

2017

Environmental,
Social and
Governance Report



百利保控股有限公司

Paliburg
Holdings Limited

(Incorporated in Bermuda with limited liability)
(Stock Code : 617)

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ABOUT THIS REPORT

REPORTING STANDARD

This report was prepared in accordance with the “comply or explain” provision set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). To meet this standard, this report was prepared in adherence to the following reporting principles: Materiality, Quantitative, Balance and Consistency.

REPORTING SCOPE AND BOUNDARY

This is the second annual standalone environmental, social and governance (“ESG”) report of Paliburg Holdings Limited (“Paliburg” or the “Company”, and together with its subsidiaries, the “Group” or the “Paliburg Group”). This report covers the ESG policies, initiatives and performance of the Group’s hotel and property business in Hong Kong and Mainland China.

REPORTING PERIOD

Unless otherwise specified, this report encapsulates the highlights of our progress and performance on ESG issues for the period from 1 January 2017 to 31 December 2017.

ACCESSIBILITY OF THE REPORT

An electronic version of this report can also be downloaded from Paliburg's website at www.paliburg.com.hk. If you have any questions about the report or opinions on Paliburg’s ESG performance, please feel free to contact us via info@paliburg.com.hk.

BOARD APPROVAL

This report was approved by the Board of Directors of the Company (the “Board”) on 30 July 2018.

CHAIRMAN'S STATEMENT

I am pleased to present the Company's ESG Report for the year ended 31 December 2017.

The Group's core business comprises property development, investment and management and hotel ownership, operation and management. We reckon that our business operation have impacts on the environment and the society. As a responsible corporate citizen, we attach importance to corporate social responsibility and strive to create long-term value for our shareholders. Paliburg has in place a defined framework to implement sustainability governance. To pursue our sustainability mission, we drive our efforts in three major aspects – Environmental Responsibility, Social Responsibility and Economic Responsibility.

In terms of Environmental Responsibility, we strive to minimise our environmental impact by pursuing carbon reduction, energy saving, water conservation and waste management. One of our development projects, Casa Regalia, incorporates high green coverage, exhibiting our commitment to cultivate a better environment for our customers and the community.

In terms of Social Responsibility, we attach importance to the communities in which we operate. Youth development and health enhancement continue to be the focus of our community programmes. In cooperation with charitable organisations, our Group provides care to the underprivileged in the community.

In terms of Economic Responsibility, we listen to our employees' needs to retain talents. As a responsible employer, we provide our employees with equal opportunities, appropriate training and a healthy and safe workplace. We also pursue excellence in product and service quality to maximise benefits for our customers, investors and shareholders.

In the course of our developing the new projects in the coming years, we will continue to take active steps to attain our sustainability goals. With the support of our stakeholders, we hope to create a substantial and positive impact on the community and to progress further in our sustainability journey.

LO YUK SUI

Chairman

Hong Kong
30 July 2018

ABOUT PALIBURG

OUR BUSINESS

Based in Hong Kong, the Group's significant investments and principal business activities encompass diversified segments, including property, hotel and other businesses and investments.

The Group conducts property development and investment in both Hong Kong and Mainland China. The projects in Hong Kong are primarily undertaken by P&R Holdings Limited ("P&R Holdings"), a joint venture 50:50 held by the Company and Regal Hotels International Holdings Limited ("Regal"), a listed subsidiary of Paliburg. Cosmopolitan International Holdings Limited ("Cosmopolitan") is a listed subsidiary of the Group held through P&R Holdings, which mainly focuses on development projects in Mainland China.

The Group also owns, operates and manages hotels through Regal and Regal Real Estate Investment Trust ("Regal REIT"), which is, in turn, a listed subsidiary of Regal.

OUR PRESENCE

PROPERTY DEVELOPMENT BUSINESS

PROPERTY DEVELOPMENT IN HONG KONG THROUGH P&R HOLDINGS

Apart from the Shun Ning Road development project in Sham Shui Po, Kowloon and the Anchor Street/Fuk Tsun Street development project in Tai Kok Tsui, Kowloon, both of which are being undertaken pursuant to the development contracts awarded by the Urban Renewal Authority of Hong Kong as noted below, the following ongoing development projects and properties are presently wholly owned by P&R Holdings group.

Domus and Casa Regalia at Nos. 65-89 Tan Kwai Tsuen Road, Yuen Long, New Territories

This residential project has a site area of approximately 11,192 square metres (120,470 square feet) and provides a total of 170 units, comprising 36 luxurious garden houses and a low-rise apartment block with 134 units, having aggregate gross floor area of approximately 11,192 square metres (120,470 square feet). The occupation permit for the project was issued in November 2015 and the certificate of compliance was obtained in April 2016. With the exception of 1 unit, all the other 133 units in the apartment block, named Domus, had been sold in 2015. The sale programme for the garden houses, named Casa Regalia, which constitute the main component of the development, was first launched in May 2016. While the houses are presently planned to be disposed of on a gradual basis, some of them may in the meantime be retained for rental income.



Residential/
Commercial

We Go MALL at No. 16 Po Tai Street, Ma On Shan, Sha Tin, New Territories

This development site has a site area of 5,090 square metres (54,788 square feet) and a maximum permissible gross floor area of 15,270 square metres (164,364 square feet). The site has been developed into a shopping mall with 5 storeys above ground level and 1 storey of basement floor. The occupation permit for the project was issued in September 2017 and the mall was soft opened in May 2018. This completed property is now named as the "We Go MALL" and retained for rental income.



The Ascent at No. 83 Shun Ning Road, Sham Shui Po, Kowloon

This is a joint venture project awarded by the Urban Renewal Authority of Hong Kong through a tender process in March 2014. The land has a site area of 824.9 square metres (8,879 square feet) and has been developed into a 28-storey commercial/residential building (including 1 basement floor) with total gross floor area of 7,159 square metres (77,059 square feet), providing 157 residential units, 2 storeys of shops and 1 storey of basement car park. The occupation permit for the project was issued in March 2018. The presale of the residential units in this development was launched in July 2016 and, up to date, 155 of the total 157 residential units have been contracted to be sold. The sale programme for the commercial units is planned to be launched shortly.

Sha Tin Town Lot No. 578, Area 56A, Kau To, Sha Tin, New Territories (named as "Mount Regalia")

The project has a site area of 17,476 square metres (188,100 square feet) and is being developed into a luxury residential complex comprising 7 mid-rise apartment blocks with 136 units, 24 detached garden houses and 197 car parking spaces, with aggregate gross floor area of approximately 32,474 square metres (349,547 square feet). The superstructure works have substantially been completed. The sale programme is planned to be commenced soon after the development is completed and will be launched in phases on a gradual basis.





Hotel

iclub Ma Tau Wai Hotel at No. 8 Ha Heung Road, To Kwa Wan, Kowloon

The project has an aggregate site area of approximately 700 square metres (7,535 square feet) and has been developed into a 22-storey hotel (including 1 basement floor) with 340 guestrooms, having total gross floor area of approximately 6,298 square metres (67,790 square feet) and covered floor area of approximately 9,490 square metres (102,160 square feet). The occupation permit of the hotel was issued in November 2016. Following the issue of the hotel licence, business operations commenced in May 2017.

P&R Holdings re-consolidated a 100% ownership interest in the project in May 2017. The entire equity interests in the group of companies that own this iclub Ma Tau Wai Hotel was sold to Regal REIT in September 2017.



iclub Mong Kok Hotel at Anchor Street/Fuk Tsun Street, Tai Kok Tsui, Kowloon

This is a hotel development project also awarded by the Urban Renewal Authority of Hong Kong through a tender process in June 2015, which has a site area of 725.5 square metres (7,809 square feet). The project has total permissible gross floor area of approximately 6,529 square metres (70,278 square feet) and covered floor area of approximately 9,355 square metres (100,697 square feet) and is being developed into a 20-storey hotel building comprising about 288 guestrooms, with ancillary accommodation. The superstructure works are nearing completion and the project is scheduled to be completed in the third quarter of 2018.



Hotel

Nos. 5-7 Bonham Strand West and Nos. 169-171 Wing Lok Street, Sheung Wan intended to be named as "iclub Soho Hotel"

The project has an aggregate site area of approximately 345 square metres (3,710 square feet) and is being developed into a hotel with 98 guestrooms and suites, with total gross floor area of approximately 5,236 square metres (56,360 square feet) and covered floor area of approximately 6,420 square metres (69,120 square feet). After extensive periods of delay to resolve the technical difficulties encountered on the sub-structure works, the superstructure works are progressing steadily and the project is presently anticipated to be completed in 2019.



PROPERTY DEVELOPMENT IN MAINLAND CHINA THROUGH COSMOPOLITAN



Mixed use development



Chengdu Project - Regal Cosmopolitan City

Located in the Xindu District in Chengdu, Sichuan Province, the project is a mixed use development consisting of residential, hotel, commercial and office components, with an overall total gross floor area of approximately 497,000 square metres (5,350,000 square feet).

The construction of the nine residential towers in the first and second stages was completed in 2017, most of which units have been presold and handed over to the purchasers.

To cope with the changing market conditions, the business profile of the 317-room hotel has been revised and the corresponding interior design and guestroom mock-up works are in progress. The hotel is scheduled to open in phases from early 2019. The planning approval of the remaining ten residential towers in the third stage of the development and the related construction permit have been obtained. The construction works have been commenced as scheduled. The presale programme of these residential units is planned to be launched before the end of 2018. The planning approval of the other components within the development, comprising primarily commercial and office space, has also been obtained and the associated construction works are expected to commence in early 2019.



Tianjin Project - Regal Renaissance

Located in the Hedong District in Tianjin, the project entails a development site with total site area of about 31,700 square metres (341,000 square feet), which is being developed into a mixed use development comprising residential, commercial and office components with total gross floor area of about 145,000 square metres (1,561,000 square feet).

The construction works of the four residential towers, the commercial complex and the associated car parking spaces have recently been completed. The presold residential units and car parking spaces have been handed over to the individual purchasers. The presale of the unsold commercial complex, comprising mainly shops of about 19,000 square metres (205,000 square feet), and the remaining residential car parking spaces is continuing.

The superstructure works of the two office towers have been suspended due to the tightened government planning controls. Cosmopolitan is devising contingent plans and conducting negotiations with the local government with an aim to minimise any adverse impacts on the design and to have the construction works resumed as soon as possible.



Xinjiang Project

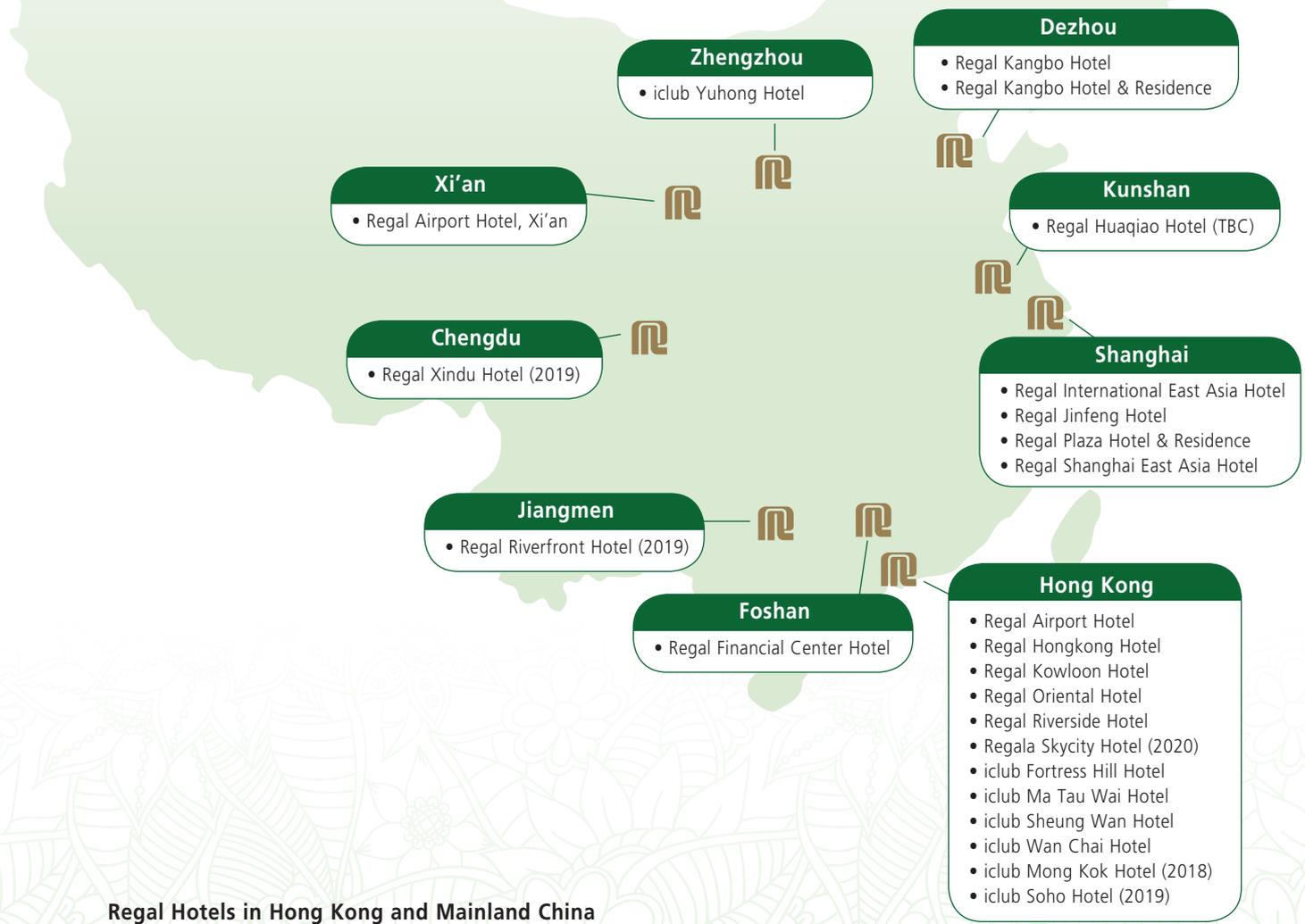
This project is a re-forestation and land grant project for a land parcel with site area of about 7,600 mu in accordance with the relevant laws and policies in Urumqi, Xinjiang Uygur Autonomous Region. Cosmopolitan has re-forested an aggregate area of about 4,300 mu within the project site and in accordance with the relevant government policies of Urumqi, a parcel of land with an area of about 1,843 mu (equivalent to approximately 1,228,700 square metres) within the project site will be available for real estate development after the requisite inspection, land grant listing and tender procedures are completed.

HOTEL BUSINESS

There are a total of nine operating hotels under the Regal and iclub by Regal brands in Hong Kong, all owned by Regal REIT. In Mainland China, Regal manages nine other operating hotels under Regal, iclub by Regal and Regal Residence brands. Regal's current portfolio of hotels includes a good mix of full-service and select-service hotels in various strategic locations in Hong Kong, Shanghai, Dezhou, Foshan, Xi'an and Zhengzhou, catering to a wide range of business and leisure guests.

Apart from the two new hotels in Hong Kong, iclub Mong Kok Hotel and iclub Soho Hotel, being constructed by P&R Holdings, in February 2017, Regal was awarded the contract for the development of a hotel project at the SKYCITY at Hong Kong International Airport. The new project is planned for the development of a 13-storey (including one basement floor) hotel with 1,203 guestrooms and suites as well as extensive banquet, meeting and food and beverage facilities. The hotel is intended to be named as the Regala Skycity Hotel, which will be operated as a full service hotel targeting at commercial, airline related, leisure and meeting businesses. These hotels, when completed, will further strengthen the market presence of Regal's hotel network in Hong Kong. Regal is also active in the business development in Mainland China through hotel management. Regal's new hotel in Chengdu (owned by Cosmopolitan and to be managed by Regal) and two managed hotels in Kunshan and Jiangmen owned by independent owners are in the pipeline.

In addition, Regal also owns a hotel, formerly known as La Mola Hotel & Conference Centre, in Barcelona, Spain, which has been leased to an independent third party for operation and renamed as Campus La Mola.



Regal Hotels in Hong Kong and Mainland China

OUR ESG APPROACH

Paliburg believes that sustainability is a cornerstone of a successful business. In support of the Company's goal of constructing sustainable communities in which we develop and operate, we incorporate sustainable approaches into our day-to-day operations. To maintain sustainable practices across our businesses, we adopt a sound corporate governance structure and promulgate policies to ensure that our activities demonstrate a high level of ethics and integrity. We periodically review these procedures and practices to see if there is any needs to introduce and implement appropriate new measures.

CORPORATE GOVERNANCE

Good corporate governance is an issue of concern to our stakeholders. Paliburg has adopted the Code Provisions in the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The Board has three Board committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, to perform different functions delegated by the Board. All major policies and practices in relation to management and corporate matters are reviewed by the Board on a regular basis for compliance with stipulated requirements. In addition, new measures are introduced and implemented where appropriate.

More information about our governance matters and as regards the Board of Directors can be found in our Annual Report 2017.

SUSTAINABILITY GOVERNANCE

Over the past few years, sustainability has been a priority in the Group's objectives. The Group consults and shares our sustainability performance with key stakeholders and balances their interests with our common goals.

To enhance the sustainability governance of the Group, we established a sustainability governance framework to manage the sustainability performance of the Group. The Board of Directors oversees the sustainability performance and disclosure of the Group. The Executive Directors, with the assistance of senior managers from key divisions, are delegated with the responsibilities to implementing the sustainability planning of the Group under three major objectives: economic sustainability, environmental sustainability and social sustainability. The sustainability plan will then be executed by different operating divisions of the Group to achieve the goals and priorities set.



OUR SUSTAINABILITY CORE VALUES AND COMMITMENTS:

- Building an outstanding, environmentally-friendly and sustainable community for society
- Constructing a superior living space and warm and comfortable homes for our customers
- Creating brand value for the enterprise, steady cash flow and room for long-term value addition for investors
- Providing appropriate development platforms and professional training to nurture outstanding staff teams

STAKEHOLDER ENGAGEMENT

We believe that transparent and regular communication with stakeholders can help to drive Paliburg's growth and improvement. Each of our material subsidiaries has developed communication channels with their respective key stakeholder groups, which are reviewed on a regular basis to ensure that the stakeholders' views are collected effectively. The common communication channels for each of the stakeholder groups are presented below:

Stakeholder Group Engaged		Methods of Engagement
Internal Stakeholders	Management	<ul style="list-style-type: none"> • Regular meetings
	General Staff	<ul style="list-style-type: none"> • Staff satisfaction questionnaires • Regular meetings • Orientation activities • Notice boards • Annual appraisal meetings • Employee engagement activities
External Stakeholders	Community	<ul style="list-style-type: none"> • Media conferences • Volunteer activities • Face-to-face meetings
	Customers/Tenants	<ul style="list-style-type: none"> • Website and social media • Day-to-day communication with front-line staff • Customer feedback mechanism • Hotlines
	Investors/Shareholders	<ul style="list-style-type: none"> • Analyst briefings • Investor meetings • General meetings • Annual and interim reports • Press releases/announcements
	Industrial Associations	<ul style="list-style-type: none"> • Industry forums
	Suppliers/Contractors/ Business Partners	<ul style="list-style-type: none"> • On-site evaluation visits and meetings • Owners committee meetings • Regular meetings

MATERIALITY ASSESSMENT

In alignment with the framework and as set forth in the ESG guidelines, we commissioned an independent consultant to conduct interviews with our stakeholders and review the stakeholder engagement results last year to help identify stakeholders' key areas of concerns and develop the framework of this ESG report.

Based on the findings of the survey and stakeholder interviews, observations during the site visits, together with documentation review, media review, and peer analysis, the consultant identified 13 issues which are material to Paliburg. The following 13 material issues will be discussed throughout this report.



ENVIRONMENTAL

- Environmental Impact
- Waste Management
- Energy Management



OPERATING PRACTICES

- Anti-corruption
- Product and Service Quality
- Customer Data Protection
- Customer Health and Safety
- Customer Feedback Mechanism
- Supply Chain Management



EMPLOYEES

- Employment Relations
- Employee Retention
- Occupational Health and Safety
- Labour Standard Compliance



ENVIRONMENTAL RESPONSIBILITY

Environmental responsibility is fundamental for everyone to live and to thrive. We only have one planet, and it is our duty to take care of it.

COMMITMENT TO THE ENVIRONMENT

Paliburg Group has for many years been engaged in property and hotel businesses and understands the importance of balancing profit maximisation with environmental sustainability. We not only incorporate high standards of environmental performance into development, construction and property and hotel management, but also take the surrounding and natural environment into account. To achieve our sustainability goals, the Group's environmental policy is strictly followed for better environmental management. Beyond mere compliance with relevant environmental laws and regulations, we have taken the initiatives in energy saving, water conservation, noise control and waste management to minimise our impact on the environment.

During the reporting period, we were in compliance with all relevant laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

ENVIRONMENTAL MANAGEMENT

PROPERTIES

Paliburg has established an environmental management structure to guide the Company towards green operation and construction. Our environmental management structure is led by designated directors of the Company, with members comprising project managers and other relevant senior staff, and mandated to review and promote the environmental initiatives throughout the Group. Under the environmental committee, the project managers and site agent are assigned to ensure the proper implementation of all environmental requirements. There are clear duties and responsibilities laid out for each component within the management structure and the whole team works together to improve environmental performance.

In addition to the environmental management structure, Paliburg has formulated a group-wide policy for all of its development projects and construction sites to follow. One of the principal objectives of the stated policies is to deliver quality services with minimal impact on the environment. For this purpose, our policy focuses on the prevention of pollution. We strictly comply with all applicable local legislation and requirements relevant to environmental protection. Keeping our policy up-to-date, we continue to carry out regular performance reviews to ensure environmental objectives and requirements are met. The following sections exhibit our environmental initiatives in energy saving, water management and waste management.

**CASE STUDY:
MAINTAINING A HIGH GREEN COVERAGE RATIO IN
CASA REGALIA**

We strive to reduce our environmental impacts and enhance the environmental quality of our development projects. In Casa Regalia, we reduced our environmental impact through maintaining a 35% green coverage ratio. The high green coverage ratio can create a better living environment for residents, enable carbon assimilation and promote biodiversity in our property development site.



The "Green Wall" at Casa Regalia

HOTELS

Regarding our hotel operation, Regal has formulated a group-wide Environmental Policy Statement for all hotels to follow. The Environmental Policy Statement is set to make sure that the business operations at the hotels are carried out in a legally and environmentally acceptable manner. Through constantly monitoring and reviewing the environmental performance, minimising any adverse environmental impacts, enhancing employees' environmental awareness and adopting green procurement practices, Regal is committed to safeguarding the environment. Additionally, most of the hotels in Hong Kong have implemented the Environmental and Social Policy, which provides more guidance on environmental and social sustainability in the operation. Some of the hotels have also implemented certified Environmental Management Systems to enhance their environmental management capacity.



ENERGY AND EMISSIONS

PROPERTIES – Hong Kong

Facing the uprising threat of climate change, the Hong Kong Government is advocating energy conservation in the commercial sector. We responded to the Government's initiative and participated in the Energy Saving Charter of the Environmental Protection Department. We are dedicated to incorporating green operation into our Company. Apart from our daily office operations, we spare no effort in energy conservation when implementing development projects and, to this end, a series of energy conservation measures have been carried out.

We adopted a number of green building designs to further reduce energy consumption at our buildings. We strive to minimise solar gain so as to reduce energy consumption from air-conditioning. The main facade of the building in our development project in Sham Shui Po faces northeast, which receives fewer solar gains compared with other directions. Moreover, we select construction materials carefully. We use glass with lower shading coefficients (i.e. lower solar heat gain) in order to minimise air-conditioning energy. Balconies and unity platforms are included in the building facade to provide external shade, which helps block solar heat radiation and reduce the solar heat load of the building. Reduced artificial lighting power density is also conducive to energy conservation. The lighting power density in the common areas, clubhouses, plant rooms and car park in our development projects is at least 10% lower than the Electrical and Mechanical Services Department requirement. Our commitment to reducing energy consumption and carbon emissions is apparent in the measures we have applied to offset carbon emissions.

More precise management of our energy and greenhouse gas emissions can be achieved with more detailed data on our carbon emission profile. An energy and carbon audit study is carried out for our development projects. During the study, predicted energy consumption and carbon emissions are estimated in detail. More importantly, a list of green features has been proposed to minimise the impact brought by the construction and operating activities of our buildings. We will continue to conduct energy and carbon audit studies to take an active role in managing the impact.

HOTELS

Regarding our hotel operation, Regal closely monitors the level of energy consumption and greenhouse gas emissions of its hotels. Every year, all hotels are required to set their respective energy and carbon reduction targets, and come up with feasible measures to achieve them. This year, a target of 2% in energy and carbon reduction was set for all hotels to improve their capability for energy and carbon reduction. To better organise the energy and carbon management, some hotels have adopted ISO 50001 Energy Management Systems and quantified the greenhouse gas emissions according to ISO 14064 Greenhouse Gas Accounting and Verification certification. Regal has been an industry leader in seeking ways to manage environmental performance, with Regal Airport Hotel being the first hotel in Hong Kong to attain these two international standards.

Regal adopted a number of supportive measures in hotel operation to reduce energy consumption. Regal's hotels replaced or are in the process of replacing all less-energy-efficient lighting with LED lights. Some hotels also take energy efficiency into account in their centralised air-conditioning system. Regal also improved energy-saving awareness among its employees, reminding them to switch off all lighting and electronic devices after use. Moreover, energy-saving tips and reminders have been posted in guestrooms and hotel lobbies to encourage guests to join Regal in conserving energy.

Regal has also implemented specific measures on curbing greenhouse gas emissions. For example, most of the hotels are equipped with electric vehicle charging stations to promote low-carbon transportation. Diesel-powered equipment has been completely phased out and replaced with natural gas-powered equipment, which is less carbon-intensive, in hotels such as Regal International East Asia Hotel. With other measures applied to offset carbon emissions, iclub Wan Chai Hotel was the first carbon-neutral hotel in Hong Kong.



Regal replaced or are in the process of replacing the T8 fluorescent tubes in the guestrooms and public area with LED light tubes for further energy saving.



Regal takes part in Earth Hour promoted by the WWF.

PROPERTIES – Mainland China

In both the construction and operational phases, Cosmopolitan strives to apply energy-saving technologies in its projects to curb consumption and emissions.

Cosmopolitan adopted various measures to reduce the energy consumption and emissions of its development projects. During the construction phase, solar-powered and LED lighting is used at the construction sites. The construction materials and component parts used are certified with Construction Energy Efficiency Performance Labelling Certificates. A variety of measures, including the adoption of low-e windows, LED lighting, building automation systems and equipment with energy-saving features, were taken to reduce energy consumption during the operational phase. Cosmopolitan's projects fulfil the Design Standard for Energy Efficiency of Public Buildings and the Design Standard for Energy Efficiency of Residential Buildings.



Cosmopolitan also put in effort into minimising emissions from its development projects. For example, dust generation are monitored on a real-time basis and construction materials which generate less dust are used. Landscaping is also employed to absorb pollutants. These arrangements minimise air-suspended dust, reducing air pollution. To build low-carbon communities, our properties are designed to be equipped with electric vehicle charging systems and bicycle parking areas, which allow residents to commute via low-carbon options.

WATER MANAGEMENT

PROPERTIES – Hong Kong

We understand that water resources are becoming scarce in today's world. As part of upholding our environmental responsibility, we consider water as a precious resource. Our construction process relies on the use of water, from the preparation of mortar to the mixing of cement concrete. Induction training courses including environmental protection are delivered by environmental officers. The workers and technicians at construction sites make precise use of water in order to minimise water consumption.

Wastewater management is also an essential element in water resource management. Since water pollution can seriously affect available water resources, we carefully treat wastewater before discharge. Construction activities generate wastewater from groundwater extraction and surface run-off. Several measures are carried out in our construction sites to abate wastewater pollution. For instance, to deal with wastewater generated from surface run-off, all our construction sites are required to set up designated areas to collect surface run-off and ensure proper treatment before discharge. In addition to surface run-off collection, we minimise the exposure of soil at the construction site after excavation and backfilling in order to prevent soil erosion and water pollution. Regarding our water management initiative, we strictly comply with all applicable local laws and regulations including the Water Pollution Control Ordinance.



Wastewater treatment facilities at construction sites

HOTELS

Hotel operation also relies on the use of water, from catering and cleaning to consumption by guests. As a result, proper water management is essential for Regal to fulfil its environmental responsibility. Apart from monitoring, several measures have been implemented to reduce water use. For instance, air-conditioning condensing water is recycled and reused for toilet flushing, and automatic faucets and toilet flushers have been installed in public toilets. Guestrooms are also equipped with dual-flush toilets which allow guests to use the right amount of water. As part of Regal's "We Love Our Planet" initiative, guests' linen and bath towels are washed every third day of their stay, unless requested otherwise. This measure can effectively reduce the overall water consumption for laundry.

PROPERTIES – Mainland China

Cosmopolitan identifies water efficiency enhancement opportunities in its operation as a means of water resources management. Cosmopolitan's water efficiency enhancement measures begin with construction activities. The wastewater generated from construction activities is collected, treated and reused on-site where possible. Water meters are installed to help review the water consumption level on each floor of the buildings and for the entire project. Corrosion-resistant and durable water pipes are used to prevent water leakage. Regular water seepage tests are also conducted.

Understanding that extracting water from the ground may cause severe problems for the nearby environment, Cosmopolitan undertakes groundwater replenishment measures (i.e., recharging the groundwater supplies with treated wastewater) in the Tianjin development project. Cosmopolitan uses reclaimed water in the development projects to reduce the dependence on freshwater.

Cosmopolitan takes care of wastewater to ensure that discharge will not have negative impacts on the environment. Before discharging effluent into the municipal sewage system, wastewater is collected and handled in an on-site water treatment tank to ensure the effluent quality is up to standard.

WASTE MANAGEMENT

PROPERTIES – Hong Kong

We have established a comprehensive waste management system and plan with policies and guidelines to achieve waste reduction in our operations. During construction, several types of waste are generated, including quarry, metal, paper, timber and plastic products. We strive to save resources and increase the reuse and recycling of materials, which helps in reducing waste disposal at landfills. We keep track of the amount of our waste generation and recycling regularly and review the situation to enable continuous improvement.

We impose active management on the usage of resources. Proper planning of works and site management are carried out to prevent over-ordering. At the same time, the construction work strictly follows standard working procedures to avoid cross-contamination of reusable or recyclable materials. With proper management of construction work, building materials can be put to the most effective use.



We are devoted to increasing our reuse and recycling rate. Sorting of waste products is required in advance. We install well-labelled waste disposal bins in designated waste storage areas. Equipment and material packaging is recovered and properly stockpiled in dry and covered conditions to prevent cross-contamination for recycling of materials. Many types of waste in the construction site can be further reused and recycled. For example, we use sustainable timber certified by the Forest Stewardship Council, the American Forest and Paper Association or "Known Licensed Sources". To reduce the use of timber, aluminium formwork is used for the construction of typical floors. Timber in good condition will be reused as many times as possible. In addition to timber, reinforcement bars and falsework material are collected and delivered to local recycling factories. In this manner, we can reduce the cost of sourcing construction material and the burden on landfills.



Timber collected at the construction site for recycling



On-site waste sorting area



Aluminium formwork is used for the construction of typical floors to reduce timber use.

To ensure all waste management measures are put into practice, we have formulated a monitoring system for construction sites. All environmental officers are responsible for conducting waste inspections. Site inspections are undertaken weekly to check the compliance of all construction activities with waste mitigation measures. Thus, we can ensure that waste is handled, stored, collected, transferred and disposed of in an environmentally friendly way. In addition, we have provided waste separation bins and set up recyclable waste collection points to encourage recycling at our managed properties.



Three-colour waste separation bins and glass bottle recycling bins at Regalia Bay, a luxury residential development in Stanley, Hong Kong managed by the Group.



A waste paper, cardboard and scrap iron collection point has been established at Regalia Bay for recycling.

HOTELS

Regal understands hospitality operation involves significant material consumption and waste generation. Thus, Regal puts in place various measures for different aspects of hotel operations by changing Regal's business practices and working with employees, guests and non-profit organisations. Regal's hotels reuse and recycle waste as much as economically practical, and ensure that the remaining waste is disposed of responsibly. Regal keeps track of the amount of our waste generation and recycling regularly, and reviews the situation to enable continuous improvement.

Food from catering service contributes another major type of waste in hotel operations. To reduce the amount of food waste sent to landfills, different initiatives have been implemented. To minimising food waste at its source, the hotels order ingredients from suppliers with reference to the number of guests and meal reservations to minimise over-purchasing. The leftovers from restaurants are served in hotels' staff canteens, given that the food items are safe for consumption. Meanwhile, Regal partnered with Foodlink Foundation – Hong Kong's leading hunger relief charity – to help minimise food wastage at some of its hotels in Hong Kong.



Some of Regal's hotels partnered with Foodlink Foundation to donate the unconsumed food and minimise food waste.

PROPERTIES – Mainland China

Cosmopolitan prioritises waste avoidance over other waste management methods. Measures for each project or different parts of operations are assessed on an individual basis. For example, light-duty walls as room dividers are used to reduce waste in case of renovation in the Tianjin development project. Cosmopolitan strives to use recyclable resources and durable construction materials, including steel, glass and aluminium alloy. During office refurbishment, furniture was sent to construction sites for reuse to reduce wastage.

Waste that cannot be recycled or reused is disposed of in a responsible manner. Procedures have been established to effectively handle different types of waste including domestic waste, construction waste and sludge. General waste is gathered and transported from the garbage chambers in our buildings to designated collection points on a daily basis. Building debris and waste engine oil generated at construction sites are handled by qualified service vendors regularly. Sludge is cleared and sent to landfills regularly.

For more information about the environmental performance and measures of Regal and Cosmopolitan during the reporting period, please refer to the environmental sections in their respective ESG Reports 2017.

SOCIAL RESPONSIBILITY

COMMUNITY COMMITMENT

PROPERTIES – Hong Kong

We are committed to having a positive impact on the local community and consider social participation as a key element. We believe that taking on more corporate social responsibility can create value for our customers and society in the long run. We are obliged to contribute to society for a better future.

In addition to the conventional “Blue for paper, yellow for metal and brown for plastic” recycling programme, we also collaborate with non-governmental organisations to recycle other materials in the properties under our management. For example, we participate in the Clothes Recycling Programme organised by the Salvation Army. We collect clothing, footwear, handbags and accessories, which are either brand new or used in good condition to help the needy.

Apart from our routine recycling programme, we also organise recycling activities during holidays. During the year, we collaborated with the Christian Family Services Centre for the Mooncake Box Recycling Programme in which residents provided metal mooncake boxes to our clubhouse staff for upcycling into ukuleles for underprivileged families. Through both recycling activities, we hope to improve the environmental awareness of our residents, reduce waste and help the needy.

HOTELS

Regal endeavours to be a leading corporate citizen in the communities in which it operates. Community is regarded as an essential element in demonstrating social responsibility, which is one of the pillars of Regal's long-term sustainability programme. To put community commitment into action, Regal set up regular volunteer programmes that not only serve and benefit the community, but also foster the younger generation's commitment to contributing to society. In 2017, Regal launched a wide variety of community programmes and sponsored a wide range of non-profit organisations in the three main focus areas of Youth Development, Health Enhancement and Social Inclusion. The efforts are well recognised in the communities.



Children are listening to fun story delivered by a Regal employee.



Regal's volunteers visited Ronald McDonald House.

Regal considers healthy development to be important and strives to spread the message of a healthy lifestyle and provide resources to people in need. Projects such as the "Save Our Sevens" campaign to provide a safe environment to young people during the Rugby Sevens, volunteer cleaning at the Shatin Ronald McDonald House and charity sales for Children's Cancer Foundation were initiated during the year.



In 2017, the Charity Cookies Sale held with Children's Cancer Foundation was a success.

Regal embraces inclusiveness and values everyone as an individual, regardless of their background and capability. Everyone should enjoy equality and be respected. Hence, Regal endeavours to engage the underprivileged in the community through social activities and to understand their needs for future community initiative planning. Regal supports social inclusion programmes such as “Inclusion” - Joy Charity Walk 2017, which is a major fundraising event held by the Hong Kong Federation of Handicapped Youth. Regal also collaborated with the Hong Kong Federation of Handicapped Youth and conducted 7 day-trips for handicapped youths throughout the year.



Regal supported “Inclusion” - Joy Charity Walk 2017.



Regal organised day-trips with the handicapped to promote social inclusion.

PROPERTY – Mainland China

In project design and planning stage, Cosmopolitan took into consideration social inclusion as a project element. For example, in the Chengdu project, Cosmopolitan considered the needs of the disabled when designing the residential towers of the first and second phases. Ramps were constructed for easy access to the residential towers. We hope that through inclusive design, the underprivileged and the disabled can also enjoy barrier-free access.



Ramps designed to assist the disabled access to the residential towers

For more information about the community programmes of Regal and Cosmopolitan during the reporting period, please refer to the social section in their respective ESG Reports 2017.

ECONOMIC RESPONSIBILITY

COMMITMENT TO OUR EMPLOYEES

Paliburg maintains a policy that aims to foster long-term co-operative relationships with our employees. Apart from adhering to relevant laws and regulations, we are devoted to developing a good working environment for all of our staff.

Our comprehensive human resources policies attach importance to the various needs of our employees. We have formulated competitive employee benefits packages to retain our talents. In addition to staff benefits, we also provide opportunities to help them to achieve better performance. We offer a clear career path and training programmes to our employees. We aim to equip our employees with relevant skills and knowledge through appropriate staff training, which both enhances their contribution to the Company and increases their own career opportunities. These employee-friendly policies and initiatives are vital to the delivery of quality products and services.

The Company complies with all relevant laws and regulations with regard to employment and labour issues, including compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, provision of benefits and welfare, safe working environment and child and forced labour.

RECRUITMENT, RETENTION AND BENEFITS

We are an equal opportunity employer which selects talents through a structured and fair recruitment system. We understand that retaining and developing talents are essential for sustaining business success. We provide competitive remuneration packages to attract and retain talents and also a diversity array of opportunities to help employees develop their potential and to advance their career.

We provide employees with a handbook which sets out clearly their roles and responsibilities. We reward employees' contributions through annual salary reviews and award programmes. We established communication channels to receive employee feedback and organised regular recreational activities for our staff members.

In Mainland China, we also established appropriate welfare policies to motivate our employees. Apart from welfare and benefits that are required by law, we provide monetary rewards on major holidays such as the Mid-Autumn Festival and birthdays. We provide job security insurance for employees as well as occasional leave, including parental leave and wedding leave, where appropriate.

EMPLOYEE ADVANCEMENT

We plan for the continuous career development of our employees through training programmes to enable them to improve performance, assume greater responsibilities and achieve career goals. Our staff training and development policies are clearly stated in our Employee Handbook. Every year, we launch a series of training programmes to enrich the knowledge and improve the skills of our employees. Our training programmes are tailored to our employees based on their needs and expectations for future development. We provide an induction programme for all newly recruited employees, introducing them to our working environment and our Company's culture. In addition to the induction programme, we offer regular on-the-job training and health and safety training to equip our employees with essential techniques and knowledge for their job duties.

We provide substantial support for staff to improve and learn. Beyond internal training, we also encourage our employees to pursue training outside the office. We offer training subsidies to provide our staff with financial assistance to attend courses organised by external institutions. The sponsorship covers tuition and related fees such as application and examination fees. We believe our support in staff training and development allows our employees to continuously improve themselves and strive for greater success in the future.



Employee training and development seminars



Orientation training for new joiners

EMPLOYEE ENGAGEMENT

Paliburg Group strives to create a caring, communicative and harmonious workplace. From time to time our Staff Recreation Club organises after-work activities, such as sports competitions, annual dinners and festival celebrations to engage our employees and promote work-life balance. To recognise their contribution and loyalty, every year we award our long-serving staff with the Year-of-Service Award.

Employees from Regal are personally counselled by their supervisors from time to time to openly discuss their performance and career goals. With this opportunity, supervisors are able to collect employee feedback and forward it to senior management when necessary.

In Regal, channels including staff meetings with the hotel general managers, suggestion boxes, annual surveys and Facebook page are available for staff to express their opinions. A grievance mechanism is also in place for employees to voice their concerns or grievances to their immediate supervisors or management. Management is required to respond to enquiries within a given timeframe.

WORKPLACE HEALTH AND SAFETY

PROPERTIES – Hong Kong

Our employees' health and safety is regarded as one of our highest priorities among all aspects of our operations. There are many safety black spots in construction sites. We have made substantial effort to minimise health and safety risks at our project sites. Our management team has developed a high standard health and safety working system to ensure the effective implementation of our health and safety policy. Under this system, a series of health and safety measures have been carried out to reduce and eliminate any risks arising from work activities.

Paliburg has established a Safety Management Committee overseeing the safety performance of the individual operations of our development projects. Internal and external safety audits are carried out periodically every year. We are committed to maintaining a high standard for work procedures, facilities, environment and materials in terms of health and safety. Follow up measures are made after reviewing the audit results in committee meetings. The health and safety policy is also reviewed by the committee annually, in order to ensure that it is improved to the latest standard in compliance with the relevant laws and regulations and industry norms.

We promote the health and safety of our employees by means of education and training. Before construction work begins, all site staff and workers are required to attend a site specific induction training, which covers health and safety. Workers at the project site should wear protective equipment and are trained to follow safe working practices strictly. Additionally, regular evacuation drills are carried out to prepare the workers in case of emergency. These measures as a whole work to minimise risk in the workplace as much as possible.

HOTELS

Regal published a Safety Manual to outline the management, control and coordination of work to protect the employees' health, safety and welfare. Responding to relevant health and safety legal requirements, a Safety Policy has been implemented in all operations. A Safety Committee has been established to assist the hotel general manager in reviewing the implementation of the Safety Manual at least once a month. The policy is reviewed to keep up with the latest developments in workplace health and safety, and related regulations.

Through inspections, job hazard analysis, monitoring and safety audits, and implementing safety management systems and accident prevention measures, Regal strives to minimise workplace health and safety risk. A safety management system has been maintained to comply with all relevant laws and regulations. Safety and Security Officers maintain adequate personal protective equipment and first aid materials. To ensure overall safety and safeguard health in the workplace, personnel that do not follow the safety rules and practices may be penalised.

All Regal's employees engaging in work with occupational safety risk receive job safety trainings. External parties are invited to provide training to supervisory and managerial personnel, and trainers to further the application of their safety knowledge in daily hotel operation. In terms of emergency preparedness, Regal appoints an adequate number of suitably trained personnel who are competent in the use of fire-fighting equipment, provision of first aid and rescue techniques. Emergency drills are organised regularly for all emergency and rescue teams.

Building continuous awareness is essential to maintaining a healthy and safe environment. Therefore, Regal put up posters and distributed health and safety information sheets, newsletters and bulletins to employees. Relevant warning signs, emergency and rescue procedures, notices and placards are placed eminently in hotel offices, workshops and welfare facilities as reminders. As an incentive programme, Regal introduced a Safety Award to recognise those personnel with best health and safety performance periodically.



Regal regularly holds fire drills to enhance employees' awareness of safety.

PROPERTIES – Mainland China

Cosmopolitan reckons the importance of occupational health and safety in establishing a comfortable and safe working environment. Training is provided for workers regularly. Only qualified workers who passed safety training courses are allowed to work on-site. Apart from providing training to workers, Cosmopolitan understands that suppliers play an important role in maintaining workplace health and safety. In view of this, suppliers are engaged to work together with the project team through meetings, workshops and training. Cosmopolitan requires all its suppliers to provide safety training for every new worker and its work has been recognised by the Ministry of Housing and Urban-Rural Development of the People's Republic of China and the Tianjin Municipal People's Government.

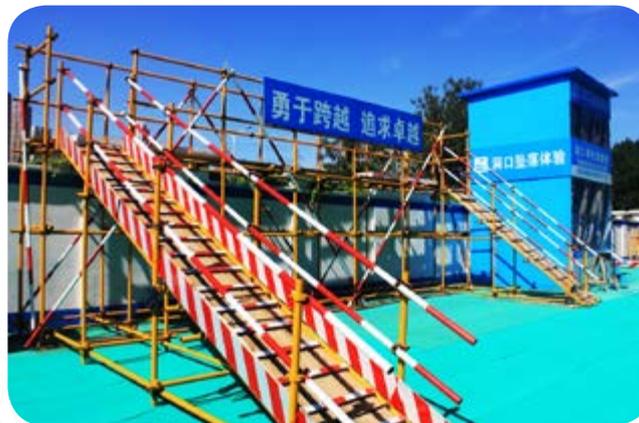
A comprehensive Safety Construction Management Policy was implemented at the construction sites in the Chengdu Project and managed by the project manager. Cosmopolitan undertakes efforts to promote a safe working environment including, for example, placing signs to remind workers to prevent accidents and actively take preventive measures to avoid fire and other major hazards. The fire-prevention system complies with relevant laws in Mainland China and is regularly maintained by qualified professionals.



Safety training



Safety education



Safety measures

COMMITMENT TO OUR CUSTOMERS

The Group is committed to offering quality products and services to our customers. For both the hotel and the property segment, we pay the utmost attention to quality management and do our best to ensure customers' concerns are heard, handled and addressed responsibly.

PRODUCT AND SERVICE QUALITY

PROPERTIES – Hong Kong

In virtue of our commitment, we strive to assure the quality of the properties and services offered to our customers and tenants, which is monitored by a sound quality assurance system.

We adopted a three-pronged quality management approach to assure our building quality. Quality management work is divided into stages, including the pre-construction phase, construction phase and post-construction phase. In the pre-construction phase, we have stringent control over the building plans and construction materials. The building plans are reviewed by architecture and construction experts. We require certificates of compliance and assessment reports for these materials to ensure the quality of the building, and thus protect the safety of the end-users. In the construction phase, we monitor the structural work, construction of reinforced concrete, construction of sample layouts and information management. With strict monitoring throughout the whole construction process, we strive to ensure that our buildings are completed with optimum quality. The post-construction phase serves as a critical procedure in our quality management approach. A set of criteria is prepared for each section of the construction work to achieve a high level of safety and quality standards.

Apart from the building quality, quality service can further enhance the customer experience. With respect to property management, residents and tenants' opinions can contribute to our continuous improvement in service quality. We gather feedback from our customers through customer satisfaction surveys covering aspects such as staff attitude, safety and clubhouse services, etc. Key areas of improvement can be identified after detailed analysis of the survey. We also provide a view-collection box for advice and suggestions at our management office and hotlines for each of our developments in order to collect feedback from residents and tenants.

We have also established customer complaint handling procedures. A designated employee is responsible for following up on complaints from residents, tenants, customers and the public received through hotlines, the view-collection box or the internet.

Residents and tenants' health and safety is always put first by Paliburg. Thus, Paliburg has established a set of Working Guidelines for its front-line staff, stipulating their duties and responsibilities in identifying and eliminating health and safety hazards. For instance, the security team has received detailed instructions on daily routine patrols to spot, record and report any abnormalities, malfunctions or damage to facilities. This ensures that cleaning, repair or maintenance of facilities, such as water tanks, pipelines, metre rooms and alarm systems, is arranged in a timely manner. Handling, investigating, reporting and follow-up procedures have also been established as part of the Guidelines. Emergency drills are also arranged from time to time at the properties to ensure front-line staff are familiar with the procedures.

HOTELS

Regal is devoted to offering quality services to its guests. Its long-standing commitment to quality and attention to detail that has enabled Regal to drive “Regal” and “iclub” becoming two of Asia’s pre-eminent hotel brands.

In order to create a memorable experience for its guests, Regal is always open to receiving feedback. It proactively engages and communicates with its guests through various channels, including the Regal Rewards and 925 Club, to seek their opinions on its services. Regal’s Guest Comments Reply Standards also ensure that guest feedback, regardless of nature, is regarded as a priority.

Regal treats complaints as a driver for improvement of its facilities and services. Regal gathers feedback from its guests through various means including verbal communication, guest questionnaires and websites. Guest comments whether in verbal or written format are categorised and handled effectively and efficiently by the relevant departments at all times. All guest comments are reported and followed up on by contacting the guest in person or in writing within 48 hours. Further follow-up actions will be taken accordingly whenever necessary.

Regal always puts the health and safety of its guests as the highest priority. Regal has developed a set of procedures to assist its employees in handling emergencies in a legal and efficient manner. Regal Airport Hotel has implemented the ISO 22000:2005 Food Safety Management System, in which “traceability” is the core requirement. In this manner, Regal Airport Hotel ensures the safety of incoming raw materials from suppliers.

In order to comply with the standards, food suppliers are required to provide a full list of ingredients with supporting documents for the delivery of certain food products. Selected suppliers’ product and/or process controls will be audited on-site to ensure the safety of food supply. Regal’s employees also strictly follow the receiving guidelines clearly stated in the Food Safety Policy and ingredients delivered without supporting documents are not accepted to ensure food safety.

PROPERTIES – Mainland China

Cosmopolitan strives to assure the building quality and prioritise customers’ needs. Quality assurance and monitoring systems were put in place at the development projects. Same as Paliburg, Cosmopolitan also adopted a three-pronged quality management approach to assure the building quality. Cosmopolitan makes use of customer satisfaction surveys covering diverse aspects, including staff attitude, safety and clubhouse services, etc., to collect feedback from its customers. Key areas for improvement can be identified after analysis of the survey result.

CUSTOMER DATA PROTECTION

PROPERTIES

The Group’s privacy policy stipulates that all personal data collected shall be handled with strict confidentiality in compliance with statutory requirements of the Personal Data (Privacy) Ordinance of Hong Kong and other applicable laws and regulations in Mainland China. Paliburg and Cosmopolitan have implemented a range of measures to protect our customers’ information. For example, a Personal Information Collection Statement must be provided to buyers of our residential units in the preliminary agreement for sales and purchase. Documents containing private and confidential information must be destroyed by paper shredders before disposal. Where necessary, employees are required to sign a confidentiality agreement stipulating their legal obligations to keep information confidential, including trade secrets and personal customer information.



HOTELS

Under Regal's privacy policy, all personal data collected is handled with strict confidentiality. Various levels of access rights have been set up so that only authorised staff are permitted to access customers' personal information. Personal information collected for membership maintenance will only be used for membership programme administration and marketing with the customers' consent.

SUPPLY CHAIN MANAGEMENT

PROPERTIES – Hong Kong

Our supply chain includes a range of suppliers and contractors to provide various product and services for our business operations. Suppliers and contractors are considered as an important stakeholder group that can affect our ultimate product and service quality. In view of this, we have developed a set of standard procurement and tendering procedures. The responsibilities and duties of each role in the supply chain management system are clearly defined. We monitor various aspects of our suppliers, from product and services quality to occupational health and safety policies, in order to ensure compliance with applicable environmental and social regulations.

We believe that while our procurement can ultimately affect our product and service quality, it can also impact our community and the environment. We collaborate with our suppliers to achieve our sustainability goals. For this purpose, we select suppliers that uphold similar environmental and social values.

We are cautious in our selection, monitoring and review processes to ensure that the work and practices of our suppliers and contractors strictly comply with the relevant laws and regulations. In the tendering process, the tenderers are required to provide the records and history of their work for the purpose of inspection and examination. The personnels-in-charge from the management office and project department are responsible for monitoring and reviewing our suppliers' performance. We have prepared a set of checklists to evaluate the final product and services of our suppliers and contractors. Apart from the product and service quality, we carry out on-site checking to review whether contractors provide a safe workplace and uphold environmental standards. The evaluation results will be used to assess future cooperation opportunities with suppliers and contractors. Through close cooperation with our suppliers and contractors, we hope to maintain good sustainability performance throughout the supply chain.

HOTELS

Regal has an extensive and complex supply chain that involves vendors across the globe that provide a variety of products and services. To serve the stakeholders whilst balancing the quality and cost, Regal's Purchasing Department is responsible for managing procurement of items that support most of the daily operations – food and beverage products, guestroom supplies and engineering materials. A mechanism is in place to monitor suppliers' performance, as well as the environmental and social impacts of Regal's procurement process.

Regal's suppliers and vendors are prudently selected to ensure that all relevant work with our Group complies with all regulations. For instance, during the pre-qualification period, Regal requests bidders to provide necessary samples and catalogues for testing and examination. Besides quality and price, Regal also takes into consideration the bidders' quality management systems, and prioritises those that are ISO 9001 certified.

In accordance with the Green Purchasing Policy, Regal's Purchasing Manager and Hygiene Manager evaluate potential contractors using an On-Site Evaluation Checklist to ensure that they employ environmentally friendly techniques to process the products. The results of the evaluation are taken into consideration when selecting vendors. This is particularly important for food-related procurement in which risk may arise during slaughtering, harvesting, storage, distribution and transportation.

PROPERTIES – Mainland China

As a company pursuing a fair and competent environment, a holistic approach is used in which tendering management and decision-making power is decentralised. The internal legal functions are responsible for the efficient and collaborative operation of purchasing and service delivery. To better manage the interfaces between different roles and entities involved in the supply chain, duties are clearly segregated and assigned. The cost control functions at different operating levels serve as good communicators within the management system. All departments work together to oversee the financial policies and maintain a fair, standardised and transparent tendering process.

In Cosmopolitan, all purchasing items are required to be subject to tender invitations in compliance with policies and procedures. Cosmopolitan upholds its responsibility in the performance of its contractual obligations and strives to promote a fair and competitive business environment.

ANTI-CORRUPTION

PROPERTIES – Hong Kong

Paliburg has established policies based on the Prevention of Bribery Ordinance (Cap.201) and related laws and regulations. Paliburg has also adopted a zero tolerance policy for breaches with the requirements stipulated in its anti-corruption policies, including bribery, anti-competition, money laundering, fraud and corruption.

HOTELS

Regal communicates with its employees on anti-corruption measures and controls through the policies set out in its Employee Handbook. The Handbook provides definitions and scenario descriptions for corruptive behaviours, including gifts and gratuities. It also suggests preventive actions that employees can take in daily operations. For activities such as procurement, related parties are expected to be free of interest or relationships. Employees are required to disclose to Regal their affiliation with other business if there is any. As an ongoing effort to prevent bribery and corruption from occurring in our workplace, Regal arranged ICAC talks periodically for its employees to refresh their understanding.

PROPERTIES – Mainland China

Cosmopolitan sets high standards for the integrity of our business operations. With a strong commitment to preventing bribery and corruption, Cosmopolitan established anti-corruption policies in our operations. All of the employees are expected to uphold high standards of honesty and integrity in the performance of their duties in accordance with the provisions set out in the Employee Handbook. Cosmopolitan has zero tolerance for violations of the code of conduct and any inappropriate behaviour. All subsidiaries, departments, business units and projects are subject to rigorous control mechanisms.

For more information about the awards, recognitions, qualifications and memberships of Regal during the reporting period, please refer to Appendix I in Regal's ESG Report 2017.

During the reporting period, the Group complied with the relevant laws and regulations that have a significant impact on it, in relation to bribery, extortion and money laundering prevention. No legal cases regarding corrupt practices brought against the Group or its employees were recorded in 2017.

APPENDIX I – PERFORMANCE TABLE

ENVIRONMENTAL PERFORMANCE¹

	UNITS	PERFORMANCE IN 2017
Greenhouse gas (GHG) emissions		
Total GHG emissions	tonnes CO ₂ e	57,586
Property management – Hong Kong	tonnes CO ₂ e	4,064
Property development – Hong Kong	tonnes CO ₂ e	1,507
Hotels	tonnes CO ₂ e	51,522
Properties – Mainland China	tonnes CO ₂ e	493
Direct GHG emissions (Scope 1) ²	tonnes CO ₂ e	8,426
Property management – Hong Kong	tonnes CO ₂ e	1
Property development – Hong Kong	tonnes CO ₂ e	792
Hotels	tonnes CO ₂ e	7,633
Indirect GHG emissions (Scope 2) ³	tonnes CO ₂ e	49,159
Property management – Hong Kong	tonnes CO ₂ e	4,063
Property development – Hong Kong	tonnes CO ₂ e	715
Hotels	tonnes CO ₂ e	43,888
Properties – Mainland China	tonnes CO ₂ e	493
GHG emission intensity		
Property management – Hong Kong ⁴	kg CO ₂ e/m ²	29.91
Property development – Hong Kong ⁴	kg CO ₂ e/m ²	13.94
Hotels	kg CO ₂ e/equivalent guest night ⁵	15.64
Properties – Mainland China	kg CO ₂ e/m ²	0.7
Energy consumption		
Total energy consumption	GJ	425,068
Property management – Hong Kong	GJ	21,164
Property development – Hong Kong	GJ	15,845
Hotels	GJ	385,520
Properties – Mainland China	GJ	2,539
Electricity	kWh	75,058,141
Property management – Hong Kong	kWh	5,875,889
Property development – Hong Kong	kWh	1,398,601
Hotels	kWh	67,078,400
Properties – Mainland China	kWh	705,251
Fuel	GJ	26,694
Property management – Hong Kong	GJ	11
Property development – Hong Kong	GJ	10,810
Hotels	GJ	15,873
Towngas consumption in Hotels	GJ	123,150
Steam consumption in Hotels	GJ	5,015

	UNITS	PERFORMANCE IN 2017
Energy intensity		
Property management – Hong Kong ⁴	GJ/m ²	0.16
Property development – Hong Kong ⁴	GJ/m ²	0.15
Hotels	GJ/equivalent guest night ⁵	0.12
Properties – Mainland China	GJ/m ²	0.039
Water consumption		
Total water consumption	m ³	910,787
Property management – Hong Kong	m ³	13,789
Property development – Hong Kong	m ³	43,748
Hotels	m ³	828,730
Properties – Mainland China	m ³	24,520
Water intensity		
Property management – Hong Kong ⁴	m ³ /m ²	0.10
Property development – Hong Kong ⁴	m ³ /m ²	0.41
Hotels	m ³ /equivalent guest night ⁵	0.25
Properties – Mainland China	m ³ /m ²	0.038
Waste disposal and recycled		
General waste disposed	tonnes	14,008
Property development – Hong Kong	tonnes	10,066
Hotels	tonnes	3,942
Waste recycled		
Used cooking oil	Litre	20,912
Aluminium cans	kg	1,850
Plastic bottles	kg	11,997
Paper/cardboard	kg	143,413
Food waste and donations	kg	208,482
Glass	kg	21,515
Soap	kg	1,429

ECONOMIC RESPONSIBILITY PERFORMANCE¹

Employment Practice

	UNITS	PERFORMANCE IN 2017
Total workforce by employment contract		
Permanent	number of people	2,139
Contract	number of people	76
Trainee	number of people	4
Total workforce	number of people	2,219
Total workforce by gender		
Male	number of people	1,271
Female	number of people	948
Total workforce by age group		
Under 25	number of people	238
25 – less than 40	number of people	723
40 – less than 55	number of people	903
55 or above	number of people	355
Total workforce by employment category		
Senior management	number of people	86
Middle management	number of people	282
General staff	number of people	1,851

Occupational Health and Safety

	UNITS	PERFORMANCE IN 2017
Total number of work related fatalities	number of people	0
Total number of lost day ⁶ due to work injuries	number of days	187

Development and Training

	UNITS	PERFORMANCE IN 2017
Average training hours by gender		
Male	number of hours	7
Female	number of hours	11
Average training hours by employment category		
Senior management	number of hours	16
Middle management	number of hours	13
General staff	number of hours	8

Supply Chain Management

	UNITS	PERFORMANCE IN 2017
Number of suppliers by geographical region		
Hong Kong	number of suppliers	2,068
Mainland China	number of suppliers	208
Overseas	number of suppliers	72

Notes:

- ¹ The performance data includes the property development and management in Hong Kong and Mainland China, and the hospitality operations in Hong Kong in 2017.
- ² Direct GHG emission generated from fuel consumption and leaked refrigerant/CO₂e from equipment.
- ³ Indirect GHG emissions generated from electricity and towngas consumption.
- ⁴ The intensity figures of property management in Hong Kong are calculated by the standard gross floor area of the projects, while those of property development in Hong Kong are calculated by permissible gross floor area of most projects, excluding Queen's Road West. Since Queen's Road West project is still under the planning stage, such permissible gross floor area of this project has yet to be finalised.
- ⁵ Equivalent guest night includes the total number of guest stayed overnight in our hotels and one third on total number of guests patron in our restaurants and banquet/function rooms.
- ⁶ Lost days refer to sick leave due to all types of work-related injuries.

APPENDIX II – THE STOCK EXCHANGE OF HONG KONG LIMITED'S ESG REPORTING GUIDE CONTENT INDEX

INDICATORS		SECTION/ STATEMENT
<i>A. Environmental</i>		
Aspect A1: Emissions	<p>General Disclosure Information on:</p> <p>(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.</p> <p>KPI A1.1 The types of emissions and respective emissions data.</p> <p>KPI A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</p> <p>KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</p> <p>KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</p> <p>KPI A1.5 Description of measures to mitigate emissions and results achieved.</p> <p>KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.</p>	<p>Environmental Responsibility</p> <p>Appendix I – Performance Table</p> <p>Appendix I – Performance Table</p> <p>Hazardous waste generated in our operation is not material.</p> <p>Appendix I – Performance Table</p> <p>Environmental Responsibility</p> <p>Environmental Responsibility</p>

INDICATORS		SECTION/ STATEMENT
<i>A. Environmental</i>		
Aspect A2: Use of Resources	<p>General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p>KPI A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).</p> <p>KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).</p> <p>KPI A2.3 Description of energy use efficiency initiatives and results achieved.</p> <p>KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.</p> <p>KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.</p>	<p>Environmental Responsibility</p> <p>Appendix I – Performance Table</p> <p>Appendix I – Performance Table</p> <p>Environmental Responsibility</p> <p>Environmental Responsibility</p> <p>Not applicable to the core business of Paliburg</p>
Aspect A3: The Environment and Natural Resources	<p>General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.</p> <p>KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.</p>	<p>Environmental Responsibility</p> <p>Environmental Responsibility</p>

INDICATORS		SECTION/ STATEMENT
B. Social		
Employment and Labour Practices		
Aspect B1: Employment	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 compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Economic Responsibility
Aspect B2: Health and Safety	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 providing a safe working environment and protecting employees from occupational hazards.	Economic Responsibility
Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Economic Responsibility
Aspect B4: Labour Standards	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 preventing child and forced labour.	Economic Responsibility
Operating Practices		
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Economic Responsibility

INDICATORS		SECTION/ STATEMENT
<i>B. Social</i>		
Aspect B6: Product Responsibility	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 health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Economic Responsibility
Aspect B7: Anti-corruption	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 bribery, extortion, fraud and money laundering.	Economic Responsibility
<i>Community</i>		
Aspect B8: Community Investment	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.	Social Responsibility



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