

Shangri-La Group 2018
UN Global Compact Communication on Progress

Executive Statement of Continued Support

Shangri-La Group became a member of the United Nations Global Compact in 2011 with the desire to integrate its 10 Principles as a reference framework for sustainable operations across the Group. This is our seventh 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 2018 and refers to the data of 102 properties, including Group-owned hotels, hotels under lease agreements, and hotels owned by third parties that have been in operation for at least one full calendar year, as summarised in the following table.

Scope of Disclosures

OPERATING HOTELS	IN SCOPE
Subsidiaries*	56
Associates**	22
Management	20
Under Operating Lease	3
Aberdeen Marina Club	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 more than 20% but less than 51% of the voting rights.

In 2018, 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. The group also was listed again in the Hang Seng Corporate Sustainability Index, reinforcing our sustainability leadership among Hong Kong-listed companies.

During the year, Embrace, Our Care for People project, received the Public Welfare Project Award by China Charity Festival.

Corporate Office

In 2018, we introduced a group-wide Balance Scorecard to assess the performance of our hotels across six dimensions- guest experience, people development, financial performance, corporate initiatives, compliance and community engagement. This holistic evaluation forms the basis of our performance incentive structure and is designed to reward and recognize our colleagues for promoting sustainable development across the Group. To further enhance communication regarding Shangri-La's sustainability commitments with internal and external stakeholders, the 2018 Sustainability Report content is prepared with reference to the latest ESG Reporting Guide issued by The Stock Exchange of Hong Kong Limited, and several GRI Standards published by the Global Reporting Initiative. Please find this as part of our Annual Report* on page 50.

We proactively engage our internal and external stakeholders to understand their needs and guide the sustainability focus of our work. For the purposes of sustainability reporting, a comprehensive materiality assessment of our business was conducted in 2012 and updated in 2016. We plan to conduct another materiality study in 2019-2020.

In 2018, the focus of our internal engagement was the new Balance Scorecard. During the year, senior hotel and corporate office managers created actionable strategies and targets for each dimension of the scorecard.

As a result, all hotels launched new Leadership Competencies guidelines that align our expectations for effective behaviours of Shangri-La leaders across the Group. We also rolled out enhanced Core Learning programmes for all hotel employees focused on the Group's commitment on hotel security, Fire Life Safety, information security and the Shangri-La Food Safety Management System.

With this in mind, we are confident of strengthening our sustainability efforts in the coming years to safeguard our mission of operating a responsible business that both improves the lives of people and cares for the environment, and we will continue to demonstrate our continued support and commitment through our annual COP.

Robert Chong
Chief Corporate & Human Resources Officer (CCHRO)
Shangri-La International Hotel Management Limited



https://ir.shangri-la.com/ir/en/reports/annualreports/2018/e20190320_AR.PDF

Corporate Office

Shangri-La Group

Shangri-La Group (www.shangri-la.com) is one of the world's premier developers, owners and operators of hotel properties. The Group's principal activities are in Hotel properties, hotel management services, investment properties and property development for sale. It currently owns and/or manages over 100 hotels globally in 75 destinations under the Shangri-La, Kerry, Hotel Jen and Traders brands. The Group also develops, owns and operates investment properties including office properties, commercial properties and serviced apartments/residences. Prominently positioned in Asia, the Group has a substantial pipeline of upcoming hotel and mixed-use development projects in Australia, Bahrain, Mainland China, Cambodia, Indonesia and Saudi Arabia.

Our CSR Vision / Mission Statement

We commit to operating in an economically, socially and environmentally responsible manner whilst balancing the interests of diverse stakeholders.

We strive to be a leader in corporate citizenship and sustainable development, caring for our colleagues and guests, seeking to enrich the quality of life for the communities in which we do business and serving as good stewards of society and environment.

Our CSR initiatives are focused on five key areas namely environment & biodiversity, community engagement, sustainable supply chain, employee development and health & safety.

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 Group 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

Corporate Office

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 all employees understand the company's expectations of behaviour, not just of our policies and manuals.

In 2018 Shangri-La reaffirmed its commitment to the promotion of fundamental principles and rights at work through the Code of Conduct which covers the following: compliance with the Code, 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 (CSR) and whistleblowing policy. It is mandatory for all permanent colleagues to complete the training upon joining the company.

In 2018, we made a strategic decision to reposition and rebrand Shangri-La Academy as a global provider of blended and experiential learning opportunities that will empower people from across the Group to take responsibility for their own learning journeys. In addition to piloting an online digital learning platform that is freely accessible to our colleagues via their mobile devices, we have started to curate our in-house learning content comprising over 200 videos and 100 other learning materials and we have begun to leverage opportunities for social learning through sharing of best practices.

At every location where we operate, Shangri-La ensures that its properties extend the value of human rights and respects the rights of the communities around us. Through our CSR programmes, our hotels seek to respond to some of the most pressing 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. This requires suppliers to provide safe and healthy working conditions, use fair hiring practices, treat their workers with dignity and respect, and adhere to environmentally responsible practices in manufacturing. To that end, the code includes standards in the areas of labour and human rights, health and safety, environmental impact, ethics and management commitment.

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. Our contracted suppliers are required annually to self-declare their compliance to our Code of Conduct.

Corporate Office

Engagement of Colleagues

Shangri-La strives to foster an atmosphere of engagement and team spirit through a system of open communication. Every hotel maintains a colleagues' noticeboard and conducts weekly meetings to keep everyone abreast of hotel-level and other developments within the Group. The senior management of each hotel engages all colleagues on matters of interest or concerns via the State of Hotel Meeting and Executive Committee Dialogue.

Security Operations

Shangri-La'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. 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 2018, we maintained a record of zero workplace fatalities in our hotels.

Supplier Code of Conduct

Shangri-La's Group Procurement Department is responsible for the procurement of products supplied, such as food and beverage products, cleaning supplies, bedding and room furnishing. In 2018, we worked with over 22,000 suppliers of our food and beverage, rooms, engineering and IT divisions to ensure they meet our requirements.

Our comprehensive Supplier Code of Conduct (the "Code") was updated in January 2018 and incorporated 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.

This Code is included as an appendix to every supplier contract. 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. The Supplier Code of Conduct is available on our website: www.shangri-la.com/corporate/aboutus/supplier-code-of-conduct/.

Corporate Office

Responsible Procurement Programme

The Responsible Procurement Programme was rolled out in 2012 to encourage purchasing decision makers in all divisions of every hotel to consider the impact of their selection on the environment and people. The Group provides information to the hotels about environmentally friendly selection criteria and provides recommendations on 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 minimise the transportation distance for raw materials and final products to reduce landfill-bound waste. In light of Shangri-La's expansion and increasing hotel footprint, efforts are being made to increase local and regional sourcing to reduce carbon emissions.

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 fish traders 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, fishers, butchers, bakers and artisans who preserve traditional knowledge and techniques and work with respect for the environment, the landscape and animal welfare;
- Virtuously-produced local foods, giving visibility and dignity to the producers and their work and recognising their true value;
- Countering the rise of fast food and 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 our planet.



Corporate Office

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 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-kilometre 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.

In 2018, we offered over 500 Rooted in Nature dishes in our restaurants.

Shangri-La has prohibited the use of shark fin in all our operated restaurants and banqueting events since 2010. As part of our on-going commitment to sustainable seafood, we source products certified by the Marine Stewardship Council (MSC) wherever possible. MSC certification means the seafood is fully traceable from a legal fishery; has proven minimal impact on the marine environment and other species, including threatened or endangered species and juvenile fish. We do not serve fish products such as Bluefin tuna and Chilean sea bass, which are critically endangered.

In 2018, our company received full seafood Chain of Custody certification from the MSC for 53 hotels across Mainland China and Hong Kong. We are the first hotel group in Asia to partner with the MSC as part of our commitment to protect future seafood supplies. We have since introduced the trusted MSC eco-label in our restaurant menus. In November 2018, we received the MSC “Leadership in Sustainable Seafood Award” and Shangri-La Hotel Qingdao received the MSC China Hotel of the Year Award in recognition of its creative efforts to provide MSC certified seafood choices.

Corporate Office

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 our colleagues are made aware of 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 everyone, irrespective of their gender, marital status, pregnancy or disability. No colleague is to be treated less favourably than another in comparable circumstances and everyone is entitled to be able to work 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 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 HR Department. If for any reason the colleague does not want to discuss the matter with individuals in the HR, he or she may discuss the matter with the Chief Corporate & Human Resources Officer (CCHRO), who has overall responsibility for the Group's Equal Employment Opportunity policy.

Furthermore, the company ensures that all personnel actions, including compensation, benefits, transfers, lay-offs, return from lay-offs, 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.

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 on compliance. In 2018 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 also been identified.

Ethical Standards

The Code of Conduct and 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 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. A Whistleblowing Policy is in place, 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 the Group.

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.

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 CCHRO of the Group has overall responsibility for the Equal Employment Opportunity policy in recruiting, hiring, training and promoting without regard to race, colour, religion, national origin, age, disability or sex. As part of the routine HR divisional audit of the hotels, SLIM monitors implementation of this policy to ensure that compensation, benefits, transfers, layoffs, training and social and recreation programmes are administered without discrimination.

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

Corporate Office

partnered with local organisations to offer training and employment from PWDs, and in 2018, we employed 773 PWDs, which represents an average of 1.74% of our workforce.

Occupational Health and Safety

Shangri-La continues to be committed to ensuring a healthy and safe workplace for all colleagues. At the end of 2018, 54 hotels have been certified, and two hotels achieved certification in compliance with the most recently released standard ISO 45001. All hotels with OHSAS 18001 certification have a formal Health and Safety committee with joint worker-management representatives.

Employee Well-being

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. Equally important to professional development is colleagues' well-being. Apart from medical checkups and the promotion of smoke-free workplaces, hotels also run activities that promote healthy lifestyles with the support of the Employees' Committee.

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 Corporate Engineering Division conducts regular environmental audits to ensure compliance with environmental policies and procedures.

Upholding our commitment to transparency and accountability, in 2018 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.

We invest in green buildings wherever possible, integrating sustainable design features, construction techniques and operational processes into the development of our new projects. During 2018, 17 hotels obtained Leadership in Energy and Environmental Design (LEED) certification from the United States Green Building Council, the most

Corporate Office

widely used green building rating system globally. Another 18 hotels were certified under schemes such as the China Hotel Association's China Green Hotel rating system, the National Australian Built Environment Rating System (NABERS). Green Mark in Singapore, and the Building Research Establishment Environmental Assessment Method (RREEAM) in the United Kingdom. By the end of 2018, 57 hotels received ISO 14001 certification.

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.

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 a business unit ("BU"). The group-wide base year for environmental footprint target-setting and performance evaluation is 2015. We aim to achieve a 15% reduction in the energy, GHG and water footprints of our properties by 2020 compared with their baselines.

The 2018 Energy, GHG and Water Footprint Reduction Targets were:

- Group-wide: 9% reduction from 2015 baseline
- Opened in 2015: 6% reduction from 2016 baseline
- Opened in 2016: 3% reduction from 2017 baseline
- Opened in 2017 & 2018: Not included in the Group performance evaluation

The main driver of energy consumption and GHG emissions across our portfolio is purchased electricity for lighting, air-conditioning and other general purposes in our hotels. Within the scope of this report, our total energy consumption in 2018 was equivalent to 2,054.32 GWh, and we produced scope 1 and scope 2 GHG emissions amounting to 176,341 and 919,805 tonnes of carbon dioxide equivalent (CO₂e), respectively.

In 2018, 50 properties achieved their reduction targets for energy intensity and 48 properties achieved their reduction targets for GHG intensity. The average energy intensity of 102 properties included in our Group performance evaluation was 74 kWh per BU, which represents an 8% decrease from the baseline. Average Scope 1 & 2 GHG emissions intensity decreased 9% from the baseline to 6.5 kilograms of CO₂e per BU.

In addition to the energy consumption reported above, 11 hotels generated small amounts of renewable energy using photovoltaic systems to convert sunlight into hot water or electricity. In 2018, these systems produced 2.29 GWh of renewable energy, all of which was consumed within the hotels.

Corporate Office

Across the Group, we have implemented various energy saving technologies such as centralized heat pumps that are three times more efficient at transferring energy than using boilers or heaters to generate heat; and vacuum boilers that are 15 - 30% more efficient than conventional steam and hot water boiler systems. In 2018, these technologies helped us to achieve estimated energy savings of 39.69 GWh per year. Reducing the temperature at which laundry is washed also has a considerable impact on energy use. In 2018, our low temperature laundry programme was implemented in 82 hotels.

We have two major initiatives in place to further enhance the energy performance of our portfolio: (i) improving the efficiency of chillers that provide cooling energy in our hotels central air conditioning systems, and (ii) upgrading older lighting systems with LEDs up to 80% more efficient. In 2019, we plan to initiate chiller optimisation projects in our top 20 hotels ranked by total energy consumption, and to undertake comprehensive LED lighting replacement in 42 hotels.

Water

In 2018, a total of 18.4 million cubic metres (m³) of water was consumed by properties within the scope of this report, comprising mostly freshwater from municipal supplies for drinking, cooking, cleaning, irrigation, and recreational amenities. During the reporting period, 35 hotels achieved their reduction targets for water consumption intensity. At 0.68 m³ per BU, overall water intensity in 2018 declined 3% from the baseline.

We recognise that responsible water management is an increasingly important issue for our planet and business. During 2018, we completed tests on new water-saving showerheads that can reduce water consumption by 15 - 40% without compromising the showering experience. In 2019, we plan to progressively rollout a Group-wide showerhead replacement programme.

Effluents

Forty eight of our hotels operate aerobic, anaerobic or septic wastewater treatment systems in accordance with their local circumstances and requirements. In 2018, these hotels discharged 8.28 million m³ of treated effluents, mostly to municipal wastewater management services. In order to ensure compliance with local regulations and provide data for accurate calculation of scope 1 GHG emissions, our Engineering division monitors the BOD (Biological Oxygen Demand) content of effluents from the hotels.

Water stress

To reduce the burden of our operations on scarce freshwater supplies in remote and ecologically sensitive locations, our resorts in Cebu, Boracay, the Maldives and Mauritius operate desalination plants using groundwater or seawater to produce freshwater. Six

Corporate Office

properties, including our resorts in the Sultanate of Oman, Maldives and Mauritius, help to conserve local supplies of freshwater by operating Sewage Treatment Plants (STPs) that produce recycled water for irrigation, washing of external surfaces and other suitable purposes.

Waste Management

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.

In 2018, our hotels recorded approximately 171,550 metric tonnes of non-hazardous waste, including food waste, paper and cardboard, plastics, metals, glass and others such as garden waste. During the year, over 137,700 tonnes of non-hazardous waste were diverted from landfill, representing an overall diversion rate of 80%. This level of waste diversion was achieved largely through recycling by licensed contractors, as well as food donations and food waste conversion.

We have implemented paperless check-in in 78 hotels, which significantly reduces the amount of paper waste that we produce.

Food Waste

Reduction of food waste is a strategic priority for our hotels. In 2018, our hotels donated over 733 tonnes of food to third parties, such as non-profit organisations who then re-distribute food to the needy; collected over 330 tonnes of used cooking oil for resale to reputable service providers. We estimate that we upcycled over 10,300 tonnes of food waste, including composting it for use in our hotel gardens and providing it to authorised agents for conversion into energy or animal fodder.

We have recently completed a baseline study on waste arising from food preparation, spoilage and guest plates in our all-day dining outlets, colleagues' cafes and banquets. The aim is to identify the main causes and locations of waste production in order to explore opportunities for waste reduction. By 2020, we intend to establish targets for our hotels to eliminate over-production of food, in particular, buffet waste.

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 2018, our hotels disposed of approximately 23.4 tonnes of scheduled waste, including cleaning chemicals, retired light fittings and electrical equipment.

Corporate Office

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 2018 we continued our efforts in the field of habitat and biodiversity. From reef care, turtle care, panda care to wetland protection and showcasing flora and fauna, our Sanctuary projects combine conservation with raising public awareness, guest engagement, staff engagement and education programmes to address biodiversity challenges from various angles.

Hotels with Sanctuary projects also form partnerships with relevant external parties including accredited non-government organisations, academic bodies, and community groups to ensure local endorsement and professional input. Biodiversity data is collected on a regular basis to measure results and inform decision makers on the next steps required for each project.

In 2018, 16 hotels and resorts throughout Asia, Oceania and the Middle East had Sanctuary projects in place, helping to conserve up to 66 endangered species that are on the International Union for the Conservation of Nature (IUCN) Red List. All 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.

Sanctuary, Shangri-La's Care for Nature Projects 2018 Highlights

Turtle Care

Each year about 100 mother turtles return to the private beach cove of Shangri-La Al Husn Resort & Spa in the Sultanate of Oman to lay their eggs. This is one of only five nesting sites in Oman. The resort therefore plays a crucial role in the protection and conservation of two species of turtle - the Hawksbill turtle and the Green turtle - both indigenous to the area. We have a dedicated turtle ranger who protects the nests and helps raise awareness through educational activities at the Eco Centre located in our sister property, the Shangri-La Barr Al Jissah Resort & Spa. During hatching season between March and August, guests at both hotels are invited to witness turtle hatchlings emerging from their nests to venture on their first journey out to sea.

Conserving, Overseeing, Restoring, Admiring and Loving (CORAL)

The C.O.R.A.L. Nature Project at Shangri-La's Boracay Resort and Spa, epitomises our balanced approach to looking after the environment by protecting both land and the sea. Our Eco Centre gives guests first-hand experiences of the island's extraordinary flora and fauna including Golden-Crowned Flying foxes (*Acerodon jubatus*), Panay Monitor Lizards (*Varanus mabitang*), Staghorn Corals (*Acropora cervicornis*) and Hawksbill Turtles (*Eretmochelys imbricata*) as well as the rich cultural history of the indigenous Ati tribe.

Reef restoration has been ongoing at this resort since 2013. We worked with local partners to deploy fish houses and coral nursery units that supply high quality coral nubbins for growth. In 2018, when there was a temporary six-month closure of Boracay Island by the government to facilitate environmental rehabilitation, we made the most of this time and deployed over 430 fish houses and propagated over 160 corals.

Restoring Mangrove Habitats

To celebrate national Arbor Day, a day where individuals and groups are encouraged to plant trees, a team of volunteers from Shangri-La's Sanya Resort & Spa, Hainan, China, helped to transplant over 3,000 mangrove samplings at the Sanya Tielu Mangrove Wetland Reserve, a government restoration project covering 1.68sqkm in Haitang Bay. Mangrove forests are one of the most precious natural resources of Hainan Island. These trees live halfway between the land and sea, creating a unique ecosystem that conserves biodiversity and actively protects coastal areas from erosion.

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 still working on strengthening its overall Ethics and Governance Policies, which will include a review of its 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 posted on the Company's corporate website a Whistleblowing and Whistleblower Protection Policy which aims:

- to encourage business associates to report suspected wrongdoings as soon as possible with the confidence,
- that their concerns will be taken seriously and investigated as appropriate, and that their confidentiality will be respected;
- to provide avenues for business associates to raise concerns and define a way to handle these concerns;
- to enable the Company's management to be informed at an early stage about acts of misconduct;
- to reassure business associates that they can raise genuine concerns in good faith without fear of reprisals, even if they turn out to be mistaken;
- to help develop a culture of openness, accountability and integrity;

Corporate Office

- to ensure all reported cases will be properly documented including initial investigation result, undertaking of detailed investigation (if any) and result; and find action taken;
- to ensure all reported cases will be forwarded to the VP Internal Audit for investigation.

Shangri-La recognises the need to strengthen our overall ethics and governance policies. In 2019, under the direction of the Board Audit and Risk Committee, it will be part of its agenda for the management and internal audit to review our policy and principles concerning Anti- Bribery & Corruption (“ABC”).

Summary

Shangri-La has pledged its commitment to conform, promote and integrate the Global Compact into its management strategy and day-to-day operations. This is done by cultivating ownership of our key Sustainable Development Priorities and responsibility for our performance within the management and culture of every Shangri-La hotel.

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

We trust that our priorities 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.

Corporate Office

Sustainable Development Priorities

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