

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)



2023 SUSTAINABILITY 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 Standard

This report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”, renamed from Appendix 27 effective from 31 December 2023 onwards).

Reporting Principles

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

- ❖ **Materiality:** Environmental, social and governance (“ESG”) issues that are significant to Regal Real Estate Investment Trust (“Regal REIT”) and our stakeholders were identified through stakeholder engagement and materiality assessment. 14 material ESG topics were identified, which form the focus of this report.
- ❖ **Quantitative:** Data about environmental and social responsibility was collected and reviewed to evaluate the effectiveness of environmental and social responsibility initiatives.
- ❖ **Balance:** All achievements and improvement plans were disclosed in this report in a transparent and balanced manner to provide an unbiased view on ESG performance.
- ❖ **Consistency:** Consistent reporting methodologies are adopted to present an effective year-on-year performance comparison. Any changes in the methodologies and reporting scope are explained in remarks for stakeholders’ reference.

Reporting Scope and Boundary

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

Reporting Period

Unless otherwise stated, this report presents the highlights of the progress and performance of the hotel properties in Hong Kong on material ESG issues for the period from 1 January 2023 to 31 December 2023.

Accessibility of the Report and Feedback

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

Board Approval

This report was reviewed and approved by the Board of Directors of the REIT Manager (the "Board") on 15 April 2024.

About Regal REIT

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

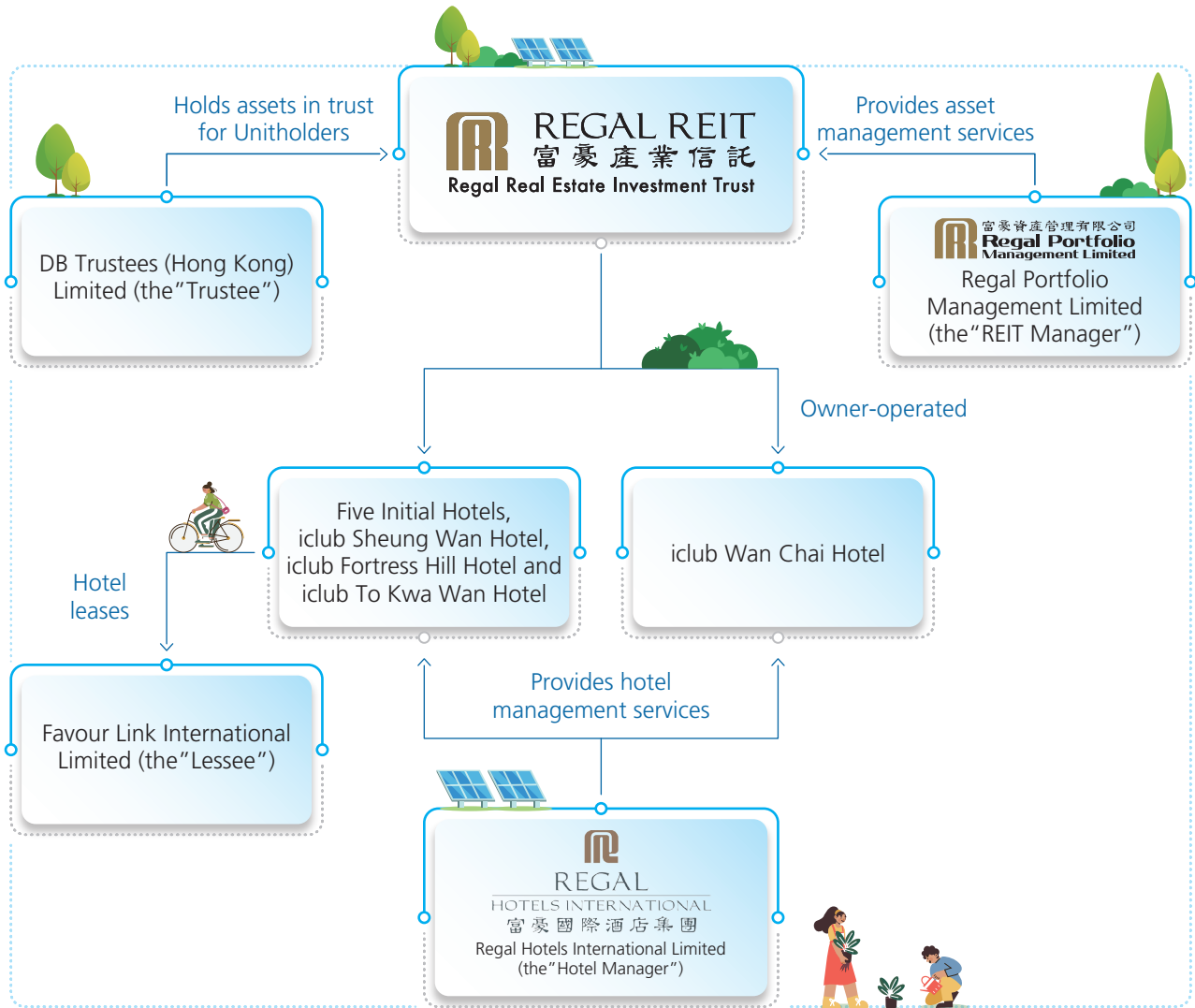
Property Portfolio

As of 31 December 2023, Regal REIT owns a total of nine hotel properties that are strategically located in different districts in Hong Kong. Regal REIT’s hotel portfolio consists of 4,918 guestrooms and suites, offering all-rounded hotel services. The diverse portfolio is comprised of two hotel types, namely, full-service hotels, which offer a wide range of services including food and beverage (“F&B”) outlets and other facilities, and select-service hotels, which offer contemporary design and are equipped with tech-savvy facilities, catering to different types of demand from business travellers and leisure-seeking customers, both locally and from abroad.

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



Organisation and Structure





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

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

The REIT Manager is also a wholly-owned subsidiary of RHIHL and is licensed by the Securities and Futures Commission in Hong Kong (the "SFC") to undertake the regulated activities of asset management for Regal REIT's property portfolio. The REIT Manager oversees and supervises the performance of the Lessee and the Hotel Manager in the operation of the five Initial Hotels¹ and the four iclub Hotels. Through the Hotel Manager, Regal REIT's property portfolio meets high standards in relation to compliance with the relevant regulations and guidelines, including environmental, employment, procurement and anti-corruption aspects, in maintaining a sustainable business environment.

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

The Hotel Manager

The Hotel Manager is engaged in the daily business operations of all five Initial Hotels¹ and four iclub Hotels. The Hotel Manager operates, manages and promotes Regal REIT's hotel properties under the brand names of "Regal" and "iclub by Regal", respectively.

In collaboration with the REIT Manager, the Hotel Manager adopts sustainable practices in the hospitality industry and implements different sustainability targets in hotel operations, with the aim to provide quality services to guests and customers, which could help to enhance the values of the hotel assets in the long term.

¹ Namely, Regal Airport Hotel, Regal Hongkong Hotel, Regal Kowloon Hotel, Regal Oriental Hotel and Regal Riverside Hotel.

Our ESG Approach

Our ESG Strategy

Regal REIT strives to operate in a sustainable and responsible manner and provides sustainable and stable growth for the Unitholders. Under the present operating framework, the Hotel Manager has been appointed to manage the daily operations of the hotels held by Regal REIT.

The Hotel Manager upholds its role as an internationally recognised hotel group that is strongly committed to sustainable development and follows a 5P Framework that guides its sustainability actions. 5P is a representation of five pillars — Planet, People, Partnerships, Prosperity, and Peace. They support the Hotel Manager’s holistic value creation, where sustainability is integrated into all aspects of our businesses and operations.

As part of the Hotel Manager’s long-standing commitment to sustainability, it has embedded United Nations Sustainable Development Goals (“UNSDGs”) into its 5P Framework.

- **Planet — Embracing a harmonious relationship with the Earth**

Our planet is a magnificent home to countless species and awe-inspiring wonders. The interconnectedness of life is fundamental to the vibrant and diverse ecosystem we habituated in. Bestowed with invaluable natural assets, we seek to manage our resources with wisdom and care, and take incremental steps to mitigate our planetary impacts for a sustainable future.

- **People — Engaging with individuals and communities we serve**

People are at the heart of our business and are the building blocks of a flourishing community. We are committed to promoting human capital development of individuals and collectives. On top of creating a safe and empowering work environment for our employees, we strive to safeguard people’s data privacy rights and cyber security, and equip talents with skills and knowledge to excel in their roles.



- **Partnerships — Fostering collaborative relationships for common goals**

From accelerating net-zero transitions to advancing social equity and development, challenges in this day and age required collaborative efforts across sectors and borders to address. The interdependency of stakeholders and issues places us in a position to come together and build conversations for a set of common goals. We are keen to connect with partners to unearth opportunities and solutions for profound impact.

- **Prosperity — Creating sustainable business growth**

With the advent of emerging technologies, more businesses today are driven by new value creation models. As we adopt operation practices in support of a more regenerative economy, we remain committed to delivering sustainable returns and upholding business integrity and safety. To amplify our impact, we also channel catalytic capital to solutions that enable a more sustainable world.

- **Peace — Promoting wellbeing and inclusion**

Echoing our belief that harnessing awareness of the present is central to individual wellbeing, we encourage people to reflect upon their connections with themselves and the world. From becoming aware to developing acceptance may help us to find inner peace and embrace the diversity of life around us. We believe by fostering respectful and caring workplaces, and supporting equitable opportunities we can create more inclusive and participative environments for all.

Sustainability Vision

The Hotel Manager takes the responsibility to closely monitor the progress made towards the achievement of the targets and drive continuous improvement in hotels' sustainability performance. During the reporting period, RHIHL Group has reviewed and updated the environmental targets, as well as introduced a comprehensive set of ESG targets for the 12 Hong Kong hotels it managed, which are presented below. The REIT Manager will collaborate with Hotel Manager to formulate action plans to achieve the targets over the short, medium and long term for the 9 hotels in its property portfolio.

PLANET



Greenhouse Gas (“GHG”) Emissions

- 2030 Target**
Reduce scope 1 and 2 GHG emission intensity by at least 20% with 2023 as a baseline.

Green Building

- 2025 Target**
Achieve BEAM Plus Existing Building certifications for at least 30% of its hotel properties.

Waste Management

- 2030 Target**
Enhance waste diversion rate by at least double with 2023 as a baseline.

Water Management

- 2030 Target**
Reduce water intensity by at least 10% with 2023 as a baseline.



PEOPLE



Talent Development

5 2030 Target

Increase average training and development hours per full-time employee by double with 2023 as a baseline.

6 Provide educational and upskilling opportunities to youth and community members.

Occupational Health and Safety

7 Maintain zero work-related fatalities.

Community Engagement

8 Engage and collaborate with stakeholders, including but not limited to business and media partners, NGOs and government agencies, to facilitate environmental, social and economic development of communities in which the business operates.

Data Privacy and Cybersecurity

9 Provide data privacy and cybersecurity learning and development opportunities to employees.

PARTNERSHIPS



Sustainable Procurement

10 2025 Target

Communicate the Green Procurement Policy to all suppliers.

11 2025 Target

Conduct sustainable supplier assessment to evaluate RHIHL Group's value chain.

Technology and Innovation

12 Foster a culture of innovation that enables employees and community innovators to pilot new ideas and technologies in business operations.

PROSPERITY



Anti-Corruption

13 2025 Target

All new employees receive anti-corruption training within 12 months of onboarding.

Sustainable Finance and Investment

14 Consider sustainable financial instruments for corporate and project financing.

15 Invest in innovative solutions that tackle environmental, social and economic challenges.

PEACE



Wellness

16 Improve well-being of guests as well as of employees in areas relating to work and family life, physical and mental health.

Ecosystem Building

17 Facilitate capacity-building and knowledge exchange to accelerate transition to a more sustainable economy.



Governance

Corporate Governance

Regal REIT regards corporate governance as the cornerstone of its sustainable development. As a SFC-authorized REIT, Regal REIT is governed by the Code on Real Estate Investment Trusts and the Listing Rules, as applicable to Regal REIT and its operations. In addition, the REIT Manager has adopted a comprehensive compliance manual, a customary requirement for all REITs in Hong Kong, which sets out the guidelines for key processes, systems, policies and procedures applicable to Regal REIT's business and operations. The compliance manual also sets out the framework for corporate governance and is crucial to the management and operations of Regal REIT's business.

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

For more information regarding the REIT Manager's corporate governance and the Board, please refer to Regal REIT's Annual Report 2023.

Sustainability Governance and Policies

The Board of the REIT Manager is responsible for oversight of the ESG matters of Regal REIT. The executive management of the REIT Manager has been delegated by the Board for the responsibilities in guiding the development of Regal REIT's ESG values, approaches, strategies and policies in addition to reviewing the identification, evaluation and management of ESG-related issues (including ESG risks) and the ESG targets on a regular basis.

The REIT Manager is aware that climate change is posing significant threats to the hotel business. In accordance with the SFC's 'Circular to Licensed Corporations - Management and Disclosure of Climate-related Risks by Fund Managers' dated 20 August 2021 (the "SFC's Circular"), the Board shall, with the assistance of the management team of the REIT Manager, oversee climate-related risks and reviews climate-related goals and management policies regularly.

In addition to the identification, evaluation and management of ESG-related issues, the Sustainability and Business Transformation Taskforce (the “Taskforce”) of the RHIHL Group also supports the formulation of the 5P sustainability framework. It works closely with various functional and operation teams to track progress against sustainability goals and targets, and ensure balanced disclosure of ESG information in compliance with all applicable Listing Rules. During the reporting period, the Taskforce also supports various group-wide initiatives in sustainable finance, waste management, innovation, and other related areas.

Regal REIT strives to establish and maintain relationships with its stakeholders based on mutual trust, and it works in collaboration with different stakeholder groups, including Unitholders, customers, investors, business and community partners, suppliers, and employees to promote sustainable development.

During the reporting period, under the guidance of RHIHL’s Board and various functional teams, the Taskforce assisted in formulating and enhancing RHIHL Group’s sustainability policies to ensure alignment with shifting expectations of stakeholders which will be finalised and published in 2024.

Regal REIT’s Policies

Climate-related Risks Management and Disclosure

Unitholders Communication Policy

Anti-Corruption Policy

Whistleblowing Policy



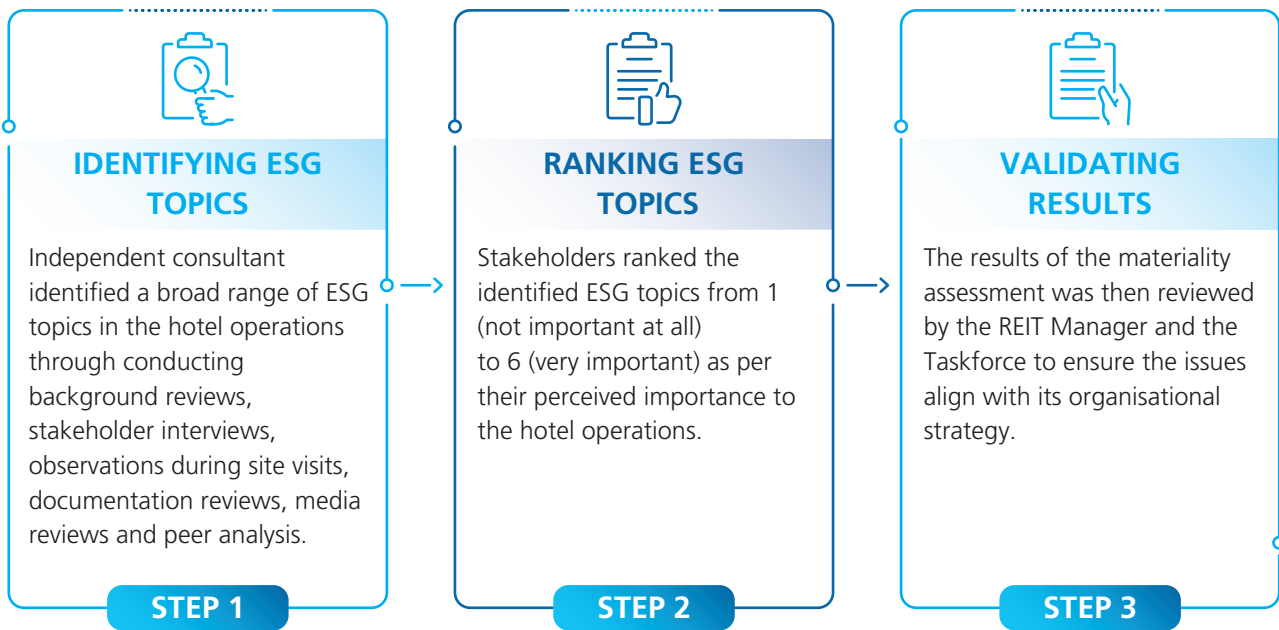
Stakeholder Engagement

In order to understand the opinions and needs of different stakeholder groups, several transparent and regular communication channels have been established. The REIT Manager and the Hotel Manager value the stakeholders' opinions and would ensure that their views are collected effectively. To advance in the communications with Unitholders, Regal REIT's Unitholders Communication Policy outlines the strategies and principles upheld. The policy supports the application of appropriate principles, e.g. use of plain languages and encouragement of participation, in the REIT Manager's corporate communications practices and achieve effective information exchange with key stakeholders. The major communication channels for each group are listed as follows:

Stakeholder Group Engaged	Methods of Engagement
Engaged by the REIT Manager	
Unitholders	<ul style="list-style-type: none"> • General meetings • Annual and interim reports • Announcements and circulars • Regal REIT's website and email
Investors	<ul style="list-style-type: none"> • Analyst briefings • Investor meetings • Annual and interim reports • Announcements and circulars • Regal REIT's website and email
Hotel Manager	<ul style="list-style-type: none"> • Express concerns through letters, conference calls • Meet with the senior management of the Hotel Manager • Collective engagement
Community	<ul style="list-style-type: none"> • Media conferences • Face-to-face meetings
Engaged by the Hotel Manager	
Hotel Management	<ul style="list-style-type: none"> • Regular meetings • Ongoing engagement
Hotel Employees	<ul style="list-style-type: none"> • Employee satisfaction questionnaires • Regular meetings • Orientation activities • Notice boards • Annual appraisal meetings • Employee engagement activities
Suppliers/Contractors	<ul style="list-style-type: none"> • Regular meetings
Community	<ul style="list-style-type: none"> • Media conferences • Face-to-face meetings • Volunteer activities
Hotel Guests	<ul style="list-style-type: none"> • Guest satisfaction surveys • Loyalty programmes • Website and social media • Day-to-day communication with front-line employees • Customer feedback mechanism • Hotlines
Industrial Associations	<ul style="list-style-type: none"> • Industry forums

Materiality Assessment

The REIT Manager regularly reviews the material ESG topics related to its business operation. The outcome of the stakeholder engagement exercise is used as the basis for the materiality assessment. The prioritisation of the material topics follows the principles defined in the ESG Reporting Guide, and the steps are summarised as follows:



During the reporting period, as part of the Hotel Manager's efforts to align ESG reporting practice with international standards, and to enhance sustainability strategy and performance, it conducted online surveys and a focus group to gain a more holistic understanding of stakeholders' perceptions and expectations during the reporting period. A total of 224 internal and external stakeholders participated in the online survey to rate significant ESG topics. 6 functional team heads were invited to a focus group and discussed topics about climate change, talent retention, sustainability governance and other sustainability matters.



Based on the results from the materiality assessment, the following 14 material ESG topics which are considered to be relevant to Regal REIT’s business and operations were identified. They will be addressed in detail throughout this Report. Other ESG issues such as employee related matters are not considered to be directly relevant to Regal REIT’s business and operations and, therefore, are not covered in this Report, as Regal REIT does not have any employees.

ESG Topics	Categorisation
Product and Service Quality	Priority Topics
Health, Safety and Wellbeing	Priority Topics
Cybersecurity and Privacy	Priority Topics
Waste Management	Priority Topics
Ethical and Transparent Business	Priority Topics
Engagement and Partnerships	Priority Topics
Energy Consumption and Efficiency	Priority Topics
Green Building	Priority Topics
Greenhouse Gases Emissions	Relevant Topics
Climate Change Adaptation and Mitigation	Relevant Topics
Responsible Investment and Financial Performance	Emerging Topics
Water and Effluent Management	Emerging Topics
Supply Chain and Sourcing Management	Emerging Topics
Sponsorships and Philanthropy	Emerging Topics

Environmental Responsibility

Regal REIT understands the paramount importance of protecting the environment for our planet's survival and the REIT Manager collaborates with the Hotel Manager to embrace the responsibilities essential to mitigate our environmental impact and contribute to the development of a resilient community. Abiding by the "Environmental Protection Law of the People's Republic of China" and other environmental protection laws on country and city level, the Board of RHIHL ensures the Hotel Manager strictly implements energy conservation, land conservation, water conservation, material conservation and environmental protection regulations and design standards throughout their operation. Prompt actions will be taken once an environmental issue is spotted to minimise the negative impact.

During the reporting period, Regal REIT and the REIT Manager complied with all relevant laws and regulations² relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Environmental Management

Regal REIT endeavours to foster a tranquil and pleasant environment for every individual through maintaining a highly environmentally conscious hospitality operation. To actively monitor and manage our environmental impact, the REIT Manager collaborates with the Hotel Manager to implement a comprehensive environmental management approach. The RHIHL Group has been preparing Environmental, Health and Safety ("EHS") Policy, which will provide guidance and strategic directions for the properties of Regal REIT to progress on a wide variety of relevant environmental issues, such as climate change, resource, energy, water and waste management.

The REIT Manager closely monitors the progress and drive continuous improvements in environmental performance. Since 2012, the Hotel Manager has initiated the "We Love Our Planet" campaign in support of the concept of green workplace. Under this concept, the Hotel Manager is committed to fully consider environmental factors such as energy saving and emission reduction, pollution prevention and control, resource use, and biodiversity protection in all aspects of operations, and to actively engage in environmental protection education and publicity to promote environmental awareness in the workplace and in daily life. The Hotel Manager promotes the use of environmentally friendly materials and encourages efficient use of office space to save costs, energy, and achieve low carbon environmental protection, while fulfilling office demands.

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



ESBN Green Deal Badge



The Hotel Manager is proud to be part of a broader effort to encourage businesses in the Asia-Pacific region to align their operational strategies with ESG principles, and to take climate action for sustainable development.

The ESBN Asia-Pacific Green Deal Badge is a recognition awarded to businesses that has demonstrated its commitment to sustainability by pledging support and completing a self-assessment. Available in Green, Silver, and Gold, these badges incentivise businesses to understand their own sustainability performance and deliver more sustainable changes.

During the reporting period, the Hotel Manager has been awarded with the ESBN Asia-Pacific Green Deal Green Badge. By disclosing sustainability data on emissions, resources consumption and management, it is committed to managing low carbon, water secure hotels and enhancing climate resilience to accelerate transition to a circular and net-zero economy.

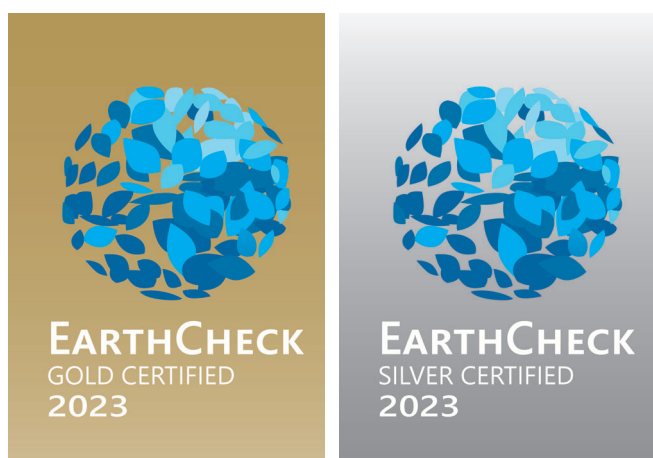
EarthCheck Certification

For the hotel operations in Hong Kong, the Hotel Manager has system in place to carry out diverse sustainability initiatives to minimise the use of resources and enhance waste management. The Board of RHIHL ensures that the Hotel Manager strictly complies with all relevant environmental laws and regulations. To demonstrate our environmental commitment, the REIT Manager strives to align its expectation in the environmental performance of hotels in aspects such as energy and water consumption, carbon emissions and waste management with industrial best practices.

As a case in point, the REIT Manager works with Hotel Manager by adopting a systematic approach to managing environmental issues and aligning the environmental performance of the hotel properties of Regal REIT with the EarthCheck Certification standards, which is the world's leading international sustainability benchmarking and certification service in the travel and tourism industry. The EarthCheck standards align with global frameworks such as UNSDGs, the Intergovernmental Panel on Climate Change Guidelines for National GHG Inventories, the International Organization for Standardization ("ISO"), and the Global Reporting Initiative, as well as industry practices such as the Global Sustainable Tourism Criteria, which examines hotel's environmental and social performance in several key criteria during hotel operations. The Hotel Manager is committed to achieving EarthCheck certifications by meeting its criteria to drive excellence in minimising environmental impact in the operating communities. The REIT Manager collaborates with the Hotel Manager to implement action in achieving EarthCheck Certification "Platinum" & "Master" certifications for all five Initial Hotels by 2033 and 2038, respectively.

As EarthCheck certification is a crucial measure of environmental performance for Regal REIT’s hotels, the Hotel Manager has engaged with the Global Tourism Advisory Group to conduct independent third-party verification, and has adopted a systematic and process-driven method for continuous improvement of performance in all criteria that EarthCheck is looking into. In recognition of the environmental performance, Regal REIT’s hotels in Hong Kong were awarded a number of well-recognised awards and certifications. For more details, please refer to “Appendix I” section.

List of EarthCheck certification:



Hotels	Earned awards and certifications
Regal Airport Hotel	EarthCheck Gold Benchmarking Certification
Regal Hongkong Hotel	EarthCheck Gold Benchmarking Certification
Regal Kowloon Hotel	EarthCheck Gold Benchmarking Certification
Regal Oriental Hotel	EarthCheck Gold Benchmarking Certification
Regal Riverside Hotel	EarthCheck Gold Benchmarking Certification
iclub Wan Chai Hotel	EarthCheck Gold Benchmarking Certification
iclub Sheung Wan Hotel	EarthCheck Gold Benchmarking Certification
iclub Fortress Hill Hotel	EarthCheck Gold Benchmarking Certification
iclub To Kwa Wan Hotel	EarthCheck Silver Benchmarking Certification

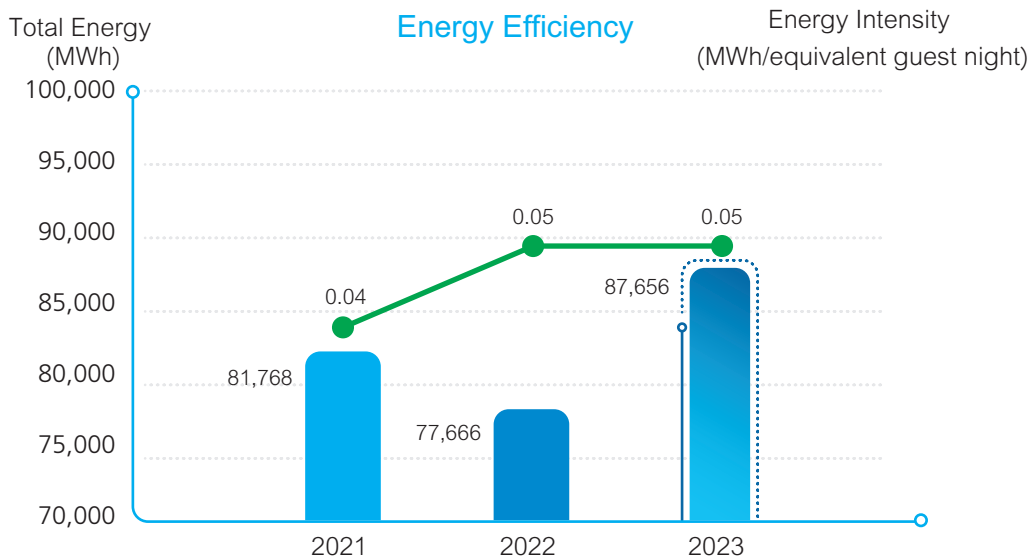


Energy Management

Energy Consumption and Efficiency

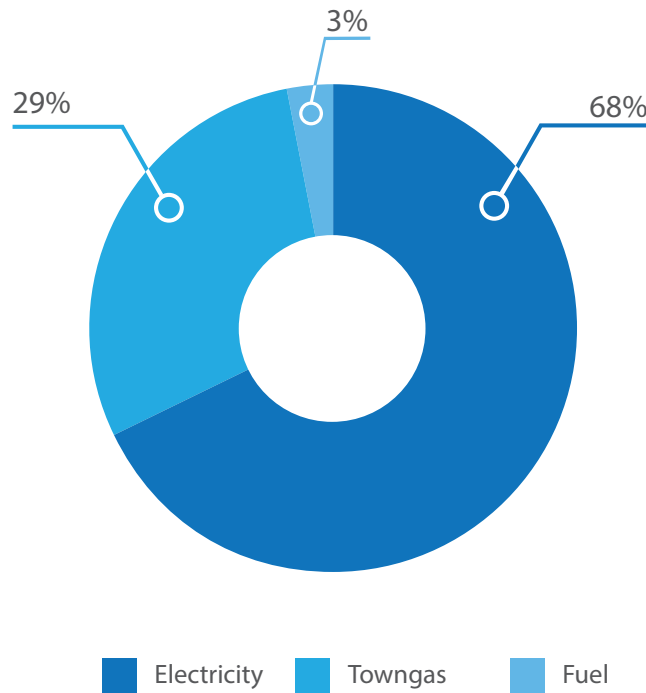
As the major source of Regal REIT’s scope 1 and scope 2 emissions, energy consumption of Regal REIT’s hotels continue to emerge within a low level, with fluctuations across the years driven by floating hotel occupancy and guest consumption. Energy intensity of Regal REIT’s hotels also follow a similar pattern. The slightly-broaden deviation between energy intensity and consumption in 2023 might have been due to the aging heating, ventilation, and air conditioning systems at certain properties, where renovation plans have been kick-started as part of RHIHL’s asset management approach.

Regal REIT’s Energy Consumption



		2021	2022	2023
Energy Intensity	MWh/equivalent guest night	0.04	0.05	0.05
Energy Consumption	MWh	81,768	77,666	87,656

Energy Mix



Electricity stands as the largest energy source in Regal REIT's hotels' operation, e.g. daily lighting, air-conditioning system, while towngas ranks the second largest energy source, which mainly supports the F&B business, e.g. boiler and stove. Fuel represented the smallest portion, which relates to the fuel consumed by vehicles in the daily operation.

Greenhouse Gas Management

Carbon Emissions

On top of regular tracking of Regal REIT's Scope 1 and 2 emissions, to further understand how Regal REIT might mitigate environmental impacts from energy consumption with quality service and prudent business practices in mind, the Hotel Manager has engaged an independent consultant to provide observations and high-level recommendations on Scope 1, 2, and 3 carbon emissions of the hotels in Hong Kong under its management, including the identification and evaluation of potential emission reduction opportunities to accelerate the transition to net zero.

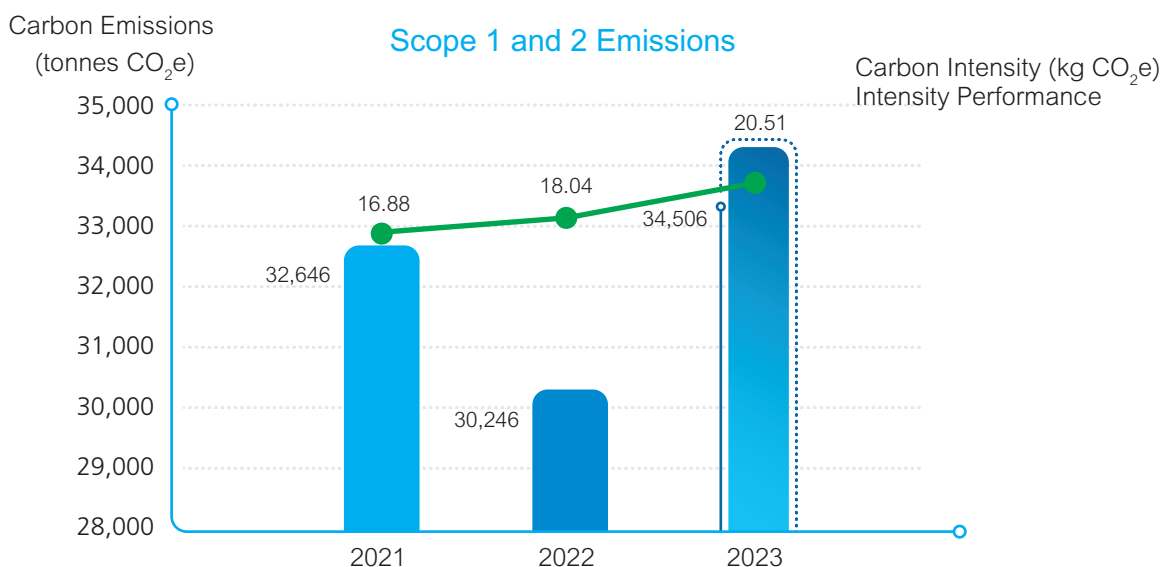


Performance in 2023

Total: 34,506 tonnes CO₂e

Scope 1: 6,071 tonnes CO₂e

Scope 2: 28,435 tonnes CO₂e



		2021	2022	2023
Carbon Intensity (Scope 1 and 2)	kg CO ₂ e/equivalent guest night	16.88	18.04	20.51
Carbon Emissions (Scope 1 and 2)	tonnes CO ₂ e	32,646	30,246	34,506

Climate and Environmental Resilience

Regal REIT recognises the impact of potential climate-related risks on hotel operations. Thus, the REIT Manager actively engages with the Hotel Manager to implement comprehensive management approaches and action plans to strengthen the hotel portfolio’s resilience against climate change.

With the implementation of the Climate-related Risks Management and Disclosure, Regal REIT ensures that climate considerations are integrated into decision-making in its investment strategies, risk management procedures and portfolio management processes. Through ongoing assessments and collaboration with stakeholders, the REIT Manager aims to mitigate adverse impacts of climate change on its properties and create long-term value for investors.

Risk Identification

The REIT Manager engaged a third-party consultant to conduct climate-related risk analysis across the hotel operations. In terms of physical risks, storms, flooding and sea level rise were identified as potential physical risks influencing the hotel business operations. Among the transition risks identified, policy and legal risks are considered to be the most material to the hotel operations. Following the introduction of Hong Kong's Climate Action Plan 2050, the government is expected to implement more stringent environmental policies to meet carbon neutrality targets. The risks identified for the hotel property portfolio of Regal REIT will be reviewed regularly by the REIT Manager.

The REIT Manager recognises that managing climate-related issues and aligning them with its climate-related targets can reduce risks and enhance the long-term value of hotel properties. Thus, it integrates climate change considerations into its investment strategies, risk management procedures and portfolio management processes. The Board works in conjunction with the management team of the REIT Manager to oversee climate-related risks and assess climate-related targets and policies on a regular basis.

Adaptation and Mitigation

For all hotel properties in the portfolio of Regal REIT, the responsibility for implementation of climate-related risk management approaches on daily operation has been delegated to the Hotel Manager. The REIT Manager acts as an active owner to monitor the Hotel Manager's performance and receives updates on the subject matter on an on-going basis. The REIT Manager constantly provides support in upgrading the facilities in the hotel properties to high energy efficiency models, in order to reduce carbon emissions. To mitigate the impacts of climate change, the Hotel Manager began replacing non-LED lighting with LED lighting and diesel-powered equipment with natural gas-powered since 2022 and actively exploring innovative energy-saving solutions that enhance building energy efficiency. Performance-based contracts with specialist contractors to implement energy saving programmes in Regal REIT's hotels are also encouraged. A series of climate adaptation plans have been formulated to effectively manage and respond to current and future climate change impacts. These plans are frequently communicated to its employees to enhance their preparedness and awareness when responding to extreme weather events such as flooding, tropical cyclones, and heavy downpours. The Hotel Manager's engineering department also provides training equip its engineering staff with the ability to solve problems and deal with emergencies. New facilities have been installed in the hotel properties to improve the adaptive capacity of Regal REIT's assets. For instance, floodgates have been installed at the underground level by Regal Airport Hotel to protect essential areas from flooding risks.



Metrics and Targets

The carbon footprint³ of Regal REIT’s hotel properties was calculated in accordance with item 19 of the SFC’s Circular by taking into account all Scope 1 and Scope 2 emissions.

Portfolio carbon footprint ³	Unit	2023
Total Scope 1 & 2 Emissions	tonnes CO ₂ e	34,506
Total Value of Properties	HK\$ Million	23,988
Ownership of Properties on Value Basis	%	100
Portfolio Carbon Footprint	tonnes CO ₂ e/HK\$ Million	1.44

RHIHL Group has reviewed and introduced a set of comprehensive ESG targets during the reporting period. For more details on the targets, please refer to “Sustainability Vision” section.

Looking forward, the REIT Manager will continue to conduct climate change impact assessments to understand the impact of climate-related risks on its investment strategies, risk management procedures and portfolio management processes. In addition, the Hotel Manager will implement mitigation and adaptive measures to respond to current and future climate change impacts. The REIT Manager will also continue to further enhance disclosures with reference to the recommendations of the Task Force on Climate-related Financial Disclosures and to conduct climate change assessment to understand the impact of climate-related risks on its investment strategies, risk management procedures and portfolio management processes, including utilising scenario analysis to map the impacts of climate change on Regal REIT’s hotel operations.

Green Building

Design, construction and operation of greener buildings are essential to Regal REIT’s long-term vision in reducing embodied and operational carbon. Regal REIT is dedicated to improving the infrastructure and operating model of its hotels. By working with the Hotel Manager, Regal REIT makes progress on green building through referencing recognised standards on green building and bringing in green building features for new and existing hotels alike.

BEAM Plus Selective Scheme

The BEAM Plus Existing Buildings is a green building assessment scheme in Hong Kong that measures the sustainability performance of a building and evaluates its facility management practices. Regal REIT is currently evaluating the feasibility of enhancing its hotel assets by aligning with the BEAM Plus Existing Buildings V2.0 Scheme. Under this Scheme, individual hotels will be assessed on particular aspect(s), and will be awarded with “Excellent”, “Very Good”, “Good” or “Satisfactory” certifications.

³ Portfolio carbon footprint is a representation of carbon emissions normalised by the portfolio’s market value and expressed in tonnes of carbon dioxide equivalent emissions (CO₂e) per million dollars invested with reference to Partnership for Carbon Accounting Financials.

Exploring Renewable Energy Applications

- Increasing the utilisation of electric vehicles (“EV”) and achieving 80% EVs in corporate fleet and 100% hotel EVs by 2025 and 2028, respectively
- Performing feasibility study for the installation of solar panels at selected hotels by 2025
- Purchasing Renewable Energy Certificates by 2035 to support the use of renewable energy

Enhancing Energy Management Systems

- Implementing Integrated Building Management System for all hotels by 2030
- Partnering with electricity companies to conduct energy audits in the hotels to explore Energy Management opportunities
- Participating in Automatic Demand Response Programmes by electricity companies to minimise the electricity consumption at critical peak-load periods
- Incorporating frequency controllers on replacement of air conditioning systems and hot or cold-water pumps

Driving Energy Efficiencies

- Reviewing the energy efficiency of the water heating equipment and systems and replacing them with more energy-efficient models whenever practicable
- Retrofitting all lighting fittings with more energy efficient LED lighting fittings with motion and daylight sensor by 2028
- Upgrading all the motors to high-efficiency models (IE3 or above) by 2030
- Exploring performance-based contracts with specialist contractors to implement energy saving programme for the chillers in the hotels

Reducing Energy Consumption

- Phasing out and replacing diesel-powered equipment with natural gas-powered equipment
- Monitoring the energy consumption of each outlet and guest room floor to suit the operation needs and partially turning off the lighting during low occupancy period



Waste Management and Material Use

In recent years, waste has been redefined as a valuable resource given its potential to be recovered and reprocessed. Waste has therefore become one of the most material environmental concerns in the hospitality industry. RHIHL Group has been developing a Waste Management Policy to highlight the scope and key action items in managing waste from generation to final disposal, and associated work on stakeholder engagement and advocacy. All non-hazardous waste and hazardous waste will be collected, stored, categorised and disposed in accordance with internal waste management procedures and relevant local laws and regulations. The waste collection process will be supervised by designated personnel at each site. The Hotel Manager also seeks to divert waste from landfills and incineration facilities where possible with the 5R Principle, a number of initiatives have been implemented by the Hotel Manager as follows:

Waste Management Policy

During the reporting period, RHIHL Group has been developing a Waste Management Policy to protect natural resources and ensure the health and well-being of communities in which Regal REIT's hotels operate. RHIHL Group will meet or exceed waste-related regulations and integrate industry best practices into operations and services. Given the forthcoming Municipal Solid Waste Charging Scheme, continuous efforts would be dedicated towards understanding its waste composition from time to time, ensure hazardous waste and potentially hazardous waste are managed in an appropriate, responsible and transparent manner, ensure availability and transparency of waste data, and minimise environmental impact of waste produced in its operations and production processes through practices intended to reduce, replace, reuse, recycle and recover.

Eliminating Plastics

The Product Eco-responsibility (Amendment) Bill 2023 for regulating disposable plastic tableware and other plastic products was passed by the Legislative Council in October 2023. The Hotel Manager is well-aware of upcoming policy changes and has devised response plans and remained in close communication with regulators and industry organisations to exchange insights and adopt best practices at Regal REIT's hotels. Single-use toiletries, disposable plastic tableware and takeaway containers have been replaced by biodegradable items and are only offered to guests upon request.

In-room water filters or water refill stations have been installed at common areas and water jugs are offered to eliminate plastic-bottled water by phase.



Reducing Packaging Waste

Another major source of waste in Regal REIT's hotel operations is room amenities, including single-use plastic packaging and the used items. To advocate the concept and practices of "Green Hotel", guests are encouraged to bring their personal care items and reduce consumption of room amenities during their stay. All single-use bath amenities were replaced with amenities dispensers to minimise the use of small plastic bottles since 2020.

Food Waste Management

Food waste is a significant subcategory of waste by weight in hospitality and catering operation, as well as in Regal REIT's hotels. Stringent procurement control procedures are being implemented to minimise food waste at its source by avoiding overproduction. An effective measure to reduce waste generation is to control of food procurement volume by estimating the number of guests and meal reservations to avoid over-purchasing, which is achieved through regular evaluations and adjustments.

Regal Airport Hotel and Regal Kowloon Hotel have been recycling food waste at O • Park, the organic resources recovery centre in Hong Kong:

- Food waste recovered: 73,556 kg
- Carbon Reduced: 38,987 kg
- Electricity Generated: 13,315 kWh



Go Digital, Go Paperless

The Hotel Manager's procurement team carefully selects the types of papers that are certified by the Forest Stewardship Council or equivalent organisations whenever practicable for office use to promote responsible consumption.

The Hotel Manager has progressively pushed forth several initiatives to replace paper-based information to digital channel displays, that reduced all of its relevant consumption in paper:

- Putting part of routine operation onto the cloud, leveraging cloud technology to minimise paper consumption
- Adopting an online customer relations management platform
- Digitalising the F&B dining membership programme, where mobile application and digital coupons are used instead of membership cards and paper coupons
- Replacing all paper-based menus with e-menus in all of the guest rooms and restaurants at Regal REIT's hotels
- Utilising different digital channels, including e-brochure, e-flyers, e-banners, social media posts and online direct marketing



Circular Economy & Recycling

To better divert waste from landfills, and make green habits actionable for guests, recycling bins have been introduced at hotel lobbies.

The scope of recycled waste has been expanded and recycled materials in hotel operations are adopted. For instance, silicon foldable lunch boxes, reusable water bottles and reusable bags are adopted. In iclub Hotels, umbrellas that are made up of PET fabrics from recycled plastic bottles have been provided.

Hazardous Waste Management

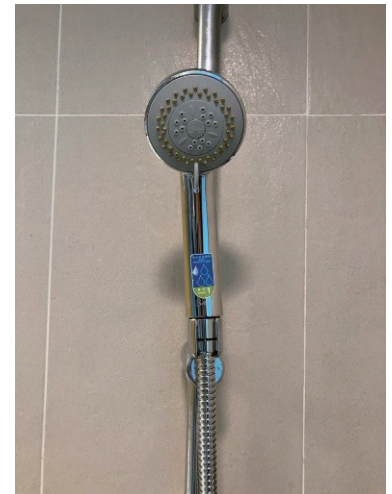
The hospitality operations do not generate significant amounts of hazardous waste, except chemicals from cleaning products and their containers, electronic appliances and retired lighting fitting. To avoid water and land contamination induced by improper handling of hazardous waste, a protocol on hazardous materials, waste storage and waste handling to provide guidance for employees on the proper procedures and precautions has been implemented. Hazardous waste such as chemicals from cleaning products and their containers, electronic appliances and retired lighting fitting are stored in a dedicated location and collected by a specialised team, while municipal waste such as food leftovers and used oil in canteens are passed on to authorised agents for treatment and recycling.

During operations, the Hotel Manager strictly adheres to internal waste management procedures and applicable local laws and regulations to ensure that waste collection, categorisation, and disposal are carried out properly and responsibly, while maximising the opportunity to recycle materials whenever possible.

Water Management

Water remains a significant resource during operation of hotel business and Regal REIT's commitment to water stewardship will be covered in RHHHL Group's EHS Policy. Operational and behavioural solutions to improve water use efficiency in the operation and maintenance of Regal REIT's hotel assets will be implemented by the Hotel Manager. Following the commitments to EarthCheck certifications, operational and behavioural solutions to improve water use efficiency have been implemented, including:

- Recycling and reusing air-conditioning condensing water
- Retrofitting hotel toilets with automatic faucets and toilet flushers
- Installing flow controllers on water taps in all hotel areas to avoid excessive water use
- Installing dual-flush toilets while renovating guestrooms, which enables the use of an appropriate amount of flushing water
- Checking all water meters daily to fix any possible water leakage in a timely manner
- Encouraging hotel guests to participate in the linen and bath towel reuse programme
- Requiring all new shower heads to fulfil the Water Efficiency Grade 2 requirements set by the Water Supplies Department
- Minimising water consumption in pools through modification projects





Reducing Water Consumption

Municipal water is mostly used by the hotels for operations, and no water supply issues have been identified at any operational sites. Nevertheless, the REIT Manager collaborates with the Hotel Manager seeking to lessen the potential strain on municipal water usage by advocating water saving practices in the hotel operations. The Hotel Manager will continue to support local and regional initiatives to increase water conservation awareness and propose community-wide solutions. For example, swimming pools are the most water-intensive among all hotel facilities. Hence, the Hotel Manager focuses on minimising water usage in pools through

modification projects. In Regal Airport Hotel and Regal Riverside Hotel, the Hotel Manager adopts quartz sand in boiler tanks for water filtration to reduce the frequency of pool water refill and enable water conservation, as well as enhancing the water quality of the swimming pools.



Regal Riverside Hotel's Swimming Pool

Social Responsibility

The RHIHL Group, of which Regal REIT and the REIT Manager form part, recognises that people are at the heart of its operations and is committed to upholding values of integrity, diversity, and effective communication. To maintain an engaged and motivated workforce, the Hotel Manager is a main driver behind Regal REIT's social responsibility.

The Hotel Manager is committed to integrating local culture and benefiting the locations where Regal REIT's properties are located, which is considered to be essential to the success of its business. Regal REIT's businesses depend on the resources, infrastructure, and the markets they supply. In turn, the Hotel Manager strives to achieve a positive, long-lasting result that adds shared value for all parties involved. To foster a peaceful, harmonious and inclusive society in the neighbourhoods and to exhibit concern and support for the underprivileged and elderly, the Hotel Manager strives to contribute to community well-being. Highlights of community investment by the RHIHL Group in 2023 were as follows:

- Number of partnering non-profit organisations and other institutes: 24
- Number of community programmes supported: 35
- Total volunteer hours contributed by employees: 400 hours
- Amount of donation and sponsorship: approximately HK\$7,800,000 (including the donations of approximately HK\$3,800,000 on various charitable events by the REIT Manager)

While providing quality accommodation service, the Hotel Manager also emphasises on creating social benefits to the society in order to become a socially responsible corporate citizen. The Hotel Manager strives to make the community and society a better place for all by actively participating in different community programmes. The Hotel Manager participates in charitable activities and encourages employees to do the same, under circumstances that comply with applicable laws and regulations. For more details on the initiatives being implemented by the Hotel Manager, please refer to the same section in Regal Hotels International Holdings Limited's Sustainability Report.



Economic Responsibility

The REIT Manager is accountable for overseeing that the business activities of Regal REIT adhere to good operating standards, such as quality of service, supply chain management, and business ethics. The Hotel Manager has the responsibility to monitor the success of the hotel properties in two key economic areas: employment and customer relations.

The RHIHL Group is devoted to be a caring employer and recognises the importance of its employees to corporate progress. In order to recruit, cultivate, and retain talent, the Hotel Manager has created robust employment rules that seek to provide competitive remuneration and benefit packages, as well as adequate training programmes and employee initiatives.

In accordance with the core value of the RHIHL Group, the Hotel Manager tries to provide high-quality hotel services and connect with guests via an extensive array of communication channels and loyalty programmes in order to create and maintain positive relationships with guests.

To ensure that the RHIHL Group adheres to high ethical standards in its operating procedures and maintains an efficient supply chain, the REIT Manager and the Hotel Manager have cooperated in the setting up of related operating procedures. The supply chain management approaches and strategies are expected to bring positive influence into the value chain, including the hotels, their customers and the community at large.

Business Ethics

The RHIHL Group upholds the high standards of business integrity and fair competition, prohibiting any form of fraud, bribery, and corruption in its business. To that end, the Code of Conduct was established to maintain integrity, openness, probity, and accountability. All forms of bribery and corruption are strictly prohibited among RHIHL Group's employees and business partners.

Anti-Corruption

Regal REIT has formulated an Anti-Corruption Policy, which provides an additional layer of defense against any potential breaches of ethical principles relating to bribery and corruption. It applies to all business dealing of Regal REIT and all employees of the REIT Manager. The Policy described the best practices to be upheld in view of potential benefits in business, including but not limited to events on entertainment, charitable contributions and sponsorships, and advantages offering, solicitation and acceptance.

Any employees of the REIT Manager and the Hotel Manager, who are involved in corruption, bribery or failing to disclose external business affiliations, will be subject to disciplinary action or immediate dismissal. Same standards apply to third-party representatives and our business partners to avoid any conflicts of interest.

Whistleblowing

Regal REIT's Whistleblowing Policy outlines the best practices on approaches and procedures of whistleblower protection, and principles that ensure confidentiality. The Policy is consistent to relevant laws and regulations and is supervised and reviewed by Regal REIT's Audit Committee where needed and appropriate.

The whistleblowing procedures involve the submissions of reports in person, by email, or by post to the Executive Directors. The reports should include details of improprieties, with the reporter details being optional but encouraged for investigation purposes. Investigations are conducted internally by the Audit Committee or delegated parties and may involve external auditors or regulatory bodies as necessary. The Executive Directors or the Chairman of the Audit Committee will promptly respond to the reporter, acknowledging receipt, providing updates on investigation progress, and indicating any remedial or legal actions to be taken.

During the reporting period, Regal REIT and the REIT Manager complied with the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong) and the Competition Ordinance (Cap. 619 of the Laws of Hong Kong). No legal cases regarding corrupt practices were brought against Regal REIT or the REIT Manager during the reporting period.



Service Safety and Hospitality Standards

Ensuring the safety and well-being of the guests is at the forefront of hotels' operation. Guests are allowed to relax and fully enjoy their stay with peace of mind with secure and comfortable environment. Continuous efforts are made to enhance service quality, ensuring an exceptional guest experience. The maintenance of a safe and secure environment is not only an obligation but also one of the Hotel Manager's core values. Guest satisfaction is prioritised, and their feedback is highly valued. Input from guests is actively sought to identify areas for improvement and implement necessary enhancements. Tailoring services to meet the evolving needs and expectations of valued guests is enabled by this feedback-driven approach. The Hotel Manager's commitment to quality service is further validated by numerous certified hospitality and F&B awards. These accreditations demonstrate its dedication to delivering exceptional service and maintaining high standards of quality throughout the operations.

During the reporting period, Regal REIT and the REIT Manager complied with Public Health and Municipal Service Ordinance (Cap. 132 of the Laws of Hong Kong), Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong), Food Safety Ordinance (Cap. 612 of the Laws of Hong Kong), Patents Ordinance (Cap. 514 of the Laws of Hong Kong) and other relevant laws and regulations related to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.

Guest Communication

The Hotel Manager strives to offer premium hotel services and amenities that emphasise safety, quality and attention to details. The service quality is committed to improve to excel in the global environment and hospitality industry. Customers' feedback and demand are highly valued and handled through a wide range of communication channels, including verbal communication, guest questionnaires and websites.

RHHL Group's Guest's Comments and Reply Standards prioritise every comment and the Hotel Manager is committed to provide written reply within 48 hours after receiving the feedback. Further follow-up actions are taken by relevant business units whenever necessary. During the reporting period, 1,865 complaint cases have been received regarding hotel services which were properly handled according to the customer complaint handling procedures and standards.

Health and Safety

Apart from hospitality services quality, guests' health and safety is another prime concern. The RHIHL Group is finalising an EHS Policy that includes risk assessments, safety plans implementation and protocols for hygiene practices.

Commitments to secure guest well-being and safety include:

- Designing customer-focused safety plan to provide a safe environment for guests
- Handling food and beverages safely in the preparation, storage and service stages
- Maintaining strict hygiene and sanitation protocols to ensure the cleanliness and proper handling of products and food items
- Conducting risk assessment to evaluate potential hazards and risks that guests may encounter while using its services and facilities

During the reporting period, Regal REIT's hotels have qualified with various food and safety certifications.

ISO22000:2018 on food safety and management



Regal Airport Hotel, Regal Hongkong Hotel and Regal Riverside Hotel are qualified with ISO22000:2018 accreditations on food safety and management. The certification ensures the robustness and effectiveness of the food safety management approach, where comprehensive measures are in place to identify potential hazards, and exercise control.

Hazard analysis and critical control points ("HACCP")



Regal Airport Hotel, Regal Hongkong Hotel and Regal Kowloon Hotel are qualified with HACCP. The hotels adopt a systematic approach to identify and minimise potential biological, chemical and physical hazards that could compromise food safety during production, processing, manufacturing and preparation processes. The integration of HACCP keeps their guests rest assured on the quality of food offered.



Guest Experience

The dedicated team of hospitality professionals of the Hotel Manager is committed to providing exceptional guest experience during their stay. From the warm ambience of its common areas to the delectable dining options, the Hotel Manager has carefully curated every detail to enhance guests' overall experience. The hotels of Regal REIT have been honoured with high recognition in both hospitality and F&B beverage service, doing the best in every aspect is always driven for.

Several hotels operated by the Hotel Manager is awarded with TTG China Travel Awards 2023 and Business Traveller's Best Airport Hotel 2023. These recognitions are testament to the hotels' reputation, service excellence and continuous efforts to exceed guests' expectations. Additionally, the hotels have been recognised with the Travellers' Choice Award, which is TripAdvisor's highest honour, a distinction earned through the glowing reviews and feedback from the valued guests. The award showcases its consistent delivery of professional service, ensuring that each stay is nothing short of extraordinary.

Awards on Hospitality



TTG China Travel Awards 2023

- **Regal Airport Hotel**



Business Traveller - Best Airport Hotel 2023

- **Regal Airport Hotel**



Travellers' Choice Award

- **Regal Hongkong Hotel**
- **Regal Kowloon Hotel**

For F&B, restaurants in Regal REIT's hotels were highly recommended by various organisations, showcasing Regal REIT's realm of culinary and dining excellence. The RHIHL Group is delighted to have received the MASTERCHEF Recommendation Restaurant 2023 and recommendation from Restaurant Guru 2023, which crowns some of the best restaurants in Hong Kong. Also with the Quality Restaurant Certification (15 years+) which shows the Hotel Manager's persistence in providing high quality of service. In addition, to uphold the value of diversity and inclusion the hotels also provide cuisine that is prepared in full compliance with the precepts of Islamic Law and recognised with the Halal Certificate.

Awards on F&B



MASTERCHEF Recommendation Restaurant 2023

- **Regal Airport Hotel**
 - o Rouge
- **Regal Hongkong Hotel**
 - o Regal Palace
- **Regal Kowloon Hotel**
 - o Regal Court
 - o Mezzo
- **Regal Riverside Hotel**
 - o Regal Terrace
 - o Dragon Inn
 - o Vi



Quality Restaurant Certification (15 years+)

- **Regal Hongkong Hotel**
 - o Regal Palace
- **Regal Riverside Hotel**
 - o Avanti Pizzeria
 - o L'Eau



Recommended on Restaurant Guru 2023

- **Regal Hongkong Hotel**
 - o Regal Palace



Restaurant Guru 2023 - Certificate of Excellence

- **Regal Kowloon Hotel**
 - o Mezzo



Halal Certificate

- **Regal Airport Hotel**
- **Regal Riverside Hotel**

Data Privacy and Cybersecurity

Data Security and Privacy

The Hotel Manager's operations involve collection and handling of customers' private information. During the reporting period, RHIHL Group is preparing a Data Privacy and Security Policy that emphasises the importance of confidentiality in handling personal data and aligns with applicable laws and regulations. Only authorised employees can access customers' personal data, with employees of different rankings granted appropriate access right according to their positions and job duties.

Customers' personal information is collected with their consent for membership management and marketing purposes. Apart from local data protection regulations, the Hotel Manager observes the European Union General Data Protection Regulation as it serves guests worldwide. In the process of data collection, storage and usage, the Hotel Manager ensures compliance with the above regulations and obtain permission from the customers. Personal data will only be disclosed and transferred to third parties only when necessary and upon user consent. Several measures are taken to safeguard user information, including the use of cookies and log files, data retention and security, as well as policy reviews once every three years.

Intellectual Property Rights

In observing and protecting intellectual property rights, the RHIHL Group have established policies and procedures for all business units to follow. For example, the REIT Manager and the Hotel Manager only use licensed software and technology to ensure that its business operations meet the requirements of the law.

Furthermore, "Regal" and "iclub" brands and logos are core elements of Regal REIT, and the protection of the intellectual property rights is taken seriously. The Hotel Manager has appropriately registered the relevant trademarks and service marks according to the applicable laws and regulations in different jurisdictions where it operates and have monitoring measures in place to protect them from infringement.



Supply Chain Management

An extensive network of vendors and suppliers is crucial to the operations. The Hotel Manager relies on the extended partnership network to deliver value through a wide range of products and services, including food and beverages, hotel cleaning and laundry services, guestroom supplies, and all sorts of hotel amenities. To this end, RHIHL Group's Supplier Code of Conduct provides a holistic list of the compulsory requirements on suppliers' operations and approaches to delivery, including but not limited to principles on anti-discrimination, anti-corruption, anti-child and forced labor, and other ESG issues that might negatively affect stakeholders and the community.

A Green Purchasing Policy has been established for RHIHL Group's Purchasing Manager and Group Hygiene Manager to assess potential suppliers, highlights of which are included in the Sustainable Procurement Policy on RHIHL Group's website. In the pre-qualification period, vendors must submit samples and catalogues for testing and examination. Risks that might occur during slaughtering or harvesting, storage, distribution and transportation of the products can be mitigated with the Checklist established by the Hotel Manager, and regular review is conducted to ensure that the suppliers are in compliance. Suppliers who are ISO 9001 certified and have HACCP system in place are also prioritised.

RHIHL Group's Purchasing, Receiving and F&B Departments also evaluate suppliers' product quality, timeliness in product delivery, certifications obtained, etc. with Supplier Annual Evaluation Form. By increasing supply chain visibility in a growing global supply chain, the Hotel Manager ensure products and services offered to the customers are compliant with relevant regulations, while maintaining ethical labour and environmental practices.

While implementing sustainable procurement practices, products' cost and quality are balanced. RHIHL Group has been developing a Sustainable Procurement Policy to identify and to commit to a list of best practices on supplier engagement, including but not limited to sufficient risk management and environmental impact minimisation. Alongside the Policy, RHIHL Group's Accounts and Central Purchasing Department has established procurement instruction and guidelines. Suppliers must satisfy specific procurement terms and guidance on listed criteria. The Hotel Manager's procurement aims to deliver positive impacts across the entire supply chain. Environmentally friendly and local products are supported in the procurement process. Products and materials with minimal effect on the environment and human are aimed to be procured. Cleaning chemicals that are ISO 14001 certified are sourced, and plastic takeaway items are replaced by cornstarch-base bio-degradable materials and plastic bags are replaced with bio-degradable materials. Bulk pack wet amenities bottles are also in place in order to reduce the quantity of small plastic disposable bottles to the minimum. A water filtration system is also installed in guestrooms to reduce the quantity of plastic bottled distilled water.

As a Green Council member since 2012, product safety and quality are not the only consideration for supplier selection. The Hotel Manager strives to minimise negative environmental and social impacts that may otherwise arise from the procurement process. The Hotel Manager's suppliers are selected through a meticulous process. As an example, suppliers are encouraged to source printing and copying paper certified by the Forest Stewardship Council. Local sourcing is also being supported in the procurement process. Vegetables and fruit are also purchased from local farmers whenever possible. Sustainable procurement requires collaboration in the Hotel Manager's whole supply chain. During the reporting period, the Hotel Manager continued efforts to work with different stakeholders, including suppliers, employees and customers, to practise sustainability in the supply chain and set sail to go further on sustainability.

Appendix I – Awards, Recognitions, Qualifications and Membership

Regal Hotels International Limited, the Hotel Manager

Awards and Recognitions	Organisations
20 Years+ Caring Company	The Hong Kong Council of Social Service
Good MPF Employer Award	Mandatory Provident Fund Schemes Authority

Regal Airport Hotel

Awards and Recognitions	Organisations
ISO 22000:2005 Food Safety Management System	SGS
LINE Legacy 2023 Food and Beverage Guide, Top 30 LINE Legacy Dish –Rouge	LINE TODAY Hong Kong

Regal Hongkong Hotel

Awards and Recognitions	Organisations
Earth Hour Certificate 2023	WWF Hong Kong

Regal Kowloon Hotel

Awards and Recognitions	Organisations
ISO 22000:2018 - Food Safety Management Systems – Implementation Training Course Certificate	SGS
Earth Hour Certificate 2023	WWF Hong Kong

Regal Riverside Hotel

Awards and Recognitions	Organisations
U Favourite Food Awards 2023 - My Favourite Buffet Restaurant – L'Eau	U Food

iclub Sheung Wan Hotel

Awards and Recognitions	Organisations
Popular Hotel of The Year	MeiTuan Hotel

iclub To Kwa Wan Hotel

Awards and Recognitions	Organisations
Outstanding Partner Award	MeiTuan Hotel

iclub Fortress Hill Hotel

Awards and Recognitions	Organisations
Popular Hotel of The Year	MeiTuan Hotel

Membership

RHHL Group has been a member of Sustainable Procurement Charter of the Green Council, advocating green and local purchases.



Appendix II – Performance Table

Environmental Responsibility Performance^{4 and 5}

	Units	Performance in 2022	Performance in 2023
Air Emissions			
Nitrogen Oxide (NOx)	kg	275.76	374.44
Sulphur Oxide (SOx)	kg	6.98	5.49
Particulate Matters (PM)	kg	0.42	0.96
GHG emissions			
Total GHG emissions	tonnes of CO ₂ equivalent (tonnes CO ₂ e)	30,246	34,506
Direct GHG emissions (Scope 1) ⁶	tonnes CO ₂ e	4,694	6,071
Indirect GHG emissions (Scope 2) ⁷	tonnes CO ₂ e	25,652	28,435
GHG emission intensity	kg CO ₂ e/equivalent guest night ⁸	18.04	20.51
Energy consumption			
Total energy consumption	MWh	77,666	87,656
Electricity	MWh	54,816	59,755
Towngas	MWh	18,756	25,238
Fuel	MWh	4,094	2,663
Energy intensity	MWh/equivalent guest night ⁸	0.05	0.05
Water consumption			
Total water consumption	m ³	531,683	673,306
Water intensity	m ³ /equivalent guest night ⁸	0.32	0.40

⁴ The environmental responsibility performance data only covers hotel management operations in Hong Kong, including the five Initial Hotels (Regal Airport Hotel, Regal Hongkong Hotel, Regal Kowloon Hotel, Regal Oriental Hotel and Regal Riverside Hotel) and four iclub Hotels (iclub Fortress Hill Hotel, iclub To Kwa Wan Hotel, iclub Sheung Wan Hotel and iclub Wan Chai Hotel).

⁵ Regal REIT's hotels rooms and F&B businesses have resumed into normal operation from Designated Quarantine Hotel Scheme and the Community Isolation Facility Scheme in 2021 and 2022.

⁶ Direct GHG emissions (Scope 1) are generated from fuel consumption, including diesel, petrol, LPG and Towngas consumption.

⁷ Indirect GHG emissions (Scope 2) are generated from electricity and Towngas consumption.

⁸ Equivalent guest night includes the total number of guests stayed overnight in the hotels and one third on total number of guest patron in the restaurants and banquet/function rooms.

	Units	Performance in 2022	Performance in 2023
Waste disposal			
General waste disposed	tonnes	1,784	5,173
Non-hazardous waste intensity	kg/equivalent guest night ⁸	1.06	3.08
Waste recycled			
Used cooking oil	Liter	4,680	7,856
Aluminium cans	kg	9	13
Plastic bottles	kg	1,693	1,908
Paper	kg	38,447	18,101 ⁹
Food waste and donations	kg	61,973	75,923
Glass bottles	kg	589	236
Soap	kg	97	265
Hazardous waste disposal			
Retired lighting fitting	pieces	828	0
Electronic appliances	pieces	0	0
Cleansing chemical	kg	200	0

⁹ During the Designated Quarantine Hotel Scheme and the Community Isolation Facility scheme in 2021 and 2022, most of the pandemic supplies are packaged in cardboard/paper (e.g. lunch boxes and personal protective). Hence there is a decrease in paper recycling amount in 2023 after resuming into normal operation.

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

Indicators	Section/Statement	
A. Environmental		
Aspect A1: Emissions	<p>General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p>	Environmental Responsibility
	<p>KPI A1.1 The types of emissions and respective emissions data.</p>	Environmental Responsibility Performance
	<p>KPI A1.2 Direct (scope 1) and energy indirect (scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</p>	Environmental Responsibility Performance
	<p>KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</p>	Environmental Responsibility Performance
		During the reporting period, Regal REIT has no complete record on the weight of hazardous waste. Therefore, there are no relevant disclosure on total hazardous waste (in tonnes) and intensity. The Hotel Manager has been investigating the issue and will strive to enhance future disclosure.
	<p>KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</p>	Environmental Responsibility Performance
	<p>KPI A1.5 Description of emissions target(s) set and steps taken to achieve them.</p>	Sustainability Vision; Environmental Management
<p>KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.</p>	Sustainability Vision; Waste Management and Material Use	

Indicators		Section/Statement
A. Environmental		
Aspect A2: Use of Resources	<p>General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.</p>	Environmental Management; Energy Management; Water Management
	<p>KPI A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).</p>	Environmental Responsibility Performance
	<p>KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).</p>	Environmental Responsibility Performance
	<p>KPI A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.</p>	Sustainability Vision; Environmental Management
	<p>KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.</p>	Water Management Regal REIT does not suffer from any issues in sourcing water that is fit for purpose.
Aspect A3: The Environment and Natural Resources	<p>General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.</p>	Environmental Management; Green Building
	<p>KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.</p>	Environmental Management; Green Building





Indicators		Section/Statement
A. Environmental		
Aspect A4: Climate Change	<p>General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.</p>	Climate and Environmental Resilience
	<p>KPI A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.</p>	Climate and Environmental Resilience
B. Social		
Employment and Labour Practices		
Aspect B1: Employment	<p>General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p>	<p>Regal REIT does not employ any staff in its own right. Employment and labour practices are not material to our business.</p> <p>Thus, there were no non-compliance incidents regarding employment and labour practices during the reporting period.</p>
	<p>KPI B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.</p>	Refer to remarks for Aspect B1 General disclosure.
	<p>KPI B1.2 Employee turnover rate by gender, age group and geographical region.</p>	Refer to remarks for Aspect B1 General disclosure.

Indicators	Section/Statement	
B. Social		
Employment and Labour Practices		
Aspect B2: Health and Safety	<p>General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.</p>	<p>Regal REIT does not employ any staff in its own right. Health and safety issues are not material to our business.</p> <p>Thus, there were no non-compliance incidents regarding health and safety practices during the reporting period.</p>
	<p>KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.</p>	<p>Refer to remarks for Aspect B2 General disclosure.</p>
	<p>KPI B2.2 Lost days due to work injury.</p>	<p>Refer to remarks for Aspect B2 General disclosure.</p>
	<p>KPI B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.</p>	<p>Refer to remarks for Aspect B2 General disclosure.</p>
Aspect B3: Development and Training	<p>General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p>	<p>Regal REIT does not employ any staff in its own right. Development and training issues are not material to our business.</p>
	<p>KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).</p>	<p>Refer to remarks for Aspect B3 General disclosure.</p>
	<p>KPI B3.2 The average training hours completed per employee by gender and employee category.</p>	<p>Refer to remarks for Aspect B3 General disclosure.</p>





Indicators	Section/Statement
B. Social	
Employment and Labour Practices	
Aspect B4: Labour Standards	<p>General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.</p> <p>KPI B4.1 Description of measures to review employment practices to avoid child and forced labour.</p> <p>KPI B4.2 Description of steps taken to eliminate such practices when discovered.</p>
Aspect B5: Supply Chain Management	<p>General Disclosure Policies on managing environmental and social risks of the supply chain.</p> <p>KPI B5.1 Number of suppliers by geographical region.</p> <p>KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.</p> <p>KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.</p> <p>KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.</p>

Indicators	Section/Statement	
B. Social		
Operating Practices		
Aspect B6: Product Responsibility	<p>General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p>	<p>Service Safety and Hospitality Standard; Data Privacy and Cybersecurity</p> <p>There were no non-compliance incidents regarding product responsibility during the reporting period.</p>
	<p>KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.</p>	<p>Regal REIT does not directly manage the operations of its hotel properties, so there is no relevant figure.</p>
	<p>KPI B6.2 Number of products and service-related complaints received and how they are dealt with.</p>	<p>Regal REIT does not directly manage the operations of its hotel properties, so there is no relevant figure.</p>
	<p>KPI B6.3 Description of practices relating to observing and protecting intellectual property rights.</p>	<p>Data Privacy and Cybersecurity</p>
	<p>KPI B6.4 Description of quality assurance process and recall procedures.</p>	<p>Service Safety and Hospitality Standard</p>
	<p>KPI B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.</p>	<p>Data Privacy and Cybersecurity</p>





Indicators	Section/Statement	
B. Social		
Operating Practices		
Aspect B7: Anti-corruption	<p>General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.</p>	Business Ethics
	<p>KPI B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.</p>	Business Ethics
	<p>KPI B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.</p>	Business Ethics
	<p>KPI B7.3 Description of anti-corruption training provided to directors and staff.</p>	Business Ethics Regal REIT does not employ any staff in its own right, anti-corruption training is not applicable.
Community		
Aspect B8: Community Investment	<p>General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.</p>	Social Responsibility
	<p>KPI B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).</p>	Social Responsibility
	<p>KPI B8.2 Resources contributed (e.g. money or time) to the focus area.</p>	Social Responsibility



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