



百利保控股有限公司

Paliburg
Holdings Limited

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

2020

Environmental, Social and Governance Report



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ABOUT THIS REPORT

Reporting Standard

This report has been prepared in accordance with the “comply or explain” provisions set out in the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Reporting Principles

The Group has adhered to the four fundamental reporting principles outlined in the ESG Reporting Guide in the preparation of this report. These principles facilitate effective communication and informed decision making. The details are as follows:

- **Materiality:** Stakeholder engagement and materiality assessments were conducted to identify material environmental, social and governance (“ESG”) issues in our business operations. 16 material ESG issues were identified, which form the focus of this report.
- **Quantitative:** In order to assess the performance of different environmental and social responsibility initiatives, data about environmental and social responsibility were identified, collected and monitored.
- **Balance:** This report discloses both achievements and improvement plans in order to present an unbiased view on our ESG performance.
- **Consistency:** Consistent reporting methodologies are adopted to present an effective year-on-year performance comparison. Any changes in the methodologies and reporting scope are explained in remarks for stakeholders’ reference.

Reporting Scope and Boundary

This is the fifth annual standalone ESG report of Paliburg Holdings Limited (“Paliburg” or the “Company”, and together with its subsidiaries, the “Group” or the “Paliburg Group”). This report details the sustainability performance of ESG issues that are material to the Group’s owned and managed properties and hotels in Hong Kong and includes the initiative highlights for the Group’s business in Mainland China.

Reporting Period

Unless otherwise stated, this report presents the highlights of our progress and performance on material ESG issues for the period from 1 January 2020 to 31 December 2020.

Accessibility of the Report and Feedback

An electronic copy of this report can be accessed on Paliburg’s website www.paliburg.com.hk. Should you have any enquiries about the report or opinions regarding Paliburg’s ESG performance, please feel free to contact us via info@paliburg.com.hk.

Board Approval

This report was reviewed and approved by the Board of Directors of the Company (the “Board”) on 29 July 2021.

CHAIRMAN'S STATEMENT

I am pleased to present herein the Environmental, Social and Governance Report 2020 of the Company.

Over the past year, the coronavirus pandemic (COVID-19) has totally reshaped social and business activities worldwide. Normal social interactions have become inconvenient, if not hindered, under the pandemic control and social distancing restrictions. These circumstances have not only affected our diverse businesses but also made organisational activities, training or social programmes difficult. To cope with this adverse situation, the Group has adjusted its business strategy, as well as introducing digital technologies and various implementing precautionary measures to maintain its smooth and sustainable operations.

In an effort to assist the community to combat against the spread of COVID-19 pandemic, the Group has shown full support to the Hong Kong Government by leasing one of its hotels for use as the holding facility for incoming visitors awaiting their COVID-19 test results, during April to August 2020, and three other hotels as the designated quarantine hotels for incoming visitors to Hong Kong since December 2020. In addition, to safeguard the health and safety of our customers, tenants, residents, guests and employees against the COVID-19 infection, a series of protective measures has been put in place in our construction sites, properties, and hotels across different business arms.

On the environmental front, we strive to create the best interests for our stakeholders by consciously embedding environmental considerations in our development projects. In view of the accelerating impacts of climate change and the global trend for transition to a low-carbon economy, we are actively incorporating additional green features in our portfolio to help relieve carbon emissions and other environmental problems. We also keep exploring the ways to minimise our environmental footprints and improve resource efficiency by utilising technological solutions.

Amid this pandemic, we step up our efforts to support and empower the local communities. By collaborating with different organisations and taking part in various community initiatives, we wish to contribute to the creation of a harmonious community where the Group and people are mutually benefited.

Looking ahead, while the Group will continue to expand its presence in Hong Kong and Mainland China, it will also continue to uphold the value of sustainability in its business operations and will continue to be determined and committed in building a sustainable community. We also believe that the support from all our stakeholders is essential to the success of our sustainability journey.

LO YUK SUI
Chairman

Hong Kong
29 July 2021

Our Businesses

ABOUT PALIBURG

Based in Hong Kong, the Group's significant investments and principal business activities mainly comprise property development and investment, construction and building related businesses, hotel ownership, hotel operation and management, and other businesses.

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

The majority of the Group's hotels are operated and managed through Regal and owned through Regal Real Estate Investment Trust ("Regal REIT"), which is, in turn, a listed subsidiary of Regal. The iclub Mong Kok Hotel is owned and self-operated by P&R Holdings while the iclub AMTD Sheung Wan Hotel soft opened for business in November 2020 is owned by a 50% associate of P&R Holdings, both of which are managed by Regal.

Our Presence

Property Development and Investment Business

Property Development and Investment in Hong Kong through P&R Holdings

P&R Holdings is currently undertaking a total of 8 projects in Hong Kong. Apart from the Shun Ning Road development project in Sham Shui Po, Kowloon (named as The Ascent) and the Anchor Street/Fuk Tsun Street development project in Tai Kok Tsui, Kowloon (named as the iclub Mong Kok Hotel), both of which were undertaken pursuant to the development contracts awarded by the Urban Renewal Authority of Hong Kong, all of the ongoing development projects and properties are wholly owned by P&R Holdings group (except as otherwise denoted).

RESIDENTIAL/COMMERCIAL



Domus and Casa Regalia, 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.



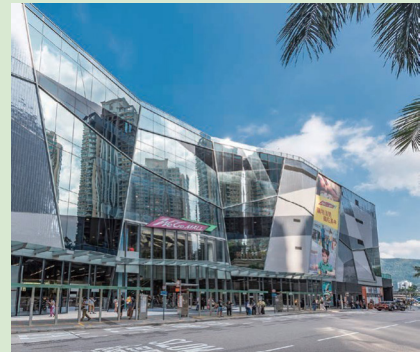
With the exception of 1 unit, all the units in the apartment block, named Domus, had been sold. The garden houses comprised within this development are named as Casa Regalia. At present, nine houses in Casa Regalia are still being retained, which are planned to be disposed of on a gradual basis but some of them may in the meantime be retained for rental income.

ABOUT PALIBURG



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

This development 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. This shopping mall was opened for business in 2018 and is held for rental income. Due to the adverse impact of the coronavirus pandemic, certain temporary rental concessions had been offered to tenants and, hence, the level of rental income contributed by this shopping mall during the year has been affected.



The Ascent, 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 parks. The occupation permit for the project was issued in March 2018 and the certificate of compliance was obtained in July 2018. The residential units have all been sold.



Mount Regalia, 23 Lai Ping Road, Kau To, Sha Tin, New Territories

The project has a site area of 17,476 square metres (188,100 square feet) which has been developed into a luxury residential complex comprising 7 mid-rise apartment blocks with 136 units, 24 detached garden houses and 197 carparking spaces, with aggregate gross floor area of approximately 32,474 square metres (349,547 square feet). The occupation permit was issued in September 2018 and the certificate of compliance in February 2019.



The sale programme commenced in early 2019 and, up to the date of the 2020 Annual Report, 14 garden houses and 37 apartment units together with 64 car parks have been sold or contracted to be sold at relatively attractive prices.

ABOUT PALIBURG

HOTEL



iclub Mong Kok Hotel, 2 Anchor Street, Tai Kok Tsui, Kowloon

This is a hotel development project awarded by the Urban Renewal Authority of Hong Kong through a tender process in June 2015. The project has a site area of 725.5 square metres (7,809 square feet), with 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).

The project has been developed into a 20-storey hotel, comprising 288 guestrooms with ancillary facilities. Its occupation permit was issued in October 2018 and the hotel was soft opened for business in March 2019 after the issue of the hotel licence. The legal title to the property was formally conveyed to a wholly owned subsidiary of P&R Holdings in May 2019 under the terms of the development agreement. The hotel is presently self-operated by P&R Holdings, with the Regal group providing the hotel management services.



iclub AMTD Sheung Wan Hotel, No.5 Bonham Strand West, Sheung Wan, Hong Kong

The project has an aggregate site area of approximately 345 square metres (3,710 square feet) and has been developed into a hotel with 98 guestrooms and suites (total 162 room bays), 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). The occupation permit was obtained in November 2019.

P&R Holdings sold 50% beneficial interest in this property to AMTD Group in December 2019 and the property is now 50% owned by each of P&R Holdings and AMTD Properties (HK) Limited. This hotel was officially opened for business in November 2020 and is self-operated by the joint venture entity and managed by the management subsidiary of Regal.



ABOUT PALIBURG

NEW PROPERTY DEVELOPMENT PROJECTS



Nos.9-19 Kam Wa Street, Shau Kei Wan, Hong Kong

The subject properties, which were acquired through private treaty transactions, have a total site area of 518 square metres (5,580 square feet). The demolition works for this project have been completed and the scheme for a commercial/residential development is being finalised.

Nos.291-293 and 301-303 Castle Peak Road, Cheung Sha Wan, Kowloon

The properties presently comprise interests in over 80% undivided shares of Nos.291-293 Castle Peak Road and 100% ownership interests of Nos.301-303 Castle Peak Road. The properties have a total site area of 488 square metres (5,260 square feet) and are intended for a commercial/residential development. Requisite process for the acquisition of the remaining undivided shares of the relevant properties is under preparation.

Certain of the existing properties are presently classified as a Grade 2 Historic Building. A conservation proposal in conjunction with the proposed development is being discussed with the relevant government authorities, which would involve conserving the historical heritage within the new development, with compensatory bonus plot ratio.

ABOUT PALIBURG

Property Development and Investment in Hong Kong through Regal



The Queens, Nos.150-162 Queen's Road West, Hong Kong

The project has a combined site area of 682 square metres (7,342 square feet) and is being developed into a commercial/residential development with gross floor area of about 5,826 square metres (62,711 square feet). The project will have a total of 130 residential units with club house facilities on the second floor and commercial accommodations on the ground and first floors. The foundation works have been completed and the superstructure works are in progress. The project is expected to be completed in 2022. Presale of the residential units in this development has recently been launched.



Nos.227-227C Hai Tan Street, Sham Shui Po, Kowloon

The properties presently comprise 100% ownership interests of Nos.227-227A of Hai Tan Street and interests in over 80% undivided shares of Nos.227B-227C of Hai Tan Street. The properties have a total site area of 431.4 square metres and are intended for a commercial/residential development. Requisite process for the acquisition of the remaining undivided shares of the relevant properties is under preparation.

Regalia Bay, 88 Wong Ma Kok Road, Stanley, Hong Kong

A total of 12 garden houses in Regalia Bay with total gross area of about 5,470 square metres (58,879 square feet) are still being retained, 6 of which are held as investment properties, 3 as held for sale and 3 as property, plant and equipment and right-of-use assets. The Regal group will continue to dispose of some of these houses if the price offered is considered satisfactory.



ABOUT PALIBURG

Property development in Mainland China through Cosmopolitan

PROPERTY DEVELOPMENT IN MAINLAND CHINA



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 495,000 square metres (5,330,000 square feet).

The superstructure and fitting-out works for the third stage of the development, consisting of ten residential towers of total 1,555 units, about 4,100 square metres (44,100 square feet) of commercial accommodations and 1,941 car parking spaces, are in steady progress and targeted to be completed in the second half of 2021. Substantially all the residential units in the third stage have been presold, at prices which are significantly higher than those attained in the first and second stages of the development.

Presale of the shops in the third stage of about 2,350 square metres (25,300 square feet) has been launched in July 2020. Presale of 1,389 car parking spaces has also been launched in the third quarter of 2020.

The interior design works with a revised scheme for the 325-room hotel are progressing in full swing. The interior fitting-out works are scheduled to commence in the first quarter of 2022 and the hotel is anticipated to open in phases from the first quarter of 2023.

The construction works of the remaining commercial components within the development, comprising a six-storey commercial complex of about 52,500 square metres (565,100 square feet) and five towers of office accommodations of about 86,000 square metres (925,700 square feet) are in steady progress. The substructure and superstructure works are targeted to be completed in mid-2021 and mid-2023, respectively. The market repositioning works of the six-storey commercial complex are in progress. Presale of one office tower consisting of 434 units with a total of about 20,000 square metres (215,200 square feet) has recently been launched. The presale of the remaining four office towers consisting of 1,356 units with a total of about 66,000 square metres (710,500 square feet) will follow in phases.



ABOUT PALIBURG



Tianjin Project – Regal Renaissance

Located in the Hedong District in Tianjin, this project is 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).

Nearly all of the residential units have been sold. The sale of the commercial complex, comprising mainly shops of about 19,000 square metres (205,000 square feet), is continuing steadily and contracts for sale have been secured for some of the shop units. Certain parts of the commercial complex have in the meantime been leased out for rental income.

The superstructure works of the two office towers and their commercial podium are progressing and planned to be completed in the fourth quarter of 2022. Presale of one office tower consisting of 137 units of about 17,530 square metres (188,700 square feet) is planned to be launched in the second half of 2021. The presale of the other office tower consisting of 247 units of about 39,210 square metres (422,000 square feet) will be launched in phases thereafter. The market positioning works of the commercial podium are in progress.



ABOUT PALIBURG

Hotel Business

Regal has over the years established an extensive presence in Hong Kong and Mainland China. In Hong Kong, Regal is managing eleven hotels under the Regal and iclub by Regal brands, nine of which are owned by Regal REIT while the iclub Mong Kok Hotel is owned by P&R Holdings and the newly completed iclub AMTD Sheung Wan Hotel is 50% owned by P&R Holdings. Besides, the Regala Skycity Hotel, being developed by Regal as detailed below, is expected to be opened in the fourth quarter of 2021.



New hotel project at the Hong Kong International Airport, to be named as "Regala Skycity Hotel"

In February 2017, a wholly owned subsidiary of Regal was awarded by the Airport Authority in Hong Kong the development right for a new hotel project at the Hong Kong International Airport.

The hotel project has a site area of approximately 6,650 square metres (71,580 square feet) and permissible gross floor area of 33,700 square metres (362,750 square feet) and is situated at a site surrounded by Terminal 2 of the Hong Kong International Airport, the Asia World-Expo and SkyPier. The hotel project is the first phase of the mega SKYCITY Project by the Airport Authority, which also contains large scale retail and office spaces as well as dining and entertainment facilities.

The hotel will have 13 storeys (including one basement floor) with a total of 1,208 guestrooms and suites and will be complemented with extensive banquet, meeting and food and beverage facilities. The hotel will be operated as a full service hotel targeting at commercial, airline related, leisure and meeting businesses. The occupation permit for this new hotel was issued in March 2021 and the hotel is planned to be opened for business in the latter part of this year after the hotel licence is obtained.



ABOUT PALIBURG

In Mainland China, Regal is presently managing a total of five Regal Hotels, including two in Shanghai, two in Dezhou and one in Xi'an. Three other hotels to be managed by Regal are under development, including the Regal Xindu Hotel, a component part within the Regal Cosmopolitan City being developed by Cosmopolitan, and other two hotels located in Jiangmen and Kunshan owned by independent owners.

Regal also owns the Campus La Mola, located in Barcelona, Spain, which was leased to an independent third party for operation. Regal also acquired in 2019 a freehold existing property located at a prime location in London, the United Kingdom, for renovation into a hotel with a restaurant. Planning works for the renovation scheme are ongoing and the renovation works are anticipated to be commenced after the planning works are completed. This new hotel will be self-operated by Regal on completion of the renovation works.



Regal Hotels in Hong Kong and Mainland China

OUR ESG APPROACH

Upholding the core values of sustainability, Paliburg is committed to incorporating sustainable considerations into our day-to-day operations whenever practicable.



Our Sustainability Core Values and Commitments:

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

Corporate Governance

Paliburg Group strives to maintain an integral and high standard in its corporate governance system by comprehensively observing the Code Provisions in the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. We adopt a rigid corporate governance structure under the leadership of the Board, in which the three board committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, are responsible for delivering different governance functions. The Group's management policies and practices are regularly reviewed by the Board to ensure stringent compliance with the stipulated regulations. New policies and measures are implemented whenever necessary.

For more information regarding our corporate governance and the Board of Directors, please refer to Paliburg's Annual Report 2020.

Sustainability Governance

Paliburg acknowledges the importance of sustainability and has prioritised sustainability as one of the Group's key objectives in recent years. By consulting and sharing sustainability performance with our key stakeholders, we balance their interests with our common goals. The Group also aims to promote long-term sustainable development through collaboration with various stakeholder groups, including but not limited to customers, business and community partners, suppliers and employees.

A sustainability governance framework is established to ensure effective sustainability management, in which the Board of Directors oversees the sustainability performance of the Group. The Executive Directors, with the assistance of senior managers from key divisions, are delegated with responsibilities of implementing the Group's sustainability plans under three major objectives: environmental sustainability, social sustainability and economic sustainability. The execution of sustainability plan will then be performed by different operating divisions of the Group, with the aim of achieving the goals and priorities set.

OUR ESG APPROACH

Stakeholder Engagement

In order that we can understand the opinions and needs of different stakeholder groups, different transparent and diverse channels have been established to ensure that their views are collected effectively and well considered. Through the regular communication and engagement exercises, the Group gathers and understands their expectations on our sustainability performance. The major engagement channels for each group are listed as follows:

Stakeholder Groups engaged		Methods of engagement ¹
Internal Stakeholders	Management	<ul style="list-style-type: none"> Regular meetings Ongoing engagement
	General Employees	<ul style="list-style-type: none"> Employee 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 Guest satisfaction surveys 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

¹ Due to the pandemic and social distancing restrictions, most events involving physical gatherings have been temporarily suspended.

OUR ESG APPROACH

Materiality Assessment

Paliburg regularly reviews the material sustainability issues related to our business operations. The outcome of the stakeholder engagement exercise serves as the basis for the materiality assessment. The prioritisation of the material topics follows the principles defined in the ESG Reporting Guide, and the steps taken in our materiality assessment are summarised as follows:



Based on the assessment of the stakeholders’ views and our business operations, the following 16 issues are considered material and discussed in detail throughout this report:



ENVIRONMENTAL RESPONSIBILITY

With its vision on sustainability and acting as a conglomerate company primarily engaged in property development, management and hotel businesses, the Group realises its roles and responsibilities in pursuing environmental protection and implementing measures throughout its daily operations. It is our objective to create both economic and environmental values, while minimising our negative impacts on the environment.

The Group has formulated an environmental policy to incorporate thorough considerations at different stages of its conduct of business. The planned actionable measures under the policy has been carried out and monitored by designated personnel accordingly, enabling the Group to look up to industry best practices and go beyond mere compliance with laws and regulations. Aligned with the Group's future development and sustainability plan, we continue to devote our time and resources in initiatives focusing on energy and water consumption optimisation and waste management. We monitor the performance closely for further comparison and improvement purpose.

During the reporting period, the Group complied with all relevant laws and regulations² relating to the Group's air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Environmental Management

Properties – Hong Kong

Led by the designated directors, a robust environmental management structure has been established to provide clear directions and guidance for the Company to operate responsibly, with the support of project managers and other senior staff. All members under the structure are clearly assigned and informed with their responsibilities and duties in relation to the Company's environmentally sustainable operations. For example, the project managers and site agents are responsible for upholding all applicable legal and internal environmental standards, as well as implementing green initiatives to minimise adverse impacts to the surrounding and wider environment. They also monitor implementation progress and report to the team on a regular basis. The robust management structure with close cooperation at all levels of the Company has brought us significant achievements in this aspect.

In addition, a group-wide environmental management policy has been set up to better align the interpretation and application of management standards among different construction and development projects. Paliburg Group recognises the importance of collaboration with its business partners and, therefore, has engaged them to explore and apply different solutions and good practices in reducing pollutions in its projects and operations. By constantly reviewing our on-site environmental performance and conducting in-depth inspection, we keep ourselves alerted on any management shortcomings and improvement opportunities. The policy is subject to reviews and updates from time to time to ensure the requirements are up to industry standards.

In line with our commitment to build an outstanding, environmentally friendly and sustainable community, we progressively invest to scale up the share of certified green buildings in our portfolio. We take into considerations the environmental impacts created by our projects as early as we initiate the design and planning. The advancements in environmental technologies and green building features have helped us turn our anticipations to feasible actions, further attain certifications from the local green building initiative – Hong Kong Green Building Council's BEAM Plus Certification (BEAM Plus).

² The environmental laws and regulations that might be significant to Paliburg include Air Pollution Control Ordinance (Cap. 311), Noise Control Ordinance (Cap. 400), Water Pollution Control Ordinance (Cap. 358), Waste Disposal Ordinance (Cap. 354), Environmental Impact Assessment Ordinance (Cap. 499) and Dangerous Goods Ordinance (Cap. 295).

ENVIRONMENTAL RESPONSIBILITY

Case Study: Green and Sustainable Building – The Queens

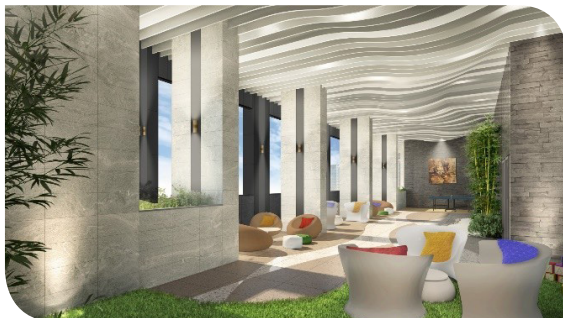
The Queens, Regal's latest development project, is being developed into an exquisite rendezvous of heritage and modernity. Together with the luxurious features and prime location the project is being built with extensive green elements.

We aim to create great environmental values in terms of energy and water efficiency, use of sustainable materials and open greenery, as earliest as in the construction stage. For instance, we have proposed and considered the following measures in the building design and fitting-out works:

- 1) installing gearless ACVVVF Lifts;
- 2) installing air-conditioning units for residential flats with energy efficiency label grade 1, resulting around 19.2% energy consumption reduction compared with BEAM Plus Baseline for common areas;
- 3) installing water efficient devices, with around 34.7% potable water consumption saving; and
- 4) building an open greenery with a 128-square-metre planter area at the Skygarden.

Meanwhile, monthly construction reports and specifications are submitted to the Group from the site management, for active and close monitoring in project progress and relevant environmental performance. We practise responsible constructions through:

- 1) avoiding virgin-forest timber product temporary works; and
- 2) setting up a waste management system for sorting, recycling and proper disposal, with a 30% waste reduction in Construction & Demolition (C&D) waste target, with an actual achievement of 34.92% of C&D waste recycled as of December 2020.



ENVIRONMENTAL RESPONSIBILITY

The following list summarises the Group’s achievements in constructing and maintaining a green built environment:

Project

The Ascent



We Go MALL



Regala Skycity Hotel



Certifications

BEAM Plus Final Gold



BEAM Plus Final Silver



BEAM Plus Provisional Gold



Hotels

Recognising environmental protection as a critical movement for our planet’s sustainability and prosperity, Regal has put in place a group-wide Environmental Policy Statement that details its internal expectations and guidelines on minimising adverse environmental impacts across its hotel businesses. The Statement also stipulates our environmental missions including compliance, monitoring and reporting, employee awareness, enhancement initiatives, and risk management.

To pursue ongoing improvements in the essential environmental aspects, namely energy consumption, water consumption and waste management, Regal has further established a Green Committee to monitor the hotels’ continuous performance and implement corresponding initiatives.

The hotels in Hong Kong under Regal’s operation and/or management have attained a number of international awards and certifications in recognition of their efforts on environmental protection. For instance, the environmental performances have met the requirements of the EarthCheck Certification standards, which is the world’s leading scientific benchmarking, certification and advisory group for travel and tourism. By engaging with their Global Tourism Advisory Group to conduct independent third-party verification, Regal has adopted a systematic and process-driven method to seek progressive improvements in environmental sustainability. As for the year of 2020, all of Regal’s hotels have been EarthCheck certified, while Regal Airport Hotel, Regal Hongkong Hotel, Regal Kowloon Hotel, Regal Oriental Hotel and Regal Riverside Hotel continue to be holders of EarthCheck Gold Certification, with four iclub Hotels - iclub Fortress Hill Hotel, iclub Sheung Wan Hotel, iclub Wan Chai Hotel, and iclub Ma Tau Wai Hotel being holders of EarthCheck Silver Certification.

ENVIRONMENTAL RESPONSIBILITY

Properties – Mainland China

Upholding the commitment to creating a green, healthy and comfortable living environment, Cosmopolitan formulated a group-wide Environmental Policy Statement for its property development projects in Mainland China, to minimise environmental impacts. On top of the regulatory requirements, the Statement clearly sets out Cosmopolitan's approach in reducing environmental consequences while delivering quality product in its property development projects. To ensure its objectives and requirements are fully attained, Cosmopolitan reviews its environmental performance and updates the statement regularly to keep up with the tightening regulations and changing industrial practices in no time.

Energy Efficiency and Emissions

Properties – Hong Kong

Realising the increasing evidence on risks brought by climate change to the cities and assets, Paliburg takes the initiatives to adapt to and mitigate the impacts of climate change and greenhouse gas emissions stemming from our business operations. We act in response to the Government's calls for actions in the environmental protection by observing efficient energy consumption practices. We have declared the External Lighting Charter of the Environmental Bureau for We Go MALL since 2018.

To further our green promises, we continue to incorporate green standards into our business operations, striving to achieve the next level of energy conservation in our development projects, managed properties and offices. We are enthusiastic in crafting buildings by infusing different green features. In our recent development projects, we make the best use of window and layout designs and carefully select building materials that collectively balance heat gain and daylight penetration to the interior compartments. For example, we applied excessive full-height glass curtain walls and skylights, as well as green roof, in our residential development projects. These details help avoid a significant amount of energy consumed later at the operation stage or by occupants for cooling through air-conditioning and lighting. The car parks of our properties also feature electrical vehicle charging facilities that bring convenience to residents for switching to low-carbon transportation practices.



Green roof and full-height glass curtain wall design



EV charging facility at car park

ENVIRONMENTAL RESPONSIBILITY

We also employ energy-efficient devices to cut unnecessary energy consumption and thus greenhouse gas emissions. Reduced artificial lighting power density is one of the conducive means to achieve energy conservation. The lighting power density in the common areas, clubhouses, plant rooms and car parks in our development projects is at least 10% lower than the Electrical and Mechanical Services Department requirement. We have also adopted LED lighting in most of our managed properties as a more efficient lighting option.

Apart from adopting energy-efficient lighting systems, we have maintained the air-conditioning systems in We Go MALL at a high operating performance with the specialised shifting arrangements, together with effective temperature monitoring and ventilation setting. The system has benefitted us with considerable energy and greenhouse gas emissions reductions while sustaining an optimal physical comfort for our customers. In 2020, we further installed air curtains at the entrances to keep warm air from entering the mall with cool air inside, to reduce the cooling load and energy consumed for temperature control.

We engage independent consultants to carry out regular energy and carbon audits and inspections on different facilities and systems, ensuring potential deficiencies are properly addressed. In this connection, they have provided a list of proposed green features for the Management's considerations and decisions. We can expect further energy and greenhouse gas emission reduction initiatives to be rolled out across our operations.

Hotels

For its hotel operations, Regal has established comprehensive management systems to monitor the energy consumption patterns across the hotels. To look up to international standards on energy efficiency, several hotels have adopted ISO 50001 Energy Management System and measured their greenhouse gas emissions according to ISO 14064 Greenhouse Gas Accounting and Verification certification. Regular reviews on the systems are carried out to ensure the performance satisfies operational needs and is on par with industry best practices.

To strike for continuous improvement, Regal requires all its hotels to propose energy and reduction targets with concrete enhancement measures. In facing all uncertainties brought by the COVID-19 pandemic to the hotel operations and low room occupancy, Regal postponed the target setting and achievement duties this year. Looking into the future, Regal is committed to exploring industry-leading opportunities to improve the energy management at its hotels and achieve better energy efficiency, and hence, speed up the transition of the hotel operations towards low-carbon development.

To enhance energy efficiency, Regal has implemented various improvement measures in its managed hotels in the past years, including:

- replacing all lighting with more energy efficient LED lights;
- installing automatic induction devices in areas with lower guest flows to reduce unnecessary lighting;
- reviewing the energy efficiency of the kitchen and water heating equipment and systems and replacing them with more energy-efficient models whenever practicable;
- applying adequate insulation to reduce heat loss in piping and reduce energy consumption to maintain room temperature for hotels with space heating systems;
- replacing centralised air conditioning systems in some hotels to enhance energy efficiency; and
- partnering with electric companies to conduct energy audits in the hotels to explore Energy Management Opportunities (EMOs).

ENVIRONMENTAL RESPONSIBILITY

Apart from upgrading the equipment, Regal is also dedicated to fostering environmental-friendly behaviours among employees and guests, so as to promote energy saving. For instance, Regal has posted energy-saving tips and reminders in the hotel lobbies and guestrooms to remind employees and guests to turn off all lighting and electronic devices after use. Regal realises that climate change can pose a huge threat to its business. For instance, extreme weather such as typhoon and flooding can disrupt our day-to-day operations as well as causing damage to the facilities of the hotel buildings. Various measures have been adopted in some of the hotels under its management to increase resilience to climate change. For instance, Regal Jinfeng Hotel has enhanced the thermal insulation of exposed pipes to minimise the effects of extreme cold impact.

In addition, according to the Intergovernmental Panel on Climate Change (IPCC) special report, a more aggressive greenhouse gas reduction target at global level is needed to address the increasing threats from climate change. In this regard, apart from the aforementioned energy saving initiatives, measures on greenhouse gas reduction have also been implemented to help reducing climate change risks, which include:

- installing electric vehicle charging stations in most of its managed hotels to promote clean and low carbon transportation;
- phasing out and replacing diesel-powered equipment with natural gas-powered equipment to reduce air and carbon emissions;
- setting up organic farms in five of its managed hotels in Hong Kong to reduce carbon emissions and provide fresh and chemical-free herbs for the restaurants; and
- modernisation of the guest lifts in phases at Regal Kowloon Hotel to reduce power consumption of the motor-generator.

ENVIRONMENTAL RESPONSIBILITY

Properties – Mainland China

Cosmopolitan strives to minimise energy consumption and greenhouse gas emissions for its operations. With energy consumption at construction sites and buildings as its major source of greenhouse gas emissions, Cosmopolitan strives to maximise building energy efficiency and integrate technologies to reduce greenhouse gas emissions and achieve energy conservation throughout the building life cycle.

The design of its Chengdu Project and Tianjin Project conforms to the Design Standard for Energy Efficiency of Public Buildings and the Design Standard for Energy Efficiency of Residential Buildings of the national GuoBiao (GB) Standards. All construction materials and component parts are certified with Construction Energy Efficiency Performance Labelling Certificates to ensure efficient use of energy throughout the construction phase. New construction technologies are also applied to the projects in order to reduce energy waste and consumption. In operational phases, it achieves energy savings by installing automation systems, LED lighting and other energy efficient equipment.

In addition to compliance requirements, Cosmopolitan has adopted the following energy efficient equipment in its projects:

- Installed motion sensor and lighting control
- Adopted low-e glass for residential towers
- Installed louver outlet to maximise the use of natural ventilation
- Reused heat generated from chillers for hot water supply
- Installed variable speed water pumps
- Applied bridge-cut aluminum for better thermal insulation
- Installed electric vehicle charging system

Cosmopolitan is also committed to reducing emission of air pollutants other than greenhouse gases from its development projects. It adopts measures to minimise dust emitted from its construction activities such as regular water spraying over construction sites and utilising dust shade cloth to cover dusty waste. Real-time dust monitoring equipment is available on-site to ensure the dust concentration is well controlled within the acceptable level. If the site is continuously exposed to a high concentration of dust, the works will be suspended until the dust level returns to the normal level. In addition, vehicles are required to drive through a washing bay before leaving the construction sites to ensure that the dust attached is removed and not polluting to the surrounding environment.

In response to the severely polluted weather, Cosmopolitan complies strictly with the local emergency response plan for heavy pollution weather and implement various mitigation measures to minimise the impacts on its operations. When the air pollution level reaches the “serious level”, the construction sites will be informed and required to halt or restrict industrial processes, such as earthworks and cement grinding processes, in order to avoid additional adverse impact on the environment and public health.

ENVIRONMENTAL RESPONSIBILITY

Water Management

Properties – Hong Kong

It is well understood that fresh water is a valuable natural resource and the problem of water stress will hinder the day-to-day life of the entire population on earth. In this regard, Paliburg admits its responsibilities to make good use of the resource and proactively practice water saving initiatives.

During the construction stage, an abundant amount of water is used for mortar and cement concrete preparation, cleaning and washing of equipment. We emphasise on raising water conservation awareness through education. To raise the water conservation awareness of construction workers on-site, we constantly deliver training courses and send reminders of environmental protection messages. Meanwhile, we require contractors to keep close track of the consumption performance and report for further analysis and comparison. Any identified abnormal consumption and potential technical problems, such as leakage, will be addressed in no time.

We wish to extend the water saving impacts to the operation stage of our buildings. Therefore, we look for water efficient devices to control the water usage at optimal level without compromising user experience. For example, we installed water-saving shower and faucet, dual flow water closet and low flow urinal in Regala Skycity Hotel, with an estimated 30.6% saving of potable water consumption every year.

At the other end, we take care of our water discharge from construction sites with due responsibility. All wastewater is properly treated before discharging to the nearby drainage for the prevention of water pollution and contamination. We have carried our different measures to minimise the potential harms to the environment. For example, we select a designated area to collect wastewater generated from surface run-off; while we recover the soil exposure at site after excavation and backfilling to prevent soil erosion and associated water pollution.

Hotels

To reduce water wastage, Regal monitors water consumption in the hotels every step of the way. From catering to cleaning, it implements stringent water management practices to reduce usage of water resources. Examples of its water-saving initiatives include:

- recycling and reusing of air-conditioning condensing water;
- retrofitting hotel toilets with automatic faucets and toilet flushers;
- installing dual-flush toilets while renovating guestrooms, which enables the use of an appropriate amount of flushing water;
- checking all water meters daily to fix any possible water leakage in a timely manner;
- encouraging hotel guests to participate in the linen and bath towel reuse programme; and
- requiring all new shower heads to fulfil the Water Efficiency Grade 2 requirements set by the Water Supplies Department (i.e. with water-saving design with flow rate at 10 litres per minute).

Throughout its operations, Regal identified swimming pools as the most water-intensive facilities and services, and thus adopted quartz sand in boiler tanks for water filtration in the Regal Airport Hotel and Regal Riverside Hotel. These not only reduce the frequency of pool water refill and help conserve water resources, but can also enhance the water quality of the swimming pools.

ENVIRONMENTAL RESPONSIBILITY

Properties – Mainland China

Improving water management practice to save scarce water resources is Cosmopolitan's ongoing initiative. In the Tianjin Project, water meters are installed for recording and reviewing water consumption on each floor of the buildings and for the entire project. In case there are abnormal fluctuations in water usage observed, Cosmopolitan will contact the property users and arrange checking on water pipes to detect if there is any water leakage. To prevent water leakage in advance, corrosion-resistant and durable pipes are installed. Water seepage tests are also conducted periodically to minimise such risks. To further reduce water usage in landscape, drought-resistant plants are selected for greenery together with drip irrigation applied across the projects.

To better utilise every drop of water, stringent treatment process is applied to the wastewater generated from the projects. Wastewater is collected and properly handled in the on-site water treatment tank before being discharged into the municipal sewage system. The quality of the effluent discharged complies with the relevant standards. Moreover, the wastewater is reused whenever possible.

Waste Management

Waste Minimisation and Recycling

Properties – Hong Kong

Paliburg understands the environmental and social impacts brought by waste generated along our operations and strives to make contributions in tackling several of the waste problems in Hong Kong. We have established a comprehensive waste management system and consider it as a key to successful waste generation reduction. Policies and guidelines are set up under the system and are clearly communicated with staff for compliance.

In our construction projects, our primary waste includes quarry, metal, paper, timber and plastic products. We strive to reduce waste disposal by reusing and recycling the materials with remaining values on sites. We track the waste generation and recycling figures and carry out review regularly in order to compile and put in actions different improvement plans. On-site workers are the critical driving force for our waste reduction programmes, initiating proactive reuse and recycling practices. By sorting out waste items in the designated storage areas, we achieve the maximum recycling amount before sending the remaining waste to landfills. Equipment and packaging material are also recovered and properly stockpiled in dry and covered conditions for further use to avoid any wastage. All on-site workers are required to follow the standard working procedures to avoid cross-contamination of recyclable and reusable materials. The on-site environmental officers are responsible for conducting weekly waste inspections, ensuring the compliance of all construction activities and sufficient efforts are spent on waste management.

In our recent projects, namely Regala Skycity Hotel and The Queens, we set a target of 30% Construction & Demolition (C&D) waste reduction as per the green building certification requirement. During the year, we have already achieved a satisfactory performance of about 35% C&D waste recycled at The Queens, exceeding the target set.

ENVIRONMENTAL RESPONSIBILITY

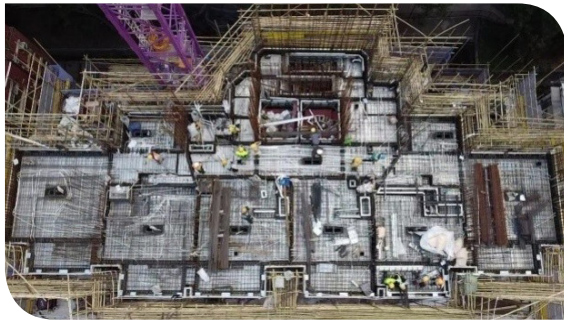
Riding on the solid foundation of waste management, we source sustainable materials for our construction projects such as timber certified by the Forest Stewardship Council, the American Forest and Paper Association or “Known Licensed Sources”. Timber in good condition is reused as many times as possible, while reinforcement bars and falsework materials are collected and delivered to local recycling factories for reuse after handling.



Timber collected at the construction site for recycling



Metal collected at the construction site for recycling



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

For our property management operations, we actively engage our employees, tenants and customers for better waste management throughout the operation lifecycle. We have widely adopted waste recycling practices in our managed properties. Waste separation bins and recyclable waste collection points are set up for customers’ and tenants’ convenience. Also, festive decorations in We Go MALL are properly stored for reuse.

We also comply with the regulations and have set out standard procedures on handling electronic waste to prevent inappropriate disposal of devices with high contamination risk. We centralise all obsolete and unused electronic devices from our operations and pass them to qualified external parties who will handle them in proper and environmentally sound ways.



Recycling bins placed in managed properties

ENVIRONMENTAL RESPONSIBILITY

Hotels

Regal regards waste management as an integral part of its environmental responsibilities. The hotels have adopted diverse measures to reduce waste at source. From material consumption to waste handling, it works in collaboration with its employees, guests and non-profit organisations to reuse and recycle waste whenever economically practicable.

Food waste is one of the major sources of waste in hospitality and catering operation. To reduce food waste at source, strict procurement control procedures have been implemented to avoid over-purchasing. Regal reviews and adjusts its food procurement volume regularly, based on the estimated number of guests and meal reservations. It also invites its guests to contribute to environmental protection through the “Clear Your Plate” campaign in its Regal Airport Hotel, Xi’an, placing different reminders and signs in the hotel restaurants to remind guests to practise responsible food consumption. In Hong Kong, Regal continues its partnership with Foodlink Foundation, a leading Hong Kong hunger relief charity, and donates the unconsumed food of good and edible condition to the needy.



Since the fourth quarter of 2020, all guestrooms of Regal and iclub Hotels in Hong Kong have replaced bath amenities with the use of shower dispensers. For the managed hotels in Mainland China which have yet to adopt such practice, the hotel employees are required to sort unused amenities after guests’ stays, including soap and shampoo, and to reuse them for cloth washing.

To avoid excessive amount of paper being consumed during the day-to-day business operations, Regal has digitalised its hotel reservation and documentation process through adopting an online customer relations management platform. Besides hotel reservation and reception services, Regal has also digitalised its Food and Beverage (F&B) dining membership programme, where membership cards and paper coupons were replaced by mobile application and digital coupons. For administrative operations, Regal provides its employees with a printing guideline to promote duplex printing of documents and the use of double-sided paper whenever printing is necessary. Moreover, Regal leverages on a variety of digital channels for hotel advertising, such as e-brochure, e-flyers, e-banners, social media posts, and online direct marketing. Making full use of digital marketing, the use of traditional printed sales materials to promote our hotel service offerings is kept to minimum. When selecting the type of paper for office use, Regal carefully sources those that are certified by the Forest Stewardship Council whenever practicable to promote responsible consumption.

In response to the policy changes in Hong Kong and Mainland China, Regal has further improved its solid waste management by tracking and ensuring recyclable and non-recyclable waste is handled with due responsibility. For example, in Shanghai, Regal strictly observes the Shanghai Municipal Solid Waste Management Regulation and exercises active sorting of four major types of waste by separate collection boxes. Employees remain proactive in evaluating the amount of waste generated and recycled to seek further improvements.

Based on its business nature, Regal does not generate any significant amount of hazardous waste, but still exercises due care in handling the relevant waste generated from its operations. A protocol on hazardous materials and waste storage and handling has been formulated to guide employees on hazardous waste handling and to prevent environmental incidents, such as water and land contamination caused by improper handling procedures. Registered collectors have also been appointed to handle the disposal of electrical appliances, such as computers, fridges and televisions in order to avoid land contamination and leakage of refrigerant.

ENVIRONMENTAL RESPONSIBILITY

Properties – Mainland China

Cosmopolitan has waste management policies focusing on waste reduction and recycling. The engineering functions are responsible for monitoring waste disposal and recycling performance, further improving waste management practices after data analysis.

Waste generation prevention is regarded as the first step of Cosmopolitan's waste management strategy. Appropriate waste reduction measures are integrated in the projects so as to enhance the overall waste performance. For example, brick formwork is used for the foundation work in Chengdu Project instead of traditional timber formwork. This can curb the use of disposable materials and avoid unnecessary generation of construction waste. A prototype guidance system is also adopted such that construction only takes place after prototypes are approved by relevant departments. This can avoid unnecessary dismantling work and resources wastage. Recyclable and durable construction materials, such as steel, glass and aluminium alloy, are also applied whenever feasible. Any unwanted office furniture collected during the office renovation will be reused in construction sites to reduce wastage.

Cosmopolitan has a set of standard procedures in place to handle non-recyclable and non-reusable construction waste. General waste is gathered in garbage chambers in every building and sent to designated collection points daily. Construction waste, including building debris and waste engine oil, are handled by qualified service vendors on a regular basis. Sludge is cleared and delivered 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 2020 ESG Reports.

SOCIAL RESPONSIBILITY

As a socially responsible corporate, the Group emphasises corporate citizenship and is committed to understanding and integrating the needs of the community in our business operations. We strive to give back to the community and foster cohesions by rolling out initiatives to share loves and cares with people in need.

Fostering Community Engagement

Properties – Hong Kong

Paliburg is committed to creating social goods in communities where it operates and considers participation and support to community events as a means to shoulder our corporate social responsibilities and further shape a better future for everyone.

Apart from the conventional recycling programme mentioned in the above environmental sections, both Paliburg and Regal collaborate with non-governmental organisations to recycle other resources. For instance, our managed properties, the Ascent and Fulrich Garden, supported the recycling programme held by the Cheung Sha Wan Kai Fong Welfare Association. Meanwhile, Regalia Bay participated in the Mooncake Boxes Recycling Program 2020 held by Greeners Action to collect mooncake boxes from residents for recycling. We also took part in the No Air Con Night 2020 organised by Green Sense at different properties. With the active support and participation from our residents and tenants, we received several certifications from the organisations in recognition of our contributions.



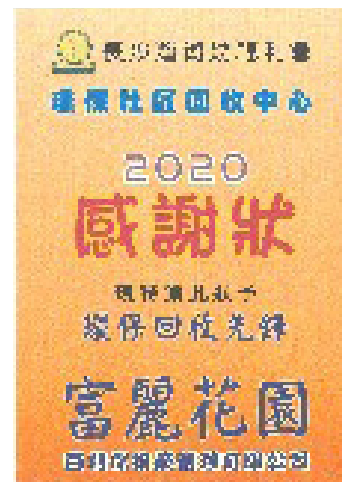
Certification of Mooncake Boxes Recycling Program 2020 (月餅盒回收大行動2020) by Greeners Action



Certification of No Air Con Night 2020 (無冷氣夜2020) by Green Sense



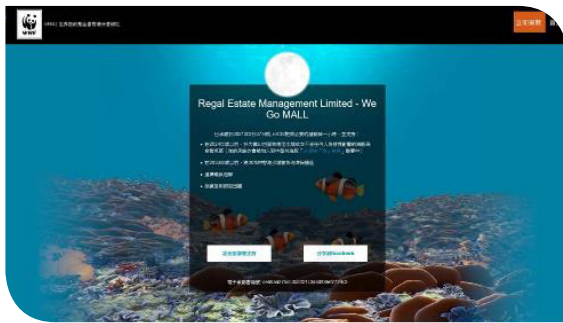
Pioneering Recycler (環保回收先鋒) – the Ascent and Fulrich Garden by the Cheung Sha Wan Kai Fong Welfare Association



富麗花園
百利保物業管理層有限公司

SOCIAL RESPONSIBILITY

In addition, we have participated in the Earth Hour 2020 organised by WWF at We Go MALL and some other managed sites, raising public awareness on energy saving and climate change.



Earth Hour 2020 – We Go MALL

Hotels

Regal regards corporate social responsibility (“CSR”) as a pillar of its long-term sustainability programme. Regal has set up a Social Responsibility Steering Committee to monitor the CSR efforts continuously, which is chaired by the chief operating officer of Regal and supported by the function heads. The Committee has identified three social responsibility focuses:

- Youth Development;
- Health Enhancement; and
- Social Inclusion.

Regal believes that long-term community participation is very important, as it can encourage employees to develop their personal capabilities such as leadership, management and communication skills. To foster the process, two volunteer teams, which are Colour our World and Young Colour our World, were established. The two teams consist of adult and young people, respectively, and work together to serve the society.

In 2020, Regal collaborated with 11 non-profit organisations and participated in different community programmes, providing the employee volunteers the opportunities to connect with different social groups and understand their needs. However, due to the outbreak of COVID-19, the organisation of visits to community centres or elderly homes have been suspended during the reporting year. Nevertheless, Regal continued to express its care with donations of useful resources to different parties in need.

Highlights of Community Investment in 2020 were as follows:

- Number of partnering non-profit organisations and other institutes: 11
- Number of organised volunteer activities: 5
- Ongoing volunteer programmes: 3
- Total volunteer hours contributed by employees: 86 hours
- Amount of donations and sponsorships: HK\$442,556

SOCIAL RESPONSIBILITY

Regal has been recognised as a “Caring Company” by the Hong Kong Council of Social Service for 18 years consecutively with the award of “15 Years Plus Caring Company Logo”.



Regal was awarded “Family-friendly Good Employer 2020” by the Labour Department and became a Signatory of “the Good Employer Charter 2020”.



Youth Development

Regal believes that the young generation represents the future of society and nourishing them with education and personal development opportunities is important. Through organising internship programmes and hotel tours, Regal offers to young people a different and rewarding learning experience to complement their conventional school education.

Regal Hotels International Youth Development Programme 2020

Regal aims to provide more opportunities to those young people who are interested to join the hospitality industry. Since 2015, Regal has continually launched the “Regal Hotels International Youth Development Programme”. Students from the Hotel, Service and Tourism Studies disciplines at the Hong Kong Institute of Vocational Education (IVE), a member of the Vocational Training Council, were offered scholarships and 300 hours of invaluable internship opportunities every year. During the internship period, students can experience different working roles and duties, such as the front office, food & beverage department as well as helping with the housekeeping team. Through these internships, they can gain a more comprehensive understanding of the hotel operations through practical working experience in different departments. It is believed that the internship scheme can pave the way for their early success in the hospitality industry.



SOCIAL RESPONSIBILITY

Hotel visits

Understanding the limitation of traditional school education, Regal seeks to provide young people with learning experiences outside the classroom. With Tourism and Hospitality Studies being an elective subject in the Hong Kong Diploma of Secondary Education Examination, the hospitality industry has gained increasing attention in recent years. Responding to this on-going trend, Regal spares no effort to support education in our local community and to enhance students' learning experiences. Regal organised hotel tours, career talks and practical games to enhance students' understanding of the hotel operations.



Health Enhancement

A healthy living environment has always been essential to fostering a harmonious and prosperous society. During the outbreak of COVID-19, Regal has strived to spare extra effort in providing different social groups with support and medical resources.

Hotel participation in pandemic prevention

In an effort to assist the community to combat against the spread of the coronavirus pandemic, the Regal Oriental Hotel was leased to the Hong Kong Government in April 2020 for use as a holding facility for incoming visitors to Hong Kong while waiting for their COVID-19 test results, which arrangement lasted until August 2020. Moreover, three of our hotels, namely, the Regal Airport Hotel, the Regal Oriental Hotel and the iclub Ma Tau Wai Hotel, have enrolled in the Designated Quarantine Hotel Scheme organised by the Department of Health of the Hong Kong Government since December 2020 for use as quarantine hotels for incoming visitors. These are illustrations of our efforts in supporting the government's measures to reduce the risks of a community outbreak of the pandemic.

Anti-pandemic set delivery to elderly home

To extend love and care to the elderly, especially during the pandemic, Regal Airport Hotel delivered over 50 packs of anti-pandemic sets to the Fung Shing Elderly Home in Tung Chung in June 2020. The packs each contained colourful masks hand made by the hotel tailor together with a bottle of hand sanitiser, which were packed by the housekeeping team, in the hope that the elderly could feel some warmth in this tough period.



SOCIAL RESPONSIBILITY

Cookie charity sale for Helping Hands

During the outbreak of COVID-19, medical resources are essential and it is critical to provide more assistance to social groups in need. In 2020, Regal Kowloon Hotel organised a cookie charity sale and the revenues from the sale together with 1,000 protective masks were donated to Helping Hands to support the elderly services.



Social Inclusion

Regal believes that the success of a society can only be achieved through the creation of an inclusive community. Every individual, regardless of their background and capability, should be treated equally and respected. During the year, Regal took initiatives to show care to those groups which are easily ignored by society. It believes that through the educational programmes, it can cultivate among people within the society a better understanding and respect of the needs of others.

Mooncake Charity Sales 2020 for Society with Abandoned Animals

In appreciation and support of the efforts of the Society with Abandoned Animals (SAA) in taking care of abandoned, physically-impaired or unhealthy animals, a Mooncakes Charity Sale event was organised by Regal, partnering with charity organisation Bodhi Love Foundation, in September 2020. Part of the sale proceeds of the Regal Hotels and the Bodhi Love Foundation mooncake gift sets were donated to SAA to support the medical expenses for the elderly animals in SAA.



SOCIAL RESPONSIBILITY

Properties – Mainland China

For our properties in Mainland China, Cosmopolitan strives to provide comfortable and enjoyable living experience for every resident and foster an inclusive community by ensuring accessibility of facilities for all people.

For example, Cosmopolitan constructed ramps which enhance the accessibility to different buildings for physically disabled and elderly people. In the Tianjin Project, barrier-free restrooms are available with a spacious design for manoeuvre of wheelchair users. Elevator buttons at appropriate height and accessible car parking space are incorporated in its building design. Through these inclusive designs, Cosmopolitan extends its care to the underprivileged.



Barrier-free restroom



Accessible car parking space



Elevator buttons at reachable height



Accessible ramp and pathway

For more information about the community programmes of Regal and Cosmopolitan during the reporting period, please refer to the social section in their respective 2020 ESG Reports.

ECONOMIC RESPONSIBILITY

Caring for Our Employees

To maintain long-term relationships with our employees, Paliburg Group has in place a human resources policy with details of the important values, standards and terms. It is to guide our efforts in creating and maintaining a comfortable and inclusive working environment for our employees. All relevant employment practices of the Group align with the industrial benchmark and are constantly reviewed to best reflect our appreciations to employees' contributions.

As our employees serve as the foundation of our business operations, we aim to grow together with them and provide the support they need. The Group offers learning and development opportunities for employees to improve their skills and excel at work. Besides receiving professional and close guidance from their supervisors, employees are provided with an extensive range of training programmes and resources. These initiatives are vital and closely related to the Group's smooth delivery of quality products and services.

The Company complies with all relevant laws and regulations³ regarding 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

As a responsible employer, the Group is devoted to providing equal opportunity and valuing ones' capability, skills and experience in its recruitment and promotion. We have established a structured and fair system to ensure transparent and unprejudiced employment practices and hence secure our employees' rights.

The Group strictly prohibits use of child and forced labour. To this end, we impose stringent background check on applicants during the recruitment process, especially at our construction sites. In case of such incidents, we will immediately terminate the concerned employment relationship and panelise the staff involved in the relevant recruitment processes.

To sustain our long-term relationships with employees, we strive to retain employees by offering them competitive remuneration packages, for example, monetary rewards on festivals and birthdays and special leaves are provided for employees of our operations in Mainland China. We also value employees' career and personal development, assisting them to reach their full potentials through different training and performance enhancement programmes.

Our Employee Handbook outlines the general roles and responsibilities of employees, as well as the relevant guidelines in relation to workplace behaviours and other employment related matters as abovementioned. The handbook is distributed and clearly communicated to every staff member on their onboarding day. Meanwhile, we value our employees' opinions and suggestions. By maintaining different communication channels, we collect their feedback and consider them in creating a supportive and harmonious workplace.

³ The laws and regulations include the Employment Ordinance (Cap. 57), Sex Discrimination Ordinance (Cap. 480), Disability Discrimination Ordinance (Cap. 487), Family Status Discrimination Ordinance (Cap. 527), Race Discrimination Ordinance (Cap. 602), Occupational Safety and Health Ordinance (Cap. 509), Factories and Industrial Undertakings Ordinance (Cap. 59), Employment of Children Regulations (Cap. 57B) and Employment of Young Persons (Industry) Regulations (Cap. 57C), together with the Labour Law, Labour Contract Law, Employment Promotion Law and Social Insurance Law of the People's Republic of China.

ECONOMIC RESPONSIBILITY

Learning and Career Development

Paliburg fully acknowledges the positive relationship of employees' capability and skills and our operational efficiency. We also believe that it is our corporate responsibility to support employees in career and personal development. Therefore, we encourage all employees to pursue life-long learning and offer them tangible support in forms of financial and educational resources. The Group's staff training and development policies are detailed in our Employee Handbook for employees' acknowledgement and reference.

We believe that a smooth adaptation is essential for new employees. Therefore, we have formulated a comprehensive induction programme to introduce them our working environment and company culture. Along their journey with us, we arrange all-year-round series of training programmes to ensure employees at different levels and positions are equipped with the relevant skills and knowledge to cater to the ever-changing market needs and industry trends.

For example, we provide training to property management employees in Mount Regalia on building services related systems such as the Fire Services Installation (FSI) system and the Entrance Access Control System, enriching their problem-solving skills to handle urgent enquiries from residents including emergency fire alarm and breakdown of door intercom system. Apart from this, employees also gain appropriate techniques and knowledge for daily operation from regular health and safety training.

Apart from internal training, we encourage employees to take part in external training and other educational events, such as conferences and seminars, in order to advance their skills and observe different market practices. We subsidise the tuition and related application and examination fees with case-by-case considerations.

Employee Engagement

Paliburg Group strives to maintain an open and harmonious workplace and foster a culture of work-life balance by conducting active employee engagement activities and communication. Due to the social distancing regulations, we did not organise any festival celebrations and annual dinner in Hong Kong during 2020, to avoid gathering of employees. Instead, we organised an online Mindfulness Training to share with our colleagues on methods to deal with challenges and respond in a discerning and less agitated manner. Moreover, in recognition of employees' contributions and loyalty to the Group over the years, we honour our long-serving staff with the Year-of-Service Award.

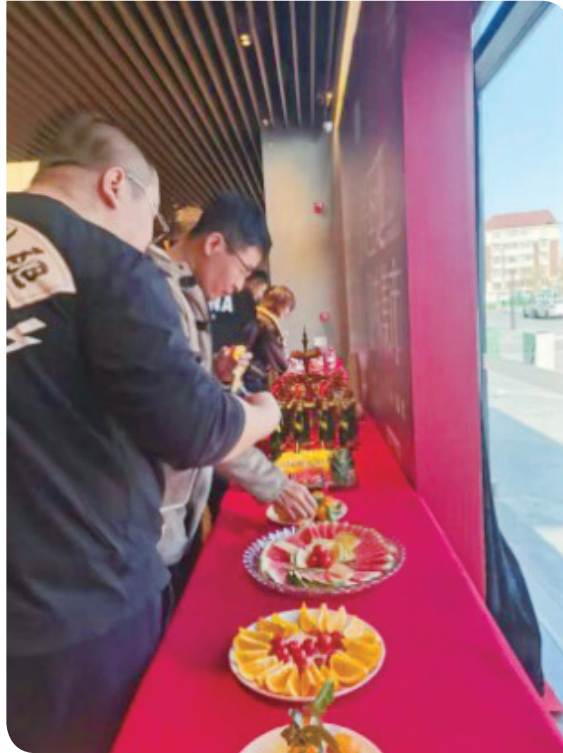
ECONOMIC RESPONSIBILITY



Annual meeting with employees



Christmas party



Regular gathering

We emphasise mutual respect and understanding and therefore value our employees' feedback and opinions for improving the overall working experience. To this end, different communication channels are introduced for employees to express their concerns or suggestions. Regular staff meetings, annual surveys and Facebook page are some examples, while a formal grievance mechanism is in place for employees to voice out any concerns over the workplace and employment practices to their immediate supervisors and the management. The management is then required to coordinate follow-up actions and respond to the enquiries within a given timeframe.

ECONOMIC RESPONSIBILITY

Workplace Health and Safety

Properties – Hong Kong

Paliburg is committed to creating a safe and healthy working environment for employees and has established a Safety Management Committee to monitor the safety performance of our managed properties and development projects. We also have a safety and health working system in place and have set up strict safety and health standards to govern the related issues. Under the system, we have implemented safety measures at our construction sites and offices, based on the actual working environment and operational needs. To ensure all practices are timely, effective and up-to-standards, the Committee reviews and revamps the occupational health and safety-related guidelines and measures from time to time.

The Company examines its workplace safety performance through internal and external audits, in which black spots are spotted and brought to our attention. The Committee and safety officers are responsible for formulating remedial measures and monitoring the implementation, as well as results achieved. At the same time, staff working in the corresponding sites are informed with the relevant information to minimise occupational health and safety risks.

At the other end, we believe education and training is the effective tool to raise employees' awareness of occupational health and safety. Prior to any construction work, all construction workers and site staff are required to participate in specific induction training, with content related to occupational health and safety covered. In addition, workers are only permitted to perform duties with the personal protective equipment on. They are also required to work in accordance with all applicable laws and regulations, as well as standards specified in our policies and workplace guidelines. Regular site inspections are carried out to identify potential workplace hazards. To ensure a rapid response in case of emergency, we conduct regular evacuation drills to familiarise employees with the rescue and handling procedures.

During the COVID-19 pandemic, we strive to strengthen hygiene standards at our operating locations, the managed properties and construction sites, to safeguard both our employees and customers. For more information about our anti-pandemic efforts, please refer to the Product and Service Quality: Properties – Hong Kong section under Caring for Our Customers.

Meanwhile, at our construction sites, all staff members are required to observe the compulsory testing measures accordingly to laws and regulations. They are required to present their negative COVID-19 test results within the past 14 days, or the vaccination records showing 14 days after having received the second dose of vaccine, prior to entering the construction sites for work.

Hotels

Under the guidance of the Safety Committee, Regal adopts a practical management approach in supervising its workplace safety. Regal has formulated a Safety Policy covering health and safety standards, requirements and practices beyond the legal requirements. It reviews the policy and measures periodically to observe the latest updates in regulations and market practices regarding occupational health and safety.

At the operational level, a dedicated team comprising experienced Safety and Security Officers takes up the responsibilities in identifying potential hazards and developing precautionary and mitigation measures. Meanwhile, in terms of internal rules and procedures, Regal has formulated a Safety Manual, covering the management, control and coordination of its safety work. The Manual is well communicated to every employee to ensure stringent compliance implementation throughout all operation stages, from room cleaning and catering, to engineering and renovation work. Employees who fail to comply with the safety rules and procedures might be subject to penalty.

ECONOMIC RESPONSIBILITY

Regal organises regular internal training for all members and invites external professionals to provide training for supervisory and management staff members. In addition, it has established contingency plans and organises drills from time to time, in order to equip employees with sufficient skills to handle emergencies. Health and safety information sheets, newsletters and bulletins are provided to guide employees in exercising the latest health and safety measures. Safety and health-related information are also in place in the forms of warning signs, emergency procedures and notices. To advocate the culture of working safely across the Group, a Safety Award is given to employees that demonstrate the best health and safety practices at work.

Moreover, the Safety and Security Officers are required to submit monthly safety reports detailing any accidents, injury statistical data, health and safety training undertaken, safety inspections and audits. A health assurance programme is also in place to arrange pre-job medical examinations as well as regular medical examinations for these employees who are exposed to hazardous waste and materials to ensure their physical well-being.

Responding to the outbreak of pandemic in 2020, various measures were implemented at the hotels to minimise the risks of virus infection for its employees. For instance, Regal organised a COVID-19 information session for employees, installed and set up infrared thermal cameras and disinfection stations at staff entrances, provided personal protective equipment at work and sponsored employees living in buildings with confirmed cases to receive Antigen tests.

Properties – Mainland China

With the commitment to provide a safe and comfortable working environment for employees, Cosmopolitan has formulated a Safety Construction Management Policy and other related guidelines, covering safety measures for natural disasters and other accidents of emergency. The policies outline the standards and compliance with relevant laws and regulations⁴, together with the requirements for employees' training and qualifications.

Cosmopolitan endeavours to maintain minimal health and safety related risks and constantly measure and identify material safety issues or risks at construction sites and offices. To increase workers' awareness of occupational health and safety and equip them with proper knowledge to handle different situations, they are provided with sufficient safety training and only qualified workers passing the training courses are eligible to work on-site. Leaflets are distributed to remind workers with the practices of operating vehicles and machines safely. Emergency drills such as fire accidents and gas leakage are also arranged for employees to raise their awareness.

With the supervision of the project managers, a comprehensive Safety Construction Management Policy has been implemented in the Chengdu Project. Aiming to cultivate a better sense of safe workplace among employees, different signs of preventive measures are placed around the site to alert them about accidents, fire and other major hazards. The on-site fire-prevention system is reviewed and maintained by qualified professionals on a regular basis.

In response to the outbreak of COVID-19, Cosmopolitan has taken various precautionary measures to safeguard employees from the risks of infection. Employees are required to measure their body temperature on a daily basis and to always wear masks at work. In addition, they are reminded of their personal hygiene and provided with necessary anti-pandemic supplies such as medical masks and alcohol sanitisers. The requirements of keeping appropriate distance in workplace are clearly communicated with employees. With concerted efforts, Cosmopolitan strives to maintain a safe working environment and to provide appropriate support to its employees during this challenging time.

⁴ The laws and regulations include the Law on the Prevention and Control of Occupational Diseases, Work Safety Law, Regulation on Work-Related Injury Insurance and Measures for the Administration of Occupational Health Examination of the People's Republic of China.

ECONOMIC RESPONSIBILITY

Caring for Our Customers

Paliburg places its customers in the centre of business by delivering exceptional products and services. The Group strives to maintain high-standard quality management and put the effort into safeguarding customers' health and safety. Beyond this, we highly value their views and spare no effort to listen and respond to their concerns.

Product and Service Quality

Properties – Hong Kong

Paliburg strives to build properties of good quality and offer services with heart to customers and tenants. To achieve this, a comprehensive quality assurance system is in place to ensure and regulate the delivery of its product and services in accordance with all applicable laws and regulations⁵.

To manage construction and property quality, we have formulated a three-pronged quality management approach. In this approach, we divide the procedure into 3 stages, namely pre-construction, construction and post-construction phases. During the pre-construction phase, decisions and plans regarding construction design and materials are developed and reviewed by architecture and construction professionals.

To secure our building quality, we request for an individual certificate and relevant assessment reports for each material planned to be used in the project, reducing potential hazards caused by the use of any unsatisfactory material. While in the construction phase, designated personnel are responsible for monitoring the structural work, construction of reinforced concrete, construction of sample layouts and information management to achieve optimal quality. The post-construction phase serves as a critical step in which quality checks are carried out strictly with reference to the quality and safety criteria set.

Apart from building quality, we strive to maintain quality services in our managed properties and aim to enhance residents' day-to-day living quality and tenants' business operational efficiency. We collect our residents and tenants' opinions through various channels and consider them when formulating and implementing improvement plans. For instance, we installed speed bump to enhance road safety level within Mount Regalia after receiving comments from the residents. We also carry out regular customer satisfaction survey to obtain objective results on our performance in various aspects, including staff attitude, safety, cleanness and clubhouse services, etc. Suggestion boxes and hotlines are also available for our managed properties. All complaints and enquiries received from residents, tenants, customers and the public will be handled by designated personnel in a timely and responsive manner.

Both Paliburg and Regal regard residents and tenants' health and safety of paramount priority. We have established a set of Working Guidelines for our frontline staff, stipulating their duties and responsibilities in identifying and eliminating health and safety hazards in the properties and hotels owned or managed by us. For instance, the security team is provided with detailed instructions on their daily patrol routine, to spot, record and report any abnormalities, malfunctions or damage to facilities. This helps ensure 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. Moreover, emergency drills are arranged from time to time at the properties to ensure frontline staff are familiar with the procedures.

⁵ The laws and regulations include the Residential Properties (First-hand Sales) Ordinance (Cap. 621), Public Health & Municipal Service Ordinance (Cap. 132), Gas Safety Ordinance (Cap. 51) and Fire Services Ordinance (Cap. 95).

ECONOMIC RESPONSIBILITY

Safeguarding customers' health and safety is our key responsibility. During the challenging pandemic time, we have adopted various measures at our managed properties. Different products and technologies have been deployed to maintain a high standard of environmental and personal hygiene of our employees, further extending the protection to our customers. For example, numerous instant hand sanitisers, UV air purifiers and UV air sterilisation devices were installed in common areas, lifts and garbage rooms, and disinfectant tablets are applied in the toilet water tanks. Meanwhile, to minimise the potential spread of virus, body temperature of all incoming customers, tenants or residents are checked via a thermometer camera at the property entrances.



Instant hand sanitiser



UV air purifiers in the lift



Body temperature measurement camera

ECONOMIC RESPONSIBILITY

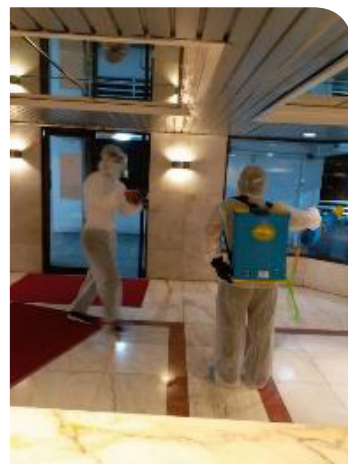


UA air sterilisation device for garbage room



Air purifier for offices and common areas

As a confirmed case of COVID-19 was reported at Fulrich Garden, our property management team arranged disinfection and germicidal treatment in the entire building by a professional service provider, to avoid any potential spread of virus inside the building thus minimising the residents' risks of infection.



Professional disinfection & germicidal treatment at Fulrich Garden

ECONOMIC RESPONSIBILITY

Hotels

Regal strives to offer to the hotel guests quality hotel services and amenities. Regal seeks to reinforce and strengthen its two well-known “Regal” and “iclub by Regal” hotel brands with its commitment to safety, quality and attention to details.

In light of the COVID-19 pandemic, Regal has strengthened its preventive and monitoring measures to protect hotel guests from potential virus infection. These measures include:

- requiring all employees and hotel guests to check body temperatures before entering the hotel areas;
- requiring all guests to complete the Health Declaration Form upon checking-in;
- strictly complying with the government’s social distancing rules and regulations within the hotels;
- implementing “Regal Care” COVID-19 Precautionary Hygiene Measures Programme with scheduled internal audits;
- increasing the cleaning and disinfecting frequencies at the hotel public areas; and
- enhancing disinfection measures in the guestrooms after the guests have checked out.

Regal will continue to exercise additional efforts to ensuring a clean and safe environment in the hotels, in the interests of both hotel guests and its employees.

For day-to-day operations, Regal maintains high standards of hygiene and food safety and quality and, hence, formulated a Food Safety Policy Statement. It requires all food suppliers to provide full lists of ingredients with supporting documents for their delivery of ready-made food products to ensure the quality as well as their compliance with government regulations. In particular, Regal Airport Hotel, Regal Hongkong Hotel, Regal Kowloon Hotel and Regal Riverside Hotel in Hong Kong have each established a robust food safety management system in accordance with the ISO 22000:2005 Food Safety Management Systems, with “traceability” as the core requirement. All incoming raw materials are subject to safety inspections. In 2020, it was unable to conduct any on-site verification at selected suppliers’ factories due to the COVID-19 outbreak. However, through its internal control procedures conducted on monitoring all incoming food supplies, Regal ensured that there was no non-compliance case relating to food safety standards.

Meanwhile, Regal aims to deliver customer-oriented services, and hence regularly engages with customers to understand their needs. It has incorporated different innovative technologies into its operation to create a connected hotel environment, facilitating the travel planning and bringing its guests a remarkable hotel experience.

Case Study: Smart Delivery Robots

In Regal JinFeng Hotel, Regal adopted robotic technology to enhance its guests’ hotel experience, in which Smart Delivery Robots are used to offer in-room services, such as delivery of small hotel amenities. This also helps achieve contactless services and further reduce the potential risks of infection.



ECONOMIC RESPONSIBILITY

Besides, Regal also interacts and connects with its guests proactively through different networks, such as the Regal Rewards and 925 Club, guest questionnaires and websites, to gather views on the service offerings during their stay. All collected feedback will be categorised and distributed to relevant business units for follow-up actions. According to its Guest Comments Reply Standards, relevant departments are responsible for handling any feedback received at its top priority. Reply shall be provided in person or writing within 48 hours after receiving the feedback, and if appropriate, further follow-up steps will be carried out under relevant procedures.

Properties – Mainland China

To offer customers with quality products and services, Cosmopolitan has adopted stringent quality assurance and monitoring systems for its property development projects. Same as Paliburg, a three-pronged quality management approach is adopted to ensure building quality. All projects can only proceed with all identified issues resolved, together with approvals from architectural and construction experts. The construction materials used are also chosen carefully to ensure the safety of end-users. During the construction phase, Cosmopolitan monitors the structural work and information management and carries out quality management assessment in post-construction phase. It has also created a set of criteria for completed projects to evaluate their quality, ensuring every project delivered is with high level of safety and quality standards.

In addition to building quality, Cosmopolitan proactively seeks to understand customers' opinions and concerns through satisfaction surveys. The surveys cover numerous aspects, including employee attitude, technical skills, professional quality, safety conditions and clubhouse services. With reference to the results, it will identify and formulate plans in key areas for continuous improvement.

Customer Privacy

Properties – Hong Kong

Paliburg Group respects the rights of every customer and spares no effort to protect his/her privacy. We comply with all applicable laws and regulations in Hong Kong and Mainland China⁶ when handling any personal information obtained from our customers and tenants.

The Group and the contracted third parties are mindful of the personal information obtained for different operational needs and handle it with attentive care. Only employees with delegated duties are granted with access rights to view and handle the relevant information and data.

To further protect our customers' rights, we provide a Personal Information Collection Statement to buyers of our residential units in the preliminary agreement for sales and purchase. When the information is no longer needed for any operational procedures, all relevant documents with private and confidential information are destroyed properly before disposal. All of our employees are required to sign a confidentiality agreement, which specifies their legal obligations to maintain information confidentiality, including trade secrets and sensitive consumer information.

Hotels

As a responsible hotel operator, Regal recognises the importance of protecting customers' privacy. It has formulated the Privacy Policy in alignment with all laws and regulations on personal data privacy in the jurisdictions where the hotels operate. The Policy emphasises that all personal data collected must be handled with strict confidentiality. Employees are authorised with different levels of personal data access rights according to their positions and job duties. It ensures that only authorised employees are given permission to get access to customers' personal information and only as and when required.

⁶ The applicable laws and regulations include the Personal Data (Privacy) Ordinance (Cap. 486) of Hong Kong.

ECONOMIC RESPONSIBILITY

During Regal's day-to-day operations, it only collects customer's personal information for membership management and marketing purpose only with their consent. Since its guests come from worldwide, in addition to complying with local data protection regulations, Regal also observes the European Union General Data Protection Regulation. To align its practices with the regulations, it explains clearly to its guests on how their personal data will be collected, stored and used, and that their personal information will be used only under the circumstance that Regal has obtained their permission.

Properties – Mainland China

Cosmopolitan spares no efforts to secure customers' data privacy by ensuring all procedures in collection and handling of customers' information are in compliance with relevant laws and regulations concerning personal data privacy in Mainland China. It has established a data protection policy to ensure personal data is handled in a highly confidential manner. Whenever appropriate, employees are required to sign a confidentiality agreement illustrating their legal responsibility and restriction on disclosing internal and personal information, including trade and customer information. Employees are accountable for the legal liability in case of any misuse and unauthorised disclosure of such information.

Supply Chain Management

Properties – Hong Kong

In order to support our daily operations, we procure from a wide range of suppliers and contractors who provide quality products and services, mainly construction materials and services and other office consumables. We work closely with them according to the supply chain management approach set out with an objective of building long-term sustainable partnerships.

We have established a set of standard protocols to specify the roles and responsibilities of the personnel in charge of sourcing and tendering exercises, in conjunction with the criteria set for suppliers and contractors during their engagement with the Group. During the tendering process, tenderers are required to provide relevant working records for background checks and examination. Only accredited candidates are considered. We then select and monitor in the later stage the engaged suppliers or contractors in various aspects, from product and services quality to occupational health and safety policies, as well as their compliance with applicable environmental and social regulations. Beyond basic compliance, we give priorities to suppliers who share the same sustainability goals with us and demonstrate due care to the environment and community.

Personnel from the property management office and project department are delegated to track and review the overall performance of the suppliers engaged respectively, based on a set of detailed checklists developed. We also conduct occasional on-site checking to examine directly the operation conditions and standards, especially the labour working and environmental conditions. The evaluation results are used in determining the continuity and possibility of future engagements.

Hotels

Regal's supply chain comprises a wide range of global vendors who provide a variety of products and services. Suppliers and vendors are prudently selected based on its specific procurement terms and guidance on listed criteria in order to control and balance the quality and cost of the procured materials. A Supplier Code of Conduct is formulated, with which the suppliers' compliance is regarded as one of Regal's consideration criteria for expanding or extending its cooperation with them.

ECONOMIC RESPONSIBILITY

Regal has a rigorous procedure for supplier qualification and selection, under which they are required to provide samples and catalogues for testing and examination. On-site evaluations are also conducted for in-depth assessment. Regal also grants priority to the contractors that are ISO 9001 certified, ensuring its supply chain is well managed and at minimal risks.

As the partnerships carry on, Regal monitors the on-going performance of its suppliers by implementing a rigid system. The Purchasing Department is responsible for monitoring product and service delivered by suppliers and making sure they are of expected quality.

On the other hand, Regal also incorporates environmental and social responsibility consideration into its supply chain management by enforcing its Green Purchasing Policy, which guides the Group Purchasing Manager and Group Hygiene Manager to evaluate potential contractors using an On-site Evaluation Checklist to ensure that they have adopted environmentally friendly techniques in processing products. Preference will be given to suppliers that share the same commitment with us to create an environmentally and socially responsible supply chain whenever practicable.

Properties – Mainland China

Embracing its approach in promoting fair and effective operation practices, Cosmopolitan monitors and actively engages with its supply chain through a three-stage assessment system, comprising qualifying, on-going and post-performance assessments. It also adopts a decentralised tendering management system where different roles and entities of the company are responsible for the relevant decision-making and management procedures.

The qualifying assessment aims to review the background and performance of suppliers, ensuring that Cosmopolitan only engages qualified suppliers who are licensed by the government and equipped with certified management system, such as ISO 9001 and ISO 14001. Priorities are also given to local enterprises whenever possible with an aim to reducing carbon footprints by logistics, while creating local job opportunities and promoting local economic development. Cosmopolitan monitors the product and service quality and business integrity of engaged suppliers and contractors continuously throughout the projects. For post-performance assessment, a quantitative scoring mechanism is in place for evaluating the suppliers' overall performance. Suppliers and contractors are required to take part in the post-performance assessment after completing the contracts and are provided with a final rating. Relevant records are kept for reference in future tendering processes and decisions.

Apart from product quality, Cosmopolitan emphasises on business ethics and has zero tolerance to any forms of corruption and misconduct. Hence, it requires all suppliers to sign a "Sunlight Declaration (陽光宣言)" before entering the partnerships. To further prohibit any incidents of misconduct, a targeted total transaction value or targeted unit value is predefined for internal reference before tendering processes. An established feedback mechanism and telephone hotline are available for any suggestions, complaints and whistleblowing from suppliers regarding the procurement practices.

ECONOMIC RESPONSIBILITY

Anti-corruption

Properties – Hong Kong

Paliburg has put in place explicit anti-corruption policies and conducts its business in strict accordance with related laws and regulations⁷. Paliburg has likewise zero-tolerance towards any violation of the requirements and standards stipulated in its anti-corruption policies, including but not limited to bribery, anti-competition, money laundering, fraud and corruption. Employees are expected to perform their duties with the utmost attention to the Company's standards and report any suspicious activities to the management if applicable.

Hotels

Regal upholds a high standard regarding business integrity and fair competition and requires all employees to share the same commitment. It strives to prevent any bribery and corruption occurring in the business operations. It requests its employees and suppliers to comply with the Supplier Code of Conduct, which is included in the Supplier/Distributor Registration Application Form. The Form is a prerequisite for any cooperation with the Group and provides guidelines on how to prevent corruption and bribery incidents in a proper manner. It strictly prohibits any form of gift-giving among its employees and the business partners, as it will undermine a fair and honest co-operative partnership. To uphold the overall ethical standards, employees who request or accept gifts from a supplier, in money or any other form, in the course of business dealings may be subject to dismissal.

Due to the social distancing restrictions throughout the year, Regal has temporarily halted the arrangement of anti-corruption training in 2020. To remind employees of the importance of business integrity, it will resume this regular training arrangement with the Independent Commission Against Corruption when the gathering restrictions are released.

Properties – Mainland China

Cosmopolitan maintains high ethical standards and is committed to prohibiting bribery and corruption. By establishing anti-corruption policies and stipulating the relevant content in the Employee Handbook, Cosmopolitan requires all employees to practice full compliance with laws and high standards of honesty and integrity in their duties. Training is also provided to employees in different roles and seniorities to raise their awareness of upholding ethical business conduct. Cosmopolitan has also developed various channels for employees to speak up in case of any suspected misconducts or malpractices.

⁷ The relevant laws and regulations include the Prevention of Bribery Ordinance (Cap. 201) of Hong Kong, together with Criminal Law of the People's Republic of China, Anti-Unfair Competition Law of the People's Republic of China, Interim Provisions on Prohibition of Commercial Bribery established by the State Administration for Industry and Commerce of the People's Republic of China and other related laws and regulations.

APPENDIX I – PERFORMANCE TABLES

Environmental Responsibility Performance⁸

	Units	Performance in 2019	Performance in 2020 ⁹
Air Emissions¹⁰			
Nitrogen Oxides (NOx)	kg	2,774	665
Hotels	kg	2,769	663
Properties – Mainland China	kg	5.00	1.79
Sulphur Oxides (SOx)	kg	7.01	6.34
Hotels	kg	6.87	6.30
Properties – Mainland China	kg	0.14	0.04
Particulate Matters (PM)	kg	129.36	31.13
Hotels	kg	129	31
Properties – Mainland China	kg	0.36	0.13

⁸ The performance data includes the property development and management in Hong Kong and Mainland China, and the hospitality operations in Hong Kong in 2019 and 2020.

⁹ The significant decrease in various environmental performance data in 2020 is mainly due to the business disruption caused by the COVID-19 pandemic.

¹⁰ The air emission data of the property development and management operations in Hong Kong is insignificant, thus the data is not disclosed.

APPENDIX I – PERFORMANCE TABLES

	Units	Performance in 2019	Performance in 2020 ⁹
Greenhouse gas (GHG) emissions			
Total GHG emissions¹³	tonnes of CO ₂ equivalent (tonnes CO ₂ e)	62,253	39,382
Property management – Hong Kong	tonnes CO ₂ e	6,430	5,219
Property development – Hong Kong	tonnes CO ₂ e	775	881
Hotels ¹¹	tonnes CO ₂ e	54,737	33,240
Properties – Mainland China	tonnes CO ₂ e	311	42
Direct GHG emissions (Scope 1)^{12,13}	tonnes CO ₂ e	8,292	5,517
Property management – Hong Kong	tonnes CO ₂ e	1	2
Property development – Hong Kong	tonnes CO ₂ e	172	32
Hotels	tonnes CO ₂ e	8,096	5,476
Properties – Mainland China ¹²	tonnes CO ₂ e	23	7
Indirect GHG emission (Scope 2)¹⁴	tonnes CO ₂ e	53,527	33,614
Property management – Hong Kong	tonnes CO ₂ e	6,429	5,217
Property development – Hong Kong	tonnes CO ₂ e	603	849
Hotels	tonnes CO ₂ e	46,207	27,514
Properties – Mainland China	tonnes CO ₂ e	288	35
Indirect GHG emission (Scope 3)	tonnes CO ₂ e	434	251
Hotels	tonnes CO ₂ e	434	251
GHG emission intensity¹⁵			
Property management – Hong Kong	kg CO ₂ e/m ²	33.70	28.70
Property development – Hong Kong	kg CO ₂ e/m ²	10.85	10.39
Hotels ¹⁶	kg CO ₂ e/equivalent guest night ¹⁷	17.42	20.61
Properties – Mainland China	kg CO ₂ e/m ²	0.49	0.07

¹¹ Indirect GHG emissions (Scope 3) are included into the calculation of total GHG emissions.

¹² Direct GHG emissions generated from fuel consumption.

¹³ The direct GHG emissions of Properties – Mainland China, and therefore the total GHG emissions, total direct GHG emissions and GHG emission intensity, in 2019 are revised to reflect the actual situation.

¹⁴ Indirect GHG emissions (Scope 2) are generated from electricity and town gas consumption.

¹⁵ The intensity figures are divided by total gross floor area of associated Paliburg or Cosmopolitan business units.

¹⁶ The results in 2020 were adversely affected due to the substantial decrease in the number of equivalent guest nights caused by the spread of the COVID-19 pandemic.

¹⁷ Equivalent guest nights include the total number of guests staying overnight in Regal hotels and one-third of the total number of guest patrons in Regal restaurants and banquet/function rooms.

APPENDIX I – PERFORMANCE TABLES

	Units	Performance in 2019	Performance in 2020 ⁹
Energy consumption			
Total energy consumption	GJ	417,299	360,335
Property management – Hong Kong	GJ	38,336	40,237
Property development – Hong Kong	GJ	6,234	7,776
Hotels	GJ	371,057	312,071
Properties – Mainland China	GJ	1,672	250
Electricity	kWh	77,918,663	71,346,346
Property management – Hong Kong	kWh	10,648,806	11,175,438
Property development – Hong Kong	kWh	1,077,003	2,028,222
Hotels	kWh	65,828,685	58,109,839
Properties – Mainland China	kWh	369,169	39,330
Fuel	GJ	17,962	14,580
Property management – Hong Kong	GJ	19	29
Property development – Hong Kong	GJ	2,357	475
Hotels	GJ	15,243	13,967
Properties – Mainland China	GJ	343	109
Towngas consumption in Hotels	GJ	118,830	88,908
Energy intensity¹⁵			
Property management – Hong Kong	GJ/m ²	0.20	0.22
Property development – Hong Kong	GJ/m ²	0.09	0.10
Hotels ¹⁶	GJ/equivalent guest night ¹⁷	0.12	0.19
Properties – Mainland China	GJ/m ²	0.003	0.0004

APPENDIX I – PERFORMANCE TABLES

	Units	Performance in 2019	Performance in 2020
Water consumption			
Total water consumption	m ³	843,339 ¹⁸	541,377
Property management – Hong Kong	m ³	27,605 ¹⁸	51,883
Property development – Hong Kong	m ³	27,966	17,121
Hotels	m ³	767,683	464,052
Properties – Mainland China	m ³	20,085	8,321
Water intensity¹⁵			
Property management – Hong Kong	m ³ /m ²	0.14 ¹⁸	0.29
Property development – Hong Kong	m ³ /m ²	0.62	0.21
Hotels ¹⁶	m ³ /equivalent guest night ¹⁷	0.24	0.29
Properties – Mainland China	m ³ /m ²	0.031	0.013
Waste disposal and recycled			
General waste disposed	tonnes	13,251	8,381
Property management – Hong Kong	tonnes	7,423	5,184
Property development – Hong Kong	tonnes	3,328	2,192
Hotels	tonnes	2,500	895
Property – Mainland China	tonnes	0.14	110
Waste recycled			
Wood	kg	42,300	1,200
Metal and iron	kg	42,171	216,192
Old concrete	kg	9,500	5,100
Used cooking oil	litre	5,168	2,972
Aluminium cans	kg	4,281	1,129
Plastic bottles	kg	14,734	11,756
Paper/cardboard	kg	147,222	132,556
Food waste and donations	kg	472	47,412
Glass	kg	21,165	4,640
Soap	kg	734	281
Hazardous waste disposed			
Retired lighting fitting	pieces	4,413	3,452
Battery (for industrial/commercial use)	pieces	545	296
Waste oil	kg	18	0
Filler	kg	3	2
Filler, paint and solvent containers	pieces	11	171

¹⁸ The water consumption of Property Management – Hong Kong in 2019, which was estimated due to unavailable water bills from the Water Services Department, and therefore the total water consumption and water intensity, are revised to reflect the actual situation.

APPENDIX I – PERFORMANCE TABLES

Economic Responsibility Performance¹⁹Employment Practice²⁰

	Units	Performance in 2019	Performance in 2020
Total workforce by employment contract			
Permanent	number of people	2,094	1,488
Contract	number of people	175	177
Trainee	number of people	4	1
Total workforce	number of people	2,273	1,666
Total workforce by gender			
Male	number of people	1,190	846
Female	number of people	1,083	820
Total workforce by age group			
Under 25	number of people	168	68
25 – less than 40	number of people	715	508
40 – less than 55	number of people	928	731
55 or above	number of people	462	359
Total workforce by employment category			
Senior management	number of people	33	37
Middle management	number of people	213	176
General staff	number of people	2,027	1,453

Occupational Health and Safety

	Units	Performance in 2019	Performance in 2020
Total number of work-related fatalities	number of people	0	0
Total number of lost day ²¹ due to work injuries	number of days	2,975	2,717

¹⁹ The performance data includes the property development and management in Hong Kong and Mainland China, and the hospitality operations in Hong Kong in 2019 and 2020.

²⁰ The total workforce figures were aligned and reported as at 31 December in 2019 and 2020.

²¹ Lost days refer to sick leave due to all types of work-related injuries.

APPENDIX I – PERFORMANCE TABLES

Development and Training²²

	Units	Performance in 2019	Performance in 2020
Percentage of employees trained by gender			
Male	%	59	60
Female	%	52	50
Percentage of employees trained by employment category			
Senior management	%	42	27
Middle management	%	53	57
General staff	%	57	55
Average training hours by gender			
Male	number of hours	4	2
Female	number of hours	4	1
Average training hours by employment category			
Senior management	number of hours	6	1
Middle management	number of hours	5	5
General staff	number of hours	4	1

Supply Chain Management

	Units	Performance in 2019	Performance in 2020
Number of suppliers by geographical region			
Hong Kong	number of suppliers	2,522	2,553
Mainland China	number of suppliers	371	317
Overseas	number of suppliers	75	83

²² For the purpose of disclosure in this report, the training statistics of senior management excludes the corporate general managers and directors.

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

Indicators	Section/ Statement	
A. Environmental		
Aspect A1: Emissions	<p>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.</p>	Environmental Management; Energy Efficiency and Emissions; Water Management; Waste Management
	<p>KPI A1.1 The types of emissions and respective emissions data.</p>	Environmental Responsibility Performance
	<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>	Environmental Responsibility Performance
	<p>KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</p>	Environmental Responsibility Performance
	<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>	Environmental Responsibility Performance
	<p>KPI A1.5 Description of measures to mitigate emissions and results achieved.</p>	Environmental Management; Energy Efficiency and Emissions; Water Management; Waste Management
	<p>KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.</p>	Waste Management

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

Indicators	Section/ Statement	
A. Environmental		
Aspect A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Management; Energy Efficiency and Emissions; Water Management
	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).	Environmental Responsibility Performance
	KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Responsibility Performance
	KPI A2.3 Description of energy use efficiency initiatives and results achieved.	Environmental Management; Energy Efficiency and Emissions
	KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Water Management
	KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable to the core business of Paliburg
Aspect A3: The Environment and Natural Resources	General Disclosure Policies on minimising the issuer’s significant impact on the environment and natural resources.	Environmental Responsibility
	KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Responsibility

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Indicators		Section/ Statement
B. Social		
Employment and Labour Practices		
Aspect B1: Employment	<p>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.</p>	Caring for Our Employees
	<p>KPI B1.1 Total workforce by gender, employment type, age group and geographical region.</p>	Economic Responsibility Performance
Aspect B2: Health and Safety	<p>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.</p>	Caring for Our Employees
	<p>KPI B2.1 Number and rate of work-related fatalities.</p>	Economic Responsibility Performance
	<p>KPI B2.2 Lost days due to work injury.</p>	Economic Responsibility Performance
	<p>KPI B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.</p>	Caring for Our Employees
Aspect B3: Development and Training	<p>General Disclosure Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.</p>	Caring for Our Employees
	<p>KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).</p>	Economic Responsibility Performance
	<p>KPI B3.2 The average training hours completed per employee by gender and employee category.</p>	Economic Responsibility Performance

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Indicators	Section/ Statement
B. Social	
Employment and Labour Practices	
Aspect B4: Labour Standards	<p>General Disclosure Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.</p> <p>Caring for Our Employees</p>
Operating Practices	
Aspect B5: Supply Chain Management	<p>General Disclosure Policies on managing environmental and social risks of the supply chain.</p> <p>Supply Chain Management</p>
	<p>KPI B5.1 Number of suppliers by geographical region.</p> <p>Economic Responsibility Performance</p>
	<p>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.</p> <p>Supply Chain Management</p>
Aspect B6: Product Responsibility	<p>General Disclosure Information on:</p> <p>(a) the policies; and</p> <p>(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.</p> <p>Caring for Our Customers</p>
	<p>KPI B6.4 Description of quality assurance process and recall procedures.</p> <p>Caring for Our Customers</p>

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Indicators	Section/ Statement	
B. Social		
Operating Practices		
<p>Aspect B7: Anti-corruption</p>	<p>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.</p>	Anti-corruption
	<p>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.</p>	Anti-corruption
	<p>KPI B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.</p>	Anti-corruption
Community		
<p>Aspect B8: Community Investment</p>	<p>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.</p>	Social Responsibility

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