

MAGNIFICENT HOTEL INVESTMENTS LIMITED
(Stock Code: 201)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT
For the Year Ended 31 December 2022

INTRODUCTION, ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES

Magnificent Hotel Investments Limited (the “Company”, together with its subsidiaries the “Group” or “we”) believes sustainability is the key to achieve continuing success and has integrated this key concept into its business strategy. In order to pursue a successful and sustainable business model, the Group is engaged in the mission to promote environmentally and socially sustainable culture among all its employees and stakeholders. This culture enables the Group to formulate appropriate environmental, social and governance (“ESG”) policies and procedures in its daily operations and governance perspectives, to monitor and measure the progress of the ESG efforts, and also to report on its performances to investors and key stakeholders.

ABOUT THE ESG REPORT

This Environmental, Social and Governance report (the “ESG Report”) summarizes the ESG initiatives, plans and performances of the Group and demonstrates its commitment to sustainable development.

SCOPE OF REPORTING

The Group owns six hotels in Hong Kong, which were built for hotel investments and operations purpose, including (1) Best Western Plus Hotel Kowloon, (2) Best Western Plus Hotel Hong Kong, (3) Best Western Hotel Causeway Bay, (4) Ramada Hong Kong Harbour View, (5) Ramada Hong Kong Grand, and (6) Grand City Hotel (disposed on 27 September 2022) (together the “Hotels”). The Group also owns two hotels that are not located in Hong Kong, Magnificent International Hotel, Shanghai (located in Shanghai, the PRC) and Royal Scot Hotel (located in London, UK). This ESG Report covers the environmental and social performance of our major operations in Hong Kong including the six Hotels and the headquarter of the Group.

REPORTING FRAMEWORK

This is the seventh ESG report of the Group, highlighting its ESG performance, with disclosure reference made to the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) set out in Appendix 27 of the Rules (the “Listing Rules”) governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “HKEX”).

REPORTING PERIOD

This ESG Report covers the Group’s overall ESG performance of the Hotels and the headquarter of the Group in Hong Kong for the year ended 31 December 2022 (“2022” or the “Reporting Period”), unless otherwise stated.

REPORTING PRINCIPLES

The Group attaches great importance to materiality, quantitative, and consistency during the preparation for the ESG Report, and the Group has applied these reporting principles as follows:

Materiality: The Group conducted stakeholder engagement and materiality assessment to diagnose material issues during the Reporting Period, thereby adopting the confirmed material issues as the focus for the ESG Report. For further details, please refer to the sections headed “Stakeholder Engagement” and “Materiality Assessment” for further details.

Quantitative: This ESG Report is prepared in accordance with the ESG Reporting Guide and discloses relevant KPIs in a quantitative manner. The key performance indicators (“KPIs”) are supplemented by explanatory notes to establish benchmarks, and explain calculation standards, methodologies or assumptions where feasible.

Consistency: The preparation approach of this ESG Report was substantially consistent with the previous year, and explanations were provided regarding data with changes in the scope of disclosure and calculation methodologies.

ESG GOVERNANCE

The Group has set up an ESG working Committee (the “ESG Committee”) which includes assigned management from relevant departments assisting in data collection and compilation of the ESG Report. The ESG Committee would periodically report to the board of Directors (the “Board”), assist in assessing, identifying and managing risks of the Group on ESG aspects, and reflect whether its internal control system is appropriate and effective. The assigned management reviews the ESG performance of the Group, including environmental, labour practices and other ESG aspects. The Board sets the tone at the top for the Group’s ESG strategies, and is responsible for ensuring effective risk management and internal controls.

The Board assumes full responsibility for the Group’s ESG strategies and reporting as well as for overseeing and managing the Group’s ESG-related issues. In order to better manage the Group’s ESG performance, related issues and potential risks, the Board discusses and reviews the Group’s ESG risks and opportunities, performance, goals and targets regularly with the assistance of the ESG Committee. The Board is also responsible for ensuring the effectiveness of ESG risk management and internal control mechanism and facilitating the exchange of best practices with other comparable companies. During the Reporting Period, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues.

In addition, with the aim to demonstrate the steadfastness of the Group on sustainable development, the Group has conducted its target setting on the environmental aspects and implemented the latest ESG-related policies and guidelines for complying with the latest applicable laws and regulations.

STAKEHOLDER ENGAGEMENT

In order to identify the most significant aspects of the Group for reporting in this ESG Report, key stakeholders including the Board and senior management, and employees have been involved in regular engagement sessions to discuss and to review areas requiring attention, which will help the business to meet its potential growth and be prepared for future challenges. The following table summarize stakeholders' category, expectation and concerns, and communication channels:

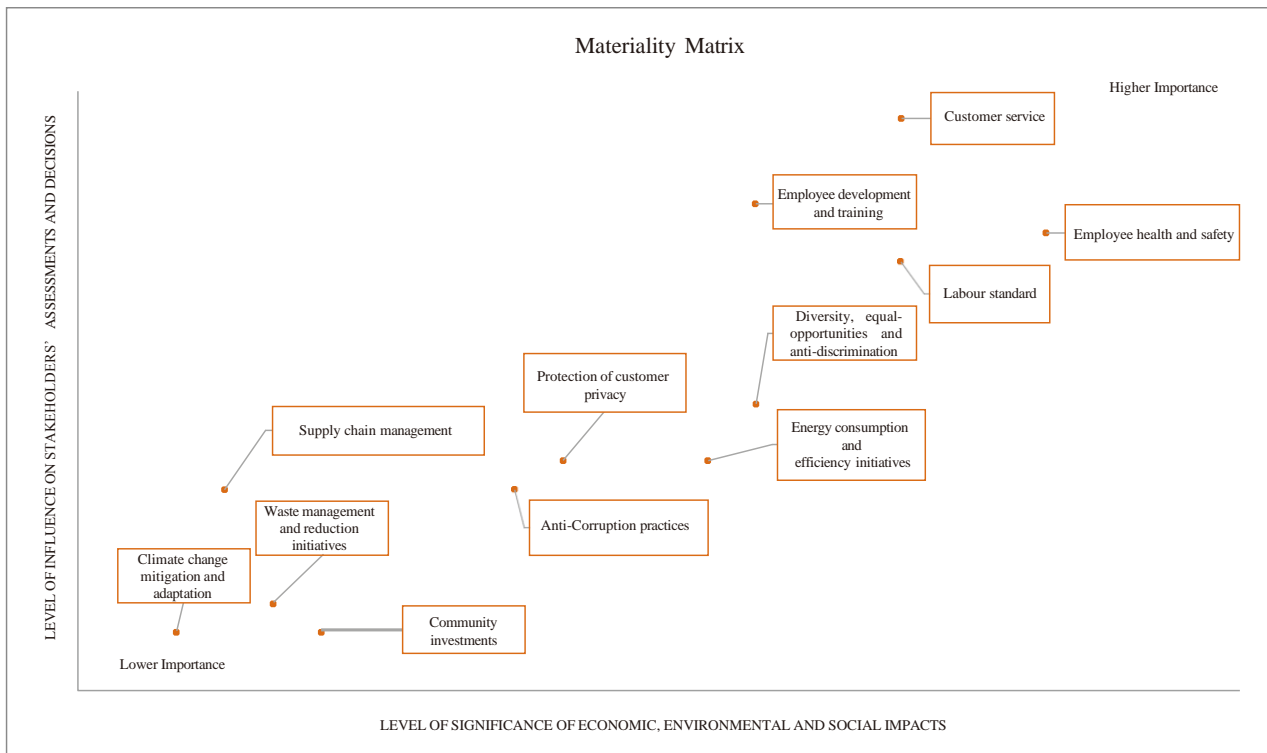
Stakeholders	Expectations and concerns for the Group's sustainable development	Communication channels
The Board and senior management	<ul style="list-style-type: none"> • Compliance with laws and regulations • Anti-corruption • Talent retention • Corporate sustainability 	<ul style="list-style-type: none"> • Training and seminars • Regular meetings • Industrial seminars
Employees	<ul style="list-style-type: none"> • Employee health and safety • Employee development and training • Equal opportunities • Protection of employees' rights and interests • Compliant operation • Working environment 	<ul style="list-style-type: none"> • On-job training • Mentoring by direct supervisor • Regular team sharing • Employee notice boards • Performance reviews • Employee handbook

The Group aims to collaborate with its stakeholders to improve its ESG performance and create greater value for the wider community on a continuous basis.

MATERIALITY ASSESSMENT

The management and employees who are responsible for the key functions of the Group have participated in preparing the ESG Report and assisted the Group in reviewing its operation, identifying key ESG issues, and assessing the importance of these issues to its businesses and stakeholders. A questionnaire was designed to collect the information from the internal stakeholders of the Group with reference to the identified material ESG issues.

The following matrix summarizes the Group’s material ESG issues as set out in the ESG Report:



CONTACT US

The Group welcomes stakeholders to provide comments and suggestions. You can provide valuable advices in respect of the ESG Report or the Group’s performances in sustainable development by the following means:

Address: 3rd Floor, Shun Ho Tower, 24–30 Ice House Street, Central, Hong Kong

Email: is-enquiries@tricolor.com.hk

OUR ENVIRONMENT

The Group strives to protect the environment through the implementation of control activities and monitoring measures in its business activities and workplace. The Group is committed to promoting a green environment by introducing environmentally friendly business practices, educating its employees to enhance their awareness of environmental protection and complying with the relevant environmental laws and regulations.

The Group has set targets for the environmental aspect to better manage the Group’s material topics and its performance. The Group will work continuously on environmental targets and review the progress annually.

The table below summarizes the Group’s sustainability targets and status:

Yearly Environmental Targets	Status	
	2022	2023
Emissions: 1. GHG Emissions To Provide at least 1 environmental training to the employees to improve their awareness on climate change/low-carbon lifestyle	The Group regularly delivered training materials in relation to environmental protection to employees	In progress
Waste Management: 2. Non-hazardous waste Carry out at least 1 waste reduction activity	The Group participated in the “Mid-Autumn Festival Mooncake Box Collection Program” and the “Lunar New Year Red Packet Reuse and Recycle Program” organized by Greeners Action	In progress
Use of Resources: 3. Energy Management Carry out at least 1 energy-saving activity	The Group participated in the “No Air Con Night” Program organized by Green Sense	In progress
Use of Resources: 4. Water Management Organize at least 1 water-saving campaign	Water conservation signs have been displaced in washrooms of the Hotels and headquarter to raise customers’ and employees’ awareness of saving water	In progress

A1. Emissions

In order to mitigate the environmental impact produced by the Group's operations, the Group has adopted and implemented relevant environmental policies. In 2022, the Group was not aware of any material non-compliance with the relevant environmental laws and regulations in Hong Kong in relation to exhaust gas and greenhouse gas ("GHG") emissions, water discharge, and the generation of hazardous and non-hazardous wastes. The relevant laws and regulations include, but are not limited to the Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong), Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong), Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong) and Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong).

Air Emissions

The principle of air emissions produced by the Group are Nitrogen Oxides ("NOx"), Sulphur Oxides ("SOx") and Particulate Matter ("PM"), which were derived from the fuel used in the Hotels and vehicles used by employees for travelling.

Summary of air emissions performance:

Types of air emissions	Unit	Emission amount	
		2022	2021
NOx	kg	39.47	43.04
SOx	kg	0.36	0.38
PM	kg	0.70	0.73

GHG Emissions

Due to the business nature of the Group, the principal direct GHG emissions (Scope 1) come from the fuel used by vehicles owned by the Group and towngas used in towngas consuming devices in the Hotels. The use of purchased electricity and towngas was the major contributor of energy indirect GHG emissions (Scope 2). Other indirect GHG emissions (Scope 3) includes both upstream and downstream emissions, such as methane gas generation at landfill due to general waste of disposal, and GHG emissions due to electricity used for processing fresh water and sewage by the government.

The Group has actively adopted electricity conservation and energy-saving measures as well as other initiatives to reduce GHG emissions, including:

- turning off air-conditioners in the guest waiting area and staff rest room when not in use;
- promoting awareness amongst employees to turn off lightings in work areas during their lunch breaks to save energy;
- circulating various energy-saving guidelines to staff (for example, turning off computers, lights and office equipment after work and during the holiday, closing windows when the air conditioning is in use);
- centralizing the orders for office supplies from various departments to reduce delivery distance, thus reduce indirect emissions from transportation; and
- actively adopting measures for environmental protection, energy conservation, and water-saving.

More measures are described in the sections headed “Energy Consumption” and “Water Consumption” in aspect A2. Through the above GHG emissions mitigation measures, the employees’ awareness of reducing GHG emissions has been enhanced.

The total Group’s GHG emission intensity increased by approximately 31.25% from approximately 0.016 tCO₂e/visitor night in 2021 to approximately 0.021 tCO₂e/visitor night in 2022. This is due to increased energy demand for epidemic prevention measures since certain hotels became designated “Community Isolation Facility” (“CIF”) hotels under the government’s regulation during 2022.

Summary of GHG emissions performance:

Indicator ¹	Unit	GHG emissions	
		2022	2021
Direct GHG emissions (Scope 1) – Towngas consumption – Gasoline used in company vehicles	tCO ₂ e	435.54	479.22
Energy indirect GHG emissions (Scope 2) – Purchased electricity and towngas	tCO ₂ e	7,136.81	7,752.71
Other indirect GHG emissions (Scope 3) – Electricity use for fresh water and sewage processing by government departments, and paper disposal at landfills	tCO ₂ e	1,146.82	960.49
Total GHG emissions	tCO ₂ e	8,719.17	9,192.42
Intensity ²	tCO ₂ e/ visitor night	0.021	0.016

Notes:

1. GHG emission data are presented in terms of carbon dioxide equivalent and are based on, but not limited to, “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards” issued by the World Bank Institute and the World Business Council for Sustainable Development, “How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs” issued by HKEX, the “Global Warming Potential Values” from the IPCC Fifth Assessment Report, 2015 (AR5), the “Environmental, Social and Governance Report 2021” published by The Hong Kong and China Gas Company Limited and the “Sustainability Report 2021” published by the CLP Power Hong Kong Limited.
2. During 2022, the total number of visitor nights is 422,056 (2021: 576,425). This figure is also used for calculating other intensity data.

Waste Management

Hazardous Waste Handling Method

Although the Group did not generate any hazardous wastes during 2022, the Group has established guidelines for governing the management and disposal of hazardous wastes. In case there are any unusual hazardous wastes produced, the Group must engage a qualified chemical waste collector to handle such wastes, so as to comply with the relevant environmental laws and regulations.

Non-hazardous Waste Handling Method

The Group's general waste intensity in 2022 was approximately 0.002 tonnes/visitor night, which has increased by 100% from approximately 0.001 tonnes/visitor night in 2021, due to increased resources consumption for epidemic prevention measures since certain hotels became designated CIF hotels under the government's regulation during 2022. Non-hazardous waste from the Group's operation includes packaging materials of hotel guest supplies, paper for office use, and kitchen waste from restaurants of the Hotels. The Group made its best effort to minimize the impact on the environment by using biodegradable materials for packaging hotel guest supplies.

Indicator	Unit	2022	2021
General waste	tonnes	682.76	558.95
Intensity	tonnes/ visitor night	0.002	0.001

We also continue to practice paper-saving initiatives, such as encouraging our staff to use recycled paper for printing, reminding staff to have environmentally friendly photocopying habits, and separating the collection of waste paper for effective recycling. In 2022, a total of approximately 12.77 tonnes of paper with a consumption of approximately 0.042 tonnes per employee, has been used for daily office and hotel operations.

Indicator	Unit	2022	2021
Paper waste	tonnes	12.77	11.61
Intensity	tonnes/ employee	0.042	0.030

Recycling Our Waste

For plastic bottles, the Group has made its best effort to minimize the impact on the environment by arranging recycling companies to collect the bottles for recycling purposes.

The businesses operation of the Group did not have a significant impact on the environment. The Group will consistently monitor and assess environmental risks and will formulate corresponding mitigation for the risks. The Group commits to making the most efficient use of natural resources and reducing waste.

Discharges into Water

Since the wastewater from the Hotels is discharged into the municipal sewage pipeline network for processing, the amount of water consumption of the Group more or less represents the wastewater discharge volume. The data of wastewater discharge volume will be described in the section “Water Consumption” in aspect A2. The Group strives to use environmentally friendly cleaning products to minimize the risk of water pollution caused by its operation.

A2. Use of Resources

The Hotels have always placed great emphasis on energy and resources conservation. During the operation, electricity and water are frequently consumed, and the Group has established relevant policies and procedures in governing the efficient use of resources, with reference to the objective of achieving higher energy efficiency and reducing the unnecessary use of resources. The Group also regularly checks water and electricity meters to review its resource consumption performance and unexpected high consumption will be investigated to find out the root cause and preventive measures will be taken.

Energy Consumption

The energy consumption by the Group was mainly attributed to the use of purchased electricity and town gas. Related policies and measures were developed to set energy conservation as one of the Group’s ESG strategies. All employees must implement the adopted measures and assume responsibility for the Group’s overall energy efficiency.

During 2022, the Group has implemented the following measures to reduce energy consumption:

- continuing its commitment to installing and switching to energy-saving lighting fixtures;
- sourcing energy-efficient equipment to ensure functioning in optimal conditions and efficiency;
- adjusting the temperature of chiller and boiler with reference to the weather report from Hong Kong Observatory to avoid unnecessary wastage of resources;
- implementing the policy to daily switch off our hotels' external wall light from 11 p.m. to 5 p.m.; and
- using unleaded gasoline to improve engine efficiency, which also help reduce gasoline usage in long term.

Through these energy conservation measures, the employees' awareness of energy conservation was also enhanced.

The Group's total energy consumption intensity is 0.03 MWh/visitor night in both 2022 and 2021.

Summary of energy consumption performance:

Type of energy	Unit	2022	2021
Direct energy consumption – Gasoline ¹	MWh	135.79	141.67
Direct energy consumption – Towngas ²	MWh	2,080.11	2,299.84
Indirect energy consumption – Electricity	MWh	11,529.64	12,432.28
Total energy consumption	MWh	13,745.54	14,873.79
Intensity	MWh/ visitor night	0.03	0.03

Notes:

1. The amount of gasoline consumed is equivalent to 14,011 Litre and 14,618 Litre in 2022 and 2021 respectively.
2. The amount of towngas consumed is equivalent to 7,488,384 MJ and 8,279,424 MJ in 2022 and 2021 respectively.

Water Consumption

The Group actively promotes water-efficient practices, for example, linen and towel will be changed for hotel guests who stay more than one night only under request, which reduces water usage incurred in the laundry. Our policy helps encourage our hotel guests to contribute to a green environment.

The Group's total water consumption intensity has increased by approximately 23.91% from approximately 0.184 m³/visitor night in 2021 to approximately 0.228 m³/visitor night in 2022. This is due to increased water demand for epidemic prevention measures since certain hotels became designated CIF hotels under the government's regulation during 2022.

Summary of water consumption performance:

Indicator	Unit	2022	2021
Total water consumption	m ³	96,191	105,836
Intensity	m ³ / visitor night	0.228	0.184

Since the Group's business nature and operations are mainly based in Hong Kong, the issue in sourcing water that is fit for purpose is not relevant.

Packaging Materials

The Group does not consume significant amounts of packaging materials for its product as it has no industrial production or any factory facilities.

A3. The Environment and Natural Resources

The Group's operations are not directly involved in the use of natural resources; hence the impact on the environment and natural resources from its operations was minimal during 2022. As an ongoing commitment to good corporate social responsibility, the Group recognizes the responsibility in minimizing the negative environmental impacts of its operations in achieving sustainable development to generate long-term values to its stakeholders and community.

Sustainable Operation

Due to the Group's business nature, the operation includes the provision of food and beverage services in the Hotels. As a responsible corporate, it is committed to not serving endangered animal species such as shark fins, wild game meat. The Group also strives to minimize plastic wastes whenever possible and evaluates the possibilities to provide biodegradable toiletries in the future to reduce the bad impact on the environment.

Indoor Air Quality

Good indoor air quality is important as employees and hotel guests as they spend most of their time indoors. Indoor air quality in the workplace and hotel rooms is regularly monitored and measured. Air pollutants, contaminants and dust particles are filtered by air purifying equipment, and regular cleaning of the air conditioning system is conducted to ensure indoor air quality. In addition, smoking is prohibited in all guest rooms, restaurants, common areas and other enclosed facilities of the Hotels to prevent second and lingering third-hand smoke.

A4. Climate Change

Climate-related issues are affecting societies around the world and therefore it has also impacted the Group's business. The Group mainly operates in Hong Kong, which is susceptible to climate-related issues such as typhoons and flooding. The Group acknowledges the far-reaching impact of climate change and has established related policies, eager to combat climate change proactively.

The following table summarizes the climate risks identified by the Group, the potential financial impacts and the corresponding actions that were taken by the Group:

Climate risks	Potential impacts	Corresponding actions
Physical risks		
Acute physical risks: increased frequency and severity of extreme weather events	<ul style="list-style-type: none"> • Reduction in revenue due to closure of operating sites • Loss of assets due to damage to properties • Reduction in revenue due to decreased number of tourists under extreme weather 	<ul style="list-style-type: none"> • Constantly monitor the weather • Formulate contingency plans for emergencies • Establish communication platforms to disseminate information about the weather forecast and status of the operating sites • Insurance for extreme weather conditions
Transition risks		
Legal risks: more stringent laws and regulations related to climate change	<ul style="list-style-type: none"> • Increase in operating expenses to comply with regulation changes 	<ul style="list-style-type: none"> • Monitor changes in regulatory trends • Take environmental protection measures • Seek compliance consulting services • Reduce GHG emissions

OUR EMPLOYEES

B1. Employment

Employment and Labour Practices

Human resources are the foundation in supporting the development of the Group. Thus, the Group values its employees and is committed to providing them with a fair and equitable workplace environment. The Group has set up standard policies and procedures, including but not limited to the Employee Handbook, and has an in-house counsel to ensure that it complies with related laws and regulations related to employment, i.e., remuneration, dismissal, recruitment and salary adjustment and promotion, working hours, leave entitlements, equal opportunities, diversity, anti-discrimination, and other staff welfares and benefits.

During 2022, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group. The relevant laws and regulations include, but are not limited to, Employment Ordinance (Cap. 57) and Minimum Wage Ordinance (Cap. 608).

As at 31 December 2022, there were a total of 302 employees which are all full-time employees. The gender, age group, employee category and geographical location of the employee are depicted below:

Number of employees	As at 31 December	
	2022	2021
By gender		
Male	168	215
Female	134	175
By age group		
Under 30 years old	22	35
30–50 years old	138	188
Over 50 years old	142	167
By employee category		
Director	9	9
Employee	293	381
By geographical location		
Hong Kong	302	390
Others	–	–

The total employees' turnover was approximately 64.24% during 2022. The turnover of employees by gender, age group and geographical location of the employees are depicted below:

Turnover rate (%)	2022	2021
By gender		
Male	55.36%	53.02%
Female	75.37%	71.43%
By age group		
Under 30 years old	150.00%	100.00%
30–50 years old	65.22%	60.64%
Over 50 years old	50.00%	53.89%
By geographical location		
Hong Kong	64.24%	61.28%
Others	–	–

Recruitment, Promotion, Remuneration and Dismissal

The Group ensures its employees are recruited, remunerated and promoted based on their merits, qualifications, competence, suitability and contributions, ensuring that it treats and evaluates employees and applicants in a fair way. Legal employment rights such as rest days and leave entitlements are fully respected and are detailed in the Employee Handbook.

In addition, we strive to provide a competitive remuneration system. Remuneration and benefit of employees of the Group were set with reference to the market level. Salaries are reviewed and adjusted yearly based on performance appraisals and the market trend. Employees are entitled to year-end bonus, mandatory provident fund, medical insurance, various types of paid leave including annual leave, sick leave and maternity leave, and free meals provided during working hours. Also, the Group organized an event named “Star of the Quarter” for employees in which each hotel votes for the best employee based on his/her performance every quarter. The winning staff could receive a cash prize as reward for their contribution to the Hotels.

Unreasonable dismissal under any circumstances is forbidden in the Group. The dismissal process will only proceed with a reasonable basis and a warning letter will be sent before the dismissal. Official dismissal will only be considered when the employee fails to correct the problems after receiving a warning letter.

The Group emphasizes on the communication with its employees. It regularly posts related activities and trainings on notice board for employees.

Diversity, Equal-opportunity and Anti-discrimination

Equal opportunities are given to employees in respect of recruitment, training and development, job advancement, and compensation and benefits. The employees are not discriminated against or deprived of such opportunities on the basis of gender, ethnic background, religion, colour, sexual orientation, age, marital status, family status, retirement, disability, pregnancy or any other discrimination prohibited by applicable law. The Group also appreciates the importance of cultural diversity in the development of the Group, and hires employees of a wide range of ages, genders, and ethnicities.

B2. Health and Safety

The Group is committed to providing and maintaining a safe and healthy environment for all employees. The Group has shown its determination in developing a safe and healthy workplace by including a section of “Security and Safety Rules” in the Group’s Employee Handbook. Other policies and measures are also implemented in its operation to ensure health and safety during its operation.

During 2022, the Group was not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group. The relevant laws and regulations include, but are not limited to, Occupational Safety and Health Ordinance (Cap. 509) and Employees’ Compensation Ordinance (Cap. 282), etc. The number of days lost due to work injury was 177 in 2022 and 188 in 2021. There were no work-related fatalities recorded in the past three years including the Reporting Period.

The Hotels have provided guidance on health and safety principles in the Employee Handbook. Within the working hours that meet the requirements of the relevant labour protection laws of places in which the Hotel operates, reasonable arrangements are made for the working hours of employees, and reasonable rest times are allowed.

In areas where there is a high risk of bodily injury, such as working in kitchen areas and cloakrooms, where employees are frequently involved in manual handling operations such as lifting heavy objects, there are posters to remind workers to take safety caution to avoid injury, for example, to be careful when using ladder and handling equipment, to be careful of slippery floors, to be careful when pushing room service trolleys. Hygiene is also important when it comes to providing food and beverage to customers. To avoid the spread of germs, the Hotels also display guidance to caution their staff to keep their working environment clean and tidy at all times, as well as reminding them to sanitize their hands after using toilets and before handling food.

There are adequate first aid boxes and equipment around the Hotels. These are regularly inspected to ensure they are in good condition. As part of the Group's regular building maintenance, fire safety system and CCTV system are also regularly inspected and serviced. The Hotels also carry out regular fire drills to ensure the evacuation effectiveness of its staff.

Some dangerous areas such as electric rooms are clearly marked with danger signs outside the doors and kept locked at all times. Only qualified and authorized personnel are permitted entry.

Employees at back offices are at relatively lower risk in terms of health and safety concerns since they are not involved in labour-intensive work nor are they posited in a hostile working environment. However, sitting for an extended period can also lead to bodily injury, hence the Hotels remind employees of this risk on the staff notice board to take rest and stretching exercises when necessary.

Other Health and Safety Measures

With the outbreak of the COVID-19, the Group is highly aware of its potential health and safety impacts on employees. The Group has improved its operating environmental hygiene to ensure a healthy and safe working environment. It has taken precautionary measures, such as performing temperature checks before entering the Hotels, and ensuring that adequate disinfection supplies such as masks and hand sanitizers are provided in its operations.

B3. Development and Training

The Group recognizes the valuable contribution of its talents for its continued success, and it is committed to inspiring its human capital towards delivering excellence. The Group regularly arranges various trainings to increase employees' abilities to adapt to the changing environment. On-job practical training is offered to employees to equip them with the relevant skillsets to enable them to provide quality and efficient services to customers.

During the Reporting Period, 159 of employees were trained. The following table is an overview of data in relation to training provided for employees:

	Percentage of employees trained (%)		Average training hours per employee (hours)	
	2022	2021	2022	2021
By gender				
Male	61.90%	80.47%	35.66	17.62
Female	41.04%	72.57%	32.13	24.99
By employee category				
Director	100%	100%	2	2
Employee	51.19%	76.38%	36.16	21.32

The Group encourages lifelong learning at all employee levels with no age restrictions as the contributions of its employees are of prime importance to its success. Training programmes are constantly updated and their contents are reviewed and improved based on the feedback from staff and management. During 2022, the Group organized various training programmes, which aim to equip its employees with the right skills and attitude to reach their potential and to become more efficient and prepared to deliver the best quality services to customers and stakeholders.

B4. Labour Standards

Prevention of Child Labour and Forced Labour

Child and forced labour are strictly prohibited during the recruitment process as defined by laws and regulations. The Group actively detects and prevents child labour through its comprehensive screening in the recruiting process, checking their identity documents, and their working visas (if applicable) prior to any employment. Furthermore, work schedules are arranged with input from the employees to ensure they are set up fairly, and that the employees work voluntarily and are provided with adequate rest and the appropriate work-life balance to ensure service quality excellence. In cases where overtime work is required, employees do so of their own accord and overtime compensation is provided in accordance with relevant labour laws and regulations. In cases where any individual below the legal working age is hired or any forced labour discovered, corrective actions will be taken immediately to rectify the situation, by terminating the employee and reporting to the relevant Governmental authorities.

During 2022, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations that would have a significant impact on the Group. The relevant laws and regulations include, but are not limited to the Employment Ordinance (Cap. 57).

OUR BUSINESS

B5. Supply Chain Management

In view of the increasing environmental concerns in society, the Group is aware of the importance in managing environmental and social risks of its supply chain. It has established supply chain management policies and procedures to ensure the procurement choices are made thoughtfully and responsibly. The policies also embedded environmental and social considerations in the selection and evaluation of suppliers.

These policies allow the suppliers to compete transparently and fairly, and that the Group will neither differentiate nor discriminate any suppliers. Such policies also enable the Group to maintain good business practices in the selection and evaluation of these supplier partners. In general, in sourcing for new supplies the Group will shortlist at least three suppliers for comparison before a final decision be made by the management; and for largescale projects or large volume procurements, four or even more suppliers may be shortlisted. During 2022, the Group had engaged with a total of 335 major suppliers that were subject to regular evaluation and monitoring indicated as above. The following table is an overview of data in relation to the Group's major suppliers:

Number of key suppliers (By region)	2022	2021
Hong Kong and China	334	322
Australia	0	1
Singapore	1	1
Europe	0	1

Additionally, the Group strongly encourages the Purchasing Department to take note of the local government's policy on recommended green product specifications, therefore giving priority to suppliers who have established a sound environmental management system. By gathering information from multiple government agencies, the Purchasing Department will continue to improve the procurement system to procure goods and services with a relatively lower environmental impact throughout their life cycle.

B6. Product Responsibility

The satisfaction of the Hotels' guests is the cornerstone of the sustainable development of the Group. As a hotel and restaurant operator, it is the Group's mission to provide a comfortable, safe and hygienic environment for all guests and customers, and to ensure that the Hotels' services meet their expectations. Thus, the Group is committed to complying with all requirements of the licences or permits they are granted, which include hotel, general restaurant and liquor licences. These requirements include proper air, water and noise pollution controls, proper fire safety, proper ventilation systems, sufficient sanitary fitments, proper water supply and drainage systems, as well as the compliance of laws and regulations with respect to building works.

The Group complies with these requirements with the help of its employees, many of whom are well-trained through many years of experience working at the Hotels and other hotels in the hospitality industry. The Group also stipulates many of these requirements and provides guidelines in many displays and notices around the Hotels, memos through emails as well as written in the Employee Handbook.

During 2022, the Group was not aware of any incidents of non-compliance with laws and regulations that have a significant impact on the Group, concerning product health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. The relevant laws and regulations include, but are not limited to, Trade Descriptions Ordinance (Cap. 362), Copyright Ordinance (Cap. 528), Personal Data (Privacy) Ordinance (Cap. 486), Trade Marks Ordinance (Cap 559), Patent Ordinance (Cap 514) and Registered Design Ordinance (Cap 522). As the Group's major business is the provision of quality hospitality services, it does not involve any production safety and health issues that require recall.

Service Quality

The Hotels' Engineering Department regularly checks the conditions of the premises, boilers, and other operating equipment to ensure that none of these will endanger the well-being of its guests and employees. There are CCTV system and security personnel on-duty to monitor the Hotels' premises 24 hours per day, 7 days per week as security surveillance for the Hotels. Unauthorized personnel will be questioned, and incidents of abnormality will also be followed-up in a timely manner. To promote better indoor air quality, smoking is prohibited in the Hotels in all guest rooms, restaurants, common areas and other enclosed facilities. These measures help to provide a health-conscious and smoke-sensitive environment for customers, and guarantee that guests stay out from both the second and lingering third-hand smoke.

Complaint Handling

The Group has established procedures for handling complaints, which may be received from different channels, i.e., telephone, email, online booking websites. These customer complaints are properly recorded and handled by the Group's customer service team who will investigate the relevant reasons for all complaints and provide proper follow-up. These complaint handling processes help the Group receive feedback on the services provided, and at the same time appropriately address customers' concerns in a timely and professional manner. In addition, these processes also help the Group formulate preventive measures which will avoid the occurrence of similar issues in the future. It is a vital element of the Group's continuous development process for service excellence. The number of material complaints received from customers was 179 in 2022 and 0 in 2021. The increase in complaints was due to claims for hotel room reservation deposit refund by customers immediately following termination of quarantine hotel stay requirement for immigrants by the HKSAR government in September 2022. All 179 complaints were settled and resolved as at the date of the ESG Report.

Customer Data Protection

The Group's Information Technology Department has devised a comprehensive data protection policy to provide adequate protection and confidentiality of all corporate data and proprietary information. To comply with the Personal Data (Privacy) Ordinance, Chapter 486 of the Laws of Hong Kong and to protect the rights of employees, hotel guests and business partners, access control protocol is clearly defined to limiting the access to a system or to physical or virtual resources. The Group employs a comprehensive enterprise resource planning system for its finance-related operations to ensure privacy and maintain information confidentiality. The Group strictly abides with the regulation in the collection, usage, handling and storage of data to ensure data integrity and safety. Besides, the data protection policy clearly states the responsibility of different employees in their job duties for data protection to minimize risks.

Protection of Intellectual Property

Although the Group does not hold any significant intellectual property assets, as a responsible hotel operator, the Group respects intellectual property rights and is committed to complying with the laws and requirements. The Group closely monitors its business activities which may involve the use of intellectual property rights, such as the installation of computer programs. The Group has relevant policy to prohibit the use of illegal or unauthorized computer programs on computers within the workplace. All the computer programs used by the Group were purchased from licensed dealers. The Group will take corrective actions as soon as possible once a case of infringement of intellectual property rights is identified.

Responsible Marketing

The Group produces minimal marketing and advertising materials. However, it has formulated clear guidelines on advertising and marketing for our employees to ensure no misleading or false information are disclosed in the Hotels' advertising or marketing materials.

B7. Anti-corruption

The Group values and upholds integrity, honesty and fairness in its business. It does not tolerate any corruptions, frauds and all other behaviours violating work ethics.

During 2022, the Group was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering. The relevant laws and regulations include, but are not limited to, Prevention of Bribery Ordinance (Cap. 201), the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615), and other relevant laws and regulations related to anti-corruption. There were also no concluded legal cases regarding corrupt practices brought against the Group or its employees during 2022.

The Hotels have strict policies that ensure adherence to the highest ethical standards and maintain a corporate culture of integrity and justice to prevent, detect and report all types of corruption, including bribery, extortion, fraud and money laundering. In complying with provisions included in the Employee Handbook, employees at all levels are expected to behave in an appropriate manner, with integrity, impartiality and honesty. In addition to establishing a policy on anti-corruption, the Group also provides training materials from Independent Commission Against Corruption to directors and senior management on anti-corruption.

The Group has adopted a Whistleblowing Policy, which allows employees and external stakeholders (for example, customers and suppliers) to report concerns about any suspected or actual improprieties relating to the Group. Reports and complaints received will be handled in a prompt and fair manner.

OUR COMMUNITY

B8. Community Investment

The Group is committed to supporting the public by means of social participation and contribution as part of its strategic development. To nurture corporate culture and strengthen practices of corporate citizenship, the Group has established related policies, and embraces human capital into the social management strategies to sustain its corporate social responsibility and support the Group's strategic development.

Community Participation

Society for the Prevention of Cruelty to Animals (Hong Kong)

The Group focuses on contributing to animal protection by placing donation box for the Prevention of Cruelty to Animals (Hong Kong) in Best Western Causeway Bay Hotel.