

# RESPONSIBLE BUSINESS





## RESPONSIBLE BUSINESS

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") risks and ensures that appropriate management systems are in place. We are committed to operating in an economically, socially and environmentally responsible manner while balancing the interests of our stakeholders. We envision a community that is responsible and environmentally conscious, where social responsibility is practiced 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

The focus of our sustainability reporting is on significant environmental and social impacts of the Group within our hotel management services, Group-owned hotels, and hotels owned by third parties. The scope of ESG data for 2017 includes 95 operating hotels under the management control of SLIM International Limited (SLIM) that have been in operation for at least one full calendar year as at 31 December 2017, as summarised below. Development programmes, property rentals and property sales, which are not under the management control of SLIM, are not within the scope of our ESG disclosures.



#### *Participation in the Dow Jones Sustainability Index*

MEMBER OF

**Dow Jones  
Sustainability Indices**

In Collaboration with RobecoSAM 

In 2017, Shangri-La was included in the Dow Jones Sustainability Index for the sixth consecutive year, consolidating our position as a leader in the Asia Pacific region. We are the only constituent in the Dow Jones Sustainability Asia Pacific Index from the Hotels, Resorts & Cruise Lines sector.

### Scope of ESG Disclosures

OPERATING HOTELS	TOTAL	IN SCOPE
Subsidiaries*	57	53
Associates**	22	20
Management	19	18
Under Operating Lease	3	3
Aberdeen Marina Club***	1	1

\* 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 less than 50% of the voting rights.

\*\*\* The Xili Golf and Country Club, Shenzhen, is not included in the scope of our ESG disclosures.

### STAKEHOLDER ENGAGEMENT AND MATERIALITY

We strive to understand the expectations and priorities of internal and external stakeholders in order to take a proactive approach on ESG issues of significance to our business. Our first comprehensive materiality assessment was conducted in 2012. To ensure that the issues we identified at that time continue to be relevant, we completed a materiality review in 2016.

We believe that the most effective way to promote responsible business is to cultivate ownership for our ESG performance within the management and culture of every Shangri-La hotel. To this end, SLIM establishes priorities and monitors progress through a Corporate Social Responsibility ("CSR") scorecard. Within this framework every hotel can adapt its own management approaches to suit its specific circumstances. The CSR Scorecard has been updated periodically since its launch in 2011 to capture additional information on ESG initiatives, such as supply chain sustainability, guest engagement and, most recently in 2017, waste tracking and the diversion of waste from landfills.

### Material ESG Issues for our Hotels

OUR ENVIRONMENT	OUR BUSINESS	OUR PEOPLE	OUR COMMUNITIES
Waste	Guest Engagement	Employment Practices – Diversity & Equal Opportunities	Community Development – Embrace – Embrace ++
Climate Change & GHG Emissions	Guest Safety & Security – Fire and life safety – Food safety	Employee Wellbeing Training & Development	Volunteering Disaster Relief & Rehabilitation
Water	– Indoor air quality	Occupational Health & Safety	
Biodiversity & Conservation Sanctuary	– Guest security – Data privacy Corporate Procurement Sustainable Choices – Rooted in Nature		

# RESPONSIBLE BUSINESS

## OUR ENVIRONMENT

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 helping to improve our stewardship of the environment.

Environmental considerations have been fully integrated into daily operations of our hotels through Environmental Management Systems ("EMS") that create a robust framework for planning, managing and controlling environmental impacts and pollution.

Upholding our commitment to transparency and accountability, in 2017 we participated in CDP reporting on Climate and Water. CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. During the year, we are not aware of any instances of non-compliance with relevant laws and regulations that have a significant impact on the Group concerning air emissions, water discharges or disposal of hazardous and non-hazardous waste. From 1 April 2017, local authorities in Beijing imposed a more stringent standard on boiler flue emissions of nitrous oxides. Three affected hotels converted their boiler burners to comply with the new requirement.

We invest in green buildings wherever possible, integrating sustainable design features, construction techniques and operational processes into the development of our new projects. In 2017, three additional hotels received certifications for Leadership in Energy and Environmental Design ("LEED") from the U.S. Green Building Council bringing the total number of hotels in our portfolio that have obtained LEED certification to 15.

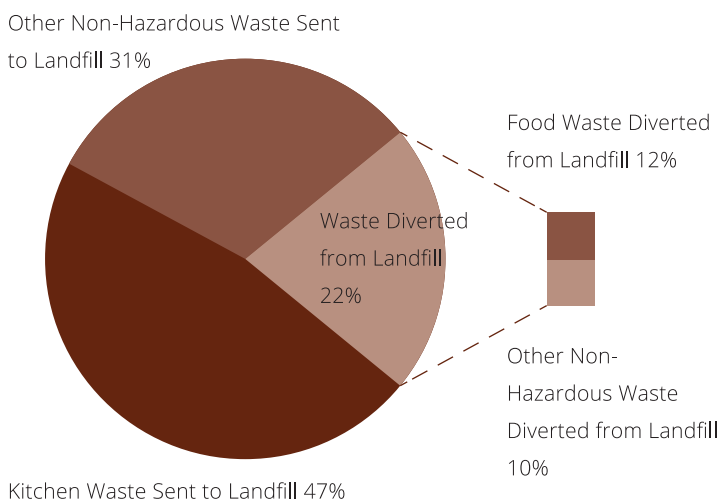
### Waste

Waste management is a major concern for communities and local authorities in many of the locations in which we operate, particularly in densely populated cities with limited space to create additional landfills. We strive to reduce the amount of waste that ends up in landfills as a result of our operations. Starting in 2017, all hotels are expected to track and report data on waste types and disposal methods, and each hotel's performance on waste diversion from landfill and food waste reduction is being evaluated through the

CSR scorecard. In 2017, our hotels produced approximately 43,750 tonnes of non-hazardous waste, of which over 9,400 tonnes were diverted from landfill. This represents an overall waste diversion rate of 22% for non-hazardous waste.

Our hotels are achieving waste diversion through various means, including recycling and "upcycling", which is the process of turning certain types of waste into valuable resources. We have implemented paperless check-in in 73 hotels, which significantly reduces the amount of paper waste that we produce. We also encourage our staff to practice what we preach. In 2017, our hotels hosted 218 events for staff to buy and sell, exchange or give away unwanted personal belongings and second-hand hotel items.

### Disposal and Diversion of Non-Hazardous Waste (tonnes)



### Food Waste

Food waste is our most significant type of waste, accounting for close to 60% of our total non-hazardous waste by weight in 2017. Our hotels are taking primary steps to avoid food waste at source through appropriate planning, storage and handling, and secondary steps to recycle unavoidable food waste through food donations, composting and other creative initiatives. According to our three-step approach, the hotels are developing food waste reduction plans, educating and motivating staff to achieve reduction targets, and then reviewing performance to identify and address areas for improvement.

In 2017, we estimate that our hotels donated over 700 tonnes of food to third parties, such as non-profit organisations who re-distribute food to the needy, and 200 tonnes of used cooking oil was collected by reputable suppliers and refined into products such as biofuels, candles and soaps. Across 95 hotels, we estimate that we upcycled over 4,300 tonnes of food waste such as by composting it or turning it into animal fodder, and we utilised approximately 50 tonnes of waste for power generation.

### Hazardous Waste

The relatively small amount of hazardous waste produced by our hotels is handled responsibly in accordance with locally applicable regulations and procedures. In 2017, our hotels disposed of approximately 39 tonnes of hazardous waste, including cleaning chemicals, retired light fittings and electrical equipment.

### Climate Change & Greenhouse Gas Emissions

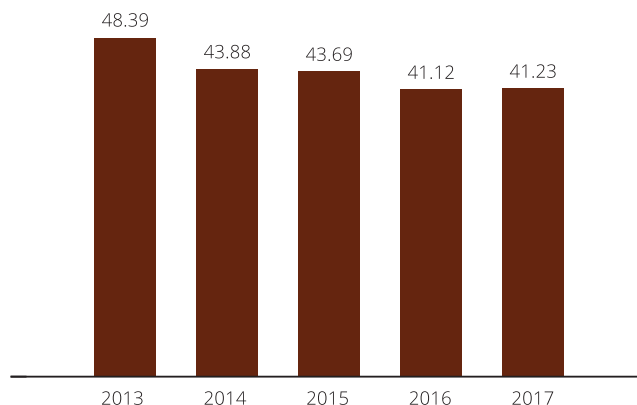
Climate change caused by anthropogenic greenhouse gas ("GHG") emissions poses both financial and physical risks to our business, particularly because a number of our hotels are located in areas that are vulnerable to the effects of extreme weather events such as flooding and typhoons. Fiscal initiatives to curb emissions may also affect our bottom line. Six hotels in Mainland China (five in Beijing and one in Shanghai) are involved in regional carbon trading initiatives. These hotels purchase carbon offsets to meet their obligations under those schemes.

Across our portfolio, all hotels that have been fully operational for two years or more are expected to meet intensity reduction targets for GHG emissions, energy and water. We use intensity metrics that reflect a measure of the number of overnight guests and other guests in each hotel during the year, known as business unit ("BU"). The group-wide base year for environmental footprint target-setting and performance evaluation is 2015<sup>1</sup>.

In 2017, our hotels' target was to achieve a 6% reduction in average scope 1 and scope 2 GHG emissions intensity compared with 2015 benchmarks. Forty-nine individual hotels achieved this target. There was a 5.6% reduction in GHG emissions intensity across 95 hotels compared with 2015 levels. However, there was a minor increase of 0.3% in GHG emissions intensity compared to 2016 that is related

in part to the revision of grid emission factors outside of our control. In 2017, GHG emissions intensity across 95 hotels amounted to 1.05 million tonnes of carbon dioxide equivalent (CO<sub>2</sub>e) and 41.23 kilograms of CO<sub>2</sub>e per BU.

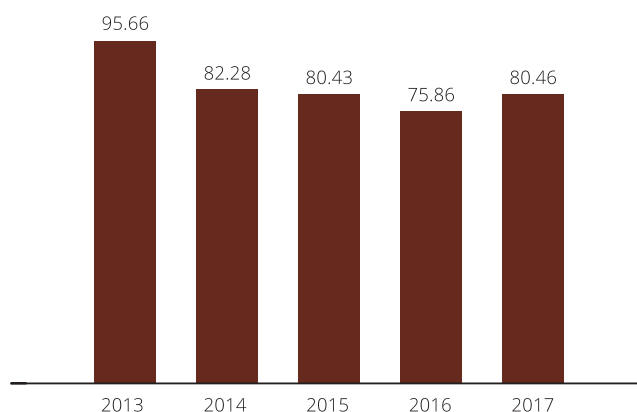
**Average Scope 1 & Scope 2 GHG Emissions Intensity (kilograms of CO<sub>2</sub>e per business unit)**



2017 GHG Emissions Intensity Reduction Target for each hotel: 6% compared with 2015

For average energy consumption intensity, our target for hotels was a 6% reduction compared with 2015 benchmarks, and 51 hotels achieved the 2017 target. Average energy intensity of our hotels increased by 6.1% to 80.46 kilowatt-hours per BU from 75.86 in 2016. The marginal (less than 1%) increase compared to 2015 is due to the significant number of openings in recent years. We anticipate the overall energy consumption intensity of the entire portfolio will resume a downward trend when the new hotels settle into a stable pattern of operational performance.

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



2017 Energy Consumption Intensity Reduction Target for each hotel: 6% compared with 2015

<sup>1</sup> For hotels opened in 2015, the base year is 2016. During the reporting period, environmental footprint targets and performance evaluation is not applicable for hotels opened after 2015.

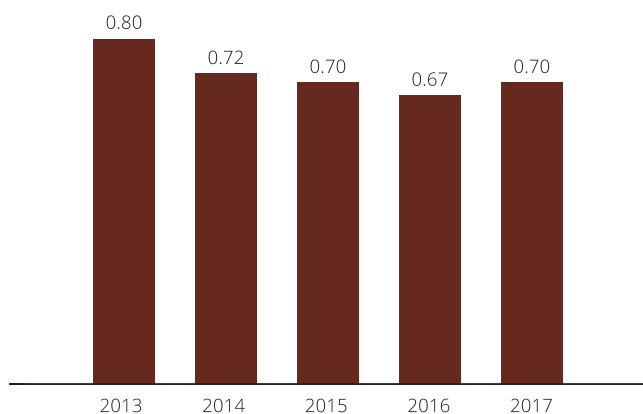
# RESPONSIBLE BUSINESS

Our hotels strive to continuously improve their energy efficiency. In 2017, total energy consumption across 95 hotels amounted to 2,056 GWh. We estimate that eco-friendly technology and initiatives adopted by the hotels, such as upgrades to light fixtures and chiller systems, help to save up to 7.4 million kWh per year. Reducing the temperature at which laundry is washed also has a considerable impact on energy use. In 2017, our low temperature laundry programme was implemented in 68 hotel laundries.

## Water

In 2017, our target for hotels was to achieve a 6% reduction in water consumption intensity compared with 2015 and 36 hotels achieved the target. Overall water consumption intensity across the 95 hotels remained at the same level as 2015 at 0.7 cubic metres per BU, and a total of 17.9 million cubic metres of potable water were consumed, mostly from municipal supplies. We recognise that responsible water management is an increasingly important issue for our business and that water conservation is especially important for our hotels in Northern China and other regions with high risk of water stress.

**Average Potable Water Consumption Intensity (cubic metres per business unit)**



## **WATER is LIFE**

Shangri-La is working with *WATERisLIFE*, a globally-recognised charity, to help provide safe and clean drinking water to underprivileged communities in rural areas in Mainland China.

In 2015, we partnered with *WATERisLIFE* to install a water treatment plant at a school in Changchun, Jilin province that continues to serve students and members of the local community. Following the success of this initiative, in 2017, we implemented three further projects to install SunSpring decentralised water treatment plants at two schools in Yushu, Qinghai province and a third school in Diqing, Yunnan province. The treatment plants, which use renewable solar and wind energy and are designed to be self-cleaning, will purify up to 5,000 gallons of water per day over their expected lifetime of 10 years.

During the installation, training was provided for local technicians to undertake minor maintenance on the water treatment plants. Going forward, *WATERisLIFE* will conduct water tests every six months to ensure water quality and Shangri-La engineers in Beijing will help to provide maintenance support. We estimate that over 4,000 students, their teachers and other members of their local communities will benefit from clean and healthy drinking water as result of this successful partnership.

## **Biodiversity & Conservation**

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

## **Sanctuary**

Sanctuary is Shangri-La's *Care for Nature* programme. In 2017, 16 hotels and resorts had Sanctuary projects in place, helping to conserve up to 56 endangered species that are on the International Union for the Conservation of Nature (IUCN) Red List. All of the Sanctuary projects involve partnerships with local organisations that have specialised knowledge and skills and most of the projects support the Shangri-La Eco Centre initiative, which seeks to engage with staff, guests and local communities about the importance of conservation by providing interactive learning experiences and other activities. In 2017, 13 hotels and resorts had Eco Centres.

## Sanctuary Highlights for 2017

### Care for Nature

Three of our hotels and resorts in China and five of our resorts in other locations implement Care for Nature projects. Shangri-La's Sanya Resort & Spa, Hainan, for example, has partnered with Tie Lu Gang Forestry Bureau and the Hainan Bawangling National Nature Reserve to protect the local habitat of the Hainan gibbon. Shangri-La's Rasa Ria Resort, Kota Kinabalu operates a 64-hectare reserve in conjunction with the Sabah State Wildlife Department for the protection of the western tarsier, slow loris and pangolin.

In 2017, Shangri-La's Le Touessrok Resort & Spa, Mauritius implemented a new Care for Nature project by establishing 10 bee colonies within the orchard of the resort. The project is giving a boost to the local population of bees, which are integral to the local ecology.

### Care for Reefs

Three of our resorts located in the Maldives, Fiji and the Philippines implement Care for Reef projects, involving conservation activities such as coral planting and fish house building to protect fragile reef ecosystems in the vicinity of the resorts.

At Shangri-La's Mactan Resort & Spa, Cebu, a marine sanctuary on six hectares of beachfront runs a conservation programme for over 160 species of fish, clams and coral. In 2017, there was a nearly 50% increase in guest engagement at the resort's Eco Centre compared with the previous year. Guest participation in the centre's extensive programme of activities, such as snorkelling, bat counting, basket weaving and local school and community visits, was boosted by the arrival of a number of large corporate groups, including organisers and contestants for the Ms. Universe competition that was held in the Philippines in January.

### Care for Turtles

Two resorts in Penang, Malaysia and a third resort in Oman implement projects to care for native species of turtle that seek sanctuary on the resorts' beaches in order to nest and reproduce.

At Shangri-La's Barr Al Jissah Resort & Spa in Oman, two expert turtle rangers are employed to help protect the nesting sites of hawksbill and green sea turtles. In recent years, changes in climate associated with global warming have impacted these turtles in a positive way, contributing to an increase in the annual number of hatchlings. In 2017, the resort's Eco Centre focused on enhancing its educational programme for children. In addition to engaging with the children of hotel guests in daily turtle-themed activities, the eco-centre also hosts regular field visits from local schools.

Other notable Sanctuary projects include the **Care for Clownfish** project at Shangri-La's Tanjung Aru Resort & Spa, Kota Kinabalu and Aberdeen Marina Club's **Care for Horseshoe Crabs** project in Hong Kong.

## OUR BUSINESS

### Guest Satisfaction

At Shangri-La, we aim to delight our guests with service and experiences straight from our hearts. We carry out guest surveys annually to measure guest satisfaction and identify areas for improvement. In 2017, 62% of guests surveyed responded with an "excellent" rating for overall stay experience, which is an increase of 2.1% from 2016. Our Eco Centres continue to be particularly popular; 65% of guests who stayed in a resort with an Eco Centre would recommend them to a friend.

### Guest Safety & Security

The safety and security of our guests and employees is our highest priority. We have comprehensive standard operating and crisis management response procedures in place and conduct regular reviews at each of our hotels. The properties have cross-functional emergency response teams that can be mobilized should a situation arise. We also have a group-wide Security and Safety Reporting System to facilitate timely reporting and incident management.

- SLIM has a number of policies in place concerning guest security, including but not limited to, conflict resolution, crime, medical emergencies and emergency evacuations. The SLIM Security division is responsible for implementing these policies in line with our corporate values and we conduct security audits at each hotel every year. Our security staff receive training to deal with emergencies, and our



## RESPONSIBLE BUSINESS

security offices are regularly in contact with local law enforcement agencies. Key areas of our properties are equipped with closed-circuit television and recording technology (CCTV) that are monitored by trained security officers.

- Fire Life Safety is of the highest importance and we have a zero-tolerance policy for non-compliance. Dedicated Fire Life Safety Officers have been appointed at each property with responsibility for monitoring and maintaining our Fire Life Safety systems, and the SLIM Engineering division conducts yearly inspections. Shangri-La's internal standards for Fire Life Safety reference the USA National Fire Protection Association's regulations, China Green Building codes and other relevant codes in the countries in which we operate.
- Food Safety is governed by Shangri-La's comprehensive food safety management system, in addition to which many hotels also obtain certification for compliance with relevant local and international food safety standards. Food safety performance is tracked as part of each hotel's CSR scorecard. In 2017, 60 hotels reported certification for ISO 22000: Food Safety Management System or HACCP (Hazard Analysis and Critical Control Points).
- As awareness about the health effects from indoor air pollutants increases, we recognise that indoor air quality ("IAQ") is a topic of increasing concern for guests and staff of our hotels. Monitoring of IAQ is covered as part of our EMS. The SLIM Engineering division works with hotels to make adequate provisions for ventilation and air filtration in accordance with our mechanical and engineering design standard. We measure the IAQ of each hotel every three years or as frequently as required by local authorities.
- "Shangri-La Group Privacy Policy including Cookies Policy" is available on our website. This sets out our commitment to safeguarding the personal information of guests and respecting privacy in compliance with all relevant laws and regulations in the jurisdictions in which we operate. We are not aware of any significant data security breaches affecting our hotel operations in 2017.

In 2017, we are not aware of any instances of non-compliance with relevant laws and regulations that have a significant impact on the Group concerning health and safety or any other aspects of product/service responsibility including but not limited to advertising, labelling and data privacy.

### Corporate Procurement

At Shangri-La, we recognise that our hotel operations have significant environmental and social impacts throughout our value chain and we are proactive about influencing our suppliers to help us uphold our commitment to corporate social responsibility. In 2017, our total corporate procurement spending on Food & Beverage, Information Technology and Rooms, Engineering and Other purchases exceeded US\$666.6 million. Food & Beverage purchases handled by hotels accounted for 70% of these expenditures. During the year, the total number of suppliers of goods and services to SLIM and our operating hotels was 20,130, of which 45% were located in Greater China, 43% in other Asian countries, and the remainder in Oceania, Africa and North America.

### Supplier Code of Conduct

We have a comprehensive **Supply Chain Code of Conduct** ("SCoC") available on the company website that clearly states our expectations regarding compliance with laws and regulations, product safety and quality, business integrity and ethics, labour standards, the environment, anti-corruption, record-keeping, confidentiality, data protection and intellectual property rights. Our preference is to do business with partners whose operations exceed the basic stipulations of the SCoC. However, at a minimum all suppliers are required to ensure that the principles of the SCoC apply to their employees and throughout their own supply chains; furthermore, they should report any violations or suspected violations to Shangri-La via a dedicated link on our website.

### Responsible Procurement

*"Shangri-La strives to be a leader in reducing the hospitality industry's environmental footprint. We wish to adopt products & practices that reduce our impact on natural resources and the environment."* Introduction to Shangri-La hotels' Green Procurement Guide

Our policy on responsible purchasing aims to ensure that we take full account of our impacts on people and the environment when we select products for our hotels. SLIM's Green Procurement Guide contains a list of recommended "green specifications" for a wide range of products such as building materials, cleaning supplies, paper, electrical equipment, furniture and textiles. Our minimum standard for paper and card products, for example, states that they should be eco-labelled to indicate that they originate from sustainable forests or constitute 100% recycled paper produced in an environmentally friendly way. We also select computer equipment and accessories with a bronze level rating or above using the US Electronic Product Environmental Assessment Tool ("EPEAT") or that meet European Union standards on Restriction of Hazardous Substances ("RoHS").

Since 2010, Shangri-La has prohibited the use of shark fin in all food and beverage outlets. As part of our ongoing commitment to sustainable seafood, we source products that are certified by the Marine Stewardship Council ("MSC") and Aquaculture Stewardship Council (ASC), wherever possible. Categorically, we do not serve fish such as Bluefin tuna and Chilean sea bass, which are critically endangered.

Our hotel-based procurement teams regularly engage with local supply chain partners on sustainability topics. In 2017, 80 hotels hosted 114 open house sessions with their suppliers.

### Celebrating Sustainable Seafood Week

For the fourth year in a row, Shangri-La hotels in China celebrated Sustainable Seafood Week in August 2017 in conjunction with MSC, World Wildlife Fund (WWF), China Chain Store Franchise Association (CCFA) and China Sustainable Retail Roundtable (CSRR) to help raise awareness for the protection of ocean resources. This year, chefs from Shangri-La Hotel, Shenzhen, Futian Shangri-La, Shenzhen and Jing An Shangri-La, West Shanghai conducted cooking demonstrations using MSC-certified ingredients at local supermarkets, including MSC-certified Alaskan Cod Fish Mousse, Pan-fried Black Cod with Lobster Bisque and MSC-certified Yesso Scallops.

### Sustainable Choices

Our guests are increasingly conscious about the impacts of their choices on their own well-being, as well as that of the environment and society at large. In response, we are constantly looking for new ways to offer our guests healthier and more sustainable choices.

### Rooted in Nature

- 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

In September 2017, our group-wide culinary initiative, Rooted in Nature, received the Hotel Investment Conference Asia Pacific (HICAP) Sustainable Hotel Award for Positive Community Impact. This award recognises hotel operators and developers who demonstrate exemplary sustainable practices and responsible development.

Launched in 2014, Rooted in Nature aims to promote the finest locally and ethically sourced ingredients, strengthen economic livelihood opportunities for local producers, preserve local traditions, and provide unique culinary offerings that will delight our guests. In 2017, our hotels offered over 1,444 Rooted in Nature menu items through our restaurants and dining outlets, including in-room dining services. To qualify for this designation, each menu item must meet at least one of the programme's criteria, including: being locally grown within a 20-kilometre radius of the hotel; chemical-free; sustainably sourced; or certified organic or Fairtrade.

# RESPONSIBLE BUSINESS

## OUR PEOPLE

At Shangri-La, we strive to attract, retain and develop talented people. We cultivate a fair and inclusive workplace where all colleagues treat each other with courtesy and everyone feels empowered to pursue their personal and professional goals. In 2017, the number of people employed at Shangri-La, including SLIM and all operating hotels, was 46,708, of which 44% were female and 84% were employed on full-time, permanent contracts. Turnover of fulltime, permanent employees increased marginally compared to 2016; the rate of turnover continued to be similar among male and female colleagues at 25% and 27%, respectively.

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

		Percentage of total*
By Gender	Male	56%
	Female	44%
By Age Group	Under 20 years	3%
	20 – 40 years	67%
	Over 40 years	31%
By Region	North China	19%
	East China	14%
	South China	13%
	North Asia, Philippines & the Pacific	19%
	Southeast Asia	18%
	Middle East, India & the Indian Ocean	12%
	Europe & the Americas	4%
By Contract Type	Permanent Full Time	84%
	Permanent Part Time	3%
	Temporary	13%

\* Percentage values for each category may not total to 100 due to rounding

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

		Turnover rate*
By Gender	Male	25%
	Female	27%
By Age Group (overall population)	Under 20 years	0%
	20 – 40 years	19%
	Over 40 years	3%
By Region	Asia	23%
	Non-Asia	29%

\* Turnover rate: Total Number of leavers during 2017 divided by the average headcount between December 2016 and December 2017

We strongly encourage our hotels to employ people from their local communities and particularly to provide opportunities for upward mobility for people with disabilities (PWDs). Our hotels partner with local organisations to offer training and employment for PWDs. In 2017, we employed 652 PWDs comprising 1.8% of our workforce, which is slightly below our target of 2%.

### **Employment Practices**

As a signatory to the UN Global Compact, Shangri-La is committed to upholding fundamental human rights. To ensure proper respect for human rights throughout our business, including our supply chain, we require that our suppliers do not use any form of forced, coerced or bonded labour, and that legal minimum age requirements for employment are strictly observed in every jurisdiction in which we operate. In general, no person who does work for our hotels, including suppliers of goods and services, should be below 16 years of age unless he or she is part of a recognised professional apprenticeship programme.

Our **Code of Conduct and Ethics** sets out the standards that we expect of every employee in order 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 and harassment including on the basis of gender, race, religion, disability, marital status, sexual orientation, family status or any other personal characteristic.

Our employees have a duty of care to report any violations of our Code of Conduct and Ethics. We have a whistleblowing and whistle-blower protection policy in place to support anyone who wishes to come forward with a query or complaint.

In 2017, we are not aware of any instances of non-compliance with relevant laws and regulations that have a significant impact on the Group regarding our employment practices (including compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare), providing a safe working environment or preventing child and forced labour. We are also not aware of any significant and/or material breach of laws and regulations regarding bribery, extortion, fraud and money laundering.

### Wellbeing

We strive to support our employees to achieve their personal and career goals through a combination of wellness programmes for colleagues and their families as well as comprehensive training and development opportunities for career progression.

### Training & Development

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 depending on their role and level of employment, ranging from five days to 21 days in total. The Shangri-La Global Academy was set up in 2004 with a focus on innovation and employability, with the mission to nurture emerging talent, develop exceptional hospitality leaders and address Shangri-La's future human resource needs and challenges. In 2017, our colleagues received training in several training areas ranging from leadership development to technical training.

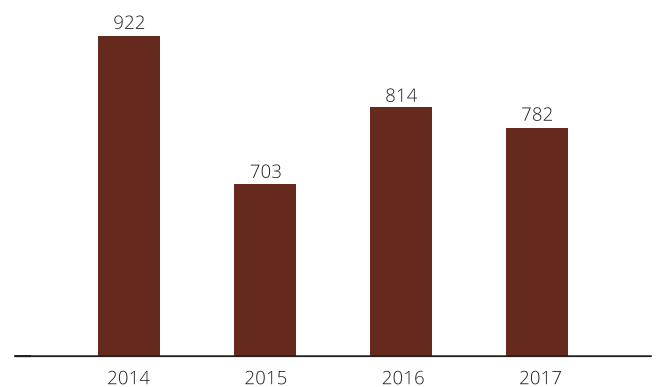
### Occupational Health & Safety

Safeguarding the health and safety of our employees and others with whom we work is a top priority for our hotels. The SLIM Engineering division ensures that every hotel has Occupational Health and Safety ("OHS") management processes in place to identify potential health and safety hazards in the workplace; implement plans and procedures to control these hazards; and regularly review and revise its procedures in order to achieve continuous improvement in OHS performance.

Our hotels conduct regular analysis to ensure that OHS training needs are identified and met, particularly for new and inexperienced colleagues. We are vigilant about combating the spread of infectious diseases and provide training and information briefings to our colleagues to minimise the threat of disease transmission. The Group OHS Implementation Manual provides guidance to hotels on how to prepare and implement its OHS Management System to achieve certification in accordance with the internationally recognised standard OHSAS 18001. In 2017, 49 hotels had obtained OHSAS 18001: Safety Management System certification.

**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. In 2017, we maintained a record of zero workplace fatalities in our hotels.

### Number of Employee Accidents and Injuries



# RESPONSIBLE BUSINESS

## OUR COMMUNITY

*"Shangri-La Hotels & Resorts CSR program is truly world-class, involving every aspect of the business, and making it potentially a template for the rest of the industry,"* Judging panel, Business Travel Awards 2017

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 for local people.

### Embrace

Through Embrace, Shangri-La's *Care for People* Project, our hotels are committed to forming long-standing partnerships focused on promoting health, well-being 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 each hotel's success is measured annually as part of the CSR scorecard.

Currently 90 of our hotels have active Embrace projects in place. The majority of these 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. A significant number have decided to invest in healthcare and rehabilitation, such as surgeries or cancer treatments for people who would not otherwise have access to them. In 2017, we estimate that our Embrace programme contributed over USD \$1.6 million to an estimated 49,000 beneficiaries.

### **Sustainable Community Investment in China**

Through their Embrace projects and other volunteering initiatives, many of our hotels in China are proud to support Shangri-La's longstanding and productive partnership with the Kerry Group Kuok Foundation ("KGKF"), a not-for-profit organisation belonging to KGL, which is a major shareholder of Shangri-La. KGKF began its work in China in 2007 to address the uneven distribution of opportunities for underprivileged people. Rather than offering charity for short-term relief, KGKF strives to change the mindset of its

beneficiaries in order to bring about sustainable change in four strategic areas: health, education, enterprise and environment.

### **Investment in Education**

The KGKF Big Brother and Big Sister Project is supported by colleagues at seven of our hotels in Beijing, Shanghai, Guangzhou and Chengdu who volunteer as mentors for migrant children. The volunteers meet regularly with the children to encourage them in their studies and participate in outings and activities. The hotels provide support by hosting events at which the mentors and mentees can get together and celebrate their achievements. In 2017, 12 colleagues from Shangri-La Hotel, Chengdu received recognition from KGKF for demonstrating full commitment to their mentees, who are migrant children receiving subsidised education at the Xishu School in Chengdu.

During the year, 17 of our hotels also provided their support to another KGKF educational initiative, donating a total of 3,905 books to nine remote rural primary schools in Guizhou, Hunan, Yunnan, Jiangxi, Fujian and Qinghai provinces. To achieve this result, volunteers from the hotels conducted fundraising and hosted book collections. A Reading Sharing event at Shangri-La Hotel, Haikou attracted more than 100 participants to raise funds to buy books for this initiative.

### **Investment in Enterprise and Environment**

In 2017, 16 hotels sourced more than three tonnes of fresh produce such as tea, mushrooms, vegetables and meat from cooperative farmers in poor, rural communities who are receiving KGKF support. These purchases were valued in excess of RMB 130,000. In the second half of the year, five hotels in Huhhot, Wuhai, Nanchang, Chengdu and Xian conducted special training sessions to help the cooperative farmers develop new marketing channels for their produce. The training sessions covered topics such as food hygiene, creating sales networks and forecasting market trends.

## Embrace ++

We strive to contribute to the social and economic development of local communities by providing employment and training opportunities through our Embrace ++ programme. Introduced in 2012, Embrace ++ encourages hotels to provide skills training to less fortunate members of their communities, with a view to helping them gain permanent employment with Shangri-La. Training includes, but is not limited to, housekeeping, administration, kitchen and service skills, engineering and carpentry. In 2017, 317 people gained permanent employment with us under this scheme.

### *Shangri-La Receives a Warm Embrace at the 7th China Charity Festival*

Shangri-La Hotels and Resorts was awarded the 2017 Responsible Brand Award and the 2017 Public Welfare Project Award for its EMBRACE and EMBRACE++ projects at the 7th China Charity Festival. These coveted accolades acknowledge and reaffirm the strategic nature of these programmes and their long-term sustainability impacts on our communities.

## 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 2017, over 55,000 volunteers, representing 77% of our workforce, dedicated over 82,800 volunteer hours to our signature projects, Embrace and Sanctuary, and other approved volunteering activities such as tree planting and beach clean-ups.

## Disaster Relief & Rehabilitation

*"Weather knows no religion, no ethnicity or race."* CSR Team at Shangri-La's Hambantota Golf Resort & Spa

Shangri-La operates hotels and resorts in some of the most beautiful destinations in the world, but unfortunately a number of these locations are also prone to natural disasters, such as earthquakes, major storms and floods. We build our properties to withstand these events and have procedures in place to ensure the safety and security of our guests while protecting the welfare and wellbeing of our colleagues and their families. During times of hardship in the aftermath of severe natural disasters, the Shangri-La community pulls together to help those who have been affected.

### *Sri Lanka Flood Relief*

In late May 2017, Cyclone Mora caused devastation in Sri Lanka— particularly in the south-western part of the island. The country received unexpectedly heavy rainfall for several days resulting in landslides and severe flooding. Fifteen out of 25 districts were affected, with up to 73,000 people temporarily displaced and more than 9,000 buildings severely damaged or destroyed.

With assistance from the global Shangri-La community, Shangri-La's Hambantota Golf Resort & Spa on Sri Lanka's south coast was able to respond almost immediately to requests for help from the Sri Lankan government with donations of money and goods. Colleagues at the resort formed a special team to deliver relief supplies, including basic food items, washing powder, soap and other cleaning products. Meanwhile, colleagues at Shangri-La Hotel, Colombo, in the capital of the country, also made personal contributions to help with the provision of basic toiletries and baby-care products, as requested by the authorities.

In the aftermath of the flooding, the CSR team at Shangri-La's Hambantota Golf Resort & Spa used money collected from colleagues to help with reconstruction of a rural school in the southern province. One of the school's buildings had totally collapsed and severe water damage had been sustained to its science laboratory among other facilities. The CSR team purchased and delivered equipment to completely restore the science laboratory. These donations will support the continued education of thousands of students.



# RESPONSIBLE BUSINESS

## HKEX ESG CONTENT INDEX

Shangri-La Asia has complied with all "Comply or Explain" provisions in accordance with Hong Kong Exchange Main Board Listing Rule 13.91 and ESG Reporting Guide. This index summarises the location of relevant disclosures in this report, including General Disclosures and Key Performance Indicators ("KPIs"), and provides some additional information.

Comply or Explain Provisions	Location of Disclosures and additional information
Aspect A1: Emissions and waste GENERAL DISCLOSURE on policies and regulatory compliance KPIs: A1.1, A1.2, A1.3, A1.4, A1.5 and A1.6	OUR ENVIRONMENT: Waste, Climate change & greenhouse gas emissions KPI A1.1: Emissions data for NOx, Sox and Particulate Matter is not available at this time. This data will be disclosed in a supplementary report to be made available on our website.
Aspect A2: Use of resources GENERAL DISCLOSURE on policies KPIs: A2.1, A2.2, A2.3, A2.4 and A2.5	OUR ENVIRONMENT: Climate change & greenhouse gas emissions, Water KPI A2.1: Data for energy consumption by type (other than electricity) is not available at this time. This data will be disclosed in a supplementary report to be made available on our website. KPI A2.5: We do not systematically collect data on packaging materials used in our hotels so this data is not available.
Aspect A3: Environment and natural resources GENERAL DISCLOSURE on policies KPI: A3.1	OUR ENVIRONMENT: Biodiversity & Conservation
Aspect B1: Employment GENERAL DISCLOSURE on policies and regulatory compliance	OUR PEOPLE: Introduction, Employment Practices
Aspect B2: Health and safety GENERAL DISCLOSURE on policies and regulatory compliance	OUR PEOPLE: Occupational Health & Safety
Aspect B3: Development and training GENERAL DISCLOSURE on policies	OUR PEOPLE: Training & Development
Aspect B4: Labour standards GENERAL DISCLOSURE on policies and regulatory compliance	OUR PEOPLE: Employment Practices
Aspect B5: Supply chain management GENERAL DISCLOSURE on policies	OUR BUSINESS: Corporate Procurement
Aspect B6: Product responsibility GENERAL DISCLOSURE on policies and regulatory compliance	OUR BUSINESS: Guest Safety & Security
Aspect B7: Anti-corruption GENERAL DISCLOSURE on policies and regulatory compliance	OUR PEOPLE: Employment Practices
Aspect B8: Community investment GENERAL DISCLOSURE on policies	OUR COMMUNITY: Embrace

The HKEX ESG Guide also contains a number of Recommended Disclosures for KPIs that have been included in this report on a voluntary basis as summarised below.

Recommended Disclosures	Location of Disclosures
Aspect B1 Employment KPIs: B1.1 and B1.2	OUR PEOPLE: Introduction
Aspect B2 Health and safety KPIs: B2.1 and B2.3	OUR PEOPLE: Occupational Health & Safety
Aspect B3 Development and training KPIs: B3.1 and B3.2	OUR PEOPLE: Training & Development
Aspect B4 Labour standards KPIs: B4.1 and B4.2	OUR BUSINESS: Supply Chain Code of Conduct, OUR PEOPLE: Employment Practices
Aspect B5 Supply chain management KPIs: B5.1 and B5.2	OUR BUSINESS: Corporate Procurement, Sustainable Choices
Aspect B6 Product responsibility KPIs: B6.3, B6.4 and B6.5	OUR BUSINESS: Guest Safety & Security, Corporate Procurement
Aspect B7 Anti-corruption KPIs: B7.1 and B7.2	OUR PEOPLE: Employment Practices There were no concluded legal cases regarding corrupt practices brought against SLIM or its employees during the reporting period.
Aspect B8 Community investment KPIs: B8.1 and B8.2	OUR COMMUNITIES: Embrace, Disaster Relief & Rehabilitation