

## **UNITED NATIONS GLOBAL COMPACT COMMUNICATION ON PROGRESS FOR FY 2021**

Shangri-La Group (“Shangri-La” or “the Group”) has been a signatory to the United Nations Global Compact (“UN Global Compact”) since 2011. This is our tenth Communication on Progress (“COP”). I am pleased to reaffirm our commitment to the UN Global Compact 10 principles. This COP covers the period from 1 January 2021 to 31 December 2021.

In 2021, we commemorated our 50th anniversary of the opening of our first Shangri-La hotel in Singapore in 1971. We are grateful to the many diverse communities and environments that we have been part of, that have contributed to our success over these years. It is important that we continue to do our best to protect and contribute back to communities and environments as well as future places that we may operate in.

We have, through our new Shangri-La ESG Framework, renewed our commitment to continue to manage our businesses and operations in a sustainable manner. As a key component in our ESG Framework, we are committed to operate our business at high standards of human rights and corporate governance.

In 2021, our colleagues around the world continued a range of initiatives to support local communities in vaccination and volunteering activities to protect and contribute back to our communities. Despite continued business challenges due to COVID-19, we continued to put our colleagues’ well-being and development as priority. We have enhanced our Shangri-La Care hygiene protocol to ensure our guests’ and colleagues’ safety and wellbeing. We have launched new leadership and development programmes to ensure our colleagues will be ready to take on greater growth opportunities when businesses recover.

In 2021, we introduced a new environmental target to reduce our single use plastic usage from our 2019 baseline by 50 per cent in five years. This is over and above the environmental targets that we have introduced since 2020 to reduce our carbon footprint, energy and water intensities.

Details of our approach and commitment to sustainable development in our business and key ESG initiatives can be found in our latest [2021 Sustainability Report](#) and an executive summary version can be found in the Responsible Business Section of our latest [Annual Report](#).

Thank you.

LIM Beng Chee  
Group Chief Executive Officer  
Shangri-La Group

17 June 2022

# SHANGRI-LA GROUP

## **OUR COMMITMENT TO THE UN GLOBAL COMPACT 10 PRINCIPLES**

**Shangri-La Group** refers to Shangri-La Asia Limited and its subsidiaries and affiliates; part of the Kuok Group, one of Asia's most dynamic multinational conglomerates and a leader in properties, logistics, agribusiness, maritime and hospitality. We are primarily listed on the Stock Exchange of Hong Kong (HKEX).

### **BOARD STATEMENT ON ENVIRONMENT, SOCIAL AND GOVERNANCE**

We are committed to operating in an economically, socially, and environmentally sustainable manner while balancing the interests of diverse stakeholders in order to make a positive impact on our local communities in every location.

We strive to be leaders in corporate citizenship and sustainable development; holding ourselves accountable to international standards in order to serve as good stewards of society and the environment.

Our Environmental, Social and Governance (ESG) Framework is underpinned by strong corporate governance with emphasis on material topics for our business and our stakeholders organised into four pillars: Our Business, Our Communities, Our Environment and Our People.

### **HUMAN RIGHTS**

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

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

Shangri-La Group remains committed to observing high standard of human rights and aims to uphold its principles in the workplace and amongst relationships with various stakeholders.

### **Code of Conduct and Ethics**

Our Code of Conduct and Ethics (Code) is the cornerstone that guides our colleagues under various situations in the workplace that may potentially involve human rights, diversity, equality, and equal opportunities. At a minimum our businesses must abide by the relevant labour codes of and national laws in all countries in which we operate. Our code has also taken into consideration the Fundamental Conventions of the International Labour Organization (ILO) and embedded the UN Global Compact 10 principles. For the period of 2021, there had been no report on any instance of non-compliance with laws and regulations that have a significant bearing on the performance of the Group.

All new colleagues are oriented on the articles of the Code of Conduct and Ethics so that they may understand and be fully aware of the company's expectations on their conduct and behaviour in the workplace. For the period of 2021, we have achieved 100 per cent completion of mandatory training module on the Code of Conduct and Ethics.

### **Partnering Our Suppliers**

The Shangri-La's [Supplier Code of Conduct](#) aligns closely with our operating framework as well as commitment to the UN Global Compact 10 principles. Shangri-La's Group Procurement Department is the custodian of this policy and functions as the centralized procurement office for the products relating to food and beverage, housekeeping, bedding, room furnishing and hotel essential operating items.

Our Supplier Code of Conduct is incorporated in contracts with every supplier. All suppliers are required to declare their compliance with the Code and to report any violations or suspected violations to Shangri-La via a dedicated link on our website. Failure to comply with any provision of this Code may result in termination of our business relationship. At the same time, we actively seek out supply chain partners with strong credentials whose practices go well beyond our minimum requirements. Whistleblowing policy is also adopted throughout

our supply chain which encourages suppliers to report any suspicious case to ensure fair business environment.

We award businesses based on quality and price without prejudice. We endeavour to create long-term win-win relationships with reputed suppliers who share our values and who believe in continuously improving our products, services, and profitability.

### **Respect People and Communities**

We also ensure that our properties extend the value of human rights and respect the communities that we operate in. Through our community engagement programmes, our colleagues will be able to support the hotels to respond to some of the most pressing challenges in their communities.

In 2021, we implemented a range of initiatives to encourage and incentivise our colleagues and members of public to “Do Good, Get Vaccinated”. Around the world, Shangri-La hotels have actively supported local vaccination campaigns, such as co-hosted for community vaccination drives via venue sponsor and provided volunteers. In Hong Kong where our headquarter is located, we have also launched the “Caring For Our Community Programme” providing assistance to more than 29,000 underprivileged families and delivered over 30,000 food packs since May 2020. Meals, food packs, and bed linens were donated to people-in-need in Mainland China, Malaysia, UK, Singapore, and Thailand respectively. We strive to provide long-term care to the communities we serve, by contributing more than 22,900 volunteers in 2021 with over 115,000 service hours.

### **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

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

Shangri-La upholds the freedom of association and the right to collective bargaining for all colleagues in accordance with national laws in every country of operation. Within our hotels, the organisation of these activities takes various forms, such as colleague unions, colleague councils and colleague welfare groups, depending on local legislation, culture, and workplace norms.

### **Equal Opportunities and Respect**

(Human Resource Policy No. P1. 43: Equal Opportunity and Respect)

At Shangri-La, we are committed to ensuring that our workplaces embrace diversity and are free from discrimination based on gender, race, religion, disability, marital status, sexual orientation, family status or any other personal characteristics. We do not condone harassment or any form of conduct that may cause our colleagues to feel embarrassed or uncomfortable.

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 forced and compulsory labour or child labour, human trafficking, sexual harassment, and the exploitation of children. Our policy on the age of employments is to strictly observe local laws and regulations in every country of operation. 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. In 2021, there have been no incidences of child or forced labour reported.

Our hotels are strongly encouraged to employ people from their local communities, and in particular, to provide opportunities for People with Disabilities (PWDs). We have partnered with local organisations to offer training and employment from PWDs, and in 2021, we employed 550 PWDs, which represents an average of 1.7 per cent of our hotels' total headcount.

Shangri-La strives to eliminate discrimination in respect of employment and occupation. Human Resources

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(HR) Department will take charge to handle any suspected discrimination cases in our company. Furthermore, the company ensures that all personnel actions, including compensation, benefits, etc. are administered without discrimination 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 personal characteristics protected by law.

### **Communicating With Our Colleagues**

Shangri-La strives to foster an atmosphere of engagement and team spirit through a system of open communication. We held group-wide Town Halls quarterly to update our colleagues on major development in our businesses. A monthly HR newsletter was also being rolled out to update and engage our colleagues proactively and continuously.

The most important tool to empower our colleagues to develop their full potential and to be meaningfully engaged is through concerted, systematic, and innovative learning and development programmes. Shangri-La Academy is a digital learning management system provides essential, functional, leadership programmes to our colleagues. Our colleagues are also provided with on-the-job learning, and opportunity to participate in internal or external workshops, as well as subscription to LinkedIn Learning to enhance our colleagues' learning experience.

### **ENVIRONMENTAL PRINCIPLES**

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

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

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

Shangri-La recognises climate change as one of the greatest sustainability challenges facing our business and the communities we serve. Across the Group, our colleagues continued to work on utility saving initiatives that could reduce energy consumption and water intensity in our hotels through variable control strategies for major engineering systems, system upgrades, energy benchmarking and low-load energy efficiency measures.

### **Taking Action In Response To Climate Change**

Physical risks associated to climate change for our business would be the increased severity and frequency of extreme weather events that can physically damage our properties and threaten our guests' and colleagues' safety. We own and operate properties in geographical areas that are highly vulnerable to typhoons and cyclones, including China's coastal regions, Japan, India and Sri Lanka, the Philippines and Oceania.

The Group has in place emergency response and crisis management plans that are frequently tested by the hotels. Since 2021, we have also enhanced hotels' crisis management with additional flood management procedures, and by raising our colleagues' awareness through frequent emergency response drills and regular training.

Transitional risks associated to climate change include emerging new regulations relating to carbon emissions caps and carbon related taxes in the jurisdictions the Group operates in. We continuously keep our Group embrace with up-to-date information of local jurisdiction on carbon or climate related regulations. Some of our hotels in Mainland China are required to comply with local regulations that imposes carbon emissions caps and trading schemes. Five hotels in Beijing and one hotel in Shanghai are allocated a greenhouse gas emission quota. We also anticipate that regulators in jurisdictions, such as Singapore, will increase carbon taxes in the near future.

### **Sustainability By Design**

The Group has put in place sustainable building standards in the design and construction of our properties and

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strive to achieve continuous improvement in the energy, water, and carbon efficiency of our property portfolio in order to reduce the Group's overall environmental footprint. Our Project and Design team references various green building schemes covering the project life cycle from selection of materials and management of construction waste to energy and water-efficiency, indoor air quality and aesthetics. As of the end of 2021, the Group recorded 36 green buildings.

### **Committing To Environmental Responsibility**

The Group has set forth five-year targets for our energy, water, and carbon emissions intensity.

In 2021, the Group established a target to reduce the amount of single-use plastic that we purchase by 50 per cent compared with the 2019 baseline level over five years starting from 2022. Under this initiative, the Group has targeted single-use plastic water bottles, shower bottles, bathroom amenities and F&B takeaway plastic containers for reduction.

To date, 21 hotels in mainland China have ceased active provision of disposable guest bathroom amenities such as toothbrushes and combs in compliance with local waste management regulations for all star-rated hotels. In addition, 16 properties have eliminated single-use plastic water bottles from guestrooms by switching to filtered water in glass bottles and/or installing filtered-water taps.

Details of our environmental performances and initiatives implemented are available at our Sustainability Report 2021.

### **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 business practices and governance standards. Our Code of Conduct and Ethics emphasises the Group's desire for all our colleagues to maintain integrity and adhere to a set of ethical values in their day-to-day business dealings. This code applies to all officers, employees and directors of the Group, its subsidiaries, business units and controlled affiliates as well as employees of properties and businesses operated by the Group.

### **Embedded the Integrity and Fairness of Business in Every Aspect**

All employees have been provided with a copy of the Code when hired and are required to confirm compliance with the Code. In 2021, there were no concluded legal cases brought against the Group during the reporting period concerning corruption or fraud. 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.

We have recently developed a new training course to improve our colleagues' awareness and understanding of the Group's anti-corruption and anti-bribery policies, which is due to be launched in 2022.

### **Whistleblowing Policy**

Shangri-La Whistleblowing and Whistleblower Protection Policy outlines the process and procedures that are in place to encourage employees and business partners to report suspected wrongdoing in the knowledge that we will respect their confidentiality and that their concerns will be investigated in full confidence. The Whistleblowing Policy is administered by the Internal Audit Department. The Group has posted the Whistleblowing and Whistleblower Protection Policy on the Group's corporate website.

The Whistleblowing Policy states that every Shangri-La colleague has the right and responsibility to act upon any incidence of behaviour running counter to the Code of Conduct and Ethics by making a report directly to the Group's Chief Auditor, who will carry out investigation and report to Senior Management and the Board. On a bi-monthly basis, the Compliance Committee is convened to handle and resolve grievances, whistle-blowing cases, and important compliance matters.

Finally, the Group Integrated Assurance Framework empowers ownership and drives accountability in our front-line operations. This framework provides for a formal system of assessment of risk and control and compliance monitoring.