

SHUN HO HOLDINGS LIMITED (*Stock Code: 253*)
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SCOPE AND REPORTING PERIOD

This is the first ESG report by the Group, highlighting its Environmental, Social, and Governance (the "ESG") performance, with disclosure reference made to the ESG Reporting Guide as described in Appendix 27 of the Listing Rules and Guidance set out by The Stock Exchange of Hong Kong Limited.

This ESG report covers the Group's overall performance in two subject areas, namely, Environmental and Social of the business operations including headquarter and hotels in Hong Kong and the People's Republic of China from 1st January, 2016 to 31st December, 2016, unless otherwise stated.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

In order to identify the most significant aspects for the Group to report on for this ESG report, key stakeholders including investors, shareholders and employees have been involved in regular engagement sessions to discuss and to review areas of attention which will help the business meets its potential growth and be prepared for future challenges.

OUR COMMITMENTS

Our commitments are:

1. To do business in environmentally-friendly way to conserve resources;
2. To create a positive impact and contribute to our communities; and
3. To be an effective organization that enhances integrity and high operational standards.

A. ENVIRONMENTAL

EMISSIONS

Type of emissions the Group has involved in the reporting period was mainly fuel, electricity, water and paper. The business does not involve in production-related air, water, and land pollutions which are regulated under laws and regulations.

USE OF RESOURCES

Fuel - Gasoline

A total of 11,000 litres of gasoline was used for motor vehicles in the reporting period. The Group puts our best effort to minimise the impact on the environment by using unleaded gasoline to improve engine efficiency. It can help reduce gasoline usage in long term, which reduce air and greenhouse gas emissions.

Fuel - Towngas

A total of 11,726,000 MJ of Towngas was used by hotel of the Group in the reporting period. The Group puts our best effort on the efficient use of energy by adjusting temperature of the boiler of the hotels with reference to weather report from Hong Kong Observatory to ensure efficient use of fuel.

Electricity

The electricity consumption by hotels of the Group was 14,407,000 kWh. The Group continues its commitment in installing and switching to energy-saving lighting fixtures and sourcing energy efficient equipment to ensure functioning in optimal conditions and efficiency. The Group also puts our best effort on the efficient use of energy by adjusting temperature of chiller with reference to weather report from Hong Kong Observatory to avoid unnecessary wastage of electricity.

In additional, the Group focus on raising awareness on light nuisance and energy wastage. The Group implemented to daily switch off our hotel's external wall light from 11 p.m. to 5 p.m.

Water

Water consumption by hotels of the Group was 6,000 m³. The Group actively promotes water efficient practices, such as linen and towel will be changed for hotel guests who stay more than one night only under request, which reduces water usage incurred in laundry. Our policy help encourage our hotel guests contribute to a green environment.

Non-Hazardous Waste

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 hotels. The Group made our best effort to minimising the impact on the environment by using biodegradable material for packaging materials of hotel guest supplies. Non-hazardous wastes from the Group's operation were disposed to landfills.

Paper

The Group continues to practice paper saving initiatives, such as encourage our staff to use recycle paper for printing, reminder for staff to have environmentally friendly photocopying habit, and separated collection of waste paper for effective recycling. A total of 5,349,000 pieces of paper has been used for daily office and hotel operations, in which 9,000 kg of waste paper has been collected by recycling company.

Bottle

The Group made our best effort to minimising the impact on the environment by arranging recycling company to collect plastic bottle for recycle purpose. The Group recorded 5,000 kg of bottles collected by recycling company.

B. SOCIAL EMPLOYMENT AND LABOUR PRACTICES

EMPLOYMENT AND LABOUR PRACTICES

Employment

The Group had a total number of 693 employees as of 31st December, 2016.

Remuneration and benefit of employees of the Group were set with reference to the market. Salaries are reviewed and adjusted on a yearly basis 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 meals provided during working hours.

Due to the industry business nature, recruitment and staff retention has continued to be

a challenge in the reporting period. The Group commits to ensure safe and healthy working environment for employees and to inspire and strengthens workforce regardless of their age, gender and ethnical backgrounds. With the aging population being a long-term demographic trend in Hong Kong, the Group has a sustainable workforce in this perspective.

Other Employee Benefit

The Group organised an event named “Star of the Month” for employees in each hotel vote for the best employee depends on his/her performance every month. The winning staff could receive a cash prize to appreciate their contribution to the hotels.

Employee Health and Safety

The Group regularly reviews the employees' health and safety procedure to safeguard employees' well-being. We recognize that a safe and appropriate work environment is an important factor to enhance staff occupational health and work efficiency. The provision of suitable office furniture and equipment to them is of prime concern to the management. Office workstations and furniture are of ergonomic design to ensure the provision of sufficient workspace and adequate knee clearances. Regular inspections on fire prevention systems and fire drills are arranged. Refresher briefings are arranged to update them of the prevailing safety measures whenever necessary.

Development and Training

Trainings are provided to employees to deliver best services to our customers. All newly hired employees are led by their supervisor to familiarize with the hotel's environment, facilities, responsibility and how employee plays a vital role in the operations.

Labour Standard

No child nor forced labour in the Group's operations in the reporting period. It is in compliance with the Employment Ordinance, Chapter 57 of the Laws of Hong Kong in terms of employment management.

The recruitment process is strictly abided by the guidelines of the Group's Human Resource Department. Every job applicant is required to fill in their information in a recruitment questionnaire, which is checked by Human Resource Department to ensure information's accuracy. This also allows the Group to hire suitable candidate in accordance with the job requirements and candidates' expectations.

Equal Opportunity

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 employs employees in a wide range of ages, genders, and ethnicities.

OPERATING PRACTICES

Supply Chain Management

A strict process is in place to provide a fair and transparent platform for securing the best supplier for procurement of all equipment, products, foods and services. The summary of quotation is prepared by purchasing departments which review by management of the Group.

Service Responsibility

To provide best quality services to hotel guests, the Group closely monitoring the environment and hygiene level of our hotel guest rooms to maintain provision of comfortable environment for our hotel guests. Regular inspections on fire prevention systems and fire drills are arranged to ensure safety.

Platforms have been provided by travelling agents for hotel guests to provide opinion and comments of our hotels. Employees of the Group review and response promptly with follow up action when necessary.

Consumer Data Protection and Privacy Policy

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 resources 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 minimise risks.

Anti-corruption

The Group commits to manage all business without undue influence and has regarded honesty, integrity, and fairness as its core values. All directors and employees are required to strictly follow the Group's policy to prevent potential bribery, extortion, fraud and money laundering.

COMMUNITY

Community Investment

Food Donation

One of our hotel begin to cooperate with Foodlink Foundation, a Charity Organisation in Hong Kong, to donate food to people in needed during the reporting period. The Group recorded food donation of 313 Kg in the current year. The donation event will extend to other hotels in our Group from 2017 onward.

The Community Chest Charity Walk

Managements of the Group participated in The Community Chest Charity Walk to raise fund for The Community Chest to help people in needed.

FUTURE DIRECTIONS FROM THE GROUP

The Group will continue actively sourcing energy-saving appliances, equipment and materials with careful selection and review of suppliers. Opportunities to work with other charity partners and more training and development in terms of raising staff's awareness on environmental and social impacts from the business will also be considered.