

MAGNIFICENT HOTEL INVESTMENTS LIMITED
(Stock Code: 201)
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT
For the Year Ended 31 December 2018

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This is the third Environmental, Social, and Governance (the "ESG") report by Magnificent Hotel Investments Limited ("Magnificent Hotel") and its subsidiaries (the "Group"), highlighting its 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 hotels in Hong Kong and headquarter for the year ended 31 December, 2018, unless otherwise stated.

1. ENVIRONMENTAL POLICIES

With regard to the environmental policies, the Group aims to minimise the Group's environmental impact. The Group have adopted various environmental protection measures for energy efficiency, carbon reduction and to improve efficiency of water usage. They are regularly reviewed and results are closely monitored.

ESG STRATEGY AND REPORTING

The board of the Company (the "Board") has overall responsibility for the Group's ESG strategy and reporting. In line with the Corporate Governance Code, the Board is responsible for evaluating and determining the Group's ESG-related risks and ensuring that appropriate and effective ESG risk management and internal control systems are in place. Management should provide a confirmation to the Board on the effectiveness of these systems.

ESG COMMITTEE

The members of the ESG Committee include Mr. Albert HUI Wing Ho (Chairman of ESG Committee), Madam NG Yuet Ying (Executive Director) and Madam Eva CHOI Yin Yin (Group Accountant). Mr. Hui is responsible for management area. Madam Ng is responsible for ground execution. Madam Choi is responsible for financial area. Madam Ng is responsible for bottom up hotel report and expenditure on each property. Madam Choi is responsible for financial analysis and recommend the recommendation plan to property expert of the ESG Committee and to ensure execution make of the Committee to execute the energy efficiency and effective plan so as to improve energy efficiency for action.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

In order to identify the most significant aspects for the Group to report for this ESG report, key stakeholders including investors, shareholders customers 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.

2. ENVIRONMENTAL AREA

Type of emissions the Group has involved in the reporting period was mainly from the use of fuel, electricity, water, paper usage and general waste. The businesses of the Group only involves in slightly production-related air, water, and land pollutions. Neither the Company nor any of its subsidiaries was engaged in any litigation in relation to the environmental matters.

2.1 Name of the reporting entity

Magnificent Hotel and its subsidiaries.

2.2 Description of the reporting entity

Magnificent Hotel is a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited. The Group's principal activities include hotel investments, development, managements and operations. The Group presently owns eight hotels, six hotels in Hong Kong, one hotel in London, UK and one hotel in Shanghai, the PRC.

2.3 Reporting period

The reporting period is from 1 January 2018 to 31 December 2018.

2.4 Scope of physical boundary

(a) Location of the building

The buildings include (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 (Formerly known as Best Western Hotel Harbour View), (5) Best Western Grand Hotel, (6) Grand City Hotel (together “the Hotels”) and (7) headquarter of Magnificent Hotel.

(b) Description of the purpose of the building

The Hotels were built for hotel investments and operations purpose.

(c) Description of physical boundary with detailed information

The Greenhouse Gas (the “GHG”) accounting is compiled from an assessment of facilities under operational control as qualified by the Group. The construction floor area of the Hotels is 540,258 sq. ft in the reporting period.

(d) Description of areas excluded from the scope of this ESG report

Magnificent International Hotel, Shanghai is located in Shanghai, the PRC and Royal Scot Hotel is located in London, UK, therefore, these two hotels were excluded for calculation from this ESG report.

2.5 Scope of operational boundary

(a) Scope 1 - Direct GHG and Air emissions from:

- Combustion of fuels in stationary sources – Towngas used in boilers for supply hot water to hotel rooms
- Combustion of fuels in mobile sources – petrol used in owned vehicles

(b) Scope 2 - Energy indirect GHG emissions from:

- Electricity purchased from The Hongkong Electric Company Limited and CLP Power Hong Kong Limited
- Towngas purchased from The Hong Kong and China Gas Company Limited

(c) Scope 3 - Other indirect GHG emissions from:

- Methane gas generation at landfill in Hong Kong due to disposal of paper waste
- GHG emissions due to electricity for fresh water processing by Water Supplies Department (WSD) and Drainage Services Department (DSD)
- Methane gas generation at landfill in Hong Kong due to general waste disposal
- GHG emissions generation from business travel by employees

2.6 Methodologies for quantifying GHG emissions

The accounting process follows the “Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010)” (EPD-EMSD Guidelines) in data collection, classification of emission source, quantification methods and the reporting format. The GHG emissions are quantified in terms of CO₂-e, and the types of GHG covered in this report are: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O). Due to the Group did not change any centralized chiller plants in 2018, therefore, no data for hydrofluoro-carbons (HFCs), perfluoro-carbons (PFCs) and sulphur hexafluoride (SF₆).

(a) List of activities where simplified methodologies and conversion factors in the Guidelines are used for quantification:

- Direct emissions from stationary combustion (Scope 1)

Emission (CO₂) = Σ Amount of fuel consumed \times Emission factor of CO₂

Emission (CH₄ / N₂O) = Σ Amount of fuel consumed \times Emission factor of (CH₄ / N₂O) \times Relative Global Warming Potential (GWP)

where

Emission is summed over all types of fuel used by all generators and Towngas consuming devices; and

Amount of diesel consumed is in terms of litre and amount of Towngas consumed is in terms of unit.

- Direct emissions from mobile combustion (Scope 1)

Emission (CO₂) = Σ Amount of fuel consumed \times Emission factor of CO₂

Emission (CH₄ / N₂O) = Σ Amount of fuel consumed \times Emission factor of (CH₄ / N₂O) \times GWP

where

Emission is summed over petrol used by all vehicles owned by the Group; and

Amount of fuel consumed is in terms of litre.

- Indirect emissions from electricity / Towngas purchased (Scope 2)

$$\text{Emission (CO}_2\text{-e)} = \text{Quantity of purchased electricity / Towngas} \times \text{Emission factor}$$

where
Purchased electricity is measured in kilowatt-hours (kWh); and
Purchased Towngas is measured in unit.
- Other indirect emissions from paper disposal at landfills (Scope 3)

In order to simplify the calculations, the default emission factor assumes that the total raw amount of CH₄ emitted throughout the entire decomposition process of the paper waste disposed at landfills will go into the atmosphere within the same reporting period as the paper waste is collected.

$$\text{Emission (CO}_2\text{-e)} = (P_s + P_i - P_r - P_e) \times \text{Emission factor (estimated at 4.8 kg CO}_2\text{-e/kg)}$$

where
P_s = Paper inventory at the beginning of the reporting period (in storage) (kg)
P_i = Paper added to the inventory during the reporting period (kg)
P_r = Paper collected for recycling purpose (kg)
P_e = Paper inventory at the end of the reporting period (in storage) (kg)
- Other indirect emissions due to electricity used for processing fresh water by WSD (Scope 3)

$$\text{Emission (CO}_2\text{-e)} = \text{Quantity of fresh water consumed} \times \text{Emission factor}$$

where
Water consumed is measured in cubic metre (m³).
- Other indirect emissions due to electricity used for processing sewage water by DSD (Scope 3)

$$\text{Emission (CO}_2\text{-e)} = \text{Quantity of sewage discharged} \times \text{Emission factor}$$

where
Sewage discharged is measured in cubic metre (m³).
- Other indirect GHG emissions from general waste disposal (Scope 3)

“The Guidelines of Carbon Audit Toolkit for Small and Medium Enterprises in Hong Kong” is referred, as below:

The general waste sent to landfill will be decomposed through anaerobic digestion and CH₄ will be emitted. Estimating that anaerobic digestion of one kg of the general waste is equivalent to 1.5 kg CO₂-e, then

Emission (CO₂-e) = Amount of general waste disposal × Emission factor (estimated at 1.5 kg CO₂-e/kg).

- **Business Travel by Employees (Scope 3)**

The International Civil Aviation Organization (“ICAO”), a United Nations agency, has developed a methodology to calculate the CO₂ emissions from air travel and provides a carbon emission calculator on its website (“ICAO” Carbon Emissions Calculator”)

(c) None of detail of any changes in methodologies and conversion factors, this GHG accounting is the second GHG accounting of the Group.

2.7 References

The following guidelines are taken as references in this Report:

- “*Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010)*”. Environmental Protection Department and Electrical and Mechanical Services Department of the Government of the Hong Kong Special Administrative Region.
- “*Carbon Audit Toolkit for Small and Medium Enterprises in Hong Kong (2010)*”, published in February 2010 by The University of Hong Kong
- Other references, where appropriate (e.g. emission factors), have also been taken into consideration and are quoted in corresponding sections of this report.
- A carbon emissions calculator provided by the International Civil Aviation Organization (“ICAO”) website

3. AIR EMISSIONS DATA

3.1 Types of emissions and respective emissions data

NO_x, SO_x and particulate matter were derived from gas used in the Hotels and motor vehicle used by employees for travelling. The calculation method is based on Appendix 2: Reporting Guidance on Environmental KPIs under How to prepare an ESG Report issued by the HKEx. The types of emissions and respective emissions data are disclosed in below table:-

Type of emissions	NO_x	SO_x	Particulate Matter
Car - Fuel	7.69 kg / km	0.18 kg / L	0.57 kg / km
Gas	46.06 kg / MJ	0.23 kg / MJ	Nil
Total	53.75 kg	0.41 kg	0.57 kg

3.2 Information on GHG emissions and removals

Summary of Results		
Scope 1 Emissions:	641.80	tonnes of CO ₂ -e
Scope 1 Removals:	Nil	tonnes of CO ₂ -e
Scope 1 Emissions Intensity:	0.001	tonnes of CO ₂ -e/visitor night
Scope 2 Emissions:	8,684.21	tonnes of CO ₂ -e
Scope 2 Emissions Intensity:	0.013	tonnes of CO ₂ -e/visitor night
Scope 3 Emissions:	1,049.33	tonnes of CO ₂ -e
Scope 3 Emissions Intensity:	0.002	tonnes of CO ₂ -e/visitor night
Other GHG Offsets / Removals:	Nil	tonnes of CO ₂ -e
Accounted GHG Emissions in total:	10,375.34	tonnes of CO ₂ -e
Accounted GHG Emission Intensity in total:	0.016	tonnes of CO ₂ -e/visitor night

3.3 Total and breakdown of the GHG emissions

The GHG emissions of the Group accounted for the reporting period from 1 January 2018 to 31 December 2018 are 10,375.34 tonnes CO₂-e. Table 1 summarizes the GHG emissions of the Group from different emission sources. The summary of activity data and calculation details are shown in APPENDIX 1 and APPENDIX 3 respectively.

Table 1: Summary of GHG emissions accounted for the Group during the reporting period

Emission source	in tonnes of CO ₂ -e						
	CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	Sub-total
Scope 1 Direct Emissions							
Combustion of fuels in stationary sources – Towngas consumption	608.49	0.224	0.733	N/A	N/A	N/A	609.45
Combustion of fuels in mobile sources – petrol used in the the Group owned vehicles	28.20	0.063	4.09	N/A	N/A	N/A	32.35
Scope 2 Energy Indirect Emissions (To be reported in general without being classified into specific gas type)							
Electricity purchased from The Hongkong Electric Company Limited and CLP Power Hong Kong Limited							8,549.57
Towngas purchased from The Hong Kong and China Gas Company Limited							134.64

Scope 3 Other Indirect Emissions (GHG emission from fresh water processing and sewage discharge disposal to be reported in general without being classified into specific gas type)							
Methane gas generation at landfill in Hong Kong due to disposal of paper waste	92.34	N/A	N/A	N/A	N/A	N/A	92.34
GHG emissions due to electricity for fresh water processing by WSD (Note)							60.74
GHG emissions due to electricity for sewage processing by DSD							32.92
Methane gas generation at landfill in Hong Kong due to general waste disposal	848.30	N/A	N/A	N/A	N/A	N/A	848.30
GHG emissions due to business travel by employees	15.03	N/A	N/A	N/A	N/A	N/A	15.03

Note: The fresh water usage includes plants watering, floor washing, fountain, kitchen, pantry operation and toilets.

3.4 Data collection

i. Scope 1 - Stationary fuel combustion

Towngas consumption is based on the bills issued by The Hong Kong and China Gas Company Limited.

ii. Scope 1 - Mobile fuel combustion

The vehicle type of the cars owned by the Group has been specified as “Private Car” on their licenses. Fuel consumption records are summarised from the invoices issued by the suppliers. The type of fuel used is petrol, and the quantities for each of these vehicles are listed.

iii. Scope 2 - Electricity

The electricity used by the Group is measured by the meters in the Hotels. The meter records the electricity consumption of the building services installation solely controlled by the Group, such as the lighting system and the fresh water pumping system. The meter also records the electricity consumption of the shared facilities in The Group, including central chiller plant (CCP). The electricity consumed by the Group in air conditioning is calculated by measuring the water consumption of the CCP.

iv. Scope 2 - Gas

Towngas consumption is based on the bills issued by The Hong Kong and China Gas Company Limited.

iv. Scope 3 - Paper

The paper consumption data for the Group operation includes the paper procured by the Hotel’s offices. The paper consumption data of the Group is determined by making reference to the monthly inventory and the procurement records.

As the current practice of paper collection and recycling in the Group covers both newspaper and office paper, the quantity of paper recycling of the Group during the reporting period is recorded by the Hotels.

vi. Scope 3 - Water

The fresh water consumption of the Group is based on the readings from the freshwater meters in the Hotels as recorded by the Group and the Water Supplies Department (WSD) on a monthly basis. During the reporting period, the fresh water consumption of the Group was recorded by WSD by referring to the water consumption data of the said meters.

vii. Scope 3 - General waste

The Group maintain weight measurement records of general waste disposals.

viii. Scope 3 – Business travel by employees

The Group recorded the business travel by its employees. It includes the airports of origin and destination of its employee’s air travel and the cabin class in which they travelled.

3.5 Data analysis

i. GHG emissions breakdown

GHG emissions breakdown by scope

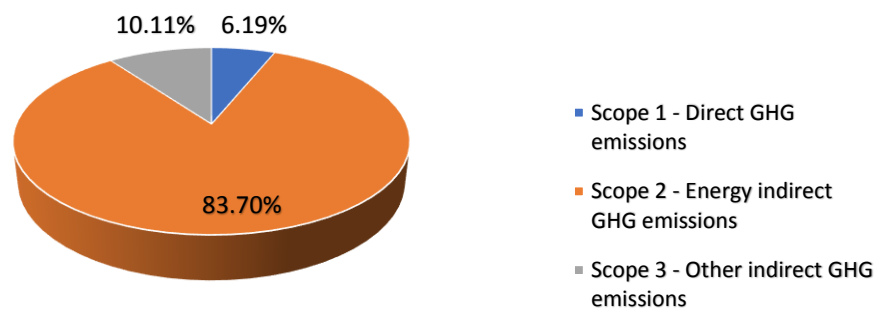


Figure 1. 2018 GHG emissions profile by scope

Figure 1 summarizes the 2018 GHG emissions profile of the Group. Scope 2, being the indirect GHG emissions from purchased energy, constitutes 83.70% (8,684.21 tonnes) of the total GHG emissions (10,375.34 tonnes). Scope 1 and Scope 3, being the direct GHG emissions and indirect GHG emissions, account for 6.19% (641.80 tonnes) and 10.11% (1,049.33 tonnes) of the total GHG emissions respectively.

GHG emissions breakdown by emission source

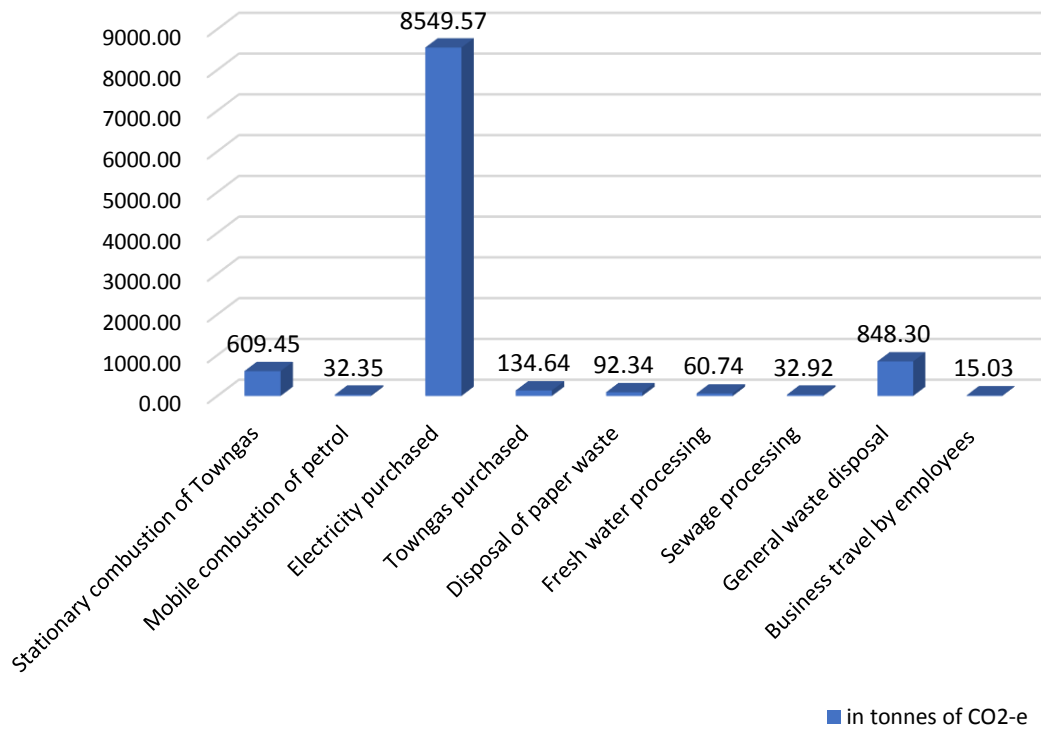


Figure 2. 2018 GHG emissions profile by emission source

Figure 2 presents the distribution of the GHG emissions from different emission sources. Electricity consumption is the dominant carbon emissions source of the Group, accounting for 8,459.57 tonnes CO₂-e (81.54% of the reported emissions), followed by general waste disposal (848.30 tonnes), stationary combustion of towngas (609.45 tonnes) and disposal of paper waste (92.34 tonnes). The rest represents less than 3.52% of the total emissions profile. Electricity and towngas are mainly consumed by the hotel guests. The management cannot control our hotel guests to use electricity and towngas. However, the management is considering the appropriate measures to have energy saving efficient in hotel rooms and the management have adopted the energy saving light bulbs in the public area so as to reduce electricity consumption.

4. USE OF RESOURCES

Fuel - Gasoline

A total of 11,949 litres (2017: 11,583 litres) of gasoline was used for motor vehicles in the reporting period, increased by 3.16% due to increase of hotel business. 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 11,458,464 MJ (2017: 12,172,992 MJ) of Towngas was used by hotel of the Group in the reporting period, decreased by 5.87%. 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 12,055,802 kWh (2017: 12,507,634 kWh), decreased by 3.61%. 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 150,340 m³ (2017: 149,665 m³), increased in 0.45%. 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

The Group's general waste was 565,530 kg (2017: 512,490 kg), increased by 10.35%. 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.

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 1,991 kg (2017: 1,933 kg) of bottles collected by recycling company, increased by 3.00%.

None of Hazardous waste was produced by the Group during the reporting period.

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 4,547,627 pieces (2017: 4,574,773 pieces), of paper has been used for daily office and hotel operations, decreased by 0.59%. The waste paper collected by recycling company was 3,500 kg (2017: 2,375 kg), increased by 47.37%.

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

5. IMPOROVEMENT

5.1 Operational Improvement

Air Conditioning System

The operation of the air conditioning system dominates the overall electricity consumption of the Group although no breakdown of electricity use for different areas of the building or specific equipment has been provided for the study. As the cooling water

produced from the centralized chiller plants, The Group would evaluate regularly the operation practice and settings of the air conditioning system and the energy efficiency performance of the centralized chiller plants by taking into account the cooling water requirements in the Group. In addition, proper maintenance is kept in order to ensure good energy efficiency.

Lighting System

The Group would continue to explore the feasibility of replacing the existing lighting system with energy efficient energy saving light bulbs, and regularly review the illumination requirements of different offices and venues in the Group.

Fresh Water Meters

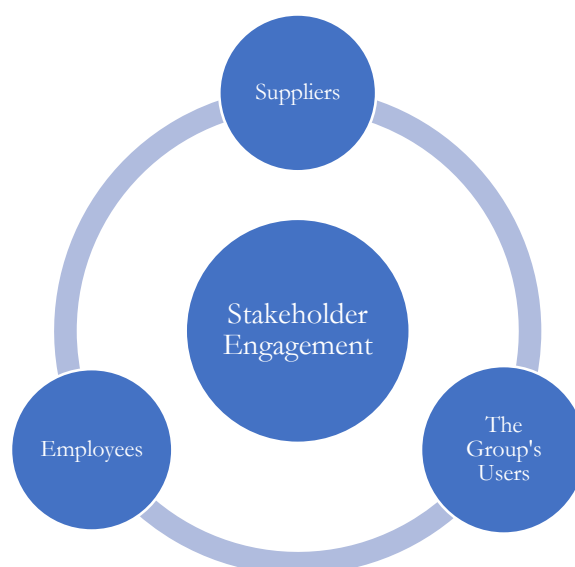
As the water consumption measurement may affect the GHG accounting, The Group would closely monitor the operation and maintenance of the water meters.

Maintenance of Refrigeration and Air Conditioning System

In accordance with Hong Kong recognised standards, a checklist or manual for maintenance of refrigeration and air-conditioning systems has been used for operation practice.

5.2 Communication and Engagement

Programs for engaging internal and external stakeholders to support and implement GHG reduction actions would be considered to implement to promote sustainability awareness and support carbon care practices.



- **Engaging Suppliers:** The Group would also encourage and influence its service providers to care for the environment. More engagement with the suppliers would mean stronger support to the Group for introducing more innovative and effective carbon reduction measures.

- **Engaging the Group's Employees and Users:** The Group can explore further engagement programmes. Incentive programmes, for example, are new ways to encourage participation in energy efficiency and waste reduction projects. Competitions can also be organized to encourage green office practices amongst the Group's users. The Group would consider to set up an internal communications platform to encourage the sharing of innovative ideas on sustainability and carbon reduction.

6. SOCIAL AREA

Compliance

As a listed and hotel operations company, the Group is exposed to and subject to extensive government policies and regulations of mainland China and Hong Kong. These include the Hong Kong Companies Ordinance, Hong Kong Financial Reporting Standards, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, Hotel and Guesthouse Accommodation Ordinance and Business Registration Ordinance. All the Group's operating hotels have already obtained the valid hotel licences.

The Group is committed to complying with the relevant policies, regulations and guidelines applicable to its operations by experienced and professional staff as well as by consultancy with external experts. The Company have staff handbook and the company will provide a staff handbook to each new permanent hotel staff to comply with.

EMPLOYMENT AND LABOUR PRACTICES

Employment

The Group had a total number of 596 employees (2017: 620 employees, excluding 70 Shanghai employees), decreased by 3.87% due to the difficulty to employ hotel staff and then employ more casual workers as of 31 December, 2018.

The Company has complied with the Hong Kong Employment Ordinance. 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 Quarter” for employees in each hotel vote for the best employee depends on his/her performance every quarter. The winning staff could receive a cash prize to appreciate their contribution to the hotels.

Employee Health and Safety

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. 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 Company has complied with the Fire Service Ordinance. 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

Neither child nor forced labour in the Group's operations in the reporting period. It is in compliance with the Hong Kong Employment Ordinance 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 will be review by management of the Group.

Service Responsibility

The Hotels obtained hotel licences, food licences and liquor licences. 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 hotels 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 966 Kg (2017: 1,736 Kg) in the current year, decreased by 44.35% due to the improvement of the food management and less leftover of food. The donation event will extend to other hotels in our Group from 2019 onward.

Medecins Sans Frontieres

Managements of the Group also support Medecins Sans Frontieres, A Donation Box was placed in Best Western Causeway Bay Hotel in 2018.

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.

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APPENDIX 1: SUMMARY OF ACTIVITY DATA

Activity	Emission source	Activity data	Unit	Scope (1, 2, 3)
Stationary fuel combustion	Towngas	11,458,464	unit	1
Towngas intensity		16.96	MJ/visitor night	
Mobile fuel combustion	Unleaded petrol (ULP)	11,949	litre	1
Mobile fuel intensity		20.05	litre/employee	
Electricity purchased	GHG emissions from the utility	12,055,802	kWh	2
Electricity intensity		17.85	kWh/visitor night	
Towngas purchased	GHG emissions from the utility	11,458,464	unit	2
Paper waste disposal	Methane gas generation at landfill	22.74	tonnes	3
Paper waste intensity		0.038	tonnes/employee	
Fresh water processing	Electricity used for processing by WSD	150,340	m ³	3
Water intensity		0.223	m ³ /visitor night	
Sewage processing	Electricity used for processing by DSD	150,340	m ³	3
General waste disposal	Methane gas generation at landfill	565.53	tonnes	3
General waste intensity		0.001	tonnes/ visitor night	
Business travel by employees	CO ₂ generation during air flying	16	Round trip	3

Notes:

1. The visitor night was 675,577 in 2018.
2. The total number employees of the Group were 596 in 2018.

APPENDIX 2: CONVERSION FACTORS

A. Emission factors used

Scope	Emission source	Type	Unit	CO ₂ (kg/unit)	CH ₄ (g/unit)	N ₂ O (g/unit)	Data source
Scope 1	Stationary combustion	Towngas	unit	2.549	0.0446	0.0099	EPD-EMSD Guidelines
	Mobile combustion	ULP – Passenger car	litre	2.360	0.253	1.105	EPD-EMSD Guidelines

Scope	Emission source	Unit	kg CO ₂ -e /unit	Data source
Scope 2	Electricity purchased from The Hongkong Electric Company Limited	kWh	0.80	The Hongkong Electric Company Limited Sustainability Report 2018
	Electricity purchased from CLP Power Hong Kong Limited	kWh	0.51	CLP Power Hong Kong Limited Sustainability Report 2018
	Towngas purchased from The Hong Kong and China Gas Company Limited	unit	0.564	Towngas Sustainability Report 2018
Scope 3	Methane generation at landfill in Hong Kong due to Disposal of Paper Waste	kg	4.8	EPD-EMSD Guidelines (2010)
	Electricity used for fresh water processing by WSD	m ³	0.404	WSD Annual Report 2017-2018
	Electricity used for sewage processing by DSD	m ³	0.219	DSD Sustainability Report 2017-2018
	General waste disposal	kg	1.5	Carbon Audit Toolkit for Small and Medium Enterprises in Hong Kong
	Business travel by employees	Trip	ICAO Carbon Emissions Calculator	ICAO website

APPENDIX 3: DETAILED CALCULATION WORKSHEETS FOR GHG EMISSIONS

A. GHG emissions from stationary combustions

A	B	C	D	E	F	G	H	I
Source description	Amount of fuel used (litre/unit)	Fuel Type	CO ₂ emission factor	CO ₂ emissions in tonnes of CO ₂ -e ((B×D)/1000)	CH ₄ emission factor	CH ₄ emissions in tonnes of CO ₂ -e ((B × F) / (1000 × 1000) × GWP Note)	N ₂ O emission factor	N ₂ O emissions in tonnes of CO ₂ -e ((B × H)/(1000 × 1000) × GWP Note)
Towngas consumption	238,718	Towngas	2.549	608.49	0.0446	0.224	0.0099	0.733
Total				608.49		0.224		0.733

Note: GWP of CH₄ is 21 while it is 310 for N₂O.

B. GHG emissions from mobile combustions

A	B	C	D	E	F	G	H	I
Source description	Amount of fuel used (litre/unit)	Fuel Type	CO ₂ emission factor	CO ₂ emissions in tonnes of CO ₂ -e ((B × D)/1000)	CH ₄ emission factor	CH ₄ emissions in tonnes of CO ₂ -e ((B × F)/(1000 × 1000) × GWP Note)	N ₂ O emission factor	N ₂ O emissions in tonnes of CO ₂ -e ((B × H)/(1000 × 1000) × GWP Note)
Private Cars	11,949	ULP	2.36	28.20	0.253	0.063	1.105	4.09
Total				28.20		0.063		4.09

Note: GWP of CH₄ is 21 while it is 310 for N₂O.

C. GHG emissions from purchased energy

a) Electricity

A	B	C	D
Facility / source description	Amount of electricity purchased (kWh)	Emission factor (kg CO ₂ -e/kWh)	Indirect GHG emissions in tonnes of CO ₂ -e (B × C/1000)
Hotels located in Hong Kong Islands and used the electricity of The Hongkong Electric Company Limited	8,279,702	0.80	6,623.76
Hotels located in Kowloon and used the electricity of CLP Power Hong Kong Limited	3,776,100	0.51	1,925.81
Total			8,549.57

b) Towngas

A	B	C	D
Facility / source description	Amount of Towngas purchased (unit)	Emission factor (kg CO ₂ -e/unit)	Indirect GHG emissions in tonnes of CO ₂ -e (B × C/1000)
Towngas consumption	238,718	0.564	134.64
Total			134.64

D. GHG Emissions from paper waste disposal sent to landfill

A	B	C	D	E	F	G
Source description	Amount of paper in storage at the beginning of the reporting period (kg)	Amount of paper purchased during the reporting period (kg)	Amount of paper collected for recycling during the reporting period (kg)	Amount of paper in storage at the end of the reporting period (kg)	Emission factor (kg CO ₂ -e/kg)	Indirect emissions in tonnes of CO ₂ -e ((B+C-D-E) × F/1000)
Paper	Nil	22,738	3,500	Nil	4.8	92.34
Total						92.34

E. GHG emissions due to electricity used for fresh water processing by WSD

A	B	C	D
Source description	Amount of water consumed (m ³)	Emission factor (kg CO ₂ -e/m ³)	Emissions in tonnes of CO ₂ -e (B × C/1000)
Fresh water usage	150,340	0.404	60.74
Total			60.74

F. GHG emissions due to electricity used for sewage processing by DSD

A	B	C	D
Source description	Amount of water consumed (m ³)	Default emission factor (kg CO ₂ -e/m ³)	Emissions in tonnes of CO ₂ -e (B × C/1000)
Sewage generation - General	150,340	0.219	32.92
Total			32.92

G. GHG emissions from general waste disposal

A	B	C	D
Source description	Amount of general waste sent to landfill (kg)	Emission factor (kg CO ₂ -e/kg)	Emissions in tonnes of CO ₂ -e (B × C /1000)
General waste disposal	565,530	1.5	848.30
Total			848.30

H. GHG emissions from Business travel by employees

A	B	C	D
Source description	Times of round trip	Emission factor (Total passengers' CO ₂ / journey)	Emissions in tonnes of CO ₂ -e (B × C /1000)
Business travel by employees	16	ICAO Carbon Emissions Calculator	15.03
Total			15.03