



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

Modern Slavery Statement

The Hongkong and Shanghai Hotels, Limited (“**HSH**”, “**we**” or “**us**”) sets out below our approach to prevent modern slavery and human trafficking in our business and supply chains. At HSH, we pride ourselves on delivering the highest standards as well as working with utmost integrity. We strictly condemn any form of slavery and human trafficking and are committed to further improving our policy and processes to combat such abject practices.

About HSH

HSH is a luxury hospitality and real estate group incorporated in 1866 and listed on the Hong Kong Stock Exchange (00045). It owns and operates some of the world’s finest hotel properties under The Peninsula brand. The company has ten operational Peninsula hotels in exceptional city centre locations in Asia, US and Europe, with a further two under development in London and Istanbul. The company owns a total portfolio of over HK\$ 50 billion in assets (US\$ 6.2 billion), comprising a small number of ultra-luxury hotels, strategic real estate assets and tourism assets. HSH businesses are grouped under three divisions: hotels, commercial properties and clubs and services. In total, our businesses employ about 6400 people on three different continents. A list of our relevant subsidiaries and affiliates can be found clicking [here](#). Our yearly turnover amounts to approximately HK\$ 4.2 billion. For more information, please refer to our comprehensive [Annual Report](#).

Our supply chains

HSH has operations in Asia-Pacific, US and Europe. We have a wide diversity of suppliers located in these geographical regions.

The company takes a two-pronged approach to its procurement system: (i) For group standard items used by all hotels (normally high value given the quantity), negotiations are led out of the company’s head office in Hong Kong; and (ii) for all other supplies, each operation is responsible for its own purchases and contracts, in accordance with the Group-wide procurement guidance, while head office has oversight over higher value purchases.

Our head office engages directly with suppliers which supply major value items such as information technology services, guest-room amenities, fixed furniture and equipment, as well as professional services from third parties.

Those suppliers engaged directly by each operation will encompass a wide range of items needed for day-to-day business operations and to meet the demands of a particular location, including, for instance, food and beverages, laundry services, cleaning and security services and miscellaneous items as well as furniture and equipment. Local purchasing will generally be handled by the local departments overseeing the relevant items. The purchasing departments (both at head office and local level) cover the remaining items, typically report to the financing team and maintain an overview of local and Group-wide procurement.

To ensure a consistent approach to our procurement and the performance of necessary due diligence, we have developed a Group purchasing and tender policy (“**PTP**”) that clearly sets out the procurement approach to take for low value, medium value and high value purchases, as well as additional sustainability and Corporate Responsibility and Sustainability (“**CRS**”) guidelines for each operation to follow.



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Our policies

Acting with integrity is a cornerstone of how we do business. The following policies are a central reflection of this:

- [HSH Code of Conduct](#) – this applies globally to all employees, the Board of Directors, and effectively anyone representing or acting for, or on behalf of, HSH. It clearly denounces all forms of human rights abuse and exploitation of any kind, including child labour and human trafficking.
- [Supplier Code of Conduct](#) – regularly reviewed and updated (most recently in December 2019), our Supplier Code of Conduct articulates our expectations of suppliers on environmental, social and ethical practices. It outlines the minimum ethical and sustainable business practices we expect our suppliers to adhere to. This includes a prohibition on forced labour, human trafficking and any other form of modern slavery. It also sets out our expectation that suppliers will conduct their business with their own suppliers and contractors in accordance with the standards and principles set out in the Supplier Code of Conduct. Supplier relationships are an important part of our reputation and brand, and while we seek to buy at competitive rates, we will not do so at the expense of labour standards, human rights or the environment.
- [Speak-Up Policy](#) – we do not tolerate misconduct and in the light of this we have developed a speak-up policy that outlines how to report concerns and the procedures for investigation and resolution of malpractice.
- CRS Concierge – this internal document gives a clear overview of what is expected from our teams and sets out flow and decision charts to consider when purchasing supplies. This includes a dedicated section and focus on labour conditions and human rights. It stipulates that certain commodities, such as tea, coffee and cocoa, must be sourced from certified ethical sources, with certifications that do not only focus on sustainability or fair trade, but also include considerations of labour standards and modern slavery. We will continue to aim at extending this practice to other key commodities and similar high-risk contracts. Additional detail can be found in our [CRS Report](#).

Implementing our policies and ensuring compliance

The responsibility to address potential human rights concerns lies with a broad base of employees across the company. However, it is looked after in particular by our Group CRS, Group Legal and Audit and Human Resources departments. Our human resources colleagues are responsible for the hiring that we do and ensure that labour standards and good working conditions are met. Training on our HSH Code of Conduct and the relevant topics is provided for all new and existing employees on a regular basis. Employees are required to acknowledge training and receipt of the Code of Conduct.

Our Supplier Code of Conduct is part of the compliance requirements mandated by the PTP and all our operations have progressively incorporated it as a standard requirement in our procurement contracts. The exact procedure on the sign-off of the Supplier Code of Conduct is not prescribed as there could be more than one way of doing so, subject to the arrangement with each supplier. In principle, there should be documentary evidence to show that the supplier has formally agreed with the Supplier Code of Conduct. Where a supplier is unwilling to sign the Supplier Code of Conduct, we



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are considering a range of approaches to bring the suppliers into compliance with our Supplier Code of Conduct, including:

- incorporating the Supplier Code of Conduct into the agreement or contracts signed by the supplier;
- incorporating it into the pre-registration form filled and signed by the supplier; and/or
- engaging with the supplier on why it refuses to sign and/or visiting the supplier directly to ensure there is no indication of violation of our Supplier Code of Conduct.

Should there be any case where a supplier is found to be involved in modern slavery, we will engage directly with the supplier and/or authorities as relevant in order to address the issues found. We reserve the right to terminate any relationship with a supplier found to have been involved in modern slavery or having seriously infringed our Supplier Code of Conduct.

Our Speak Up Policy is available on our intranet, on our public website as well as clearly signposted in our Employee Code of Conduct. It is made clear that all queries about the interpretations and application of our Code of Conduct will be treated seriously and respectfully and assessed with confidentiality in a timely manner. It is our policy that retaliation is not permissible against any person raising a concern in good faith.

Our due diligence processes

Our suppliers are generally required to acknowledge and adhere to our Supplier Code of Conduct. Depending on the nature and size of the contract to be entered into with a particular supplier, the supplier is required to fill in a questionnaire which covers the content of our Supplier Code of Conduct. We also have a specific supplier audit checklist for responsible sourcing in cases where we decide to conduct comprehensive audits; the checklist contains a dedicated section on labour standards. These checks and audits are conducted by our Group operations team and/or the staff responsible for procurement at the local level.

Our partners in safeguarding against modern slavery

We work closely with a number of NGOs both locally and on a Group-wide level. Whilst 2022 has limited our attendance of conferences or seminars in person, we have participated in a number of online conferences organised by our partners, such as the Mekong Club and Business Social Responsibility (BSR).

What we have done last year

With the focus being on managing and overcoming the difficulties created by the pandemic across our global operations, there have been fewer opportunities to concentrate on the development of our anti-modern slavery programme and some of the initiatives originally scheduled have had to be postponed.

We continue to implement our internal ethical audit approach and framework in engaging with our higher-risk suppliers. The framework sets out a series of questions for our suppliers and partners, together with a number of points we aim to verify as part of our supplier engagement. It seeks to understand a supplier's approach to human rights due diligence and anti-modern slavery initiatives by covering its (i) existing policies, (ii) governance and assignment of responsibilities, (iii) culture and



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awareness training, (iv) risk assessments as well as (v) leadership and stakeholder engagement. We intend to strengthen and enhance our own modern slavery due diligence process through proactive engagement with our suppliers and business partners. Since 2021, we started the work of reviewing seafood items offered in our hotel in Hong Kong, and continued to identify any misalignment with our internal sustainability and ethical standards. We have engaged with and interviewed our major seafood suppliers based in Hong Kong, all of whom have a reasonable understanding of the environmental and social risks involved in the seafood industry. In 2022, we also worked with our hotel in Hong Kong to review our seafood suppliers list to identify high-risk seafood items. The review consisted of checking whether sustainable seafood certifications currently provided by suppliers are formally recognised by the Global Sustainable Seafood Initiative (GSSI). Seafood items without certifications endorsed by GSSI will require engagement with the suppliers to further understand the sustainability and social practices.

We still see opportunities to further enhance our work relationship with these suppliers by sharing latest updates and industry best practices and to engage with other Asia based seafood suppliers on potential modern slavery risks. Through our work with Hong Kong Sustainable Seafood Coalition and our continued collaboration with non-governmental organisation Teng Hoi, we hope to promote the sustainable seafood market through advocating good sourcing practices and creating participative solutions on environmental and labour issues faced by the seafood industry in Asia.

In 2022, we created an online training module on the topic of Modern Slavery that will soon be launched for employees who work closely with our suppliers to advance their awareness and understanding of the topic.

Our next steps

For 2023, we are planning to continue our journey towards building an effective internal process to ensure that there is no slavery or human trafficking in our supply chains. We will do so by renewing our efforts on previously planned or already commenced initiatives, namely (i) launching the online learning module and making relevant policies and information accessible to all our employees; (ii) continued checking of high risk seafood items on GSSI recognised certification and continuing to conduct supplier audits and engage with our business partners on issues of modern slavery and human rights, with special focus on alignment with our anti-modern slavery approach, Supplier Code of Conduct and sustainable sourcing practices; and (iii) working with our third-party expert organisations to raise awareness and share knowledge, both within our Group and outside. We aim to continuously improve the information we have on our tier 1 and highest risk suppliers as well as a better understanding of the situation throughout the additional tiers in our supply chain. For further information on our approach to corporate responsibility and sustainability both now and in the future, please refer to our CRS Report and [CRS Statement of Approach](#).

In respect of our efforts to improve our access to sustainable and ethically sourced seafood in Hong Kong, we look forward to continuing our collaboration with Teng Hoi as well as with the fellow members of the Hong Kong Sustainable Seafood Coalition.



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Final Note

This statement is intended to reflect the areas set out in section 54(1) of the UK Modern Slavery Act 2015 and covers our financial year 2022. It has been approved by the Board of Directors and is signed by HSH's CEO. Our next review and updated statement is scheduled to be released in 2024 for our financial year 2023. For any questions, please contact Corporate Responsibility and Sustainability Department at cr@peninsula.com.

Clement K.M. Kwok

Chief Executive Officer