



# 2017

Environmental,  
Social and  
Governance Report



REGAL REIT  
富豪產業信託

Regal Real Estate Investment Trust

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

Managed by



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

# CONTENTS

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- The page features several decorative elements: a cluster of blue and white butterflies in the upper right quadrant; a large, intricate white floral pattern on a dark blue background in the bottom left corner; and various blue geometric shapes, including triangles and a curved band, framing the central text area.
- 2** About this Report
  - 3** Chairman's Statement
  - 4** About Regal REIT
  - 6** Our ESG Approach
  - 10** Environmental Responsibility
  - 14** Social Responsibility
  - 18** Economic Responsibility
  - 24** Appendix I – Awards, Recognitions, Qualifications and Membership
  - 29** Appendix II – Environmental Performance Table
  - 30** Appendix III – The Stock Exchange of Hong Kong Limited's ESG Reporting Guide Content Index

# ABOUT THIS REPORT

## REPORTING STANDARD

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

## REPORTING SCOPE AND BOUNDARY

This is the second annual standalone environmental, social and governance (“ESG”) report of Regal Real Estate Investment Trust (“Regal REIT”) prepared by Regal Portfolio Management Limited (the “REIT Manager”). This report serves as a benchmark for improving the ESG performance of our hotels. We aim to provide our stakeholders a holistic overview of the ESG impacts and highlight the initiatives of the hotel properties, which are managed by Regal Hotels International Limited (the “Hotel Manager”), owned by Regal REIT.

## REPORTING PERIOD

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

## ACCESSIBILITY OF THE REPORT

An electronic version of this report can also be downloaded from Regal REIT’s website at [www.regalreit.com/annualrpt.html](http://www.regalreit.com/annualrpt.html). If you have any questions about the report or opinions on Regal REIT’s ESG performance, please feel free to contact us via [info@RegalREIT.com](mailto:info@RegalREIT.com).

## BOARD APPROVAL

This report was approved by the Board of Directors of the REIT Manager (the “Board”) on 11 July 2018.

## CHAIRMAN'S STATEMENT

I am pleased to present the ESG report of Regal REIT for the year ended 31 December 2017.

We are continuing the initiatives in promoting sustainability, which we consider to be an essential part of our business operations. The REIT Manager has been working in collaboration with the Hotel Manager to implement and adopt Sustainability Programmes and Corporate Social Responsibility initiatives to all hotel properties owned by Regal REIT.

Following the three pillars in the Sustainability Programmes – Environmental Responsibility, Social Responsibility and Economic Responsibility – the Hotel Manager of the RHIHL Group (of which Regal REIT forms part) has implemented initiatives and established best practices to continuously improve sustainability performance.

In terms of Environmental Responsibility, the Hotel Manager has put in place programmes under four major categories, namely, carbon reduction, energy saving, water conservation and waste management programmes. In 2017, the Hotel Manager worked with a social enterprise, Green Monday, to promote vegetarian menus in five Initial Hotels. In the future, the Hotel Manager hopes to extend the scheme to more hotels and more days of the week to promote green and healthy diets.

In terms of Social Responsibility, the Hotel Manager focused on youth development and health enhancement programmes. As recognition of support for the community, the Hotel Manager has been selected as a "Caring Company" by the Hong Kong Council of Social Service for more than 15 years.

In terms of Economic Responsibility, the Hotel Manager pursues profit maximisation for our investors and unitholders, employee development, equal employment opportunities, prioritisation of local employment and growth of the local economy. During the year, the Hotel Manager continued the initiatives in fair and transparent market competition, and adoption of good corporate governance practices.

In the future, the REIT Manager will continue to work closely with the Hotel Manager on the Sustainability Programmes and to create long-term rewards for our valued stakeholders. I hereby express my gratitude for your support and sincerely welcome you to move forward with us in our sustainable journey.

**LO YUK SUI**

*Chairman*

**Regal Portfolio Management Limited**

(as the REIT Manager of Regal REIT)

Hong Kong

11 July 2018

## ABOUT REGAL REIT

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

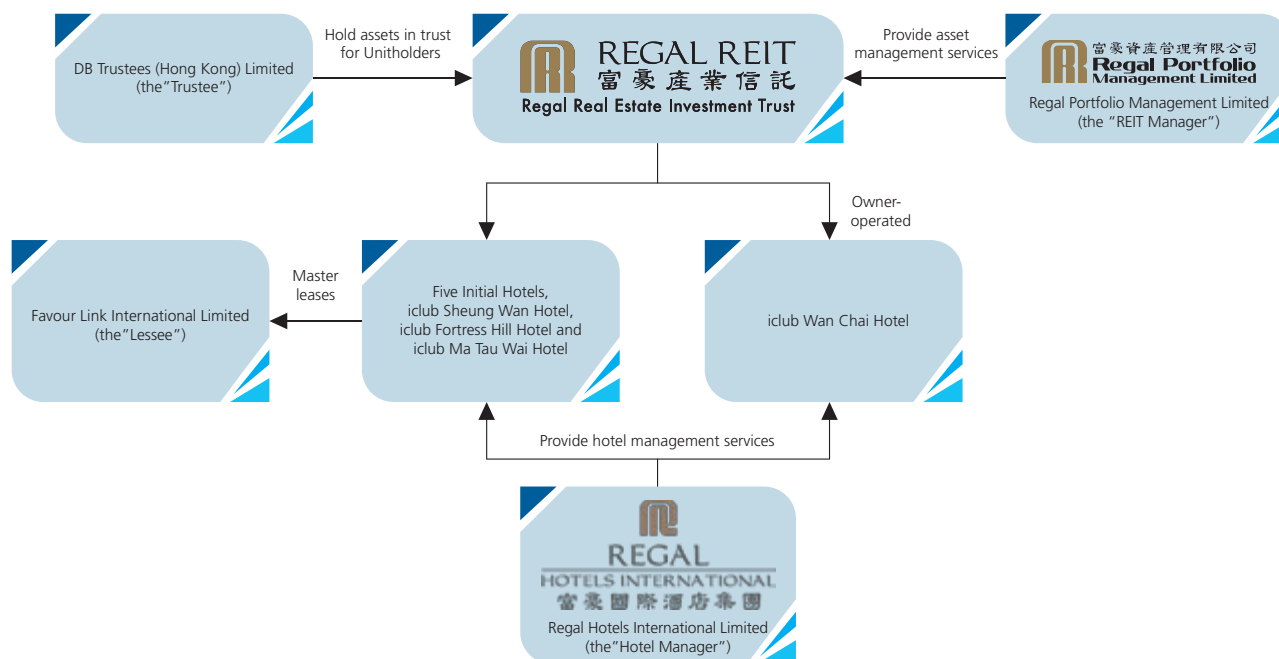
### PROPERTY PORTFOLIO

As at 31 December 2017, Regal REIT owns a total of nine operating hotels in Hong Kong, with an aggregate of 4,909 guestrooms and suites. Currently, Regal REIT has a good mixture of full-service type hotels and select-service type hotels located in strategic locations, catering to various demands from the diverse profile of business and leisure visitors.

As at 31 December 2017, the property portfolio of Regal REIT comprised of:



## ORGANISATION AND STRUCTURE



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

Meanwhile, the hospitality management operation of all the hotel properties is appointed to the Hotel Manager, which is a wholly-owned subsidiary of RHIHL. The management operation is maintained through respective long-term hotel management agreements.

The REIT Manager is licensed by the Securities and Futures Commission in Hong Kong (the "SFC") to undertake the regulated activity of asset management. The REIT Manager does not manage the five Initial Hotels or the four iclub Hotels directly. The REIT Manager, a wholly-owned subsidiary of RHIHL, concurs with the high standards in relation to compliance with the regulations and guidelines, including environmental, employment, procurement and anti-corruption aspects set by the RHIHL Group in maintaining a sustainable business environment.

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

## THE HOTEL MANAGER

The Hotel Manager is engaged in the day-to-day operation of the hotel businesses of the five Initial Hotels and four iclub Hotels under long-term hotel management agreements. The Hotel Manager operates, manages and promotes the hotel properties of Regal REIT under the brand names of "Regal" and "iclub by Regal", respectively.

The Hotel Manager sets sustainability as the foundation for hotel management and will promote our vision and missions in managing our hotel assets. Integrating sustainability practices in hotel operations, the Hotel Manager aims at achieving quality standards while maintaining long-term growth for the hotel assets.

## OUR ESG APPROACH

Providing stable, growing distributions and capital growth for Unitholders are regarded as primary objectives of Regal REIT. To achieve these objectives, through the Hotel Manager, a sustainability approach has been established in our hotels to strive for long-term and continuous development of our business.

Regal REIT, as the owner of the hotel properties, has appointed the Hotel Manager to manage the day-to-day operations of the hotels.



### Hotel Manager's Sustainability Core Values and Commitments:

- To implement Green Programmes inside and outside of the workplace;
- To launch a minimum of one significant Humanitarian Service Project per business unit per year focusing on Youth Development and Health Enhancement in the local communities where the hotels operate;
- To be a financially responsible group accountable to the Unitholders;
- To implement sustainable Economic and Community Development Programmes where the hotels operate;
- To engage guests, associates and their families in all its sustainability efforts; and
- To engage internationally recognised certification organisations to measure its sustainability performance and development.

The Hotel Manager has developed a deliberate approach towards achieving sustainability and to be an internationally recognised hotel group known for its Sustainability Programmes. Targeting on environmental, social and economic sustainability, Sustainability Programmes have been designed and launched in the hotels managed by the Hotel Manager with a three-pillar approach to driving change in the business:

1. **Environmental Responsibility Programmes** include but are not limited to carbon reduction, energy saving, water conservation and waste management programmes. The Hotel Manager also focuses on the 5-Rs – Reuse, Reduce, Recycle, Reform and Reject – in the Environmental Responsibility Programmes.
2. **Social Responsibility Programmes** include but are not limited to practices of employing ethnic and physically handicapped citizens, as well as supporting health, medical and literacy projects in the community. The Hotel Manager also focuses on youth development and health/medical projects in the Social Responsibility Programmes.
3. **Economic Responsibility Programmes** include but are not limited to the usual maximisation of revenue and minimisation of cost business practices, delivering maximum profits to investors and unitholders, creation of local employment, development of employees and implementation of equal employment opportunity practices. The Hotel Manager also focuses on delivering quality products and services, enhancing work efficiency, exploiting technology and automation, implementing economies of scale and engaging with local partners.

## CORPORATE GOVERNANCE

Regal REIT is committed to maintaining sound corporate governance practices and procedures. The REIT Manager adheres to all relevant laws and regulations with a high standard of corporate governance and has adopted the compliance manual as the customary requirement for all REITs in Hong Kong, which sets out the guidelines for key processes, systems, policies and procedures applicable to Regal REIT's business and operations. The compliance manual sets out the framework for corporate governance and is crucial to the management and operations of Regal REIT's business.

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

More information about the REIT Manager's governance and the Board can be found in our 2017 Annual Report.

## SUSTAINABILITY GOVERNANCE

In recent years, there has been growing awareness towards sustainability from the general public. Thus, the REIT Manager and the Hotel Manager have engaged our stakeholders to understand their needs and expectations, and formulate sustainability goals and plans. Since 2012, Sustainability Programmes have been launched in our hotels by the Hotel Manager, covering environmental, social and economic issues.

A standalone environmental policy has been set up to govern the environmental initiatives for all hotels under Regal REIT and environmental issues are being monitored and reviewed continuously. At the same time, the Hotel Manager has identified main focus areas in its community programmes, which include youth development and health enhancement. During the reporting year, the Hotel Manager conducted a variety of volunteer programmes in our hotels, to realise the group's commitment on social responsibility.



## STAKEHOLDER ENGAGEMENT

To achieve sustainability in property investment and management, the REIT Manager and Hotel Manager have developed communication channels for key stakeholder groups enabling effective collection of the stakeholders' views.

The common communication channels for each of the stakeholder groups are presented below:

Stakeholder Group Engaged	Methods of Engagement
Unitholders	<ul style="list-style-type: none"> <li>• General meetings</li> <li>• Annual and interim reports</li> <li>• Announcements and circulars</li> <li>• Website and email</li> </ul>
Investors	<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>• Announcements and circulars</li> <li>• Website and email</li> </ul>
Hotel Management	<ul style="list-style-type: none"> <li>• Regular meetings</li> <li>• Ongoing engagement</li> </ul>
Hotel General Staff (engaged by the Hotel Manager)	<ul style="list-style-type: none"> <li>• Staff satisfaction questionnaires</li> <li>• Regular meetings</li> <li>• Orientation activities</li> <li>• Notice boards</li> <li>• Annual appraisal meetings</li> <li>• Employee engagement activities</li> </ul>
Suppliers/Contractors (engaged by the Hotel Manager)	<ul style="list-style-type: none"> <li>• On-site evaluation visits and meetings</li> <li>• Regular meetings</li> </ul>
Community (engaged by the Hotel Manager)	<ul style="list-style-type: none"> <li>• Media conferences</li> <li>• Volunteer activities</li> <li>• Face-to-face meetings</li> </ul>

**MATERIALITY ASSESSMENT**

Independent consultants are commissioned to regularly conduct stakeholder engagement surveys in order to identify material issues. Generally, these issues may relate to environment, operating practices, employees and the community. Based on the surveys by the independent consultants, the stakeholders consider the below issues to be material:



**ENVIRONMENTAL**

- Energy Management
- Waste Management



**OPERATING PRACTICES**

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



**EMPLOYEES**

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



**COMMUNITY**

- Community Investment

## ENVIRONMENTAL RESPONSIBILITY

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

### COMMITMENT TO THE ENVIRONMENT

While aiming to maintaining and growing a strong and balanced investment portfolio of hotels and hospitality-related properties, the REIT Manager is conscious of the impact of its business growth on the environment. Through adopting environmental management and measures at the individual hotel levels, the Hotel Manager strives to contribute to the well-being of its surroundings and the natural environment. Besides being compliant with all relevant laws and regulations, the Hotel Manager is determined to mitigate any adverse impacts, to protect the environment and to enhance environmental quality as far as practicable.

### ENVIRONMENTAL MANAGEMENT

The Hotel Manager has formulated a group-wide Environmental Policy Statement for our hotels to follow. The Environmental Policy Statement is set to make sure that the hospitality operations are carried out in a legal and environmentally acceptable manner. The Statement outlines the environmental missions of the RHIHL Group, including measures in enhancing the environmental performance of the RHIHL Group and raising the awareness of its associates. Through constantly monitoring and reviewing the environmental performance, minimising any adverse environmental impact, enhancing the associates' environmental awareness and adopting green procurement practices, the Hotel Manager is committed to safeguarding the environment.

During the reporting period, the Hotel Manager complied with the relevant laws and regulations that have a significant impact in relation to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes.



The Hotel Manager has participated in EarthCheck's certification programme, which is the leading environmental certification in the travel and tourism industry.

At the same time, the Hotel Manager is committed to implementing green programmes inside and outside of the workplaces.



Since 2012, the Hotel Manager has been organising "We Love Our Planet", which advances the work on sustainable development.



To promote a healthier diet and environmental awareness, our five Initial Hotels were the pioneer in Hong Kong to launch Green Monday at their Chinese restaurants and coffee shops in May 2017.

## ENERGY AND EMISSIONS

Our hotel properties actively manage energy use and greenhouse gas emissions in their business operation. Every year, all hotels are required to set their respective energy and carbon reduction targets and come up with feasible measures to achieve them. This year, a target of 2% was set in energy and carbon reduction, comparing to the emission level in 2016. To better manage our hotels' energy consumption and carbon emission, some of our hotels have adopted international standards related to energy management system and greenhouse gas accounting and verification. The Hotel Manager is approaching a greener operation with more hotels applying for certifications of international standards.

The Hotel Manager has applied a number of energy use reduction initiatives and measures to cut the greenhouse gas emissions in our hotels.



Our hotels have replaced or are in the process of replacing the T8 fluorescent tubes in the guestrooms and public area with LED light tubes for further energy savings.



Our hotels take part in Earth Hour promoted by the WWF to support for the climate change movement and environmental protection.

## WATER MANAGEMENT

The operation of hotels relies on the use of water, from catering and cleaning to consumption by guests. As a result, proper water management is essential to fulfil the environmental responsibility.

Apart from monitoring, several measures have been implemented to reduce the water use. For instance, air-conditioning condensing water is recycled and reused for toilet flushing, and automatic faucets and toilet flushers have been installed in public toilets. The renovated guestrooms are also equipped with dual-flush toilets which allow guests to use the right amount of water. The Hotel Manager has carried out various measures to minimise unnecessary water usage while keeping hygiene of the hotels at the highest standard.

## WASTE MANAGEMENT

The RHIHL Group understands hospitality operation involves significant material consumption and contributes waste. Thus, the Hotel Manager strives to enhance the ability to minimise waste generation by changing the business practices and working with the associates, guests and non-profit organisations. The Hotel Manager reuses and recycles waste as much as economically practical, and ensures the remaining waste is disposed of responsibly. The Hotel Manager keeps track of the amount of the waste generation and recycling regularly, and reviews the situation to enable continuous improvement.

Food from the catering service contributes the majority of waste in hospitality management operation. To reduce the amount of food waste sent to landfills, the Hotel Manager has implemented different initiatives. To minimise food waste at source, our hotels order ingredients from suppliers with reference to the number of guests and meal reservations to avoid over-purchasing.

The hazardous waste mainly comes from chemicals and cleaning products. To allow an eco-friendly operation, the Hotel Manager procures chemicals and cleaning products with eco-certificates or labels. In addition, these products can be harmful to the environment if they are not handled properly. The Hotel Manager has set out a protocol related to hazardous materials and waste storage and handling for the hotel associates to follow.



Some of our hotels have partnered with Foodlink Foundation to donate the unconsumed food and minimise food waste.



Volunteers in the Hotel Manager's soap recycling workshop

## SOCIAL RESPONSIBILITY

The RHIHL Group cares for the society. By bringing people together and making a difference, we strive to make the community and the wider society better places for everyone.

The RHIHL Group endeavours to be a leading corporate citizen in the communities in which our hotels operate. The community is regarded as an essential element in demonstrating the social responsibility, which is one of the pillars of the long-term sustainability programme. The RHIHL Group is not only working to create better memories for guests, but also better communities for citizens to live in. The RHIHL Group believes that continuous monitoring by the Social Responsibility Steering Committee, chaired by the chief operating officer and supported by all heads of function, provides a focus for the journey towards sustainability. The Committee identified three social responsibility focuses: Youth Development, Health Enhancement and Social Inclusion.

### COMMUNITY COMMITMENT



To put the community commitment into action, the Hotel Manager has also set up regular volunteer programmes that not only work to serve and benefit the community, but also foster the younger generation's commitment to contributing to society.

The Hotel Manager launched a wide variety of community programmes and sponsored a wide range of non-profit organisations. The efforts are well recognised in the communities.



The Hotel Manager has been selected as a "Caring Company" by the Hong Kong Council of Social Service for consecutively 15 years and recognised in "The 8th Hong Kong Outstanding Corporate Citizenship Awards".

## YOUTH DEVELOPMENT

The future society will be led by the younger generation. It is important to ensure that the younger generation receives education and development opportunities.



The Hotel Manager volunteered in the "Family Storytelling" Neighbourhoods Developmental Project from May to December 2017 which is held by Hong Kong Outlying Islands Women's Association.



Regal Riverside Hotel and Regal Oriental Hotel cooperated with NGOs to organise hotel tours for students understanding hotel operations.



## HEALTH ENHANCEMENT

The RHIHL Group believes healthy living contributes to a positive society. The RHIHL Group considers healthy development to be important and strives to spread the message of a healthy lifestyle and provides resources to people in need.



The volunteer team visited Ronald McDonald House. Projects such as the “Save Our Sevens” campaign targeted to provide a safe environment to young people during the Ruby Sevens, volunteered cleaning at the Shatin Ronald McDonald House and charity sales for the Children’s Cancer Foundation were initiated during 2017.



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

## SOCIAL INCLUSION

The RHIHL Group embraces inclusiveness and values everyone as an individual, regardless of their backgrounds and capability. Everyone should enjoy equality and be respected. Hence, the RHIHL Group endeavours to engage the underprivileged in the community through social activities and to understand their needs for future community initiatives planning.



The hotel staff supported the “Inclusion” - Joy Charity Walk 2017, which is a major fundraising event held by the Hong Kong Federation of Handicapped Youth.



The Hotel Manager also collaborated with the Hong Kong Federation of Handicapped Youth and conducted in total 7 day-trips for handicapped youths throughout the year.

## ECONOMIC RESPONSIBILITY

Business growth relies on the ability to deliver quality products and services. The Hotel Manager emphasises equal opportunity work environment and staff development, customer experience and working with suppliers to bring additional value to the stakeholders.

The economic responsibility focuses on employment and operational practices. The RHIHL Group understands that the hotel associates are crucial elements in making the business successful and sustainable. Therefore, the RHIHL Group strives to retain talents with integral employment policies and initiatives. Also, the RHIHL Group's business operations impact the stakeholders, from Unitholders, guests to the community. The Hotel Manager hence maintains the business operation in an ethical manner.

### COMMITMENT TO THE EMPLOYEES

The REIT Manager does not participate directly in the daily operation of the hotels under Regal REIT. The REIT Manager monitors and oversees the performance of the Hotel Manager, who is dedicated to providing the utmost care to not only guests but also the hotel associates. The RHIHL Group believes that the associates are the greatest asset. Besides adhering to relevant laws and regulations, the RHIHL Group is committed to helping them to thrive and develop their potential, and creating an enjoyable and rewarding working experience as specified in the comprehensive human resources policies.

The Hotel Manager strives to offer a healthy, safe and fulfilling working environment, well-structured career path, practical on-the-job training opportunities and staff engagement events. These employee-friendly policies and initiatives are essential to the consistent delivery of quality services.

During the reporting period, the Hotel Manager has complied with the relevant laws and regulations that have a significant impact in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare; providing a safe working environment and protecting employees from occupational hazards; and preventing child and forced labour.

### RECRUITMENT, RETENTION AND BENEFITS

The RHIHL Group believes that recruiting and retaining passionate talents contribute to the continuous development. The RHIHL Group is dedicated to providing a positive working environment that fosters the associates' growth. Apart from competitive remuneration, the Hotel Manager also offers comprehensive welfare and benefits. The Employee Handbook of the Hotel Manager provides details on matters relating to employee compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

The RHIHL Group is an equal opportunity employer and adopts the guidelines and regulations set by the Equal Opportunities Commission as the basis of its human resources policies. The recruitment and promotion process adheres to strict guidelines on fairness and non-discrimination. Associates are protected from all kinds of discrimination including gender, age, ethnicity, family status, sexual orientation, disability, race and religion.

## ASSOCIATE ADVANCEMENT

The RHIHL Group believes that providing a wide variety of training will enable the associates to continuously improve their job performance and achieve their career goals. As a commitment in the Economic Responsibility pillar, the RHIHL Group strives to offer tailor-made learning and training programmes for employees for holistic development. For instance, the compulsory orientation programme is designed for new joiners to get to know more about the operation and working environment. Different departments organise their own courses that are suitable for their operational needs. The Hotel Manager also encourages the associates of our hotels to participate in external training programmes, with subsidies available for application. In the future, the Hotel Manager aims to offer more diverse training programmes and online training to facilitate the process of participation.



The Hotel Manager organised various training for our associates to develop their skills and career path.

## EMPLOYEE ENGAGEMENT

Every year, the Hotel Manager organises engagements to enrich the associates' workplace experience. Understanding the essence of work-life balance, the Hotel Manager regularly arranges activities for the associates, including sports competitions and annual staff parties. The Hotel Manager also recognises the hard work and loyalty of associates working in our hotels with the Year-of-service Award. Additionally, the Hotel Manager welcomes any suggestions from the associates and utilises both offline and online channels for them to express opinions. These channels include staff meetings with hotel general manager, suggestion boxes, annual surveys and the Hotel Manager's Facebook page. In addition to formal suggestions, associates can voice their grievances to immediate supervisors or management. A grievance mechanism has been put in place for the associates to raise their concerns. All concerns are carefully handled and management is mandated to respond to enquiries within a given timeframe.

## WORKPLACE HEALTH AND SAFETY

As a caring employer, we strive to ensure workplace health and safety to all associates. From room cleaning and catering to engineering and renovation work, any hospitality operation is vulnerable to occupational safety hazards. Recognising the importance of health and safety in all aspects of the hotel operations to avoid injuries, damage to property and lost time, the Hotel Manager published a Safety Manual to outline the management, control and coordination of work to protect the employees' health, safety and welfare. Responding to relevant health and safety legal requirements, a Safety Policy has been implemented in all operations. A Safety Committee has been established to assist our hotel general manager in reviewing the implementation of the Safety Manual at least once a month. The policy is reviewed regularly to keep up with the latest developments in workplace health and safety, and related regulations.

Apart from the policy, the Hotel Manager has a series of programmes in place to enhance workplace health and safety. Through inspections, job hazard analysis, monitoring and safety audits, and implementing safety management systems and accident prevention measures, the Hotel Manager strives to minimise workplace health and safety risk. A safety management system has been maintained to comply with all relevant laws and regulations. The Hotel Manager also has Safety and Security Officers to identify any potential hazards and recommend alternatives at the operational level. Our hotels managed by the Hotel Manager are required to maintain adequate personal protective equipment and first aid materials. With health assurance programme, the Hotel Manager also arranges pre-job and regular medical examinations for employees who are exposed to potential health hazards to ensure their physical well-being. To ensure safeguard health and overall safety in the workplace, personnel found not following the safety rules and practices may be penalised.

Safety training is another measure the Hotel Manager has promoted in creating a healthy and safe workplace. All the associates engaging in work with occupational safety risks receive job safety training. The Hotel Manager also invites external parties to provide training to supervisory and managerial personnel, and trainers to further the application of their safety knowledge in daily operation. In terms of emergency preparedness, the Hotel Manager has appointed an adequate number of suitably trained personnel who are competent in the use of fire-fighting equipment, provision of first aid and rescue techniques. The Safety and Security Officers also organise simulated emergency drills regularly for all emergency and rescue teams.



The Hotel Manager regularly holds fire drills to enhance the associates' awareness on safety.

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

Keeping track of workplace safety and health performance is crucial to constantly improve the workplace. As such, the Safety and Security Officers are required to submit monthly safety reports detailing any accidents, injury statistical data, health and safety training undertaken, safety inspections and audits for the hotel general manager's endorsement.

### COMMITMENT TO THE HOTEL GUESTS

Our hotel properties are devoted to offering quality services to the hotel guests. The Hotel Manager has long-standing commitment to quality and attention to details that have enabled the Hotel Manager to drive "Regal" and "iclub by Regal" becoming two of Asia's pre-eminent hotel brands.

In order to create a memorable experience for the guests, the Hotel Manager is always open to listening to their needs and wants. The Hotel Manager proactively engages and communicates with the guests through various channels, including the Regal Rewards and 925 Club, to seek their opinions on the services. The Hotel Manager also protects customers' privacy and respects intellectual property rights throughout the operations while providing reliable services to the guests.

### GUEST HEALTH AND SAFETY

The Hotel Manager always puts the health and safety of the guests as the highest priority. The Hotel Manager has developed a set of procedures to assist the associates in handling emergencies in a legal and efficient manner. The Hotel Manager has implemented relevant international food safety management system standards, in which "traceability" is the core requirement.

In order to comply with the standards, the food suppliers are required to provide a full list of ingredients with supporting documents for the delivery of certain food products. The associates also strictly follow the receiving guidelines clearly stated in the Food Safety Policy and ingredients delivered without supporting documents are not accepted to ensure food safety.

In addition, selected suppliers' product and/or process controls will be audited on-site to ensure the safety of our hotels' food supply. All vendors are required to declare compliance with Hong Kong laws and regulations, including but not limited to Part V of the Public Health and Municipal Services Ordinance and the Food Safety Ordinance.

## GUEST FEEDBACK

The RHIHL Group views customer opinions as valuable input for continuous improvement and treasures every comment from the guests. The Guest Comments Reply Standards serves the purpose of ensuring that guest feedback, regardless of nature, is regarded as a priority in guest service standards.

The Hotel Manager treats complaints as a driver for improvement of the facilities and services. The Hotel Manager is able to maintain a positive image of the hotels by handling and resolving guest complaints efficiently, and the Hotel Manager aims for a “win-win” situation. The Hotel Manager gathers feedback from the guests through various means including verbal communication, guest questionnaires and websites. Guest comments whether in verbal or written format are categorised and handled effectively and efficiently by the relevant departments at all times. All guest comments are reported and followed up on by contacting the guest in person or in writing within 48 hours. Further follow-up actions will be taken, whenever necessary.

## CONNECTING WITH THE GUESTS

The Hotel Manager offers a wide range of customised rewards programmes to suit the needs of all of the guests and to build guest loyalty for the brands. The Regal Rewards Programme was launched in 2007 and is an exclusive reward programme tailor-made by offering more refined services and special privileges to frequent travellers and loyal customers. The Hotel Manager presently has five major loyalty programmes for the guests, namely, Regal Rewards, 925 Club, Regal Card, Regal Kids Club and Airline Rewards.

## CUSTOMER DATA PROTECTION

Protecting customers’ privacy is always a prime concern of the RHIHL Group. The Hotel Manager strictly complies with all laws and regulations on personal data privacy in the operating jurisdictions. Under the privacy policy, all personal data collected is handled with strict confidentiality. Various levels of access rights have been set up so that only authorised staff are permitted to access customers’ personal information. All personal information collected for membership maintenance will only be used for membership programme administration and marketing with the customers’ consent.

Apart from customer data privacy, the RHIHL Group is also committed to protecting and respecting intellectual property rights. The Hotel Manager complies with relevant laws and regulations with formulated policies to ensure that intellectual rights are protected. Only authorised logos or trademarks are used for promotion and, where appropriate, all marketing materials will only be used for designated promotion upon mutual agreement with joint promotion partners.

## SUPPLY CHAIN MANAGEMENT

The hotels have an extensive and complex supply chain that consists of vendors from various nations and provides a wide range of products and services, ranging from food and beverage to cleaning and laundry services. The Purchasing Department of our hotels is responsible for the procurement of supplies for the daily operations of our hotels in accordance with the Contractor Code of Conduct and Safety and the Supplier Code of Conduct. The Code of Conduct ensures that the contractors and the suppliers share similar core values with the Hotel Manager to create a socially and environmentally friendly supply chain.

In terms of food safety, the suppliers are required to comply with relevant regulations in their supply chain. During the selection process, the Hotel Manager requests potential suppliers to provide relevant samples and catalogues for testing and examination to ensure that they comply with all the standards and regulations. Meanwhile, our hotels also implement a mechanism to regularly evaluate the suppliers' performance in accordance with the Supplier Code of Conduct.

To support the local economy and minimise the environmental footprint from transportation of products, the Hotel Manager sources from the local suppliers whenever possible. In addition, the RHIHL Group promotes green procurements and gives priority to contractors and suppliers that demonstrate environmental commitment. For example, our hotels optimised the usage of environmentally-preferable products (e.g. LED lighting, bio-degradable shopping bags and recycled-paper packages) in accordance with the Green Purchasing Policy. Whenever it is feasible in meeting economic and performance objectives, our hotels intend to minimise using products with adverse environmental and human health impacts. Through this practice, the Hotel Manager strives to enhance efficiency and improve the ESG performance of its suppliers by fulfilling corporate social responsibility at source.

## ANTI-CORRUPTION

The RHIHL Group established policies to ensure the provision of a corruption-free environment in the procurement management team. The Hotel Manager established the Supplier Code of Conduct which is included in the Supplier/Distributor Registration Application Form to facilitate the anti-corruption practices in supplier selection. The Form is a prerequisite for any co-operation with our hotels and provides guidelines on the primary consideration of managing corruption and bribery incidents. The Hotel Manager believes that gifts among business associates are to the detriment of a fair and honest co-operative partnership. In order to improve transparency and overall ethical standards, there are strict rules stipulating that if any of the staff requests or receives gifts from a supplier, in money or any other form, during business dealings, he/she may be subject to summary dismissal.

During the reporting period, the Hotel Manager complied with the relevant laws and regulations in relation to bribery, extortion and money laundering prevention. No legal cases regarding corrupt practices brought against the Hotel Manager or its employees were recorded in 2017.



# APPENDIX I – AWARDS, RECOGNITIONS, QUALIFICATIONS AND MEMBERSHIP

## AWARDS AND RECOGNITIONS

### Regal Hotels International Limited (the Hotel Manager)

AWARDS AND RECOGNITIONS	ORGANISATIONS
Business for Sustainability	Hong Kong Council of Social Service The Hong Kong Polytechnic University
15 Years + Caring Company	Hong Kong Council of Social Service
Corporate Drive for Hong Kong Corporate Citizenship Award (Enterprise Category)	Hong Kong Productivity Council
Social Capital Builder Award	Community Investment & Inclusion Fund Labour and Welfare Bureau
Walk for Millions - Outstanding Walk Team	The Community Chest
Outstanding Volunteers Recruitment Award	TREATS
Certificate of Appreciation - Gold Category	Volunteer Movement
Certificate of Appreciation - Silver Category	Hong Kong Federation of Handicapped Youth
Certificate of Appreciation	Vocational Training Council Agency for Volunteer Service TREATS Soap Cycling

## Regal Airport Hotel

AWARDS AND RECOGNITIONS	ORGANISATIONS
World's Best Airport Hotel Award 2017	Business Traveller UK Magazine
Best Airport Hotel in Asia-Pacific Award 2017	Business Traveller Asia-Pacific Magazine
Best Airport Hotel Asia Pacific (2017 Readers' Choice Awards)	Travel Weekly Asia
The Best Airport Hotel in Asia Pacific Award	TTG Asia Media
Travel Hall of Fame Award 2017	TTG Asia Media
Top 25 Conference Hotel Asia Award 2017	Smart Travel Asia
Certificate of Excellence	TripAdvisor
Customer Service Excellence Award	Airport Authority
QTS Merchant Award 2017 – Airport Izakaya (Gold Award – Asian Cuisine)	Hong Kong Tourism Board
QTS Merchant Award 2017 – Dragon Inn (Gold Award – Chinese Cuisine)	Hong Kong Tourism Board
QTS Merchant Award 2017 – Rouge (Bronze Award – Chinese Cuisine)	Hong Kong Tourism Board
QTS Merchant Award 2017 – China Coast Bar + Grill (Gold Award – Western Cuisine)	Hong Kong Tourism Board
QTS Merchant Award 2017 – Café Aficionado (Gold Award – Other Cuisine)	Hong Kong Tourism Board
QTS Merchant Award 2017 – Regala Cafe & Dessert Bar (Bronze Award – Other Cuisine)	Hong Kong Tourism Board
Best Restaurant 2017 – Airport Izakaya	Hong Kong Tatler

**Regal Hongkong Hotel**

AWARDS AND RECOGNITIONS	ORGANISATIONS
Caring Company 10 Years+ Award	Hong Kong Council of Social Service
Bronze Award 2017	Rakuten Travel
QTS Merchant Award 2017 – Alto 88 (Bronze Award – Western Cuisine)	Hong Kong Tourism Board
Hong Kong’s Best Restaurant – Alto 88	Hong Kong Tatler
Italian Hospitality Seal – Alto 88	Ospitalita’ Italiana
Hong Kong’s Best Restaurant – Regal Palace	Hong Kong Tatler

**Regal Kowloon Hotel**

AWARDS AND RECOGNITIONS	ORGANISATIONS
Gold Circle Award	agoda.com
Certificate of Excellence 2017	TripAdvisor
Rakuten Travel Award 2017 – Bronze Award	Rakuten Travel
Partner Employer Award 2017/18	Hong Kong General Chamber of Small and Medium Business
CLP GREENPLUS Award 2017 – Merit Certificate	CLP
QTS Merchant Award 2017 – Mezzo (Merit Award)	Hong Kong Tourism Board
Silver Benchmarking Certificate	EarthCheck
Quality Wedding Merchant	ESDLife
Hong Kong’s Best Restaurants – Regal Court (since 2010) & Mezzo	Hong Kong Tatler

**Regal Oriental Hotel**

AWARDS AND RECOGNITIONS	ORGANISATIONS
CLP GREENPLUS Award 2017	CLP
Hong Kong International Culinary Classic 2017 Silver Award - Pastry Kitchen	HOFEX
Caring Company Award 2014 – 18	Hong Kong Council of Social Service
Halal Certificate	The Incorporated Trustees of The Islamic Community Fund of Hong Kong

**Regal Riverside Hotel**

AWARDS AND RECOGNITIONS	ORGANISATIONS
Rakuten Travel Bronze Award 2017	Rakuten Travel
CLP GREENPLUS Award 2017	CLP
"Hong Kong No Air Con Night 2017" Certificate	Green Sense
Quality Restaurant for 10 Consecutive Years – Regal Terrace	Hong Kong Tourism Board
QTS Merchant Award (Bronze Award) 2017 – Regal Terrace & Regal Court	Hong Kong Tourism Board
Quality Wedding Merchant	ESDLife
Hong Kong International Culinary Classic 2017 Bronze Award – Chinese Cuisine	HOFEX
HK Tatler Best Restaurant 2017 – Dragon Inn	Hong Kong Tatler
Halal Certificate	The Incorporated Trustees of The Islamic Community Fund of Hong Kong
Catering Industry Safety Award Scheme (2017/2018) – Supervisor Award	Labour Department

**iclub Sheung Wan Hotel**

AWARDS AND RECOGNITIONS	ORGANISATIONS
Guest Review Award	Booking.com

## QUALIFICATIONS

- EarthCheck (Silver): Regal Airport Hotel, Regal Hongkong Hotel, Regal Kowloon Hotel, Regal Oriental Hotel, Regal Riverside Hotel, iclub Fortress Hill Hotel, iclub Sheung Wan Hotel and iclub Wanchai Hotel are certified.
- EarthCheck Regional Leader: Regal Oriental Hotel has been identified as a Regional Leader in the areas of Energy Consumption, Greenhouse Gas Emission and Waste sent to Landfill which the information provided will be used to create a snapshot of the best practice initiatives and programs implemented in the said areas.
- Quality Water:

Under the Quality Water Supply Scheme for the Building of Water Supplies Department, the Government of Hong Kong Special Administrative Region, four Initial Hotels in Hong Kong achieved the below levels:

- Regal Hongkong Hotel – Gold
- Regal Kowloon Hotel – Blue
- Regal Oriental Hotel – Gold
- Regal Riverside Hotel – Gold

- Quality Air:

All five Initial Hotels and four iclub Hotels received Indoor Air Quality Certificates awarded by the Environmental Protection Department, the Government of Hong Kong Special Administrative Region.

- ISO Certifications:

- ISO 14064 – 1: All five Initial Hotels are certified.
- ISO 22000: Regal Airport Hotel, Regal Hongkong Hotel, Regal Kowloon Hotel and Regal Riverside Hotel are certified.
- ISO 50001: Regal Airport Hotel is certified.

- Carbon Reduction:

All five Initial Hotels achieved Carbon Reduction Certificates, Hong Kong Green Organisation Certification issued by Environmental Campaign Committee.

## MEMBERSHIP

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

## APPENDIX II – ENVIRONMENTAL PERFORMANCE TABLE

	Units	Performance in 2017 <sup>a</sup>
<b>Greenhouse gas (GHG) emissions</b>		
Total GHG emissions	tonnes of CO <sub>2</sub> equivalent (tonnes CO <sub>2</sub> e)	51,522
Direct GHG emissions (Scope 1) <sup>b</sup>	tonnes CO <sub>2</sub> e	7,633
Indirect GHG emissions (Scope 2) <sup>c</sup>	tonnes CO <sub>2</sub> e	43,888
GHG emission intensity	kg CO <sub>2</sub> e/ equivalent guest night <sup>d</sup>	15.64
<b>Energy consumption</b>		
Total energy consumption	GJ	385,520
Electricity	kWh	67,078,400
Towngas	GJ	123,150
Fuel	GJ	15,873
Steam	GJ	5,015
Energy intensity	GJ/ equivalent guest night <sup>d</sup>	0.12
<b>Water consumption</b>		
Total water consumption	m <sup>3</sup>	828,730
Water intensity	m <sup>3</sup> / equivalent guest night <sup>d</sup>	0.25
<b>Waste disposal and recycled</b>		
General waste disposed	tonnes	3,942
<b>Waste recycled</b>		
Used cooking oil	L	20,912
Aluminium cans	kg	477
Plastic bottles	kg	9,553
Paper	kg	125,639
Food waste and donations	kg	208,482
Glass bottles	kg	19,051
Soap	kg	1,429

### Notes:

- The performance data only covers hotel management operations in Hong Kong, including the five Initial Hotels (Regal Airport Hotel, Regal Hongkong Hotel, Regal Kowloon Hotel, Regal Oriental Hotel and Regal Riverside Hotel) and four iclub Hotels (iclub Fortress Hill Hotel, iclub Ma Tau Wai Hotel, iclub Sheung Wan Hotel and iclub Wan Chai Hotel), in 2017. The data of iclub Ma Tau Wai Hotel only covers operations since its opening in May 2017.
- Direct GHG emissions generated from fuel consumption and leaked refrigerant/ CO<sub>2</sub>e from equipment.
- Indirect GHG emissions generated from electricity and towngas consumption.
- Equivalent guest night includes the total number of guests stayed overnight in our hotels and one third on total number of guests patron in our restaurants and banquet/ function rooms.

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

INDICATORS		SECTION/ STATEMENT
<i>A. Environmental</i>		
<b>Aspect A1: Emissions</b>	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Responsibility
	KPI A1.1 The types of emissions and respective emissions data.	Appendix II – Environmental Performance Table
	KPI A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix II – Environmental Performance Table
	KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix II – Environmental Performance Table
	KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix II – Environmental Performance Table
	KPI A1.5 Description of measures to mitigate emissions and results achieved.	Environmental Responsibility
	KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Responsibility

INDICATORS	SECTION/ STATEMENT
<b>A. Environmental</b>	
<b>Aspect A2: Use of Resources</b>	<p>General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p>KPI A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).</p> <p>KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).</p> <p>KPI A2.3 Description of energy use efficiency initiatives and results achieved.</p> <p>KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.</p> <p>KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.</p>
<b>Aspect A3: The Environment and Natural Resources</b>	<p>General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.</p> <p>KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.</p>



INDICATORS	SECTION/ STATEMENT
<i>B. Social</i>	
<b>Employment and Labour Practices</b>	
<b>Aspect B1: Employment</b>	<p>General Disclosure</p> <p>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 compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</li> </ul>
<b>Aspect B2: Health and Safety</b>	<p>General Disclosure</p> <p>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>
<b>Aspect B3: Development and Training</b>	<p>General Disclosure</p> <p>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p>
<b>Aspect B4: Labour Standards</b>	<p>General Disclosure</p> <p>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 preventing child and forced labour.</li> </ul>

INDICATORS	SECTION/ STATEMENT
<b>B. Social</b>	
<b>Operating Practices</b>	
<b>Aspect B5: Supply Chain Management</b>	General Disclosure Policies on managing environmental and social risks of the supply chain. Economic Responsibility
<b>Aspect B6: Product Responsibility</b>	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. Economic Responsibility
<b>Aspect B7: Anti-corruption</b>	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. Economic Responsibility
<b>Community</b>	
<b>Aspect B8: Community Investment</b>	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests. Social Responsibility



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