

CORPORATE SOCIAL RESPONSIBILITY



Citi International Case Competition



Green Monday Luncheon



McDull A Sentimental Little Christmas



Cheers For Play 2014

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Create Value, Improve Quality of Life – this is our CSR Vision, which is based on our belief that CSR will:

- create long-term value for our customers, partners, investors, employees and community;
- improve the quality of life in our workplace as well as the local community and the world at large.

This year report focuses on the Group's environmental and social performance of our major businesses which include development, investment and management of hotels and properties. It continues to make reference to the Environmental, Social and Governance Reporting ("ESG") Guide which is issued by the Hong Kong Exchanges and Clearing Limited. The report is structured according to the four ESG subject areas:

- Workplace Quality
- Environmental Protection
- Operating Practices
- Community Involvement

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 Management". Selected key performance indicators are also supplemented to illustrate our CSR performance.

Our continuous efforts in CSR are reflected in being selected as a constituent member of Hang Seng Corporate Sustainability Benchmark Index in four consecutive years. Remarkably, the ESG performance rating company for the selection, Hong Kong

Quality Assurance Agency, has granted us "AA" rating which is among the top performers of listed companies in Hong Kong. Our subsidiaries also received numerous prestigious CSR related awards and recognitions as listed in the following sections of this report.

In 2014, our Hotel Division, Langham Hospitality Group, issued their third sustainability report, "Let's CONNECT", which reviews their current systems and performance, and sets out their environmental and social objectives for the coming years.

CSR MANAGEMENT

Supporting our CSR Vision is a strong CSR Management framework which encompasses the following elements:

- The CSR Steering Committee: the Committee is responsible for enabling our Group to take responsibility for CSR impacts of our decisions and activities, and for integrating CSR throughout the organisation. The Committee comprises members from the Board and management from key areas of the Group, serving as a senior level working group for determining the Group's CSR direction;
- The Group CSR Policy: the Policy provides a robust framework and direction to implement CSR and embed CSR into our organisational culture;
- Risk Assessment & Strategy: the Committee regularly conducts risk assessment in order to determine the material CSR issues with the top priority, which require managing actions. A CSR strategy is developed to enable the Group to focus our efforts on these issues.

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We recognise that engaging our stakeholders is vital for understanding the impact of our operations on different groups, as well as material issues that may impact us or them. In 2014, we completed our first stakeholder engagement by appointing an external consultant. The consultant assisted us to identify employees, tenants, suppliers, investors and media as our key stakeholders to engage. The results of the engagement were taken into consideration when we prioritised our material issues and reviewed our existing CSR strategy at the CSR Steering Committee meeting.

Based on the results of the engagement and risk assessment, we have identified two new CSR material issues, namely "Community Involvement" and "Communication". A CSR strategy has been developed to manage these two issues.

In Community Involvement:

- we partner with non-profit organisation to design a few deserving projects in three major themes (please refer to section "Community Involvement");
- we encourage colleagues to actively participate in the projects by, for example, organising volunteering activities, arranging VIP time for colleagues to attend the project events.



In Communication:

- internally, we communicate our CSR efforts to colleagues through intranet, monthly CSR tips and orientation;
- externally, we communicate our CSR efforts to tenants, customers, investors and media through CSR Report, community projects, and newsletters.

In addition to establishing our CSR Management framework to achieve our CSR vision, we believe a CSR culture in our Group is a crucial factor. To this end:

- we convey CSR in a friendly and fun way by branding our CSR efforts as "CSR Action", which consists of seven "Great Actions" icons to represent our CSR commitments in human rights, labour practices, the environment and so forth;
- a CSR awareness workshop has been developed based on the "Great Actions". The workshop educates colleagues about CSR through interesting lecture and interactive games.



"CSR Action" Promotion Poster and Training

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WORKPLACE QUALITY

We are dedicated to adhering to all anti-discrimination laws and encouraging a 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 for a position with the Group or during employment.

In 2014, we supported employment of persons with disabilities by participating in Labour and Welfare Bureau's Talent-Wise Employment Charter & Inclusive Organisations Recognition Scheme and was acknowledged as a "Partnering Inclusive Organisation". One of our practices is the partnership of our Hotel Division with Hong Chi Association whose trainees work in their back of house areas and support day-to-day operations (e.g. housekeeping, cleaning and laundry services). The teamwork between the trainees and the colleagues has successfully built a culture of respecting people differences in the workplace.

Total Workforce by Age Group & Gender

Business	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	2%	31%	27%	20%	20%	51%	49%
Property & Others ¹	1%	18%	27%	24%	30%	61%	39%

Total Workforce by Geographical Region

Business	Hong Kong	PRC	Europe	North America	Oceania
Hotel	29%	9%	7%	35%	20%
Property & Others ¹	89%	11%			

Total Workforce by Employment Type & Employment Contract

Business	Full-time	Part-time	Permanent	Contract
Hotel	85%	15%	99%	1%
Property & Others ¹	99%	1%	88%	12%

Note:

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

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Fire Drill



Floor Insulating Mats for Electrical Works

In addition to creating 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 Hotel Division:

- implements occupational health and safety systems with policies, committees and operating procedures in each property;
- regularly reviews safety performance and emergency preparedness measures (e.g. fire drill, chemical handling) so as to continuously improve the safety systems;
- organises training and activities (e.g. Workplace Health and Safety Week) to enhance colleagues awareness on maintaining a safe and healthy workplace environment.

Our Property Management Division is also committed to providing a safe and healthy workplace for the tenants and shoppers. The Division has established a health and safety management system and obtained OHSAS 18001 Occupational Health and Safety Management System certification. Through the management system, the Division:

- identifies health and safety hazards which are in turn managed by operating procedures and safety devices;
- establishes Safety Committees which aim to implement action plans and review effectiveness of the management system with a view to achieving zero accident;
- uses checklists to monitor, for example, working in confined space, installing electrical systems and manual handling;
- provides ongoing training courses such as in-house training and tool-box talk to frontline staff.

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Training on Use of Fall Arrestor System



Business Innovation Workshop

Work Related Fatalities & Lost Working Days Due To Injuries

Business	Total workforce hours (in thousands)	Number of fatalities	Lost working days due to injuries
Hotel	10,513	0	2,918
Property & Others ¹	1,946	1	468

Note:

1. Property & Others include businesses such as property development, property management, trading and fitness centre in Hong Kong and China.

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 2014, “The 7 Habits of Highly Effective

People” and “Business Innovation” continued to be the training programme highlights provided to our colleagues:

- “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;
- Business Innovation Workshop focuses on the core concept of creativity and problem solving from different perspectives as well as to widen the mind and vision of colleagues towards world-class practices which can be applied in business.

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

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Eco-detergent Making Workshop



Visit to Organic Farm

Percentage of Employees Receiving Regular Performance and Career Development Reviews

Business	Employee receiving performance reviews
Hotel ¹	99%
Property & Others ^{2, 3}	100%

Notes:

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

We recognise that productive employees are those who maintain a healthy work-life balance. To promote the importance of this, during the year, we organised various interest classes and recreational events with a theme in “green”, such as:

- Green cooking
- Eco-detergent making workshop
- Visiting organic farm
- One day tour to Hong Kong Geopark

Not only did the activities facilitate colleagues to know each other, but also promoted team spirit throughout the Group.

Our Hotel Division’s outstanding efforts in people strategies and practices enable them to be recognised by several prestigious awards:

Langham Place Hotel, Hong Kong:

- Hong Kong Institute of Human Resources Management’s HR Excellence Awards 2014 – Cultural Change
- American Society for Training and Development’s 2013 Excellence in Practice Citation – Performance Improvement
- The Family Council’s Distinguished Family-Friendly Employers 2013/14 Award

Eaton Chelsea, Toronto:

- The Marketing and E-Business Manager was chosen by the Ontario Hospitality Institute for the Top 30 Under 30 in 2014

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HR Excellence Awards



Top 30 Under 30

The Langham, Melbourne:

- The Director of Quality was awarded the Administration Employee of the Year at the 2014 Tourism Accommodation Australia (Victoria) Awards for Excellence

ENVIRONMENTAL PROTECTION

Minimising the significant impact of our operations on the environment is a key component of our Group CSR Policy. To concert the Group's efforts in environmental protection, Green Champion Working Group has been established. The working group is formed by nominated Green Champions from business units/departments to share and learn green practices from each other and in turn spread the best green practices in the Group. Several green awareness campaigns were also launched by the working group in 2014:

- Green Monday Luncheons: encouraged colleagues to go meatless on Mondays. Green Monday luncheons were organised at our various office locations during the year;
- Loving Heart Charity Sales: invited colleagues to donate their new or used items they no longer required to the Sales for other colleagues to buy. The money received from the Sales was donated to the Salvation Army for charity purpose;
- Mooncake Collection Campaign: collected surplus mooncakes from colleagues. The collected mooncakes were in turn distributed to needy people.



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Loving Heart Charity Sales

Our Hotel Division aims at being one of the role models amongst hospitality operators for environmental impact, awareness and reduction. As such, the Division:

- partners with the EC3 Global EarthCheck Programme which offers a credible independent auditing and monitoring service on environmental benchmarking and sustainability certification;
- attained Gold Certified status in the programme for three hotels and six hotels received Silver Certified status as well as one hotel received Bronze Benchmarked status;
- one hotel continues its participating in the Hotel Association of Canada's 4 Green Key ECOMmodation Rating program.

The Hotel Division has also introduced environmental-friendly facilities and programmes at the hotels including:

- replacing tungsten halogen lamps and traditional fluorescent tubes with LED;
- installing in-room recycle bins in guest rooms;
- participating in Green Luck Banquet (which is a banqueting program promoting shark fin-free, less meat banquets, and collecting surplus food from banquets by local charitable organisations for redistributing to people in need) and Earth Hour.



Green Luck Banquet

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Earth Hour



Replacement of Chiller System

Our Property Management Division continues to minimise significant environmental impacts of our operation and improve the performance by implementing ISO 14001 Environmental Management System Standard. To reduce our energy consumption and carbon emission, the Division has:

- retrofitted LED light fittings with motion sensors;
- installed Variable Speed Drive (VSD) for chilled water pumps;
- installed automatic tube cleaning system for chillers;
- replaced air-cooled chiller system by water-cooled chiller system.

To reduce water consumption, the Division has:

- installed automatic low flow water faucet for wash basin;
- drawn underground water for irrigation;
- arranged prompt remedial action on water leakage.



Automatic Low Flow Water Faucet

To protect the environment, Property Management Division understands it cannot be done solely by themselves and must seek partnership with the tenants. As such, the Division has:

- introduced a few recycling initiatives to collect paper, used batteries and so forth from the tenants;
- recognised their efforts by presenting souvenirs to the outstanding participants at Green Christmas Celebration;
- organised green workshops such as organic farming workshop and Green Monday talk for the tenants.

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Organic Farming Workshop

Energy Consumption (GJ)

Business	Direct energy consumption	Indirect energy consumption
Hotel ¹	268,535	539,073
Property & Others ²	191	208,761

Carbon Emissions (tonnes CO₂-eq)

Business	Direct carbon emission	Indirect carbon emission
Hotel ¹	15,428	58,794
Property & Others ²	878	47,297

Water Consumption (m³)

Business	
Hotel ¹	1,368,692
Property & Others ²	394,484

Notes:

- Hotel includes owned hotels only.
- 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 & Project Management Division is committed to pursue environmental initiatives during the development and project management process. Starting from planning, design, construction, to subsequent collaboration with Hotel Division and Property Management Division, the environmental impacts in the life cycle of new development and renovation projects are evaluated. The Division also aims to adopt building rating schemes for their projects:

- The Langham, Chicago opened in July 2013 is at the final stage in the LEED assessment;
- The new development in Pak Shek Kok, Hong Kong, comprising of 600 to 700 nos. of luxurious residential units, is targeted to submit for BEAM Plus certification (Gold and above), and will be designed to comply with the Sustainable Building Design Guidelines.

In our corporate office, our Administration Division continues to implement green practices according to the slogan "ER3" (Environmental Protection, Recycle, Reduce and Reuse). The following green practices were implemented in 2014:

- Electricity Saving: sets timer control to turn off copiers, escalators and lightings at common area;
- Peach Blossom Recycling: participates in the Recycle Programme of Peach Blossom which aims to recycle festive items;
- Paper Reduction: uses recycled paper for name card and envelop, and provides hyperlink for colleagues to read government's documents online.

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In recognition of our efforts in environmental protection, our Hotel Division and Property Management Division were honoured by the following awards:

- Environmental Campaign Committee's 2013 Hong Kong Award for Environmental Excellence (HKAEE) Sectoral Award:
 - o Eaton Hotel: Gold Award (Hotels and Recreational Clubs)
 - o Citibank Plaza: Silver Award (Property Management)
- Green Council's 2014 Green Management Award (Corporation) – Service Provider:
 - o Langham Place: Gold
 - o Great Eagle Centre: Bronze
- Leisure and Cultural Services Department's Best Landscape Award 2014:
 - o Citibank Plaza: Merit Award (Non-Domestic Property)

The awards demonstrate our environment consciousness and excellent operational environmental management.

To combat climate change and save energy:

- The Group joined the carbon footprint repository which enables listed companies in Hong Kong to disclose their carbon footprints and share successful stories on carbon management and practices;
- Property Management Division continued to support the "Energy Saving Charter" scheme. Other than signing the pledge, the Division also promulgated the message to the tenants and a significant increase of participation rate has been observed comparing to 2013.



HKAEE Sectoral Award



Green Management Award



Carbon Footprint Repository Launching Ceremony

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Energy Saving Charter Launching Ceremony

OPERATING PRACTICES

The Group is committed to adhering to the highest ethical standards, both in employee and supplier level. To this end:

- all employees are given a Code of Conduct to which they are required to adhere to. 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 colleagues with regard to conflicts of interest;
- the Group recognises through leadership and monitoring along the supply chain, we 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 has been established and communicated through our tendering documents.

We are committed to offering superior quality products and services to our customers by satisfying their expectations and needs – whether they are guests at our hotels or tenants or shoppers at properties under our management.

Our Hotel Division strives for knowing our guests better than the others and building the greatest hotel memories. To meet this end:

- a robust Quality Assurance System has been set up in the hotels to ensure a high standard of quality;
- the system includes various Voice of the Customers (VOC) systems such as online guest surveys for post-stay and pre- and post-events, and feedback cards in guestrooms, restaurants, spa and banquets;
- various mystery shopper programmes such as hotel overall, reservations, event, are conducted by third-party professional quality audit companies;
- since 2013, we have centralised the guest feedback system for our meeting planners online. The platform allows us to respond immediately to guest comments, requests, and complaints to follow through resolution and build satisfaction and loyalty.

To accelerate strategic thinking and business management skills of students, and groom them to become effective global business leaders of the 21st Century, our Hotel Division was invited to be the case company for the Citi International Case Competition. Around 90 top business school students from 18 leading universities participated in this competition. Based on our case, the students evaluated the effectiveness of the strategies and provided recommendations to the Division.

Our Property Management Division continues to implement ISO 9001 Quality Management System which ensures that they meet the needs of customers and enhance customer satisfaction. To this end, the Division:

- regularly sends questionnaires to tenants to obtain their feedback;

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- has established “Customer Feedback System” to collect appreciation, complaint and general enquiry from the customers;
- timely replies feedback to the customers and determines improvement actions.

In 2014, to further enhance the customer services, the Division arranged a major restroom renovation in Langham Place Shopping Mall aiming to provide a more comfortable and tidy environment for tenants and shoppers.

In recognition of our efforts in providing superior quality services, our Hotel Division and Property Management Division received the following awards:

- The Langham Hong Kong: Hong Kong Management Association’s 2014 HKMA Quality Award – Silver Award
- The Langham, Chicago:
 - o Travel + Leisure’s 2014 World’s Best Award – ranked 1st for hotels in the United States and ranked 6th among the world’s best hotels
 - o Conde Nast Traveler’s 2014 Readers’ Choice Awards – No. 3 hotel in the United States



Major Restroom Renovation

- The Langham, Xintiandi, Shanghai:
 - o Conde Nast Traveler China – Gold List 2014
- Citibank Plaza:
 - o The Hong Kong Institute of Surveyors’ Quality Property & Facility Management (QPFM) Award 2014 – Grand Award (Office Building Management)
 - o Royal Institution of Chartered Surveyors’ RICS Hong Kong Property Awards 2014 – Property Management Team of the Year
 - o Hong Kong Awards for Industries – Customer Service 2014
- Langham Place (Office Tower and Shopping Mall):
 - o Hong Kong Small and Medium Enterprises Association’s Hong Kong Star Brands Award 2014 (Enterprise)

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HKMA Quality Award



QPFM Award



RICS Hong Kong Property Awards



Hong Kong Star Brands Award

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;
- Environmental protection is a subject which is essential to our organisational culture and it should be extended to the community at large.

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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. The following projects were sponsored by us in 2014:

- Arts: to bring classical music closer to the community, we sponsored Hong Kong Sinfonietta's "Great Eagle Family Series – McDull A Sentimental Little Christmas" and Hong Kong Philharmonic's "Planet Earth in Concert". Both concerts brought the audience into the wonderful world of classical music through innovative programming and energetic performance;



McDull A Sentimental Little Christmas

- Children Education: we believe "play" not only could enhance physical and emotional growth of children, but also nurture a better relationship of a family. In view of the importance of "play", we continued to sponsor Playright Children's Play Association to hold the third "Great Eagle Playright Cheers for Play 2014". The event was held at West Kowloon Cultural District which attracted a large crowd and public attention on children's rights to play;



Cheers for Play 2014

- Environmental Protection: we continued to sponsor Green Monday's "Great Eagle Green Movement – Let's Green Monday", which lined up a series of events and activities to promote this green life style to the community. Our subsidiaries also offered in-kind support to the campaign, for example, Hotel Division launched a new Green Monday menu at each restaurant and our Marketing Division hosted an exhibition of the campaign at Langham Place.



Let's Green Monday Gala Dinner

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In addition to financial and in-kind support to the above community projects, our volunteering team plays an important role in supporting the projects. Our volunteers assisted in “Cheers for Play” and did a good job in setting up and being play ambassadors. The team also promoted “Let’s Green Monday” by distributing postcards to customers at Langham Place.

Other than designing a few deserving projects with non-profit organisations, we strive to contribute to the development of arts and local talents in Hong Kong. As such, our Marketing Division has introduced Musica del Cuore (an Italian term for “Music of the Heart”) at Citibank Plaza. Musica del Cuore is a free weekly concert series which transforms the ground floor lobby of Citibank Plaza into a “community concert stage”, presenting some of the finest Classical repertoires to the general public.

In addition to Musica del Cuore, we are also the patrons of the following major arts events:

- Hong Kong Arts Festival Patron Club: Silver Member
- Friends of Le French May Arts Festival: Patron Bronze



Musica del Cuore



Volunteering at Cheers for Play and Let’s Green Monday

To promote best practices in environmental excellence and exchange knowledge amongst the top CSR leaders, we are the members of:

- Business Environment Council: Council Member
- Hong Kong Green Building Council: Bronze Patron Member
- World Wild Fund for Nature Hong Kong: Silver Member

Our community involvement efforts have enabled the Group and several subsidiaries to continue to be awarded the “Caring Company” logo accreditation by the Hong Kong Council of Social Service.