

A night-time aerial view of the Shanghai skyline, featuring prominent skyscrapers like the Shanghai Tower and the Oriental Pearl Tower, with city lights reflecting on the water. The image is overlaid with a blue geometric pattern of overlapping triangles and lines.

2021

SUSTAINABILITY REPORT

HUAZHU GROUP LIMITED

T E C H N O L O G Y E M P O W E R S A B E T T E R L I F E

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About the Report

This report is the 2021 annual sustainability report (the "**Report**") released by Huazhu Group Limited (the "**Company**"). The Report provides an overview of the environmental, social and governance ("**ESG**") commitments, strategies, management efforts, and performance of the Company and its hotel brands. Unless otherwise stated, the Report covers the Company and its hotel brands for the period from January 1, 2021 to December 31, 2021 (the "**Reporting Period**").

Reporting Cycle

The Report is the second annual ESG report released by the Company. The 2020 Annual Sustainability Report for the last reporting period was released on June 25, 2021.

Reporting Standards

The Report has been prepared in accordance with the *Global Reporting Initiative Standards* 《GRI可持续发展报告标准》 ("**GRI Standards**") issued by the *Global Sustainability Standards Board* ("**GSSB**"), the *ESG Reporting Guide* 《ESG报告指引》 (*Appendix 27 to the Listing Rules* 《上市规则附录二十七》) released by the Hong Kong Exchanges and Clearing Limited ("**HKEX**"), and *Nasdaq's ESG Reporting Guide* 《ESG报告指引》.

Data

The data used in the Report includes the statistical data of the Company and its brand hotels and related public data. Unless otherwise noted, all amounts shown in the Report are presented in RMB.

Certain Conventions

The Group, we, us, Huazhu, Huazhu Group	refer(s) to	Huazhu Group Limited and its hotel brands
The Company	refers to	Huazhu Group Limited
Legacy DH	refers to	Deutsche Hospitality and its subsidiaries
Legacy Huazhu	refers to	the Group excluding Deutsche Hospitality

Language

The Report is released in simplified Chinese and English. If there are any discrepancies between different language versions, the simplified Chinese version shall prevail.

Publication Method

The Report is released on the Company's website (<https://ir.huazhu.com/>).

Contact Information

If you have questions or suggestions about the Report or the ESG management of the Group, please contact us via email at ir@huazhu.com.



01

ABOUT HUAZHU

CORPORATE GOVERNANCE •

BUSINESS ETHICS •

Huazhu Group Limited (NASDAQ: HTHT, HKEX: 01179.HK) is a multi-brand hotel group in China with international operations. We are headquartered in Shanghai, China. Since our founding in 2005, the Group has been committed to achieving a better life by using a professional and efficient intelligent management system and focusing on providing customers with high-quality and diverse accommodation and travel experiences.



Vision

Become a world-class enterprise



Mission

Better Huazhu, Better Life



Corporate value

Seek truth, perfection and beauty



Corporate culture

A group of like-minded people, together achieve great success joyfully

As of December 31, 2021, our hotel network covered 7,830 hotels spanning 811 cities in 31 provinces and municipalities across the greater China region and 16 other countries, and we also had a pipeline of hotels in these countries and regions under development. We now operate a portfolio of over 20 distinct hotel brands covering diverse markets ranging from luxury to budget. The hotels meet various customer requirements including high-end business, vacation and leisure, and budget accommodation. In addition, Huazhu has established the "H Rewards" membership system, providing accommodation, travel, shopping and other services to more than 193 million members worldwide.



Our hotel network covered **7,830** hotels;



Spanning **811** cities in **31** provinces and municipalities across the greater China region and **16** other countries;



We now operate a portfolio of over **20** distinct hotel brands cover diverse markets;



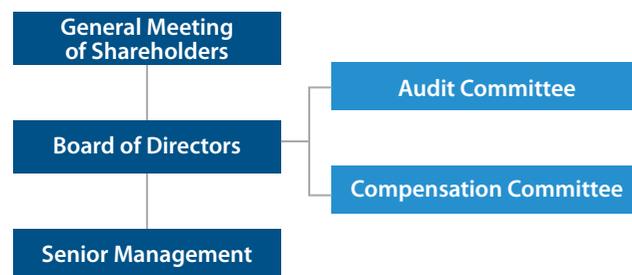
Huazhu has established the "H Rewards" membership system, providing accommodation, travel, shopping and other services to more than **193** million members worldwide.

Corporate Governance

Huazhu is committed to building a corporate management structure with clear rights and responsibilities, efficient operations, honesty, and integrity. Huazhu manages risks in a timely manner by using a standardized internal control system and an anti-corruption mechanism, so that our investors can be assured of our sound enterprise management.

Governance Structure

The Group has established a corporate governance structure consisting of the general meeting of shareholders, the Board of Directors (the "Board") and senior management, and a sound management system to enable the Company to achieve our strategic goals.



The Board is responsible for leading and monitoring the Group's business development and operation. The Audit Committee and the Compensation Committee under the Board are responsible for reviewing special issues. The members of both committees meet the "independence" requirements stipulated by the U.S. Securities and Exchange Commission ("SEC") and have relevant industry experience and backgrounds, to ensure the effective assistance to the Board in supervision, balance, and decision-making.



At the release of the Report, the Board of the Group consists of seven directors, including five independent directors and two female directors.

- The Audit Committee oversees our accounting and financial reporting procedures and audits our financial statements.
- The Compensation Committee assists the Board in reviewing and approving the compensation structure for directors and senior executives to ensure the reasonableness of compensation for directors and senior management.

To establish a diverse board, the Group has formulated the *Director Diversity policy* 《董事多元化政策》. We fully consider multiple dimensions including skill, knowledge, gender, age, cultural and educational backgrounds, and professional experience when selecting director candidates. This way, we enhance our corporate governance and decision-making capabilities to ultimately achieve our sustainable development goals.

Risk Prevention and Control

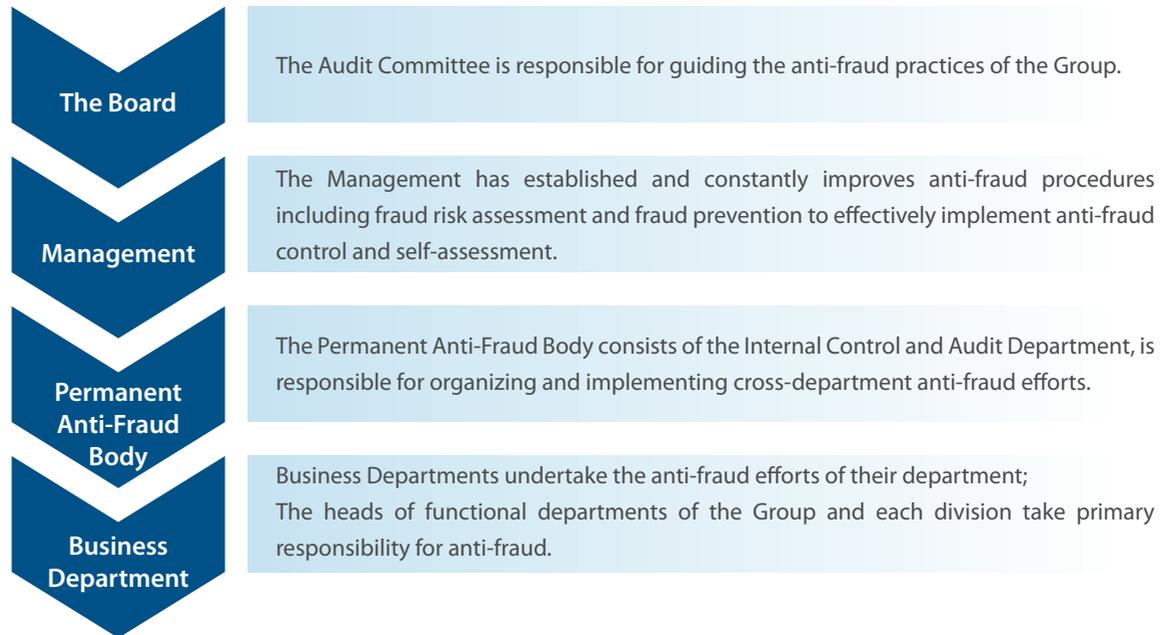
We make unremitting efforts in strengthening the risk management system, systematically identify the risks in the operation process, and actively respond to and manage risks. In line with the requirements of the *Sarbanes-Oxley Act* 《萨班斯法案》, we conduct internal audits on a regular basis, covering all of our hotels in China and cooperate with relevant authorities to rectify or optimize our risk handling processes and mechanisms. We offer legal risk recognition courses to improve the risk management and control capabilities of managers at all levels and the internal risk control capabilities of existing and potential franchisees.



Business Ethics

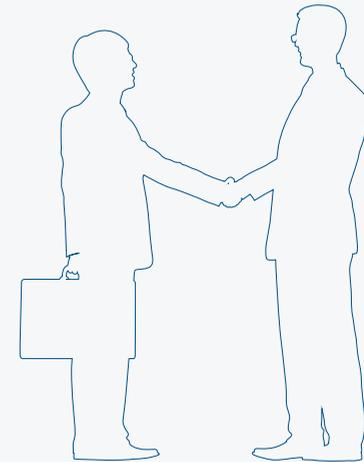
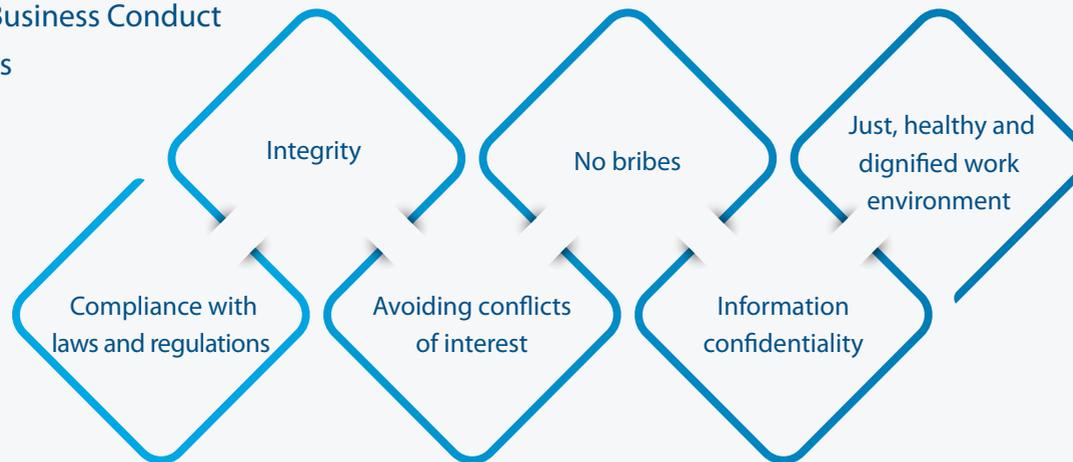
Huazhu is committed to establishing an honest, clean, healthy, and transparent corporate ethical environment. We strictly adhere to the laws of the places where we operate, including the *Law of the People's Republic of China Against Unfair Competition* 《中华人民共和国反不正当竞争法》. We have joined the Trust and Integrity Enterprise Alliance and the China Enterprise Anti-Fraud Alliance. As the council member of the China Enterprise Anti-Fraud Alliance, we strive to advocate and maintain an honest, clean, and compliant enterprise development ecology.

We have formed a multi-level anti-fraud supervision and enforcement structure to carry out corruption reporting and supervision efforts with clear anti-fraud regulations and procedures.



In addition, we have established the *Code of Business Conduct and Ethics of Huazhu* 《华住职业道德和业务行为准则》, which has been accepted by the Board.

Code of Business Conduct and Ethics



By formulating the codes of conduct and anti-fraud policies, we prevent various corruption and fraud incidents including commercial bribery, transfer of commercial interests, and financial embezzlement. We sign the *Honesty and Integrity Agreement - Code of Business Conduct and Ethics* 《阳光协议-职业道德和业务行为准则》 with each employee to standardize employee business behaviors. For all the stakeholders interacting with the Group, either directly or indirectly, we inform them of the Group's business ethics requirements and include the *Honesty and Integrity Agreement* 《阳光协议》 in the cooperation agreements signed with them. These require them to report unethical and dishonest behaviors to us. We require the Group's employees and suppliers to complete the *Anti-Corruption Self-Inspection Questionnaire* 《反腐自检问卷》, actively participate in the anti-corruption self-inspection tasks, and complete training related to internal control and compliance.



In 2021, Legacy Huazhu's employees and suppliers filled out **10,419** *Anti-Corruption Self-Inspection Questionnaires* 《反腐自检问卷》 in total, with a response rate of **99.9%**.



In 2021, Legacy Huazhu's employees completed **91,334.25** hours of internal control compliance training, with an employee coverage rate of **100.0%**.

Huazhu has proactively established a variety of anti-fraud reporting channels and perfected handling procedures to strictly abide by business ethics and integrity. Each reporting channel is in the charge of a dedicated person from the Internal Control and Audit Department:



Email:
jubao@huazhu.com



Communication by letter or in person with the Vice President of Internal Control and Audit ("VPICA") Department

In daily practice, we regularly push tweets via the WeChat public account "Huazhu Group Internal Control and Audit Department" and the communication platform "Htone" to maintain a self-disciplined and honest working environment. To further promote business ethics, we produced the "Internal Control" series of animated warning films to strengthen employees' awareness of compliance and understanding of the red lines. Huazhu independently developed the Hotel Internal Control Management Assistant system which accurately identifies the internal control risks of hotels through big data analysis and provides remote financial audit, error correction, and loss stopping support to help and empower hotel managers to reduce various operational risks. In 2021, Huazhu's Hotel Internal Control Management Assistant won the "Best Innovation Project Award" in the first "Integrity and Compliance Innovation Award for Private Enterprises" event. The award was established and is organized by the School of Criminal Law and the Anti-Corruption and Compliance Research Institute of Internet Enterprises of East China University of Political Science and Law, China. Huazhu's innovative practices in integrity and compliance have been highly recognized globally. The Group regularly conducts anti-corruption audits to prevent corruption at its source.

In 2021, the Group conducted **11** major anti-corruption audits in total, involving various core business chains. The audit included compliance inspection and daily income violation verification. The number of audited hotels exceeds **3,000**. During the Reporting Period, no corruption lawsuits against the Group or our employees have been brought and concluded.



Integrity and Compliance Innovation Award for Private Enterprises



Member of the Trust and Integrity Enterprise Alliance



Member of the China Enterprise Anti-Fraud Alliance



02

ESG GOVERNANCE

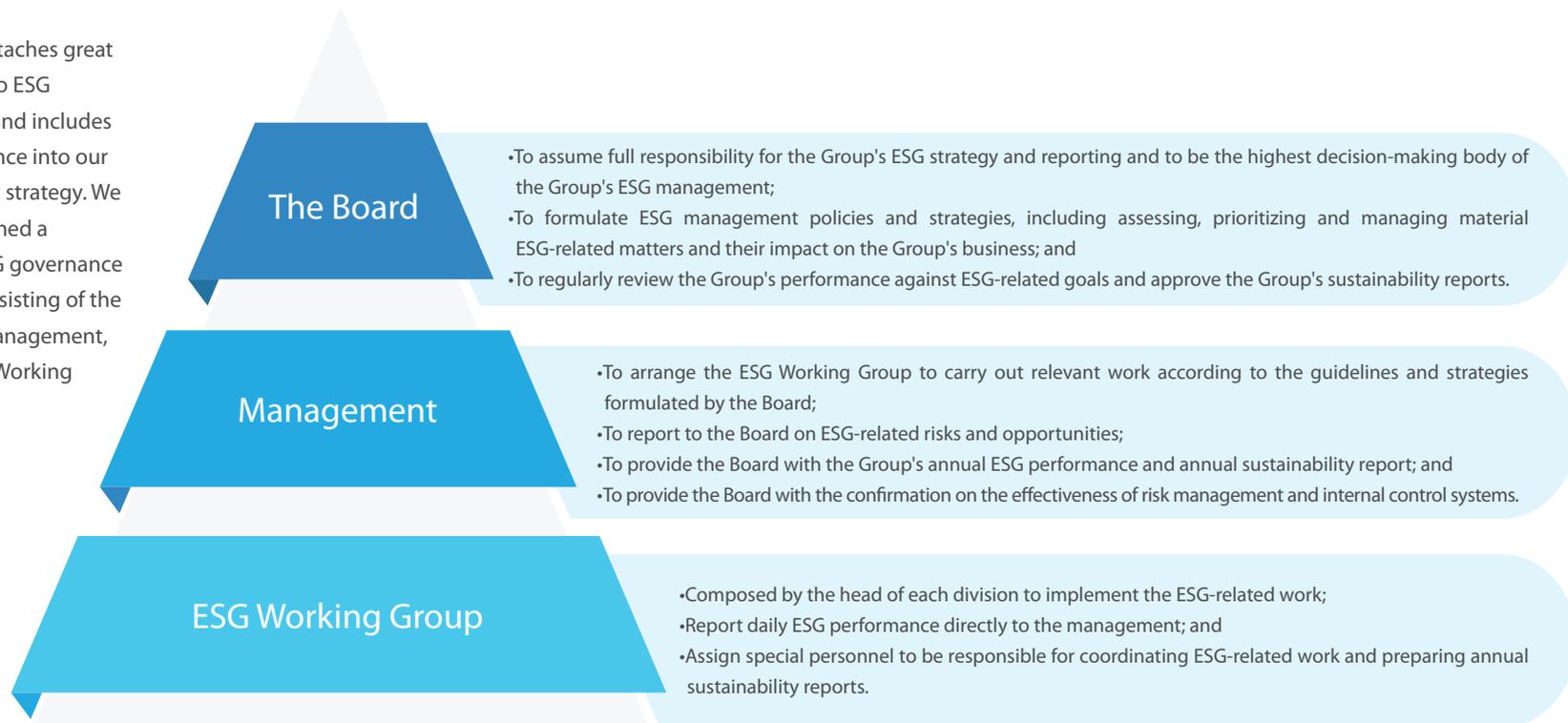
- SUSTAINABILITY CONCEPT •
- GOVERNANCE STRUCTURE •
- COMMUNICATION WITH STAKEHOLDERS •
- MATERIALITY ASSESSMENT •
- RESPONSE TO UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS •

Sustainability Concept

The Group has always adhered to the mission of "Better Huazhu, Better Life" and the vision of "To become a world-class enterprise". We implement the concept of "Sustainable quality growth" to provide customers with high-quality services while reducing the environmental footprint of business. We consciously undertake our responsibilities as a corporate citizen in corporate governance, employment engagement, and public welfare and charity, helping more people share a better life.

Governance Structure

The Group attaches great importance to ESG governance and includes ESG governance into our development strategy. We have established a three-tier ESG governance structure consisting of the Board, the Management, and the ESG Working Group.



Communication with Stakeholders

Communication with stakeholders is an important foundation for Huazhu to be able to carry out sustainability efforts. For the expectations and concerns of important stakeholders including government and regulatory authorities, shareholders and investors, employees, customers, suppliers and partners, and communities, we maintain dialogues through different communication and participation mechanisms including press releases, seminars, investor conferences, and satisfaction surveys.



Stakeholders	Expectations and requirements	Response channels	Communication frequency
Government and regulatory authorities	<ul style="list-style-type: none"> • Compliance operations • Tax payment • Lead the healthy development of the industry 	<ul style="list-style-type: none"> • Compliance management • Proactive tax payment • Implement national policies • Risk analysis report • Timely report adverse events 	Multiple times a year
Shareholders and investors	<ul style="list-style-type: none"> • Compliance operations • Return on investment • Information disclosure 	<ul style="list-style-type: none"> • General Meeting of Shareholders • Annual Report, Interim Report and Announcement • Investor meeting 	Multiple times a year
Employees	<ul style="list-style-type: none"> • Safeguard employee rights and interests • Career development channels • Staff ability development • Healthy and safe working environment 	<ul style="list-style-type: none"> • Employee satisfaction reports • Regular meetings and training • Intranet 	Multiple times a month
Customers	<ul style="list-style-type: none"> • Protect customer rights and interests • Provide excellent services • Protect customer privacy 	<ul style="list-style-type: none"> • Survey satisfaction • Service hotline and email 	Multiple times a month
Suppliers and partners	<ul style="list-style-type: none"> • Honest performance • Win-win cooperation • Fair and open procurement 	<ul style="list-style-type: none"> • Daily management and communication • Training and empowerment • Review and assessment 	Multiple times a month
Communities	<ul style="list-style-type: none"> • Promote employment • Charitable activities 	<ul style="list-style-type: none"> • News and reports • Public welfare activities 	Multiple times a year

Materiality Assessment

We regularly conduct stakeholder surveys to understand the concerns, expectations, and demands of stakeholders for Huazhu's sustainability efforts and to effectively identify and determine material sustainability issues. To manage sustainability, the Group identifies issues and determines the materiality of the issues.



Material issue determination process

With reference to GRI Standards and the United Nations Sustainable Development Goals ("UN SDGs"), and in combination with industry best practices, we identified 18 sustainability issues.

Collect relevant issues

Survey concerns

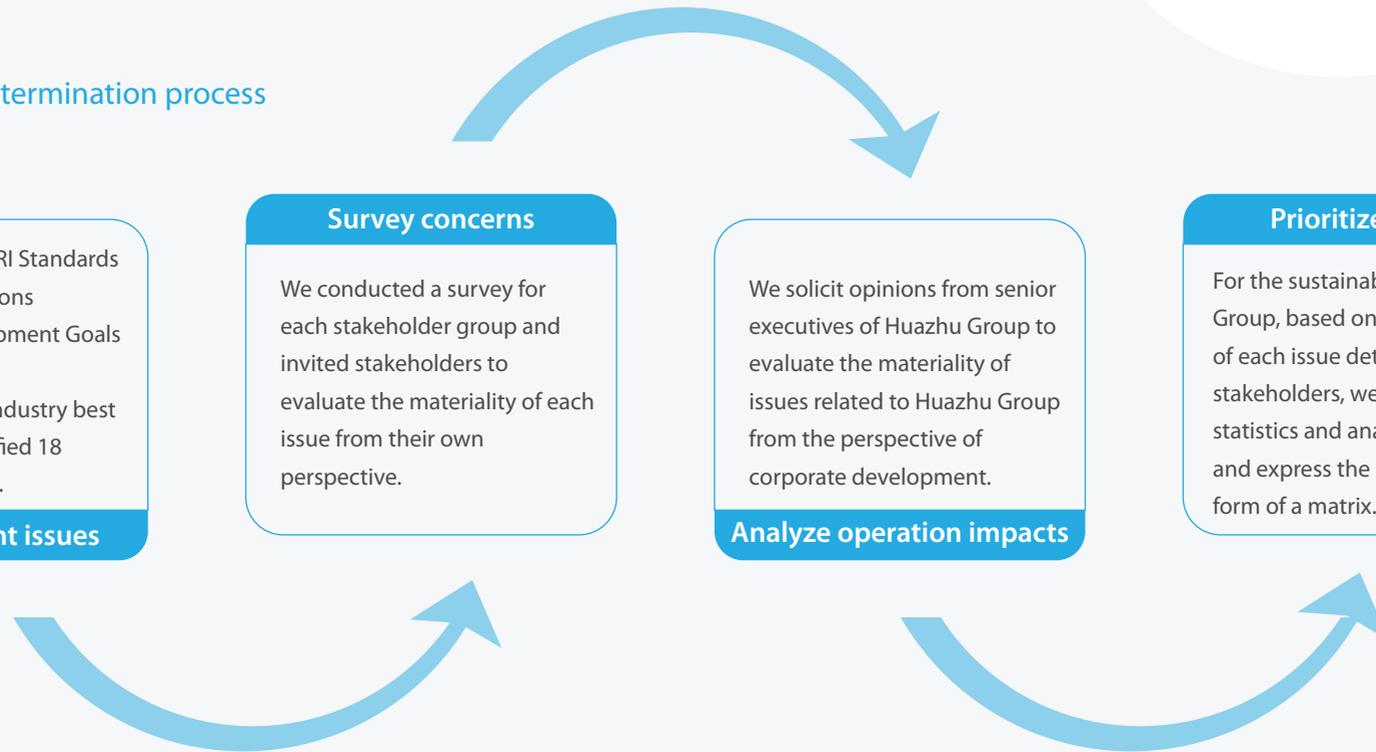
We conducted a survey for each stakeholder group and invited stakeholders to evaluate the materiality of each issue from their own perspective.

We solicit opinions from senior executives of Huazhu Group to evaluate the materiality of issues related to Huazhu Group from the perspective of corporate development.

Analyze operation impacts

Prioritize issues

For the sustainability of Huazhu Group, based on the materiality of each issue determined by the stakeholders, we collect statistics and analyze the issues, and express the results in the form of a matrix.

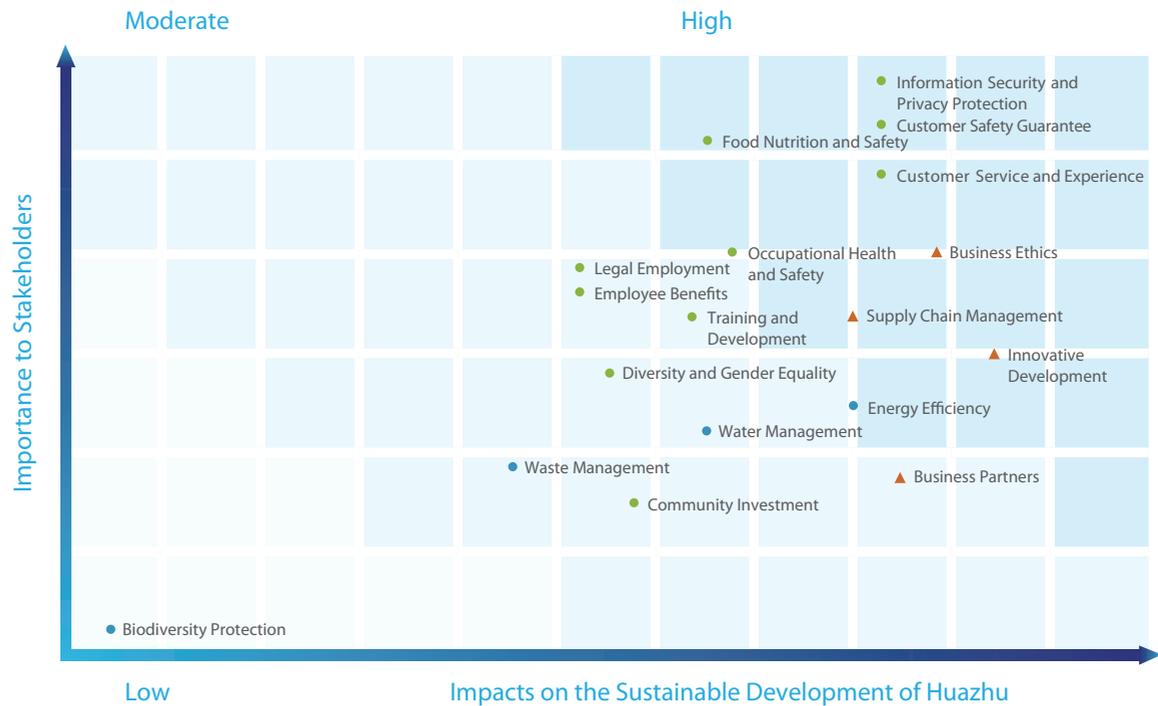




In 2021, the Group reviewed ESG issues and assessment results. As there is no major change in the Group's business and external environment, we will continue to use the 2020 assessment results of ESG issues. The materiality matrix of specific sustainability issues is as follows:

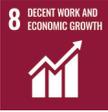
- ▲ Economic issues
- Environmental issues
- Social issues

Materiality Matrix



Response to United Nations Sustainable Development Goals

As an enterprise with a strong sense of social responsibility, the Group actively responds to the United Nations Sustainable Development Goals ("UN SDGs") and commits to act on a series of social and environmental issues.

UN SDGs	Report Sections	The Group's Responses
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<ul style="list-style-type: none"> • Leading Innovation - Whole Process Safeguarding • Empowering a Better Life - Health and Safety 	<ul style="list-style-type: none"> • Carry out health and safety training and implement various health and safety procedures to protect the physical and mental health of our guests and employees
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<ul style="list-style-type: none"> • Building an Eco-efficient Hotel - Green Ecological Chain 	<ul style="list-style-type: none"> • Use LED energy-saving lamps in all hotels • Promote clean energy such as solar energy and geothermal energy
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<ul style="list-style-type: none"> • Empowering a Better Life - Employment Management, Salary and Benefits 	<ul style="list-style-type: none"> • Establish a sound employee rights and interest protection system • Prohibit child labor and forced labor
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<ul style="list-style-type: none"> • Leading Innovation - Digital Transformation 	<ul style="list-style-type: none"> • Increase investment in technology, promote digital hotels, and improve hotel sustainability
 <p>10 REDUCED INEQUALITIES</p>	<ul style="list-style-type: none"> • Empowering a Better Life - Employment Management, Salary and Benefits 	<ul style="list-style-type: none"> • Conduct training to protect human rights and reduce inequality
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<ul style="list-style-type: none"> • Fulfilling Social Responsibilities 	<ul style="list-style-type: none"> • Provide help to the poor and vulnerable groups through social assistance, educational support, volunteer services, and other public welfare activities
 <p>13 CLIMATE ACTION</p>	<ul style="list-style-type: none"> • Build an Eco-efficient Green - Hotel Ecological Chain 	<ul style="list-style-type: none"> • Promote the concept of green and environment-friendly hotels and take energy conservation measures to achieve carbon emission reduction goals



03

BUILDING AN ECO-EFFICIENT HOTEL

- HUAZHU GREEN DEVELOPMENT CONCEPT •
- GREEN ECOLOGICAL CHAIN •
- RESPONSE TO CLIMATE CHANGE •

Huazhu Green Development Concept

In the context of China's economic transition from high-speed growth to high-quality development, Huazhu has shifted from a strategy of "mega-scale growth" to a strategy of "sustainable quality growth" based on high quality hotels, and has formed its characteristic green development concept. While providing first-class hotel services leveraging the Company's advantageous resources, Huazhu aims to reduce the environmental footprint of business and to contribute the construction of a low-carbon society.

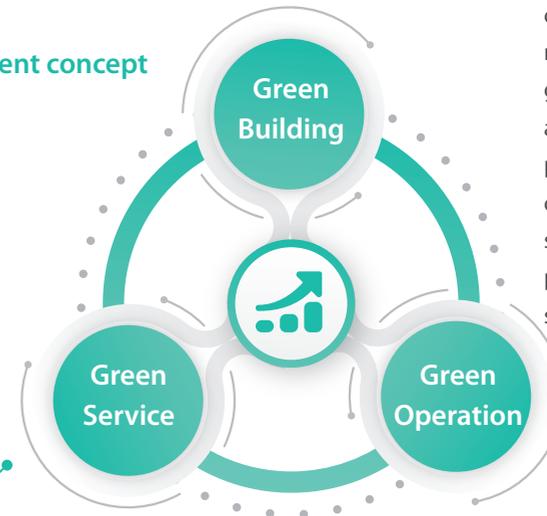


"Every penny, every minute, every square meter, every employee, and every task is designed to create value, wasting no time, money, space, or human resources."



— Ji Qi, the founder of Huazhu

Huazhu green development concept



Explore frontier design concepts, enhance the research and development of green design, expand the application of green materials, promote the **modular** construction, and constantly strive to reduce building pollution and establish leading standards for green building.

Provide **personalized** and **diversified** choices of low-carbon and green service modes, and continuously meet customers' needs with high standards while leading them to practice a green and environment-friendly lifestyle.

Be committed to **chain operation** and **resource sharing**, engage with suppliers and franchisees and other partners for a sustainable ecosystem, improve the **sustainable quality** management, promote the **digital** industry innovation, comply with **green** operation for better operational and resource efficiency, with the aim of becoming one of the industry's low-carbon leaders.

In 2021, Huazhu joined hands with the World Travel and Tourism Council ("WTTC"), the Sustainable Hospitality Alliance ("SHA") and 10 other global leading hotel management groups to draft a global hotel sustainability benchmark framework to accelerate the sustainability process of the upstream and downstream industry chains of hotels. The framework, in line with SHA's "Pathway to Net Positive Hospitality", helps hotel groups to increase the impact of their own actions and assist the hotel industry to accelerate the completion of climate change targets defined in the Paris Agreement reached at the 21st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change ("COP 21").

Green Ecological Chain



In strict accordance with the relevant laws and regulations such as the *Environmental Protection Law of the People's Republic of China* 《中华人民共和国环境保护法》 and the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* 《中华人民共和国固体废物污染环境防治法》, Huazhu sets the environmental goals for energy and water conservation and emission reduction, and urges all hotels to strengthen the environmental management and actively promote the certification of environmental management standards.

Green Building

We upheld the “sustainable and efficient” environmental design concept at the design stage. Through the analysis of customer groups and their needs, we further simplified and optimized the hotel layout to improve the utilization of space and various resources to achieve maximum value per square meter.

The headquarters of the Group in Jiangqiao is designed based on the requirements of the *Green Building Evaluation Standards* 《绿色建筑评价标准》 (GB-T-50378-2014) of the Ministry of Housing and Urban-Rural Development of the People's Republic of China, and obtained the **two-star green building certification**.



We comprehensively considered aspects including material selection, construction approaches, and supply chain to minimize the environmental impact from construction. We introduced a "modular" construction approach to reduce the generation of construction waste and effectively avoid a lot of noise and dust pollution during the construction process. In addition, at the product design stage, we chose fixed-installed furniture made of finished paint-free panels. We carefully selected the surface finish texture of such furniture. Thus, the materials of the fixed-installed furniture not only satisfy people's visual senses in terms of appearance due to their natural wood grain, but it is also pleasing because it contributes to the development of a green and healthy era due to the moisture-proof, flame-retardant, and environmental-protection properties. We chose movable furniture made of solid wood panels. While paying attention to the quality of the furniture, we replaced oil paint with water paint for the surface of the movable furniture, which reduces the Volatile Organic Compounds (“VOC”) content in the atmosphere, thereby reducing air pollution problems such as smog. In addition, our plates are installed with air nails and metal buckles, which replaces glue and avoids secondary pollution.

Green Operation

Huazhu attaches great importance to the economical use of various resources. We adopt the online environmental management system "Easy Energy Consumption" to track the hotel's energy and water consumption in a timely and accurate manner, detect abnormal data, and propose energy and water conservation solutions to improve the hotel's overall resource use efficiency. Legacy DH has set an environmental target of "carbon neutrality by 2050". As of December 31, 2021, more than 50 hotels under Legacy DH were ISO 14001 environmental management system certified and ISO 50001 energy management system certified.

➤ Energy Management



We continue to trial energy conservation technologies and encourage the use of green energy to actively fulfill our responsibilities for energy conservation and carbon reduction:

At all directly operated hotels under Legacy Huazhu, the coverage rate of LED energy-saving lamps is **100%** and the lighting time control in the public area is set to maintain basic lighting needs in the middle of the night. This further reduces energy consumption. In addition, the coverage rate of environment-friendly air source heat pumps and solar energy is up to **30%** and **10%** respectively.

78% of the leased and owned hotels of Legacy DH use green electricity.

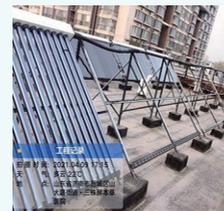
In 2021, the Group carried out various energy conservation and carbon reduction projects:

- **Central air-conditioning energy conservation renovation project**

Ibis Hotel (Hangzhou West Lake Qingchun Road) adopted the central air-conditioning grouping control scheme. After the renovation, the store is expected to save approximately 40,000 kWh of electricity annually.

- **Installing low-nitrogen boilers**

We replaced the original high-emission and high-energy-consuming boilers with low-nitrogen boilers to meet operational safety requirements while effectively reducing energy consumption and nitrogen oxide emissions. In this way, we promote energy conservation and environmental protection in hotels.



- **Installing solar water heating equipment**

HanTing Hotel (Jinan Shanda North Road) installed solar water heating equipment on the roof, and the equipment can be used for 3 seasons a year, which can effectively reduce energy consumption and operating costs of the hotel.

- **Air conditioning design selection**

We always selected air conditioners designed with frequency conversion and new environment-friendly refrigerant units which saves energy and reduces ozone damage to protect the environment. In the non-severe cold areas in northern China, we use less oil-fired gas boilers and more ultra-low temperature heat pumps with higher combustion efficiency and more environment friendly. In South China and Northwest China, we gradually increased the proportion of hotels using renewable energy.

➤ Water Resource Management

During the operation process, the Group continues to improve management measures for water resources, enhance the recycling of wastewater, and strive to achieve the goal of water saving and reduce the discharge of wastewater. The Group's water conservation measures are as follows:

We refine the management method of water resources, monitor the consumption of water resources, and regularly inspect for leaks.

To reduce the waste of water resources without affecting customer perception, Legacy Huazhu moderately reduces the valve opening range and limits the water output within 5-6 liters/min.

Legacy DH installed an air burst valve on the faucet, which significantly reduces water consumption by nearly half while satisfying guest comfort.

➤ Waste Management

We have always adhered to the principles of "reduce, reuse, recycle, and proper disposal" and classified management of various types of waste as follows:

For recyclable general waste

According to the requirements of national laws and regulations, we classify and recycle solid wastes to improve the reuse rate of resources.



For food and domestic waste

We hand over food and domestic waste to the property where the hotel is located or the local municipal administration department for unified treatment.



For hazardous waste

We entrust a third-party agency for professional waste treatment.



Green Services

Huazhu actively advocates frugal consumption. Our restaurants do not proactively provide disposable tableware and set up frugal consumption signs to remind consumers to order in moderation, thereby reducing waste. Huazhu shares our environmental protection concepts with customers and encourages guests to participate in environmental protection activities to enhance their environmental protection awareness.



Reduce disposable plastics

Replace disposable plastic mini-toiletries with large-sized bottles



Reduce carbon emissions

Reduce carbon emissions with paperless documents



Reduce water use

Choose 'no need to clean' to save water resources



Reduce energy use

Install new energy charging piles to facilitate green travel



Green living project

Hi Inn Hotel launched the "Hi Inn Green Living" membership customized service, which encourages members to choose a low-carbon and environment-friendly accommodation method by reducing or exempting part of the room fee. When a guest chooses to not use services such as cleaning, breakfast delivery, or replacement towels and bath towels, the guest helps the hotel to achieve the goals of energy conservation, environmental protection and resource conservation.



Paperless project

Legacy Huazhu encourages customers to use electronic invoices through the system "Easy Invoicing" and conducted a pilot project of "Store Paperless" in JI Hotel. This improves operational efficiency and saves paper resources through the use of electronic bills.



In 2021, Legacy Huazhu "Easy Invoicing" issued **1,886,805** electronic invoices in total, reducing more than **0.37** tons of carbon emissions in total.

Through the "Store Paperless Project", each JI Hotel can save RMB **1,100** in paper procurement costs per year.



Green meetings

Legacy DH provides "Green Meeting" services to customers who rent hotel conference rooms. Customers can travel to and from the conference venue by green electric transportation and enjoy fair trade certified coffee. We avoid waste packaging materials and carbon emissions during the transportation process by using drinking water filtered by our internal filtration system. In addition, we use eco-friendly materials such as recycled leather table mats and coasters and Forest Stewardship Council ("FSC") certified paper to reduce our negative impact on the environment. To achieve the "zero carbon emission" green conference goal, we partner with "Atmosfair" to support UN certified climate change projects, including a solar home system in Ethiopia and a small biogas system in Nepal to offset carbon dioxide footprints of every attendee. By the end of 2021, all client meetings in all of Legacy DH's leased and owned hotels in Europe were 100% carbon neutral.

In 2021, the Group's key performance indicators at the environmental level were as follows:

Category	Unit	2021 ¹
Non-renewable fuel ²	MWh	176,153.7
Purchased electricity	MWh	350,641.0
Including: Green electricity	MWh	45,181.5
Purchased heating	MWh	105,153.0
Purchased cooling ³	MWh	5,610.2
Purchased steam	MWh	8,404.7
Purchased hot water	MWh	51,988.1
Total energy consumption	MWh	697,950.7
Energy consumption density	kWh/ per room night sold	29.3
Direct (Scope 1) greenhouse gas emissions ⁴	tCO ₂ e	35,272.1
Energy indirect (Scope 2) greenhouse gas emissions ⁵	tCO ₂ e	260,010.1
Total greenhouse gas emissions	tCO ₂ e	295,282.2
Intensity of greenhouse gas emissions	kgCO ₂ e/ per room night sold	12.4
Water consumption ⁶	ton	6,715,565.5
Water consumption density	kg/ per room night sold	281.6



Notes:

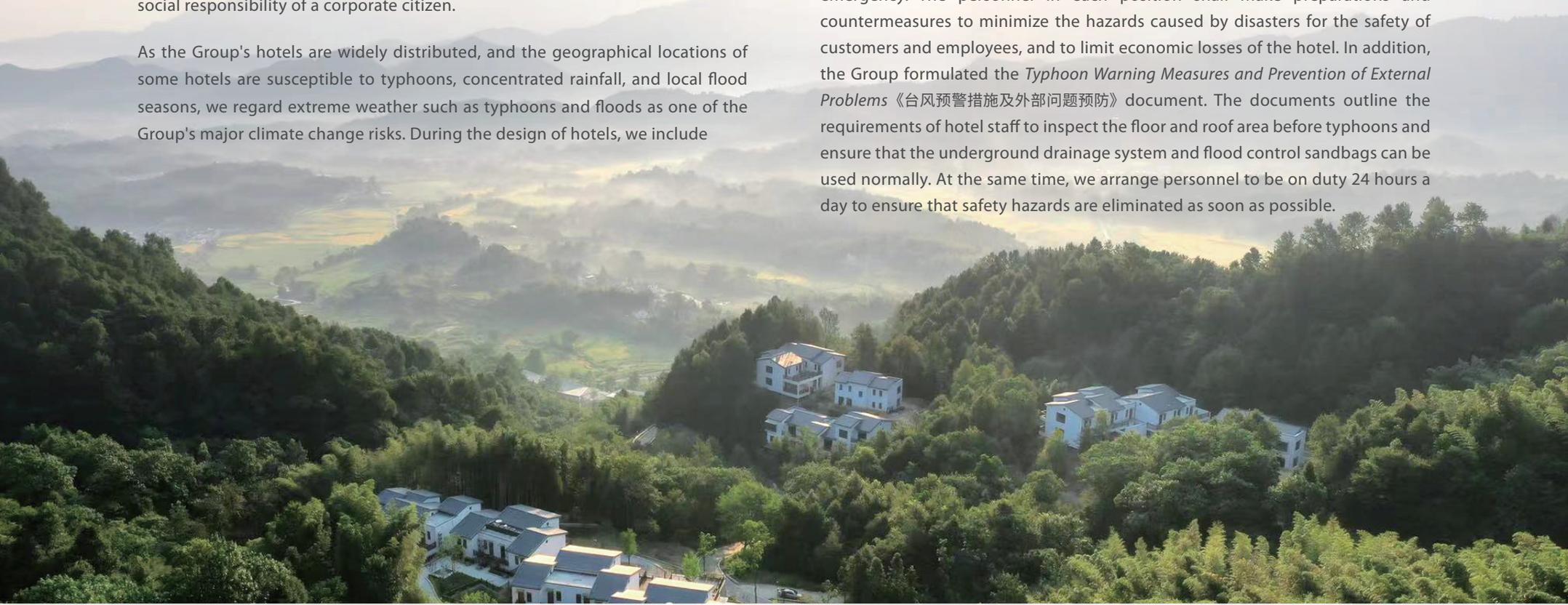
1. The 2021 environmental data coverage includes Legacy Huazhu and Legacy DH's owned and leased hotels.
2. In 2021, the Group's non-renewable fuel consumption includes gas and oil consumption.
3. In 2021, the Group's purchased cooling consumption comes from Legacy DH.
4. Direct (Scope 1) greenhouse gas emissions come from the gas and oil consumption. The CO₂ emission factors refer to the emission factor guidance published by countries or regions, including the *Accounting Methods and Reporting Guidelines for Greenhouse Gas Emissions Reporting Guide to Greenhouse Gas Emission for Public Building Operating Enterprises* 《公共建筑运营企业温室气体排放核算方法和报告指南》.
5. Energy indirect (Scope 2) greenhouse gas emissions come from purchased electricity, purchased heating, purchased cooling, purchased steam and purchased hot water. The CO₂ emission factors refer to the emission factor guidance published by countries or regions, including the *Accounting Methods and Reporting Guidelines for Greenhouse Gas Emissions Reporting Guide to Greenhouse Gas Emission for Public Building Operating Enterprises* 《公共建筑运营企业温室气体排放核算方法和报告指南》, the *2012 China Regional Grid Average Carbon Dioxide Emission Factor* 《2012年中国区域电网平均二氧化碳排放因子》 and the electricity emission factor adjusted by Shanghai Municipal Bureau of Ecology and Environment in 2022.
6. Water consumption includes the municipal water consumption and purchased hot water.

Response to Climate Change

The Group continuously pays attention to global climate change, assess risks in a timely manner, and takes countermeasures to actively respond to a series of medium and long-term goals and plans, such as China's carbon peak by 2030 and carbon neutrality by 2060. To manage the Group's greenhouse gas emissions, we conducted inspections over Scope 1, Scope 2 and Scope 3 greenhouse gas emissions of pilot hotels in 2021 and carried out carbon footprint tracking in the hotels. Meanwhile, we invited the British Standards Institute ("BSI") as a third-party agency to conduct oversight and verification to ensure that the data is reliable and authentic. In the future, we will further control greenhouse gas emissions, actively promote energy conservation measures, and assume the social responsibility of a corporate citizen.

As the Group's hotels are widely distributed, and the geographical locations of some hotels are susceptible to typhoons, concentrated rainfall, and local flood seasons, we regard extreme weather such as typhoons and floods as one of the Group's major climate change risks. During the design of hotels, we include

extreme weather as an influencing factor, and take measures such as roof waterproofing projects to reduce related negative impacts. Also, based on the hotel's geographical location and seasonal changes, we maintain and prepare hotel facilities and equipment in advance to prevent geographical and seasonal changes from affecting the normal operation of the hotel and the experience of customers. We have specified the measures and methods to deal with extreme weather such as typhoons, rainstorms, and blizzards in the *Safety Accident Contingency Plan Compilation of Huazhu Group* 《华住集团安全事故应急预案汇编》. Based on early warning, reporting, processing and follow-up, each hotel location shall report emergencies through the system within 1 hour of being aware of the emergency. The personnel in each position shall make preparations and countermeasures to minimize the hazards caused by disasters for the safety of customers and employees, and to limit economic losses of the hotel. In addition, the Group formulated the *Typhoon Warning Measures and Prevention of External Problems* 《台风预警措施及外部问题预防》 document. The documents outline the requirements of hotel staff to inspect the floor and roof area before typhoons and ensure that the underground drainage system and flood control sandbags can be used normally. At the same time, we arrange personnel to be on duty 24 hours a day to ensure that safety hazards are eliminated as soon as possible.





04

LEADING INNOVATION

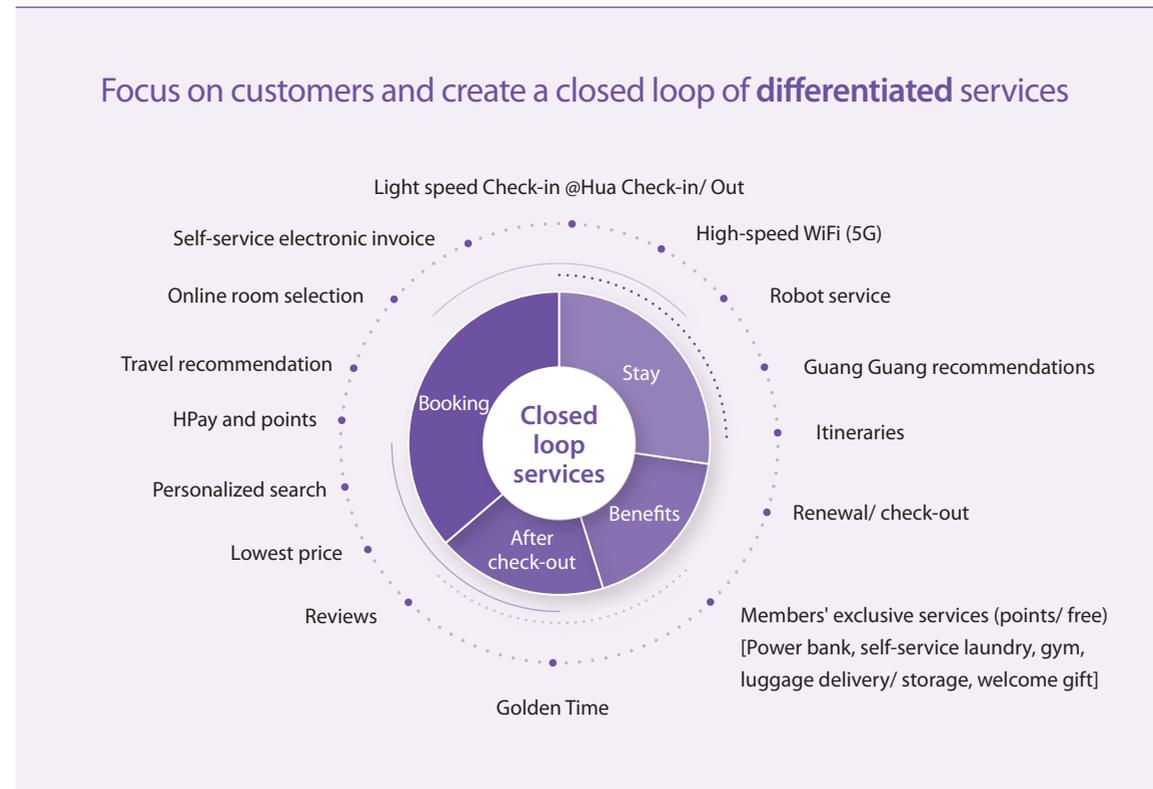
- DIGITAL TRANSFORMATION •
- WHOLE-PROCESS SAFEGUARDING •
- INFORMATION SECURITY •
- HUMANE CARE •

Digital Transformation

With the vision of "To become a world-class enterprise", Huazhu actively leverages the industrial Internet, continuously innovates our products, adheres to customer-centricity, and strives to build an innovative hotel and become a pioneer in China's hotel industry through a three-in-one strategy of brand, traffic, and technology.

With the rapid development and wide application of mobile Internet technology, Huazhu comprehensively promotes the digitization of hotels through independent research and development and technological innovation. This lays the foundation for hotels to achieve high-efficiency and low-cost operations. Huazhu also strives to create a closed loop of differentiated services by building a digital sharing platform for people and property to achieve cloud-based and highly standardized hotel services.

“
 "Huazhu will leverage the industrial Internet to become the world's leading new hotel group."
 ”
 —Jin Hui
 Chief Executive Officer ("CEO")
 of Huazhu Group

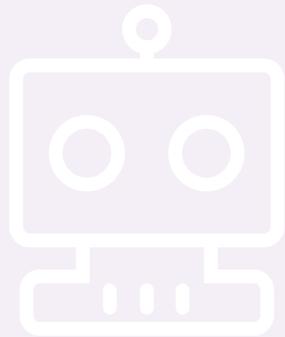




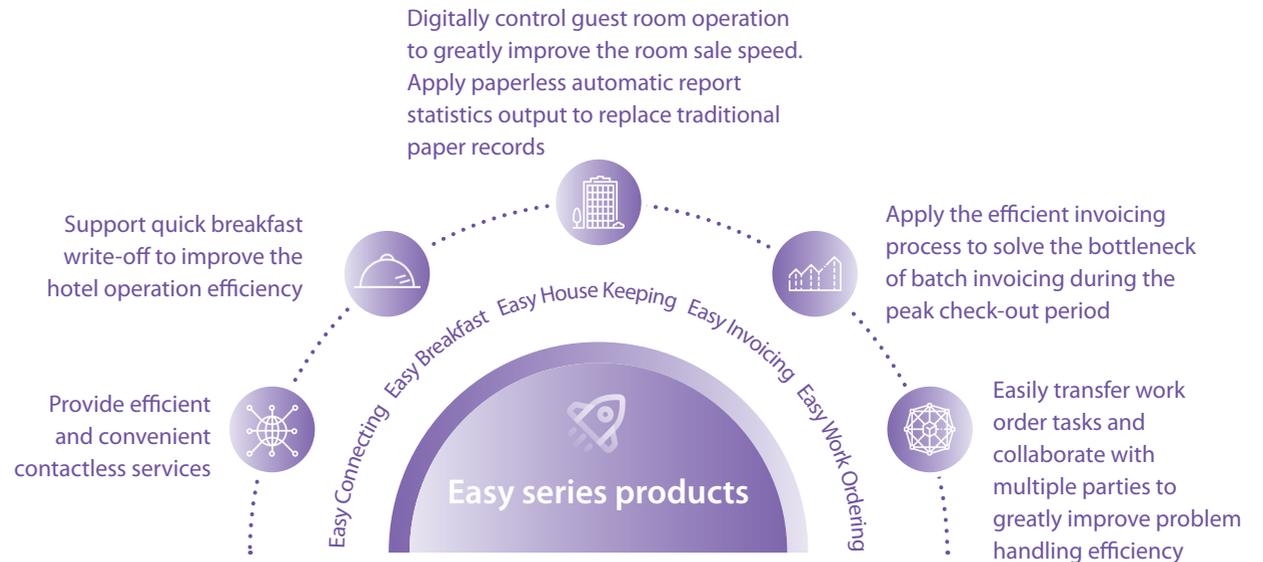
CASE: ROBOT SERVICE

After the outbreak of COVID-19, we deployed food delivery robots in various hotels to meet customers' food delivery requirements while ensuring customers' health and safety.

Huazhu improved the "HUA AI" telephone robot function in 2021 to assist human customer service personnel to answer room calls, provide customers with routine daily services, and automatically dispatch orders to the work order system according to customer needs.



To further build "smart" hotels, we launched "Easy" series products to improve the efficiency of the complete business process from booking an order to check-out. By using "Easy" series products, we can achieve a service goal of 30-second check-in, 15-minute response, no deposit, and 0-second check-out. HUA AI automated phone answering robot covers automatic confirmation for scenarios such as arrival, departure, renewal, payment reminders, and filing. This simplifies front desk work. Delivery robots realize room delivery automation and contactless services. "Easy House Keeping" hotel room management software streamlines and digitizes various hotel housekeeping processes, including room cleaning, room status update, procurement, maintenance, and piece work. This way, decentralized, mobile, and paperless job scheduling is realized.



Protection of Intellectual Property Rights

While driving innovation, the Group attaches great importance to the management and protection of intellectual property rights. In strict accordance with laws and regulations including the *Patent Law of the People's Republic of China* 《中华人民共和国专利法》, the *Trademark Law of the People's Republic of China* 《中华人民共和国商标法》, and the *Copyright Law of the People's Republic of China* 《中华人民共和国著作权法》, we formulated the *Intellectual Property Management Guide* 《知识产权管理指引》, etc. to clarify the use principles of intellectual property rights and standardize the use of intellectual property rights in business activities. The Group conducts regular interviews with the brand heads of divisions to understand their brand development needs, so as to formulate application strategies and plans for trademarks, copyrights, and patents. We also made specifications for the use of brand logos, to clarify the decoration and furnishing requirements of franchisees, and applied for patents or art copyrights for exclusive design styles. We entrust an agency to search for preliminarily approved and announced applications for a trademark registration published by the China National Intellectual Property Administration and raise objections to applications for similar trademark registrations that are used for the services that are the same as or similar to those of the Group.



In 2021

We obtained

297 trademark authorizations

7 patent authorizations

35 software copyrights

Accumulatively obtained

2,115 trademarks

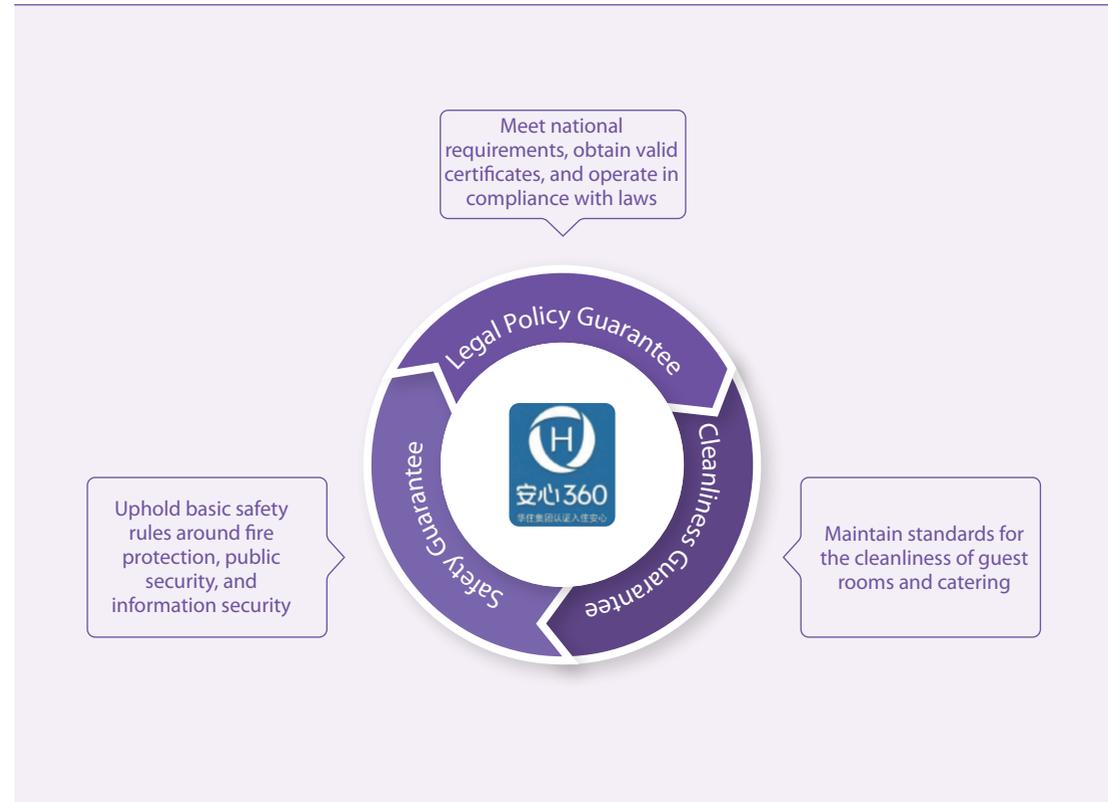
22 authorized patents

140 authorized software copyrights

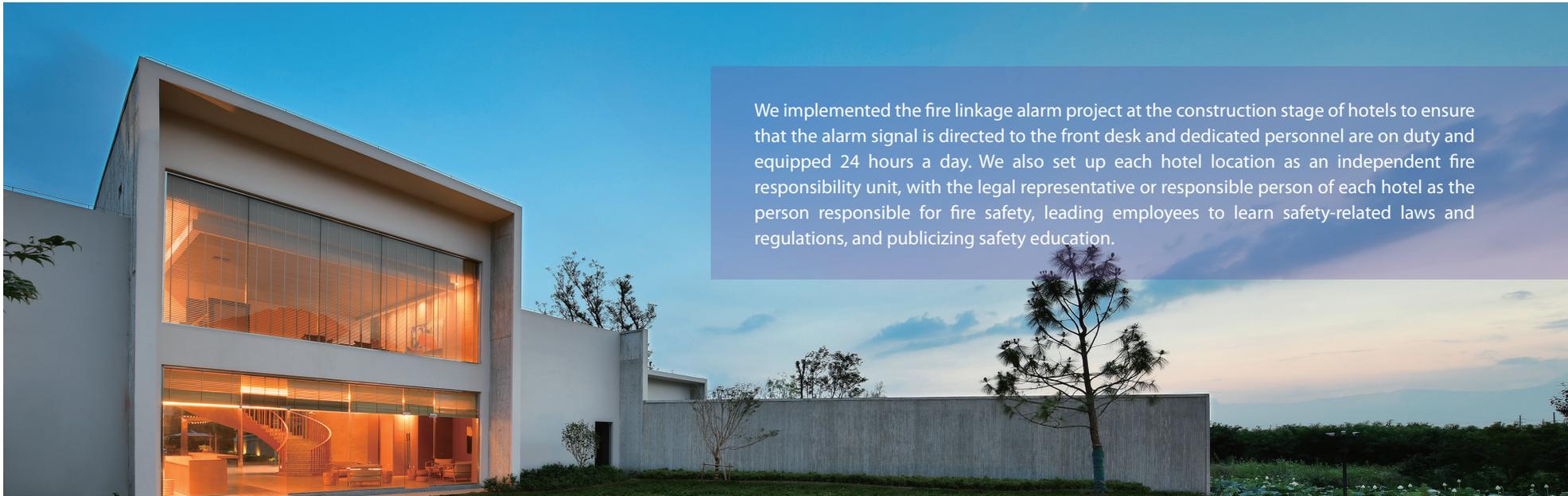
Whole-process Safeguarding

The Group strictly abides by the relevant requirements of laws and regulations such as the *Measures for the Security Administration of the Hotel Industry* 《旅馆业治安管理办法》, the *Regulation on the Administration of Sanitation in Public Places* 《公共场所卫生管理条例》, the *Fire Law of the People's Republic of China* 《中华人民共和国消防法》 and is committed to creating a safe and secure accommodation environment for customers. We established the Safety Assurance Committee directly led by the CEO of the Group. The committee is responsible for organizing and coordinating the overall safety work and planning of the Group, and making decisions on major safety issues and related rewards and punishments at the Group level. Each department is responsible for summarizing and reporting the safety situation on a quarterly basis, implementing safety work, and rectifying irregularities.

To manage potential hidden dangers, we formulated regulations including the *Safety Management Manual* 《安全管理手册》 and the *Safety Accident Contingency Plan Compilation of Huazhu Group's Hotel* 《华住集团门店安全事故应急预案汇编》. The regulations specify the handling procedures for dealing with safety risks including injury, disturbance, intimidation, and fire, to ensure that the safety of life and property of every customer and every employee is protected. Legacy Huazhu has formulated the "Comfort 360" evaluation plan with the goal of helping customers stay at ease, and evaluates its hotels based on customer safety indices including accommodation safety, information security, cleanliness, and licenses. Only hotels that have passed all the assessments can be rated as hotels qualified for "Comfort 360" and labeled as "Comfort 360" on Huazhu's official booking channels.



Accommodation Safety Management



We implemented the fire linkage alarm project at the construction stage of hotels to ensure that the alarm signal is directed to the front desk and dedicated personnel are on duty and equipped 24 hours a day. We also set up each hotel location as an independent fire responsibility unit, with the legal representative or responsible person of each hotel as the person responsible for fire safety, leading employees to learn safety-related laws and regulations, and publicizing safety education.

We developed the digital safety tracking project "Easy Safety" to deal with fire safety and emergencies. This project covers fire safety, four-level reporting of incidents, and 47 emergency plans. Relevant persons in charge shall report security incidents to the system within 1 hour after the occurrence, so that relevant departments can respond to them promptly and appropriately. In addition, the "Easy Inspecting" module in "Easy Safety" realizes the online safety inspection by placing near field communication ("NFC") chips at each security inspection point, and directly connects with systems including "Easy Maintenance" to ensure that problems found during the inspection process can be reported as soon as possible. At present, "Easy Inspecting" covers the business

area of each hotel location, the periphery of the hotel and the parking lot, to ensure the all-round safety of each hotel and its customers.

In 2021, we formulated the *2021 Air Treatment Standard Manual* 《2021年空气治理标准手册》 to conduct air treatment for newly opened hotels and hotels undergoing upgrading/ overhaul projects, so as to reduce the release of harmful substances including indoor formaldehyde to the national standard.

Food Safety Management



We strictly abide by the relevant laws and regulations on food safety of the places where we operate, including but not limited to the *Food Safety Law of the People's Republic of China* 《中华人民共和国食品安全法》, and established a comprehensive food safety management system to ensure the safety and reliability of food. In addition, Legacy DH requires its hotels to refer to the relevant requirements of the ISO 22000 food safety management system when they conduct relevant work.

In the source procurement process, we select high-quality food suppliers and eliminate non-compliant suppliers through the electronic procurement platform, to ensure the safety and reliability of purchased ingredients. JI Hotel created a JI ecological farm by building a traceable and reliable direct supply ecological chain of origin to provide customers with healthy and safe natural food.

In daily operations, we continuously promote the use of dishwashers with disinfection functions, and use disinfectants in kitchens and restaurants to comprehensively clean and disinfect equipment surfaces and kitchen tools every day. Food storage at Legacy DH always follows the "first in, first out" principle, with food items checked daily for best before dates and food conditions. All our kitchens are required to maintain documentation and activity records of relevant critical control points ("CCPs") for efficient systematic traceability to prevent food poisoning.

In addition, we occasionally invite third-party agencies to conduct operational quality inspections to areas related to food, including catering kitchens that give feedback to divisions that are acted on in a timely manner. Legacy DH invites a third-party agency "Diversey GmbH" to conduct a twice-yearly audit of Steigenberger Hotels according to the Hazard Analysis and Critical Control Point ("HACCP") system and to conduct hazard analysis and control during food production, processing, handling, and subsequent services.

Safety Training



All employees of the Group are required to participate in the monthly Safety Day training activities to learn about fire safety, public order, security, food safety, information security, room cleaning, and other related knowledge. The safety inspectors of the Group are also required to complete relevant safety training that includes explanations and questions on the Group's public order and fire protection standards, explanations of the online safety system, explanations of hotel opening quality inspection safety items, explanations of public opinion crisis handling, and hotel information security knowledge lectures in order to better provide direction and guidance for the construction of the safety system for each brand hotel location. After the training, we arrange a safety theoretical knowledge test and issue a certificate of completion to ensure that all participants in the training obtain relevant qualifications and are able to provide a guarantee for the overall safety of customers. We also continuously improve and optimize the safety training system through "hotel manager explanation + employee feedback".

In August 2021, HanTing Hotel (Shanghai Hongqiao Beixinjing) carried out a fire drill to guide employees to understand the installation and use of fire hydrants and water valves and the practical skills for fire extinguishers. The manager on duty also led all employees and residents to simulate exit through fire escapes to strengthen their ability to respond to emergencies.



Learn how to use a fire extinguisher



Learn how to use a fire hydrant

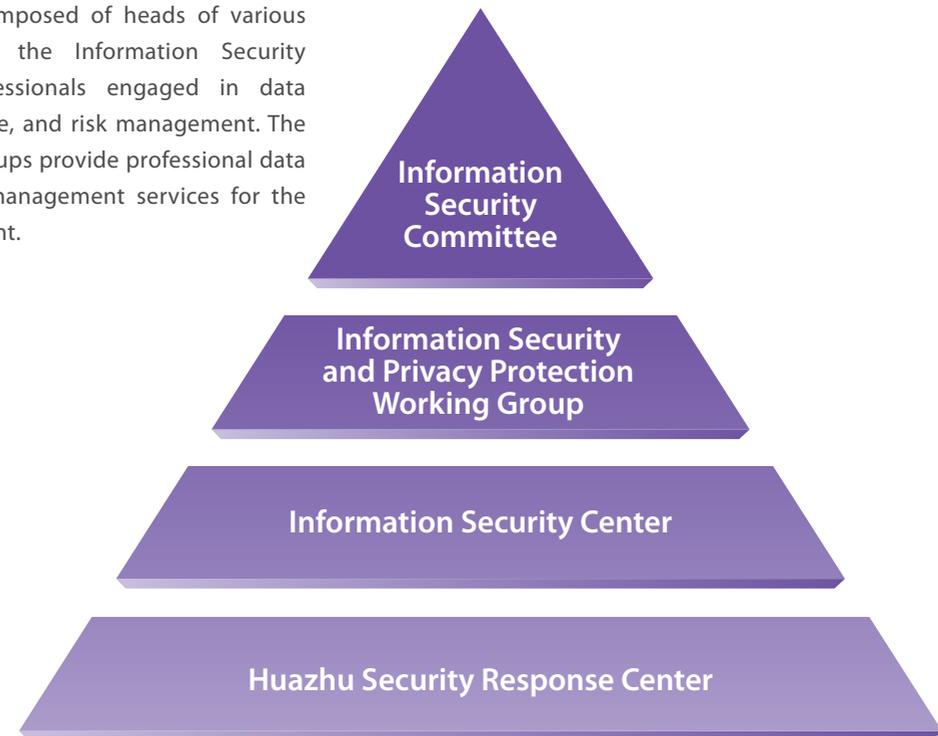


Fire drills

Information Security

Huazhu strictly follows the requirements of relevant laws and regulations including the *Cybersecurity Law of the People's Republic of China* 《中华人民共和国网络安全法》, the *Data Security Law of the People's Republic of China* 《中华人民共和国数据安全法》, the *Personal Information Protection Law of the People's Republic of China* 《中华人民共和国个人信息保护法》, and the *European Union's General Data Protection Regulation* 《通用数据保护条例》 ("GDPR"). We established the information security management system ("ISMS") and the privacy information management system ("PIMS"), and are certified by multiple national and international compliance bodies, including the Level III of classified protection of cybersecurity 2.0 by the Ministry of Public Security, ISO 27001 information security management certification, ISO 27701 privacy information management certification, and payment card industry data security standard ("PCI DSS").

Huazhu also established the Information Security Committee chaired by the CEO of the Group, the Information Security and Privacy Protection Working Group composed of heads of various departments, and the Information Security Center with professionals engaged in data security, compliance, and risk management. The committee and groups provide professional data security and risk management services for the Business Department.



Information Security

We implement human resource security, asset management, access control, and physical and environmental security in accordance with internal regulations and rules, including the *General Outline for Information Security Management of Huazhu Group* 《华住集团信息安全管理总纲》, the *Measures for Network Security Management of Huazhu Group* 《华住酒店集团网络安全管理办法》, and the *Computer Room Emergency Response Plan of Huazhu* 《华住机房应急处置预案》. This way, the Company's information security management is consolidated.



We use diversified and multi-channel methods to publicize and implement information security for all employees. For new employees, we adopt a training model that combines online training and offline training, and test the effectiveness of the training through the online "Huazhu Information Security Awareness Test". In addition, we popularize information security-related systems and norms through internal public accounts, emails, and livestreams. Huazhu organizes regular security awareness training related to personal privacy to enhance employees' awareness of privacy protection. In March 2021, we carried out training related to information security issues including physical environment, sensitive information, and terminal use involved in hotels to help employees better understand the importance of information security through knowledge sharing, case analysis, and Q&A sessions. In April 2021, we held a super brain knowledge contest with the theme of "information security" to help employees master information security-related knowledge through interesting quizzes.

We set up the Huazhu Security Response Center and invited external security experts to submit security vulnerabilities in Huazhu's products and online businesses to help us discover and resolve security issues in a timely manner. We are committed to safeguarding the safety of hundreds of millions of Huazhu members and Internet users. We are also committed to the information security ecological construction of the hotel industry. We actively hold information security industry activities, established the information security industry alliance, and publish industry white papers together with other hotels to jointly create an open and win-win ecosystem.

Privacy Protection

We attach great importance to customer privacy and security, adhere to the bottom line of data security, and implement relevant protection measures over the data life cycle. Huazhu conducts internal APP compliance reviews in strict accordance with relevant laws and regulations to ensure that the collection, use, and processing of personal information is legal and compliant. We abide by the principle of data minimization. We collect customer information only after obtaining the customer's authorization and consent. Personal information of all room guests is classified as the most confidential data in our data security system. We published the *Privacy Policy* 《隐私政策》 on the official website, detailing the collection purpose, processing, and protection measures of customer data to protect customers' right to know.



Huazhu actively conducts internal privacy risk assessments ("PIA");

established the security red line related to personal data processing;

and requires encryption of data transmission, encryption of data storage, desensitization of data displays;

and strict control of data permissions.



Case: Information security salon livestream

In March 2021, Huazhu Security Response Center, in conjunction with Zhongtong Security Response Center and Bilibili Security Response Center held the *Corporate Security Construction Guide* 《企业安全建设之路》 livestream salon event on topics such as "security management and operation, security privacy protection, and zero-trust security construction". Several senior security experts gathered to share industry experience and Huazhu shared relevant content about the *Practice of Corporate Privacy Protection Going Abroad* 《企业隐私出海保护实践》 based on the GDPR. Thousands of people watched the livestream and at its peak, the activity score reached more than 8,000.

Humane Care

Huazhu Group focuses on the perspective of customers, effectively protects the rights and interests of customers, and strives to provide customers with high-quality, convenient, and personalized responsive services.

Huazhu summarizes the Group's business philosophy and service concept through the *Golden Manual* 《黄金手册》 and requires each hotel manager to conduct weekly training on the *Golden Manual* 《黄金手册》 through video training sessions or offline interaction. This ensures that employees understand and master the content of the manual, thereby better implementing our customer-centric service concept and improving the operating service level of the entire Group. We launched the Golden Time learning platform and uploaded high-quality service cases to the platform for employees' learning and reference. As of December 31, 2021, more than 550,000 employees learned the *Golden Manual* 《黄金手册》 and nearly 150,000 employees learned service cases.

With respect to the hotel's building materials, firefighting equipment, and guest room facilities Huazhu sets minimum hardware standards for each brand and implements the last-place elimination system to ensure that each brand has its own characteristics while complying with relevant specifications. This achieves an organic combination of standards and innovation. We also set up the renovation and maintenance fund, which is used for helping hotels carry out annual equipment renovation and renewal projects to further ensure service quality. In addition, we encourage employees to report issues existing in guest rooms in a timely manner through the "finding fault" mechanism and give cash rewards to such employees. This improves all employees' awareness and facilitates continuous improvement, explores various feasible improvement suggestions, and achieves closed-loop management.

While providing high-quality accommodation services for guests, Huazhu provides cultural reading and other special services based on the style of our brands at our hotels to convey the business philosophy of Huazhu Group's business philosophy of "Better Huazhu, Better Life" to customers. For example, HanTing Hotel launched the Literacy HanTing project, which included the building of the "24hr Urban Study Room" in the hotel lobby and the "Listening to Audiobooks Before Bed Radio Station"; JI Hotel created the "JI Keting" area in the hotel lobby for guests to buy books, taste light meals, buy interesting items, and fully enjoy the beauty of life.

In addition, to improve customer satisfaction, we built an all-round customer in-depth insight platform to understand the real experience of customers' accommodation and problem rectification:

 <p>Customers can submit questions and feedback through the experience questionnaires, face-to-face activities, special-topic activities, and other activities in the experience evaluation system.</p>	 <p>We conduct regular customer surveys. In 2021, we conducted a survey on the dining habits, dine-in and food delivery needs, and preference of breakfast categories of guests of Crystal Orange Hotel and Manxin Hotel. Based on nearly 2,000 questionnaires, we further refined breakfast services.</p>	 <p>Based on the feedback from customers, we identified keywords relating to customer expectations for each brand hotel, and put forward corresponding service guidance suggestions to promote the implementation and improvement of the services of all brand hotels.</p>
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We standardized the customer complaint handling process in accordance with the *Customer Complaint Management Process* 《客户投诉管理流程》 and opened several communication channels such as the customer service 400 Reservation Center, Huazhu Group APP, and third-party platforms to timely receive customer complaints and feedback. We enter the complaint information collected from various channels into the Huazhu Group's customer experience management system, classify such information into 4 levels based on the severity, and discuss with the management on how to handle the specific situation. We are required to respond to a serious complaint within 30 minutes and settle the complaint within 24 hours.

Legacy Huazhu:

As of December 31, 2021, the number of complaints per 10,000 room nights was **2.4**, and the annual complaint settlement rate was up to **97.0%**.

As of December 31, 2021, the 400 central customer service answering rate within 20 seconds was **78.0%**, and the call answering rate was **93.0%**.

In the 2021 customer satisfaction survey, Excellent accounted for **83.4%** of answers, Good accounted for **11.2%** of answers, Fair accounted for **3.4%** of answers, and Poor accounted for **2.0%** of answers.

A photograph of two business people shaking hands over a desk. The person on the left is wearing a dark suit jacket, and the person on the right is wearing a light-colored shirt. The background is blurred, showing an office setting. The image is overlaid with a large, semi-transparent brown geometric shape that covers the right side and bottom of the frame.

05

CREATING A WIN-WIN ECOSYSTEM

- SUPPLIER MANAGEMENT •
- FRANCHISEE COOPERATION •
- CO-BUILDING AN ECOSYSTEM •

Huazhu maintains close cooperation with multiple business partners during the operation process and achieves win-win for all parties and coordinated industry chain development through industry exchanges and empowerment.

Supplier Management

Huazhu follows the supplier management principles of "selective use, dynamic management, openness and impartiality, and a combination of centralization and decentralization". Huazhu established a fair, open, and impartial supplier management system to ensure the performance quality of suppliers. We established the Procurement Management Committee at the Group level, led by the CEO and is responsible for the leadership and supervision of supplier management. We designated the Procurement Department to review the suppliers' management regulations, rules and procedures, and report work to the Procurement Management Committee on a regular basis.



In 2021,

the Group had **961** new suppliers.

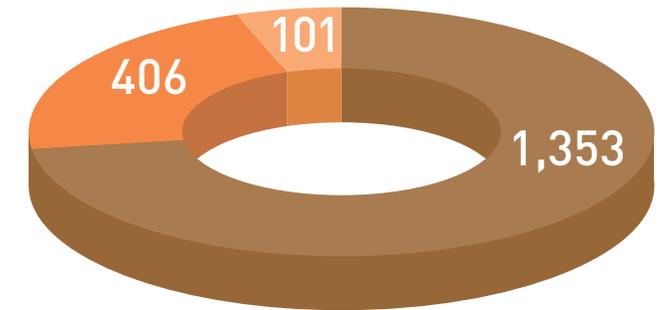
As of December 31, 2021,

Huazhu Group had **1,860** suppliers in total,

of which **241** are ISO 14001 environmental management system certified

and **184** are ISO 45001 occupational health and safety management system certified.

Number of suppliers by region



■ Greater China ■ Germany ■ Other countries/regions

We classify suppliers according to the *Procurement Management Regulations* 《采购管理制度》 and carry out review, admission, and evaluation to ensure that they can deliver certified products. Huazhu also launched the "Huazhu Easy Purchase" online smart procurement platform that integrates procurement, engineering, design, washing, catering and maintenance. We collect the Group's procurement data and upload the data to the platform to realize smart procurement. This way, we can secure high-demand resources, prices, quality, and the rights and interests of the upstream and downstream of the industrial chain.



Our evaluation of suppliers includes daily dynamic evaluation and annual comprehensive evaluation. Our evaluation dimensions include corporate qualifications, quality, and service. A supplier will be disqualified for the supply of goods if there is any material quality issue, unreasonable breach of contract, use of unfair competition methods, failure to take improvement measures for the existing problems within the specified period, or ineffective improvement measures. In 2021, we reviewed suppliers from multiple dimensions, such as customer service, professionalism, and cooperation. We conventionally assessed **527** platform cooperative suppliers and assessed factory facilities and management levels of **400** washing suppliers. We also hired a third party to conduct assessments to ensure that suppliers comply with the Group's standards.

In addition, Huazhu considers the environmental and social impacts of suppliers and conducts corresponding risk assessments on suppliers when making any decisions regarding procurement procedures.

For example, in the food procurement process, the Group prioritizes sustainability certified and Fair Trade Certified food procurement. In Europe, Legacy DH has achieved its goal of using **100%** Fair Trade Certified coffee and free-range eggs and plans to increase the proportion of sustainability certified fish, tea, and other products in the future.

In 2021, we conducted centralized management of washing suppliers, clarified company qualifications, types of washing chemicals, pick-up and delivery service requirements, linen acceptance standards, and environmental protection requirements, and adopted the three-level review process by the third-party agency, the Operation Guarantee Center and the Review Committee, to ensure the compliant laundering process.

For example, washing suppliers are required to install PH value online monitoring equipment to ensure that their sewage treatment and discharge comply with relevant laws and regulations.

> Supplier Empowerment

We actively communicate with suppliers, pay attention to the promotion of regular business, assist in handling daily problems, and cause management rectification and improvement. To further achieve the win-win goal, Huazhu conducts surveys on the business capabilities and management capabilities of the suppliers' grassroots and middle and senior employees and forms a three-level training system for supply chain partners in the Huazhu ecosystem.

Level-3 training system for suppliers



Case: Huazhu entrepreneur seminar training

In 2021, we carried out the Huazhu entrepreneur seminar to stimulate suppliers' entrepreneurial spirit and accelerate suppliers' growth by using macroeconomics, Huazhu philosophy, entrepreneurial spirit, organizational innovation, and strategic management so as to improve innovations and breakthroughs to achieve sustainability.



Huazhu entrepreneur seminar

Franchisee Cooperation

Huazhu helps franchisees obtain more returns through a full range of services and empowerment. We established a set of independent and complete standardized management methods to help us achieve the goal of "Ten Thousand Hotels in One Thousand Cities". The management covers the whole life cycle of franchisee development, management, and post-acceptance. To avoid regional competition, we ensure a scientific distribution of franchisee operating areas through the *Franchisee Proximity Protection Policy* 《加盟商近距离保护政策》. Our franchisees are required to sign a series of franchise contracts, including the *Management Contract* 《管理合同》, the *Honesty and Integrity Agreement* 《阳光协议》, and the *Confidentiality Agreement* 《保密协议》, to protect the legitimate rights and interests of franchisees and us. In addition, our owners are required to sign the *Owner Commitment* 《业主承诺书》 to ensure the performance of fire safety management and other related responsibilities are in accordance with the agreements, including the *Brand License Contract* 《品牌许可合同》, the *Franchise Contract* 《特许经营合同》, the *Management Contract* 《管理合同》, and the implementation of safety protection measures and regular inspection of safety facilities and equipment.

Throughout the hotel chain model, Huazhu ensures that our own and leased hotels and franchised hotels comply with the same construction and operation standards and relevant safety requirements. In terms of standardized construction, Huazhu formulates construction plans in accordance with national and industrial building standards and strictly follows the requirements in the *Safety Management Manual* 《安全管理手册》 to ensure that the quality, construction period and cost are controllable. In daily operations, we regularly carry out safety inspections and emergency drills on hotels to fully ensure the operation safety of hotels.

➤ Franchisee Empowerment

To help our franchisees improve business, Huazhu provides franchisees with online and offline targeted training courses on investment, operation, and management based on their business pain points and core skills improvement needs. This helps them improve their workplace skills and solve their hotel management problems. In 2021, we organized 3 elite general manager special training camps to help franchisees learn from Huazhu's successful experience and gain insight into industry hotspots through the Group's senior vice president sharing, sand table simulation, and topic analysis.



Elite general manager special training camp

Co-building an Ecosystem

As a leader in the hotel industry, Huazhu deeply understands the importance of empowering the industry. While ensuring the stability of our operations, we actively build the ecosystem by empowering more hotel industry practitioners and the hotel industry ecosystem. By sharing technical achievements and service concepts with them, we build a vigorous hotel service industry in China.

➤ Teacher Empowerment

We empower schools through college-enterprise cooperation to provide strong support for talent training in the hotel industry.

In 2021, we invited outstanding teachers of tourism majors from vocational colleges to participate in the Group's Training Class of Modern Hotel Service Quality Management Vocational Skill Level Certificate for Teachers and Examiners. Teachers participating in the training could not only improve their professional skills, but also integrate advanced concepts into the teaching process by understanding Huazhu's corporate culture and work process, strive to improve their teaching quality, and cultivate outstanding talents for the hotel industry.



Training Class of Modern Hotel Service Quality Management Vocational Skill Level Certificate for Teachers and Examiners

➤ Industry Exchange

Huazhu has always adhered to its original aspiration. By participating in and organizing various industry exchange forums and sharing the best practices, Huazhu helps the entire industry record fundamental enhancement and improvement and facilitates the Chinese hotel industry to go global.

In December 2021, the Group shared Huazhu's experience in driving business transformation and process optimization through IT technology and Internet thinking at the World Innovators Meeting 2021 - Digital Reshaping the World. We hope to provide reference cases for industry participants and explore development routes for the economy. In the same month, the Group shared how to build an omni-channel marketing system in the hotel industry through digitalization at the 2021 China Digital Innovation Summit, helping the industry reshape the customer accommodation experience.





06

EMPOWERING A BETTER LIFE

- EMPLOYMENT MANAGEMENT •
- REMUNERATION AND BENEFITS •
- HEALTH AND SAFETY •
- TALENT DEVELOPMENT •



Employees are an important element of Huazhu's "Better Huazhu, Better Life" mission. Therefore, Huazhu strives to build a harmonious employment relationship through practical actions to achieve the common growth of the Group and our employees:



We attach great importance to employees

We not only built a mature and scientific training system to help employees grow, but also provide the sustainability platform to enable employees to fully demonstrate their self-worth and capabilities.



We care about employees

We actively maintain daily communication with employees, protect employee rights and interests, and extend this care to employees' families and special groups closely related to employees.

The Group's employee management efforts have been recognized both inside and outside the organization. In 2021, the Group won several employer brand awards:



2021 Global Human Resource Conference ("GHRC") Sirius Selection: TOP30 Best Practices in China's Recruitment Management Informatization
(Awarding Organization: Moka)



2021 China Tourism and Hotel Industry Annual Outstanding Employer Award
(Awarding Organization: Lepin.com)



The 8th Preferred Employer of Tourism & Hospitality Industry 2021
(Awarding Organization: veryeast.cn)



ECHO 2021 Employer Cherish Talents Most
(Awarding Organization: BOSS Zhipin)



Employment Management

The Group strictly abides by the requirements of all laws and regulations in the places where it operates, including but not limited to the *Labor Law of the People's Republic of China* 《中华人民共和国劳动法》, the *Labor Contract Law of the People's Republic of China* 《中华人民共和国劳动合同法》, and the *Provisions on Prohibition of the Use of Child Labor* 《禁止使用童工规定》, and insists on compliant employment.

We openly and impartially recruit talents through campus recruitment, social recruitment, internal recommendation, and other channels in accordance with the standard of "morality before talent and both morality and talent being important" and ensure the adequacy of the talent pool through internal training and college-enterprise cooperation to develop employment practice bases and industrial colleges. In addition, we formulated the *Internal Recommendation Management Regulations of Huazhu Hotel Group* 《华住酒店集团内部推荐管理制度》 and the *Huazhu Class College-Enterprise Resource Recommendation Reward Regulations* 《华住班院校资源推荐奖励制度》 to improve the internal recommendation rate and efficiently expand the talent pool.

Based on title levels and hotel grades, we clarified different competency requirements for candidates and created hotel manager talent portraits and overall competency models. We effectively help interviewers identify outstanding candidates more accurately and efficiently through evaluation. We comprehensively inspect candidates in all aspects, including education background, work experience, and personal qualities.

We formulated internal rules and regulations, including the *Employee Manual* 《员工手册》 that details employee recruitment, promotion, assessment, resignation, and remuneration calculation to ensure that employees enjoy legal rights according to national laws and regulations and the Group's rules and regulations in terms of rights protection, self-development, welfare, and remuneration.



Case: 2021 Outstanding Partner for College Graduate Employment

To conscientiously implement the national policy for the employment of college graduates, Huazhu actively promotes the employment of college graduates. In 2021, the Ministry of Education of the People's Republic of China awarded the Group the "2021 Outstanding Partner for College Graduate Employability". As one of the highest-level honors awarded by the Ministry of Education to enterprises every year, this award is specially used to recognize enterprises with outstanding performance in facilitating college graduate employment. This reflects the government's high recognition of Huazhu's unremitting efforts and contributions to promoting college graduate employment.

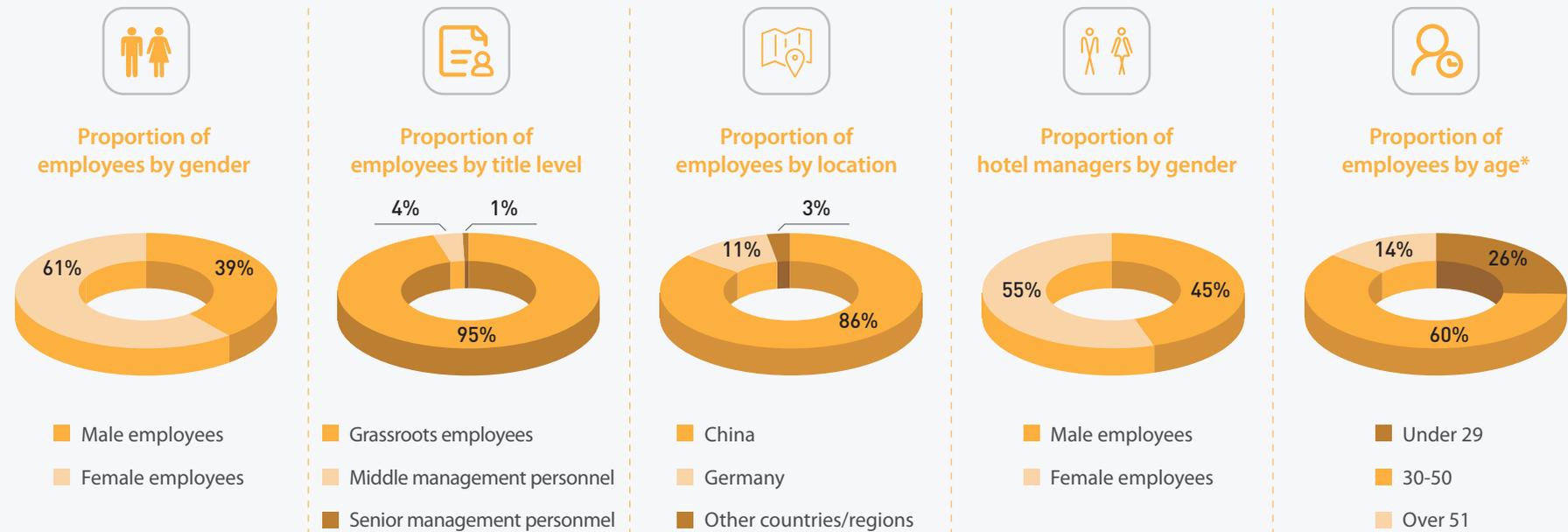


2021 Outstanding Partner Award for
College Graduate Employment

Huazhu is committed to helping the industry promote social equality and actively sets a positive example on issues such as equality, tolerance, diversity, and human rights. We treat every employee fairly and justly, regardless of gender, nationality, religion, background, or race, and we also firmly oppose forced labor and child labor. Legacy DH joined SHA in 2018. With the eCampus system, Legacy DH provides education and training for new employees on human rights topics such as "modern slavery", "forced labor", and "human trafficking" to help them form correct values and prevent human rights violations and abuses.

We built a variety of communication channels for employees, including the WeChat official account "Love in Huazhu", the communication platform "HTone", and the project "Frontline Through Train" to create an open and transparent communication environment. In addition, the Group regularly invites professional third-party agencies to conduct employee satisfaction surveys so as to create a positive organizational atmosphere and further improve organizational performance. In 2021, we conducted employee surveys in four dimensions: employee engagement, team engagement environment, team indomitable spirit, and team entrepreneurial spirit. The survey results showed that Huazhu's employees at all levels highly recognized Huazhu's indomitable spirit, and the overall engagement reached over 84.7%.

As of December 31, 2021, the Group had **24,701** employees, of which approximately **60.8%** were female employees and approximately 1.8% were part-time employees.



* Proportion of employees by age only covers Legacy Huazhu.

Remuneration and Benefits

We believe that stable development, win-win, and common prosperity can be achieved only when corporate development and employee interests are simultaneously improved.

Huazhu implements the performance evaluation regulations, provides fair and competitive remuneration, dividends and equity incentives for employees, provides a variety of welfare benefits covering all employees, and actively expands such benefits to employees' families to comprehensively improve the lives of employees' families. In 2021, Legacy Huazhu recorded a median remuneration ratio of 1.32 for men and women employees.

We explore and promote flexible working regulations, flexibly adjust working hours and workplaces to improve the work efficiency and living quality of all employees. We do not advocate overtime. Employees must be approved to work overtime by their immediate superiors and department heads and go through the approval procedures. In addition, employees can enjoy various holidays such as rest days and festival holidays stipulated by national laws and regulations and the Group's regulations, as well as various allowances such as holiday bonuses, high-temperature subsidies, meal allowances, and transportation allowance. At the same time, the Group provides social insurance for employees in accordance with the law, including pension insurance, medical insurance, unemployment insurance, maternity insurance, occupational injury insurance, housing provident funds, and also purchases commercial insurance for hotel managers and functional managers and above.



In addition, Legacy Huazhu established the Labor Union as an important platform for caring about the lives of employees, safeguarding the rights and interests of employees, improving the quality of employees, and facilitating the growth of employees. We actively listen to the opinions of employees and maintain close communication and consultation with the Labor Union on issues concerning the vital interests of employees to effectively protect the legitimate rights and interests of employees. In 2021, HanTing Star (Shanghai) Hotel Management Co., Ltd., a subsidiary of the Group, formulated the *Special Collective Contract for Wages* 《工资专项集体合同》 to ensure that the increase in the salary of employees follows relevant regulations.



Case: Staff dormitory renovation project

In 2021, we renovated the staff dormitory to ensure that the dormitory has sufficient light and meets the ventilation conditions. We provide employees with facilities and equipment such as air conditioners, independent sockets, and independent wardrobes to create a good working and living environment for employees and enhance their sense of security and belonging.



Post-renovation dormitory



Case: "Hua Xue Zi" Project

We launched the "Hua Xue Zi" project in 2018. The Group's Charity Foundation grants scholarships to Huazhu employees' children who are excellent in both character and learning, helping them to successfully complete their university studies. The Group also provides them with internship opportunities in Huazhu. By the end of 2021, we provided scholarship support of RMB **1,195,000** to **86** employees' children.



Hua Xue Zi received scholarship checks

The Group advocates the corporate culture of "hard work and healthy life", actively organizes various special activities such as evening parties and team building, and established various activity clubs such as Huazhu Good Voice Club, Badminton Club, Basketball Club and Football Club to strengthen the cohesion of employees.

 Case: "2021 Huazhu Ecosystem Gobi Expedition" event

In October 2021, we carried out the "2021 Huazhu Ecosystem Gobi Expedition" event for 3 days and 2 nights. This event was led by the CEO of the Group. Nearly 100 people, including Huazhu's brand CEOs, hotel investors, Huazhu franchisees and ecosystem partners, participated in this event and completed the 88-kilometer Gobi hike side by side. We hope that this event can inspire participants' entrepreneurial spirit, adventurous development, teamwork and further emphasize the business concept that "no matter what the situation is, employees, room guests, and franchisees are the most valuable assets of Huazhu."



The participants crossed the Gobi



The team sprinted to the finish line



2021 Staff Meeting



2021 5&10-Year Award Honorary Ceremony

Health and Safety

The Group attaches great importance to occupational health and safety and puts the protection of employees' life and safety first. We strictly abide by the relevant requirements of laws and regulations, including the *Labor Law of the People's Republic of China* 《中华人民共和国劳动法》 and the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* 《中华人民共和国职业病防治法》 and we arrange annual health checks for our employees.

To eliminate potential safety hazards, Huazhu has formulated detailed safety management regulations for engineering maintenance, management of inflammable and explosive materials, and potentially dangerous work areas such as power distribution rooms and computer rooms. We assign dedicated personnel to inspect and check safety protection devices and electric control parts daily and require engineering maintenance personnel to wear protective equipment before taking up their jobs and strictly abide by the safety operation rules. In addition, we provide safety education and training for hotel engineering personnel, such as lightning protection, kitchen safety, and fire safety.

Huazhu pays great attention to the mental health of employees. We opened the employee mental health assistance hotline and invited third-party professional psychological consultants to provide employees in need with one-on-one counseling. We also provide mental health questionnaires, mental health classrooms, offline mental health interaction salons, and other channels to prevent and help solve mental health problems.



Case: "Healthy Day" event

Legacy DH's hotels hold the "Healthy Day" event every year, covering health checks, coordination tests, in-office workout instructions, and personal training instructions. In addition, Legacy DH hires the psychological counseling agency "Corrente" to provide employees with psychological counseling services.



Talent Development

The enterprise's Talent pool is an important resource for an enterprise to participate in international competition and cooperation. The Group has set up a complete career development path based on the characteristics of each position to ensure the continuous transfer of talents and the establishment of a strategic talent team. We have also formulated the *Internal Talent Flow Management Measures of Huazhu Group* 《华住集团内部人才流动管理办法》 to encourage the flow of talents within the Group.

On a yearly basis, we clarify organization and position planning to support the Groups' strategic map and conduct a talent inventory to understand the competencies of current employees, the talent pool, and to lay the foundation for talent echelon construction and talent training planning. Huazhu has also formulated performance appraisals to comprehensively standardize the promotion channels of employees. For the person in charge of the functional departments of the Group, we have formulated the "balanced scorecard" to better mobilize the enthusiasm of the functional departments and ultimately achieve Huazhu's strategic goals.

We attach great importance to the development and training of talents and implement on-the-job training, outsourced training, and off-the-job learning to help employees deepen their understanding of job requirements and quickly master relevant skills:

On-the-job training

We provide employees with a rich learning experience through educational resources such as the "HTone" mobile online learning platform and the livestream platform.

Outsourced training and off-the-job learning

Based on the development of the Company and the actual needs of the positions, we arrange employees to participate in training provided by a third party training agency or conduct off-the-job learning according to plans.

We have also established a unique teaching system. We developed various special training programs based on different position requirements and used senior management personnel and professional trainers as teachers to achieve large-scale and in-depth talent training through practical simulations, case studies, and other educational means. In 2021, the total training hours for the Group's employees were 721,147.0 hours and the training hours per employee are 29.2 hours.



Case: Education improvement program

Huazhu partnered with Swiss Hotel Management School, Fudan University, and Shanghai Normal University School of Tourism to launch the employee education improvement program in order to meet the needs of employees for lifelong learning. Our employees can complete programs such as the undergraduate degree and master of business administration ("MBA") through a combination of online and offline teaching.



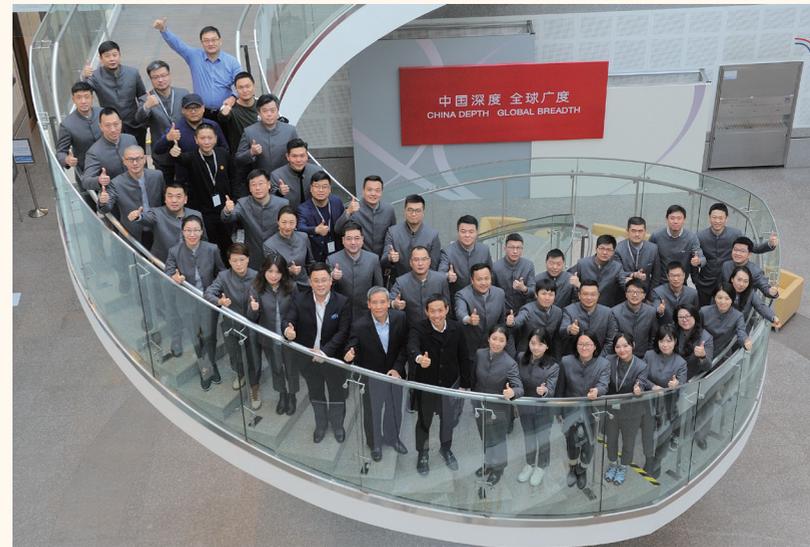


Case: Huazhu class and Huaqing class

We fast-track experienced and potential senior employees to become the Group's management talents and future departmental heads through Huazhu class training or assign them to become the leaders of sub-departments and provide Huaqing class training.



Huaqing class group photo



Huazhu class group photo

 Case: Management trainee training

We formulated a unique development and training course system for management trainees and conducted online and offline training and assessment for management trainees that focuses on corporate culture, logical thinking, work rules, and behavior habits.



Management trainee training

 Case: Micro-lecture competition

In 2021, we held the fourth micro-lecture competition with the goal of "focusing on the accumulation of knowledge and helping the development of the organization" and the theme of "developing knowledge and action, carrying forward the past, and opening up the future". This micro-lecture competition invited employees to participate in the production of training courses and encouraged employees to present their work experience and knowledge in the form of micro-lectures to fill the gaps in the existing courses. We received a total of 2,075 submissions for this competition and selected 100 submissions of high-quality content, covering 12 major themes such as cleaning and maintenance, mentoring, customer service, management improvement, brand features and hotel safety.

 Case: Activating frontline vitality with gamification thinking

In 2021, through gamification, we developed a unique training plan for key frontline positions in the hotel to enhance the vitality of frontline employees. This way, they can conduct high-quality completion of key tasks and obtain promotions and qualifications. In December 2021, at the 3rd Gamification Conference Asia ("GCA"), Huazhu's innovation and development in the field of "Enterprise Gamification Revolution" was highly recognized globally and won the 2021 GCA Gamification Design Silver Award for excellent gamification, business philosophy, and design thinking.



2021 GCA Gamification Design Silver Award

 Case: Chinese Corporate Livestream "Cultivation Base" Award

To improve training efficiency, Huazhu strives to popularize digital training applications and promote the digital transformation of corporate training. In 2021, Huazhu's digital training work was highly recognized by online-edu, and won the Chinese Corporate Livestream "Cultivation Base" Award.



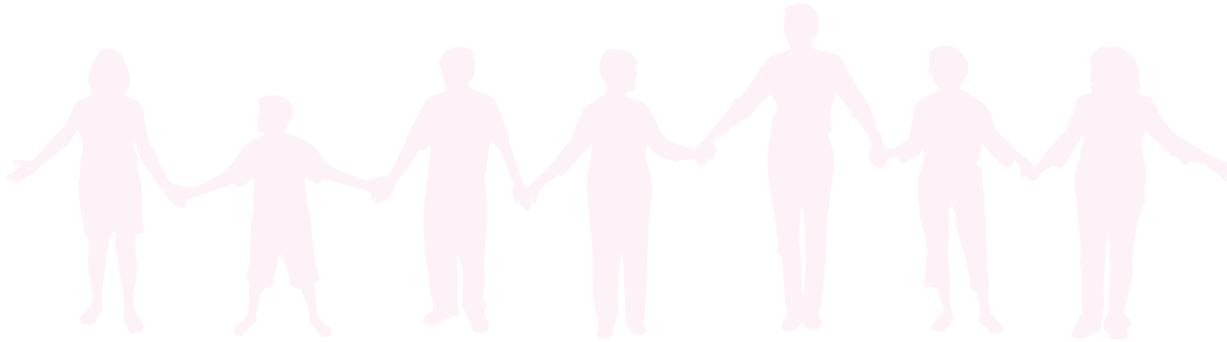
Chinese Corporate Livestream "Cultivation Base" Award



07

FULFILLING SOCIAL RESPONSIBILITIES

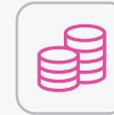
- SOCIAL ASSISTANCE
- EDUCATIONAL SUPPORT
- VOLUNTEER SERVICE



Huazhu Group has always adhered to the corporate mission of "Better Huazhu, Better Life", actively fulfilled social responsibilities, and helped more people share a better life. In 2009, we established the Shanghai HanTing Social Welfare Foundation (the "Foundation") to continuously pay attention to poor and vulnerable groups and bring hope to orphans and children with cerebral palsy. At the same time, we contributed to the national rural revitalization cause, improved school teaching and living environments, and actively empowered rural teachers. The Foundation regulates material donation activities through the *Material Donation Management Measures of Shanghai HanTing Social Welfare Foundation* 《上海汉庭社会公益基金会物资捐赠管理办法》 to protect the legitimate rights and interests of donors, recipients and the Foundation. We follow the "legal, authentic, convenient, timely and free" requirements to disclose the basic information, working status, fundraising procedures, donation amount, and other information of the Foundation to the public. In April 2021, the Foundation was Chinese Social Organization Evaluation 3A Certified, reflecting that the Foundation is highly recognized by the government and that the governance mechanism and the extensive and in-depth public welfare influence are transparent.



3A certificate



From 2016 to 2021,

the total public welfare expenditure of the Foundation was RMB **10,754,213**.

In 2021,

the total public welfare expenditure of the Foundation was RMB **809,710**.

Social Assistance

In May 2021, the Foundation took the lead in launching the "Love in Huazhu Group" public welfare project and joined hands with Shanghai Soong Ching Ling Foundation to raise funds for the surgery and rehabilitation treatment projects for Tibetan impoverished children with cerebral palsy. On May 22, we held a charity auction event "Love Without Hindrance" to help children with cerebral palsy stand up. The Group's CEO, Mr. Jin Hui, donated RMB 400,000 to Shanghai Soong Ching Ling Foundation on behalf of Huazhu Group. In addition, this event contained an auction session, in which 8 exquisite artworks were auctioned to raise more than RMB 100,000 for this public welfare project. All the funds raised from the event were used to fund the Tibetan children with cerebral palsy to come to Shanghai for surgery, to provide the opportunity for Tibetan children with cerebral palsy to come to Shanghai for treatment and to help them recover from the disease as soon as possible. In September of the same year, we selected 4 local children with cerebral palsy through the Tibet Autonomous Region Disabled Persons' Federation and completed the surgery for one of them.



Donated
RMB **400,000**



Raised more than
RMB **100,000**



In July 2021, Zhengzhou, the capital of Henan Province, suffered a rare extreme rainstorm. To support flood relief efforts in Zhengzhou, the Group's HanTing Hotel Henan Branch immediately opened the guest rooms and hotel lobby to the disaster victims and rescuers in need for a total of about 400 nights and donated various materials worth approximately RMB 150,000. In addition, Huazhu Ni Hao & Elan Hotel, located in the western region of Henan, organized employees to donate items and participate in flood relief efforts. The employees donated more than 600 items in total. Huazhu helped people in disaster areas overcome their difficulties and helped the people in need resolve their situations.



	Offered 400 nights
	Donated various materials worth approximately RMB 150,000
	Donated more than 600 items



Ni Hao & Elan Hotel participated in the disaster relief efforts in Henan

Educational Support

Since 2015, the Foundation has been cooperating with U-Light for public welfare. Both parties jointly launched the "Literacy HanTing" online teaching project to promote national reading and fund schools in remote villages. Over the years, the Foundation has built a network for many village schools that provide online courses in English and reading and training for rural teachers. We hope to alleviate the social problem of unbalanced educational resources between urban and rural areas in China. On May 28, 2021, the Foundation launched the "Huazhu-Guizhou Red Public Welfare Tour" event. The Foundation went to Jinxing Primary School in Jinxing Village, Dajie Township, Weining Autonomous Region and Guizhou to visit a group of children sponsored by the HanTing Public Welfare Foundation. The Foundation donated two laptop computers and an electronic whiteboard to the school, and further improved the school's teaching environment by renovating the office and donating a library.



In 2021,



1,364 students and **57** teachers benefited from the "Literacy HanTing" online teaching project



2,017 class hours of study were completed

From 2016 to 2021,



7,225 students were funded



311 teachers benefited



11,240 class hours of study were provided

Volunteer Service

We also participate in organizing various volunteer service activities to spread positive influence on society and shape a civilized ecology. To help disabled people work, Huazhu regularly invites disabled people as Huazhu trainees to participate in the "Huazhu Workplace Public Welfare Experience" event. We customize work-experience positions for trainees and invite senior Huazhu employees who have worked for more than 10 years to serve as teachers to lead trainees to experience six positions such as waiter in the Steward Department and waiter in the Linen Room. We hope to help disabled people learn about positions and improve their professional abilities through such activities.

On November 12, 2021, HanTing Hotel Shaanxi Branch organized a collective blood donation activity. A total of 91 Huazhu employees participated in this blood donation activity, contributing to the clinical use of blood in the off-season.



Huazhu Group organized employees to donate blood collectively

Legacy DH's hotels hold at least one "Social Day" event each year to encourage more employees to get involved in community activities. In 2021, Legacy DH organized several public welfare activities through the "Social Day" event, including donating anti-epidemic materials and providing free lunches for children and train station employees. In December 2021, the Steigenberger Hotel located in Konstanz served meals to 30 homeless people.



Serving meals to homeless people

Appendix: Index of GRI Standards and HKEX ESG Reporting Guide

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