

NATIONAL ELECTRONICS HOLDINGS LIMITED

Stock Code: 213

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2018

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1 ABOUT THIS REPORT

1.1 OVERVIEW

National Electronics Holdings Limited (“the Company” or “the Group”) is an investment holding company with subsidiaries principally engaged in the manufacture, assembly and sale of electronic watches and watch parts; trading of watch movements and watch parts; property development and investment; and hotel operation. This is the second Environmental, Social and Governance (“ESG”) Report of the Group.

1.2 ABOUT OUR BUSINESS

As of the year ended 31 March 2018, the Group’s principal activities were the manufacture, assembly and sales of electronic watches and watch parts; trading of watch movements and watch parts; property development and investment; and hotel operation. Revenue from the various operating segments is summarised in the table below:

Business segment	2018 Revenue (HK\$)
Manufacture of watches and trading of watch movements	832,357,105
Property development and investment	448,593,900
Hotel operation	124,760,072

Source: Annual Report 2018

1.3 SCOPE OF THIS REPORT

This ESG Report covers the initiatives and progress of the Group for the reporting period from 1 April 2017 to 31 March 2018 (“the reporting year”). The scope covers the Group’s main operating segments, including the manufacture, assembly and sales of electronic watches and watch parts, and trading of watch movements and watch parts; property development and investment; and hotel operation.

The reported environmental Key Performance Indicators (“KPIs”) cover the Group’s operations in the three major business segments, including our five offices, one manufacturing facility and four hotels, The Putman, 99 Bonham, The Jervois and One96. We are also reporting the environmental KPIs of active property construction activities performed by our contractors in the reporting year to better reflect the environmental impact of our property development projects. Our current property development projects (as at 31 March 2018) and their ESG data inclusion status are listed below:

Project	Location	Nature	ESG data included
A parcel of land located at Yinkai Industrial Park, Nanning City	China	Industrial	No
No. 3 South Bay Close	Hong Kong	Residential	No
Properties located at No. 2, No. 2-1 and No. 2-2, Herfeng 3 rd Road, New Taipei City	Taiwan	Residential	Yes
88 Queen Street East	Canada	Commercial and residential	Yes
7 St. Thomas	Canada	Commercial	Yes
45 Tai Tam Road	Hong Kong	Residential	Yes

1.4 REPORTING REFERENCE

This ESG report was prepared in accordance with the “comply or explain” provisions of the Environmental, Social and Governance Reporting Guide (“ESG Guide”) in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. The ESG report will be prepared annually along with the annual financial report.

1.5 SOURCE OF INFORMATION AND CONTACT

The information disclosed in this report has been sourced from the Company’s internal archives and contractors of our property development projects. All information of this report has been confirmed by the management and the respective departments of the Company. If you have any questions or comments regarding any of the contents of this report, please contact the Company’s Chief Financial Officer, Mr. Andy Wong at info@nationalholdings.com.hk.

2 OUR MANAGEMENT APPROACH

2.1 ESG WORKING GROUP

The Group is committed to evaluating and determining the potential risks and opportunities of ESG issues arising from the Group's operation. ESG issues with potential significant impacts on the Group are discussed at the board level as and when necessary.

To better manage ESG matters, the Group is planning to establish an ESG working group with representatives from its three major business segments: watch manufacturing and trading; hotel operation; and property development. The representatives from various business segments shall co-operate for management and disclosure of ESG issues. The working group would also be responsible for identifying, assessing and mitigating current and potential ESG risks to seize opportunities for improvement.

2.2 STAKEHOLDER ENGAGEMENT

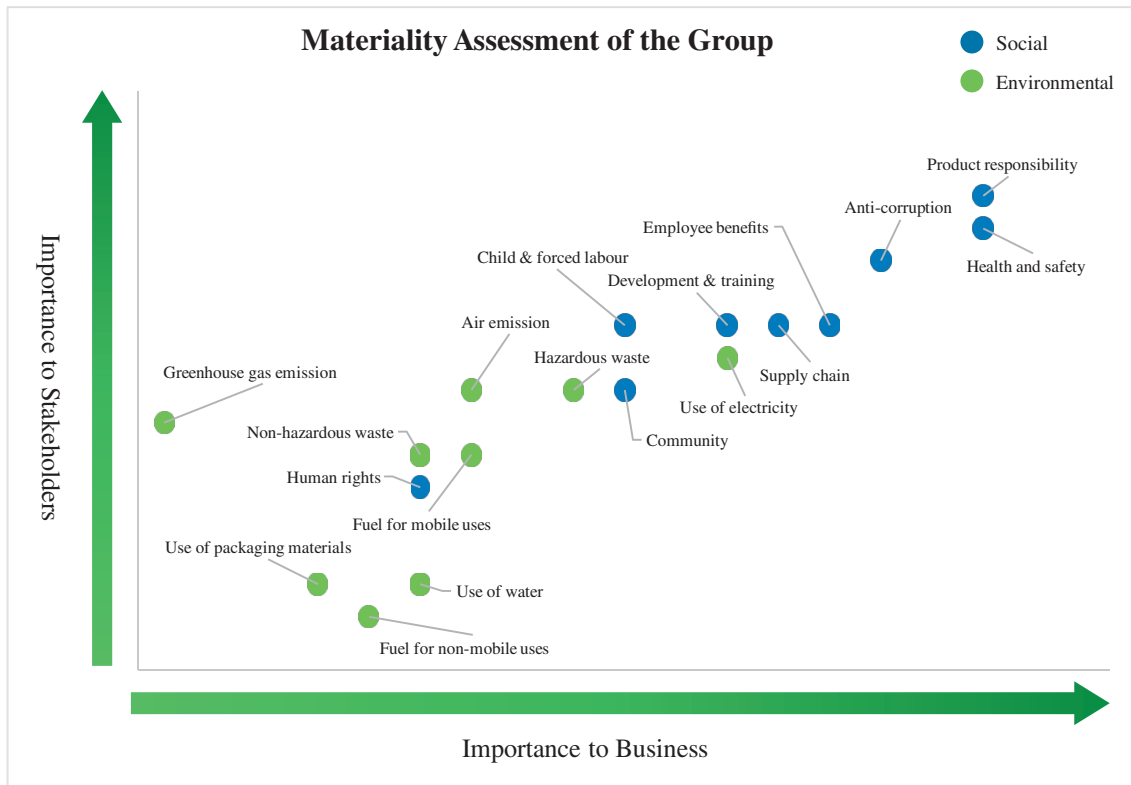
Materiality assessment is essential for identifying the focus of our ESG management strategies. Engaging with our stakeholders provides important input for our decision-making, which helps us continuously improve and make progress towards our ESG commitments.

To identify the materiality for the Group, we have primarily reached out to our senior management, who has hands-on knowledge of our operations as well as close relationships with key investors and business partners. Through a third-party consultant, engagement surveys and interviews were conducted and assessed. The findings were subsequently transcribed into the materiality results as described in the section below.

Stakeholder engagement is a core component of our business and sustainability strategies. Our key stakeholders include our clients, employees, suppliers and contractors as well as professionals in property development and investment. We plan to expand the scope of our stakeholder engagement exercise in the coming future by including a variety of stakeholders to get more comprehensive feedback for the continual improvement of our ESG performance.

2.3 MATERIALITY ASSESSMENT

The views and opinions collected during the stakeholder engagement were assessed and summarised in the materiality matrix below. Each material ESG issue and its relevance to the business operations are listed in descending order categorised by environmental and social aspects in the table below:



Material environmental aspects

Use of electricity

Hazardous waste

Air emission

Material social aspects

Product responsibility

Health and safety

Anti-corruption

3 ENVIRONMENT

The Group is committed to protecting the environment. We respect and closely consider the interests of the natural environment where our businesses are located.

To minimise the impact on the environment from our operations, we strive to minimise the use of resources and reduce environmental emissions, where practicable. We encourage our employees and service providers to follow the same principle. While our business operations vary in nature from watch manufacturing to property development to hotel operation, we apply relevant precautions and take appropriate actions to minimise the impact on the environment.

Watch manufacturing

Our watch manufacturing business mainly involves the assembly of externally sourced parts and components. The major environmental impact of our manufacturing process is the chemical waste from lubricant use and air emissions generated from soldering. We plan to further improve by taking the following steps where practicable:

- Understanding both local and global regulatory requirements related to environmental protection;
- Considering more eco-friendly product design;
- Adopting more environmentally friendly concepts in the production process through better understanding of our existing environmental performance standard (for instance, monitoring exhaust gas and indoor air quality in manufacturing facilities);
- Collaborating more with suppliers, and responding better to global environmental supply chain pressures;
- Implementing strategic planning for long-term environmental improvement; and
- Enhancing environmental awareness of our employees.

Property development

As the project manager of our property development projects, we work closely with our service providers, such as engineers, architects and contractors, to incorporate responsible environmental considerations throughout the whole process from design to build. For all new buildings, we take into consideration green building guidelines such as BEAM¹ and LEED². Certified buildings include the office building at 7 St. Thomas Street, Toronto and the residential development at 45 Tai Tam Road, Hong Kong.

During the design stage, we look at incorporating environment-friendly or green design features where practicable. For our project, 45 Tai Tam Road in Hong Kong, we introduced several design features such as double insulated glass units as window panes to minimise solar heat gain, and Variant Refrigerant Volume central air conditioning system to save energy. In addition, we designate at least 20% greenery area as common area. We have also introduced several green design features in our 7 St. Thomas Street Project in Canada, such as a green roof and rainwater collection system for flushing.

1 Building Environmental Assessment Method (BEAM) is the Hong Kong rating tool for green buildings.

2 Leadership in Energy and Environmental Design (LEED) is a rating system devised by the United States Green Building Council (USGBC) to evaluate the environmental performance of a building and encourage market transformation towards sustainable design.

While we do not directly engage in construction activities, we work with our contractors to implement proper on-site environmental management to ensure environmental regulatory compliance as well as to monitor environmental performance, from air emissions and noise generation to wastewater discharge, etc.

Hotel operation

Our hotels operate round the clock and we rent out the shops and cafes to third parties. As a hotel operator, we have identified two environmental aspects to focus on in the future — use of resources and waste management.

Head office

At the head office, we advocate environment-friendly working practices by paying close attention to the efficient use of resources and minimising waste generation. We seek to improve our environmental performance through the behavioural change of our staff and encourage the concept of “Reuse, Reduce and Recycle”.

3.1 USE OF RESOURCES

The Group committed to using resources efficiently and we strive to conserve resources during our operations. Among the various types of resources used, we have identified electricity as the most significant. We have been keeping records of our monthly utilities including electricity, water and fuel consumption. The data collected will be used for analyses of our base-line consumption of resources and whether any improvements could be made.

Watch manufacturing

We seek to reduce energy consumption from the daily operations in our manufacturing facilities. Through enhancing the environmental awareness of our employees, we seek to lower the electricity and water consumption in our factories, reducing the wastage of resources.

Property development

As a property developer, we are usually not the end user of the completed units. However we seek to reduce the environmental impact of the units by incorporating resource-efficient designs and adopting high-efficiency equipment when practical. Our efforts include:

- Using LED lighting and occupancy sensors to control LED light fixtures;
- Installing energy-efficient appliances and water-efficient fixtures; and
- Retaining and treating rainwater for flushing.

Hotel operation

While we have limited control over the consumption of our hotel guests, we encourage them to consider the environment and conserve resources. To reduce unnecessary change of room towels and bed sheets, occupants can place an Environmentally Friendly Card on the bed or towels if the tenants wish to re-use the towels. Unoccupied rooms would have the air conditioning set at 28°C to reduce electricity consumption.

3 ENVIRONMENT

Head office

In our head office, we have implemented measures to save energy and minimise the use of resources. Examples of these measures are provided as follows:

- Keeping the air-conditioned room temperature at around 25°C;
- Switching off lights when a room is not in use and shutting down computers when they are not in use;
- Closing doors and windows when the air conditioning is on;
- Switching to energy-saving mode for office equipment and electronic appliances after a period of inactivity; and
- Adopting duplex printing and minimising the printing of documents by using electronic communication whenever practicable.

3.2 EMISSIONS

Among the various environmental emission aspects, we have identified hazardous waste generation and air emission as the most significant in our business operations. Further details of their relevance and control measures carried to properly manage these emissions as well as the regulation compliance status are provided in the sections below.

3.2.1 Waste management

3.2.1.1 Hazardous waste

Watch manufacturing

As the manufacturing process mainly involves the assembly of parts and components, it is not subject to significant environmental impacts or compliance matters. However, hazardous waste is generated from the use of chemicals such as spent oils and lubricants, as well as the disposal of batteries. Heavy metals in batteries, such as mercury, lead, cadmium and nickel, may lead to environmental contamination when improperly disposed of. When incinerated, certain metals may be released into the air or can be concentrated in the ash produced by the combustion process. Mercury leakage from the batteries would be another concern.

To ensure proper management of such hazardous waste, we appoint licensed waste contractors to collect and dispose properly of these hazardous waste. In light of these impacts, we plan to improve our manufacturing process and adopt environment-friendly technology in the future design of our watches.

Property development

The use of chemicals such as paints and solvents is common in construction works, and such use inevitably leads to the generation of hazardous waste. Since we are not directly involved in construction works, it is the responsibility of our contractors to ensure that proper hazardous waste disposal plans are adopted. To ensure their compliance with applicable local regulations, we work closely with our contractors to ensure these hazardous waste are properly managed and disposed of.

Hotel operation

Limited hazardous wastes of our hotel operation are mainly produced from the use of paints and replacement of light tubes during maintenance work. We use paints that comply with Environmental Protection Department's standard and used light tubes are stored for collection by authorised waste collector for proper handling.

3.2.1.2 Construction waste

Construction waste is mainly generated in property development. We strive to minimise construction and demolition waste through reuse and recycling to reduce the amount of waste being disposed of to landfill sites. We work closely with our contractors to ensure hazardous construction waste is properly managed and disposed of.

For our Hong Kong projects, we avoid abortive works through careful planning and design to reduce construction wastes. Timber planks are also reused as much as possible to reduce the generation of waste materials.

For our Canadian projects, each contractor is responsible for implementing a construction waste management plan to limit the amount of waste generated. The contractors shall also segregate the waste and plan the recycling of materials.

3.2.1.3 General waste

General waste is mainly generated from our office and hotel operations. To reduce the generation of such waste, we have adopted various measures, including:

- Adopting electronic means for internal communication to replace hardcopies when possible;
- Recycling of food waste (e.g. coffee grounds);
- Providing recycling bins to collect used paper, plastic bottles, packaging materials and ink cartridges; and
- Using double-sided printing and reusing scrap paper.

3 ENVIRONMENT

3.2.2 Air emissions

Watch manufacturing

During the watch manufacturing process, air emissions mainly come from soldering, volatile organic solvents and lube oil, and metal dust from cutting machinery. We ensure adequate air ventilation by appointing a third-party agency to perform tests on our exhaust emissions on a regular basis. The testing parameters include lead, tin and non-methane hydrocarbons. According to the test results in August 2017, our air emission levels comply with the relevant provincial standards.

Property development

Dust emissions from construction works and air emissions from vehicle exhausts are inevitable during property development. Though we do not have direct control over the emissions from construction sites, we work closely with our contractors to ensure proper monitoring of their compliance with the local environmental protection laws and regulations.

To minimise air pollution, plants and machineries at the construction sites are regularly inspected and maintained to prevent excessive air emissions. We spray water for dust suppression on site to lower the impact of dust emission to the surroundings. We comply with applicable local regulations such as Ontario's Local Air Quality Regulation.

3.2.3 Other emissions

Property development

During the construction of properties, the noise and wastewater discharged from our construction sites may also impact the surrounding environment. To minimise the impact of noise and wastewater discharge from our sites, we work hand-in-hand with our contractors to properly manage our construction noise and wastewater emission.

To mitigate the impact of construction noise on surrounding environment, our contractors follow the time and date specifications of noise permits or other local regulations on construction work. Regular maintenance of plants are also performed to minimise the noise generated.

For wastewater, our contractors follow relevant local regulations and monitor the quality of wastewater discharge to avoid contamination of public drains. In Hong Kong, sedimentation tanks are used to treat the wastewater before discharge.

3.2.4 Regulatory compliance

During the reporting period, we were not aware of any material non-compliance with laws and regulations relating to environmental emissions in our manufacturing facilities, construction sites and operating properties including hotels.

3.3 ENVIRONMENT AND NATURAL RESOURCES

The major environmental issues in our business related to emissions and the use of resources are already disclosed in the above sections.

3.4 ENVIRONMENTAL PERFORMANCE DATA TABLE

	Unit	Group ³	Property Development Sites
Use of electricity	kWh	4,347,538	695,404
Use of water	cubic meter	39,182	5,122
Use of town gas	unit	74,620	N/A
Use of natural gas	cubic meter	2,637 ⁴	96,961 ⁵
Use of diesel	litre	7,114	1,632
Use of gasoline	litre	38,209 ⁶	N/A
Solid hazardous waste disposal	kg	22	N/A
Liquid hazardous waste disposal	litre	5,500	N/A

3 Excludes contractor consumptions at our property development sites, which is reported separately in the column “Property Development Sites”

4 For office building in Canada

5 For heating of cement in Canadian construction sites

6 For vehicle consumption in Hong Kong trading office and China watch manufacturing facilities

4 PRODUCT RESPONSIBILITY

Quality products and services are important for the long-term sustainable development of a company. Therefore, we have implemented a number of quality control initiatives to ensure our products and services are consistently up to standard.

4.1 SECURING PRODUCTS AND SERVICES QUALITY

Watch manufacturing

The Group designs and manufactures products that are specified by clients. We place a high priority on research and development, aiming to continuously improve product quality. We strive to create quality products and have obtained ISO9001 certification for our watch manufacturing business.

Our products are subjected to stringent quality control tests, which include the following procedures:

- A series of inspection from parts to final products, regarding their appearance, packaging, specification and brand logo, etc. is conducted on a sampling basis; and
- If any defects are identified, the relevant product will be returned to the production house for assessments, with the reason for the defect investigated and recorded.

Property development

With regard to the Group's property business, we work together with expert consultants to provide the best products to our customers, covering the design, construction plan, technical management, sales to after-sales services. For every property development project, our team strives to consider the design from the perspective of end users, taking into account their needs.

While we strive to provide quality properties to our clients, building safety is also one of our top priorities. To ensure the safety of our property developments, we adhere to the local health and safety regulations regarding building designs, including fire safety and other necessary provisions.

When promoting our development projects, we usually employ external property agents. Since we do not have direct control of their actions, we had taken steps to ensure our external agents had used accurate communication materials and prevent the use of exaggerating or misleading statements. We comply with relevant regulations and guidelines, including the Residential Properties (First-hand Sales) Ordinance and the self-regulatory regime of the Real Estate Developers Association of Hong Kong.

Hotel operation

At our hotels, the privacy and confidentiality of customers' information is important. We are committed to safeguarding guests' privacy during their stay, as clearly stated in our Employee Handbook and we hold our staff to the highest standards. All confidential information will be shredded or destroyed after use to protect the sensitive data of our guests.

Regulatory compliance

During the year under review, the Group was not aware of any material non-compliance with laws and regulations relating to our products and services.

4.2 SUPPLY CHAIN MANAGEMENT

The Group views suppliers as partners and we expect them to make a fair return when they do business with us. When working with our suppliers, we pay attention to both objective criteria such as price and quality, and other intangible criteria such as integrity and reliability. Suppliers and service providers are appointed based on strict ethical standards, which enhance the confidence of our customers.

While the Group strongly believes that the procurement of services or the purchase of goods should be mainly based on price, quality and on-time delivery, we also consider the ESG performance of our service providers, particularly regarding regulatory compliance on environment, employment and labour as well as health and safety.

Watch manufacturing

For our manufacturing business, we rely on various suppliers to support our production. We understand that effective supply chain management is one of the most important parts of our operational process. Therefore, policies on the selection and evaluation of suppliers have been developed and implemented.

We regularly evaluate our suppliers. The Group aims to assist underperforming suppliers to improve their product quality and standard of services. We would reevaluate our partnership with those who do not meet our requirements.

Property development

For property construction, we only work with major contractors with a solid reputation in the industry and a good record in health, safety and environmental issues. Throughout the years, we have maintained long-term partnerships with various main contractors in Hong Kong. During the reporting year, we were not aware of any material violations regarding health and safety by our contractors.

Hotel operation

Regarding the hotel business, we promote fairness and openness, and aim to develop long-term relationships with suppliers and contractors. We have established transparent procurement and tendering procedures to support our business operations. The purchase of goods and hiring of services should solely be based on need, price and quality. The Company's procurement policies and procedures follow these principles:

- Genuine need for goods and services;
- Consideration of 2-3 quotations unless the required item is classified as sole source of supply item;
- Compliance with laws; and
- Management controls to prevent and detect bribery, fraud or other malpractices in the process of procurement and tendering.

To ensure better control of the procurement procedure, we have revised the guideline of procurement in the reporting year. In the future, we will continue to progressively enhance the assessment and monitoring of the ESG performance of our suppliers.

5 EMPLOYMENT AND LABOUR PRACTICES

Talent is an important asset to the Group, and it is one of our top priorities to attract and retain the best people. To achieve this goal, we implement a fair and transparent recruitment process, provide a respectful and safe working environment, and offer a comprehensive and competitive benefits package along with learning and professional development opportunities.

The Group's commitment to our employees' welfare is clearly stated in the Code of Conduct and Employee Handbook.

5.1 RECRUITMENT AND EMPLOYEE BENEFITS

Talent recruitment

The recruitment of high calibre talents is a crucial driver of our business growth. As an equal opportunity employer, we welcome talents from different backgrounds and are dedicated to achieving a fair recruitment process. Applicants are judged based on their qualifications, demonstrated skill and achievements and not based on their race, colour, religion, national origin, gender, age, disability, sexual orientation, marital status or other status protected by law.

To retain and motivate employees, the Group offers competitive remuneration packages, which is reviewed annually to reflect each employee's performance and contribution. The Group is committed to giving promotions from within, where employees with extraordinary performance are encouraged to take up more responsibility. Senior management makes promotion decisions based on merit, efficiency and ability.

Remuneration package and benefits

Full-time employees are entitled to various benefits. Besides the provision of social plan contributions as required by local laws and regulations, employees are entitled to a leave option according to local labour laws and regulations, including public holiday, paid annual leave, sick leave, maternity leave, paternity leave and personal leave.

We understand that personal growth opportunity and exposure are equally important to employees as well. To provide our staff with exposure to greater value-added experiences, the Group encourages internal transfers. For example, at our hotel operations, internal advertisements for additional manpower and replacements are put up on the Company's notice board. Interested employees can submit their applications directly to the Human Resources department. All applications are treated fairly with strict confidentiality.

Building up an atmosphere of trust

Organisational health is a reflection of the attitude of employees. We understand that effective internal communication builds productivity and satisfaction. To foster an atmosphere of mutual trust between the Group and employees, we provide various communication channels for our employees to voice their opinion.

As the primary channel of communication, line managers are encouraged to hold regular briefings or meetings with their employees. Managers would organise counselling, acknowledge performance, encourage improvement in performances and give career guidance. Employees are also encouraged to give their constructive opinions and suggestions to their supervisors or the Human Resources department. Furthermore, the Group takes grievances and complaints seriously and all information received shall be kept confidential.

To promote bonding between the Group's employees, we organise company events such as New Year and Christmas lunches to give colleagues opportunities to interact with each other in a relaxed environment and enjoy a sense of belonging.

Regulatory compliance

During the year under review, the Group was not aware of any material non-compliance with laws and regulations relating to employment and labour practices.

5.2 LABOUR STANDARDS

The Group respects human rights and prohibits the use of child and forced labour in its operation. We abide relevant local regulations, such as Labour Law of the People's Republic of China, Provisions on the Prohibition of Using Child Labour and the Employment Ordinance of Hong Kong.

We have established procedures to prevent child labour. During the recruitment process, we verify the age of the candidates by checking their identification documents to prevent the employment of underage labour.

We do not tolerate forced labour, and staff's working hours and entitlements such as rest and leave days are protected by their labour contract. When overtime is needed, employees are entitled to be compensated upon approval of their managers.

Regulatory compliance

During the year under review, the Group was not aware of any material non-compliance with laws and regulations relating to child and forced labour.

5.3 HEALTH AND SAFETY

We value the wellbeing of our staff and are committed to protecting their health and safety at work. We strictly comply with all applicable safety and health laws and regulations, and encourage employees to report any potential safety hazard to their supervisors.

Watch manufacturing

As a watch manufacturer, we are committed to providing our employees a safe and healthy workplace by minimising their exposure to potential health and safety risks.

To ensure a healthy working environment for our workers, we regularly conduct indoor air quality (IAQ) monitoring and test for chemicals such as benzene, toluene, xylene, acetone, butanone and ethyl acetate of our manufacturing facilities. We also test the quality of our drinking water to protect the health of our employees. As of our latest tests, both our indoor air quality and drinking water quality comply with the limits set forth by Chinese standards of "Occupational exposure limits for hazardous agents in the work place" and "Standards for drinking water quality".

First-aid kits are available in every production area, and first-aid officers trained by the Red Cross are stationed in the factory. In case of major injuries, we ensure employees could receive proper treatment at the local medical centres. All of our safety equipment and measures are prepared in accordance with applicable laws and regulations, and there were no accidents in the year under review.

5 EMPLOYMENT AND LABOUR PRACTICES

Property development

Construction safety is an important issue in the property development business. We outsource our construction work to contractors with a good reputation and record on workers' health and safety. We encourage our contractors to strive for the goal of zero accidents at all our construction sites.

Hotel operation

Though the working environment of a hotel is of relatively low risk, we still emphasise work safety to our employees. Guidelines on dealing with fire and work-related injuries are clearly stated in the Employee Handbook. In case of any emergency, employees should immediately report to the relevant manager or Human Resources department.

For fire safety, staff members are required to be familiar with all safety precautions and regulations as prescribed by the Company to protect guests and themselves from danger. When a fire breaks out, associates at the scene shall immediately call the front desk to inform the exact location of the incident.

Regulatory compliance

During the year under review, the Group was not aware of any non-compliance with laws and regulations relating to occupational health and safety.

5.4 DEVELOPMENT AND TRAINING

The Group believes that the competency of our employees is an important driver of our long-term development. Therefore, we provide our staff with training opportunities to support their career advancement as well as meet our developmental needs.

New joiners are provided with orientation programmes to acquaint them with basic knowledge of the Company. Besides that, various training opportunities are provided during their time in the Group, with training topics such as industry knowledge and product quality standards to continuously enhance the competitiveness of our services and products. Environmental safety and health training as well as fire safety training are also provided to enhance the safety awareness of employees.

For example, hotel associates who have completed two years of service are eligible to apply for an Educational Assistance Scheme. By providing sponsorship, the scheme encourages our hotel associates to attend external training to gain new knowledge and skills, helping them in their present job or future advancement.

5.5 ANTI-CORRUPTION

As a listed company in Hong Kong, we strive to maintain the highest standard of integrity and ethical conduct in our relationship with our stakeholders — directors, employees, customers, suppliers, shareholders and community. It is the policy of the Group to prohibit bribery and corrupt practices. Employees are not permitted to accept benefits from business counterparts or provide benefits for the gain of the Group.

The behaviour of our employees, officers and directors is guided by the Code of Conduct and Ethics. The Code outlines the principles of conduct and ethics to be followed, as well as emphasises the importance of avoiding conflict of interest and safeguarding confidential information.

The Group requires all its employees and directors to avoid any situation which does or may involve a conflict between their personal interests and the Group's interests. It is the obligation of directors and employees to promote the Group's best interest at all times.

Directors and employees are expected to take every means or actions they reasonably can to avoid any conflict of interest. If it appears that a conflict of interest arises or is likely to arise, the person involved must promptly report to his or her supervisor or the Audit and Risk Management Committee of the Company.

It is the responsibility of directors and employees to safeguard any confidential information they have access to. They should not disclose any confidential information of the Company to the outsiders except where disclosure is needed to enable the Company to carry on its business or where there is no reason to believe that such disclosure may cause economic loss of any kind to the Company.

Regulatory compliance

During the year under review, the Group was not aware of any material breach of laws and regulations relating to bribery, extortion, fraud and money laundering.

6 COMMUNITY INVESTMENT

The Group believes that business growth is closely tied to the wellbeing of the surrounding community and the environment where it operates. While we encourage and support our employees to participate in community events and make charitable donations, the Company was not involved in any significant donation or voluntary activities in the reporting year.

	Aspects	Section	Remarks
A	Environmental		
A1	Emissions	3.2	
	Policies and 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		
A1.1	Types of emissions and respective emissions data	3.2	
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	—	Greenhouse gas emission is not a material aspect of the Group. We will continue to observe any changes in regulatory requirements and update our disclosure accordingly.
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	3.4	
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	—	Non-hazardous waste is not a material aspect of the Group.
A1.5	Description of measures to mitigate emissions and results achieved	3.2.2	
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	3.2.1	
A2	Use of resources	3.1	
	Policies on the efficient use of resources, including energy, water and other raw materials		
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)	3.4	

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	Aspects	Section	Remarks
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	3.4	
A2.3	Description of energy use efficiency initiatives and results achieved	3.1	
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	3.1	
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	—	Packaging material is not a material aspect of the Group.
A3	Environment and natural resources	3.3	
	Policies on minimizing the issuer's significant impact on the environment and natural resources.		
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	3.3	
B	Social		
B1	Employment	5.1	
	Policies and 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		

	Aspects	Section	Remarks
B2	Health and safety	5.3	
	Policies and 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		
B3	Development and training	5.4	
	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities		
B4	Labour standards	5.2	
	Policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour		
B5	Supply chain management	4.2	
	Policies on managing environmental and social risks of the supply chain		
B6	Product responsibility	4	
	Policies and 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		
B7	Anti-corruption	5.5	
	Policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering		
B8	Community investment	6	
	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		