

RESPONSIBLE BUSINESS





Coral planting
Shangri-La's Villingili Resort & Spa, Maldives

The Group’s approach to corporate social responsibility reflects our tradition of hospitality from the heart and our mission to operate a responsible business that improves the lives of people and cares for the environment.

The Board evaluates environmental, social and governance (“ESG”) related risks and ensures that appropriate management systems are in place. We are committed to operating in an economically, socially and environmentally responsible manner whilst balancing the interests of our stakeholders. We envision a community that is responsible and environmentally conscious, where social responsibility is practised in our daily lives and we inspire others to do the same. Ultimately, we strive to show leadership in corporate citizenship and sustainable development, caring for our employees and customers, enriching the quality of life for communities in which we do business, and serving as good stewards of society and the environment.

SUSTAINABILITY REPORTING

This report covers the Financial Year. During the year, we welcomed two notable developments in the sustainability reporting landscape; content in this report has subsequently been prepared with reference to the latest ESG Reporting Guide issued by HKSE and with consideration of newly launched GRI Standards from the Global Reporting Initiative.

In 2016, Shangri-La was included in the Dow Jones Sustainability Index for a fourth consecutive year, consolidating our position as a leader in the Asia Pacific region. We are also a member of the Hang Seng Sustainability Index and have disclosed information to the Carbon Disclosure Project each year since 2011, showing continuous improvement in our score.



Shangri-La's Care for People Project focuses on children's health and education.

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM

 **Hang Seng Corporate
Sustainability Index**
Series Member 2015-2016

SCOPE OF ESG DISCLOSURES

As one of the world's premier hotel ownership and management companies, significant economic, environmental and social impacts of the Group arise within its hotel management services, the activities of Group-owned hotels, and hotels owned by third parties. The scope of ESG data in this report includes 94 operating hotels managed by subsidiaries of Shangri-La that have been in operation for at least one year, as summarised in the following table. Three hotels that were newly opened in 2016 are not reported as they have not yet completed one full year of operation.

Scope of ESG Disclosures

OPERATING HOTELS	
Subsidiaries	52
Associates**	19
Management	19
Under Operating Lease	3
Aberdeen Marina Club	1

STAKEHOLDER ENGAGEMENT

We seek to understand our stakeholders' expectations and priorities for sustainable development in order to be able to act on their concerns. To this end, we work with non-governmental organisations and engage with the communities where we operate through various channels on an on-going basis. We seek feedback from guests through guest satisfaction surveys and participate in external investor surveys such as the Dow Jones Sustainability Index and Hang Seng Sustainability Index, which help us to identify specific issues relevant to the hospitality and tourism industry.

The first comprehensive materiality assessment of our business was conducted in 2012. To ensure that the issues we identified at that time continue to be relevant, in 2016 we interviewed a selection of our stakeholders, including management, key suppliers, industry bodies and customers. We heard a common message from our interviewees: Shangri-La must continue to embed sustainability into its core values and guiding principles.

Stakeholder Views



RESPONSIBLE BUSINESS

To stay competitive, we must adapt to changes in our customers' needs and expectations, whilst at the same time deliver hospitality in an environmentally and socially responsible way.

To build on our energy and water footprint measurements, we need to set robust, data-based targets against a baseline.



COMMUNICATION

We recognise the need to communicate our sustainability strategy and commitments more consistently and effectively.



INNOVATION

We need to be more innovative in the way we do things, particularly in reducing our waste.



GOVERNANCE

We recognise the need to work within a strong robust governance framework with greater transparency, mandated from the top and cascaded evenly.



PEOPLE

We recognise our staff are the crux of our business, and we will continue to invest in our staff training so they do not just deliver the best customer service and experience, but do so in the most responsible and sustainable way too.

We are committed to a diverse workforce, however we recognise we still need to do more to empower women through the different stages of their career development.



OUR VALUE CHAIN

We must not forget the importance of managing our supply chain responsibly, which includes robust supplier audits and more effective engagement. Our business begins much earlier and much further from our premises, and ends much later and further than the point of delivering our products and services.

* Subsidiaries are entities over which Shangri-La has power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights.

** For the purpose of ESG disclosures, Associates are entities over which Shangri-La has significant influence but not control, generally accompanying a shareholding of more than 20% but less than 51% of the voting rights.

MATERIAL ISSUES

Shangri-La's goals for sustainable development reflect the environmental, social and governance issues that are most material to our business. Some issues, such as corporate procurement and labour practices, give rise to generalised impacts throughout the Group and our value chain. Others, such as biodiversity and conservation and community development, give rise to impacts that are more definitively within the direct control and influence of each individual hotel.

Sustainable Development Priorities

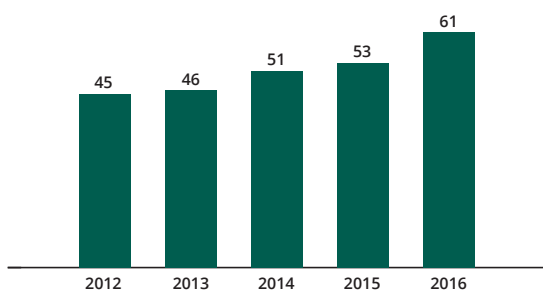
	OUR ENVIRONMENT	OUR BUSINESS	OUR PEOPLE	OUR COMMUNITIES
Environmental, Social and Governance Issues	Climate Change and Greenhouse Gas Emissions	Corporate Procurement	Employment Practices – Diversity and Equal Opportunities	Community Development – Embrace, Shangri-La's Care for People Project
	Water	Guest Engagement	Training and Development	Disaster Relief and Rehabilitation
	Waste	Guest Safety and Security – Fire and life safety – Food safety – Indoor air quality – Guest security – Data privacy	Occupational Health and Safety	
	Biodiversity and Conservation – Sanctuary, Shangri-La's Care for Nature Project	Sustainable Choices	Employee Wellbeing	Volunteering

We believe that the most effective way to achieve sustainable development is to cultivate ownership and responsibility for our performance within the management and culture of every Shangri-La hotel. To this end, Shangri-La establishes priorities, and monitors progress through a Corporate Social Responsibility (CSR) scorecard. Within this framework each hotel adapts its management approach to suit its own specific circumstances. Since the CSR Scorecard system was launched in 2011, it has been updated to capture information on new initiatives with respect to Supply Chain/Sustainable Sourcing, Guest Engagement and Communications.

OUR ENVIRONMENT

Safeguarding the environment in which we live and work is important. Environmental protection is cited in Shangri-La's guiding principles and our **Code of Conduct and Ethics**. We expect every member of staff to play their part in reducing waste, reducing energy use and conserving water. In 2016, a total of 61 hotels were certified to the standard of ISO 14001 Environmental Management System, an increase of eight hotels from the year before. Our goal is that all hotels will obtain this certification by 2020.

Number of ISO 14001 Certified Hotels



Waste

The success of our business depends on avoiding waste while maintaining our value proposition. Our goal is to reduce material usage and waste, including food waste, and boost recycling. We also try to find innovative ways to “upcycle” (i.e. turning certain types of waste into more valuable resources). The small amount of hazardous waste produced in our operations is handled responsibly in accordance with locally applicable regulations and procedures.

An audit conducted in 2014 identified food waste as our most significant source of waste by weight. To address this, we are focusing on minimising food waste by targeting three areas: food preparation, spoilage, and food provisioning and/or serving. Each hotel has to measure the food waste discarded, devise and implement a plan for waste reduction, then measure its success and make amendments to its plan as necessary.

In 2016, 10,730 tonnes was diverted from landfill. We are working to improve waste measurement and recycling in order to formalise an overall waste reduction target.

Soap for Hope and Linens for Life

In partnership with Sealed Air's *Soap for Hope* programme, our hotels collaborate with local partners to collect and sanitise leftover soap from guestrooms and then sell or donate the new bars to benefit the community. This has the additional benefit of promoting hand washing and good hygiene in poorer communities. *Soap for Hope* now operates in 22 hotels in 10 countries, benefiting over 160,000 people. To date, Shangri-La has saved over 192 tonnes of soap from being disposed of into landfill through *Soap for Hope*.

Launched together with Sealed Air in 2016, the *Linens for Life* programme provides training and resources for local communities to repurpose waste linens such as towels and sheets into useable household items. Given that an average 400-room hotel discards two to three tonnes of linen per year, this will result in a significant diversion of materials from disposal in landfills.

Climate Change and Greenhouse Gas Emissions

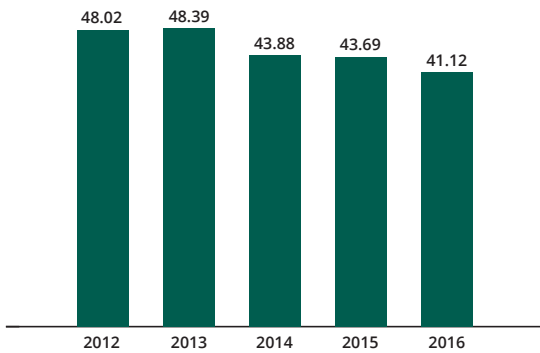
We recognise that climate change caused by greenhouse gas emissions poses both financial and physical risks to our business. A number of our hotels are located in areas that are vulnerable to the effects of climate change through extreme heat, flooding and typhoons. Fiscal initiatives to curb emissions such as carbon trading may also affect our bottom line. In 2016, six hotels in Mainland China were involved in regional carbon emission trading scheme pilot projects. During the year, these hotels purchased offsets equalling 5,510.45 tonnes to meet our obligations under those schemes.

We invest in green buildings wherever possible, integrating sustainable design features from the outset of each new project. A quarter of our current portfolio is certified to LEED or equivalent green building standards, with more of these kinds of initiatives targeted for the future.

All hotels that have been in operation for more than two years are expected to meet annual targets for reduction of water, energy and greenhouse gas emissions intensity. The intensity calculations reflect a measure of the number of overnight guests and other guests in each hotel during the year, known as “business unit”. The performance of each hotel against its targets is reviewed annually. In 2016, we evaluated the performance of 85 hotels.

In 2016, the average scope 1 and scope 2 emissions intensity of our hotels was 41.12 kilograms CO₂e per business unit. This represents a 6% decrease from 2015 and a 26% reduction compared with the level in 2010. During the year 51 hotels achieved their target of a 3% reduction of greenhouse gas emissions intensity compared with 2015. Our total scope 1 and scope 2 greenhouse gas emissions amounted to 0.96 million tonnes of carbon dioxide equivalent (tonnes CO₂e), a small decrease of just over 1% compared with 2015.

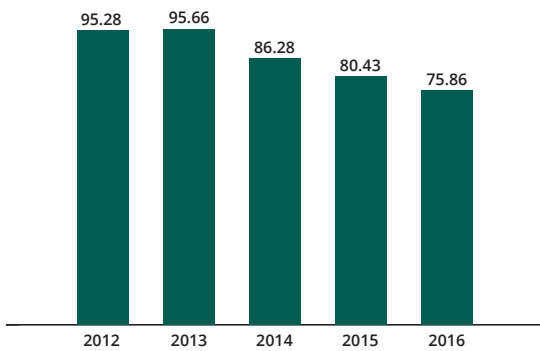
Average Scope 1 and Scope 2 GHG Emissions Intensity (kilograms CO₂e per business unit)



* Comparative information in 2015 has been restated to conform to the current year's presentation.

In line with our greenhouse gas emissions performance, in 2016 the average energy intensity of our hotels also decreased approximately 6% from 80.43 kilowatt-hours per business unit in 2015 to 75.86 kilowatt-hours per business unit.

Average Energy Consumption Intensity (kilowatt-hours per business unit)



* Comparative information in 2015 has been restated to conform to the current year's presentation.

We strive to continuously reduce energy consumption in our hotels. In 2016, total energy consumption amounted to 773.99 GWh, a decrease of about 1% compared to the previous year. According to our estimates, during the year engineering initiatives in our hotels saved up to 4.8 million kilowatt-hours of electricity through upgrades to lighting, chillers and other similar energy saving initiatives.

Low Temperature Laundry Programme

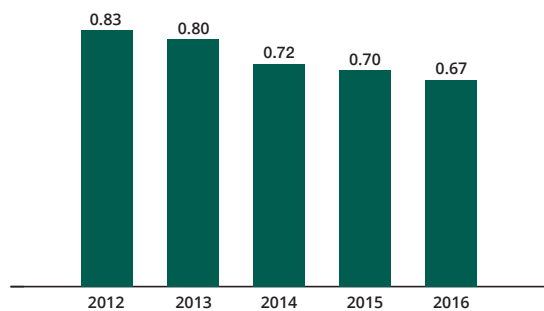
Reducing the temperature at which laundry is washed can considerably reduce energy usage. Implemented in 2016, our low temperature laundry programme has been adopted by 56 hotel laundries. We also encourage guests to reuse towels and linens to reduce the amount of water and energy we use.

Water

In 2016 our hotels reduced water consumption from 0.7 cubic meters per business unit to 0.67 cubic meters per business unit against 2015 levels, representing a group-wide reduction of 4%. Thirty-eight hotels reached or exceeded their target to reduce water consumption intensity by 3% compared with 2015. We recognise that although we are making progress to reduce our water footprint, water is still a very important issue, particularly in Northern China and other locations that experience water stress.

Our hotels dispose of wastewater in a responsible way. In 2016, we recorded one breach of environmental legislation and regulations involving the discharge of wastewater from a hotel in Beijing. We took immediate action to mitigate and rectify the situation in full cooperation with local authorities.

Average Potable Water Consumption Intensity (cubic meters per business unit)



* Comparative information in 2015 has been restated to conform to the current year's presentation.

Partnership with Tarsheed Qatar

In 2016, Shangri-La Hotel, Doha partnered with Tarsheed Qatar, a national organisation dedicated to the efficient use of water and energy, in an innovative and engaging campaign to highlight the importance of water conservation in one of the driest countries on earth. A fake mirror was installed in some restrooms. Every time a guest left the tap running, the guest's image was replaced by a message promoting water conservation. Many guests agreed to share their reactions to the interactive mirror, further promoting the message through social media channels.

Biodiversity and Conservation

Shangri-La is privileged to operate hotels in some of the most ecologically diverse and beautiful areas in the world. We are committed to conserving and protecting the biodiversity in these areas for future generations.

Sanctuary

Sanctuary is Shangri-La's *Care for Nature* programme. In 2016, there were 16 registered Sanctuary projects across 16 hotels. Each project focuses on the protection of the habitats of endangered species found on the International Union for the Conservation of Nature (IUCN) Red List. Shangri-La's Eco Centre initiative seeks to engage staff, guests and the local community on the importance and preservation of these precious ecosystems by providing an interactive learning and exhibition space and activities. In 2016, 11 hotels and resorts had Eco Centres.

Sanctuary, Shangri-La's Care for Nature Projects

Care for Reefs

Shangri-La's Fijian Resort & Spa, Yanuca organises marine conservation activities such as coral planting and fish house building to protect the fragile reef ecosystem. Shangri-La's Villingili Resort & Spa in the Maldives conducts regular surveys of the Addu Atoll to monitor the population of marine species. Shangri-La's Mactan Resort & Spa, Cebu maintains a marine sanctuary on six hectares of beachfront. It runs a conservation programme for over 160 species of fish, clams and coral, including an artificial reef. In 2016, a total of 167 fish houses were installed and over 500 corals planted across the Care for Reef initiative to preserve the habitats of species such as Tridacna Clam and the bumphead parrot fish.

Care for Nature

Several resorts have Eco Centres dedicated to highlighting the plight of native threatened species. The Eco Zone at Shangri-La's Sanya Resort & Spa, Hainan in China is dedicated to raising awareness around the endangered Hainan Gibbon, whilst Shangri-La's Hambantota Resort & Spa, Sri Lanka focuses on elephant conservation and habitat loss. In conjunction with the Sabah State Wildlife Department, Shangri-La's Rasa Ria Resort & Spa, Kota Kinabalu in Malaysia established a 64-hectare reserve, home to the western tarsier, slow loris and pangolin.

Care for Clownfish

Shangri-La's Tanjung Aru Resort & Spa, Kota Kinabalu in Malaysia is home to the Clownfish Discovery Centre. It is a dedicated clownfish breeding centre, and educates guests on the threat to reefs and the immense biodiversity of the area.

Care for Turtles

Shangri-La Barr Al Jissah Resort and Spa, Muscat runs a turtle care project, which aims to protect the endangered Hawksbill and Green turtle, native to the beaches of Oman. The hotel holds a daily "turtle talk" and a dedicated ranger ensures that the nests are protected from any dangers. By allowing the adult turtles a peaceful and uninterrupted breeding ground, an estimated 26,000 turtles have hatched since the start of the programme.

Care for Horseshoe Crabs

In 2016, the Aberdeen Marina Club initiated the Care for Horseshoe Crab project. Over 280 staff and 20 students participated in nurturing juvenile Horseshoe crabs, native to the mangroves of Hong Kong, which are under threat from development and pollution.



OUR BUSINESS

Guest Satisfaction

Our aim is to be the first choice for guests, colleagues, shareholders and business partners, and to delight our guests by providing service and experiences straight from our hearts. We carry out guest surveys annually to measure the level of guest satisfaction and also identify areas of improvement. In 2016, 59% of guests rated us “excellent” as part of the overall stay experience, an increase of 2.2% from last year. Our Eco Centres proved particularly popular, as 63% of guests (who stayed in a hotel with an Eco Centre) would recommend them to a friend. We continue to improve areas where guests are least satisfied and report on these regularly. We recognise that we must adapt to changes in our customers’ needs and expectations, whilst at the same time deliver hospitality in an environmentally and socially responsible way.

Guest Safety and Security

“Guest safety is our number one priority. We will continue to respond to any security risks as a matter of urgency and work with the relevant authorities for the safety of our customers.”

At Shangri-La, guest safety and security is our utmost priority. Our staff awareness programme reinforces that “all staff are part of the security team” and responsible for guest safety. We ensure the maintenance of annual security and safety audits, as well as comprehensive standard operating and crisis management response procedures. These combined with a Group standardised Business Continuity Plan for all hotels enables us to offer the highest standards of security and safety for both our guests and staff.

- Fire and Life Safety is of the highest importance to us, and we have a zero-tolerance policy for non-compliance. Our Engineering conducts yearly inspections and audits in all hotels against Shangri-La standards, which reference to operational sections of the USA National Fire Protection Association’s regulations, China Green Building codes and other national local codes of the countries in which we operate. In 2016, 88 hotels were audited and the overall rate of compliance was 83.2%, which exceeds our benchmark of 80%.

- Food Safety is governed by Shangri-La’s food safety management system. We are accelerating uptake of certification under ISO 22000 or HACCP so that all hotels and resorts will be covered by 2020. Currently 70 hotels have such certification in place. Food safety performance is tracked as part of each hotel’s CSR scorecard.
- Shangri-La has a number of policies in place pertaining to guest security, including but not limited to conflict resolution, managing incidents of crime, medical emergencies and emergency evacuations. Our Security division is responsible for the implementation and operational compliance of these policies, and managing incidents in line with Shangri-La’s commitment to integrity, anti-corruption and the protection of human rights. Comprehensive security audits are carried out at each hotel every year. Shangri-La’s Security and Safety Reporting System began operation in 2015 and assists in the timely reporting and management of incidents. Cross-functional security teams are on site at all times.
- Shangri-La’s Global Privacy and Data Protection Policy is available on our website. This sets out our commitment to safeguard the personal information of guests, respect privacy and maintain the highest standards of ethical and legal conduct pertaining to individuals. There were no significant data breaches in 2016.

Corporate Procurement

At Shangri-La, we recognise that our operations have significant impacts throughout our value chain, and that we are in a position to influence our suppliers to adopt better environmental and social practices. Our **Supply Chain Code of Conduct** is available on our website, and requires all suppliers to provide safe and healthy working conditions, use fair hiring practices, treat employees with dignity and respect, and adhere to environmentally responsible practices.

At the Group level, we audit suppliers on their compliance with the **Supply Chain Code of Conduct**, and strive to work with them to improve in areas where they underperform. Our goal is to ensure 100% compliance with our Supply Chain Code of Conduct. In 2016, 31 major suppliers were audited with a pass rate of 61%. We recognise that whilst we have made some progress in ensuring our supply chain is responsible, we can further strengthen our supply chain engagement, including conducting more robust audits. This is important not only from a risk management perspective, but also in delivering the best and most sustainable products and services to our customers.

In 2016, Shangri-La took a closer look into the sustainability practices of our Group contract suppliers. We asked 129 trading companies contracting with our procurement hubs in Hong Kong, Malaysia, Singapore, Southern China, Beijing and Shanghai to respond to a questionnaire about their own supply chain practices. Among the 83 respondents, about one third indicated that they do require the companies they source from to adhere to standards on labour and human rights, health and safety and environmental impacts.

Our hotel based procurement teams regularly engage with local supply chain partners on sustainability topics. In 2016, 76 hotels hosted 91 open-house sessions with their suppliers.

Sustainable Choices

We acknowledge the need to respond to growing environmental and social consciousness among our guests by offering more sustainable choices and better articulating our sustainability initiatives. In 2016, 38.1% of guests surveyed indicated that they agreed with the statement "The Hotel does things that are good for society and the environment." This was the highest scoring statement within the Emotional Connection category of our survey.

We are always looking for new ways to offer more sustainable choices. For example, in 2016, we collaborated with one of our key suppliers, Ming Fai, to adjust the size and packaging of the dental-hygiene sets we provide to guests. In line with changing consumption patterns, the toothpaste tube is now packaged separately from the toothbrush and its size has been increased to provide sufficient toothpaste for three to four uses.

Rooted In Nature

Introduced in 2014, Rooted in Nature is a global programme promoting the finest locally and ethically sourced ingredients. Through Rooted in Nature, we are committed to:

- supporting local agricultural and fishing communities
- chemical and pesticide free
- free range and ethically reared livestock and poultry
- sustainably caught seafood
- organic or fair trade

By the end of 2016 there were over 1,900 Rooted in Nature menu items served in our hotels, representing an increase of almost 200 compared with 2015 offerings.

2016 saw the first on-site farmers market hosted by one of our hotels in China, at Shangri-La Hotel, Beijing. Hotel guests and the general public enjoyed a wide range of organic fruit and vegetables, dairy, cheese and other goods from local producers.

Shangri-La has prohibited the use of shark fin in all food and beverage operations since 2010. As part of our on-going commitment to sustainable seafood, we are also committed to procuring responsibly sourced seafood that is certified by the Marine Stewardship Council (MSC) and Aquaculture Stewardship Council (ASC) wherever possible. Our goal is to offer 75% more sustainable and locally sourced food items on our menus compared with 2013 levels. We do not serve fish products such as Bluefin tuna and Chilean sea bass, which are critically endangered.

In 2016, Island Shangri-La, Hong Kong, and Kowloon Shangri-La, Hong Kong became the first hotels in Hong Kong to achieve MSC and ASC chain of custody certification, authorising them to make use of sustainability labels for fisheries produce. We also hosted MSC public awareness events in Beijing, Shanghai, Shenzhen and Qingdao, and organised a sustainable seafood week for employees.

OUR PEOPLE

We strive to be an organisation that attracts and retains talented people. We cultivate a fair and inclusive workplace where colleagues treat each other with courtesy and everyone feels empowered to pursue their personal and professional goals.

In 2016, the number of people employed at Shangri-La and the operating hotels was 43,725, of which 44% were female and 83% were employed on full-time permanent contracts. The rate of turnover was similar among male and female colleagues at 23% and 24%, respectively.

Total Employment by gender, age group, geographical region and contract type

		Percentage of total
By Gender	Male	44%
	Female	56%
By Age Group	Under 20 years	3%
	20 – 40 years	67%
	Over 40 years	30%
By Region	Southern China	28%
	Northern China	19%
	East Asia and Australia	20%
	Southeast Asia	18%
	Europe, Middle East and North America	15%
By Contract Type	Permanent Full Time	83%
	Permanent Part Time	4%
	Temporary	13%

Turnover of Full Time Permanent Employees by gender, age group and geographic region

		Turnover rate*
Total		
By Gender	Male	23%
	Female	24%
By Age Group	Under 20 years	26%
	20 – 40 years	35%
	Over 40 years	7%
By Region	Asia	24%
	Non-Asia	23%

* Turnover rate: Total number of leavers during 2016 divided by the average headcount between December 2015 and December 2016.

“We are very much focused on people — on developing talent, providing the right platform and giving them the ability to perform. We want to cultivate great talent to grow our business.” Mr LIM Beng Chee, CEO, Shangri-La Asia Limited

Employment Practices

As a signatory to the United Nations Global Compact, Shangri-La is committed to upholding fundamental human rights and prohibits the use of forced and child labour in our workforce or supply chain. However, we recognise the need to strengthen our training in this area, not only with our own staff, but also throughout our supply chain.

Our **Code of Conduct and Ethics** sets out the standards required by employees to uphold our core values of integrity, fairness, respect, ethical business conduct and excellence in service. We are committed to providing a workplace that embraces diversity and is free from all forms of discrimination, including on the basis of gender, race, religion, disability, marital status, sexual orientation, family status or any other personal characteristic. Harassment is strictly prohibited, as is any form of conduct that may cause another employee to feel embarrassed or uncomfortable. Employees have a duty of care to report any violations of the code, and our publicly available whistleblowing policy is in place to support this.

We strongly encourage our hotels to employ people from their local communities, and particularly to provide opportunities for upward mobility for people with disabilities. Our hotels partner with local organisations to offer training and employment for people with disabilities in our hotels. In 2016, 1.76% of our workforce was composed of people with disabilities. This is slightly under our target of 2%. We will continue to partner with local organisations and work alongside them to provide more opportunities for people with disabilities within our workforce.

Wellbeing

We want to support every colleague to achieve their own personal and career goals through a combination of wellness programmes for colleagues and their families and by providing comprehensive training and development opportunities for career progression. Raindrop, a new counselling service, was launched in December 2016 to provide support for colleagues experiencing hardship or stress. Shangri-La colleagues also participated in Global Wellness Day in June, promoting healthy and active living.

Training and Development

"We recognise that our staff are the crux of our business. We will continue to invest in training and engaging them so they do not just deliver the best customer service and experience, but they do so in the most responsible and sustainable way too".

Ms Kay Kuok, Managing Director, Shangri-La Hotels (Malaysia) Berhad

All new employees are required to undertake induction training and complete a four-day service culture learning programme in order to become fully acquainted with our corporate values and standards of conduct. All full-time employees are required to complete our core programmes, which range from five to 21 days depending on the position. Leadership development programmes are also offered to leaders at various levels, supporting them to continue to grow within the organisation and reach their full potential. As of 2016, 99% of new hires went through the colleague's orientation and 57% of our leaders have undergone the Leadership Development Programme launched in February 2016.

The Shangri-La Global Academy was set up in 2004 with a focus on innovation and employability. In 2016, 2,067 colleagues received training across 32 training areas ranging from leadership development to technical training. The mission of the Academy is to nurture emerging talent, develop exceptional hospitality leaders and address Shangri-La's future human resource needs and challenges.

Occupational Health and Safety

Safeguarding the health and safety of our employees, guests and those with whom we work is a top priority at Shangri-La. To this end, reducing the rate of accidents and absenteeism is one of our strategic goals for 2020. Health and Safety is an integral part of our **Code of Conduct and Ethics**. Our hotels conduct regular needs' analysis to ensure that all training needs are identified and met, particularly for new and inexperienced colleagues. In 2016, 58 hotels had obtained OHSAS 18001 management system certification, an increase of 12 from the year before.

Shangri-La's Security and Safety Reporting System,

implemented in 2015, has led to improved reporting and investigation of accidents, lost time injuries and absenteeism. We are also vigilant about combating the spread of infectious diseases such as the Zika virus and other forms of influenza. We provide training and information briefings to our colleagues to minimise the threat of disease transmission.

OUR COMMUNITIES

"We recognise that our business operations must be beneficial to local communities – not only through programmes such as Embrace, but also through direct economic benefits such as employment and training." Mr LIM Beng Chee, CEO, Shangri-La Asia Limited

At Shangri-La, we recognise that if the communities in which we operate prosper, so does our business. We are in a position to create positive impacts in our local communities through increased economic activity such as sourcing local produce and attracting more tourists, and also by providing training and career opportunities to local people.

Embrace

Through Embrace, Shangri-La's *Care for People* Project, our hotels are committed to forming long-standing partnerships focused on children's health and education. The aim of the programme, set up in 2009, is to foster a sense of ownership and responsibility between each hotel and its local community. The hotels are free to form partnerships that suit their local circumstances – albeit by providing financing, infrastructure and facilities, life skills training or hotel apprenticeships. Each project must have measurable and achievable outcomes, and success is measured annually as part of a hotel's CSR scorecard.

Currently 84 of our hotels have active Embrace projects. The majority of our hotels have chosen to work with children and young adults, particularly people with disabilities or special needs, to increase access to education and skills training.

One such programme is the Big Brother & Big Sister volunteer programme to support the Dong Ying Primary School, a special school for migrant labourers in Shenzhen. A significant number of hotels have also decided to invest in healthcare and rehabilitation, such as surgeries or cancer treatments for people who would not otherwise have access to them. In 2016, our Embrace programme contributed over US\$1.5 million and benefited over an estimated 10,000 people.

Embrace Project at Sule Shangri-La, Yangon

May 2016 saw the successful culmination of a six-year partnership between Sule Shangri-La, Yangon and Sasana Hita Kari Pri Yatti Monastic Education Centre, with the opening of a fully equipped three-storey school. When the partnership commenced in 2010, children studied in an open courtyard and torrential monsoon rains regularly disrupted lessons. Staff at Sule Shangri-La began by erecting a new roof in the courtyard, following up with windows and walls to further protect staff and students from the heavy rain. Fast-forward to 2016, and the students have a new school building including individual classrooms, changing facilities, a library and new uniforms as a result of Sule Shangri-La's sponsorship. The hotel also provides assistance to the students, teachers and the wider community in the form of medical check-ups.

Embrace ++

One of our goals for 2020 is to continue to contribute to the social and economic development of local communities by providing employment and training opportunities. We do this through the Embrace ++ programme. Introduced in 2012, Embrace ++ encourages hotels to provide training in hotel skills to less fortunate members of the community, with a view to them obtaining permanent employment within the hotel or with its partners. Training includes but is not limited to housekeeping, administration, kitchen and service skills, engineering and carpentry. In 2016, 311 new positions were awarded under the scheme.

In 2016, Shangri-La Hotel, Shenzhen renewed a five-year partnership to provide training and internships to underprivileged students from Shenzhen Yuanping Special Education School. Between 2010 and 2015, the hotel provided internships to 36 students, going on to employ seven of them fulltime.

Volunteering

We offer one day of paid volunteering leave every year to each member of staff to encourage them to participate in community events. In 2016, staff representing 70% of the workforce dedicated 109,000 volunteer hours to our signature projects, Embrace and Sanctuary, and other approved activities. Staff also participated in voluntary programmes such as blood donations, sponsored activities such as Biking for Autism and the Shangri-La Hotel, Sydney Vertical Run.

Disaster Relief and Rehabilitation

Shangri-La operates hotels in some of the most beautiful locations in the world, but unfortunately some of these locations are also subject to devastating natural disasters. On 20 February 2016, Cyclone Winston, a category five storm and the largest in the country's history, ripped through Fiji, leaving a trail of destruction in its wake. The country's third largest Island, Tavauni, was particularly badly hit. Colleagues at Shangri-La's Fijian Resort & Spa, Yanuca were quick to respond, providing medical assistance and provisions of food and fresh water. Two teams of volunteers subsequently visited the island to help with the clean-up operation and provide additional assistance.

Over US\$55,000 was raised for the "Nanumi Fiji" or "Feel for Fiji" campaign by Shangri-La properties. The money raised will be used to repair schools and houses damaged by the storm, and to build a new community hall to act as a shelter in the event of another natural disaster. Golden Circle members were also encouraged to donate Golden Circle Award points through the Fijian Red Cross. For every 1,000 Golden Circle Award points donated, US\$20 was donated on behalf of Shangri-La to support relief efforts.