



THE HONGKONG AND SHANGHAI HOTELS, LIMITED  
香港上海大酒店有限公司

## Modern Slavery Statement

The Hongkong and Shanghai Hotels, Limited (“**HSH**”, “**we**” or “**us**”) sets out below our approach to prevent modern slavery and human trafficking in our business and supply chains. At HSH, we pride ourselves on delivering the highest standards as well as working with utmost integrity. We strictly condemn any form of slavery and human trafficking and are committed to further improving our policy and processes to combat such abject practices.

### **About HSH**

HSH is a luxury hospitality and real estate group incorporated in 1866 and listed on the Hong Kong Stock Exchange (00045). It owns and operates some of the world’s finest hotel properties under The Peninsula brand. The company has ten operational Peninsula hotels in exceptional city centre locations in Asia, US and Europe, with a further three under development in London, Istanbul and Yangon. The company owns a total portfolio of HK\$49 billion in assets (US\$6.3 billion), comprising a small number of ultra-luxury hotels, strategic real estate assets and tourism assets. HSH businesses are grouped under three divisions: hotels, commercial properties and clubs and services. In total, our businesses employ about 7500 people on three different continents. A list of our relevant subsidiaries and affiliates can be found clicking [here](#). Our yearly turnover amounts to approximately HK\$6,214m. For more information, please refer to our comprehensive [annual report](#).

### **Our supply chains**

HSH has operations in Asia-Pacific, US and Europe. Therefore, we have a wide diversity of suppliers located in these geographical regions.

The company takes a two-pronged approach to its procurement system: (i) For supplies typically in aggregate high-value and/or high-risk contracts, negotiations are led out of the company’s head office in Hong Kong; and (ii) for all other supplies, each operation is responsible for its own purchases and contracts, in accordance with the Group-wide procurement guidance and assistance from our head office where needed.

Our head office engages directly with suppliers which supply major value items such as information technology services, guest-room amenities, fixed furniture and equipment used in several properties, as well as professional services from third parties.

Those suppliers engaged directly by each operation will encompass a wide range of items needed for day-to-day business operations and to meet the demands of a particular location; including, for instance, food and beverages, laundry services, cleaning and security services and miscellaneous items as well as furniture. Local purchasing will generally be handled by the local departments overseeing the relevant items. The purchasing departments (both at head office and local level) cover the remaining items, typically report to the financing team and maintain an overview of local and Group-wide procurement.

To ensure a consistent approach to our procurement and the performance of necessary due diligence, we have developed a Group purchasing and tender policy (“**PTP**”) that clearly sets out the procurement approach to take for low value, medium value and high value purchases, as well as additional sustainability and Corporate Responsibility and Sustainability (“**CRS**”) guidelines for each operation to follow.



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### ***Our policies***

Acting with integrity is a cornerstone of how we do business. The following policies are a central reflection of this:

- [HSH Code of Conduct](#) – this applies globally to all employees, the Board of Directors, and effectively anyone representing or acting for, or on behalf of, HSH. It clearly denounces all forms of human rights abuse and exploitation of any kind, including child labour and human trafficking.
- [Supplier Code of Conduct](#) – regularly reviewed and updated (most recently in December 2018), our Supplier Code of Conduct articulates our expectations of suppliers on environmental, social and ethical practices. It outlines the minimum ethical and sustainable business practices we expect our suppliers to adhere to. This includes a prohibition on forced labour, human trafficking and any other form of modern slavery. It also sets out our expectation that suppliers will conduct their business with their own suppliers and contractors in accordance with the standards and principles set out in the Supplier Code of Conduct. Supplier relationships are an important part of our reputation and brand, and while we seek to buy at competitive rates, we will not do so at the expense of labour standards, human rights or the environment.
- [Speak-Up Policy](#) – we do not tolerate misconduct and in the light of this we have developed a speak-up policy that outlines how to report concerns and the procedures for investigation and resolution of malpractice.
- CRS Concierge – this internal document gives a clear overview of what is expected from our teams and sets out flow and decision charts to consider when purchasing supplies. This includes a focus on labour conditions and human rights and stipulates that certain commodities, such as tea, coffee and chocolate, must be sourced from certified ethical sources, preferably Rainforest Alliance and other certifications that do not only focus on sustainability or fair trade, but also include considerations of labour standards and modern slavery. We will extend this practice to other key commodities and similar high-risk contracts. Additional detail can be found in our [CRS Report 2018](#).

### ***Implementing our policies and ensuring compliance***

The responsibility to address potential human rights concerns lies with a broad base of employees across the company. However, it is looked after in particular by our Group CRS, Group Legal and Audit and Risk Management department. In addition, our human resources colleagues are responsible for the hiring that we do and ensure that labour standards and good working conditions are met. Training on our HSH Code of Conduct and the relevant topics is provided for all new and existing employees on a regular basis. Employees are required to acknowledge training and receipt of the Code of Conduct.

Our Supplier Code of Conduct is part of the compliance requirements mandated by the PTP and all our operations have progressively incorporated it as a standard requirement in our procurement contracts. The exact procedure on the sign-off of the Code of Conduct is not prescribed as there could be more than one way of doing so, subject to the arrangement with each supplier. In principle, there should be documentary evidence to show that the supplier has formally agreed with the Supplier Code



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of Conduct. Where a supplier is unwilling to sign the Supplier Code of Conduct, we are considering a range of approaches to bring the suppliers into compliance with our Supplier Code of Conduct, including:

- incorporating the Supplier Code of Conduct into the agreement or contracts signed by the supplier;
- incorporating it into the pre-registration form filled and signed by the supplier; and/or
- engaging with the supplier on why it refuses to sign and/or visiting the supplier directly to ensure there is no indication of violation of our Supplier Code of Conduct.

Should there be any case where a supplier is found to be involved in modern slavery, we will engage directly with the supplier and/or authorities as relevant in order to address the issues found. We reserve the right to terminate any relationship with supplier found to have been involved in modern slavery or having seriously infringed the HSH Supplier Code of Conduct.

Our Speak Up Policy is available on our intranet, on our public website as well clearly signposted in our Employee Code of Conduct. It is made clear that all queries about the interpretations and application of our Code of Conduct will be treated seriously and respectfully and assessed with confidentiality in a timely manner. It is our policy that retaliation is not permissible against any person raising a concern in good faith.

### ***Our due diligence processes***

Our suppliers are generally required to acknowledge and adhere to our Supplier Code of Conduct. Depending on the nature and size of the contract to be entered into with a particular supplier, the supplier is required to fill in a quality questionnaire which covers the content of our Supplier Code of Conduct. We also have a specific supplier audit checklist for responsible sourcing in cases where we decide to conduct comprehensive audits; the checklist contains a dedicated section on labour standards. These checks and audits are conducted by our Group operations team and/or the staff responsible for procurement at the local level.

We intend to strengthen and enhance our human rights due diligence processes in accordance with a risk-based approach (focussing on both business risks and the risks to rightsholders). This will include an assessment of critical commodities and services in the light of publicly available information and risk assessment tools, such as the US State Department's Trafficking in Person Report, OECD Guidelines, the Global Slavery Index Responsible Sourcing Tool and assessments by other reputable non-governmental organisations (NGOs). An overview of our next steps can be found below.

Our Audit and Risk Management team conducts regular audits to ensure our standards and Codes of Conduct are complied with internally within our own operations. The experience and expertise thus gained serves as a basis for extending such audits to third parties where relevant.

### ***Our partners in safeguarding against modern slavery***

We work closely with a number of NGOs both locally and on a Group-wide level, including the Mekong Club and BSR (Business for Social Responsibility). We also regularly participate in and attend dedicated conferences and seminars on modern slavery and human rights issues, which so far have included Norton Rose Fulbright's Compliance Week seminars, the hospitality group roundtables on modern



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slavery issues and the Hong Kong's British Consulate event on the Modern Slavery Act and due diligence in the supply chain, amongst others. Together with our partners of the Mekong Club, we are also organising training and information sessions for our colleagues in various departments.

### ***Our next steps***

For 2019 and 2020, we are reviewing the effectiveness of the steps we have taken so far to ensure that there is no slavery or human trafficking in our supply chains and are aiming to take several further steps to combat slavery and human trafficking. This forms part of a longer-term strategy to put into place a comprehensive human rights framework that will aim to standardise and develop our social and ethical audits of suppliers, heighten visibility across our supply chains, and raise awareness of human rights issues across the Group. Following our strategy on sustainability, [Vision 2020](#) (which includes, among other commitments, (i) a complete ban on shark fin products, (ii) removal of critically endangered species from our F&B offerings, (iii) over 50% of perishable goods sourced locally, (iv) the sourcing of sustainable paper across the Group, (v) 50% of the cleaning products used in operations being chemical-free or biodegradable and (vi) steps to ensure that tea, coffee, and chocolate we sell are from certified ethical sources), we are developing a strategy for our human rights framework and due diligence that aims to put in place, over the next two years, a series of steps including the development of training sessions on modern slavery and human rights issues and rolling those out across the Group, a heightened focus on the information we have on our tier 1 and highest risk suppliers and a review of the provisions used in our supply contracts to ensure they are adequate and standardised. For further information on our approach to corporate responsibility and sustainability both now and in the future, please refer to our CRS Report and [CRS Statement of Approach](#).

### ***Final Note***

This voluntary statement is intended to reflect the areas set out in section 54(1) of the UK Modern Slavery Act 2015 and covers our financial year 2018. It has been approved by the Board of Directors and is signed by HSH's CEO. Our next review and updated statement is scheduled to be released in 2020 for our financial year 2019. For any questions, please contact: Janice Lao, Director Group Corporate Responsibility and Sustainability, at [janicelao@peninsula.com](mailto:janicelao@peninsula.com) or Till Lembke, Legal Counsel, at [tilllembke@peninsula.com](mailto:tilllembke@peninsula.com).

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