

SHANGRI-LA GROUP

Shangri-La Group 2019 **UN Global Compact Communication on Progress**

Executive Statement of Continued Support

Shangri-La Group (Shangri-La or the 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 eighth 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 2019 and refers to the data of 99 operating hotels that have been in operation for at least one full calendar year and the Aberdeen Marina Club in Hong Kong SAR. There has been a change in scope compared with our 2018 COP resulting from the closure of two hotels, namely Hotel Jen Brisbane, Australia and Shangri-La Hotel, Doha, Qatar. Operating hotels includes Group-owned hotels, hotels under lease agreements, and hotels owned by third parties, as summarised in the following table.

Scope of Disclosures

OPERATING HOTELS	IN SCOPE
Subsidiaries*	56
Associates**	22
Managed	18
Under Operating Lease	3

** Subsidiaries are entities (including structured entities) over which the Group has control.*

*** Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of 20% to 50% of the voting rights.*

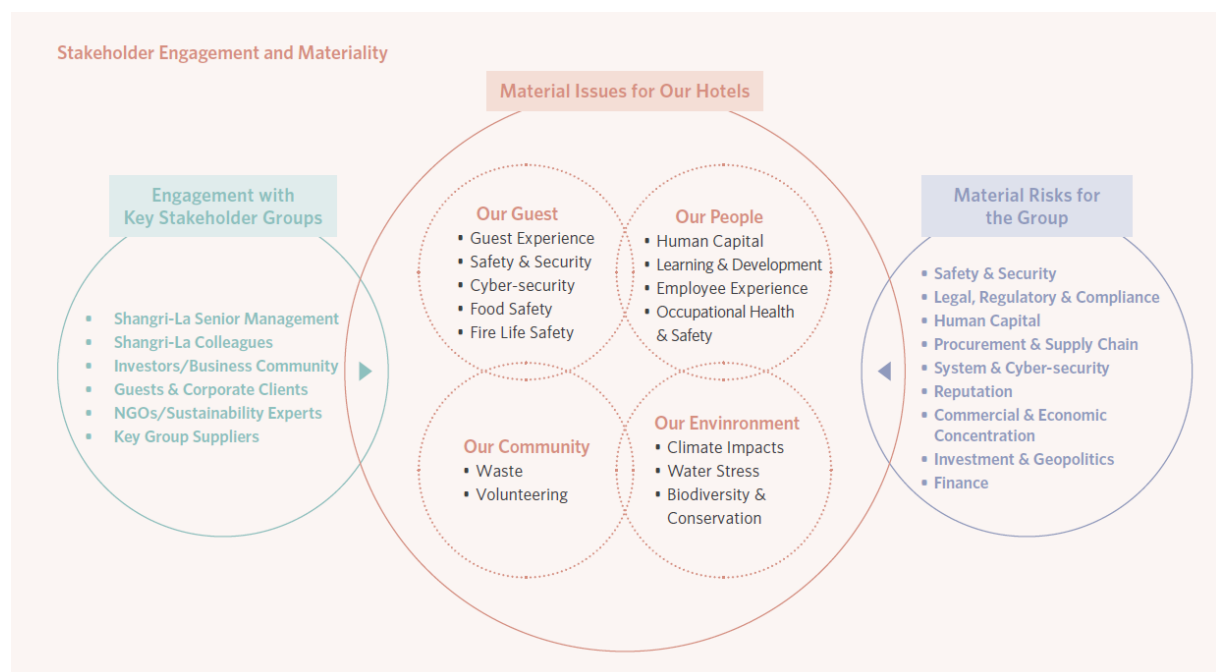
In 2019, Shangri-La was included in the Dow Jones Sustainability Index for the seventh consecutive year, consolidating our position as a leader in the Asia Pacific region. We are the only constituent in the Dow Jones Sustainability Asia Pacific Index from the Hotels, Resorts & Cruise Lines sector. The group also was listed in the Hang Seng Corporate Sustainability Index, reinforcing our sustainability leadership among Hong Kong-listed companies. In addition to participating in the CDP Climate Change and Water Security surveys, we have been recognized for our support of sustainable fisheries.

In 2018, we introduced a group-wide Balance Scorecard, which is a strategic management tool for assessing the performance of our hotels in a holistic and transparent way with reference to measurable indicators that are quantified, benchmarked and aggregated. The scorecard system is designated to align our entire organization behind a common set of key focus areas. It encourages both collaboration and personal accountability among our colleagues by rewarding them for team work as well as individual performance.

We aim to leverage technology for better communication with our stakeholders and to help reduce our carbon footprint, such as by producing the [Sustainability Report](#)* in digital format. An executive summary highlighting our sustainability initiatives is available in the Responsible Business Section of our latest [Annual Report](#)**.

Our approach to prioritizing ESG issues is shaped by our stakeholders' expectations and priorities for sustainable development. We seek feedback from our guests through satisfaction surveys, and we actively engage with our colleagues and local communities on an on-going basis. The first comprehensive materiality assessment of our business was conducted in 2012, and in 2016 we interviewed a selection of our external stakeholders to ensure that the issues we had previously identified continued to be relevant. This year, we have updated our materiality assessment to reflect important internal developments arising from the introduction of our Integrated Assurance Framework (IAF) and Balanced Scorecard.

The Group approaches risk-management through the IAF by applying the key principle of integrated assurance to ensure key operational risks of Safety & Security, Legal, IT & Cyber Security, Human Capital and Procurement are managed with clear accountability.



We are committed to working progressively through the current and emerging material ESG issues facing our business in order to strengthen our commitment to ESG goals and objectives.

Since the onset of the global pandemic triggered by COVID-19, our top priority has been the health and safety of our guests and colleagues. We have instituted regular rigorous deep cleaning and disinfection routines in all our offices and hotel premises to minimize the risk of infection. Our corporate offices have implemented working patterns to ensure the safety of all colleagues, as well as the continuity of business. Where required, colleagues have gone into home quarantine and deep cleaning has taken place of their workplace. While we are following or exceeding government advice for our health and

safety measures, we are also focused on doing the right thing wherever possible and going the extra mile.

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.



LIM Beng Chee
Group Chief Executive Officer
Shangri-La International Hotel Management Limited

* https://sitecore-cd.shangri-la.com/-/media/Project/Shangri-La-Group/OurStory/Files/Community-And-Social-Impact/Sustainability-Reports/2019-Sustainability-Report_ENG.pdf

**<https://sitecore-cd.shangri-la.com/-/media/Project/Shangri-La-Group/Investor/Files/Public-Disclosures/Financial-Information/Financial-Reports/2019Annual-Report-Eng.pdf>

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, Malaysia, Thailand 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 and Ethics. 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). In 2019, we are not aware of any instances of non-compliance with laws and regulations that have a significant bearing on the performance of the Group.

Any Shangri-La colleague that commences work, whether at the corporate or hotel level, is oriented on the articles of the Code of Conduct and Ethics. It is imperative that all employees understand the company's expectations of behaviour, not just of our policies and manuals.

Our Code of Conduct and Ethics sets out the standards which covers the following: leadership responsibilities, equal opportunity and respect, protecting Group 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 Group's name, Corporate Social Responsibility (CSR) , external communications, anti-money laundering, slavery and human trafficking, political involvement, and whistleblowing policy. Training is mandatory for all permanent colleagues to complete upon joining the company. Our whistleblowing and whistleblower protection policy in place are to support anyone who comes forward with a query or complaint.

At every location where we operate, Shangri-La ensures that our properties extend the value of human rights and respect 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.

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.

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 company. 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.

We strive to support our colleagues to achieve their personal and professional goals. In 2019, we conducted a group-wide Employee Experience Programme Survey complemented by focus group sessions in which our colleagues were encouraged to co-own any problems they are experiencing at work and to find solutions collectively.

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.

Cross-functional emergency response teams are on duty in our hotels 24 hours a day. Each hotel undergoes an annual security audit to ensure that the Group's standard operating and emergency response procedures are robust and well understood. Together with our Group Business Continuity Plan, these procedures help to guarantee the highest standards of safety and security for our guests, colleagues and visitors. We also have a group-wide Security and Safety Reporting System (SSRS) in place to facilitate timely reporting and management of every incident.

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 2019, the Group worked with over 20,000 suppliers of our food and beverage, rooms, engineering and IT divisions to ensure they meet our requirements.

We have a comprehensive Supplier Code of Conduct (the "Code") that aligns closely with Shangri-La's Core Values and commitment to the 10 principles of the UN Global Compact. Our preference is always to do business with partners who go above and beyond our basic requirements in terms of environmentally and socially responsible behavior.

To ensure proper respect for human rights throughout our supply chain, we insist our suppliers must implement fair, humane and non-discriminatory employment practices, provide safe and healthy working conditions, treat their workers and colleagues with dignity and respect, and respect diversity and inclusion. 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.

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.

* <https://www.shangri-la.com/group/supplier-code-of-conduct>

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.

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 2019, we employed 749 PWDs, which represents an average of 1.85% of our workforce.

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 any form of forced labour, including coerced, bonded, indentured or child labour, and any form of slavery and/or human trafficking, or any contribution thereto.

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 in accordance with national laws in every country of operation. 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 strives to eliminate discrimination in respect of employment and occupation. 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 (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 Human Resources Officer (CHRO), who has overall

responsibility for the Group's Equal Employment Opportunity policy in recruiting, hiring, training and promoting.

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 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 protected characteristic.

Occupational Health and Safety

Safeguarding the health and safety of employees and others with whom we work is a top priority. We ensure that every hotel has an Occupational Health and Safety (OHS) management system in place to; identify potential health and safety hazards in the workplace; implement plans and procedures to control these hazards; and, regularly review and revise those plans in order to achieve continuous improvement in OHS performance. The Group's OHS Implementation Manual provides guidance to hotels on how to prepare and implement OHS Management Systems in accordance with internationally recognized standards such as OHSAS 18001.

Our hotels conduct regular assessments to ensure that all OHS training needs have been identified and fulfilled, particularly for new and less-experienced colleagues. In addition, multiple learning resources covering OHS knowledge and skills are available from Shangri-La Academy Online.

Security measures across all properties continue to be reviewed to reflect any change in the risk environment. These measures reflect each country's risk assessment as determined by independent agencies and ratings from international experts. Shangri-La's Security and Safety Reporting System tracks data on accidents. We combat the spread of infectious disease through training and information briefings for our colleagues.

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.

Learning & Development

We foster a culture of active learning throughout our organization. Every hotel, regional and corporate office has an annual budget amounting to 2% of payroll cost for learning and development initiatives, including essential, functional and leadership programmes, subscriptions for digital content from the Shangri-La Academy Learning Management System, on-the-job learning, and participation in internal or external workshops.

The Group continues to focus on strengthening our talent strength and on building organisational capabilities to drive business growth. 2019 was a year of transformation for learning with introduction of Shangri-La Academy Online. This bespoke virtual platform facilitates learning anytime and anywhere; providing our colleagues with dynamic, engaging and relevant content that they can review at their own pace. The content is organized into:

- Essential Learning- to know more about our brand, or comply with legal requirements, which includes the Code of Conduct and Ethics
- Functional Learning- to enhance skills based on job functions
- Leadership Learning- to develop high potentials in line with our Leadership Competencies

We strive to ensure that all learning is relevant and effective. In addition to using e-assessment to validate colleagues' experiences, we collect data from participants for course evaluation. To ensure consistency across the Group, our hotels maintain complete records of learning and development activities for all colleagues, which are subject to regular audits by our Corporate HR division.

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. Our Environmental Management System (EMS) provides a robust framework for planning, managing and controlling environmental impact.

Upholding our commitment to transparency and accountability, in 2019 we participated in CDP's questionnaire on Climate Change and Water Security. 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.

We invest in green buildings certified to local and international standards. This helps to ensure our new projects and renovations integrate sustainable design features, construction techniques and operational processes across the entire value chain in line with industry-best practices. During 2019, 36 hotels were certified Green Buildings, of which 17 hotels obtained Leadership in Energy and Environmental Design (LEED) certification from the United States Green Building Council, the most widely used green building rating system globally, whilst 19 hotels were certified with other locally relevant certifications.

Climate Impact & Performance against Targets

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. This goal has challenged our hotels to reduce the energy, water and carbon intensities of their operations by 3% per year on average.

Between 2015 and 2019, the number of properties included in the scope of our performance evaluation increased from 85 to 100. In 2019, the average energy, water and Scope 1 & 2 carbon intensities of our portfolio decreased by 9.6%, 3.6% and 8.9%, respectively from the baseline.

Greenhouse Gas Emissions

Within the scope of this report, our total energy consumption in 2019 was equivalent to 1,952.9 GWh, and total scope 1 & 2 GHG emissions amounted to 1,048.1 kilo-tonnes of carbon dioxide equivalent (ktCO₂e), which represents a 4% decrease compared with 2018 levels respectively.

In addition to purchased electricity, chilled water and steam, our hotels consume fossil fuels for heating and standby electricity generation as well as for cooking. Combustion of fossil fuels results in some local air emissions, namely NO_x, Sox and Particulate Matter (PM).

Our hotels strive to continually improve their environmental performance. Many have implemented energy saving technologies and initiatives to reduce consumption of precious resources. Some hotels are producing renewable energy for hot water or electricity using photovoltaics.

<Energy saving initiatives>

	# Hotels		Estimated Annual Energy Savings (GWh)
	2018	2019	
Centralised heat pumps (300% more efficient than boilers or heaters for generating heat)	16	22	39.60
Vacuum boilers (15–30% more efficient than conventional steam and hot water boiler systems)	3	5	3.06
Low-temperature laundry (saves energy by reducing consumption of electricity for heating water)	82	82	39.69
LED replacement (uses up to 75% less energy than traditional light fittings)	-	29	5.39
Showerhead replacement in staff facilities	-	53	2.15

(saves energy by reducing consumption of electricity for heating water)			
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Water

In 2019, a total of 18,056 mega litres (ML) 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.

We recognise that responsible water management is an increasingly important issue for our planet and business. In 2019, 53 hotels rollout a showerhead replacement programme in staff facilities that can reduce water consumption by 20-30% by limiting the flow rate, and this helped us to achieve estimated water savings of 120 CBM per year.

To ensure compliance with local regulations and provide data for accurate calculation of Scope 1 GHG emissions, the Group monitors Biological Oxygen Demand (BOD) content of effluents from all hotels.

Since water is a scarce resource in many places around the world, our hotels have a responsibility not to consume more than necessary. We work hard to mitigate our impact on the availability of freshwater in ecologically sensitive regions. For example, our resorts in Cebu, Boracay, the Maldives, Mauritius and Yangon operate desalination plants using groundwater or seawater to produce freshwater for consumption. Our resorts in the Sultanate of Oman, Maldives and Mauritius 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 2019, the reported amount of non-hazardous waste sent to landfills by our hotels declined by nearly one fifth compared with the previous year. This category of waste includes food, paper and cardboard, plastics, metals, glass and garden waste. We recognize that some of our hotels still experience great difficulty in monitoring and collecting reliable data for their waste disposal. They do their best to take actual measurements or make estimations based on volume when weight data is not available

<Non-Hazardous Waste (Tonnes)>

	2017	2018*	2019	2019 vs 2018
Number of hotels reporting	95	102	100	-2%
Total	43.1	50.6	48.5	-4%
To Landfill	33.7	33.8	27.5	-19%
Diverted e.g. recycling	9.4	16.8	21.0	25%
Diversion Rate	22%	33%	43%	

*Please note 2018 waste data has been re-stated because we identified an error in the unit of measurement reported by one hotel, which has subsequently been corrected.

Our hotels strive to reduce the amount of waste that ends up in landfills through waste prevention and recycling. In 2019, we have implemented paperless check-in in 91 hotels, which significantly reduces the amount of paper waste that we produce. At the same time, our recycling partnerships with key group suppliers and NGO partners continue to grow, such as turning discarded soaps from guest rooms into new soap bars through Soap cycling project, repurposing waste linens into useable household items through Linens for Life project.

Recycling in Tonnes	2017	2018	2019
Soap recycling	135.7 (30hotels)	146.6 (35 hotels)	149.1 (38 hotels)
Linens For Life	8 (2 hotels)	12.4 (4 hotels)	12.6 (4 hotels)

In 2019, we implemented a group-wide ban on plastic straws and stirrers, switched to glass bottled water for more venues and outlets, and introduced greener packaging for our in-room slippers. These initiatives are part of our overall plastic reduction roadmap, under which we plan to tackle many more items, including packaging for bathroom amenities, takeaway containers utensils and more.

We are working closely with our suppliers to achieve the right balance. Our goal is to raise awareness and improve acceptance for reducing single-use plastics among our colleagues and guests, while investing in long-term alternative solutions that will not compromise our guest experience.

Food Waste

Food waste is our most significant sub-category of waste, accounting for nearly half (45%) of total non-hazardous waste by weight. Our hotels are taking primary steps to avoid food waste at source through appropriate planning, storage and handling, as well as secondary steps to recycle unavoidable food waste through food donations and composting. The efficacy of these measures is borne out in our data from waste sent to landfill and waste diverted in 2019 compared with our base year in 2017. In 2019, the total food waste and waste sent to landfill were reduced by 17% and 46% respectively from 2018 level.

<Food Waste (Tonnes)>

	2017	2018	2019	2019 vs 2018
Total	25.7	26.3	21.9	-17%
To Landfills	20.7	14.9	8.1	-46%
Diverted e.g. food donations and composting	5.0	11.4	13.9	+22%

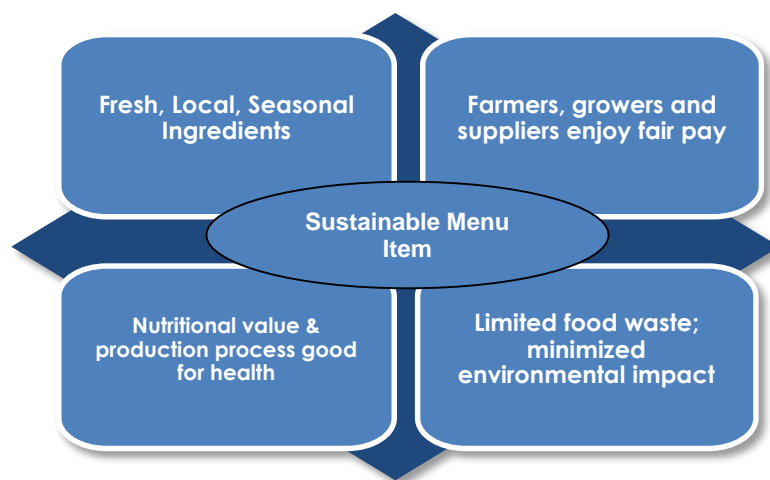
Hazardous Waste

The relatively small amount of hazardous waste produced by our hotels is handled responsibly in accordance with locally applicable regulations and procedures. In 2019, our hotels disposed of approximately 95.6 tonnes of hazardous waste, including paints, cleaning chemicals, retired light fittings and electrical equipment.

Responsible Procurement

In 2014 Shangri-La launched “Rooted in Nature”, a food and beverage driven initiative that aims to promote the finest locally and ethically sourced ingredients while improving the economic wellbeing of local producers.

- 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.



Through this initiative, we help preserve and celebrate local traditions while serving unique culinary offerings to delight our guests.

The criteria of Rooted in Nature states that outlet menus must have prominent ingredients that meet at least one of these guidelines:

1. Locally grown and seasonal fruits and vegetables

Produce must come from farmlands located within the city limits of the hotel, including local farming cooperatives or small farming communities.

2. Chemical & 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 including but not limited to the following: 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 Chain 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 certification equivalent to less use of chemical pesticides

Suppliers must possess fair trade or organic certification.

Shangri-La has prohibited the use of shark fin in all our restaurants since 2010. As part of our on-going commitment to sustainable seafood, we source products certified by the Marine Stewardship Council (MSC) and Aquaculture Stewardship Council (ASC).

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 2019, the Group received MSC's "Leadership in Sustainable Seafood Award" and Futian Shangri-La, Shenzhen received MSC's "China Hotel of the Year Gold Award".

Biodiversity and 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 2019 we continued our efforts in the field of habitat and biodiversity. From reef care, turtle care, horseshoe crab care, clownfish care to wetland protection and showcasing flora and fauna, our Sanctuary projects combine conservation with raising public awareness, guest engagement, colleagues 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 2019, 15 hotels and resorts throughout Asia, Oceania and the Middle East had Sanctuary projects in place, helping to conserve up to 65 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 colleagues, guests and local communities about the importance of conservation by providing interactive learning experiences and other activities. In 2019, we invested USD103,000 on our Sanctuary projects.

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 Group has a Code of Conduct and Ethics which emphasizes the Group's integrity and ethical values set against its fundamental business principles and guidelines. 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 managed by the Group. All employees have been provided with a copy of the Code when hired and are required to confirm compliance with the Code. In 2019, there were no concluded legal cases brought against the Group during the reporting period concerning corruption.

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.

The Whistleblowing Policy is administered by the IA Department. The Group has posted on the Group's corporate website a Whistleblowing and Whistleblower Protection Policy. In 2019, under the direction of the Board Audit and Risk Committee ("ARC"), it was 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.