



MANDARIN ORIENTAL
THE HOTEL GROUP

MANDARIN ORIENTAL HOTEL GROUP

2012
SUSTAINABILITY
REPORT

DOING M  RE
FOR A SUSTAINABLE FUTURE

Mandarin Oriental Hotel Group
Corporate Office
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Causeway Bay, Hong Kong

mandarinoriental.com

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Mandarin Oriental, Bangkok



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



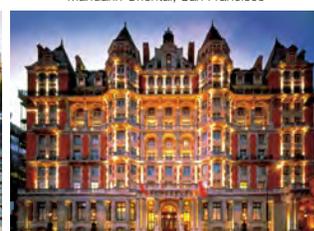
Mandarin Oriental, Washington D.C.



Mandarin Oriental, Barcelona



Mandarin Oriental, Geneva



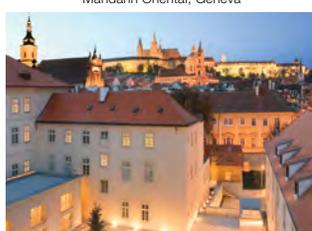
Mandarin Oriental Hyde Park, London



Mandarin Oriental, Munich



Mandarin Oriental, Paris



Mandarin Oriental, Prague

The Group now operates,
 or has under development,
 45 hotels in 27 countries

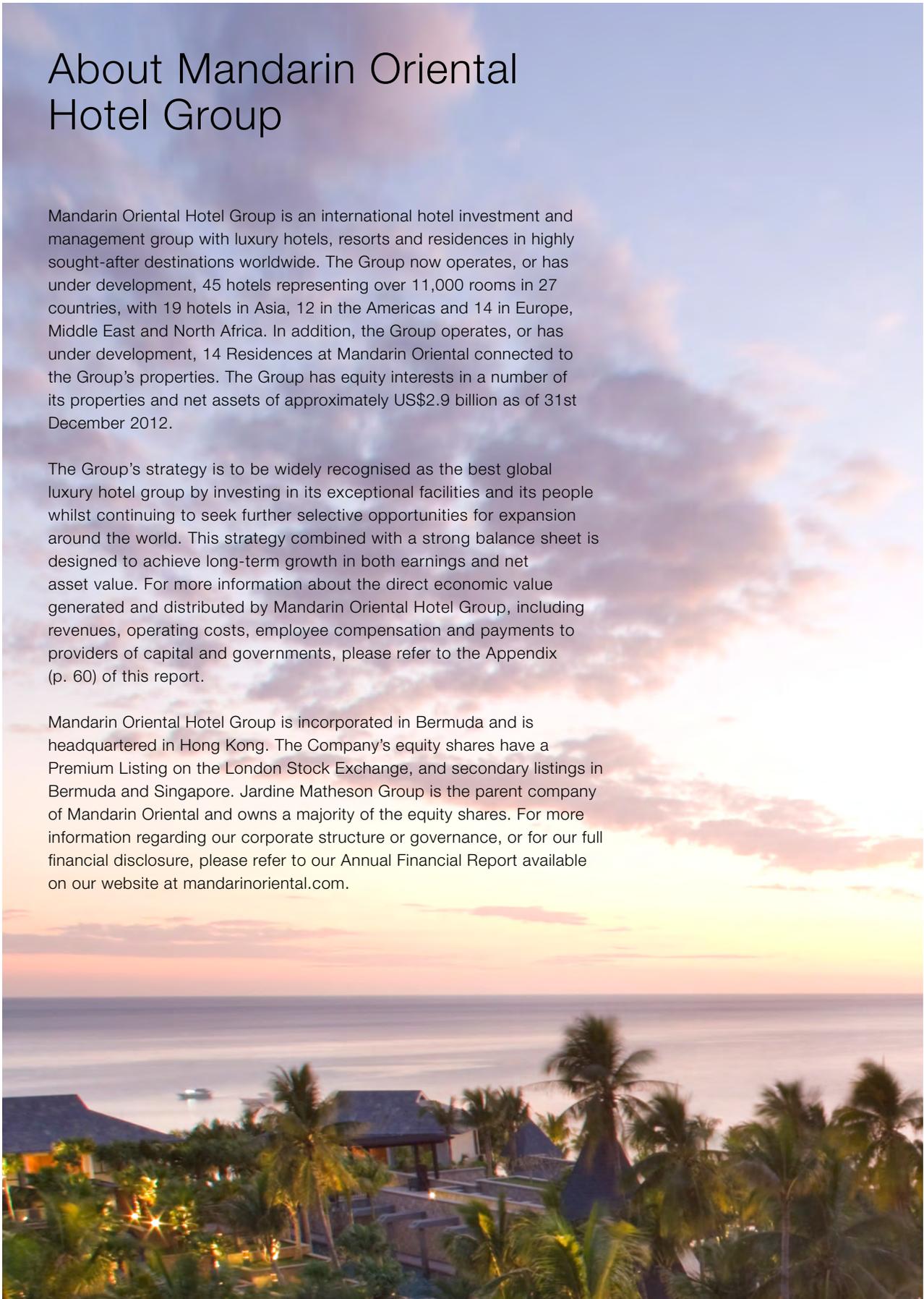
19 in Asia
 12 in The Americas
 14 in Europe, Middle East and North Africa

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 now operates, or has under development, 45 hotels representing over 11,000 rooms in 27 countries, with 19 hotels in Asia, 12 in the Americas and 14 in Europe, Middle East and North Africa. 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\$2.9 billion as of 31st December 2012.

The Group's strategy is to be widely recognised as the best global luxury hotel group by investing in its exceptional facilities and its people whilst continuing to seek further selective opportunities for expansion around the world. This strategy combined with a strong balance sheet is designed to achieve long-term growth in both earnings and net asset value. For more information about the direct economic value generated and distributed by Mandarin Oriental Hotel Group, including revenues, operating costs, employee compensation and payments to providers of capital and governments, please refer to the Appendix (p. 60) of this report.

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.





As we deliver our unique brand of legendary service to more guests around the world, it remains vital that we do so in a way that is consistent with our mission and values.

Doing More for a Sustainable Future

Over the past 50 years, from the opening of our first hotel in Hong Kong in 1963, Mandarin Oriental Hotel Group has grown to become a leader in luxury hospitality, representing over 11,000 rooms in 27 countries, across four continents today. As we deliver our unique brand of legendary service to more guests around the world, it remains vital that we do so in a way that is consistent with our mission and values.

Responsibility has long been a core value of Mandarin Oriental; it is one of the Guiding Principles that supports our mission and vision to be recognised as the best luxury hotel group in the world. At Mandarin Oriental, we understand that our long-term success depends on the health and prosperity of the communities in which we do business.

Under the guidance of the Group's Corporate Responsibility Committee, together with the dedication of hotel colleagues worldwide, we have made meaningful progress on our sustainability priorities. The following notable accomplishments are highlighted in this, our second Sustainability Report:

- We achieved our goal to increase energy efficiency by 10% and to reduce greenhouse gas emissions by 10% over our commitment period (2007–2012). These conservation gains were attained even as the Group expanded operations worldwide.
- We realised US\$19.6 million in cost savings from 2007 to 2012 by implementing strategic energy efficiency initiatives.
- We enhanced our proprietary health and safety programme in 2012 with the addition of an environmental section, including waste management guidelines, in order to help our hotels measure and continuously improve performance.
- We continued to support many worthy causes in our communities, including cultural heritage preservation and charitable programmes.

As we progress toward our goals, we are committed to addressing our sustainability challenges. Water consumption remains an area that requires additional focus and underscores the importance of setting and attaining short-term targets in order to achieve our long-term objectives. Therefore, in 2013, the Group has established new short-term environmental goals, with each hotel receiving individual goals to help maintain our progress.

A sustainability awareness training programme, developed in 2012, will also be deployed at our hotels in 2013 in order to encourage even greater engagement amongst our colleagues, who remain our most valuable resource.

Whilst more work lies ahead, I am pleased to see that we are embracing our responsibilities with the same dedication and enthusiastic service that has distinguished Mandarin Oriental for the past five decades. Thank you for following our progress as we continue on our journey towards a more sustainable future.

Edouard Ettegui
Group Chief Executive

About This Report

The information presented in this report is consistent with the Global Reporting Initiative (GRI) sustainability reporting methodology at Level C+. In the interest of continual improvement and increasing transparency, Mandarin Oriental Hotel Group migrated to the GRI G3.1 Guidelines and is providing supplemental data for five labour indicators and is also reporting on two new parameters (GRI PR3 and LA15). A GRI index is included at the end of this report.

The Group retained an independent, third-party auditor, LRQA, to verify and assure the claims presented within this report and ensure conformance with the GRI G3.1 Guidelines for the indicators disclosed. LRQA's Assurance Statement is located in the Appendix (p. 66) and includes the scope and boundary of their review.

Scope and Boundaries

This sustainability report presents activities undertaken in the calendar year 2012 for the Group's 26 hotels that were fully operational, and it is an update to our previously published 2011 report. In 2012, one new hotel was opened in Atlanta, Georgia, in the United States. No

other significant structure changes occurred in the reporting period. Unless otherwise noted, Mandarin Oriental, Atlanta is not included in this report, as it was not fully operational in 2012. 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 baseline year 2008 for occupational health and safety data. Economic data is presented for the last three years to align with our annual financial reporting scheme. All calculations are completed in accordance with industry practices or as recommended by the GRI, and are explained within each section. Improvements in the internal verification process have resulted in amendments to historical environmental data, and consequently comparisons can not be made to the 2011 report. In addition, the methodology for calculating emissions has changed slightly, in that the emission factor sources and frequency of updates have now been defined. Therefore, emissions data has been restated back to 2007 to

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.

account for these changes. These are the only significant restatements. Any exceptions to the scope, boundary or calculation method presented here are noted in each section.

The Group evaluates issues that are material to our business and of interest to our stakeholders, including matters that could have significant economic, environmental or social impacts. Those topics are included in this report.



Acting with Responsibility

The foundation for Mandarin Oriental's responsible business practices lies in our Guiding Principles, our Code of Conduct and in our governance process.

Guiding Principles

Mandarin Oriental's mission is to completely delight and satisfy our guests, and our mission is supported by our long-standing Guiding Principles that describe the values of our company and our colleagues. Responsibility is a key tenet of Mandarin Oriental's Guiding Principles: "We will actively participate in the improvement of the environment, just as we will be responsible members of our communities and industry organisations".

Responsible Operating Practices

Our ethical standards are clearly set out in the company's Code of Conduct, a set of guidelines to which every employee must adhere, which is generally consistent with the United Nations Global Compact. 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 employees to be treated fairly, impartially and with respect. It also requires that all managers must be fully aware of their obligations under the Code of Conduct and establish procedures to ensure

compliance at all levels within their organisations. The Group has in place procedures by which employees can raise, in confidence, matters of serious concern in areas such as financial reporting or compliance.

Mandarin Oriental Hotel Group has developed Group-wide hiring and employment guidelines and implemented strict anti-harassment and anti-discrimination policies. Every colleague receives training on our employment policies upon employment, as part of the "MOve In" training programme, which is detailed later in this report.

Our Guiding Principles

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 fulfill 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 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 success 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.

Governance for Sustainability

In 2012, Mandarin Oriental launched a Group-level Corporate Responsibility Committee (GCRC) under the direction of the Group's sustainability Executive Champion, Terry Stinson, Group Development Director and President of the Americas and an executive-level member of the management board. The GCRC is responsible for the Group's overall sustainability strategy, including the setting of measurable goals, programme development, promoting and soliciting feedback on Corporate Responsibility initiatives internally and reporting to senior management on progress and programme effectiveness.

Every Mandarin Oriental property also has its own Hotel Corporate Responsibility Committee (HCRC), led by a designated Corporate Responsibility Champion. Each HCRC is responsible for implementing Group sustainability initiatives, as well as identifying and implementing local sustainability activities at their hotels with the support of our colleagues. The hotel Corporate Responsibility Champions have the responsibility of raising issues identified at the hotels to their General Managers and the GCRC, which in turn raises issues to the Executive Champion and the Board of Directors, if necessary.

In 2012, the GCRC and Hotel Champions focused on the development of a Group-wide sustainability training programme. Hotel Champions also reported hotel-specific initiatives aimed at environmental improvements and discussed property communications, including newsletters in which colleagues have shared tips to reduce, reuse and recycle, wherever possible.

SUSTAINABILITY GOVERNANCE ORGANISATION



Stakeholder Engagement

We recognise the importance of engaging our stakeholders to understand their concerns and viewpoints so we can align our business with their goals. To encourage stakeholder dialogue, Mandarin Oriental Hotel Group is committed to disclosing both the successes and challenges identified through our sustainability programme.

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 our stakeholders and refine our interaction with them. The following is a list of key stakeholders identified to date:

- Guests
- Colleagues
- Hotel owners and developers
- Local communities in which we operate
- Shareholders
- Vendors, suppliers and contractors
- Industry peers and trade associations
- Journalists and media representatives
- Non-government organisations (NGOs) and outside advisors hotels have engaged to date

In 2012, we engaged our stakeholders through various avenues of communication. We published our first external Sustainability Report and redesigned our website to include our Corporate Responsibility initiatives. We continue to use existing processes for feedback, including our colleague engagement and guest satisfaction and loyalty surveys, investor meetings and publication of our annual financial report.

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.



Delivering Excellence



Mandarin Oriental's mission is to completely delight and satisfy our guests. We are committed to making a difference every day; continually getting better to keep us the best.

DELIVERING EXCELLENCE

Legendary service is the hallmark of our company, and we are committed to delivering excellence and exceeding expectations on a daily basis. This section focuses on our approaches to guest satisfaction, employment, colleague development, safety, health and wellness, as well as responsible sourcing, all of which help distinguish the Mandarin Oriental brand.



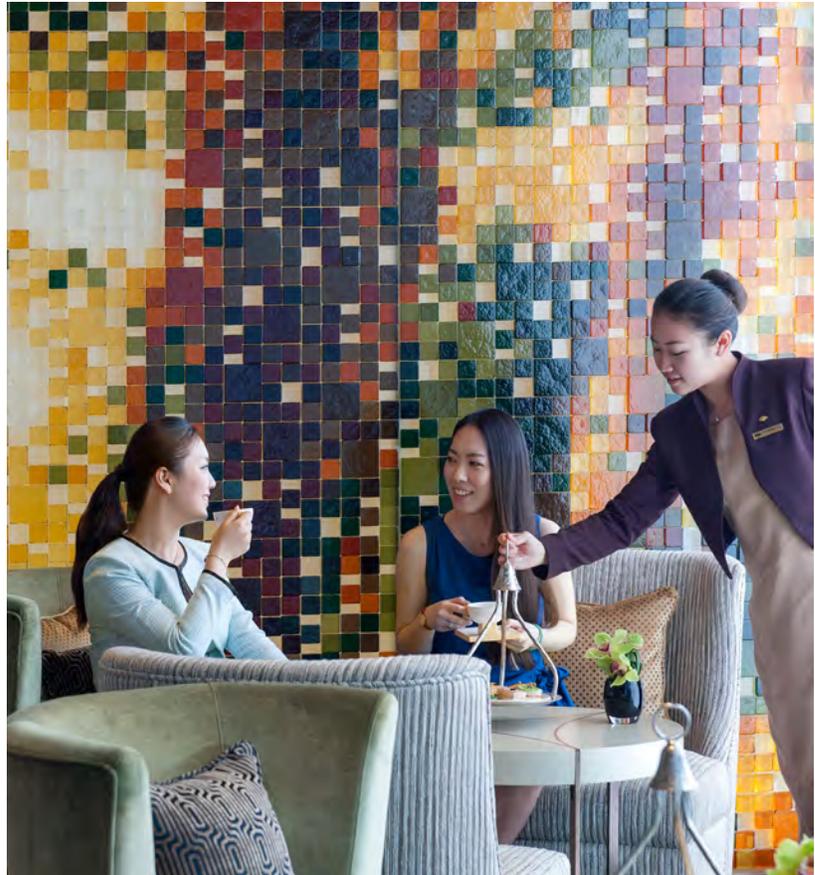
Delighting our Guests

Mandarin Oriental colleagues are committed to making a difference every day, continually getting better to keep us the best. Our brand-defining “Legendary Quality Experience” (LQE) service standards bring the Group’s mission, vision and Guiding Principles to life. Since luxury quality service is one of the Group’s key strategic competencies, all colleagues are empowered to adapt and deliver personalised service to each guest. This inspiration-based service approach engages both colleagues and guests on an emotional level, encouraging a genuine connection and creating true “fans” of the brand.

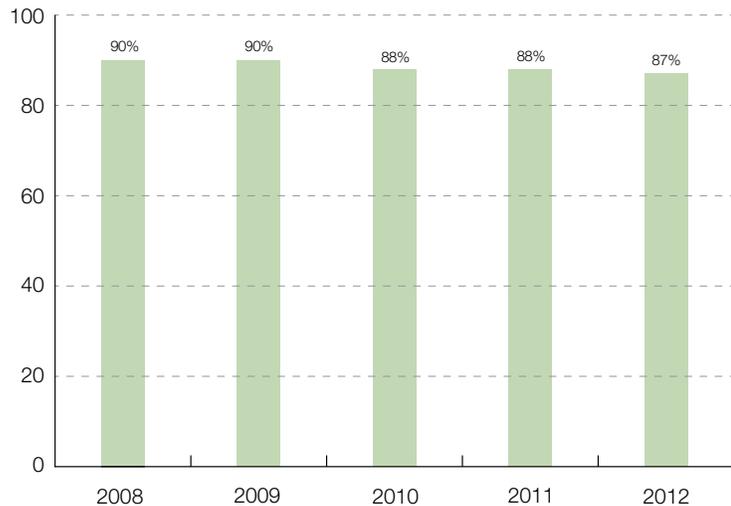
To measure customer satisfaction and loyalty, the Group uses a number of quality improvement and assessment tools. The Group’s guest satisfaction/loyalty programme at each of our hotels invites guests to provide feedback through an independent consultant by e-mail, immediately following their stay. Responses are analysed monthly, and the annual values are presented below.

Our Performance: Guest Satisfaction

The table below shows guest satisfaction/loyalty survey results for the Group as measured in all our hotels. Survey results for 2012 indicate guest satisfaction for overall quality is 87%, which is similar to historical values. Overall, the survey indicates consistently high levels of satisfaction and loyalty to the brand, varying less than three percentage points overall since 2008.



GUEST SATISFACTION
SATISFACTION RATING





Employer of Choice

Employing and retaining talent is critical for delivering the top quality service that defines our brand. To be an employer of choice, Mandarin Oriental selects the finest hospitality professionals and empowers them within our business. We are committed to ensuring that colleagues are treated with respect, courtesy and dignity, and that they work in clean, pleasant and safe environments. We also commit to providing effective training and meaningful career development and professional growth. Finally, we maintain an open-door policy, creating an atmosphere of harmony and a culture of fairness for all colleagues.

Our Performance: Employment

As of December 2012, Mandarin Oriental directly employed over 12,000 colleagues, including all 27 operational hotels¹ in 2012 and all

corporate offices. Full-time colleagues comprised 89% of our total workforce, whilst 4% were employed part time, and the remaining 7% on a casual (non-contract) basis. The majority of the workforce consists of line-staff, representing 78% of all positions, including casual colleagues. Managers and executives make up the remainder of the workforce, at 20% and 2%, respectively. We are a highly diverse company; we employ most of our colleagues on a full-time basis with benefits.

In 2012, Mandarin Oriental experienced a global turnover rate of 30%, which is below the industry average of 34%.² Colleagues over the age of 50 have the lowest rate of turnover (18%). Additionally, the turnover rate is lower for colleagues in the global corporate offices (18%) and hotels in The Americas (21%). We have

developed a human resources strategy to address higher than average turnover rate in Europe (43%).

Response to our colleague engagement survey in 2012 was 95%, with an 85% favourable (excellent or above average) rating. Since 2010, the percentage of colleagues rating Mandarin Oriental Hotel Group as favourable has increased by one percentage point year over year. Colleague engagement is a process completed annually.

In 2012, 239 colleagues utilised parental leave, including 113 men and 126 women. Of these colleagues, 203 returned, including all men (100%) and 90 women (71%). This represents an 85% return rate overall.



Comprehensive Employment Benefits

Benefits are offered at Mandarin Oriental consistent with our values as a caring and responsible employer and to attract and retain talent. Standard benefits are provided to all full-time colleagues. Benefits vary by location, but typically include leave, retirement and care benefits, such as parental and disability leave and health insurance coverage. Other benefits offered may include tuition reimbursement and colleague meals. Part-time and casual colleagues receive benefits as required by local labour laws and conditions, and they are generally pro-rated based on the hours worked.

Diversity and Equal Opportunity at the Core of our Company

Mandarin Oriental is a very diverse company with a global footprint. The majority of our colleagues are

located in Asia (61%). Due to the nature of our business, the majority of colleagues (85%) are local to the operation, including managers and executives (80%). Local is defined as residing near a hotel's location for six months prior to employment. Managers are defined as colleagues directing a department or group of colleagues. Corporate leadership (including the operating committee and Mandarin Oriental Hotel Group's board of directors) 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.

Our Performance: Diversity

In 2012, a total of 114 nationalities were represented in our workforce of over 12,000 colleagues. Chinese,

Thai and U.S. citizens comprised 45% of our workforce. Mandarin Oriental Hyde Park, London has the most diverse workforce in the Group, with citizens from 45 countries represented.

Women make up 45% of our total workforce. The gender balance across colleague categories is generally equal, with the exception of executives, who are predominantly male. Notably, however, 54% of managers and executives under the age of 30 are female.

SUSTAINABILITY FANS



Mandarin Oriental, Singapore and MINDS

Since 1962, the Movement for the Intellectually Disabled of Singapore (MINDS) has provided education and training to intellectually disabled people in Singapore. Mandarin Oriental, Singapore has proudly supported MINDS since 2005 with donations and volunteers, in addition to training and employment opportunities. The hotel hired its first MINDS student in 2006 and has continued to employ additional students every year since.

In 2012, eight MINDS students were employed as part-time staff, with tasks appropriate to their cognitive abilities, such as working in the engineering department as a helper, stocking towels and folding napkins. Those students remain employed at Mandarin Oriental, Singapore and the first recruit was recently promoted to a full-time position. Every student is employed for at least the minimum salary required to participate in the Singapore Central Provident Fund (CPF), the compulsory savings programme to fund retirement, healthcare and housing needs. The CPF allows for borrowing in order to purchase a home, which often allows MINDS students to stabilise their families through consistent housing and employment.

In early 2013, Mandarin Oriental, Singapore together with their suppliers and contractors, constructed a training room set up like a hotel suite at a MINDS facility, which they hope to use for household and occupational education of MINDS students and teacher training.



MINDS student Clarence Soh has worked at Mandarin Oriental, Singapore in the Engineering Department since 2007. Clarence has taken ownership of tasks that he performs well, such as painting and sanding. Colleagues in his department understand his abilities and encourage him, which has led to greater self-esteem and confidence in engaging new people. His sister, Wendy Soh, also a colleague at Mandarin Oriental, Singapore, says, “This job has definitely made a difference in Clarence’s life. When asked about what he does for a living, he will always answer, ‘I’m an engineer at Mandarin Oriental!’ something he says with much pride”.



Clarence and Wendy Soh

Colleague Development



Our vision is to be widely recognised as the best luxury hotel group in the world. To achieve this, each and every one of our colleagues has to be the best; this is only achieved through continuous learning and development activity.

Learning and development is integral to Mandarin Oriental's culture, and our extensive learning and development programmes contribute to the skills, knowledge and motivation of our colleague workforce. The process of training is never over—competency-based training ensures that each of our colleagues continues to learn and grow on a daily basis.

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.

Training for Excellence

Our training is based upon the development of technical and leadership competencies, and it involves many techniques. Every colleague, regardless of position, participates in “MOve In” training upon employment, an orientation to Mandarin Oriental designed to be a highly integrated and dynamic experience that caters to the diversity of colleagues employed around the world. It should be noted that “MOve In” training is not routinely offered to third-party personnel. By the end of this 90-day training programme, all colleagues know the history and culture of the company, their career path and opportunities for development, and how to make a difference every day.

As colleagues follow their career paths and move into supervisory roles, they participate in Job Skills

Training led by qualified trainers, who have attended On-Job Training and Group Training Techniques certification programmes. Both programmes are designed to build leadership skills in future trainers and teach techniques to assess group dynamics, transfer knowledge, and assess competency to determine when additional training is needed. In addition, supervisors and junior managers are encouraged to participate in the “MOve Up” development programme, which is designed to assist in building competencies, achieving goals and developing leadership skills, both as an individual and within a team. Further training is offered to managers, including topics such as Managing Performance and Development, Interviewing for Success and Presenting for Success. In addition, e-learning education is available to colleagues through eCornell on-line learning modules and language training through Rosetta Stone.

“MOve Forward” is a programme designed for managers to hone skills: management of themselves (i.e. effectiveness, personal coaching), management of others (i.e. team leadership, management of change, mentorship), and management of the business (finance, business planning, health and safety). A company-funded Executive MBA programme is offered to select senior managers who wish to continue their business education.

Throughout the year, colleagues are assessed on their development and performance, which is recorded through an on-line development and succession planning system called Profile. Prior to the start of the year, colleagues establish development plans and performance goals. Mid-year reviews are conducted to gauge progress towards goals. Annual

reviews are completed to discuss and document progress with the job-related competencies and the attainment of goals. In 2012, 73% of all hotel colleagues received such performance reviews (71% for men and 74% for women). Colleagues with less than four months service typically do not receive formal reviews of competencies or goals, though they do receive an informal review of job performance during which a development plan and performance goals are established for the next year.

Our Performance: Training

At Mandarin Oriental, we train for competency. We focus on measuring the results of training rather than recording the hours of input. Learning takes place in all our departments each and every day, in so many different ways: coaching sessions, feedback, cross exposure, shadowing, team meetings, one-to-one job skills training, e-learning activities, as well as in more formal classroom training. Whilst much of our training is not formally recorded, we measure very carefully whether each colleague is able to perform the tasks of his or her job to the required Group standards.

In 2012, Mandarin Oriental conducted 179 Leadership Training sessions, including Train the Trainer, “MOve Up” and “MOve Forward” programmes.

Training Programmes

MOve In (90-day Orientation)

Participants:
All Colleagues

Job Skills Training

Participants:
All Colleagues

MOve Up

Participants:
Supervisors /
Junior Managers

MOve Forward

Participants:
Managers

MBA

Participants:
Hotel and Corporate
Senior Managers

SUSTAINABILITY FANS



Mandarin Oriental, Munich and The Passion to Be the Best

Delightful service is expected from all of our colleagues; it is at the heart of our company and is trained through the Legendary Quality Experience (LQE) component of the “MOve In” programme. Designed to take into account the cultural diversity of the locations in which we operate, the LQEs define the core experiences in guest/colleague interactions and represent the style and attention to detail that we bring to our hospitality and service.

Dominik Reiner, a trainer at Mandarin Oriental, Munich in 2012, developed a programme on the achievement of LQEs in Food & Beverage and Rooms. The training focused on the ‘passion to be the best’, and the colleagues who participated developed greater motivation and enthusiasm. The message was not simply about doing one’s job to the best of one’s ability, but creating the passion to be the best in our company and the industry at large. Mandarin Oriental, Munich colleagues responded so well to the training, evidenced by a score of 89% in 2012 RICHEY LQE Compliance, a 15% improvement, that it was implemented regionally. All European supervisors and above have become eligible to attend. LQE training workshops are now held quarterly, and involve two days of team-building and specific LQE trainings to improve service. To date, six quarters of workshops have been held, and internal LQE evaluations have improved. Importantly, the nearly 150 colleagues who attended the training have emerged with renewed passion to delight our guests.



Mandarin Oriental’s Legendary Quality Experiences encourage the best from our colleagues. LQE Trainer Dominik Reiner says, “Passion to be the best is contagious. Working with colleagues who have the drive to achieve our LQE expectations, and to take it beyond, to be the best ever, is an inspiration”.



HOFFBRÄUHAUS

MANDARIN ORIENTAL

Hochbrückstraße

Mandarin Oriental, Munich

Safe, Sound & Sustainable

In 2012, Mandarin Oriental expanded its proprietary Safe & Sound programme to include an environmental section and renamed the programme “Safe, Sound & Sustainable”. Established in 2000, this integrated compliance framework is based on the corporate guidelines illustrated at right. All fully operational hotels and residences participate in an annual compliance audit conducted by a third party.

The overall responsibility for compliance with the guidelines and the audit process remains with the Group Risk Management Committee and the hotels’ Risk Management Committees.

In 2012, we also formalised our longstanding efforts to reduce the environmental impact of our hotels by including those activities in the Safe, Sound & Sustainable programme. Guidelines for the management of energy, emissions and water consumption, as well as the generation and disposal of waste, now complement previous guidelines. Auditing against the environmental guidelines began in 2012; however, an implementation time of two years will allow hotels to adapt to the new requirements before these environmental activities start contributing to the overall audit performance score.

A Comprehensive Programme Review

The Safe, Sound & Sustainable guidelines are continuously improved upon and updated as methods evolve and as new impacts from hotel activities are identified. In 2012, we updated our guidelines on portable appliance testing and added guidelines for child safety related to the management of cots, high chairs, strollers and car seats.

Additionally, we conducted a high-level, third-party review of the programme

and identified opportunities to fine tune the programme’s design and implementation. The Safe, Sound & Sustainable programme was found to be more extensive than general practice in the hospitality industry and to fit the specific needs and culture of

the Group. The study further identified ways to improve the efficiency in the delivery of our programme. Our focus will be on reducing the administrative burden of audits on hotel operations and transitioning to more efficient solutions for documentation and recordkeeping.

Scope of Safe, Sound & Sustainable Programme

 FIRE SAFETY Inspection, testing and maintenance of all fire safety related installations. <i>Based on the internationally recognised National Fire Protection Association guidelines</i>	 FOOD & BEVERAGE Health and safety related to Food and Beverage operations. <i>Based on the accredited international standard of Hazard Analysis and Critical Control Point standards (HACCP)</i>
 OCCUPATIONAL HEALTH & SAFETY Health and safety topics in the workplace. <i>Based on the Occupational Safety and Health Administration (OSHA) standards of the United States government</i>	 BUSINESS CONTINUITY PLANNING & RISK MANAGEMENT Overall Risk Management and business continuity. <i>Developed on proven risk assessment and risk management methodology</i>
 SECURITY Security of guests, colleagues and property. <i>Based on international best practices</i>	 SPA, FITNESS & WELLNESS Health and safety related to Spa, Fitness and Wellness operation. <i>Based on international best practices</i>
 HEALTH AND SAFETY Health and safety topics related to guests. <i>Based on the British and European standards</i>	 ENVIRONMENT Management of the property’s environmental impact. <i>Based on international best practices</i>



Our Performance: Audit Results

In 2012, the Group's overall average audit score declined by half a percentage point from 90.3% to 89.8%, marginally lower than the Group's target of 90%. Performance since 2008 is generally stable, with less than two percentage points change from the year of highest performance (2008; 91%) to the lowest performance (2010; 89.3%).

At the same time, the number of unannounced audits has increased from three in 2009 to 12 in 2012, and the impact on overall performance has been marginal. The number of unannounced audits will be further increased to a total of 17 in 2013, representing 59% of the hotels and residences that are fully operational.

Our Performance: Occupational Health & Safety

Work within our hotel's various operating departments requires safe practices and procedures. 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.

The incident severity rate continued its long-term declining trend in 2012 and reached a new historical low of 2.5 incidents per 100 colleagues, which represents a decline of 15%.

This rate is below the leisure and hospitality safety rate in the United States, which is 4 incidents per 100 colleagues.³ The incident severity rate, measured as the number of lost working days per incident, increased marginally by 1% to 24.6 days per incident. The Americas continued their strong downwards trend, whilst Europe continued to have the highest incident rate and severity rate in 2012. Housekeeping and kitchens tend to have the most incidents with those typically resulting in lost time.

None of our hotels received a significant Health and Safety fine or notice of violation.

Sourcing Responsibly: Food and Beverage

Mandarin Oriental encourages each hotel to leverage local suppliers for their products. We view sustainable sourcing as an opportunity to use products that will help ensure future availability of those goods. We actively support and engage the communities in which we operate, and all of our hotels have unique opportunities for sustainable sourcing. Whilst we may not be able to source all products locally, the effort to find local suppliers is an enriching experience that brings local culture and flavours to our guests and helps to provide jobs in the local economy.

To ensure high-quality goods, suppliers are audited regularly as part of the Safe, Sound & Sustainable programme by hotel personnel, who are tasked with reviewing products and working conditions. Several

hotels have taken this one step further by extending participation in these audits and by training colleagues to recognise high quality. For example, Chef Eric Ziebold of the award-winning restaurant CityZen at Mandarin Oriental, Washington D.C. organised a two-day staff outing in April 2012 to discover Virginia's culinary heritage. The idea was simple: demonstrate the depth of knowledge and passion that Virginia suppliers had for their products and showcase how quality products look and taste. During the trip to their suppliers, colleagues visited the Rappahannock River Oyster Company by the Chesapeake Bay and the Darden Family Farm, which produces a very small number of premium cured hams every year in Smithfield County. Chef Ziebold stated that his role is to keep purchasing

these high-quality food items and to feature them at the hotel, so that these suppliers can retain their passion for creating great products and earn a fair living at the same time.

The suppliers visited on the Virginia culinary tour represent only two local suppliers to the hotel. Mandarin Oriental, Washington D.C. sources produce, proteins, dairy and grains from more than 15 local suppliers. Not every product is sourced locally, but developing local, high-quality suppliers for the majority of items is desirable from an environmental, community and economic perspective. Our other hotels operate with the same philosophy, sourcing many products locally when available and encouraging local growers to produce quality products.



Sustainable Seafood Programmes

Seafood is a staple at Mandarin Oriental hotels and we are sensitive to the impacts caused by overfishing and environmentally destructive fishing methods. For that reason we proactively created sourcing and traceability requirements in our seafood supply and have removed certain species vulnerable to overfishing. In 2012, seven hotels have subscribed to the Marine Stewardship Council recommendations (found at www.msc.org).

In February 2012, Mandarin Oriental Hotel Group also removed shark's fin from all restaurant and banqueting menus worldwide. For the Group, this was a big step towards sustainability given the prominence of this dish in Asia for ceremonial dining occasions, such as weddings. At Mandarin Oriental, Hong Kong and at The Excelsior, Hong Kong, it was expected that the shark's fin ban would have significant economic consequences once implemented. However, the ban coincided with growing public perception of the need to preserve ocean biodiversity and humane treatment of sharks. Due to the support of our guests, the ban on shark's fin has had nominal business impact on our operations, and importantly, it was the right thing to do for the environment.

Hotel Initiatives

Mandarin Oriental, San Francisco sources its protein from Fallon Hills Ranch, which raises sheep and cattle on a special grass mixture that includes high protein and omega-3 fatty acids, offering continuous nutrition year round for the animals.



SUSTAINABILITY FANS



Rooftop Honeybees at Mandarin Oriental, Paris

Mandarin Oriental, Paris has a premier location on Rue Saint-Honoré, surrounded by history and fashionable shopping. It also has hundreds of special visitors every day: honeybees.

To help restore the local bee population, the property installed a rooftop beehive in March 2012 with the help of a local organisation, Apiterra. Bees are an important part of the pollination cycle and often thrive in urban environments such as Paris, which has been a pesticide-free zone for the past ten years. Indeed, the hotel's first harvest yielded 30kg of honey, which Executive Chef Thierry Marx and Pastry Chef Pierre Mathieu are using in the hotel's recipes. Bar 8 also offers a signature "Honey Kingston" cocktail made of lemon juice, Cointreau, rum, whiskey barrel bitter and the hotel's homemade honey. Guests who participate in the property's environmental programmes, such as the selective replacement of bed linens or towels, also receive a jar of honey produced from the rooftop hive as a gesture of appreciation. As this successful programme illustrates, protecting the earth's ecosystem can have some delicious benefits.



General Manager Philippe Leboeuf says, "Our rooftop beehive has given us a fantastic opportunity to raise awareness amongst our colleagues and guests of our common responsibility to help protect the world's biodiversity".



Mandarin Oriental, Paris

Health and Wellness

Mandarin Oriental is at the forefront of health and wellness with its award-winning and highly personalised spa experiences. Each Spa at Mandarin Oriental is designed to offer a complete holistic experience that goes well beyond simply delivering massages to tired bodies. A focus for the Group's experience is a signature "Time Ritual", which encourages guests to book time rather than specific treatments, so that services can be tailor-made to meet specific needs.

Our spa therapies have been developed in consultation with specialists in Traditional Chinese Medicine (TCM) and master aromatherapists, and they combine the

powerful effects of oriental meridian massage with the aromatic benefits of custom-blended essential oils created uniquely for Mandarin Oriental.

Each spa also offers a variety of other disciplines that include fitness, nutrition counselling, yoga, tai-chi, meditation, beauty and relaxation therapies. In tandem, the hotels offer nutritional meals and recipes for guests and colleagues.

Spa Products

Mandarin Oriental's signature spa product line has been developed specifically for the Group by the award-winning UK based company Aromatherapy Associates. The

product range incorporates body and bath oils, as well as a body scrub, body wash and lotion, all of which contain natural, non-toxic ingredients and are paraben free. Our products have been formulated by a master blender to Mandarin Oriental's specifications and are available for purchase at Mandarin Oriental spas, so that guests can continue using specific blends at home.

During product development, ingredients, containers, packaging, distribution and disposal were considered with the environment in mind. Ingredients and directions for use are labelled on the products as required by local regulations.





Nutrition

Nutrition is considered in the development of recipes and preparation of meals at Mandarin Oriental properties. We believe that the use of local, seasonal and organic ingredients enhances taste and adds to the experience of partaking in a meal. In addition, recipe development has evolved to reduce sugar, salts and fats where possible. Alternative menus have been created in many restaurants, including vegan, halal, lower-fat and gluten-free, providing various options for our guests and colleagues in their meal choices.

Launched in 2010, Gourmet Healthy Delights is a programme created by

certified naturopath and nutrition consultant Liliane Israel, and has been implemented at Mandarin Oriental, Paris; The Landmark Mandarin Oriental, Hong Kong and Mandarin Oriental Hyde Park, London. Based on contemporary scientific research, the programme combines naturopathy principles with culinary art, flexibly integrating nutritional guidelines into fine dining recipes as well as into personal or family meal plans in daily life. Gourmet Healthy Delights is comprised of two parts: the Guest section provides innovative menu options to enhance food lovers' lifestyles; the Colleague section promotes healthy eating habits and

personal development tips, along with practical guidance that fits into the local culture.

Specific to each hotel with a distinct sense of place, Gourmet Healthy Delights stands on its own strengths and skills, local culture and traditions, the culinary art of its chefs and the wealth of the regional produce. For a breakfast, a lunch, a dinner, a week end or a long stay, simple symbols identify selected menu items in two categories: Vitality and Weight Management. All dishes are made using whole, non-processed foods and locally sourced, organic products when possible.

Hotel Initiatives

At Mandarin Oriental, Barcelona, chefs Carme Rusalleda and Raul Balam, along with Dr. Manuel Sanchez, head of the anti-ageing unit at Clinica Planas, have developed six seasonal anti-ageing menus. Each menu ensures proper caloric intake and utilises foods that slow the ageing process and improve quality of life, whilst maintaining flavour and creativity of gourmet dishes. The menus are served in Moments restaurant, and a cookbook is available for purchase.



The *Ensalada de Contrastes Sin Aceite* salad features the following ingredients: golden apple, strawberries, Iberian ham, pea sprouts, rose petals and escarole.

Advancing Sustainability



“As an industry, it is important to be aware of our environmental footprint. It is easy to introduce energy-efficiency mechanisms, and it makes economic sense”.

—Edouard Ettedgui
Group Chief Executive

ADVANCING SUSTAINABILITY

Sustainability impacts nearly all aspects of Mandarin Oriental's hotel operations, so we embrace it as a means to preserve our environment, to provide increased guest comfort, and to engage and inspire our colleagues. Hotel guests around the world are becoming more familiar with sustainability issues and their personal impact in terms of social, economic and environmental responsibility. Globally, nearly eight out of ten hotel guests declare they are sensitive to sustainable development. Virtually unknown 20

years ago, sustainable development is now often taken into consideration by one in two guests when choosing a hotel.¹

Rising utility costs encourage hotel owners and managers to adopt environmental best practices and to optimise efficiency. Sustainable practices also make it easier to manage and respond proactively to regulatory requirements, which are increasingly moving away from a strict operational focus to include hotel design, construction and operations.

Regulatory initiatives related to climate change include the levy of direct carbon taxes on non-renewable energy sources, as well as indirect market-based mechanisms such as cap and trade legislation. These direct and indirect taxes as well as increased energy rates will lead to an increase of operating expenses. Changing climate patterns can also cause an increased occurrence of natural disasters and risk affecting our infrastructure, our colleagues in their livelihoods and our guests' travel plans.

ENVIRONMENTAL SUSTAINABILITY GOALS

	ENERGY INTENSITY	EMISSION INTENSITY	WASTE INTENSITY	WATER INTENSITY
				
KPI	MJ / square metre	kg CO ₂ e / square metre	kg of waste sent to landfill / Guest Night	Litre / Guest Night
2012 Goals	Reduction of 10% by 2012 over 2007 levels	Reduction of 10% by 2012 over 2007 levels	Develop a complete, accurate, consistent and timely measurement process by 2012	Reduction of 10% by 2012 over 2007 levels
	ACHIEVED	ACHIEVED	ACHIEVED	NOT ACHIEVED
2016 Goals	Reduction of 15% by 2016 over 2007 levels	Reduction of 17.5% by 2016 over 2007 levels	Reduction of 10% by 2016 over 2012 levels	Reduction of 15% by 2016 over 2007 levels
	ON-TRACK	ON-TRACK	INITIATED	OFF-TRACK
2020 Vision	Reduction of 20% by 2020 over 2007 levels	Reduction of 25% by 2020 over 2007 levels	Reduction of 20% by 2020 over 2012 levels	Reduction of 20% by 2020 over 2007 levels
	ON-TRACK	ON-TRACK	INITIATED	OFF-TRACK
Current Status (to baseline)	Reduction of 10.6%	Reduction of 13.0%	Measurement process complete; short-term goal developed.	Reduction of 8.8%

Taking Stock of our Achievements

Understanding that the luxury hotel experience we provide to our guests results in a higher than industry average use of resources, we have set short-term and long-term goals to minimise our consumption of natural resources and our emissions everywhere we can.

2012 marks the end of our first five-year commitment period. We set our environmental baseline in 2007, and as we look back on the past five years, we are proud to announce that we have achieved our goal to increase energy efficiency by 10% and to reduce greenhouse gas emissions by 10%. On the other hand, we missed our water consumption target by 1.2%. It should be noted that none of

our hotels received an environmental fine or notice of violation in 2012. Our full environmental performance summary is located in the Appendix.

As a Group, we provide guidelines and long-term planning, and we rely on our colleagues' dedication and innovation to identify and implement measures and drive new initiatives appropriate for their hotels. Based on our progress, we recognise the importance of short-term goals supporting our long-term commitments. Our new short-term goals 2013–2016 will help us keep track of our progress towards our 2020 targets. Each hotel will be provided with their individual short-term goals for all environmental aspects of their operation, including energy, emissions, water and waste.

Environmental Scope

The following section details our performance in advancing the environmental dimension of sustainability. We report on the use of energy and water, and the generation of waste and greenhouse gas emissions, for activities taking place inside the boundaries of our hotels, and as detailed in the illustration below. In our efforts to gradually expand our reporting, we are planning to gradually include further activities that we directly influence but that occur outside our properties.

As we believe that transparency in the way we measure our performance is key, we have included detailed notes at the end of this report (p. 65) about our methodology used to calculate our environmental performance.

SCOPE OF ENVIRONMENTAL REPORTING



Reducing Energy Consumption

Our hotels are located in three different climate zones: Tropical (35%), Temperate (35%) and Mediterranean (31%). Hotels consume energy for ventilation, heating and cooling, lighting, cooking, and other power requirements. Going hand in hand with investments in new technology, the continuous dedication of our colleagues is critical to our success.

Hotel Initiatives

With ongoing improvements and reduced cost achieved over the past years, the return on investment for LED projects has become attractive, and several hotels implemented LED replacement programmes. Where LED was previously cost effective only in continuously lit areas, and technically

feasible only in locations without dimming functions, this energy saving technology can now be expanded to areas such as guestrooms, public areas and other locations with more sophisticated lighting. In 2012, we initiated major replacement programmes at Mandarin Oriental, Barcelona, where 40% of all light bulbs were replaced with LED. Mandarin Oriental, Boston replaced all lights in common areas. During the renovation of Mandarin Oriental, San Francisco, we ensured that LED lighting was included wherever possible, including guestrooms that are now fully equipped with this low energy source of light.

Back of the house energy efficiency measures can have an even greater

impact on energy savings. Chilled water production for air conditioning is the single most energy intense installation in most hotels and continues to be one of our focus areas. At three of our fully owned properties, comprehensive chiller upgrades over the years have resulted in significant energy savings. These successful projects helped us fine tune best practices, which will be rolled out to other hotels, with two additional properties being upgraded in 2013. The best example is the upgrade of the installations at Mandarin Oriental, Hong Kong, which in 2012 resulted in a total electricity reduction of 17% from baseline and annual savings of US\$825,000.

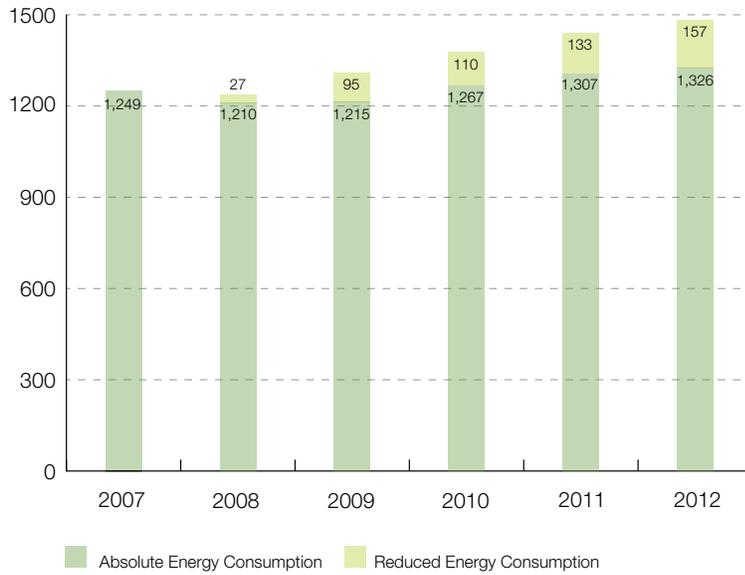
In 2012, we have continued with the installation of integrated control systems in guestrooms. By adapting air conditioning and lighting to room occupancy status, we estimate that we achieve an average energy reduction of 43% compared to a conventional control system. Integrated control systems are currently installed at 5,685 or 73% of the Group's hotel rooms and form part of the standard requirements for any new development.

Our Performance: Absolute Energy Consumption

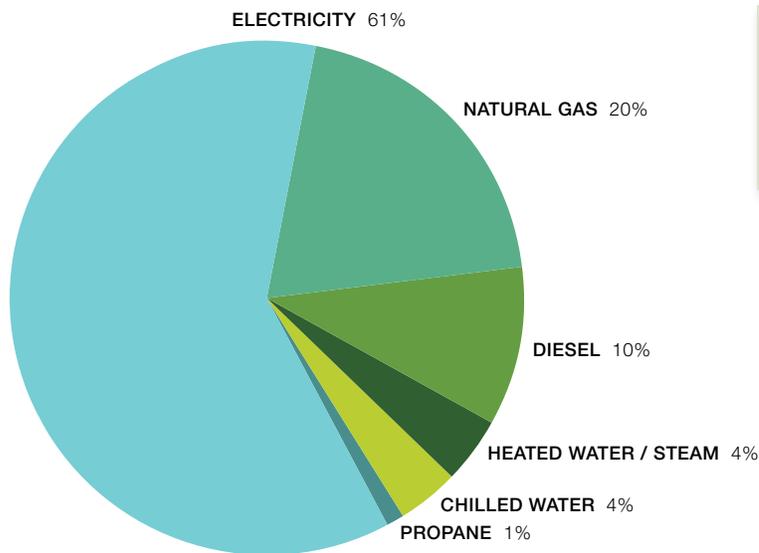
The Group's absolute energy consumption in 2012 was 1,326 TJ, an increase of 2% in consumption, associated with an equivalent 2% increase in property size and guest nights. Overall, our Group reduced energy consumption by 157 TJ in 2012 by implementing energy efficiency measures.² The total reduced consumption 2007 to 2012 was 522 TJ, which translates to cost savings of US\$19.6 million.



ABSOLUTE ENERGY CONSUMPTION
2007-2012 (TJ/YEAR)



ENERGY CONSUMPTION BY TYPE
2012 (PER CENT)



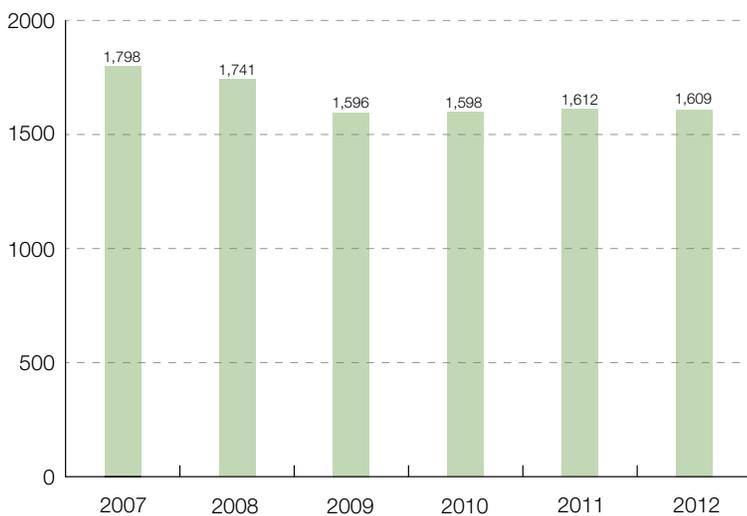
Direct energy sources purchased by our properties total 31%; this includes natural gas, fuel oil and propane gas. Indirect energy sources total 69%, including electricity and other energy sources such as steam, heated and chilled water.

Our Performance: Energy Intensity

Energy use and greenhouse gas emissions relative to the size 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 2012, the energy intensity for the Group remained stable at 1,609 MJ/m²/year. The period 2007 to 2012 has shown a steady decrease in the early years and then a stabilised performance since 2009.

ENERGY INTENSITY
2007–2012 (MJ/m²/YEAR)



Energy intensity has stabilised since initial implementation of major energy efficiency projects in 2007 and 2008.



The Group's reduced energy consumption from 2007 to 2012 resulted in cost savings of US\$19.6 million.

Reducing Emissions

Over the past decade, Mandarin Oriental has focused on energy efficiency, as this is an area we directly control. Our greenhouse gas emissions are directly related to our electricity consumption, as well as to the burning of natural gas and fossil fuels.

Cross-sector Collaboration

Mandarin Oriental remains committed to the industry-wide goals of the World Travel and Tourism Council (WTTC) to reduce total CO₂ emissions by no less than 50% from 2005 levels by 2035, with an interim target of 25% reduction by 2020. In an effort to contribute to transparency and comparability of performance measurements in the hospitality industry, we are participating in the efforts of the Hotel Carbon Measuring Initiative (HCMI). On 12 June 2012, 23 leading global hospitality companies organised to launch a common methodology for measuring and communicating carbon emissions. The development of a consistent industry-wide approach will provide clarity to customers who would like to understand their carbon footprint, and in turn help them achieve their own carbon reduction goals.

Location Specific Emissions

In 2012, 77% of our emissions came from electricity, and emission factors remain a critical component for achieving our targets. The emission factors largely depend on the source of energy, with hydropower having the least and coal-firing power plants having the highest emissions. In 2012, the lowest electricity emission factor at one of our hotels was 40 kg CO₂e/MWh and the highest was 809 kg CO₂e/MWh.

The accuracy of the emission factors is also critical. Some of the electricity providers disclose their emission factors as part of their own sustainability reports, however, we find that frequency of updates and accuracy of the measurements makes this source unreliable. We have therefore aligned all our data with the emission factors from the International Energy Agency (IEA), and we will align future reporting with their annual updates of the emission factors.

We recognise that in many countries where we operate, good progress has been made in reducing emission factors for electricity, and this has

positively impacted our progress towards our goals. At the same time, when we project our future emissions, we are mindful that the majority of our new hotel developments are located in areas that have emission factors higher than our current average. This challenge further amplifies the importance of our overall strategy to drive reduction in emission intensity by energy efficiency.

Hotel Initiatives

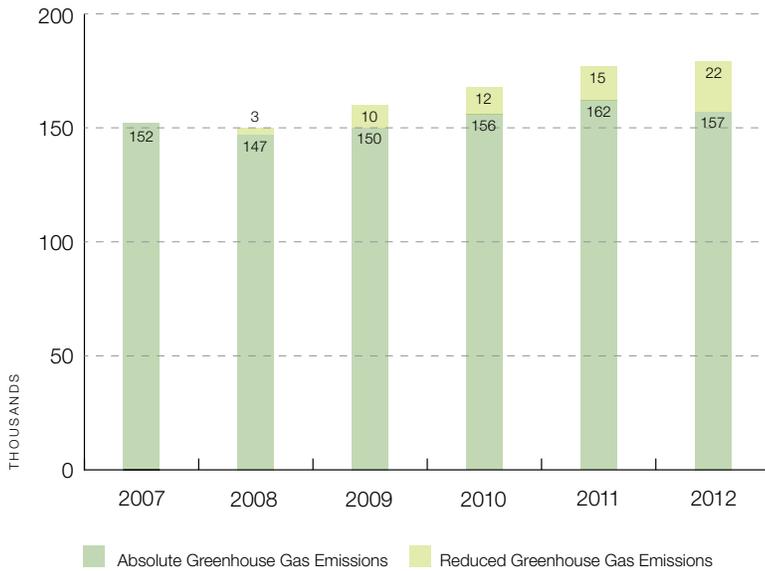
Since February 2012, in an effort to mitigate the hotel's impact on climate change, Mandarin Oriental, Washington D.C. purchases 100% wind power for the hotel's electricity needs from the utility company, Washington Gas Energy Services (WGES). The Renewable Energy Certificates (RECs) for the wind power are Green-e Energy certified by the Center for Resource Solutions. The hotel's emissions related to the use of natural gas are also compensated with WGES Clean Steps Carbon Offsets. The emission reductions from the RECs are included in the greenhouse gas emission data presented in this report, whilst the carbon offsets are excluded.



Our Performance: Absolute Emissions

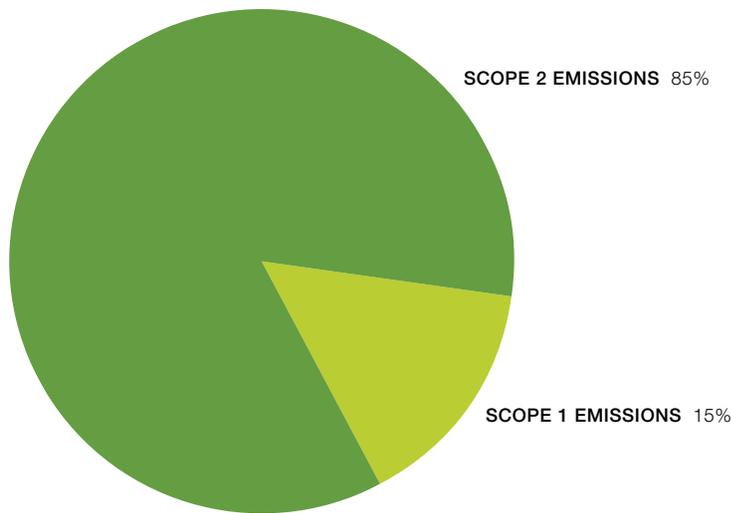
In 2012, the absolute emissions generated by the Group amounted to 157,000 metric tons of CO₂ equivalent.³ Between 2007 and 2012, we reduced emissions by 61,000 metric tons of CO₂ equivalent by implementing energy efficiency measures. This reduction in emissions is equal to taking 11,965 cars off the road.⁴

ABSOLUTE GREENHOUSE GAS EMISSIONS 2007-2012 (THOUSAND t CO₂-e/YEAR)



Total emissions are relatively stable, even with a slight increase in energy consumption.

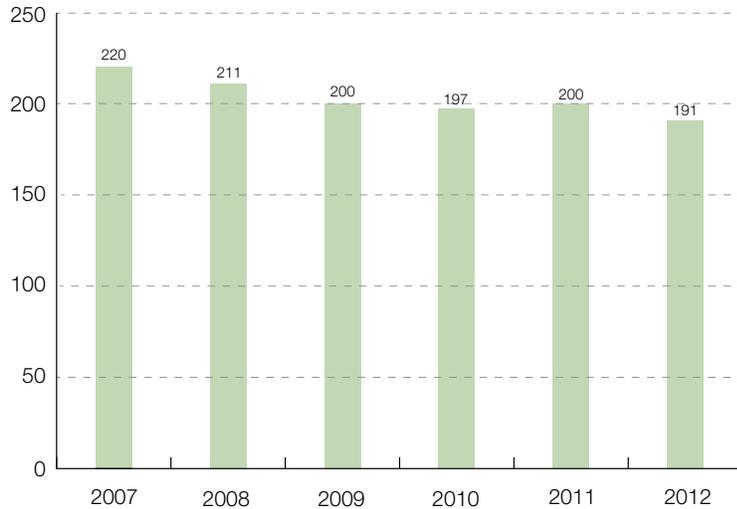
GREENHOUSE GAS EMISSIONS BY TYPE 2012 (PER CENT)



Scope 1 emissions are composed of emissions from direct energy sources, including natural gas, diesel and propane.⁵ Scope 2 emissions are the sum of emissions from indirect energy sources, including electricity generation,⁶ chilled water⁷ and heated water/steam.⁸

Due to the nature of our business, indirect emissions (Scope 2) make up the largest component of our emissions. These emissions are from energy sources such as electricity, chilled water and heated water/steam.

GREENHOUSE GAS EMISSION INTENSITY
2007–2012 (kg CO₂-e/m²/YEAR)



Much like our energy intensity, our emissions intensity decreased in 2007 and 2008, and has been relatively stable since. We are a growing company, and renovations and new hotels must have the same efficiency or greater to help us meet our target.

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 fuel oil used for boilers and heaters by replacing them with suitable alternatives, such as heat pumps and renewable energy where possible, or by using natural gas. Where financially viable, gas used for cooking is to be gradually replaced by electricity.

Fugitive Emissions

In 2011 and 2012, we expanded our focus on an additional source of greenhouse gas emissions, specifically from the fugitive emissions of refrigerants that are released unintentionally into the atmosphere. Fugitive emissions typically occur from leaks in refrigeration systems or whilst handling cooling agents. They include hydrofluorocarbons (HFCs) used in refrigeration and air conditioning equipment.

Guidelines related to the management

of refrigerants have been included in the Safe, Sound & Sustainable programme in order to provide a global approach to the subject. In 2012, fugitive emissions from all of our operating hotels equalled 13,098 tons of CO₂-equivalents, with 71% of these emissions coming from three hotels. We will continue our work to manage these emissions in a more systematic way, focusing on the three properties that account for the majority of these emissions. Fugitive emissions are not included in the calculation of total emissions in this report.

Between 2007 and 2012, we reduced emissions by 61,000 metric tons of CO₂, which is equal to taking 11,965 cars off the road.



Reducing Waste

In 2012, as committed in last year's report, we issued our Waste Management Guidelines under the Safe, Sound & Sustainable programme. The main objective for the guidelines is to consistently measure the waste sent to landfill and diverted from landfill by our hotels. This may appear at first glance to be a very simple task; however, the lack of local regulations and combined waste collection points for hotels located within mixed-used facilities complicates this effort. As the preferred option, and typical for our properties in Europe and the United States, hotels obtain their data from

waste collectors directly. In Asia, due to the lack of this data, our hotels can select to weigh their waste before disposal or track the number of waste receptacles and convert to weight using a standard conversion factor.

Based on this process, 62% of our hotels collected comprehensive data in 2012. We will continue the work and gradually increase the number of hotels with comprehensive waste data. The data collection process will continue to be audited annually under the Safe, Sound & Sustainable programme to ensure compliance. We consider 2012 and 3.19 kg waste/

guest night as our baseline year measurement. It is our short-term target to reduce this by 10% by 2016. In our calculations, waste sent to municipal incinerators is included in waste sent to landfill.

The available forms of recycling vary tremendously in the communities where we operate. Once again, we benefit from the more stringent and well established processes in Europe and the Americas, whilst we find less consistency in Asia. Our current approach is for each hotel to establish a waste recycling programme adapted to local conditions.



Hotel Initiatives for Recycling

Mandarin Oriental, San Francisco unveiled luxurious new interiors in May 2012 in celebration of the hotel's 25th anniversary. The award-winning property was redesigned by San Francisco-based interior designer Michael Booth of BAMO, with a renewed style and contemporary elegance befitting Mandarin Oriental's first hotel in the United States. During the renovation, the hotel took careful measures to ensure that environmentally-friendly processes and products were used as part of our sustainability efforts, from the use of low-VOC paints, adhesives and carpet to FSC-certified wood flooring in the suites, spa and fitness centre. The renovation touched nearly every facet of the hotel, from the construction of an entirely new lobby, completely refurbished guestrooms and suites, a redesigned signature restaurant and the creation of a new spa.

Local regulations required that a minimum of 65% of demolition and construction debris be recovered and diverted from landfill disposal, either through recycling or donation of materials that can be reused. The renovation of Mandarin Oriental, San Francisco achieved a recovery rate of 89%, well above the minimum requirement, reducing the impact that this renovation could have had on the environment.

Mandarin Oriental hotels in North America continue to partner with Clean the World by donating soaps and shampoo to contribute to sanitation and public health. To date, Mandarin Oriental hotels have diverted ten tons of soap and of bottled amenities from disposal for donation to Clean the World, resulting in 45,000 bars of soap delivered to people in need. In 2012 alone, nearly five tons of waste has been diverted from landfill through this initiative.

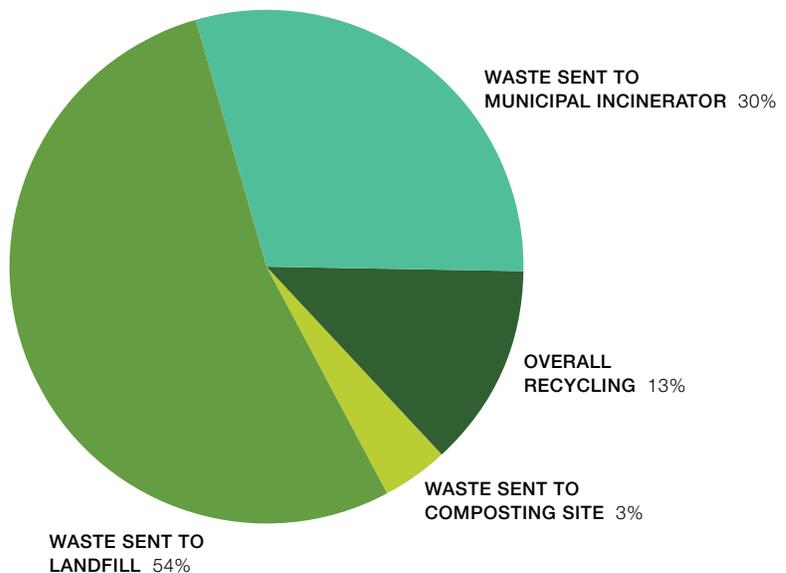
Our Performance: Absolute Waste Generation

In 2012, the absolute waste generated was 6,929 tons, of which 54% was disposed of in landfills, 16% was recycled or composted, and 30% sent to incinerators.⁹



The lobby staircase at Mandarin Oriental, San Francisco

WASTE BY DISPOSAL METHOD 2012 (PER CENT)



SUSTAINABILITY FANS



The Road to Recycling at Mandarin Oriental, Kuala Lumpur

Mandarin Oriental, Kuala Lumpur is one of the Group's largest properties and maintains a workforce of over 800 colleagues, who in 2012, welcomed 240,000 room guests and 530,000 food and beverage guests. In its early years of operation after opening in 1998, Mandarin Oriental, Kuala Lumpur became aware of its high environmental impact, generating some 930 tons of waste annually—comparable to the weight of about 690 cars. The recycling rate in Malaysia is only 5%, as compared to neighbouring countries, such as Singapore with 56%, Thailand with 50% and the Philippines with 12%.¹⁰

To improve its recycling efforts, the hotel first launched an awareness campaign among colleagues. Confirmed in its initial success, it decided to take on a systematic approach to environmental management and in 2003 the hotel developed an environmental management system and became ISO 14,001 certified, which it has remained ever since.

Based on the foundation of the 3Rs—Reduce, Reuse and Recycle—as promoted by the Malaysian government, the hotel today boasts a recycling programme with 15 different items. Apart from packaging materials, the recycling programme includes items such as batteries, wood, soap bars, computers, light bulbs, cooking oil and rubber gloves. Recycling practices have also recently been expanded such that colleagues can bring used batteries and light bulbs to the hotel for proper disposal.

These initiatives have helped the hotel steadily increase the recycling rate to the current level of 13% of total waste generated. Challenges remain, such as raising awareness among new and young colleagues, who are often confronted with the topic for the first time upon joining the hotel. Although recycled waste is being properly separated in the hotel and delivered to registered recycling companies holding government approved permits, the processing and final destination of the goods, at times, lacks transparency.

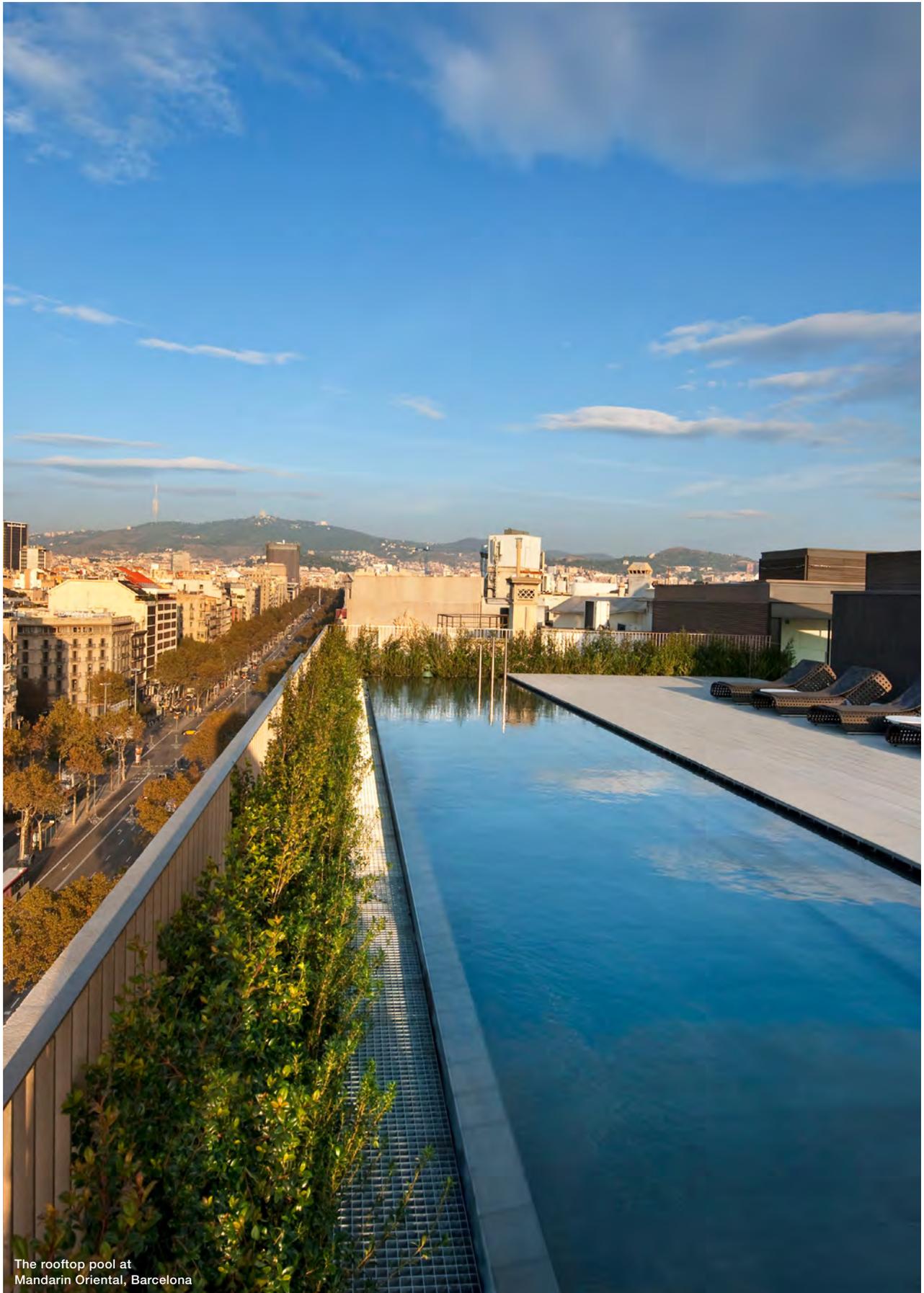
The recent inclusion of all hotels' environmental management practices into the Group's Safe, Sound & Sustainable programme will help further hotel efforts, as what gets measured gets done. In the first environmental audit, the hotel reached top scores. Those achievements are rooted in the longstanding and continuous leadership of individuals who try to make a difference in a country in great need of role models.



Director of Business Management Anne Ng says, “Sustainability will only become a reality if we make it part of everyday life. When new colleagues join Mandarin Oriental, Kuala Lumpur, we emphasise that their everyday actions, however small, can have a big impact over time with regard to the environment”.



Mandarin Oriental, Kuala Lumpur



The rooftop pool at
Mandarin Oriental, Barcelona

Reducing Water Consumption

Hotels use water in guestrooms, spas and swimming pools, as well as in non-guest areas for laundries, cooling systems and irrigation. Our focus will remain on reducing water consumption in non-guest areas, where we can make the greatest impact.

As of 2012, all Mandarin Oriental hotels obtain water from municipal or city water supplies with the exception of two properties, which rely partially on ground and surface water. Municipal supply accounts for 84.1%, groundwater 7.7% and surface water 8.2% of our total water supply.

Local Water Availability

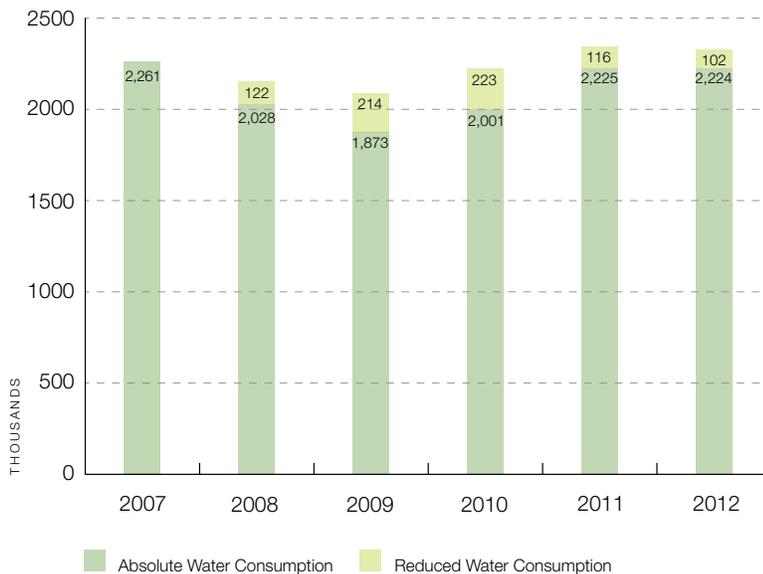
Our Group understands the importance of water to our business, to human health and to the economic viability of the communities where we operate. We have therefore taken steps to enhance the monitoring and management of our water use and have identified hotels that are located in water-stressed areas. Approximately one-third of our hotels currently in operation or in construction are located in potentially water-stressed areas. To obtain our water stress assessment, we leveraged leading water

availability tools, WBCSD Global Water Tool and the WRI Aqueduct Tool, as well as a third-party subject matter expert.

Our Performance: Absolute Water Consumption

The Group's absolute water consumption, including irrigation, cooling towers and swimming pools in 2012 was 2,224,000 cubic metres.¹¹ Between 2007 and 2012, our Group reduced water consumption by 777,000 cubic metres, which is equivalent to the amount of water needed to fill 311 Olympic-size swimming pools.¹²

ABSOLUTE WATER CONSUMPTION
2007–2012 (THOUSAND M³/YEAR)

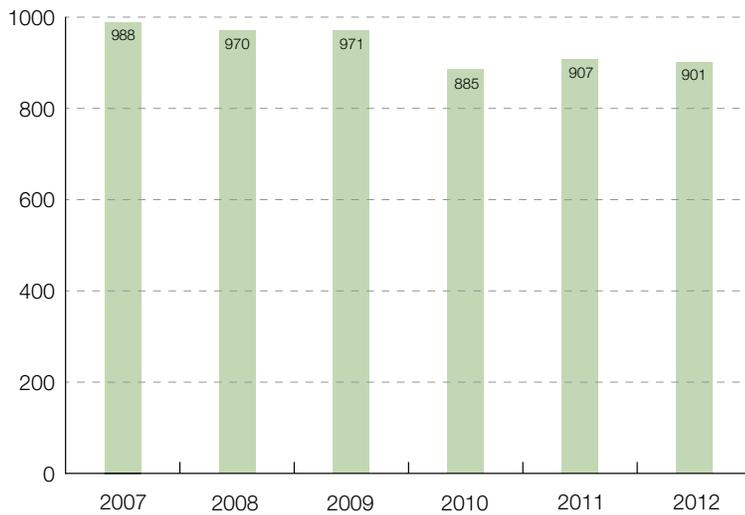


Water use is highly variable and correlates to guest nights. Water efficiency measures have reduced consumption, but as a growing operation, we must continue to identify areas of efficiency improvement.

Our Performance: 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 2012, the Group's average water use was reduced by 8.8% over 2007 levels, and therefore we did not reach our 10% reduction goal for 2012. We are confident, however, that we can retain our 2020 goal of a reduction of 20% and have established an aggressive goal for our 2016 goal to keep us on track.

WATER INTENSITY 2007-2012 (LITRES/GUEST NIGHT)



Efficiency improvements have been realised, but have remained relatively stable since 2010. Additional improvements will be necessary to reach our 2016 and 2020 targets.



CHAMPIONING COMMUNITY

We fully embrace the communities in which we operate, and we are committed to conducting our business in ways that have a positive impact on society. Mandarin Oriental supports many worthy causes, with a special focus on cultural heritage preservation and on community programme support. We encourage every hotel to get involved in its community in ways that make the most of their skills, and for causes about which they are passionate. In addition, the Group coordinates broader initiatives in certain regions of the world.

Cultural Heritage

The preservation of artistic and cultural traditions is vital to ensuring their continued enjoyment for future generations. We celebrate our oriental roots and embrace the local culture unique to each hotel, from the selection of each hotel's unique symbolic fan, to our support of arts and artefact preservation.

Fans

Each Mandarin Oriental hotel is distinguished by its own unique fan, a profoundly meaningful symbol of our oriental culture that embodies the Group's luxurious and elegant

image, whilst also being reflective of each property's local charm. True to this tradition, Mandarin Oriental commissioned world renowned fashion designer Vivienne Tam in 2012 to create an original fan design for the opening of Mandarin Oriental, Guangzhou.

As a native of Guangzhou, Tam has a strong emotional attachment to the city. She is deeply inspired by the fact that Guangzhou was the earliest Chinese trading port to the West, and she created a fan that symbolises Guangzhou's abundant and diversified

offerings—from past to present.

The artistic design cleverly combines a Chinese opera mask with a geometric pattern and a floral motif which reflects Guangzhou's reputation as a "flower city". These elements, created in a range of vibrant colours, reflect Guangzhou's characteristics: a fast-paced, modern and contemporary city with a vibrant local culture. "The fan is totally unique", says Tam, given that she sourced the original design elements from her own fabric collection.



Mandarin Oriental commissioned world renowned fashion designer Vivienne Tam to create an original fan design for the opening of Mandarin Oriental, Guangzhou (left). Mandarin Oriental, Las Vegas' fan (below) is an original silk painting created by Chinese-American artist Eric Jiaju Lee. Proudly displayed in the 23rd floor Sky Lobby, the artwork is a pastiche of vibrant colours inspired by the surrounding Red Rock canyons and the sparkle of the hotel's location on the Las Vegas Strip.



The Mandarin Oriental Fellowship for Cultural Preservation with the Asian Cultural Council

Founded in 1963, the Asian Cultural Council (ACC) supports transformative cultural exchange by awarding grants to Asian and American artists, scholars, and organisations for creative work and study in the United States and Asia. Since 2005, Mandarin Oriental Hotel Group has partnered with the ACC on a dedicated Fellowship for the preservation of indigenous arts, cultures and traditions of Asia.

In 2012, the Mandarin Oriental Fellowship was awarded to Korean-American violin virtuoso Jennifer Koh, who embarked on an intensive journey to explore shaman ritual and musical

traditions in Korea. Koh spent two weeks working with Professor Jongsun Yang, former head of the National Folklore Museum of Korea, who took her to several ancient shrines in and near Seoul. Koh also travelled to Cambodia and Vietnam to attend several concerts of traditional dance and music, and she visited a number of Buddhist temples.

Koh stated that her time in Asia has resulted in a new work with the director Robert Wilson, which will be a larger piece about the birth, development and death of an artist. Koh said, "The idea of 'birth', or the place and culture that one comes and begins from, is a starting point for this work, which will open at the Louvre in Paris in November 2013. The question of 'beginning' and the idea of 'becoming' run parallel to the ideas of 'gathering'

and 'collecting' influences that form the artists we are now, and will be".

Through her Mandarin Oriental Fellowship, Koh was also inspired to create another project, *Bridge to Beethoven*, which is a cross-cultural exploration of Beethoven's influence on composers coming from non-Western cultures, with commissions from composers ranging from Anthony Cheung to Vijay Iyer.

"Mere words cannot express my gratitude to the Asian Cultural Council and Mandarin Oriental for this life-changing experience, and I am eager to continue my research next year when I pursue the second part of my fellowship", said Koh.



Jennifer Koh

SUSTAINABILITY FANS



Mandarin Oriental, Sanya Shares the Way of the Shaolin

Within its Spa operation, Mandarin Oriental, Sanya employs an esteemed Shaolin monk, Master Hu, a specialist in ancient Chinese healing practices. Born and raised in Henan Province, Master Hu began training in Shaolin Kung Fu as a child. Master Hu's family is steeped in the traditions of Shaolin; his father, his aunt and uncles all practice Shaolin Kung Fu whilst his uncle, Grand Master Shi De Yu, is one of China's most distinguished authorities in the Shaolin and Sanda martial arts field.

Through classes offered at Mandarin Oriental, Sanya, Master Hu helps educate guests on the principles of Zen meditation and the benefits of Tai Chi, Qigong, Shaolin Kung Fu and the art of the Tea Ceremony. In an effort to share Master Hu's knowledge with other Mandarin Oriental guests, the Group invited Master Hu to visit the United States for three weeks in the fall of 2012. During his visit, Master Hu led exclusive workshops in Chinese healing arts, offering guests the opportunity to practice with a genuine master. These one-of-a-kind sessions surprised and delighted guests, leaving them with lasting, positive impressions of their experiences. Notably, Master Hu was sought out by a couple celebrating their anniversary at Mandarin Oriental, Boston to perform a Tea Ceremony and the Qi Gong and Meditation session. The hotel was delighted to arrange this special opportunity for the couple, who were thrilled to have Master Hu as part of their celebration. Master Hu's visit was so successful that the Group's spa division intends to continue similar colleague cultural exchange programmes in future.



Regarding his experience teaching guests outside of China, Master Hu said, "People are the same all over the world. Zen meditation helps everyone's body and mind, so the more people who experience it, the better".



Master Hu

Community Programmes

Mandarin Oriental hotels contribute to their local communities with more than philanthropic support. Our colleagues are encouraged to participate directly, whether through volunteering, fundraising or coordinating events for local charitable causes. This section highlights many of the important community initiatives from our hotel colleagues, who are helping to build a brighter future in their communities.



Mandarin Oriental, Jakarta Educates and Empowers Local Kids

During Ramadan, Mandarin Oriental, Jakarta invited street children from the non-profit organisation Yayasan Sahabat Anak to learn about the inner workings of a hotel. On 10 August 2012, 25 children (ages 12 to 17) shadowed hotel colleagues performing a range of daily activities—from ensuring safety for all guests from the hotel's security manager to decorating a cake with a chef. In all, 150 colleagues volunteered their time to help with this effort to empower and educate the local children.

Community Service at Mandarin Oriental, Bangkok

Mandarin Oriental, Bangkok has been active in charitable causes in its community for decades. The legendary hotel has held an annual community service event since 1982, which has included assistance to needy schools in Thailand, building libraries to further enhance Thai children's education, donating materials for educational and vocational purposes, as well as assistance with infrastructure and building improvements.

In 2012, Mandarin Oriental, Bangkok collected over US\$9,000 in colleague donations to renovate a new dining canteen for students of Baan Nhong Don School, Tambol Nhongdon, Amphur Nhongdon Saraburi province. The school's old canteen had nearly collapsed, with buckled ceilings and a tattered roof. With the help of 80 volunteers from the hotel, the new canteen was officially delivered to the school on 6 October 2012, much to the delight of the students.



Mandarin Oriental Hyde Park, London and Macmillan Cancer Support

From its early beginnings, founded in 1911 by Douglas Macmillan, Macmillan Cancer Support has grown to become the largest cancer care and support charity in the United Kingdom. In December 2012, Mandarin Oriental Hyde Park, London partnered with Harrod's department store to bring holiday cheer to families in the Macmillan Cancer network with a festive evening at the hotel. Invited to a special reception to meet Harrod's Father Christmas, parents and children helped hotel colleagues decorate gingerbread houses, whilst enjoying a host of culinary treats and handmade sweets. Most importantly, the children met with Father Christmas and received a special gift, fulfilling their holiday dreams.



Mandarin Oriental, Paris and 'A Chacun son Everest!'

A Chacun son Everest! aids children coping with cancer or leukemia through guided mountain camping experiences. Far more than a week's holiday, the camp is a true expedition of discovery, in which each activity is a step towards the final goal: reaching his or her summit—their own Mount Everest. Founded in 1994, the charity organises 15 to 20 camps in Chamonix each year for approximately 250 children and teenagers, in groups of 12 to 15 per week. Recently, the organisation expanded its mission to assist women diagnosed with breast cancer.

Colleagues at Mandarin Oriental, Paris have proudly supported *A Chacun Son Everest!* through various fundraising activities held throughout 2012, which resulted in a EUR\$7,000 donation for the charity. General Manager Philippe Leboeuf is also on the board of *A Chacun Son Everest!*, and has enlisted the support of several luxury hotels in Paris to support this worthy charitable organisation.

Mandarin Oriental, Miami Helps Serve the Homeless

The Miami Rescue Mission is a non-profit organisation dedicated to transforming the lives of homeless people, providing bed nights and meals to thousands of people each year. To support the Mission's important work in the community, colleagues from Mandarin Oriental, Miami volunteered throughout 2012 one evening each month to serve food to homeless men, women and children. Hotel colleagues also supported the charity through clothing donations, including a tennis shoe drive to provide children in need with new sneakers. During the month of November, Mandarin Oriental, Miami also hosted an annual food drive for the holiday season. The activities sponsored by Mandarin Oriental, Miami helped raise over US\$2,500 for the Miami Rescue Mission in 2012.



Mandarin Oriental, New York Lends a Hand for Hurricane Sandy Recovery

To help the victims of Hurricane Sandy, Mandarin Oriental, New York organised a "Lend a Hand" colleague volunteer programme in November 2012 to benefit The Robin Hood Foundation. For more than 20 years, Robin Hood has fought poverty in New York City, and the charity launched a large-scale relief effort immediately after Hurricane Sandy to aid its neighbours in the tri-state area whose lives were affected by the storm. Colleagues at Mandarin Oriental, New York were at the ready to assist, travelling to various non-profits across New York City in order to provide blankets, food, clothing and more to residents in need. In addition to their volunteer hours, Mandarin Oriental, New York raised over US\$4,000 for Robin Hood. Mandarin Oriental Hotel Group was delighted to further contribute to the hotel's fundraising efforts with a US\$10,000 donation to assist in Robin Hood's Hurricane Sandy recovery efforts.

Community Programmes

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

Mandarin Oriental, Las Vegas Partners with Clean the World

In 2012, Clean the World opened their Las Vegas Recycling Operation Center providing soap across the United States and to over 50 countries worldwide. This new facility acts as a collecting point for gently used hotel amenities from all over the western region of the United States, including Mandarin Oriental, Las Vegas. The hotel has diverted over 1,750 pounds of unused products from disposal for donation to Clean the World, resulting in 6,000 new bars of soap for distribution to children and families worldwide.



SAN FRANCISCO

LAS VEGAS

BERMUDA



Mandarin Oriental, San Francisco Renovates and Reuses for a Good Cause

In May 2012, Mandarin Oriental, San Francisco successfully completed a major renovation giving a new face to the first Mandarin Oriental property in the Americas. During the renovation, the hotel did not let its former supplies go to waste. The hotel's linen, bedding and amenities were donated to Larkin Street Youth Services, the city's leading provider of outreach and emergency shelter, primary medical care, transitional housing and job training for at risk youth in San Francisco.



Elbow Beach, Bermuda's General Manager Gets 'Locked Up' for Charity

Elbow Beach, Bermuda General Manager Edward Shapard took part in the island's 'Celebrity Lock-Up' 2012, an annual charitable event that 'detains' notable personalities in Bermuda. Mr Shapard volunteered his time and raised money for "bail" to benefit PRIDE Bermuda, a non-profit organisation that educates and empowers young people about healthy lifestyle choices regarding drugs and alcohol.

Mandarin Oriental, Barcelona Makes Dreams Come True with The Wishing Tree

During the Three Kings holiday, Mandarin Oriental, Barcelona made dreams come true for children in shelters throughout Catalonia with the hotel's Wishing Tree. In conjunction with the Soñar Despierto Foundation, colleagues set up a special holiday tree in the hotel's lobby that featured letters containing wishes from homeless children. The hotel invited guests to read the letters and welcomed them to either purchase a present or offer a monetary donation.

From 1 December 2012 to 5 January 2013, The Wishing Tree collected more than US\$1,500, helping dozens of children's holiday wishes come true.

BARCELONA



Mandarin Oriental, Hong Kong Participates in the Oxfam Trailwalker 2012

On 16 November 2012, colleagues from Mandarin Oriental, Hong Kong took part in the annual Oxfam Trailwalker. Four colleagues powered through the combined 100km course to help raise money for Oxfam's poverty alleviation and emergency relief projects in Africa and Asia. The team from Mandarin Oriental, Hong Kong completed the race at a time of 28 hours and 29 minutes—all in an effort to support one of the largest fundraising sporting events in Hong Kong, which has raised HK\$365 million (US\$47 million) since its start in 1986.

HONG KONG



SANYA

Mandarin Oriental, Kuala Lumpur Helps Rebuild Orphanages

Colleagues at Mandarin Oriental, Kuala Lumpur gave a helping hand to rebuild two local orphanages, Rumah Jalinan Kasih and Rumah Kanak-Kanak Cacat Taman Megah. On 20 and 21 December 2012, more than 30 hotel colleagues came together to build a new roof, repair tiles and repaint walls at Rumah Jalinan Kasih. Volunteers also donated electronics and educational games for handicapped children to enjoy at Rumah Kanak-Kanak Cacat Taman Megah.

KUALA LUMPUR



Mandarin Oriental, Sanya and Yingmai Primary School

Mandarin Oriental, Sanya teamed up with Yingmai Primary School of Wuzhishan Mountain to offer local children a fun-filled experience at the resort's MO Kid's Camp. On 22 December 2012, the hotel invited five students (ages 4-12) from Yingmai Primary School to delight in a host of games and recreational activities. In addition, Mandarin Oriental, Sanya donated 300 books to the school's mobile library.

SUSTAINABILITY FANS



Mandarin Oriental, Washington D.C.'s “FANtastic March”

Colleagues at Mandarin Oriental, Washington, D.C. are giving back to the community in Southwest D.C. through their “FANtastic March”, an annual 5K run/walkathon held each September to raise funds for local charities. In 2012, the hotel dedicated its “FANtastic March” fundraising activity to benefit the local Amidon-Bowen Elementary School, and specifically the school’s levelled library. The school has approximately 300 children attending kindergarten through sixth grade, and its levelled library includes enough books at every grade level to support a full reading curriculum. With colleague and community donations, in addition to a US\$10,000 grant from Mandarin Oriental Hotel Group, the hotel’s 2012 FANtastic March event raised more than US\$40,000 for the school, bringing books and new learning opportunities to children in the community.



Director of Communications Linda Beltran says, “At Mandarin Oriental, Washington D.C., we are committed to providing delightful experiences to our guests and also to making a lasting contribution in our community in Southwest D.C. The FANtastic March is a great reflection of our colleagues’ passion to do more for a sustainable future. We’re proud to go that extra mile for guests and for our community”.



Linda Beltran

FUTURE DIRECTIONS

Having achieved several of our short-term environmental goals in 2012, we are encouraged by our progress, but recognise that there is still a great deal more to do on our sustainability journey.

We will continue to collaborate with our hotels on ways to increase energy efficiency, reduce carbon emissions, conserve water and eliminate waste. In 2013, every hotel in the Group will receive individual short-term environmental goals that will help us monitor progress, identify challenges and take corrective action where necessary to ensure we meet our broader environmental objectives. The final implementation of environmental data management systems across our hotels in 2013 will greatly assist our hotels in tracking their performance and meeting our targets.

Our colleagues remain our most important resource in achieving our sustainability goals, and we are expanding employee engagement through the launch of our Group-wide sustainability training in 2013.

As ever, stakeholder feedback supports our on-going efforts to improve our performance and to provide more transparent communication. If you'd like to share your views on our sustainability progress and on this report, please contact our corporate responsibility team at sustainability@mohg.com.

Sustainability Awards and Certifications

AWARDS

MANDARIN ORIENTAL, BOSTON

*Massachusetts Lodging Association
Award for One Time Events*

Received in March 2012 for the Celebrate China Family Cultural Day with the Peabody Essex Museum.

MANDARIN ORIENTAL, KUALA LUMPUR

*Malaysian Ministry of Tourism -
"Green Award 2012"*

Its criteria cover multiple environmental and social criteria.

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 in its longstanding commitment to the environment.

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, KUALA LUMPUR

ISO 14001

Certified since 2003

MANDARIN ORIENTAL, LAS VEGAS

LEED Gold

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

MANDARIN ORIENTAL, PARIS

HQE certification

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

MANDARIN ORIENTAL, ATLANTA

GREENGUARD Building Construction Certification

Certified since 2008, the GreenGuard building certification ensures that construction materials are certified safe for occupants.

MANDARIN ORIENTAL, MIAMI

*Green Hotel by the Florida
Green Lodging Programme*

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, TOKYO

Top 30 Low Emission Building

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

GRI Index

KEY  FULL COVERAGE  PARTIAL COVERAGE

INDICATOR	DESCRIPTION	STATUS	LOCATION
1.1	Statement from the most senior decision-maker of the organization.		Introduction (p. 4)
2.1	Name of the organisation.		Introduction (p. 3)
2.2	Primary brands, products, and/or services.		Introduction (p. 3)
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.		Introduction (p. 3)
2.4	Location of organisation's headquarters.		Introduction (p. 3)
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 (p. 2)
2.6	Nature of ownership and legal form.		Introduction (p. 3)
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).		Introduction (p. 3)
2.8	Scale of the reporting organisation.		Introduction (p. 3)
2.9	Significant changes during the reporting period regarding size, structure, or ownership.		Introduction (p. 5)
2.10	Awards received in the reporting period.		Appendix (p. 57)
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.		Introduction (p. 5)
3.2	Date of most recent previous report (if any).		Introduction (p. 5)
3.3	Reporting cycle.		Introduction (p. 5)
3.4	Contact point for questions regarding the report or its contents.		Future Directions (p. 56)
3.5	Process for defining report content.		Introduction (p. 5)
3.6	Boundary of the report.		Introduction (p. 5)
3.7	State any specific limitations on the scope or boundary of the report		Introduction (p. 5)
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 organizations.		Annual Financial Report (p. 34), Appendix
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 (p. 5)
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 (p. 5)
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.		Introduction (p. 5)
3.12	Table identifying the location of the Standard Disclosures in the report.		GRI Index (p. 58)
3.13	Policy and current practice with regard to seeking external assurance for the report.		Introduction (p. 5)
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 (p. 79–83)
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.		Annual Financial Report (p. 79)
4.3	For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.		Annual Financial Report (p. 81–82)
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.		Annual Financial Report (p. 83)
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.		Annual Financial Report (p. 81)
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.		Introduction (p. 6)
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.		Annual Financial Report (p. 81–82)
4.14	List of stakeholder groups engaged by the organisation.		Introduction (p. 7)
4.15	Basis for identification and selection of stakeholders with whom to engage.		Introduction (p. 7)

KEY  FULL COVERAGE  PARTIAL COVERAGE

INDICATOR	DESCRIPTION	STATUS	LOCATION
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.		Appendix (p. 60)
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.		Advancing Sustainability (p. 30)
EC3	Coverage of the organization's defined benefit plan obligations.		Annual Financial Report (p. 39) Appendix
EC4	Significant financial assistance received from government.		Appendix (p. 60)
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.		Delivering Excellence (p. 13)
EN3	Direct energy consumption by primary energy source.		Advancing Sustainability (p. 33)
EN4	Indirect energy consumption by primary source.		Advancing Sustainability (p. 33)
EN5	Energy saved due to conservation and efficiency improvements.		Advancing Sustainability (p. 32)
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 (p. 32)
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.		Advancing Sustainability (p. 32)
EN8	Total water withdrawal by source.		Advancing Sustainability (p. 43–44)
EN16	Total direct and indirect greenhouse gas emissions by weight.		Advancing Sustainability (p. 36–37)
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.		Advancing Sustainability (p. 35, 37)
EN22	Total weight of waste by type and disposal method.		Advancing Sustainability (p. 39)
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.		Advancing Sustainability (p. 31)
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.		Appendix (p. 61)
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.		Appendix (p. 62)
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.		Delivering Excellence (p. 13)
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.		Delivering Excellence (p. 21), Appendix (p. 63)
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.		Delivering Excellence (p. 16–17)
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.		Delivering Excellence (p. 17)
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.		Delivering Excellence (p. 13)
LA15	Return to work and retention rates after parental leave, by gender.		Delivering Excellence (p. 12)
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.		Introduction (p. 6)
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.		Introduction (p. 6)
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.		Delivering Excellence (p. 21), Advancing Sustainability (p. 31)
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 (p. 20–21)
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.		Delivering Excellence (p. 26–27)
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.		Delivering Excellence (p. 11)

Direct Economic Value Generated and Distributed

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED (US\$ MILLION)	2010	2011	2012
Combined Total Revenue ¹	1025.5	1196.4	1283.3
EBITDA ²	136.4	163	174.6
Direct Value Generated (Revenue)	513.2	614.2	648.3
Cost of sales	326.6	377.3	415.2
Employee wages & benefits	195.2	223.8	242.5
Payments to providers of capital (dividends & financing)	82.3	61.8	71.0
- Dividends paid	69.2	49.8	59.9
- Financing	13.1	12	11.1
Payments to governments ³ (including taxes)	12	19	17.7
Community Investments ⁴	-	-	-

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

² EBITDA of subsidiaries plus the Group's share of EBITDA of associates

³ No governments are significant stakeholders in the shares of the Group.

⁴ Not yet tracked

Total Workforce

TOTAL WORKFORCE	MALE	%	FEMALE	%	TOTAL	%
By Region	6,658	55%	5,423	45%	12,081	
Asia	4,150	56%	3,238	44%	7,388	61%
Europe	981	57%	744	43%	1,725	14%
The Americas	1,474	52%	1,353	48%	2,827	23%
Corporate	53	38%	88	62%	141	1%
By Employment Contract						
Full-time	6,103	56%	4,703	44%	10,806	89%
Part-time	161	37%	272	63%	433	4%
Casual	394	47%	448	53%	842	7%
By Colleague Category						
Line Staff	4,995	55%	4,094	45%	9,089	75%
Management	1,331	56%	1,042	44%	2,373	20%
Executive	166	61%	106	39%	272	2%
Other (Casual)	166	48%	181	52%	347	3%
By Age Group						
Under 30	2,265	52%	2,059	48%	4,324	36%
30 to 50	3,454	56%	2,664	44%	6,118	51%
Over 50	939	57%	700	43%	1,639	14%
By Nationality						
Asia	4,234	55%	3,434	45%	7,668	63%
Europe	955	58%	681	42%	1,636	14%
North America	1,070	51%	1,014	49%	2,084	17%
South America	153	54%	128	46%	281	2%
Africa	92	58%	68	43%	160	1%
Oceania	18	64%	10	36%	28	0%
Other	136	61%	88	39%	224	2%
EXECUTIVE TEAM & BOARD OF DIRECTORS¹	MALE	%	FEMALE	%	TOTAL	%
By Age Group	12	86%	2	14%	14	
Under 30	-	-	-	-	-	-
30 to 50	5	100%	0	0%	5	36%
Over 50	7	78%	2	22%	9	64%
By Nationality						
Europe	9	90%	1	10%	10	71%
North America	2	67%	1	33%	3	21%
Oceania	1	100%	0	0%	1	7%

¹ Executive Team & Board of Directors are also included in the total workforce values.

Turnover

NEW EMPLOYEES	MALE	%	FEMALE	%	TOTAL	% OF TOTAL
Employees by Age Group	1,926	53%	1,717	47%	3,643	30%
Under 30	1,196	52%	1,107	48%	2,303	63%
30 to 50	667	55%	552	45%	1,219	33%
Over 50	63	52%	58	48%	121	3%
Employees by Region	1,926	53%	1,717	47%	3,643	30%
Asia	1,221	55%	1,004	45%	2,225	61%
Europe	388	51%	376	49%	764	21%
The Americas	311	49%	324	51%	635	17%
Corporate	6	32%	13	68%	19	1%
TOTAL TURNOVER	MALE	%	FEMALE	%	TOTAL	% OF TOTAL
Separations by Age Group	1,882	52%	1,733	48%	3,615	
Under 30	969	50%	977	50%	1,946	54%
30 to 50	796	58%	582	42%	1,378	38%
Over 50	117	40%	174	60%	291	8%
Separations by Region	1,882	52%	1,733	48%	3,615	
Asia	1,187	53%	1,065	47%	2,252	62%
Europe	397	53%	347	47%	744	21%
The Americas	293	49%	300	51%	593	16%
Corporate	5	19%	21	81%	26	1%
Turnover Rate by Age Group		28%		32%		30%
Under 30		43%		47%		45%
30 to 50		23%		22%		23%
Over 50		12%		25%		18%
Turnover Rate by Region						
Asia		29%		33%		30%
Europe		40%		47%		43%
The Americas		20%		22%		21%
Corporate		9%		24%		18%

Health & Safety Incidents: Audit Results

PERFORMANCE INDICATOR	UNIT	REGION	2008	2009	2010	2011	2012
Safe Sound & Sustainable							
Audit Results	% Compliance		91.0	90.0	89.3	90.3	89.8
Lost Time Incident Rate	Lost time Incidents / 100 employees	ALL	3.77	3.21	2.73	2.90	2.46
		Asia	4.19	2.99	2.86	3.04	2.40
		Europe	3.93	4.20	2.27	3.91	4.58
		The Americas	2.26	3.46	2.56	1.90	1.16
Lost Time Incident Severity Rate	Severity of incidents / 100 employees	ALL	34.11	25.25	19.49	24.27	24.59
		Asia	37.60	22.44	17.62	23.54	23.05
		Europe	51.75	45.87	29.18	36.37	42.49
		The Americas	11.74	24.83	20.40	20.57	16.96

Environmental Performance Summary

PERFORMANCE INDICATOR	UNIT	2007	2008	2009	2010	2011	2012
Energy							
Absolute Energy Consumption (Actual)	GJ	1,248,657	1,209,820	1,214,568	1,266,972	1,306,858	1,326,280
	MMBTU	1,183,499	1,146,688	1,151,188	1,200,858	1,238,662	1,257,071
Absolute Energy Consumption (Baseline)	GJ	1,248,657	1,237,276	1,309,186	1,376,523	1,440,084	1,482,931
	MMBTU	1,183,499	1,172,712	1,240,869	1,304,692	1,364,936	1,405,548
Energy Intensity (Actual)	MJ/m ²	1,798	1,741	1,596	1,598	1,612	1,609
	MMBTU/ft ²	0.158	0.153	0.143	0.141	0.142	0.142
Emissions							
Absolute Emissions (Actual)	tons (metric) of CO ₂ -e	152,496	146,545	149,941	156,323	161,744	157,133
	tons (US) of CO ₂ -e	168,096	161,537	165,280	172,315	178,290	173,208
Absolute Emissions (Baseline)	tons (metric) of CO ₂ -e	152,496	149,521	159,723	167,825	176,451	179,189
	tons (US) of CO ₂ -e	168,096	164,817	176,063	184,993	194,502	197,520
Emission Intensity (Actual)	kg CO ₂ -e/m ²	220	211	200	197	200	191
	lb CO ₂ -e/ft ²	45.0	44.1	43.7	43.4	44.6	44.5
Water							
Absolute Water Consumption (Actual)	m ³	2,261,096	2,028,078	1,873,433	2,001,394	2,224,643	2,224,456
	million gallons (US)	597	536	495	529	588	588
Absolute Water Consumption (Baseline)	m ³	2,261,096	2,150,421	2,087,630	2,224,169	2,340,738	2,326,235
	million gallons (US)	597	568	552	588	618	615
Water Intensity	litres/guest night	988	970	971	885	907	901
	gallon (US)/guest night	260,986	256,246	256,567	233,899	239,600	238,074
Waste							
Total Waste	kilograms						6,928,558
	pounds						15,274,856
Diverted Waste	kilograms						1,140,443
	pounds						2,514,225
Waste Landfill Intensity	kilograms						3.19
	pounds						7.03
Diversion Rate	percent						17%
Operational Data							
Total Air Conditioned Area	m ²	694,297	695,051	749,343	792,823	810,723	824,543
	ft ²	7,473,343	7,481,459	8,065,853	8,533,867	8,726,541	8,875,298
Total Guest Nights		2,515,601	2,290,443	2,140,056	2,490,061	2,721,495	2,772,109

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

Mandarin Oriental hotels in Bangkok, Chiang Mai, Sanya and Las Vegas are 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 hotels in Hong Kong, Manila, Bangkok, Chiang Mai, Sanya, London, San Francisco, and Las Vegas, as well as The Grand Lapa, Macau and The Landmark Mandarin Oriental, Hong Kong are not included in waste figures, due to incomplete data.

Footnotes

Delivering Excellence

- 1 Mandarin Oriental, Atlanta is included in all employment analyses except turnover in this section, as the hotel had not been operational for a full year at the time of calculation.
- 2 Compensation Force “2012 Turnover Rates by Industry”, 2012. <http://www.compensationforce.com/2012/09/2012-turnover-rates-by-industry.html>
- 3 United States Bureau of Labor Statistics, Leisure and Hospitality Rate, 2011 (the most recent year of data available). <http://www.bls.gov/iag/tgs/iag70.htm>

Advancing Sustainability

- 1 Earth Guest Research. “Sustainable Hospitality: Ready to Check In”. June 2011
- 2 Reductions in energy use, greenhouse gas emissions and 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).
- 3 Renewable Energy Certificates (RECs) are included in the emission calculations.
- 4 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.
- 5 Emissions from stationary combinations, such as boilers, have been based on the Greenhouse Gas Protocol Cross Section Tools.
- 6 Electricity emission factors for properties outside the U.S. have been obtained from the International Agency. Electricity emission factors for U.S. properties have been based on the eGrid of the US Environmental Protection Agency (EPA).
- 7 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.
- 8 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.
- 9 Mandarin Oriental hotels in Hong Kong, Manila, Bangkok, Chiang Mai, Sanya, London, San Francisco and Las Vegas as well as The Grand Lapa, Macau and The Landmark Mandarin Oriental, Hong Kong are not included in waste figures due to incomplete data. Some hotels that have reported on waste generation in 2012 have switched to a central waste collection in a shared facility, and are currently unable to retrieve waste related data.
- 10 <http://www.topnews.in/malaysia-bemoans-low-recycling-rate-2129412>
- 11 Hotels in Bangkok, Chiang Mai, Sanya and Las Vegas are not included in water consumption figures.
- 12 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.



Assurance Statement
related to Mandarin Oriental Hotel Group's Sustainability Report 2012,
for the calendar year ending 31st December 2012

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 2012 Sustainability Report ("the Report") for the calendar year ending 31st December 2012. The Report relates to the sustainability performance of MOHG.

Our terms of engagement covered only MOHG's head office in Hong Kong and the hotels where MOHG has full operational control in 2012. Residences and hotels under development were not included.

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 G3.1 2011). 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
- Benchmarking MOHG's material issues against our own independent analysis of stakeholder issues which was done by evaluating external reports and reviewing other sustainability information in hospitality industries
- 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 at 281 Gloucester Road, Causeway Bay, Hong Kong.

Note 1: Economic performance data was taken direct from the audited financial accounts.

Note 2: No source data was sampled for its accuracy and completeness.

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

Level of Assurance & Materiality

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

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.

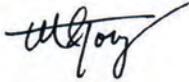
LRQA's Recommendations

MOHG should consider:

- Producing their Sustainability Report 2013 in accordance with the core requirements of GRI G4.

Signed

Dated: 7th June 2013



Tong Chen

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: HKG6013400/0003

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