



1957 & Co. (Hospitality) Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8495

Environmental, Social and Governance Report 2019



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Environmental, Social and Governance Report

1. INTRODUCTION

1957 & Co. (Hospitality) Limited (the "Company", together with its subsidiaries, the "Group" or "We") is pleased to present the Environmental, Social and Governance ("ESG") report (the "Report") for the year ended 31 December 2019. As a responsible Hong Kong-based restaurant operation and management group, we endeavour to bear the social and environmental responsibilities during our business journey.

As of 31 December 2019, we had thirteen restaurants under five self-owned brands and three franchised or sub-licensed brands in Hong Kong. Through these various brands, we were dedicated to serving quality Japanese, Thai, Vietnamese, Shanghainese and Italian cuisines to different customers.



Our Thai-style cuisine restaurants — Mango Tree (Elements), Mango Tree (Cityplaza) and Mango Tree (YOHO Mall).



Our Vietnamese-style restaurants — An Nam (Lee Garden One), An Nam (Festival Walk) and Petit An Nam (YOHO Mall).



Our Japanese-style restaurants — Gonpachi (Lee Garden One), Hokkaidon (Cityplaza) and Ta-ke (Lee Garden Two).



Our Shanghainese-style restaurants — Modern Shanghai (YOHO Mall), Modern Shanghai (Olympian City) and 10 Shanghai (Lee Garden Two).



Our Italian-style restaurant — Paper Moon (Harbour City).

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2. ABOUT THIS REPORT

This Report summarises the sustainability approach and performance of the Group's core business located in Hong Kong, including the headquarter and all restaurants from 1 January 2019 to 31 December 2019 (the "Reporting Period"). This Report is prepared in accordance with the ESG Reporting Guide as set out in Appendix 20 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited.

For more information on our approach regarding ESG matters or our financial performance and corporate governance, please refer to our official website at www.1957.com.hk.

3. SUSTAINABILITY MANAGEMENT

A. Stakeholder engagement

In order to understand stakeholders' needs, continuous and active communication with stakeholders is essential to our business operation. We set up diverse communication channels to exchange information and receive feedback from stakeholders. Communication channels with major stakeholder groups were as below:

Stakeholder Group	Issues of Concern	Communication Channels
Investors and shareholders	<ul style="list-style-type: none">• Return on investment• Future development plan• Transparency of business	<ul style="list-style-type: none">• Annual general meeting• Quarterly reports, corporate website, announcements, circulars and notices of meetings
Employees	<ul style="list-style-type: none">• Remuneration and benefits• Career development opportunities• Occupational health and safety• Corporate culture	<ul style="list-style-type: none">• Staff orientation• Continuous trainings and workshop programmes• Performance reviews and appraisals• Team building activities
Customers	<ul style="list-style-type: none">• Food quality and safety• Service• Dining environment and experience• Personal data collection policy	<ul style="list-style-type: none">• In-restaurant customer satisfaction surveys• Customer service hotline• Corporate website and social media pages
Suppliers	<ul style="list-style-type: none">• Long-term business relationship• Contractual arrangement• Supply chain management• Fair procurement policy	<ul style="list-style-type: none">• On-site inspection and performance reviews• Tendering and other regular meetings
Landlords	<ul style="list-style-type: none">• Lease contract arrangement• Corporate image and marketing	<ul style="list-style-type: none">• Regular meetings• Opening ceremonies of new shops
Community	<ul style="list-style-type: none">• Contribution to the community• Promoting community harmony• Pollution and other adverse effect	<ul style="list-style-type: none">• Press release• Corporate website• Community investments and activities
Regulators	<ul style="list-style-type: none">• Regulatory compliance• Taxation compliance	<ul style="list-style-type: none">• Seminars and trainings• Responses to government policies

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B. ESG issues materiality matrix

Through active stakeholder engagement, we assessed the importance of each ESG issue to both the Group's business and stakeholders and produced the following materiality matrix. Accordingly, we consider the issues located near or in the top right-hand portion of the matrix to be more important. Health and safety was identified to be the most important issue in 2019, while product responsibility remained in the top two issues for our stakeholders and our business. With the growing concern by our customers on food safety and dining experience, development and training of our staff rose to the third most important issue in 2019. We will provide comprehensive disclosures on these top issues. For other issues, we still maintain sufficient disclosures.

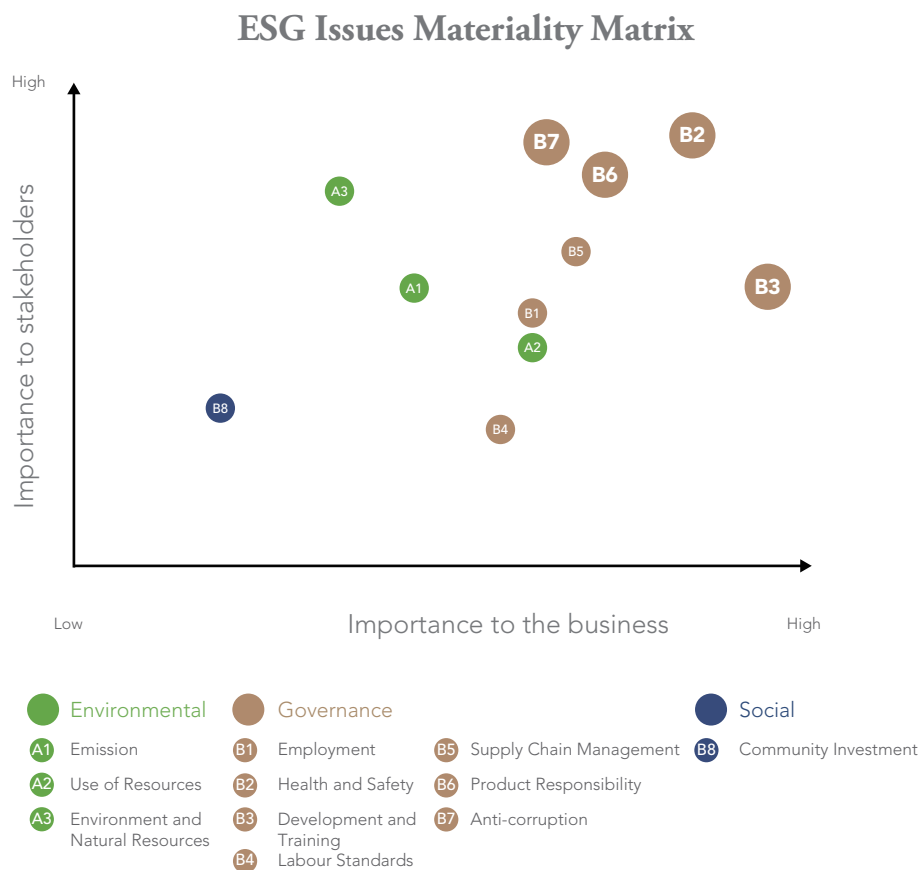


Figure 1 — ESG issues materiality matrix showing the issues that are important to stakeholders and the business

Environmental, Social and Governance Report

4. OUR COMMITMENT TO THE ENVIRONMENT

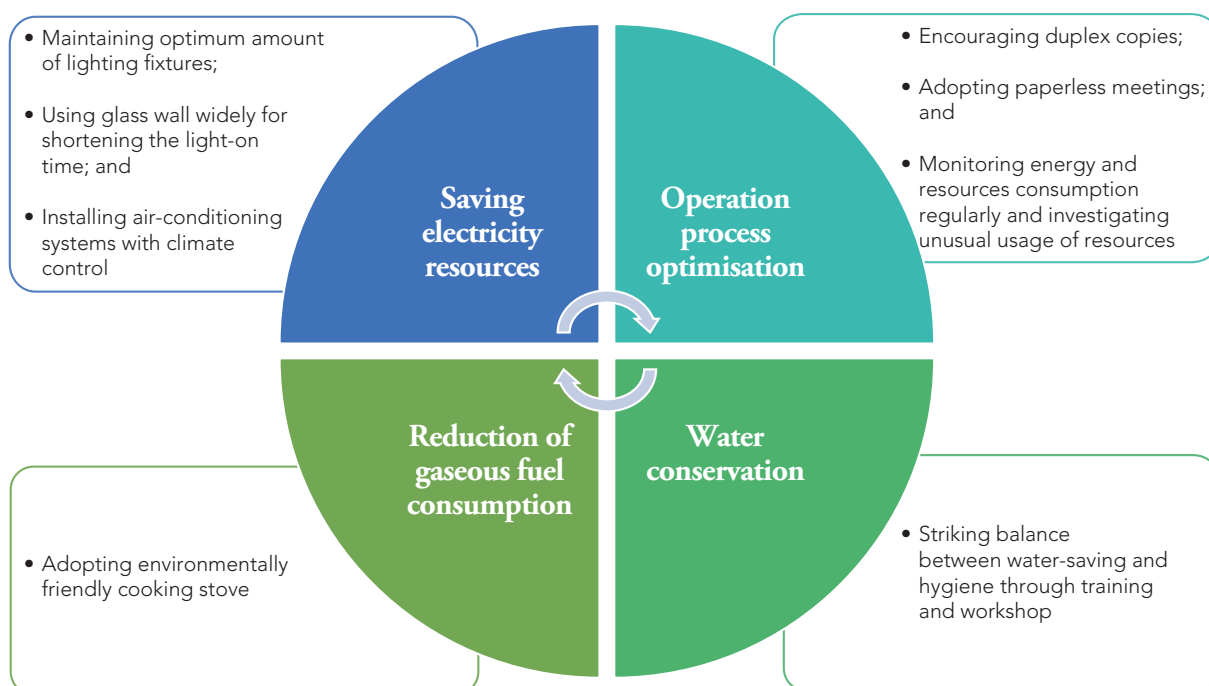
A. Introduction

We comply with all the relevant requirements of the Laws of Hong Kong and specific guidance in the food industry. We also have stringent compliance with the Water Pollution Control Ordinance (Cap. 358 of the Laws of Hong Kong), ensuring all sewage is treated before discharge. During our operation, we actively spread sustainability knowledge and concepts to our employees and customers, trying to raise awareness and achieve sustainable and low-carbon lifestyle together. The focus of our environmental policy is as follows:

- Adopting an effective management system and establishing comprehensive environmental policies to reduce negative impacts on society and environment;
- Optimising operation process by electronic service in office;
- Consuming energy, water, resources and raw materials efficiently; and
- Raising employees' awareness regarding sustainability and encouraging them to put them into practice.

B. Measures for energy and resources conservation

In order to achieve green and low-carbon operation, we are committed to implementing environmentally friendly and resource-saving measures in daily operations in both the office and restaurants. The below summarises our measures for energy and resources conservation in four aspects.



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C. Production of waste and their disposals

We do not produce any hazardous waste due to our business natures. However, in order to minimise the amount of food waste generated from our operation, we continuously implement a standard waste management system. We believe by adopting the following practices, no material non-hazardous waste is generated.

Solid food waste management

- Implementing cooked-to-order to minimise the amount of pre-cooked food and potential food waste;
- Encouraging customers to adjust food portion;
- Sorting food waste into different categories;
- Assigning qualified third parties to recycle the food waste;
- Ensuring in-house storage designated for daily serving, yet we still have contracted suppliers to provide urgent delivery upon request; and
- Supporting food waste reduction campaign launched by the shopping malls where our restaurants located.

Office waste management

- Encouraging paper and toner box recycling; and
- Following internal guidelines and relevant government requirements on disposal of computers and other electronic appliances.

Apart from the above measures, some of our restaurants joined a new programme related to food waste management during the year. Mango Tree (Cityplaza) and Hokkaidon (Cityplaza) participated in coffee ground recycling programme, turning the waste into valuable resources. The collected coffee ground was processed in soil conditioner and applied back into the landscaping works, supporting the “circular economy” model.

One of our restaurants, namely Mango Tree (Elements), is honoured to be one of the awardees under Food Waste Reduction Pledge 2018.

D. Exploration on recycling and effective use of cooking oil

We believe by applying the below used cooking oil policies continuously, we would minimise pollution to our environment.

Used cooking oil management

- Maintaining a contractual relationship with a licenced company handling waste cooking oil recycling;
- Providing trainings to our staff on the effective and efficient techniques of using cooking oil;
- Following the guidelines from the Environmental Protection Department to store and record the used cooking oil on-site;
- Using the centralised grease trap(s) located in the shopping malls; and
- Providing extra guard against the discharge of grease by installation our own grease trap on top.

During the Reporting Period, 34,168 litres (2018: 33,040 litres) of used cooking oil were collected which represented an increase of 3.4% compared to last year. We will explore other initiatives turning used cooking oil into resources, such as biodiesel and soap to make the best out of the used cooking oil.

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E. Our care to the environment

Natural resources are significant to our business operation as we value food quality greatly. Increased frequency of natural disasters and rising temperature caused by climate change will increase our operational risks. It will directly affect the stability of food supply and the procurement process. In order to cope with the impacts of climate change, the Group has to be climate resilient. It is important to strengthen the supply chain management and corporate governance so that the operation can be flexible enough to deal with any situation under climate change.

During the supplier selection procedure, we take sustainability into consideration, prioritising those suppliers using safer pesticides, transportation with less carbon footprint, and less damaging fishing method. In the meantime, our restaurants do not purchase endangered or threatened species to sustain our natural environment. For instance, the Tuna being selected and used in our restaurant Hokkaidon (Cityplaza) is Pacific bluefin tuna from Kyushu, Japan. Pacific bluefin tuna is classified as “least concern” by The International Union for Conservation of Nature, which means it is not being a focus of species conservation. In our restaurants, customers can also enjoy the Satsuma beef from Kamichiku farm in Japan. Kamichiku farm is the biggest Wagyu farm in Kyushu and it is also a part of the mutual-help community. The farm will provide Total Mix Ration (systematic ration supply) feed for farmers to raise cattle. Farmers will use the excrement as compost for the field. A portion of the crops will then being feed to cattle again, forming a sustainable cycle.

We rely on the nature greatly and we also respect it. We strive to maintaining the food sustainability and working our best to cause less impacts to the nature. We guarantee that our restaurants would only consume energy that is under absolute need and minimize the production of waste. We endeavour to strive for excellence in pursuing mutual coexistence and symbiosis with our environment.

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F. Energy consumption and emission data

The below table shows the energy consumption including gas, electricity and charcoal in kilowatt hour ("kWh") for the years 2019 and 2018.

Category	Unit	2019	2018
Gas	kWh	5,018,000	5,194,000
Electricity	kWh	2,750,000	2,629,000
Charcoal	kWh	54,000	50,000
Total consumption	kWh	7,822,000	7,873,000
Energy consumption intensity	kWh/HK\$ million revenue (HK\$m revenue [#])	22,805	22,885

Water consumption statistic for the years 2019 and 2018:

Category	Unit	2019	2018
Water consumption	cubic meter (m ³)	95,527	87,250
Water consumption intensity	m ³ /HK\$m revenue [#]	279	254

The emission of exhaust gas through our business operation by using the gas are summarised as below:

Category	Unit	2019	2018
SO _x	Tonne	361	374
NO _x	Tonne	72,618	75,164

The total greenhouse gas ("GHG") emissions are as follows:

Scope	Unit	2019	2018
Total Scope 1 emissions	Tonne of carbon dioxide equivalent ("tCO ₂ e")	981	1,013
Total Scope 2 emissions	tCO ₂ e	2,160	2,080
Total Scope 3 emissions	tCO ₂ e	62	47
Total GHG emissions	tCO ₂ e	3,203	3,140
Total GHG emissions intensity	tCO ₂ e/HK\$m revenue [#]	9	9

[#] Revenue generated from the operation of restaurants of the Group for the years 2018 and 2019 were approximately HK\$344 million and HK\$343 million respectively.

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G. Performance and Goal

The above energy consumption and emission data during the Reporting Period cover all our thirteen restaurants and the data for the year 2018 cover twelve restaurants only. By comparing the figures of the years 2018 and 2019, we have similar performance, yet considering the scope has been expanded in this Reporting Period, it is fair to say that we have reasonably improved.

Our water consumption intensity increased by 9.8% this year. The main reason for the increment is contributed by the newly opened Modern Shanghai (Olympian City) restaurant. We consider the increment was in a reasonable range, yet we will monitor the consumption data regularly.

In addition, the exhaust gas emission showed a declining trend despite the new opening of our Modern Shanghai (Olympian City) restaurant. The Scope 1 emissions have also decreased by 3.2%. The decrease contributed from the affirmative results of our environmental policies, especially on the aspect of direct energy and resource consumption. However, the Scope 3 emissions increased due to the increase of number of business travels. Since each flight producing greenhouse gases from burning fuels and carbon emissions per passenger per kilometre travelled was about three times higher for business class and four times higher for first class compared to economy class, we have set out internal business travel guidelines to encourage our employees to take economy class for necessary business purposes.

Based on the past performance and our future business development plan, we came out the following goals on our environmental performance. For energy and water consumption intensities, we target to reduce 3% to 5% by next reporting year after considering our needs on expanding the business and balancing between our growth and the impact on the environment. We aim at lowering the total GHG emissions through our various policies for achieving the goals. We will integrate the sustainability concept into every stage of our operation and enhance our environmental and social performance in the future.

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5. OUR COMMITMENT TO QUALITY

With health and safety and product responsibility being the most concerned issues by our stakeholders, we place high importance to our food quality and customer dining experience.

Concerned issue	Related policies
Food quality	A. Procurement policy B. Internal health, safety and hygiene policy
Customer dining experience	C. Protecting intellectual property rights D. Our care to customers E. Data protection and privacy policies

A. Procurement policy

To ensure food safety and the quality of our dishes, the selection of food suppliers is of paramount importance. We are dedicated to selecting our suppliers based on the stability of food quality, reputation, certification and hygiene etc. We also undertake to reduce the environmental and social risks of our supply chain, by adopting a policy of choosing suppliers that are in nearby geographical location and using environmentally friendly transport modes, thereby minimising greenhouse gases emission. Apart from environmental aspect, we also pay much attention to the ethics of suppliers. Our approved supplier lists must not be associated with any of the following offence, including animal cruelty, local pollution, child labour and forced labour. All our procurement and sourcing are from Hong Kong and the information about our suppliers are well-kept in our database. A designated staff is assigned for the cost and quality inspection for current and prospective suppliers. We adopt a rigorous procurement process for assessing our prospective suppliers. Through regular visit to factories and workshops, we can assess the level of condition such as the standard of hygiene, hence, we may also provide comments on the area capable for improvement in order to ensure the high quality of food supplies.



Figure 2 — Grilled A5 Wagyu from Ta-ke (Lee Garden Two)



Figure 3 — Yellow Curry Crab from Mango Tree (YOHO Mall)



Figure 4 — Signature steamed Xiao Long Bao from Modern Shanghai (Olympian City)



Figure 5 — Pizza Edi from Paper Moon (Harbour City)

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B. Internal health, safety and hygiene policy

We pay much effort to maintain a workplace that conforms to local laws, regulations governing occupational hygiene, safety and health. Every employee strives to achieve the best food quality and dining experience for our customers. There are four main rules under internal health, safety and hygiene policy as stated in the Employee Handbook.

1. Observe and comply with restaurant and statutory requirements;
2. Cooperate in ensuring the health and safety of themselves and other colleagues;
3. Maintain a hygienic and safe working conditions at all the times; and
4. Cooperate fully in the investigation of incidents to ensure these incidents are minimized.

The Group may require employees to attend additional hygiene and safety course to enhance the hygiene standard and knowledge when necessary. One Hygiene Manager and one Hygiene Supervisor are assigned to each restaurant outlet. They are responsible to promote and support the hygiene and health regulations. They have to participate in extra courses to enhance their food safety knowledge of eliminating any food poisoning and foodborne illnesses. All employees must follow the instructions regarding cleaning, receiving, storing and food handling at all times. This measure is to prevent the spread of any bacteria and illness in the working environment. Therefore, we are confident in every employee on his/her part to achieve a good standard of housekeeping.

On-site hygiene rules

- Never walk past rubbish on the floor; take the initiative and pick it up;
- Empty waste bins when they are full;
- Maintain the good appearance of any part of the restaurant;
- Follow the opening and closing checklists and other side work of cleanliness;
- Use the correct cleaning chemicals and equipment;
- Materials should be stacked safely and stored in a good manner to allow free and unobstructed access throughout the restaurant;
- Excess materials must be removed from elevated working platforms and access ways immediately after use;
- All waste materials shall be removed from the immediate work area daily and deposited in the designated location; and
- System of monitoring waste control and removal must be incorporated in the required detailed method statements.

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Measures in response to Coronavirus Disease 2019 (“COVID-19”)

In response to the outbreak of COVID-19, we have applied a series of timely and rigorous infection prevention and control measures. We especially arranged all our restaurants to have a nano photocatalytic long-acting disinfectant spray application provided by one of our business partners to maintain the hygiene. The application is internationally recognised for its ability to eliminate up to 99.9% of viruses and bacteria, with effect lasting as long as three months.

We adopt additional cutleries sanitation in our restaurants, covering the dishes by a lid all the way from kitchen to dining table and increased frequency of toilet disinfection. We invite our customers to sanitize hands with the provided infra-red sensor automatic soap dispenser and help them to check body temperature before entering the restaurant. We provide envelopes for encouraging customers to keep their used masks during their dining time. We also offer antiseptic wipes as well as extra cutleries for sharing purpose.

To ensure the personal hygiene and health of our staff, all staff are required to check their body temperature by the provided infra-red thermometer and wear masks all the time during the work. All staff are strictly required to wash hands before and after cleaning dining tables as well as before returning to working station. We consistently monitor the latest news and government guideline to make sure the food, restaurant environment and personal condition of our staff are at high level of cleanliness.

C. Protecting intellectual property rights

Each of our restaurants has its own dining concept, and we provide a great dining environment by merging the interior design and restaurant view together. Our designers use their own ideas to create award-winning interior design. Our Company respects the effort of every creator, therefore we comply with relevant laws and regulations to observe and protect intellectual property rights.

We are currently operating restaurants under five self-owned brands and three franchises or sub-licensed brands. We took measures to protect all trademarks and other intellectual property rights by making the necessary filling and registration. Apart from that, recipes are significant assets of our Group. There are strict regulations in the kitchen and effective management to prevent disclosure of the recipes. Any requests or enquiries from outside news organizations, magazines, competitors and other members of the public regarding our restaurants, their plans, sales procedures, team members or other matters should be referred immediately to the Marketing and Communications Director.

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D. Our care to our customers

Accommodating with customers' changing preference and needs can retain them. We are always motivated to interact with our customers and listen to their feedbacks. Customers can have direct interaction with our employees under the engaging and comfortable atmosphere in the restaurants. All the employees are well-trained to be proactive and observant. They all take the initiative to understand customers' needs.

All front- and back-of-house staff are required to have a thorough knowledge and understanding of all food and beverages items on our menus. Relative trainings like menu tasting, wine tasting, service techniques and up-selling techniques will be provided to ensure that our team is able to deliver excellent and consistent service to the customers.

We value our customers' compliments, complaints and suggestions on our service and food quality. Customers are encouraged to communicate with our managers about their opinions. Managers are responsive and able to come up with solutions immediately. If customers prefer to convey their comments to us in written form, we also provide various communication channels for them to email or mail us. Our managers will handle patiently in a timely and positive manner. The dedicated manager will investigate into the subject report and address the problem immediately or give suggestion for improvement. We, as a customer-focused business, will never let our customer leave unpleasantness or complaint unsettled. Restaurant managers will consolidate the complaint cases and report to the headquarters on a regular basis. This definitely helps us to better respond to customers, from reservation, food quality, variety of dishes, waiter's attitude, dining environment to payment method.

E. Data protection and privacy policies

We place great emphasis on data protection and privacy security of our customers. We have a "1957 & Co. Loyalty Program" (the "Program") for our frequent guests to earn and redeem points across our restaurants and enjoy exclusive privileges. We handle our customers' personal information and data carefully. We notice our frontline employees, have more chances to handle personal information with customers, therefore, we provide trainings to these employees to ensure that they acquire understanding on the importance of privacy protection. The restaurant staff can only access the basic information of the Program member. The full set of data is stored in the Group's server safely and only designated staff in customer service department have the access permission.

All our personal data collection complies strictly to the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong), including that for the purpose of the operation and management of the Program, and are collected solely for activities directly related to the Program.

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6. POLICY AND MEASURES ON ANTI-CORRUPTION

Our Group believes that loyalty, integrity and fairness are core assets to our business. Therefore, all employees of the Group, from the top management to our frontline staff, must strive to ensure that the reputation of the Group is not damaged by dishonesty, disloyalty or corruption. We advocate anti-corruption and anti-fraud in our working environment. We have implemented a strict internal control policy and regulation towards bribery or dishonesty. They are all stated in the Code of Business Conduct, and the content of the Code is applicable on all employees, including temporary and part-time workers. There are well-structured processes on purchases, sales, operation and finance for employees to follow.

We encourage our employees who have concerns about any suspected misconduct or malpractice within the Group to voice out verbally or in written standard whistleblowing report form, and the Group will acknowledge receipt of the report within five working days. A designated senior officer — Company Secretary or Compliance Officer, will be appointed to manage the report. An investigation will be conducted in accordance to the investigation procedures that we set out. We have no tolerance towards any corruption. There is no concluded legal cases regarding corrupt practices during the Reporting Period.

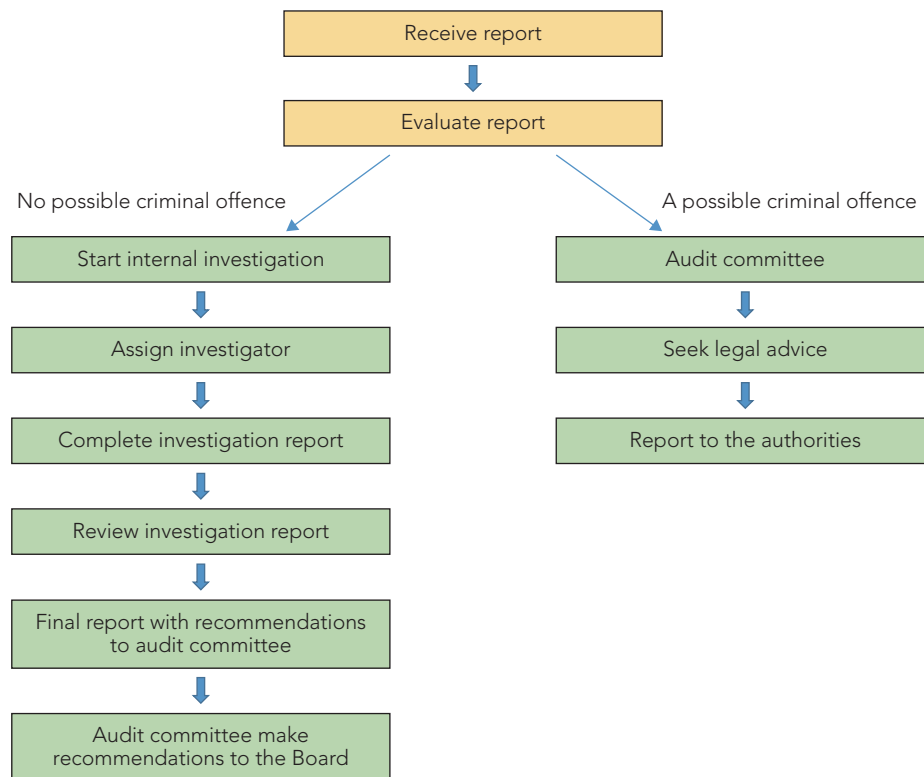


Figure 6 — The anti-corruption policy of our Group

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7. OUR COMMITMENT TO OUR PEOPLE

A. Introduction

Employees are of vital importance to us and we pay attention to the protection of employees' interests and rights. We strictly comply with all relevant laws, including but not limited to Employment Ordinance (Cap. 57 of the Laws of Hong Kong), Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong), Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong), Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong) and Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong). We believe a safe, healthy and fair working environment would encourage productivity and incentive and hence is beneficial to the Group's growth.

Every employee is engaged with an employment contract through our Human Resources Department. Employee Handbook is delivered to every employee. The standard employment policy coverage ranges from recruitment to termination as well as policies regarding employee's safety, prevention on food poisoning, food contamination handling and staff or guest injury treatment are contained in the Employee Handbook. Each employee could refer to the Employee Handbook under different situations at work promptly as the policies are based on scientifically proven and time-tested results.

B. Labour standard and equal opportunity

Our Group as an equal opportunity employer, welcome all talents and enthusiastic candidates to join our family regardless of their backgrounds, ages, genders and nationalities. Inclusiveness, fairness and integrity are always imbedded in our recruitment policy. Discrimination and harassment are strictly prohibited in our Company. Any verbal, visual and physical conduct of discrimination or harassment will subject the employee to disciplinary action, up to and including dismissal. The fair and equal concepts are also integrated in our promotion ladder. We believe in promoting internally and rewarding performance excellence. Employees with satisfactory professionalism and passion to serve our customers have chance to be promoted.

The Employee Handbook clearly states the general rules on compensation, dismissal, recruitment, promotion, working hours, annual leave, anti-discrimination, employment certificates, etc. We provide sick leave, annual leave, maternity leave, paternity leave, birthday leave, marriage leave and funeral leave to our employees. All full-time employees have participated in the Mandatory Provident Fund (MPF) scheme after completion of 60 days continuous employment.

Our Group do not tolerate any forced or child labour in support of human rights and labour standard. We strictly comply with the statutory requirements of the Employee's Compensation Ordinance (Cap. 282 of the Laws of Hong Kong). All related job duties, including the number of working hours, over-time working arrangement and staff welfare and allowance are clearly stated in the employment contract. During the recruitment process, the Human Resources Department is responsible for ensuring the candidate has reached the legal working age by inspecting the candidate's Hong Kong identity card or valid travel document. If any child or forced labour is discovered, employees can report to us through phone, mail and email. The reported case will be followed up with immediate investigation. In the Reporting Period, there is no related violation cases discovered.

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C. Occupational health and safety

We care about both physical and mental health of our employees. We apply “team building and career development” management philosophy to our employees. Our Company makes every effort to provide a healthy, efficient and safe working environment. Emergency plans and drills, employee safety trainings and appraisals, on-site inspection and safety forums are conducted on a regular basis to ensure safe operation. The Group makes every effort to provide and maintain the optimal working environment for our employees. Related practice that we have adopted is as below:

- Takes staff circulation and latitude into consideration when designing the restaurants;
- First aid box is accessible to all employees in case of medical emergency and available at every restaurant. Whenever work injury happens on the premises, first aid should be given to the injured person by a certified first aider and the injured person should be escorted to the nearest hospital or clinic for immediate medical treatment;
- The department head should submit a comprehensive “Workplace Incident & Accident Report” form to the Human Resources Department within twenty-four hours of the incident;
- Investigation will be conducted and corresponding suggestions will be given to prevent reoccurrence of similar accident;
- Safety supervisor in every outlet conducts safety check on a regular basis, three main aspects on the checklist include employee behaviour, kitchen environment and cleanliness; and
- Supervisor is encouraged to make suggestions or opinions for improvement.

During the Reporting Period, the number and rate of work-related fatalities were zero, and lost days due to work injury was 7 days. Accidents at work had decreased significantly comparing to the last reporting period and all injured staff received their claims under insurance coverage and sick leave with pay.

Team building activity

We also established policies to take care of our employees’ mental health, enforcing team spirit and encouraging more effective communication. We encourage free communication and maintain high morale among team members and management so that issues and opinions can be raised freely. At the same time, we carried out team building activities for our employees, including annual dinner. We hope every employee could work in an environment with their health and safety protected with an enjoyable working atmosphere.



Figures 7–8 — Annual Dinner 2019

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D. Employee development and training

We understand the customers perceive our employees' personal and professional behaviour and grooming as a "brand contact". We maintain a positive first impression and image by providing trainings for all levels of staff. Both knowledge and skill-based training workshops are provided, including anti-corruption, food safety and industry insights. The trainings help employees to gain new knowledge and skills, which they may not have been exposed to before.

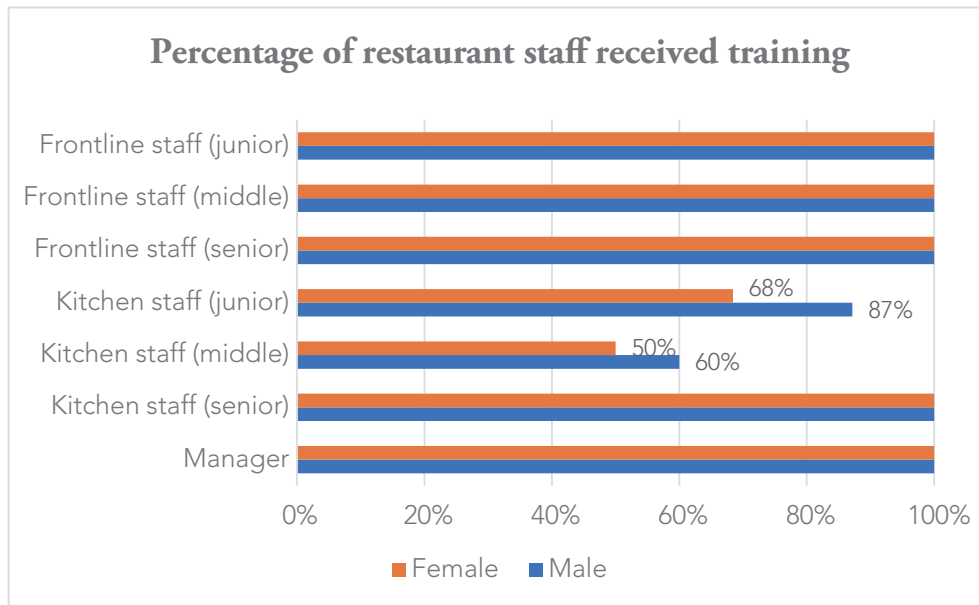
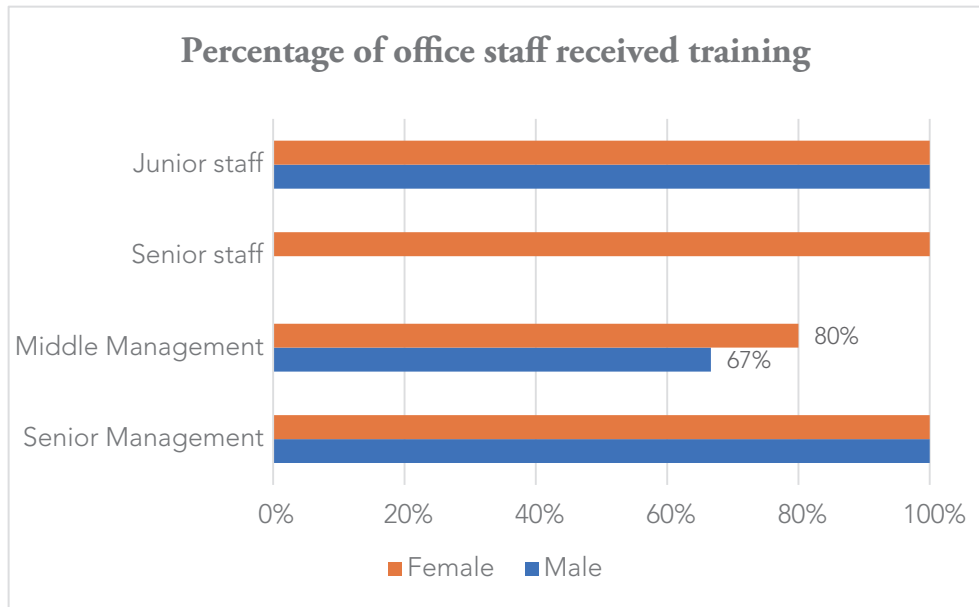
The table below shows the various themes of trainings held in the Reporting Period.

Training Date	Training theme	Target employee	Training content
Day one of work	New Joiner Orientation	New joiner	<ul style="list-style-type: none"> Group's organization chart and the Group's concept Outlet Specific Rules & Regulations, Equipment Orientation
September 2019	Complaints Handling Strategy	All frontline employees	<ul style="list-style-type: none"> The positive way of handling complaints Professional technique and procedure to handle complaints and negative emotions from the customers
October 2019	Retirement Seminar	All employees	<ul style="list-style-type: none"> Overview of Hong Kong retirement saving products MPF market update
November 2019	MPF Scheme Talk	Manager level restaurant employees	<ul style="list-style-type: none"> Introduction of the requirements relating to Automatic Exchange of Financial Account Information (AEOL) apply to MPF schemes
On a regular basis	Human Resources Policy Introduction and Updates	Human Resources Department employees	<ul style="list-style-type: none"> Guest speakers from Privacy Commissioner for Personal Data, Hong Kong Laws and liability about personal data and privacy
On a regular basis	Mystery Shopper Scheme	All restaurant employees	<ul style="list-style-type: none"> A scheme as a regular evaluation on services, including dining environment, serving dishes etc.

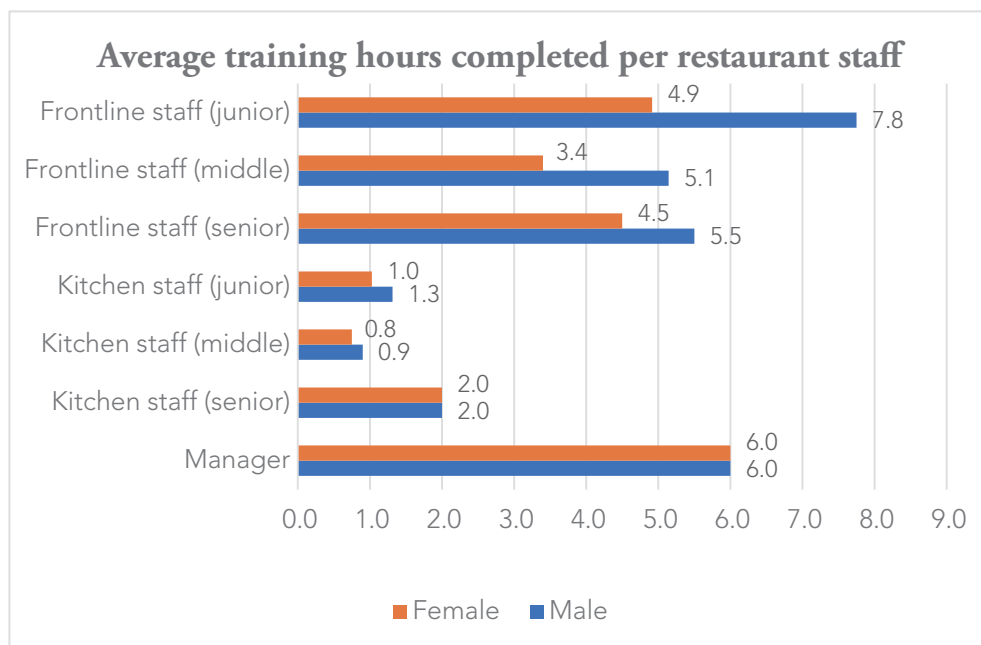
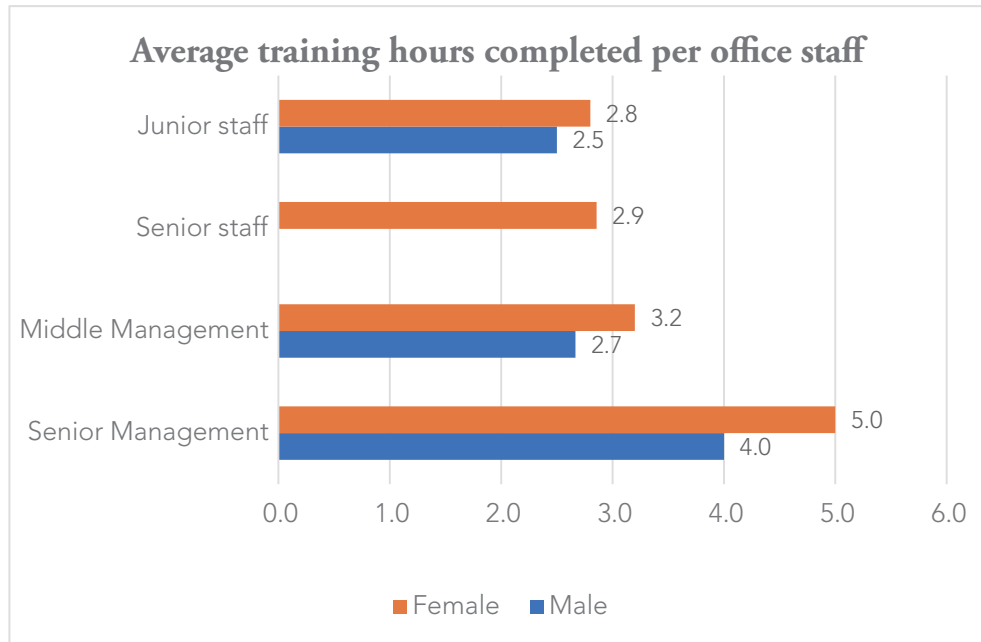
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E. Hours of training received by our staff

Employees' growth and development is essential in helping the Group's journey as it translates into an efficient and smooth operation. We support and encourage employees to climb up the career ladder. To ensure the quality and knowledge enhancement for our staff, all staff are encouraged to participate in trainings that suits their needs, regardless of age, gender and employment level. 91% of our employees have received trainings during the Reporting Period.



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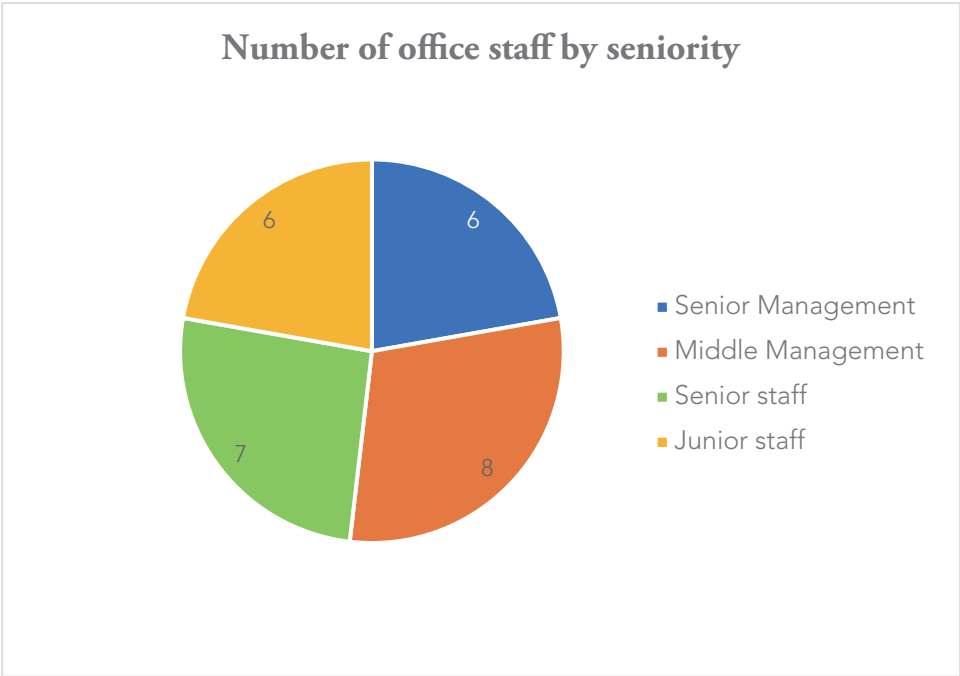
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Figures 9–10 — Staff trainings held in the outlets

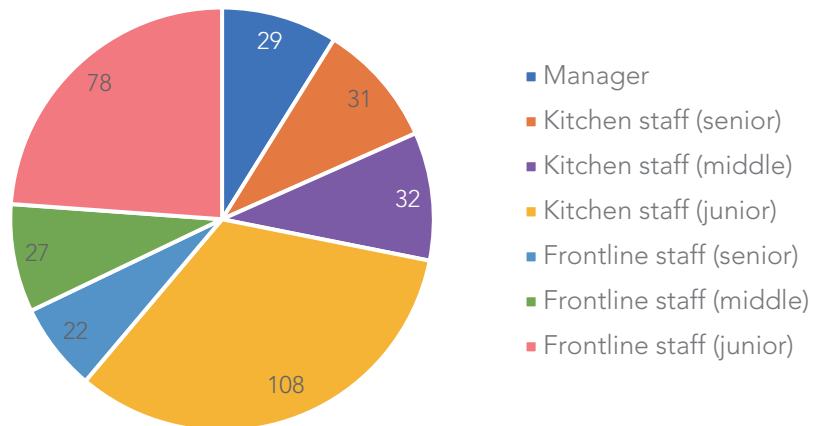
F. Employee data

The total number of employees increased from 347 to 354 in the Reporting Period. Other details related to the employee data are illustrated in the below charts.

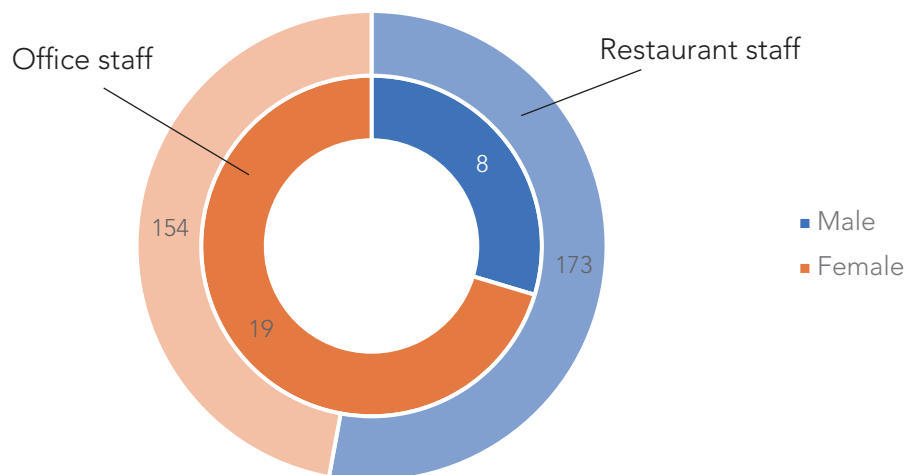


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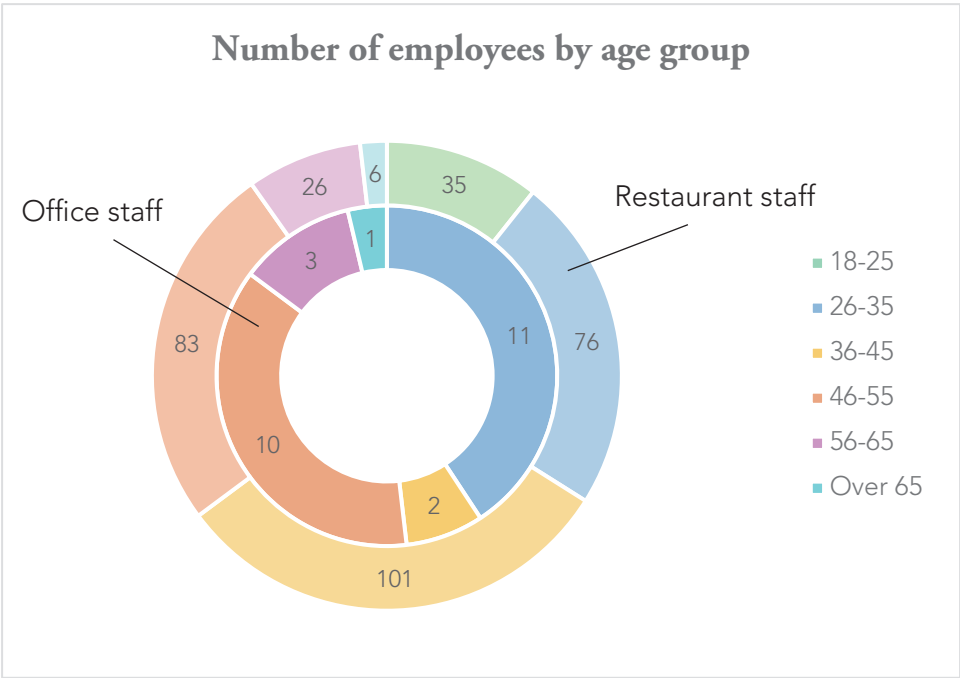
Number of restaurant staff by seniority



Number of employees by gender

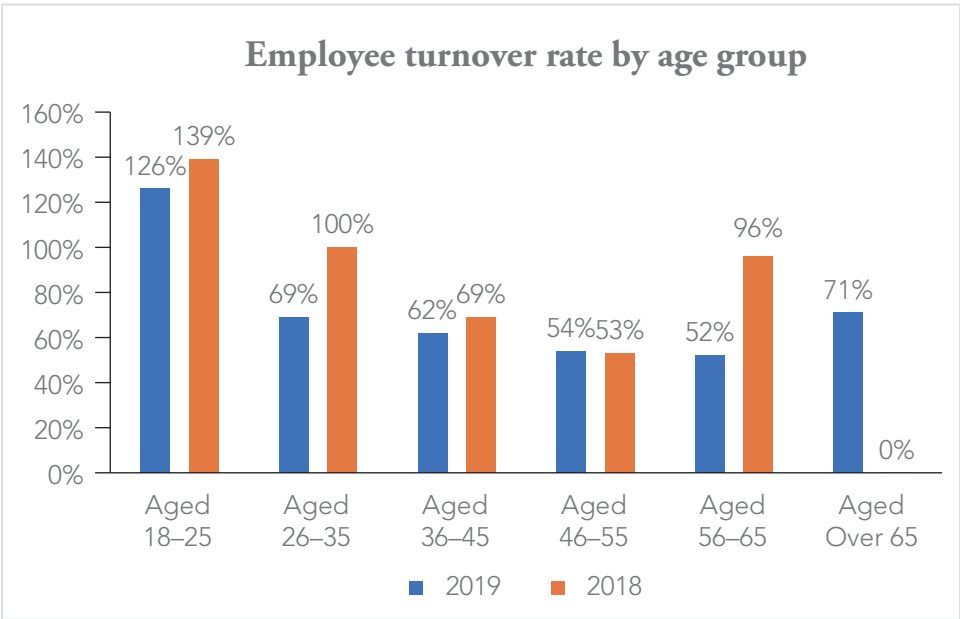


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G. Employee turnover rate

During the Reporting Period, permanent staff turnover rate for male and female was 76% and 58% respectively, while in the year 2018, the numbers were 85% and 76%. It shows our improvement on our human resources management. Moreover, the turnover rates for permanent staff by age group for years 2019 and 2018 are shown below.



Compared with the past data of employee turnover rate, except for the age groups of 46-55 and over 65, other data show a decreasing trend.

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8. OUR PARTICIPATION AND COLLABORATION WITH COMMUNITY

We believe every company has its own role to play in the community. We look to enhance community connection and harmony. During the Reporting Period, we worked with different organisations on campaigns and programmes for community investment. Our employees also devoted themselves to be the volunteers in the community activities.

A. Cultural sketching events

We have held two sketching events at two restaurants in March and April 2019. The events promoted connecting people through arts with delicious food. We are pleased to see sketchers from different backgrounds enjoying our cuisines and their sketches are impressive.



Figures 10–11 — First sketching event in Paper Moon (Harbour City) on 17 March 2019



Figures 12–13 — Second sketching event in Mango Tree (YOHO Mall) on 13 April 2019

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B. Our contribution to education

We engaged in one of the sessions under the Little Tongue Campaign co-organised by Metro Broadcast Corporation Limited and OpenRice Hong Kong. A team of professionals led the children participants to understand different ingredients and learn the techniques of tasting. The purpose of the campaign is not only about tasting, but also educating children to cherish the food and leave no waste. Through three training sessions and final competition, the children learned cooking skills, tasting skills as well as some inspiring sustainability concept as the trainings cover sustainable sourcing and vegetarian dishes.

Our staff acted as the instructors and volunteers in one of the sessions to teach the participants about the skills of making mango sticky rice. Food presentation is also an important element of an amazing dish. The best thing about the campaign is we can help more children to explore the industry and educate them about sustainability at the same time.



Figures 14–15 — Little Tongue Campaign Training Session

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9. AWARDS AND RECOGNITION

We are pleased to share the most honourable awards that we received in 2019 regarding the below scope:

Recognition on staff development

We fulfilled Mandatory Provident Fund (MPF) Scheme requirement that all full-time employees have participated in the scheme. We were honoured as a “Good MPF Employer” by the Mandatory Provident Fund Schemes Authority.



Figure 16 — Good MPF Employer Award

Recognition on food quality and services



Figure 17 — Our Group was authorised to use the certification mark under the Quality Tourism Services Scheme

10 out of 13 restaurants of our Group are authorised to use the certification mark under the Quality Tourism Services Scheme by Hong Kong Tourism Board. This recognises us as meeting high standards of product quality and service under the scheme.

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Figure 18 — One of the Group's T.Dining Best Restaurants 2020 awards

We are honoured to be the recipients of the T.Dining Best Restaurants 2020 awards. The T.Dining panel celebrates the achievements of dining industry's leading chefs, restaurants, mixologists and food and beverage professionals every year. We were glad to have our seven restaurants to be featured as the Best Restaurant 2020, they are 10 Shanghai (Lee Garden Two), An Nam (Lee Garden One), An Nam (Festival Walk), Gonpachi (Lee Garden One), Hokkaidon (Cityplaza), Mango Tree (Cityplaza) and Ta-ke (Lee Garden Two).



Figure 19 — The Hospitality Design Award 2019 of the Group's restaurant Ta-ke (Lee Garden Two)

The interior design of Ta-ke (Lee Garden Two) was awarded Hospitality Design Award 2019. The minimalist yet layered aesthetic shines in the restaurant. The selection of bamboo as the main material created a fine dining atmosphere. The restaurant includes live cooking stations, private dining rooms, and open seating. Customers can have more interaction with our chefs to enhance the dining experience.

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Figure 20 — Paper Moon (Harbour City) was awarded Favourite Food Award 2019 by U magazine



Figure 21 — The OpenRice Best Italian Restaurant Award 2019 of Paper Moon (Harbour City)



Figure 22 — Paper Moon (Harbour City) was awarded The Ospitalità Italiana Label of Quality 2019/2020 by The Italian Chamber of Commerce in Hong Kong and Macao

Paper Moon (Harbour City) was awarded Favourite Food Awards 2019 under the category of Italian restaurants. The award was the results of polls from U magazine's readers, therefore we were very honoured to be selected by the public. Meanwhile, Paper Moon was also awarded OpenRice Best Italian Restaurant Award 2019 and the quality was approved by The Italian Chamber of Commerce in Hong Kong and Macao, and has been awarded the Ospitalità Italiana Label of Quality 2019/2020.

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10. LAWS AND POLICIES

ESG subject area	Related laws and regulations which we have been in compliance with in the Reporting Period, including but not limited to:
Environment	<ul style="list-style-type: none"> • The Environmental Protection Law of the People's Republic of China • Law of the People's Republic of China on Environmental Impact Assessment • Law of the People's Republic of China on Prevention and Control of Environmental Noise Pollution • Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution • Law of the People's Republic of China on Prevention and Control of Water Pollution • Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes • Air Pollution Control Ordinance (Cap. 311 of the Laws of Hong Kong) • Water Pollution Control Ordinance (Cap. 358 of the Laws of Hong Kong) • Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong) • Noise Control Ordinance (Cap. 400 of the Laws of Hong Kong)
Employment	<ul style="list-style-type: none"> • Labour Law of the People's Republic of China • Labour Contract Law of the People's Republic of China • Employment Promotion Law of the People's Republic of China • Employment Ordinance (Cap. 57 of the Laws of Hong Kong) • Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong) • Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong) • Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong) • Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong) • Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong) • Mandatory Provident Fund Scheme Ordinance (Cap. 485 of the Laws of Hong Kong)
Product liability	<ul style="list-style-type: none"> • Product Quality Law of the People's Republic of China • Construction Law of the People's Republic of China • Anti-Unfair Competition Law of the People's Republic of China • Law of the People's Republic of China on the Protection of Consumer Rights and Interests • Trademark Law of the People's Republic of China • Advertising Law of the People's Republic of China • Food Safety Ordinance (Cap. 612 of the Laws of Hong Kong) • Public Health and Municipal Service Ordinance (Cap. 132 of the Laws of Hong Kong) • Trade Descriptions Ordinance (Cap. 362 of the Laws of Hong Kong) • Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) • Trade Marks Ordinance (Cap. 559 of the Laws of Hong Kong)

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ESG subject area	Related laws and regulations which we have been in compliance with in the Reporting Period, including but not limited to:
Anti-corruption	<ul style="list-style-type: none">• Anti-Money Laundering Law of the People's Republic of China• Criminal Law of the People's Republic of China• Anti-Unfair Competition Law of the People's Republic of China• Bidding Law of the People's Republic of China• Regulation on the Implementation of the Bidding Law of the People's Republic of China• Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong)• Sale of Goods Ordinance (Cap. 26 of the Laws of Hong Kong)• Supply of Services (Implied Terms) Ordinance (Cap. 457 of the Laws of Hong Kong)

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11. REPORT DISCLOSURE INDEX

ESG KPIs	Description	Page and remarks
A: Environmental		
A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	5–7
KPI A1.1	The types of emissions and respective emission data	8
KPI A1.2	Greenhouse gas emissions in total (tCO ₂ e) and intensity (tCO ₂ e/HK\$m revenue)	8
KPI A1.3	Total hazardous waste produced (tonne) and intensity (tonne/HK\$m revenue)	Not applicable
KPI A1.5	Description of measures to mitigate emissions and results achieved	5–7
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	6
A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	5–7
KPI A2.1	Energy consumption by type in total (kWh) and intensity (kWh/HK\$m revenue)	8
KPI A2.2	Water consumption in total (m ³) and intensity (m ³ /HK\$m revenue)	8
KPI A2.3	Description of energy use efficiency initiatives and results achieved	5,8–9
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	5 and no water sourcing issue is found
KPI A2.5	Total packaging material used for finished products (tonne)	Not applicable
A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	5–7
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	5–7

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ESG KPIs	Description	Page and remarks
B: Social		
Employment and Labour Practices		
<i>B1: Employment</i>		
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare 	15
KPI B1.1	Total workforce by gender, employment level and age group	20–22
KPI B1.2	Employee turnover rate by gender and age group	22
<i>B2: Health and Safety</i>		
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards 	16
KPI B2.1	Number and rate of work-related fatalities	16
KPI B2.2	Lost days due to work injury	16
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	16
<i>B3: Development and Training</i>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	17
KPI B3.1	The percentage of employees trained by gender and employee level	18
KPI B3.2	The average training hours completed per employee by gender and employee level	19
<i>B4: Labour Standards</i>		
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour 	15
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	15
KPI B4.2	Description of steps taken to eliminate such practices when discovered	15

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ESG KPIs	Description	Page and remarks
Operating Practices		
<i>B5: Supply Chain Management</i>		
General Disclosure	Policies on managing environmental and social risks of the supply chain	10
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	10
<i>B6: Product Responsibility</i>		
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress 	11–13
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	12
KPI B6.4	Description of quality assurance process and recall procedures	11–13
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	13
<i>B7: Anti-corruption</i>		
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering 	14
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	14
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	14
Community		
<i>B8: Community Investment</i>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	23–24
KPI B8.1	Focus areas of contribution	23–24
KPI B8.2	Resources contributed to the focus area	23–24