

REGAL REIT 富豪產業信託

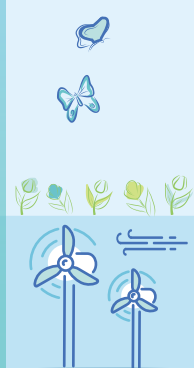
Regal Real Estate Investment Trust

(a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))
(Stock Code : 1881)



2021

Environmental, Social and Governance Report



Managed by

富豪資產管理有限公司
Regal Portfolio
Management Limited



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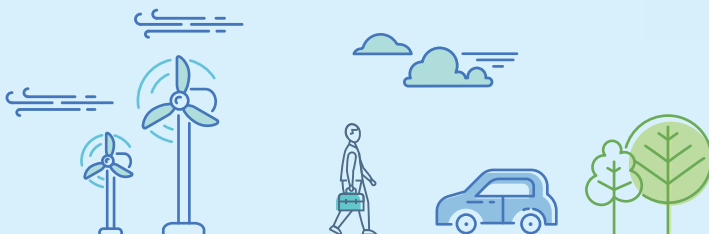
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ABOUT THIS REPORT

Reporting Standard

This report has been prepared in accordance with 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 preparation of this report has been based on four fundamental reporting principles outlined in the ESG Reporting Guide to facilitate meaningful communication and informed decision-making. The details are as follows:

- **Materiality:** Environmental, social and governance (“ESG”) issues that are significant to Regal Real Estate Investment Trust (“Regal REIT”) and our stakeholders were identified through stakeholder engagement and materiality assessment. 5 material ESG issues were identified, which form the focus of this report.
- **Quantitative:** Data about environmental and social responsibility were collected and reviewed to evaluate the effectiveness of environmental and social responsibility initiatives.
- **Balance:** All achievements and improvement plans were disclosed in this report in a transparent and balanced manner to provide an unbiased view on 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 sixth annual standalone ESG report of Regal REIT prepared by Regal Portfolio Management Limited (the “REIT Manager”). This report covers the sustainability performance of ESG issues that are material to the hotel properties owned by Regal REIT and managed by Regal Hotels International Limited (the “Hotel Manager”).

Reporting Period

Unless otherwise stated, this report presents the highlights of the progress and performance of the hotel properties in Hong Kong on material ESG issues for the period from 1 January 2021 to 31 December 2021.

Accessibility of the Report and Feedback

An electronic copy of this report can be accessed on Regal REIT’s website at www.regalreit.com/annualrpt.html. Should you have any enquiries about the report or opinions regarding Regal REIT’s ESG performance, please feel free to contact us via info@RegalREIT.com.

Board Approval

This report was reviewed and approved by the Board of Directors of the REIT Manager (the “Board”) on 25 May 2022.



CHAIRMAN'S STATEMENT

I am pleased to present herein the Environmental, Social and Governance Report 2021 of Regal REIT.

Operating in a sustainable manner is always the key to drive sustainable growth and development across hotel operations. This year, we and the Hotel Manager remain focused on the environmental performance of our portfolio, strengthening the management approach and efforts on decarbonisation actions and climate resilience. Taking environmental issues into consideration aligns with the best interests for Regal REIT's stakeholders.

Apart from the focus on environmental issues, the COVID-19 pandemic has highlighted the importance of placing top priority on health and safety of hotel guests and employees. The Hotel Manager continues to implement appropriate precautionary plans and practices to prepare for future waves of the epidemic.

In the future, we will continue to work closely with the Hotel Manager in upholding Regal REIT's sustainability values across the hotel operations. We are also determined to join hands with our stakeholders to build a more sustainable community during our sustainability journey.

LO YUK SUI

Chairman

Regal Portfolio Management Limited

(as the REIT Manager of Regal REIT)

Hong Kong
25 May 2022



ABOUT REGAL REIT

Regal REIT is a collective investment scheme established in the form of a unit trust under the laws of Hong Kong. Listed on the Main Board of The Stock Exchange of Hong Kong Limited since 2007, Regal REIT is the only listed hospitality real estate investment trust ("REIT") with market concentration in Hong Kong.

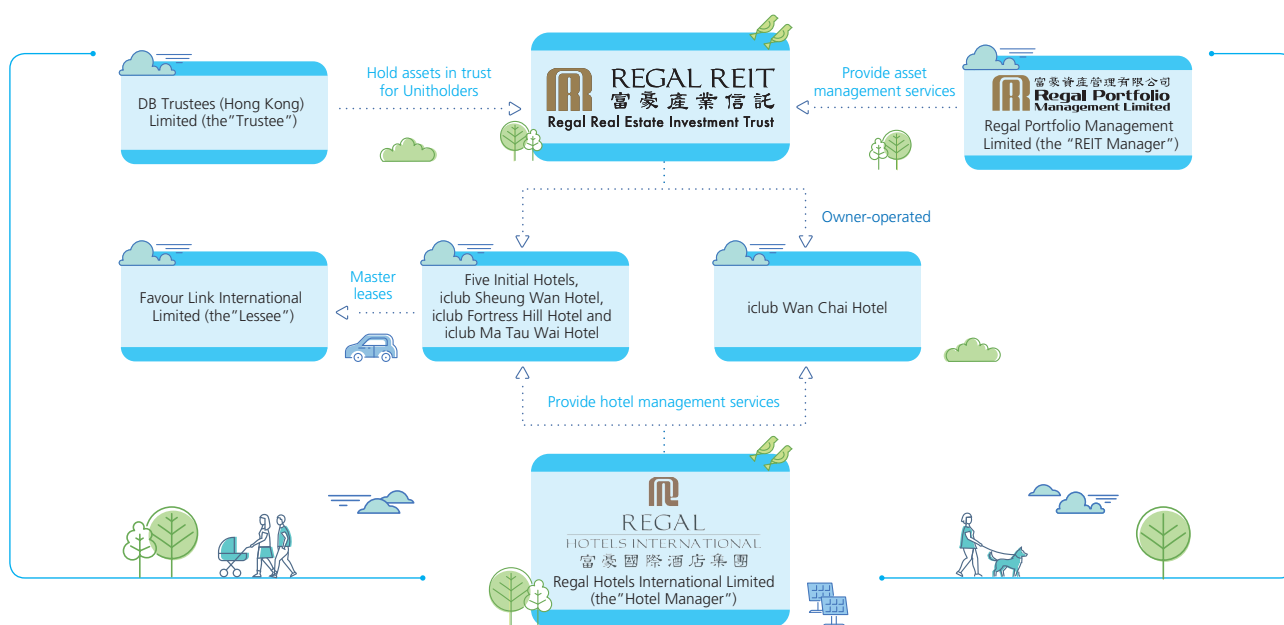
Property Portfolio

As at 31 December 2021, Regal REIT owns a total of nine hotel properties that are strategically located in different districts in Hong Kong. Regal REIT's hotel portfolio consists of 4,918 guestrooms and suites, offering all-rounded hotel services. The diverse portfolio is comprised of two hotel types, namely, full-service hotels, which offer a wide range of services including food and beverage outlets and other facilities, and select-service hotels, which offer contemporary design and are equipped with tech-savvy facilities, catering to different types of demand from business travellers and leisure-seeking customers, both locally and from abroad.

The name and location of our hotel properties are shown in the map as below:



Organisation and Structure



Regal REIT is managed by the REIT Manager and does not employ any employees directly. The respective property companies of Regal REIT entrusts the Hotel Manager to manage the daily operations of the hotel properties. Apart from iclub Wan Chai Hotel (an owner-operated property without lease), all hotels under Regal REIT's property portfolio are leased to the Lessee, which is a wholly-owned subsidiary of Regal Hotels International Holdings Limited ("RHIHL", together with its subsidiaries, collectively, the "RHIHL Group"), with long-term lease agreements.

Meanwhile, the Hotel Manager, a wholly-owned subsidiary of RHIHL, provides management services to all the hotel properties through long-term hotel management agreements.

The REIT Manager is also a wholly-owned subsidiary of RHIHL and is licensed by the Securities and Futures Commission in Hong Kong (the "SFC") to undertake the regulated activity of asset management for Regal REIT's property portfolio. The REIT Manager oversees and supervises the performance of the Lessee and the Hotel Manager in the operation of the five Initial Hotels¹ and the four iclub Hotels. Through the Hotel Manager, Regal REIT's property portfolio meets high standards in relation to compliance with the relevant regulations and guidelines, including environmental, employment, procurement and anti-corruption aspects, in maintaining a sustainable business environment.

The Trustee of Regal REIT is DB Trustees (Hong Kong) Limited (the "Trustee"), a wholly-owned subsidiary of Deutsche Bank AG. The Trustee is responsible for holding the assets of Regal REIT in trust for the benefit of the unitholders of Regal REIT (the "Unitholders") and oversees the activities of the REIT Manager for compliance with all the regulatory requirements.

The Hotel Manager

The Hotel Manager is engaged in the daily business operations of all five Initial Hotels¹ and four iclub Hotels. The Hotel Manager operates, manages and promotes Regal REIT's hotel properties under the brand names of "Regal" and "iclub by Regal", respectively.

In collaboration with the REIT Manager, the Hotel Manager adopts sustainable practices in the hospitality industry and implements different Sustainability Programmes in hotel operations, with the aim to provide quality services to guests and customers, which could help to enhance the value of the hotel assets in the long term.

¹ Namely, Regal Airport Hotel, Regal Hongkong Hotel, Regal Kowloon Hotel, Regal Oriental Hotel and Regal Riverside Hotel.



OUR ESG APPROACH

Board Statement on ESG Matters

The Board of the REIT Manager is responsible for the oversight of the ESG matters of Regal REIT. The REIT Manager has responsibilities in guiding the development of Regal REIT's ESG values, approaches, strategies and policies in addition to reviewing the identification, evaluation and management of ESG matters. The Board is also responsible for reviewing and monitoring the progress made against ESG related goals and targets. The Board reviews the ESG Report to ensure a balanced disclosure of ESG performance of Regal REIT and compliance with all applicable Listing Rules.

The REIT Manager works in collaboration with the Hotel Manager to identify, assess and prioritise ESG matters and their importance to Regal REIT and its stakeholders. While maintaining an oversight on the ESG matters which are material to Regal REIT, the REIT Manager entrusts the Hotel Manager to develop and implement ESG initiatives and measures to address the material ESG matters. Please refer to "Stakeholder Engagement" section of this Report for details of the stakeholder engagement process and the results of the materiality analysis.

Our ESG Strategy

Regal REIT strives to operate in a sustainable and responsible manner, and provides sustainable and stable growth for the Unitholders. Under the present operating framework, the Hotel Manager has been appointed to manage the daily operations of the hotels held by Regal REIT.

The Hotel Manager upholds its role as an internationally recognised hotel group that is strongly committed to sustainable development. Several sustainability programmes and initiatives targeting environmental, social and economic performance have been implemented by the Hotel Manager throughout the past years and efforts are being deployed for continuous enhancements.

Environmental Responsibility Programmes

- Reducing carbon emissions
- Reducing energy consumption
- Enhancing energy and water conservation
- Implementing waste management programme and practices
- Implementing the 5-R Principle (Reduce, Reuse, Recycle, Replace and Reject)
- Exploring the implementation on renewable energy

Social Responsibility Programmes

- Employing minority and physically handicapped citizens
- Supporting health, medical and literacy projects in the community
- Bolstering youth development

Economic Responsibility Programmes

- Maximisation of revenue and minimisation of cost
- Delivering maximum profit to investors and Unitholders
- Creation of local employment
- Development of employees and implementation of equal employment opportunity
- Delivering quality products and services
- Enhancing work efficiency
- Exploiting technology and automation
- Implementing economies of scale and engaging with local partners



Corporate Governance

Regal REIT believes that a high standard of corporate governance is the cornerstone of sustainable development. As an SFC-authorized REIT, Regal REIT is governed by the Code on Real Estate Investment Trusts and the Listing Rules, whenever they are applicable to Regal REIT and its operations. In addition, the REIT Manager has adopted a comprehensive compliance manual, a customary requirement for all REITs in Hong Kong, which sets out the guidelines for key processes, systems, policies and procedures applicable to Regal REIT's business and operations. The compliance manual also sets out the framework for corporate governance and is crucial to the management and operations of Regal REIT's business.

Regal REIT is a collective investment scheme authorised by the SFC and constituted by a trust deed. The responsibility of the Trustee is for the safe custody of the assets of Regal REIT for the benefit of the Unitholders as a whole and to oversee the activities of the REIT Manager for compliance with regulatory requirements. On the other hand, the REIT Manager ensures the assets of Regal REIT are professionally managed in the operational and financial aspects. The Trustee and the REIT Manager are functionally independent of each other. The Board oversees the overall governance of the REIT Manager and establishes a framework for maintaining effective management of Regal REIT on internal controls and business risk aspects. At the same time, sustainability issues are considered to optimise risk management in the business.

For more information regarding the REIT Manager's corporate governance and the Board, please refer to Regal REIT's [Annual Report 2021](#).

Sustainability Governance

Regal REIT prioritises sustainable business practices in the management of its investment portfolio. The feedback and opinions of key stakeholders regarding the sustainability performance of the properties were highly valued and considered in the course of formulating goals and targets. Sustainability programmes are implemented by the Hotel Manager to address environmental, social and economic issues related to the operations of Regal REIT's hotels.

In order to strengthen the management of the environmental footprints of all hotels under Regal REIT's property portfolio, an Environmental Policy has been formulated by the Hotel Manager to guide the operational practices. The hotels' environmental and social performance are reviewed and monitored regularly by the Hotel Manager to evaluate the effectiveness of related sustainability measures and track the progress of the sustainability targets. To showcase the commitment to social responsibility and contribute to the society, the Hotel Manager has proactively organised and promoted community programmes in the hotels, and supported volunteer programmes launched by external parties during the reporting period.



Stakeholder Engagement

In order to understand the opinions and needs of different stakeholder groups, several transparent and regular communication channels have been established. The REIT Manager and the Hotel Manager value the stakeholders' opinions and would ensure that their views are collected effectively. The major communication channels for each group are listed as follows:

Stakeholder Group Engaged	Methods of Engagement ²
Engaged by the REIT Manager	
Unitholders	<ul style="list-style-type: none"> • General meetings • Annual and interim reports • Announcements and circulars • Regal REIT's website and email
Investors	<ul style="list-style-type: none"> • Analyst briefings • Investor meetings • Annual and interim reports • Announcements and circulars • Regal REIT's website and email
Community	<ul style="list-style-type: none"> • Media conferences • Face-to-face meetings
Engaged by the Hotel Manager	
Hotel Management	<ul style="list-style-type: none"> • Regular meetings • Ongoing engagement
Hotel General Employees	<ul style="list-style-type: none"> • Employee satisfaction questionnaires • Regular meetings • Orientation activities • Notice boards • Annual appraisal meetings • Employee engagement activities
Suppliers/Contractors	<ul style="list-style-type: none"> • On-site evaluation visits and meetings • Regular meetings
Community	<ul style="list-style-type: none"> • Media conferences • Face-to-face meetings • Volunteer activities
Hotel Guests	<ul style="list-style-type: none"> • Guest satisfaction surveys • Loyalty clubs, e.g. 925 Club • Website and social media • Day-to-day communication with front-line employees • Customer feedback mechanism • Hotlines
Industrial Associations	<ul style="list-style-type: none"> • Industry forums

² Due to the pandemic and social distancing restrictions, most events involving physical gatherings have been temporarily suspended during the reporting year.



Materiality Assessment

The REIT Manager is responsible for reviewing ESG issues that are material to its business. The outcome of the stakeholder engagement exercise is used as the basis for the materiality assessment. The prioritisation of the material topics followed the principles defined in the ESG Reporting Guide, and the steps are summarised as follows:



Based on the results from the materiality assessment, 13 material ESG issues were identified by the Hotel Manager that are material to its business and operations. The REIT Manager has reviewed the results and evaluated the importance of those issues to Regal REIT’s business, operations and sustainability approach. The REIT Manager has prioritised the following 5 material ESG issues which are considered to be relevant to Regal REIT’s business and operation. They form the basis of this report and will be addressed in detail. Other ESG issues such as employee related matters are not considered to be directly relevant to Regal REIT’s business and operation and therefore, not covered in this ESG Report, as Regal REIT does not have any employees.





ENVIRONMENTAL RESPONSIBILITY

We endeavour to foster a tranquil and pleasant environment through maintaining a highly environmentally conscious hospitality operation. To actively monitor and manage our environmental impact, the REIT Manager collaborates with the Hotel Manager to implement a comprehensive environmental management approach. We strive to promote the well-being and the environmental quality of our surroundings through implementing various environmental management practices.

Environmental Management

Regal REIT understands the paramount importance of protecting the environment for our planet's survival and prosperity. To minimise the adverse environmental impacts within hotels' operations wherever practicable, the Hotel Manager adheres to a group-wide Environmental Policy Statement. The Statement sets forth the environmental mission, which includes compliance, monitoring and reporting, employee awareness, enhancement initiatives and risk management.

Four key environmental aspects, including energy consumption, water consumption, waste management and climate risk management were identified by the Hotel Manager and prioritised in hotel operations. A Green Committee has been established by the Hotel Manager to monitor the hotels' performances and to implement various environmental management initiatives on a regular basis to achieve continuous enhancements in hotels' environmental performance. An environmental management system with diverse sustainability initiatives has been carried out by the Hotel Manager to minimise the use of resources and enhance waste management.

EarthCheck and Achievement

To demonstrate our environmental commitment, the Hotel Manager strives to ensure all the hotels strictly comply with all relevant environmental laws and regulations³, as well as to align environmental performance and practices with industry best practices.

Our hotels have attained a number of well-recognised awards and certification in recognition of the efforts in environmental protection. Environmental performance in 2021 were encouraging, with Regal Airport Hotel, Regal Hongkong Hotel, Regal Kowloon Hotel, Regal Oriental Hotel and Regal Riverside Hotel attaining the EarthCheck Gold Benchmarking Certificates while iclub Fortress Hill Hotel, iclub Ma Tau Wai Hotel, iclub Sheung Wan Hotel and iclub Wan Chai Hotel attaining the EarthCheck Silver Benchmarking Certificate.

³ The environmental laws and regulations that might be significant to our property portfolio include Air Pollution Control Ordinance (Cap. 311 of the Laws of Hong Kong), Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong), Water Pollution Control Ordinance (Cap. 358 of the Laws of Hong Kong) and Noise Control Ordinance (Cap. 400 of the Laws of Hong Kong).



Over the past years, the Hotel Manager has improved environmental performance progressively. To secure the certification endorsements, multiple environmental-friendly measures are implemented, which include:

- establishing Environmental Management System (EMS) for effective implementation of sustainability action in hotels with over 500 guestrooms;
- replacing quartz lamps/fluorescent lamps with LED lights to save energy efficiently;
- participating in Automated Demand Response Programmes by electricity companies to minimise the electricity consumption at critical peak-load periods;
- replacing aged plants and installing new equipment to enhance operation and energy efficiency and reduction of carbon emission;
- installing a new Building Management System (BMS) to monitor the operation schedules of plant and machinery and to arrange partial loading at different periods of the day;
- signing performance-based contracts with specialist contractors to implement energy saving programme for the chillers in the hotels;
- incorporating frequency controllers on replacement of air conditioning systems and hot or cold water pumps;
- working closely with the Hong Kong Hotel Association and professional engineering bodies to exchange updates of sustainability information;
- appointing registered waste collectors to handle the disposal of electrical appliances, so as to curb land contamination and refrigerant leakage; and
- actively engaging in the “Plastic-free” campaign.



Environmental Targets

During the reporting year, the REIT Manager worked with the Hotel Manager to establish a set of environmental targets, aimed to effectively tracking and monitoring the hotels’ environmental footprints.

The Hotel Manager has set comprehensive quantitative targets, focusing on decarbonisation and waste management, and formulated action plans to achieve the targets over the short, medium to the long term.

The Hotel Manager will closely monitor the progress on the achievement of the targets and drive continuous improvement in hotels’ environmental performance.



Key Aspects	Targets	
Greenhouse Gases Emissions	Long-term	Achieve Carbon Neutrality by 2050
	Mid-term	Achieve 15% reduction in greenhouse gases emissions intensity by 2035 with 2018 as baseline year
Energy Efficiency	Mid-term	Achieve EarthCheck Certification “Platinum” and “Master” Rating for five Initial Hotels by 2033 and 2038, respectively
		Achieve 15% reduction in electricity consumption intensity by 2035 with 2018 as baseline year
Waste Reduction	Mid-term	Minimise the use of single-use plastic packaging and toiletries gradually and replace with biodegradable materials by 2028
	Short-term	Reduce food waste generation by 25% by 2025 with 2023 as baseline year



Our Response to Climate Change

As climate change can pose a threat to the business operations, asset valuation and reputation of Regal REIT, managing climate risks has become one of the prime focus of environmental management. The REIT Manager works in collaboration with the Hotel Manager to develop and implement solid management approaches and action plans to enhance the climate adaptability and resilience across the hotel operations.

During the reporting year, a third-party consultant has been appointed to conduct a climate risk assessment exercise, with the purpose to identify and evaluate material climate transition and physical risks across the hotel operations. The assessment results are valuable for the establishment of mitigation measures to address the material climate risks.

In terms of climate transition risks, policy and legal risk is considered as the most material risk to Regal REIT's operations. Following the announcement of Hong Kong's Climate Action Plan 2050, the local government is likely to set more stringent guidance, targets and regulations to achieve its carbon emissions targets and net zero goal. This will imply carrying out equipment and facilities enhancement projects to achieve better energy efficiency, which may result in higher operating costs in the hotel operations in the medium-term.

Regarding the hotels' physical risk exposure, strong winds, tropical cyclones and coastal flooding are material risks to the hotels' operations, as those risks are very likely to impact the hotel operations in Hong Kong, given its geographical characteristics.

The Hotel Manager has implemented diverse mitigation measures to minimise the impacts of material climate risks on the operations of Regal REIT's hotel properties. As a reference, the Hotel Manager has formulated operating policies and procedures relating to these physical risks, including work arrangement under extreme weather, such as black rainstorm and typhoon. These policies and procedures are well-communicated to its employees to enhance their preparedness to climate risks. In addition, the Hotel Manager's engineering department will conduct training for engineering staff from time to time to ensure that sufficient material, equipment and manpower are available to cope with emergencies.



Energy and Emissions

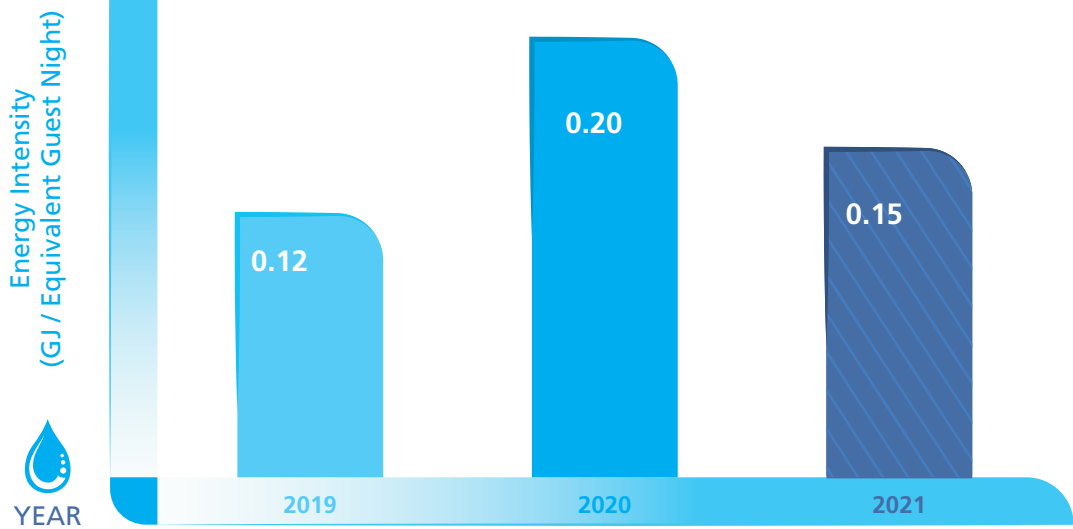
Regal REIT acknowledges that reducing carbon emissions is an integral part of global climate action. Energy efficiency is set as one of the core environmental management strategies. The Hotel Manager conducts regular review on the hotels' energy management system, ensuring compliance with the operational needs while aligning with industrial best practices.

To facilitate our hotels in transition towards a low-carbon development, the Hotel Manager is committed to making gradual changes in operations to strengthen the energy management and enhance energy efficiency in our hotels. To this end, various improvement measures are planned to be progressively implemented in our hotels to increase energy efficiency and reduce greenhouse gas emissions:

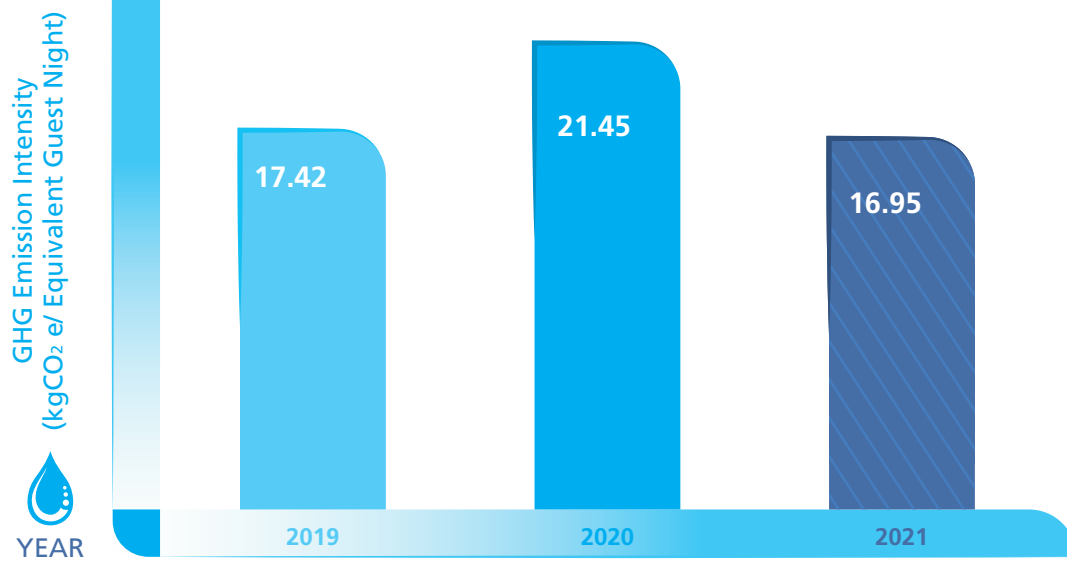
- implementing Intelligent Building Management System (iBMS) for all hotels by 2030;
- partnering with power companies to conduct energy audits in the hotels to explore Energy Management Opportunities (EMOs);
- replacing all T5 lighting fittings with more energy efficient LED lighting fittings with motion and daylight sensor by 2028;
- upgrading all the motors to high efficiency models (IE3 or above) by 2030;
- purchasing Renewable Energy Certificates by 2035 to support the use of renewable energy;
- increasing the utilisation of electric vehicles (EV) to achieve 100% EVs by 2028;
- installing 52 EV charging stations in our hotels by 2025 and achieving 100% of car parking space equipped with EV chargers by 2030 to promote clean and low carbon transportation; and
- installing solar panels at selected hotels by 2025 if such installation is practically feasible for the purpose of achieving energy saving.



Energy Intensity during 2019 to 2021⁴



GHG Emission Intensity during 2019 to 2021⁴



⁴ In 2021, as hotel operations continued to be affected by the COVID-19 pandemic, additional hygiene measures including better ventilation, cooler in-room temperature to get rid of mould and more frequent cleansing exercises were enforced in the hotels. Hence, energy intensity and GHG emission intensity remained at a high level comparing to previous years.



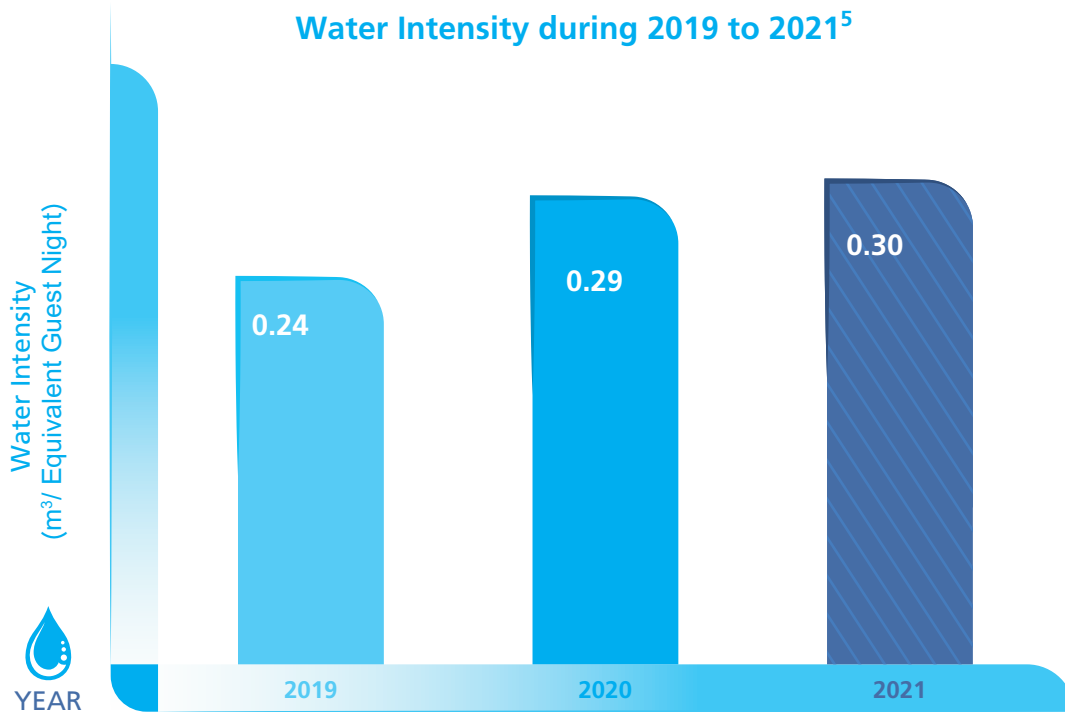
To demonstrate our commitment to advocating energy conservation and tackling climate change, our hotels participated in the environmental initiatives hosted by external parties like the World Wide Fund for Nature (WWF) to extend the care to the environment. During the reporting period, the Hotel Manager continued to support the annual Earth Hour event organised by the WWF, and all hotel exterior and non-essential decorative lightings were switched off for one hour to demonstrate our awareness and dedication to the saving of resources.

The Hotel Manager will continue to implement various measures to improve energy performance of the hotels, and the progress of the energy efficiency and greenhouse gases emissions targets will be closely monitored.

Water Management

To reduce water wastage, the Hotel Manager is committed to maintaining close monitoring of water consumption in the hotels in all aspects of the hotel operation, such as catering and cleaning.

Whenever economically viable and practicable, the Hotel Manager is motivated to explore and initiate different measures to enhance performance in water saving across hotel operations.



⁵ In 2021, the Hotel Manager continued to enforce additional hygiene measures like more frequent cleansing of hotel facilities in response to the COVID-19 pandemic. Hence, water intensity remained at a high level comparing to previous years.



Waste Minimisation and Recycling

Waste generation is one of the most material environmental concerns in the hospitality industry. Regal REIT acknowledges the importance of effective waste management along the production and disposal phases. From material consumption to handling waste, the Hotel Manager works in collaboration closely with its employees, guests and non-profit organisations to reuse and recycle waste whenever economically practicable.

As food waste is one of the main sources of waste in hotel and catering operations, the Hotel Manager implements stringent procurement control procedures to reduce waste generation. The Hotel Manager monitors the food procurement volume by estimating the number of guests and meal reservations to avoid over-purchasing.

Disposable room amenities and single-use plastic packaging are another major source of waste across hotel operations. The Hotel Manager aims to reduce waste generation through implementing the following measures:

- minimising the use of single-use plastic items by 2028;
- advocating the concept of “Green Hotel” by encouraging guests to bring their personal care items and reduce disposable products consumption during their stay;
- purchasing disposable room amenities, toiletries, tableware and takeaway containers that are made from biodegradable materials to avoid the use of single-use plastic;
- installing free filtered water dispenser in all guestroom floors to reduce consumption of plastic water bottles;
- offering umbrella drying racks in all hotel areas to avoid the use of disposable plastic umbrella bags; and
- installing in-room rubbish bins with built-in compartments for separate waste disposal.

To achieve waste reduction at source, the Hotel Manager cultivates an environmental-friendly lifestyle in the hotel operations through circulating a Green Meeting Package, to guests and employees, which introduces the 5-R Principle:

- Reduce
- Reuse
- Recycle
- Replace
- Reject

The Hotel Manager strictly complies with internal waste management procedures and relevant local laws and regulations during operations to ensure the process of waste collection, categorisation and disposal are properly and responsibly carried out, while optimising the opportunity to recycle materials whenever applicable.

Based on the business nature, our hotel operations do not generate any significant amounts of hazardous waste. Nonetheless, the Hotel Manager acknowledges the irreversible and adverse impacts on the environment that can be potentially caused by hazardous waste. Therefore, our hotels handle all waste in a cautious manner, with a protocol on storage and handling of hazardous materials. The Hotel Manager also requires its suppliers to provide eco-certificates or labels for cleaning products, and appoints a qualified collector to handle the disposal of electrical appliances.



SOCIAL RESPONSIBILITY

The RHIHL Group, of which Regal REIT and the REIT Manager form part, values corporate social responsibility and regards social responsibility as a pillar of our long-term sustainability programme. The Hotel Manager is delegated with responsibilities to monitor the Group's approach and effort in fulfilling its social responsibility. A Social Responsibility Steering Committee has been established and chaired by the chief operating officer of the Hotel Manager and supported by all function heads. The Committee has identified three social responsibilities to focus on:

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

The Hotel Manager strives to make the community and society a better place for all by actively participating in different community programmes.

Highlights of Community Investment by the RHIHL Group in 2021 were as follows:

- Number of partnering non-profit organisations and other institutes: 19
- Number of organised volunteer activities: 13
- Total volunteer hours contributed by employees: 286 hours
- Amount of donation and sponsorship: HK\$656,500



BUSINESS RESPONSIBILITY

The REIT Manager undertakes business responsibility to oversee that Regal REIT's business operations conform with good operational practices, including service quality control and supply chain management. The Hotel Manager is delegated with responsibility to monitor the hotels' performance in three main economic aspects: employment, customer relations and operational practices. The RHIHL Group is committed to be a caring employer and considers its employees vital in maintaining business growth. Robust employment policies have been formulated by the Hotel Manager, aiming to offer competitive compensation and welfare packages, and providing suitable training programmes and employee initiatives in order to attract, nurture, and retain talents. Abiding by the RHIHL Group's core value, the Hotel Manager strives to offer high quality hotel services and engage with guests through a wide range of communication channels and loyalty programmes to establish and maintain good relationships with guests. Moreover, the RHIHL Group upholds high ethical standards in operational practices and operates a well-developed supply chain. The supply chain management approaches and strategies are expected to bring positive influence into the value chain, including the hotels, their customers and the community at large.

Supply Chain Management

Given the business nature of Regal REIT, it does not itself engage or manage a complex supply chain. Regal REIT engages the Hotel Manager to provide hotel management services and to strictly abide by the Group's anti-corruption and fair competition policies in its procurement process. The Hotel Manager relies on an extensive network of vendors and suppliers in the hotel operations and is responsible for monitoring the contractors and suppliers' compliance with the Group's standards and requirements.

The RHIHL Group Purchasing Department is wholly responsible for procurement management. The Department follows a well-developed system to monitor suppliers' compliance with relevant laws, regulations and standards. The RHIHL Group strives to minimise negative environmental and social impacts that may otherwise arise from its procurement process.

Business Ethics

The RHIHL Group upholds the highest standard regarding business integrity and fair competition, requiring all employees and business partners to share the same commitment.

The RHIHL Group has formulated anti-corruption, conflict of interest and fair competition related internal standards, policies and control measures.

All the employees of the RHIHL Group, including those employed by the REIT Manager and the Hotel Manager, are made clearly aware of the requisite business ethics standards and code of conduct through multiple channels, including Employee Handbook and awareness trainings, which provide clear guidance in avoiding anti-competitive conduct and preventing corruption in daily operations, such as gifts and gratuities. Any employee who is found to be involved in corruption or bribery is subject to disciplinary action or immediate dismissal.

The Group aims to achieve fairness through eliminating any anti-competitive behaviour among its supply chain and avoiding any conflict of interest. In the course of Regal REIT's business operations, all business partners and suppliers are required to declare an anti-collusion confirmation on the Hotel Manager's tendering documents. In addition, the Hotel Manager's employees are required to disclose any affiliations with any business dealings outside the Group, or else disciplinary action or immediate dismissal may apply.

During the reporting period, Regal REIT complied with the Prevention of Bribery Ordinance (Cap. 201 of Laws of Hong Kong) and the Competition Ordinance (Cap. 619 of the Laws of Hong Kong). No legal cases regarding corrupt practices were brought against Regal REIT in 2021.



APPENDIX I – AWARDS, RECOGNITIONS, QUALIFICATIONS AND MEMBERSHIP

Regal Hotels International Limited, the Hotel Manager

Awards and Recognitions	Organisations
15 Years+ Caring Company	The Hong Kong Council of Social Service

Regal Airport Hotel

Awards and Recognitions	Organisations
MASTERCHEF Recommendation Restaurant 2021 – Rouge	MASTERCHEF
Travellers' Choice Award	Tripadvisor
Trusted Cleanliness Badge	TrustYou

Regal Hongkong Hotel

Awards and Recognitions	Organisations
Anti-epidemic Hygiene Measures Certification	Hong Kong Quality Assurance Agency
Caring Company 10 Years+ Award	The Hong Kong Council of Social Service
Certificate of Excellence	Tripadvisor
MASTERCHEF Recommendation Restaurant 2021 - Regal Palace	MASTERCHEF
Quality Restaurant Certification (10 years+) - Café Rivoli - Regal Palace	Hong Kong Tourism Board
Trusted Cleanliness Badge	TrustYou

Regal Kowloon Hotel

Awards and Recognitions	Organisations
Anti-epidemic Hygiene Measures Certification	Hong Kong Quality Assurance Agency
Caring Company 2020/2021	The Hong Kong Council of Social Service
HACCP Certification	SGS
MASTERCHEF Recommendation Restaurant 2021 - Regal Court & Mezzo	MASTERCHEF
Travellers' Choice Award	Tripadvisor



Regal Oriental Hotel

Awards and Recognitions	Organisations
Halal Certificate (2013-2021)	The Incorporated Trustees of The Islamic Community Fund of Hong Kong
Trusted Cleanliness Badge	TrustYou

Regal Riverside Hotel

Awards and Recognitions	Organisations
Anti-epidemic Hygiene Measures Certification	Hong Kong Quality Assurance Agency
Mame's Best Choice of Postpartum Hotel	MameShare
MASTERCHEF Recommendation Restaurant - Dragon Inn & Vi	MASTERCHEF
Quality Restaurant Certification (10 years+) - Avanti Pizzeria, L'Eau Restaurant & Regal Terrace	Hong Kong Tourism Board
Quality Restaurant Certification - Dragon Inn & Vi	Hong Kong Tourism Board
Trusted Cleanliness Badge	TrustYou

iclub Fortress Hill Hotel

Awards and Recognitions	Organisations
Trusted Cleanliness Badge	TrustYou

iclub Ma Tau Wai Hotel

Awards and Recognitions	Organisations
Travellers' Choice Award	Tripadvisor

iclub Sheung Wan Hotel

Awards and Recognitions	Organisations
Anti-epidemic Hygiene Measures Certification	Hong Kong Quality Assurance Agency
Loved by Guests Award	Hotels.com
Travellers' Choice Award	TripAdvisor
Traveller Review Awards	Booking.com



iclub Wan Chai Hotel



Awards and Recognitions	Organisations
Anti-epidemic Hygiene Measures Certification	Hong Kong Quality Assurance Agency
Trusted Cleanliness Badge	TrustYou
Travellers' Choice Award	TripAdvisor

QUALIFICATIONS

- EarthCheck (Gold)**
 Regal Airport Hotel, Regal Hongkong Hotel, Regal Kowloon Hotel, Regal Oriental Hotel and Regal Riverside Hotel.
- EarthCheck (Silver)**
 iclub Fortress Hill Hotel, iclub Wan Chai Hotel, iclub Sheung Wan Hotel and iclub Ma Tau Wai Hotel.
- ISO Certifications:**
 ISO 22000: Regal Airport Hotel, Regal Hongkong Hotel, Regal Kowloon Hotel and Regal Riverside Hotel are certified.

Membership

The Hotel Manager has been a member of the Hong Kong Green Purchasing Charter of the Green Council since 2012, advocating green and local purchases.



APPENDIX II – PERFORMANCE TABLE

Environmental Responsibility Performance⁶

	Units	Performance in 2020	Performance in 2021
Air Emissions⁷			
Nitrogen Oxide (NOx)	kg	663	4.32
Sulphur Oxide (SOx)	kg	6.30	5.46
Particulate Matters (PM)	kg	31	0.32
Greenhouse gas (GHG) emissions			
Total GHG emissions ⁸	tonnes of CO ₂ equivalent (tonnes CO ₂ e)	32,285	32,937
Direct GHG emissions (Scope 1) ⁹	tonnes CO ₂ e	5,380	5,048
Indirect GHG emissions (Scope 2) ¹⁰	tonnes CO ₂ e	26,656	27,598
Indirect GHG emissions (Scope 3)	tonnes CO ₂ e	249	291
GHG emission intensity	kg CO ₂ e/equivalent guest night ¹¹	21.45	16.95
Energy consumption			
Total energy consumption	GJ	302,280	294,364
Electricity	kWh	55,846,393	56,370,638
Towngas	GJ	87,266	78,352
Fuel	GJ	13,967	13,078
Energy intensity	GJ/equivalent guest night ¹¹	0.20	0.15
Water consumption			
Total water consumption	m ³	440,980	580,188
Water intensity	m ³ /equivalent guest night ¹¹	0.29	0.30

⁶ The performance data only covers the hotel operations, including the five Initial Hotels (Regal Airport Hotel, Regal Hongkong Hotel, Regal Kowloon Hotel, Regal Oriental Hotel and Regal Riverside Hotel) and four iclub Hotels (iclub Fortress Hill Hotel, iclub Ma Tau Wai Hotel, iclub Sheung Wan Hotel and iclub Wan Chai Hotel) in 2021.

⁷ In 2021, the Hotel Manager suspended the use of hotel shuttles, resulting in a significant reduction in emissions of NOx and PM.

⁸ Indirect GHG emissions (scope 3) are included into the calculation of total GHG emissions.

⁹ Direct GHG emission generated from fuel consumption.

¹⁰ Indirect GHG emissions generated from electricity and towngas consumption.

¹¹ Equivalent guest night includes the total number of guests stayed overnight in the hotels and one third on total number of guest patron in the restaurants and banquet/function rooms.



	Units	Performance in 2020	Performance in 2021
Waste disposal and recycled			
General waste disposed ¹²	tonnes	895	3,449
Waste recycled			
Used cooking oil	Litre	2,972	3,857
Aluminium cans	kg	N/A ¹³	17
Plastic bottles ¹⁴	kg	6,416	1,652
Paper	kg	30,661	40,219
Food waste and donations	kg	47,412	43,139
Glass bottles	kg	2,073	4,282
Soap ¹⁴	kg	199	70
Hazardous waste disposed¹⁵			
Retired lighting fitting	pieces	N/A	308
Electronic Appliances	pieces	N/A	30
Cleansing Chemicals	kg	N/A	25

¹² Four of our hotels enrolled in the Designated Quarantine Hotel Scheme in 2021. Significant amount of waste including meal boxes were generated during the quarantine period, which were disposed of due to health and safety concerns.

¹³ There were no data record on aluminum cans recycling in 2020 since the partner organisation suspended their recycling operation during the year due to the COVID-19 pandemic.

¹⁴ Due to hygiene concerns, waste generated from guestroom floors of quarantine hotels was not recycled, which resulted in significant reduction in the numbers of plastic bottles and soap recycled.

¹⁵ In 2021, data management was enhanced and we started to report the statistics of hazardous waste disposed.



APPENDIX III – 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; EarthCheck and Achievement; Energy and Emissions; Waste Minimisation and Recycling
	<p>KPI A1.1 The types of emissions and respective emissions data.</p>	Environmental Responsibility Performance
	<p>KPI A1.2 Direct (scope 1) and energy indirect (scope 2) greenhouse gas emissions (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 emissions target(s) set and steps taken to achieve them.</p>	Environmental Targets; Energy and Emissions
	<p>KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.</p>	Environmental Targets; Waste Minimisation and Recycling



Indicators	Section/Statement	
A. Environmental		
Aspect A2: Use of Resources	<p>General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.</p>	Environmental Management; EarthCheck and Achievement; Energy and Emissions; Water Management
	<p>KPI A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).</p>	Environmental Responsibility Performance
	<p>KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).</p>	Environmental Responsibility Performance
	<p>KPI A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.</p>	Environmental Targets; Energy and Emissions
	<p>KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.</p>	Water Management As water is not identified as a material ESG topic to the operations of Regal REIT's hotel properties, no water-related target was set during the reporting year.
	<p>KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.</p>	Not applicable to the core business of Regal REIT as hotel operations do not consume significant amount of packing materials.
Aspect A3: The Environment and Natural Resources	<p>General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.</p>	Environmental Management; EarthCheck and Achievement
	<p>KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.</p>	Environmental Management; EarthCheck and Achievement



Indicators	Section/Statement	
A. Environmental		
Aspect A4: Climate Change	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Our Response to Climate Change
	KPI A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Our Response to Climate Change
B. Social		
Employment and Labour Practices		
Aspect B1: Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Regal REIT does not employ any staff in its own right. Employment and labour practices are not material to our business. There were no non-compliance incidents regarding labour practices during the reporting period.
	KPI B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Refer to remarks for Aspect B1 General disclosure.
	KPI B1.2 Employee turnover rate by gender, age group and geographical region.	Refer to remarks for Aspect B1 General disclosure.



Indicators	Section/Statement	
B. Social		
Employment and Labour Practices		
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>	<p>Regal REIT does not employ any staff in its own right. Health and safety issues are not material to our business.</p> <p>There were no non-compliance incidents regarding workplace health and safety during the reporting period.</p>
	<p>KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.</p>	<p>Refer to remarks for Aspect B2 General disclosure.</p>
	<p>KPI B2.2 Lost days due to work injury.</p>	<p>Refer to remarks for Aspect B2 General disclosure.</p>
	<p>KPI B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.</p>	<p>Refer to remarks for Aspect B2 General disclosure.</p>
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>	<p>Regal REIT does not employ any staff in its own right. Development and training issues are not material to our business.</p>
	<p>KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).</p>	<p>Refer to remarks for Aspect B3 General disclosure.</p>
	<p>KPI B3.2 The average training hours completed per employee by gender and employee category.</p>	<p>Refer to remarks for Aspect B3 General disclosure.</p>



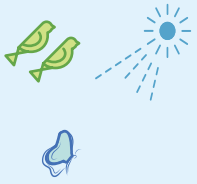
Indicators	Section/Statement	
B. Social		
Employment and Labour Practices		
Aspect B4: Labour Standards	<p>General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.</p>	<p>Regal REIT does not employ any staff in its own right. Labour standards issues are not material to our business.</p> <p>There were no non-compliance incidents regarding child and forced labour during the reporting period.</p>
	<p>KPI B4.1 Description of measures to review employment practices to avoid child and forced labour.</p>	<p>Refer to remarks for Aspect B4 General disclosure.</p>
	<p>KPI B4.2 Description of steps taken to eliminate such practices when discovered.</p>	<p>Refer to remarks for Aspect B4 General disclosure.</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>Supply Chain Management</p>
	<p>KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.</p>	<p>Supply Chain Management</p>
	<p>KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.</p>	<p>Supply Chain Management</p>
	<p>KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.</p>	<p>Supply Chain Management</p>



Indicators	Section/Statement	
B. Social		
Operating Practices		
Aspect B6: Product Responsibility	<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 health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p>	<p>Regal REIT does not directly manage the operations of its hotel properties. Product responsibility issues are not material to our business.</p> <p>There were no non-compliance incidents regarding product responsibility during the reporting period.</p>
	<p>KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.</p>	<p>Refer to remarks for Aspect B6 General disclosure.</p>
	<p>KPI B6.2 Number of products and service related complaints received and how they are dealt with.</p>	<p>Refer to remarks for Aspect B6 General disclosure.</p>
	<p>KPI B6.3 Description of practices relating to observing and protecting intellectual property rights.</p>	<p>Refer to remarks for Aspect B6 General disclosure.</p>
	<p>KPI B6.4 Description of quality assurance process and recall procedures.</p>	<p>Refer to remarks for Aspect B6 General disclosure.</p>
	<p>KPI B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.</p>	<p>Refer to remarks for Aspect B6 General disclosure.</p>



Indicators	Section/Statement	
B. Social		
Operating Practices		
Aspect B7: Anti-corruption	<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>	Business Ethics
	<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>	Business Ethics
	<p>KPI B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.</p>	Business Ethics
	<p>KPI B7.3 Description of anti-corruption training provided to directors and staff.</p>	Business Ethics
Community		
Aspect B8: Community Investment	<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
	<p>KPI B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).</p>	Social Responsibility
	<p>KPI B8.2 Resources contributed (e.g. money or time) to the focus area.</p>	Social Responsibility



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