

# MS CONCEPT LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8447

## Environmental, Social and Governance Report **2019**



# Environmental, Social and Governance Report

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# Environmental, Social and Governance Report

## OVERVIEW

### (I) SCOPE AND REPORTING PERIOD

MS Concept Limited (the “**Company**”), together with its subsidiaries (collectively referred to as the “**Group**”), herein disclose the ESG Report which is prepared in accordance with Appendix 20 — Environmental, Social and Governance Reporting Guide (the “**ESG Guide**”) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**HKEx**”). This is the second ESG Report prepared by the Group, which continues to follow the principles of materiality, quantitative, balance and consistency as recommended by the ESG Guide. Apart from updating the Group’s policies and measures regarding material environmental and social areas and aspects, which are considered to have significant impact and are relevant to the Group’s business and stakeholders, we also report our environmental and social obligation performance for this Reporting Period, from 1 April 2018 to 31 March 2019 (the “**Reporting Period**”).

The Group’s main business is in the provision of catering services only in the Hong Kong Special Administrative Region (“**HKSAR**”). This report covers the Group’s head office and 11 restaurants of different cuisines under different brand names as of 31 March 2019, namely:

#### **Name of restaurants**

Mr. Steak	—	western cuisine along with steak;
Mr. Steak — Buffet à la minute	—	international cuisine with buffet;
Sky Bar	—	western cuisine along with seafood dishes and wines and cocktails;
Bistro Bloom	—	western specialty food;
Marbling by Mr. Steak	—	western specialty food; and
Hana	—	Japanese hotpot dishes such as Sukiyaki, Shabu Shabu and Seiro-mushi.

### (II) CORPORATE VISION AND MISSION

The Group continues with its vision to be a leading quality catering group and to provide healthy, safe and pleasant working environment to employees, maximize returns to its shareholders, investors, business partners and supporters; and sustainable development to the local community and to protect the local as well as the global environment. It is the Group’s mission to deliver “affordable luxury” dining experience with high quality food, desirable ambience and thoughtful services at affordable prices.

### (III) ESG COMMITMENTS, MANAGEMENT AND ACTIONS TAKEN

The Group follows the ESG Reporting Guide on listed aspects and regards them as significant considerations for the short and long-term operations of its business, and is committed to conducting its business in a socially responsible manner. Moreover, the Group continues to attend and care about the impact of its daily operation on the environment, employees, clients and local communities, and to make efforts to meet and to maximize the interests of all stakeholders, environment, society and corporate governance on a fine and fair balance.

# Environmental, Social and Governance Report

## OVERVIEW (continued)

### (III) ESG COMMITMENTS, MANAGEMENT AND ACTIONS TAKEN (continued)

Same as last reporting year, the Board, headed by the Chairman, is responsible for formulation and approval of the Group's ESG strategies, policies and guidelines, and ultimately for its public reporting. The day-to-day management has been delegated to the Chief Executive Office ("CEO") and his management team comprising several areas managers. Furthermore, day-to-day management includes the effective implementation of the overall strategies and initiatives approved by the Board on environmental and social issues and obligations.

In managing the ESG priorities, the Group insists on its corporate and all the restaurants operations to fulfill and comply with their environmental and social responsibilities and obligations as required by the ESG Guide, the laws and related regulations of the HKSAR and relevant statutory requirements, operating practices and standards of the catering industry, and guarantees safety food and quality services. The Group also takes into account of the opinions and views of its stakeholders including shareholders, investors, employees, clients, suppliers, service providers, professional advisors, NGO partners and industry associations, and strives to address their concerns. The CEO has assigned duty managers to constantly communicate with its stakeholders through various channels including, but not limited to, annual, semi-annual and special shareholders meetings, public websites, emails, circulated documents, fax and telephonic enquires; regular meetings with employees and business partners with the management and front line staffs, and so on, in order to gain insights on ESG material aspects in the Reporting Period.

Through constant communications with stakeholders and with reference to the ESG Reporting Guide, the Group has identified the following ESG material areas and aspects, and have managed them strictly in accordance with the Group's established management structure, processes, policies and guidelines and in compliance with the relevant legal and regulatory standards:

- Environmental Protection and Conservation
- Employment Packages, Working Conditions and Safety
- Raw Materials Supply and Procurement
- Quality of Products and Services especially on Food Hygiene and Safety
- Privacy Information Protection
- Social Contribution

The ESG issues and performance, especially on the above material areas, aspects and related KPIs during the Reporting Period, have continued to be monitored and managed by the CEO together with his management team, and are reported herein below:

# Environmental, Social and Governance Report

## ESG MATERIAL AREAS AND ASPECTS, AND OBLIGATIONS PERFORMANCE

### (A) ENVIRONMENTAL AREA

#### ***Policies and Compliance***

Given the nature of food and catering activities, the Group mainly uses energy and resources of electricity, gas, water, disposal paper and packaging materials. Our operation and activities do generate emissions, wastes and discharge. As a social responsible corporation, the Group abides by all the local environmental laws and regulations and continues with its responsibility and commitments to environmental sustainable development with its on-going operations and activities to protect the environment, to prevent and minimize pollution prevention, and to conserve energy, water and resources.

During the Reporting Period, the Group, same as previous reporting period, did not receive any violation notices and fines or complaints in relation to its emissions, wastes and discharges or other environmental obligations.

#### *ASPECT A1: Emissions and Wastes*

##### Performance and Mitigation Measures

During the course of our food catering operation and activities in our 11 restaurants (13 in previous reporting period) and the Head Office, the types of emissions, wastes and discharge for the Reporting Period, same as the previous reporting period, were mainly air pollutants, direct and indirect greenhouse gas, carbon dioxide (CO<sub>2</sub>) emissions from gas and electricity consumption, and non-hazardous packaging waste. All these emissions and wastes had been subjected to the surveillance of the law enforcers and there had been no complaints or breaches recorded by Environmental Protection Department (“EPD”) or other law enforcing agencies.

##### Types of Emissions and Wastes

#### (i) Non-Hazardous Greenhouse Gas (“GHG”) and Hazardous Air Pollutant Emissions

Same as the previous reporting period, our main emissions from the head office and the operating restaurants in Hong Kong are non-hazardous GHG, mainly CO<sub>2</sub> indirectly generated from the use of electricity and gas, and the use of gas for cooking, generating hazardous air pollutants of nitrogen oxides (NO<sub>x</sub>), sulphur oxides (SO<sub>x</sub>), methane (CH<sub>4</sub>), Nitrous Oxide (N<sub>2</sub>O) and certain GHG-CO<sub>2</sub>. According to Appendix 2 of the ESG Guide: Reporting Guidance on Environmental KPIs, the total GHG emissions = CO<sub>2</sub> emissions + CO<sub>2</sub> emissions of other GHGs emitted (e.g. methane and nitrous oxide). Based on the uses of electricity and gas and the suggested formula, our direct and indirect emissions for the Reporting Period were estimated below:

1. Hazardous Sulphur Oxide (“SO<sub>x</sub>”) from direct gas consumption: 0.10 kg, a drop of 9% over the previous reporting period (0.11 kg);
2. Hazardous Nitrogen Oxide (“NO<sub>x</sub>”) from direct gas consumption: 20.87 kg, a drop of 4.6% over the previous reporting period (21.88 kg);



# Environmental, Social and Governance Report

## ESG MATERIAL AREAS AND ASPECTS, AND OBLIGATIONS PERFORMANCE (continued)

### (A) ENVIRONMENTAL AREA (continued)

#### **Policies and Compliance (continued)**

*ASPECT A1: Emissions and Wastes (continued)*

#### Types of Emissions and Wastes (continued)

- (i) Non-Hazardous Greenhouse Gas ("GHG") and Hazardous Air Pollutant Emissions (continued)
  - 3. Greenhouse gases include Carbon Dioxide ("CO<sub>2</sub>"), Methane ("CH<sub>4</sub>"), Nitrous Oxide ("N<sub>2</sub>O") etc. as direct discharge from the consumption of gas: 276.19 tonnes, a drop of 4.58% over the previous reporting period (289.46 tonnes); and
  - 4. Non-hazardous CO<sub>2</sub> as an indirect discharge from electricity and gas consumption: 1,218.68 tonnes, a drop of 32.96% over the previous reporting period (1,817.90 tonnes).

Despite there was one restaurant closed and the Group's overall turnover dropped by only 1.4%, as seen from the above comparable figures, our indirect and direct GHG-CO<sub>2</sub> and hazardous pollutants had a more substantial drop, which evidenced that our following energy and gas conservation and smart usage measures has been functioning and our electricity and gas had been more efficiently used.

The Group is committed to environmental protection and has undertaken all practicable and possible measures to comply with the relevant statutory requirements. Employees at various levels are constantly aware of their respective roles and responsibilities in protecting the environment, conserving energy and natural resources. This is achieved only through effective implementation of strict environmental rules and regulations, continuing education programmes at various supervisory and frontline levels at varied circumstances; and all our kitchens are designed for commercial operation by professionals with the necessary pollution control measures, resource conservation consideration, statutory compliance, etc. integrated and built in to meet our operation parameters. In general, pollutants discharge into the air during the cooking process is removed by the pre-installed water scrubbers to ensure emission quality. The Group is fully aware that proper and adequate maintenance to the equipment are pertinent to the emission and discharge quality. All restaurant heads are charged to ensure that periodic maintenance is carried out by qualified external contractors. Our adopted policies and measures has proven to be sound and healthy and most importantly meeting with the statutory emission standards. The Group has not encountered any emission problem which may lead to significant impact to our business operation. The Group will continue to implement policies and measures to reduce GHG and pollutants emissions.

#### (ii) Non-hazardous Waste

Same as other similar restaurant operating businesses, the Group restaurant operations do not generate hazardous waste which is of significance and material to the environment. The main wastes from our restaurants operations are: (i) food wastes and unused raw food materials exceeding their perishable conditions, which are the main sources of non-hazardous and organic waste; (ii) the other wastes are the paper and packaging materials from purchases, napkins and dining utensils used by customers. All of these two wastes are not hazardous. The Group, being a responsible business operator, is aware of our obligation and role in resource conservation and waste reduction. Therefore, measures have been taken to ensure that food and raw food materials are properly and rightly used up before turning them into waste.

# Environmental, Social and Governance Report

## ESG MATERIAL AREAS AND ASPECTS, AND OBLIGATIONS PERFORMANCE (continued)

### (A) ENVIRONMENTAL AREA (continued)

#### **Policies and Compliance (continued)**

*ASPECT A1: Emissions and Wastes (continued)*

#### Types of Emissions and Wastes (continued)

##### (ii) Non-hazardous Waste (continued)

The Group is committed to resource conservation. This is fully integrated to our ordering and acquisition policies and procedures for raw food materials in the restaurant operations. Cost saving is yet another driving force in the management team to ensure that there is no unnecessary waste in this aspect.

The Group also reckons that customers' habits and behaviour are also influential and critical in achieving resource conservation and reducing waste. Our restaurants are always encouraging our customers to cherish food and promoting food waste reduction.

All the wastes generated from the restaurants are collected and discharged to the landfill sites by municipal waste collectors on a daily basis in accordance with the statutory requirements.

During the Reporting Period, same as the previous reporting period, no adverse comments or irregularities were reported from the internal control mechanism or the external law enforcers.

##### (iii) Noise and Light Emissions

The designs of all of our restaurants have complied with the relevant governmental standards and ensured no disturbing noises or light pollution to the surrounding neighbours.

During the Reporting Period, same as the previous reporting period, no noise or light complaints were filed against our restaurants.

#### Core Measures to Reduce Emissions and Hazardous and Non-Hazardous Wastes

The Group continuously reckons that taking heed of the importance of energy saving and conservation of natural resources should become a culture in our restaurants operations. The 5-R principle (Reuse, Renew, Resume, Recycle and Reduce) remains to be our core concept and approach in our environmental protection, and resource and energy conservation matters.

Raw food material costs account for a significant portion of our operating costs. Therefore, we attach great importance in waste reduction to this aspect apart from environmental and resource conservation concerns. All levels of the Group are reminded of and educated on the importance of the 5-R principle of reduce, reuse, renew, resume and recycle with reference to quality assurance.

# Environmental, Social and Governance Report

## ESG MATERIAL AREAS AND ASPECTS, AND OBLIGATIONS PERFORMANCE (continued)

### (A) ENVIRONMENTAL AREA (continued)

#### ***Policies and Compliance (continued)***

##### *ASPECT A2: Use of Resources*

##### Policies and Compliance

The core business operation of the Group — food catering services remains unchanged in the last 2 years, which has and will continue to use the resources, mainly electricity, gas, and water. Electricity, gas and water are the key elements which are considered to have an impact on the natural resources and environment in the course of our business operations.

The Group also recognizes that installing advanced and modern equipment in compliance with the relevant rules and regulations will improve efficiency and possibly saving costs. This principle has been fully examined and explored when new equipment are launched or when new restaurants are planned.

Finally, the Group continues to pay attention to education programs, in which employees are constantly reminded to treasure natural resources and energy.

##### Performance, Mitigation Measures and Other Issues

During the Reporting Period, the energy and gas consumption was:

- (i) Electricity: To illuminate headquarter office and restaurants;  
Usage: During the Reporting Period — 2,254,982 Kwh or a drop of 14.2% over the previous reporting period of 2,628,788 Kwh.
- (ii) Gas: To prepare and cook food;  
Usage: During the Reporting Period — 108,185 CBM or a drop of 4.5% over the previous reporting period of 113,380 CBM.

As seen above, our electricity and gas consumption for the Reporting Period continued to perform well and achieved significant reduction.



# Environmental, Social and Governance Report

## ESG MATERIAL AREAS AND ASPECTS, AND OBLIGATIONS PERFORMANCE (continued)

### (A) ENVIRONMENTAL AREA (continued)

#### ***Policies and Compliance (continued)***

*ASPECT A2: Use of Resources (continued)*

Performance, Mitigation Measures and Other Issues (continued)

On energy consumption, as explained in the previous reporting, the Group has benefitted from our proactive approach in planning and designing our restaurants. Up-to-date technology and devices are installed and introduced in our new setups. Energy saving lights and water-saving, where applicable are installed in our kitchens and dining areas. On the day-to-day operations, the Group has operating guidelines and instructions on the efficient use and conservation of resources. In parallel, education and promotional programmes are in place to remind staff of efficient use of energy. Energy efficiency has always been one of our considerations in our purchases of new equipment. The Group has invested in installing energy saving devices such as LED lights and other resource saving installations in water conservation as well. This will directly and positively achieve energy saving and resource conservation in our restaurants. The Group also reckons that smart and responsible use of energy by our customers and employees are other key contributing factors. The Group encourages employees to use resources in a smart and responsible manner. The management team constantly emphasizes on the importance of energy saving and its implications to the community and the Earth. Staff at all levels are made responsible for and be conscientious of the importance of energy saving and resource conservation.

In short, with the installation of modern energy saving equipment and measures to reduce energy consumption, our electricity and gas consumption for the Reporting Period continued to perform well and achieved significant reductions. The Group targets further energy consumption saving in the future.

- (iii) Water: To clean, cook food and serve to customers;  
Usage: During the Reporting Period — 70,430 CBM or a slight increase of 6.33% over the previous reporting period of 66,232 CBM.

Our water consumption during the Reporting Period recorded a slight increase of 6.33% and the management has been alerted and proceeded to find out the reasons and recommend solutions. However, when compared with the data from other restaurant operations, our water consumption was not considered excessive.

Same as other food and beverage operators in Hong Kong, our restaurant kitchen operations enjoy their constant and reliable water as well as electricity supply from the city supply. The incoming quality meets with our production quality requirements. However, alternative sources like drilling wells or using well water is considered not practicable.

The Group is also aware that customers' behaviour is an important driver in conserving resources and efficient use of water, as well as energy and paper. All our provisions are paved to guide our customers towards this path. Deterring the use of non-recyclable take-away containers, is an illustration of our commitment in this aspect.

All waste water discharge is connected to the municipal systems with proper authorization.

# Environmental, Social and Governance Report

## ESG MATERIAL AREAS AND ASPECTS, AND OBLIGATIONS PERFORMANCE (continued)

### (A) ENVIRONMENTAL AREA (continued)

#### ***Policies and Compliance (continued)***

##### *ASPECT A2: Use of Resources (continued)*

###### Paper and Packaging Materials

For food hygiene and customer safety reasons, the Group attaches significant concern and extremely serious importance on sourcing and using packaging materials in our restaurant operations. As a general principle, the Group adopts the view that it must be fit for purpose and has a recognised safety and hygiene standard in place, and is cost effective and environmental friendly.

In our restaurants, paper is used for napkins and packaging materials are mostly in form of bags and containers used for taking-away food. In the office, paper is used for document printing and filing purposes. On the former, the Group has tried to deter the use of packaging materials by imposing charges and fees. On the latter the Group has encouraged staff to reduce paper consumption through use of electronic tools such as emails, messages and Universal Serial Bus storage to replace paper files, sketches and letters; to print paper on both sides, and to use only recycled paper. All staffs are constantly reminded to reduce paper consumption. In short, the Group, same as the previous reporting period, had not found unusual paper and packaging materials consumption during the Reporting Period.

##### *ASPECT A3: The Environment and Natural Resources*

Same as before, the Group's food and catering services operation has used substantial amount of natural resources especially on energy (electricity and gas), water, paper and packaging materials, which in turn have generated gas emissions and waste discharges, and have a direct impact on the environment if they are not properly managed. The Group has already taken a responsible approach to implement policies and measures to invest in energy and resource saving equipment and technology, to properly handle and to reduce the emissions and discharges. The Group in fact achieved a remarkable GHG and pollutants reduction during the Reporting Period. The Group, same as the previous reporting period, had no warnings, fines nor violation notices, and was in compliance with applicable environmental protection laws and regulations in all materials respects, during the Reporting Period.

As a continuous guiding principle and policy, for not only cost saving purposes but environmental preservation as well, the Group has constantly reviewed ways and means to accomplish further resources savings. To reduce the consumption of fresh water, energy and papers, the Group continues to advocate and support all measures to reduce, reuse, resume, renew and recycle as much as possible. The Group has also constantly been looking for ways and means including investment on new energy and resources saving technology and equipment to accomplish reduction, reuse and recycling goals. Reduction, reuse and recycling measures, where appropriate and practicable, remain to be the main approaches which the Group would consider to pursue. Finally, the Group constantly updates and upgrades our operation procedures and processes with the aim to achieve a higher standard in the work of energy saving and emission reduction, and the use of water, energy and paper; and alert, educate, and encourage employees on the importance of "Environmental Protection" and to act in an eco-friendly manner in work and daily life.

# Environmental, Social and Governance Report

## ESG MATERIAL AREAS AND ASPECTS, AND OBLIGATIONS PERFORMANCE (continued)

### (B) SOCIAL AREAS

#### **ASPECT B1: Employment**

##### *Policies and Compliance*

The Group continues to treat our employees as valuable assets and treasures our working relationship for our sustainable development and growth. It is the policy of the Group to strictly comply with all the relevant statutory requirements in the Employment Ordinance (Cap. 57 of the Laws of Hong Kong) and Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong) of Hong Kong, which have not been changed since its establishment.

Same as the previous period reporting, the head of the Human Resources Department ("**HRD**") continues to report directly to the Group's CEO and has been assigned with the responsibility to implement the Group's human resources strategies and policies, and has been charged with the responsibility and duty to ensure all the statutory obligations of the Group have been fulfilled and complied with in a legitimate manner.

On recruitment, the head of HRD has been given the authority to conduct the recruitment and subsequent selection processes for the related vacancies and opened positions. Except for senior positions, the final recruitment decision is in the hands of the Group's CEO. Also, the Group adopts a hybrid of external recruitment, internal nomination and job rotation to recruit suitable personnel from outside and provides advancement opportunities to existing employees. All job positions are open to all with equal opportunities, decided with no discrimination on race, religion, gender, age and disability basis, and selected on skill and competency basis.

Once the recruitment is confirmed, the respective employee and the Group will enter into a proper and standard contract. The head of the HRD and/or the relevant restaurant outlet manager is charged with this prime responsibility and duty to ensure that statutory obligations of the Group are fulfilled and complied with in a timely manner.

Although recruitment in the food catering industry is highly competitive, the Group so far has been able to hire suitable candidates in the market by offering attractive remuneration packages, including competitive wages, incentives and discretionary bonus, transportation allowance, staff meals and promotion prospects to our employees. Furthermore, the Group has constantly reviewed its policies, codes and guidelines on labour welfare and protection emphasizing on legal compliance of laws and legislative standards. They cover, but not limited to, appointment and its termination, working hours, rest days, statutory holidays, remunerations, various compensations, dismissal, health, general safety and other benefits and welfare. The Group has also built a harmonious and pleasant working environment for the employees. All of these measures are appealing to our existing and new prospective employees.

# Environmental, Social and Governance Report

## ESG MATERIAL AREAS AND ASPECTS, AND OBLIGATIONS PERFORMANCE (continued)

### (B) SOCIAL AREAS (continued)

#### ASPECT B1: Employment (continued)

##### *Policies and Compliance (continued)*

On employee remunerations, they are determined with reference to the prevailing market level and in line with employees' competency, qualification, skills and experience. Salary is paid to the employee bank account within the prescribed agreed period at the end of the wage period. Only in exceptional cases will salary be paid in cash to employees in person. No wage disputes or complaints were recorded in both the reporting and the previous reporting period.

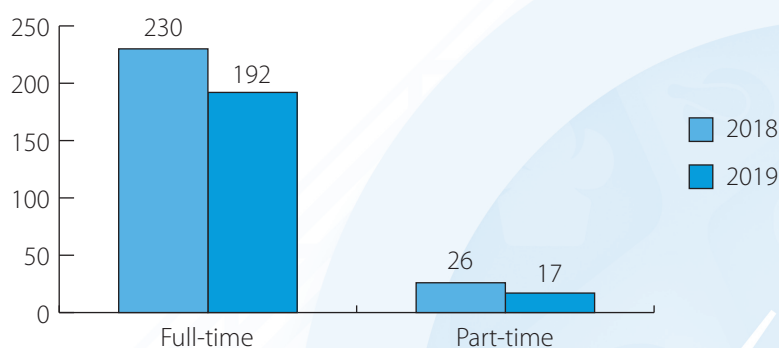
Employment of child labour and illegal immigrants or forced labour is completely forbidden. Human resources matters are under the regular scrutiny of the management team. No anomalies were detected or reported in the reporting and the previous reporting period as well.

##### Performance

During the Reporting Period, same as the previous reporting period, the Group honoured all of its obligations on employment related issues and did not have any employment related disputes or litigations.

As of 31 March 2019, the Group employed a total of 209 full-time and part-time employees (the previous reporting period: 256 full-time and part-time employees). The reduction in the total number of employees was due to closure of 2 restaurants. Further analysis of the Group's employment situations for the current and the previous reporting periods are summarized in below:

Figure 1: Number of Employees by Employment



# Environmental, Social and Governance Report

## ESG MATERIAL AREAS AND ASPECTS, AND OBLIGATIONS PERFORMANCE (continued)

### (B) SOCIAL AREAS (continued)

#### ASPECT B1: Employment (continued)

*Policies and Compliance (continued)*

Performance (continued)

Figure 2: Number of Employees by Gender

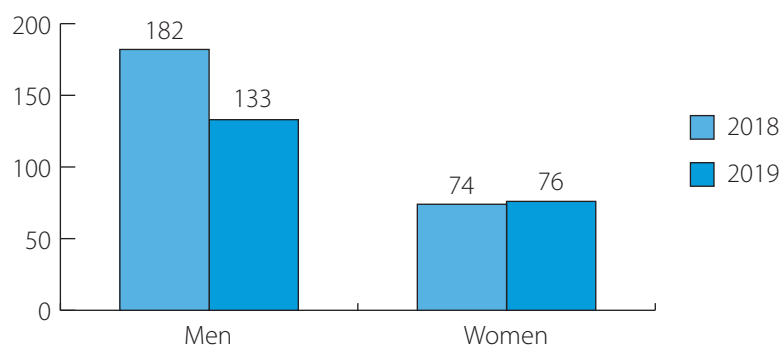
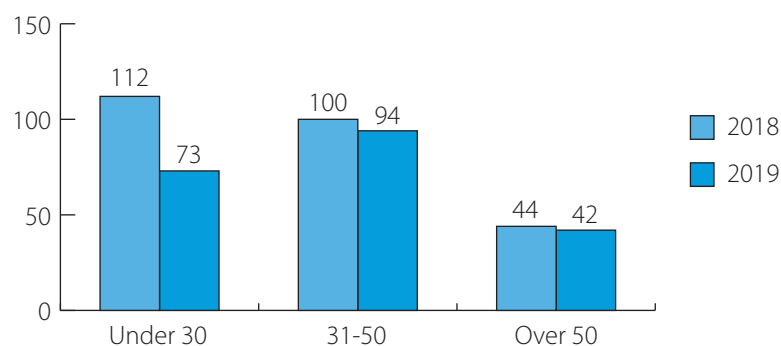


Figure 3: Number of Employees by Age Group



# Environmental, Social and Governance Report

## ESG MATERIAL AREAS AND ASPECTS, AND OBLIGATIONS PERFORMANCE (continued)

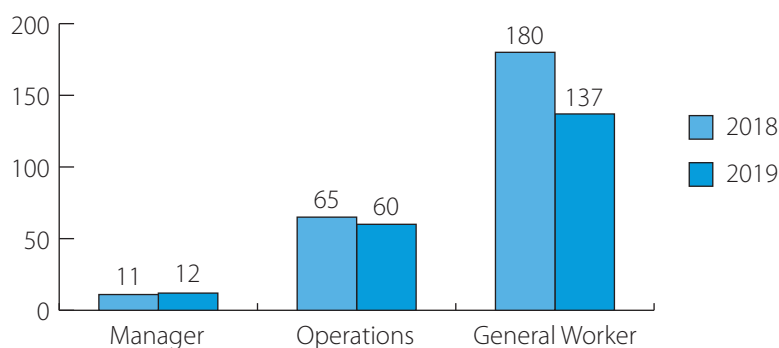
### (B) SOCIAL AREAS (continued)

#### ASPECT B1: Employment (continued)

*Policies and Compliance (continued)*

Performance (continued)

Figure 4: Job Functions Distribution (Management/Operation/General Workers)



From the above information, it can be summarized that the Group has a stable work force, majority are male workers, most of them are evenly distributed between ages 20 to 50, and managers accounted for 4.3% in 2018 and 5.7% in 2019.

#### ASPECT B2: Health and Safety

##### (i) Policies

The Group continues to act responsibly and is committed to provide a healthy and safe working environment to employees as well as to the visiting customers, and places great importance to protecting them from risks and health issues. In particular, personal hygiene of our employees is critical and instrumental in food safety.

The Group continues with its policies and practices that the Employee Handbook and Employment contracts set out general safety and health policies, procedures and insurances to be covered, which are fully complied with the employment laws and regulations of the HKSAR. Specific safety rules, instructions and procedures for the safe operation of cooking equipment and process operations, and general employee safety, are contained in the operation manuals and safety guidelines. All employees are required to strictly observe the health and safety policies, instructions and guidance and to follow the same at work and place safety as their priority during operation. Restaurant heads and supervisors are charged with the responsibility of ensuring that safety policies, rules and practices are implemented in the workplaces.



# Environmental, Social and Governance Report

## ESG MATERIAL AREAS AND ASPECTS, AND OBLIGATIONS PERFORMANCE (continued)

### (B) SOCIAL AREAS (continued)

#### **ASPECT B2: Health and Safety (continued)**

##### (i) Policies (continued)

In case of accident, regardless of its nature or seriousness, employees are required by the in-house rules to notify their superiors immediately, who will take appropriate measures to ensure safety is not being compromised. In-house rules require all injuries or accidents to be promptly reported and properly dealt with in accordance with the laws and regulations. Meanwhile, remedial or compensatory actions arising from safety and health issues or work injuries will be handled by an assigned staff in the HRD to ensure that the cases will be done properly and in a timely manner.

During the Reporting Period, same as the previous reporting period, the Group did not record any disputes on work-related injuries, which were investigated by the government officials.

##### (ii) Compliance

The Group treats health and safety as the topmost priority in our business goals and operations. Meanwhile, our bottom line is there is no compromise and compliance of the statutory requirements. The Group has honoured all obligations without disputes with our employees, and in compliance with the statutory requirements.

The Group has equipped our restaurant kitchens with adequate and required safety equipment and facilities. For the two consecutive reporting periods, the Group received approvals and no adverse comments from the Fire Department, Food and Environment Department, and Labour Department during their inspections.

The Group has paid medical insurance to provide coverage on sickness, injuries and accidents for our employees, and paid Retirement Provident Funds for employees in Hong Kong in accordance with the relevant statutory requirements.

Committing to provide a safe working environment to our employees, apart from investment on the required safety equipment and facilities, the Group has been promoting safety at work sites. The Group has sponsored supervisors to attend safety work practices with an aim to help to reduce the numbers of work-related injuries and to prevent serious work injuries.

Owing to the special nature of kitchen works, during the Reporting Period, the Group had 7 minor injuries such as knife cuts, slip from wet floors, etc., (the previous reporting period: 16 in total, 13 for full time and 3 for part-time workers), which is common in the food catering business operation. These minor injuries were taken care immediately on spot.

# Environmental, Social and Governance Report

## ESG MATERIAL AREAS AND ASPECTS, AND OBLIGATIONS PERFORMANCE (continued)

### (B) SOCIAL AREAS (continued)

#### **ASPECT B3: Development and Training**

##### *Policies and Compliance*

The Group continues the policies to provide trainings to employees of different levels to improve their knowledge and job skills for the benefit of the employees as well as the Group. The Group organizes on-the-job and specific trainings, including skills and job knowledge, equipment operation and maintenance, cooking and serving know-hows trainings such as Oyster and Table Wine Appreciation so that they are able to perform their job duties in a competent and capable manner without risking their safety or damaging the equipment. Introduction training and orientation programs have also been provided to new recruits to enhance their understanding of the Group, their job duties and their work locations.

##### Performance

During the Reporting Period, a total of 80 (the previous reporting period: 46) employees received different training programs for 147 hours (the previous reporting period: 480 hours). Employees are encouraged to participate in position-related trainings such as the food and beverage supervision course organized by external institutions to enhance individual professional quality and ability. The costs of which will be paid by the Group in whole or in part, on application and by discretion of the management team.

#### **ASPECT B4: Labour Standards**

##### *Policies and Compliance*

It is the policy of the Group to adopt and stringently comply with the Hong Kong labour laws and employment regulations on labour protection and welfare. The Group also complies strictly with the laws in relation to equal employment opportunities, prevention and forbidden of child or forced labour. As a formality and for better management, the Group has maintained a file to hold and to record employees' personal background information and credentials including copies of identify card and passport, academic qualifications and certificates, references, and performance assessment by seniors.

The HRD is assigned with the duty of overseeing the compliance. Restaurant heads are also responsible for ensuring that all labour protection and welfare obligations are complied with and any breaches of statutory compliance are brought to the attention of the senior management team.

We have honoured all of our obligations towards the employees and have built a safe, healthy and pleasant working environment in all our restaurants. We did not violate any provisions under the Employment Ordinance and Employees' Compensation Ordinance, and no labour disputes charges have been lodged against us during the Reporting Period, same as the previous reporting period.

# Environmental, Social and Governance Report

## ESG MATERIAL AREAS AND ASPECTS, AND OBLIGATIONS PERFORMANCE (continued)

### (B) SOCIAL AREAS (continued)

#### **ASPECT B4: Labour Standards (continued)**

##### *Policies and Compliance (continued)*

##### Performance

The Group strictly adheres to Hong Kong employment and labour protection laws to ensure employee health, safety and welfare. The Group has paid all wages and salaries, benefits, compensation payments and insurance in accordance with the employment contracts. The Group has honoured all our obligations towards our employees and has no dispute or litigation on labour matters or labour welfare during the Reporting Period. No child labour, illegal labour or forced labour employment has been reported or detected during the Reporting Period.

#### **ASPECT B5: Supply Chain Management**

##### *Policies and Managing Risks*

Supply chain management covers management of suppliers, materials, technology and/or services sourcing and purchases. The Group's main purchases include fresh and perishable food, food ingredients and beverages, cooking utensils, restaurants and office routine supplies, and spare parts etc.

Since establishment, the Group has maintained a standardized supply and purchase management, in which all purchase transactions are open and transparent and several quotations will be obtained for comparison purpose. Potential suppliers are selected carefully based on a set of selection criteria before they are included in our list of approved suppliers. We consider the quality and stability of the products and services offered by the potential suppliers and their general reputation are important. Our selection criteria include the pricing of the products, payment and credit terms, purchase discount, their capacity and business operation and responsiveness to any contingency. All suppliers and purchase transactions are subject to the scrutiny of internal hierarchy supervisions at different levels depending on the purchase sum and significance.

To minimize the risks, the Group has not entered into any long-term contract with supplier except with associated and related companies, and does not rely on any single supplier for our raw food materials.

For general purpose and petty purchases, the Group is usually sourced from the local suppliers or suppliers from close proximity for the purposes to encourage and support local economy, to ensure fast deliveries and reduce carbon footprint.

##### Performance

During the last 2 reporting periods, the Group maintained and purchased from over 120 approved suppliers of food ingredients and beverages. Owing to proper management, the Group did not experience any interruption of supplies or failure to secure sufficient quantities of supplies on time that had any material adverse impact on our business or our operations in the current and last reporting periods.

# Environmental, Social and Governance Report

## ESG MATERIAL AREAS AND ASPECTS, AND OBLIGATIONS PERFORMANCE (continued)

### (B) SOCIAL AREAS (continued)

#### **ASPECT B6: Product Responsibilities**

There are four major sub-aspects under product responsibility: Product and Services Quality, Intellectual Property Rights, Privacy and Anti-Corruption, which our internal control process, operation manuals and Employee Handbook and employment contracts have clear guidelines and rules to deal with. To ensure quality, hygiene and safety of our food produced, our restaurants have to meet and satisfy all the strict requirements including, but not limited to, environmental, safety and hygienic set up, processes and regular inspections before valid operation licenses and approvals are granted.

##### (1) *Food and Services Quality* Policies and Compliance

The Group is fully aware that the life-line of food catering business is the hygienic and safety quality of the food and services provided. The Group has implemented a strict internal quality control standard in our operation processes to ensure continuous highest quality, hygiene and safety food serving to our customers. Restaurant heads are charged with the responsibility for ensuring that the right procedures are implemented in their restaurants.

The quality control process starts from food preparation and the head chefs of our restaurants are responsible to oversee the cooking process. Great importance is attached to the freshness and safety of our incoming raw food materials and finished products in our kitchens. All food processing procedures such as selection, washing, cutting, seasoning, cooking and serving are carried out by our kitchen staff under the supervision of our head chefs who will ensure the quality of the food on site. Our kitchen staffs are taught to use different sets of cutting boards and knives for raw food and cooked food. Separated storage of raw and cooked food is strictly controlled and monitored to avoid cross-contamination. All used food-processing equipment must be cleaned thoroughly before use for processing another dish. After our customers consume the dishes, the used utensils are collected, washed and dried immediately. The Restaurant Manager is responsible for overseeing the quality of services in the restaurants, and has been trained to provide top quality services and to handle emergency incidents and complaint.

The Group firmly believes that only with consistency on top quality food as well as attentive services, our restaurants can attract and keep customers.

In addition, the Group maintains close relationship with our business peers to keep abreast of the latest food sources, customer tastes and product development and knowledge.

# Environmental, Social and Governance Report

## ESG MATERIAL AREAS AND ASPECTS, AND OBLIGATIONS PERFORMANCE (continued)

### (B) SOCIAL AREAS (continued)

#### ASPECT B6: Product Responsibilities (continued)

##### (1) Food and Services Quality (continued)

###### Performance

As disclosed, the Group is committed to provide quality food under cosy environment at an affordable price. Policies and procedures are in place to ensure that all customer complaints or concerns are addressed to at the appropriate levels and in a timely manner, and guarantee our customers full satisfaction with our food quality and services. Rejected food is promptly replaced or substituted by other choices of the customers.

During the Reporting Period, same as the previous reporting period, the Group received no serious complaints from customers on the quality of our food and services that had any material adverse impact on our brands, business and operations. The Group however, maintains a “Customer Hotline” as a means to develop better communication with the customers.

##### (2) Intellectual Property Right (“IPR”)

As disclosed in our previous ESG report, the Group has registered 5 trademarks in Hong Kong. We are fully aware that IPR is material and important to our business. We have a standard policy and practice to respect IPR, and have instructed our management not to copy or introduce any patented recipes, and to install genuine software onto our computers.

For the last 2 reporting periods, the Group did not receive any IPR infringement complaints against us, and we are not aware of any third-party infringement on our trademarks as well.

##### (3) Privacy

###### Policies and Compliance

As disclosed in the previous reporting period, the Group’s main business and operation has generated a substantial volume of private, confidential and sensitive information of customers, suppliers, business partners including the operation status and financial positions, commercial terms of contracts, general background information, etc. These types of information are extremely sensitive and important, and by law, must be cautiously safeguarded and protected.

###### Performance

The Group fully understands its obligations and has taken measures to ensure the data and information are safeguarded, protected, and complied with the Personal and Private Data Ordinance (the “PPDO”). The Group has also taken measures to ensure strictest protection of the information against unauthorized access, use and disclosure through a variety of security technologies and procedures. Our employees have been trained to handle the sensitive information during the course of the operations with due care.

The Group received no complaint on any breach of privacy or leakage of information during the Reporting Period, same as the last reporting period.

# Environmental, Social and Governance Report

## ESG MATERIAL AREAS AND ASPECTS, AND OBLIGATIONS PERFORMANCE (continued)

### (B) SOCIAL AREAS (continued)

#### **ASPECT B7: Anti-corruption**

##### *Policies and Compliances*

The Group is well aware of the importance of honesty and integrity in our business operations and has in place an anti-corruption policy which involves comprehensive Internal Control System comprising corruption reporting and investigation procedures. An Independent Non-Executive Director under the 'Internal Audit Committee' will be charged with the responsibility to initiate investigation upon receiving any corruption reports. Moreover, employees at all levels are constantly reminded in meetings and documents, such as the staff handbooks, on anti-corruption, conflict of interest and giving and taking of interests. 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, the Group reported no bribery or corruption cases during the Reporting Period, same as the last reporting period.

#### **ASPECT B8: Community Investment**

##### *Policies and Performance*

The management has committed to lead the Group to be a social responsible corporation, and has offered to contribute back to the local environment and community and to support our employees. During the Reporting Period, the Group reduced GHG and pollutants emissions, limited the use of the scarce resources; provided job opportunities for low skilled workers; supported employees to participate in charitable events, and donated HK\$36,000 to charity organizations.