

CORPORATE SOCIAL RESPONSIBILITY

We recognise that high levels of CSR will create long-term value for our customers, partners, investors, employees and community. At the same time, as this business approach improves the quality of life in our workplace as well as the local community and the world at large, we strive to embed CSR into our organisational culture.

In 2012, we made significant progress. We successfully implemented the strategy determined by the CSR Steering Committee in previous year. Our high standard of performance in CSR is reflected in being selected as a constituent member of Hang Seng Corporate Sustainability Benchmark Index again this year. Notably, our achievement was recognised by Reputex (HK) Limited, the ESG performance rating company in selecting our Group to be the constituent of the index, as the “Top 20 Reputex ESG Ratings – Hong Kong” for the first time.

In August 2012, the Hong Kong Exchanges and Clearing Ltd. presented the results of the consultation on the proposed Environmental, Social and Governance Reporting Guide. The Exchange decided to implement the Guide which applies to issuers with financial year ending after 31 December 2012. Moving ahead, we have referenced to the Guide in structuring the report according to the four ESG subject areas: Workplace Quality, Environmental Protection, Operating Practices and Community Involvement. Selected key performance indicators are supplemented to further illustrate our CSR performance. In addition to these four ESG subject areas, we have documented on how we make and implement decision in pursuit of our CSR objectives in section “CSR Steering Committee and Strategy”.

Our Hotel Division, Langham Hospitality Group, also comprehensively report their CSR activities by issuing their first sustainability report, “Sustainability-the Art of Living”, which reviews their current systems and performance, and sets out their environmental and social objectives for the coming years.



CSR Steering Committee and Strategy

To enable our Group to take responsibility for CSR impacts of our decisions and activities and to integrate CSR throughout the organisation, we established the CSR Steering Committee. The Committee comprises of member from the board and management from key areas of the Group, serving as a high profile working group which is responsible for setting CSR policy and strategy.

The Group CSR Policy, which provides a robust framework and direction to implement CSR and embed CSR into our organisational culture, was built by the Committee. Through risk assessment, we determined Prevention of Pollution and Supply Chain Influence as the CSR issues with the top priority, which require managing actions. We developed a CSR strategy which enables us to focus our efforts on these issues. In managing pollution, for example, carbon audits were conducted for our owned and/or managed major properties. We also established the Green Champion Working Group which aims to share and implement green practices among our business units/ departments. In influencing our suppliers, Supplier Code of Conduct was established and communicated to our suppliers so as to raise their CSR awareness.

In order to achieve high levels of CSR, we believe a CSR culture in our Group is a vital factor. For this reason, we strive to embed CSR into our organisational culture through internal and external promotion, education and engagement. Internally, we promote CSR through the Green Champion Working Group as well as our intranet and externally, through our thematic sponsorship projects (see Community Involvement). To educate our staff on CSR, we organise CSR talks and introduce the principles of CSR in orientation. We also engage our staff by inviting them to participate and volunteer in our thematic sponsored events.

Workplace Quality

We respect generally recognised human rights and are dedicated to adhering to all anti-discrimination laws and encouraging diverse workforce. Our Equal Opportunity Policy ensures that no job applicant or employee receives less favourable treatment or is disadvantaged by sex, pregnancy, disability, marital status or family status when applying a position with the Group or during employment.



Hang Seng Corporate
Sustainability Index
Series Member 2012-2013

Breakdown of Employees per Category According to Age Group and Gender

Business	By age group					By gender	
	Under 20 years old	20 & under 30 years old	30 & under 40 years old	40 & under 50 years old	50 & over years old	Male	Female
Hotel	1%	32%	26%	21%	20%	52%	48%
Property & Others ¹	1%	19%	30%	23%	27%	61%	39%

Note:

- Property & Others include businesses such as property development, property management, trading and fitness centres in Hong Kong and China

In addition to create a fair workspace, we view health and safety beyond a moral and legal responsibility. We are committed to ensuring that risks to employees' health and safety at work are properly controlled. To meet this end, our Property Management Division established a health and safety management system and obtained OHSAS 18001 Occupational Health and Safety Management System certification. The management system identifies health and safety hazards which are in turn controlled by our operating procedures. According to the monitoring procedure, we are required to regularly monitor our health and safety risks by using checklists, which outline the health and safety checking items on, for example, working in confined space, installing electrical systems, manual handling and using personal protective equipment. Ongoing trainings such as seminar and tool-box talk are also provided to the frontline staff.

Our Hotel Division also places emphasis on health and safety of staff and customers. Each hotel established its health and safety policy and safety committee in order to provide a framework for workplace health and safety. Awareness programmes and trainings sessions are conducted throughout the year, (e.g. manual handling, first aid, chemical handling, HACCP and well being day). Regular review on the safety performance and emergency preparedness procedures such as fire drill are also tested to ensure a healthy workplace environment for all staff.

TRAINING ON PERSONAL PROTECTIVE EQUIPMENT FOR TECHNICAL STAFF



Provision of opportunities for training and development has become an important component to attract and retain staff. Besides offering a competitive compensation and benefits package, we provide corporate and vocational trainings to staff of all levels. In 2012, “The 7 Habits of Highly Effective People” and “Business Innovation” were some of the training programmes provided to our staff. “The 7 Habits of Highly Effective People” conveys the importance of personal and interpersonal leadership that helps individuals to see, think and act differently in order to produce better performance and business results. A strong focus was put on “Leading Oneself and Leading Others”. To embed “innovation” into the Group’s corporate culture, Business Innovation Workshops were introduced to focus on the core concept of creativity and problem solving from different perspectives as well as to widen the mind and vision of staff towards world-class practices and tools of innovation which can be applied in business.

Performance Review assists our staff to keep track of their performance and determine development needs. Our Performance Appraisal System provides a mechanism for staff to review together with their superior about their performance, establish key objectives as well as determine their training and development needs.

“THE 7 HABITS OF HIGHLY EFFECTIVE PEOPLE” TRAINING



Percentage of Employees Receiving Regular Performance and Career Development Reviews

Business	Employee receiving performance reviews
Hotel ²	100%
Property & Others ^{3,4}	100%

Note:

- 2. Hong Kong employees who are eligible to receive performance review during the reporting year
- 3. Property & Others include businesses such as property development, property management, trading and fitness centres in Hong Kong and China
- 4. Employees joined from 1 August to 31 December 2012 are not eligible to receive reviews in 2012 as per policy

We recognise that productive employees are those who maintain a healthy work-life balance. To this end, during the year, we organised various wellness and interest classes in, for example, tai chi, dancercise, painting and cooking. We also organised recreational events such as BBQ & Golf Day, One Day Tour to Safari & Ocean World Shenzhen and Christmas Party, which facilitate staff to know each other and promote team spirit.

Environmental Protection

To embed green into our organisational culture, the CSR Steering Committee decided to establish the Green Champion Working Group. The working group was formed by nominated Green Champions from business units/departments who share and learn green practices from each other and in turn spread the best green practices to all of our staff. A theme is given in each working group meeting to focus on a particular environmental issue such as electricity saving and use of paper.

Our Property Management Division continues to minimise significant environmental impacts of our operation and continually improve the performance by implementing ISO 14001 Environmental Management System Standard. To reduce our energy consumption and carbon emission, the Property Management Division introduced environmental-friendly facilities to our owned and/or managed buildings, including retrofitting of LED light fittings, installation of automatic tube cleaning system for chillers, installation of lighting control with motion sensor at parking space and among others. We also retrofitted low flow water faucet for wash basin and reuse draining water from potable water tanks during periodic cleaning work for irrigation.

ONE DAY TOUR TO SAFARI & OCEAN WORLD SHENZHEN



GREEN CHAMPION WORKING GROUP



In order to achieve our environmental responsibility, we understand it cannot be done solely by ourselves and must seek partnership with our tenants. As such, the Property Management Division introduced a few recycling initiatives to collect paper, used batteries, discarded fluorescent tubes and lamps, discarded metals and plastic from our tenants. In addition, we started collaborating with a food waste collector to re-process food waste from our food court tenants.

Environmental Protection is always a top subject in our Hotel Division. The Division partners with the EC3 Global EarthCheck Programme which offers a credible independent auditing and monitoring service. EarthCheck is an internationally recognised environmental benchmarking and sustainability certification programme, designed to address the challenges of climate change and improve environmental performance of organisations. The Langham, Auckland continues its Certified Gold status in EarthCheck programme, while other seven properties maintain their Certified Silver status. The Langham, Xintiandi, Shanghai joined the programme in 2012.



RETROFITTING OF LED LIGHT FITTINGS



Total Energy Consumption

Business	Energy consumption (GJ)	
	Direct energy consumption	Indirect energy consumption
Hotel ⁴	202,104	438,292
Property & Others ⁵	374	241,469

Total Direct & Indirect Carbon Emissions by Weight

Business	Carbon Emission (tonnes CO ₂ -eq)	
	Direct carbon emission	Indirect carbon emission
Hotel ⁴	11,709	55,821
Property & Others ⁵	2,833	55,115

Total Water Withdrawal

Business	Water used (m ³)
Hotel ⁴	1,297,916
Property & Others ⁵	348,237

Note:

4. Hotel includes owned hotels only
5. Property & Others includes communal area of three owned and/or managed major properties: Citibank Plaza, Great Eagle Centre and Langham Place (Office Tower & Shopping Mall) only

Our Property Development Division is committed to keeping the environmental footprint of our owned and/or managed properties to a minimum, both during the initial design and construction phases, as well as throughout the life of the building. At the design stage of the joint venture development project in Dalian, green building initiatives were integrated into our planning. The building maximises natural ventilation and lighting, recycles wastewater, implements renewable energy technologies and among others in order to mitigate the environmental impacts. Similarly, The Langham Chicago, scheduled to open in 2013, targeted to qualify for LEED certification. Environmentally responsible design alternatives such as material choices were considered in design stage.

In our corporate office, our Administration Division launched a slogan “ER3” to promote Environmental Protection, Recycle, Reduce and Reuse. One campaign was to collect waste for recycling in office area such as paper, plastic, glass and aluminium can. Our achievement in paper recycling led us to the Top 10 “Green Company” as selected by our business partner in paper recycling. Another campaign, “Save Energy for One Hour”, encouraged staff to switch off unnecessary light, air-conditioning, computer monitor and electrical equipment during lunch time. To further support energy saving in the community, we participated in the “Power Smart Contest 2012” which was organised by Friends of the Earth and were awarded Certification of Appreciation. We also participated in Recycling Program for Waste Electrical and Electronic Equipment (WEEE) whose objective is to collect and send waste electrical and electronic equipment to proper recycling channels which are verified by the Environmental Protection Department.

GREEN COUNCIL'S GREEN MANAGEMENT AWARD PRESENTATION CEREMONY



In recognition of our efforts in environmental protection, Langham Place, which is managed by Property Management Division, received Green Council's Green Management Award (Corporation) – Service Provider-Gold. Great Eagle Centre and Citibank Plaza were also honoured Bronze Award and Honourable Mention, respectively. The awards demonstrate our environment consciousness and excellent operational environmental management.

Langham Place, Mongkok, Hong Kong was also honoured a Gold Award by the Environmental Campaign Committee for the Hong Kong Awards for Environmental Excellence (HKAEE), under the Hotels and Recreational Clubs Sectoral Awards 2011 category. This is the second time for the hotel to win this award. The Langham, Hong Kong was awarded "Friends of EcoPark 2011/12" and Eaton, Hong Kong won the "Best Eco Hotel" award, which is organised by the 2012 HotelClub Hotel Awards in Hong Kong, for recognising our support to local recycling business and outstanding sustainable practices carried out in the hotel.

To promote reducing energy consumption by air-conditioning in shopping malls, the Environment Bureau launched the "Energy Saving Charter" scheme inviting owners/managers of shopping malls to pledge to maintain the average indoor temperature at their premises between 24-26°C during the months of June to September 2012. To fulfill our environmental commitment, Langham Place Shopping Mall signed the pledge to support this meaningful initiative. To take a step further, we encouraged our tenants to participate in this initiative by sending a support request letter to them.

HONG KONG AWARDS FOR ENVIRONMENTAL EXCELLENCE PRESENTATION CEREMONY



ENERGY SAVING CHARTER LAUNCHING CEREMONY



Operating Practices

The Group is committed to adhering to the highest ethical standards. All employees are given a Code of Conduct to which they are required to adhere. The Code explicitly prohibits employees from soliciting, accepting, or offering bribes or any other form of advantage. The Code also outlines the Group's expectations on staff with regard to conflicts of interest.

We recognise through leadership and monitoring along the supply chain, our Group can promote adoption and support of fair operating practices. To guide this CSR aspect in our supply chain more systematically and demonstrate how such aspect accords with our Group CSR Policy, the Supplier Code of Conduct was established. The Supplier Code of Conduct addresses CSR aspects on business integrity, human rights, health & safety, environmental protection and so forth. We started including the code along with a briefing note in tender documents and required the suppliers to acknowledge their reading and understanding of the Supplier Code of Conduct.

We are committed to offering superior quality products and services to our customers by satisfying their expectations and needs – whether they are tenants or shoppers at properties under our management or guests at our hotels. Our Property Management Division continues to implement ISO 9001 Quality Management System which requires monitoring the extent of customer satisfaction. To this end, we regularly send questionnaires to tenants of properties under our management in order to obtain their feedback. Customers can also provide suggestion or complaint to us through our comment book and iPad

which are located at the customer information counter.

Our Hotel Division strives to be the definition of hospitality by knowing our guests better than the others and building the greatest hotel memories. A quality management system aimed at engaging all colleagues in the quality journey is developed – “Q.League System” (referencing to Total Quality Management). The Guest Focus Strategic Team in each hotel reviews and analyses the voice of customers (VOC) regularly. A robust VOC system is in place for us to know more about our guests and to meet their spoken and unspoken expectations. VOC channels include post-stay online guest survey, various mystery shopper programmes conducted by third-party professional quality audit companies and guest feedback cards which are placed at our guest rooms as well as restaurant outlets.

Community Involvement

Our community involvement strategy focuses on three thematic areas: **Arts, Children Education, and Environmental Protection.**

We believe arts is important to Hong Kong as a world class city. Arts could enrich the daily lives of the people and promote social progress and cultural development.

We believe that Hong Kong's future relies heavily on the next generation. Children in preschool education and kindergarten, in particular, are in their prime period to learn and acquire knowledge. We strive to sponsor projects which start nurturing children in their early ages.

COMMENT BOOK AND iPad AT CUSTOMER INFORMATION COUNTER



GREAT EAGLE FESTIVE SERIES-HARRY'S HALLOWEEN



Environmental protection is a subject which is essential to our organisational culture and it should be extended to the community at large. To meet this end, we are committed to involving the community in shaping a healthy and pleasant environment.

Based on the themes, we partner with non-profit organisations to design a few deserving projects in these areas. We believe by focusing all of our philanthropic resources – financial, volunteer, and in-kind – on these projects, we can engender greater social impact.

In Arts, to introduce the joy of a live orchestra and classical music masterpieces to young children, we sponsored Hong Kong Philharmonic Orchestra's family concert series – Great Eagle Festive Series, which was performed by the orchestra, and beloved magician and entertainer Harry Wong. The series included two programmes, namely Harry's Halloween and Harry's Christmas, in which Harry combined magic, fun and story-telling to introduce young children to orchestral music. The series received an overwhelming response from the audience. Leveraging this sponsorship, we organised a special open rehearsal for underprivileged students to explore live orchestra and behind the scene of the concert.

In Children Education, we believe "play" is an essential part of every child's life and is vital to their development. Not only could "Play" enhance physical and emotional growth of children, but also improve their social and behavioural skills. Engaging parents in "play" could also nurture a better relationship of a family. In view of the importance of "play", we sponsored Playright Children's Play Association to hold the very first "Great

GREAT EAGLE PRESENTS PLAYRIGHT
CHEERS FOR PLAY AND VOLUNTEERING
TEAM



CORPORATE SOCIAL RESPONSIBILITY

Eagle Presents Playright Cheers for Play". The event provided a magnificent outdoor carnival at Chater Road pedestrian precinct, aiming to promote children's right to play and highlight that outdoor play is crucial for children's health, well-being and happiness. In addition to financial support, our volunteering team provided assistance to the event. They underwent a training session to prepare for the carnival and did a good job in setting up and being play ambassadors.

Our Trading Division also sponsored Playright Children's Play Association to organize "Play for All Symposium 2012" whose objective was to promote an equal, harmonic and inclusive community. International and local scholars were invited to illustrate examples and guidelines from overseas in designing a barrier-free inclusive public open space for children to play regardless of accessibility and ability.

In environmental protection, we sponsored World Wide Fund for Nature Hong Kong's "Treasure Our Planet Make a Better Choice" project in an attempt to raise general public's awareness of ecological footprint concept and importance of adopting a sustainable lifestyle. The project comprised a video and a leaflet, which were broadcasted and distributed at WWF's electronic platforms and education centres. The video was also broadcasted on Roadshow, communicating to passengers on 1,600 buses for two weeks. With the in-kind support from our selected owned and/or managed properties and hotels, the leaflets were additionally distributed at customer information counters and reception counters, respectively.

Other than designing a few deserving projects with non-profit organisations, we strive to promote best practices in environmental excellence and exchange knowledge amongst the top CSR leaders. We continue support and participate in Business Environment Council as Council Member, Climate Change Business Forum as Gold Member, Hong Kong Green Building Council as Patron Gold Member and World Wildlife Fund for Nature Hong Kong as Gold Member.

In recognition of the Group's community involvement efforts, thirteen of our subsidiaries were awarded as a "Caring Company", under the scheme administered by the Hong Kong Council of Social Service.

Looking Forward

With the concerted efforts from the staff, we made significant progress to integrate CSR into our business. Looking forward, other than ensuring that the existing CSR initiatives are implemented continuously and CSR is embedded into our organisational culture, we have planned to conduct a comprehensive stakeholder engagement in order to obtain their feedback on our CSR policy and strategy. We believe the feedback will guide us to the right direction along the journey of CSR.

PLAY FOR ALL SYMPOSIUM 2012



"TREASURE OUR PLANET MAKE A BETTER CHOICE" VIDEO AND LEAFLET

