

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Sino Hotels (Holdings) Limited (“Company”) is pleased to present this Environmental, Social and Governance (“ESG”) Report (“ESG Report”) which summarizes the ESG policies, initiatives and performance of the Company and its subsidiaries (collectively, “Group”) as well as demonstrates its commitment in achieving environmental and social sustainability for the year ended 30th June, 2018.

REPORTING FRAMEWORK AND SCOPE

This ESG Report is prepared in accordance with the ‘Environmental, Social and Governance Reporting Guide’ under Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. It covers the management approach for the material sustainability aspects of the Group’s core businesses in hotel investment, operation and management. The focus of this ESG Report is to summarize the environmental and social sustainability performance and initiatives of City Garden Hotel and The Royal Pacific Hotel & Towers. Information relating to the Group’s corporate governance practices can be found in the Corporate Governance Report on pages 16 to 39.

APPROACH, STRATEGY TO ESG AND REPORTING

As a responsible corporate citizen, the Group’s ESG approach is to incorporate sustainability initiatives into the operations and management of its hotels. The Group holds corporate social responsibilities in high regard as the Group maintains high level of corporate governance standards and operates in a way to protect the environment, serve the community, promote social integration and support heritage conservation. With the objective of becoming the preferred choice of customers, investors and employees, the Group endeavours to establish a high reputation in the hospitality and tourism industry and promises to deliver a high standard of services to its guests.

STAKEHOLDER ENGAGEMENT

To better understand stakeholders’ concerns and expectations, the Group has adopted a multi-pronged approach to engage its key stakeholders, including customers, staff, shareholders, investors, non-governmental organizations (“NGOs”), partners (suppliers and contractors, academia and the government), local communities and mass media, on a regular basis through various channels.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

STAKEHOLDER ENGAGEMENT *(Continued)*

Stakeholders	Channels to engage
Customers	<ul style="list-style-type: none"> • Customer Service Hotline • Regular Gatherings • Social Media • Daily Personal Contact
Staff	<ul style="list-style-type: none"> • Town Hall Meetings and Monthly Mini-Town Hall Meetings • Staff Magazine (<i>InSino</i>) • New Hire Orientation • SinoNet (Intranet) • Staff Suggestion Award Scheme • Quality Improvement Champion Scheme
Shareholders	<ul style="list-style-type: none"> • Annual General Meetings • Annual and Interim Reports • Press Releases, Announcements and Circulars
Investors	<ul style="list-style-type: none"> • Investor Conferences • Site Visits • Analyst Briefings
NGOs	<ul style="list-style-type: none"> • Regular Meetings with Green and Community Partners • Joint Activities
Partners (suppliers and contractors, academia and the government)	<ul style="list-style-type: none"> • Tendering Process • Meetings and Conferences • Exhibitions • Site Visits
Local Communities	<ul style="list-style-type: none"> • Volunteering Opportunities • Charitable Events • Art Exhibitions and Functions
Mass Media	<ul style="list-style-type: none"> • Press Conference and Luncheons • Press Releases

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

SUSTAINABILITY GOVERNANCE

The sustainability management framework of the Group aims to create accountability for sustainability at all levels. The Group set up a Sustainability Committee in 2010 to drive the planning and implementation of the Group's strategies for building a more sustainable business. The committee members include Mr. Daryl Ng Win Kong, the Deputy Chairman, together with other committee members drawn from key executives of various business units across the Group. The committee provides overall strategic direction in sustainability across the Group and facilitates the implementation of the policies and programmes related to corporate sustainability. It formulates environmental policy of the Group which outlines the Group's long-term corporate plan to guide the environmental management systems and standards for different business units.

At the monitoring and execution level, a dedicated team, namely the Employee Safety and Health Committee, comprising senior executives from all key business units, has been established to administer the health and safety management system of the Group and to ensure that the principles are adopted in day-to-day operations. The committee also reviews injury cases for loss control and prevention. In recognition of the genuine need to tackle the environmental impact brought about by plastic waste, a Steering Committee has been set up to formulate strategies and action plans on plastic reduction across the business units.

An information and data collection template is adopted and used for collection of ESG information and data from relevant departments and business units of the Group based on the material ESG aspects. The ESG Report is prepared based on the information and data so collected and the key performance indicators relating to the Group's business operations are highlighted in the paragraphs below.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

ENVIRONMENTAL

Building a Sustainable Environment The Group is well aware of the importance of environmental management and sustainable development and is devoted to reduce its ecological footprint throughout its operations. Under its environmental policy, the Group pledges to:

- proactively cultivate a culture of environmental sustainability among the guests, staff and business partners and join hands with them to involve in green initiatives;
- spread the message of environmental protection through determination to achieve energy conservation, waste minimization and pollution prevention;
- implement and regularly review its environmental measures to ensure effectiveness and advocating sustainable green living; and
- manage and oversee its hotels to ensure full compliance with applicable legislation in relation to environmental protection.

By adhering to the environmental policy, the Group affirms its commitment to improving and maintaining high standards of environmental protection. The Group endeavours to reduce energy consumption, control greenhouse gas (“GHG”) emissions, mitigate water pollution, enhance waste management and minimize food wastage in promoting low carbon living and green corporate culture.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

ENVIRONMENTAL *(Continued)*

Emissions

Control and Minimization

The Group's major objectives are to reduce its carbon and ecological footprint and adopt practices that are sustainable to the environment. Through careful planning, the Group strives to minimize energy consumption and improve energy efficiency in its hotels. The Group has incorporated various sustainable energy measures that have resulted in reducing energy consumption in its daily operations. Below are the highlights of some of the key initiatives:

- retrofitting lights to more energy efficient lights, such as LED and T5 fluorescent lamps;
- continuous replacement of aged air handling unit by more energy efficient ones with variable frequent drive control;
- replacing T5 fluorescent tube in its hotels by LED panel for signage;
- installation of new energy efficient water boiler to save significant operation costs; and
- installation of electric vehicle chargers at its hotels.

Apart from energy saving signs which are visible for guests and staff, high-efficiency energy appliances and the key card system have been installed in controlling the Group's carbon footprint.

The Company participated in the Carbon Footprint Repository for Listed Companies in Hong Kong under the Carbon Reporting Website developed by the Environmental Protection Department to enhance the carbon data transparency and to raise the public awareness on climate change issues. The Repository is a carbon disclosure initiative to allow available information on GHG emissions reported directly by the listed companies in Hong Kong as a result of their business operations, together with other related information such as their carbon reduction programmes on combating climate change.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

ENVIRONMENTAL *(Continued)*

Emissions *(Continued)*

GHG Emissions Data

GHG emissions from the Group's operations

		<i>Unit</i>	For the year ended 30th June, 2018	For the year ended 30th June, 2017
Scope 1	Direct GHG emissions	<i>tonnes CO₂ equivalent</i>	36.19	34.23
Scope 2	Indirect GHG emissions	<i>tonnes CO₂ equivalent</i>	10,404.31	10,132.53
Scope 3	Other indirect GHG emissions	<i>tonnes CO₂ equivalent</i>	95.29	181.36
	Total GHG emissions	<i>tonnes CO₂ equivalent</i>	10,535.79	10,348.12
	GHG emissions intensity	<i>tonnes CO₂ equivalent/ room night</i>	0.02	0.02

Waste Reduction and Recycling

Through the '4-R Principles – Reduce, Reuse, Replace and Recycle', the Group strives to achieve the target of reducing the amount of waste disposed to the landfills. Plastic bottles, paper, cooking oil and remained amenities are the examples of the Group's recycling programme.

The Group is one of the pioneer hospitality groups in Hong Kong to collaborate with Eco-Greenergy in the first large scale coffee grounds recycling programme Zero Grounds Coffee Campaign. The campaign aims to promote circular economy through making the best use of the discarded coffee grounds. Coffee grounds have a wide range of usage including the production of upcycling products, such as soap and fertilizers. To introduce food waste recycling into the public's daily lives, a coffee grounds soap making workshop was hosted for the Group's hotel staff so as to promote circular economy and allow them to gain deeper understanding on the rational initiative.

The Group has pledged to achieve a 50% reduction in the consumption of single-use plastics by 2022 from 2017 level. Since June 2018, the Group banned the use of plastic straws and stirring rods and provides eco-friendly alternatives upon customers' request at all the food and beverages outlets operated by the Group. By taking action in banning plastic straws and stirring rods, the Group hopes that the important message about sustainability can be spread and its guests can join the global effort in constructing a greener community.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

ENVIRONMENTAL *(Continued)*

Emissions *(Continued)*

Waste Reduction and Recycling *(Continued)*

In response to the Mainland China's tightened requirements for recyclables import, the Environmental Protection Department has launched a new round of clean recycling publicity campaign, which focuses on educating the public to put clean recyclables, including three types of waste paper and two types of waste plastic containers, into residential, workplace or roadside recycling facilities. The Group has been a long-time supporter in raising the awareness of environmental management of its employees. Therefore, a clean recycling training workshop was hosted to consolidate the knowledge of the Group's employees on the practices of clean recycling and to ensure that the staff fully understand the requirements of new environmental regulations.

Waste Disposal Data

Waste Produced from the Group's operation

		<i>Unit</i>	For the year ended 30th June, 2018	For the year ended 30th June, 2017
Hazardous waste	Disposal	<i>kg</i>	191	172.81
	Intensity	<i>kg/room night</i>	0.00044	0.00039
Non-hazardous waste	Disposal	<i>tonnes</i>	1,530	1,564
	Intensity	<i>kg/room night</i>	3.54	3.59

Recycled Materials Data

Recycled Materials from the Group's operation

		<i>Unit</i>	For the year ended 30th June, 2018	For the year ended 30th June, 2017
Plastic Bottles		<i>kg</i>	717	758
Glass Bottles		<i>kg</i>	6,063	5,459
Paper		<i>tonnes</i>	51	55
Aluminum Cans		<i>kg</i>	112	117
Remained Amenities		<i>kg</i>	200	78
Used Cooking Oil		<i>litres</i>	9,036	9,118
Used Cartridges		<i>pieces</i>	148	56

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

ENVIRONMENTAL *(Continued)*

Emissions *(Continued)*

Food Waste Management

The Group undertakes to continue its dedication to food waste reduction by supporting the HKSAR Government's food waste reduction programmes and bringing innovative inspirations to the hospitality industry. Since 2013, the Group has established a food waste management task force team to oversee food waste reduction. The task force team, which is led by chefs, stewards, hygiene manager and sustainability manager, performs regular review on the effectiveness of the food production, processing and final disposal procedures in the hotels. The Group has been a partner with the Food Wise Hong Kong Campaign of the HKSAR Government since 2013. Food Wise signs are available in its hotels' buffet lines to promote the culture of eating wisely. Statistics on food waste disposal and recycling are gathered and analyzed on a monthly basis, so as to evaluate the effectiveness and practicality of its hotels' food waste management.

For the year ended 30th June, 2018, 72,420 kg (2017: 73,068 kg) of food waste was collected for recycling and converted into animal feed, representing a reduction by 48% compared to 2014 level (139,320 kg).

Use of Resources

The Group actively pursues for effective water management to consume water responsibly in order to minimize the water consumption throughout its operation. To this end, the Group has established various environmental initiatives from installing water saving devices to adopting water reduction practices. The key water saving measures include:

- encouraging hotel guests to engage in the linen and towel reuse programme;
- promoting an awareness of water conservation among housekeeping and kitchen staff;
- introducing jet sprays for dish washing;
- ensuring an operation of fully loaded dish washers and washing machines; and
- regular inspection on its hotels' water facilities to ensure no water leakage.

The total water consumption of the Group's hotels is registered at least once a month to monitor the water usage.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

ENVIRONMENTAL *(Continued)*

Use of Resources *(Continued)*

The Group also undertakes to involve and participate in the Energy Saving Charter 2017 organized by the Environment Bureau.

Energy and Water Consumption Data

Energy and Water Consumption from the Group's operation

		Unit	For the year ended 30th June, 2018	For the year ended 30th June, 2017
Electricity	Consumption	<i>kWh</i>	15,466,854	14,935,844
	Intensity	<i>kWh/room night</i>	35.81	34.27
Fuel – Towngas	Consumption	<i>MJ</i>	6,351,216	6,363,310
	Intensity	<i>MJ/room night</i>	14.7	14.6
Water	Consumption	<i>m³</i>	236,741	227,836
	Intensity	<i>m³/room night</i>	0.55	0.52

Use of Packaging Materials

The Group also established guidelines on festive packaging design to engage suppliers to use less packaging materials and explore alternative eco-friendly materials to replace conventional packaging. According to the guidelines, suppliers are obligated to adopt the following guiding principles for festive packaging design:

- (i) Design of the Packaging
 - simple packaging – excessive packaging is not recommended and packaging should be available for recycling with the fundamental principle of protecting the gift from damage;
 - reusable design concept – the reuse of packaging materials should be promoted through careful design of the packaging and its material; and
 - gift-packaging integration – when possible, the packaging should be incorporated as a part of the gift so as to raise their utilization and minimize waste generation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

ENVIRONMENTAL *(Continued)*

Use of Resources *(Continued)*

Use of Packaging Materials (Continued)

(ii) Choice of Packaging Materials

- encouraging the use of single packaging material;
- recommending recyclable packaging materials, especially for those containing recycled constituents (such as recycled paper) or environmentally certified products (such as FSC paper) and minimizing the use of non environmental-friendly materials with low recyclable values (such as PVC plastic or plastic foam); and
- encouraging the use of eco-friendly or fully biodegradable packaging materials (such as using biodegradable transparent gift wrapping film).

For the year ended 30th June, 2018, 3.58 tonnes of material were used for festive packaging.

The Environmental and Natural Resources

Sustainable Seafood

In support of sustainable seafood and full commitment on marine conservation, the Group has followed the 'Sustainable Seafood Guide' issued by the World Wildlife Fund and Marine Stewardship Council to purchase seafood that is sustainability-labeled and certified. The Group has also ceased serving shark's fin at all of its restaurants and banquets since 2012 to ensure that the Group provides food that is not only in the best quality but environmentally sound.

The Company is not aware of any material non-compliance with relevant laws and regulations relating to air and GHG emissions, discharge into water and land, and generation of hazardous and non-hazardous waste that have a significant impact on the Group for the year ended 30th June, 2018.

SOCIAL

Employment and Labour Practices

Hospitality industry is both labour and capital intensive. It relies on people to deliver quality service and maintain the facilities in good condition. A team of engaged and well-trained staff is the key contributing factor to building customer loyalty and making the hotels of the Group the preferred choice for its customers.

As a responsible employer, the Group is committed to providing a fair workplace through promoting non-discrimination and diversity to staff, together with competitive remunerations and benefits based on skill, knowledge, responsibilities and involvement in the Group's affairs, as well as opportunities for career development based on merits and performances. With a special emphasis on assuring comprehensive welfares and safeguards for its employees, the remuneration is reviewed annually to reflect employees' performance, experiences and market condition.

The Group is devoted to provide equal employment opportunities in relation to all human resources matters including recruitment, training, promotion, transfer, remuneration, etc. regardless of gender, disability, family status, marital status, pregnancy, race, religion, age, national origin, sexual orientation, and employees enjoy the same benefits regardless of their backgrounds. The Group enforces zero tolerance on differential treatment and harassment on grounds of race, disability, sex and family status whereas discrimination, harassment and vilification on the ground of sexual orientation will not be tolerated in the workplace.

The Group's effort in supporting employees' personal development and professional training allows it to attract the right talents that match closely with its operation needs. Its staff handbook outlines a comprehensive framework together with detailed human resources management policies, and also provides information and guidelines to its staff in the areas of working conditions, benefits and remunerations, training and development as well as health and safety. The Group regularly reviews its staff handbook to dovetail with new legal and regulatory requirements so as to offer a supportive and equal workplace for its employees.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

SOCIAL *(Continued)*

Employment and Labour Practices *(Continued)*

The Group also aims to serve the workplace as a platform for employees' enjoyment as well as career development. Therefore, the Group offers various leisure and sports activities including birthday celebrations, sporting competitions and handcraft workshops to light up the office workplace and tighten the bonding among employees. The Group believes that a harmonious working environment and healthy lifestyle can facilitate work-life balance for its employees. A five-day week policy has been adopted since June 2016 for the Group's office staff.

To continue the Group's efforts to promote social integration, the Group collaborates with Hong Chi Association, SILENCE and The Hong Kong Society for Rehabilitation and provides training opportunities and skills sharing workshops for physical impairment members in the society.

Various transparent communication channels are in place across the Group's business units to ensure effective dialogue between employees and management. Regular staff meetings, staff communication sessions, department sharing sessions and staff suggestion award scheme are hosted for the employees to express their thoughts and opinions so as to enhance interconnections among departments and foster a strong sense of belonging for employees. Moreover, the Group also conducts annual employee experience survey to gather comments from employees and the comments are reviewed by the senior management to ensure they are followed up effectively.

For the year ended 30th June, 2018, the Company is not aware of any material non-compliance with laws and regulations relating to employment and labour practices that have a significant impact on the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

SOCIAL *(Continued)*

Health and Safety

Employees' occupational health and safety is an indispensable part of the Group as it recognizes human asset as the cornerstone of a successful organization. In its Occupational Safety and Health ("OSH") Policy Statement, the Group summarizes the practicable principles and reasonable practices at work and covenants to:

- provide and maintain the training, machineries and facilities, material applications, environments, methods and systems at work up to the highest safety and health standards, preventing occupational injuries and diseases;
- assign competent and skilled staff and contractors to handle works with critical hazards or impacts related to OSH;
- promote the safety culture through various communication channels such as safety campaigns, discussion and sharing sessions; and
- require contractors or sub-contractors of its projects to assist in the implementation of policies, procedures and practices related to OSH at work.

In order to promote good staff habits to pursue safety standards and enhance employees' safety awareness, the Group hosts regular safety training workshops to provide impetus for the staff to gain a deeper understanding of personal health and safety issues. The Group has also set up an internal risk and safety team, which consists of representatives from various departments including hygiene, engineering and security to promote and advocate a safe working environment for achieving 'zero accident' status.

To ensure the applicability and responsiveness of the OSH measures, the Group also reviews the performance of the measures on a regular basis so that their effectiveness and reliability can be maintained. OSH measures include conducting daily inspections, formulating emergency response plans, conducting risk assessment and refining its accident investigation mechanism so as to ensure legal compliance and minimize risks associated with OSH.

For the year ended 30th June, 2018, the Company is not aware of any material non-compliance with laws and regulations relating to OSH that have a significant impact on the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

SOCIAL *(Continued)*

Development and Training

The Group encourages lifelong learning at all employee levels as the contributions of its employees are critical to its success. Training programmes are constantly updated and their contents are reviewed and improved based on the feedback from staff and management. During the reporting year, the Group organized various training programmes, including soft skills training, on-job practical training, language classes and experience sharing sessions. The programmes aim to equip the Group's employees with the right skillsets to reach their potential, and to become more efficient and prepared to deliver the best qualified services to customers.

The Group continues to host the training programme, namely LEAD Programme, to develop talents with leadership potential from supervisory to manager level. The programme covers four main aspects of training for the participating employees enhancing their skills on the management of self, team and work, and also the provision of management support such as presentation skills, seminars and English language training. Through the LEAD Programme, the participants can further develop their management skills and pave the way to become professional team leaders. It also enables the participants to have mutual growth with the Group through achieving continuous lifelong learning.

Labour Standards – Anti-child and Forced Labour

The Group adopts a policy of zero tolerance on child labour and forced labour across its operation, and strictly complies with the applicable labour laws in the employment procedures. Apart from applying the standards with consistency in the Group, the Group goes a step further to assess and oversee the code of conduct of its suppliers in accordance with the 'Policies and Procedures for Group Approved Contractors/Suppliers List' including their social and ethical standards. The Group is dedicated to minimize the risks associated with its supply chain and ensure that its suppliers are not engaged in inappropriate labour practices.

For the year ended 30th June, 2018, the Company is not aware of any non-compliance with relevant laws and regulations relating to preventing child or forced labour that have a significant impact on the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

SOCIAL *(Continued)*

Supply Chain Management

The Group proactively collaborates with its business partners to provide quality sustainable products and services to its hotels' customers. It is the Group's aspiration to work with its business partners in order to further promote its green practices and achieve more sustainable consumption and production in the supply chain. To ensure a high quality standard on all suppliers and contractors, the Group has established the 'Policies and Procedures for Group Approved Contractors/Suppliers List' and included other corresponding and supplementary requirements in its standard tender documents. These requirements cover regulatory compliance, labour practices, anti-corruption, environmental measures, green procurement, OSH and other business ethics. The policies allow the Group to manage and oversee the ethical practices of its business partners. New suppliers and contractors are required to submit an application with supporting documents and go through a comprehensive assessment process. Suitable contractors/suppliers will be placed under the 'Approved Contractors/Suppliers List' after a thorough assessment. The Group also has standard approach and criteria to assess the performance of suppliers and contractors. For instance, auditors from various departments will conduct factory audit and due diligence on the approved suppliers/contractors to review and assess their performance. Spot checks will be conducted on a regular basis to ensure full compliance of law and requirements by the suppliers and contractors.

Green Procurement Practices

It is the Group's intention to integrate environmental considerations into sustainable consumption and production in its supply chain. In 2014, the Group established 'Green Purchasing Guidelines' with the aim of engaging its business partners (contractors and suppliers) to review and assess the environmental impact of their products' life cycle as well as adopting environmental-friendly practices such as offering products with greater durability and greater energy efficiency.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

SOCIAL *(Continued)*

Supply Chain Management *(Continued)*

Green Procurement Practices (Continued)

According to the 'Green Purchasing Guidelines', all purchasing units are encouraged to take into consideration the following principles before making a purchase:

- evaluating on the necessity of the product or service to avoid unnecessary consumption and manage demand;
- placing the '4-R Principles – Reduce, Reuse, Replace and Recycle' ahead of the purchase of a replacement product;
- assessing the environmental parameters (emissions, pollutants, energy and water) associated with all stages of the product life cycle, such as manufacturing and disposal;
- avoiding purchasing products comprising hazardous material content;
- considering the end-of-life options, including the reuse, repair, recycling and disposal options; and
- considering the purchase of biodegradable plastic products, such as garbage bags, packaging containers and cutleries.

Product Responsibility

Customer Engagement

The Group puts all efforts on proactively enhancing customer satisfaction and promoting a culture of 'Customer First' and 'Quality Excellence' within the Group. By establishing open communication channels such as daily communication, comments posted online, courtesy calls, online guest electronic surveys, mystery shopper programmes and social media sites, the Group is dedicated to understand the needs of its customers and to continuously evaluate its service quality based on the feedbacks from communication channels. The Group has its Customer Satisfaction and Complaints Handling System and established standards to deal with complaints from the customers so that the Group can address customers' concerns and needs in a timely and professional manner, turning its customers' concerns into learning opportunities for the Group's continuous development.

The Group strictly follows regulatory requirements, industry guidelines and internal procedures to improve customer health and safety, promote responsible marketing and ensure information security of its customers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

SOCIAL *(Continued)*

Product Responsibility *(Continued)*

Customer Engagement (Continued)

To extend the Group's commitment to promote better indoor air quality for the customers, City Garden Hotel and The Royal Pacific Hotel & Towers are two of the pioneer hotels in Hong Kong to go 100% smoke-free. Smoking is prohibited in all the guest rooms, restaurants, common areas and all enclosed facilities. These measures help to provide a health-conscious and smoke sensitive environment for the global travellers, and guarantee the guests to stay out from both the second and lingering third-hand smoke.

To promote social integration and inclusion, the Group is dedicated to cultivate a barrier-free environment and culture at the hotels. The Group is one of the pioneering groups in the hospitality industry to introduce Braille menus for the visually impaired individuals at its hotels' restaurants and support guide dog services. To ensure that its hotels colleagues are capable of catering the needs of customers, the hotels colleagues are required to attend regular guide dog training sessions to attain the required skillsets. In recognition of the Group's effort in advocating social inclusion, The Royal Pacific Hotel & Towers and City Garden Hotel have been honoured to be selected as Barrier-Free Hotels by Hong Kong Council of Social Service since 2013.

Protecting Personal Data Privacy and Intellectual Property

The Group has put in place its 'Internet Privacy Policy' as it understands that it is of paramount importance to safeguard customers' data privacy and handle customers' personal data carefully. The purpose of collecting personal information of the customers on the hotels' website, type of personal information to be collected, the third parties with whom the Group might share such information, and the ways the customers can access or correct the personal information they have provided, are all pinned down in the Group's 'Internet Privacy Policy'. Furthermore, all employees are required to keep abreast of and fully comply with the Personal Data (Privacy) Ordinance at all time when handling customers' personal data.

For the year ended 30th June, 2018, the Company is not aware of any material non-compliance with relevant laws and regulations relating to health and safety, advertising, labeling and privacy matters related to products and services provided and methods of redress that have a significant impact on the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

SOCIAL *(Continued)*

Anti-corruption

The success of a company relies on a strong ethical foundation and staff integrity. The Group prohibits, among others, bribery and corruption. Employees are required to conduct themselves with integrity, in an ethical and proper manner, and in compliance with the applicable laws and regulations of the countries in which the Group operates, including anti-bribery laws.

The employees of the Group are required to comply with the 'Code of Conduct' of the Group, which includes, inter alia, policies, rules, guidelines and procedures relating to prevention of bribery, solicitation and acceptance of advantages, conflict of interest, falsifying documents or furnishing false accounting records, and acceptance of gifts and entertainment from third parties.

A confidential and secure mechanism, namely the Business Ethics Committee comprising management staff, is put in place through the introduction of the 'Unethical Conduct Notification Policy and Procedures' ("UCN Policy and Procedures"). The mechanism strives to protect employees against unethical conducts such as dishonesty, fraud or harassment, while assisting the Group in achieving its business commitments and upholding corporation integrity. The Group encourages employees to raise and report any concerns, in confidence, about misconduct, malpractice or irregularities in any matters related to the Group. In situation where an employee identifies any possible breach of the 'Code of Conduct' or misconducts, he can report to the Business Ethics Committee or the Risk and Control Committee through formal whistle-blowing procedures under the 'UCN Policy and Procedures'. The confidentiality of all reporting persons is strictly protected and every reasonable effort will be made to maintain the confidentiality to ensure that no retaliation will result for reports or complaints on reportable misconduct made in good faith. The mechanism will be followed by careful investigation procedures to ensure all complaints are treated promptly and fairly. The 'UCN Policy and Procedures' undergoes regular monitoring and review to assess its effectiveness. Furthermore, relevant trainings for the 'UCN Policy and Procedures' are also conducted from time to time for staff.

For the year ended 30th June, 2018, the Company is not aware of any material non-compliance with relevant laws and regulations relating to bribery, extortion, fraud and money laundering that have a significant impact on the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

SOCIAL *(Continued)*

Community Investment

The Group has launched various programmes and initiatives on corporate social responsibility front with the aim to drive the Group's efforts in 'building a sustainable environment' and 'serving the community'. Certain initiatives in 'building a sustainable environment' has been highlighted in the above sections. Other initiatives relating to 'serving the community' are highlighted below.

The Group believes that spreading love with others through extending support to different types of targets, such as the elderly, the underprivileged and physical impaired, and participating in community services is essential to constructing a better society. Adhering to its sustainability policy, the Group fosters volunteering culture and community service by leveraging the hotels' resources and organizing a number of meaningful and sustainable community programmes for these targets.

Caring for the Elderly

Through the Hearty Soup Delivery Programme, which was organized in partnership with various community service centres, homemade soup prepared by the hotels chefs are delivered to the elderly people in need regularly. Ad-hoc soup deliveries are also arranged particularly during winter to bring warmth and festive joy to the elderly. Since the launch of the programme in 2011, over 40,600 elderly residents in need across different community districts in Hong Kong are served and over 300 soup delivery events have been organized. To further spread love and care to the elderly, the Group also hosts birthday celebrations in different community service centres so as to foster a caring and harmonious culture.

Caring for Underprivileged Families

The Group has been a long-time supporter for the Food Donation Programme, which was launched since 2011 and in collaboration with various food-related charities such as the Foodlink Foundation and Food Angel. The programme aims to conduct food donation of well-prepared hotels' cooked food to the underprivileged families in the local community every week. The Group's volunteers also visited several community service centres and delivered hotels' food to the residents in need.

For the year ended 30th June, 2018, 1,665 kg of food were distributed to food charities, which is equivalent to 6,687 meal boxes.

During the Mid-Autumn Festival in 2017, the Group delivered the hotels' mooncakes and chef-made festive meals to the underprivileged elderly and families. In partnership with Christian Action, upcycling lantern workshop was also held at The Royal Pacific Hotel & Towers for the children from underprivileged families to show their talent and creativity.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

SOCIAL *(Continued)*

Community Investment *(Continued)*

Caring for the Underprivileged Women

Since 2015, the Group has participated in Soap for Hope Programme to recycle soap bars discarded from its hotels whilst promoting local women empowerment in Hong Kong. Every month, the collected soap bars are sent to members of the Hong Kong Federation of Women's Centres for processing. The processed, eco-friendly soap bars are donated to the underprivileged families and women in Hong Kong and developing countries. This programme aims to provide job opportunities and empowerment to the underprivileged women in the society by helping them to instill and master new skills.

The Group further collaborates with Hong Kong Federation of Women's Centres and launched a new recycling programme, namely Linen for Life Programme to recycle hotels' guest rooms towels, bed linens and curtains. Through this programme, materials discarded by hotels are converted into new and useful items to support the underprivileged families.

Caring for the Physical Impairment Members

The Group redoubles its commitment in promoting social inclusion and integration by collaborating with Hong Chi Association to organize plastic bottles upcycling workshop. The workshop aims to provide training opportunities and share skills to the physical impairment students from Hong Chi Association, and offers a platform for the students to unleash their creativity and cascade the plastic recycling message.