



MANDARIN ORIENTAL HOTEL GROUP
2010 Sustainability Report





MANDARIN ORIENTAL
THE HOTEL GROUP

Mandarin Oriental Hotel Group
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DOING MORE

FOR A SUSTAINABLE FUTURE



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MESSAGE FROM THE CEO

I am pleased to present Mandarin Oriental's first Sustainability Report, focusing on the Group's environmental and community achievements to date. These achievements are based upon many of our 'guiding principles', which include:

Acting with responsibility

We will actively participate in the improvement of the environment, just as we will be responsible members of our communities and industry organisations.

Playing by the rules

We will maintain integrity, fairness and honesty in both our internal and external relationships and will consistently live up to our commitments.

Being the best

We will be an innovative leader in the hotel industry and will continually improve our products and services.

The goal of this report is to encourage internal collaboration between colleagues, and to engage our stakeholders in our efforts to improve our performance and contribute to a more sustainable world.

As a responsible luxury hotel company, we are committed to energy efficiency and to reducing our carbon emissions. To this end, we have joined with the World Travel & Tourism Council in an industry wide commitment to the reduction of greenhouse gas emissions. We are also actively involved in supporting the local communities in which we operate, as well as in preserving cultural heritage.

Through innovation and a commitment to continuous improvement, we are well on our way to becoming the best international luxury hotel group in the world.

I look forward to working with all of you on these and other initiatives, as we move toward a more sustainable future.

A handwritten signature in black ink that reads "Edouard Ettegui".

Edouard Ettegui
Group Chief Executive



ABOUT THIS REPORT



This inaugural sustainability report is designed to inform, educate and engage our colleagues on Mandarin Oriental's corporate responsibility values, performance and goals going forward. Like any successful business endeavour, it takes focus and resources to achieve good results. That's why, in 2009, the Group recruited leaders throughout the organisation to form our Sustainability Team, under the direction of the Group's sustainability

champion, Terry Stinson, Group Development Director and President of the Americas. The team's task was to assess the Group's impact, successes and challenges in the area of sustainability. An external advisor provided an expert assessment to independently evaluate our strengths, gaps, and provide benchmarking that helped chart our course.

This report represents Mandarin Oriental Hotel Group's collective accomplishments and programmes to advance sustainability, to champion the communities in which we operate and to deliver excellence. It also illustrates challenges and opportunities for the future. For us, sustainability is about caring for the environment, now and for generations to come. In everything we do, we strive to create value for our stakeholders by enhancing environmental quality and the communities where we operate.

Sustainability: "Meeting the needs of the present generation without compromising the ability of future generations to meet their own needs."

—United Nations World Commission on Environment and Development, Report on "Our Common Future" 1987, commonly known as the *Brundtland Report*

This report was prepared to be consistent with the Global Reporting Initiative (GRI) sustainability reporting methodology. GRI pioneered the world's most widely used sustainability reporting framework, and the organisation's core goals include the mainstreaming of disclosure on environmental, social and governance performance. A GRI indicator index is included as an attachment to this report.

SCOPE AND BOUNDARIES

This report provides trend analysis of recent performance and presents initiatives undertaken from 2007-2010. This includes all of our hotel operations, with the exception of residences. Impacts from our operations and products are included in this initial report; the inclusion of vendor and supplier information will be evaluated in future reporting.

This 2010 report is addressed to our valued colleagues; it is for internal use only. We will prepare an external report for 2011 for all of our stakeholders. We seek to motivate everyone in our organisation to continue providing information and to play an active role in the development and implementation of sustainability initiatives within our hotels and the communities in which we operate.



As long-term success requires sustainable business practices, Mandarin Oriental is committed to contributing to the communities in which we operate and responsibly managing our environmental impacts and social commitments.



COMMITMENTS AND STANDARDS

As part of our goal to do more for a sustainable world, we commit to:

- Operate our business in an environmentally and socially responsible way
- Publicly report our impact on the environment
- Meet or exceed all applicable environmental standards
- Minimize our consumption of resources including energy, water and materials
- Reduce greenhouse gas emissions, waste and pollution
- Positively impact our local communities and celebrate our cultural heritage
- Engage and inspire others in 'Doing More for a Sustainable Future'

In order to meet these commitments, we will adopt standards to:

- Effectively measure and monitor the environmental footprint of all our operations to publicly report on our progress
- Provide management oversight and periodic review of corporate responsibility policies and performance and allocate resources for their effective implementation
- Set and monitor key objectives and targets for managing the environmental performance of the Group annually
- Incorporate environmental management systems and best practices into our hotel operations
- Implement sustainable building principles in the siting, design, development and refurbishment of hotel properties wherever possible
- Develop a sustainable supply chain management process, ensuring that environmental criteria are taken into account in all purchasing decisions
- Report hotel-specific and Group-wide initiatives that demonstrate commitment and involvement in our local communities
- Inform, educate and motivate our colleagues through training and resources to meet our objectives
- Communicate with and solicit feedback from stakeholders in order to continuously improve our performance
- Provide a positive work environment with competitive wages, benefits and opportunities for everyone whilst upholding the values of personal respect and fairness
- Partner with others in the hotel and tourism sector, government, and non-governmental organisations to achieve broader sustainability goals

8

Properties in
THE AMERICAS
+
4 projects
under development
2011 and beyond

13

Properties in
ASIA-PACIFIC
+
5 projects
under development
2011 and beyond

6

Properties in
EUROPE, MIDDLE EAST
and AFRICA
+
5 projects
under development
2011 and beyond

ABOUT MANDARIN ORIENTAL HOTEL GROUP

Mandarin Oriental Hotel Group manages, operates and invests in luxury hotels, resorts and residences in highly sought-after destinations worldwide. The Group operates, or has under development, 41 hotels in 26 countries within Asia, the Americas, Europe, the Middle East and North Africa. In addition, the Group operates, or has under development, 13 Residences at Mandarin Oriental, connected to the Group's properties. The Group has equity interests in a number of its properties and net assets of approximately US\$2.3 billion as of 31st December 2010.

In all of the communities where we operate, our properties contribute to the local economy by hiring employees, suppliers and contractors from the community. We also provide significant tax revenues to local governments. This table outlines the direct economic value generated and distributed by Mandarin Oriental, including revenues, operating costs, and employee compensation. Despite the economic challenges our industry has recently faced, we have continued to support our colleagues, as shown by our trend of stable to increasing salaries paid, compared to revenues earned since 2007. Community investment in the form of monetary donation and volunteerism is provided by hotels directly to recipients in their communities, and are not tracked Group-wide.

Direct Economic Value Generated and Distributed

US\$m	2010	2009	2008	2007
Combined Total Revenue ¹	1,025.5	838.3	1,016.1	1,007.7
EBITDA ²	136.4	87.5	163.9	190.2
Direct value generated <i>MOHG revenue</i>	513.2	438.0	530.0	529.5
Direct value distributed <i>MOHG costs</i>	469.1	354.7	463.8	422.1
Cost of Sales - Employee wages and benefits	326.6 195.2	298.1 184.0	324.5 190.5	318.8 184.8
Selling and distribution costs and administrative expenses	121.7	116.3	119.3	103.0
Payments to providers of capital	13.1	15.2	17.0	16.4
Share of associated and joint ventures/Gain on disposal of joint venture	-4.3	-76.0	-15.3	-38.9
Payments to governments <i>including taxes</i>	12.0	1.1	18.3	22.8
Payments to shareholders	69.2	68.9	68.7	38.7
Community investments ³	-	-	-	-
Profit	44.1	83.3	66.2	107.4

¹ Combined revenue includes turnover of the Group's subsidiary hotels in addition to 100% of revenue from associate, joint venture and managed hotels

² EBITDA of subsidiaries plus the Group's share of EBITDA of associates and joint ventures

³ Not yet tracked

“

As an industry, it is important not to be in denial about what our environmental footprint is. It's easy to introduce energy-efficiency mechanisms, and it makes economic sense.

”

—Edouard Ettedgui
Group Chief Executive
Mandarin Oriental Hotel Group




MANDARIN ORIENTAL
LAS VEGAS



ADVANCING SUSTAINABILITY



ADVANCING SUSTAINABILITY

The environmental challenges facing our world today are significant:

- Global climate change caused by increasing concentrations of greenhouse gas emissions (GHG) due to our dependence on energy from fossil fuel is arguably the greatest environmental challenge today.
- Water quality and availability is a serious issue, with the water supply and demand gap likely to grow wider in coming years.
- Waste generated by modern living is causing major environmental impact in most parts of the world.

We also recognise that these challenges create extraordinary opportunities for our colleagues, as delivering the services and quality associated with our brand is resource intensive. Over the past decade, Mandarin Oriental has focused on energy efficiency as this is an area we directly control and it is the principal source of our carbon emissions.

We believe that luxury and sustainability can go hand in hand through strategic planning, innovation, and taking a systems approach to manage the environmental impacts of our operations that meets the highest indoor air quality criteria.

We are also incorporating sustainable design in the building of our new properties, encouraging development partners to employ best practices in sustainable development. Guidelines are available for all owning partners for projects being developed under a management contract.

Environmental Performance Reporting and Key Sustainability Highlights

This section of the report highlights our efforts to advance the environmental dimension of sustainability. Since 2007, we have collected data from our operating hotels related to consumption of water, electricity, gas, fuel and other energy sources supplied to the hotel. Tracking our hotel's energy, emissions, water and waste intensity is the only true measure

of how successful we are in implementing our environmental strategy. We believe that this is far more important than tracking how many hotels we have with any of the many certifications available in the market, as they do not necessarily directly translate to lower consumption and reduced emissions.

We report here on 24 hotels, or 92.3% of our current portfolio. We acknowledge that there were some challenges in collecting consistent data. We have



excluded Mandarin Oriental, Las Vegas from the report as data was incomplete, and Mandarin Oriental, Macau as the hotel was not fully operational in January 2010.

Environmental goals for reducing energy use, emissions and water consumption are currently established for the period 2007–2012. We intend to establish future goals for all significant environmental aspects by 2012.

Energy Management

According to the International Energy Agency, buildings accounted for close to 40% of energy used worldwide in 2009. Energy consumed by all operations in our hotels has a number of environmental impacts that contribute to climate change. Additionally, energy expenses represent a significant portion of our operating expenses and in some hotels exceed 10% of revenue.

Energy data has been evaluated in terms of energy intensity (kWh/m²/year) and absolute energy consumption (kWh). Energy intensity is the key performance indicator that we use to measure our performance over time, as it takes into consideration the growth of the company.

Methodology for Establishing Baselines

Mandarin Oriental uses a baseline methodology that establishes a credible and repeatable method to correlate the energy consumption of each of our hotels with independent variables such as weather and occupancy. The methodology was developed by one of our energy consultants consistent with the guidelines set down in the International Performance Measurement and Verification Protocol. More information can be found at www.evo-world.org/.

The methodology results in a formula that can be used to calculate the energy consumption that would have occurred if energy efficiency measures were not implemented using the independent variables of the relevant year. Savings are based on the difference between the calculated consumption and the

actual consumption for each year. We have also used this methodology to measure our performance in terms of emission intensity.

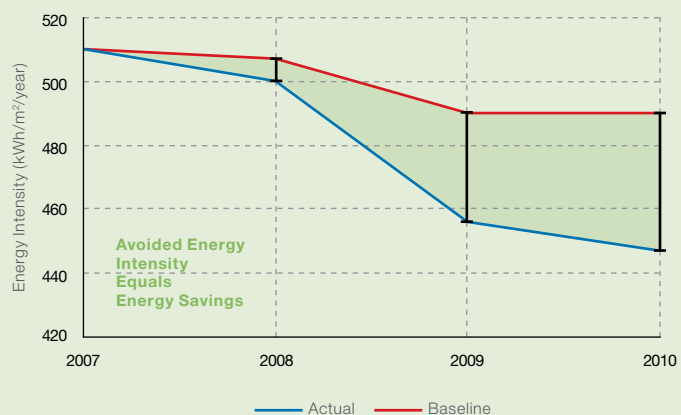
Energy Intensity

Energy intensity measures the energy consumption across the area of air conditioned space of a property. In the period 2007–2010, the Group reduced energy intensity by an annual average of 6.4% and is committed to a reduction of 10% by 2012 over 2007 levels.

We view this accomplishment as a significant first step, but we are acutely aware that the luxury hotel experience that the Group provides to our guests results in a higher than industry average resource use.

The Group reduced energy intensity by an annual average of 6.4% between 2007 and 2010.

Energy Intensity/Actual Against Baseline



Absolute Energy Consumption

As shown in the graph to the right, absolute energy consumption increased between 2007 and 2010. The increase in absolute energy consumption for this period was 3% whilst the total surface of air conditioned area increased by 18% over the same period.

Total Energy Savings

Between 2007 and 2010, the overall energy savings from our energy efficiency measures amounted to 69.8 million kWh. These energy savings reflect the active pursuit and implementation of a number of energy-efficiency measures, including chiller retrofits, building management systems, lighting retrofits and other initiatives that are described in more detail later in this section.

Cost savings of US\$7.7 million was achieved based on the reduction in energy consumption, compared to the baseline for each year using the applicable energy unit rates and the average exchange rate for each year.

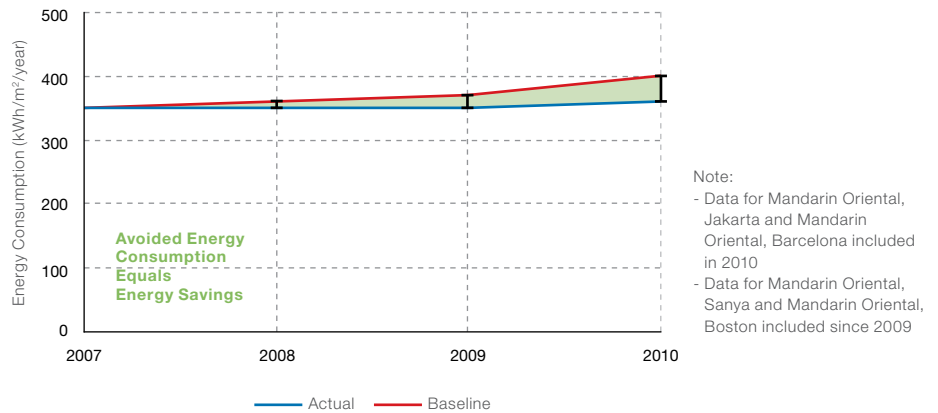
Energy Consumption By Type

In 2010, Mandarin Oriental's direct energy consumption, including natural gas, propane and diesel accounted for 31% of total energy consumption. Indirect energy consumption, including electricity, steam, and chilled water, accounted for 69% of total energy consumption.

Direct energy is the energy procured from sources that are owned or controlled by the reporting entity. For example, natural gas, fuel oil and propane.

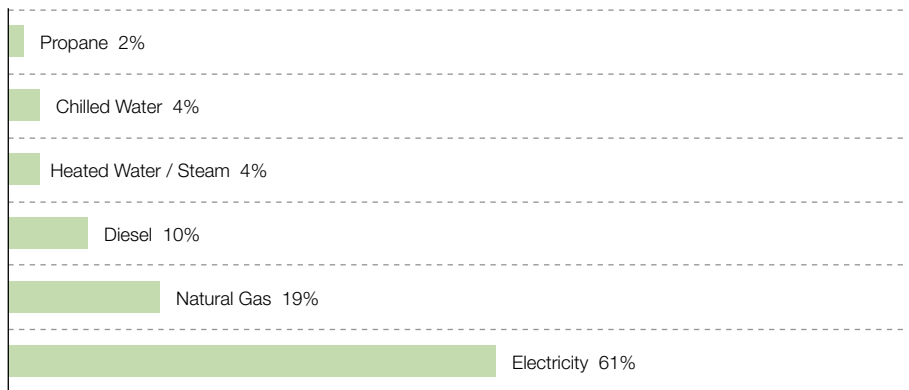
Indirect energy is energy procured from sources owned or controlled by another entity. Examples include purchased electricity, steam, heating water and chilled water.

Energy Consumption/Actual Against Baseline



**Total Energy and Cost Savings between 2007 and 2010:
69.8 million kWh; US\$7.7 million**

2010 Energy Consumption By Type





REDUCING EMISSIONS

Greenhouse gas (GHG) emissions vary widely across our hotels and are primarily dependent on the emission factors of the utility providers. For example, GHG emissions at Mandarin Oriental, Geneva are low, as a large majority of the electricity is generated by hydropower, whilst GHG emissions at The Excelsior, Hong Kong are four times higher than in Geneva, mainly due to the fact that electricity in Hong Kong is generated by burning of fossil fuel. This is despite the fact that the energy consumption per square meter at the two properties is very similar. This is an important aspect to keep in mind when we establish our emissions strategy and also when reviewing the impact of new hotels being added to the Group.

Our reduction of GHG emissions to date, especially carbon dioxide (CO₂) emissions, has mainly been a consequence of improved energy efficiency. We remain firm in our commitment to reduce our GHG emissions. Mandarin Oriental subscribes to the World Travel & Tourism Council (WTTC) goal of reducing CO₂ emissions by 50% from 2005 levels by 2035, with an interim target of 25% reduction by 2020.

Performance Indicators And Results

A greenhouse gas emissions inventory of Mandarin Oriental operations was conducted in order to establish our carbon footprint for the period 2007–2010.

Our emissions are measured in conformance with the GHG Protocol corporate standards, an internationally accepted protocol that provides guidance for companies preparing a GHG emissions inventory. More information regarding the GHG Protocol Initiative can be found at www.ghgprotocol.org/.

In this report, total emissions include direct emissions from fuel oil, natural gas and propane as well as indirect emissions related to the purchase of electricity and steam/ chilled/heated water.

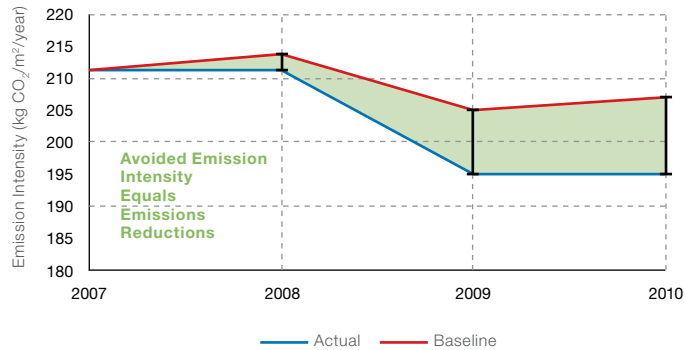
We report total emissions without reductions accounting for purchase of Renewable Energy Certificates (RECs) or similar means of compensating actual emissions. These will be counted in future reports in order to highlight our progress against WTTC goals. In addition to the emissions from the sources listed above, in the future we will report on emissions from fuel used for owned vehicles, external laundries, guest and colleague transportation under our control, as well as corporate and hotel management air travel. We believe that it is imperative to expand the boundaries of our carbon footprint to include emissions related to all areas of our operation that we directly influence.

Mandarin Oriental subscribes to the World Travel & Tourism Council (WTTC) goal of reducing CO₂ emissions by 50% from 2005 levels by 2035.

Emission Intensity

Emission intensity measures the greenhouse gas emissions across the areas of air conditioned space of the properties (CO₂Eq/m²/year). Between 2007 and 2010, on average the Group achieved a 4.7% annual emission intensity reduction. Our Group is committed to reducing greenhouse gas emissions intensity by 10% by 2012 over 2007 levels.

Emission Intensity/Actual Against Baseline



Between 2007 and 2010, on average the Group achieved a 4.7% annual emission intensity reduction.

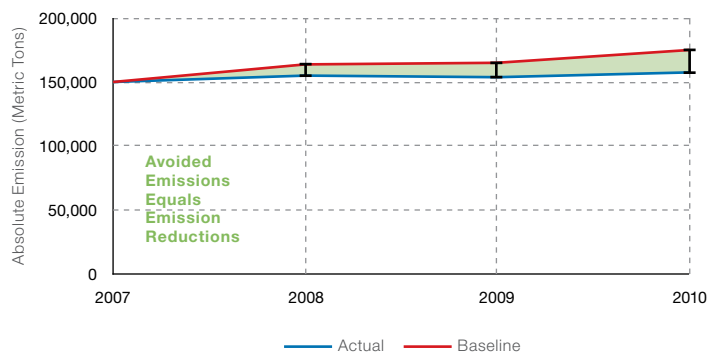
In 2010, the Group's emissions were equivalent to 93.50 kgCO₂Eq per room night.



TOTAL ABSOLUTE EMISSIONS

Absolute emissions increased between 2007 and 2010, as shown in the graph to the right. Our carbon footprint increased in absolute terms by 7%, whilst the total surface of air conditioned area increased by 18% over the same period.

Absolute Emissions/Actual Against Baseline

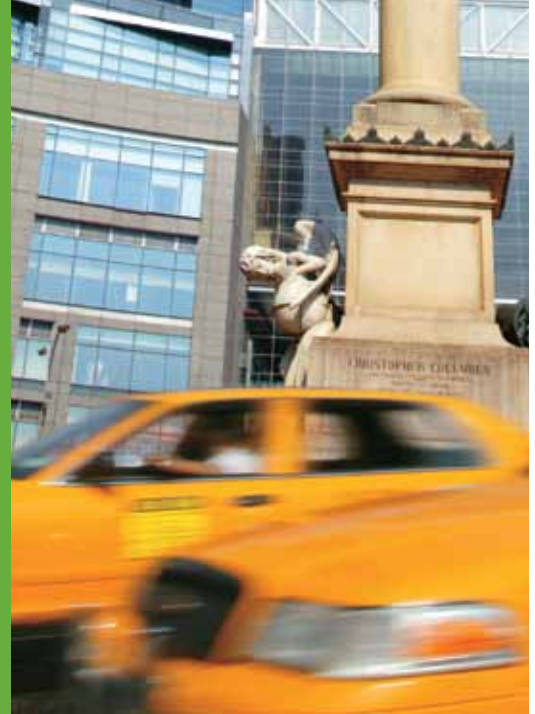


Note:
 - Data for Mandarin Oriental, Sanya and Mandarin Oriental, Boston added since 2009
 - Data for Mandarin Oriental, Jakarta and Mandarin Oriental, Barcelona added in 2010

CO₂ equivalent (CO₂Eq) is a metric measure used to compare the emissions from various GHG, based upon their global warming potential (GWP). In the report, CO₂Eq includes Carbon Dioxide (CO₂), Methane (CH₄) and Nitrous Oxide (N₂O).

TOTAL EMISSIONS REDUCTIONS
 Between 2007 and 2010, the overall emissions reduction from our energy efficiency measures amounted to 23,000 metric tons CO₂Eq.

This decrease in emissions is roughly equivalent to taking **4,510** passenger vehicles off the road.



Emissions By Type

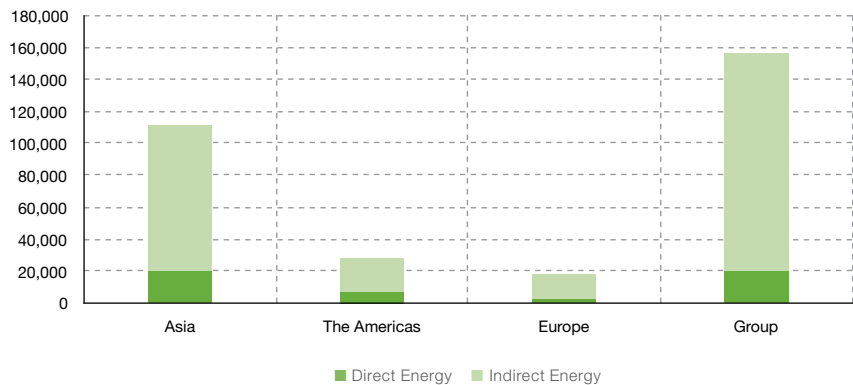
In 2010, the primary source of our emissions, indirect purchased electricity, accounted for 79.4% of the total GHG emissions (see chart). Since most of the emissions come from electricity use, our efforts to reduce emissions are concentrated in minimizing energy use by implementing multiple energy efficiency measures that reduce CO₂ emissions across the Group. Our direct emissions from fuel consumption of natural gas, fuel oil (diesel) and propane, with the exception of fuel used for company-owned vehicles, accounted for 14%. Indirect emissions resulting from consumption of electricity purchased from the external grid and from purchased steam and water accounted for 86%.

In 2010, the emissions generated by the Group amounted to 155,126 metric tons CO₂Eq (133,048 metric tons CO₂Eq from indirect emissions and 21,877 metric tons CO₂Eq of direct emissions). The Asia region shows the largest amount of emissions, mostly due to the fact that most Mandarin Oriental hotels (13) are located in this region, followed by The Americas (8) and Europe (5) regions. The table to the right summarizes these results.

2010 Emissions By Type



2010 Emissions, by Energy Type (Metric Tons) per Region



ENERGY EFFICIENCY AND EMISSION REDUCTION HIGHLIGHTS

By implementing energy conservation measures in our hotels, we are steadily improving our energy efficiencies. Here are some initiatives from our hotels around the world to reduce energy consumption and greenhouse gas emissions.



GROUP-WIDE INITIATIVE

Smart in-room controls have been installed in 80% of our guestroom inventory. This control system reduces the energy consumption by 15–20% by controlling the environment of the guest rooms when guests are away or when the room is unoccupied.



MANDARIN ORIENTAL, GENEVA

Several carefully planned energy efficiency projects have been completed over the past 10 years. As a result, the hotel is now 40% more energy efficient than other Mandarin Oriental hotels in the same temperate climate zone.



MANDARIN ORIENTAL, HONG KONG

The replacement of air cooled chillers with water cooled units will be fully operational in the summer of 2011. The project is estimated to provide an overall energy reduction of 3,000,000 kWh (10–12%).

MANDARIN ORIENTAL, BOSTON

Twelve rooftop gardens have been implemented at the hotel's Residences. These green roofs provide additional thermal insulation and help recover rain water.



Energy Efficiency at Mandarin Oriental, Jakarta

When the hotel was re-opened after a complete renovation in October 2009, all main mechanical, electrical and plumbing installations were replaced and significant efforts were made by Mandarin Oriental's development team to maximize energy efficiency. The scope of the project included the following:

- The air conditioning system was upgraded to comply with the latest international design criteria. As a result, fresh air volumes and air exchanges were increased to provide the internal climate conditions expected in a modern building.
- Electrical heat pumps replaced traditional fossil fuel boilers for hot water heating. Cold air produced by heat pumps as a by-product is also being used to pre-cool fresh air supplies and cool the back of house spaces.
- A system to preheat the hot water supply using heat recovery from the laundry's steam condensate was implemented.
- A smart in-room control system was installed in the guestrooms.
- The chilled water plant was designed using high efficiency chillers, integrated controls and variable speed controls on all pumps and cooling tower fans.
- Side filtration was installed on the cooling towers to reduce water consumption.
- Condensate from the guest rooms and major air handling units is recovered and used for the cooling towers. The volume averages 45 cubic meters per day.

In 2010, the hotel consumed 345 kWh/m² of energy, this consumption is 34% lower than the average of other Mandarin Oriental hotels in the tropical climate zone and represents a reduction of 38% from the pre-renovation (average consumption 2001–2006).





Mandarin Oriental, Las Vegas Achieves LEED Gold Certification

Mandarin Oriental Hotel Group completed its first LEED (Leadership in Energy and Environmental Design) certified green building project at Mandarin Oriental, Las Vegas in 2010. The LEED Green Building Rating System is the nationally accepted rating system for the design, construction and operation of high performance green buildings. The hotel received LEED Gold certification and is a part of the CityCenter development, which is recognised as one of the world's largest sustainable developments. One of the key aims when designing the hotel was to achieve a building design that was as durable and as energy efficient as possible within the taxing Las Vegas climate. Data on both capital and operational cost savings showed a strong business case for a high performance building.

Mandarin Oriental, Las Vegas sustainability highlights:

- The property is designed to be 34% more energy efficient than required by local and national regulations.
- The building's thermal façade system, using sustainable building materials and incorporating day-lighting controls, produces low emissions and reduces solar heat gain, accounting for as much as 9% of the building's total energy savings.
- Water efficiency technology and programmes save an estimated 4.1 million gallons annually, equating to a 45% reduction in portable water use within the building through efficient faucets and water-closets.
- Energy Star appliances are installed in the residential units.
- Guests arriving in alternative fuel vehicles have access to preferred parking spaces.
- Floor-to-ceiling windows enhance the guest experience by providing abundant natural light, reducing the need for artificial lighting.
- Non-toxic paints, sealants, adhesives, carpet and composite wood products are used.
- During construction, the project site (CityCenter) recycled over 95% of all its construction waste (over 232,000 tons).

“Mandarin Oriental Hotel Group is known to demonstrate its leadership in the hotel industry. We are honoured to introduce a new chapter in our brand's achievements with the first LEED Gold certified hotel.”

—Rajesh Jhington
General Manager
Mandarin Oriental, Las Vegas



ENERGY EFFICIENCY AND EMISSION REDUCTION HIGHLIGHTS

By implementing energy conservation measures in our hotels, we are steadily improving our energy efficiencies. Here are some initiatives from our hotels around the world to reduce energy consumption and greenhouse gas emissions.

THE EXCELSIOR, HONG KONG

The chillers and associated pumps were replaced and an upgraded control system was installed to achieve an overall energy reduction of 2,950,000 kWh (12%) and an annual cost saving of US\$357,000.



MANDARIN ORIENTAL, TOKYO

Through its energy strategy, Tokyo generated a cumulative savings of 15.7% over the past three years. The hotel has also achieved the recognition of “Top Level Facility” under the “cap-and-trade” programme of the Tokyo Metropolitan Government.



GROUP-WIDE INITIATIVE

Since 2007, detailed energy audits have been completed at 18 properties and the outcome of the audits assisted the hotels in developing their individual capital investment plans.



MANDARIN ORIENTAL, BANGKOK

The hotel replaced two of its three chillers, achieving an overall energy reduction of 1,340,000 kWh and an annual cost saving of US\$130,000.



Mandarin Oriental Hotel Group Server Virtualization and Cloud Computing

As a core element of our IT strategy, Mandarin Oriental Hotel Group has now firmly established a Green IT culture. Mandarin Oriental has been working closely with Microsoft to design and implement IT activities that will result in significant energy and waste reductions across our global IT operations. These efforts focus primarily on server virtualization, green data centres and cloud computing. This would enable greater elimination of servers and maximize profits.

Cloud computing will allow Mandarin Oriental to rationalize our core infrastructures, add flexible new functionality, improve our digital marketing, and push IT infrastructure and applications out of our back offices into the cloud. Immediate benefits to Mandarin Oriental include improved resource utilization, reduced emissions, increased availability, enhanced security, fewer servers, simplified network infrastructures, reduced floor space and leasing costs, and elimination of data backups and system maintenance from property staff.

Mandarin Oriental estimated the potential for an improved energy utilization and carbon footprint after full virtualization of its current data centres. The following analysis is focused on the hotel operations in The Landmark Mandarin Oriental, Hong Kong, which showed energy savings of up to 667 MWh and CO₂ emissions reduction of 540 metric tons and results in total cost savings up to US\$400,000 over a period of 5 years (the typical life of a single server). While half of the hotels are partially virtualized, Mandarin Oriental's goal is to fully virtualize all of its hotels in the near future to meet additional business needs in the most energy-efficient manner. This will translate to total energy savings of 17,342 MWh and CO₂ emission reductions of 14,040 metric tons over 5 years for 26 hotels. Approximate cost savings as a result of complete virtualization across all the hotels would be US\$10.5 million.

“We consider technology a core differentiator that sets us apart in the marketplace. Cloud computing is now at the heart of our hotel’s IT operations, which is a sustainable business practice that saves time and money.”

—Monika Negerer
Vice President of
Technology for the Americas

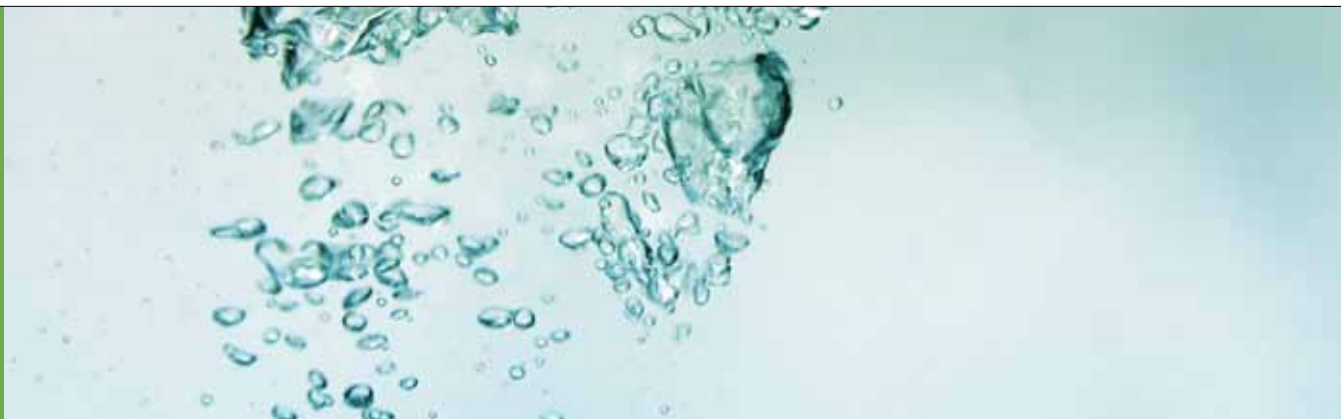


ENERGY EFFICIENCY

Going Forward

In the future, we will augment our focus on eco-efficiency and greenhouse gas emissions reduction with the following strategic initiatives. We are replacing our utility monitoring system with an Environmental Data Management System that will provide us with improved capabilities to:

- Record and report on our energy and water consumption, greenhouse gas emissions and waste generated.
- Manage all energy-efficiency measures that are implemented and use this information to develop best practices that can be shared with other hotels.
- Establish energy and emission reduction strategies for each individual hotel and track performance against established goals.
- Use energy modelling for all new development projects. This technology will predict the energy performance of the hotel at the design stage using computer simulations and system analysis. This will assist us in ensuring that new hotels are achieving our energy efficiency targets.
- Install LED lighting, especially in guest rooms and other public areas. New LED lighting products are developing rapidly and have matured to a stage where they can be used without negatively affecting our guest experience. Lighting represents approximately 15–20% of the total energy consumption, and LED lighting can potentially reduce electricity consumption by 50–75%.
- Retro-commission our facilities—a systematic investigation process for improving and optimising a building's operation and maintenance. After the construction and opening of a hotel, an energy specialist will work with the hotel's engineering department to optimise performance based on how the hotel is being operated. Savings from this process typically range between 7% and 15%.
- Expand our usage of renewable energy (e.g. solar heating for hot water production). Currently we are using very limited renewable energy resources, but as technology matures and the capital costs of installation decrease, we foresee utilising more renewable energy.
- Train and launch awareness programmes for all colleagues.



WATER CONSUMPTION AND EFFICIENCY

According to the United Nations Environmental Program, 40% of the world will live in water scarce regions by 2025. These conditions are passed on to businesses as a reduction in freshwater availability and quality as well as increased costs. Since water is essential to our operations, forward looking water strategies are essential, particularly in regions with current and future freshwater shortages.

Some hotels have implemented many water efficiency measures, but in general, we know we can improve our performance in this area by providing more focus over the coming years.

Performance Trends And Results

A detailed water footprint assessment for our operations was completed for the period of 2007–2010. Further work is required in order to understand and compare the performance of our resorts, especially where well water is being used and large water volumes are consumed for irrigation. Water data for a total of 21 hotels or 81% of our current portfolio have therefore been included in this report.

Water data have been evaluated in terms of water intensity (m^3 /guest night) and absolute water consumption (m^3). Water intensity is the key performance indicator that we use to measure our performance over time as it takes into consideration the growth of the company.

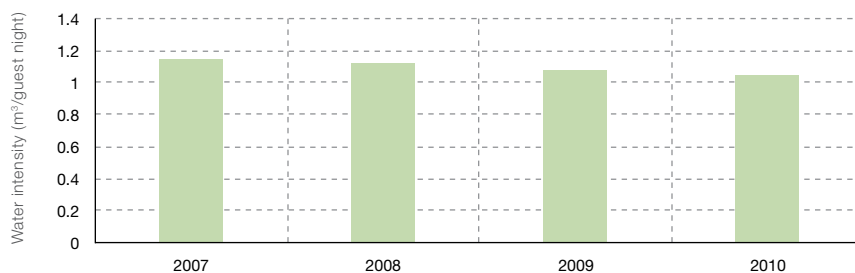


Water Intensity

Water intensity measures water consumption based on total number of guest nights. Our Group reduced water intensity (total amount of water consumed per guest night) by 11.9% in 2010 over 2007 levels. Though this reduction does not include all hotels, our Group is committed to a reduction of 10% by 2012 over 2007 levels, including data for all the properties.

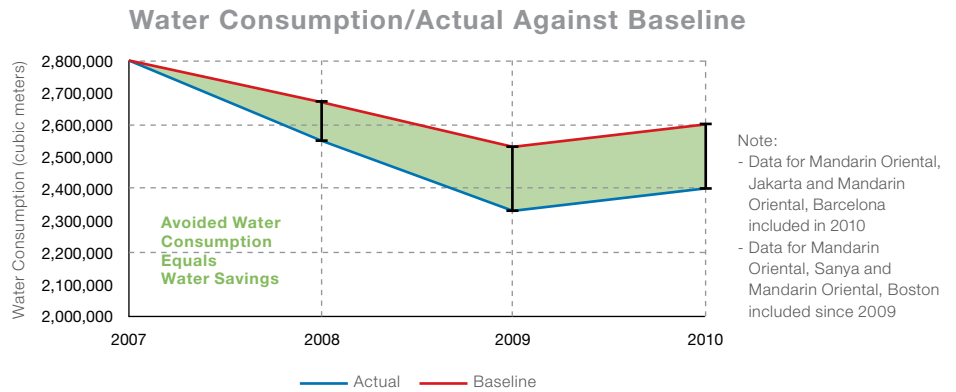
We view this accomplishment as a significant first step but are acutely aware that the luxury hotel experience that Mandarin Oriental provides to our guests results in a higher than industry average resource use.

Water Intensity (cubic meters/guest night)



Absolute Water Consumption

Between 2007 and 2010, our Group achieved water use reductions as shown in the graph. Water consumption in 2009 was lower than the amounts for 2008 and 2010 due primarily to the adoption of operational efficiency improvements to reduce our water consumption. The efficiency initiatives of our individual hotels are highlighted later in this section.



TOTAL WATER SAVINGS

Due to a number of water efficiency measures, the Group's overall water savings between 2007 and 2010 amounted to 382,090 cubic meters.

This reduction in water consumption is equivalent to the amount of water needed to fill

137
Olympic-size swimming pools.



Local Water Consumption And Withdrawal By Source

As of 2010, all Mandarin Oriental hotels obtain water from municipal or city water supplies with the exception of two properties, Mandarin Oriental Dhara Dhevi, Chiang Mai in Thailand and Mandarin Oriental Riviera Maya, Mexico, which rely primarily on groundwater well supplies.

Water Savings: The reduction in water consumption that occurred in the reporting period, relative to what would have occurred if the facility had been equipped and operated as it was in the 2007 baseline year but under reporting period operating conditions.

WATER CONSERVATION HIGHLIGHTS

A few highlights of key initiatives to reduce water consumption at individual Mandarin Oriental properties are presented below.

MANDARIN ORIENTAL, HONG KONG

The hotel reduced water consumption by adopting a new chemical for laundry use which allows for shorter cycles during washing.



MANDARIN ORIENTAL, MIAMI

Using MilliCare's dry extraction process to deeply clean the carpets, our Miami hotel consumes 95% less water and 85% less energy than conventional hot water extraction systems—reducing carbon emissions for the task by 77%.



MANDARIN ORIENTAL, TOKYO

All fluid waste and rain water is treated to remove impurities and then used for landscape watering and back-of-house toilets. This conserves fresh water and avoids discharging wastewater to sensitive environments.



GRAND LAPA, MACAU

A swimming pool water recycle system collects pool water for reuse in toilet flushing. This system has collected 10,211 cubic meters of water in three years of operation.



WATER CONSERVATION Going Forward

We are currently developing a water-sustainability strategy that goes beyond traditional water-efficiency measures, including low flush toilet fixtures, flow limiters in taps and showers. The following are some of the measures that will be essential parts of this strategy:

- Side filtration and automatic blow-down control of cooling towers
- Adaptation of latest technology and innovation in the water-intense operations of our spas, laundries and kitchens will become standard
- Rainwater harvesting and recycling of water for irrigation purposes will become standard
- Training and awareness programmes for all colleagues

These measures will result in additional benefits, such as a reduction in wastewater that must be treated or disposed of, or in the case of hot water efficiency, energy savings.



WASTE MINIMIZATION

Waste management is an area where we have many opportunities, and we recognise that improvements to our Group guidelines are required in order to provide a consistent approach, enabling us to better measure our performance.

Most of the solid waste in our hotels is generated by activities like food preparation, consumption of pre-packaged items, guest waste and housekeeping. We try to optimise the purchase of products and services from our vendors that eliminate waste and use products that have the least or no impact on natural resources. For example, we have taken conscious steps to educate our suppliers to reduce packaging material when supplying our hotels, and also to adopt environmentally friendly practices in their manufacturing. We seek to reduce the amount of solid waste that we generate in key areas of the hotel and dispose of materials in landfills only as a last resort. Mandarin Oriental strongly believes that waste generated by our hotels can be a valuable resource for others. Waste management disposal procedures are in place to ensure that refuse is separated into wet, dry, combustible, non-combustible and recyclable items.

There is no such thing as “throwing something away”, since unrecycled material ends up in landfills. This makes waste minimization efforts an essential component of any sustainability strategy.



WASTE MINIMIZATION HIGHLIGHTS

A few highlights of the initiatives to reduce waste generation at Mandarin Oriental properties are presented below.



MANDARIN ORIENTAL, BOSTON

The hotel provides wet garbage, free of charge, to local farmers who use it as composting materials on their farms. Since June 2010, more than 95 tons of food waste have been donated, diverting 512 cubic yards of waste from the landfill.



MANDARIN ORIENTAL, KUALA LUMPUR

The pool uses a saltwater chlorination system with electrolysis of a concentrated solution of sodium chloride instead of conventional chlorine dosing. The system is safe, environmentally preferable and efficient at maintaining pool water in conformance to international standards.



MANDARIN ORIENTAL, JAKARTA

Using durable and environmentally friendly microfiber cloths to clean the kitchens and bathrooms has reduced up to 90% of the consumption of cleaning materials and water in our property.



MANDARIN ORIENTAL, TOKYO

The hotel recycles more than 50% of all waste that it produces. Kitchen vegetable cooking oil is converted into bio-diesel fuel. Wet food waste is converted to methane gas, which is used to heat homes and commercial buildings, and in the generation of electric power.



WASTE MINIMIZATION HIGHLIGHTS

A few highlights of the initiatives to reduce waste generation at Mandarin Oriental properties are presented below.



GROUP-WIDE SPA INITIATIVE

Our signature line of Spa products are manufactured in an environmentally sensitive manner and are packaged in glass containers. Glass was selected because it is recyclable in more countries than plastic.

MANDARIN ORIENTAL, MANILA

In 2010, the housekeeping department produced 2,500 cleaning rags, 19 weighing scale covers, 97 pillow slips, 106 cocktail napkins, from used bed sheets, tablecloths, napkins, bath robes, pillow cases and duvet covers.



MANDARIN ORIENTAL HYDE PARK, LONDON

Our London hotel recycles food waste using its newly installed vacuum waste system, which collects food for composting. All paper and aluminium products used at the hotel are also recycled.



MANDARIN ORIENTAL, SAN FRANCISCO

By using worm farming, the hotel is able to reduce waste, greenhouse gas emissions, contamination, and produce high quality fertilizer. Worms eat compost and shredded office paper to produce worm "tea," which is used in our herb gardens.



Mandarin Oriental Hotel Group

Waste Decanting Operations

Mandarin Oriental buys goods and services from suppliers who share our commitment to the environment and who are strongly encouraged to procure products that minimize waste generation. In the Food and Beverage quality and safety operations of our hotels, the first priority is to entirely eliminate waste at the source in order to avoid handling, storage and disposal of waste. We ensure that products are kept clean and are free of waste material by multiple procedures and guidelines including:

- Sorting products
- Transferring products from supplier containers to hotel containers (delivery containers are returned to the suppliers for reuse or are broken down for recycling purposes)
- Moving food and beverage products to a storage or preparation area without delay
- Regular training of colleagues on procedures to ensure safe food handling





WASTE MINIMIZATION

Going Forward

The following are our short-term objectives:

- Establish a comprehensive corporate guideline for waste management in our operating hotels.
- Develop a complete, accurate, consistent and timely measurement process of our waste and emissions due to waste generation. This will be incorporated in our Environmental Information Management System, and it is our target to have all our operating hotels included by 2012.
- Define targets for waste reduction in 2011 once the data is available from the majority of our hotels.



BIODIVERSITY

Biodiversity refers to the variety of plants, animals and microorganisms necessary to maintain healthy ecosystem services—for example, the provision of fresh water, crop pollination and clean air—that allows business and communities to prosper and flourish. Biodiversity is under an increasing threat from depletion, overexploitation and the consequences of climate change. According to the International Union for Conservation of Nature (IUCN) Red List of Threatened Species, a total of 18,351 species out of 55,926 assessed species were threatened with extinction in 2010. In a system where species are limited, the extinction or reduction of any one could disrupt a complex food chain with serious effects.

Mandarin Oriental leadership recognises that the values of biodiversity and ecosystem services have not been previously accounted for and that interest is growing in services that ecosystems deliver, such as flood control. At Mandarin Oriental, hotels constantly carry out different projects independently or in cooperation with communities and non-governmental organisations (NGOs) for the restoration of ecosystems and biodiversity. In our hotel at Riviera Maya, Mexico, we planted a mix of native plants and trees to showcase the natural surroundings of our hotel site. This not only benefits the natural heritage, but the better and more diverse the flora and fauna, the more enjoyable the experience is to our guests.

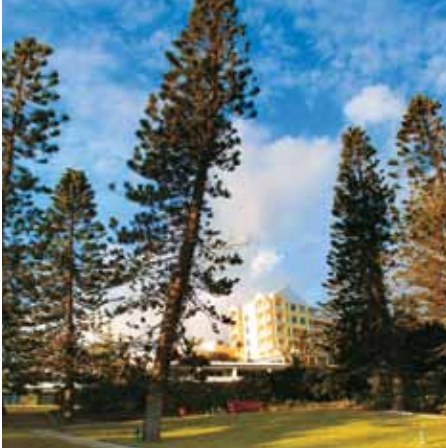
We encourage our colleagues to become involved in the conservation and development of biodiversity, increasing awareness and morale. Similarly, a number of other activities are currently being carried out at Mandarin Oriental to protect and conserve natural habitats.

Mandarin Oriental Riviera Maya, Mexico is the first resort project in Latin America that includes 95% of native plants in its concept and design.



BIODIVERSITY HIGHLIGHTS

A few highlights of the initiatives related to biodiversity at Mandarin Oriental are presented below.



ELBOW BEACH, BERMUDA

In the resort's residential sector, land was cleared and restored to its original native state, resulting in the creation of a Preserved Woodland area.



MANDARIN ORIENTAL, MIAMI

With the *Miami Everglades* "voluntourism" package, guests can participate in tree planting, recycling projects and exotic plant removal programmes at Everglades National Park.



MANDARIN ORIENTAL, BANGKOK

The hotel has participated in a reforestation campaign since 1993. In 2010, the hotel cooperated with "The Natural Protection Group-Zone 2" to grow 5,000 mangrove plants in the Tambol Bangkaew, Amphur Muang, Samutsakorn Province.

THE LANDMARK HOTEL, HONG KONG and THE EXCELSIOR HOTEL, HONG KONG

Both hotels participate in the World Wide Fund for Nature (WWF) Hong Kong initiative to stop serving bluefin tuna (a species that will soon disappear unless urgent action is taken) in their restaurants.



Biodiversity at Mandarin Oriental Riviera Maya, Mexico

The gardens of Mandarin Oriental Riviera Maya were conceived as a tribute to biodiversity. Conservation was the guiding principle around the artistic designs of the landscape and gardens, which feature native plants that correspond with the local flora. The entire resort respects nature and provides guests with an opportunity to visit natural environments, including tropical forest, mangrove reserves, lagoons and streams. Maintaining and enhancing biodiversity played a major part in the planning of the resort. The resort showcases more than 20% of mangrove forest, divided into four species of mangroves. The mangroves offer a fabulous resting ground for native birds and many other animals. A fundamental task for the future will be to continue to cultivate this thriving natural habitat.



CASE STUDY



MANDARIN ORIENTAL ENVIRONMENTAL PERFORMANCE SUMMARY

The data for all environmental performance indicators is recapped in the following table:



PERFORMANCE INDICATOR	2007	2008	2009	2010
ENERGY				
Absolute Energy Consumption (Actual) UNIT: kWh	349,223,896	353,431,209	345,014,296	360,125,613
Absolute Energy Consumption (Baseline) UNIT: kWh	349,223,896	359,523,378	373,529,067	395,270,166
Energy Intensity (Actual) UNIT: kWh/m ²	510	498	452	447
Energy Intensity (Baseline) UNIT: kWh/m ²	510	507	490	490
GREENHOUSE GAS EMISSIONS				
Absolute Emissions (Actual) UNIT: tons of CO ₂ equivalent	145,549	151,101	148,135	156,196
Absolute Emissions (Baseline) UNIT: tons of CO ₂ equivalent	145,549	152,532	157,933	167,967
Emission Intensity (Actual) UNIT: kg CO ₂ /m ²	212	213	194	194
Emission Intensity (Baseline) UNIT: kg CO ₂ /m ²	212	215	207	208
WATER				
Absolute Water Consumption (Actual) UNIT: m ³	2,791,821	2,545,564	2,318,650	2,450,927
Absolute Water Consumption (Baseline) UNIT: m ³	2,791,821	2,627,233	2,5006,306	2,563,692
Water Intensity UNIT: m ³ /guest night	1.173	1.149	1.149	1.033
MOHG Total Air Conditioned Area UNIT: m ²	685,682	709,248	762,990	806,470
MOHG Guest Nights	2,379,857	2,215,905	2,017,935	2,372,768

Notes:

- Mandarin Oriental, Sanya and Mandarin Oriental, Boston had their first full year of operations in 2009
 - Mandarin Oriental, Jakarta and Mandarin Oriental, Barcelona include only 2010 data
 - Mandarin Oriental, Las Vegas and Mandarin Oriental, Macau (opened in July 2010) are not included in the analysis due to incomplete data
 - For water data, properties have been excluded if the data is distorted by major changes or abnormally high values (where, for example, irrigation is included)
- This includes Mandarin Oriental Dhara Dhevi, Mandarin Oriental, Sanya and Mandarin Oriental Riviera Maya, Mexico



Mandarin Oriental has long recognised the importance of culture and community to our brand. Our properties each possess a distinct sense of place, while reflecting our oriental heritage and the local culture of each hotel. Our colleagues are delighted to support and work with the local communities in which we operate.



CHAMPIONING COMMUNITY



CHAMPIONING COMMUNITY

Mandarin Oriental has long recognised the importance of culture and community to our brand. Our properties each possess a distinct sense of place, while reflecting our oriental heritage and the local culture of each hotel. Our colleagues are actively engaged in supporting and working with the local communities in which we operate. Our properties support charities and other groups and organisations that reflect the unique needs of each of our diverse communities. In addition, Mandarin Oriental Hotel Group supports an array of cultural preservation and educational opportunities.

Mandarin Oriental Hotel Group champions community in three ways—preserving cultural heritage, conducting outreach and community education, as well as creating and supporting community programmes. Mandarin Oriental is providing more than philanthropic support; we go beyond that, encouraging colleagues to participate actively, whether through volunteer hours at a school or coordinating events to support local organisations. Each hotel engages its local community differently, based on the needs of the community. In addition, the Group coordinates broader initiatives in certain regions of the world.

Mandarin Oriental hotels each embrace their local communities, and our commitment is evident in three key areas: cultural heritage preservation, outreach and community education, and support for community programmes.





CULTURAL HERITAGE

Mandarin Oriental recognises the importance of preserving cultural heritage and diversity. By supporting cultural and artistic traditions, we help to extend their value to the global community, enabling their continued enjoyment for generations to come. Reflective of local culture and style, each Mandarin Oriental hotel has a strong sense of place, while oriental touches provide a warm and inviting atmosphere. From the selection of each hotel's symbolic fan to our dedicated support of arts and artefact preservation, Mandarin Oriental preserves and celebrates our Asian roots and embraces the local culture unique to each hotel.

Fans

Classically simple, visually elegant and a profoundly meaningful symbol of Oriental culture, Mandarin Oriental's iconic fan logo is a striking symbol of our Group's identity. Our logo is a registered trademark internationally and is respected within the tourism industry as one of the world's most highly recognised logos. In addition to the registered trademark logo for the Group, every Mandarin Oriental hotel has its own fan, which bonds each property to the company's heritage. An authentic and elegant reflection of Asian tradition, hotel fans are chosen to represent the distinctive character of each property, highlighting the history and culture of the local destination. Colours, designs and prints are carefully chosen in collaboration with local artists, historians and graphics experts. Originality also plays a key role in determining the desired fan for each hotel.

For our hotel in Prague, the Group was keen to create a fan of historical significance which would not only highlight the Golden City as a destination but also its history and rich diverse culture. The design and creation of Mandarin Oriental, Prague's signature fan was entrusted to Mrs. Jarmila Mucha Plocková, who is the granddaughter of the late and much celebrated artist Alfons Mucha and who has the sole rights to reproduce the artist's famous designs. The artwork was inspired by the frescoes on the walls of the Mayor's Lounge in Prague's superb Art Nouveau Municipal House. The peacock taken from the Mucha-designed rich fabric curtains is the predominant feature on this hand-painted fan. The peacock is also especially meaningful in Asian culture, being a sacred bird in both China and Japan.



Mandarin Oriental, Boston's exquisite Chinese fan was created for export in the late 1850s and is from the permanent collection of the Peabody Essex Museum in Salem, Massachusetts. This fan ties together the longstanding relationship and interaction between the historic and artistic traditions of Boston and the Orient.





Mandarin Oriental, Tokyo and the Preservation of Nihonbashi Bridge

The city of Nihonbashi has been the cultural and historical heart of Tokyo since the 17th-century Edo period. Its landmark Nihonbashi Bridge, which has been designated as a cultural asset of national importance, was declared by the Edo government as the point from which all road distances between the capital and other points in Japan were to be measured. This method of calculating distances from Tokyo is still practised today. Mandarin Oriental, Tokyo is proud to participate in the Nihonbashi Bridge Preservation Group, which is dedicated to maintaining the Renaissance-style, double-arched granite bridge. The Nihonbashi Bridge Preservation Group organizes a number of events including the annual large-scale cleaning of the bridge, as well as regular cleaning sessions of the river.



Mandarin Oriental Hotel Group Sponsors *The Emperor's Private Paradise*

Mandarin Oriental Hotel Group is delighted to be a premier sponsor of *The Emperor's Private Paradise: Treasures from the Forbidden City*, a landmark U.S. exhibition organized by the Peabody Essex Museum (PEM) in Salem, Massachusetts, in partnership with the Palace Museum, Beijing, and in cooperation with World Monuments Fund (WMF). This exhibit brings artistic treasures, never before seen by the public, from the private retreat of the celebrated Qianlong Emperor (r. 1736-1796). *The Emperor's Private Paradise* was first revealed in September 2010 at PEM and will travel to The Metropolitan Museum of Art in New York and the Milwaukee Art Museum in 2011.



Mandarin Oriental Hotel Group Fellowship for Cultural Preservation with the Asian Cultural Council

The Asian Cultural Council (ACC) is the only organisation in the world whose sole mission is to support cultural exchange between the United States and Asia and within the countries of Asia. In 2005, Mandarin Oriental established a fellowship with the non-profit ACC specifically to award individuals and organisations in efforts to preserve indigenous arts, cultures and traditions of Asia.

The 2007 Mandarin Oriental Fellowship was awarded to Grace Nono, a remarkable Philippine musician and scholar, well known for her passionate commitment to educating Filipinos about their cultural traditions. A vocalist who has studied traditional songs from throughout the archipelago, Ms. Nono infuses these with her own contemporary voice to advance issues of indigenous identity and women's rights. Ms. Nono completed a five-month residency in the U.S. in spring 2008.

In 2008, the Mandarin Oriental Fellowship was awarded to Pingxian Wang, a cultural researcher and translator at the Dunhuang Academy, which oversees the famed Tang Dynasty Buddhist cave site in Gansu province, China, one of the most important and highly visited archeological sites in Asia. Ms. Wang has been actively involved in developing new databases that will make scholarship on the caves and their artwork available to English, and Chinese and Japanese-reading researchers.

The Mandarin Oriental Fellowship in 2009 was awarded to Issui Minegishi, a Japanese musician and rare performer of the "ichigenkin", a one-string zither whose tradition is associated with the cultural literati and nobility in Japan. There are less than five hundred people in all of Japan who play the ichigenkin. Ms. Minegishi completed her Mandarin Oriental Fellowship in 2010 and participated in contemporary music workshops to develop new relationships with American and international artists.

In 2010, the Mandarin Oriental Fellowship was awarded to Khun Sunon Wachirawarakarn, a "Khon" (Thai Classical Dance) principal dancer with the Pichet Klunchun Dance Company (PKDC) in Bangkok. Khun Sunon's dance troupe creates new work that places Khon in a contemporary context and is dedicated to developing the international understanding of and appreciation for this traditional Thai dance form. Khun Sunon's Mandarin Oriental Fellowship will permit him to study in the U.S. on a four-month grant in 2011 to participate in the International Choreographers Residency Program at the American Dance Festival.





OUTREACH AND COMMUNITY EDUCATION

Mandarin Oriental hotels contribute to a number of community outreach and educational programmes within our local communities, whether by volunteering, organizing, philanthropy or making in-kind donations of materials or space. This section highlights two educational events coordinated by our properties, including the Lanna Village at Mandarin Oriental Dhara Dhevi, Chiang Mai and Mandarin Oriental, Washington D.C.'s partnership with VSA, an organisation educating persons with disabilities through the arts.

Mandarin Oriental Dhara Dhevi, Chiang Mai Lanna Village

Mandarin Oriental Dhara Dhevi, Chiang Mai was constructed with the intention to preserve Lanna culture and provide an opportunity to educate both guests and the community in the arts and architecture of historical Chiang Mai. "Lanna" was derived from "Kingdom of Lan Na", meaning the "Land of a Million Rice Fields", with the city as the royal seat of power in the mid-13th century and a time when Chiang Mai asserted itself as a centre of arts, culture and architecture. Since opening, Mandarin Oriental Dhara Dhevi has hosted events and cultural tours to showcase Lanna culture. The hotel has also partnered with local schools to provide the opportunity to visit as part of their history curriculum. The market also provides local artisans with the opportunity to showcase arts and crafts central to Lanna culture and the opportunity to sell their wares. The gardens and rice fields are cultivated and provide food both to the restaurants on site as well as donations to community food banks. Mandarin Oriental Dhara Dhevi is the only resort in Chiang Mai that offers guests a regular daily programme for arts and crafts demonstration—basket making, bamboo weaving, rice pounding, paper cutting and flower arranging.



Mandarin Oriental, Washington D.C. Partners to Make a Difference

In 2010, Mandarin Oriental, Washington D.C. partnered with VSA, an affiliate organisation of the John F. Kennedy Center for the Performing Arts that provides disabled individuals with artistic, vocational, and job readiness training through the arts. With the hotel's "I'm a Fan" project, participating students were asked to create a fan reflecting Mandarin Oriental's logo and inspired by the locations of the hotels worldwide. The purpose of the event was to provide the participants of the VSA programme with a gallery exhibit and opening to showcase their art and interact with the community. In addition, the artwork was displayed and was available for purchase by patrons as a fundraiser for VSA. All participants in the programme were young adults with special needs from the local area.





COMMUNITY PROGRAMMES

Our community programmes exemplify how we go beyond philanthropy to work side by side in communities coordinating volunteer efforts and events. In addition, several hotels have reclaimed and recycled used goods and products into meaningful donation opportunities that improve public health and education.

Partnership with Clean the World

In the U.S. alone, 2.6 million soap bars are discarded every day by the 4.6 million hotel rooms in the country. Mandarin Oriental hotels in North America have partnered with Clean the World to donate soaps and shampoo that would have been sent to landfill. Clean the World is a programme that recycles donated soap from hotels and distributes it, along with educational materials, to impoverished countries worldwide and homeless shelters in North America. The soap is reprocessed to ensure they are sanitary for reuse. To date, Mandarin Oriental has diverted nearly three tons of soap from disposal to donate to Clean the World, resulting in over 26,000 bars of soap delivered to children in need. A challenge of this type of programme is the additional greenhouse gas emissions that stem from the redistribution of the new soaps to the communities in need; however, the improvements in sanitation and public health due to the use of the donated soaps save lives within those communities. Mandarin Oriental will continue to weigh the benefits and challenges of these types of efforts in our quest to help people in need and consider the life cycle of product use.



Mandarin Oriental, Miami and Radio Lollipop

Radio Lollipop is an international children's charity that provides care, comfort and entertainment to children in hospital. Twice a year, volunteers from Mandarin Oriental, Miami visit the Miami Children's Hospital to participate in the Radio Lollipop programme. The colleagues are split into teams that visit each room of all wings in the hospital, inviting children to get involved in a featured activity, such as origami. Volunteers work with the children playing games, reading books and providing smiles and laughter to children at a time when they need it most.

Mandarin Oriental's "Fantastic Match" Programme in the United States

Giving back is all about making a positive difference in the world by helping the causes you believe in. With Fantastic Match, a U.S. charity matching fund programme launched in late 2010, our U.S. hotels are extending their charitable efforts in their communities. The Fantastic Match programme matches up to US\$10,000 per year, per U.S. hotel, the funds raised by colleagues participating in the charitable activities organised by their hotels.

Hotels can organise a range of different activities, such as group volunteering, raising funds in a walk-a-thon or holding a food drive. The potential to help the local communities we serve is limitless. With Fantastic Match, the proceeds raised from all approved charitable programmes are matched, up to a US\$10,000 limit, doubling the benefit to our communities. U.S. colleagues can inquire with their human resources department for more information about the planned activities for their U.S. Fantastic Match programme and learn how to get involved and make a difference.



Community Programmes at Mandarin Oriental, Bangkok

Mandarin Oriental, Bangkok has conducted community programmes for more than 20 years, often benefiting educational causes in their local community and impoverished communities in rural Thailand. Two major events occurred in 2010: a community service outing to renovate a cafeteria at a school in Baan Mae Pra-jan, Amphur Paktor, Rachaburi Province, as well as spearheading a charity gala and auction to benefit HRH's Sai Jai Thai Foundation and other impoverished schools in northern Thailand.

Each year, the human resources team travels to northern Thailand to inspect community schools and selects the neediest schools. Throughout the year, the hotel conducts events to raise funds, including a sale sponsored by all departments and a monetary contribution from the hotel. Approximately US\$10,000 is raised each year and is used at the schools to renovate structures, as well as providing for educational materials. Over 100 people, including colleagues and their families, participate in the event.

Bangkok Chefs Charity Gala Dinner and Auction

In 2009, Mandarin Oriental, Bangkok's Executive Chef Norbert Kostner, together with Mandarin Oriental's major supplier of imported luxury food items and wines, took the initiative to launch the first-of-its-kind gourmet charity event in the hospitality industry appropriately named "Bangkok Chefs Charity Gala Dinner and Auction", which took place in the Royal Ballroom of Mandarin Oriental, Bangkok. Sixteen Executive Chefs from leading hotels in Bangkok participated in the event. Services of the chefs, to cook at the winners' private residences, were auctioned off to raise funds to benefit HRH's Sai Jai Thai Foundation and three schools serving under-privileged children in northern Thailand. The HRH Sai Jai Thai Foundation gives moral support, welfare, and education to the families of those who have sacrificed their lives in public service, such as Border Police and soldiers.

The 2010 Bangkok Chefs Charity Gala Dinner and Auction raised a total of five million baht (approximately US\$165,000)—three million of which was presented to HRH's Foundation and the remainder provided to welfare and schooling for underprivileged school children in Northeast Thailand.





MANDARIN ORIENTAL



DELIVERING EXCELLENCE



DELIVERING EXCELLENCE

Mandarin Oriental Hotel Group has a long tradition of delivering excellence, visible through our dedication to customer service for our guests, our involvement in the development of our colleagues—both personally and professionally—and by consistently delivering returns to our shareholders. This section focuses on our approaches to colleague development, safety, guest satisfaction and product management that distinguish the Mandarin Oriental brand. We are proud of the recognition and awards that we have received from our peers in business, industry and the community; they are summarized at the end of this section.

Our mission is to completely delight and satisfy our guests. We are committed to making a difference everyday; continually getting better to keep us the best.





RESPONSIBILITY AND RESPECT

Responsibility and respect are two tenets of Mandarin Oriental's guiding principles. This section is devoted to our employment practices, colleague development and ethical standards, which are vital to delivering excellence.

Human Rights

Mandarin Oriental Hotel Group does not have a specific policy addressing human rights. However, we have developed employment guidelines to prevent child and compulsory labour and implemented strict harassment policies. We ensure equal opportunity in hiring, as well as during employment. Mandarin Oriental's employment policy states:

It is the Group's policy to maintain a work environment free from discrimination or harassment. This includes ensuring that equal employment opportunities are provided to all persons qualified to work at the Group and at Mandarin Oriental hotels.

We maintain a strict policy prohibiting discrimination on the grounds of sex, pregnancy, marital status, family status, religion, disability or race.

We also prohibit harassment based on sex, disability (including physical or mental disability and medical condition), race, colour, religion, national origin, ancestry, citizenship status, age, sexual orientation and marital status, even if such conduct is not prohibited under local laws.

In 2010, there were six reported instances of alleged discrimination at Mandarin Oriental hotels, involving sexual harassment, unjust termination, race discrimination or gender discrimination, out of approximately 10,750 colleagues. All instances were investigated and dismissed.

Fair Operating Practices

Our ethical standards are clearly set out in the company's Code of Conduct, a set of guidelines to which every employee must adhere, which is generally consistent with the United Nations Global Compact. The code requires that all Group companies comply with all laws of general application, all rules and regulations that are industry-specific and proper standards of business conduct. The code prohibits the giving or receiving of illicit payments, and it requires all employees to be treated fairly, impartially and with respect. It also requires that all managers must be fully aware of their obligations under the Code of Conduct and establish procedures to ensure compliance at all levels within their organisations. The Group has in place procedures by which employees can voice, in confidence, matters of serious concern in areas such as financial reporting or compliance.





LABOUR PRACTICES AND COLLEAGUE DIVERSITY

Empowering our colleagues is central to our business and critical for delivering the top quality services that define our brand. Mandarin Oriental is committed to being an employer of choice. Consistent with this goal, we are committed to:

- Selecting the finest hospitality professionals
- Ensuring that all our colleagues are treated with respect, courtesy and dignity, and are working in a clean, pleasant and safe environment
- Providing effective training and meaningful career and professional development
- Maintaining an “open-door” policy where colleagues will always find support from caring and empathetic colleagues

Globally, our workforce is comprised of full time, part time, and casual colleagues hired on a flexible basis. As of December 2010, Mandarin Oriental directly employed approximately 10,750 colleagues, which represents all operating hotels in 2010. We recruit quality talent from premier campuses across the globe through an objective and robust selection process. The majority of colleagues in each operation are hired locally, and promotion from within the company is practiced regularly.

Mandarin Oriental Hotel Group Employment Summary

GENDER	Male	Female	Total
Asia	3,709	2,985	6,693
The Americas	1,442	1,485	2,928
Europe	613	512	1,125
Total	5,763	4,983	10,746

RACE	Asian	Latino	Black	White	Two or more	Other/ Undeclared
Asia	6,401	3	0	127	1	161
The Americas	579	1,025	415	805	34	70
Europe	79	26	108	858	5	49
Total	7,059	1,054	523	1,790	40	280
Percentage	65.7%	9.8%	4.9%	16.7%	0.4%	2.6%

Benefits are provided to all full-time colleagues. Part-time colleagues are entitled to benefits as required by local labour laws and conditions, and may be pro-rated based on the hours worked, compared to full-time equivalent colleagues in some locations. In 2010, all hotel colleagues received performance and development reviews. These reviews are conducted annually and are mandatory for all hotel colleagues. 2010 performance reviews for Mandarin Oriental corporate colleagues have also been implemented.

Mandarin Oriental is a very diverse company, with many races and ethnicities represented throughout the hotels and leadership teams. Employment by gender is nearly equal for the company. Senior leadership has more men and more Caucasian representatives than is typical for the company as a whole. Senior leadership at Mandarin Oriental Hotel Group includes the Board of Directors and corporate executive teams. In 2010, the composition of the Board was 100% male and 75% Caucasian. The corporate executive team is 88% male and 100% Caucasian. Senior leadership at the individual hotels is more ethnically diverse than the Board and is representative of the local population.



LEARNING AND DEVELOPMENT OPPORTUNITIES

Our extensive learning and development programmes contribute to the skills, knowledge and motivation of our colleague workforce. Colleagues have compulsory annual training, as well as training upon hiring or changes in job duties. On average, colleagues complete 26 hours of training annually. Learning and development is integral to Mandarin Oriental's culture—each colleague is empowered to be his or her best, whether it's central to professional development or personal development. Beyond core training, the following training programmes are in place:

Industry and Product Training

Industry and product training is tailored based on each colleague's role. Delightful service is expected of all colleagues, and a departmental sequence of service training is provided by the department manager. Industry standards workshops and Legendary Quality Experience training are also provided to ensure colleague compliance with our standards of service. Colleagues who utilize and sell products also receive training on products used within their departments. Food safety training is provided to all colleagues working in food and beverage. Records detailing colleagues trained and training time are maintained at each location.

Leadership and Personal Development Training

Leadership and personal development training are conducted as part of our workplace practice. Colleagues with leadership responsibilities are trained in coaching and counselling, group training techniques, conducting meetings, interviewing, maintaining morale, and training methods. To develop our managers, we also offer training in financial management, leadership competencies, supervisor development and task and time management. Leadership training encompasses more training hours per colleague than any other training programme, ensuring that our colleagues are developing personnel and project management skills useful throughout their careers.

An important strategy for the Group is to promote from within wherever possible. This is critical in order to meet our future human resource requirements as we continue to grow and expand our portfolio of properties. To this end, since 2000, Mandarin Oriental has been in partnership with the Royal Melbourne Institute of Technology (RMIT) Melbourne, Australia to offer a company-funded Masters of Business Administration (MBA) programme to high potential senior managers from corporate divisions, regional offices and hotels.

Advancing Sustainability Training

Mandarin Oriental's core technical services team in The Americas initiated LEED Accredited Professional (AP) training for all its members in 2010. The LEED AP credential these colleagues are currently obtaining will provide them with the expertise to participate in the design and construction phases of building high-performance, healthful, durable, affordable and environmentally sound buildings.

Learning and development is integral to Mandarin Oriental's culture—each colleague is empowered to be his or her best, whether it's central to professional development or personal development.





COMPLIANCE, SAFETY AND SECURITY

Mandarin Oriental adopted an integrated framework for managing all fire, life, health, safety and security (FLHS&S) aspects of the operation by developing our proprietary Safe & Sound programme in 2000. The programme provides guidelines relevant to the following seven sections:

1. Fire and Life Safety guidelines based on the internationally recognised National Fire Protection Association's guidelines.
2. Occupational Safety guidelines based on the Occupational Safety and Health Administration (OSHA) standards of the United States government.
3. Health and Safety guidelines based on British and European standards.
4. Security guidelines based on international best practices.
5. Food Hygiene and Safety guidelines based on the accredited international standard of Hazard Analysis and Critical Control Point standards (HACCP).
6. Business Continuity Planning and Risk Management developed on proven risk assessment and risk management methodology.
7. Spa guidelines based on international best practices.

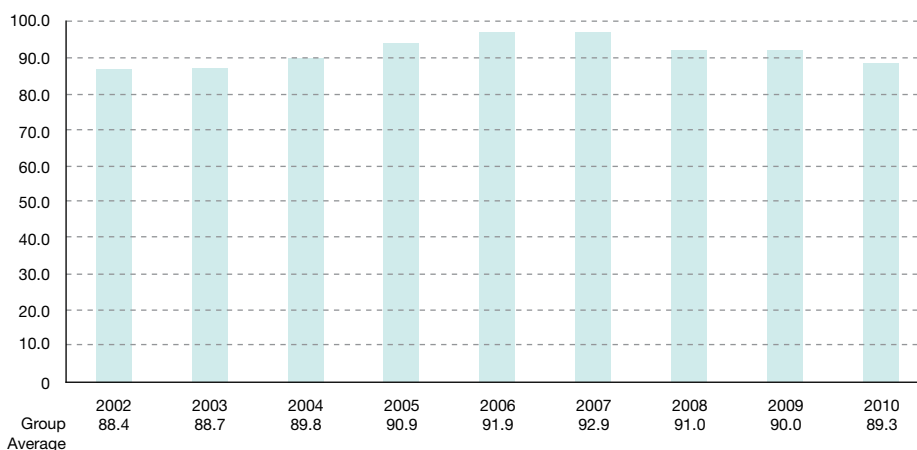
Safe & Sound Guidelines are continuously improved and updated as new technology and methods are being developed. The programme is managed by the Group Risk Management Committee and each individual hotel also has Risk Management Committees responsible for the management of the programme on the property level.

Safe & Sound Audit Performance Results

Mandarin Oriental retains PWT Environment Consultancy, a UK-based Health and Safety Consulting Firm, to conduct independent, comprehensive Safe & Sound compliance audits of each hotel. The first audit is conducted four to six months prior to the opening of new hotels and is thereafter carried out annually. Together with PWT, the Group has developed a detailed audit checklist that generates a 0–100% compliance score. Each of the seven Safe & Sound sections has a weighting formula to increase the impact on the overall score for sections with higher associated risks.

As shown in the graph at left, the audit scores have slightly decreased over the past few years, mainly due to the fact that the Group is gradually shifting from announced to unannounced audits where the hotel is unaware of the exact audit date. Three unannounced audits were carried out in 2009, five in 2010 and we are expanding to eight unannounced audits in 2011. We are satisfied with the outcome of the unannounced audit process, as it provides an actual picture of the situation in our hotels, without specific preparation such as deep cleaning of kitchens and back-of-house areas. We are also pleased to see the minimum impact on the Group's average result, as this means that the processes of the Safe & Sound are firmly embedded in the operation of our hotels.

Safe and Sound Audit Scores



Occupational Health and Safety Reporting System

A comprehensive Occupational Health and Safety reporting system has been established and is used throughout Mandarin Oriental's operations. All work-related accidents and incidents are thoroughly investigated to identify the causes and initiate corrective and preventive measures. The findings and recommendations along with audit progress reports are discussed at the risk management committee meetings and circulated to all departments for implementation.

We consider the key performance indicator of our health and safety performance to be the accident incidence rate (number of incidents that occur within a year, reported for every 1,000 colleagues) and severity rate (hours of lost work time within a year, reported for 100,000 worked hours by colleagues).

Occupational Health and Safety Performance Summary

NUMBER OF HOTELS	2010	2009	Change%
Number of Hotels	25	22	
Accident Incidence Rate <i>Number of incidents per 1,000 colleagues</i>	67.7	82.9	-18.34%
Severity Rate <i>Hours of lost work time per 100,000 worked hours by colleagues</i>	64	95.6	-33.05%
Payroll Cost (US\$)	116,819	166,105	-29.70%

Group Risk Management Policy It is Mandarin Oriental Hotel Group's policy to protect and preserve both tangible and intangible assets from loss or damage that could affect its stakeholders, be they colleagues, guests, shareholders, business partners or the community in which it operates.

HEALTH AND SAFETY REPORTING

During 2009–2010, our focus on providing a safe work environment yielded positive results. As shown in the table above, the severity rate was reduced by 33.05%, the accident incidence rate by 18.34%, and lost payroll by 29.70%, compared to 2009 figures.





GUEST SATISFACTION AND LOYALTY

Mandarin Oriental promotes a “culture of quality” at all levels of the organisation. Most importantly, Luxury Quality Service is one of the Group’s key strategic brand defining competencies. Mandarin Oriental hotels are uniquely designed and inherently linked to their local culture and environment, while reflecting the Group’s Oriental heritage. This is evident in the Group’s unique approach to service delivery. Our service culture allows for colleagues to locally adapt service standards and empowers them to deliver personalised service for each individual guest. Such an inspiration-based service culture approach engages colleagues and guests on an emotional level in order to build a genuine connection with guests, leading them to become true “Fans” of the brand.

The Group has a number of quality improvement and assessment tools in place to measure customer satisfaction and loyalty. Mandarin Oriental’s brand-defining “Legendary Quality Experience” (LQEs) service standards, which bring the Group’s mission, vision and guiding principles to life on a daily basis, are designed to delight guests. Mandarin Oriental is also evaluated and measured against other international standards for commercial, publishing or benchmarking reasons. These include: Richey International, American Automotive Association (AAA), Forbes Travel Guide and the Michelin Guide.

Mandarin Oriental also maintains a variety of quality measurement processes to constantly evaluate and improve quality performance. These quality standard measurements are conducted by Richey International and Coyle Hospitality Group through independent customer service mystery shop evaluations.

The Group’s Guest Satisfaction/Loyalty Survey programme at each of our hotels invites guests to provide online feedback. Guests are polled on their perception of the brand, collecting and trending their subjective evaluations of various aspects of product and service. The survey, managed by Synovate until 31 December 2010, is now conducted by LRA Worldwide, Inc. A similarly designed Meeting Planner survey collects feedback on group events from meeting planners.

The table below shows customer satisfaction survey results for the Group conducted in all our hotels to gauge consumer satisfaction and loyalty. Survey results indicate consistently high levels of satisfaction and loyalty to the brand.

“Our Group strongly believes in the concept that what gets measured gets done.”

—Andrew Hirst
Operations Director, Asia

Quality-Continuous Improvement Process



GUEST SATISFACTION SURVEY

	2007	2008	2009	2010
Response Rate	10%	11%	9%	9%
Overall Quality Rating	89%	90%	90%	89%



PRODUCT RESPONSIBILITY AND MATERIALS MANAGEMENT

Mandarin Oriental considers innovation a priority for developing new products and services that create value for stakeholders and pursue sustainable growth for the environment. We promote a culture of quality at all levels, with Quality Service as one of our key strategic brand competencies. The following section describes our signature spa product line and an example of our approach to quality and materials management as seen at Mandarin Oriental, Kuala Lumpur.

Mandarin Oriental's Signature Spa Products and Treatments

Mandarin Oriental's signature spa treatments are a unique synthesis of Eastern and Western therapeutic principles. Our spa therapies have been devised to address guests' increasing desire for simple, effective and authentic spa experiences. Developed in consultation with specialists in Traditional Chinese Medicine (TCM) and master aromatherapists, each signature therapy consists of a relaxing, hands-on body massage ritual that combines the powerful effects of oriental meridian massage with the therapeutic benefits of custom-blended essential oils, created uniquely for Mandarin Oriental.

Mandarin Oriental's signature spa therapies, together with a product and homecare line, were launched in June 2009. Our spas promote refined, holistic practices for the well-being of our guests. In that respect, the spa develops and procures special products from Aromatherapy Associates with natural ingredients, which are environmentally friendly and organic. These products are available for purchase at Mandarin Oriental spas by our guests.

Mandarin Oriental Spa Products Sustainability

Sustainability is a key feature in the thought process behind our products. All ingredients, containers, packaging, distribution, disposal and the therapeutic benefit of the products were developed with the environment in mind. The hubs for these products are close to our properties, allowing sea freight options and bulk storage. The ingredients in our spa products procured from Aromatherapy Associates have the following beneficial attributes:

- All oils, fragrances and essences contain 100% natural ingredients
- Regenerative damask rose water is used instead of plain water
- Endorses fair trade practices and support fair trade certified ingredients
- Do not use mineral or sulphonated oils which can block the performance of the essential oils
- Do not use genetically modified (GM) ingredients or animal ingredients
- Do not use petrolatum or propylene glycol or any added colour

Packaging

There are practicalities and cost restraints that are considered in all aspects of our spa product packaging design. We continuously work through all the suggestions from Aromatherapy Associates to ensure viability. All packaging solutions use Forest Stewardship Council (FSC accreditation) stock and environmental processes wherever possible. The final container and packaging solutions include standard glass containers, FSC-approved boxes, and 5-liter plastic containers with no packaging. Glass was selected because it was recyclable in more countries than plastic. Due to such small quantity usage there is no internal collection and reuse of containers.





Quality Standards at Mandarin Oriental, Kuala Lumpur

Despite strong competition in a thriving global hotel industry, Mandarin Oriental, Kuala Lumpur, continues to set the international standard in quality matters as well as in environmental, safety and health concerns. Indeed, the hotel is the first and only property in Malaysia to achieve a total of six internationally recognised certifications.

The hotel's most recent certifications include ISO 22000 and MS 1480 for Food Safety Management Systems, which were awarded in March 2008. These awards are in addition to achievements in quality management, environmental management (ISO 14001) and occupational health and safety previously attained by the hotel. This recognition is due to stringent policies and procedures, which are subject to close monitoring and thorough documentation across all departments. Separate committees comprised of all hotel employees meet regularly to address issues and explore ways to solve problems and enhance services.

General Manager Pierre Barthes notes, "With globalization and the higher expectation of world-class quality services and facilities—as well as a heightened awareness of environmental, health and safety matters—both corporate and individual customers are increasingly particular regarding their choice of hotel. It has become imperative that international as well as local certifications are in place, and at Mandarin Oriental, Kuala Lumpur, we mean business when it comes to delivering quality to each and every guest."

For more information, refer to *Mandarin Oriental, Kuala Lumpur Leading City Hotel Sets Quality Mark & Standards* www.mandarinoriental.com/about_mo/media/press_kits/kuala_lumpur/ims.aspx/.

Smart Purchasing, Receiving and Storage

Materials management is one of the major Corporate Responsibility programme activities at Mandarin Oriental, Kuala Lumpur. The concept of materials management is to focus on the process of integrating the flow of materials into, through and out of the hotel to achieve a maximum efficiency. This ensures that the right goods are available at the right time, providing the right quantity and quality, and procured in such a way as to best achieve value for money.

Some benefits derived from Kuala Lumpur's materials management initiative include:

- Inventoried stores (capital-holding stores) are kept to the minimum
- Purchasing and receiving goods is equal to the cost directly to the operating department which immediately affects the bottom line
- Improved communication between hotel and supplier as requirements are pre-planned
- Reduced lead times and space for store and less waste generation

The materials management department policy requires that, when sourcing for products, first priority should be given to locally produced products—especially "green" products that meet the requirements of the hotel. A few of the efforts Kuala Lumpur have made to source green products from vendors are listed below:

- Plastic bags are replaced with non-woven fabric or paper bags which can be recycled, naturally decomposed and completely incinerated without any production of poisonous pollutants.
- All guestroom paper products are from recycled paper cardstock. Printing is done with eco-friendly ink approved by the US Food and Drug Administration (USFDA).
- All oils, fragrances and essences for our Spa products are derived from organically grown plants and contain 100% natural ingredients.
- The Vitality Club Gymnasium flooring called NEOFLEX contains a high percentage of recycled rubber chips and nontoxic substances that do not harm the environment. It is halogen-free, formaldehyde-free and PVC-free, and can be recycled again after use.
- Housekeeping chemicals used in rooms and public areas are environmentally friendly and biodegradable.

- The food and beverage department currently uses seven biodegradable products. A new biodegradable product called “Wash & Walk” is being tested, whereby water usage can be reduced by 75 litres per application or 26,000 litres per year per kitchen.
- All packaging is returned to suppliers for purposes of recycling or reuse.

Several teams are established in the hotel to effectively manage our environmental responsibilities. The Environment Care Team is committed to ensuring that efforts are made throughout the hotel to minimize adverse effects on the environment. The team creates awareness and activities on environmental protection and conservation, and continuously improves environmental initiatives within the hotel and out in the community. Additionally, the Waste Management Team’s efforts have included waste management processes, and its practices have been benchmarked by very significant members of the business community. These include Petronas Towers, one of the world’s tallest skyscrapers, and Kuala Lumpur City Centre, both of which feature the use of bio-gas and composite products.

“We constantly maintain our commitment towards improving the quality of our services and facilities and ensuring the health and safety of our guests. And we never forget our corporate responsibility towards the protection of the environment.”

—Pierre J. Barthes
General Manager
Mandarin Oriental, Kuala Lumpur



“

Sustainability is about doing well by doing good. We aspire to lead our industry in the quest for sustainability.

”

—Terry Stinson
Group Development Director
and President of the Americas

DOING MORE
FOR A SUSTAINABLE FUTURE

Future Directions

The work discussed in this report is our first step, and we embrace the challenges and new opportunities that our focus on sustainability will bring. Mandarin Oriental is committed to making a difference and leading the luxury hospitality industry in sustainability. We have a sense of urgency, and we recognise this pursuit requires both immediate action and the adoption of a long-term view that goes beyond our current eco-efficiency efforts. We will begin by establishing sustainability objectives and targets that are measured over a ten-year period to 2016. This will allow us to strategically adopt action plans for capital investments to fund new technologies and operational initiatives. We will gradually increase our key performance indicators to eliminate waste that doesn't add value for our customer, whether it is waste headed for the landfill or greenhouse gas emissions that accumulate in the atmosphere.

On the social dimension, our long history of championing the communities we serve will be bolstered by additional Group measures of our investment and the benefits communities in turn receive.

We will continue to develop our workforce and improve systems and processes that help our colleagues deliver excellence, providing a work environment that is safe, sound and sustainable, to include an examination of diversity throughout the organisation. This year we will expand our brand standards and document roles and responsibilities that ensure we live our corporate responsibility values on a daily basis.

Finally, we will use our position as a leader to influence others. A network of colleagues who are leading the way will be formed to share best practices and accelerate progress Group-wide; together we will reach out to guests and partners to join us in 'Doing More for a Sustainable Future'.

We invite your feedback on this report, and look forward to beginning a meaningful dialogue that helps us all on our quest. Please direct inquiries and suggestions to Danielle DeVoe [DDeVoe@mohg.com] or Peter Lofgren [PLofgren@mohg.com].

OUR REPORT AND THE GLOBAL REPORTING INITIATIVE

Mandarin Oriental Hotel Group used the 2006 G3 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) to prepare this report. This index covers all profile disclosures and core performance indicators on which we have completely or partially reported. Please visit www.globalreporting.org for the full text of the indicators and other information on the Guidelines.

KEY ● Full Coverage ○ Partial Coverage

GRI G3 Strategy And Profile

STRATEGY AND ANALYSIS

Indicator	Description	Status	Where to find information
1.1	Statement from the most senior decision-maker of the organization.	●	SR: Message from the CEO

PROFILE

Indicator	Description	Status	Where to find information
2.1	Name of the organization.	●	SR: Cover; About this Report
2.2	Primary brands, products, and/or services.	●	SR: About this Report
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	●	AR: Financial Review
2.4	Location of organization's headquarters.	●	AR: Contact Addresses
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	●	SR: About Mandarin Oriental Hotel Group
2.6	Nature of ownership and legal form.	●	AR: Operating Summary
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	●	SR: About Mandarin Oriental Hotel Group
2.8	Scale of the reporting organization.	●	SR: About Mandarin Oriental Hotel Group
2.10	Awards received in the reporting period.	●	SR: Awards

REPORT PARAMETERS

Indicator	Description	Status	Where to find information
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	●	SR: Scope and Boundaries
3.2	Date of most recent previous report (if any).	●	SR: About this Report
3.3	Reporting cycle (annual, biennial, etc.).	●	SR: Scope and Boundaries
3.4	Contact point for questions regarding the report or its contents.	●	SR: Future Directions
3.5	Process for defining report content.	●	SR: About this Report
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	●	SR: Scope and Boundaries
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	●	SR: Scope and Boundaries
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	●	SR: Advancing Sustainability: Environmental Performance Summary; Highlights
3.12	Table identifying the location of the Standard Disclosures in the report.	●	SR: Table of Contents

AR=Annual Report SR=Sustainability Report

KEY ● Full Coverage ○ Partial Coverage

GRI G3 Strategy And Profile, continued

GOVERNANCE, COMMITMENTS AND ENGAGEMENT

Indicator	Description	Status	Where to find information
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	●	AR: Corporate Governance
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	●	AR: Corporate Governance
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	●	AR: Corporate Governance
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	●	AR: Shareholder Information; Contact Addresses
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	●	AR: Corporate Governance
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	●	SR: Message from the CEO; Commitments and Standards; Delivering Excellence; Compliance, Safety and Security
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	●	SR: Commitments and Standards; Delivering Excellence; Compliance, Safety and Security
4.14	List of stakeholder groups engaged by the organization.	●	SR: Championing Community

GRI G3 Performance Indicators – Economic

ECONOMIC PERFORMANCE

Indicator	Description	Status	Where to find information
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	●	AR: Financial Statements
EC3	Coverage of the organization's defined benefit plan obligations.	●	AR: Financial Statements
EC4	Significant financial assistance received from government.	●	AR: Financial Review

MARKET PRESENCE

Indicator	Description	Status	Where to find information
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	●	SR: Delivering Excellence; Respect and Responsibility
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	●	SR: Delivering Excellence; Respect and Responsibility

AR=Annual Report SR=Sustainability Report

KEY ● Full Coverage ○ Partial Coverage

GRI G3 Performance Indicators – Environmental

ENERGY

Indicator	Description	Status	Where to find information
EN3	Direct energy consumption by primary energy source.	●	SR: Advancing Sustainability: Energy Management
EN4	Indirect energy consumption by primary source.	●	SR: Advancing Sustainability: Energy Management
EN5	Energy saved due to conservation and efficiency improvements.	●	SR: Advancing Sustainability: Energy Management
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.	●	SR: Advancing Sustainability: Energy Management
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	●	SR: Advancing Sustainability: Energy Management

WATER

Indicator	Description	Status	Where to find information
EN8	Total water withdrawal by source.	○	SR: Advancing Sustainability: Water Consumption and Efficiency; Biodiversity

BIO-DIVERSITY

Indicator	Description	Status	Where to find information
EN13	Habitats protected or restored.	●	SR: Advancing Sustainability: Water Consumption and Efficiency; Biodiversity
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	○	SR: Advancing Sustainability: Water Consumption and Efficiency; Biodiversity

EMISSIONS, EFFLUENTS, WASTE

Indicator	Description	Status	Where to find information
EN16	Total direct and indirect greenhouse gas emissions by weight.	●	SR: Advancing Sustainability: Reducing Emissions
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	●	SR: Advancing Sustainability: Reducing Emissions

PRODUCTS/SERVICES

Indicator	Description	Status	Where to find information
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	●	SR: Advancing Sustainability: Delivering Excellence

OVERALL

Indicator	Description	Status	Where to find information
EN30	Total environmental protection expenditures and investments by type.	○	SR: Advancing Sustainability: Energy Management

AR=Annual Report SR=Sustainability Report

KEY ● Full Coverage ○ Partial Coverage

GRI G3 Performance Indicators – Labour Practices And Decent Work

EMPLOYMENT

Indicator	Description	Status	Where to find information
LA1	Total workforce by employment type, employment contract, and region.	●	SR: Delivering Excellence: Responsibility and Respect
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	●	SR: Delivering Excellence: Responsibility and Respect
LA7	Rates of injury, occupational diseases, lost days, absenteeism, and number of work-related fatalities by region.	○	SR: Delivering Excellence: Compliance, Safety and Security

TRAINING AND EDUCATION

Indicator	Description	Status	Where to find information
LA10	Average hours of training per year per employee by employee category.	●	SR: Delivering Excellence: Responsibility and Respect
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	●	SR: Delivering Excellence: Responsibility and Respect
LA12	Percentage of employees receiving regular performance and career development reviews.	●	SR: Delivering Excellence: Responsibility and Respect

DIVERSITY AND EQUAL OPPORTUNITY

Indicator	Description	Status	Where to find information
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	●	SR: Delivering Excellence: Responsibility and Respect
LA14	Ratio of basic salary of men to women by employee category.	○	SR: Delivering Excellence: Responsibility and Respect

GRI G3 Performance Indicators – Human Rights

NON-DISCRIMINATION

Indicator	Description	Status	Where to find information
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	○	SR: Delivering Excellence: Learning and Development Opportunities
HR4	Total number of incidents of discrimination and actions taken.	●	SR: Delivering Excellence: Responsibility and Respect

SECURITY PRACTICES

Indicator	Description	Status	Where to find information
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	●	SR: Delivering Excellence: Responsibility and Respect

AR=Annual Report SR=Sustainability Report

KEY ● Full Coverage ○ Partial Coverage

GRI G3 Performance Indicators – Society

COMMUNITY

Indicator	Description	Status	Where to find information
SO1	Nature, scope, and effectiveness of any programs and practices programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	●	SR: Championing Community

COMPLIANCE

Indicator	Description	Status	Where to find information
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	●	AR: Financial Statements

GRI G3 Performance Indicators – Product Responsibility

CUSTOMER HEALTH AND SAFETY

Indicator	Description	Status	Where to find information
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	○	SR: Advancing Sustainability: Delivering Excellence

PRODUCT AND SERVICE LABELLING

Indicator	Description	Status	Where to find information
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	○	SR: Advancing Sustainability: Delivering Excellence
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	●	SR: Delivering Excellence: Guest Satisfaction and Guest Satisfaction and Loyalty; Product Responsibility and Materials Management

AR=Annual Report SR=Sustainability Report

AWARDS

Mandarin Oriental's commitment to delivering excellence has been consistently recognised by the industry and leading publications. Listed below are some of the many prestigious honours received by the Group and its properties in 2010. For a full listing, please visit us at www.mandarinoriental.com/awards/.



Forbes Travel Guide 2010

Eight hotels were awarded in the lodging category. Six Mandarin Oriental Spas received the Five-Star Spa Award, more than any other hotel group in the world.



The Wall Street Journal

Asia's 200 Most Admired Companies
November 2010
No. 4 in Hong Kong's Top 10



Condé Nast Traveller, UK

Reader's Travel Awards - October 2010
Three hotels honoured
Gold List - January 2010
Three hotels awarded



American Automobile Association Four and Five Diamond Award

Six hotels received the prestigious Four and Five Diamond Lodging Award in 2010



Institutional Investor

Eleven hotels appeared in the prestigious 'World's Best 2010'



Zagat

World's Top Hotels, Resorts & Spas - 2009/2010
Hotel Chain & Marketing Group Rankings:
Extraordinary to Perfection



Travel + Leisure US

500 World's Best Hotels 2010 - January 2010
Eight hotels were included on the prestigious World's Best Awards 2010



SpaFinder Magazine

Readers' Choice Awards 2010
Best Spa Brand



MICHELIN Guide 2010

Nine Mandarin Oriental restaurants were honoured with a total of ten Michelin Stars



Business Traveller Asia-Pacific

September 2010
No. 2 Best Hotel Brand in Asia-Pacific



SpaAsia

Crystal Awards 2010
Best Wellness & Spa Group



The Daily Telegraph

UltraTravel Top 100 - May 2010
Best Luxury Chain



Condé Nast Traveler, US

Gold List - January 2010
Eleven hotels awarded



Spa Magazine

Silver Sage Awards - 2010
Five hotels honoured



Guardian.co.uk

Travel Awards 2010
No. 1 in Best Overseas Hotel

Business Travel Awards - October 2010
No. 3 in Top Hotel Brands

Readers' Choice Awards - November 2010
Fifteen hotels honoured



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THE HOTEL GROUP

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