



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)

2020

Environmental, Social and
Governance Report



Managed by



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

CONTENTS

About this Report	2	Social Responsibility	18
Reporting Standard		Fostering Community Engagement	
Reporting Principles		Youth Development	
Reporting Scope and Boundary		Health Enhancement	
Reporting Period		Social Inclusion	
Accessibility of the Report and Feedback			
Board Approval			
Chairman's Statement	3	Economic Responsibility	22
About Regal REIT	4	Caring For Employees	
Property Portfolio		Caring For Guests	
Organisation and Structure		Supply Chain Management	
The Hotel Manager		Anti-corruption	
		Fair Competition	
Our ESG Approach	6	Appendix I – Awards, Recognitions, Qualifications and Memberships	29
Corporate Governance		Appendix II – Performance Table	33
Sustainability Governance		Environmental Responsibility Performance	
Stakeholder Engagement		Appendix III – The Stock Exchange of Hong Kong Limited's ESG Reporting Guide Content Index	35
Materiality Assessment			
Environmental Responsibility	10		
Environmental Policy			
EarthCheck and Achievement			
Energy and Emissions			
Water Management			
Waste Minimisation and Recycling			



ABOUT THIS REPORT

Reporting Standard

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

Reporting Principles

The preparation of this report has been based on the four fundamental reporting principles outlined in the ESG Reporting Guide, which facilitates meaningful communication and informed decision-making. The details are as follows:

- **Materiality:** Stakeholder engagement and materiality assessments were conducted to identify material environmental, social and governance (“ESG”) issues for Regal Real Estate Investment Trust (“Regal REIT”). 13 material ESG issues were identified, which form the focus of this report.
- **Quantitative:** In order to assess the performance of different environmental and social responsibility initiatives, data about environmental and social responsibility were identified, collected and monitored.
- **Balance:** This report discloses both achievements and improvement plans in order to present an unbiased view on ESG performance.
- **Consistency:** Consistent reporting methodologies are adopted to present an effective year-on-year performance comparison. Any changes in the methodologies and reporting scope are explained in remarks for stakeholder reference.

Reporting Scope and Boundary

This is the fifth annual standalone ESG report of Regal REIT prepared by Regal Portfolio Management Limited (the “REIT Manager”). This report covers the sustainability performance of ESG issues that are material to the hotel properties owned by Regal REIT and managed by Regal Hotels International Limited (the “Hotel Manager”).

Reporting Period

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

Accessibility of the Report and Feedback

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

Board Approval

This report was reviewed and approved by the Board of Directors of the REIT Manager (the “Board”) on 8 July 2021.

CHAIRMAN'S STATEMENT

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

Maintaining sustainable development has always been a prioritised objective for our hotel operations. In order to promote its Sustainability Programmes, Regal REIT has collaborated with the Hotel Manager since 2012 in implementing various programmes, including green hotel management and corporate social responsibility activities, to bring mutual benefits to the environment, the communities, our own hotel properties as well as to the Hong Kong economy as a whole.

Over the past year, the coronavirus pandemic (COVID-19) has totally reshaped social and business activities worldwide. Normal social interactions have become inconvenient, if not hindered, under pandemic controls and social distancing restrictions. These circumstances have not only affected Regal REIT's hotel business but also made organisational activities, training or social programmes of our Hotel Manager difficult. To cope with this adverse situation, Regal REIT works closely with our Hotel Manager to adjust its business strategies, as well as introducing digital technology to facilitate the hotel operations and Sustainability Programmes.

In an effort to assist the community to combat the spread of the coronavirus pandemic, we leased our Regal Oriental Hotel to the Hong Kong Government in April 2020 for use as a holding facility for incoming visitors to Hong Kong while waiting for their COVID-19 test results, which arrangement lasted until August 2020. Moreover, three of our hotels, namely, the Regal Airport Hotel, the Regal Oriental Hotel and the iclub Ma Tau Wai Hotel, have enrolled in the Designated Quarantine Hotel Scheme organised by the Department of Health of the Hong Kong Government since December 2020 for use as quarantine hotels for incoming visitors. In order to safeguard the health and safety of our guests and employees against the COVID-19 infection, a series of protective measures, like temperature checks, health declaration and frequent cleaning and disinfection arrangements, were put in place in all our hotel properties.

On the environment front, Regal REIT continues to keep close watch on and strive to contribute efforts in dealing with environmental problems and their adverse effects on climate change. In this regard, all of our hotels have been able to retain the same class of EarthCheck certification this year, in recognition of their effort and commitment to reducing the environmental footprint while providing quality guest services to their customers.

In the future, Regal REIT will continue to work with the Hotel Manager to uphold the values of sustainability for our hotel properties. Regal REIT is determined and committed to building a sustainable community through participating in Sustainability Programmes and believes that the support from all the stakeholders is essential to the success of our sustainability journey.

LO YUK SUI

Chairman

Regal Portfolio Management Limited

(as the REIT Manager of Regal REIT)

Hong Kong
8 July 2021

ABOUT REGAL REIT

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

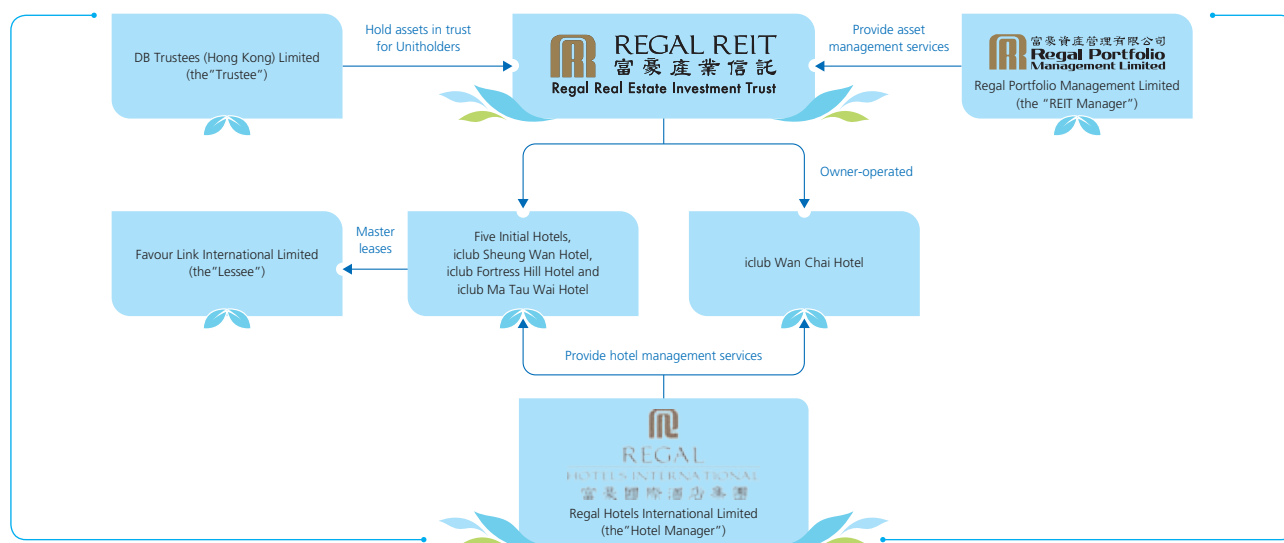
Property Portfolio

As at 31 December 2020, Regal REIT owned nine hotel properties in Hong Kong, operating a total of 4,918 guestrooms and suites, complemented with a range of food and beverage outlets and other facilities. The portfolio provides hotel services ranging from full-service type hotels to select-service type hotels in strategic locations, which cater to different types of demand of business travellers and leisure-seeking customers both locally and from abroad.

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



Organisation and Structure



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

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

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

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

The Hotel Manager

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

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

OUR ESG APPROACH

Under the present operating framework, the Hotel Manager has been appointed to manage the daily operations of the hotels held by Regal REIT. In order to uphold Regal REIT's core value of operating in a sustainable manner, a set of sustainability core values and commitments have been established by the Hotel Manager.



Hotel Manager's Sustainability Core Values and Commitments:

- To implement Green Programmes inside and outside 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 communities where the hotels operate;
- To implement sustainable Economic and Community Development Programmes where the hotels operate;
- To engage guests, employees 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 upholds its role as an internationally recognised hotel group that is strongly committed to sustainable development. Several Sustainability Programmes and initiatives targeting environmental, social and economic sustainability have been implemented throughout the past years and efforts are being deployed for continuous enhancements.

Environmental Responsibility Programmes

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

Social Responsibility Programmes

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

Economic Responsibility Programmes

- Maximisation of revenue and minimisation of cost business practices
- Delivering maximum profit to investors and Unitholders
- Creation of local employment
- Development of employees and implementation of equal employment opportunity practices
- 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 strives to maintain a high standard in its corporate governance system with sound practices and procedures. In addition, the REIT Manager has adopted a comprehensive compliance manual, a customary requirement for all REITs in Hong Kong, which sets out the guidelines for key processes, systems, policies and procedures applicable to Regal REIT's business and operations. The compliance manual also sets out the framework for corporate governance and is crucial to the management and operations of Regal REIT's business. As an SFC - authorised REIT, Regal REIT is governed by the Code on Real Estate Investment Trusts and the Listing Rules, whenever they are applicable to Regal REIT.

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

For more information regarding the REIT Manager's corporate governance and the Board, please refer to Regal REIT's [Annual Report 2020](#).

Sustainability Governance

Regal REIT emphasises sustainable business practices in the management of the investment portfolio. The feedback and opinions of key stakeholders regarding the sustainability performance of the properties were considered in the course of formulating development goals. Sustainability programmes are implemented by the Hotel Manager to address environmental, social and economic issues.

In order to advocate sustainability, an Environmental Policy has been established by the Hotel Manager to govern environmental measures in all hotels under Regal REIT. The environmental and social performance of the hotels are reviewed and monitored regularly. Meanwhile, focus areas for community investment identified by the Hotel Manager include youth development, health enhancement and social inclusion. To demonstrate the commitment to social responsibility and contribute to the society, during the reporting period, the Hotel Manager has proactively organised and promoted community programmes in the hotels, and supported volunteer programmes launched by external parties.

Stakeholder Engagement

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

Stakeholder Group Engaged	Methods of Engagement ¹
Engaged by the REIT Manager	
Unitholders	<ul style="list-style-type: none"> • General meetings • Annual and interim reports • Announcements and circulars • Website and email
Investors	<ul style="list-style-type: none"> • Analyst briefings • Investor meetings • Annual and interim reports • Announcements and circulars • Website and email
Community	<ul style="list-style-type: none"> • Media conferences • Face-to-face meetings
Engaged by the Hotel Manager	
Hotel Management	<ul style="list-style-type: none"> • Regular meetings • Ongoing engagement
Hotel General Employees	<ul style="list-style-type: none"> • Employee satisfaction questionnaires • Regular meetings • Town Hall meetings • Orientation activities • Notice boards • Annual appraisal meetings • Employee engagement activities
Suppliers/Contractors	<ul style="list-style-type: none"> • On-site evaluation visits and meetings • Regular meetings
Community	<ul style="list-style-type: none"> • Media conferences • Face-to-face meetings • Volunteer activities • Green sales programmes
Hotel Guests	<ul style="list-style-type: none"> • Guest satisfaction surveys • Loyalty clubs, e.g. 925 Club • Website and social media • Day-to-day communication with front-line employees • Customer feedback mechanism • Hotlines
Industrial Associations	<ul style="list-style-type: none"> • Industry forums

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

Materiality Assessment

Material sustainability issues related to the hotel operations are reviewed regularly. The outcome of the stakeholder engagement exercise is used as the basis for the materiality assessment. The prioritisation of the material topics followed the principles defined in the ESG Reporting Guide, and the steps are summarised as follows:



13 material issues were identified and will be addressed in detail throughout this Report.



ENVIRONMENTAL RESPONSIBILITY

With the vision of providing a tranquil and pleasant place for every individual, we duly care about the responsibility for contributing to a thriving and sustainable planet. The REIT Manager works in collaboration with the Hotel Manager to monitor and manage the environmental impacts within the hotel operations. Through a series of environmental management practices, we hope to promote the well-being and the environmental quality of surroundings.

Environmental Policy

Recognising environmental protection as an important step for the survival and prosperity of our planet, the RHHL Group has formulated a group-wide Environmental Policy Statement to minimise adverse environmental impact wherever practicable. Serving as a guiding document to the operations of the hotels, the Statement stipulates environmental missions including compliance, monitoring and reporting, employee awareness, enhancement initiatives and risk management.

The Hotel Manager has identified and prioritised three material aspects, including energy consumption, water consumption and waste management, as the essential environmental responsibility of the hotels. To achieve ongoing improvement in the aforementioned aspects, a Green Committee has been established by the Hotel Manager to monitor the hotels' performances regularly and to implement different environmental management initiatives.

EarthCheck and Achievement

An environmental management system as well as a series of sustainability measures have been implemented in the hotels to reduce the use of resources and promote waste management. The Hotel Manager ensures the hotels comply with all relevant environmental laws and regulations² and the environmental performance in different aspects such as energy and water consumption, carbon emissions and waste management are making progress to conform to industrial best practices.

In recognition of their efforts on environmental protection, the hotels owned by Regal REIT have attained a number of international awards and certification. For instance, the environmental performances of the hotels comply with the requirements of the EarthCheck Certification standards, which is the world's leading scientific benchmarking, certification and advisory group for travel and tourism. By engaging with their Global Tourism Advisory Group to conduct independent third-party verification, the Hotel Manager adopts a systematic and process-driven method for continuous improvement of environmental sustainability. For the year 2020, all our hotels were EarthCheck certified. Regal Airport Hotel, Regal Hongkong Hotel, Regal Kowloon Hotel, Regal Oriental Hotel and Regal Riverside Hotel continued to be holders of EarthCheck Gold Certifications, while the four iclub Hotels - iclub Fortress Hill Hotel, iclub Sheung Wan Hotel, iclub Wan Chai Hotel and iclub Ma Tau Wai Hotel are holders of EarthCheck Silver Certifications.

² The environmental laws and regulations that might be significant to our property portfolio include Air Pollution Control Ordinance (Cap. 311 of the Laws of Hong Kong), Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong), Water Pollution Control Ordinance (Cap. 358 of the Laws of Hong Kong) and Noise Control Ordinance (Cap. 400 of the Laws of Hong Kong).

Over past years, the Hotel Manager has taken progressive steps to enhance environmental performance with the aim to achieve its sustainability goals and targets. To secure the certification endorsements, we have implemented different environmental-friendly measures, including:

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

To advocate the concept of a green workplace, the Hotel Manager has launched an initiative “We Love Our Planet” since 2012. Different departments of the Hotel Manager including Engineering, Finance, Human Resources, Marketing, Operations, Project Development and Purchasing and Sales are encouraged to embrace environmental responsibility into their day-to-day office operations. This scheme showcases our commitment to upholding a high standard of sustainability.



The five Initial Hotels received EarthCheck Gold Certification.



“We Love Our Planet” is launched by the Hotel Manager to promote environmental sustainability inside and outside our workplaces.

Energy and Emissions

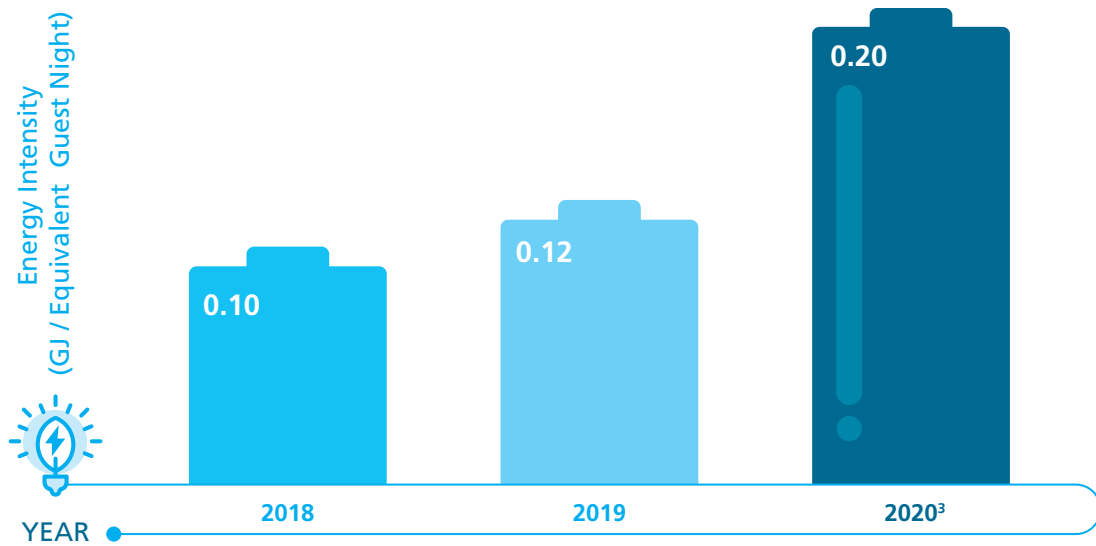
As reducing carbon emissions is essential to global climate action, the RHIHL Group sets the achieving of energy efficiency as one of the core environmental management strategies in its hotel operations. To ensure that both operational needs and industry best practices are complied with, the Hotel Manager conducts regular reviews and upgrades of the energy management systems. In this regard, the Regal Airport Hotel was the first hotel in Hong Kong to obtain both internationally recognised ISO 50001 Energy Management System certification and ISO 14064 Greenhouse Gas Accounting and Verification certification.

As a normal operational procedure, all our hotels are required each year to propose energy and reduction targets with concrete implementation plans. Due to the business disruption caused by the COVID-19 pandemic, target setting was suspended in 2020. However, the RHIHL Group continues to be committed to exploring means to improve the energy management at our hotels and to achieve better energy efficiency, and overall to facilitate the transition of the operations of our hotels towards a low-carbon environment.

To enhance energy efficiency, the Hotel Manager has implemented various improvement measures in the hotels, including:

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

Energy Intensity during 2018 to 2020



³ Due to the impact of the COVID-19 pandemic, additional hygiene measures including better ventilation, cooler in-room temperature to get rid of mould and more frequent cleansing exercises were enforced in the hotels, while there were significant decreases in the number of room guests and food and beverage (F&B) patrons during the year. Under these changed circumstances, there was an increase in energy consumption intensity (0.20 GJ/equivalent guest night) as shown in the bar chart in 2020. It is expected that the energy consumption intensity will drop when the hotel operations resume to normal levels after the pandemic.

Apart from upgrading equipment, the Hotel Manager is also dedicated to fostering environmental-friendly behaviours among the employees and guests, so as to promote energy saving. For instance, energy-saving tips and reminders are posted in the hotel lobbies and guestrooms to remind the employees and guests to turn off all lighting and electronic devices after use.

The RHIHL Group realises that climate change can pose a huge threat to the businesses of the hotels. For instance, extreme weather such as typhoon and flooding can disrupt day-to-day operations as well as causing damage to the facilities of the hotel buildings, and hence, the Hotel Manager has been exercising efforts to address climate change issues. In addition, according to the Intergovernmental Panel on Climate Change (IPCC) special report, a more aggressive greenhouse gas reduction target is needed to address the increasing threat from climate change. In this regard, apart from the aforementioned energy saving initiatives, measures on greenhouse gas reduction have also been implemented to help reducing climate change risks, which include:

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

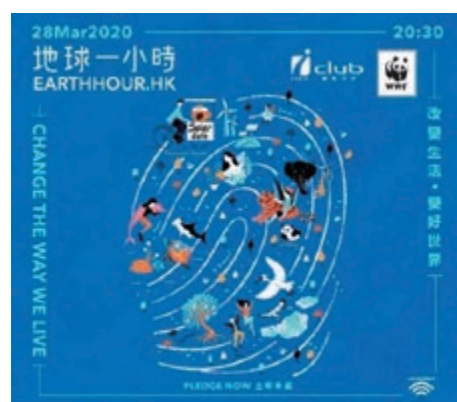
To demonstrate our commitment to advocating energy conservation and tackling climate change, our hotels participate in the environmental initiatives hosted by external parties like the World Wide Fund for Nature (WWF) to extend our care to the environment.



Regal Kowloon Hotel used LED lights in festive Christmas illuminations to promote an environmentally friendly celebration.



富麗酒店承諾支持世界自然基金會地球一小時
REGAL HOTELS IS COMMITTED TO WWF'S EARTH HOUR



富麗酒店承諾支持世界自然基金會地球一小時
iclub Hotels is committed to WWF's Earth Hour

All hotels under the "Regal" and "iclub by Regal" brands supported WWF's Earth Hour activity in 2020.

Water Management

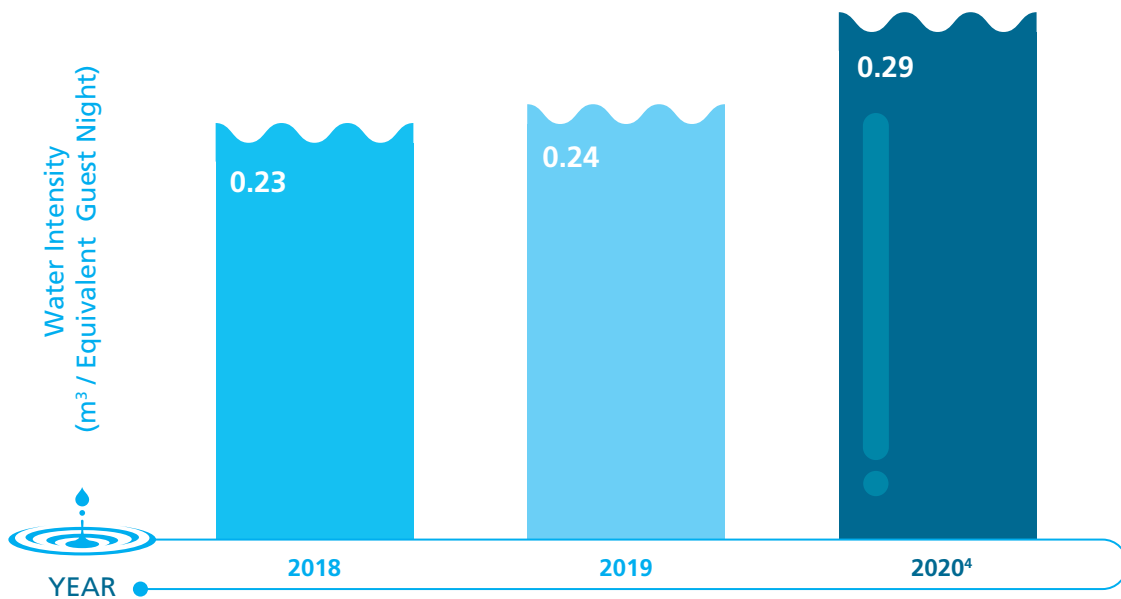
To reduce water wastage, the Hotel Manager monitors to water consumption in the hotels every step of the way. From catering to cleaning, stringent water management practices are implemented to reduce usage of water resources. Examples of water-saving initiatives include:

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

Of all hotel facilities, swimming pools are the most water-intensive part of the operations. In this regard, the Hotel Manager continues to adopt quartz sand in boiler tanks for water filtration in the Regal Airport Hotel and Regal Riverside Hotel. These not only reduce the frequency of pool water refill and help conserve water resources, but can also enhance the water quality of the swimming pools.

The Hotel Manager is committed to exploring and adopting additional measures to achieve better water conservation throughout the course of the hotel operations whenever economically viable and practicable.

Water Intensity during 2018 to 2020



⁴ Despite the significant decrease in hotel occupancy, the Hotel Manager has enforced additional hygiene measures like more frequent cleansing of hotel facilities in response to the COVID-19 pandemic. Also, it is believed that the hotel guests have become more attentive of their personal hygiene and have been using the sanitary facilities at the hotels more frequently.

Moreover, in the reporting year, one of our hotels conducted concrete repair work for two flushing water tanks for four weeks, during which period potable water has been used as an alternative source. Given the above factors, there was an increase in water consumption intensity (0.29 m³/equivalent guest night) in 2020 as shown in the bar chart. It is expected that the water consumption intensity will drop when the hotel operations resume to normal after the pandemic.

Waste Minimisation and Recycling

When it comes to the hospitality industry, waste generation is a material area for environmental concern. Taking the issue as an integral part of our environmental responsibility, our hotels adopt diverse measures at production and disposal stages to ensure effective waste management. From material consumption to waste handling, the Hotel Manager works in collaboration with employees, guests and non-profit organisations to reuse and recycle waste whenever economically practicable.

Food waste is one of the major sources of waste in hospitality and catering operations. To reduce food waste at source, strict procurement control procedures have been implemented to avoid over-purchasing. Food procurement volume is reviewed and adjusted regularly, based on the estimated number of guests and meal reservations. The Hotel Manager continues to partner with Foodlink Foundation, a leading Hong Kong hunger relief charity, donating unconsumed food of good and edible condition to the needy. In 2020, a total of 47,412 kg of food was donated to Foodlink. During the year, 2,972 litres of used cooking oil were collected by qualified contractors from the hotels for appropriate treatment and recycling.

Disposable room amenities are another major source of waste associated with hotel operations. Regal REIT aims to promote the concept and practices of "Green Hotel", and collaborates with the Hotel Manager to encourage guests to bring their personal care items and contribute to waste reduction during their stay. To reduce the disposal of plastic small bottles, all guestrooms of the hotels have replaced bath amenities with the use of shower dispensers from the fourth quarter of 2020. In the reporting year, Regal Hongkong Hotel, Regal Kowloon Hotel, Regal Riverside Hotel, iclub Sheung Wan Hotel and iclub Fortress Hill Hotel donated a total of 199 kg of soap to the needy through local NGOs such as Clean The World and Soap Cycling.

Besides dealing with the two major sources of waste generation, the Hotel Manager was active in promoting an environmental-friendly lifestyle in the hotel operations. To achieve our advocacy, our hotels offer guests and employees a Green Meeting Package with a 5-R Principle, including:

- Reduce
 - Reducing the use of plastic bottles by offering refillable water jugs and setting up water stations with sliced fruit
 - Embracing the use of our MICE App to reduce paper consumption from printing
- Reuse
 - Using papers on both sides
- Recycle
 - Offering pencils made from recycled materials to replace ball pens
 - Installing recycling bins in hotel meeting rooms
- Replace
 - Providing a designated stationery zone with different sizes of paper to reduce wastage
- Reject
 - Prohibiting the use of harmful pens and adopting the use of non-toxic whiteboard markers

Apart from the focus on Green MICE package, the Hotel Manager embraces waste recycling and continues to increase the recycled content of materials that the hotels use at different operation stages. For instance, our hotels provide guests with silicon foldable lunch boxes, reusable water bottles and reusable shopping bags. To reduce yard waste in the community, Regal Hongkong Hotel, Regal Kowloon Hotel, iclub Wan Chai Hotel, iclub Sheung Wan Hotel, iclub Fortress Hill Hotel and iclub Ma Tau Wai Hotel participated in a peach blossom trees recycling programme during the reporting year to recycle suitable collected trees into useful materials. Starting from the fourth quarter of 2019, iclub Hotels used umbrellas that are made up of PET fabrics from recycled plastic bottles.

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

For the purpose of enhancing solid waste management, the Hotel Manager tracks and ensures that waste generated is collected, categorised and disposed of properly and responsibly. Moreover, the Hotel Manager stays proactive in evaluating the amount of waste generated and recycled to strive for further improvements.

Based on their business nature, our hotels do not generate any significant amounts of hazardous waste. Nonetheless, potential irreversible negative environmental impacts can be caused by hazardous waste and, hence, our hotels handle all the waste in a cautious manner. The hazardous waste generated from hotel operations mainly includes chemicals from cleaning products and their containers. To mitigate the environmental burden of using cleaning products with hazardous chemicals at source, suppliers are required to provide eco-certificates or labels for their products. A protocol on hazardous materials and waste storage and handling has been formulated by the Hotel Manager to guide the employees on hazardous waste handling and to prevent environmental incidents, such as water and land contamination caused by improper handling procedures. Registered collectors were appointed to handle the disposal of electrical appliances, such as computers, fridges and televisions, in order to avoid land contamination and leakage of refrigerant.

SOCIAL RESPONSIBILITY

While striving to provide quality accommodation service, the RHIHL Group also emphasises creating social benefits to society, as a socially responsible corporate citizen. To this end, the RHIHL Group actively participates in different community programmes.

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

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

Fostering Community Engagement

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

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

Highlights of Community Investment in 2020 were as follows:

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

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

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



Youth Development

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

Regal Hotels International Youth Development Programme 2020

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



Hotel visits

The RHIHL Group spares no effort to support education in our local community and to enhance students' learning experiences. The Hotel Manager organised hotel tours, career talks and practical games to enhance students' understanding of the hotel operations.



Health Enhancement

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

Hotel participation in pandemic prevention

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

Anti-pandemic set delivery to Elderly Home

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



Cookie Charity Sale for Helping Hands

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



Social Inclusion

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

Mooncakes Charity Sale 2020 for Society with Abandoned Animals

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



ECONOMIC RESPONSIBILITY

The Hotel Manager is dedicated to offering guests with quality hotel services, so as to reinforce customer loyalty and brand reputation as well as driving sustainable business growth in the long term. The Hotel Manager is also committed to be a caring employer and strives to create and maintain a fair and equal workplace for its employees, and to offer them a clear and promising career path. In addition, a robust supply chain management system is in place to regulate the procurement practices as well as the conduct of the suppliers. All in all, the RHIHL Group seeks to implement sustainable business practices that can create greater value for our stakeholders.

The three primary focuses of the RHIHL Group on economic responsibility are: employment, customer relations and operational practices. We believe that employees play a vital role in sustaining and driving business growth. In this regard, the Hotel Manager is committed to attracting, nurturing and retaining talents through developing sound employment policies, offering competitive compensation and welfare packages, and implementing training programmes and employee initiatives that fit the employee needs. Moreover, the Hotel Manager is keen to establishing and maintaining good customer relationships. To this end, the Hotel Manager is dedicated to offering hotel services of premium quality and engaging with guests through diverse communication channels and loyalty programmes. In addition, the RHIHL Group and the Hotel Manager uphold a high standard of ethical business operation practices and robust supply chain management, aiming to create positive impacts throughout the value chain, including unitholders, customers and the community as a whole.

Caring For Employees

The REIT Manager does not participate directly in the daily operations of the hotels within its portfolio. The REIT Manager monitors and oversees the performance of the Hotel Manager in many different aspects, including employee practices and relationships. Employees are considered to be a fundamental and essential part of hotel operations. The Hotel Manager has spared no efforts in attracting and retaining talent to sustain business growth, like for instance, by offering competitive remuneration and welfare packages to enhance employee loyalty and workplace cohesion. The Hotel Manager has formulated a Staff Handbook, which sets out the comprehensive policies on human resources management and guidelines on labour practices. The Handbook also covers information regarding employee compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, other benefits and welfare.

As an equal opportunity employer, the Hotel Manager observes the guidelines and regulations set by the Equal Opportunities Commission and ensures that its human resources policies align with such guidelines. To create an equal and fair workplace, the Hotel Manager upholds a high standard of fairness in its recruitment and promotion processes to avoid any discrimination or mistreatment incidents. All employees are expected to be treated fairly, regardless of gender, age, ethnicity, family status, sexual orientation, disability, race and religion. We have zero tolerance to any form of discrimination and strive to maintain an inclusive and unbiased workplace for employees.

In addition, the RHIHL Group is dedicated to fostering the culture of work-life balance. Office employees have work schedules of a five-day work week, which allows them more personal time to spend with their families and to seek personal development. Overall, the Hotel Manager's Human Resources Department works closely with management in all these employment related areas for continuous improvements.

Due to the adverse impact of the COVID-19 pandemic on our hotel operations, the Hotel Manager had to implement a staff retrenchment programme for the hotel operating staff in the first quarter of 2020 in order to reduce operating costs. As there was no improvement in the business conditions of the hotel industry in the latter part of the year, a no pay leave programme was further introduced for both office and hotel operating staff to further contain the level of salaries and wages. The management in conjunction with the Human Resources Department have strived to execute these difficult cost cutting measures in a fair and equitable manner, taking into account the mutual interests of the RHIHL Group as well as the employees and also aiming to minimise any severe financial hardships that might be casued to the employees.

During the reporting period, there were no non-compliances with relevant laws and regulations⁵ that had a significant impact on the RHIHL Group concerning compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, and other benefits and welfare. The Hotel Manager has also provided a safe working environment and protected employees from occupational hazards and avoided any use of child and forced labour.

Workplace Health and Safety

The RHIHL Group recognises that occupational health and safety is crucial to all employees and contributes to a productive workplace. Robust policies, a management system and operating procedures have been implemented to ensure a safe and healthy workplace. The RHIHL Group's Safety Policy, which covers health and safety standards, requirements and practices, is made known to all employees, ensuring their awareness towards occupational safety. The Policy is reviewed on a regular basis to keep up with the latest developments in workplace health and safety and related regulations. In addition, a Safety Committee is formed to oversee the safety management system and to ensure compliance with all relevant laws and regulations.

At the operational level of the hotels, the following precautionary measures were undertaken to promote workplace health and safety:

- **Dedicated Team:** A dedicated team comprising experienced safety and security officers operates and is responsible for identifying potential hazards and developing prevention and improvement measures.
- **Internal Rules and Procedures:** A Safety Manual, covering management, control and coordination of safety work, is well communicated to all employees to ensure stringent compliance, in order to minimise potential occupational safety risks throughout all stages of the hotel operations, from room cleaning and catering to engineering and renovation work. By means of the implementation of a sound safety management system and proper preventive measures for accidents, regular review, job hazard analysis, monitoring and safety audits, the Hotel Manager strives to ensure health and safety at the workplace. Employees who fail to comply with the safety rules and procedures might be subject to penalty. Moreover, adequate personal protective equipment and first aid materials are readily available in all hotels.
- **Training:** Training regarding occupational health and safety risks are arranged for all employees and external parties are also invited to provide training to the supervisory and management staff members. The training focuses on how to incorporate safety concerns into hotel daily operations. Contingency plans for emergencies have also been formulated, with selected employees provided with related training and clear instructions on the use of fire-fighting equipment and the provision of first aid and rescue techniques, and ensuring sufficient trained employees are available to cope with accidents. In addition, the safety and security officers organise emergency drills for all emergency and rescue teams on a regular basis to enhance emergency preparedness.

⁵ The laws and regulations include Employment Ordinance (Cap. 57 of the Laws of Hong Kong), Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong), Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong), Family Status Discrimination Ordinance (Cap. 527 of the Laws of Hong Kong), Race Discrimination Ordinance (Cap. 602 of the Laws of Hong Kong), Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong), Factories and Industrial Undertakings Ordinance (Cap. 59 of the Laws of Hong Kong), Employment of Children Regulations (Cap. 57B of the Laws of Hong Kong) and Employment of Young Persons (Industry) Regulations (Cap. 57C of the Laws of Hong Kong).

- **Communications:** To enhance the awareness of all employees on health and safety, health and safety information sheets, newsletters and bulletins are distributed to employees to keep them informed of the latest health and safety measures. Relevant warning signs, emergency and rescue procedures, notices and placards are also posted in hotels' offices, workshops and welfare facilities to keep employees alert to potential occupational hazards. To advocate the culture of working safely across all hotels, a Safety Award is given to employees that demonstrate the best health and safety practices at work.
- **Review and Monitoring:** 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. A health assurance programme is also in place to arrange pre-job medical examinations as well as regular medical examinations for those employees who are exposed to hazardous waste and materials to ensure their physical well-being.

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

Learning and Career Development

The Hotel Manager offers a wide range of employee training and development to all its employees, aiming to equip them with the latest industry knowledge and skills to enhance their work performance and career advancement. General training courses are provided to enhance employees' understanding the RHIHL Group's corporate values and its code of conduct. All new joiners are required to attend orientation programmes which cover an introduction to the hotels business and working environment. Besides general training, topic-specific training is offered on different topics covering standards and practices on environmental management, occupational health and safety, hotel services and business ethics.

Apart from the holistic training offered to employees in general, the Hotel Manager also offers role-specific training in different operating departments to satisfy the training needs of employees in different working roles and levels, so they can further develop their capabilities for career advancement. To encourage and support employees in their efforts to seek career development, the Hotel Manager offers subsidies to employees to attend external training programmes.

Due to the pandemic and social distancing measures, no conferences and forums were organised in 2020. Training has been carried out through the Hotel Manager's departmental training and online learning platforms. In the future, the Hotel Manager aims to continue to diversify its training programmes and online training courses.

The Hotel Manager continues to provide appropriate career coaching to those employees who are currently enrolled in the Management Trainee Programme and Executive Trainee Programme, respectively. Overall, the Hotel Manager is committed to offering to its employees a clear and promising career path, with promotion opportunities to be assessed on an equitable and unbiased basis and based solely on the merits of their job performance.

Employee Engagement

The RHIHL Group fosters a culture of work-life balance. To promote this culture, leisure activities are arranged on a regular basis, including sports competitions and annual parties. However, due to the pandemic and social distancing measures, the Hotel Manager suspended most of the regular employee engagement activities during 2020. In recognition of the efforts and loyalty of employees, award programmes such as Year-of-service Awards, Long Service Awards, and retirement celebrations with limited participation continued to be organised. Other employee engagement programmes that do not involve physical gatherings, such as giving out birthday gifts, child-birth gifts and education sponsorships were also maintained.

The RHIHL Group values employee voices. Through both the offline and online communication channels, the Hotel Manager is able to collect their feedback and opinions, which can facilitate the enhancement of the quality of the services, facilities and internal management systems. These channels include employee meetings with the hotel general managers, suggestion boxes, annual surveys and the hotel Facebook page. A grievance mechanism is also in place to allow employees to voice concerns to dedicated supervisors or management of the Hotel Manager. All concerns are carefully handled and the management team of the Hotel Manager is required to respond to enquiries within a given timeframe.

Caring For Guests

The RHIHL Group strives to offer to the hotel guests quality hotel services and amenities. The RHIHL Group seeks to reinforce and strengthen its two well-known “Regal” and “iclub by Regal” hotel brands with its commitment to safety, quality and attention to details. To be able to achieve progress in a rapidly changing hospitality industry and global environment, the Hotel Manager acknowledges that it has to enhance its service quality continuously. It actively listens and responds to customer feedback and demands, which are valuable to maintain business growth. Diverse communication channels such as the Regal Rewards and 925 Club are established to keep up consistent customer engagement and to collect their opinions on the services provided.

Guest Health and Safety

Apart from the quality of our hospitality services, the health and safety of our hotel guests is also one of our primary concerns.

During 2020, the COVID-19 pandemic has posed huge health threats to every one of us, including the hotel guests as well as our employees. In light of this, the Hotel Manager has strengthened the preventive and monitoring measures to protect hotel guests from potential virus infection. These measures include:

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

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

The RHIHL Group has formulated a Food Safety Policy Statement to guide the operating procedures on food supply. Food suppliers are required to provide full lists of ingredients with supporting documents for their delivery of ready-made food products, in order to ensure the quality as well as their compliance with government regulations. In addition, to further ensure food safety, employees are required to strictly follow the receiving guidelines and to reject any food ingredients delivered without appropriate supporting documents. 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 (Cap. 132 of the Laws of Hong Kong) and the Food Safety Ordinance (Cap. 612 of the Laws of Hong Kong).

Four of the Regal Hotels under Regal REIT, namely, Regal Airport Hotel, Regal Hongkong Hotel, Regal Kowloon Hotel and Regal Riverside Hotel have each established robust food safety management systems in accordance with the ISO 22000:2005 Food Safety Management System, which demonstrates our commitment to food quality and safety. Under the system, "traceability" is one of the core requirements. Safety checks are conducted on all incoming raw materials from the suppliers to the hotels. To prevent risks of cross-contamination, all food products are categorised and stored separately by category. In 2020, the Hotel Manager was unable to conduct any on-site verification at selected suppliers' factories due to the COVID-19 outbreak. However, the Hotel Manager ensured there were no non-compliance cases relating to food safety standards, through the internal control procedures conducted on all incoming food supplies.

Customer Privacy

Hotels operations includes the collection and handling of customers' personal information. As a responsible hotel operator, the RHIHL Group and the Hotel Manager recognise the importance of protecting customers' privacy. A privacy policy is formulated by the RHIHL Group in alignment with all laws and regulations on personal data privacy in the jurisdictions where the hotels operate. The Policy emphasises that all personal data collected by the Hotel Manager must be handled with strict confidentiality. Its employees are authorised with different levels of personal data access rights according to their positions and job duties, ensuring that only authorised employees are given permission to get access to customers' personal information and only as and when required.

During the day-to-day operations, the Hotel Manager collects customers' personal information for membership management and marketing purposes only with their consents. Since guests come from a worldwide market, in addition to complying with local data protection regulations, the Hotel Manager also observes the European Union General Data Protection Regulation. To align the practices with the regulations, the Hotel Manger explains clearly to customers on how their personal data will be collected, stored and used, and that their personal information will be used only under the circumstance that their permissions have been obtained. During the reporting period, there were no non-compliance cases against the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong).

Connecting with Guests

The RHIHL Group aims to provide customer-oriented services and, hence, the Hotel Manager regularly engages with customers to understand their needs and to catch up with the latest market trends. In addition, it strives to incorporate innovative technology into hotels operations to create a connected hotel environment, facilitating guests' travel planning and bringing them a remarkable hotel experience.

The Hotel Manager strives to maintain good connections with customers and to reinforce brand loyalty through active engagement and communication with them. A wide range of rewards programmes are provided to frequent travellers and loyal customers with refined and tailor-made services. During the reporting year, a total of five major programmes were launched, namely, the Regal Rewards, 925 Club, Regal Card, Regal Kids Club and Airline Rewards, to meet the needs of different customer groups. Moreover, the Hotel Manager also provided various member exclusive offers and discounts to the reward programme members, including a special redemption programme, bonus points, booking discounts and incentive programmes, additional communal lounge and communal kitchen, shopping coupons and special day trip arrangements.

In order to collect customers' feedback effectively, the Hotel Manager has set up diverse channels for them to express their opinions, including verbal communications, guest questionnaires and websites. All collected feedback will be categorised and distributed to the relevant business units for follow-up. Under the formulated Guest Comments Reply Standards, every single guest comment is put as top priority. The relevant business units are required to contact the customers in person or by writing within 48 hours after they received the feedback. Further follow-up actions are taken whenever necessary. During the reporting year, the Hotel Manager ensured that all complaint cases regarding hotel services were properly handled according to the customer complaint handling procedures and standards.

Supply Chain Management

The hotels rely on an extensive network of vendors and suppliers to support the hotel operations. They provide a wide range of products and services, including food and beverages, hotel cleaning and laundry services, guestroom supplies, and all sorts of hotel amenities. The Hotel Manager carefully selects accredited partners based on the specific procurement terms and guidance on listed criteria, in order to control and balance the quality and cost of the procured materials. In addition, the Hotel Manager proactively advocates environmentally-friendly and local purchases in its procurement process, as it believes that its procurement practices can contribute positive impacts across the entire supply chain.

The Group Purchasing Department of the Hotel Manager is wholly responsible for procurement management. In addition, the Hotel Manager has developed a robust system to monitor suppliers' compliance with relevant laws, regulations and standards, so as to minimise any negative environmental and social impacts that may otherwise arise from the procurement process.

Responsible Sourcing

The RHIHL Group understands that good supply chain management is essential to ensuring product safety and quality. Suppliers and vendors are prudently selected by the Hotel Manager to ensure that all work to be performed for the hotels comply with relevant regulations. The compliance by the suppliers of our formulated Supplier Code of Conduct is regarded as one of the basic consideration criteria for our maintaining or expanding cooperation with them. The Group Purchasing Department of the Hotel Manager is responsible for monitoring the quality of products on a regular basis and to ensure that the suppliers meet the Supplier Code of Conduct.

The Hotel Manager has a rigorous procedure to select qualified suppliers. Vendors are required to provide samples and catalogues for it to conduct testing and examination during the pre-qualification period. The formulated On-site Evaluation Checklist helps to assess the quality of all types of procurement, from engineering-related equipment to food and beverage items. With the Checklist, all risks that might occur during slaughtering or harvesting, storage, distribution and transportation of products can be mitigated. This assessment is conducted before supplier selection. Regular reviews are carried out to ensure suppliers' compliance throughout the term of business relationship. In addition, priority is given to the contractors that are ISO 9001 certified, whenever possible. As there was an outbreak of African Swine fever in mid-2018, the Hotel Manager continues to implement a dual-track measure to ensure that no infected pork would be supplied to the hotels. While prohibiting the supply of pork from places where the outbreak occurred, the Hotel Manager also requested all suppliers to submit certificates of origin and national inspection and quarantine results for their pork products.

Being a member of the Green Council since 2012, the Hotel Manager takes into account not only suppliers' product quality and safety, but also environmental and social responsibility considerations into its supply chain management. A Green Purchasing Policy has been formulated, which guides the Group Purchasing Manager and Group Hygiene Manager on the evaluation of potential contractors using an On-site Evaluation Checklist, to ensure that they have adopted environmentally friendly techniques in processing products. Preference will be given to suppliers that share the same commitment with the RHIHL Group to create an environmentally and socially responsible supply chain whenever practicable.

The Hotel Manager is also committed to implementing sustainable procurement practices while balancing cost and quality. Efforts are made to procure products and materials that have minimal impacts on the environment and human health. For instance, it sources printing and copying paper certified by the Forest Stewardship Council, hazardous chemicals and cleaning products with eco-certificates or labels, plastic items made of bio-degradable materials, as well as prohibiting the use of disposable cutlery.

The Hotel Manager also supports local sourcing. It purchases vegetables and fruit from local farmers whenever possible. It believes that implementing sustainable procurement practices relies on collaborative work with all relevant parties and, hence, it continues to work in collaboration with its suppliers, employees and customers to maintain sustainability across the whole supply chain and to build a solid foundation for sustainable development.

Anti-corruption

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

To enhance its employees' understanding and awareness of the requirements and standards on anti-corruption, anti-corruption measures and controls are outlined in the Employee Handbook of the Hotel Manager. The Handbook provides definitions and scenario descriptions, such as gifts and gratuities, guiding its employees on how to prevent corruption in hotel daily operations. Any employee who is found to be involved in corruption or bribery will be subject to disciplinary action or immediate termination. Similarly, the Hotel Manager expects parties engaged in its business operation should avoid situations of conflict of interest. Employees who are affiliated with other business dealings with the RHIHL Group are required to disclose that information to the RHIHL Group. Otherwise, disciplinary action or immediate termination may apply.

Due to the social distancing restrictions throughout the year, the Hotel Manager has not held any anti-corruption training in 2020. To remind its employees of the importance of business integrity, the Hotel Manager will resume this regular training arrangement with the Independent Commission Against Corruption when the gathering restrictions are released. During the reporting period, the Hotel Manager complied with the Prevention of Bribery Ordinance (Cap. 201 of Laws of Hong Kong). No legal cases regarding corrupt practices brought against the Hotel Manager or its employees were recorded in 2020.

Fair Competition

The Hotel Manager strives to maintain healthy competition among its suppliers to achieve fair practice. In order to eliminate any anti-competitive behaviour, the Hotel Manager's tendering documents request its suppliers to declare an anti-collusion confirmation. Adequate training sessions are also arranged for all employees regarding anti-competitive conduct and all relevant laws and regulations to ensure that they have sufficient awareness and knowledge to prevent anti-competitive behaviour.

During the reporting period, no non-compliance cases against the Competition Ordinance (Cap. 619 of the Laws of Hong Kong) were observed in the hotels' operations.

APPENDIX I – AWARDS, RECOGNITIONS, QUALIFICATIONS AND MEMBERSHIPS

Regal Hotels International Limited, the Hotel Manager

Awards and Recognitions	Organisations
Family-friendly Good Employer 2020	Labour Department
“Family-Friendly Hotel” Family Top Brand 2019	ESDlife
Good Employer Charter	Labour Department
Volunteer Movement - Certificate of Appreciation	Agency for Volunteer Service
15 Years+ Caring Company	The Hong Kong Council of Social Service

Regal Airport Hotel

Awards and Recognitions	Organisations
Anti-epidemic Hygiene Measures Certification 2020	Hong Kong Quality Assurance Agency
Traveller’s Choice Award 2020	TripAdvisor
MASTERCHEF Recommendation Restaurant 2020 - Rouge	Asia Art of Cuisine Society (AOC)
QTS Scheme Restaurant (10 years+) – Airport Izakaya – Café Aficionado – China Coast Bar + Grill – Dragon Inn – Regala Café & Dessert Bar – Rouge	Hong Kong Tourism Board
Trusted Cleanliness Badge	TrustYou
2-star EatSmart Restaurant – Airport Izakaya – Café Aficionado – Dragon Inn – Rouge	Department of Health

Regal Hongkong Hotel

Awards and Recognitions	Organisations
Anti-epidemic Hygiene Measures Certification 2020	Hong Kong Quality Assurance Agency
MASTERCHEF Recommendation Restaurant 2020 - Regal Palace	Asia Art of Cuisine Society (AOC)
QTS Scheme Restaurant – Café Rivoli – Regal Palace	Hong Kong Tourism Board
Trusted Cleanliness Badge	TrustYou
Travellers’ Choice Award 2020	TripAdvisor
10 Years+ Caring Company	The Hong Kong Council of Social Service
3-star EatSmart Restaurant – Regal Palace	Department of Health

Regal Kowloon Hotel

Awards and Recognitions	Organisations
Anti-epidemic Hygiene Measures Certification 2020	Hong Kong Quality Assurance Agency
Caring Company	The Hong Kong Council of Social Service
Loved by Guests Award 2020	Hotels.com
MASTERCHEF Recommendation Restaurant 2020 – Regal Court	Asia Art of Cuisine Society (AOC)
QTS Scheme Restaurant (10 years+) – Café Allegro – Mezzo	Hong Kong Tourism Board
QTS Scheme Restaurant – Regal Court	Hong Kong Tourism Board
Trusted Cleanliness Badge	TrustYou
Travellers' Choice Award 2020	TripAdvisor
2-star EatSmart Restaurant – Regal Court – Café Allegro – Mezzo	Department of Health

Regal Oriental Hotel

Awards and Recognitions	Organisations
Muslim Friendly Restaurant Certification – Serves Halal Menu of Halal Chicken & Lamb	The Incorporated Trustees of The Islamic Community Fund of Hong Kong
No Air Con Night 2020 – Certificate of Appreciation	Green Sense
QTS Scheme Restaurant (10 years+) – Café Neo – Regal Terrace – The China Coast Pub + Restaurant	Hong Kong Tourism Board
5 years+ Caring Company	The Hong Kong Council of Social Service

Regal Riverside Hotel

Awards and Recognitions	Organisations
Anti-epidemic Hygiene Measures Certification 2020	Hong Kong Quality Assurance Agency
Christian Action Training Services Certificate of Appreciation	Christian Action Training Services
CLP Smart Energy Award 2020 – Peak Demand Management Excellence Award	CLP Power Hong Kong Limited
MASTERCHEF Recommendation Restaurant 2020 – Dragon Inn	Asia Art of Cuisine Society (AOC)
No Air Con Night Certificate of Appreciation	Green Sense
QTS Scheme Restaurant (10 years+) – Aji Bou Izakaya – Avanti Pizzeria – L'Eau Restaurant – Regal Court – Regal Terrace	Hong Kong Tourism Board
QTS Scheme Restaurant – Dragon Inn – Vi	Hong Kong Tourism Board
Squarefoot Serviced Apartment Awards 2020 – Best Serviced Apartment Provider	Squarefoot
Trusted Cleanliness Badge	TrustYou

QUALIFICATIONS

- **EarthCheck (Gold)**

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

- **EarthCheck (Silver)**

iclub Fortress Hill Hotel, iclub Wan Chai Hotel, iclub Sheung Wan Hotel and iclub Ma Tau Wai Hotel.

- **Quality Water:**

Levels achieved under the Quality Water Supply Scheme for the Building of Water Supplies Department, the Government of Hong Kong Special Administrative Region:

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

- **ISO Certifications:**

- ISO 14064 - 1: All five Regal Hotels & four iclub 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 Regal Hotels achieved Carbon Reduction Certificates and Hong Kong Green Organisation Certification issued by the 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 – PERFORMANCE TABLE

Environmental Responsibility Performance⁶

	Units	Performance in 2019	Performance in 2020
Air Emissions			
Nitrogen Oxide (NOx)	kg	2,769	663
Sulphur Oxide (SOx)	kg	6.87	6.30
Particulate Matters (PM)	kg	129	31
Greenhouse gas (GHG) emissions			
Total GHG emissions ⁷	tonnes of CO ₂ equivalent (tonnes CO ₂ e)	54,737	32,285
Direct GHG emissions (Scope 1) ⁸	tonnes CO ₂ e	8,096	5,380
Indirect GHG emissions (Scope 2) ⁹	tonnes CO ₂ e	46,207	26,656
Indirect GHG emissions (Scope 3)	tonnes CO ₂ e	434	249
GHG emission intensity ¹¹	kg CO ₂ e/equivalent guest night ¹⁰	17.42	21.45
Energy consumption			
Total energy consumption	GJ	371,057	302,280
Electricity	kWh	65,828,685	55,846,393
Towngas	GJ	118,830	87,266
Fuel	GJ	15,243	13,967
Energy intensity ¹¹	GJ/equivalent guest night ¹⁰	0.12	0.20
Water consumption			
Total water consumption	m ³	371,057	440,980
Water intensity ¹¹	m ³ /equivalent guest night ¹⁰	0.24	0.29
Waste disposal and recycled			
General waste disposed	tonnes	2,500	895

⁶ The performance data only covers the hotel 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 2020.

⁷ Indirect GHG emissions (scope 3) are included into the calculation of total GHG emissions.

⁸ Direct GHG emissions generated from fuel consumption and leaked refrigerant/CO₂e from equipment.

⁹ Indirect GHG emissions generated from electricity and towngas consumption. In 2020, there was a significant decrease in the figure due to the decrease in total energy consumption as well as the decreased value of emission factors from utility companies.

¹⁰ Equivalent guest night includes the total number of guests stayed overnight in the hotels and one third on total number of guest patron in the restaurants and banquet/function rooms.

¹¹ The performance in 2020 was adversely affected due to the substantial decrease in the number of equivalent guest nights caused by the spread of the COVID-19 pandemic.

	Units	Performance in 2019	Performance in 2020
Waste recycled			
Used cooking oil	Litre	5,168	2,972
Aluminium cans	kg	168	N/A ¹²
Plastic bottles	kg	10,243	6,416
Paper	kg	85,782	30,661
Food waste and donations	kg	472 ¹³	47,412
Glass bottles	kg	9,944	2,073
Soap	kg	734	199

¹² There were no data record on aluminum cans recycling during the reporting year since the partner organisation suspended their recycling operation during the COVID-19 pandemic.

¹³ The comparative performance figure in 2019 was affected by incomplete data.

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

Indicators	Section/Statement	
A. Environmental		
Aspect A1: Emissions	<p>General Disclosure Information on:</p> <ul style="list-style-type: none"> (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 Policy; EarthCheck and Achievement
	<p>KPI A1.1 The types of emissions and respective emissions data.</p>	Environmental Responsibility Performance
	<p>KPI A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</p>	Environmental Responsibility Performance
	<p>KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</p>	There was no data on hazardous waste collected during the reporting year.
	<p>KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</p>	Environmental Responsibility Performance
	<p>KPI A1.5 Description of measures to mitigate emissions and results achieved.</p>	Energy and Emissions
	<p>KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.</p>	Waste Minimisation and Recycling

Indicators	Section/Statement	
A. Environmental		
Aspect A2: Use of Resources	<p>General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.</p>	Environmental Policy; EarthCheck and Achievement
	<p>KPI A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).</p>	Environmental Responsibility Performance
	<p>KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).</p>	Environmental Responsibility Performance
	<p>KPI A2.3 Description of energy use efficiency initiatives and results achieved.</p>	Energy and Emissions
	<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>	Water Management
	<p>KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.</p>	Not applicable to the core business of Regal REIT's hotels
Aspect A3: The Environment and Natural Resources	<p>General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.</p>	Environmental Policy; EarthCheck and Achievement; Responsible Sourcing
	<p>KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.</p>	Environmental Policy; EarthCheck and Achievement

Indicators	Section/Statement	
<i>B. Social</i>		
Employment and Labour Practices		
Aspect B1: Employment	<p>General Disclosure Information on:</p> <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. 	Caring For Employees
Aspect B2: Health and Safety	<p>General Disclosure Information on:</p> <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. 	Workplace Health and Safety
Aspect B3: Development and Training	<p>General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p>	Learning and Career Development
Aspect B4: Labour Standards	<p>General Disclosure Information on:</p> <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour. 	Caring For Employees

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

www.RegalREIT.com

