guide)[2] and in reference to the updated Global Reporting Initiative Sustainability Reporting Standards (GRI Standards). This report also references the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and the Sustainability Accounting Standard Board (SASB) Standards.

This report aligns with the ESG Guide reporting principles of materiality (refer to pages 8 to 9) as well as the quantitative and consistency standards (refer to pages 61 to 63). KPMG was commissioned to conduct limited assurance and to provide an independent opinion on identified elements of this report in accordance with the updated ESG Guide. The Independent Assurance Report can be read on pages 59 to 60.

We welcome your feedback. Please share your views with us by post or email:

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[1] Entities covered in our workforce, environment and community data may vary, please refer to pages 62 to 63 for more details on CRS data reporting scope and methodology.

[2] For disclosures where HSH is unable to provide information, as per the rules of the HKEX ESG Guide, an explanation (such as an issue not being material or a commitment to provide this data in the future) is provided on pages 64 to 76 of this report.

Table of Contents

Our Sustainability Vision 04

Stakeholder Engagement and Materiality 08

10 Our Guests

32 Our People

42 Our Communities

53 Climate-related Disclosures

56 Green Finance Report

59 Independent Assurance Report

61 Sustainability Data Statements

64 Sustainability Reporting Content Index

About the Cover

As a company with a history of more than 155 years, we continue to adapt, innovate and look at the world with new perspectives. This cover features our new global campaign, *Peninsula Perspectives*, which seeks to honour the diverse stories of our employees who help to deliver a highly personal guest experience at each of our hotels, weaving in the unique traditions and heritage of our cities. This sentiment is reflected in the foundation of our group-wide strategy *Sustainable Luxury Vision 2030*. Our Guests, Our People, and Our Communities remain at the core of our business, and together, our objective is to build a better future. Our report cover spotlights Janset Barlas, the Director of Rooms at The Peninsula Istanbul.

CRS Initiatives at a Glance

Energy Efficiency

We seek to reduce consumption of energy by implementing engineering solutions to improve overall energy efficiency.

- Building re-commissioning to optimise performance in Bangkok, Manila, Chicago, Hong Kong and Beijing
- Energy efficient equipment (e.g. air conditioning, chillers, LED lighting) in most of our properties

Low Carbon Transition

Mitigating the negative impact of climate change is important, looking first within our own operations to reduce greenhouse gas emissions, and seeking opportunities to source clean and renewable energy to lower our carbon footprint.

- Secured a contract to source 100% renewable energy from our electricity provider for our new hotel project in London
- First solar farm at Quail Lodge & Golf Club
- Continue to expand electric vehicle charging in all our hotels to support future demand

Water Efficiency & Recovery

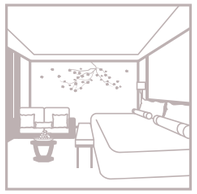
Water is an invaluable resource essential to our operations, and we strive to conserve and reuse water in our operations.

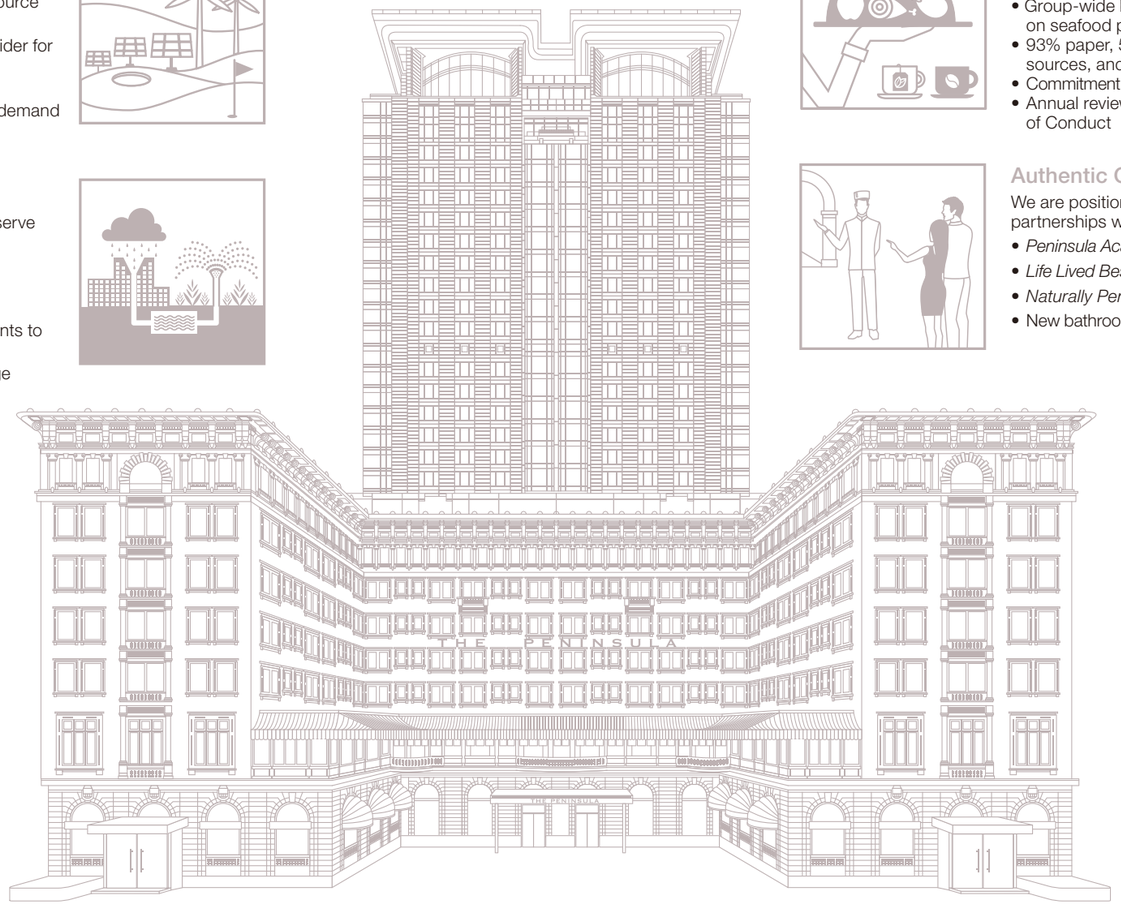
- Water efficient fixtures (e.g. shower heads, faucets and toilets) in all our operations
- Rainwater harvesting system for irrigation in The Repulse Bay
- Wastewater treatment facilities in Bangkok, Tokyo and Ho Chi Minh City
- In-house low temperature laundry washing using eco-friendly cleaning detergents to reduce water and energy use
- Water and energy efficient tunnel washer at Tai Pan Laundry, optimised for large laundry loads

Sustainable Buildings

We aim to develop thoughtful, beautiful and sustainably designed buildings which stand the test of time.

- Adopted world leading standards on sustainable buildings (BREEAM, LEED & HQE) in our new build and major renovation projects
- Most woodwork from sustainably certified sources
- Optimisation of indoor air exchange for reduction of airborne pollutants
- Low Volatile Organic Compounds (VOCs) adhesives, paints, wall covering, fabrics and carpets





Responsible Waste Management

We work with like-minded partners who share a vision of diverting waste from landfill through reducing, reusing, recycling, and recovering valuable resources.

- Waste segregation and recycling at back of house
- Used soap and bathroom amenities recycling programme
- Pilot programme to upcycle retired textile products (e.g. bed covers, towels) to yarn and clothing
- Commitment to transition away from single-use plastics

Disclaimer: This illustration depicts the management approach of key sustainability issues found in our value chains across all parts of our business (hotels, commercial properties, clubs and services), supplemented with initiatives and examples that are implemented group-wide or local solutions and test pilots undertaken within certain properties. As this is not an exhaustive list of initiatives implemented across the group, please contact cr@hshgroup.com if you wish to learn more about the sustainability efforts of specific properties.

Food Waste Diversion

Food waste is not only an environmental issue but also a reflection of social inequality. We focus on food waste reduction, while working with local partners to redistribute excess food to the community.

- Food waste processed by composter or digestor to produce fertiliser, organic matter, and greywater to feed back into nature
- Excess food donated to local charities or food banks to be redistributed to underprivileged communities
- Programmes to re-purpose coffee grounds and oyster shells in Hong Kong
- Optimising meal portion sizes to minimise food waste

Responsible and Sustainable Procurement

In tandem with offering our guests the finest ingredients and materials, we strive to source locally, collaborating with transparent suppliers who prioritise labour rights, stewardship of our planet and empowering vulnerable communities.

- Group-wide ban on shark fin and critically endangered species; conduct risk assessments on seafood products
- 93% paper, 58% tea, 94% coffee, 83% chocolate are from sustainable and responsible sources, and 61% perishables sourced locally or regionally
- Commitment to source all shell and liquid eggs from cage-free source by 2025, currently at 50%
- Annual review of our Modern Slavery Statement and related clauses in our Supplier Code of Conduct

Authentic Guest Experience

We are positioned to promote the culture and heritage of the cities we are located in through partnerships with local artisans and offering sustainability experiences for our guests.

- *Peninsula Academy* programme featuring authentic cultural, artistic and lifestyle experience
- *Life Lived Best* initiative focusing our guests' physical, mental and nutritional wellbeing
- *Naturally Peninsula* cuisine focusing on nutrition, wellbeing and plant-based ingredients
- New bathroom amenities with bespoke fragrance embracing local sensibility and sustainability

Sustainable and Safe Work Environment

Our people are the heart and soul of our brand, and we work to nurture their passion of service into lifelong vocations. We aim to create a safe, inclusive and modernised workplace for all our valued employees.

- Inclusive workplace strategy to empower employees from all backgrounds
- *Wisdom on Wellness* programme to focus on employees' mind, body, soul and spirit
- *Workplace 2025* to modernise our workplace
- Safety Committees meet regularly to build a safety-first culture
- Real Living Wage accreditation at The Peninsula London

Strategic Community Investment

We engage with, and invest back into, our local communities in a manner that supports their long-term needs in a strategic and relevant way.

- Outreach programmes and philanthropy focused on elderly care, youth development, uplifting the marginalised
- Vocational training programmes to empower underprivileged communities such as at-risk youth, ethnic minorities, refugees and more

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 over 155 years, and we hope to continue doing so for the next century and beyond. Looking to the future, we continually ask ourselves what lasts, what endures, and how we can safeguard the things that mean the most to us.

Conducting our business with integrity, respecting history and heritage, maintaining brand and reputation, and ensuring future generations will inherit a portfolio of the highest quality assets are core to our business philosophy. This requires us to adopt a long-term lens in our decision-making and instil the concept of sustainability throughout the way we conduct business. We believe that our business thrives when our people and communities do. 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.

This year, knock-on effects of the global pandemic are still reverberating around the world. Supply chain disruptions, labour shortages, inflation, geopolitical tensions and war are just some of the challenges arising from a post-pandemic world. These issues disproportionately impact our business and communities as some countries are recovering at different paces, causing deepened divisions and slowing down collaborative efforts needed to address urgent global issues such as the climate crisis and social inequality. However, we remain hopeful as businesses are stepping up in their actions to facilitate an inclusive transition to low carbon future. We must take a more proactive approach to assess and address the environmental and social risks we may face. This will allow us to make informed investment and capital-allocation decisions to future-proof our business and allow us to operate sustainably for years to come. To help us address these risks, we are constantly reviewing our current efforts and fine-tuning our *Vision 2030* plan to reflect emerging climate and nature challenges, while ensuring our local communities continue to thrive.

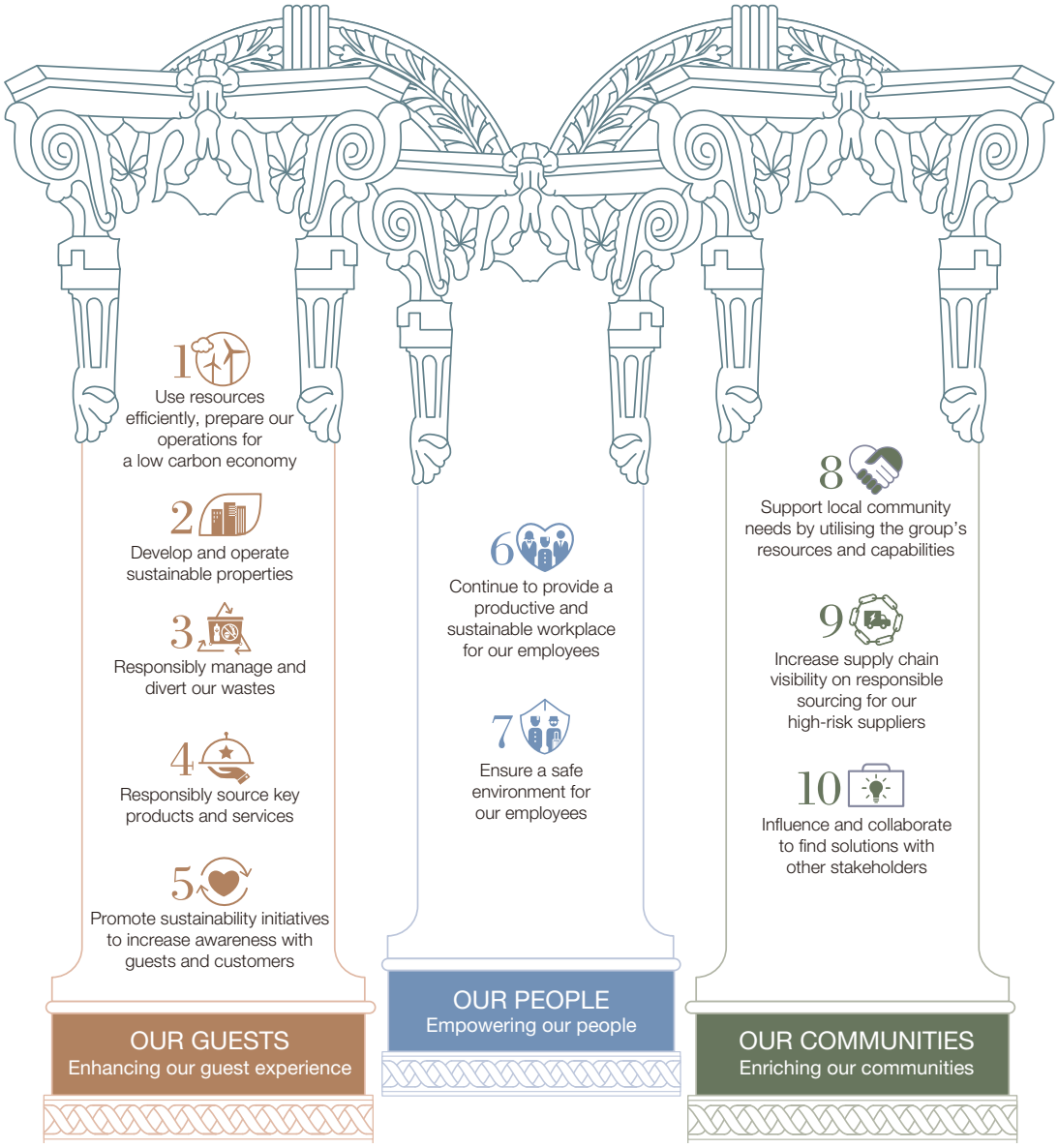
This report is an opportunity to reflect on our sustainability journey in the past years, while putting forward our plans to deliver on sustainable luxury for the coming years.

Sustainable Luxury Vision 2030

Launched in 2021, the group's *Sustainable Luxury Vision 2030 (Vision 2030)* was developed based on the strong foundation and efforts of our previous sustainability strategy, and incorporates a deeper focus on business integration and using regenerative and proactive approaches. Our new strategy leverages the strengths of our business, focusing on issues requiring significant and urgent attention while bringing a positive impact to the environment and our communities. The key topics we have identified which will have the most impact on our business and societies that are addressed in *Vision 2030* are:

- diminishing natural resources such as energy, water and food;
- the climate change crisis; and,
- growing social instabilities and inequalities.

We seek to address key issues we are facing through *Vision 2030* by focusing on our three stakeholder pillars of (i) enhancing our guest experience, (ii) empowering our people and (iii) enriching our communities, underpinned by our 10 key commitments. We seek to instil sustainability values within all our luxury offering to demonstrate that sustainability and luxury in fact share similar values. We endeavour to offer refined craftsmanship and exceptional service which is timeless, thoughtful and purposeful, while ensuring the needs of our guests, our people and our communities are met.



Our Sustainability Vision

"We must take a more proactive approach to identify and manage our sustainability risks, step up our actions and contribute to global collaborative efforts, using Vision 2030 as our blueprint to navigate the volatile environment arising in the coming decade. It is our aim to deliver on sustainable luxury in all parts of our business and contribute positively to the environment and the communities around us."

– Clement Kwok,
Chief Executive Officer

Governance on CRS

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. Through the initiative of our Chief Executive Officer (CEO), Mr Clement Kwok, we developed our approach to sustainability, with the oversight and support of our Chairman, The Hon. Sir Michael Kadoorie and our Board.

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 the board level, the Board, its committees and interested Board members regularly receive updates from the Head of CRS and key issues are brought to their attention. The Board considers sustainability to be of substantial importance warranting a Board review of the group's sustainability approach, strategy and performance at least once a year. The Board is also responsible for the review and approval of the annual CRS Report. In 2022, CRS topics such as *Vision 2030* progress and initiatives, key sustainability trends, latest approach to climate risks, and the annual update on the group's Modern Slavery Statement were discussed and reviewed at Board level.

Group Management Board (GMB), headed by the CEO and comprised of other senior management, is the principal decision-making body responsible for the management and day-to-day business of the group. GMB delegated the responsibility of managing all aspects of the implementation of our sustainability approach to GCRC. To enable the integration and cross-functional implementation of sustainability into the business, the GCRC is comprised of Group Champions, who are general managers of operations and heads of departments representing different aspects of the business including finance, people and culture, operations, legal, corporate affairs, sales & marketing, and projects. The GCRC is supported by the Corporate Responsibility and Sustainability (CRS) Department, spearheaded by the Head of CRS, who reports directly to the CEO, to coordinate and formalise sustainability efforts across the group.

AR Read about the GCRC's key work in 2022

The Head of CRS regularly reports to the Board and GMB and updates the 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. Depending on the severity of the risks, these are escalated to the Audit Committee and the Board for reference or further action. For example in 2022, top global environmental and social risks and latest climate-related financial disclosure standards were discussed at the Group Risks Committee and Audit Committee.

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 and department heads. They meet regularly to develop and implement localised action plans and strategies pertaining to our commitments.

Read our CRS Statement of Approach

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

- Principal decision-making body on CRS decisions and direction

Group Corporate Responsibility Committee

Chaired by CEO;
Supported by Head of CRS and *Vision 2030* Group Champions

- Coordinates CRS efforts across the group;
- Monitors progress, performance and latest trends

OPERATION LEVEL

Local CRS committee

Chaired by General Managers or Hotel Managers;
Supported by functional or department heads

- Implements CRS programmes and action plans

Approach, Policy and Targets

Sustainable Luxury Vision 2030 with 3 pillars and 10 key commitments

Communications and Engagement

- Regular GCRC and local CRS committee meetings
- CRS awareness videos
- CRS content embedded in employee orientation programme
- Internal surveys
- Regular Townhall Meetings and operation updates
- Collaboration with universities to raise awareness and develop new talent

Performance Monitoring

- Quarterly reporting to local CRS committees and GCRC
- Annual action plan submission
- Regular calls with local operations by Group Champions
- Annual external assurance audit
- Hospitality and tourism benchmarking (EarthCheck and The Cornell Hotel Sustainability Benchmarking)

Stakeholder Engagement and Materiality

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 – from employees, customers, regulators, lenders, shareholders and investors, non-governmental organisations, media and others. It is important for us to capture and understand their changing views and how we can implement improvements to the business. The feedback from our engagements were channelled into a materiality exercise for this report and our implementation of *Vision 2030*.

AR Read our overall stakeholder engagement approach in pages 118 to 121

Identifying, Prioritising and Addressing Material Issues

The identification and prioritisation of significant issues, using our materiality approach, provides 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.

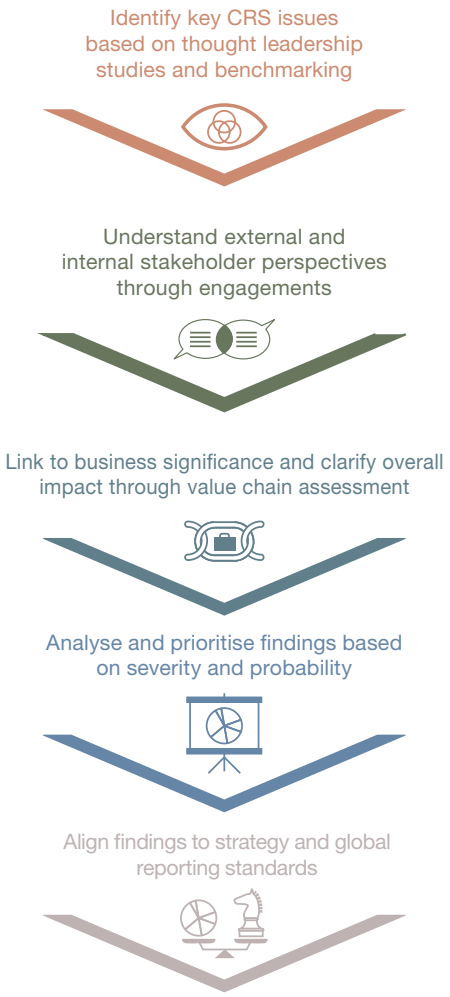
We identify sustainability related risks specific to the luxury hospitality and real estate industry based on benchmarking studies, research and publications from globally respected organisations such as the World Economic Forum, World Travel and Tourism Council, Forum for the Future, Business for Social Responsibility and the United Nations Sustainable Development Goals. Through value chain assessments, we are also 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 in a local context.

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.

Key Sustainability Issues from Stakeholders

Top Issues Raised	Raised by Stakeholders	Our Actions in 2022 (please refer to)
Engage and communicate to guests and wider audience regarding sustainability efforts and performance	Guests, Employees, Community and NGOs, Financial Analysts and Investors	Our Guests p.29-31 Our Communities p.49-50
Responsible sourcing and effective use of natural resources; perception of conflict between luxury and sustainability	Guests, Employees, Community and NGOs, Financial Analysts and Investors	Our Guests p.12-15 Our Communities p.47-48
Inspire and collaborate with others to work on sustainability	Guests, Government and Regulators, Community and NGOs, Media	Our Guests p.25-28 Our Communities p.49-50
Making a real difference within the local communities we operate in (diversity, inclusion, equity)	Employees, Government and Regulators, Community and NGOs, Media	Our People p.38-39 Our Communities p.44-46
Climate change adaptation	Employees, Community and NGOs, Financial Analysts and Investors	Our Guests p.12-20 Climate-related Disclosures p.53-55
Safety and security for both employees and guests	Guests, Employees, Media	Our People p.40-41



Building on our launch of *Vision 2030* where we engaged with the senior management of each operations internally, in 2022 we focused on communicating our 10 key commitments to external key stakeholders. We have identified projects which address emerging trends and is aligned to our new sustainability strategy (more details to be discussed in the following chapters). 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 on a quarterly basis, but also annually to the Group Risk Committee and the Board. As part of our bi-annual risk matrix exercise, our operations also identified local environmental and social risks with the appropriate mitigation measures.

AR Read our risk management approach in pages 164 to 167

Sustainable Luxury Vision 2030		2022 Specific Topics
Delivering our sustainability strategy Energy and water use; low carbon transition; climate adaptation; waste management; sustainable supply chain; guest experience	OUR GUESTS	**Responding to emerging trends** Plant-based diet; guest wellness; sustainable building design and operation; water stress; climate adaptation; sustainable seafood; cage-free eggs; circular economy; single-use plastics
Governance and management; attracting and retaining employees; employee engagement; occupational health and safety	OUR PEOPLE	Workplace enhancement; diversity and inclusion; mental wellness; health and hygiene measures
Community contributions; supply chain traceability and transparency; collaboration and partnership	OUR COMMUNITIES	Sustainable finance; social inequality; human rights/modern slavery; supplier engagement; industry advocacy group

Remaining True To Our Foundation
Timeless issues aligned with our core values

- Integrity, transparency and accountability
- Uncompromising quality and attention to detail
- Respect for our heritage and longevity of our business

Our Guests

We believe our guests' expectations and awareness of sustainability are evolving with the times and we know that every decision we make – from the way we design our buildings to the way we make our beds – enhances their experience with us. This is why we offer an experience around our guests' needs, while not compromising on the well-being of our people, our communities or the environment. We want to make their stay with us as much a positive impact on them as it is for the world around us.

Our Guests

Climate change poses both risks and opportunities. We are constantly looking for ways to reduce our environmental footprint, while upholding our unwavering dedication to luxury.

To deliver our services and products at a high standard of luxury, we rely on valuable resources to create a luxurious environment for our guests. It is our responsibility to become more resource efficient to safeguard the well-being of the planet.

Policies and procedural manuals such as the energy conservation manual and water management guide are put in place to serve as a practical guide on how to operate our properties efficiently. At the minimum, we comply with relevant environmental regulations such as carbon disclosure in Beijing, Shanghai, Tokyo and Paris, water savings in California and energy management in New York. We are prepared for new and increasingly stringent legislations in areas where we operate. We evaluate and implement engineering solutions to optimise operational performance, while continuing to explore innovations and increase the use of renewable resources to reduce our environmental footprint.

1 Use resources efficiently, prepare our operations for a low carbon economy

Reduce our key environmental impact from 2010 by:
- 55% for carbon and water intensity
- 35% for absolute carbon emissions

Increase the use of renewable and regenerative energy and water sources

Embed climate adaptation measures for existing operations and future investments

Operations across the group provide regular sustainability performance reports which are reviewed by the GCRC, and are inspected for technical management by the Group Chief Engineer approximately twice per year. During COVID-19 with limited world travel, this audit process has been temporarily replaced by regular conference calls and self-audit surveys. To gauge our efforts against the industry, our sustainability performance, particularly on energy, water and waste, are benchmarked against industry peers through The Cornell Hotel Sustainability Benchmarking Index.

Joining global efforts to promote responsible and sustainable tourism

Our hotels in Hong Kong, Tokyo, Shanghai, Chicago, New York, and Paris achieved EarthCheck Certification, in recognition of their robust environmental management process and commitment to continuous operational improvements on sustainability. EarthCheck Standard specifically designed for hotels, destinations, events, terrestrial and marine parks, are all science-backed, delivered by experts in the field. In coming years, we strive to extend similar certification programme to all our hotels, to demonstrate that all The Peninsula Hotels are aligned to global baseline standards for sustainability in the travel and tourism industry, as recommended by the Global Sustainable Tourism Council (GSTC).

Low Carbon Transition

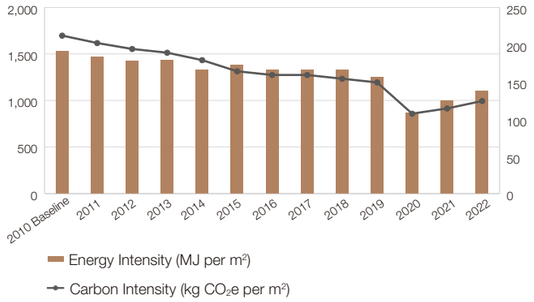
The pandemic continues to impact our business but in disproportionate ways. For some operations, energy and carbon consumption have returned to normal levels in cities that have fully resumed activities, while some still show a significant drop due to reduced business. Overall, the group's energy and carbon intensity increased from last year by 8% at 1,097 MJ per square meter and 9% at 122 CO2e per square meter respectively. Despite the skewed indicators, we observed progress on energy and carbon reduction since the implementation of various energy efficiency projects since 2010, resulting in absolute carbon emissions and carbon intensity recording a significant decrease of 36% and 43% when compared to our baseline. (Refer to the chart on page 14 for year-on-year energy and carbon performance)

Since the adoption of sustainability principles in our business, we were able to implement a number of impactful energy-saving initiatives, such as building recommissioning, application of high-efficiency oil-free type chiller systems, chiller optimisation, new building automation systems, air handling units or fan coil units with permanent magnet motors and more. In 2022, The Peninsula Bangkok joined some of our other properties to begin chiller optimisation studies and preparation, which will ensure optimal performance and energy efficiency based on a centralised building management system. We will continue to look for similar opportunities in other operations as chiller plants make up a large portion of our building's energy use.

As the world transitions to a low carbon future, we seek to focus on decarbonising our operations through engineering solutions and transition to renewable energy. In 2021, we piloted our first on-site solar farm project at Quail Lodge & Golf Club which generates most of the energy use for the resort with a total of 1,920 photovoltaic solar panels. We continue to conduct feasibility studies in our properties to identify our next renewable project. Where we are not able to install on-site renewable energy in our own properties, we seek to source renewable energy through our energy providers. Still under development, The Peninsula London secured a contract to source 100% zero-emission electricity from our local provider to ensure that all energy consumed, from current construction phase to operational phase upon hotel opening, is sourced from renewable sources. We continue to develop infrastructure to support a more sustainable lifestyle for our guests, and are currently looking to install more electric vehicle charging stations at our hotels and offer complimentary charging services for our guests.

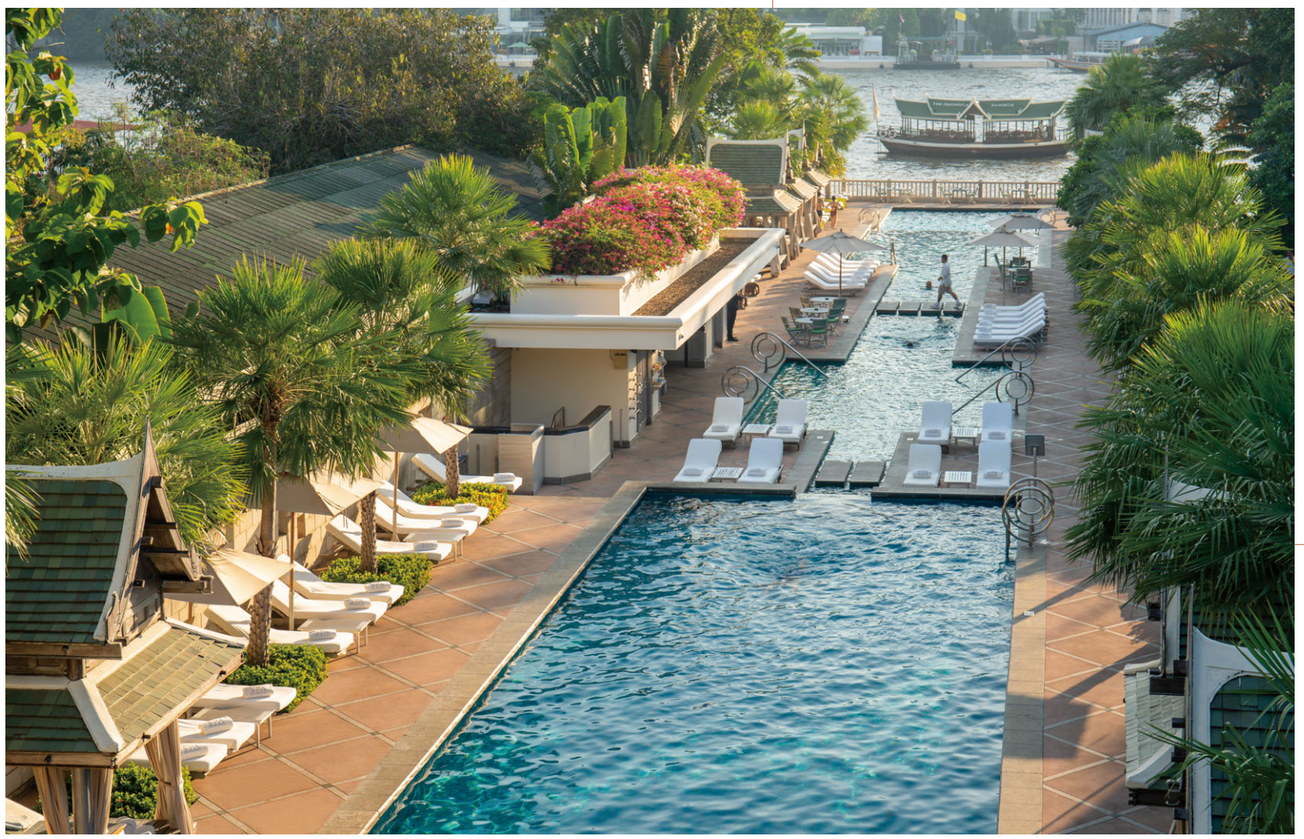
Our Guests

Group Energy and Carbon Intensity



Group Water Intensity*

* Water Intensity of Tai Pan Laundry (16.6 litres per kilogram washed) is excluded as its intensity is measured on a different metric from that of commercial properties and clubs.



Water Efficiency and Recovery

Water remains an undervalued resource with costs not reflecting true value, resulting in difficulties in prioritising investments due to long payback periods. Over the years, we have invested in operational and behavioural solutions, assessed drought risk and installed water-efficient equipment.

Due to the impact of the pandemic, our water performance in 2022 was skewed, much like our carbon and energy performance. Prior to the impact of COVID-19, we saw steady improvements in our water consumption, until 2020 recorded heavily skewed water intensity levels due to the number of guest nights (the denominator for our hotel water intensity indicator) dropping at a larger scale than our water demand. As our hotels have gradually re-opened in the past year, water intensity level has continued to stabilise at 1,395 litres per guest night. In 2022, the hotel division saw a 15% reduction in water intensity compared to 2021, albeit still a 4% increase from our 2010 baseline.

Water intensity at our commercial properties saw an increase from 2021 by 15%, returning back to 2010 baseline levels at 962 litres per square meter due to business recovery. Tai Pan Laundry's water intensity, calculated based on litres per kilogram washed, also saw an increase of 29% compared to 2021 due to improved business and laundry load size resuming to normal levels, as well as the addition of a newly operational facility focusing on guest laundry which is more water intensive. We expect water indicators to normalise as our business slowly returns to normal, allowing us to better report on our progress. Nonetheless, we will continue to implement water-saving initiatives across our portfolio to continue our efforts in past years. (Refer to chart above for year-on-year water performance)

In the past few years, our approach to mitigating drought risk is to improve water efficiency within our operations. We reviewed water flow rates across our hotels and installed low-flow sanitary fittings and faucet applications where possible. Low temperature washing has been implemented in five of the seven hotels where we manage our own laundry to reduce energy and water consumption. Coupled with the use of eco-labelled or biodegradable chemicals in the detergent used, we continue to maintain our standard of luxury for our guests' laundry service. Our operations in California, The Peninsula Beverly Hills and Quail Lodge & Golf Club have seen a number of water-saving initiatives ranging from water-efficient irrigation systems, reducing volume in water flushing tanks, utilising drought-resistant landscaping and turf greens, as well as installing no-water urinals and carwash. We also seek to reduce the stress on municipal water sources by recycling wastewater in Tokyo, Bangkok and Ho Chi Minh City, and redirecting captured rainwater in our residence at The Repulse Bay in Hong Kong. We will continue to support local and regional efforts to raise water awareness and introduce solutions for the broader community.

Recovering valuable water resources

Water is a finite resource that should be conserved and protected. At The Peninsula Bangkok, an on-site sewage treatment plant is installed to recycle wastewater collected from the hotel and reduce our freshwater intake from municipal sources. From guestrooms to restaurant outlets, all wastewater is collected, treated, filtered, and then re-distributed to be used within our hotel for purposes such as irrigation, landscaping, boiler water heating, toilet flushing and floor cleaning. At The Repulse Bay in Hong Kong, a freshwater storage tank was built to collect and store rainwater to be used within the property for irrigation and landscaping. Hong Kong's sub-tropical climate means that the storage tank is often at capacity during the rainy season, and we are currently exploring means to increase storage capacity to maximise our water saving potential.

Managing and Adapting to Climate Change

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 and attractiveness 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.

The potential impact of the climate crisis is clearly of concern. 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. In 2022, we commenced work with consultants on quantifying our climate-related physical risks using scenario analysis at the property-level. Based on the assessment, we intend to embed preventative measures to address climate risks at all areas of our operations, and begin adaptation measures to improve resilience for the future. We also embarked on our journey to map out Scope 3 emissions across our entire value chain, so we can set more holistic science-based carbon reduction targets which account for our own footprint and the activities of our business partners, suppliers, contractors and employees. More details of our approach can be read on pages 53 to 55, which references the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Our Guests

We aim to develop thoughtful, beautiful and sustainably designed buildings that will stand the test of time.

Our hotels and properties are built to appeal to a timeless aesthetic showcasing both our heritage and the rich culture of the cities in which we operate. We aspire to develop HSH properties which are iconic, and – where possible – using materials which are sustainable and enduring. As such, we pay attention to design specifications and product standards in new constructions and renovations. This includes examining fittings and furnishings to ensure that they are luxurious, sustainable and resource-efficient.

2 Develop and operate sustainable properties

Align new developments and major renovations with international sustainable building standards

Achieve good or better rating for indoor air quality for all HSH buildings

Sustainable Building Design

For our hotel developments, we adopted Building Research Establishment Environmental Assessment Method (BREEAM), a leading standard on sustainable buildings, to serve as a practical guide on the integration of sustainability considerations in our properties. We also work with trusted vendors and artisans to design furnishings which meet our quality, environmental and safety standards. Starting from 2012, the major renovations of The Peninsula Hong Kong, The Repulse Bay and The Peninsula Chicago incorporated sustainability considerations such as using responsibly sourced wood, energy-efficient fittings and low Volatile Organic Compounds (VOC) emitting materials. Later on, these design specifications were enhanced to align fully with BREEAM standards such as 21 Avenue Kléber which received BREEAM Excellent and Haute Qualité Environnementale Outstanding ratings, as well as major renovation projects such as The Peninsula Beijing which received a BREEAM Good rating. The Peninsula Beijing was the third BREEAM-accredited building in the city and a first for newly renovated hotels. As a part of *Vision 2030*, all new projects are being designed in alignment with sustainable building standards. The Peninsula Istanbul and The Peninsula London, still in its construction phase, are both on-track to receive BREEAM Excellent rating, with The Peninsula London already achieving an interim pre-certified rating in its design stage. As we enter a new decade of innovation and technological advancement, we will continue to adopt the principles of sustainable building design as a core approach to developing our portfolio.

Indoor Air Quality

During the design and building stage of our new hotels, we try as much as possible to use carpets, adhesives, wallpapers, leather products, fittings and furniture which meet international standards for low emissions of VOC. For existing properties, we installed specialised air filters and conduct regular maintenance of ventilation systems to maintain optimal indoor air quality. In 2022, the majority of our operations achieved a combination of excellent-good ratings for our indoor air quality in annual assessments conducted by third-party consultants.

Sustainable Design Features in Our Guestrooms

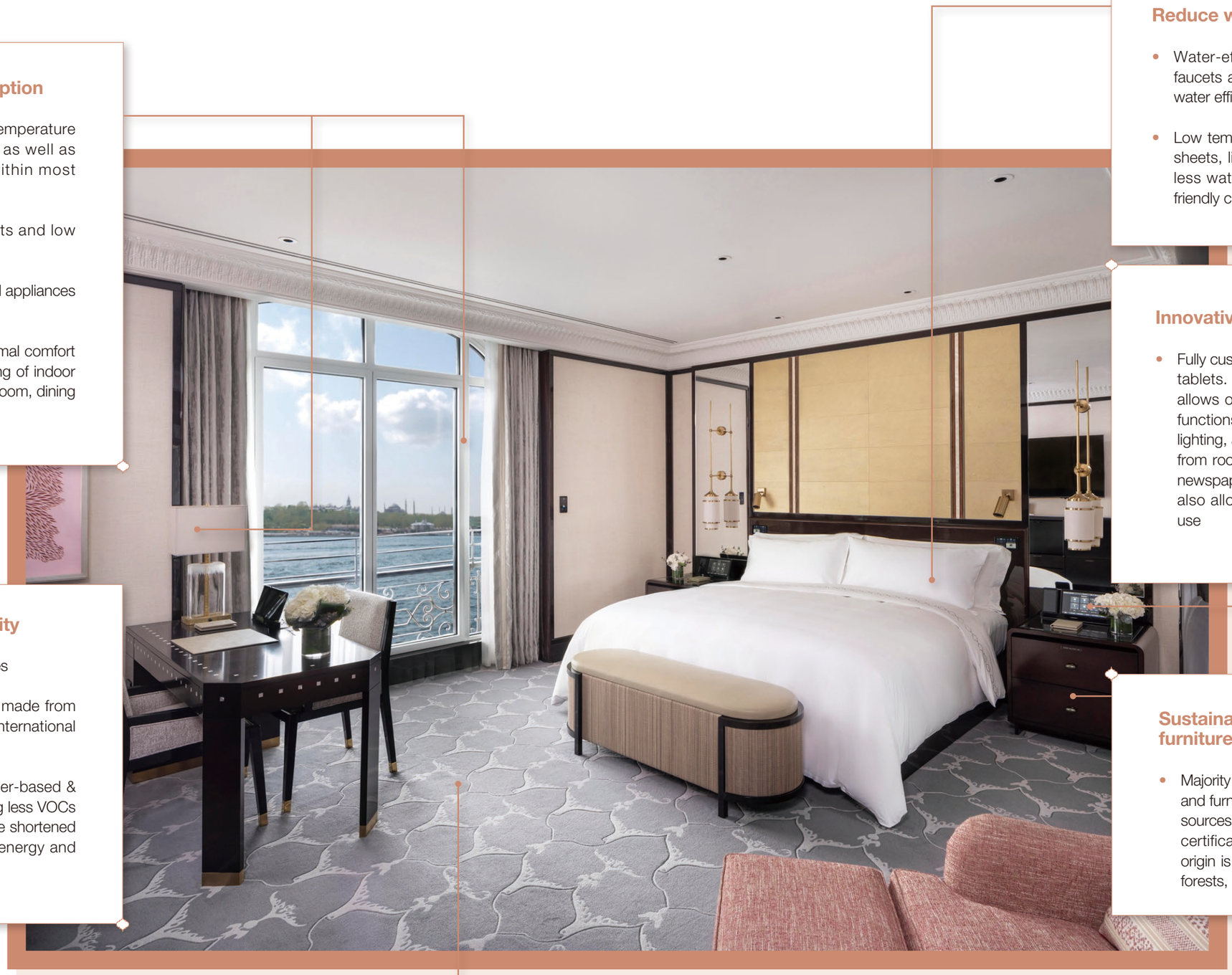
The highlighted features below are just some examples of our approach to sustainable guestroom design. Not all of our hotels have these features, nor is this an exhaustive list.

Minimise energy consumption

- Ensure optimised ambient temperature through adjustable blinds, as well as double-glazed windows within most guestrooms
- Energy efficient fan coil units and low intensity LED lights
- Energy efficient televisions and appliances installed in guestrooms
- Full dimming control and thermal comfort control installed to allow zoning of indoor lighting and temperature (bedroom, dining room, closet, bathroom)

Enhanced indoor air quality

- Low VOC paints and adhesives
- Certified sustainable carpets made from natural wool fibres meeting international standards for low VOC
- Leather upholstery using water-based & water-soluble finishes, emitting less VOCs than traditional processes. The shortened tanning process also saves energy and water during manufacturing



Reduce water usage

- Water-efficient shower heads, low flow faucets and dual flush toilets to optimise water efficiency
- Low temperature washing to ensure bed sheets, linen and towels are clean using less water and energy, and using eco-friendly cleaning products

Innovative in-room technology

- Fully customised digital bedside and desk tablets. This centralised one-stop shop allows our guests access to all in-room functions at the tip of their fingers, from lighting, ambient temperature, to ordering from room service menus and daily local newspapers. These streamlined services also allow us to avoid excessive paper use

Sustainable millwork and furniture

- Majority of the wood used in the millwork and furniture are derived from sustainable sources or recycled timber. Sustainability certificates are required to assure their origin is from replenished and renewable forests, not from illegal sources

Our Guests

Revitalising the iconic Peak Tram while embracing natural elements

The Peak Tram is one of the world's oldest and most famous funicular railways. Over 130 years since its first service commenced, the Peak Tram and The Peak Tower still remain as one of Hong Kong's most popular and iconic tourist attractions in the city, offering spectacular panoramic views of the city. The attraction was recently relaunched in 2022, unveiling new components including the sixth generation of the tramcar as well as refurbishments to the Central and Peak termini to enhance overall passengers experience.

The project had a clear emphasis to highlight the natural elements surrounding the termini and Peak area. The tramcar itself is designed to be fully open with wide windows, naturally ventilated and with a full glass roof so guests can enjoy the natural sight, sounds and breeze of the forested areas during their ascent to the Peak. The Central Termini also includes the *Go Wild At The Peak* zone which is a full-immersion video experience highlighting the unique flora and fauna found in the surrounding areas at the Peak. The refurbishment project also takes great care into protecting our surrounding environment and we actively engaged with local stakeholders to ensure our construction was not negatively impacting our communities. Meanwhile, the tramcar is designed to minimise energy consumption such as the use of low-emission glass, energy-efficient equipment such as LED lighting and chillers, and electric motors on the railway. Inside the station, travelator with occupancy sensors are installed to minimise energy use during low occupancy. Over 100 meters of railway and handrails were re-used in the refurbishment to promote circularity.

To celebrate the reopening of the Peak Tram, a new public art sculpture named "Eye of Infinity" was unveiled at The Central Terminus. Australian artist Lindy Lee created this artwork to showcase the linkage between people, nature and the cosmos – when visitors admire the magnificent view from the top of the Peak, they are connecting with nature, the sky and beyond. A newly developed tool by the commissioned art and design studio UAP was used to understand and mitigate the environmental impact during the creation of the artwork.

It's time to rethink how we define and treat waste in our business – finding ways to eliminate waste, recovering and circulating valuable resources while regenerating natural resources.

In recent years, waste has been redefined as a valuable resource given its potential to be recovered and reprocessed. This is why we have adopted the philosophies of circular economy – redesign, reduce, reuse, recycle and recover, as a key focus for *Vision 2030*.

Starting with the development of group-wide standards and conducting staff training on proper waste segregation protocols, we ensure waste leaving our areas of operation are properly handled and responsibly disposed of. This is not without its own set of challenges as we offer a wide range of products to our guests, resulting in our managing of a range of waste types and streams each requiring specific processes to be responsibly disposed of. Then, we work with local waste processors, recyclers and up-cyclers to divert waste from landfills and incineration facilities where possible.

3 Responsibly manage and divert our wastes

- Achieve a waste diversion rate of 100% for food waste and recyclables by recycling, upcycling and reusing
- Ensure proper disposal of hazardous waste
- Increase usage of recyclable materials

Across our operations, we closely monitor increasingly stringent local waste regulations. We take initiative to trial and assess new and emerging waste solutions to prepare ourselves for a rapidly changing waste regulatory environment, as well contribute to long-term waste management plans of our cities.

Our Guests

Redefining Waste and Diversion

Overall, we achieved 52.7% waste diversion across our portfolio, an increase of 4.4 percentage point compared to 2021 as waste and recyclables collection services slowly begin to resume after being impacted by the pandemic. We continue to focus on reducing food waste within our operations. Aside from offering more thoughtful portion sizes at our restaurants, we work with local partners with various food waste upcycling capabilities, and donating surplus food to local charities and food banks.

The rate of dry waste sent to landfill or incineration has remained high, and improvements in infrastructure to support waste recycling is needed. The gradual tightened control of the import and export of waste globally has only further encouraged us to find local and tailored closed-loop waste solutions.

In past years, we have started to unlock the potential of our waste by converting it to valuable resources or giving discarded items a second life. Where possible, we seek to redistribute these upcycled or repurposed items to underprivileged members of our community who lack access to such resources. Our long-term partnership with Clean the World and other local non-profit organisations enables us to donate partially used soap bars and bottled guestroom amenities to help reduce hygiene-related illnesses within local communities.

To reduce the large volume of mooncake packaging waste sent to landfill during the Chinese Mid-Autumn Festival, The Peninsula Boutique partnered with local upcycling processor Mil Mill to convert used mooncake boxes to paper towels for underprivileged families in Hong Kong, while The Peninsula Beijing married art together with sustainability in an event hosted together with recycling enterprise BOTTLOOP, where discarded Peninsula mooncake boxes from guests were repurposed and displayed as sustainable art by Chinese artist Cao Yun. Guests were later invited to join in on an evening of stimulating conversations with the artist to learn more about upcycling and the concept of “circular economy”.

While progress has been made, the ability to identify like-minded partners and innovators to pilot projects, and finance infrastructure investments to expand the scope of recyclables still has challenges. We continue to seek collaborations and engage with partners along our value chain to address the increasing scarcity of global resources and realising the true potential of waste to become valuable resources. From reintroducing oyster shells to their natural habitats restoring oyster reefs, to working with textile specialists to unwind retired linen into clothing, we seek creative solutions while engaging our local communities.

Single-Use Plastics Transition

Unmanaged single-use plastics has become one of the most common pollutants entering the ocean and is detrimental to marine ecology. In 2018, we began implementing a holistic approach to phasing out single-use plastic aligned with the Global Tourism Plastics Initiative's (GTPI) One Planet Sustainable Tourism Programme framework, led by the United Nations World Tourism Organisation (UNWTO) and United Nations Environment Programme (UNEP) in collaboration with the Ellen MacArthur Foundation.

With the aim to achieve 100% single-use plastic transition by the end of 2025, items that are commonly found in our F&B outlets – plastic straws, stirrers, takeaway packaging, and beverage bottles in restaurants and mini-bars have been replaced with more sustainable alternatives. Recently, we also launched our new line of bathroom amenities which is 99.9% petroleum plastics packaging free, using recycled aluminium as packaging alternatives. Together, this represents a considerable portion of items found in our hotels that we have transitioned away from single-use plastics.

With the highest regard for sanitation and hygiene, our next focus is transitioning away from bottled water in our hotels. Currently, we are looking into better alternatives such as glass or aluminium bottled water served in guest rooms that can be collected and reused or recycled locally. The Peninsula Bangkok and The Repulse Bay have recently adopted an on-site water filtration system in several of their restaurants to transition away from plastic and glass bottles, providing guests with premium drinking water, filtered to neutral taste while retaining the water's natural minerals. We are also in search of viable alternatives such as takeaway water bottles for our guests to bring along while exploring our cities.

In search of other areas of our operation to transition away from single-use plastics, we recognise that food safety and hygiene related items are the most challenging due to the lack of practical and cost-effective alternatives.

Our Guests

The Peninsula Hong Kong's food waste journey: from scraps to sustenance

The Peninsula Hong Kong's food waste journey started a decade ago with the recognition that we needed to better understand our food waste footprint. Initial baseline assessments led to the adoption of on-site food digester to reduce the volume of food waste sent to landfill. The hotel later sought other solutions and partners to overcome the challenges of on-site waste diversion. In the years since, The Peninsula Hong Kong has established successful partnerships with local waste partners, most of which had specialisation in diverting or recovering specific food waste types. Some examples include:

- Donating surplus food, vegetable trimmings and bakery items to local food banks including Food Angel, Foodlink Foundation, Breadline
- Partnering with local environmental social enterprise to Eco-Greenergy to upcycle used coffee grounds into fertiliser, hand-made soap bars, plant pots, and for growing mushrooms
- Reusing discarded shells for the *Save Our Shells* oyster reef restoration project by The Nature Conservancy
- Working with local recyclers to turn used cooking oil into biodiesel
- Sending the remaining food waste to government managed waste-to-energy facility O-park

All the partnerships ensure surplus food is being donated 7 days a week to support our local community and avoid edible food to be wasted and sent to the landfill. Even with all the existing partnerships, The Peninsula Hong Kong still has ways to go on achieving 100% food waste diversion rate. The evolving approach and solutions they have adapted over the years reflect how waste is constantly being redefined in our local communities. As technological solutions continue to emerge, and partnerships around resource recovery continue to grow, we hope that all food items used to prepare and serve meals for our guests will not go to waste.

Offering our guests the finer things in life, ensuring they have been sourced responsibly and sustainably, and not at the expense of others and our planet.

Our sourcing decisions support what we believe in and closely align with our environmental, social, and ethical standards. At the minimum, we only source from suppliers that align with our anti-modern slavery standards (refer to page 47 for more details). We prioritise products that are created by local businesses in order to empower and create shared value with the communities in which we operate, and from sustainable sources and using eco-friendly materials that meet international standards. We also strive to source products that minimise environmental degradation, be it the use of hazardous chemicals, endangered flora and fauna, or linked to deforestation.

To guide our sourcing decisions, our tendering process incorporates sustainability criteria for the purchase of high value products, while we continuously engage with our other suppliers to increase the traceability of other products. As supply chains become more transparent and supplier accountability for ethical resource management improves, we will regularly review and improve our purchasing strategies.

4 Responsibly source key products and services

Source key products and services that meet 4 or more of the following criteria:

- Locally and regionally sourced
- No harmful chemicals or processes
- Not from a critically endangered source or caused deforestation
- Sustainably sourced to ensure reusability
- Complies with a credible sustainability standard
- Aligned with a credible modern slavery standard

Our Guests

Our Responsible Sourcing Approach

Safeguarding Biodiversity

Biodiversity is a core component of our natural environment which supports the provision of natural resources and regulates the balance of nature. Our approach in protecting such vital assets of our planet is to avoid procuring products which are critically endangered or contribute to deforestation, and striving to source our agricultural products and other key commodities (such as paper, tea, coffee, chocolate, cotton and seafood) from sustainable sources.

Since 2013, we have been adhering to the International Union for Conservation of Nature's (IUCN) Red List of Threatened Species, banning all critically endangered species when sourcing food items, in particular seafood products due to the dangers of population depletion, bycatch and habitat destruction. In 2019, we implemented a policy on the procurement of endangered species, referencing the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). We continue to monitor and apply internal controls to ensure this policy is being implemented across all our operations. We also acknowledge that climate change and human activities are adding more pressure to our natural environment, we are working to understand how we can contribute positively to conserve and restore our natural environment while supporting local vulnerable communities.

In 2022, more than 82% of our cleaning products are biodegradable, made from biobased ingredients or are free of harmful chemicals. 93% of the paper we use is from certified sustainable or recycled sources, though we still encounter difficulties in sourcing sustainable paper-based products which are laminated or mixed with other materials. We are proud to see the progress made towards our goal of sourcing all our tea, coffee and chocolate from responsible or sustainable sources. By 2022, 94% of our coffee, 58% of our tea, and 83% of our chocolate was responsibly sourced.

Offering our guests the finer things in life, while ensuring they have been sourced responsibly and sustainably

The Peninsula Boutique & Café is our latest dining concept, offering guests a relaxed and approachable dining experience, and serves as a space to showcase luxury tea, chocolate and seasonal gifts. Our chefs, highly-trained pâtissiers and chocolatiers craft a range of gourmet products, from artisanal chocolates to exclusive tea blends, cakes, pastries and condiments. In addition to serving our guests with delicious tasting food, we strive to ensure that our offerings are responsibly sourced in alignment with our environmental, social and ethical standards. We work with trusted chocolate, coffee and tea partners who share a strong commitment towards addressing issues in the agricultural industry, such as improving the living and working conditions of farmers, protection of forests, biodiversity and soil quality, as well as improving traceability. Currently, 99% of paper-based packaging of retail products sold in Peninsula Boutique & Café are certified sustainable.

Through partnerships, we will continue to expand our sustainable offerings at the Peninsula Boutique & Café.

Our Guests

Source Locally and Regionally

Sourcing locally and regionally yields environmental and social benefits including reducing our carbon footprint in transportation, empowering local businesses and small medium enterprises (SMEs), and safeguarding heirloom products that strengthen local tradition. It is a privilege to support artisans within our communities, to help uplift our local economy. As of 2022, more than 61% of our perishable goods are locally or regionally sourced. The pandemic has highlighted the fragility of our international supply chains, and we believe that sourcing local is one of the ways to ensure supply chain resiliency.

Animal Welfare

As awareness of animal welfare concerns continue to grow, we tackle this issue beginning with a group-wide commitment to source only cage-free eggs by 2025. We began our journey by conducting initial baseline assessments, then working in consultation with *Humane Society International* (HSI) to develop a transition roadmap and identifying local suppliers. However, the cage-free egg market is nascent and we are seeking alternatives to not only shelled chicken eggs, but liquid eggs and others such as duck, quail, and more. This has proved to be more challenging in certain markets, where consumer awareness and market availability is still lagging. As of 2022, 50% of our eggs spend across the group are from cage-free sources. We acknowledge that other animal welfare issues exist in our value chain such as in other food products and materials made from animal byproducts. We continue to explore ways to address these issues in the future to uphold our commitment of humane and ethical treatment towards all animals.

We refine our luxury offering in tandem with the evolving expectations of our guests

The hotel business is more art than science. We accommodate and care for our guests, hosting with genuine service from the heart. We believe that keeping the human touch in our services is the greatest luxury we can provide our guests.

We are in a position to redefine sustainable luxury for our guests, and we want to share our journey by inviting them to take part in our interactive guest experiences. Our hotels and properties are designed to reflect the unique cities we operate in and we strive to celebrate the local culture, style and history of these cities.

Our *Peninsula Academy* programme brings our cities to life as guests explore authentic cultural, artistic and lifestyle experiences outside of our doors. Partnerships with local artisans is a way for us to honour and celebrate the local culture and heritage of our cities. For our new bathroom amenities, we partnered with local artisanal perfumers to develop and incorporate fragrances with a unique scent profile that is tailored to each of our cities. Our *Art in Resonance* programme partners with up-and-coming artists to promote the rich and vibrant cultural aspects of the destination cities which we reside in through the expression of art.

5 Promote sustainability initiatives to increase awareness with guests and customers

- Offer sustainability experiences to guests and customers
- Promote local culture and heritage, including partnerships with local artisans
- Showcase sustainability initiatives and disclose information digitally to guests and customers

Our Guests

To us, sustainability is not just concerned with the health and well-being of the planet, it is also about the health and well-being of people. When guests step through the doors of our hotels, we want to provide a place for reflection and mindfulness, both for their surrounding environment and their own physical and emotional well-being. This year, The Peninsula Hotels launched a comprehensive wellness initiative *Life Lived Best* by offering our guests with an array of programmes to enhance their physical, mental and nutritional wellbeing. Some of these are destination-specific to reflect the local traditions of our home cities and created in partnership with local residents.

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.

Balance and vitality through our wellness offerings

Life Lived Best is a newly launched brand-wide initiative aiming 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.

Physical Fitness

Our hotels have introduced a wide range of programmes to help our guests enjoy exercise and physical activities at ease. For instance, providing in-room fitness equipment on request, jogging and running trail maps, and locally inspired and led fitness classes such as Muay Thai at The Peninsula Bangkok, Tai Chi at The Peninsula Hong Kong, Kung Fu at The Peninsula Beijing and more.

Mental Health

In recognition of the importance for our guests to cultivate mindfulness and positive mental wellbeing, we partnered with *Breethe* meditation app to create bespoke content for our guests such as guided meditation, relaxing bedtime stories and soothing music readily available in our guestroom televisions and personal devices. As well, our guests can now start their day by joining our meditation and mindfulness classes that incorporate local wellness practices such as sound healing, mindfulness breathing, morning giving to Buddhist monks, sunrise yoga and more.

In our hotels' spa facilities, we also offer treatment and experiences that allow our guests to connect with self and nature, from traditional energy and healing treatments at The Peninsula Tokyo, to organic VOYA spa products used at The Peninsula Hong Kong which include sustainable ingredients such as hand harvested seaweed extract and more sustainable packaging that is either recycled or recyclable, biodegradable or water soluble. Guests can also enjoy a special "Sleep Well, Wake Up Well" aromatherapy and bath experience which promotes evening rest and morning energy.

Nutrition

Launched in 2006, our *Naturally Peninsula* cuisine draws inspiration from making delicious connections between wellness, nutrition, and modern dining. With an appreciation for the origins of our ingredients, we aim to incorporate seasonally harvested fruits and vegetables, sustainably and locally sourced food, nutritious and anti-inflammatory ingredients, while avoiding artificial flavourings, refined sugars, and preservatives in our meal offering to guests. Over the years, the *Naturally Peninsula* concept has evolved in tandem with our guests' expectations and this year, the concept was relaunched to further support the health and long-term sustainability of the planet – and became entirely plant-based.

In celebration of local culture and cuisine, The Peninsula Tokyo partnered with esteemed master of Shojin cuisine – Mr. Toshio Tanahashi to curate *Naturally Peninsula* menu inspired by "Shojin", an ancient plant-based style of cooking originally created by Buddhist monks in Japan. The Peninsula Bangkok is taking this to the next level by offering plant-based options in all of the restaurants including plant-based afternoon tea experience at The Lobby and an exclusive plant-based set dinner menu at their Chinese restaurant, Mei Jiang. Our hotels in Shanghai, Beijing and Bangkok are growing vegetables and herbs in their own garden, and our other hotels find opportunities to work with local farmers and producers for sustainably grown vegetables.

Our People

The HSH family is a strong and committed team which shares a passion for hospitality, luxury and making a difference. We take tremendous pride in our team members who reflect our brand and values in all that they do. We celebrate diversity and strive to ensure that each person feels they belong and are an essential part of the team. At HSH, we know that our people are the heart and soul of the company, and we want to build a lasting and genuine relationship with them.

Our People

We ignite the potential and passion of our employees, creating opportunities for a purposeful career in a modernised workplace.

The past three years of the pandemic continues to impact different aspects of our daily operations. Thanks to the resilience and commitment of our employees, we have been able to navigate through these circumstances to continually support the organisation's business needs. It demonstrates the importance of having passionate and dedicated team members, as we have an average length of service of over seven years.

Despite the post-pandemic challenges we face in the hospitality industry in recruitment and talent retention, we have been able to maintain a similar turnover rate of 23.8% to that of the previous year. The hospitality industry has been one of the more impacted industries from the pandemic, and it has a lot of work to do to regain the confidence of the workforce as a sector that can provide more balanced work-life effectiveness.

Moving forward, we are working to enhance our attraction and engagement strategies through an array of measures, including offering market competitive pay and benefits, building stronger capabilities to attract, recruit and train talent, and adopting market relevant and attractive benefits such as flexible working and leave arrangements. We have started the retitling of the Human Resources department to "People and Culture" to better reflect our priorities in developing and empowering our employees, while taking care of the culture that is set by the senior managers of our company.

6 Continue to provide a productive and sustainable workplace for our employees

- Strengthen our diversity and inclusion programmes
- Commit to fair compensation with a special focus on gender pay equity
- Enhance wellness and assistance programmes for all employees

In 2022, we are well advanced in our recruitment of around 1,200 new colleagues into the HSH family for the opening of new properties in Istanbul and London, with 423 onboard in Istanbul and 241 in London. We have carefully curated a number of programmes that enhances our profile as a preferred employer in the respective cities. With the physical and mental well-being of our employees as a priority, our properties feature dedicated employee facilities to support their needs such as employee dining rooms offering nutritious meals prepared by dedicated chefs, well-equipped gyms and tranquil relaxation rooms.

Despite the unprecedented difficulties brought about the past several years, the People and Culture Team has remained agile and resilient to navigate through any crisis. We have continued to take care of our employees and retain talent, without losing our culture and values.

HSH Core Principles

In 2022, we continue the rollout of the revised HSH *Core Principles Framework* across our global operations. The enhanced framework identifies the key behaviours and expectations for our employees to meet and exceed guests' needs, as well as to contribute meaningfully to their team. The Core Principles are embedded into all of our processes throughout an employee's entire journey with the organisation, from recruitment to development and training to appraisal, and build a strong foundation for the *Peninsula Service Principles (PSP)*.

All of our global hotel operations have conducted *PSP Foundation* training workshops in 2022 and are on track to complete *Guest Engagement Training* in 2023. We have enhanced our PSP materials to better suit the distinct business nature of Peninsula Merchandising Limited.

For the recruitment of the new hotels in Istanbul and London, we have designed well-received personalised talent selection experiences called *Pen-Talent Days*. This experiential approach allows candidates to be evaluated based on their capability to deliver our Core Principles and values over evaluation based solely on their past experiences.

Our People

Employee Learning and Development

On development, we have relaunched the *Executive Development Programme* and created the *Emerging Managers Programme* to nurture and create talent pipeline for future senior management and supervisor roles. Twenty-one candidates from around the world are currently participating in the 18-month-long *Executive Development Programme*, while the *Emerging Managers Programme* is a 12-month internal job rotation learning programme designed to diversify exposure and build stronger connections and capabilities. Furthermore, two seasons of online Masterclasses was produced, featuring our internal talents sharing useful knowledge, experiences and expertise to all colleagues on how to develop new skills.

WorkPlace 2025

Today's work environment and workforce are vastly different from what it was pre-COVID. We launched the company-wide *WorkPlace 2025* (WP2025) initiative to drive innovation and the modernisation of our culture, operational practices and work environment to retain and attract the next generation of talent. It seeks to develop a workplace which is purpose-driven, energetic, creative, allowing employees to feel empowered and motivated.

In 2021, the *Work Improvement Team* (WIT) initiative was launched, enabling colleagues to share and contribute ideas directly to the company. Over 500 innovative ideas were received, and three final ideas relating to artificial intelligence and automation, delivering unique F&B experiences, and transitioning to environmental solutions were selected by the Group Management Board and WIT panel in January 2023 for further development and implementation.

Enhancements to employee communication and engagement channels such as company-wide access to intranet and social media platform are currently in development to provide employee with easy-to-access platforms to stay informed and engaged with the latest happenings throughout the organisation. We have also launched our Employee Lifestyle Hub in Hong Kong to give colleagues easy access to various benefits from discounts on home appliances to restaurants and workshops and classes to enjoy.

Wisdom on Wellness (WOW)

As part of the *WP2025* initiative, the *WOW Strategy* was created to enhance support to our colleagues in pursuit of both physical and mental wellness. The strategy includes programmes to promote the benefits of staying active and raise awareness and encourage open dialogues on mental health, creating a more supportive culture for everyone.

In Hong Kong, we ran the *Joining Together: Recharge, Resilience, Rejuvenate* initiative to connect and support colleagues who were confined at home during COVID lockdowns and quarantines through various online activities and volunteer support groups. Globally, over 440 of our employees joined a virtual race to collectively complete over 148,000 kilometres of physical activities. Additionally, our local People and Culture teams organised programmes ranging from pilates to singing bowl sessions to parenting and nutrition workshops to promote holistic wellness to our colleagues throughout the year.

Our People

Connecting with our people through COVID lockdowns

During an intensive period of COVID lockdowns in Hong Kong during March to April 2022, we launched the *Joining Together: Recharge, Resilience, Rejuvenate* initiative to connect with our colleagues at home and support their physical and mental well-being. It comprised eight weeks of exercise workshops hosted by colleagues from Shanghai, Tokyo, Hong Kong and Bangkok, mocktail mixing sessions taught by our beverage manager in Tokyo, and a kids club organised with The Peninsula Manila that brought together our employees and their children. A group of volunteers offered support through regular check-ins with colleagues undergoing quarantine and arranged delivery of care packages and essential goods.

The most well-received initiative was *Move for Meals* which encouraged our employees to exercise regularly. For every 15 minutes of physical exercise completed and shared on intranet and social media platform, the company would donate meals to local charity ImpactHK. Over 510 meals were donated through this initiative.

Through these various activities, we were able to extend care to our colleagues and come together for one another during a difficult period.

Inclusive Workplace

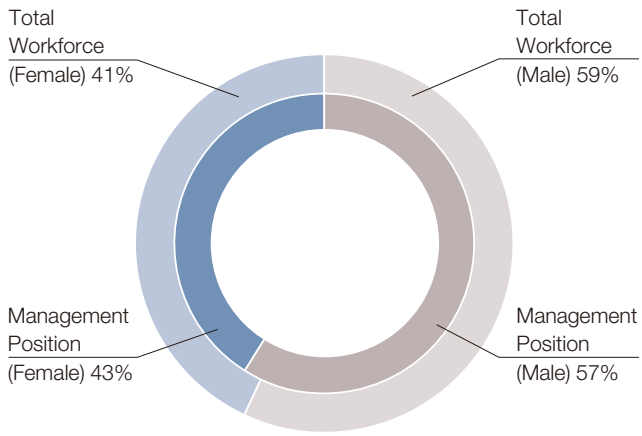
We strive to provide all of our employees with an inclusive workplace that makes everyone, regardless of gender, age, nationality, religion, sexual orientation, disability, and other aspects of diversity, feel equally involved and supported with the same opportunities.

Our *Inclusive Workplace Strategy* aims at fostering an even more inclusive culture within our workplace that empowers our employees to learn and grow while leveraging their unique strengths. It consists of three key pillars – Building an Inclusive Culture, Developing Inclusive Managers, and Creating Unbiased Talent Management Processes.

We have launched our *Hiring for Success* programme, a global initiative for all hiring managers to recruit the right talent with the right mindset that is best suited for the role. It ensures an equal platform without bias and discrimination to provide an enhanced experience for all candidates to feel welcomed in joining the HSH family. We completed retitling of job positions to gender-neutral titles where applicable, as well as on job advertisements for future roles. We also provide meaningful employment opportunities to people with disabilities.

Gender diversity is an important indicator of an inclusive workplace. In 2022, 43% of management positions and 41% of our total workforce were female.

Workforce Distribution (By Gender and Management Role)



We have a Code of Conduct in place to ensure that reported incidents of discrimination are heard and managed in a fair and appropriate manner. We respond to these reports very seriously and encourage reporting. In 2022, there were two reports of workplace discrimination. One case brought on by a former employee is now closed with compensations made accordingly. The other case is still undergoing investigation at the time of writing.

Ethical Conduct

Our values as a company are the foundation to our high standards of ethical conduct. We respect human rights, embrace diversity and inclusion, and stand firm against corruption. This is core to who we are as a business, ensuring that we gain and keep the trust of our stakeholders. 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. In 2022, six reports of potential integrity issues were received via our Speak Up channel. All of these reports were investigated. Of the six reports: three were closed with recommendations to enhance operational internal controls; two were closed with no follow-up required; and one was still ongoing at the time of writing.

Our People

We make sure that guests and employees feel safe and secure whenever they are in our hotels and properties.

The health, safety and security of guests and employees at our properties is monitored through effective systems and policies.

In 2022, we continued our efforts to enhance our security and safety management systems. We conduct regular gap analysis to identify improvements in our operations towards meeting our Group Security and Operations Risk Framework, which aligns with the principles of ISO 31000, the international benchmark on security management. The effectiveness of our security and safety management systems is assessed on a bi-annual basis. All findings are shared with the leadership team of each operation to follow up on the recommendations of the analysis.

To harmonise the health and safety approach across our operations and ensuring alignment with best practice, HSH is launching an updated group-wide Occupational Safety and Health Management System (OSHMS). The OSHMS, which is aligned with international standard (ISO 45001) and covers all employees including contractors and part-time or casual workers, will be adopted upon the opening of The Peninsula London and The Peninsula Istanbul, and all other hotels and properties will transition thereafter. The new OSHMS will reinforce many of our existing principles, while seeking to enhance health and safety controls with a focus on risk identification and mitigation.

7 Ensure a safe environment for our employees

Further enhance the group-wide HSH occupational safety, health and hygiene programme

The new enhancements include expanding the scope of risk assessments to include workplace violence, establishing occupational health and safety (OHS) performance as evaluation criteria during the supplier selection process, as well as streamlining incidents reporting and investigation to allow for more systematic root cause analysis. The enhancements in health and safety controls are also supported by strengthened governance to ensure accountability. Under the new OSHMS, Safety Committees established at the property-level will feature enhanced governance structures, chaired by the Hotel Manager, and attended by the Security and Operational Risk team and representatives from all departments within the hotel. The Security Committee will convene at least four times a year to monitor and review OHS performance, consolidate employee feedback on OHS issues, investigate and follow-up on OHS incidents, as well as support the overall implementation of the OSHMS to help create a culture of safety at the property level.

Responding to our employees' evolving safety needs

We recognise the safety risks posed to our employees differ from each city based on external environments, and it is our responsibility to respond promptly with tailored measures. In the past years, there has been increased attention towards the safety and security of our Peninsula Chicago hotel staff, especially those with shifts concluding in the evening. We want to create a working environment where our staff can feel safe and secure, and our responsibilities to protect our colleagues do not stop when they leave work and our premises. To ensure our hotel staff can travel safely home after work, the security team helps escort staff members to either their vehicles or to public transportation once they conclude their shifts. The hotel has even prepared additional vehicles to help escort staff to safety should they need to travel for longer distances. We also sought to enhance our security hardware and are planning to increase surveillance cameras around the hotel exterior. Additional training has been arranged to allow staff to be incident-ready and able to respond to emergency situations. These tailored training includes Active Shooter Training, Workplace Violence Training, Self-defence and De-escalation Training, as well as Emergency Medical Response Training which includes simulated emergency situations and hands-on skills practice.

The Safety Committee will also work closely with the Group Security and Operational Risk team to report OHS performance and results on a regular basis to ensure accountability at all levels.

We continued to build a safety-first culture and engage employees to keep incidents as low as possible. Training is an integral part of the new OSHMS which includes providing general and job-specific safety training to all employees and all part-time or casual workers. In 2022, our injury rate is up by 20% at 3.6 cases per 100 employees, while lost day rate decreased by 30% at 49.6 lost days per 100 employees. The increase in injury rate is mainly attributable to more employees returning to work at full capacity. Over 98% of injuries recorded did not require a hospital stay. The injury rate for severe cases is at 0.07 per 100 employees. In 2022, we continued to have zero fatalities and no permanent disabilities.

The pandemic has placed a renewed focus on the safety, health and well-being of our guests and employees at the forefront. We continue to put in place enhanced health and hygiene measures that go beyond the necessary protocols required by local government authorities. In 2020, we introduced a new set of Hygiene and Sanitation Guidelines & Principles with a renewed focus on combating COVID-19, which continues to be regularly reviewed and updated as necessary. Some of these enhanced health and hygiene measures, such as the adoption of new cleaning technologies, will continue to remain even as we transition away from the pandemic to ensure we maintain an elevated level of hygiene standard to our guests and employees.

Our Communities

Wherever we have hotels and properties around the world, we strive to be woven into the local fabric of the community. We want to be deeply entwined in the societies we serve, supporting the community to thrive.

Our Communities

Our communities are our homes – we stand to benefit when our communities thrive. We look for ways to uplift, contribute and reinvest in the communities that supported us.

Our communities are inseparable from our operations, and this is why we are committed to embracing local culture and enriching the cities we are located in. They provide the resources, infrastructure and markets which our businesses depend on. In turn, we aim to deliver a positive, lasting impact that contributes shared and sustained value for all.

Each community faces distinct challenges, as such, each property tailors their community action plan to meet local needs. Be it equipping the youth with lifelong vocational skills, caring for the elderly, or uplifting the marginalised, we strive to instil positive change with intention and sensibility.

8 Support local community needs by utilising the group's resources and capabilities

- Provide training and hiring programmes for the under-represented in our communities
- Contribute to elderly care, youth development and uplifting marginalised communities
- Offer employees incentives in volunteering for community activities

Community Volunteering and Investment

The three key demographics of youth, elderly and marginalised members of our community were identified as most aligned to our community investment ethos.

The elderly are the backbone of the cities we call home, and with so much to learn from them, we want our colleagues to feel a connection to their heritage. In the same vein, the youth are the leaders of tomorrow, and as a business which has existed for over 155 years, we recognise the necessity of imparting skills and knowledge for future generations. Lastly, we recognise that though we live in a globalised world, inequalities are solved at a local level, our hotels and properties formulate their own community investment strategies to support their local marginalised community.

Through *Vision 2030*, we continue to engage with our local communities in meaningful ways, moving away from monetary-based to contributing time, expertise, vocational training opportunities, and other in-kind support to create long-term impact in the cities we operate. In 2022, our community initiatives benefitted more than 160 charities and long-term partners, with a total of HK$3.65 million monetary and in-kind charitable contribution and more than 7,100 volunteering hours. Below are some examples of our community support efforts.

Elderly Care – Caring for our heritage

In China, where social distancing restrictions continued to be imposed, the elderly, especially those in nursing homes continued to experience isolation from their friends and family. Despite having to organise pared down visits to the Huangpu Waitan Nursing Home this past year, volunteers from The Peninsula Shanghai made sure that "Poon Choi" and mooncakes were distributed to the elderly during festive seasons so they are reminded of our well wishes and care.

Youth Development – Preparing for the future

Every year during the Christmas season, our hotels will contribute a portion of Festive Afternoon Tea to organisations that support children's welfare in each of its hotels' home cities. Aside from donations, guests in The Peninsula Chicago were also invited to bring along a new or gently used children's book to their Afternoon Tea experience to donate it to their community partner – The Chicago Public Library Foundation. For the last decade, The Peninsula Chicago Sky Rink has also donated proceeds collected from skate rentals at their iconic skating rink totalling over US$170,000 to long-term charity partners Ann & Robert H. Lurie Children's Hospital of Chicago, and Hephzibah Children's Association.

Promoting social mobility through vocational training

Vocational training promotes social mobility, equipping the younger generation especially those in the under-represented community with practical and transferable skills for the future. In Paris, we continue to partner with the Apprentis D'Auteuil vocational training school to welcome young apprentices, many of whom are migrants or people with disabilities, to our hotel for training. They rotate through various departments, and have the opportunity to interact directly with the experienced staff on-site.

Throughout the years, we have offered a number of vocational training and work opportunities for refugees. They face disproportionate challenges in finding opportunities within their communities, and we aim to ensure that we contribute to enabling diversity and inclusivity in our workplace, providing relevant job skills and a pipeline for our industry. Since the opening of The Peninsula Chicago, we have been collaborating with the Heartland Alliance to train and provide employment opportunities to refugees. They are given English language training through government funded programmes, and our volunteers teach various vocational classes, focused on entry-level skills such as housekeeping and food service. Vocational training and development programmes at our other properties were impacted during the pandemic and we hope to restart these programmes stepping into 2023.

Our Communities

Uplifting the Marginalised – Helping those in need

Throughout the month of October, several of our hotels showed support for breast cancer awareness month, each contributing in their own way. The Peninsula Paris offered an array of Peninsula in Pink promotions to guests in support of Europa Donna France, an association dedicated to helping women with breast cancer and leading new cancer research. An annual gala evening and fundraising auction marked the beginning of a month-long Pink October programme where charitable donations were donated to the association. The Peninsula Manila celebrated Pink October by donating breakfast items and joining the Philippine Foundation for Breast Care, Inc./KASUSO for a day of dancing and fun with breast cancer patients and survivors. The Peninsula Chicago continued to make monetary donations to A Silver Lining Foundation this year to help fund cost-free mammograms and diagnostic testing for women in need.

Leading with kindness

ImpactHK, our local non-profit partner in Hong Kong is celebrating 5 years of working with people experiencing homelessness, and we are proud to have supported them throughout their journey. The organisation provides direct support to their beneficiaries through handing out food, sleeping bags, clothing and hygiene products daily. They also offer longer-term support to help facilitate the reintegration of people they work with into society by offering support on accommodation, employment and training, as well as mental and physical wellbeing services. The Peninsula Hong Kong began their partnership with ImpactHK soon after the organisation was first established in 2017. Since then, and as challenges became exacerbated throughout the pandemic, The Peninsula Hong Kong donated more than 75,000 hot meals, as well as 220 pillows and 140 uniform coats to distribute to at-risk individuals and families. More recently, Peninsula Merchandising Limited sponsored chocolate and tea products for the opening of *The Kind Kitchen*, an ImpactHK initiative which serves over 2,000 free meals to marginalised individuals such as ethnic minorities and refugees weekly. Our colleagues also participated in ImpactHK's Kindness Walks where we helped distribute food and essentials in low-income neighbourhoods, serving as a reminder to us all that in order to build an inclusive society, we must lead with kindness and empathy, two very essential traits that also aligns to our *HSH Core Principles* and our *Peninsula Service Principles*.

By increasing visibility on the provenance of our products and services, we take steps to ensure our offering does not contribute to modern slavery.

As global supply chains continue to grow in length and complexity, visibility across our value chains become increasingly challenging. With our business positioned at the end of supply chains, we uphold our due diligence processes to ensure products and services offered to our guests comply with relevant regulations, while maintaining good labour and environmental practices.

We have focused our work on high-risk suppliers, defined by their susceptibility to labour exploitation, contribution to environmental degradation, and a general lack of transparency. Examples include suppliers of seafood, cotton, tea, coffee, chocolate, outsourced service contractors and recruitment agencies for our contingent or temporary workforce. Our procurement and operations teams work with reputable suppliers and partners who provide the best quality products, while ensuring compliance with the specifications and requirements outlined in our Supplier Code of Conduct (SCOC).

Supplier Code of Conduct

Introduced in 2009, the Supplier Code of Conduct exists to articulate our expectations of suppliers and contractors on environmental, social and ethical practices. The SCOC is publicly available and mandated in all contracts. The SCOC is regularly updated to ensure alignment with international standards, notably the United Nations Global Compact, UN Universal Declaration of Human Rights, Conventions of the International Labour Organisation and the OECD Guidelines for Multinational Companies. We have strengthened elements of anti-bribery, data privacy and confidentiality, human rights and modern slavery during the annual review process. In an effort to encourage suspected breaches and violations, we have also linked our Speak Up Policy to the SCOC.

9 Increase supply chain visibility on responsible sourcing for our high-risk suppliers

- Monitor our high-risk suppliers to ensure clear visibility and traceability of 90% through targeted audits and engagement
- Require all suppliers to support anti-modern slavery efforts as part of our Supplier Code of Conduct
- Work and engage with our suppliers by strengthening our Supplier Code of Conduct

Anti-modern Slavery

We are committed to upholding fundamental human rights within our own operations as well as across our supply chain. We condemn any form of slavery and human trafficking and are continuously improving our policies and processes to build awareness, improve transparency and combat such practices. We continued to implement more detailed checks of key suppliers to ensure compliance with the SCOC and are developing a framework for continuous engagement and dialogue. Since 2020, we have engaged contingent labour agencies and seafood suppliers to incorporate action items related to human rights, human trafficking and modern slavery, and have worked with a number of NGOs both locally and on a group-wide level to strengthen internal awareness and training.

We hope to push the envelope on safeguarding modern slavery within our supply chains. We regularly review and strengthen our due diligence processes within our operations by conducting spot checks, trainings, and clearly articulating our commitments in our Modern Slavery Statement, which is reviewed and updated annually. In 2023, we plan to launch modern slavery online training sessions for our procurement and human resource teams. In an effort to increase transparency, our Modern Slavery Statement is publicly available on our webpage.

Read our Modern Slavery Statement

Improving Traceability and Sourcing Responsibly

Our procurement teams are provided with tools to source seafood from trusted suppliers with certified chains of custody, or who are able to provide basic information regarding the source of their product. Majority of our tea, coffee and chocolate are already sourced from certified sources which ensure chain of custody and traceability. We are also members of the Hong Kong Sustainable Seafood Coalition and join other players in the seafood value chain to advance the sustainable seafood market locally. The seafood supply chain is particularly susceptible to issues of traceability, exposing vulnerability to unsustainable fishing practices and modern slavery. We are working to further enhance tools to enable our procurement teams to source seafood from trusted suppliers, especially for seafood products that have not yet obtained internationally recognised sustainable certifications. The journey to improve traceability and increase sustainable seafood offerings is challenging, but one that we must work on to provide our guests with products we know we can trust.

Harnessing the power, passion and influence of like-minded partners, to create impactful and lasting change.

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, conducting problem-solving sessions with our partners, and listening to the voices of tomorrow. Through this approach, we strengthen not only our own sustainability practices, but also share our learnings across industries and like-minded peers.

10 Influence and collaborate to find solutions with other stakeholders

Join sector and like-minded business initiatives to advocate and advance efforts for sustainable change

Partner with others to implement actions and solutions in our operations

Knowledge Sharing and Industry Collaboration

In 2019, we joined the We Mean Business Coalition, a global coalition of the world's top sustainability organisations working towards a zero-carbon economy by advocating for cross-sectoral and collaborative climate action and mobilising the business voice in climate policies. More recently in 2021, we joined the Climate Action Focus Group, organised by World Travel and Tourism Council (WTTC) to help develop decarbonisation action plans for the tourism and hotel industry, providing practical industry feedback on this document. In 2022, we participated in knowledge sharing sessions with 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.

Unlocking Opportunities through Green Financing

In recent years, green financing has become an instrument for financial institutions and capital providers to fund green projects and channel much-needed investment into climate solutions. In 2021, we partnered with HSBC and MUFG to secure our first sustainability-linked loan totalling HK$1.25 billion. The proceeds of the loan will be used to support general working capital and corporate funding which may include sustainability-related capital expenditure and initiatives. In 2022, we signed an additional HK$6.35 billion three-year term green loan facility with a group of nine banks. More details of the green projects financed by our sustainability or green loans can be read on p.56.

Our Communities

Creative solutions and fruitful collaborations

In the past years, we have encountered sustainability challenges which require innovative solutions and multi-stakeholder collaboration to solve – upcycling retired textiles from our hotels is one of these challenges. In 2018, we partnered with Hong Kong textile company Novotex Textiles Limited and the Hong Kong Institute of Textiles and Apparel Limited (HKRITA) to conduct a trial project to turn bed coverings into cotton yarn. Novotex, a homegrown Hong Kong brand with over 40 years of expertise in yard spinning and textile dyeing, launched The Billie System, a water and hazardous chemical-free system which we used to unwind discarded textile into recycled fibres. During this trial, we transformed the recycled yarn into bathrobes and teddy bears, which was enjoyed back by our guests, who once used the bed coverings in our hotels. The success of this trial project has revealed opportunities in harnessing this innovation to scale up as a meaningful solution to the hospitality industry. We continue to support HKRITA, a world renowned research institute for developing innovations in the fashion and textile industry who has established notable partnerships with an international fashion brand and the Hong Kong government, in their ongoing research and development of sustainable textile solutions by supplying textile samples from our hotel such as beddings, table napkins, and uniform, to trial new methods of upcycling.

- Climate-related Disclosures
- Green Finance Report
- Independent Assurance Report
- Sustainability Data Statements
- Sustainability Reporting Content Index

MANDARIN ORIENTAL

Climate-related Disclosures

The impacts of climate change are observed globally, giving rise to climate-related risks and opportunities that will have immediate and long-term impacts to our business, people and value chain. The following statement, which references the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), outlines how we manage climate-related risks and the implications these risks may have on our business.

GOVERNANCE

We regard the integration of sustainability as a sensible and necessary strategy that benefits the group in both the short and long term. Through the initiative of our Chief Executive Officer (CEO), Mr Clement Kwok, we developed our approach to sustainability, with the oversight and support of our Chairman, The Hon. Sir Michael Kadoorie and our Board.

The Board oversees the management of climate change issues, risks and other sustainability topics through regular engagement and updates from The Group Corporate Responsibility Committee (GCRC). While we do not have a separate sustainability committee at the board level, throughout the year, the Board, its committees and interested Board members regularly receive updates from the Head of Corporate Responsibility and Sustainability (CRS) and key issues are brought to their attention. The Board considers sustainability to be of substantial importance warranting Board review of the group's sustainability approach, strategy and performance at least once a year.

GCRC, chaired by the CEO, has been given responsibility by the Group Management Board (GMB) to manage all aspects of the implementation of our sustainability strategy, arising climate-related issues, risks and opportunities. GMB, also headed by the CEO and comprised of other senior management, is the principal decision-making body responsible for the management and day-to-day business of the group. To enable the integration and cross-functional implementation of sustainability actions into the business, the GCRC meets at least on a quarterly basis and is comprised of Group Champions, who are general managers of operations and heads of departments representing different aspects of the business including finance, people and culture, operations, legal, corporate affairs, sales & marketing, and projects. The GCRC is supported by the CRS Department, spearheaded by the Head of CRS, who reports directly to the CEO, to coordinate and formalise sustainability efforts across the group.

The Head of CRS regularly reports to the Board and GMB and updates the Group Risk Committee (GRC) on environmental and social risks related to the business. The Head of CRS also coordinates related risk mitigation actions across the group. Depending on the severity of the risks, these are escalated to the Audit Committee and the Board for reference or action.

STRATEGY

Climate change is a pervasive issue that affects all parts of our business. We have integrated climate mitigation and adaptation actions throughout our newly updated group sustainability strategy *Sustainable Luxury Vision 2030 (Vision 2030)*. Our new strategy leverages the strengths of our business, focusing on issues requiring significant and urgent attention, while bringing a positive impact to the environment and our communities. We seek to address key issues we are facing in our business and in society through *Vision 2030* by focusing on our three stakeholder pillars of (i) enhancing our guest experience, (ii) empowering our people and (iii) enriching our communities, underpinned by our 10 key commitments.

Read our Vision 2030 Strategy

We recognise that climate change poses different types of risks to our business. Physical risks are hazards that we may face resulting in the changes in environmental conditions associated with climate change, while transition risks are hazards resulting from the global transition to a low-carbon economy.

Types of Risks	Potential Hazards	Potential Impacts
Physical risks	• Temperature extremes • Coastal and fluvial flooding • Drought • Wildfire • Hurricanes and cyclones • Water stress	Disruption of operations, supply chain disruption for our products and services, physical damage to our assets, increased utility costs and insurance premium, reduced availability of critical resources
Transition risks	• Carbon pricing • Litigation and regulation compliance • Technology and innovation • Reputational risks	Tightened building and operational requirements on energy, water, waste and other sustainability elements, more capital investment and expenditure to meet evolving expectations, increased demand for more sustainable offerings and products at our hotels

We also acknowledge that climate change may present us with opportunities in the future such as improvement of resource efficiency and optimisation of associated costs, transition towards low emission energy sources leading to energy cost savings, reduced carbon taxation, innovations in products and services ahead of the market and guests' evolving expectations, and development of adaptive capacity to respond to climate change.

At the group-level and as part of our *Vision 2030* strategy, we are currently implementing climate mitigation and adaption efforts to help our transition to a low-carbon economy.

We closely monitor our performance and progress on carbon emissions, water efficiency and actions related to the mitigation of climate change such as adopting sustainable designs, installing energy efficient equipment to operate sustainably, mapping out climate risks at the property level and engaging stakeholders such as government, industry peers, think-tanks and more. Currently, each of our operations also have emergency response plans for extreme weather events.

We are developing science-based targets for our Scope 1, 2 and 3 GHG emissions with reference to industry benchmark and best practices, to ensure our goals are closely aligned with rigorous climate science, which will allow us to set out a course of long-term actions to decarbonise our operations.

Climate change is also expected to place increasing pressure on our supply chains and it is important for us to understand the impacts it will have particularly for our key products most vulnerable to environmental changes such as tea, coffee, chocolate, seafood, and cotton products. As part of our *Vision 2030* strategy, we are focused on working with our high-risk suppliers to improve traceability and sourcing practices to improve resilience in our supply chain.

One key principle of *Vision 2030* is to collaborate with other like-minded companies to help find solutions for our world's shared challenges, including in areas of climate change. For example, we recently sat on an advisory group and worked closely with industry peers, Greenview, World Travel & Tourism Council, Sustainable Hospitality Alliance, Pacific Asia Travel Association, and Tourism Declare to review and provide practical, industry feedback to the Net Zero Methodology for Hospitality.

Starting in 2021, we further integrated sustainability into our overall business and financing strategy by obtaining green financing mechanisms to generate working capital on sustainability-related capital expenditure and initiatives. As at 31 December 2022, we have signed a total of HK$10.5 billion sustainability-linked and green loans. More details on projects funded by our sustainability-linked and green loans can be found in our inaugural Green Finance Report.

Read our Green Finance Report

RISK MANAGEMENT

To enable our understanding of climate-related risks and opportunities that our business will face in the future, we have completed an initial qualitative scan of our climate risks. To further enhance our findings, we commenced work this year on asset-level physical climate-risk assessments for the coming decades. The assessment uses modelling which considers the impact of physical climate hazards, referencing climate and socioeconomic data from sources such as the Intergovernmental Panel on Climate Change (IPCC) and National Oceanic and Atmospheric Administration (NOAA), and the vulnerability of each asset type to deliver decision-relevant insights. The assessment is based on four Representative Concentration Pathways (RCP 2.6, 4.5, 6 & 8.5) in alignment with climate scenarios used by the IPCC. The findings from this assessment will be used to inform and further enhance our group's climate risk approach in the coming year.

At the asset level, we currently have mitigation measures already in place for physical climate events such as (a) maintaining comprehensive insurance coverage for properties and businesses, (b) enhancing the resilience of the physical structure through better design, upgrade and regular maintenance, and (c) establishing site and company level crisis management teams with business continuity plans to facilitate emergency responses. We also (d) install physical protections in the event of a natural disaster, (e) conduct regular evacuation drills and safety training to prepare our employees, (f) implement water-saving initiatives particularly in assets located in water-stressed regions. For long-term planning, we hope to integrate climate risks in the planning and design process of all future development and investment projects.

To help contextualise physical climate-risks our business face, the Board was also provided an update on global risks from the 2022 United Nations Climate Change Conference (COP27) and the World Economic Forum's (WEF) Global Risks Report 2022.

In the future, we plan to expand our assessment to include a longer-term horizon view, the quantification of financial impacts from these risks at the asset-level, and exploring climate-related transitional risks. We will have a better understanding of how these risks may impact our group's long-term strategy and planning upon having a more holistic picture of the climate-related risks we face. We are also aware of the multiplier effect and knock-on impact brought by climate change that may exacerbate other socioeconomic issues such as poverty, social inequality, supply chain disruption and more.

METRICS AND TARGETS

HSH is committed to reducing emissions within our own operations where possible and without impacting our offering to our guests. We publicly report our total energy use and emissions annually in our CRS Report.

To help facilitate our response to climate change, we have set group-wide targets and commitments in *Vision 2030* for greenhouse gas emissions, water efficiency and actions related to the mitigation of climate change such as adopting sustainable designs, mapping out climate risks at property level and engaging relevant stakeholders. Here are some of our key climate-related commitments:

- Use resources efficiently, prepare our operations for a low carbon economy
  - Reduce our key environmental impact from 2010 by:
    - 55% for carbon and water intensity
    - 35% for absolute carbon emissions
  - Increase the use of renewable and regenerative energy and water sources
  - Embed climate adaptation measures for existing operations and future investments

- Develop and operate sustainable properties
  - Align new developments and major renovations with international sustainable building standards

- Responsibly manage and divert our wastes
  - Achieve a waste diversion rate of 100% for food waste and recyclables by recycling, upcycling and reusing
  - Ensure proper disposal of hazardous waste
  - Increase usage of recyclable material

- Responsibly source key products and services by embedding environmental and social criteria

Details of our *Vision 2030* targets and sustainability performance data can be found in our CRS Report.

2022 OUTCOMES

In 2022 our total utility spend represents 9% of our operating costs. There is an increase of 27% in total spending across the group mainly attributable to improved business and the energy cost increase in the US and Europe. While we saw negative financial impact supplemented also by increase in insurance costs and expenditure to upgrade our properties in recent years, these financial impacts are still not considered material to our business at this time.

Green Finance Report

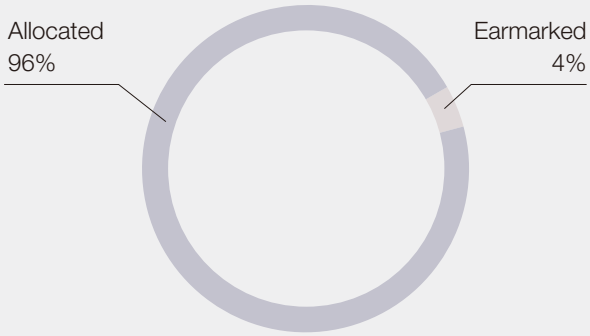
At HSH, we are committed to play a role in building a sustainable future in line with our *Sustainable Luxury Vision 2030 (Vision 2030)*. The renewed sustainability strategy places a deeper focus on business integration, placing sustainability at the heart of the company's business model and brand. Green financing has become an instrument for financial institutions and capital providers to fund green projects and channel investments into climate solutions. In 2021, we partnered with banks to secure our first sustainability-linked loan to support general working capital which may be used to fund sustainability-related capital expenditure and projects. In 2022, we expanded our green financing to include green loans. We will continue to include sustainability elements in our future financing strategy.

Green Financing Transactions

The HSH Green Financing Framework (the "Framework" or "GFF") was developed in August 2022 to demonstrate how the group could, with Green Financing Transactions ("GFTs"), unlock capital and fund projects that would scale positive environmental impact and foster sustainable practices in support of the group's sustainability strategy. GFTs will include bonds, loans, and other forms of debt financing used to fund or refinance projects that fall within Eligible Projects Categories as defined in the Framework.

This inaugural Green Finance Report will provide information on the allocation of net proceeds and impacts of its GFTs from 1 January 2022 to 31 December 2022. We will continue to report on this information on an annual basis in accordance with the Framework until full allocation of net proceeds.

Loan Type	Total Facility Amount (HKD)
Sustainability-linked Loan	3,654 million
Green Loan	6,844 million



Allocation of Proceeds for Green Loan (as of 31 December 2022)

	Green Loan	Green Loan
Allocated (HKD)	499 million	6,110 million
Earmarked (HKD)	–	235 million
Project	21 Avenue Kléber	The Peninsula London and Residences
Eligible Project Category	Green Building	Green Building
Financing Status	Existing facility in 2022[1]	Refinanced facility in 2022

[1] HSH converted an existing facility towards 21 Avenue Kléber to green loans with added green terms in 2021.

Green Project Updates

Project Name & Location	21 Avenue Kléber (Paris, France)
GFA & Building Specifications	44,218 GFA including 2 retail spaces and offices spaces located directly adjacent to The Peninsula Paris, steps away from the Arc de Triomphe
Years of Operation	Acquired since 2013
Green Building Certification	• Excellent level for BREEAM 2009: Europe Commercial – Offices (Shell only) • Outstanding level for HQE (Haute Qualité Environnementale)
Eligible Project Category	Green Building[2]
Net Proceeds Allocated	HKD 499 million
Green Element Examples	• Passive building design to reduce energy consumption including enhanced insulation on roofing and facades, and automatic light dimming based on natural light • Enhanced monitoring and optimisation of energy consumption through the installation of electrical metering system connected to a centralised building management system (BMS) • Minimise water consumption through installation of water efficient equipment such as low-flow flushing and shower in sanitary facilities • Promote waste management and recovery activities to tenants by provision of waste sorting facilities throughout the building and inclusion of waste management best practice and recommendations in lease specifications • All materials used for renovation and in contact with indoor air (such as carpeting, wall painting) are devoid of carcinogenic particles and fibres harmful to human health • Diverse and non-invasive flora placed in all outdoor spaces to promote ecology and biodiversity

[2] Please refer to p.16 for more details of our sustainable building approach.

Project Name & Location	The Peninsula London and Residences (London, U.K.)
Building Specifications	190-room hotel and 25 luxury Peninsula-branded residential apartments overlooking Hyde Park Corner and the iconic Wellington Arch
Expected Completion Date	Later in 2023
Green Building Certification	Pre-certified Excellent level for BREEAM 2011: New Construction version – hotel
Eligible Project Category	Green Building[3]
Net Proceeds Allocated	HKD 6,110 million

[3] Please refer to p.16 for more details of our sustainable building approach.

Independent Assurance Report

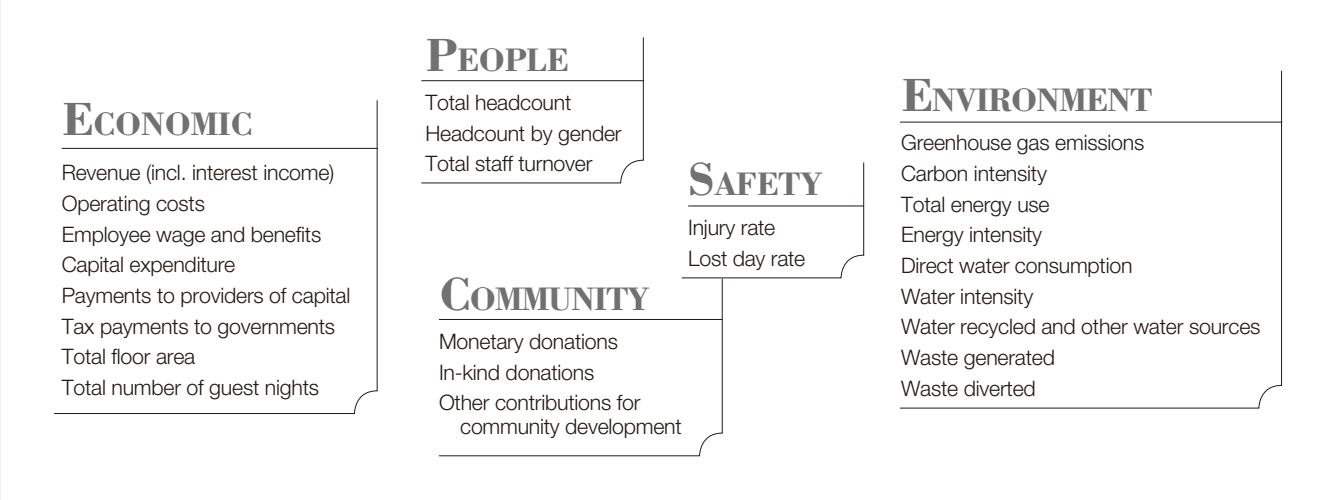
Independent practitioner's limited assurance report to the Directors of The Hongkong and Shanghai Hotels, Limited

KPMG was engaged by The Hongkong and Shanghai Hotels, Limited ("HSH") to undertake a limited assurance engagement on identified elements ("Identified Elements") of the Corporate Responsibility and Sustainability Report and Sustainability Data Statement 2022 of HSH (further referred to as "the Report") for the year ended 31 December 2022 being prepared in accordance with the Applicable Criteria as explained below.

Identified Elements of the Report

The Identified Elements are as follows:

- The following data points and relevant narratives included in the Report on pages 2 to 50, and the following data points as included in the Sustainability Data Statement on page 61 ("Sustainability Information").
- Allocation of green loan proceeds to Eligible Project Categories as presented on page 56 of the Report ("Green Loan Information")



Responsibilities of the Directors of The Hongkong and Shanghai Hotels, Limited

The Directors of HSH are responsible for the preparation of the Identified Elements in accordance with the Applicable Criteria, being the Environmental, Social and Governance Reporting Guide, Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("HKEX ESG Guide") in respect of Sustainability Information, and the HSH Green Financing Framework in respect of Green Loan Information. This responsibility includes the design, implementation and maintenance internal control relevant to the preparation of Identified Elements.

Inherent limitations

Greenhouse gas quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Responsibilities of the independent assurance provider

Our responsibility is to express a conclusion to the Directors of HSH based on our limited assurance procedures referred to below as performed over the Identified Elements of the Report. Our independent limited assurance report is made solely to HSH in accordance with the terms of our engagement. Our work has been undertaken so that we might state to the Directors of HSH those matters we have been engaged to state in this independent limited assurance report and for no other purpose. We do not accept or assume responsibility to anyone other than HSH for our work, for this independent limited assurance report, or for the conclusion we have reached.

Independent Assurance Report

Basis of our work

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information and ISAE 3410, Assurance Engagements on Greenhouse Gas Statements. These standards require the assurance team to possess the appropriate knowledge, skills and professional competencies needed to perform the assurance engagement.

Our independence and quality management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Work performed

A limited assurance engagement undertaken involves assessing the suitability in the circumstances of HSH's use of Applicable Criteria as the basis for the preparation of the Identified Elements, assessing the risks of material misstatement of the Identified Elements whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Identified Elements.

Our limited assurance engagement on the Identified Elements of the Report consists of making inquiries, primarily of persons responsible for the preparation of Identified Elements presented in the Corporate Responsibility and Sustainability Report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures include:

- Conducting interviews with management and staff responsible for the collection and review of Identified Elements at HSH Head Office and selected business unit level to obtain an understanding of the information collection process;
- Examining and evaluating the systems and processes in place to generate, aggregate and report the Identified Elements;
- Agreeing the Identified Elements, on a sample basis, to underlying calculations and supporting schedules;
- Performing an analytical review of data provided by each operation and investigating, through discussion with management, key movements compared to prior year, expectations and targets;
- Reading the Sustainability Reporting Content Index on page 64 of the Report to determine whether it is in line with our understanding of HKEX ESG Guide;
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of the sustainability performance of HSH.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Conclusion

Based on the limited assurance procedures and the evidence obtained, nothing has come to our attention that causes us to believe that the Identified Elements, as described above, of the Corporate Responsibility and Sustainability Report and Sustainability Data Statements 2022 of HSH for the year ended 31 December 2022, are not prepared, in all material respects, in accordance with the Applicable Criteria.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
15 March 2023

Sustainability Data Statements

This section provides statistical information on the group's sustainability performance. To facilitate stakeholders in understanding and benchmarking our corporate responsibility performance, our reporting follows the HKEX ESG Guide and GRI Standards.

As the pandemic continued into 2022 in some of our key markets, we had to temporarily make adjustments to our operations in response to local COVID-19 measures. Despite our best efforts to remain agile, these operational changes have negatively impacted the progress of our sustainability activities as well as collaborations with our partners, many of whom faced similar challenges. As a result, some of our corporate responsibility and sustainability (CRS) metrics are skewed or negatively affected. Please bear this in mind when reading the CRS statistics in this year's annual report, explanations for significant data changes are included in the footnotes below. We will continue to closely monitor our sustainability performance, implement group and property-level initiatives, and continue to contribute to our long-term sustainability goals guided by our *Sustainable Luxury Vision 2030*.

1. Performance Highlights (1)

			2022	2021	2020	2019	2018	2010 Baseline
Economic	**Revenue (incl. interest income)**	HK$m	**4,204**	3,465	2,715	5,888	6,232	
	Operating costs	HK$m	**1,706**	1,388	1,133	2,049	2,241	
	Employee wage and benefits	HK$m	**1,966**	1,562	1,511	2,294	2,291	
	Capital expenditure	HK$m	**2,030**	2,050	1,585	1,590	1,490	
	Payments to providers of capital	HK$m	**295**	165	215	242	195	
	Tax payments to governments (2)	HK$m	**261**	229	355	330	486	
	Total floor area	'000 m^2	**647**	646	646	652	652	
	Total number of guest nights (3)	'000	**790**	604	384	1,277	1,333	
Workforce	**Headcount (4)**		**6,439**	5,866	5,609	7,451	7,594	
	Turnover (4)	%	**23.8%**	24.3%	31.5%	19.7%	21.9%	
	Headcount by Gender	% Female	**41.0%**	40.5%	40.5%	41.6%	42.6%	
	Injury rate (5)	incidents per 100 employees	**3.6**	3.0	2.5	3.9	3.5	
	Lost day rate (5)	days per 100 employees	**49.6**	71.1	47.4	74.4	57.7	
Environment (6)	**Greenhouse gas emissions**	'000 tCO_2e	**79**	72	68	96	99	124
	Group carbon intensity	kg CO_2e per m^2	**122**	112	105	148	153	213
	Total energy use (7)	'000 GJ	**710**	654	572	822	853	884
	Energy intensity (7)	MJ per m^2	**1,097**	1,012	885	1,272	1,320	1,518
	Direct water consumption	'000 m^3	**1,302**	1,168	941	1,526	1,673	1,674
	Water intensity							
	Hotels Division (8)	litres per guest night	**1,395**	1,636	2,010	1,014	1,075	1,346
	Commercial Properties and Clubs	litres per m^2	**962**	839	870	959	907	962
	Water recycled and other water sources	'000 m^3	**382**	337	372	484	448	142
	Waste diversion rate (9)	%	**52.7%**	48.3%	48.8%	51.0%	51.1%	
Community	**Monetary Donations (10)**	HK$'000	**941**	1,549	3,157	2,025	2,519	
	In-kind Donations (10)	HK$'000	**2,706**	1,807	1,988	7,403	7,502	
	Other contributions for community development (11)	HK$'000	**2,451**	1,193	380	1,606	2,796	

Footnotes:

(1) Please refer to page 62 for the scope of businesses covered in the reporting of workforce, environment and community performance. 2010 baseline year for carbon, energy and water metrics has been adjusted to exclude Thai Country Club for more accurate benchmarking, as we ceased ownership and operational control of the property from 2020 onwards. Construction projects including The Peninsula London, The Peninsula Istanbul and the Peak Tram Upgrade were not included in data reported in this Report unless specified.

(2) Inclusive of corporate income tax, property and real estate tax, payroll tax and other corporate taxes.

(3) Calculation based on actual number of guests that occupied each of the rooms and suites in the relevant year.

(4) Year-end data as at 31 Dec 2022. Headcount data only covers full-time employees working full number of hours per week for that particular position. Voluntary turnover rate, which covers full-time employees left employment based on their own decision to resign stands at 20.1%.

(5) Increased injury rates mainly attributable to more staff returning to full work capacity upon hotels resuming operations in 2022. Over 98% of the reported incidents did not require a hospital stay, and thus not considered severe injuries. The injury rate for severe cases is at 0.07 per 100 employees. There was no incident of occupational disease recorded.

(6) As hotel business slowly recovered, there were more guests staying at our hotel leading to an increase of total energy and water use by 8% and 12% respectively. Hotel water intensity reduced by 15% as the data was normalised by increased guest nights, while water intensity for commercial properties, clubs & services increased by 15% due to business recovery. Please refer to pages 12 to 15 for detailed explanation of the changes.

(7) Vehicle fuel consumption is not included in the total energy use and energy intensity reported.

(8) Includes all water uses in the hotels, not just those used by guests directly.

(9) Grease trap waste, hazardous waste and construction waste were not included in the waste data reported.

(10) Monetary donation decreased from last year as several COVID-19 relief programmes ended in 2021. In contrast, in-kind donation increased by 50% from last year as we support charities through sponsorship, fund raising and gala or other forms of contributions that are able to benefit the local community directly.

(11) Relates to contributions made to non-charitable organisations on projects supporting the wider community, for example, the Hong Kong Heritage Project, an archive project for preserving valuable historical records of the Kadoorie family and its businesses that are mostly based in Hong Kong.

Sustainability Data Statements

2. CRS Performance

Explanations for significant data changes are included in the main report text or in the footnotes below, as indicated. Group Performance can either be a total number or a weighted average (i.e. ratio or intensity) depending on the methodology used.

(a) Workforce data reported covers the group's hotel operations (including corporate office operations in Hong Kong, Beijing, Bangkok, Shanghai, London, Istanbul and the US) and commercial properties, clubs and services operations.

(b) Environment data reported covers the group's hotel operations (not including office operations), The Repulse Bay Complex, The Peak Tram Complex, St. John's Building, The Landmark, the Peninsula Shanghai Residences, Quail Lodge & Golf Club, and Tai Pan Laundry.

(c) Community data reported covers hotel operations and head office in Hong Kong, The Repulse Bay Complex, The Peak Tram Complex, St. John's Building, The Landmark, Quail Lodge & Golf Club, The Peninsula Merchandising, and Tai Pan Laundry.

(d) 2010 baseline year for carbon, energy and water metrics has been adjusted to exclude Thai Country Club for more accurate benchmarking, as we ceased ownership and operational control of the property from 2020 onwards.

(e) Construction projects including Peninsula London, Peninsula Istanbul and Peak Tram Upgrade were not included in data reported in this Report unless specified.

			2022			2021			2020			2010	
		Hotels	**Commercial Properties, Clubs & Services**	**Group**	Hotels	Commercial Properties, Clubs & Services	**Group**	Hotels	Commercial Properties, Clubs & Services	**Group**	Hotels	Commercial Properties, Clubs & Services	**Group**
Workforce													
Total Headcount [1]		**5,344**	**1,095**	**6,439**	4,806	1,060	**5,866**	4,511	1,098	**5,609**			
Male		**58.1%**	**63.1%**	**59.0%**	58.4%	64.6%	**59.5%**	58.3%	64.6%	**59.5%**			
Female		**41.9%**	**36.9%**	**41.0%**	41.6%	35.4%	**40.5%**	41.7%	35.4%	**40.5%**			
by Management Role													
Management		**20.9%**	**11.5%**	**19.2%**	19.8%	11.8%	**18.1%**	21.7%	14.9%	**20.4%**			
Non-management		**79.1%**	**88.5%**	**80.8%**	80.2%	88.2%	**81.9%**	78.3%	85.1%	**79.6%**			
Employees under Collective Bargaining		**20.2%**	**17.2%**	**19.7%**	22.6%	19.3%	**22.0%**	20.3%	17.1%	**19.7%**			
Total Turnover Rate [2]		**23.1%**	**26.8%**	**23.8%**	23.3%	28.5%	**24.3%**	31.5%	31.5%	**31.5%**			
Under 30 years old		**42.0%**	**47.4%**	**42.6%**	39.2%	49.3%	**40.5%**	38.4%	46.2%	**39.5%**			
30 to 50 years old		**20.6%**	**22.8%**	**21.0%**	19.7%	23.9%	**20.3%**	24.8%	32.9%	**26.1%**			
Over 50 years old		**11.5%**	**24.7%**	**14.9%**	16.9%	27.0%	**19.9%**	42.3%	23.4%	**36.7%**			
Average training spend [3]	per full time equivalent	**HK$1,238**	**HK$220**	**HK$1,059**	HK$582	HK$46	**HK$286**	HK$974	HK$257	**HK$808**			
Injury Rate [4][5]	incidents per 100 employees	**3.8**	**2.5**	**3.6**	2.3	5.7	**3.0**	2.2	3.4	**2.5**			
Lost Day Rate [4][5]	days per 100 employees	**56.3**	**21.5**	**49.6**	36.4	214.3	**71.1**	48.8	42.0	**47.4**			
Absentee Rate [4]	days per employee	**8.2**	**11.2**	**8.8**	6.2	9.1	**6.8**	5.9	6.5	**6.0**			
Environment [6]													
Greenhouse gas emissions [7]	'000 tCO_2e	**66**	**13**	**79**	59	14	**72**	54	14	**68**	104	20	**124**
Scope 1 emission	'000 tCO_2e	**12**	**4**	**16**	10	5	**15**	8	4	**12**	18	5	**23**
Scope 2 emission [8]	'000 tCO_2e	**54**	**9**	**63**	48	9	**57**	46	10	**56**	86	15	**101**
Carbon intensity	kg CO_2e per m^2	**135**	**84**	**122**	120	87	**112**	112	85	**105**	232	151	**213**
Total energy use [9][10][11]	'000 GJ	**602**	**108**	**710**	542	112	**654**	472	100	**572**	752	132	**884**
Direct energy use	'000 GJ	**157**	**56**	**213**	137	60	**197**	123	49	**172**	222	60	**282**
Indirect energy use	'000 GJ	**445**	**52**	**497**	405	52	**457**	348	51	**400**	530	72	**602**
Energy intensity [12]	MJ per m^2	**1,235**	**676**	**1,097**	1,113	703	**1,012**	968	630	**885**	1,683	975	**1,518**
Direct water consumption [13][14][15]	'000 m^3	**1,102**	**200**	**1,302**	988	180	**1,168**	772	169	**941**	1,456	217	**1,674**
Water intensity [16]													
Hotels	litres per guest night	**1,395**	**–**	**–**	1,636	–	**–**	2,010	–	**–**	1,346	–	**–**
Commercial Properties and Clubs	litres per m^2	**–**	**962**	**–**	–	839	**–**	–	870	**–**	–	962	**–**
Water recycled and other water sources	'000 m^3	**54**	**327**	**382**	34	303	**337**	72	300	**372**	142	–	**142**
Waste generated [13][17]	tonnes	**5,060**	**361**	**5,421**	3,969	268	**4,237**	3,288	211	**3,499**	–	–	**–**
Waste diverted [13][17][18]	tonnes	**2,752**	**104**	**2,856**	2,002	43	**2,045**	1,663	43	**1,706**	–	–	**–**
Emission of ozone depleters	kg CFC-11e	**16.6**	**0.3**	**16.9**	32.6	2.1	**34.7**	20.5	1.4	**21.9**	115.7	17.2	**132.9**
Community													
Monetary donations [19]	HK$'000	**294**	**647**	**941**	508	1,040	**1,549**	2,658	499	**3,157**			
In-Kind donations [19]	HK$'000	**2,266**	**441**	**2,706**	1,167	640	**1,807**	1,033	955	**1,988**			
Other contributions for community development [20]	HK$'000	**–**	**–**	**2,451**	–	–	**1,193**	–	–	**380**			
Community outreach													
Service hours	hours	**6,384**	**725**	**7,109**	5,776	599	**6,375**	5,082	674	**5,756**			
Employee volunteers		**713**	**103**	**816**	788	177	**965**	545	60	**605**			

Footnotes:

1. Year-end data as at 31 Dec 2022. Headcount data only covers full-time employees working full number of hours per week for that particular position, as more than 90% are full-time employees. Part-time employees working on permanent, fixed term and at will contracts, non-contracted employees and daily contingent casual labour were not included in the reporting scope. Full-time equivalent (as of Dec 31) is 6,985, this includes employee working on a part time basis (e.g. two part-time employees working half day are counted as one full-time equivalent).
2. Total turnover rate covers all full-time employees who left the company. "Full Time" means that the employee works full time number of hours per week for that particular position. Voluntary turnover rate covers full-time employees left employment based on their own decision to resign, stands at 20.1%.
3. Average training spend is based on total annual training spend per full-time equivalent. Training spend has increased from last year with programmes slowly resuming post-pandemic and continue to be facilitated through a mix of bespoke in-house programmes, and digital training programmes which were made available to all employees on our eHR Suite.
4. Injury, lost day and absentee rates recorded does not include The Peninsula Beverly Hills, as the methodology used for monitoring sick days is slightly different where sick days is defined as paid time off. Therefore, related data from The Peninsula Beverly Hills is not available.
5. Increased injury rates mainly attributable to more staff returning to full work capacity upon hotels resuming operations in 2022. Refer to page 41 in report for details. Over 98% of the reported incidents did not require a hospital stay, and thus not considered severe injuries. The injury rate for severe cases is at 0.07 per 100 employees. There was no incident of occupational disease recorded.
6. As hotel business slowly recovered, there were more guests staying at our hotel leading to an increase of total energy and water use by 8% and 12% respectively. Hotel water intensity reduced by 15% as the data was normalised by increased guest nights, while water intensity for commercial properties, clubs & services increased by 15% due to business recovery. Please refer to pages 12 to 15 of the report for detailed explanation of the changes.
7. Carbon emissions generated from Hong Kong Towngas includes both scope 1 (combustion) and scope 2 (generation and transportation) as required under Hong Kong Carbon Accounting guidelines. For other countries the extraction, generation and transportation process are considered as scope 3 under GHG Protocol and other international standards, and are therefore excluded.
8. Scope 2 GHG emissions data presented are calculated based on the market-based method as per the GHG Protocol Scope 2 Guidance. (2022 location-based Scope 2 GHG emissions was 63,864 tonnes CO2e).
9. On-site solar farm at Quail Lodge & Golf Club generated 1,508,410 kwh renewable energy in 2022, it accounts for 1.3% of the group's total electricity use.
10. Vehicle fuel consumption is not included in the total energy use and energy intensity reported.
11. 2022 direct energy consumption by source was 165,119 GJ of gas, 1,565 GJ liquefied petroleum gas and 46,277 GJ of diesel oil, while our indirect energy consumption by source were 423,753 GJ of electricity, 14,803 GJ of chilled water and 57,215 GJ of purchased steam.
12. 2021 energy intensity for Commercial Properties, Clubs & Services has been restated to accurately reflect Quail Lodge & Golf Club's energy consumption with consideration to the on-site renewable energy generated and exported to local electricity grid.
13. The Repulse Bay tenants, The Peak Complex, St. John's Building and The Landmark Vietnam are excluded for water and waste data. Business nature of these properties are different from hotels and other commercial properties, as water consumption and waste disposal are largely determined by number of tenants (or visitors) and their behaviour, where we have limited control.
14. Direct water consumption refers to water obtained from municipal source; water captured directly are reported under recycled and other water sources.
15. Includes all water uses in the hotels such as restaurant, spa, etc, not just those used by guests directly.
16. Water intensity of Tai Pan Laundry (16.6 litres per kilogram washed in 2022, increased by 29% from 2021) is excluded as its intensity is measured on different metrics from that of commercial properties and clubs. In 2022, Tai Pan Laundry's new facility has been added to the reporting scope.
17. Total waste generated and diverted increased significantly mainly due to increased guest stays.
18. Group waste diversion rate in 2022 is 52.7%. Grease trap waste, hazardous waste and construction waste were not included in the waste data reported.
19. Monetary donation decreased from last year as several COVID-19 relief programmes ended in 2021. In contrast, in-kind donation increased by 50% from last year as we support charities through sponsorship, fund raising and gala or other forms of contributions that are able to benefit the local community directly.
20. Relates to contributions made to non-charitable organisations on projects supporting the wider community, for example, the Hong Kong Heritage Project, an archive project for preserving valuable historical records of the Kadoorie family and its businesses, mostly based in Hong Kong.

Sustainability Reporting Content Index

The following table summarises the information disclosed in this report in accordance to HKEX ESG Guide. HSH has also reported the information cited in this GRI content index for the period 1 January 2022 to 31 December 2022 with reference to the GRI Standards and SASB. Alignment with these reporting standards must be read from this table for full details and context. KPMG was commissioned to conduct assurance of this report and to provide an independent limited assurance opinion on whether identified elements of the reported information are disclosed in accordance with the HKEX ESG Guide. Details of its report can be found on pages 59 to 60.

In case of any discrepancy in the disclosures between the HKEX ESG Guide, GRI Standards or SASB, the HKEX ESG Guide shall take precedence due to the Company's disclosure obligation per its listing on the HKEX. References to the 2022 Annual Report in the page/section column will be abbreviated as "AR".

GRI Standards	ESG Guide	SASB	Page/Section	Remarks/Reasons of Omission
GRI 2: General Disclosures 2021				
2-1 Organizational details	–	SV-HL-000.A to D	About this Report; AR Company at a Glance; AR Ten Year Operating Statistics; AR Ten Year Financial Summary	
2-2 Entities included in the organisation's sustainability reporting	MDR 15		About this Report; Sustainability Data Statement	
2-3 Reporting period, frequency and contact point	–		About this Report	Report publication date: 31 March 2023
2-4 Restatements of information	–		Sustainability Data Statement	Restatement of information: 2010 baseline year for carbon, energy and water metrics has been restated to exclude Thai Country Club for more accurate benchmarking, as we ceased ownership and operational control of the property from 2020 onwards. 2021 energy intensity for Commercial Properties, Clubs, and Services has been restated to to accurately reflect Quail Lodge & Golf Club's energy consumption with consideration to the on-site renewable energy generated and exported to local electricity grid.
2-5 External assurance	–		Independent Assurance Report	
2-6 Activities, value chain and other business relationships	–		About this Report; AR Company at a Glance; AR Ten Year Operating Statistics; AR Ten Year Financial Summary; Our Guests – P. 25–28, Our Communities – P. 47–48	No significant change in the organisation's activities, value chain and other business relationships compared to previous reporting period. In 2022, a new Tai Pan Laundry site (623 sq.m) was added to the reporting scope.

GRI Standards	ESG Guide	SASB	Page/Section	Remarks/Reasons of Omission
GRI 2: General Disclosures 2021				
2-7 Employees	B1.1		Sustainability Data Statement	Employee Statistics by region: Asia: 4,269 Non-Asia: 2,170 Majority (over 90%) of the workforce is hired under full time and permanent contract but it is not material to breakdown in these categories. Instead, full time equivalent (FTE) data is disclosed which also includes employees working on part-time or temporary basis, please refer to page 63. There were no significant variations in the number reported.
2-8 Workers who are not employees	B1.1		Sustainability Data Statement	Less than 10% of the workforce is hired under contract or casual basis. These workers are typically hired to perform on-demand work such as events or banquets and to support general operation during festive or peak seasons. Full time equivalent (FTE) data is disclosed which also includes employees working on part-time or temporary basis, please refer to page 63. There were variations in the number reported in hotels that faced COVID-related closures or had reduced operations during the reporting period. Due to challenging recruitment environment in hotels that have resumed business, more casual workers may have been hired to support operations locally.
2-9 Governance structure and composition	MDR 13		Our Sustainability Vision; AR Corporate Governance Report	
2-10 Nomination and selection of the highest governance body	–		AR Corporate Governance Report; AR Nomination Committee Report	
2-11 Chair of the highest governance body	–		AR Corporate Governance Report	
2-13 Delegation of responsibility for managing impacts	–		Our Sustainability Vision; AR Group Corporate Responsibility Committee Report	
2-14 Role of the highest governance body in sustainability reporting	–		Our Sustainability Vision	
2-15 Conflicts of interest	–		AR Corporate Governance Report – P. 162	

GRI Standards	ESG Guide	SASB	Page/Section	Remarks/Reasons of Omission
GRI 2: General Disclosures 2021				
2-17 Collective knowledge of the highest governance body	–		AR Corporate Governance Report	
2-22 Statement on sustainable development strategy	MDR 13		AR Letter from the Chairman; AR CEO Statement and Strategic Review; Our Sustainability Vision	
2-26 Mechanisms for seeking advice and raising concerns	–		–	Please refer to our Code of Conduct and Speak Up Policy for more details.
2-27 Compliance with laws and regulations	A1, B6.2	SV-HL-310a.2	–	No significant instances of non-compliance with laws and regulations resulting in fines or non-monetary sanctions for non-compliance was recorded in 2022.
2-28 Membership associations	–		AR Engaging with our Stakeholders; Our Communities – P. 49–50	
2-29 Approach to stakeholder engagement	–		Stakeholder Engagement and Materiality; AR Engaging with our Stakeholders	
2-30 Collective bargaining agreements	–		Sustainability Data Statement	20% of total employees are covered by collective bargaining agreements in 2022.

Material Topics	GRI Standards	ESG Guide	SASB	Page/Section	Remarks/ Reasons of Omission
Material Topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	MDR 14: Materiality		Stakeholder Engagement and Materiality	
	3-2 List of material topics	MDR 14: Materiality		Stakeholder Engagement and Materiality; Sustainability Reporting Content Index	
Economic Performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	–		AR CEO Statement and Strategic Review	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	–		Sustainability Data Statements; AR Financial Statements	
	202-2 Financial implications and other risks and opportunities due to climate change	A4.1		Climate-related Disclosures	
	201-3 Defined benefit plan obligations and other retirement plans	B1		AR Financial Statements – Employee Retirement Benefits	
	201-4 Financial assistance received from government	–		AR Financial Statements	
Market Presence					
GRI 3: Material Topics 2021	3-3 Management of material topics	B1		Our People; AR Our Leadership – Diversity	
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	–		–	Majority of senior management are hired from the local community.

Material Topics	GRI Standards	ESG Guide	SASB	Page/Section	Remarks/ Reasons of Omission
Procurement Practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	B5		Our Guests – P. 25–28; Our Communities – P. 47–48	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	–		Our Guests – P. 25–28; Our Communities – P. 47–48	We monitor material issues such as sourcing of perishable goods, 61% were sourced locally and regionally during the reporting period.
	–	B5.1		Our Guests – P. 25–28; Our Communities – P. 47–48	HSH has operations in Asia-Pacific, US, Europe and therefore, we have a wide diversity of suppliers located in all geographical regions. We are still exploring effective ways to keep track of such data.
	–	B5.2, B5.3, B5.4		Our Guests – P. 25–28; Our Communities – P. 47–48	Currently, we have policies in place to encourage local sourcing and our Modern Slavery Statement also lists out the actions we have taken to manage social risks in our supply chain.
		B5.4		Our Guests – P. 25–28	We support animal welfare through our group-wide commitment to source 100% cage-free eggs by 2025. As at 2022, 50% of total egg spend is from cage-free eggs, with 14% adoption rate in Asia region and 86% in Non-Asia region.
Anti-corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics	B7		Our People – Ethical Conduct	Please refer to our Code of Conduct and Speak Up Policy for more details. No significant fines or non-monetary sanctions for non-compliance was recorded during the reporting period.
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	B7.1		–	No identified legal cases regarding corrupt practices were recorded during the reporting period.
	–	B7.2		Our People – Ethical Conduct	
	–	B7.3		Our People – Ethical Conduct	Reading materials on anti-corruption were provided to directors.

Material Topics	GRI Standards	ESG Guide	SASB	Page/Section	Remarks/ Reasons of Omission
Anti-competition					
GRI 3: Material Topics 2021	3-3 Management of material topics	–		–	Please refer to our Code of Conduct for more details. Group Legal and the Head Office Competition Committee have oversight of all issues related to anti-competition.
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	–		–	No identified cases regarding anti-competitive behavior and violations of anti-trust and monopoly legislation were recorded during the reporting period.
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	A2		Our Guest – P. 12–15	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	A2.1	SV-HL-130a.1	Our Guest – P. 12–15; Sustainability Data Statement	60% of energy consumed was supplied from grid electricity. On-site solar farm at Quail Lodge & Golf Club generated 1,508,410 kwh renewable energy in 2022, which accounts for 1.3% of the group's total electricity use.
	302-3 Energy intensity	A2.1		Our Guest – P. 12–15; Sustainability Data Statement	
	302-4 Reduction of energy consumption	A2.3		Our Guest – P. 12–15; Sustainability Data Statement	
Water and effluents					
GRI 3: Material Topics 2021	3-3 Management of material topics	A2, A3		Our Guest – P. 12–15	
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	A2.2, A2.4	SV-HL-140a.1	Our Guest – P. 12–15; Sustainability Data Statement	Group total water consumption is 1,684,215 m^3. Direct water consumption in: high baseline water stress area is 208,493 m^3 (accounts for 12% of the total water withdrawal); extremely high baseline water stress area is 189,320 m^3 (accounts for 11% of the total water withdrawal.) Seawater is used for flushing in Hong Kong, the consumption amount is not considered to be material to HSH, and therefore, was not included in the scope.

Material Topics	GRI Standards	ESG Guide	SASB	Page/Section	Remarks/ Reasons of Omission
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	A1, A3		Our Guest – P. 12–15	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	A1.1 A1.2		Our Guest – P. 12–15; Sustainability Data Statement	Greenhouse gases included in the emissions calculation included CO_2, CH_4 and N_2O as a result of the consumption of fuel oil, diesel, petrol, natural gas, town gas and Tokyo Gas. Fugitive emissions in CFCs and HCFCs from the consumption of refrigerants were also included in the calculations. All greenhouse gases are reported in CO_2 equivalents.
	305-2 Energy indirect (Scope 2) GHG emissions	A1.1 A1.2		Our Guest – P. 12–15; Sustainability Data Statement	Refer to response above.
	305-4 GHG emissions intensity	A1.2		Our Guest – P. 12–15; Sustainability Data Statement	Refer to response above.
	305-5 Reduction of GHG emissions	A1.5		Our Guest – P. 12–15; Sustainability Data Statement	Refer to response above.
	305-6 Emissions of ozone-depleting substances (ODS)	A1.1		Sustainability Data Statement	Refer to response above.
Waste					
GRI 3: Material Topics 2021	3-3 Management of material topics	A1, A3		Our Guest – P. 21–24	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	A1.4		Our Guest – P. 21–24	
	306-2 Management of significant waste-related impacts	A1, A3		Our Guest – P. 21–24	Our waste is handled and disposed of by our waste contractors according to local regulations or through take back programmes from the suppliers.
	306-3 Waste generated	A1.3, A1.4		Sustainability Data Statement	Less than 1% of our waste generated is hazardous waste, and therefore is not a material issue to HSH.
	306-4 Waste diverted from disposal	A1.6		Sustainability Data Statement	Recyclables are sent to off-site recycling facilities or upcycled by our partnering organisations where possible. We currently do not track the amount of materials we re-use within our operations.
	306-5 Waste directed to disposal	A1.4, A1.6		Sustainability Data Statement	Waste sent to landfill and incinerator are 2,163 tonnes and 402 tonnes respectively.

Material Topics	GRI Standards	ESG Guide	SASB	Page/Section	Remarks/ Reasons of Omission
The Environment and Natural Resources					
	–	A2.5		–	We are still exploring a practical way to monitor the use of packaging materials and ensure data accuracy. We aim to report on the quantity of packaging materials in the future.
	–	A3.1		Our Guest – P. 12–15	
	–	–	SV-HL-160a.1.	–	We do not have any lodging facilities operated, owned, leased, or franchised in sites with protected conservation status, or areas of endangered species habitat.
	–	–	SV-HL-160a.2.	Our Guest – P. 25–28	Most of our entities are located in cities. We preserve ecosystem services indirectly through sustainable procurement of our seafood, paper products, cleaning products, tea, coffee and chocolate etc. We continue to implement international green building standards (e.g. BREEAM) to reduce our environmental impact in new projects and major renovations.
Climate Change					
	–	A4, A4.1	SV-HL-450a.1.	Climate-related Disclosures	
Employment					
GRI 3: Material Topics 2021	3-3 Management of material topics	B1	SV-HL-310a.2.	Our People – P. 34–39	HSH complies with relevant employment and labour laws and regulations in cities that we operate. There were no fines incurred due to law violations.
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	B1.2		Sustainability Data Statements	In the spirit of conciseness and materiality, we only provide employee turnover by age group.
	401-3 Parental leave	–		–	Eligible employees receive parental leave based on local regulations; we do our best to encourage return to work for all employees where possible.
	–	–	SV-HL-310a.1.	Sustainability Data Statements	Voluntary turnover rate: 20.1% Total turnover rate: 23.8%

Material Topics	GRI Standards	ESG Guide	SASB	Page/Section	Remarks/ Reasons of Omission
Labour/Management Relations					
GRI 3: Material Topics 2021	3-3 Management of material topics	B1		Our People – P. 34–39	
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	–		–	In the case of any significant operational changes that would substantially affect our employees, we keep them informed well in advance, typically with a minimum notice period of 1 to 12 weeks. This is also specified in collective bargaining agreements where they apply.
	–	–	SV-HL-310a.3.	–	All our employees are earning at least minimum wage or above. We are currently reviewing Living Wage for some of our operations.
Occupational Health & Safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	B2, B2.3		Our People – P. 40–41	HSH complies with relevant health and safety laws and regulations in cities that we operate.
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	B2		Our People – P. 40–41	
	403-2 Hazard identification, risk assessment, and incident investigation	B2.3		Our People – P. 40–41	
	403-4 Worker participation, consultation, and communication on occupational health and safety	B2.3		Our People – P. 40–41	
	403-5 Worker training on occupational health and safety	B2.3		Our People – P. 40–41	
	403-9 Work-related injuries	B2.1, B2.2		Our People – P. 40–41; Sustainability Data Statements	Total number of hours worked is 12,011,322 hours. Based on GRI methodology, recordable injury rate is 8.23 per 200,000 hours worked. There were 4 cases of high-consequence work-related injury and we recorded no fatalities due to injury in 2022. We currently do not track total number of hours worked for non-full time or non-permanent contract employees, so we are not able to calculate their recordable injury rate based on GRI methodology. However, we do track injury cases for casual workers, trainees and contractors working within our premises. In 2022, there were 20 injury cases recorded which required doctor consultation or hospital stays.

Material Topics	GRI Standards	ESG Guide	SASB	Page/Section	Remarks/ Reasons of Omission
Training and education					
GRI 3: Material Topics 2021	3-3 Management of material topics	B3		Our People – P. 34–39	
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs			Our People – P. 34–39	Our learning and development programmes include opportunities for skills upgrading; where relevant, we provide transition assistance programmes e.g. operations closure.
	–	B3.1, B3.2		Sustainability Data Statements	We provide training as part of one's role and training needs, regardless of gender, other diversity factors and management/non-management role.
Diversity and equal opportunity					
GRI 3: Material Topics 2021	3-3 Management of material topics	B1		Our People – P. 34–39; AR Corporate Governance Report – Board diversity	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	B1.1		AR Corporate Governance Report – Board diversity; Sustainability Data Statements	Board Membership Statistics: • by gender: 18% female and 82% male • by age group: 12% between 30 to 50; 88% over 50 Employee Statistics: • by gender: refer to Sustainability Data Statement • by age group: 20% under 30; 54% between 30 to 50; 25% over 50
Non-discrimination					
GRI 3: Material Topics 2021	3-3 Management of material topics	B1		Our People – P. 34–39	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	B1		Our People – P. 34–39	Two reports of workplace discrimination in 2022. One case brought on by a former employee is now closed with compensations made accordingly. The other case is undergoing investigation at the time of writing.
	–	–	SV-HL-310a.4.	Our People – P. 34–39	No sexual harassment cases reported in 2022. Please refer to our Code of Conduct and Speak Up Policy for more details.

Material Topics	GRI Standards	ESG Guide	SASB	Page/Section	Remarks/ Reasons of Omission
Freedom of Association and Collective Bargaining					
GRI 3: Material Topics 2021	3-3 Management of material topics	B1		–	HSH complies with relevant laws and regulations in relation to employees entering collective bargaining agreements.
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	–		–	No known risks identified within our operations and in our suppliers.
Child labour					
GRI 3: Material Topics 2021	3-3 Management of material topics	B4		Our People – P. 34–39; Our Communities – P. 47–48	HSH complies with relevant laws and regulations in relation to preventing child and forced labour. Please refer to our Modern Slavery Statement.
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	B4.1, B4.2		Our People – P. 34–39; Our Communities – P. 47–48	No known significant risks identified within our operations. We strive to mitigate all potential supply chain risks within our sphere of influence through HSH Supplier Code of Conduct.
Forced or compulsory labour					
GRI 3: Material Topics 2021	3-3 Management of material topics	B4		Our People – P. 34–39; Our Communities – P. 47–48	HSH complies with relevant laws and regulations in relation to preventing child and forced labour. Please refer to our Modern Slavery Statement.
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	B4.1, B4.2		Our People – P. 34–39; Our Communities – P. 47–48	Our Code of Conduct and Modern Slavery Statement outlines our commitment to respecting human rights including our position against child labour and human trafficking, and use of child labour and forced labour in our supply chain.
Local communities					
GRI 3: Material Topics 2021	3-3 Management of material topics	B8		Our Communities – P. 44–46	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	–		Our Communities – P. 44–46	All operations had local community engagement programmes during the reporting year.
	–	B8.1		Our Communities – P. 44–46; Sustainability Data Statement	
	–	B8.2		Our Communities – P. 44–46; Sustainability Data Statement	

Material Topics	GRI Standards	ESG Guide	SASB	Page/Section	Remarks/ Reasons of Omission
Customer Health & Safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	B6		Our People – P. 40–41	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	–		–	Health and safety impacts are assessed for improvement for all significant products and services. No incidents of non-compliance concerning the health and safety impacts of products and services were recorded in the reporting year.
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	–		–	Refer to response above.
	–	B6.1		–	Refer to response above.
	–	B6.4		–	Once potentially unsafe products are identified, product recall procedure would kick-start to stop the distribution and sale of the product from marketplace. The cause, extent and result of the recall would be recorded and reported.
Marketing and Labeling					
GRI 3: Material Topics 2021	3-3 Management of material topics	B6		Our Guests – P. 29–31, Our Communities – P. 47–48	
GRI 417: Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	B6		–	No incident of non-compliance in the reporting year.

Material Topics	GRI Standards	ESG Guide	SASB	Page/Section	Remarks/ Reasons of Omission
Customer Privacy					
GRI 3: Material Topics 2021	3-3 Management of material topics	B6		Our People – P. 34–39;	No substantial complaints regarding breaches of customer privacy recorded during the reporting period. An example of a significant regulation that we complied with is the European Union General Data Protection Regulation (GDPR).
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	B6.5		–	Data privacy and security remained an important subject in 2022, and we have continued to strengthen our policies and processes in relation thereto. This included ongoing training, as well as a revision and update of several of our privacy-related documents and contracts. In addition, we continued to implement additional IT security measures and training to ensure the safety and security of all our IT systems. For our data privacy and security policy, please visit http://www.peninsula.com/en/privacy-security
Product and Service Feedback					
	–	B6.2		–	Once received, products and service feedback or complaints are acknowledged in writing in a timely manner and reported to related departments with the appropriate level of management informed depending on the severity of events. Concerns are reviewed and fully understood before it is addressed with an official response or compensation offered.
Intellectual Property Rights					
	–	B6.3		–	Our Code of Conduct outlines our commitment to intellectual property rights protection.

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