



MANDARIN ORIENTAL
THE HOTEL GROUP

MANDARIN ORIENTAL HOTEL GROUP
2011 Sustainability Report



MANDARIN ORIENTAL
THE HOTEL GROUP

Mandarin Oriental Hotel Group
Corporate Office
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DOING MORE FOR A SUSTAINABLE FUTURE

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OUR COMMITMENT TO SUSTAINABILITY

I am pleased to present Mandarin Oriental Hotel Group's first Sustainability Report, which highlights the Group's collective programmes and accomplishments in championing the communities in which we operate and advancing environmental sustainability.

As a responsible organisation, we strive to create value for our stakeholders, care for our colleagues and the communities in which we operate, and respect the environment now and for generations to come.

While corporate responsibility values are deeply ingrained in our heritage, we have sharpened our focus on sustainability over the last decade. We are committed to energy efficiency and to reducing our carbon emissions, and this report illustrates the steps we have taken to reduce our energy consumption, manage waste more efficiently, conserve water and reduce our greenhouse gas emissions.

Goals have been clearly set to ensure that all of our colleagues are encouraged to "do more for a sustainable future". To this end, Mandarin Oriental has joined with the World Travel and Tourism Council (WTTC) in an industry-wide commitment to reduce total CO₂ emissions by no less than 50% from 2005 levels by 2035. Emissions reduction is therefore a key focus for the Group as we implement new environmental management processes at our hotels over the coming years. As highlighted in this report, the Group's hotels have already achieved more than an 11% reduction in energy intensity since measurement began in 2007. The achievement of long-term energy reduction goals is therefore well underway.

As a further example of our commitment to sustainability, the Group officially removed shark's fin from all restaurants and banqueting menus worldwide at the beginning of 2012. In addition, many of our hotels have implemented sustainable seafood programmes, which we aim to expand upon throughout the Group. In so doing, we are focused on providing guidelines for sustainable sourcing, not just in the area of food and beverage, but throughout our operations.

Mandarin Oriental hotels also actively participate in their communities and enthusiastically embrace their local cultures. As an organisation, we are committed to preserving cultural heritage and supporting the local communities in which we operate.

While we are encouraged by the steps we have already taken towards our environmental and social goals, we recognise many opportunities to further improve our performance. Our environmental and community efforts are designed to make a positive difference in the world, in order to ensure a future that offers the same opportunity for fulfilment that we enjoy today. We embrace this vision and look forward to making it a reality.



Edouard Ettedgui
Group Chief Executive

ABOUT THIS REPORT

This report was prepared to be consistent with the Global Reporting Initiative (GRI) sustainability reporting methodology, at Level C+. It is Mandarin Oriental's practice to retain an independent third-party auditor to verify and assure the claims presented within the sustainability report and to ensure conformance with the GRI G3 protocol for the indicators disclosed. The report was checked on conformity with GRI and verified and assured by third party auditors LRQA, based in Hong Kong. LRQA's documentation of assurance is located in the Appendix and includes the scope and boundary of their review. A GRI index is also included at the end of this report.

SCOPE AND BOUNDARIES

This report presents activities undertaken in the calendar year 2011 for the Group's 25 hotels that were fully operational in 2011. Mandarin Oriental Riviera Maya, Mexico and Mandarin Oriental, Paris were not included in performance reporting, as neither was fully operational in 2011; however, our Paris property is included in an illustrative case study. Residences and hotels under development are also not included in this report.

Where appropriate, historical information has been included, with reference to the baseline year 2007 for environmental data and year 2008 for occupational health and safety data. Content included in this report is material to our business and does not cover topics in the GRI guidelines on which we have little impact or that affect us nominally. Materiality has been defined through an ad hoc process of identifying stakeholder needs and the Group's industry knowledge.

All calculations are completed in accordance with industry practices or as recommended by the GRI and are explained within each section. Any exceptions to the scope, boundary, or calculation method presented here are noted individually.



OUR CORPORATE RESPONSIBILITY POLICY

Mandarin Oriental is committed to contributing to the communities in which we operate and responsibly managing our environmental impacts and social commitments.

COMMITMENTS AND PRACTICES

As stated in our corporate responsibility policy, Mandarin Oriental is committed to contributing to the communities in which we operate and responsibly managing our environmental impacts and social commitments.

	COMMITMENTS	CORPORATE RESPONSIBILITY PRACTICES
Delivering Excellence	Operate in an environmentally and socially responsible way	Through training and education, we are empowering our colleagues to make decisions that are environmentally and socially responsible. Management responsibility is assigned and resources are allocated to implement and review performance of corporate responsibility policy commitments and objectives.
	Engage and inspire others in 'Doing More for a Sustainable Future'	Stakeholders are consulted and their feedback is solicited to continuously improve our performance. The Group and our hotels partner with members of their local communities, the hotel and tourism sector, government and non-government organisations to achieve broader sustainability goals.
Advancing Sustainability	Publicly report our impact on the environment	The Group will effectively measure and monitor the environmental footprint of all our operations to publicly report on our progress.
	Meet or exceed all applicable environmental standards	The Group is incorporating environmental management systems and best practices into our hotel operations to continuously improve performance.
	Minimise our consumption of resources including energy, water and materials	Our properties will employ sustainable building principles throughout the life cycle of the building—siting, design, development, maintenance and refurbishment—wherever practicable.
	Reduce our greenhouse gas emissions, waste and pollution	The Group will develop sustainable supply chain management guidelines to ensure that environmental criteria are taken into account in all purchasing decisions. Innovation and technology are used to gradually reduce our dependence on fossil fuels and improve resource efficiency in all areas of our operation.
Championing Community	Positively impact our local communities and celebrate our cultural heritage	All colleagues are encouraged to participate in projects that contribute to the well-being of the communities in which they operate: projects that help those in need; preserve cultural heritage; conserve natural resources and restore habitats.



ENVIRONMENTAL SUSTAINABILITY GOALS				
Area	KPI	Short-Term Goal	Long-Term Vision	Current Status (year end 2011)
Energy Intensity	MJ / square metre	Reduction of 10% by 2012 over 2007 levels	Reduction of 20% by 2020 over 2007 levels	Reduction of 11.3%
Emission Intensity	kg CO ₂ e / square metre	Reduction of 10% by 2012 over 2007 levels	Reduction of 25% by 2020 over 2007 levels	Reduction of 5.0%
Water Intensity	litre / guest night	Reduction of 10% by 2012 over 2007 levels	Reduction of 20% by 2020 over 2007 levels	Reduction of 12.2%
Waste Intensity	kg of waste sent to landfill / guest night	Develop a complete, accurate, consistent and timely measurement process by 2012	Reduction of 20% by 2020 over 2012 levels	Not available, as goal is defined for 2012–2020





Mandarin Oriental, Bangkok



Mandarin Oriental Dhara Dhevi, Chiang Mai



Mandarin Oriental, Hong Kong



The Landmark Mandarin Oriental, Hong Kong



The Excelsior, Hong Kong



Mandarin Oriental, Jakarta



Mandarin Oriental, Kuala Lumpur



Mandarin Oriental, Macau



Grand Lapa, Macau



Mandarin Oriental, Manila



Mandarin Oriental, Sanya



Mandarin Oriental, Singapore



Mandarin Oriental, Tokyo



Mandarin Oriental, Atlanta



Elbow Beach, Bermuda



Mandarin Oriental, Boston



Mandarin Oriental, Las Vegas



Mandarin Oriental, Miami



Mandarin Oriental, New York



Mandarin Oriental, San Francisco



Mandarin Oriental, Washington D.C.



Mandarin Oriental, Barcelona



Mandarin Oriental, Geneva



Mandarin Oriental Hyde Park, London



Mandarin Oriental, Munich



Mandarin Oriental, Paris



Mandarin Oriental, Prague

THE GROUP NOW OPERATES,
OR HAS UNDER DEVELOPMENT,
45 HOTELS IN 28 COUNTRIES

19 IN ASIA
13 IN THE AMERICAS
13 IN EUROPE, MIDDLE EAST
AND NORTH AFRICA

ABOUT MANDARIN ORIENTAL HOTEL GROUP

Mandarin Oriental Hotel Group is an international hotel investment and management group with luxury hotels, resorts and residences in highly sought-after destinations worldwide. The Group operates, or has under development, 45 hotels in 28 countries globally. In addition, the Group operates, or has under development, 14 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\$2.7 billion as of 31st December 2011.

In all of the communities where we operate, our properties contribute to the local economy by hiring employees, providing services for guests and engaging suppliers and contractors from the community. We also provide significant tax revenues to local governments. The following table outlines the direct economic value generated and distributed by Mandarin Oriental, including revenues, operating costs, employee compensation and payments to providers of capital and governments. Despite the economic challenges our industry has faced recently, we have continued to support our colleagues, as shown by the stable-to-increasing trend of wages paid to revenues earned since 2008. Community investment in the form of charitable donations and volunteerism is provided by colleagues and hotels directly to recipients in their communities and currently is not tracked on a Group level.

Mandarin Oriental Hotel Group is incorporated in Bermuda and is headquartered in Hong Kong. The Company's equity shares have a Premium Listing on the London Stock Exchange and secondary listings in Bermuda and Singapore. Jardine Matheson Group is the parent company of Mandarin Oriental and owns a majority of the equity shares. For more information regarding our corporate structure or governance, or for our full financial disclosure, please refer to our Annual Financial Report available on our website at mandarinoriental.com.

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED				
US\$M	2011	2010	2009	2008
COMBINED TOTAL REVENUE ¹	1,196.4	1,025.5	838.3	1,016.1
EBITDA ²	163.0	136.4	87.5	163.9
DIRECT VALUE GENERATED (REVENUE)	614.2	513.2	438.0	530.0
<i>Cost of sales</i>	377.3	326.6	298.1	324.5
- Employee wages and benefits ³	223.8	195.2	184.0	190.5
<i>Selling and distribution costs & administrative expenses</i>	147.8	121.7	116.3	119.3
<i>Payments to providers of capital (dividends & financing)</i>	61.8	82.3	84.1	85.7
- Dividends paid	49.8	69.2	68.9	68.7
- Financing	12.0	13.1	15.2	17.0
<i>Tax payments to governments</i>	19.0	12.0	1.1	18.3
<i>Community investment⁴</i>	-	-	-	-

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 Retirement benefits vary by location. Where direct benefit plans are in place, a separate fund is maintained

⁴ Community investment is directed by each hotel separately and has not been collected by Mandarin Oriental Hotel Group to date



DELIVERING EXCELLENCE



DELIVERING EXCELLENCE

Mandarin Oriental Hotel Group has a long tradition of delivering excellence, visible through our dedication to customer service, our involvement in the development of our colleagues—both personally and professionally—and our focus on consistently delivering returns to our shareholders.

Mandarin Oriental's long-standing Guiding Principles describe values from our company and our colleagues, observed in our pursuit of excellence. Our Guiding Principles are:

DELIGHTING OUR GUESTS

We will strive to understand our client and guest needs by listening to their requirements and responding in a competent, accurate and timely fashion. We will design and deliver our services and products to address their needs. In fact, we are committed to exceeding their expectations by surprising them with our ability to anticipate and fulfil their wishes.

WORKING TOGETHER AS COLLEAGUES

We will emphasise the sharing of responsibility, accountability and recognition through a climate of teamwork. By working together as colleagues and by treating each other with mutual respect and trust, we will all contribute to the Group's overall success more productively than if we worked alone.

PROMOTING A CLIMATE OF ENTHUSIASM

We are committed to everyone at Mandarin Oriental by providing a caring, motivating and rewarding environment. As an industry leader, we are committed to bringing out the best in our people through effective training and meaningful career and personal development, and by encouraging individuality and initiative.

BEING THE BEST

We will be an innovative leader in the hotel industry and will continually improve our products and services. We will seek from our suppliers the highest quality products and services at the best value.

DELIVERING SHAREHOLDER VALUE

We are committed to being a growing company. Our successes will result in investment returns which are consistently among the best in the hotel industry.

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.

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.



ACTING WITH RESPONSIBILITY

Responsibility is a key tenet of Mandarin Oriental's Guiding Principles. This section outlines our foundation for ethical behaviour, our Code of Conduct and our governance programme, which is embodied within the 'Acting with Responsibility' principle.

The Foundation of our Ethical Behaviour

Mandarin Oriental Hotel Group has developed Group-wide employment guidelines and implemented strict anti-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 maintain a policy of prohibiting 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.

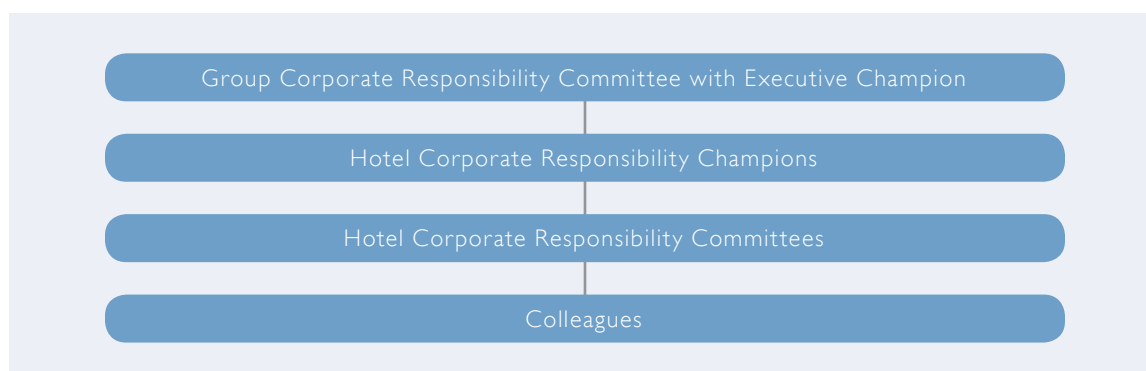
Every colleague receives training on our employment policies upon hiring, as part of the "Move-In" training programme.

The Group conducts business in a professional, ethical and even-handed manner. Our Code of Conduct requires that we 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 requires all colleagues 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 colleagues can raise, in confidence, matters of serious concern in areas such as financial reporting or compliance.

Governance for Sustainability

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 and an executive-level member of the management board. In 2011, Mandarin Oriental formalised a Group Corporate Responsibility Committee (GCRC) which was launched in 2012. The GCRC is responsible for the overall sustainability strategy, including the setting of measurable goals, gathering information needed for programme development, promoting Corporate Responsibility practices internally and reporting to senior management on progress and programme effectiveness. In 2011, Corporate Responsibility Champions were also designated at every Mandarin Oriental hotel worldwide. The GCRC will engage with the hotel Champions together with their respective hotel Corporate Responsibility Committees to implement initiatives and programmes and to request feedback on programme effectiveness.

SUSTAINABILITY GOVERNANCE ORGANISATION



Stakeholder Engagement

Mandarin Oriental Hotel Group recognises the importance of engaging its stakeholders to understand their concerns and issues. The dialogue developed between Mandarin Oriental and its stakeholders allows us to appreciate their viewpoints and better understand how our business value propositions can be aligned with their goals.

In 2011, Mandarin Oriental developed a stakeholder engagement approach to formalise interaction strategies. Corporate Responsibility Committee members are actively encouraged to obtain feedback from key stakeholders on our first external sustainability report, within three months of issue. Feedback will be based on a predefined set of interview questions. In addition, sustainability awareness training will be integrated into colleague orientation. 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.

The following is a list of key stakeholders identified to date:

- Guests
- Colleagues
- Hotel and property owners
- Shareholders
- Vendors, suppliers and contractors
- Industry peers and trade associations
- Journalists and media representatives
- Non-governmental organisations (NGOs) and outside advisors hotels have engaged to date

In 2011, we engaged our guests, colleagues, investors, the communities in which we operate, property owners and other stakeholders through various avenues of communication, including the preparation and communication of the internal sustainability report, our colleague engagement and guest satisfaction/loyalty surveys and disclosure of our annual financial report.

Our practice of stakeholder engagement has evolved over our long history, rather than as a result of a formal defined process. As we progress on our sustainability journey, we will continue to define and refine our stakeholders and our interaction with them.



EMPLOYER OF CHOICE

Empowering our colleagues is central to our business and critical for delivering the top quality service that defines 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 colleagues are treated with respect, courtesy and dignity, and that they work in clean, pleasant and safe environments
- Providing effective training and meaningful career and professional development
- Maintaining an “open-door” policy where colleagues will find support from caring and empathetic colleagues

Globally, our workforce comprises full-time, part-time and casual colleagues who are hired for a flexible period of time. As of December 2011, Mandarin Oriental employed some 11,400 colleagues in the 25 fully operational hotels and all corporate offices. The vast majority of colleagues, 90%, were employed on a full-time basis, with 5% working part-time and the remaining 5% on a casual basis. 80% of colleagues are line staff, with an additional 18% working in management functions and 2% as executives.

In 2011, Mandarin Oriental experienced a turnover rate of 29%, which is significantly below the industry average of 48%⁵. The highest rate of turnover is experienced for colleagues under age 30, with 39% turnover. The Americas has the lowest overall figure, followed by Asia and then Europe.

In 2011, response to our colleague engagement survey was 95%, with an 84% favourable (excellent or above average) rating. Colleague engagement surveys are conducted annually.



TOTAL WORKFORCE BY EMPLOYMENT TYPE AND REGION

	Full-time	Part-time	Casual	Total	Per Cent
Asia	6,703	427	349	7,479	66%
The Americas	2,318	90	185	2,593	23%
Europe	1,190	62	36	1,288	11%
Total	10,211	579	570	11,360	
Per Cent	90%	5%	5%		

TOTAL WORKFORCE BY EMPLOYMENT CATEGORY AND REGION

	Executive	Management	Line Staff	Total	Per Cent
Asia	162	1,425	5,892	7,479	66%
The Americas	55	390	2,148	2,593	23%
Europe	44	250	994	1,288	11%
Total	261	2,065	9,034	11,360	
Per Cent	2%	18%	80%		

TOTAL SEPARATIONS AND TURNOVER BY AGE GROUP AND REGION

	<30		30-50		>50		Total	
Asia	1,037	42%	812	25%	134	15%	1,983	30%
The Americas	250	40%	328	22%	63	13%	641	25%
Europe	173	29%	111	33%	47	98% ⁶	331	34%
Total	1,460	39%	1,251	25%	244	17%	2,955	29%

⁵ AH&LA and Hospitality Industry Diversity Institute, "Turnover and Diversity in the Lodging Industry", 2004. www.ahla.com/content.aspx?id=3308

⁶ Value appears significant as there are few colleagues in this category

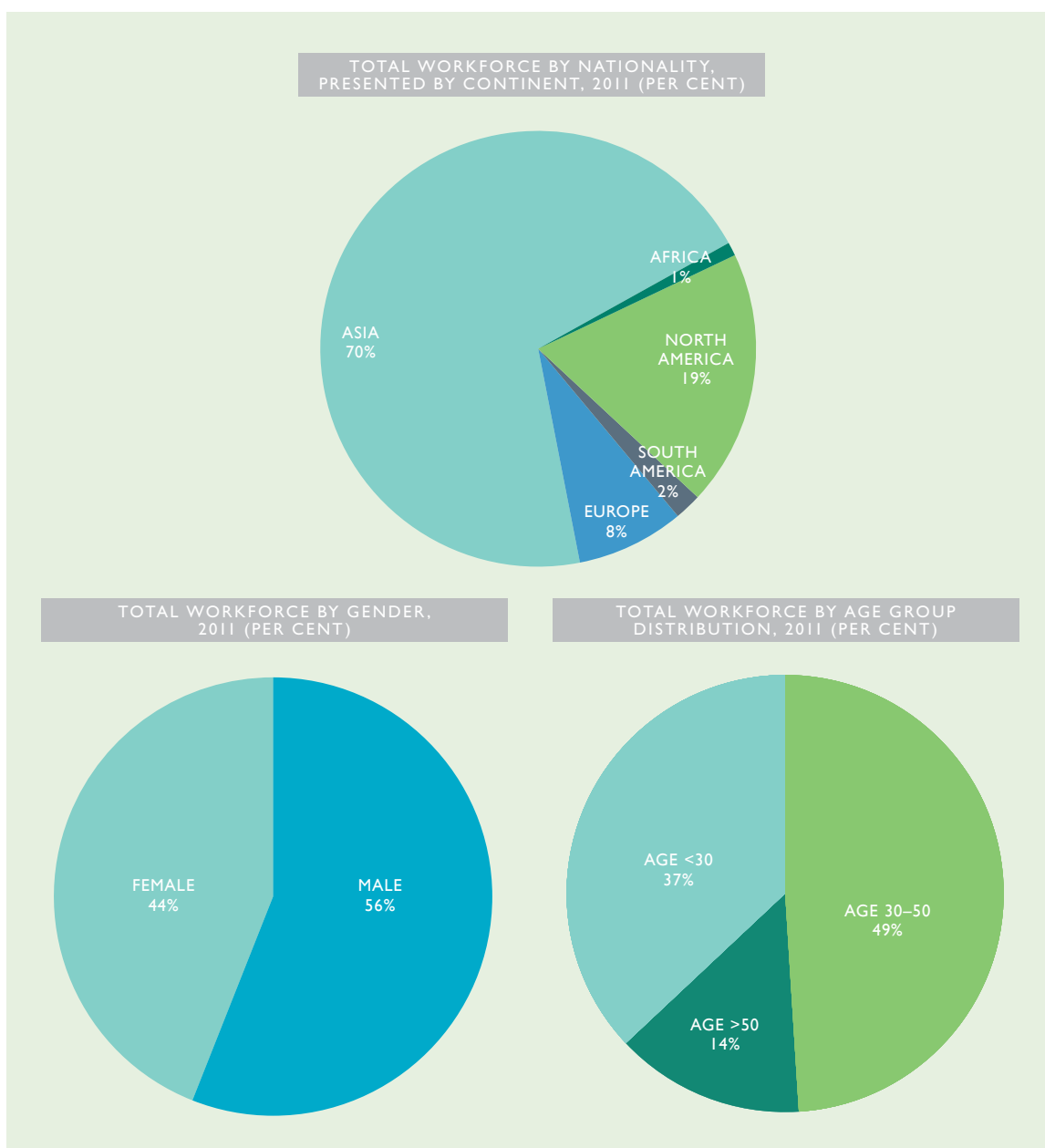
Comprehensive Employment Benefits

Benefits are provided to all full-time colleagues. Benefits vary by location, but typically include health, disability and life insurance coverage, as well as leave and retirement benefits. Part-time and casual colleagues are entitled to benefits as required by local labour laws and conditions, and these benefits may be pro-rated based on the hours worked.

Performance and development reviews are conducted annually, and in 2011, 72% of all hotel colleagues received such reviews.

Diversity and Equal Opportunity at the Core of our Company

Mandarin Oriental is a very diverse company, with 119 nationalities represented throughout the hotels and leadership teams. The three most represented countries are China, the United States and Thailand. Employment by gender comprises 56% men and 44% women. Nearly half (49%) of colleagues are between the ages of 30 to 50. Corporate leadership (including the Operating Committee) is comprised of more men (86%) and European nationals (71%) than the company as a whole. Senior leadership at the individual hotels is more ethnically diverse than the corporate leadership and is representative of the local population.



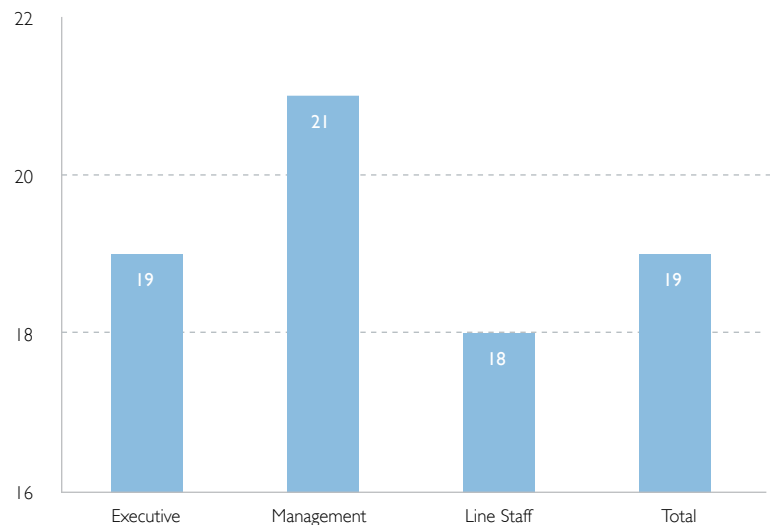
COLLEAGUE DEVELOPMENT

Our extensive learning and development programmes contribute to the skills, knowledge and motivation of our colleagues. Colleagues participate in annual training, as well as training upon hire or with changes in job duties. Learning and development is integral to Mandarin Oriental's culture—each colleague is empowered to be their best whether it is central to their professional development or their personal development. Beyond core training, the following training programmes are in place:

Training for Excellence

Delightful service is expected of all colleagues. Industry standards workshops (e.g. safe food handling), Legendary Quality Experience training and cultural training are provided to ensure colleague compliance with our standards of service. Industry and product training is tailored to each colleague's role. Records detailing colleagues trained and training time are maintained at each location. On average, each colleague completed 19 hours of training in 2011, with women and men receiving near the same number of hours (19 hours for women and 18 hours for men, respectively). Management receives the most training, due to leadership and management skills courses.

HOURS OF TRAINING PER YEAR BY EMPLOYEE CATEGORY, 2011



Supporting Continuous Learning

Leadership and personal development courses are conducted as part of our workplace practice through "The Learning Framework", which provides leadership development applicable to our colleagues' current and future career goals. Some courses include, but are not limited to, food and beverage management, management trainee programmes and MBA programmes. Leadership training programmes encompass more training hours per colleague than any other training programme, ensuring that our colleagues are developing people and operational skills useful throughout their careers.

Mandarin Oriental conducted 121 leadership training sessions in 2011.



Legendary Quality Experiences (LQEs) Our Legendary Quality Experiences have been established to guide us in achieving our mission to delight and satisfy our guests. Designed to take into account the cultural diversity of the locations in which we operate, they define the core experiences in guest/colleague interactions and represent the style and attention to detail that we bring to our hospitality and service.

PROVIDING A SAFE ENVIRONMENT

All aspects of the Group's business are managed under our 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 employees, guests, shareholders or the community in which it operates.

To supervise compliance and consolidate enforcement of this policy, the Group has established a Group Risk Management Committee (GRMC), consisting of senior managers representing all areas of the operation. Mandarin Oriental maintains compliance with all required laws and regulations through the GRMC governance programme. Mandarin Oriental did not receive any notices of violation or significant fines at any of our operations in 2011.

One of the GRMC's principal responsibilities is to manage the Safe & Sound programme, an integrated compliance framework developed in 2000 covering the following topics:

- Fire Safety
- Health and Safety
- Security
- Business Continuity Planning and Risk Management
- Food and Beverage, Hazard Analysis Critical Control Points (HACCP)
- Spa, Fitness and Wellness (added in 2007)
- Environment (added in 2012)

Mandarin Oriental retains PWT Environmental Consultancy, a UK-based health and safety consulting firm, to conduct the independent annual compliance audits of the "Safe & Sound" programme. Together with PWT, the Group has developed a detailed audit format that generates a 0–100% compliance score. Through a weighting formula, sections and topics with higher associated risks carry more impact on the overall score.

To ensure the programme is well anchored locally, each hotel has a Risk Management Committee responsible for implementation of the programme at the property level.

All of the underlying guidelines in the programme are based on recognised standards and international best practices, which are continuously improved and updated as new technology and methods are being developed.

In 2012, Mandarin Oriental is expanding this programme with an environmental section that will include guidelines on management of energy, greenhouse gas emissions, water consumption and waste generation, as well as more specific topics, such as use of dry cleaning chemicals, refrigerants and generation of hazardous waste.

The environmental section will be fully implemented by 2014, when it will be included in third party compliance audits.

Phase 1 (2012) New sections related to the formation of hotel Corporate Responsibility Committees, management of resources and emissions will be drafted and implemented. Guidelines related to environmental management present in the existing programme under occupational health and safety, such as hazardous materials management, will be incorporated in the new environmental section.

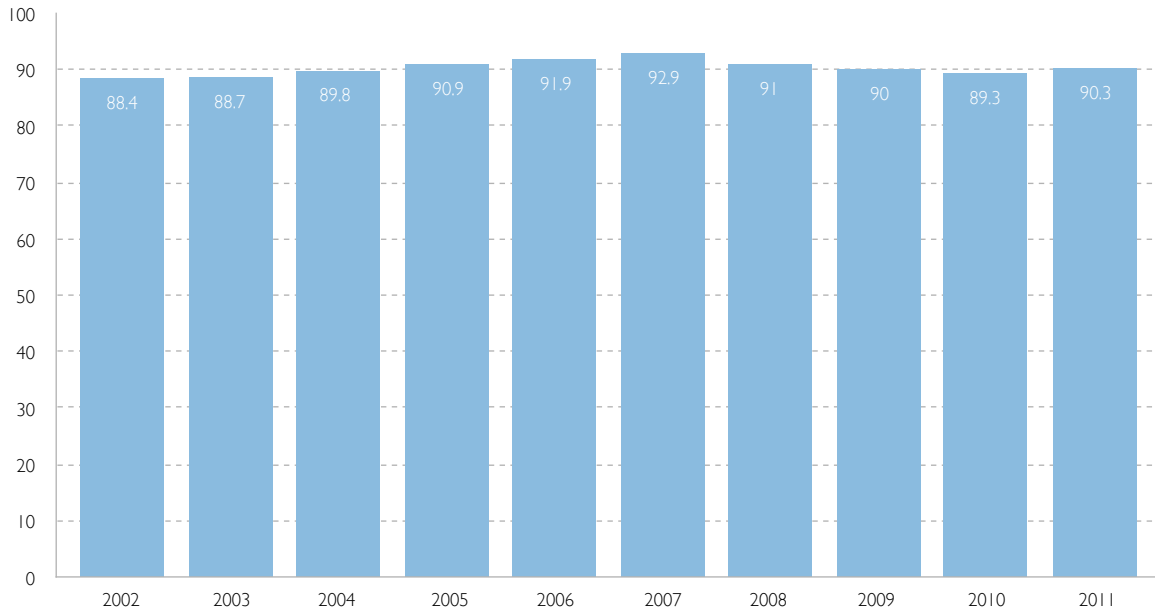
Phase 2 (2013) The programme will be expanded to cover other areas, such as sustainable purchasing and renewable energy conversion.



Safe & Sound Audit Performance Results

As shown in the graph below, overall Group audit scores have indicated a high level of compliance and consistent performance highlighting our commitment to this important effort.

SAFE & SOUND AUDIT PERFORMANCE RESULTS, 2002-2011 (PER CENT)



Managing Our Health and Safety Performance

Mandarin Oriental aims to provide a pleasant and safe working environment to all of its colleagues as well as contractors working at our hotels. Beyond the nearly 90% full-time, 5% part-time and 5% colleagues with casual employment contracts, we had approximately 200 independent contractors working in our facilities in 2011, as well as millions of guests for whom we provided a safe stay.

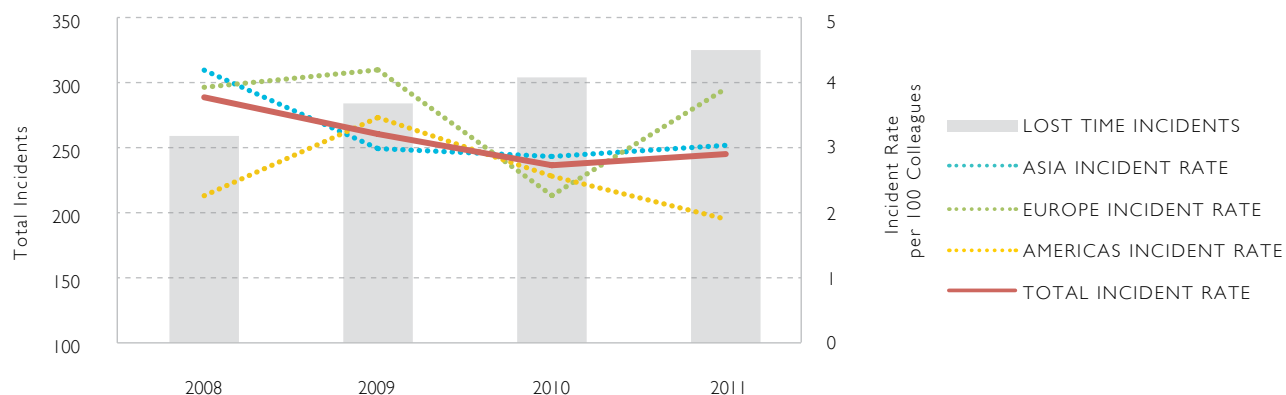
A comprehensive Occupational Health and Safety reporting system has been in place since 2002 and is used throughout Mandarin Oriental's operations. All work-related accidents and incidents are reported and thoroughly investigated to identify the root cause and to initiate corrective and preventive measures. Each hotel is responsible for utilising the Safe & Sound programme to ensure their colleagues have a safe working environment.

Key performance indicators of our health and safety performance include:

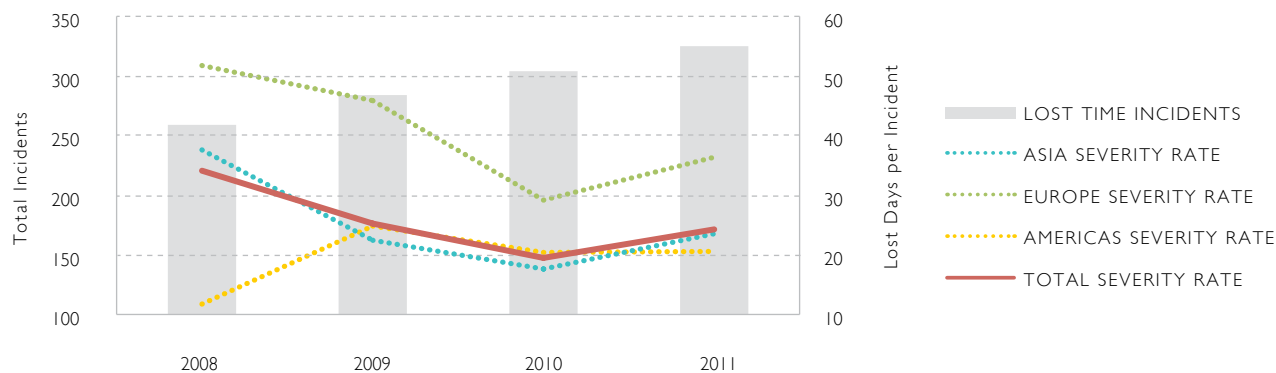
- Incident rate, a measure of incidents resulting in lost time per 100 colleagues
- Severity rate, a measure of lost days from those incidents per colleague

After a three-year steadily declining trend for the incident rate, we have observed an increase in 2011. The incident rate increased from 2.7 incidents per 100 colleagues to 2.9, which represents an increase of 6%. Severity rate of those incidents also increased by 25% to reach 24.3 lost days per 100 colleagues. Housekeeping and kitchens tend to have the most incidents and the type of incidents typically resulting in lost time. Europe had the highest incident rate and severity rate in 2011, whereas the Americas showed better than average performance for both indicators and a marked decline of the total incident rate in 2011. Overall, our health and safety record is strong, and we are committed to improving the consistency of our performance across the Group.

HEALTH & SAFETY INCIDENTS AND INCIDENT RATE BY REGION, 2008–2011



HEALTH & SAFETY INCIDENTS AND SEVERITY RATE BY REGION, 2008–2011





DELIGHTING OUR GUESTS

At Mandarin Oriental, luxury quality service is one of the Group’s strategic brand-defining competencies. A “culture of quality” is promoted at all levels of our organisation. It allows for colleagues to adapt service standards to reflect their local culture and environment, and empowers everyone to deliver personalised service to each guest. Our inspiration-based service culture approach engages both colleagues and guests on an emotional level to build a genuine connection, leading them to be 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.

The Group’s Guest Satisfaction/Loyalty Programme at each of our hotels invites guests to provide feedback through an independent consultant via an email survey following their stay. Feedback is collected on guests’ perception of the brand as well as their subjective evaluations of various aspects of product and service delivery.

The table below shows guest satisfaction/loyalty survey results for the Group conducted in all our hotels to gauge consumer satisfaction and loyalty. Survey results for 2011 show a slight decrease (1%) but stay similar to historical values. Overall, the survey indicates consistently high levels of satisfaction and loyalty to the brand.

Mandarin Oriental maintains a variety of quality measurement processes to constantly evaluate and improve quality performance through independent customer service mystery-shop evaluations. We are also evaluated and measured against other international standards, including Richey International, the American Automotive Association (AAA), the *Forbes Travel Guide* and the *Michelin Guide*.

GUEST SATISFACTION/LOYALTY AND RESPONSE RATE, 2007-2011 (PER CENT)



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

—Andrew Hirst,
Operations
Director, Asia

SOURCING RESPONSIBLY

Promoting a culture of quality includes sourcing sustainably. The following section describes our responsible sourcing initiatives and an example of the application of these initiatives in the development of our signature spa product line.

Mandarin Oriental strives to integrate farm-to-table sourcing within its restaurants, not just because the food is fresher, but also because it is in season and it supports the communities in which we operate. Shorter transport distances further reduce the environmental footprint. We have chosen two of our hotels, Mandarin Oriental, Singapore and Mandarin Oriental, San Francisco, to illustrate the exemplary programmes put in place to delight our guests.

The finest fish and seafood are much demanded delicacies in our restaurants around the world. Mandarin Oriental is well aware of the challenging task of protecting our natural marine and lake ecosystems. A number of restaurants have therefore taken the initiative to give their guests the choice to eat fish and seafood declared to be from sustainable sources.

Sourcing responsibly also means caring for the contents of our beauty and therapeutic products used in our signature spa line. Our spas promote refined, holistic practices for the well-being of our guests. Developed in consultation with specialists in Traditional Chinese Medicine (TCM) and master aromatherapists, Mandarin Oriental has developed spa products with natural ingredients, which are environmentally friendly and organic.





From Singapore to San Francisco: From Farm to Table

Due to the unique geographic location of Singapore, it can be challenging for hotels and restaurants to source sustainable food products. At the beginning of 2011, the culinary team of Mandarin Oriental, Singapore, under the helm of Executive Chef Marco Pedrelli, began their search for local and sustainable purveyors. The culinary team's quest for suitable suppliers of true Singaporean produce triggered an odyssey around the entire island. Fortunately, several quality producers were found. In August 2011, new dishes were introduced to the hotel menus using chicken and eggs from one of the few local poultry farms. At the same time, fish from local waters were integrated into various dishes on the menus. Chef Pedrelli also made an effort in sourcing local flour and cereal products and introduced new pastry and breakfast dishes using those ingredients.

Mandarin Oriental, San Francisco, under the direction of General Manager Cliff Atkinson, has implemented a strict programme of sustainable sourcing. With the support of new Executive Chef Adam Mali, the hotel is leveraging strong relationships with local growers to source most of the produce, dairy, meats and seafood that are used in the restaurant. For example, Chef Mali uses cheese from a local dairy that has implemented sustainable manufacturing methods (such as reuse of water for irrigation) as well as sustainable ranching techniques. Per Chef Mali, "The key is to form relationships with farmers and develop an appreciation for their methods, then respect those methods as we cook".

Seafood and Fish Watch Programmes at Mandarin Oriental

Our oceans are increasingly affected by human activities—primarily the ways we catch and farm seafood. Several of our hotels have made a commitment to source only sustainable seafood, using fish caught in the proper seasons or harvested by sustainable methods, such as line fishing.

In 2008, The Landmark Mandarin Oriental, Hong Kong made an agreement with WWF not to feature bluefin tuna. Currently, all seafood is sourced through suppliers delivering seafood harvested using sustainable techniques. In addition, The Landmark respects a sustainable fishing calendar whereby it purchases fish when they are not carrying eggs. The Landmark has removed certain species that are particularly vulnerable to overfishing and has subscribed to the Marine Stewardship Council recommendations found at www.msc.org.

In 2011, Mandarin Oriental, San Francisco became a certified member of the Seafood Watch programme and first in the San Francisco Bay Area to adopt the Safe Harbour programme for all the seafood ordered in the hotel. The hotel cooks with only the most sustainable and “safe” seafood for its guests, not only for the health benefits, but to protect endangered or overfished varieties. Recently, to reinforce their sustainability commitment, all kitchen staff attended a training day at a local seafood company to learn about sustainable harvesting practices.

In February 2012, Mandarin Oriental Hotel Group also took the initiative to remove shark’s fin from all of our restaurant and banqueting menus worldwide.





Spa Products: Caring for the Contents

Sustainability is a key feature in the thought process behind our spa 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 have the following beneficial attributes:

- All oils, fragrances and essences contain 100% natural ingredients
- Regenerative damask rose water is used instead of plain water
- 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
- Support fair trade-certified ingredients



MANDARIN ORIENTAL, TOKYO

INAUGURAL GOLDEN FAN AWARD FOR EXCELLENCE IN SUSTAINABILITY



The Golden Fan Award for Excellence in Sustainability is a newly created award to celebrate the sustainability achievements for the Mandarin Oriental hotel that has exhibited exemplary dedication to sustainability. The award will be presented biennially to the hotel that has most successfully fulfilled the following criteria:

- Demonstrated results in the improvement of the hotel's environmental performance
- Exemplary and continued involvement in local community activities
- Remarkable engagement of colleagues to demonstrate corporate responsibility initiatives

Mandarin Oriental, Tokyo was chosen as the inaugural recipient of the Golden Fan Award for Excellence in Sustainability. In 2010, the hotel initiated a number of activities to reduce its environmental impact, leading to the highest energy reduction in the Group at 20% and a reduction in water consumption of 7%. The property, which is part of a large mixed-use complex, the Nihonbashi Mitsui Tower, was opened in 2005 and also includes the historical Mitsui Main Building, originally completed in 1912. The property developer, The Mitsui Fudosan Group, has well-established environmental policies, which helped the property gain inclusion into the top 30 Low Emission Buildings as designated by the Tokyo Metropolitan Government. This is an excellent example of how our hotels can work together with property owners to reduce their environmental footprint.

Mandarin Oriental, Tokyo was also recognised for the participation of 323 colleagues in a total of 13 community events and activities:

- Mandarin Oriental, Tokyo is participating in the cooperative project Umi-no-Mori (The Sea Forest)—to create an 88 hectare forest in the Inner Central Breakwater Reclamation Area in Tokyo Bay. The Sea Forest was created from recycled/composted soils and seedlings nurtured by schoolchildren and will ultimately provide a passage for ocean breezes into the Tokyo city centre, improving air quality. The project, which started in 2007, is scheduled for completion in 2016.
- 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. Mandarin Oriental colleagues participated in the annual large-scale cleaning of the bridge on 31st July, as well as in five river clean-up sessions.
- On 4th August 2011, Mandarin Oriental colleagues participated in the Nihonbashi Uchimizu, a traditional practice of sprinkling water (typically rainwater or greywater) onto the ground to reduce dust, cool the immediate surrounding area and encourage interaction with the local community. During the Uchimizu, the street temperature was reduced by some 1.5 degrees C/2.7 degrees F.
- The Mandarin Oriental, Tokyo Corporate Responsibility Team hosted an internal art contest among various departments encouraging creative reuse of perceived waste materials. The contest attracted a high level of participation, resulting in submissions from twelve different departments and votes from roughly one quarter of all colleagues over a two-day judging period.

Mandarin Oriental, Tokyo





ADVANCING SUSTAINABILITY



ADVANCING SUSTAINABILITY

There are significant environmental challenges facing our world today:

- Global climate change caused by increasing concentrations of greenhouse gas emissions 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 a major environmental impact in most parts of the world.

We also recognise 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.

As a Group, we recognise the risks arising from climate change as well as new regulatory initiatives. Financial implications include the levy of carbon taxes on non-renewable energy sources, which can result in price increases on electricity, gas and fuel. We are also exposed to indirect effects of carbon taxes raised on aviation, as they are currently being introduced in the European Union. An overall price increase can lead to reduced travel frequency for business and tourism. Changing climate patterns can also cause increased natural disasters which can affect our infrastructure and the livelihood of our colleagues.

We believe that luxury and sustainability can go hand in hand through strategic planning, innovation, and taking a systematic approach to managing the environmental impact of our operations whilst maintaining operating standards and indoor environmental quality.

Our Colleagues' Contribution

Just as much as technology, the dedication of our colleagues in all locations and across all functions is critical to our success. Our colleagues make sure that supporting systems and technology operate under ideal conditions, and they are in the best position to identify opportunities for improvement and to suggest and implement solutions. The environmental achievements included in this report would not have been possible without their support.

Our Key Achievements

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. At the beginning of our journey, we established the following environmental goals for the period 2007–2012, and we now report the progress towards our goals.

- Reduce energy intensity by 10% (as MJ/m²)
- Reduce greenhouse gas emission intensity by 10% (as kg CO₂ equivalent/m²)
- Reduce water intensity by 10% (as litres/guest night)

Short-term goals support our long-term strategy and we will announce new short-term goals in early 2013. Additional details of our progress can be found under the individual sections of energy, emission, water and waste.

Progress is well underway, and we are committed to our long-term goals and vision for 2020 and beyond.

REDUCED ENERGY INTENSITY, 2007-2011 (PER CENT)

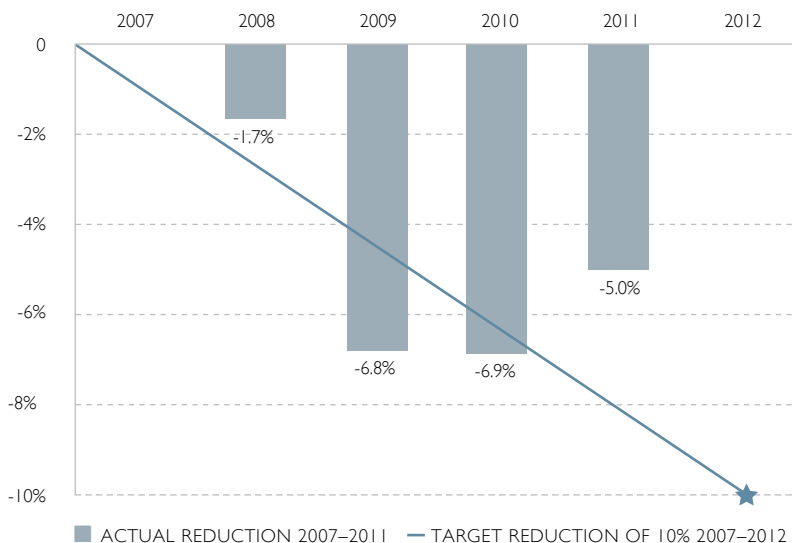


ENERGY INTENSITY

Overall good performance across the portfolio.

The slight decline in reductions in 2011 was due to higher than expected energy intensity at the new Mandarin Oriental, Macau. A detailed action plan is currently being implemented to improve this performance.

REDUCED GREENHOUSE GAS EMISSION INTENSITY, 2007-2011 (PER CENT)

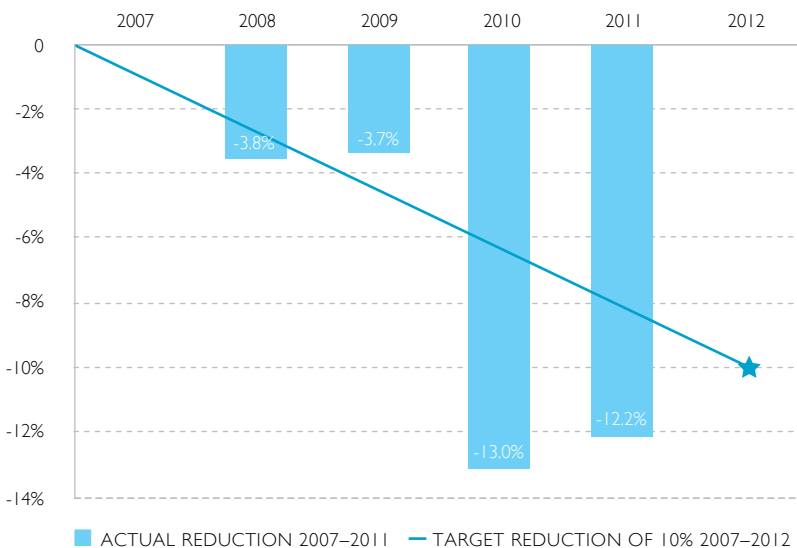


EMISSION INTENSITY

More progress to be made.

The higher than expected energy intensity at our new property in Macau also negatively impacted the emission intensity performance of the Group. If we exclude this new property, the overall reduction in emission intensity was 8.6%. This highlights the importance of energy efficiency in all our properties, especially in locations with high electrical emission factors.

REDUCED WATER INTENSITY, 2007-2011 (PER CENT)



WATER INTENSITY

Overall good performance across the portfolio.

The reductions in 2011 were slightly less than 2010. We are confident that the five-year reduction target for 2012 will be achieved.



Mandarin Oriental, Barcelona

Tracking Our Performance

Operating luxury hotels requires attention to detail. With well-established processes, our colleagues have the freedom to take personal initiative. We have adapted the same approach to sustainability and believe that transparency in the way we measure our performance is key. To understand more about the methodology used to calculate our reductions, please refer to notes included at the end of this section.

This section highlights our efforts to advance the environmental dimension of sustainability. All locations and activities inside our hotels, including guestrooms, restaurants and spas, as well as gardens and pools, are included within the boundary of our environmental reporting. This report covers 25 of the Group's hotels that were fully operational in 2011. We have excluded Mandarin Oriental, Paris and Mandarin Oriental Riviera Maya, Mexico as neither was fully operational in 2011. Mandarin Oriental, Las Vegas is excluded for water, energy and emissions reporting, as the majority of the energy consumption is part of a major mixed-use facility and we are currently unable to extract the data relevant to the hotel.





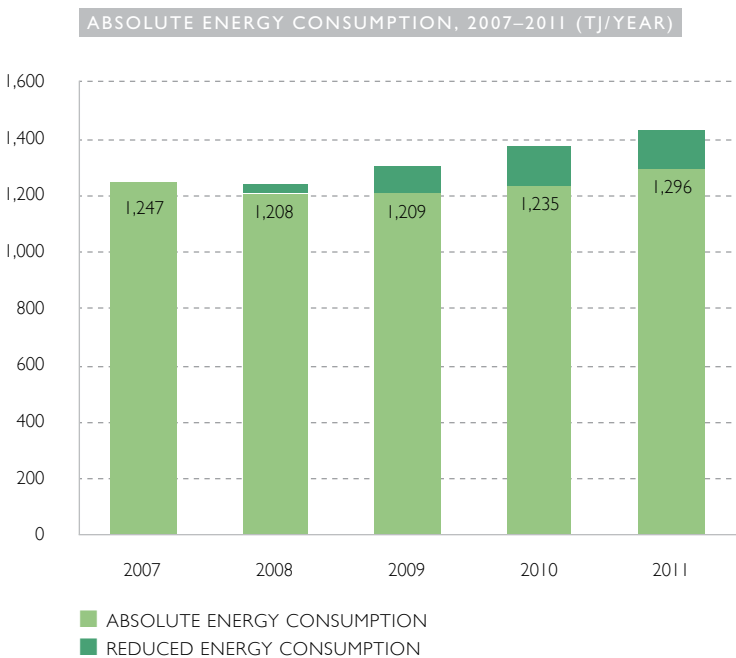
USING ENERGY EFFICIENTLY

According to the World Business Council on Sustainable Development, buildings account for close to 40% of the energy used worldwide¹. The use of non-renewable energy in our hotels contributes to climate change but also to the dependency on fossil fuels.

Our hotels are located in three different climate zones: Tropical (36%), Mediterranean (32%) and Temperate (32%). The continuous control of temperature, humidity and indoor air quality requires the use of sophisticated air conditioning systems. Ventilation, cooling and heating, as well as lighting of indoor and outdoor spaces, are the largest contributors to our absolute energy consumption. Energy represents a significant portion of our operating expenses and in some hotels exceeds 10% of revenue.

Absolute Energy Consumption

Our Group reduced energy consumption by 136 TJ in 2011 by implementing energy efficiency measuresⁱⁱⁱ. The total reduced consumption 2007 to 2011 was 399 TJ, which translates to cost savings of US\$13.2 million.

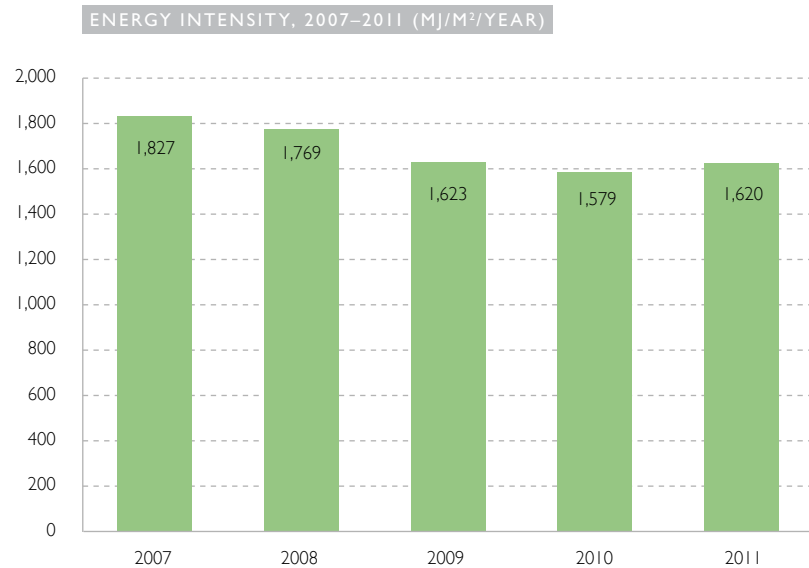


Electricity is our main source of purchased energy and makes up 61% of our energy supply. Purchased energy further includes steam and heated and chilled water. Our direct energy consumption due to use of fuel from sources that are located within the facilities, such as natural gas, fuel oil and propane, account for 32%.

Energy Intensity

Energy use and greenhouse gas emissions per area of our properties are the key performance indicators that we use to measure our performance over time. These indicators allow us to take into consideration the growth of the company.

In 2011, energy intensity for the Group increased slightly by 2.6% to 1,620 MJ/m²/year and as earlier mentioned, this was due to the higher than expected energy intensity at one of our new properties, Mandarin Oriental, Macau. The period 2007 to 2010 has shown a steady decrease in the relative energy use, which reflects the systematic approach we are taking in managing our energy consumption. Projects identified through professional, third-party energy audits provide for the large majority of opportunities.



The Group's reduced energy consumption from 2007 to 2011 resulted in cost savings of US\$13.2 million.

MITIGATING OUR IMPACT ON THE CLIMATE

Greenhouse gas emissions generated by the burning of fossil fuels are at the root of climate change. For Mandarin Oriental, greenhouse gas emissions are directly related to our electricity consumption, as well as to the burning of natural gas and fuel oil.

Our reduction of greenhouse gas emissions to date, especially carbon dioxide (CO₂), has mainly been a consequence of improved energy efficiency. We remain firm in our commitment to reduce our greenhouse gas emissions. Mandarin Oriental subscribes to the World Travel and Tourism Council (WTTC) goal of reducing total CO₂ emissions by no less than 50% from 2005 levels by 2035, with an interim target of 30% by 2020 if there is an international agreement on global emissions reduction, or 25% by 2020 in the absence of such an agreement.

Managing our Footprint

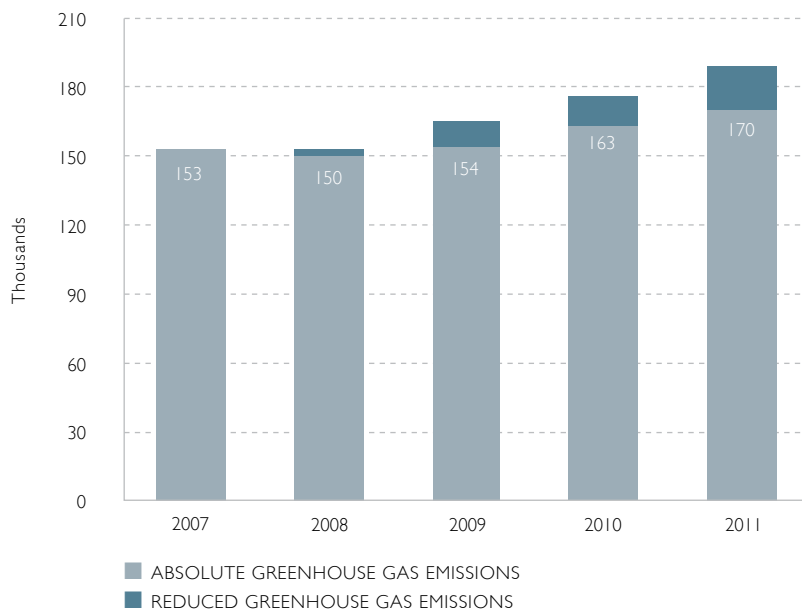
Greenhouse gas emissions vary widely across our hotels and are primarily dependent on the emission factors of the utility providers. For example, greenhouse gas emissions at Mandarin Oriental, Geneva are low, as a large majority of the electricity is generated by hydropower, whilst greenhouse gas emissions 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 fossil fuel. This is despite the fact that the energy consumption per square metre at the two properties is very similar. This is an important aspect to keep in mind when reviewing our emissions strategy and when evaluating the impact new hotels will have on our overall footprint.

Absolute Emissions

In 2011, the absolute emissions generated by the Group amounted to 170,000 metric tons of CO₂ equivalents^v.

As shown in the graph below, between 2007 and 2011, we reduced emission by 46,000 metric tons of CO₂ equivalents by implementing energy efficiency measures. This reduction in emissions is equal to taking 9,006 passenger vehicles off the road^x.

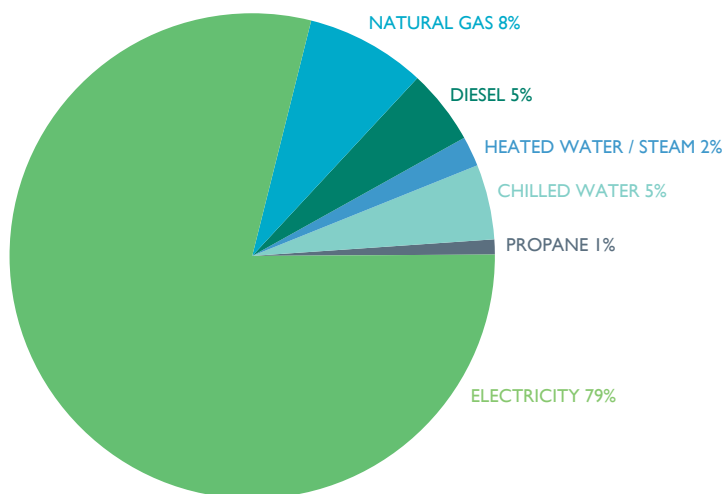
ABSOLUTE GREENHOUSE GAS EMISSIONS, 2007–2011 (THOUSAND T CO₂-E/YEAR)



Our reduction in emissions is equal to taking 9,006 passenger vehicles off the road.

The primary source of our emissions in 2011, purchased electricity^{vi}, accounted for 79% of total greenhouse gas emissions. Our emissions from the consumption of natural gas, diesel and propane, accounted for 14% of our total emissions^{vii}. Additionally, individual hotel purchases of steam, hot water^{viii}, or chilled water^{ix} for cooling, from centralised sources accounted for the remaining 7% of total emissions^x.

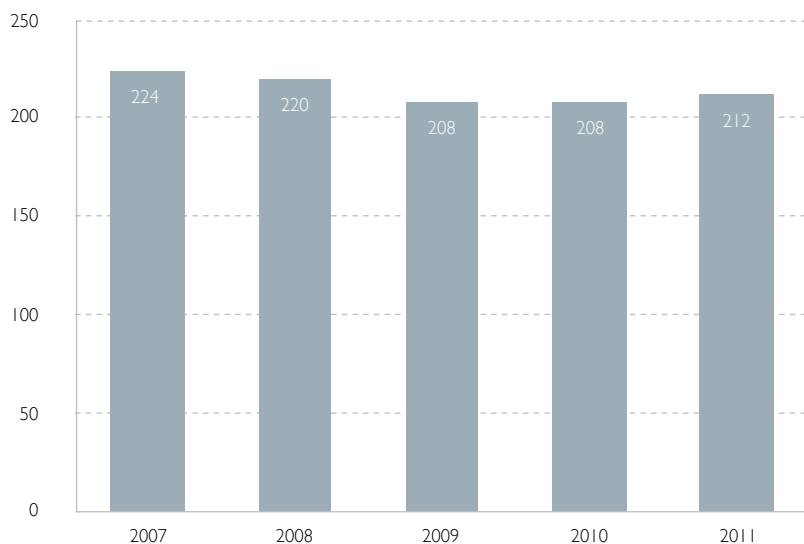
GREENHOUSE GAS EMISSIONS BY TYPE, 2011 (PER CENT)



To further reduce our carbon footprint, we will continue our strategy of improving energy efficiency as well as gradually introducing renewable energy sources and cleaner energy alternatives. We will minimise remaining fuel oil used for boilers and heaters by replacing it with suitable alternatives, such as heat pumps and renewable energy where possible, or else natural gas. Where financially viable, gas used for cooking is to be gradually replaced by electricity.

Emission Intensity

In 2011, the Group's emissions were equivalent to 212 kg CO₂ equivalents per square metre, which represents an increase of 2.1% as compared to 2010. Between 2007 and 2011, we have managed to reduce our emission intensity by 5.0%, and we are confident that we can regain the downward trend in the coming years.

GREENHOUSE GAS EMISSION INTENSITY, 2007-2011 (KG CO₂-E/M²/YEAR)

Including Fugitive Emissions

We have commenced the process of systematically collecting data on the refrigerants used in cooling systems. Fugitive emissions in 2011 were 2,323 tons of CO₂^e, which is equivalent to 1.3% of the total greenhouse gas emissions. Guidelines related to management of refrigerants have been included under our Safe & Sound programme in order to provide a global approach to the subject, and we therefore expect fugitive emissions to decline over the coming years.



MANDARIN ORIENTAL, PARIS

APPLYING HIGH ENVIRONMENTAL STANDARDS FROM DESIGN THROUGH RENOVATION, OPERATION AND MAINTENANCE

During the summer of 2011, the Group added a new property to its global portfolio in the historic centre of Paris. Located on fashionable rue Saint-Honoré, this 138-room luxury hotel offers the ultimate in service and design, with a strong sense of place and a style and personality of its own.

Because the performance of a building is largely defined by the way it was conceived, the High Environmental Quality (HQE) approach was adopted before Mandarin Oriental began operations. Société Foncière Lyonnaise, the developer, was awarded the HQE certification for the design and renovation phase, whilst emphasising the cultural heritage inherent to the historic building.

- Although the hotel was nearly totally reconstructed, the façade was kept intact and parts of the rooftop preserved with copper, a high-end, durable and 100% recyclable metal. In its original colour, it will follow a natural transformation process to finally reach the metal's distinctive green colour. The decision to leave out a pre-treatment in an acidic solution was made to avoid an environmental impact.
- The rehabilitation of the site generated some 10,000 cubic metres of waste, including steel, aluminium, wood, glass and rubble. With a thorough on-site separation programme, nearly 80% of all the produced waste was recycled, which by far exceeded the targeted 40%.
- Every day, some ten trucks arrived on-site to deliver steel, concrete and prefabricated elements for the façade, stairs and external woodwork. With the constant presence of "traffic controllers" for the planning and handling of deliveries, the site operators ensured an undisturbed movement of pedestrians and cars. This measure helped improve traffic fluidity by 15%.
- Energy modelling was used to predict the energy profile of the property. The in-room control system was adapted following the initial assessment, lowering the predicted energy intensity by 22%.

Inspired by this initial success, Mandarin Oriental followed in the footsteps of the developer in setting goals for the operational phase, aiming to provide highest comfort to guests while mitigating the hotel's environmental impact. As proof of its pioneering efforts, Mandarin Oriental, Paris became the first hotel to receive the HQE certification for the operational phase of a commercial building.

The hotel defined stringent criteria for its environmental design and management, as well as for providing the highest sensory comfort to guests.

- In a city where narrow streets can echo voices and traffic noises, the hotel's facilities are equipped to provide exemplary noise reduction. The service schedule for cleaning, maintenance and waste collection has been adapted to minimise guest disruption.
- The building was designed to be ideally embedded in its environment by creating green areas and by limiting the number of on-site parking spaces. The hotel provides valet parking service and there is convenient access to public transportation within walking distance.
- Recycling in guestrooms, kitchens and offices is carried out for cardboard, glass, plastic, cans and organic waste. Despite high real estate prices in the centre of Paris, the waste collection points have been designed to allow for easy access and handling.
- Consumption of water, electricity, heating and cooling is monitored continuously to detect consumption peaks. Performance indicators are discussed in weekly meetings and issues are addressed.

Maintaining high performance standards is a continuous effort that the newly appointed Corporate Responsibility Committee will assume to track progress and generate new ideas and initiatives.

Mandarin Oriental, Paris



ENERGY EFFICIENCY & EMISSION REDUCTION HIGHLIGHTS



The conversion of **Grand Lapa, Macau's** hotel signage to LED was completed at the end of 2009, saving 88% in energy compared to neon light signage.



Mandarin Oriental, Las Vegas, a LEED Gold-certified building, utilises highly-insulated spandrel panels. The flat surface of the spandrel panels used in the building's construction reduces solar heat gain and the energy needed to cool or heat the building. This system within the structure's façade accounts for as much as 9% of the building's total energy savings.



In **The Landmark Mandarin Oriental, Hong Kong**, variable speed controllers were installed to major plants in 2011, including space heat water pumps, boiler water pumps, kitchen exhaust air fan and the kitchen primary air handling unit. The property anticipates 200,000kwh of electricity reduction savings annually.



In 2011, **Mandarin Oriental, Boston** partnered with the local utility N-Star on an energy reduction project, installing VFDs controlled by temperature, and smoke monitors for kitchen hoods in the commercial kitchens. The project was completed at a total cost of US\$54,000 and the utility provided 50% as an incentive to go forward with the installation. The anticipated energy reduction is 135,000 kWhs per year.



MANDARIN ORIENTAL, HONG KONG

ENERGY SAVINGS BEHIND THE SCENES

Improving energy efficiency is at the core of Mandarin Oriental's efforts to reduce its environmental footprint, whether for new or existing hotels, owned or under management. Motivated by a feasibility study, new water-cooled chillers for the air conditioning system were installed in 2011 at Mandarin Oriental, Hong Kong.

The project comprised the replacement of inefficient air-cooled chillers with high-efficiency water-cooled chillers, cooling towers and associated pipework and circulation pumps. The new chillers are the most energy-efficient available on the market, utilising a low-pressure refrigerant that allows lower motor compression costs and greatly reduces the chances of refrigerant leakage to the atmosphere.

During the testing period, the energy efficiency of the new system was improved by 50% following the basic setting of optimal parameters. This demonstrates the importance of ensuring that all the components and control systems work together to optimise the system and achieve the highest cost savings. Mandarin Oriental, Hong Kong achieved an overall energy reduction of 18% in 2011 in only six months, with electricity savings of 20%. This efficiency is higher than the initial estimate of the feasibility study.

This is the third major chiller optimisation project in Asia over the past three years; The Excelsior, Hong Kong and Mandarin Oriental, Jakarta were completed earlier with similar performance results. Additional projects are planned for other operating hotels and to be able to replicate the success at new properties, Mandarin Oriental is updating their Product Standards and Guidelines to specify minimum chiller efficiencies and provide clearer guidance on refrigerant selection.



Mandarin Oriental, Hong Kong



CASE STUDY

MANDARIN ORIENTAL, BANGKOK

A HIGH COMFORT, LOW IMPACT GUEST EXPERIENCE

In 1999, Mandarin Oriental, Bangkok first recognised the need to add an integrated control system in its guestrooms with the fundamental concept of reducing energy consumption, in terms of air conditioning and lighting, based on rented status and occupancy. Working closely with Inncom International, it was soon recognised that the system could offer additional advantages and enhance the guest experience.

Because of its success, the system is currently installed in 5,370 or 70% of the Group's guestrooms and forms part of the standard requirements for any new development.

The occupancy detection, initially provided with the sole purpose of controlling temperature setbacks when the room was not occupied, is used to allow servicing of guestrooms whilst the guest is away. Other features such as centrally controlled "do not disturb" and "make up room" alerts improve operational efficiency and further enhance service delivery.

Over the years, the system has evolved to include information on preferred guest temperatures through an interface with the property management system. It also monitors door lock condition, alerts on guestroom safe status for potentially forgotten items after check-out and offers an interface with the lighting system to provide tailor-made lighting scenes. As all guestrooms can be centrally monitored, the performance of each individual air conditioning system can be managed closely, identifying potential defects before the guest is inconvenienced.

A detailed performance analysis of the system at seven hotels in Asia and two hotels in the United States was conducted for the period 2010 and 2011. Over the two years, the system achieved an average energy reduction of 43% compared to stand-alone control systems. This equals an average energy reduction worth US\$1.3 million and an average annual emissions reduction of 2,295 metric tons of carbon dioxide, which is roughly equivalent to taking 450 passenger vehicles off the road.



Mandarin Oriental, Bangkok



MANAGING OUR WATER FOOTPRINT

According to the United Nations Environmental Program, 40% of the world will live in water scarce regions by 2025^{xii}. 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 needed, particularly in regions with current and future freshwater shortages.

Benefits arising from an efficient use of water include the reduction of wastewater and its costly treatment, as well as energy savings on the reduced use of hot water. A growing number of hotels are now testing and implementing new water-saving technology in the water-intensive operations of our spas, laundries, kitchens and air conditioning support systems, such as cooling towers. Our focus will remain on reducing water consumption in non-guest areas.

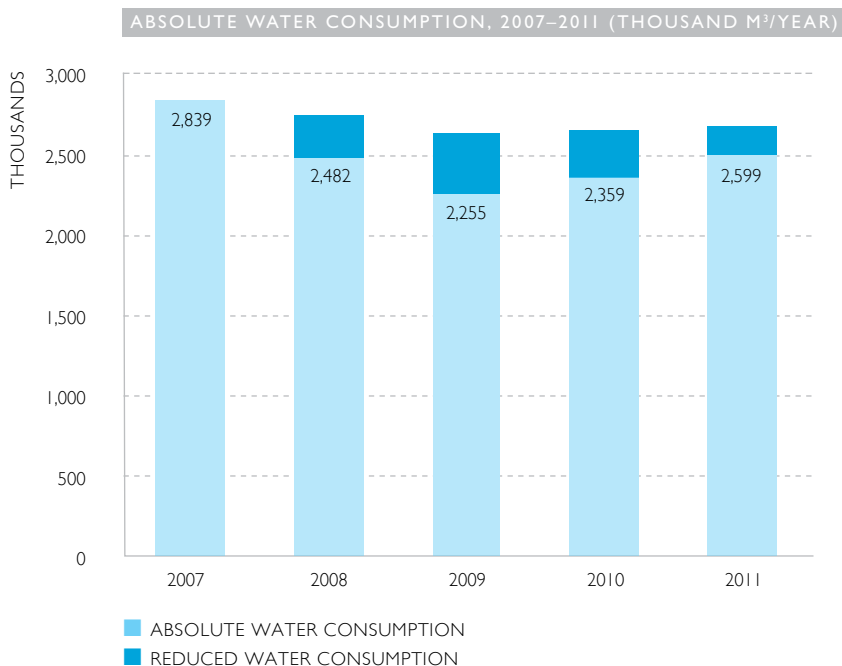
Monitoring Water Scarcity

Given the growing global water challenge, Mandarin Oriental is working internally to continuously improve our operations, and externally to understand local water conditions where we operate. Our company understands the importance of water to our business, human health and the economic viability of the communities where we operate. We are therefore taking steps to enhance the monitoring and management of our water use and identify hotels that are located in water-stressed areas.

As of 2011, all Mandarin Oriental hotels obtain water from municipal or city water supplies with the exception of two properties, which partially rely on ground and surface water. From an initial assessment, we have identified that approximately one-third of our hotels currently in operation or in construction are located in potentially water-stressed areas. Our initial water stress assessment leveraged leading water availability tools, WBCSD Global Water Tool and the WRI Aqueduct Tool, and a third-party subject matter expert.

Absolute Water Consumption

The Group's absolute water consumption, including irrigation, cooling towers and swimming pools in 2011 was 2,599,000 cubic metres^{xiii}. Since 2007, the water consumption has decreased by 8.5%, whilst our total number of guest nights^{xiv} increased by 4.3% for the same period.

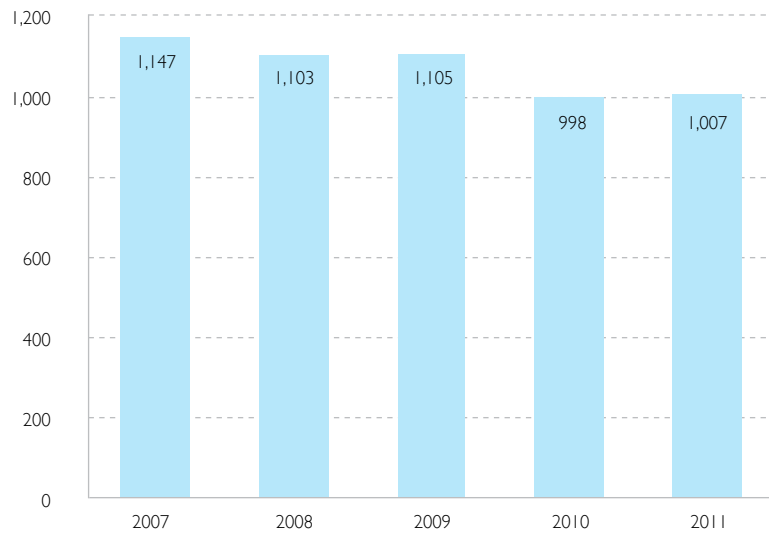


Between 2007 and 2011, our Group reduced water consumption by 1,115,000 cubic metres, which is equivalent to the amount of water needed to fill 446 Olympic-size swimming pools^{xv}.

Water Intensity

Water consumption per guest night is the key indicator that we use to measure our performance over time, as it takes into consideration the growth of the company. In 2011, the Group's average water use was 1,007 litres per guest night and stayed comparable to 2010 with an overall reduction of 12.2% over 2007 levels.

WATER INTENSITY, 2007-2011 (LITRES/GUEST NIGHT)



Between 2007 and 2011, our Group reduced water consumption by 1,115,000 cubic metres, which is equivalent to the amount of water needed to fill 446 Olympic-size swimming pools.

ELBOW BEACH, BERMUDA

COLLECTING RAINWATER FOR GUESTROOM COTTAGES

Situated in the mid-Atlantic off the East Coast of the United States, Bermuda has a subtropical and humid climate favourable to rainwater collection. The island's only source of freshwater is rainfall, which is collected on roofs and catchments and stored in underground tanks and lenses.

Since June 2011, all guestroom cottages at Elbow Beach have been switched to using collected rainwater, which is treated before being pumped to taps and showers. Collected rainwater replaces the use of treated seawater from the public utility.

Water tanks are located under each block of twelve cottages and have a storage capacity of 75 to 200 cubic metres (19,800 to 52,800 gallons). A water treatment unit equipped with filters and UV-light assures a high water quality. Because rainfall is evenly spread over the year, the tanks can be kept small, and are sized to hold a six to eight week supply.

In 2011, rainwater collection reduced water consumption from the public utility by 18%. The total volume of water saved was 9,952 cubic metres (2,629,000 US gallons) worth US\$47,470. Although requiring a significant initial investment, the new system provides immediate water and energy savings for the island, as desalination is an energy intensive process.

Because water demand strongly increases during peak tourist season and sources of fresh water are limited, all new constructions are required to include rainwater harvesting. In Bermuda, where water is scarce, rainwater collection is traditionally anchored in the island's way of life.





Elbow Beach, Bermuda

FIRST STEPS IN WASTE REDUCTION

Waste management is an area where we have many opportunities. Most of the solid waste in our hotels is generated by activities like food preparation, consumption of pre-packaged items, guest waste and housekeeping.

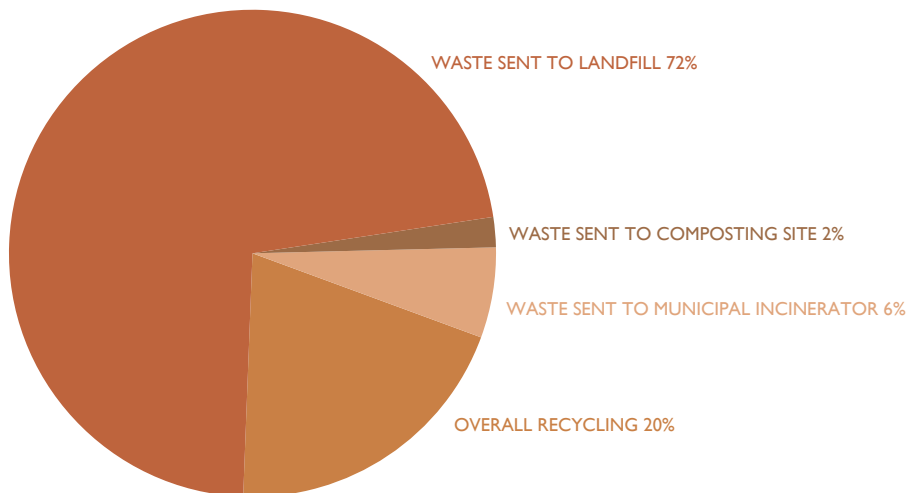
Thus far, efforts to increase recycling and reuse have been primarily driven by individual hotels. We recognise that improvements to our Group guidelines are required in order to provide a consistent approach, enabling us to better measure our performance. Our objective for 2012 is to develop a complete, accurate, consistent and timely measurement process of our waste and emissions due to waste generation. Under the strategy "think global, act local", we are emphasising practical and realistic solutions that work for our colleagues and the available waste collection, treatment and disposal methods in each location.

Formalising our Efforts

To enhance our reporting, we have taken initial steps to collect data related to our waste generation, recycling and disposal methods. We acknowledge that there are challenges in collecting complete and consistent data from all hotels, as waste handling and disposal are specific to each location. We therefore include the following information as an indication on the current status based on feedback from 17 out of 25 hotels^{**vi} with data collected through internal reports as well as waste disposal bills.

The absolute waste generated in 2011 was 11,058 tons, of which 72% was disposed of in landfills, 22% was recycled or composted and 6% sent to incinerators.

WASTE BY DISPOSAL METHOD, 2011 (PER CENT)



We are beginning a Group-wide focus to increase the amount of recycled and reused waste. The key going forward will be the development of waste reporting guidelines and audits as part of our Safe & Sound programme, with the objective of deploying systems and processes. Measuring our performance will become the foundation for managing our waste generation processes. Our initial target is to reduce waste sent to landfills per guest night by 20% by 2020 as compared to 2012. This reflects our ambition to commence this process, and we recognise that more specific key performance indicators are required in the future to minimise our environmental impact.

WASTE MINIMISATION HIGHLIGHTS



Composting for **Mandarin Oriental, New York** started in the second half of 2011 and continues today. The programme worked so well that another stakeholder in the Time Warner Center, Whole Foods, has now joined Mandarin Oriental, New York in the programme.



At **Mandarin Oriental, Kuala Lumpur**, biodegradable chemicals were implemented in the hotel's laundry facilities in the second quarter of 2011, replacing non-biodegradable chemicals.



In 2011, **The Landmark Mandarin Oriental, Hong Kong** began working closely with a local recycling contractor. An estimated 5,200 kg of biodiesel was produced from 6,500 litres of cooking oil.



Mandarin Oriental, Singapore began using microfibre cloths for housekeeping, along with biodegradable cleaning supplies and non-woven newspaper and shopping bags instead of paper bags.





MANDARIN ORIENTAL HYDE PARK, LONDON

CENTRAL WASTE STRATEGY

Mandarin Oriental Hyde Park, London had a waste problem: wet waste and dry waste were too often commingled, reducing the amount of recycling that could occur. The hotel and The Residences each had separate waste handling areas—an inefficient situation.

After much consultation with Westminster City Council, the development team of One Hyde Park and The Residences at Mandarin Oriental, London designated one large waste processing area controlled by the hotel. This enabled a single process for collecting all waste, separating recyclable materials and transporting waste and recyclables quickly off-site. Recycling areas have been designated for traditional materials, such as used oils, glass, paper and cardboard, plastic and cans. Non-recoverable wastes are compacted.

In addition, the hotel changed the process for handling the large amount of non-recyclable food waste being produced, introducing macerators at the source. Macerators in the kitchens collect food waste and begin to break it down into liquid slurry. The liquid slurry is pumped from the kitchens to a tank in the waste processing area and is transported off-site every few months. The slurry is rich in protein and is often utilised for animal feed or fertiliser.

Through these efforts, Mandarin Oriental Hyde Park, London has reduced the volume of waste produced, increased recycling volumes and reduced waste disposal costs.





Mandarin Oriental Hyde Park, London

ENVIRONMENTAL PERFORMANCE SUMMARY

PERFORMANCE INDICATOR	UNIT	2007	2008	2009	2010	2011
ENERGY						
Absolute Energy Consumption (Actual)	GJ	1,246,854	1,207,608	1,209,036	1,234,609	1,295,784
	MMBTU	1,181,789	1,144,592	1,145,945	1,170,184	1,228,166
Absolute Energy Consumption (Baseline)	GJ	1,246,854	1,239,677	1,300,760	1,373,565	1,432,082
	MMBTU	1,181,789	1,174,987	1,232,883	1,301,889	1,357,352
Energy Intensity (Actual)	MJ/m ²	1,827	1,769	1,623	1,579	1,620
	MMBTU/ft ²	0.16	0.05	0.70	0.75	0.31
Energy Intensity (Baseline)	MJ/m ²	1,827	1,812	1,762	1,757	1,791
	MMBTU/ft ²	0.16	0.05	0.76	0.83	0.35
EMISSIONS						
Absolute Emissions (Actual)	tons (metric) of CO ₂ -e	152,840	150,398	153,838	162,752	169,905
	tons (US) of CO ₂ -e	76,420	75,199	76,919	81,376	84,953
Absolute Emissions (Baseline)	tons (metric) of CO ₂ -e	152,840	152,950	164,714	175,778	189,381
	tons (US) of CO ₂ -e	76,420	76,475	82,357	87,889	94,691
Emission Intensity (Actual)	kg CO ₂ -e/m ²	224	220	208	208	212
	lb CO ₂ -e/ft ²	1,092	1,074	1,018	1,016	1,037
Emission Intensity (Baseline)	kg CO ₂ -e/m ²	224	224	223	225	237
	lb CO ₂ -e/ft ²	1,092	1,092	1,089	1,098	1,156
WATER						
Absolute Water Consumption (Actual)	m ³	2,838,570	2,482,121	2,254,775	2,358,636	2,598,599
	gallons (US)	749,952,444	655,778,436	595,713,289	623,153,501	686,551,915
Absolute Water Consumption (Baseline)	m ³	2,838,570	2,749,533	2,632,810	2,651,346	2,775,535
	gallons (US)	749,952,444	726,428,798	695,590,489	700,487,715	733,298,547
Water Intensity	litres/guest night	1,147	1,103	1,105	998	1,007
	gallons (US)/ guest night	303	291	291	263	266
OPERATIONAL DATA						
Total Air Conditioned Area	m ²	683,234	683,988	738,280	781,760	799,659
	ft ²	7,354,260	7,362,376	7,946,775	8,414,784	8,607,452
Total Guest Nights		2,515,601	2,290,443	2,140,056	2,490,061	2,721,495

Mandarin Oriental, Las Vegas is not included in energy and water consumption and greenhouse gas emission figures, due to incomplete data. The majority of the energy consumption is part of a major mixed-use facility, and we are currently unable to extract the data relevant to the hotel.

Mandarin Oriental Dhara Dhevi, Chiang Mai and Mandarin Oriental, Sanya have been excluded from water consumption data. In general, properties have been excluded if the data is distorted by major changes or abnormally high values (where, for example, irrigation is included).

Mandarin Oriental, Hong Kong, The Grand Lapa, Macau, and hotels in Manila, Bangkok, Sanya, Macau and Miami are not included in waste figures, due to incomplete data.

ADVANCING SUSTAINABILITY NOTES

ADVANCING SUSTAINABILITY - ENERGY

- i World Business Council on Sustainable Development, Energy Efficiency in Buildings: Business Realities and Opportunities, July 2008.
- ii "Conditioned area" is the net area of a hotel that is ventilated, heated and cooled.
- iii Reductions—in energy use, greenhouse gas emissions or water use—are calculated as the difference between the absolute performance in the current year and a "baseline" value, which assumes that no measures have been taken to increase efficiency since the reference year 2007. The baseline is corrected for variable factors such as occupancy, weather or number of meals served, to ensure that data is comparable from year to year. The method we developed follows the guidelines established by the International Performance Measurement and Verification Protocol (IPMVP).

ADVANCING SUSTAINABILITY - EMISSIONS

- iv CO₂ equivalent (CO₂-e) is a metric measure used to compare the emissions from various greenhouse gases, based upon their global warming potential. In the report, CO₂ equivalent includes Carbon Dioxide (CO₂), Methane (CH₄) and Nitrous Oxide (N₂O).
- v Annual average greenhouse gas emissions per passenger vehicle is 5.10 t CO₂-e per year as in www.epa.gov/cleanenergy/energy-resources/refs.html.
- vi Electricity emission factors for properties outside the US have been obtained from electricity suppliers where available. If not, we have used factors provided in the Voluntary Reporting of Greenhouse Gases (Appendix F) by the Energy Information Administration (EIA). Electricity emission factors for US properties have been based on the eGrid of the US Environmental Protection Agency (EPA).
- vii Emissions from stationary combinations, such as boilers, have been based on the Greenhouse Gas Protocol Cross Section Tools.
- viii Steam or heating purchased from external sources such as district or centralised heating has been converted to emissions using Energy Information Administration, Voluntary Reporting of Greenhouse Gases, Appendix N.
- ix Chilled water purchased from external sources such as district or centralised cooling has been converted to energy and emissions using the simplified approach for electric-driven compressor and a COP of 4.2 as defined by California Climate Change Registry.
- x Renewable Energy Certificates (RECs) and fugitive emissions from refrigerants are not included in the emission calculations.
- xi The information provided is based on 21 out of 25 hotels. Since the data has been collected for the first time in 2011, it has not been verified as part of our internal third party audits yet. Fugitive emissions under GRI include HFCs only. Coefficients to calculate the global warming potential of HFCs were used from the IPCC website: www.ipcc.ch/publications_and_data/ar4/wg1/en/errataserrata-errata.html. Data on compositions of refrigerant blends was extracted from National Refrigerants, Inc.

ADVANCING SUSTAINABILITY – WATER

- xii www.unep.org/dewa/vitalwater/article141.html
- xiii Hotels in Chiang Mai, Sanya and Las Vegas are not included in water consumption figures.
- xiv Guest nights: The sum of all guests staying at the hotel, including complimentary and in-house use, minus no show.
- xv The mandatory minimum dimensions of an Olympic-size swimming pool are 50 metres in length, 25 metres in width and 2 metres in depth, which results in a volume of 2500 m³ as in http://en.wikipedia.org/wiki/swimming_pool#cite_note-21.

ADVANCING SUSTAINABILITY - WASTE

- xvi Mandarin Oriental, Hong Kong, The Grand Lapa, Macau and our hotels in Manila, Bangkok, Sanya, Macau and Miami are not included in waste figures.



CHAMPIONING COMMUNITY

CHAMPIONING COMMUNITY

As a leader in luxury hospitality steeped in the values of the Orient, Mandarin Oriental Hotel Group understands 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.

Mandarin Oriental Hotel Group champions community in three ways—preserving cultural heritage, participating in community education, as well as creating and supporting community programmes. Mandarin Oriental provides more than philanthropic support; we encourage colleagues to participate directly, whether through volunteer hours 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.

Importantly, Mandarin Oriental makes a significant contribution to developing the local economy by creating employment and paying salaries and taxes. The majority of colleagues on property are local to the place of operation. In our larger hotels, such as Mandarin Oriental, Hong Kong, Mandarin Oriental, Kuala Lumpur, and Mandarin Oriental, Bangkok, we hire up to 800 colleagues from the local community. In our Group, 84% of all full-time colleagues and 71% of all management, including executive positions, are hired locally.



Each Mandarin Oriental hotel embraces its local community. Our commitment is evident in three key areas: cultural heritage preservation, community education, and support of community programmes.

PROPORTION OF FULL-TIME COLLEAGUES AND SENIOR MANAGEMENT HIRED LOCALLY		
	FULL-TIME	EXECUTIVE AND MANAGEMENT
Number of full-time colleagues hired locally	8,893	1,726
Total number of full-time colleagues	10,527	2,425
Percentage of full-time colleagues hired locally	84%	71%

CULTURAL HERITAGE

At Mandarin Oriental, we recognise the value of preserving cultural and artistic traditions and extending their continued enjoyment for generations to come. From the selection of each hotel's unique symbolic fan to our support of arts and artefact preservation, Mandarin Oriental celebrates its oriental roots and embraces the local culture unique to each hotel.

Fans

A classic, elegant and meaningful symbol of oriental culture, the fan is an iconic emblem for Mandarin Oriental's identity. Our well-known logo, a trademark registered internationally, is respected as one of the travel industry's most highly recognised marks. In addition, every Mandarin Oriental hotel has its own unique fan, which links each property to our company heritage. An authentic 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.

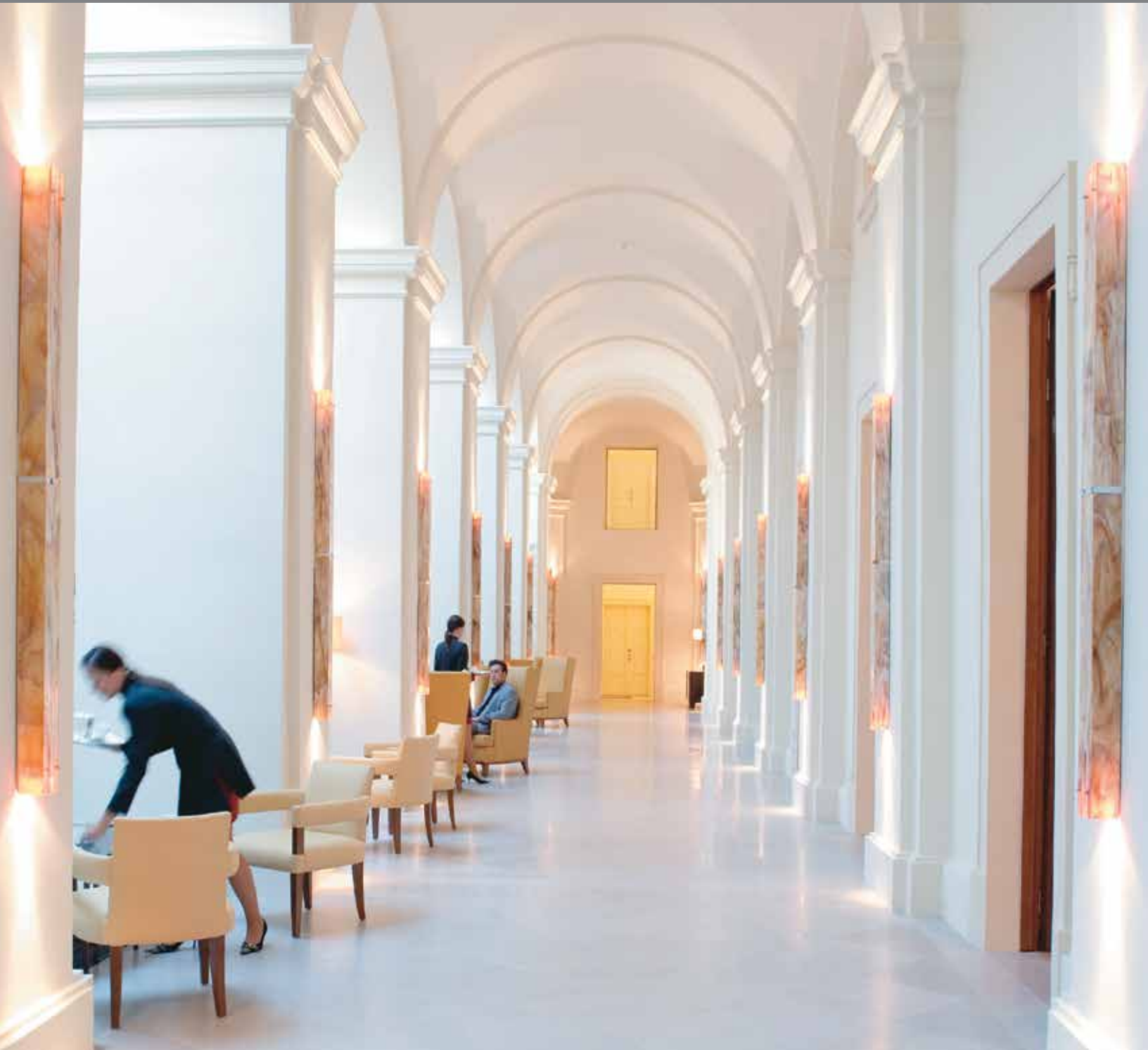
For our recent European hotel in Paris, the Group was keen to create a fan that would highlight the culture of *haute couture*, the design inspiration for the property. The creation of Mandarin Oriental, Paris's signature fan (below, right) was entrusted to the legendary embroidery atelier of Maison Lesage, master of *de luxe* adornment for the top French fashion houses, such as Chanel, Dior and Yves St. Laurent.

The luxury of the Lesage fan lies in the choice of precious and original materials, such as velvet, glacé leather, vintage sequins, pearls and coloured butterflies, and also in the meticulous hand work that gave form to the idea. More than 200 hours went into the making of this fan, using two types of embroidery: needlepoint and the Luneville technique. Mandarin Oriental, Paris's signature fan takes pride of place in the hotel lobby.



Mandarin Oriental, Hong Kong's fan (above) is an authentic Canton fan (circa 1870), and is symbolic of fortune and prosperity in the Chinese spectrum. Due to the social nature of a hotel as a meeting place, the fan was especially chosen for its "1000" faces theme depicting scenes from Chinese courts and social life.





Restoration of The Monastery

Nestled in a peaceful section of the ancient neighbourhood of Malá Strana (Little Quarter) on the left bank, the 99-room Mandarin Oriental, Prague occupies a complex that dates back to the 14th century. The hotel's building, originally a Dominican monastery, was in a state of serious disrepair when the renovations commenced in 2002 for the creation of Mandarin Oriental, Prague. The building's conversion restored many of the original architectural features that had been obliterated by prior adaptations—the complex had even housed a printing press. Archaeological research conducted during the renovation yielded more than 250,000 individual items of historical significance, some of which are now displayed in the hotel's public areas. Additionally, the discovery of the foundations of the 14th-century Church of St Mary Magdalene in the Spa building made this legendary piece of Prague history tangible and publicly accessible. The hotel also hosts public events that include historical tours of the property, fostering a relationship with the surrounding community.



Bringing Hidden Treasures to Light: Mandarin Oriental Hotel Group and *The Emperor's Private Paradise*

Mandarin Oriental Hotel Group is proud to have supported the collaborative efforts of the Peabody Essex Museum (PEM), the World Monuments Fund and the Palace Museum, Beijing on the unprecedented 2010–2011 exhibition, *The Emperor's Private Paradise: Treasures from the Forbidden City*. This landmark exhibit brought the artistic treasures, never before seen by the public, from the private retreat of the celebrated Qianlong Emperor (r. 1736–1796) to American audiences at PEM, The Metropolitan Museum of Art in New York City and the Milwaukee Art Museum.

Meticulously restored from the Qianlong Garden complex deep within the Forbidden City, the 90 objects of ceremony and leisure—murals, paintings, wall coverings, furniture, architectural elements, jades and cloisonné—revealed the contemplative life and refined vision of one of history's most influential figures.

"We are delighted to have had the generous support of Mandarin Oriental in the presentation of *The Emperor's Private Paradise*", noted Dan Monroe, Executive Director and CEO of The Peabody Essex Museum. "Thanks to the participation of our sponsor organisations, and the extraordinary collaboration between PEM, the Palace Museum and WMF, American museum-goers have had an exciting opportunity to see the contents of this Forbidden

City complex, which have never been publicly accessible before".

As a result of its involvement with PEM and the exhibition, Mandarin Oriental, Boston was also awarded for "Outstanding Community Service" by the Massachusetts Lodging Association in 2011.

Directly engaged in the issues of cultural preservation and conservation that are so critical to our times, *The Emperor's Private Paradise* drew significant attendance and helped to enhance the public's understanding and appreciation of the rich, cultural heritage of Asia.

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

Founded in 1963, the Asian Cultural Council (ACC) is one of the only non-profit organisations to support transformative cultural exchange by providing grants to exceptional Asian and American artists, scholars, and organisations for creative work, study, and once-in-a-lifetime opportunities within the United States and Asia. In 2005, Mandarin Oriental Hotel Group established a dedicated fellowship programme with ACC, specifically to award individuals and organisations in their efforts to preserve indigenous arts, cultures, and traditions of Asia.

In 2011, the Mandarin Oriental Fellowship sponsored Khun Sunon Wachirawarakarn, a Khon (Thai Classical Dance) principal dancer with the Pichet Klunchun Dance Company (PKDC) in Bangkok. With the support of ACC's Mandarin Oriental Fellowship, Khun Sunon travelled to the U.S. on a four-month grant to participate in the International Choreographers Residency Program at the prestigious American Dance Festival in North Carolina and the Bates Dance Festival in Maine. Mandarin Oriental is proud to support Khun Sunon's work, thereby increasing international understanding and appreciation of this unique art form while discovering new ways for its relevance to be expressed in Thailand today.

COMMUNITY EDUCATION

Mandarin Oriental hotels contribute to a number of educational programmes within our local communities, whether by volunteering, organising events, or making in-kind donations of materials or space. This section highlights several educational community initiatives from our hotels, including the MINDS partnership at Mandarin Oriental, Singapore—and Mandarin Oriental, Miami’s “voluntourism” initiatives with Everglades National Park, a designated UNESCO World Heritage Site.



Drive Books, Not Cars

As part of its community initiatives, Mandarin Oriental, Jakarta supported **Drive Books, Not Cars**, a city-wide book drive aimed at raising the profile of two inspiring Jakarta-based non-profit, volunteer organisations: Sahabat Anak, a group that provides educational tutoring to homeless children, and Taman Bacaan Pelangi, an organisation that operates small libraries for children in the remote villages of Flores, NTT. Over the course of their book drive, which concluded in early 2012, colleagues donated 123 books, and sold raffle tickets to raise IDR 6,325,000 (US\$690) for the cause.

The hotel’s raffle tickets for Drive Books, Not Cars were sold during its “Fun Bike” charity bike-a-thon event in January 2012, also supporting “Car-Free Day,” an initiative of the Jakarta Green and Clean campaign.

Educational Community Programmes

The legendary Mandarin Oriental, Bangkok has been active in its community for decades, often supporting educational causes and impoverished communities in rural Thailand. The devastating floods in Thailand in 2011 did not diminish colleague spirits in helping to provide for others less fortunate; staff from all departments raised money to help build a first aid centre in the Ban Khok Sabang School in Sa Kaeo Province, bordering the Thai-Cambodian border.

Partnership With Minds (Movement for the Intellectually Disabled of Singapore)

MINDS is one of the oldest and largest non-governmental organisations catering to the needs of the intellectually disabled in Singapore since 1962. Mandarin Oriental, Singapore is proud to partner with the MINDS Employment Development Centre, which empowers adults with intellectual disabilities by offering vocational training to enable greater independence and enhance self-esteem. The hotel has been active with MINDS since 2007 and currently employs eight graduates from the programme, each in positions suited to their capabilities, in various departments such as Housekeeping, Stewarding, Engineering and Banquets. The hotel also built a “Sharity Wall” in 2011, which displays hand-crafted tile artwork from MINDS graduates at the property as a fundraising drive. Through this initiative and other charitable activities at the property, the colleagues of Mandarin Oriental, Singapore have personally raised over US\$5,000 for the MINDS Education Development Fund.



Educating Kids On Healthy Eating

The **Mott Schoolyard Project** at Mott Hall School in New York City, an elementary school located in Harlem, was developed to educate young children on healthy eating habits and vegetable gardens. Each year, with the assistance of Mandarin Oriental, New York and its executive chef Toni Robertson, the team plants an edible garden focusing on a new vegetable.

When First Lady Michelle Obama addressed hundreds of chefs on the South Lawn of the White House for the “Chefs Move to Schools” programme in 2010, she singled out Chef Robertson’s success in helping to solve the childhood obesity epidemic through the on-going project with the school. In her own words: *“There are folks like Chef Toni Robertson, who, for the last three years, has helped students from the Mott Hall School in New York plant a vegetable garden and learn healthy eating habits—even throwing salad parties for parents. That’s a good thing”.*



“Voluntourism” At Everglades National Park

In 2009, Mandarin Oriental, Miami began its partnership with Everglades National Park, a designated UNESCO World Heritage Site, to learn about the challenges they face and to develop opportunities to help through “voluntourism” programmes. These interesting and rewarding day trips include tree planting, recycling projects and the removal of invasive plants. In 2011, The Spa at Mandarin Oriental, Miami developed an innovative treatment to support the Park, launching its Herbal Thai Compress Ritual for soothing muscles with compresses made of naturally therapeutic ingredients. At the end of each treatment, spa guests are asked to select a type of native tree to be planted in the Park, which is the largest subtropical wilderness in the United States.

Spa colleagues joined park rangers later in the year to plant the native trees that were part of the package. Clad in long-sleeved shirts and pants to protect against sun, insects and poison ivy, the team worked in a 6,600-acre portion of the park that was overrun by exotic plants and replanted the landscape with dozens of the donated native trees.



“Your partnership with Everglades National Park begun years ago under the World Heritage Alliance is extremely impressive and worthy of being held up as a model.”

—Stephen A. Morris, Chief, Office of International Affairs,
National Park Service, U.S. Department of The Interior

COMMUNITY PROGRAMMES

Here are some examples of charitable activities undertaken by our hotels to support their local communities.

Mandarin Oriental hotels in the United States are extending their charitable community contributions with the help of the Fantastic Match programme.

Our charity matching programme, launched in 2010, matches the funds raised by colleagues from charitable activities at their hotels, up to US\$10,000 per year.

Mandarin Oriental, Boston and The Home for Little Wanderers

Through a variety of events and internal drives, Mandarin Oriental, Boston was delighted to raise over US\$8,500 in 2011, which was then matched by Mandarin Oriental, for its charitable partner, The Home of Little Wanderers. A nationally renowned, private, non-profit child and family service agency, The Home has been part of the Massachusetts landscape for over 200 years, making it the oldest agency of its kind in the nation and one of the largest in New England.



BOSTON

SAN FRANCISCO



Mandarin Oriental, San Francisco Makes Strides Against Breast Cancer

Mandarin Oriental, San Francisco helped make strides against breast cancer by participating in the American Cancer Society's annual Walkathon in Golden Gate Park on 22nd October 2011. Colleagues raised US\$9,000 from the event, which was matched by Mandarin Oriental, doubling the total contribution to vital research needed for a cure.

WASHINGTON, D.C.



Mandarin Oriental, Washington D.C.'s "FANtastic March"

In September 2011, colleagues at Mandarin Oriental, Washington D.C. organised "The FANtastic March", a 10K walk/run to help raise funds to build a much-needed children's playground in Southwest D.C. With the help of our colleagues and many community participants, the single event raised nearly US\$30,000—more than triple its original goal. Mandarin Oriental was delighted to donate a further US\$10,000 through its matching fund programme.

Playground construction, organised by the Community Benefits Coordinating Council (CBCC) in Southwest D.C., is now set to commence in 2012.

Mandarin Oriental, Washington D.C.'s "FANtastic March" was recognised by the Hotel Association of Washington D.C. (HAWDC) for "Community Service" and "Special Event, One Time Only" at HAWDC's "Stars of the Industry" awards held in early 2012.



Mandarin Oriental and Clean the World

The mission of the non-profit organisation Clean the World is mighty, but its solution is simple: save millions of lives each year by distributing recycled soap and promoting proper personal hygiene practices. Mandarin Oriental hotels in North America are proud to partner with Clean the World by donating soaps and shampoo to aid this cause and to divert unused products from landfills. To date, Mandarin Oriental hotels have diverted nearly five tons of soap from disposal for donation to Clean the World, resulting in nearly 52,000 bars of soap delivered to people 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, Munich and Clemens Maria Kinderheim

The 95-year-old children's home, Clemens Maria Kinderheim, provides special education and youth services for vulnerable children and adolescents in the Munich area. In 2011, Mandarin Oriental, Munich was proud to donate good-condition equipment, including infant beds and crockery, to help support the valuable services provided by the home to the community's at-risk children.

MUNICH



Mandarin Oriental, Manila Supports Bronte's Toy Drive and "The Tree of Love"

Colleagues of Mandarin Oriental, Manila joined hands to support a toy drive for victims of Typhoon Sendong, organised by seven-year-old Bronte Henfling, a long-staying guest at the hotel. To come to the aid of the young victims of Typhoon Sendong in Cagayan de Oro and Iligan (Mindanao), Miss Henfling appealed to friends and family to donate plush toys via a YouTube video. Her plea for donations became viral and made headlines in national dailies and news channels. Encouraging her efforts, the hotel established a "Tree of Love", located at the MO Lounge, which served as a drop-off point for the donated new and pre-loved toys. Plush toys came in from all parts of the city, Australia, the United States and Canada. Hotel colleagues also donated toys and the hotel dry-cleaned those in need prior to shipping them to Mindanao. With the support of the hotel, the Black Pencil Project, 1000 Bear Hugs Project and Hope Worldwide, Bronte Henfling was able to collect over 3,000 stuffed toys and, more importantly, put smiles on young children's faces again.



HONG KONG



MANILA

Mandarin Oriental, Kuala Lumpur's Annual "Tree of Hope"

During the 2011 festive season, Mandarin Oriental, Kuala Lumpur organised their annual "Holiday Tree of Hope", whose purpose is to grant wishes to children in Malaysia's dependent care system. Mandarin Oriental, Kuala Lumpur works with 18 charity-supported children's homes for the initiative and received 873 "wishes" in 2011.

Wish cards were hung on the hotel's Christmas tree to encourage guests and colleagues to donate generously. The charity campaign collected RM31,450 (US\$10,200) with the help of colleagues, guests and corporate partners.

On 21st December, a tree lighting ceremony and charity dinner was also held at the hotel, and 100 children from three participating homes attended. The evening's entertainment included inflatable playgrounds, a clown performance, face painting and more. From the funds raised with the Holiday Tree of Hope, gifts were purchased to grant the children's wishes, and wrapped by colleagues for all of the participating homes.

KUALA LUMPUR



MANDARIN ORIENTAL DHARA DHEVI, CHIANG MAI

THE ORGANIC GARDEN

Nestled within Mandarin Oriental Dhara Dhevi, Chiang Mai's 60 acres of tropical northern Thai countryside is the luxury resort's own organic garden. Far from the usual vegetable plot, the organic garden occupies an impressive 3,000 square metres of fertile land amongst the resort's beautiful Lanna-style buildings. Established in August 2011, the garden is already an important part of Mandarin Oriental Dhara Dhevi, Chiang Mai's corporate responsibility programme and is playing a key role in both the resort and local community.

A collaborative effort with Chiang Mai's Maejo University, the garden sprouts forth a large variety of quality produce such as lettuce, Cantonese cabbage, morning glory, chilies and culinary herbs. While approximately 10% of this supplies the resort's restaurants and the colleague canteen, the majority of crops are donated for consumption to nearby Don Chan Temple. The temple is home to over 800 children in need, who are under the care of Abbot Anan Ananto. Additionally, garden produce is sold to the local community at a weekly market established by the resort to generate much-needed funds for the Temple.

Mandarin Oriental Dhara Dhevi, Chiang Mai signed a formal agreement with Maejo Agricultural University's faculty, who provide the technical knowledge behind the organic garden's growing success. This covers everything from identifying the crops most suited to Chiang Mai's climate and soil, tending to the growing produce, and the recycling of garden and resort waste into quality compost. The garden also has a worm farm, through which much of the waste is recycled, while the worms also produce natural fertiliser.

"Under enthusiastic and attentive colleague care, our organic garden is already yielding top quality produce and is doing so in a sustainable, charitable and educational manner", says Greg Liddell, Mandarin Oriental Dhara Dhevi, Chiang Mai's General Manager. "Already a much-loved project, the garden is something we're taking very seriously and are committed to as a team".

There are plans for the ongoing development of the organic garden, in addition to the valuable contributions already being made. The resort will use the garden to teach people in the community how to grow and sell their own produce, and the garden will be made available to university students for their studies. Also in the works: an organic cooking school and a tour centred on the garden's sustainable and environmentally friendly aspects.





FUTURE DIRECTIONS

With this report, we have endeavoured to reflect both the achievements and challenges we have experienced during our initial sustainability journey. We recognise the challenges as opportunities to continuously learn and develop rather than obstacles that will prevent us from achieving our goals. We are committed to making a difference and leading the luxury hospitality industry in sustainability and recognise this pursuit requires both immediate action and the adoption of a long-term strategy.

Over the coming years, we will refine our sustainability targets and key performance indicators, making sure they are aligned with industry standards, gradually expanding to cover all areas within our operational control. This will allow our operations to have measurable goals and our Group to strategically adopt action plans for funding new technologies and operational initiatives.

On the social dimension, we will encourage our colleagues to continue our long history of championing the communities we serve and identifying areas where we can further develop.

We strongly believe in a systematic approach and will therefore continue to develop our programmes and processes to assist our colleagues in delivering excellence and to provide an environment that is safe, sound and sustainable.

Finally, we will use our position as a leader in the industry to engage and influence colleagues, guests, communities, developers and other stakeholders. We therefore invite your feedback on this report and look forward to beginning a meaningful dialogue to assist us on our quest. Please direct inquiries and suggestions to Danielle DeVoe (ddevoe@mohg.com) or Peter Lofgren (plofgren@mohg.com).



SUSTAINABILITY AWARDS AND CERTIFICATIONS

AWARDS

MANDARIN ORIENTAL, BOSTON

Massachusetts Lodging Association Award for Community Service

Received in March 2011 for helping the Peabody Essex Museum bring the landmark exhibit "Treasures from the Forbidden City" to the public for the first time.

MANDARIN ORIENTAL, KUALA LUMPUR

Ministry of Tourism's "Green Award"

Awarded to the hotel in late 2010, with a consecutive nomination for the "ASEAN Green Award", which is presented by the International ASEAN Tourism Forum. Selected to receive the "ASEAN Green Hotel Award for 2012". Multiple environmental and social criteria are considered.

THE SPA AT MANDARIN ORIENTAL, LAS VEGAS

SpaFinder Reader's Choice 2011, Best in Environmental Practices

One of the top 10 spas nominated by the public (www.spafinder.com/rca).

MANDARIN ORIENTAL, SANYA

Five Gold Leaf Grade "China Green Hotel" by the National Green Hotel Committee and China Association

Only eight hotels in Hainan received this award for 2010–2014, which is awarded for a hotel's priorities on environmental conservation, green programmes, food safety and hygiene and energy efficiency and its long standing commitment to the environment.

MANDARIN ORIENTAL, TOKYO

Top 30 Low Emission Building

Certification awarded in April 2011 to buildings with the least energy consumption. Items were checked in relation to the energy performance, operation and management of the facilities and building.

MANDARIN ORIENTAL, WASHINGTON D.C.

Award for Community Service in 2012 Stars of the Industry Awards by Hotel Association of Washington D.C.

Awarded for programmes that demonstrate that the individual property is responsive to the local community. Examples include campaigns to benefit local or national service organisations or charities, service to any part of the community through a special project, and joint undertakings with community groups for the benefit of the area.

CERTIFICATIONS

MANDARIN ORIENTAL HYDE PARK, LONDON

Green Tourism, Silver Award

The hotel has gone through the audit scheme from Green Tourism for London and achieved the Silver award. The assessment process included a rigorous set of criteria, covering energy and water efficiency, waste management, biodiversity and more.

MANDARIN ORIENTAL, KUALA LUMPUR

ISO 14001

Certified since 2003.

MANDARIN ORIENTAL, LAS VEGAS

LEED Gold

LEED Gold Certification after third-party verification of the building's green design and performance in multiple categories.

MANDARIN ORIENTAL, MIAMI

Green Hotel by the Florida Green Lodging Program

Certified since 2009, the hotel has implemented a specified number of environmental practices in the six areas of communication and education: waste reduction, reuse and recycling; water conservation; energy efficiency; indoor air quality; transportation.

MANDARIN ORIENTAL, PARIS

HQE certification

First hotel to get the operational HQE certification. The certification is based upon 14 criteria of eco-design, eco-management, comfort and health.

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

INDICATOR	DESCRIPTION	STATUS	LOCATION
1.1	Statement from the most senior decision-maker of the organisation.	●	Introduction, page 2
2.1	Name of the organisation.	●	Introduction, page 7
2.2	Primary brands, products, and/or services.	●	Introduction, page 7
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries and joint ventures.	●	Introduction, page 7
2.4	Location of organisation's headquarters.	●	Introduction, page 7
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	●	Introduction, page 6
2.6	Nature of ownership and legal form.	●	Introduction, page 7
2.7	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries).	●	Introduction, page 7
2.8	Scale of the reporting organisation.	●	Introduction, page 7
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	●	Introduction, page 7
2.10	Awards received in the reporting period.	●	Appendix, page 65
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	●	Introduction, page 3
3.2	Date of most recent previous report (if any).	●	Introduction, page 3
3.3	Reporting cycle.	●	Introduction, page 3
3.4	Contact point for questions regarding the report or its contents.	●	Future Directions, page 64
3.5	Process for defining report content.	●	Introduction, page 3
3.6	Boundary of the report.	●	Introduction, page 3
3.7	State any specific limitations on the scope or boundary of the report.	●	Introduction, page 3
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	●	Introduction, page 7
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.	●	Introduction, page 3
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	●	Introduction, page 3
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	●	Introduction, page 3
3.12	Table identifying the location of the Standard Disclosures in the report.	●	Appendix, page 66
3.13	Policy and current practice with regard to seeking external assurance for the report.	●	Introduction, page 3
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	●	Annual Financial Report, page 77
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	●	Annual Financial Report, page 77
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	●	Annual Financial Report, pages 77–78
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	●	Delivering Excellence, page 11 Annual Financial Report, page 81
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	●	Annual Financial Report, page 77
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.	●	Delivering Excellence, page 11 Annual Financial Report, page 79

KEY ● FULL COVERAGE ○ PARTIAL COVERAGE

INDICATOR	DESCRIPTION	STATUS	LOCATION
4.9	Procedures of the highest governance body for overseeing the organisation'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.	●	Delivering Excellence, page 11 Annual Financial Report, pages 79–80
4.14	List of stakeholder groups engaged by the organisation.	●	Delivering Excellence, page 12
4.15	Basis for identification and selection of stakeholders with whom to engage.	●	Delivering Excellence, page 12
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.	●	Introduction, page 7 Annual Financial Report, page 44
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	○	Advancing Sustainability, page 28
EC3	Coverage of the organisation's defined benefit plan obligations.	○	Introduction, page 7
EC4	Significant financial assistance received from government.	●	Annual Financial Report, page 66
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	●	Championing Community, page 54
EN3	Direct energy consumption by primary energy source.	●	Advancing Sustainability, page 32
EN4	Indirect energy consumption by primary source.	●	Advancing Sustainability, page 32
EN5	Energy saved due to conservation and efficiency improvements.	●	Advancing Sustainability, page 33
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.	●	Advancing Sustainability, page 33
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	○	Advancing Sustainability, pages 36–41
EN8	Total water withdrawal by source.	○	Advancing Sustainability, pages 42–43
EN16	Total direct and indirect greenhouse gas emissions by weight.	●	Advancing Sustainability, page 35
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	●	Advancing Sustainability, pages 36–41
EN22	Total weight of waste by type and disposal method.	○	Advancing Sustainability, pages 46–48
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	●	Advancing Sustainability, page 28
LA1	Total workforce by employment type, employment contract, and region.	●	Delivering Excellence, page 13
LA2	Total number and rate of employee turnover by age group, gender, and region.	○	Delivering Excellence, page 13
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	●	Delivering Excellence, page 14
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	○	Delivering Excellence, page 18
LA10	Average hours of training per year per employee by employee category.	●	Delivering Excellence, page 15
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	●	Delivering Excellence, page 15
LA12	Percentage of employees receiving regular performance and career development reviews.	●	Delivering Excellence, page 14
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity.	●	Delivering Excellence, page 14
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.	○	Delivering Excellence, page 11
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	●	Delivering Excellence, page 11
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	●	Delivering Excellence, page 16
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.	○	Delivering Excellence, page 23
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	●	Delivering Excellence, page 19

ASSURANCE DOCUMENTATION

ABX

Assurance Statement

Terms of Engagement

This Assurance Statement has been prepared for Mandarin Oriental Hotel Group.

Lloyd's Register Quality Assurance Ltd. (LRQA) was commissioned by Mandarin Oriental Hotel Group (MOHG) to assure its MOHG 2011 Sustainability Report (hereafter referred to as "the Report") for the calendar year ending 31 December 2011. The Report relates to the sustainability performance of MOHG.

Our terms of engagement covered MOHG head office in Hong Kong and the hotels where MOHG had full operational control in 2011. Our assurance did not cover those residences and hotels which were either not fully operational or were under development during 2011.

Management Responsibility

MOHG's management was responsible for preparing the Report and for maintaining effective internal controls over the data and information disclosed. LRQA's responsibility was to carry out an assurance engagement on the Report in accordance with our contract with MOHG.

Ultimately, the Report has been approved by, and remains the responsibility of MOHG.

LRQA's Approach

Our verification has been conducted against the Global Reporting Initiative Sustainability Reporting Guidelines (GRI G3), 2006. The objectives of the assurance engagement were to:

- Confirm that the Report meets the requirements of GRI's application level C
- Validate MOHG's self-declaration for GRI's application level C
- Express our opinion on whether MOHG's reporting processes provide reliable sustainability performance data and information.

To form our conclusions the assurance was undertaken as a sampling exercise and covered the following activities:

- Reviewing MOHG's stakeholder engagement process and information collected from the various stakeholder groups
- Evaluating MOHG's material issues against our own independent analysis of stakeholder issues
- Carrying out a benchmarking exercise of high-level material issues by reviewing sustainability reports written by other companies within the hotel industry
- Understanding how MOHG determine, respond and report on their material issues
- Interviewing management to understand MOHG's reporting processes and use of sustainability performance data within their business decision-making processes
- Interviewing the key personnel to understand MOHG's processes for setting performance indicators and for monitoring progress made during the reporting period.
- Verifying MOHG's data and information management processes and reviewing supporting evidence made available by MOHG at their head office.

Note 1: The verification was undertaken at MOHG's head office, 281 Gloucester Road, Causeway Bay, Hong Kong in accordance with our contract and therefore did not include verifying the data back to its original sources, nor did it assess the accuracy and completeness of the data reported by individual locations.

Note 2: Economic performance data was taken direct from the audited financial accounts.

- Checking that the GRI index allows stakeholders to access sustainability performance indicators.

ABX

Level of Assurance & Materiality

The opinion expressed in this Assurance Statement has been formed on the basis of a limited level of assurance and applying professional judgement for materiality.

LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that the Report does not meet the requirements for GRI's application level C as we found nothing that would cause us to contradict this conclusion.

It is also our opinion that MOHG has not excluded any material issues and that their processes for reporting would provide reliable sustainability data and information.

LRQA's Recommendations

MOHG should:

- Establish goals to demonstrate their CR commitment and achievements in the areas of 'Delivering Excellence' and 'Championing Community'; currently MOHG has only set environmental sustainability goals.
- Ensure that the sustainability data and information is fully reported as per GRI G3.1 requirements. For example, report the management approach in response to the MOHG sustainability commitments.



Signed

Dated: 4th May 2012

William Tsui
LRQA Lead Verifier

On behalf of Lloyd's Register Quality Assurance
22nd Floor, Dah Sing Financial Centre,
108 Gloucester Road, Wanchai, Hong Kong

LRQA Reference: HKG6013400/0002

This document is subject to the provision below:

This Assurance Statement is only valid when published with the Report to which it refers.

Lloyd's Register Quality Assurance Limited, its affiliates and subsidiaries and their respective officers, employees or agents are, individually and collectively, referred to in this clause as the 'Lloyd's Register Group'. The Lloyd's Register Group assumes no responsibility and shall not be liable to any person for any loss, damage or expense caused by reliance on the information or advice in this document or howsoever provided, unless that person has signed a contract with the relevant Lloyd's Register Group entity for the provision of this information or advice and in that case any responsibility or liability is exclusively on the terms and conditions set out in that contract.

Because of the inherent limitations in any internal control it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected. Further, the verification was not designed to detect all weakness or errors in internal controls so far as they relate to the requirements set out above as the verification has not been performed continuously throughout the period and the verification carried out on the relevant internal controls were on a test basis. Any projection of the evaluation of control to future periods is subject to the risk that the processes may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

The English version of this statement is the only valid version. The Lloyd's Register Group assumes no responsibility for versions translated into other languages.



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