

OUR SUSTAINABILITY VISION

As one of the world’s oldest hospitality companies still in continuous operation, our long-term mindset and approach provides the foundation for us to successfully manage and operate our company. This approach is rooted in our key philosophies of conducting business with the highest level of integrity, respecting history and heritage, maintaining the best brand and reputation and passing on to future generations a portfolio of the highest quality assets, which are aligned with the principles of sustainability.

Our business thrives when our people and communities do. As such, we remain committed to having a positive social, economic and environmental benefit on the local communities and the wider societies in which we operate. This means not only meeting local regulations, but also, where possible, aligning to international best practice and society’s evolving expectations. We believe that taking care of our people and the world around us is simply the right thing to do.

We recognise that there could be a perceived conflict between the traditional idea of luxury and the principles of sustainability. To bridge this perceived gap can be challenging. However, we believe that our attention to detail and quest to provide the highest quality service will make sustainability part of the appeal of our luxury offering. Sustainable luxury is an integral part of our long-term mindset. We aim to properly manage risk as well as invest in the right opportunities while enabling a sense of belonging by offering services that are sustainable, thoughtful and purposeful to the needs of our guests and customers.



Our Sustainability Vision

Sustainable Luxury Vision 2020

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

Underpinning our approach are our commitments, in which over 85% are on track to achieve the goals set in 2013. However, for the remainder of our commitments, challenges remain which we are committed to addressing. These challenges include, for example, the lack of waste management infrastructure in specific regions, the low monetary value accorded to resources such as water, energy and waste management; and impacts related to a changing climate that leads to unplanned and increased energy usage in some locations. Since the strategy’s implementation, we have become more aware of the systemic and multi-dimensional nature of sustainability issues. We recognise that we need to continuously reassess our approach by collaborating on solutions with other stakeholders such as our suppliers and other organisations.

Nearing 2020, we are beginning to develop our sustainability strategy for the next few years with a focus on further business integration considering a regenerative and proactive approach. It is our aim that this new strategy will further leverage on the strengths of our business, focusing on issues where we can make the most difference, while effectively reducing the environmental and social impacts from our operations. We are aware of the array of expectations from our stakeholders such as science-based climate change targets, holistic water assessments, circular economy, human rights and modern slavery due diligence, reducing social inequalities, increasing diversity and inclusion and outcome-based community investment, to name some. These are now being considered into our post-2020 strategy.

Below is a summary of the elements of our approach to managing sustainability issues:



How we create value

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



“We regard corporate sustainability as a sensible and necessary business decision that benefits the overall value of the group in both the short and long term. We continue to witness the impacts of longer-term sustainability trends such as climate change, natural resource constraints, rising economic and social inequality becoming more significant in the eyes of our stakeholders. I chair the Group Corporate Responsibility Committee because senior management believes that a topic this important requires our serious attention and focus.” – Clement Kwok, CEO

AR Read more about our CEO’s message and our GCRC Report in pages 162 and 163

Governance

In 2007, we created the Group Corporate Responsibility Committee (GCRC), through the initiative of our Chief Executive Officer (CEO), Mr Clement Kwok and later, formed our Corporate Responsibility and Sustainability (CRS) Department to coordinate and formalise sustainability efforts across the Group.

Our sustainability performance is managed and governed by the GCRC, chaired by the CEO. The GCRC reports to the Group Management Board (GMB), who in turn, reports to the Board to review and address our sustainability practices and objectives. To demonstrate and enable the integration of sustainability into the business, the GCRC is comprised of Group Champions, who are the functional heads representing different aspects of the business. They provide direction to the local operation teams as we progress on our commitments.

The GCRC is supported by the Director of Group Corporate Responsibility and Sustainability (GCRS), who is responsible for setting the direction of the group’s policy and strategy on these topics, supporting senior management and managing stakeholder relationships on these specific issues. The Director of GCRS also reports to the Board regularly and updates the Group Risk Committee on environmental and social risks related to the business, including coordinating CRS-related risk mitigation actions across the group. Depending on the severity of these risks, these can be escalated to the Audit and Risk Committees at Board level for reference or action.

At the local level, each operation has its own committee chaired by either the General Manager or the Hotel Manager, two of the most senior people in the local operations; with champions comprised of functional/department heads. They meet regularly to develop and implement action plans, initiate actions and improve on the performance of our commitments.

THE BOARD

Board of Directors

Regularly updated by GMB/GCRC



GROUP LEVEL

Group Management Board

Oversees CRS decisions and directions

Group Corporate Responsibility Committee

Chaired by CEO Supported by Director of GCRS and Vision 2020 Group Champions
Governs and manages CRS performance

OPERATION LEVEL

Local CRS committees

Chaired by General Managers/Hotel Managers;
Supported by key Function Heads
Implements CRS programmes on the ground

Learn more about our CRS Statement of Approach

User-friendly guidance: CRS Concierge

As part of the implementation of Vision 2020, we developed several sustainability guidelines to outline the specifications and actions required to meet our commitments. Feedback from our colleagues indicated that they preferred a user-friendly and practical approach to implementing these guidelines. The CRS Department revamped the guidelines in 2017 by co-developing simplified decision trees with group and local champions to enhance understanding and practical implementation. In 2018, these decision trees were compiled into one document called “CRS Concierge” as a one-stop resource for all sustainability guidelines – covering issues from sustainable sourcing to single-use plastics transition and community development. We will regularly update this resource with continued feedback and collaboration from our colleagues.