



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)

2016 Environmental, Social and Governance Report



Managed by



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



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About this Report

REPORTING STANDARDS

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

REPORTING SCOPE AND BOUNDARY

This is the first standalone environmental, social and governance (“ESG”) report of Regal Real Estate Investment Trust (“Regal REIT”) prepared by Regal Portfolio Management Limited (“the REIT Manager”), and serves as a benchmark for improving ESG performance. We aim at providing a holistic overview of our ESG impacts to stakeholders, and highlighting our initiatives and the performance of the hotel properties, which are managed by Regal Hotels International Limited (the “Hotel Manager”), owned by Regal REIT in Hong Kong, for the year ended 31 December 2016.

REPORTING PERIOD

Unless otherwise specified, this report covers the progress and performance on ESG issues from 1 January 2016 to 31 December 2016.

ACCESSIBILITY OF THE REPORT

An electronic version of this report can also be downloaded from Regal REIT’s website at <http://www.regalreit.com>. If you have any questions about this report or opinions on Regal REIT’s sustainability performance and issues, please feel free to contact us via info@RegalREIT.com.

BOARD APPROVAL

The Board of Directors of the REIT Manager approved this report on 11 July 2017.

Message from Our Chairman

I am pleased to present the 2016 ESG Report of Regal REIT.

This is our first ESG report that puts together the sustainability initiatives and corresponding performance of our hotels. Regal REIT's vision is to build up the existing portfolio of hotel properties in Hong Kong and to be a pre-eminent owner of quality international hotels and other properties with primary focus in Hong Kong as well as to reinforce Regal REIT's status as an attractive option for investors. During the process of realising this vision, the REIT Manager and the Hotel Manager strive to integrate elements of sustainability to add value for our stakeholders and to ensure as far as practicable that the growth of our business would not jeopardise the well-being of the people, the environment and the community.

The REIT Manager also strives to ensure that our business is based on integrity. Regal REIT is committed to maintaining good corporate governance practices and procedures. To this end, the REIT Manager has adopted the "Compliance Manual" in accordance with the requirements set by the Securities and Futures Commission for use in relation to the management and operations of Regal REIT. The manual sets out the key processes, systems, policies and procedures to guide operations and, thereby, set a high standard of corporate governance to ensure the REIT Manager is compliant with relevant regulations and legislations.

Furthermore, the Hotel Manager's commitment to sustainability is demonstrated by the policies implemented in our hotel assets. Apart from satisfying the relevant legal requirements, the Hotel Manager incorporates sustainability practices into its operations. Meanwhile, the Hotel Manager is determined to offer a healthy, safe and fulfilling working environment, well-structured career path, practical on-the-job training opportunities and staff engagement events for its staff. I am pleased to see the employee-friendly policies adopted by the REIT Manager and the Hotel Manager. For example, a variety of training opportunities are provided for their professional and personal growth.

Environmentally, the Hotel Manager has an Environmental Policy in place which outlines its commitment to safeguard the environment through observing the local environmental legal requirements, monitoring and reviewing environmental performance, minimising adverse environmental impacts, improving environmental awareness and practising green procurement. Amongst the environmental efforts by the Hotel Manager in managing the assets, recognition by EarthCheck and iclub Hotels' carbon neutral status are particularly noteworthy.

In demonstrating the commitment of social responsibility as a leading corporate citizen, the Hotel Manager has dedicated countless efforts to caring for the community. In particular, the Hotel Manager focuses on youth development and health enhancement within society. As such, a wide variety of community programmes has been launched to support various NGOs in these areas. These activities range from youth development programmes, hotel tours, NGO visits, volunteering and charity sales. Apart from doing good, I hope all the environmental and social initiatives carried out by the Hotel Manager can be considered not only as part of an effort to promote sustainability but also can make a real contribution to society.

Envisioning a sustainable future, the REIT Manager, working together with the Hotel Manager, will continue to advocate sustainability and integrate environmental and social concerns into our operation. With our growing business, I wish to expand our positive impact to create value for different stakeholders, and drive changes for the betterment of society.

LO YUK SUI

Chairman

Regal Portfolio Management Limited

(as the REIT Manager of Regal REIT)

Hong Kong, 11 July 2017

About Regal REIT

Listed in Hong Kong since 2007, Regal REIT, which owns an investment portfolio of hotel properties, is the only listed hospitality real estate investment trust ("REIT") with market concentration in Hong Kong.

PROPERTIES PORTFOLIO

As at 31 December 2016, Regal REIT owns a total of eight operating hotels in Hong Kong, with an aggregate of 4,569 guestrooms and suites. The current portfolio of properties comprises a good mixture of full-service type hotels and select-service type hotels in strategic locations, which can cater to different demands from a wide range of business and leisure visitors to Hong Kong.

As of 31 December 2016, the properties portfolio of Regal REIT was comprised of:



Initial Hotels:

- Regal Airport Hotel
- Regal Hongkong Hotel
- Regal Kowloon Hotel
- Regal Oriental Hotel
- Regal Riverside Hotel

iclub Hotels:

- iclub Wan Chai Hotel
- iclub Sheung Wan Hotel
- iclub Fortress Hill Hotel

ORGANISATION AND STRUCTURE

The REIT Manager undertakes the regulated activity of asset management of Regal REIT. The REIT Manager does not directly manage the hotel properties of Regal REIT. Apart from the iclub Wan Chai Hotel (which is self-operated by Regal REIT without lease), all the other hotels under Regal REIT's properties portfolio are leased to Favour Link International Limited (a wholly-owned subsidiary of Regal Hotels International Holdings Limited ("RHIHL")), in accordance with the respective lease agreements.

Meanwhile, Regal Hotels International Limited (a wholly-owned subsidiary of RHIHL) was appointed as the Hotel Manager to manage the five Initial Hotels, the iclub Sheung Wan Hotel, the iclub Fortress Hill Hotel and the hotel portions of the iclub Wan Chai Hotel under respective long-term hotel management agreements.

The REIT Manager sets high standards in relation to compliance with the regulations and guidelines. In addition to the environmental, employment, procurement and anti-corruption aspects set by the RHIHL Group, we work together to maintain 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 responsible for the daily operation of the hotel business of the five Initial Hotels and three iclub Hotels under long-term hotel management agreements. The Hotel Manager is required to operate, manage and promote each hotel under the "Regal" or "iclub by Regal" brand name.

The Hotel Manager believes that sustainability is the foundation to promote our vision and missions in managing our hotel assets. Through the sustainable practices, the Hotel Manager strives for quality and long-term improvement to maintain sustainable growth for our hotel assets.

Our ESG Approach

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



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

1. Environmental Sustainability Programmes – include but not limited to carbon reduction, energy saving, water conservation and waste management programmes. The Hotel Manager also focuses on 5 Rs – Reuse, Reduce, Recycle, Reform and Reject – in our environmental arena.
2. Social Sustainability Programmes – include but not limited to practices of employing ethnic and physically handicapped citizens, as well as supporting health, medical and literacy projects in our community. The Hotel Manager also focuses on youth development and health/medical projects in our social arena.
3. Economic Sustainability Programmes – include but not limited to the usual 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. The Hotel Manager also focuses on delivering quality products and services, enhancing work efficiency, exploiting technology and automation, implementing economy of scale and engaging local partners.

The Hotel Manager is fully committed to sustainability management at our hotels with the following core values and commitments:

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

The Hotel Manager is actively engaged in the community in where it operates. Realising its commitment in our hotels, the Hotel Manager has put its social and environmental concerns into action in its Sustainability Programmes. The Hotel Manager has robust corporate governance practices in place to ensure effective management of our hotels. In the meantime, it has established its ESG management system to coordinate its work in ESG and management. Therefore, its sustainability initiatives can be incorporated into day-to-day operations in our hotels. For more details about the sustainability performance of the Hotel Manager, please refer to the following sections of this report.

CORPORATE GOVERNANCE

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

Regal REIT is a collective investment scheme authorised by the Securities and Futures Commission 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 oversees the activities of the REIT Manager for compliance with regulatory requirements. On the other hand, the REIT Manager is to ensure the assets of Regal REIT are being professionally managed in their financial and economic aspects. The Trustee and the REIT Manager are functionally independent of each other. During the reporting year, the Board of Directors of the REIT Manager has overseen the overall governance of the REIT Manager and established a framework for maintaining effective management of Regal REIT on internal controls and business risk aspects. In the meantime, sustainability issues have been considered to optimise risk management in the business.

SUSTAINABILITY GOVERNANCE

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

Environmental, social and economic issues are considered in the Hotel Manager's Sustainability Programmes. A standalone environmental policy has been set up to govern the environmental initiatives for all hotels under Regal REIT. Environmental issues are monitored and reviewed continuously. On the other hand, the Hotel Manager has identified the main focus areas in its community programmes, which include youth development and health enhancement. During the reporting year, the Hotel Manager conducted a variety of volunteer programmes in our hotels, to realise its commitment to sustainability.



STAKEHOLDER ENGAGEMENT

To achieve sustainability in our hotel investment business, it is significant for the REIT Manager to maintain well-established and continuous communication channels with our stakeholders, including but not limited to Unitholders, investors, hotel management and general staff, suppliers and service providers and the community. The REIT Manager cherishes the suggestions and advice from our stakeholders to strive for continuous improvement of the sustainability performance in our hotels.

The table below shows the engagement methods employed to communicate with our stakeholders.

| Stakeholder Group Engaged | Methods of Engagement |
|--|---|
| Unitholders | <ul style="list-style-type: none"> • General meetings • Annual and interim reports • Announcements |
| Investors | <ul style="list-style-type: none"> • Analyst briefings • Investor meetings • General meetings • Annual and interim reports • Announcements |
| Hotel management | <ul style="list-style-type: none"> • Interviews • Regular meetings • Ongoing engagement • Face-to-face meetings |
| Hotel general staff (engaged through the Hotel Manager) | <ul style="list-style-type: none"> • Questionnaires • Focus groups • Employee engagement activities • Face-to-face meetings |
| Suppliers and service providers (engaged through the Hotel Manager) | <ul style="list-style-type: none"> • Questionnaires • Assessment and audits • Meetings • Face-to-face meetings |
| Community (engaged through the Hotel Manager) | <ul style="list-style-type: none"> • Questionnaires • Interviews • Volunteer activities • Face-to-face meetings |

MATERIALITY ASSESSMENT

Analysing stakeholder views helps identifying the ESG issues that the REIT Manager needs to address and report on. It also helps to prioritise the level of importance and relevance of the ESG aspects.

The Hotel Manager has commissioned an independent third-party consultant to conduct a stakeholder engagement survey to understand the relevant material issues. About 160 stakeholders were invited to complete questionnaires to rank the importance of ESG issues from 1 (not important at all) to 6 (very important) and they have provided useful feedback on environmental, employee, operating practice and community issues.

The assessment shows 13 material issues with respect to environment, employees, operating practices and community. As reported by the Hotel Manager, the stakeholders considered the below issues material:



ENVIRONMENTAL

- Energy
- Waste



OPERATING PRACTICES

- Product and service quality
- Customer feedback
- Customer data privacy
- Customer health and safety
- Anti-corruption



EMPLOYEES

- Labour standard compliance
- Employment relation
- Employee retention
- Employee training and development
- Occupational health and safety



COMMUNITY

- Community investment

Environmental Responsibility

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

COMMITMENT TO THE ENVIRONMENT

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

ENVIRONMENTAL MANAGEMENT

The Hotel Manager has formulated an Environmental Policy Statement for all hotels that are owned by Regal REIT to follow. The Environmental Policy Statement is set to make sure that our hotel operations are carried out in a legally and environmentally acceptable manner. Through constantly monitoring and reviewing our environmental performance, minimising any adverse environmental impact, enhancing our employees' environmental awareness and adopting green procurement practices, the Hotel Manager is committed to safeguarding the environment. Additionally, most of our hotels have implemented the Environmental and Social Policy, which provides more guidance on environmental and social sustainability in our operation and have also implemented certified Environmental Management Systems to enhance their environmental management capacity. In 2016, our hotels adhered to all applicable laws and regulations.

Apart from polices, our hotels also demonstrate their commitment to the environment by participating in EarthCheck's certification programme. The leading environmental certification company in the travel and tourism industry, EarthCheck, regularly benchmarks and assesses the environmental management and performance of the hotel operations on energy, water, wastewater, waste and chemical and harmful substance issues. Due to the dedicated efforts of the Hotel Manager, most of our hotels have attained EarthCheck Silver or Bronze benchmarking certifications.

ENERGY AND EMISSIONS

The Hotel Manager strives to reduce carbon emission by cutting its energy consumption. The participation in EarthCheck, requires our hotels to monitor their energy use and carbon emissions regularly and conduct audits annually while all the hotels are mandated to set their respective energy and carbon reduction targets. This encourages our hotels to identify reduction opportunities and implement feasible improvement plans. In addition, environmental management systems certified under ISO 50001 Energy Management System and ISO 14064 for greenhouse gas accounting and verification have been adopted in some of our hotels. With its proactive pursuit of environmental quality management, the Hotel Manager has become an industry leader in seeking ways to manage environmental performance, with Regal Airport Hotel being the first hotel in Hong Kong to attain the above two international standards.


REGAL HOTELS
富豪酒店

From Wellness to Sustainability
We Love our Planet
持續優化 愛護地球

From another perspective, a variety of measures have been applied to make the day-to-day hotel operations more energy-efficient. For example, our hotels have invested in hardware improvements ranging from replacing all less-energy-efficient lights with LED lights to maintaining and upgrading energy-consuming units. Our hotels also engage their employees and guests to conserve energy. This includes encouraging them to use natural light as far as practicable, and raising their environmental awareness by providing energy-saving tips in hotel lobbies and reminders in guestrooms.

Our hotels have also taken action to cut our greenhouse gas emissions. Demonstrated through the measures adopted, they embrace the concept of low-carbon operation. Most of our hotels are equipped with electric vehicle charging stations to promote low-carbon transportation, organic farms and local procurement to shrink the carbon footprint from ingredient supply and cleaner energy-powered equipment to generate less greenhouse gases during operation. In addition, our iclub Hotels have achieved carbon neutral through carbon offset. As a supporter of the climate change movement and environmental protection, all our hotels take part in World Wide Fund for Nature's (WWF) Earth Hour.



Volunteers in organic farm.



Our hotels have been taking part in the Earth Hour by the WWF.

WATER MANAGEMENT

The Hotel Manager is also determined to conserve water and enhance water efficiency. While actively monitoring water consumption and adopting appliances with water-saving features, our hotels have implemented initiatives to reduce overall water consumption. For example, as part of "We Love our Planet" campaign in our hotels, the guests' linen and bath towels are washed every third day of their stay, unless requested otherwise. Such initiatives also minimise environmental pollution.

WASTE MANAGEMENT

Minimising waste has been a priority in our hotels. As such, a variety of measures have been practised in the hotel operations. From adopting electronic means to reduce paper consumption, replacing disposables with reusables to ordering ingredients from suppliers according to the number of guests and meal reservations to minimise over-purchasing and fully utilising leftover resources, our hotels strive to cut the amount of waste sent to the landfills as much as possible.

Active recycling is also sought in an attempt to create a closed-loop waste management system. Apart from paper, plastic, metal, glass and other recyclables, our hotels have been supportive of food recycling and rescue. While engaging qualified vendors to recycle food waste, the Hotel Manager has partnered with Foodlink Foundation – Hong Kong's leading hunger relief charity – to allocate food items that are still safe for consumption to the needy.

For the remaining waste, our hotels are instructed to dispose of it responsibly. Protocols and guidelines related to hazardous materials and waste storage have been provided. Our hotels also try to procure eco-friendly products to minimise the environmental impact caused by waste disposal.

Social Responsibility

The Hotel Manager cares for their employees, and extends their love to the society. By bringing people together and creating a difference, the Hotel Manager makes the community and the wider society better places for everyone.

COMMITMENT TO THE EMPLOYEES

Seeing employees as the greatest asset of a company, the Hotel Manager provides utmost care to its employees. The care ranges from offering a healthy, safe and fulfilling working environment, well-structured career path, practical on-the-job training opportunities to staff engagement events. They work closely with the Human Resources Department in these areas for continuous improvement.

The RHIHL Group (of which the REIT Manager and the Hotel Manager are wholly-owned subsidiaries) is an equal opportunity employer. The recruitment and promotion process adheres to strict guidelines on fairness and non-discrimination. In addition, the human resources policies are set with reference to the guidelines and regulations by Equal Opportunities Commission. The employees are protected from all kinds of discrimination including gender, age, ethnicity, family status, sexual orientation, disability, race and religion.

On the other hand, going beyond legal compliance, the Hotel Manager is dedicated to providing a positive working environment. Matters related to employee compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare are detailed in the Employee Handbook of the RHIHL Group.

The REIT Manager also complies with the above employment regulations set by the RHIHL Group to provide a friendly working environment for their employees working in our hotels.

WORKPLACE SAFETY AND HEALTH

While we, as the REIT Manager, are not exposed to significant occupational health and safety risk, there are risks under hotel operations. As such, the Hotel Manager has put forward its Safety Manual and Safety Policy to not only comply with the relevant legal requirements but also protect the employees' personal health, safety and welfare. With a Safety Committee, these documents are periodically updated to keep up with the latest developments in workplace safety and health, and regulations. Any personnel who does not follow the safety rules and practices may be penalised.

The Hotel Manager has a series of programmes to safeguard the workplace health and safety. These include regular inspections, job hazard analysis, monitoring and safety audits. In response to the relevant laws and regulations, it has maintained a safety management system. Safety and Security Officers are also appointed to identify any potential hazards and recommend alternatives at the operational level. Adequate personal protective equipment and first aid materials are available on our hotel premises.



Raising workplace safety and health awareness among the employees is also essential to a low-risk working environment. The Hotel Manager provides in-house or external safety training to the employees. It also appoints suitably trained personnel to become part of the emergency and rescue teams. These initiatives allow the employees to apply their safety knowledge at work and keep the working environment safe. The Hotel Manager has also made use of different communication means, such as signage, newsletters, information sheets and award scheme, to build their safety awareness.



Safety Training for our hotel's employees.

TRAINING AND DEVELOPMENT

The RHIHL Group believes that providing a wide variety of training will enable the employees to continuously improve their job performance and achieve their career programmes. As a commitment in our Economic Responsibility pillar, the Hotel Manager strives to offer tailor-made learning and training programmes for its employees for holistic development. For instance, the compulsory orientation programme is designed for new joiners to get to know more about our operation and working environment. The Hotel Manager also provides workplace health and safety training for all related personnel. Departments organise their own courses that are suitable for their operational needs. The Hotel Manager also encourages the employees to participate in external training programmes, with subsidies available for application. In the future, the Hotel Manager aims to offer more diverse training programmes and online training to improve the flexibility in participation. The REIT Manager also provides relevant training to its employees when necessary.



TYPES OF EMPLOYEE TRAINING PROGRAMMES AND ENGAGEMENTS

- Holistic Development
- Supervisory Training
- On-the-job Training
- Annual Management Forum
- Annual Conference (Group Sales, Group Finance)

COMMUNITY COMMITMENT

The RHIHL Group endeavours to be a leading corporate citizen in the communities where our hotels operate. Our community is regarded as an essential element in demonstrating our social responsibility, which is one of the pillars of our long-term sustainability programme. The Hotel Manager is not only creating better memories for our hotel guests, but also better communities for citizens to live in. The Social Responsibility Steering Committee of the RHIHL Group identified four social responsibility focuses: Youth Development, Health Enhancement, Social Inclusion and Associate Advancement. To put the commitment into action, the Hotel Manager has set up regular volunteer programmes that not only work to serve and benefit the community, but also foster the younger generation's commitment to contributing to the society.



In 2016, the Hotel Manager launched a wide variety of community programmes and sponsored a wide range of non-profit making organisations in these two main focus areas. Its efforts are well recognised in our communities. The Hotel Manager has been selected as a caring company by The Hong Kong Council of Social Service for more than 10 years and was also recognised in "The 6th Hong Kong Corporate Citizenship Program", which affirmed our contribution to the community.

YOUTH DEVELOPMENT

Young generation may have limited opportunities if they are only confined to classroom learning. Apart from education in conventional schools, the Hotel Manager has initiated various youth development programmes in 2016, allowing them to obtain greater exposure in the community.

“Regal Hotels International Youth Development Programme”

Experience is as important as education. Since 2015, the Hotel Manager has collaborated with IVE to launch the “Regal Hotels International Youth Development Programme”, providing students from Programmes of Hotel, Service & Tourism Studies with internship opportunities. The participating students had obtained real life experience and more practical skills, which will benefit their future career development in the hospitality industry.



Student Award Scholarships, Regal Youth Development Programme.

HOTEL TOURS

Other learning experience is considered more important in recent years. Students gain exposure to the business world when they visit actual workplaces. In 2016, Regal Oriental Hotel and Regal Riverside Hotel partnered with different NGOs to organise hotel tours for students. Students visited various facilities in our hotels, including guestrooms, restaurant and kitchen. With explanations from the hotel staff, the students understood more about the hospitality industry to expose them to more possibilities in their future career planning.



Student Hotel Tours.

NGO VISITS

In addition to the career development, our hotels nurture the younger generation to develop their commitment to contributing to the society. The Hotel Manager cooperated with Yan Oi Tong and Hong Kong PHAB Association to carry out student visits in their service centres. In the meantime, the students explored more about the community work done by NGOs. More importantly, with the deeper understanding they gained of the underprivileged in the society, we hope to raise their concerns towards the society and become responsible citizens in the future.

HEALTH ENHANCEMENT

The RHIHL Group believes healthy living contributes to a positive society. The Hotel Manager considers health development as important and strives to spread the message of a healthy lifestyle and provide resources to people in need.

“Save Our Sevens” Campaign

The Hong Kong Rugby Sevens is one of the largest sporting events in the city. In 2016, the event was held in early April at the Hong Kong Stadium. During the three-day event, KELY Support Group partnered with the Hong Kong Rugby Football Union to organise a public awareness campaign called “Save Our Sevens”. The campaign aimed to provide a safe and fun environment for young people to enjoy the game. Employees of the Hotel Manager enthusiastically participated in the campaign as volunteers. As part of the campaign, they provided support to inebriated spectators with necessary first aid to reduce alcohol-related harm. The Hotel Manager also hopes to spread the message of a healthy lifestyle during this annual campaign.



The hotel staff showed their support for the “Save Our Sevens” campaign.

Cleaning Day

Ronald McDonald House Charities of Hong Kong provides families with sick children with housing close to hospitals. In May 2016, the volunteer team from our hotels participated in a cleaning day organised by the Ronald McDonald House in Sha Tin. The volunteer team assisted with cleaning, cooking and chores in the house to show support to families experiencing difficulties.



The volunteer team visited Ronald McDonald House.

Charity Sales

In 2016, our hotels initiated various charity sales to raise funds for NGOs providing support to people with disabilities or illnesses throughout the year. In November, Regal Hongkong Hotel held a 2-day Cookie Charity Sale with Fu Hong Society. The cookies sold in the event were made by people with disabilities which our employees also helped to sell. The activity recognised the contributions made by people with disabilities, and also raised funds for the organisation.



In 2016, the Cookie Charity Sale held with Fu Hong Society was a great success.

Economic Responsibility

Business growth relies on the ability to deliver quality products and services. The Hotel Manager emphasises customer experience and works with suppliers to bring additional value to our stakeholders.

COMMITMENT TO THE HOTEL GUESTS

In order to deliver quality services to the hotel guests, the Hotel Manager has developed procedures to ensure that its services comply with all relevant ISO standards. The employees are required to strictly follow the relevant guidelines in order to provide healthy and safety services to the hotel guests. For the sake of understanding the hotel guests' needs and expectations, the Hotel Manager proactively engages in customer communication through various channels.

GUESTS HEALTH AND SAFETY

The Hotel Manager always puts the health and safety of the hotel guests as its highest priority. A set of procedures have been developed to assist the hotel staff in handling emergencies in a legal and efficient manner. For example, in terms of food safety, Regal Airport Hotel has established standard requirements for food suppliers to guarantee the highest food quality and compliance with food safety standards. This hotel has implemented the ISO 22000: 2005 Food Safety Management System in which "traceability" is the core requirement. In this manner, Regal Airport Hotel ensures the safety of incoming food ingredients from suppliers.

In order to comply with the standards, the food suppliers of our hotels are required to provide a full set of ingredients supporting documents for the delivery of certain food products. The hotel staff also strictly follow the receiving guidelines clearly stated in the Food Safety Policy and any delivery of ingredients without supporting documents will not be accepted to ensure food safety.

CUSTOMER FEEDBACK

The Hotel Manager treats customers' opinions as valuable input for continuous improvement and treasures every comment from the hotel guests. The Guest Comments Reply standards serve the purpose of ensuring that hotel guests' feedback, regardless of nature, is regarded as a priority in guest service standards.

The Hotel Manager treats complaints as a driver for improvement of its facilities and services and is able to maintain the positive image of our hotels by handling and resolving hotel guests' complaints efficiently in a positive manner for a "win-win" situation. The Hotel Manager gathers feedback from our hotel guests through various means including verbal communication, hotel guest questionnaires, food and beverage outlets and websites. Hotel guests' comments, whether in verbal or written format, are categorised and handled effectively and efficiently by the relevant departments at all times. All hotel guests' comments are reported and responded through direct personal contact or in writing within 48 hours. Follow up actions are taken accordingly whenever necessary.



CUSTOMER DATA PROTECTION

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

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

SUPPLY CHAIN MANAGEMENT

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

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

The Hotel Manager has been a member of Green Council since 2012 to advocate Green and Local Purchases. To support the local economy and minimise the environmental footprint from transportation of products, the Hotel Manager sources from the local suppliers whenever possible. In addition, the RHIHL Group promotes green procurements and gives priority to contractors and suppliers that demonstrate environmental commitment. For examples, our hotels purchase environmentally-preferable products (e.g. LED lighting, bio-degradable shopping bags and recycled-paper packages) in accordance with the Green Purchasing Policy. Whenever it is feasible in meeting economic and performance objectives, our hotels intend to purchase products with relative least adverse environmental and human health impacts. Through this practice, the Hotel Manager strives to enhance efficiency and improve the ESG performance of its suppliers by fulfilling corporate social responsibility at source.

ANTI-CORRUPTION

The RHIHL Group established policies to ensure the provision of corruption-free environment in the procurement management team. The REIT Manager follows the policies to deter any potential corruptive activity.

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

Appendix I – Awards, Recognitions, Qualifications and Membership

AWARDS AND RECOGNITIONS

Regal Hotels International Limited (the Hotel Manager)

| AWARDS AND RECOGNITIONS | ORGANIZATIONS |
|---|---|
| Merit Award For Employers | Hong Kong Employees Retraining Board |
| Metro Awards for Service Excellence 2016 – Best Hotel Group in Hong Kong | Metro Daily & Metro Prosperity |
| 10 Years Plus Caring Company | The Hong Kong Council of Social Service |
| Family-Friendly Employers Award (Corporate Category) | Family Council |
| Family-Friendly Employers Award (Corporate Category) – Special Mention (Gold) | Family Council |
| Family-Friendly Employers Award – Breastfeeding Support | Family Council |
| Certificate of Appreciation | Agency for Volunteer Service |

Regal Airport Hotel

| AWARDS AND RECOGNITIONS | ORGANIZATIONS |
|---|--|
| The Best Airport Hotel in Asia-Pacific | Business Traveller Asia-Pacific Magazine |
| The Best Airport Hotel in the World | Business Traveller UK Magazine |
| Halal Certificate | The Incorporated Trustees of The Islamic Community Fund of Hong Kong |
| Travel Hall of Fame Award | TTG Asia Media Pte Ltd |
| Gold Awards in Dim Sum (Rice Rolls) Category of 2016 Best of the Best Culinary Awards – Rouge | Hong Kong Tourism Board |
| “Most Liked Chef” of 2016 Best of the Best Culinary Awards – Rouge | Hong Kong Tourism Board |
| GTA Reservations Appreciation Award 2016 | GTA |
| Certificate of Excellence 2016 | TripAdvisor |

Regal Hongkong Hotel

| AWARDS AND RECOGNITIONS | ORGANIZATIONS |
|---|--|
| Hong Kong's Best Restaurants – Alto 88 & Regal Palace (Since 2002) | Hong Kong Tatler |
| Italian Hospitality Seal by Ospitalita' Italiana as Certified Restaurants | Unioncamere and The Italian Chamber of Commerce |
| Best Chef of the Year 2016 – Executive Italian Chef Giuseppe | Beefsteak and Burgundy Club (The Hong Kong Original – Chapter 278) |
| "Customer Recommended Hotel Award 2016" (2016) | eLong.com |

Regal Kowloon Hotel

| AWARDS AND RECOGNITIONS | ORGANIZATIONS |
|---|--|
| Hong Kong's Best Restaurants – Regal Court (since 2010) | Hong Kong Tatler |
| Gold Circle Award | agoda.com |
| Certificate of Excellence 2016 | TripAdvisor |
| Travellers Recommended Hotel 2016 | eLong.com |
| Partner Employer Award 2016/17 | Hong Kong General Chamber of Small and Medium Business |

Regal Oriental Hotel

| AWARDS AND RECOGNITIONS | ORGANIZATIONS |
|------------------------------|---|
| Caring Company Award 2014-16 | The Hong Kong Council of Social Service |
| Food Donation Partner | Food Grace |
| Hong Kong Green Organization | Environmental Campaign Committee |

Regal Riverside Hotel

| AWARDS AND RECOGNITIONS | ORGANIZATIONS |
|--|--|
| Customer Recommended Hotel Award | eLong.com |
| Best Travel Partner Award | GZL Travel |
| Halal Certificate | The Incorporated Trustees of The Islamic Community Fund of Hong Kong |
| Quality Wedding Merchant | ESDLife |
| Quality Tourism Services Scheme - accredited Shops (Dragon Inn, Avanti Pizzeria, Aji Bou Izakaya, L'Eau Restaurant, Vi, Regal Terrace and Regal Court) | Quality Tourism Services |
| Long Service Award | Ronald McDonald House Charities of Hong Kong |
| Certificate of Appointment – Signature Employer | Christian Action Training Services |
| Catering Industry Safety Award | Labour Department |
| Food Residue Donation Programme | Food Angel |
| Best Restaurants 2016 - Dragon Inn | Hong Kong Tatler |

iclub Wan Chai Hotel

| AWARDS AND RECOGNITIONS | ORGANIZATIONS |
|--------------------------------------|---------------|
| "Excellent" Guest Review Score Award | Hotels.com |

iclub Sheung Wan Hotel

| AWARDS AND RECOGNITIONS | ORGANIZATIONS |
|--|---|
| "Excellent" Guest Review Score Award | Hotels.com |
| Guest Review Award | Booking.com |
| Certificate of Excellence 2016 | TripAdvisor |
| Top Choice for International Business Travellers | 16 th China Hotel Golden Horse Award |



iclub Fortress Hill Hotel

| AWARDS AND RECOGNITIONS | ORGANIZATIONS |
|--|--|
| GHM Golden Pearl Award – Business Hotel of the Year 2016 | GHM (Guangdong, Hong Kong, Macao) Hotel General Managers Society |
| Certificate of Excellence 2016 | TripAdvisor |
| The Best City Boutique Hotel of China | 16 th China Hotel Golden Horse Award |

QUALIFICATIONS

- EarthCheck (Silver): All five Inital Hotels are Silver Certified
- EarthCheck (Bronze): iclub Fortress Hill Hotel, iclub Sheung Wan Hotel and iclub Wan Chai Hotel are Bronze Benchmarked
- Quality Water:

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

 - Regal Hongkong Hotel – Gold
 - Regal Kowloon Hotel – Blue
 - Regal Oriental Hotel – Gold
 - Regal Riverside Hotel – Gold
- Quality Air:

All five Inital Hotels, iclub Fortress Hill Hotel and iclub Sheung Wan Hotel achieved Indoor Air Quality Certificate awarded by Environmental Protection Department, Government of Hong Kong Special Administrative Region
- ISO Certifications:
 - ISO 14064 – 1: All five Inital 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 Inital Hotels achieved Carbon Reduction Certificates, Hong Kong Green Organization Certification issued by Environmental Campaign Committee

- Wastewi\$e:

All five Inital Hotels achieved Wastewi\$e Certificate, Hong Kong Green Certification issued by Environmental Campaign Committee

- Green Organization:

All five Inital Hotels achieved the status of Hong Kong Green Organization awarded by Environmental Campaign Committee

MEMBERSHIP

The Hotel Manager is a member of the Hong Kong Green Purchasing Charter of the Green Council since 2012, advocating Green & Local Purchases



Appendix II – The Stock Exchange of Hong Kong Limited’s ESG Reporting Guide Content Index

| Subject Areas, Aspects and General Disclosure | | Section/ Statement |
|---|--|---------------------------------|
| A. Environmental | | |
| Aspect A1: Emissions | <p>General Disclosure</p> <p>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 <p>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p> | Environmental Responsibility |
| Aspect A2: Use of Resources | <p>General Disclosure</p> <p>Policies on the efficient use of resources, including energy, water and other raw materials.</p> | Environmental Responsibility |
| Aspect A3: The Environment and Natural Resources | <p>General Disclosure</p> <p>Policies on minimising the issuer’s significant impact on the environment and natural resources.</p> | Environmental Responsibility |
| B. Social | | |
| Employment and Labour Practices | | |
| Aspect B1: Employment | <p>General Disclosure</p> <p>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 <p>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p> | Social Responsibility |
| Aspect B2: Health and Safety | <p>General Disclosure</p> <p>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 <p>relating to providing a safe working environment and protecting employees from occupational hazards.</p> | Social Responsibility |

| Subject Areas, Aspects and General Disclosure | | Section/ Statement |
|--|--|----------------------------|
| B. Social | | |
| Employment and Labour Practices | | |
| Aspect B3: Development and Training | General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. | Social Responsibility |
| Aspect B4: Labour Standards | 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 preventing child and forced labour. | Social Responsibility |
| Operating Practices | | |
| Aspect B5: Supply Chain Management | General Disclosure Policies on managing environmental and social risks of the supply chain. | Economic Responsibility |
| Aspect B6: Product Responsibility | General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | Economic Responsibility |
| Aspect B7: Anti-corruption | General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. | Economic Responsibility |
| Community | | |
| Aspect B8: Community Investment | General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests. | Social Responsibility |

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