

# 皇璽餐飲

集團控股有限公司

ROYAL CATERING

Group Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8300

2018

Environmental, Social And  
Governance Report



Royal Catering Group Holdings Company Limited  
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## **PREPARATION BASIS**

As a company based and served in Hong Kong, Royal Catering Group Holdings Company Limited (thereafter “**Group**” or “**we**”) aims to serve its customers with top quality of food at good value and in a cosy and inviting dining atmosphere. The Group also targets to provide (i) safe, healthy and pleasant working environments to its employees, (ii) reasonable returns on investments to investors, business partners and supporters, and (iii) sustainable development to the society and environment.

To ensure these long-term goals, the Group’s senior management (including the Company’s directors (the “**Directors**”)) are committed to environment protection, being socially responsible and equipped with the strictest corporate governance. Pursuant to the requirements of the Environmental, Social and Governance Reporting Guide in Appendix 20 to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”), the Group has prepared this 2018 Environmental, Social and Governance (thereafter “**ESG**”) report, disclosing efforts in managing its ESG impacts from its principal operation activities, including: casual dining food catering services in Hong Kong. This ESG report contains two subject areas, being environmental and social.

## **SCOPE OF REPORT**

This report will cover the Group’s initiatives on introducing the concept of ESG to its internal and external stakeholders, implementing practices throughout the operations and disclosing results as a year-end summary. It is also the intention of the management to provide an overview of the Group’s direction in managing ESG related issues, driving for ESG initiatives throughout the Group, and communicating its ESG performance result with stakeholders.

This report shall cover the operating activities of the Group from 1 April 2017 to 31 March 2018 (“**Reporting Period**”), including head office in Yau Ma Tei (from April 2017 to November 2017), head office in Wan Chai (from November 2017 to March 2018), a centralized warehouse in Tsing Yi, five restaurants under self-owned brands, four of which were operating at the Hong Kong International Airport and one of which was operating in Kowloon City (from April 2017 to July 2017). As the back-office supporting services to the running and the operation of the “Du Hsiao Yueh Restaurant” (the “**Excluded Restaurant**”) was provided by the entity which holds 30% of the shareholding of the said restaurant, details of the Excluded Restaurant are not included in this report.

Unless otherwise specified, all references to “**the Group**” and all information and statistics herein exclude the Excluded Restaurant.



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## STAKEHOLDER ENGAGEMENT & MATERIALITY IDENTIFICATION

The Group sets out below its efforts to minimise the negative influence to the environment, to promote employees' well-being and to contribute to the local community.

To ensure the full spectrum of the ESG aspects of the operation is covered, the Group has consulted both the internal and external stakeholders about its potential impacts on the ESR, and to identify its related attributes for active management purpose. The Group understands and values relationship with stakeholders from all perspectives, and thus included a wide range of parties as consultation targets.

In addition, the Group engaged and commissioned a professional firm on drafting the ESG Report, and conducted a materiality analysis in the form of a management interview during the drafting process. Particular sustainability-related issues, which are material to the Group, were identified during the process, and results of which shall be disclosed in later part of this ESG Report.

The below table presents key stakeholders of the Group as well as how the Group communicates with them through a variety of engagement channels during the Reporting Period.

Internal Stakeholders	External Stakeholders
<ul style="list-style-type: none"><li>• The Board</li><li>• Management</li><li>• General Staff</li></ul>	<ul style="list-style-type: none"><li>• Shareholders</li><li>• Investors</li><li>• Customers</li><li>• Local Community Groups</li></ul>
<b>Engagement methods:</b> Meetings, interviews, staff performance appraisal interviews, internal publications, Annual General Meeting (“AGM”) and announcements.	

Table 1. Engaged stakeholder list and methods

## CORPORATE GOALS AND VISIONS

The Group aims to serve our customers with quality and safe food at good value and in a cosy and inviting dining atmosphere, as well as (i) provide safe, healthy and pleasant working environments to its employees, (ii) generate reasonable returns on investments to investors, business partners and supporters, and (iii) maintain sustainable development to the society and environment.

### ESG Management Structure

The Group's ESG management has been structured to ensure the fulfilment of our corporate goals and visions to bring benefits to all stakeholders, and to support and serve the society and the environment with responsibilities and sustainable development.



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The Board, headed by the Chairman and having a balance of skill and experience from the Executive and Non-Executive Directors, is responsible for formulation and approval of the Group's development, business strategies, policies, annual budget and business plans. The day-to-day management including the effective implementation of the overall strategies and initiatives adopted by the Board on operations, financial, environmental and social issues and obligations, has been delegated to the Chief Executive Office ("**CEO**") and its senior management team members.

Specifically, on the environmental and social issues and obligations, the management is structured as follows:

- Head office management. Our head office, where the CEO and the senior management team members are based, is responsible for the overall management and supervision of our restaurants and the centralized warehouse.
- Operation at restaurant level. Each of our restaurants is headed by a restaurant manager who oversees the daily operation of the restaurant. The staff of each restaurant is divided into the kitchen division and the dining service division. The kitchen division is headed by a head chef who supervises the operation of the kitchen and is responsible for hygiene and safety of the kitchen and the food produced. The dining service division is headed by the restaurant manager who is responsible for overseeing the operation of the dining area of the restaurant to ensure delivery of satisfactory services to the customers. Centralised warehouse for our restaurant operations at the Hong Kong International Airport. Our warehouse centralizes and supervises purchase, delivery and distribution of fresh and safe food ingredients as well as other supplies to our restaurants operating at the Hong Kong International Airport ("**HKIA**"). For our Kowloon City restaurant, the head chef is responsible for the purchase and inventory level management according to the estimated needs.

Through an independent internal control and risk management system, the Group ensures its restaurant operations and management fulfil and comply with its environmental and social responsibilities and obligations as required by the ESG Guide and the laws and related regulations of the Hong Kong Special Administrative Region ("**HKSAR**"), and the specific guides of the food industry. The Board is duty-bound to review, address and report all the environmental and social issues listed in the Aspects and Areas in the Guide. In response, the Board has approved its updated strategies and policies, and assigned the CEO and its senior team members to have the overall responsibility of their implementations. The CEO is responsible to for analysing and developing Key Performance Indicators ("**KPIs**") where appropriate and necessary, for future monitoring and continuing action in line with the Group's goals, visions and policies.

## **ENVIRONMENTAL**

The Group understands the importance and the responsibility on serving only quality and safest food to our customers, and is committed to comply with all related laws and regulations. Through the materiality identification exercise, the Group identified that energy and water consumption, and waste generation are the most significant issues within the environmental section. In addition, the result also shows that the Group has minor impact toward air and greenhouse gas emissions, which requires monitoring attention from the Group. The Group's management has delegated specific efforts in managing the identified environmental issues. Details will be provided in later sections.



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The Group also understands the importance of a sustainable business development, and thus it is actively promoting a green operation, and cultivating a green, healthy and safe culture in the workplace. The Group encourages “Green Environment” ideas to ensure:

- the efficient consumption of energy and water;
- management and saving of natural resources;
- the promotion on environment and safety awareness among staff;
- the reduction on waste and pollutants;
- a green, healthy and safety workspace for staff, visitors and contractors;
- an optimised energy use operation; and
- the improve performance and environment and safety.

The Group also run an internal environmental protection awareness programme that consistently reminds and encourages its employees and clients to improve environmental performance together.

## Air Emissions

The Group examined the issue of air emissions across its operation, and concluded that the main sources of emissions come from the direct consumption of town gas during the cooking process. Air emissions include nitrogen oxides (NO<sub>x</sub>), sulphur oxides (SO<sub>x</sub>) and greenhouse gases (which shall be briefly discussed in the next session). The total air emissions recorded in this Reporting Period, based on the town gas provider’s latest sustainability report ([www.towngas.com](http://www.towngas.com)), can be found as follows:

	Total (kg)
NO <sub>x</sub>	1.04
SO <sub>x</sub>	208.3

Table 2. Air emissions from town gas combustion

Since the main composition of town gas consist mainly of natural gas and naphtha gas, the cooking process generated and released lesser pollutants into the atmosphere (source: [www.towngas.com](http://www.towngas.com)).

In addition, to ensure the quality of air released to the atmosphere are meeting standards listed in related laws and regulations, emission was collected and filtration systems were installed in various of the Group’s operation spots (restaurants, centralised warehouse and the administrative head office), and specifically in restaurants located in HKIA, where emissions were pre-treated through a centralised system before releasing to the atmosphere.



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The Group will continue monitoring its operation and ensuring its air emissions will be well managed and in compliance with all relevant laws and regulations.

### **Greenhouse Gas Emissions**

In addition to the efforts made in monitoring air emissions as mentioned in the above paragraph, the Group performed careful assessment on its overall greenhouse gas emissions. As the Group's operations involve kitchen and food preparation, greenhouse gas emissions by the Group shall mainly compose of carbon dioxide (CO<sub>2</sub>), and minor contribution from methane (CH<sub>4</sub>) and nitrous oxides (N<sub>2</sub>O) from the kitchen operation.

The Group thus estimated its greenhouse gas emissions for the Reporting Period through calculation with relevant methodology, and with data available on electricity & natural gas consumption and emission factor from invoices and references to third parties documents (including electricity & gas consumption data, and carbon intensity factor that are available on bills and sustainability reports from electricity & gas provider respectively).

The greenhouse gas emissions of the Group in the Reporting Period was approximately 3,198.6 tCO<sub>2</sub>e.

### **Waste Management**

The Group strives to waste reduction in its operation activities. The Group produced non-hazardous wastes in its operation activities, including waste oil, food wastes, paper wastes and waste water. Waste oil is mainly generated from restaurant's kitchen. Food wastes are mainly generated from cooking and unconsumed food by customers and paper wastes refer to used napkins from restaurants. Waste water is produced as a result of the restaurant operation.

To minimize food wastes, the Group has established a centralised warehouse in Tsing Yi for restaurants operating at the HKIA to centralise purchase, delivery and distribution of food ingredients and other supplies. Waste management guidelines and procedures such as Inventory Control Guideline are in place to ensure the efficient inventory control. Restaurant Assistant Shop Manager and the Head of Chef are both responsible for controlling the food and drink preparation, and minimizing non-consumed food wastes. The Head of Chef should also provide regular training to other employees on proper usage and the mix of food, beverages, and vegetables materials for all dishes and drinks to avoid wastage.

All of the Group's food wastes and waste oils are handled by licensed waste disposal companies, and treated properly according to related regulations.

Waste water generated by restaurants in the HKIA shall be collected from the central drainage system and treated before discharge, where other restaurants shall discharge daily waste water to the public drainage.

Paper waste (mainly consists of used napkins from the customers and used paper from the Group's head office) shall be collected for recycling purpose as appropriate. To control paper waste, all staff are encouraged to use electronic messages and print on both sides of paper.



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The Group will continue exert additional attention to waste management, and to the compliance of all applicable laws and regulation.

During this Reporting Period, the Group has generated the following of waste from its activities mentioned:

<b>Waste Materials</b>	<b>Unit</b>	<b>Amount</b>
Waste Oil	L	1,624
Food Waste	lbs	540
Non-Hazardous Daily Waste	L	15,459,337

Table 3 — Waste generation amount

In addition, the Group is not involved in any significant consumption of chemical reagents, and thus no hazardous waste figure can be recorded in this Reporting Period.

## Use of Resources

The Group actively promotes the “Green” culture and “Eco-Friendly” practices by maintaining an efficient consumption practice throughout its operation, and protecting the environment at the same time. Measures including re-using resources, reducing waste and recycling, and “Green” operation in the supply chain and workplace have been adopted. Such measures were successfully implemented throughout the Group operation, and the result can be found below as for this Reporting Period:

<b>Consumption Item</b>	<b>Unit</b>	<b>Amount</b>
Electricity Consumption	kWh	1,356,293
Water Consumption	m <sup>3</sup>	38,017
Town gas Consumption	Unit (Note 1)	4,165,928
Packaging Material Consumption (Note 2)	Pieces	1,023,808
Electricity Consumption Intensity	kWh/Client	19.1
Water Consumption Intensity	m <sup>3</sup> /Client	0.54
Packaging Material (Note 2) Consumption Intensity	Piece/Client	14.4
Town gas Consumption Intensity	Unit (Note 1)/Client	58.8

Table 4 — Group resource consumption table

<sup>1</sup> 1 Unit = 48MJ

<sup>2</sup> Packaging materials include chopsticks, cup, cup cover, spoon and etc.





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***Energy (town gas and electricity)***

In line with its “Green” culture, the Group actively promotes the concept of smart usage of energy in all operating premises. The main source of energy for the Group’s operation are town gas (provided by Towngas) and electricity. To ensure efficient energy consumption in restaurants, the Head of Chefs are delegated to manage and guide employees on better energy use. The Group also invested into energy-saving tools, such as LED lighting system in both of the warehouse and head office. In addition, notices on energy-saving are issued to raise the awareness on energy conservation. Other initiatives implemented on energy-saving are set out as follows:

- all electrical appliances including air-conditioners and lights have to be turned off in a timely manner and after work;
- energy-saving LED lights are installed whenever possible;
- the use of natural ventilation is encouraged whenever the conditions allow; and
- unused and idle tools have to be turned off in a timely manner.

The Group has implemented the “Energy Consumption Key Performance Indicator Scheme” to monitor on the use of town gas and electricity, and the resultant air pollutants and greenhouse gas emissions, and to encourage better consumption practices.

***Water***

During the Reporting Period, the Group did not encounter any issue in sourcing water for business operations. In addition to its effort on energy conservation, the Group is also working with its employees on water conservation measures. Water meters are installed to record the water usage pattern and Head of Chefs regularly monitor the volume of water used in restaurants for better consumption management.

***Packaging materials***

Packaging materials including boxes and bags are generally used for takeaway orders, and for the purpose of showing the Group’s support to a green environment, the Group uses only recycled materials for the takeaway boxes and bags. On the other hand, restaurants shall charge a levy on any of the packaging materials mentioned above with a view to discourage and minimise the use of the same.



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### **Paper**

The Group intends to reduce any excessive paper usage by fostering a paperless working environment. Employees are encouraged to:

- facilitate information sharing via electronic tools such as emails, messages and USB storage to replace paper files, sketches and letters; and
- print paper on both sides, and to use only recycled paper.

For continuous monitoring purpose, the Group has also established a “*Key Performance Indicator Performance Scheme*” on water, materials and paper consumption. Result shall be reviewed periodically by the Group’s management for further improvement.

### **The Environment and Natural Resources**

As the Group is mainly engaged in food production and restaurant operation, the Group constantly reminds its employees to be cautious on consumption, especially on electricity and water, and tries to conserve and to minimise resource consumption footprint. Conservation initiatives have been successfully implemented throughout this Reporting Period, and details are explained in the “Use of Resource” section.

## **SOCIAL**

Restaurant operation requires the support of a diversity of skilful workforce, and the Group’s senior management treats the Group’s employees as valuable asset. The Group strives to provide a competitive benefit scheme, and a stable and safe working environment for its employees in order to retain and attract talents.

In order to continue to grow sustainably and responsibly, the Group has adopted the benefits, employment and corporate governance scheme, and ensures it is in full compliance in accordance with the applicable local laws and regulations.

As indicated in materiality assessment, the Group is principally involved in all aspect related to “Employees” in the social perspective. Details on the Group’s implemented management measures shall be demonstrated in following sections.

### **Employees**

Since a motivated and balanced workforce is crucial to the success, sustainability and growth of the Group’s business, the Group is dedicated to a safe, equal and healthy working environment for all of its employees.

The Group is in full compliance with all the laws and regulations toward the employment arrangements, as it is also committed to provide equal opportunities on recruitment, promotion, compensation and benefits, and establishes a pleasant, harmonious, safe and healthy working environment.



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The Group strives to strengthen its human resources management with employee-oriented policies to protect the interests and legal rights of the employees, and ultimately to achieve a positive, constructive and harmonious relationship between the Group and its employees.

The Human Resources Manager is assigned to implement the Group's human resources strategies and policies on wages and salaries, holidays, severance and compensation pay, performance assessment, accidents and injuries, safety and health. All terms and conditions are listed in the *Employment Rules And Regulations and Employment Contract*, and it is in full compliance with the HKSAR employment-related ordinances.

The Group provides various benefits to qualified employees including but not limited to mandatory provident funds, employees' compensation insurance and compensation and statutory holidays pursuant to the requirements of the laws of the HKSAR.

The Human Resources Manager has prepared "Employment Record" with breakdown of total number of employees in different levels, sectors, genders, ages and qualifications to assist the Group's management to constantly monitor and analyse the Group's employment situations.

Further information on employee remuneration, workforce diversity and training shall be discussed as below.

### **Employment & Remuneration**

In order to attract and retain talents, the Group rewards its employees with competitive remuneration packages (including competitive wages, incentives and discretionary performance bonus, transportation allowance and staff meals), along with promotional opportunities and discretionary grant of share options. Remuneration packages are constructed with reference to the prevailing market level in line with competency, performance, qualification and experience of each individual employee.

Performance bonus and share options are given to outstanding employees on a discretionary basis, and as a recognition of his/her contributions toward the Group.

During the Reporting Period, all employees are also entitled to Mandatory Provident Fund ("MPF") pursuant to the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of Laws of Hong Kong), employees' compensation insurance pursuant to Employees' Compensation Ordinance (Chapter 282 of Laws of Hong Kong). In addition, all employees received payment of salaries and wages on time and are entitled to statutory holidays, annual leaves and sick leaves. In addition, policies on remuneration, benefits, training and occupational health and safety are regularly reviewed, and disciplinary action would be taken if an employee has committed an act of serious misconduct.

All details listed above are included in the Group's Employment Rules and Regulations Policy, which is constructed in accordance with the Employment Ordinance (Chapter 57 of Laws of Hong Kong), and the Group shall continue to monitor its compliance to related Ordinance as listed above.



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### **Remuneration Committee**

To ensure the Group's remuneration scheme staying competitive, the Company had established the Remuneration Committee on 21 July 2016. The Remuneration Committee's primary duties include making recommendation to the Board on the overall remuneration policy and structure relating to all Directors, senior management and general employee. The Remuneration Committee also ensures that none of the Directors or any of their associates determine his or her own remuneration. During the Reporting Period, the Remuneration Committee consists of three members, namely Mr. WONG Man Wai, Mr. CAI Chun Fai and Mr. CHENG Wing Hong, where Mr. CHENG is the chairman of the Remuneration Committee.

During the Reporting Period, Remuneration Committee has conducted 2 meetings, and with the purpose to: 1) review the remuneration and compensation package of the Directors and the senior management with reference to, among other things, the market level of salaries paid by comparable companies, 2) review the respective responsibilities of the Directors and the senior management and the performance of the Group, 3) approve that the remuneration and compensation package remained unchanged, and 4) approve the proposal to pay performance bonus to certain Directors based on the good performance of the Group in 2017.

### **Retirement Benefit Scheme**

All qualifying employees employed are entitled to MPF.

During the Reporting Period, total contributions paid to the MPF scheme by the Group and the Excluded Restaurant amounted to approximately HK\$1,231,000 (2017: approximately HK\$1,090,000), which had been recognised as expenses and included in staff costs in the consolidated statement of profit or loss and other comprehensive income.

### **Equal Opportunities, Diversity and Anti-Discrimination**

Equal opportunities are given to employees in respect of recruitment, promotion, training and development, job advancement, compensation and benefits and other aspects of employment practices. The diversity of employees provides the Group with a valuable mix of perspectives, skills, experience and knowledge for addressing contemporary business issues. The Group is committed with a discrimination-free working environment, as opportunities will not be held back on the basis of gender, ethnic background, religion, colour, sexual orientation, age, marital status, family status, retirement, disability, pregnancy or any other discrimination prohibited by applicable laws. All successful recruitment will include a proper and standardized contract in writing between the respective employees and the Group.



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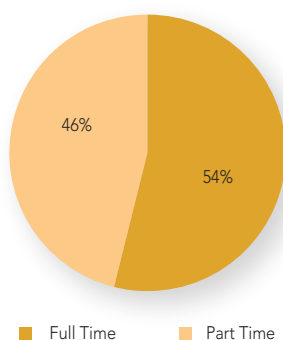
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As at 31 March 2018, the Group had a total of 139 employees, and the breakdown of the Group's workforce is set out as below:

Total	Employee Type		Gender		Below 30	Age Distribution			
	Full Time	Part Time	Male	Female		30-40	40-50	50-60	above 60
139	75	64	59	80	45	23	26	30	15

Table 5 — Employees Diversity

Employee Type of Distribution



Employee Gender Distribution

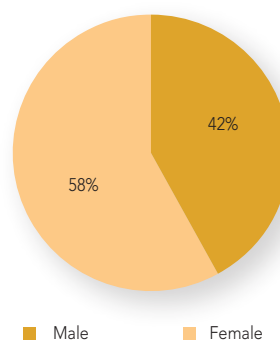


Chart 1 & 2 — Employee Type and Gender Distribution

Employee Age Distribution

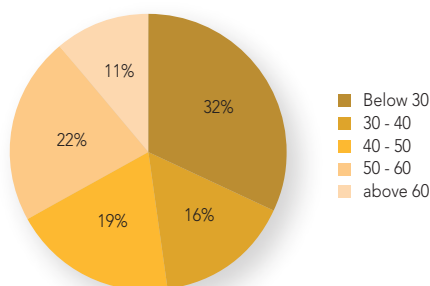


Chart 3 — Employee Age Distribution

During the Reporting Period, the Group has not identified any material non-compliance with employment-related laws and regulations, and no discrimination act can be found.



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## **Occupational Health and Safety**

Operational health and safety are treated as one of the top priorities in the Group, and the Group strives to maintain a high occupational safety and health standard, fostering a safe and comfortable working environment for our employees.

The Group's *Employment Rules and Regulations Policy* is enforced as a guideline for employees' daily operation practices, recommending the appropriate conduct during operation and it is consistently implemented in all premises of the Group (ie: restaurants, warehouses and head office) (collectively referred to "**workplaces**").

All premises are equipped with first aid kits, and safety procedures are in place to handle emergency cases. Regular safety inspections were conducted by relevant government department to ensure a safe working condition is maintained, and the Group obtained verified compliance pass for each of the inspections. Furthermore, internal control manual outlines guidelines on occupational and restaurant safety matters for kitchen operation, and it is a strict requirement for all kitchen employees to follow. Safety and workplace hygiene trainings are also arranged as a mandatory requirement for all restaurant employees.

Other housekeeping safety guidelines are set out as follows:

### **General restaurant safety**

1. The surface of all the floors of restaurants and office premises shall be maintained even and non-slippery, and effective drainage should be installed in kitchen to prevent accumulation of water. Employees working in kitchen should wear non-slip shoes;
2. Floor surface in the kitchen area should be laid with non-slip tiles;
3. Knives should be kept safely with blades protected and only used for the intended job;
4. Containers for hot water or oil should not be overfilled and should be properly placed. Handles of cooking pans should be kept away from aisles. Employees should wear proper work clothes, protective gloves and aprons;
5. Materials and operating equipment in all workplaces should be stored, stacked or arranged in such a manner that no danger may be caused to any person; and
6. First-aid kits shall be available to employees in all workplaces and placed at easy to access locations.



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**Fire safety**

1. Doors, gates and shutters shall always be kept unfastened or unlocked or otherwise fastened in such a manner that they can easily be opened from indoor without using a key if there are people inside the workplace; or unobstructed, as they should be served as a mean of escape in case of fire. There should be a conspicuously placed illuminated sign bearing the word “EXIT” in both English and Chinese;
2. The means of escape should be clearly and accurately illustrated in floor plans. The floor plans should be properly displayed at prominent places in the workplaces, and easily viewed by all;
3. Fire warning system should be regularly tested, and a record of these tests should be kept by the Administration Department;
4. Adequate and regular checks of fire extinguishers shall be provided/maintained and so placed as to be readily available for use;
5. Employees should be aware of the location and the appropriate use of the fire extinguishers;
6. Adequate and sufficient training in fire safety at workplaces should be provided periodically at suitable intervals to all the employees working in the premises; and
7. Notices should be displayed in all conspicuous positions in the workplaces to highlight the action to be taken on discovering a fire. All fire instruction notices should be framed and glazed or otherwise sealed to prevent loss or defacement and be permanently fixed in position.

The Group also implemented an Accident Reporting Guideline, pursuant to which any injury or accident occurred at restaurants or warehouse, regardless of the type and seriousness of the injury and accident, must be reported to the head office.

During this Reporting Period, the Group had no material non-compliance breach with relevant standards, rules and regulations, and had no major accident encountered. The Group has recorded a total of 5 lost days due to work-related injury taken by employees in this Reporting Period, and details can be found as below:

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Work injury cases	2
Lost days due to work-related injury (day)	5

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Table 6 — Group injury cases



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## **Development and Training**

The Group supports its employees to life-long learning and enhance job skills and knowledge. The Group tailor-makes various types of in-house training programme for employees to improve their overall skills relevant to work, and for the benefit of the employees to prepare for skills necessary for career advancement, including (i) general training; and (ii) Directors' training.

### **General training**

As the Group's guiding policy, orientation programme and on-job training are provided for newly employed staff, and for those who have been relocated to a new position to ensure that they can be familiar with the new working conditions, job requirements and safety and environmental practices. Furthermore, the Group encourages employees to actively participate in work-related trainings organized by external institutions, such as Integrated Vocational Development Centre, the School of Continuing and Professional Education, and local university to enhance individual professional quality and ability. Costs may be paid by the Group on application if thought fit by the Group's senior management. The Human Resource Manager has maintained records for internal and external training programs.

### **General training - Daily Restaurant Debriefing**

The Assistant Restaurant Manager and the Head of Chef of each restaurant also conduct daily debriefing with all the employees of the restaurant for matters of attention, including recent incidences occurred in the restaurant, customers' comments and suggestions, changes in food and drinks menus, material changes in weather and traffic conditions, hygiene and cleanliness and areas for improving the quality of service. During the daily debriefing, comments from the employees are encouraged and brought up for discussion.

## **Supply Chain Management**

Food and catering businesses involve working with a diversified group of companies, and values the mutual benefits from a long-lasting relationship with reputable suppliers to provide high quality products. As the Group owns several popular restaurants in locations across Hong Kong, the Group has enforced various effective and consistent Group-wide Supply Chain Management Schemes, (ie: *Internal Control Purchase Manual and Approved Suppliers List ("ASL")*), covering restaurant activities include sourcing for food ingredients, food products, beverages, utensils and other ancillary equipment purchases. Other supply chain activities that are covered under such schemes also include engagements with external licensing consultants, pest control companies, renovation, repair and maintenance service companies, cleaning companies, and office supplies purchase suppliers.





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The Group principally purchases from its ASL that is constructed based on criteria set forth from the *Internal Control Purchase Manual*. Supplier shall be assessed according to its product and service quality and stability offered, and along with general reputations from the specific supplying company. Specific criteria such as price, quality of products, customer service team responsiveness, capability and experience shall all be assessed during the selection process. Potential suppliers will be assessed at least 2-3 quality before the inclusion in the ASL. Quality of the ASL suppliers shall be reviewed regularly to ensure the quality is maintained, and immediate removal from the list shall be performed with suppliers that fails to the Group's standard.

As a support to local economy and to ensure flexibility of supplies, the Group sources from reputable local suppliers. The Group also procures recycled packaging materials for food delivery as a means to support green practices.

The Group monitors the reputation of the supplier's performance in business ethics, environmental protection, human rights and labour practices, and it will take note of such details during the procurement process.

During this Reporting Period, the Group is not aware of any potential negative impact from its suppliers.

## **Product Responsibility**

Serving high quality of food to customers is the core and guiding principle of the Group, and as part of the "product responsibility". Details on food quality management is stated in the Group's Internal Control Manual, Employee Rules and Regulations and Contracts, a summary of which is set out below:

### **Food Quality**

Quality of food and hygiene and safety is the most important aspects of the Group's business, and a series of strict internal quality control standards are implemented across the operation processes as summarised below to ensure the quality, hygiene and safety of food served to our customers:

- Purchase, Storage, Preservation and Inventory Control — to ensure freshness of food ingredients, reduce wastes and shortest delivery time, the Group purchases all food ingredients for restaurants in the Hong Kong International Airport in bulk-purchase orders and kept the food ingredients in the centralised warehouse. Perishable food ingredients are kept at an inventory level sufficient for not more than one day, and non-perishable food ingredients, including frozen meat, are kept in the centralised warehouse at an inventor level sufficient for not most 3 days to maintain freshness. Any unused vegetables would be discarded at the end of the day.
- Suppliers — to ensure the quality of food ingredients, the Group only purchases from reliable and approved suppliers, who have proven track records on maintaining excellent food hygiene and safety.



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- Food Preparation — to ensure the freshness and the safety of the served food, employees are trained with food safety handling and food processing procedures such as washing, cutting, seasoning, cooking and serving are carried out by kitchen staff under the supervision of the Head of Chefs. Employees working in the kitchen are also required to use different sets of cutting boards and knives for raw food and cooked food. All dishes shall be freshly made in the kitchen, which reduces the risk of food contamination. Also, raw food and cooked food are stored separately to avoid cross-contamination. All used food processing equipment will be cleaned thoroughly before it is used for processing another dish. Used utensils are collected, washed and dried after used by customers.

***Hygiene Manager and Hygiene Supervisor Scheme***

The Group is committed to food and environment hygiene, and to maintaining a food safety in restaurants. For restaurants that accommodate less than 100 customers, the Group has appointed a hygiene manager, while for restaurants that can accommodate 100 or more customers, the Group has appointed a hygiene manager plus a hygiene supervisor. These hygiene managers and hygiene supervisors are responsible for: (a) inventory control of raw food, meats, fruits and materials for cooking; (b) monitoring cooking methods and processes, and the overall quality of cooked food and drinks for serving customers; (c) monitoring the cleanliness of the floor, furniture and fixtures, utensils and equipment; (d) monitoring employees' uniforms and personal hygiene; and (e) monitoring the overall cleanliness and hygiene of the restaurant (including washroom).

In this Reporting Period, the Group's restaurants have satisfied all legal requirements and operate with valid operation licenses that includes the general restaurant licenses, light refreshment license, liquor license and water pollution control license. The Group also confirmed that no material complaints or claims on served food was received, none of the Group's restaurants was subject to any investigation on food hygiene by government authorities due to food safety, and there was no identified case of material non-compliance with laws and regulations relating to food hygiene matters in this Reporting Period.

***Labour Standards***

In addition, the Group is cautious to comply with all laws and regulations relating to labour standards, as it highly respects human rights and freedom, and the uses of child, illegal and forced labour are strictly prohibited. Recruitment personnel shall conduct a careful verification on the job applicant's identification card or passport to ensure the actual age of job applicants and to avoid any illegal employment during the recruitment process. Personal information and credentials of job applicants are kept in a secured data system for not more than six months, which is only accessible to restricted employees for human resource purpose.



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The Group is also committed to prohibit any act of forced labour. Terms on working hours, rest and leave entitlement, labour protection and termination of employment are included in the employment contract in compliance with Employment Ordinance (Chapter 57 of the Laws of Hong Kong).

In this Reporting Period, the Group has not identified any non-compliance in relation to child or forced labour-related laws and regulations.

**Customer Service**

The Group values comments from its customers, and it aims to improve continuously. Feedbacks and comments are regularly reviewed, as complaints are promptly and fairly investigated and resolved. As a result, the Group has earned trusted relationships with its broad customer base through providing excellent customer services. Details on handling complaints are explained below:

- Complaints received from restaurants located in the HKIA – Complaints received from restaurants located in the HKIA received requires prompt internal investigation, where customer log and report shall be submitted to the Airport Authority for internal record purpose.
- Complaints received from other restaurants — Customer complaints shall be mainly handled by the Assistant Shop Manager, as immediate and reasonable resolution shall to be offered, which includes improvement on the tastes and flavor of the particular ordered dishes to the customers' satisfaction on the spot, or to offer to exchange the unsatisfactory dish for another dish to our customers if necessary.

The Assistant Shop Manager shall also be responsible for handling complaints toward the service quality of a particular employee, and proper response shall be offered to the customer. Details shall be collected and recorded for internal review by the senior management and directors for future improvement.

During this Reporting Period, the Group had not received any complaints from customers that had any material adverse impact on the Group's brands, business and results of operation. The Group however, maintains a "Customer Complaint Record" as a KPI for the management to be alert of the situation and to review.



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***Data Privacy Compliance***

The Group is dedicated to protect the information privacy and confidentiality. As the Group receives a substantial volume of private, confidential and sensitive information from its operation, employees are instructed and trained to handle confidential information with due care. Confidential clause is included in the Group's agreement or proposal, where clauses included shall be strictly implemented and details and related information shall not be disclosed to third party at all time.

The Group will stay alert to the relevant legal issues and update its internal policies when necessary to avoid any breach of the regulatory requirements.

There were no issues occurred concerning data privacy in this Reporting Period.

***Health and Safety, Advertising, labelling and Privacy Matters***

The Group understands the importance, and in full compliance, with relevant laws and regulations concerning the provisions of our products and services, relating to health and safety, advertising, labelling and privacy matters. The Group shall continue to monitor and make adjustment as changes arise.

**Protection of Intellectual Property**

As at 31 March 2018, the Group owned twelve trademarks in Hong Kong. The Group's senior management is fully aware that intellectual property rights are material to business. The Group respects intellectual property rights, for example all recipes were developed by ourselves and software installed in computers are genuine.

During this Reporting Period, the Group is not aware of any third-party infringement on its trademarks and has fully complied with the relevant laws and regulations, including Trade Marks Ordinance, Copyright Ordinance, Trade Descriptions Ordinance and the Personal Data (Privacy) Ordinance (Chapter 486 of the HK Laws), and there was no issue occurred concerning data privacy. The Group will stay alert to the relevant legal issues and update its internal policies when necessary to stay in compliance with regulatory requirements.



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## **Anti-Corruption**

The Group values employees' business conduct, integrity, ethics and discipline, and in order to create an environment of anti-corruption and anti-fraud, the Group has implemented a strict "Internal Control System" in relation to purchases, sales, operation and finance and code of conduct of the Group's senior management, under which the Audit Committee is authorized by the Board to conduct regular reviews on internal control systems so as to:

- regulate the conduct and behaviour of employees;
- create an atmosphere of integrity and dedication; and
- prevent prejudice to the Group's interest.

Employees in charge of finance and accounts are responsible for whistle-blowing and taking up the remedial actions and have been given training and briefings on anti-money laundering and are encouraged to raise concerns about possible improprieties in any matter related to the Group such as misconduct and malpractice. Disciplinary action would be taken by the Group should any employee is found guilty of corruptive acts.

During this Reporting Period, and with the implementation of clear policies and well-structured processes on purchases, sales, operation and finance, and the adoption of a high code of standard especially on the senior management, the Group did not involve with any action of non-compliance to legal regulations and laws, relating to corruption, bribery, extortion, fraud and money laundering.

## **COMMUNITY INVOLVEMENT**

The Group's senior management acknowledge that generating and bringing profits to shareholders of the Company and being socially responsible to care, serve and give back to our community wherever it is needed are equally important to the Group. The Group's senior management consistently seek out opportunities to support social initiatives, and details of the Group's activities can be found in the following section:

### **Community Investment**

As a responsible corporation, apart from providing job opportunities, the Group has carried out its business and operation in an environmentally-friendly manner, and has allocated resources to provide on-job training for its employees. The Group has also encouraged employees to carry out voluntary services to support and to repay society, the local community and those in need. The Group donated a total of approximately HK\$75,000 as a contribution to the local community during this Reporting Period. The Group will continue its efforts in supporting the communities and looking to contribute when opportunities arise.