

**Shangri-La Hotels and Resorts  
2014 UN Global Compact  
Communication on Progress**



## **Executive Statement of Continued Support**

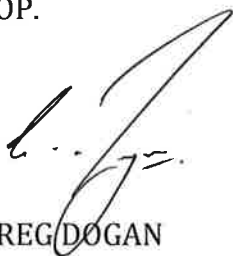
Shangri-La Hotels and Resorts became a member of the United Nations Global Compact in 2011 with the desire of integrating its 10 Principles as a reference framework for sustainable operations across the group. This is our third Communication on Progress (COP) Report, which aims to show how we continue to strengthen our policies and structures in line with the principles of human rights, labour, the environment and anti-corruption.

This COP covers 1 January to 31 December 2014 and refers to the data of 88 operating hotels and one marina club with corporate social responsibility (CSR) and sustainability operations managed by the corporate office, Shangri-La International Hotel Management Limited (SLIM). This entity is the signatory to the UN Global Compact. The report covers all the hotels within the group, including those that opened in 2014. New hotels in the planning and development stages and Shangri-La's business in property rentals are outside the scope of this report.

We have made significant progress in our sustainability journey. In 2014 Shangri-La remained the only hotel group from Asia listed in the Dow Jones Sustainability Index, a major international benchmark of global corporate sustainability leadership, logging significant improvements in categories such as climate strategy and corporate citizenship.

Reductions in carbon intensity and water consumption across our property portfolio exceeded 2014 targets by 6% and 16%, respectively. These achievements are a significant milestone for the Group, representing a 21% carbon intensity reduction and 26% water intensity reduction as of end-2014 compared to 2010 levels.

We remain committed to a course of continual improvement and have developed a new series of ambitious sustainability goals for 2020, explained in this report. These goals cut across our operations, the environment and the communities in which we operate and are in line with our commitment and participation in the United Nations Global Compact. We will continue to demonstrate our continued support and commitment through our annual COP.



**GREG DOGAN**  
President and CEO  
Shangri-La International Hotel Management Limited

## Shangri-La Hotels and Resorts

Hong Kong-based Shangri-La Hotels and Resorts ([www.shangri-la.com](http://www.shangri-la.com)), one of the world's premier hotel companies, currently owns and/or manages 90 hotels under the Shangri-La, Kerry and Traders brands, with a room inventory of over 37,000. Over four decades, the group has established its brand hallmark of "hospitality from the heart". The group has a substantial development pipeline with upcoming projects in Cambodia, Mainland China, India, Myanmar, the Philippines, Qatar and Sri Lanka.

### Our Core Values and CSR Mission Statement



## Human Rights

**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and

**Principle 2:** make sure that they are not complicit in human rights abuses.

Shangri-La Hotels and Resorts remains committed to observing the highest standards of human rights and aims to uphold its principles in the workplace and amongst relationships with various stakeholders.

This commitment is underscored best in our Company values of humility, courtesy, respect, helpfulness, sincerity and selflessness. Shangri-La's sense of hospitality comes from a caring company and it aims to deliver engaging experiences that come straight from the heart. This genuine sense of service governs the way Shangri-La runs its business and is strongly rooted in upholding human rights.

In living out our values of respect and courtesy, Shangri-La aims to keep a fair workplace that is governed by our Code of Conduct. This framework guides our various relationships, including issues regarding human rights, diversity, equality and equal opportunities. It is our policy to abide by the labour codes of and national laws in all countries in which we operate and to comply in general with the Fundamental Conventions of the International Labour Organization (ILO).

Any Shangri-La colleague that commences work, whether at the corporate or hotel level, is oriented on the articles of the Code of Conduct. It is imperative that every colleague has a perfect understanding of our expectations of behavior, not just of our policies and manuals.

In 2014 Shangri-La reaffirmed its commitment to the promotion of fundamental principles and rights at work. A revised Code of Conduct and Colleagues Handbook was introduced to provide a means of communication and enable colleagues to better access information in a manner that is relevant with the times. The Colleagues Handbook includes the following insertions: Introduction, Compliance with this Code and the Law, Leadership Responsibilities, Equal Opportunity and Respect, Protecting Company Assets, Use of Company Time, Conflict of Interest, Preventing Bribery and Corruption, Gifts and Entertainment, Protecting Confidential Information, Privacy and Data Protection, Insider Dealing, Anti-competitive Practices, Maintaining Proper Books and Records, Health and Safety, Protecting the Company's Name, Corporate Social Responsibility, and Whistleblowing Policy.

To ensure the best understanding, training programmes have been put in place and are made compulsory for all permanent colleagues to complete upon employment. Regular refresher training is also conducted during employment.

At every location, Shangri-La ensures that its properties extend the value of human rights and respect the rights of the communities that surround them. Through programmes within our social responsibility campaign, our hotels seek to respond to some of the most urgent human rights challenges in a consultative manner that is appropriate and respectful of local traditions and regulations.

Our business partners in particular share the journey by demonstrating compliance with our Shangri-La Supplier Code of Conduct. We award business based on quality and price without personal favouritism. We endeavour to create long-term win-win relationships with quality suppliers that enable us to enjoy excellent quality and prices and supplier involvement in continuously improving our products, services and profitability.

Neither we nor our immediate family will own, have a vested interest in or be a director of any supplier of goods or services to Shangri-La, except by way of shares in a public company. Shangri-La has only recently started aligning these policies directly under the UN Global Compact Principles, but we have long been monitoring compliance across our hotels through our Human Resources Department.

### **Engagement of Colleagues**

Shangri-La fosters an atmosphere of camaraderie and engagement through a system of open communication. Every hotel maintains a colleagues' notice board and conducts weekly meetings to keep colleagues abreast of hotel-level and other developments within the company. The senior management of each hotel engages all colleagues on matters of interest or concern via the State of Hotel Address and Executive Committee Dialogue. To complement these initiatives implemented by the hotels, SLIM operates an online system called E-Voice and a programme called Speak Up to facilitate structured feedback from hotel colleagues to SLIM about internal processes and business concerns.

### **Security Operations**

SLIM's Security Division oversees implementation of and operational compliance with the Security Operations, Crisis Management and Loss Prevention manuals. These manuals provide guidelines and procedures on the primary considerations that should be taken when managing incidents in line with Shangri-La's commitment to integrity, anti-corruption and the protection of human rights. The policies and procedures cover the handling of attempted bribery, conflicts of interest and soliciting of advantages, among others. All hotel security personnel have received training in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.

### **Corporate Purchasing Policy**

SLIM's Group Purchasing Division is responsible for the procurement of products supplied, such as food and beverage products, cleaning supplies, bedding and room furnishing. In accordance with the Corporate Purchasing Policy, suppliers complete a questionnaire on the **Supplier Code of Conduct**. This code is included as an appendix to every supplier contract and SLIM conducts regular reviews to ensure compliance. The Supplier Code of Conduct is available on our website: [www.shangri-la.com/corporate/aboutus/supplier-code-of-conduct/](http://www.shangri-la.com/corporate/aboutus/supplier-code-of-conduct/).

The revised code came into effect at the end of 2012 and incorporates new criteria that align closely with Shangri-La's Core Values and commitment to the 10 principles of the UN Global Compact. Suppliers are required to provide safe and healthy working conditions, use fair hiring practices, treat their workers and colleagues with dignity and respect and adhere to environmentally responsible practices in manufacturing. To that end, the code incorporates recognised international best practices in the areas of labour

and human rights, health and safety, environmental impact, ethics and management commitment.

In 2011, SLIM Purchasing engaged an independent firm to commence the first comprehensive evaluation of compliance with the Code. Out of 44 suppliers, 17 received a passing grade in the initial assessments (passing rate of 39%). In 2012, 4 out of 11 suppliers passed the initial assessments (passing rate of 36%). The initial assessments revealed that a majority of suppliers could not demonstrate full compliance with the code, often due to insufficient record keeping. Sixteen suppliers took corrective action to receive a passing grade following their reassessment before the end of 2012. This lifted the overall passing rate of suppliers to 37 out of 55 (67%). From August to 31 December 2013, 4 out of 31 completed initial audits failed (passing rate of 86%). In 2014, 26 out of 41 received a passing grade in the initial assessments (passing rate of 63%). One supplier contract was not renewed due to an attempted act of bribery.

In 2013, we started distributing our Corporate Code of Conduct declaration to the hotels' top 100 suppliers (80,000+ suppliers). Results are still being tabulated and will be reviewed once the exercise is complete.

Notably, Shangri-La's chemicals contract has now adopted a "pay as you go system", lifting the ceiling cap once in place, and now monitoring through actual consumption per hotel site. This was designed specifically to drive operational efficiencies with more hands-on training, leading to the reduction and proper application of chemicals. Significant cost savings have also been achieved, as expected

### **Responsible Procurement Programme**

Towards the end of 2012, the Responsible Purchasing Programme was rolled out to encourage purchasing decision makers in all divisions of every hotel to consider the impact of their selection on the environment and people. SLIM provides information to the hotels about environmentally friendly selection criteria and provides recommendations about what hotels should be looking for when procuring paper and card products, IT equipment, chemicals and pesticides. The hotels are also encouraged to evaluate local options to reduce the transportation distance for raw materials and final products to minimise landfill bound waste. In light of Shangri-La's expansion and increasing hotel footprint, efforts are being made to increase local and regional sourcing.

In 2014 Shangri-La launched "Rooted in Nature", a food and beverage driven initiative aimed at aligning CSR and Sustainability goals to set a global standard for culinary social responsibility through promoting:

- Use of local, small scale producers and fishery that produce good, clean and fair food and therefore will generally have less produce than larger scale producers;
- Use of local, quality ingredients, supplied by farmers, herders, fisheries, butchers, bakers and artisans who preserve traditional knowledge and techniques and work with respect for the environment, the landscape and animal welfare;
- Ethically- produced local foods, giving visibility and dignity to the producers and their work and recognising their true value;
- Healthy and sustainable dining, countering the rise of fast food, the disappearance of local food traditions and peoples' dwindling interest in the food they eat, where it comes from, how it tastes and how our food choices affect the rest of the world.



Our Rooted in Nature guidelines aim to guard local food traditions and raise awareness about the food we consume – not only where it comes from, but also how our food choices impact our communities and the rest of the world. Criteria & Guidelines state that Rooted in Nature items on outlet menus must have prominent ingredients that meet at least one out of these guidelines:

**1. Locally grown fruits and vegetables**

Produce must come from farmlands located within a 20-kilometer radius from the hotel.

**2. Chemical and pesticide-free local produce**

Suppliers must show certification verifying that they do not use chemical pesticides, only compost and bio-sourced alternatives.

**3. Free-range livestock and meat/poultry/eggs**

Food producers must present certification demonstrating adherence with FREPA (Australia), BC-SPCA/ USDA (North America), or RSPCA (UK) standards, among other local or national equivalent credentials.

**4. Sustainably-sourced seafood**

Seafood must be certified by the Marine Stewardship Council (MSC) or similar certification bodies. Suppliers must also possess a Certificate of Custody from the MSC. Local fishing groups that are supported by recognised partners such as the WWF are also included in this category.

**5. Certified organic, fair trade and other local certifications equivalent to less use of chemical pesticides**

Suppliers must possess fair trade or organic certification and produce MSG-free food.

Our targets for the Rooted in Nature food and beverage initiative include:

- **2017:** Shangri-La Hotels and Resorts will offer 50% more sustainable and locally sourced items on the menus with 2013 as the baseline year.
- **2020:** Shangri-La Hotels and Resorts will offer 75% more sustainable and locally sourced items on the menus with 2013 as the baseline year.

In mid-2014 13 Shangri-La hotels in China placed sizable orders for produce from seven bases of the Kerry Group Kuok Foundation (KGKF), which works to improve the livelihoods of rural communities. These orders included gold tea from Baojing, Hunan province, black rice from Mojing, Yunnan province, and honey from Xiaochang, Hubei province. Total initial purchases weighed nearly 27,682 kilograms, garnering farmers revenue of RMB209,670. Shangri-La hotels across Mainland China have also supported farming villages with hygiene, food handling and packaging courses to help local farmers better penetrate commercial markets. In 2014 Shangri-La Hotel, Xian and Golden Flower Hotel, Xian spearheaded capability-building sessions for various staff and local partners from the Kerry Group Kuok Foundation's Chunhua base in Shanxi province.

Taking inspiration from modules used in the actual training of Shangri-La colleagues, the hotels tailor-made a "Train the Trainer" set of programmes including courses on time management and communications skills. Via initiatives like these, we envision a holistic learning programme that not only focuses on farming techniques and produce management, but also practical business skills that villagers can share with their peers in the future.

Due to our decentralised management approach, SLIM does not have oversight of all contracts entered into by Shangri-La subsidiaries and affiliates at the hotel level. SLIM does not currently have a policy or mechanism for checking all contracts for human rights issues.

## **Labour Principles**

**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

**Principle 4:** the elimination of all forms of forced and compulsory labour;

**Principle 5:** the effective abolition of child labour; and

**Principle 6:** the elimination of discrimination in respect of employment and occupation.

Shangri-La is an equal-opportunity employer. All of our colleagues are made familiar with the group's commitment to non-discrimination on the grounds of gender, marital status, pregnancy, race, religion or disability. Colleagues also understand that equal employment opportunities are made available to all colleagues, irrespective of their gender, marital status, pregnancy or disability. No colleague is to be treated less favourably than any other in comparable circumstances and all are entitled to enjoy good working relationships with one another in an environment free from harassment.

We respect and support the protection of our colleagues' human rights, and our employment policies are designed to comply with all local labour laws. This includes our



firm stance against human trafficking, sexual harassment and the exploitation of children. In cases where young adults are in hotel traineeship or internship programmes, we ensure that they are protected by contracts signed either by the institutions they represent or by their parents/ guardians.

As mentioned earlier in this report, suppliers and business partners are encouraged to operate sustainably and are audited based on the Shangri-La Supplier Code of Conduct. The document enforces strict regulations and zero tolerance on indentured labour, trafficking, slavery or child labour. Any person who believes he or she may have been discriminated against in violation of these principles or observes any discrimination in violation of these principles should discuss the matter with the Human Resources Department. If for any reason the colleague does not want to discuss the matter with individuals in the Human Resources Department, he or she may discuss the matter with the Group Director of Human Resources, who has overall responsibility for the group's Equal Employment Opportunity Policy.

Furthermore, the company ensures that all personnel actions, including compensation, benefits, transfer, lay-off, return from lay-off, company-sponsored training, education, tuition assistance, and social and recreation programmes, are administered without regard to race, colour, religion, nationality, age, disability or history of disability (except where physical or mental abilities are a bona fide occupational requirement and the individual is not able to perform the essential functions of the position even with reasonable accommodation), sex (unless gender is a bona fide occupational qualification) or other protected characteristic.

### **Responsible Procurement Programme**

Under the Responsible Procurement Programme, Shangri-La respects freedom of association and collective bargaining in accordance with national laws in every country of operation. Under the Responsible Procurement Policy, all group supplier contracts include the Supplier Code of Conduct and SLIM-initiated audits on compliance in 2011. No suppliers with which freedom of association and collective bargaining may be significantly at risk have been identified. No suppliers with a significant risk of incident of child labour or forced or compulsory labour have been identified.

### **The Highest Ethical Standards**

The Code of Ethics outlines the common understanding of Shangri-La's expectations of behaviour for all colleagues. As Shangri-La continues to grow, it is imperative that our Core Values are understood and practiced by all. SLIM oversees a system of practical training to put our Core Values into daily practice. "Shang Care" is mandatory for all colleagues and consists of four modules called Shangri-La Hospitality from a Caring Family, Delighting and Engaging with Guests, Taking Ownership and Recovering to Gain Loyalty.

Colleagues are expected to behave towards each other, guests, suppliers, hotel owners and the community at large with high integrity, in the spirit as well as the letter of the code. Failure to comply may result in disciplinary action, which may include termination. In 2012, SLIM introduced the Whistleblowing Policy, which states that every Shangri-La colleague has the right and responsibility to act upon any incidence of behaviour running counter to the Code of Ethics by making a report directly to SLIM.

Shangri-La upholds the freedom of association and the right to collective bargaining for all colleagues. Within our hotels, the organisation of these activities take various forms, such as colleague unions, colleague councils and colleague welfare groups, depending on local legislation, culture and workplace norms. According to the information supplied by each hotel, from 2012 to 2013, approximately 13% of permanent colleagues in China and 17% of permanent colleagues outside of China participated in some form of collective bargaining agreement between workers and hotel management.

Shangri-La does not participate in forced and compulsory labour or child labour of any kind. Our policy on the age of employment is to strictly observe local laws and regulations in every country of operation. If local law permits it, hotels may employ young people below the age of 18 in traineeship or internship programmes.

Shangri-La strives to eliminate discrimination in respect of employment and occupation. The Group Director of Human Resources at SLIM has overall responsibility for the Equal Employment Opportunity Policy in recruiting, hiring, training and promoting without regard to race, colour, religion, nationality, age, disability or sex. As part of the routine Human Resource divisional audit of the hotels, SLIM monitors implementation of this policy to ensure that compensation, benefits, transfers, layoffs, trainings and social recreation programmes are administered without discrimination.

### **Occupational Health and Safety**

Shangri-La continues to be committed to ensuring a healthy and safe workplace for its colleagues. As of end 2014, 44 hotels have been certified. All hotels with OHSAS 18001 certification have a formal Health and Safety committee with joint worker-management representatives.

### **Training and Development**

Shangri-La aims to support its colleague in achieving their full potential. SLIM's guideline is that all permanent colleagues in every Shangri-La hotel, irrespective of service level, age or gender, will complete four hours of training per month. Compliance with this guideline is monitored by the hotels and reported back to SLIM on a quarterly basis. All colleagues receive regular performance reviews.

## **Environmental Principles**

**Principle 7:** Businesses should support a precautionary approach to environmental challenges;

**Principle 8:** undertake initiatives to promote greater environmental responsibility; and

**Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

Shangri-La mitigates impacts on the environment by ensuring that our day-to-day operations promote and implement responsible environmental practices and continual improvement. The SLIM Engineering Division primarily leads the CSR Focus Area

Environment by conducting regular environment audits as part of the overall Engineering audits to ensure compliance with environmental policies and procedures.

ISO 14001 is the predominant, internationally recognised standard for the management of environmental impacts of businesses. It prescribes the procedures for measuring, monitoring and managing activities that affect the environment. At the end of 2014, 51 hotels have received ISO 14001 certification.

In 2013, Shangri-La commenced working with RESET Carbon, a Hong Kong-based carbon and energy management specialist. The rationale for engaging RESET Carbon reflects Shangri-La's continued journey towards ensuring that the highest standards of data collection, verification and analysis are utilised to effectively minimise and manage our environmental impacts. Through RESET Carbon, Shangri-La will achieve compliance with International Standards ISO 14064 and GreenHouse Gas (GHG) Protocol. For more information on RESET Carbon, please visit <http://resetcarbon.com>

In 2014 Shangri-La reinforced its commitment to maximising resource efficiency and demonstrating leadership in environmental protection initiatives. The Group is well ahead of its targets - to reduce 20% of our carbon footprint intensity and 15% of our water footprint intensity by 2015 from 2010 levels. We have also taken steps to minimise waste generated by our food and beverage offerings both at the point of preparation and after they are served to guests, and to launch plastic and waste management audits across select hotels. Despite steady growth in the number of rooms and hotels opened over the past four years, our properties continue to demonstrate significant reductions in the consumption of resources year-on-year:

Number of business unit*	67 hotels	72 hotels	72 hotels	81 hotels	88 hotels
Average Energy Consumption (megajoules per business unit)	414.5	394.8	359.6	344.36	310.59
Average Potable Water Consumption (kiloliters per business unit)	1.00	0.89	0.83	0.80	0.72
% hotels achieving individual targets for reduction of GHG emissions and water consumption	NA	NA	58%	57% (GHG emissions per business unit) 67% (water consumption per business unit)	74% (GHG emissions per business unit) 70% (water consumption per business unit)
ISO 14001 certified Hotels	35	40	45	46	51
Average scope 1 and scope 2 GHG emissions (kilograms CO <sub>2</sub> e per business unit)	61.0	55.0	51.2	48.42	43.88

\* Being number of hotel managed by SLIM

In 2014 alone, the Group beat its carbon intensity and water intensity targets for the year by 6% and 16%, respectively. These achievements are a significant milestone for the Group, representing a 21% carbon intensity reduction and 26% water intensity reduction as of end- 2014 compared to 2010 levels.

At the same time, Shangri-La continued to lead the way in the hospitality industry in China in support of China's efforts to protect its environment and reduce carbon emissions via the National Development and Reform Commission's (NDRC) Carbon Emission Trading Pilot project.

Shangri-La has a head start on support for China's environmental drive, given the Group's existing energy and water reduction efforts and our robust carbon management system.

Highlights of achievements by our individual hotels include:

**Shangri-La Hotel, Beijing** regularly submits energy consumption data to the NDRC carbon trading platform, as well as verification reports from an external auditing company.

**Pudong Shangri-La, East Shanghai** carefully manages its electricity and gas consumption. Investments in new technology such as chiller renewal and a gradual shift to full LED installation delivered strong returns by the end of 2014, helping it reach its goal of not exceeding 80.16 Kg CO<sub>2</sub>e per business unit emissions annually.

**Traders Hotel, Beijing** saw a drop in energy consumption to 12,478,613 KWH in 2014 from 13,163,556 KWH in 2013. The hotel has also installed LED lighting to further rein in energy use.

### **Waste Management**

The hotels have implemented a number of programmes that are specific to local circumstances for water management, including waste segregation and recycling. In line with our approach to encouraging colleagues to participate actively in CSR campaigns, the hotels invite colleagues to recycle used hotel items and unwanted personal items that would otherwise be discarded. Shangri-La continues to monitor and manage property-specific reduction targets and support the hotels that perform well. Notably, while only 51 hotels have completed ISO 14001 certification, all other hotels continue to strengthen initiatives in environmental management systems. Shangri-La hotels have shown improvements in resource management, especially after introducing technologies that enhance efficiencies.

In 2014, ERM-Hong Kong, Limited (ERM) was commissioned by Shangri-La International Hotel Management Limited to carry out a waste audit pilot review of the waste generation and waste management practices at selected Shangri-La hotels. The final report provides an overview of the waste (both hazardous and non-hazardous in nature) generation, composition, handling and disposal as well as the relationship between waste arising and the purchasing activities of both hotels.

Key findings showed that kitchen and food waste make up the biggest percentage of our day-to-day waste profile. In order to ensure process improvement, environmental/financial management and guest experience remain our focus. Quality Insurance, CSR and Food & Beverage departments along with Purchasing have collaborated to pursue a more in-depth understanding of the source of food waste. In early 2015 a further pilot project will be carried out to cover six hotels over a six week period to monitor food waste from preparation, spoilage and guest waste. Through these results a comprehensive waste strategy will be developed to target high wastage areas and set targets for reduction in 2015.

## **Biodiversity Conservation**

First introduced in 2009, Sanctuary is our overarching vehicle to ensure habitat and biodiversity protection is a priority across all of our locations. In 2014 Shangri-La focused specifically on strengthening the systematic collection of biodiversity data. Onsite experts and marine biologists amassed information in partnership with local non-governmental organisations and community groups using internationally recognised methodologies and survey standards. The data we collected is now powering our habitat protection efforts, helping our hotels to more effectively manage projects and demonstrate measurable results. Properties with active Sanctuary projects work on an individual basis, with each defining the annual goals and budgets of their respective programmes. Results of the individual initiatives are monitored to ensure no effort is wasted and we achieve the desired outcomes for the Group as a whole. In 2014 the Group made significant strides in 2014 in its commitment to promote biodiversity conservation, launching a series of new initiatives that will enhance this effort over the next decade and beyond.

We currently have 17 “Sanctuary” projects:

### **Shangri-La’s Living Waters Project**

- Shangri-La Hotel, Qingdao

### **Shangri-La’s Care for Panda Project**

- Shangri-La Hotel, Chengdu

### **Shangri-La’s Reef Care Project**

- Shangri-La’s Mactan Resort & Spa, Cebu, Philippines
- Shangri-La’s Fijian Resort & Spa, Yanuca Island, Fiji
- Shangri-La’s Tanjung Aru Resort & Spa, Kota Kinabalu

### **Shangri-La’s Care for Nature Project**

- Shangri-La Rasa Sentosa Resort & Spa, Singapore
- Shangri-La’s Boracay Resort & Spa, Philippines
- Shangri-La Hotel, Beihai
- Traders Hotel, Shenyang
- China World Hotel (Beijing)
- Shangri-La Hotel, Guangzhou
- Shangri-La Hotel, Xian
- Golden Flower Hotel, Xian
- Shangri-La Hotel, Haikou

### **Shangri-La’s Turtle Care Project**

- Shangri-La’s Villingili Resort & Spa, Maldives
- Shangri-La’s Rasa Sayang Resort & Spa, Penang and Golden Sands Resort, Penang

### **Shangri-La’s Orang-Utan Care Project**

- Shangri-La’s Rasa Ria Resort & Spa, Kota Kinabalu

Eco centres in six resorts enhance the experience of learning about the natural environment. Shangri-La’s Fijian Resort & Spa, Yanuca Island, Fiji maintains a Marine Education Centre that serves not only as an exhibit area of underwater species, but also

as an assembly point for guest activities, such as mangrove planting, fish house building and coral tray planting. Since the beginning of the programme over 183 fish houses have been deployed in the marine protected area surrounding the resort with an 85% coral fragment survival rate. 710 mangroves have been planted through both guest and local school engagement which saw participation from over nine schools and almost 2,000 students over 2013/2014 in marine conservation related educational activities.

Shangri-La's Rasa Sayang Resort & Spa, Penang's Eco Centre features an exhibit showcasing the value of turtles in the ecosystem along with information on the rest of Penang's natural environment. The Eco Centre has gained recognition for the important role it's played as part of the local school curriculum in building awareness and appreciation of the local environment. School visits stood at three in 2013 and four in 2014. Staff engagement through Sanctuary has also showed a noteworthy increase from 100 in 2012, 185 in 2013 to 363 in 2014, demonstrating a growing interest in volunteerism and hands-on conservation activities.

The Nature Interpretation Centre at Shangri-La's Rasa Ria Resort & Spa, Kota Kinabalu continues to show an increase in species protected within the nature reserve through biodiversity data monitoring and collection: **2012:** Recorded 67 species of birds, 10 species of mammals and 258 species of flora including medicinal plants. **2013:** Recorded 70 species of birds, 10 species of mammals and 258 species of flora including medicinal plants. **2014:** Recorded 70 species of birds, 12 species of mammals and 261 species of flora including medicinal plants.

At Shangri-La's Boracay Resort & Spa, Philippines, the Eco Centre offers a wealth of learning materials, from multimedia entertainment to replicas of various island species that need protection, including the endangered giant golden crown flying fox. Through various conservation measures, including reforestation and working with local NGO's, the number of bats recorded has shown a positive increase over the past three years: **2012:** 1,709 larger average count per year, **2013:** 1,548 larger average count per year and in **2014:** 2,238 larger average count per year.

The Eco Centre at Shangri-La's Villingili Resort & Spa, Maldives is strategically located to entice every guest to learn about the underwater bounty surrounding the island. More importantly, it provides information about all the environmental conditions that make the Maldives a pristine, yet delicate ecotourism destination. Guest Engagement increased from 570 guests in 2012, 868 guests in 2013, to 1,513 guests in 2014 through onsite activities at the Eco Centre including Eco Tours, Coral Planting, Marine and Turtle Conservation Presentations and more. Corals planted also showed an increase – **2012:** 51, **2013:** 174, **2014:** 179 – which has positively impacted the variety and number of species within the marine area surrounding the resort as demonstrated through fish census data collection.

Among the major accomplishments in 2014 was ***Shangri-La's Rasa Sentosa Resort & Spa, Singapore's*** establishment of an onsite nursery dedicated to showcasing and propagating endemic species of flora and fauna. The nursery is raising awareness of Sentosa's incredible biological diversity among guests, local schools, and the community at large. At the end of 2014 a baseline set of data was collected and reflected a total of 164 flora species and 75 fauna species onsite.

Also in 2014, **Shangri-La Hotel, Chengdu** further developed its Care for Panda project. This flagship programme supports the new Dujiangyan Panda Centre through the development of bamboo plantations and panda feeding facilities. The Group set up a panda kitchen to produce food for the endangered bears, as well as a system to allow guests to share their views on the centre. As of the end of 2014, a total of 1.6 hectares of bamboo had been planted.

**Shangri-La Hotel, Xian** and **Golden Flower Hotel, Xian** launched a Care for Nature project to support the national nature reserve of Zhouzhi. The hotels helped upgrade facilities for the reserve's rangers and also promoted the development of nearby communities through traditional Chinese herb planting and bee-keeping ventures.

**Shangri-La Hotel, Haikou** also launched a Care for Nature project in 2014, raising funds to support a mangrove restoration project in the national nature reserve of Dong Zhai Gang.

## Anti-Corruption Principles

**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

Shangri-La maintains a steadfast commitment to ethical and governance standards. As the Code of Conduct governs the behaviour of all our colleagues, the Shangri-La Supplier Code of Conduct echoes the same principles and ensures responsible practices, including a zero tolerance policy on such practices as bribery and corruption. Shangri-La is further working to strengthen its overall Ethics and Governance Campaign, which will include a review of policies and standards, a gap analysis in training and enforcement measures, and a movement to revise and reissue policies in compliance with international standards, such as the Foreign Corrupt Practices Act. Shangri-La has not made any systematic review of risks related to corruption. However, it recognises the need to strengthen corporate governance, including training on human rights, overall ethics and anti-corruption.

## Summary

Shangri-La has pledged its commitment to conform, promote and integrate the Global Compact into its management strategy and day-to-day operations. The Group is now taking its commitment to the next level via our Sustainability Vision 2020 programme. Our refreshed mission statement is simple: to operate a responsible business that improves the lives of people and cares for the environment.

As of end-2014, the Group exceeded its own targets in each of the five focus areas under the "Sustainability, Shangri-La's Social Responsibility" platform: Employees, Supply Chain, Stakeholder Relations, Health and Safety, and the Environment. Looking towards 2020, the Group is aiming even higher and setting goals that will have significant impact.

These include:

- Further reducing Co2 emissions and water and electricity consumption throughout our hotels
- Placing all hotels under an integrated food management system
- Reducing accidents and absenteeism
- Reducing material usage and waste, including food waste, and boosting recycling
- Offering 75% more sustainable and locally sourced food items on menus versus 2013
- Ensuring all our suppliers comply with our Supply Chain Code of Conduct
- Building new developments according to LEED or equivalent green building standards whenever possible. New developments will also take into greater account surrounding habitats and biodiversity
- Continuing to contribute to the social and economic development of local communities by providing employment and training opportunities
- Using eco-friendly bathroom amenities and paper materials from sustainable sources in guest rooms, as well as better practices in laundry operations such as low temperature water usage

**Among our 2015 priorities are:**

- Achieving a 20% reduction in carbon emission intensity from 2010 under the initial five-year target. This translates to 44.63 kilograms CO2e per business unit
- Reaching the water consumption group target set at 0.83 kiloliters per business unit, despite the substantial increase in number of hotels from 67 in 2010 to an expected 98 by 2015
- Launching a Sustainability Advisory Board
- Launching mobile-accessible lectures on best sustainability practices for management and staff
- Enhancing the connectivity of our Embrace and Sanctuary water projects in parts of China and partnering with relevant organisations to promote clean water access and conservation
- Introducing our Sustainability platform and 2020 targets to stakeholders through social media and promotional activities

We trust that our 2020 plans illustrate the extent of our commitment to responsible business practices and our determination to ensure that Shangri-La will continue to meet its yearly COP targets and report its progress in implementing the 10 principles into its overall functions and performance.