



百利保控股有限公司

**Paliburg**  
Holdings Limited

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

2022

ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE REPORT



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

- **Materiality:** Stakeholder engagement and materiality assessment were conducted to identify material environmental, social and governance (“ESG”) issues in our business operations. 19 material ESG issues were identified, which form the focus of this report.
- **Quantitative:** 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 would disclose both achievements and improvement plans to present 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 seventh 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

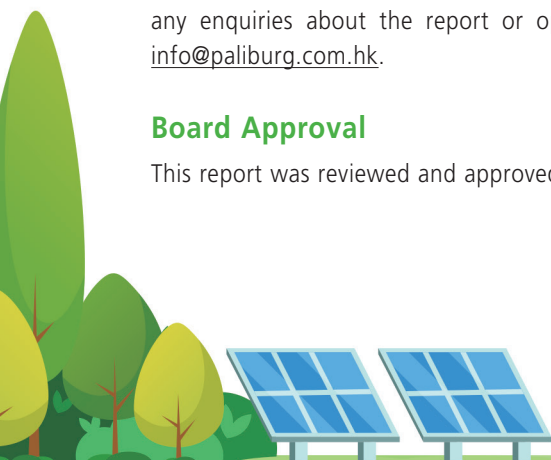
Unless otherwise stated, this report presents the highlights of our progress and performance on material ESG issues for the period from 1 January 2022 to 31 December 2022.

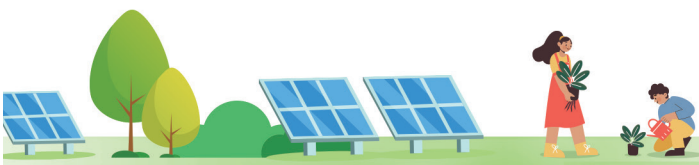
### Accessibility of the Report and Feedback

An electronic copy of this report can be accessed on Paliburg’s website [www.paliburg.com.hk](http://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](mailto:info@paliburg.com.hk).

### Board Approval

This report was reviewed and approved by the Board of Directors of the Company (the “Board”) on 26 April 2023.





## ABOUT PALIBURG

### Our Businesses

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

The Group is engaged in 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"), a 50:50 joint venture between the Company and Regal Hotels International Holdings Limited ("Regal"), which is 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 controlled by P&R, and mainly conducts property development in Mainland China.

Regal operates the majority of the Group's hotels, and Regal Real Estate Investment Trust ("Regal REIT"), which is a listed subsidiary of Regal, owns nine of those hotels. While the newly completed Regala Skycity Hotel is wholly-owned and self-operated by Regal, the iclub Mong Kok Hotel is owned and self-operated by P&R, and the iclub AMTD Sheung Wan Hotel is owned by a 50% associate of P&R. All of the Group's hotels are managed by Regal.

### Our Presence

The Group's property and hotel projects are summarised below, the details of which are set out in Paliburg's Annual Report for 2022 (the "2022 Annual Report").





## ABOUT PALIBURG

### Property Development and Investment Business

#### Property Development and Investment in Hong Kong

Completed Projects	Use
Mount Regalia, Kau To, Sha Tin	Residential
Domus and Casa Regalia, Yuen Long	Residential
The Ascent, Sham Shui Po	Residential/Commercial
Regalia Bay, Stanley	Residential
We Go MALL, Ma On Shan, Sha Tin	Shopping mall
The Queens, No.160 Queen's Road West	Residential/Commercial
Projects under development	Use
Nos.9-19 Kam Wa Street, Shau Kei Wan	Residential/Commercial
Nos.291-293 and 301-303 Castle Peak Road, Cheung Sha Wan	Residential/Commercial
Nos.227-227C Hai Tan Street, Sham Shui Po	Residential/Commercial

#### Property Development and Investment in Mainland China

Projects completed or being completed in phases	Use
Regal Cosmopolitan City in Chengdu	Composite development
Regal Renaissance in Tianjin	Composite development

### Hotel Business

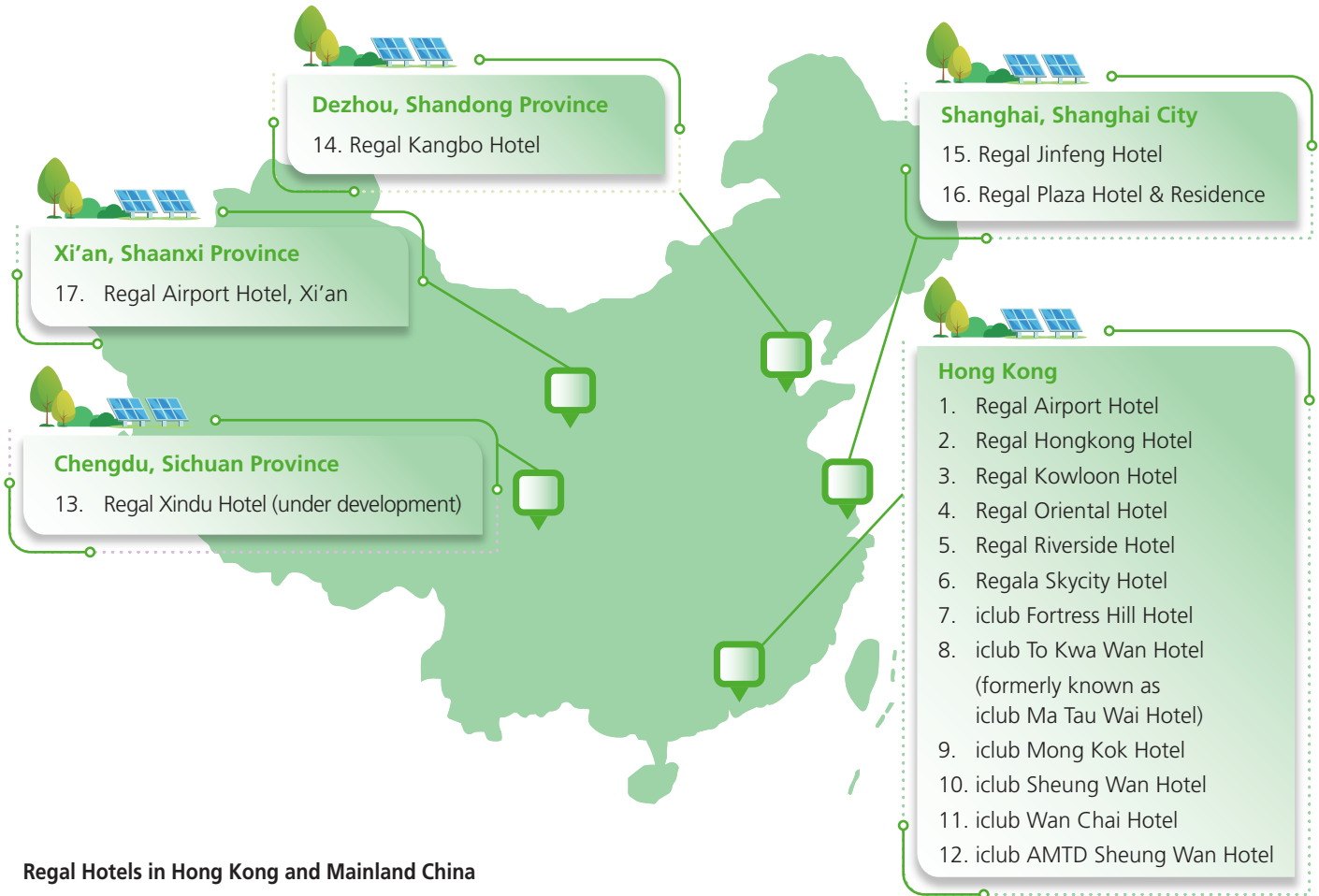
Over the years, Regal has built an extensive presence in Hong Kong and Mainland China. Regal is operating and/or managing twelve hotels under the Regal, Regala and iclub by Regal brands in Hong Kong, nine of which are owned by Regal REIT.

In Mainland China, Regal is presently managing four operating hotels. Regal Xindu Hotel, a component part within the Regal Cosmopolitan City being developed by Cosmopolitan, will also be managed by Regal upon its completion.

As for overseas, Regal owns the Campus La Mola, located in Barcelona, Spain, which was leased to an independent third party for operation. Furthermore, Regal acquired in 2019 a freehold existing property located at a prime location in London. The rehabilitation plan is to conserve in whole the building's historical heritage. In view of the recent changes in the market environment, alternative business plans and readaptation programmes are under study with the aim to optimising the intrinsic value of this unique property.



## ABOUT PALIBURG



Regal Hotels in Hong Kong and Mainland China





## OUR ESG APPROACH

### Board Statement on ESG Matters

The Board of Paliburg is responsible for oversight of the ESG matters of the Group's operations. The Board has responsibilities in guiding the development of Paliburg'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 preparation of the ESG Report is delegated to the executive committee for balanced disclosure of ESG performance and compliance with all applicable Listing Rules.

Under the guidance of the Board, the Group identifies, assesses and prioritises the ESG matters and their importance to Paliburg and our stakeholders through engagement with internal and external stakeholders. ESG initiatives and measures are developed and implemented in accordance with the assessed materiality of various ESG matters, and reported in the ESG Report. 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

Upholding the core values of sustainability, Paliburg is devoted to integrating sustainable considerations into our daily operations whenever possible.



#### Our Sustainability Core Values and Commitments:

- To build an outstanding, environmentally friendly and sustainable community
- To construct 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 enhancement for investors
- To provide appropriate development platforms and professional training to nurture staff teams



## OUR ESG APPROACH

### Corporate Governance

Paliburg Group seeks to maintain a comprehensive and high-standard corporate governance system by strictly adhering to 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 performing various governance functions. The Board reviews the Group's management policies and practices on a regular basis to ensure strict compliance with the stipulated regulations. New policies and measures are implemented whenever necessary.

For further information about our corporate governance and the Board of Directors, please refer to the 2022 Annual Report.

### Sustainability Governance

Paliburg recognises the importance of sustainability and places sustainability as one of the Group's core objectives. We balance our key stakeholders' interests with our common goals by consulting and sharing sustainability performance with them. The Group also targets to promote long-term sustainable development by engaging various stakeholder groups, including but not limited to customers, business and community partners, suppliers and employees.

To ensure effective sustainability management, a sustainability governance framework is established, with the Board of Directors overseeing the Group's sustainability performance. The Executive Directors, with the assistance of senior managers from key divisions, are delegated with responsibilities of implementing, monitoring and evaluating the performance of the Group's sustainability plans under three principal objectives, environmental sustainability, social sustainability and economic sustainability. The Executive Directors also evaluate, prioritise and manage the ESG issues identified to be material to the Group on a regular basis. The execution of sustainability plan will then be performed by different operating divisions of the Group, with the purpose of accomplishing the established goals and targets. During the reporting year, the Group has established a set of environmental targets covering greenhouse gases emissions, electricity intensity and waste. The progress made against the environmental targets will be monitored by the Executive Directors and will be reported to the Board of Directors for review annually.







## OUR ESG APPROACH

### Stakeholder Engagement

With the aim to understand the views and needs of various stakeholder groups, the Group has established a number of transparent and diverse communication channels. We ensure their opinions are effectively gathered and well considered. Through regular communication and engagement exercises, the Group gathers and understands their expectations on our sustainability performance. The key engagement channels for each stakeholder group are listed as follows:

Stakeholder Groups Engaged		Methods of Engagement <sup>1</sup>
Internal Stakeholders	<b>Management</b>	<ul style="list-style-type: none"> <li>Regular meetings</li> <li>Ongoing engagement</li> </ul>
	<b>General Employees</b>	<ul style="list-style-type: none"> <li>Employee satisfaction surveys</li> <li>Regular meetings</li> <li>Orientation activities</li> <li>Bulletin boards</li> <li>Annual appraisal meetings</li> <li>Employee engagement events</li> </ul>
External Stakeholders	<b>Community</b>	<ul style="list-style-type: none"> <li>Media conferences</li> <li>Volunteer activities</li> <li>Face-to-face meetings</li> </ul>
	<b>Customers/Tenants</b>	<ul style="list-style-type: none"> <li>Website and social media</li> <li>Guest satisfaction questionnaires</li> <li>Daily communication with front-line staff</li> <li>Customer feedback mechanism</li> <li>Hotlines</li> </ul>
	<b>Investors/Shareholders</b>	<ul style="list-style-type: none"> <li>Analyst briefings</li> <li>Investor meetings</li> <li>General meetings</li> <li>Annual and interim reports</li> <li>Press releases/announcements</li> </ul>
	<b>Industrial Associations</b>	<ul style="list-style-type: none"> <li>Industry forums</li> </ul>
	<b>Suppliers/Contractors/ Business Partners</b>	<ul style="list-style-type: none"> <li>On-site assessment visits and meetings</li> <li>Owners committee meetings</li> <li>Regular meetings</li> </ul>

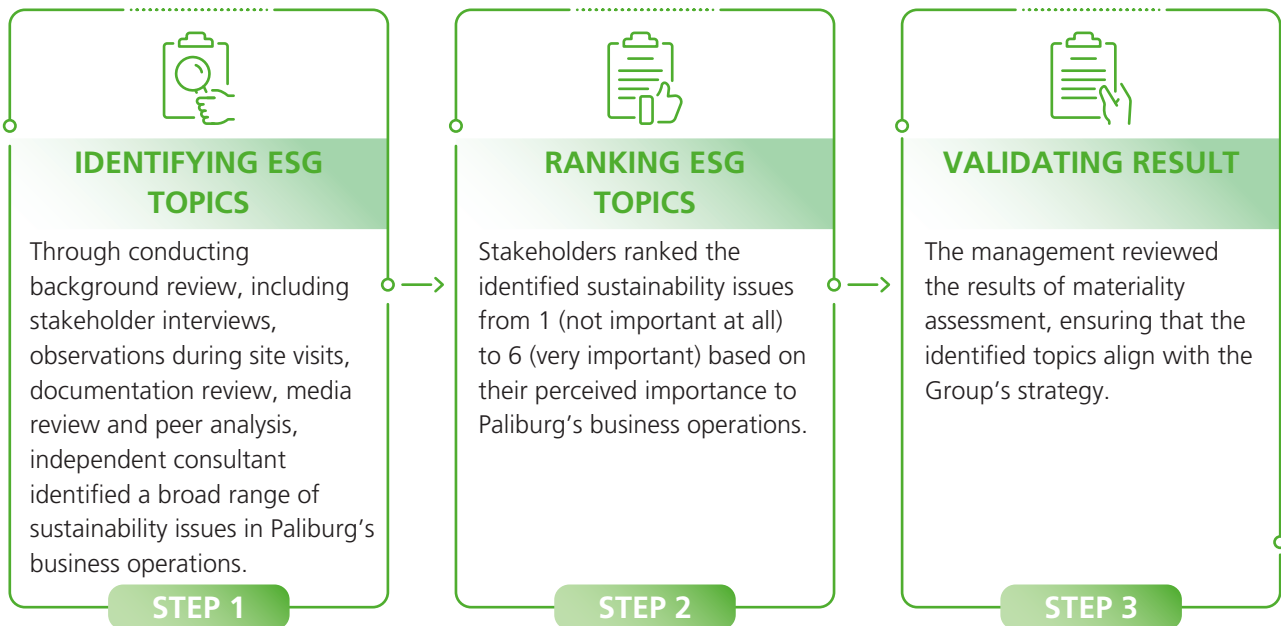
<sup>1</sup> Due to the pandemic and social distancing restrictions, most events involving physical gatherings have been temporarily suspended during the reporting year.



## OUR ESG APPROACH

### Materiality Assessment

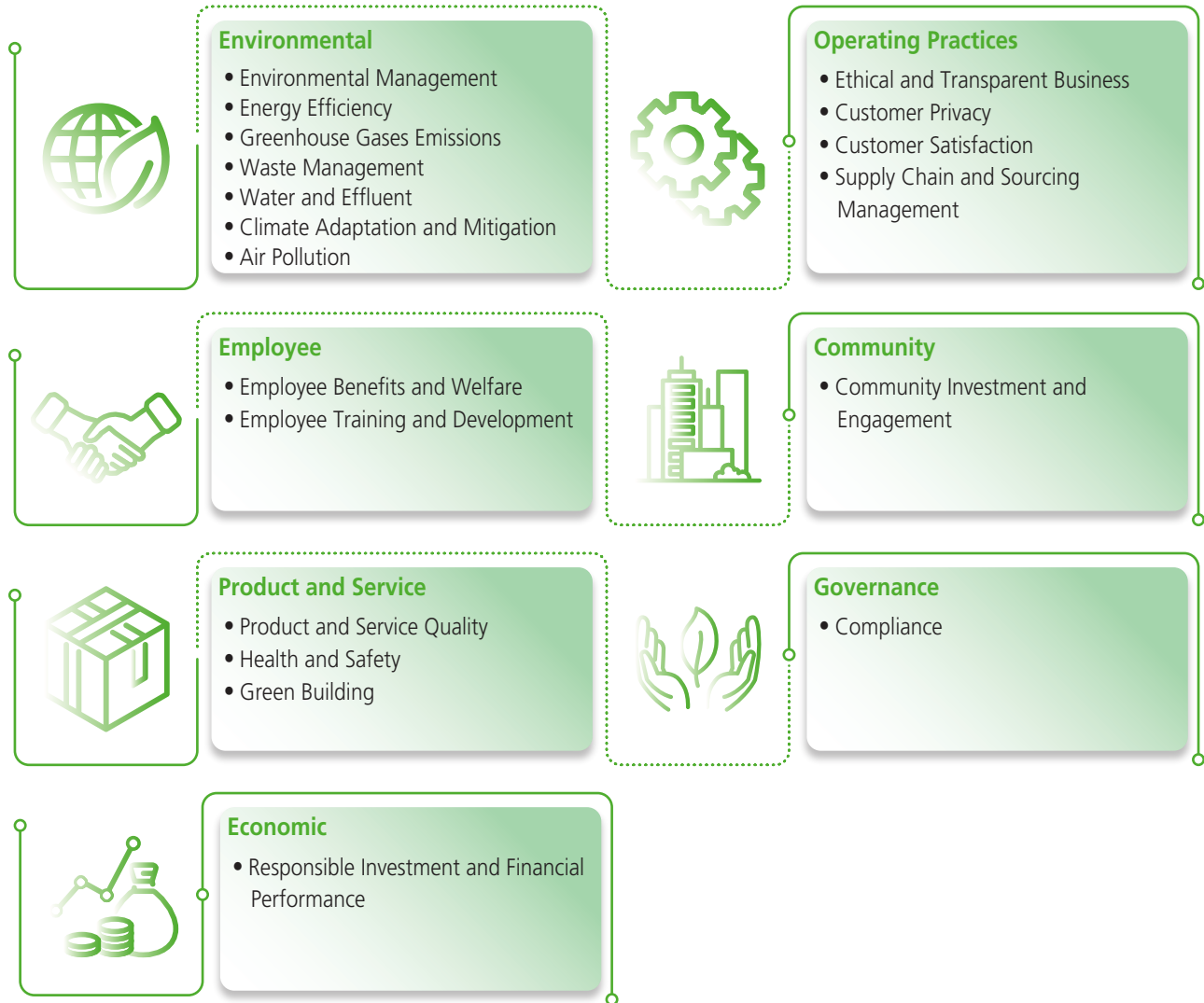
Paliburg regularly reviews the material sustainability issues related to our business operations. The outcome of the stakeholder engagement exercises serves as the basis for the materiality assessment. The prioritisation of the material topics follows the principles defined in the ESG Reporting Guide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





## OUR ESG APPROACH

Based on the results of the materiality assessment, the following 19 issues were considered material and were discussed in detail throughout this report:



## ENVIRONMENTAL RESPONSIBILITY

Paliburg Group's major business activities inevitably have an impact on the environment in the regions where it operates; therefore, the Group is committed to minimising environmental impacts and constructing a green community for a brighter future. Keeping this vision in mind, Paliburg Group upholds the commitments and embraces the responsibilities essential to mitigate our environmental impact and contribute to the development of a resilient community.

Abiding by the Environmental Protection Law of the People's Republic of China and other environmental protection laws at national and local levels, the Group strictly implements energy conservation, land conservation, water conservation, material conservation and environmental protection regulations and design standards during project development, construction, operation and maintenance stages. Prompt actions will be taken once an environmental issue is spotted to minimise the negative impact.

During the reporting year, the Paliburg Group complied with all relevant laws and regulations<sup>2</sup> regarding air and greenhouse gases emissions, water and land discharges, and the generation of hazardous and non-hazardous waste.

### Environmental Management

The Paliburg Group ensures that environmental policy is implemented throughout different stages of business operations, with subsidiaries formulating their own management approach aligned with our high-level goals. We devote resources to energy consumption optimisation, water conservation, and waste management. We identify potential environmental risks and adopt appropriate mitigating measures while leveraging international standards to evaluate our property portfolio's environmental performance. We continually review and evaluate objectives and targets to meet market expectations on environmental performance.

### Properties – Hong Kong

For property development and management in Hong Kong, the Paliburg Group recognises the importance of implementing systematic approach to mitigate the environmental impacts of our business operations. Led by designated directors and supported by the project managers and other senior staff, we have formulated a robust environmental management structure to provide clear directions and guidance for the Group to operate responsibly. Within this structure, we have increased the level of control by conducting periodic monitoring and reviews of the Group's environmental performance to ensure compliance and promoting communications among all staff members to get them well informed of their responsibilities and duties for attaining environmentally sustainable operations. For example, project managers and site agents are responsible for compliance with all applicable legal and internal environmental standards, as well as adopting green efforts to mitigate negative impacts on the environment. The robust management structure, with close cooperation at all operating levels, has made possible the significant progress achieved in this aspect.

<sup>2</sup> The environmental laws and regulations that might be significant to Paliburg include Environmental Protection Law of the People's Republic of China, 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 Ordinance (Cap. 358 of the Laws of Hong Kong) and Noise Control Ordinance (Cap. 400 of the Laws of Hong Kong).





## ENVIRONMENTAL RESPONSIBILITY

We have implemented stringent environmental management measures to standardise the application and execution of management standards across different construction and development projects. The Group strives to work with diverse stakeholders to develop a sustainable community, promoting solutions for pollution reduction in our daily operation whenever feasible through communicating with our business partners. By continuously reviewing and analysing our environmental performance, strategies and objectives, we can identify operational weaknesses and promptly adopt corrective actions. We work with different organisations and professional businesses to ensure that the policy and industry standards are timely updated.

We closely monitor our sustainability performance and seek to include eco-friendly elements into our project developments. We evaluate the potential environmental impacts of our projects from the initial stages of design and planning. The Group has invested significant resources to ensure that our business operations can be as environmentally conscious and sustainable as possible. We were awarded BEAM Plus Certification (BEAM Plus) by Hong Kong Green Building Council for our efforts in sustainable development.

### Hotels

Regal endeavours to foster a tranquil and pleasant environment for every individual through maintaining a highly environmentally conscious hospitality operation. Regal has implemented a comprehensive environmental management approach and put in place environmental policies that stipulate its internal expectations and guidelines on minimising adverse environmental impacts across its hotel businesses. The policies set forth its environmental missions, which include compliance, monitoring and reporting, employee awareness, enhancement initiatives and risk management. Green committees are responsible for monitoring the hotels' performances and to implement various environmental management initiatives on a regular basis to achieve continuous enhancements in our environmental performance.

Regal has evaluated the hotel operations and identified four key aspects, including energy consumption, water consumption, waste management and climate-related risk management, which are prioritised in our environmental management approach. A number of measures have been put into practice, ensuring that Regal meets the Paliburg Group's environmental pledges in the long run and fulfills the environmental goals defined by the governmental bodies in places where our properties operate.

For hotel operations in Hong Kong, Regal has a system in place to manage its environmental performance, including setting diverse sustainability initiatives to minimise the use of resources and enhance waste management, ensuring its hotels strictly comply with all relevant environmental laws and regulations. To demonstrate our environmental commitment, Regal strives to align its performance in environmental aspects such as energy and water consumption, carbon emissions and waste management with best industrial practices.

Regal is committed in achieving EarthCheck rating by meeting its criteria to drive improvement in minimising environmental impact and maximising social return in the operating communities. Regal targets at achieving EarthCheck Certification "Platinum" and "Master" rating for all five Regal Hotels by 2033 and 2038, respectively. To facilitate the management of environmental issues in adhering to the EarthCheck standards for hotel operations, it has implemented various initiatives to identify the material environmental issues associated with hotel operations. As EarthCheck Certification is a crucial measure of environmental performance for our hotels, Regal has engaged with the Global Tourism Advisory Group to conduct independent third-party verification, and has adopted a systematic and process-driven method for continuous improvement of performance in all criteria that EarthCheck is looking into. In recognition of Regal's environmental performance, Regal's hotels in Hong Kong were awarded a number of well-recognised awards and certifications.



## ENVIRONMENTAL RESPONSIBILITY

List of EarthCheck Certifications earned over the year:



Hotels	Earned awards and certifications
Regal Airport Hotel	EarthCheck Gold Benchmarking Certification
Regal Hongkong Hotel	EarthCheck Gold Benchmarking Certification
Regal Kowloon Hotel	EarthCheck Gold Benchmarking Certification
Regal Oriental Hotel	EarthCheck Gold Benchmarking Certification
Regal Riverside Hotel	EarthCheck Gold Benchmarking Certification
Regala Skycity Hotel	EarthCheck Silver Benchmarking Certification
iclub Wan Chai Hotel	EarthCheck Silver Benchmarking Certification
iclub Sheung Wan Hotel	EarthCheck Silver Benchmarking Certification
iclub Fortress Hill Hotel	EarthCheck Silver Benchmarking Certification
iclub To Kwa Wan Hotel	EarthCheck Silver Benchmarking Certification
iclub Mong Kok Hotel	EarthCheck Silver Benchmarking Certification





## ENVIRONMENTAL RESPONSIBILITY

### Properties – Mainland China

Cosmopolitan has established environmental policies applicable to all property development projects. It outlines Cosmopolitan's approach in creating minimal environmental impacts while delivering quality products and services. In Cosmopolitan's office operation, energy-saving and environment-friendly facilities, equipment and stationery are selected, distributed, reused and disposed according to the policy guidelines set by Cosmopolitan. To ensure its environmental objectives and requirements are met, Cosmopolitan reviews its performance and updates the policies regularly to keep up with the tightening regulations and changing industrial practices.

### Case Study: Green and Sustainable Building

#### Regala Skycity Hotel:

Regala Skycity Hotel is Regal's latest hotel development project at the Hong Kong International Airport, newly opened in December 2021, and is operating as a full-service hotel targeting commercial, airline related, leisure and meeting businesses.

Regal has adopted a series of measures in the hotel to improve energy efficiency and reduce energy emissions. Beginning from the design stage of the hotel, it implemented the following measures to construct green building:

- 1) Installing demand control ventilation with CO<sub>2</sub> sensor for air conditioning system serving hotel podium;
- 2) Water-cooled VSD centrifugal chillers with COP of 6.2;
- 3) Installing cooling towers with variable speed fans;
- 4) Chilled water pumps and condensing water pumps with variable speed drive motor;
- 5) Temperature reset function for chilled water and condensing water;
- 6) Using water source heat pumps with heating COP of 3.7;
- 7) Gas fired condensing boilers with efficiency of 90%;
- 8) Setting 30% reduction in lighting power density for guestroom (9.1 W/m<sup>2</sup>) compared with BEC 2015 requirement;
- 9) Setting 30% reduction in rated power for lifts compared with BEC 2015 requirement; and
- 10) Fresh water, irrigation, cleansing and flushing water pumps with variable speed drive motor.



## ENVIRONMENTAL RESPONSIBILITY

### The Queens:

The Queens, a commercial/residential project undertaken by Regal in Hong Kong, has been developed into an exquisite rendezvous of heritage and modernity with occupation permit obtained in August 2022. Together with its luxurious features and prime location, the project embraces 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 early as in the planning and construction stage. For instance, we have adopted the following measures in the building design and fit-out works:

- 1) Installing gearless ACVVVF Lifts;
- 2) Installing air-conditioning units for residential flats with energy efficiency label grade 1, resulting in 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.

During the construction stage, monthly construction reports and specifications for both Regala Skycity Hotel and The Queens were submitted to the Paliburg Group's project management team from the site management, for active and close monitoring in project progress and relevant environmental performance. We practise responsible construction through:

- 1) Avoiding virgin-forest timber product temporary works; and
- 2) Setting up a waste management system for the sorting, recycling and proper disposal, with a 30% waste reduction in Construction & Demolition (C&D) waste target. In 2021, Regala Skycity Hotel and The Queens have recorded 30.45% and 7.2% C&D waste recycled, respectively.







## ENVIRONMENTAL RESPONSIBILITY

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

### Project

The Ascent



### Certifications

BEAM Plus Final Gold



We Go MALL



BEAM Plus Final Silver



Mount Regalia



BEAM Plus Final Bronze



Regala Skycity Hotel



BEAM Plus Provisional Gold



## ENVIRONMENTAL RESPONSIBILITY

### Environmental Targets

As a responsible company, Paliburg recognises the importance of aligning our business models with the global trends of environmental issues. We made use of the historical environmental data, guidance from local government, as well as findings from internal control, to look for improvement opportunities in environmental aspects covering greenhouse gases emissions, energy efficiency and waste reduction. We have set comprehensive quantitative targets for the shortlisted areas, and we will continue to formulate action plans to achieve the targets over the short, medium to the long term.

### Properties – Hong Kong

Key Aspects	Targets	Detail	Status
Greenhouse Gases Emissions	Mid-term	Reduce greenhouse gases emissions intensity by 10% by 2030 with 2018 as baseline year.	Achieved 23% reduction in greenhouse gases emissions intensity in 2022 compared to 2018 as the baseline year.
Energy Efficiency	Mid-term	Reduce energy intensity by 10% by 2030 with 2018 as baseline year.	Achieved 2% reduction in energy efficiency in 2022 compared to 2018 as the baseline year.
Waste	N/A	Maintain 100% hazardous waste recycling.	We will continue to monitor the progress of recycling.





## ENVIRONMENTAL RESPONSIBILITY

### Hotels

Key Aspects	Targets	Detail	Status
Greenhouse Gases Emissions	Long-term	Achieve Carbon Neutrality by 2050.	Achieved 32% reduction in absolute greenhouse gases emissions in 2022 compared to 2018 as the baseline year.
	Mid-term	Achieve 15% reduction in greenhouse gases emissions intensity by year 2035, with 2018 as baseline year.	An increase has been observed in 2022. We will continue to monitor the progress of reduction.
Energy Efficiency	Mid-term	Achieve EarthCheck Certification "Platinum" and "Master" Rating for five Regal Hotels by 2033 and 2038, respectively.	Achieved "Gold" Rating for five Regal Hotels in 2022.
		Achieve 15% reduction in electricity consumption intensity by year 2035, with 2018 as baseline year.	An increase of energy efficiency has been observed in 2022. We will continue to monitor the progress of energy reduction.
Waste Reduction	Mid-term	Minimise the use of single-use plastic packaging and toiletries gradually, and replace with biodegradable materials by 2028.	Recycled 1,731 kg of plastic bottles in 2022.
	Short-term	Reduce food waste generation by 25% by 2025, with 2023 as baseline year.	Progressively reducing food waste by 5% by 2024 to provide a foundation for development of other initiatives.



ENVIRONMENTAL RESPONSIBILITY

Properties – Mainland China

Key Aspects	Targets	Detail	Status/Action Plan
Greenhouse Gases Emissions	Mid-term	Increase the number of parking spaces with electric vehicles (EVs) chargers.	Will continue to increase parking spaces with EV chargers.
	Short-term	Have at least 10 parking spaces with EV chargers in its current projects.	Reserved EV parking slots with 1,250 KVA in the Chengdu Project.
		Reduce GHG emission of AB tower and its associate buildings, commercial street and residential buildings in its Tianjin Project by 3% using 2022 as baseline.	Daily inspection is carried out and supervised by the customer service department and property management department. Construction and maintenance of our projects related to emissions are strictly implemented, in which our Acceptable Quality Level (AQL) reaches 95%.
Energy Efficiency	Mid-term	Reduce energy consumption intensity by 3-4% using 2022 as baseline.	Use energy-saving office furniture and equipment. Restrict usage of office vehicles unless necessary.
Water Management	Short-term	Reduce water consumption intensity by 1% using 2022 as baseline.	Water consumption has reduced drastically.
Waste Management	Short-term	Reduce the use of non-recyclable materials with 100% waste handled by qualified third parties in compliance with relevant government regulations.	Office waste is cleaned up and transported by cleaning personnel in time.





## ENVIRONMENTAL RESPONSIBILITY

### Our Response to Climate Change

The Paliburg Group realises that climate change can pose a huge threat to our hotel and property operations. In this regard, managing climate change risks has become one of the prime focus of our environmental management. We are dedicated to developing and implementing solid management approaches and action plans to enhance the climate adaptability and resilience across our operations.

During the reporting year, the Group has appointed a third-party consultant to conduct a climate risk assessment exercise, with the purpose to identify and evaluate material climate transition and physical risks across our hotel as well as property management and development operations. The assessment results are valuable for the Group to establish mitigation measures to address the material climate risks.

In terms of climate transition risks, policy and legal risks are considered as the most material risk to Paliburg's operations as the Group's owned and operating hotels and properties are concentrated in Hong Kong and Mainland China. Following the announcement of Hong Kong's Climate Action Plan 2050, the local government is likely to issue more stringent guidance, targets and regulations to achieve the carbon emissions targets and carbon neutrality goal. We expect additional requirements regarding equipment and facilities enhancement projects from regulators to achieve better energy efficiency, which may result in higher operating costs in the Group's operations in the medium term. Besides transition risks, our operations may be vulnerable to climate-related physical risks as well, such as extreme weather events, as they may cause business interruption, property damage from floods or by endangering the safety of our employees, clients and tenants. Regarding these physical risk exposures, extreme wind and coastal flooding events could pose material risks to our operations. The risks identified are being reviewed regularly by board members.

We have formulated a series of climate adaptation plans to effectively manage and respond to current and future climate change impacts. These plans are frequently communicated to our employees to enhance their preparedness and awareness when responding to extreme weather events such as flooding, tropical cyclones and heavy downpours. The Group will incorporate the mitigation and adaptation measures into our internal policies and procedures to enhance our overall climate resilience. For example, for the hotel portfolio, climate-related governance policy is formulated to ensure adequate management on the possible risks. A memorandum is formulated along with the engagement policy to ensure that the risks identified will be managed properly through investment and enterprise risks management structure. The standard procedures are well-communicated to our property and hotel managers, to ensure climate-related risks considerations have been taken into their risk management procedures, and to seek continuous improvement on the climate-related performance of properties over time.

Looking forward, the Group will continue to conduct climate change impact assessments to understand the impact of climate-related risks on our investment strategies, risk management procedures and portfolio management processes, including utilising scenario analysis to map the impacts of climate change on our business. In addition, we will continue to implement mitigation and adaptive measures to respond to current and future climate change impacts.



## ENVIRONMENTAL RESPONSIBILITY

### Energy Efficiency and Emissions

Climate crisis is impacting the Group's operations in various ways. Under substantial climate risks, more and more governments are committing to carbon net zero. In addition to the continuing development of green initiatives and the procurement of renewable energy, the cooperation of the whole industry is critical. As a responsible enterprise, we actively respond to and co-operate with the governments to minimise energy emissions. The Group is confident that we can play a crucial role in combating climate change by lowering energy consumption and greenhouse gases emissions across the property development and management as well as the hotel operation lifecycle.

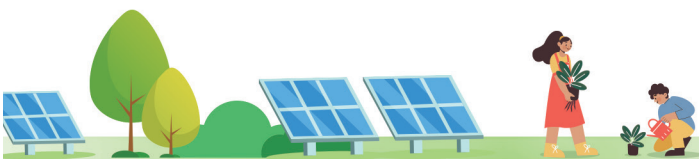
### Properties – Hong Kong

Paliburg Group has been exploring ways to further address the potential environmental challenges of our business. We are committed to implementing energy-savings initiatives in our developing projects, and have established targets to promote energy conservation and emission reduction across our supply chain in the construction stage from suppliers to contractors. By promoting green development, we implement technically and economically feasible energy conservation measures aimed at eliminating unnecessary energy use and greenhouse gases emissions. In our recent development projects, we made the best use of window and layout designs and carefully selected building materials that collectively balanced 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 to avoid a significant amount of energy consumed later at the operation stage or by occupants through air-conditioning for cooling and lighting. The car parks of our properties also feature EV charging facilities that bring convenience to residents for switching to low-carbon transportation practices.

To further enhance the energy utilisation rate of our properties under management, we have made specialised shifting arrangements, effective temperature monitoring and ventilation setting for our properties. Using We Go MALL as an example, it has been benefiting from the improvement we made on our air-conditioning systems, as a result of which the amount of energy was reduced considerably by 23% from June 2020 to June 2021 while maintaining an optimal physical comfort for our customers. Since 2020, we further installed air curtains at the entrances to keep warm air from entering the mall while cooling air inside, to reduce the cooling load and energy consumed for temperature control. The Group has incorporated several sustainable energy measures into our daily operations to cut unnecessary energy consumption. Reduced artificial lighting power density is one of the conducive means to 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. Moreover, we also replaced all the lighting devices with the LED light bulbs in 2021, resulting in around 30% reduction of the electricity consumption in comparison to 2020.

To reduce environmental impact on neighbourhoods, we are also conscious of the Hong Kong Government's Steering Committee on the Promotion of EVs to encourage the use of electric cars in Hong Kong, taking into account the resulting energy efficiency, environmental advantages, and commercial potential. As EVs have no tailpipe emissions, by replacing conventional vehicles, EVs may help improve neighbourhood air quality and cut greenhouse gases emissions. This works in conjunction with our other goals to achieve carbon neutrality and advances the vision of "Zero Carbon Emissions Clean Air Smart City."

Moreover, we are leveraging on international well-recognised awards and benchmarks to monitor our properties' environmental performance. We Go MALL has successfully earned the External Lighting Charter of the Environmental Bureau. For 2022, we also engaged independent third-party consultants from professional firms to conduct regular energy and carbon audits and provide suggestions for further improvement. They also provided a list of strategies and action plans on green features across the business units for management's consideration. We will continue to fulfill the assessment criteria of other awards, to guide our future direction to attain zero emissions before 2050.





## ENVIRONMENTAL RESPONSIBILITY

### Hotels

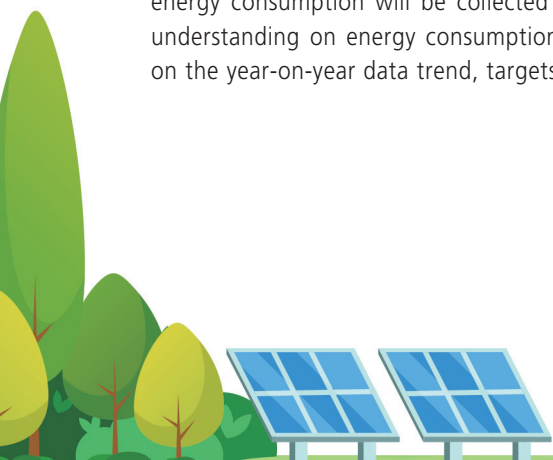
Regal acknowledges that reducing carbon emissions is an integral part of global climate action, which is closely linked with energy usage. As a responsible hotel operator, Regal aims to improve energy efficiency and reduce carbon emissions, and incorporate the pledge into its environmental management strategy. Regal initiated a feasibility study about the deployment of an energy management system. The preparation of energy consumption data to identify key hotspots and improvement areas paves the stage for the implementation of Intelligent Building Management System (iBMS) in all Regal Hotels by 2030. At this moment, if energy consumption exceeds the specified range, the underlying causes will be analysed, and prompt corrective actions will be taken to ensure meeting its operational needs while aligning with industrial best practices. In recognition of Regal's efforts in maintaining high standards in its energy management approach, Regal Airport Hotel was the first hotel in Hong Kong to obtain both internationally recognised ISO 50001 Energy Management System certification and ISO 14064 Greenhouse Gas Accounting and Verification certification. This year, Regal has set environmental targets in greenhouse gases emissions and energy consumption efficiency to achieve more efficient environmental performance.

Since 2012, Regal has initiated the "We Love Our Planet" campaign in supporting the concept of green workplace. Under this concept, we are committed to fully consider environmental factors such as energy reservation and emission reduction, pollution prevention and control, resource use and biodiversity protection in all aspects of hotel operations, and to actively engage in environmental protection education and publicity to promote environmental awareness in the workplace and in daily life. Regal promotes the use of environmentally friendly materials and encourages efficient use of office space to save costs and energy and achieve low carbon environmental protection while fulfilling office demands. Excessive space and unnecessary configurations are avoided when planning the use of office area. This year, Regal continued to motivate various departments, including engineering, finance, human resources, marketing, operations, project development, purchasing and sales to incorporate environmental considerations into their daily hotel operations. This showcases its dedication to advocating behavioural changes to support sustainability. For instance, Regal promotes the initiative to its guests through expressing its care for the environment and offer changes of towels and bedsheets in hotel rooms at longer intervals or only upon special request to reduce water consumption in laundry.

To further align with standards in energy management, Regal plans to conduct carbon audit for its hotels in Hong Kong by years 2025 and 2028, respectively. With the commitment to move to a low carbon future, Regal continues to refine its energy management, enhance energy efficiency, and focus on decarbonising its operations through engineering solutions and transition to renewable energy in its hotels.

### Properties – Mainland China

Cosmopolitan is dedicated to lowering greenhouse gases emissions resulting from construction site and building energy use. A series of measures are adopted to mitigate the risks and minimise energy consumption and greenhouse gases emissions. Goals to improve energy efficiency have been integrated into work plans of all departments and the data of energy consumption will be collected and analysed starting from 2023, allowing Cosmopolitan to gain a more in-depth understanding on energy consumption and greenhouse gases emission prior to implementing corrective measures. Based on the year-on-year data trend, targets can be defined to better manage the environmental impact.



## ENVIRONMENTAL RESPONSIBILITY

The design of both Tianjin and Chengdu Projects follows 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, as well as standard for water saving design in civil building. These national standards set out the energy efficiency requirements in terms of lighting, heating, ventilation and cooling with the aid of structural design and the use of materials. For example, energy-efficient heating, ventilation and air-conditioning systems, such as Variable Water Volume (VWV) system, Variable Speed Driver (VSD) chillers and Variable Refrigerant Flow (VRF) system, are applied in our projects to maintain optimal energy consumption.

Cosmopolitan has also advanced its use of materials and component parts and designs to comply with energy efficiency requirements. Its construction materials and component parts are certified with Construction Energy Efficiency Performance Labelling Certificates. Cosmopolitan has achieved energy consumption reduction in the operational phase of its projects. For example, Cosmopolitan has deployed LED lighting and other energy efficient equipment to achieve energy savings in the operational phases. With the help of building automation systems, restrictions targeting at energy-intensive equipment such as air-conditioners are set to avoid energy wastage caused by excessive use.

Cosmopolitan has implemented multiple control measures to prevent air pollution, especially dust which is the major pollutant emitted from its construction and operation activities. In the Chengdu Project of Cosmopolitan, construction materials are cautiously selected to produce less pollutants including dusts. Cosmopolitan also utilises landscaping of the projects to absorb air pollutants. To manage and reduce generation of dust, Cosmopolitan regularly sprays water over the construction sites and apply dust cloth to cover dust waste during its construction phases. Real-time dust monitoring is used to ensure the dust concentration is controlled within acceptable level. Construction work would be suspended if the site is exposed to high concentration of dust and the dust level exceeds acceptable level, which will only be resumed after the dust level returns to normal. In addition to the control measures, 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 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", Cosmopolitan requires its construction sites to halt or restrict construction processes, such as earthworks and cement grinding processes, to avoid additional adverse impact on the environment and public health.

### Water Management

Water accounts for a crucial part of our property development and management lifecycle. The situation is further impacted by the global pandemic, as additional water consumption was incurred by the Group for hygiene purposes usage in the hotel operation. Although the risk of water stress is not imminent, Paliburg Group commits to treasuring the water resources we have and strives to make optimal utilisation of water resources and proactively adopt water saving initiatives.







## ENVIRONMENTAL RESPONSIBILITY

### Properties – Hong Kong

Paliburg actively pursues effective water management in different development stages. As early as the design stage, Paliburg has integrated water efficient concept and measure into projects. For example, we installed water efficient devices at The Queens, with an estimated 34.7% saving of potable water consumption annually. During the construction stage, we also endeavoured to mitigate water consumption and consume water responsibly as a large amount of water was used for mortar and cement concrete preparation, cleaning and washing of equipment at this stage. We promoted water conservation awareness to the workers by delivering training courses and sending reminders on environmental protection messages. Meanwhile, water consumption performance was reported and registered regularly by our contractors to monitor and analyse the water usage. Any identified potential risks would be addressed timely. Furthermore, all wastewater discharge from construction sites was properly treated and the contractors were requested to comply with the local standards and regulations when discharging construction wastewater. One example of the environmental protection measures we implemented was a water management system in a designated area to gather, process and recycle wastewater generated from surface run-off; while also recovering the soil exposure at site after excavation and backfilling to prevent soil erosion and associated water pollution.

For properties under our management, we collaborate closely with tenants/residents and workers to assist them in developing water-saving habits. On the management side, we ensure that the team understands the actual worth of water and provides them with information on water-saving efforts. Our buildings are equipped with water meters, water flow regulators, automated faucets, and automatic toilet and urinal flush valves to reduce water wastage.

Realising the importance of conserving water, the Group is set to use the water resources in a sustainable manner, by minimising water consumption and increasing water use efficiency in our buildings.

### Hotels

Regal mostly uses municipal water for hotel operations and no water supply issues have been identified at its operational site. Nevertheless, given the worsening environmental circumstances that may in the future affect the supply of freshwater, Regal also seeks to lessen the potential strain on municipal water supplies by advocating water saving in its hotel operations. Regal will continue to support local and regional initiatives to increase water awareness and propose community-wide solutions. For example, swimming pools are the most water-intensive among all hotel facilities in Regal's operations. Hence, it focuses its efforts on minimising water consumption in pools through modification projects. In Regal Airport Hotel and Regal Riverside Hotel, Regal adopts quartz sand in boiler tanks for water filtration to reduce the frequency of pool water refill and enable water conservation, as well as enhancing the water quality of the swimming pools.

Whenever economically viable and practicable, Regal is motivated to explore and initiate water management practices and water-saving initiatives to enhance performance in water saving across hotel operations.

### Properties – Mainland China

Cosmopolitan's projects follow the Design Standard for Energy Efficiency of Public Buildings and Standard for Water Saving Design in Civil Building. Cosmopolitan has taken a top-down approach to engage with employees and tenants, and through strengthening their awareness on water conservation, the properties will be able to better manage the usage of water in the long run. To reduce water consumption and avoid water leaks in advance, Cosmopolitan utilises drought-resistant plants and drip irrigation in the landscaping of its projects, as well as corrosion-resistant and long-lasting water pipes.



## ENVIRONMENTAL RESPONSIBILITY

Tianjin Project has pledged to reduce water usage intensity by 1% in the coming year comparing with its usage in 2022. It therefore has carried out transformation projects to meet the environmental targets defined. For example, water meters were installed to record and collect data of water consumption. Cosmopolitan constantly observes data trend on water usage, especially for water-usage-intensive facilities such as showering, and will contact the users and arrange investigation in case of data abnormality observed. Water seepage tests are also conducted periodically to minimise such risks and water supply pipe networks and water facilities are inspected on daily basis to prevent incident of water leakage. In the Chengdu Project, a 493m<sup>3</sup> rainwater cistern is installed to fulfil the vision of Sponge City and reduce the use of water by recycling and reusing rainwater.

Cosmopolitan treats wastewater discharge properly and cautiously by applying stringent treatment process to protect water quality and reduce contamination to the water bodies and the environment. It strives to collect and handle wastewater in an on-site water treatment tank before discharging effluent into the municipal sewage system while reusing wastewater where possible. Cosmopolitan complies with the relevant standards to ensure the quality of the effluent and water.

### Waste Management

Paliburg makes every effort to tackle waste problems throughout our operations and across different business units. At Paliburg, we pledge to reduce the hazardous and non-hazardous waste during property development and management lifecycle; we work to enhance the production process to minimise generation of waste; we redirect and recycle waste to maximise the value of each material. Since 2021, we have expanded the waste management policy from 3Rs (Reduce, Reuse, Recycle) to 5Rs, covering "Reform" and "Refuse". We have implemented a set of waste management practices to encourage waste generation reduction and reduce the burden to the environment. Furthermore, we have set a target of 30% Construction & Demolition (C&D) waste reduction as per the green building certification requirement, with an actual target achievement of 30.45% C&D waste recycled at Regala Skycity Hotel in 2021.

### Properties – Hong Kong

Starting with the establishment of group-wide Waste Management Policy and employee training on appropriate waste segregation methods, we assure that waste leaving our operation sites is properly handled and disposed of in a responsible manner. We partner with stakeholders including customers, tenants and our employees to better handle waste, and ensure their waste management approach is in compliance with our standards and, to avoid material entering the landfill at the end of its lifecycle. The environmental officers on-site are responsible for performing weekly inspections to oversee the execution of standard operating policies and waste management. The waste recycling practices have been widely adopted in our owned or managed properties. For example, to collect recyclables, we place waste separation bins and recyclable waste collection points with clear signs for customers' and tenants' convenience. Equipment and packaging materials are also recovered and stored for future use in order to reduce waste, for example, we collect and reuse festive decorations in We Go MALL. Moreover, a number of our managed properties, namely Fulrich Garden, The Ascent, Mount Regalia and Domus and Casa Regalia have participated in the Glass Container Recycling Charter from The Environmental Protection Department of Hong Kong in 2021.





## ENVIRONMENTAL RESPONSIBILITY

We make an attempt to establish proactive recycling measures and responsibly manage waste materials in our properties. By sorting waste in designated storage areas, we maximise the quantity of recyclable materials before transferring the rest to landfills. A waste management system has been created that allows for the sorting, recycling, and safe disposal of construction waste. All hazardous waste, including obsolete and unused electronic devices are collected, sorted, labeled and moved to the designated temporary storage area by site operators before further being transported to a professional third-party for final disposal. The waste collection process is supervised by environmental officers on-site in each site.

We are working across the operational chain to develop innovative strategies for advocating enhanced recycling and upcycling practices. We source sustainable materials globally for our construction projects. For example, timber used in our projects is certified by Forest Certification Schemes. To further enhance recycling practices, timber is reused according to its conditions and reinforcement materials are collected properly and transported to local recycling factories for reuse after handling. In our recent projects, Regala Skycity Hotel and The Queens, different measures were applied to reduce waste consumption such as ensuring no virgin-forest timber product would be used for temporary works.

### Hotels

Food waste is the most significant subcategory of waste by weight in hospitality and catering operation, as well as in Regal's hotels. Regal is minimising food waste at its source by avoiding overproduction through implementing stringent procurement control procedures. Through conducting regular evaluations and adjustments, Regal controls its food procurement volume by estimating the number of guests and meal reservations to avoid over-purchasing, which it believes is an effective measure to reduce waste generation. Apart from reducing waste from its source of input, Regal has also initiated food waste reduction campaigns in its hotels in Mainland China. Another major source of waste in Regal's hotel operations comes from its room amenities, including their single-use plastic packaging and the used items. To advocate the concept and practices of "Green Hotel", Regal encourages guests to bring their personal care items and reduce room amenities consumption during their stay. Single-use plastic packaging of room amenities, single-use toiletries and disposable plastic tableware & takeaway containers are replaced by biodegradable material and they are only offered to guests on request basis. For the managed hotels in Mainland China, Regal requires its employees to help sorting unused amenities such as soap and shampoo to reducing wastage by reusing them for cloth washing.

Regal's hospitality operations do not generate any significant amounts of hazardous waste. Nonetheless, Regal acknowledges the irreversible and adverse impacts on environment that can be potentially caused by hazardous waste. Therefore, Regal's hotels handle all the potentially hazardous waste such as chemicals from cleaning products and their containers, electronic appliances and retired lighting fitting generated by its hotels' operations with extra care. For example, to minimise the harmful impact on the environment by using products with hazardous chemicals in cleaning, Regal requires its suppliers to provide eco-certificates or labels for their products.

To avoid water and land contamination induced by improper handling of hazardous waste, Regal has implemented a protocol on hazardous materials, waste storage and waste handling to provide guidance for its employees on the proper procedures and precautions. All non-hazardous waste and hazardous waste are collected, stored, categorised and disposed in accordance with internal waste management procedures and relevant local laws and regulations. Regal also supports upcycling through fully expanding the scope of recycled waste and increasing the use of recycled content of materials in its hotel operations. For instance, Regal provides guests with silicon foldable lunch boxes, reusable water bottles and reusable shopping bags. In Regal's iclub Hotels, it provides umbrellas that are made up of PET fabrics from recycled plastic bottles.



## ENVIRONMENTAL RESPONSIBILITY

Regal aims to avoid excessive paper consumption in its office operations. Regal has put part of its routine operation onto the cloud, leveraging cloud technology to minimise paper consumption. For example, by adopting an online customer relations management platform, Regal has facilitated the digitalisation of its hotels' reservation and documentation process. For inevitable paper-based administrative operation practices, Regal has a printing guideline in place to promote duplex printing of documents and the use of double-sided paper when printing documents. In addition, Regal carefully selects the types of papers that are certified by the Forest Stewardship Council or equivalent organisation whenever practicable for office use to promote responsible consumption.

During Regal's operations, it strictly complies with internal waste management procedures and relevant local laws and regulations to ensure the process of waste collection, categorisation and disposal are properly and responsibly carried out. Regal will continue to optimise the 5R Principle in its hotel and office operations whenever applicable.

Regal believes that sustainability is not just a responsibility but also an opportunity to create value for its guests, employees, and the community. By incorporating sustainable practices into Regal's operations, it can provide a more environmentally conscious and responsible experience for Regal's guests while also reducing costs and enhancing its reputation.

### Properties – Mainland China

Cosmopolitan strives to reduce waste in its construction and operation activities of its properties. It has put into practice its waste management policies to reduce and recycle waste. Cosmopolitan's engineering functions focus on monitoring and improving waste recycling performance.

The first step yet the most effective way is waste management. Waste reduction measures are implemented in Cosmopolitan's projects to improve overall waste performance. Aligned with the PRC Government's initiatives on "Circular Economy", Cosmopolitan has also incorporated waste diversion as a KPI for performance assessment in the coming year. Tianjin Project is working with its stakeholders and different departments to divert waste of residential and commercial buildings from landfills and incineration facilities where possible. During the construction in Chengdu Project, wood and packaging cartons on site were centralised and collected to facilitate recycling by paper mills. Scrap steels were collected and recycled by steel production enterprises, while bricks were mainly used for backfilling of roadbeds.

Cosmopolitan has implemented high standard procedures to handle construction waste that are non-recyclable and non-reusable. General waste is gathered in the garbage chambers in every building and transported to collection points daily. Construction waste, including building debris and waste engine oil, is handled by qualified service vendors regularly.





## SOCIAL RESPONSIBILITY

Besides monitoring the environmental impact of operations on the surrounding environment, the Paliburg Group recognises our responsibility as a participant in the real estate industry to monitor how our operations impact the surrounding community, as it is essential for us to maintain our brand reputation. Thus, we have developed strong, long-running volunteer programmes that consistently make a significant effect. These programmes have been running for many years, to demonstrate our commitments to support and to encourage our associates to engage in volunteer activities.

### Fostering Community Engagement

#### Properties – Hong Kong

At Paliburg, we advocate social responsibility culture across our operations. As a committed corporate citizen, we have firm belief that it is our responsibility to benefit the community and support our community partners. We are committed to building a better community together with our employees, business partners and community organisations. Meanwhile, we strive to give back to the community and foster cohesions by leveraging our strengths and expertise.

#### Cookie charity sale for Helping Hand

In order to support Helping Hand in their community services and outreach programmes and to arouse employees' awareness of social responsibilities, Paliburg has organised a cookie charity sale in third quarter of 2022. All the revenues from the sales were donated to Helping Hand to support the elderly services.



#### Hotels

Regal participates in charitable activities and encourages its employees to do the same, under circumstances that comply with applicable laws and regulations. Regal demonstrates its support to community through long-term community participation, which also encourages its employees to develop their personal capabilities such as leadership, management and communication skills. To foster connection and interaction with the neighbourhood community, two volunteer teams, which are Colour our World and Young Colour our World, were established. They consist of both adults and young people, to work together to serve the society by donations, visits, and volunteering works, etc. Regal continues to express our care with donations of useful resources to different parties in need.



## SOCIAL RESPONSIBILITY

Highlights of Community Investment in 2022 were as follows:

- Number of partnering non-profit organisations and other institutes: 6
- Number of organised volunteer activities: 15
- Total volunteer hours contributed by employees: 292 hours
- Amount of donation and sponsorship: approximately HK\$5,500,000

Regal has been recognised as a “Caring Company” by the Hong Kong Council of Social Service for 20 years consecutively with the award of “20 Years Plus Caring Company Logo”.

Regal is partnering with Po Leung Kuk to provide community services in Hong Kong, which initiated two programmes to support the elderly in the region. Their donation boxes are placed at Regal Hotels and iclub Hotels in Hong Kong to encourage guests to contribute to the cause. Also, a portion of the proceeds from the sale of Regal Hotels’ Chinese New Year puddings is donated to the “Po Leung Kuk District Elderly Campaign”. This programme supports the “Engay Food” meal, which helps elderly individuals with dysphagia to regain the pleasure of eating. Through these initiatives, Regal and Po Leung Kuk are working together to improve the lives of the elderly in Hong Kong.



### Properties – Mainland China

At Cosmopolitan, it actively supports and participates in programmes that advocate social wellness, especially during the era of pandemic. To fulfil its responsibility, Cosmopolitan strives to support the community and help shaping a better future for everyone in the society by organising events that advocate public health. For example, Tianjin office actively cooperated with neighbourhood to hold sports competition in the operating community during the reporting year. Cosmopolitan also assisted to improve the awareness of health through sponsoring fitness equipment and providing comprehensive fitness programmes, and worked with commercials, such as Amway and Furen Dental, to carry out activities to promote healthy eating and dental health care.





## SOCIAL RESPONSIBILITY

### Youth Development

#### Hotels

Regal believes the younger generation represents the future of the society. Thus, youth development is one of the focuses in community engagement activities and it is important to provide the younger generation with good education and personal development opportunities. Through organising internship programmes and hotel tours, Regal hopes to complement conventional school education by offering to young people a different and rewarding learning experience.

#### Regal Hotels International Youth Development Programme 2022

Regal hopes to provide more opportunities for young people interested in the hospitality industry. Since 2015, Regal has launched the "Regal Hotels International Youth Development Programme". Students from Hotel, Service and Tourism Studies disciplines at the Hong Kong Institute of Vocational Education (IVE), a member of the Vocational Training Council (VTC), are offered scholarships and 300 hours of invaluable internship opportunities every year. During the internship period, students have the chance to experience different roles and duties, such as working in the front office, food & beverage department as well as helping with the housekeeping team. As a result, they could gain a more comprehensive understanding of the complex hotel operations and practical experience at different departments. With the exclusive learning experience and guidance from experienced employees, Regal believes the internship scheme can equip them with valuable skillsets and pave the way for their early success in the industry. During the year, Regal continued to carry out the programme though certain activities have been suspended due to the pandemic.

#### Hotel tours

Recognising the limitations of regular school education, Regal strives to offer non-classroom learning opportunities for youth. As Tourism and Hospitality Studies is now an elective subject on the Hong Kong Diploma of Secondary Education Examination, the hospitality industry has received a growing amount of attention during the past several years. In response to this growing trend, Regal makes every effort to promote education in local community and to improve the educational experience of the students. In conjunction with non-profit organisations, Regal conducted a hotel tour and career talk for the Vocational Training Council during the reporting year to demonstrate how hotels operate.

#### Career talks

Regal encourages youth to explore different career paths and enhance their personal development. Regal has collaborated with SHINE of Vocational Training Council in providing career trainings and opportunities. To help students in adapting to the real-life work environment, a room at the Tuen Mun Campus is redecorated to mimic a guestroom in Regal Hotels. To provide training opportunities, Regal has collaborated with a secondary school in Hong Kong in offering career talks for students via online platform in 2022. Participants interested in pursuing a profession were introduced to the job scopes and career opportunities in the hotel sector via the training.



## SOCIAL RESPONSIBILITY

### Health Enhancement

#### Hotels

A good living condition has always been the key to fostering a harmonious and prosperous society. Especially during the outbreak of COVID-19, Regal believes that it is important to spare additional effort in providing different social groups with support and medical resources to enhance their health and improve their living condition.

Regal recognises the importance of supporting the community during these challenging times. One of the initiatives undertaken by Regal was the donation of over 20,000 dining vouchers to the Hospital Authority in support of their staff working in designated hospitals and treatment centres. This gesture not only helped to boost morale among the healthcare workers who have been working tirelessly on the front-lines, but also provided them with a well-deserved break to enjoy a meal.

In supporting the government's initiatives to combat the pandemic, seven of Regal's hotels, namely Regal Airport Hotel, Regal Kowloon Hotel, Regal Oriental Hotel, Regala Skycity Hotel, iclub To Kwa Wan Hotel, iclub Fortress Hill Hotel and iclub Mong Kok Hotel enrolled as Designated Quarantine Hotel or Community Isolation Facility during the reporting year. Regal also supports the employees in participating in community volunteering activities on the combat against the COVID-19 pandemic.







## SOCIAL RESPONSIBILITY

### Social Inclusion

#### Hotels

Regal wants to make a long-lasting impact on the young generation in the neighbourhood and, to this end, Regal has arranged several volunteer activities involving the youth to widen their perspectives and to cultivate their abilities. On World Book Day, Regal's staff at Regal Kangbo Hotel in Dezhou, Shandong sent books to Kangbo Primary School, offering more resources to cultivate the reading habits and interests of the pupils. At the time of the national college entrance exams, Regal provided candidates with encouragement and refreshments by putting up booths in schools. Also, Regal's employees volunteered in the Shandong Dezhou Automobile and Motorcycle College to introduce to their students the actual operations of the hotel industry and to increase their understanding of the latest developments within the industry. Regal also set up real life scenarios for students to enhance their practical skills.



Setting up refreshment booths at exam venue



Sending books to a local primary school

#### Barrier Busters Programme

Regal remains dedicated to promoting equal opportunity and anti-discrimination against minority groups and underprivileged persons in society. In 2022, Regal continued to support the Barrier Busters Programme organised by The Hong Kong Society for Rehabilitation and Chi Heng Foundation. This initiative aims to provide support and assistance to individuals facing physical or social barriers in their daily lives. By supporting this programme, Regal is committed to creating a more inclusive and equitable society for all members, regardless of their backgrounds or circumstances. Regal will continue to work towards promoting social responsibility and making a positive impact on the community.

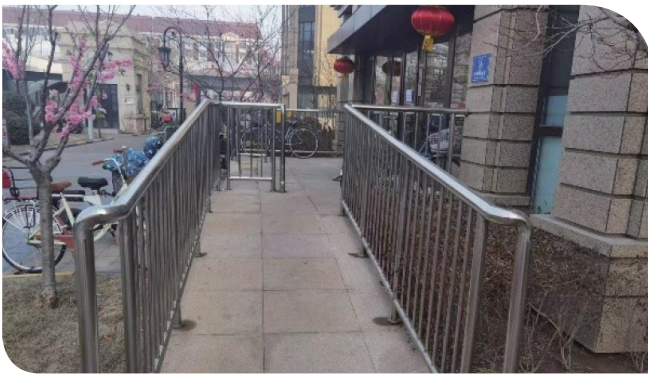




## SOCIAL RESPONSIBILITY

### Properties – Mainland China

Cosmopolitan is committed to fostering an inclusive community by ensuring equal access for all people. To provide a comfortable and enjoyable living environment for residents of all ages and abilities, Cosmopolitan has embedded inclusive features and elements into its development projects. For example, ramps are installed for the convenience of disabled persons and elderlies. In the Tianjin Regal Renaissance Project, Cosmopolitan created an accessible environment for wheelchair users by designing spacious barrier-free restrooms, lowering buttons of lifts, and accessible parking spaces. Cosmopolitan also increased the coverage of greenbelt to enhance the concern over environmental protection. Through these inclusive designs, Cosmopolitan helped to build an inclusive community with pleasant environment.





## ECONOMIC RESPONSIBILITY

The Paliburg Group fosters a sense of belonging among our employees, to offer them the liberty to express audacious ideas, achieve ambitious aspirations, and find fulfilment in purpose-driven work. Moreover, the health and safety of our employees are of the highest concern. The core tenet of Paliburg's purpose and objective is to offer a safe and livable place for our employees and customers. We are also committed to ensuring a fair and equitable business environment, preserving the Group's values, inheriting and cultivating the Group's value of honesty and integrity, and minimising the Group's operational risks, all while preserving the Group's reputation in the industry, society, and the world. We expect that our economic responsibility initiatives will benefit all stakeholders in our value chain, including our shareholders, customers, and operating community.

### Caring for Our Employees

To maintain long-term relationships with our employees, Paliburg Group has established relevant policies that define the important values, standards and terms with the aim to building and sustaining a welcoming and inclusive working environment for our employees. All relevant employment practices of the Group are in line with industrial benchmarks, which are regularly reviewed to best reflect our appreciations to employees' contributions.

As our employees are the backbone of our business, we strive to grow with them and support them with necessary assistance. The Group recognises the importance of employee training and development in enhancing human capital. The Group's training and development programmes are customised to meet the requirements of our diverse businesses. Through the Group's learning and development programmes, employees could enhance their abilities and grow at work. In addition to receiving attentive help from their superiors, employees have access to a variety of training programmes and resources. These activities are essential to the Group's capacity to provide high-quality products and services.

Maintaining a safe environment for the employees is our vital responsibility. Paliburg adopts a series of health and safety practices to protect our employees. For example, full sets of Personal Protective Equipment (PPE) and trainings regarding workplace safety are provided to relevant employees who need them. Moreover, Paliburg regularly conducts inspections on site to identify potential workplace hazards and assess risks.

The Group seeks to offer a safe, secure and equitable working environment for our employees by safeguarding their labour rights and supporting diversity and inclusion at work. We are committed to recognising and accommodating the requirements of our staff members by introducing initiatives that are employee-friendly. Regarding hiring, compensation, benefits and advancement, we make decisions entirely on the basis of our employees' job competency. We treat all employees equally, regardless of their gender, age, ethnicity, skin colour, country, political status, religion, marital status, maternity status, sexual orientation or disability, as well as any other irrelevant considerations. As our society grapples with racial and gender inequity, we are prepared to assume a greater degree of responsibility in our communities and inside the Group. The Group complies with all relevant laws and regulations<sup>3</sup> 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.

<sup>3</sup> 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

### Recruitment, Retention and Benefits

As a responsible employer, the Paliburg Group is dedicated to providing equal opportunity and respecting competence, skills, and experience in recruiting and advancement. We have implemented a structured and equitable framework to guarantee transparent and equitable employment practices and to safeguard the rights of our employees.

The Group prohibits the use of child and forced labour in the strictest terms. In order to do this, we conduct extensive background checks on candidates throughout the recruiting process, especially on our construction sites. In the event of a violation, we shall promptly terminate the employment relationship in question and penalise the personnel engaged in the relevant recruiting procedures.

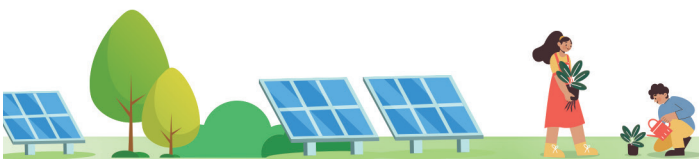
We seek to foster long-term, collaborative relationships with our employees and have established a mechanism to review and improve their well-being, as well as complying with the requirements for various statutory social insurances in accordance with the law and ensure that they are able to enjoy statutory holidays and other benefits. For instance, our companies in Mainland China award staff with monetary bonuses on festive holidays and birthdays as well as special leave. Complying with the Mandatory Provident Fund Schemes Ordinance, we manage an MPF Scheme for all eligible Hong Kong employees. In the PRC and other countries where the Group operates, we also participate in local government sponsored defined contribution retirement plans. Through pension fund contributions and various monetary benefits, we seek to safeguard the workers' means of subsistence and alleviate their financial burden.

### Learning and Career Development

The Paliburg Group clearly recognises 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 provide them with financial and educational resources. For employees' acknowledgement and reference, the Group's staff training and development policies are detailed in our Employee Handbook.

We believe that a smooth transition is vital for new employees. Therefore, we have devised a comprehensive induction programme to familiarise them with our working environment and corporate culture. Throughout their time with us, we organise all-year-round series of training programmes to ensure employees at all levels and positions are equipped with the necessary skills and knowledge to meet the changing market demands and industry trends. For example, we provide training to property management employees at 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 resident related urgent enquiries 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.

In addition to internal training, we encourage our employees to participate in external training and other educational events, such as conferences and seminars, to enhance their skills and observe diverse market practices. We subsidise the tuition as well as the related application and examination fees with case-by-case considerations.





## ECONOMIC RESPONSIBILITY

### Employee Engagement

The Paliburg Group understands the importance of the well-being of our employees, hence we strive to enrich their life outside of work. Through organising various recreational activities during the year, we aim to provide opportunities for employees to spend quality time together, in order to strengthen the team spirit and deepen our employee's sense of belonging. Due to the social distancing regulations, we did not organise any festival celebrations and annual dinners in Hong Kong for the past few years, to avoid gathering of employees. In recognition of employees' contributions and loyalty to the Group over the years, we honour our long-serving staff with the Year-of-Service Awards.

In an effort to enhance the overall working environment, we emphasise mutual respect and understanding and highly value the input and opinions of our employees. To this end, the Paliburg Group is committed to strengthening employee-management communication via a variety of channels, with the goal of fostering a speak-up culture in which all employees can feel included and that their thoughts and concerns are appreciated. Therefore, we hope that when employees encounter difficulties, disagreements or unfair treatment on the job, they will feel safe and encouraged to speak out via well-established communication channels. Regular staff meetings, annual questionnaires and a Facebook page are a few examples of how employees are encouraged to express their opinions, and a formal grievance mechanism is in place for employees to voice concerns about the workplace and employment practices to their immediate supervisors and management, who will answer to the inquiries and organise follow-up steps within a reasonable period.



## ECONOMIC RESPONSIBILITY

### Workplace Health and Safety

#### Properties – Hong Kong

Paliburg is committed to providing a safe and healthy workplace for our employees, and a Safety Management Committee has been created to supervise the safety performance of our managed properties and development projects. In addition, we have a safety and health working system and have established stringent safety and health standards to control related issues. We have developed safety precautions at our construction sites and offices in accordance with the real-life workplace and operating requirements. The Committee examines and revises occupational health and safety-related guidelines and measures on a regular basis to ensure that all practices are updated and efficient.

Internal and external audits are used to assess the Group's workplace safety performance, and black spots are identified and reported. The Committee and safety officers are responsible for designing corrective actions, overseeing their execution and analysing the outcomes. Simultaneously, employees at the respective sites are provided with pertinent information to minimise occupational health and safety concerns. Employees must comply with all relevant laws and regulations, as well as our policies and workplace rules. They are only authorised to perform their job duties while wearing personal protective equipment as required. Regular site inspections are performed to detect possible occupational dangers. We also undertake frequent drill exercises to acquaint personnel with the processes for rescue and handling, therefore assuring a swift reaction in the event of an emergency.

On the other hand, we recognise that education and training are the most effective means of enhancing employee understanding of occupational safety and health. Before commencing any construction work, all construction workers and site personnel are required to complete particular induction training including occupational health and safety. The training includes a variety of occupational safety subjects, such as handling deliveries with a truck-mounted crane, working at heights, and the safe use of industrial gear. Additionally, we perform emergency drills including security management, fire safety management, crowd management and facilities management, in an effort to strengthen our emergency response skills throughout our property portfolio. The training and drill programme is developed for all of our employees and contractors, with the goals of enhancing health and safety knowledge, fostering a stronger awareness of the Group's health and safety procedures and cultivating a stronger health and safety culture.





## ECONOMIC RESPONSIBILITY

Employee is an important asset to Paliburg's business and Paliburg cares about employees' health. Two health talks "Solution to Neck and Back Pain" and "Ways to strength our lung to encounter COVID-19" were conducted in the fourth quarter of 2022. During the talk, Registered Physiotherapist and Registered Chinese doctor enriched our employees' knowledge on their health problems and provided effective solutions for them to maintain a healthy living.



To protect both our staff and customers during the COVID-19 epidemic, we are working to improve hygiene standards at our operational locations, managed properties, and construction sites. Please refer to the Product and Service Quality: Properties – Hong Kong part of the Caring for Our Customers chapter for further information on our anti-pandemic activities.

Throughout the Reporting Period, the Group has maintained a record of zero workplace fatalities. In addition, there have been no confirmed incidents of non-compliance case in accordance with applicable laws and regulations concerning the provision of a safe working environment and the protection of employees from occupational hazards that have had a significant impact on properties developed and managed by the Paliburg Group.



## ECONOMIC RESPONSIBILITY

### Hotels

Regal provides a secure and healthy workplace for its employees. A Safety Policy is in place to govern all operations and it is reviewed periodically to keep up with the latest developments in workplace health and safety and related regulations. Regal continues to take appropriate measures and to build up relevant risk control strategies to safeguard against those risks that are designated as high risks, such as food safety, machinery safety and fire control etc. Every staff member of Regal has a responsibility to uphold the safety standard. Regal regularly organises trainings and engages with employees to promote occupational safety awareness. At the operational level, the workplace health and safety measures undertaken during the reporting period are summarised in the following five key areas:

- **Dedicated Team:** A dedicated team is established with experienced Safety and Security Officers. They are responsible for identifying potential hazards and developing prevention and improvement measures.
- **Internal Rules and Procedures:** A Safety Manual is developed which includes management, control and coordination of our safety work. The Safety Manual is circulated among employees to ensure their solid understanding, as well as instructing them to mitigate the potential occupational safety risks throughout all stages of hospitality operation, from room cleaning and catering to engineering and renovation work. Regal strives to minimise workplace health and safety risks by implementing safety management systems and prevention measures for accidents, regular review, job hazard analysis, monitoring and safety audits. Employees who fail to comply with the safety rules and procedures may be subject to penalty. All Regal hotels provide adequate personal protective equipment and first aid materials for their employees.
- **Training:** Regal continues to provide occupational health and safety trainings for all employees to equip them with the knowledge of work safety. Regal also invites external parties to provide training to the supervisory and management staff, focusing on how to incorporate safety concerns into hotel daily operations. Contingency plans are formulated to deal with emergency situations. Regal also arranged related trainings to selected employees, covering the use of fire-fighting equipment and the provision of first aid and rescue techniques, to ensure sufficient trained employees are available to cope with accidents. To further improve emergency preparedness, emergency drills for all emergency and rescue teams are conducted by our Safety and Security Officers regularly.







## ECONOMIC RESPONSIBILITY

- Communication:** Regal distributes health and safety information sheets, newsletters and bulletins on the latest health and safety measures to enhance its employees' awareness in the field. To help prevent injuries and educate all employees of potential dangers and hazards, Regal posts warning signs, emergency and rescue procedures, notices and placards in hotel offices, workshops and welfare facilities. A Safety Award is awarded to employees who demonstrate best health and safety practices at work in order to foster a culture of working safely.
- Review and Monitoring:** To manage workplace health and safety and keep the workplace safe, Regal requires Safety and Security Officers to submit monthly safety reports detailing any accidents, injury statistical data, health and safety training undertaken, safety inspections and audits for the hotel general manager's endorsement. Regal also offers health assurance programme for employees who are exposed to hazardous waste and materials. Pre-job and regular medical examinations are arranged to ensure their physical well-being.

The efficacy of Regal's health and safety management systems is analysed on an annual basis. All results are shared with the senior management team of each business division to discuss the feasibility of implementing the recommendations based on the analysis. Regal performs regular review on the Regal Safety Policy to stay updated with the latest developments in workplace health and safety and related regulations. A Safety Committee is also in place to monitor our safety management system and ensure compliance with all relevant laws and regulations. A bi-monthly safety meeting is hosted with all department heads to discuss the safety issues and review the work injury cases to avoid re-occurrence.



Production safety training



## ECONOMIC RESPONSIBILITY

### Properties – Mainland China

Cosmopolitan strives to ensure employees' safety and health through providing a safe working environment. Cosmopolitan has a Safety Construction Management Policy in place along with other relevant guidelines, including safety procedures in case of natural disasters or other incidents of emergency. Cosmopolitan's operations fully comply with the occupational health and safety related laws and regulations<sup>4</sup> in Mainland China. Cosmopolitan's effort placed on maintaining health and safety of employees has been recognised by the Ministry of Housing and Urban-Rural Development of the People's Republic of China and the Tianjin Municipal People's Government.

During the reporting year, no non-compliance case of occupational health and safety was observed in Cosmopolitan's operations.

To safeguard the health and safety of its employees, Cosmopolitan is committed to minimising health and safety related risks through regularly identifying and monitoring material safety issues or risks in offices and construction sites. In case of any deficiencies discovered, remedial actions will be carried out to ensure proper execution of safety measures. Cosmopolitan carried out multiple occupational safety trainings for employees in Tianjin office, achieving a coverage rate of 100% for occupational safety trainings. Workers are not eligible to work on-site unless being qualified in passing safety trainings. In addition to safety trainings, Cosmopolitan utilises different engagement channels to remind employees of safety precautions by distributing safety leaflets and placing warning signs with preventive measures about operating vehicles and machines, accidents, fire and other major hazards. Cosmopolitan also actively engages with contractors through meetings, workshops and training, requiring them to provide compulsory safety training to ensure all new workers are equipped with safety knowledge before working on-site.

Fire safety is also one of the safety concerns within Cosmopolitan's operations. Cosmopolitan has set up a fire-prevention system which fully complies with relevant legal requirement in Mainland China. The system is reviewed and maintained regularly by qualified professionals. Cosmopolitan has carried out multiple fire and gas leak evacuation drills in Tianjin office to help employees to familiarise with safety procedures in case of emergency.

In addition, Cosmopolitan strives to enhance the indoor air quality in offices to improve employees' health. Monitoring of volatile organic compounds (VOC)'s concentration level and formaldehyde is carried out regularly. Cosmopolitan has appointed qualified personnel for removal of such substances effectively whenever necessary.

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<sup>4</sup> The occupational health and safety laws and regulations that might be significant to Cosmopolitan 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

### Protecting our employees under the pandemic

As the impact from COVID-19 continued to unfold throughout the year, we worked diligently to support our employees, tenants, customers and guests to tackle the pandemic. In order to combat against COVID-19, we continued to implement appropriate hygiene and sanitation standards and guiding principles, which were reviewed and amended from time to time. There were measures in place, such as disinfection cleaning standards and arrangements for crowd management, to ensure that all venues where our staff and visitors were present comply with stringent hygiene standards. Moreover, we provide our employees with appropriate hygiene supplies and personal protective equipment to further ensure their safety on the job and further staff trainings were scheduled to heighten their knowledge of any updates or latest protective procedures.

As a case in point, when confirmed cases of COVID-19 were 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 and minimising the residents' risks of infection.

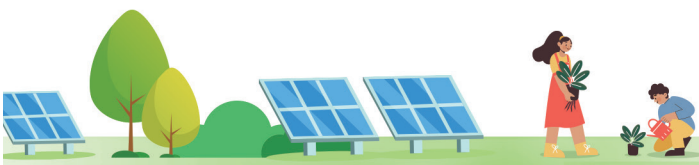
### Hotels

In general, Regal has undertaken a variety of healthcare-related endeavours protecting its employees under the pandemic. In order to combat COVID-19, Regal continued to implement appropriate hygiene and sanitation standards and guiding principles, which were reviewed and amended from time to time based on the prevailing circumstances. There were measures in place, such as disinfection cleaning standards and arrangements for crowd management, to ensure that all venues where our staff and guests are present comply with stringent hygiene standards. Since the outbreak of COVID-19, all hotels have been outfitted with temperature scanning equipment to check guests' temperatures and restrict access to anybody with a fever. The thermometer cameras put at the entrances of a number of Regal's properties made temperature scanning more effective and automated. In response to the pandemic, Regal has strengthened the hotels' hygiene-related safeguards to protect the safety of all guests and staff. Regal also provided its employees with appropriate hygiene supplies and personal protective equipment to further ensure their safety on the job and scheduled staff trainings to heighten their knowledge of any updates or latest protective procedures. Staff were requested to take RAT every day and were supplied with KN95 or KF94 masks. A sanitation facility was installed at the hotel employee entrance.

### Properties – Mainland China

Cosmopolitan continued to implement preventive measures to safeguard its employees' health amidst the COVID-19 pandemic. To lower their risk of infection, employees are required to measure their body temperature on a daily basis and to always wear masks at work while also maintaining appropriate social distance in workplace to avoid close contact. Cosmopolitan also provides employees with anti-pandemic supplies, including medical masks and alcohol sanitisers to ensure they maintain good personal hygiene. Cosmopolitan aims to maintain a safe workplace while providing appropriate support to its employees during this challenging period.





## ECONOMIC RESPONSIBILITY

### Caring for Our Customers

The Paliburg Group places our customers at the centre of our business by offering superior products and services. The Group strives to maintain high-standard quality management and make every effort into safeguarding customers’ health and safety. Beyond this, we highly cherish their opinions and spare no effort to listen to and address their concerns.

### Product and Service Quality

Paliburg aims to build high-quality properties and provide customers and tenants services with compassion. Therefore, we have a thorough system of quality assurance in place to ensure and regulate the delivery to observe all applicable laws and regulations<sup>5</sup>.

To ensure building quality, we have implemented a quality management approach which is divided into four phases, covering the period from pre-construction to post-handover. Through the implementation of this comprehensive strategy, we ensure that each property will be managed with a high level of safety and quality standards.

Our Quality Management approach:

Pre-construction phase	Building plans and construction materials are the main focus of our quality control. Building plans are reviewed, construction sites are examined and project developments are monitored by architectural, geologic hazard and construction professionals. All issues identified in the plans are properly addressed before progressing to the next stage. To ensure the quality and safety of the construction site, construction materials including steel bars, concrete and cement are chosen cautiously through checking the compliance certificates assessment reports of construction materials.
Construction phase	We closely monitor the structural work and ensure alignment against construction drawing for all developing projects to ensure high quality of our products. We closely monitor whether the materials and equipment used meet the technical requirements of the contract and ensure our developing projects align with the construction drawing. Our standard on product quality exceeds the requirements of national standards, to create safe and satisfying products for our customers. Weekly site visit is paid to construction units with issues identified, to examine whether rectification is completed to address quality issues.
Post-construction phase	Comprehensive quality inspection is carried out based on a set of evaluation criteria formulated by the building plan designers and senior engineers, to guide the rectification work before the official hand-over and acceptance.
Post-handover phase	After property handover, relevant parties are notified to carry out following up actions and rectification according to the quality problems raised by the property owners.

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





## ECONOMIC RESPONSIBILITY

To ensure the quality of our construction, we require individual certificate and assessment reports for each material proposed to be used for the project, thereby minimising the potential dangers posed by the use of sub-standard materials. During the construction phase, appointed personnel are responsible for overseeing the structural work, the construction of reinforced concrete, the construction of sample layouts, and the management of information to maximise building quality. Post-construction is a crucial phase in which quality inspections are performed in strict accordance with quality and safety standards.

In addition to building quality, we strive to maintain high-quality services in our managed properties, with the objectives of improving the living conditions of residents and the operating efficiency of tenants' businesses. We collect feedback from our residents and tenants through various ways for our consideration when planning and implementing plans for improvement. For example, in response to residents' feedback, our property management company added speed bumps in Mount Regalia to improve road safety. In addition, we launch regular customer satisfaction surveys to collect objective data on our performance in a variety of categories, including staff attitude, safety, cleanliness and clubhouse services, etc. We also offer suggestion boxes and hotlines for our managed properties. With respect to our property management business, we received 2,642 complaints during the reporting year, which have all been addressed by designated employees with promptness and efficiency.

Besides building quality and services, we construct and run our hotels with the client at the heart of our operations, integrating their stay with their overall impressions of the cities they are visiting. We engage with our guests actively to maintain connections and to enhance brand loyalty through a wide range of loyalty programmes that offer discounts and benefits to members. In addition, we have set up various channels for customers to express their opinions, including verbal communication, guest questionnaires and websites to receive customers' feedback efficiently. Our Guest Comments Reply Standards states that every comment is our top priority.

The Paliburg Group, including Regal and Cosmopolitan, prioritises the health and safety of our customers, residents and tenants. We have prepared a set of Working Guidelines for our frontline personnel, outlining their roles and responsibilities in identifying and alleviating health and safety concerns on our owned or managed properties and hotels. As part of the Guidelines, handling, investigation, reporting and follow-up procedures have also been established. During their regular patrols, the security team is given specific instructions on how to identify, document, and report any anomalies, malfunctions, or facility damage. This guarantees that infrastructure such as water tanks, pipelines, metre rooms and alarm systems are regularly cleaned, repaired and maintained.

### Intellectual Property Rights

In observing and protecting intellectual property rights, the Paliburg Group has established policies and procedures for all business units to follow. For example, we only use licensed software and technology to ensure that our business operations meet the requirements of the law.

Furthermore, our "Regal" brands and logos are core elements of our business, and we take the protection of their intellectual property very seriously. We have appropriately registered the relevant trademarks and service marks according to the applicable laws and regulations in different jurisdictions where we operate and have monitoring measures in place to protect them from infringement.



## ECONOMIC RESPONSIBILITY

### Customer Privacy

#### Properties – Hong Kong

Paliburg respects every customer's right to privacy and makes every effort to preserve it. When processing personal information gathered from our customers and tenants, we ensure that all of our employees are aware of their duty to preserve customer privacy. This provides guidance on the handling of customer data throughout the data life cycle and ensures compliance with applicable laws and regulations, including the Personal Data (Privacy) Ordinance in Hong Kong, the Cyber Security Law in the Mainland China and the European Union General Data Protection Regulation.

The Group and our contracted third parties are aware of the importance of the privacy of the personal data gathered for operational purposes and handle it with care. Access permissions to relevant information and data are only allowed to personnel with authorised responsibilities. To further protect our customers' interests, we include a Personal Information Collection Statement in the preliminary sales and purchase agreement for our residential units. When the information is no longer required for any operational operations, all relevant documents containing private and confidential information are disposed of in a secure manner. All of our employees are required to sign a confidentiality agreement outlining their legal responsibilities to protect trade secrets and sensitive customer information.

#### Hotels

Regal's operations involve the collection and handling of customers' personal information. Regal understands the importance of protecting customers' privacy as a responsible hotel operator. Regal's Privacy Policy emphasises the importance of confidentiality in handling personal data and is aligned with all laws and regulations on personal data privacy in operating jurisdictions. Only authorised employees can access customers' personal data, with employees of different rankings granted appropriate personal data access right according to their positions and job duties.

In Regal's daily operations, customers' personal information is collected with their consent for membership management and marketing purposes. Apart from local data protection regulations, Regal observes the European Union General Data Protection Regulation as Regal serves guests from worldwide. Regal explains clearly to the customers on how their personal data will be collected, stored and used, and their personal information will be used only under the circumstance that Regal has gained their permission to comply with the above regulations. During the reporting period, Regal observed no non-compliance case against Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong).

#### Properties – Mainland China

Cosmopolitan fully respects the privacy of customers' personal data. The collection and handling of customers' information fully comply with applicable laws and regulations<sup>6</sup> concerning personal data privacy in Mainland China. Cosmopolitan secures confidential information of customers through implementing various security measures such as setting passwords to all electronic files. Employees are required to sign a confidentiality agreement to accept the accountability of legal responsibility in unauthorised use or disclosure of internal and personal information, such as trade and customer information. Cosmopolitan also requires our employees to comply with all internal guidelines regarding the collection, processing, transfer, retention and deletion of customer personal data.

<sup>6</sup> The personal data privacy laws and regulations that might be significant to Cosmopolitan include the Personal Data (Privacy) Ordinance of Hong Kong Special Administrative Region, Cybersecurity Law of the People's Republic of China and General Data Protection Regulation.





## ECONOMIC RESPONSIBILITY

### Customer Privacy

We are dedicated to ensuring that our marketing and communications materials comply with relevant government rules and industry standards, such as the Hong Kong Residential Properties (First-hand Sales) Ordinance and the Hong Kong Lands Department's Consent Scheme. Our employees are required to comply with relevant legal requirements regarding the collection, retention, processing, disclosure and use of personal data, as well as to respect the privacy of others and the confidentiality of information collected in the course of business.

The Group also endeavours to deliver transparent and precise product and service information for our customers. Any dishonest and misleading selling techniques are strictly prohibited. To allow customers to make informed and carefree purchasing decision, we have provided training on professional sale practices to our employees, to ensure that they offer sale and/or leasing services to customers professionally. All publicity materials of the Group are prepared and reviewed carefully to prevent publishing misleading information.

During the reporting year, we did not observe any non-compliance cases for advertisement nor intellectual properties.

### Supply Chain Management

#### Properties – Hong Kong

To support our everyday operations, we acquire goods and services from a number of reputable vendors and contractors, mostly for construction materials and services and office supplies. With the aim of building long-term, sustainable partnerships, we work closely with them in accordance with the established supply chain management approach.

We have developed a set of standard protocols to outline the roles and responsibilities of the individuals responsible for sourcing and tendering activities, as well as the criteria specified for suppliers and contractors during their engagement with the Group. During the tendering process, tenderers must present relevant working records for background checks and inspection. Only qualified candidates will be considered. The involved suppliers or contractors will then be selected and supervised in a variety of areas, including product and service quality, occupational health and safety rules, and compliance with applicable environmental and social regulations. Beyond basic compliance, we prioritise suppliers who share our commitment to sustainability and demonstrate environmental and social responsibility.

Employees from the property management office and project department are appointed to track and evaluate the overall performance of the involved suppliers using a number of specific checklists. In addition, we conduct regular on-site inspections to directly assess the operation's conditions and standards, including labour working and environmental situations. The outcomes of the evaluation are used to decide the continuation and likelihood of future partnerships.



## ECONOMIC RESPONSIBILITY

### Hotels

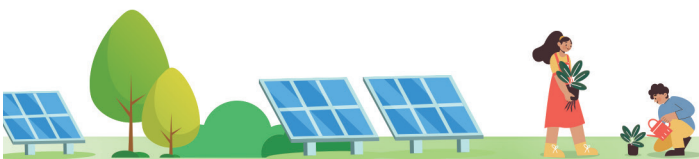
An extensive network of vendors and suppliers is crucial to Regal's operations. Regal relies on the network for the provision of a wide range of products and services, including food and beverages, hotel cleaning, laundry and other services, guestroom supplies, and all sorts of hotel amenities. In this connection, Regal's Purchasing Department has established procurement instruction and guidelines. Suppliers must satisfy Regal's specific procurement terms and follow guidance on listed criteria. Regal's procurement aims to deliver positive impacts across the entire supply chain. Regal supports environmentally friendly and local products in the procurement process.

As a Green Council member since 2012, product safety and quality are not the only consideration for Regal's supplier selection. Regal strives to minimise negative environmental and social impacts that may otherwise arise from procurement process. Regal's suppliers are selected through a meticulous process. Regal has formulated a Green Purchasing Policy for Group Purchasing Manager and Group Hygiene Manager to assess potential suppliers. Regal is committed to purchasing recycled and other ecologically preferable materials wherever possible, and Regal expects suppliers to do the same. The Policy includes criteria on the On-site Evaluation Checklist to ensure environmentally friendly techniques are used in production. In the pre-qualification stage, vendors must submit samples and catalogues for Regal to test and examine. Regal has also developed an On-site Evaluation Checklist to assess product or service quality before it selects a supplier, including engineering-related equipment as well as food and beverage items. Risks that might occur during slaughtering or harvesting, storage, distribution and transportation of Regal's products can be mitigated with the Checklist in accordance with which Regal conducts regular review to ensure suppliers are in compliance. Regal also prioritises suppliers who are ISO 9001 certified and have HACCP system in place.

During the reporting period, selected suppliers of Regal's hotels were audited as part of the risk management process designed to analyse and monitor possible supply chain risks. Regal's Purchasing, Receiving and Food & Beverages Departments also evaluate suppliers' product quality, timeliness in product delivery, certifications obtained, etc. with its supplier annual evaluation form. During the pandemic, Regal has tightened our supply chain controls to ensure the quality and safety of all products. Supplies delivered to the hotels are required to show their 14-day travel code to enhance the traceability of products delivered. With the increase of visibility in the supply chain, Regal ensures the products and services offered to its hotel's customers are compliant with relevant regulations, while maintaining ethical labour and environmental practices.

While implementing sustainable procurement practices, Regal balances its products' cost and quality. Regal aims to procure products and materials with minimal effect on the environment and human. Regal sources printing and copying paper certified by the Forest Stewardship Council or equivalent Council, cleaning chemicals that are ISO 14001 certified, and replace plastic containers and bags with those made with bio-degradable materials. Regal also switches to Bulk Pack wet amenities bottle in order to reduce the quantity of small plastic disposable bottles to the minimum. Regal also installs the water filtration system in guestrooms in order to reduce the quantity of plastic bottled distilled water.

Regal also supports local sourcing in its procurement process. Regal purchases vegetables and fruit from local farmers whenever possible. Sustainable procurement requires collaboration in Regal's whole supply chain. During the reporting year, Regal continued its efforts to work with different stakeholders, including suppliers, employees and customers, to practise sustainability in Regal's supply chain and set sail to go further on sustainability.







## ECONOMIC RESPONSIBILITY

### Properties – Mainland China

Cosmopolitan is devoted to maintaining its sustainable business operations and supply chain management while upholding business ethics. Cosmopolitan strongly supports suppliers and contractors to adhere to high ethical standards to align with the Cosmopolitan Group's policies. Cosmopolitan has implemented the "Supplier Management Policy" to manage the potential risks brought by the extended supply chain. Cosmopolitan also prioritises suppliers that share our commitments to promote and construct a fair and competitive business environment whenever practicable.

Cosmopolitan dedicates efforts to ensure procurement and tendering procedures are carried out in an open and fair manner. Cosmopolitan adopts a holistic approach to decentralise the tendering management and decision-making tasks. Multiple levels and groups are responsible for different assigned tasks involved in managing the supply chain, with attentive coordination among the different functions. The cost control functions at different operating levels act as the key communicators of the management system. Close cooperation among all departments is required to monitor financial policies and maintain a well-organised and transparent tendering process.

To promote and enhance fair and effective operating practices, Cosmopolitan closely monitors and actively engages with its supply chain through a three-stage assessment system, comprising qualifying assessment, on-going assessment and post-performance assessment, respectively, from the procurement stage until the end of the business partnership. During the reporting year, Cosmopolitan's procurement management strategy continued to uphold its core ESG responsibility principles. All purchasing items are subject to tender invitations in compliance with Cosmopolitan's relevant environmental and social policies and procedures.

### Business Ethics

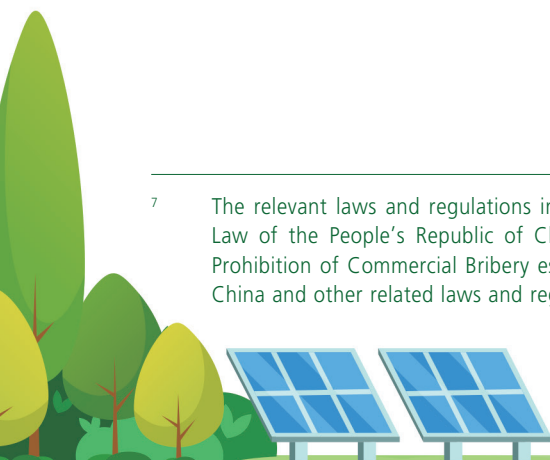
#### Properties – Hong Kong

Paliburg has adopted comprehensive anti-corruption policies and strictly adheres to all applicable laws and regulations<sup>7</sup>. We have zero tolerance for any violation of our anti-corruption policy, including but not limited to bribery, anti-competition, money laundering, fraud and corruption. Employees are expected to perform their duties with the highest regard for the Group's standards and, if applicable, to report any suspicious activity to management.

For instance, Paliburg has enacted a number of policies regarding conflicts of interest, gifts and gratuities. Employees must act with honesty, morality and propriety, in accordance with all applicable laws and regulations. Any employee who violates the rules and policies on gifts and gratuities will be subject to disciplinary action.

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<sup>7</sup> 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.



## ECONOMIC RESPONSIBILITY

### Hotels

Regal and all of its employees uphold high standard regarding business integrity and fair competition. Regal aims to prevent any bribery and corruption from occurring in its business operations. To that end, all suppliers and employees along the supply chain management must comply with the Supplier Code of Conduct included in the supplier/distributor registration application form. As a prerequisite of cooperation with Regal, it provides guidance on managing corruption and bribery incidents in a proper manner. Regal strictly prohibits any forms of gift-giving among employees and business partners as it affects the fairness and integrity of the partnership. Employees who request or receive gifts from a supplier, in money or any other forms, during business dealings may be subject to termination of employment.

The Employee Handbook outlines anti-corruption measures and controls to enhance employees' understanding and awareness of the requirements and standards on anti-corruption, including prohibition on improper payments, soliciting and/or accepting advantages, and offering advantages, charitable contributions and sponsorships that may be regarded as a means of bribery and corruption, entertainment, and conflict of interests. The Employee Handbook also defines and describes scenarios on topics such as gifts and gratuities to help employees in understanding how to prevent corruption in daily operations. Any employee who is found to be involved in corruption or bribery will be subject to disciplinary action or immediate dismissal. Regal also expects the same standards on its business partners, such as suppliers, to avoid any conflict of interest. Employees are required to disclose any affiliations with any business dealings outside Regal Group, or else disciplinary action or immediate dismissal may apply.

Offering and receiving nominal gifts can be regarded as common business practices. Regal welcomes appropriate business premiums, since Regal sees them as courtesies intended to create a solid commercial relationship. In light of this, Regal has set procedures to ensure that these premiums will not influence the business decisions of its employees. Regal does not allow accepting bribes in return for economic advantages, as well as any type of pressure or threats to get benefits, in the form of a gift, loan, fee, reward, or commission consisting of money or other valued security or other property or property interest. When attending social events on behalf of Regal, non-cash presents or lucky draw prizes may not exceed HK\$500 in value, and the acceptance of non-cash gifts or prizes of any value must be reported to Regal's Human Resources Department. Employees should avoid doing business or placing themselves in a position that might lead to a conflict of interest in order to support fair contests. If a conflict of interest arises or has the potential to occur, the employee must disclose it to the Executive Director in charge of his or her department for direction as soon as possible.

Employees are required to perform their duties with integrity, in an ethical and proper manner, and in compliance with all applicable laws and regulations of the jurisdictions in which Regal operates, including anti-bribery laws. Regal regularly organises training programmes on anti-corruption, covering Regal's standards on business ethics and anti-corruption.

During the reporting year, ICAC talks were organised for associates, in both face-to-face and online format. Also, all new employees are provided with a copy of the Anti-Corruption Policy and Whistle-blowing Policy on their commencement date and are briefed on the subject through orientation and the Employee Handbook. Regal strictly requires employees to comply with the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong). No legal case regarding corrupt practices brought against Regal Group or its employees was recorded during the reporting year.





## ECONOMIC RESPONSIBILITY

### Properties – Mainland China

Adhering to a high standard of business ethics is of fundamental importance to Cosmopolitan's operation. Cosmopolitan sees anti-corruption and anti-bribery behaviours as one of its core operating principles. Anti-corruption policies are established based on the compliance with applicable laws and regulations<sup>8</sup>, which require strict adherence to bidding process to prevent the risk of non-compliance.

Cosmopolitan requires all its employees to maintain a high standard of integrity and honesty in their day-to-day duties, which is illustrated in the Code of Conduct of Workplace in the Employee Handbook. Employees should adhere to legal and proper work ethics in their dealings with affiliated units. Cosmopolitan strictly forbids any forms of violation of the code of conduct and inappropriate behaviours, such as bribery and other unethical means to obtain benefits.

To raise employees' awareness of work ethics, during the reporting year, Cosmopolitan provided trainings on fair competition, ethical conduct and anti-corruption to all employees, as well as trainings relevant to Anti-Unfair Competition Law of the People's Republic of China. Also, all newly appointed senior management staff of the Tianjin office are required to undergo a pre-employment conversation with the human resources department to familiarise with the office's requirement on business ethics.

Cosmopolitan has established a number of communication guidelines and channels for employees to help identify employees with tendencies violating legal requirements. In case of any suspected misconduct and malpractice being observed, employees are encouraged to raise their concerns through numerous channels established. All subsidiaries, departments, business units and projects are subject to rigorous control mechanisms. During the reporting year, no non-compliance case relating to bribery, extortion, fraud or money laundering in Cosmopolitan's operations was observed.

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<sup>8</sup> The anti-corruption laws and regulations that might be significant to Cosmopolitan include the 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, Integrity Cooperation Agreement.



## APPENDIX I – PERFORMANCE TABLES

Environmental Responsibility Performance<sup>9</sup>

	Units	Performance in 2021	Performance in 2022
<b>Air Emissions<sup>11</sup></b>			
<b>Nitrogen Oxides (NOx)</b>	kg	326.66 <sup>10</sup>	320.26
Hotels	kg	325.62 <sup>10</sup>	317.32
Properties – Mainland China	kg	1.04	2.94
<b>Sulphur Oxides (SOx)</b>	kg	6.65 <sup>10</sup>	7.23
Hotels	kg	6.60 <sup>10</sup>	7.19
Properties – Mainland China	kg	0.05	0.04
<b>Particulate Matters (PM)</b>	kg	0.39	0.66
Hotels	kg	0.32	0.44
Properties – Mainland China	kg	0.08	0.22


<sup>9</sup> The performance data includes the property development and management in Hong Kong and Mainland China, and the hospitality operations in Hong Kong in 2021 and 2022.

<sup>10</sup> 2021 figures have been restated for consistency.

<sup>11</sup> The air emission data of the property development and management operations in Hong Kong is insignificant, thus the data is not included.



## APPENDIX I – PERFORMANCE TABLES

	Units	Performance in 2021	Performance in 2022
<b>Greenhouse gas (GHG) emissions</b>			
<b>Total GHG emissions<sup>12</sup></b>	tonnes of CO <sub>2</sub> equivalent (tonnes CO <sub>2</sub> e)	41,421	41,367
Property management – Hong Kong	tonnes CO <sub>2</sub> e	5,248	4,835
Property development – Hong Kong	tonnes CO <sub>2</sub> e	1,487	70
Hotels <sup>12</sup>	tonnes CO <sub>2</sub> e	34,573	36,432
Properties – Mainland China	tonnes CO <sub>2</sub> e	113	30
<b>Direct GHG emissions (Scope 1)<sup>13</sup></b>	tonnes CO <sub>2</sub> e	5,211	5,155
Property management – Hong Kong	tonnes CO <sub>2</sub> e	3	3.2
Property development – Hong Kong	tonnes CO <sub>2</sub> e	9	–
Hotels	tonnes CO <sub>2</sub> e	5,153	5,144
Properties – Mainland China	tonnes CO <sub>2</sub> e	46	8
<b>Indirect GHG emission (Scope 2)<sup>14</sup></b>	tonnes CO <sub>2</sub> e	35,905	36,212
Property management – Hong Kong	tonnes CO <sub>2</sub> e	5,244	4,831
Property development – Hong Kong	tonnes CO <sub>2</sub> e	1,478	70.3
Hotels	tonnes CO <sub>2</sub> e	29,116	31,288
Properties – Mainland China	tonnes CO <sub>2</sub> e	67	23
<b>Indirect GHG emission (Scope 3)</b>	tonnes CO <sub>2</sub> e	304	– <sup>15</sup>
Hotels	tonnes CO <sub>2</sub> e	304	– <sup>15</sup>
<b>GHG emission intensity<sup>16</sup></b>			
Property management – Hong Kong	kg CO <sub>2</sub> e/m <sup>2</sup>	28.87	26.6
Property development – Hong Kong	kg CO <sub>2</sub> e/m <sup>2</sup>	18.22	12.1
Hotels	kg CO <sub>2</sub> e/equivalent guest night <sup>17</sup>	16.37	16.31
Properties – Mainland China	kg CO <sub>2</sub> e/m <sup>2</sup>	0.22	0.09

<sup>12</sup> Indirect GHG emissions (Scope 3) are included into the calculation of total GHG emissions.

<sup>13</sup> Direct GHG emissions are generated from fuel consumption.

<sup>14</sup> Indirect GHG emissions (Scope 2) are generated from electricity and Towngas consumption.


<sup>15</sup> Scope 3 GHG emissions are not calculated during the reporting year.

<sup>16</sup> The intensity figures are divided by total gross floor area of associated Paliburg or Cosmopolitan business units.

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



## APPENDIX I – PERFORMANCE TABLES




	Units	Performance in 2021	Performance in 2022
<b>Energy consumption</b>			
<b>Total energy consumption</b>	GJ	360,532	376,913
Property management – Hong Kong	GJ	39,166	37,657
Property development – Hong Kong	GJ	13,334	684
Hotels	GJ	307,584	338,318
Properties – Mainland China	GJ	449	254
<b>Electricity</b>	kWh	74,121,615	78,939,217
Property management – Hong Kong	kWh	10,867,212	10,453,592
Property development – Hong Kong	kWh	3,667,786	190,062
Hotels	kWh	59,494,294	68,256,146
Properties – Mainland China	kWh	92,323	39,417
<b>Fuel</b>	GJ	13,369	14,884
Property management – Hong Kong	GJ	44	24
Property development – Hong Kong	GJ	129	–
Hotels	GJ	13,079	14,748
Properties – Mainland China	GJ	117	112
<b>Towngas consumption in Hotels</b>	GJ	80,326	77,848
<b>Energy intensity<sup>16</sup></b>			
Property management – Hong Kong	GJ/m <sup>2</sup>	0.22	0.21
Property development – Hong Kong	GJ/m <sup>2</sup>	0.16	0.12
Hotels	GJ/equivalent guest night <sup>17</sup>	0.15	0.15
Properties – Mainland China	GJ/m <sup>2</sup>	0.0009	0.0007





## APPENDIX I – PERFORMANCE TABLES

 Water consumption	Units	Performance in 2021	Performance in 2022
<b>Total water consumption</b>	m <sup>3</sup>	674,032	870,837
Property management – Hong Kong	m <sup>3</sup>	51,133	53,345
Property development – Hong Kong	m <sup>3</sup>	5,884	383
Hotels	m <sup>3</sup>	605,240	816,563
Properties – Mainland China	m <sup>3</sup>	11,775	545
<b>Water intensity<sup>16</sup></b>			
Property management – Hong Kong	m <sup>3</sup> /m <sup>2</sup>	0.28	0.29
Property development – Hong Kong	m <sup>3</sup> /m <sup>2</sup>	0.07	0.07
Hotels	m <sup>3</sup> /equivalent guest night <sup>17</sup>	0.29	0.37
Properties – Mainland China	m <sup>3</sup> /m <sup>2</sup>	0.02	0.002



## APPENDIX I – PERFORMANCE TABLES

	Units	Performance in 2021	Performance in 2022
<b>Waste disposal and recycled</b>			
<b>General waste disposed</b>	tonnes	8,955	7,189
Property management – Hong Kong	tonnes	4,856	4,842
Property development – Hong Kong	tonnes	547	115
Hotels	tonnes	3,522	2,207
Property – Mainland China	tonnes	0	25
<b>Waste recycled</b>			
Wood	kg	1,500	–
Metal and iron	kg	36,240	3,500
Old concrete	kg	3,500	–
Other construction material	kg	20,000	–
Used cooking oil	litre	3,857	5,192
Aluminium cans	kg	1,141	3,295
Plastic bottles	kg	7,202	5,314
Paper/cardboard	kg	122,301	171,488
Food waste and donations	kg	43,139	83,949
Glass	kg	7,845	11,637
Soap	kg	152	101
General Household	kg	1,340	43
<b>Hazardous waste disposed</b>			
Retired lighting fitting	pieces	3,770	3,030
Electronic Appliances	pieces	169	33
Filler	kg	0.5	0
Filler, paint and solvent containers	pieces	74	0
Cleaning Chemical	kg	25	200





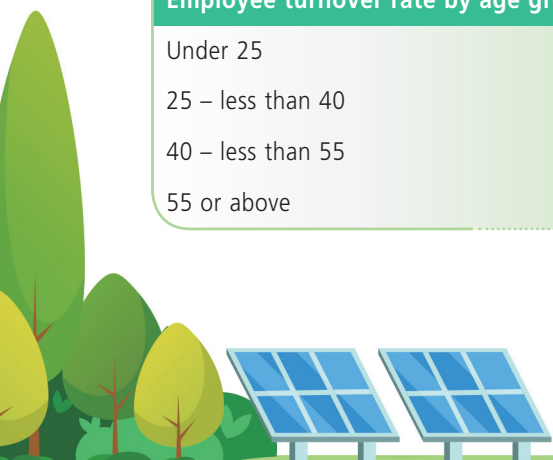
## APPENDIX I – PERFORMANCE TABLES

### Economic Responsibility Performance<sup>7</sup>

#### Employment Practice




	Units	Performance in 2021	Performance in 2022
<b>Total workforce by employment contract</b>			
Permanent	number of people	1,588	1,542
Contract	number of people	157	99
Trainee	number of people	0	1
Total workforce	number of people	1,745	1,642
<b>Total workforce by gender</b>			
Male	number of people	892	827
Female	number of people	853	815
<b>Total workforce by age group</b>			
Under 25	number of people	66	50
25 – less than 40	number of people	474	418
40 – less than 55	number of people	803	766
55 or above	number of people	402	408
<b>Total workforce by employment category</b>			
Senior management	number of people	41	41
Middle management	number of people	192	184
General staff	number of people	1,512	1,417
<b>Employee turnover rate by gender<sup>17</sup></b>			
Male	%	47	42
Female	%	43	43
<b>Employee turnover rate by age group</b>			
Under 25	%	123	84
25 – less than 40	%	50	52
40 – less than 55	%	38	36
55 or above	%	40	39




## APPENDIX I – PERFORMANCE TABLES


## Occupational Health and Safety

	Units 	Performance in 2021	Performance in 2022
Total number of work-related fatalities	number of people	0	0
Total number of lost day <sup>18</sup> due to work injuries	number of days	3,393	1,936

## Development and Training

	Units 	Performance in 2021	Performance in 2022
<b>Percentage of employees trained by gender</b>			
Male	%	57	28
Female	%	37	24
<b>Percentage of employees trained by employment category</b>			
Senior management	%	34	24
Middle management	%	55	40
General staff	%	46	24
<b>Average training hours by gender</b>			
Male	number of hours	2	1
Female	number of hours	2	1
<b>Average training hours by employee category</b>			
Senior management	number of hours	0.4	0.3
Middle management	number of hours	3	1
General staff	number of hours	2	1

## Supply Chain Management


	Units 	Performance in 2021	Performance in 2022
<b>Number of suppliers by geographical region</b>			
Hong Kong	number of suppliers	2,756	2,282
Mainland China	number of suppliers	286	222
Overseas	number of suppliers	91	70

<sup>18</sup> Lost days refer to sick leave due to all types of work-related injuries.






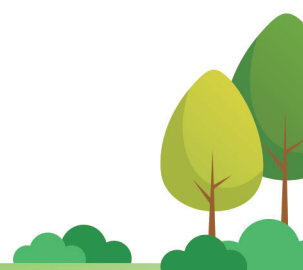
## APPENDIX II – THE STOCK EXCHANGE OF HONG KONG LIMITED’S ESG REPORTING GUIDE CONTENT INDEX

Indicators		Section/ Statement
<b>A. Environmental</b>		
<b>Aspect A1: Emissions</b>	<b>General Disclosure</b> 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.	Environmental Management; Energy Efficiency and Emissions; Water Management; Waste Management
	<b>KPI A1.1</b> The types of emissions and respective emissions data.	Environmental Responsibility Performance
	<b>KPI A1.2</b> 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).	Environmental Responsibility Performance
	<b>KPI A1.3</b> Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Responsibility Performance
	<b>KPI A1.4</b> Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Responsibility Performance
	<b>KPI A1.5</b> Description of emissions target(s) set and steps taken to achieve them.	Environmental Management; Environmental Targets; Energy Efficiency and Emissions; Water Management; Waste Management
	<b>KPI A1.6</b> Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Waste Management; Environmental Targets



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

Indicators		Section/ Statement
<b>A. Environmental</b>		
<b>Aspect A2: Use of Resources</b>	<b>General Disclosure</b> Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Management; Energy Efficiency and Emissions; Water Management
	<b>KPI A2.1</b> 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
	<b>KPI A2.2</b> Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Responsibility Performance
	<b>KPI A2.3</b> Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Management; Environmental Targets; Energy Efficiency and Emissions
	<b>KPI A2.4</b> 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.	Water Management; Environmental Targets
	<b>KPI A2.5</b> 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.

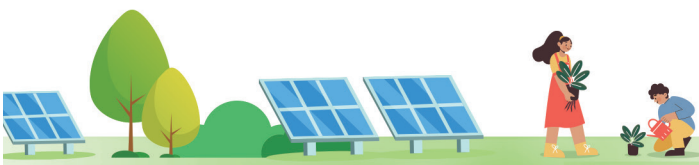





## APPENDIX II – THE STOCK EXCHANGE OF HONG KONG LIMITED'S ESG REPORTING GUIDE CONTENT INDEX

Indicators		Section/ Statement
<b>A. Environmental</b>		
<b>Aspect A3: The Environment and Natural Resources</b>	<b>General Disclosure</b> Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental Management
	<b>KPI A3.1</b> Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Management
<b>Aspect A4: Climate Change</b>	<b>General Disclosure</b> 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
	<b>KPI A4.1</b> 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>B. Social</b>		
<b>Employment and Labour Practices</b>		
<b>Aspect B1: Employment</b>	<b>General Disclosure</b> 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.	Caring for Our Employees
	<b>KPI B1.1</b> Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Economic Responsibility Performance
	<b>KPI B1.2</b> Employee turnover rate by gender, age group and geographical region.	Economic Responsibility Performance





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

Indicators 	Section/ Statement	
<b>B. Social</b>		
<b>Employment and Labour Practices</b>		
<b>Aspect B2: Health and Safety</b>	<p><b>General Disclosure</b> Information on:</p> <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(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.</li> </ul>	<p>Workplace Health and Safety</p> <p>During the reporting year, no non-compliance case relating to providing a safe working environment and protecting employees from occupational hazards was observed in our operations.</p>
	<p><b>KPI B2.1</b> Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.</p>	<p>Economic Responsibility Performance;</p> <p>The total number of work-related fatalities is zero for the past three years including the reporting year.</p>
	<p><b>KPI B2.2</b> Lost days due to work injury.</p>	<p>Economic Responsibility Performance</p>
	<p><b>KPI B2.3</b> Description of occupational health and safety measures adopted, and how they are implemented and monitored.</p>	<p>Workplace Health and Safety</p>

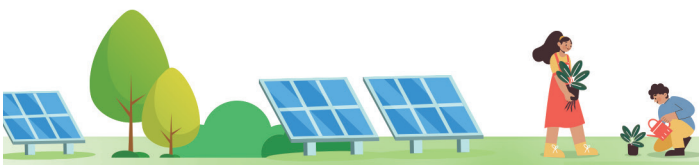





## APPENDIX II – THE STOCK EXCHANGE OF HONG KONG LIMITED'S ESG REPORTING GUIDE CONTENT INDEX

Indicators		Section/ Statement
<b>B. Social</b>		
<b>Employment and Labour Practices</b>		
<b>Aspect B3: Development and Training</b>	<b>General Disclosure</b> Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Learning and Career Development
	<b>KPI B3.1</b> The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Economic Responsibility Performance
	<b>KPI B3.2</b> The average training hours completed per employee by gender and employee category.	Economic Responsibility Performance
<b>Aspect B4: Labour Standards</b>	<b>General Disclosure</b> 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.	Caring for Our Employees
	<b>KPI B4.1</b> Description of measures to review employment practices to avoid child and forced labour.	Caring for Our Employees
	<b>KPI B4.2</b> Description of steps taken to eliminate such practices when discovered.	Caring for Our Employees





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

Indicators 	Section/ Statement	
<b>B. Social</b>		
<b>Operating Practices</b>		
<b>Aspect B5: Supply Chain Management</b>	<p><b>General Disclosure</b> Policies on managing environmental and social risks of the supply chain.</p>	Supply Chain Management
	<p><b>KPI B5.1</b> Number of suppliers by geographical region.</p>	Economic Responsibility Performance
	<p><b>KPI B5.2</b> Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.</p>	Supply Chain Management
	<p><b>KPI B5.3</b> Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.</p>	Supply Chain Management
	<p><b>KPI B5.4</b> Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.</p>	Supply Chain Management








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

Indicators		Section/ Statement
<b>B. Social</b>		
<b>Operating Practices</b>		
<b>Aspect B6: Product Responsibility</b>	<b>General Disclosure</b> 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.	Caring for Our Customers  During the reporting year, no non-compliance case relevant to the laws and regulations that have a significant impact to our operations relating to health and safety, advertising, labelling and privacy matters was observed in our operations.
	<b>KPI B6.1</b> Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable to the core business of Paliburg.
	<b>KPI B6.2</b> Number of products and service related complaints received and how they are dealt with.	Caring for Our Customers
	<b>KPI B6.3</b> Description of practices relating to observing and protecting intellectual property rights.	Caring for Our Customers
	<b>KPI B6.4</b> Description of quality assurance process and recall procedures.	Caring for Our Customers
	<b>KPI B6.5</b> Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Caring for Our Customers



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

Indicators		Section/ Statement
<b>B. Social</b>		
<b>Operating Practices</b>		
<b>Aspect B7: Anti-corruption</b>	<b>General Disclosure</b> 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.	Business Ethics
	<b>KPI B7.1</b> 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.	During the reporting period, no non-compliance case relating to bribery, extortion, fraud or money laundering in our operations was observed.
	<b>KPI B7.2</b> Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Business Ethics; Supply Chain Management
	<b>KPI B7.3</b> Description of anti-corruption training provided to directors and staff.	Business Ethics
<b>Community</b>		
<b>Aspect B8: Community Investment</b>	<b>General Disclosure</b> Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities’ interests.	Social Responsibility
	<b>KPI B8.1</b> Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Social Responsibility
	<b>KPI B8.2</b> Resources contributed (e.g. money or time) to the focus area.	Social Responsibility



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