



唐宮(中國)控股有限公司

TANG PALACE (CHINA) HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號: 1181

唐宮

Tang Palace

HONG KONG
TANG PALACE
FOOD & BEVERAGE
GROUP

香港唐宮飲食集團



2018

環境、社會及管治報告

Environmental, Social and
Governance Report

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In our annual report 2018, the Group summarized its works for the year as “Achieving Sustainable Development with Insightful Strategies Passing On Legacy with Artisan Spirit”. The rapid development of Mainland China in recent years has brought tremendous challenges to the catering and beverages market. From the gradual improvement of national policies to the spontaneous escalation of corporate governance by business sectors, enterprises are paying increasing attention in undertaking social responsibility. The Group has always adhered to its original vision and strongly believes that a centennial international brand can only be established with profound core values and business philosophy, and incorporate them into the management and operation system. We also pay special attention to our management policies, such as food safety, environmental protection, environmental safety, and services.

Food safety has become the primary industry concern in recent years. With the government revising and implementing its operational specifications for food safety in 2018, the Group also reviewed our existing management system in due course and established our independent management system specifically to achieve clearer and more detailed control of duties. At the same time, with many year of continuous management in supply chain, including internal standardised system to evaluate suppliers to ensure compliance and quality, internal regular inspection and testing to maintain high standards of food, and our comprehensive procurement system to allow the Group to control the ingredients from source, we ensure the quality through process control and improve the standards from monitoring them. During the year, the Group intensified its in-depth management measures on environmental protection. We started from the operational process and managed the processes individually from R&D, production, packaging to sales services. At the same time, we continued to introduce and replace new kitchen equipment and cooking equipment to conserve energy and reduce emission, and even incorporate environmental considerations into kitchen planning and design for our new outlets. The overall systemic maintenance is all for the purpose of achieving the goal of “Ingenuity • Safe • Care” was successful.

Enterprise sustainable development and society advancement are talents-oriented. Our social responsibility starts from caring for internal stakeholders, and then extends to external customers. We are convinced that devoted and happy staff is a function of customer satisfaction. We also believe the physical and mental health of staffs and customers are the keys to the “sustainable inheritance” of the community and enterprise. We have implemented the business philosophy and values of Tang Palace through our established mechanism, and apart from continuing to optimize our talents training system, and increase physical and mental training of departments at different levels through penetration and strengthening staffs’ self-improvement abilities, we also improved the leadership training, and promotion and assessment system at different levels, so that staff can improve and benefit from works. At the same time, we care about staff’s mental health. Through our efforts to promote Guoxue (“國學”), we constantly strive to “Conveying Joyful Happiness” mentality. We hope to cultivate the “altruism” spirit of our staffs and fundamentally enable them to help and love one another and serve our customers from their own perspective.

With over 10 years of cooperation between university and enterprise, the 27 years of continuous refinement in our training mechanisms for skills and minds, non-interrupting improvement of our compensation and promotion system, and our enduring efforts to propel corporate and social care have nurtured, cultivated and affected countless Tang Palace staffs continue to devote themselves to the society with missions.



ABOUT THIS REPORT



ABOUT THIS REPORT

1.1 Reporting Period

This environmental, social and governance report (the “**Report**”) cover the period from 1 January 2018 to 31 December 2018 (the “**Reporting Period**”).

1.2 Publication Cycle

This report is issued on a yearly basis and according to relevant statutory requirements, it will be released within 3 months after the publication of annual report of the Company.

1.3 Reporting Scope

The statistical information in this Report primarily covers the traditional Chinese restaurant business of the Group, including the regions in Northern China (Beijing), Eastern China (Shanghai / Suzhou / Hangzhou), Southern China (Shenzhen / Dongguan) and Western China (Chengdu), which contributes the largest cash flow and income to the Group.

1.4 Relevant Legal Requirements

The production and operation of the Company and its subsidiaries (the “**Group**”, “**We**” or “**Tang Palace**”) are mainly located in the People’s Republic of China (the “**PRC**”). The Group also operates its restaurant business in Hong Kong Special Administrative Region and Taiwan through self-operation or joint venture. Our compliance with relevant laws mentioned in this Report is applicable to the relevant legal requirements in various regions.

1.5 Basis of Preparation

This Report is prepared in accordance with the requirements of Rule 13.91 and the reporting framework set forth in the “Environmental, Social and Governance Reporting Guide” (the “**Guide**”) under Appendix 27 of the Main Board Listing Rules of Stock Exchange. In complying with the Guide and Code of Corporate Governance, the Board of directors of the Company is accountable to the overall responsibility of Group’s Environmental, Social and Governance (the “**ESG**”) strategy and reporting, and is also responsible for evaluating and determining the Group’s ESG-related risks.

1.6 Sources of Data

All information in this Report are derived from the official documents and statistical report of Tang Palace (China) Holdings Limited. During the reporting year, the Company engaged Carbon Care Asia Limited to perform a carbon assessment to quantify the emission of greenhouse gas generated by its operations. The quantification process, adopting the operation control method to collect data, is referenced to the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions from Food, Tobacco, Alcohol, Beverages and Purified Tea Manufacturing Enterprises (《食品、煙草及酒、飲料和精製茶企業溫室氣體排放核算與報告指南》) and the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions from Other Industrial Enterprises (《工業其他行業企業溫室氣體排放核算與報告指南》) as promulgated by National Development and Reform Commission of the People’s Republic of China, and also the International Standard ISO14064-1, so as to ensure the accuracy of the environmental key performance indicator information.

1.7 Access to the Report

The electronic version of this Report is available on the Company’s website (<http://www.tanggong.cn/>) and the website of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>).

This Report is published in both Chinese and English versions. In case of any inconsistency, the Chinese version shall prevail.

ABOUT TANG PALACE



ABOUT TANG PALACE

2.1 Group Profile

Place of incorporation: The Company is registered in the Cayman Islands and listed on The Stock Exchange of Hong Kong Limited in 2011, stock code: 1181.

Business: restaurant operations and food production

Principal operating regions: Beijing, Chengdu, Shanghai, Shenzhen, Hong Kong

Self-operating brands: Tang Palace, Tang Palace Seafood Restaurant, Tang's Cuisine, Social Place, Canton Tea Room, Ninja House Japanese Restaurant

Joint venture brands: PappaRich, Born Ga, Social Place, Ma Wang Zi

Franchise brand: Pepper Lunch

Number of outlets as at the end of 31 December 2018:
59 self operated and 8 under joint venture



Tang Palace

Tang's Glorious Culture for Succession
Palace for Chinese Cuisine Inheritance

Four Major Missions

With Glorious Tang Culture as Foundation
Modern Management as Core
Establishing Paradigm of a Blessed Catering
Fostering a Centennial International Brand

Core Values

Filial piety and brotherhood
Gratitude and humbleness virtue
Integrity and altruism
Refinement and creativity
Conveyance of positivity
All-round blessed

Operation Philosophy

Altruistic operation
Relentless efforts
Conveying happiness

2.2 Tang Palace's Missions and Values

The Group adheres to the **missions** of "With Glorious Tang Culture as Foundation", "Modern Management as Core", "Establishing Paradigm of a Blessed Catering" and "Fostering a Centennial International Brand", upholds the **core values** embracing "Filial Piety and Brotherhood, Gratitude and Humbleness Virtue, Integrity and Altruism, Refinement and Creativity, Conveyance of Positivity and All-round Blessed", and translates the **operation philosophy** characterised by "Devoting Relentless Efforts, Conducting Altruistic Operation and Conveying Joyful Happiness" into practice through different stakeholders and aspects.

2. ABOUT TANG PALACE

2.3 Awards and Accolades

Tang Palace has always been endeavored to establish a good brand image, striving to gain trust from customers, business partners and the public. With the utmost effort from the Group's employees, Tang Palace has received various awards in 2018 and some are listed below, we will keep on striving for the recognition from all sectors, continue to make contribution to our stakeholder.

Capacity and Size

Organisation	Awards
Hong Kong Economic Journal	2018 Listed Company Award of Excellence
Forbes China	2018 Top 10 Female CEO of Listed Companies in China
China Cuisine Association	2018 Top 100 Catering Enterprises in China
China Cuisine Association	2018 Top 500 Catering Outlets in China

Enterprise Creditability

Organisation	Awards
China General Chamber of Commerce	AAA Enterprise Credit Rating
Ctrip Corporate Travel	Innovative Partnership Award
Shenzhen General Chamber of Commerce	Shenzhen Heritage Label

Brand Recognition

Organisation	Awards
TimeOut Shanghai	2018 Love Shanghai - Cantonese Tea Restaurant of the Year - Cantonese Restaurant of the Year
Most Popular Restaurant Top 100 Best Choice Award	2018 Top 100 Restaurants Award for Shanghai Gourmet Food Guide
A Bite of Sichuan, Sichuan Radio and TV	2018 A Bite of Sichuan
Chengdu YOUNG List	2018 Most Popular Catering Brand
OpenRice (開飯喇)	2018 Best Restaurant Award - Best Guangdong Restaurant - Best Restaurant in Central & Western
Tripadvisor (貓途鷹)	Certificate of Excellence 2018
Dianping	2018 Customer Review Awards



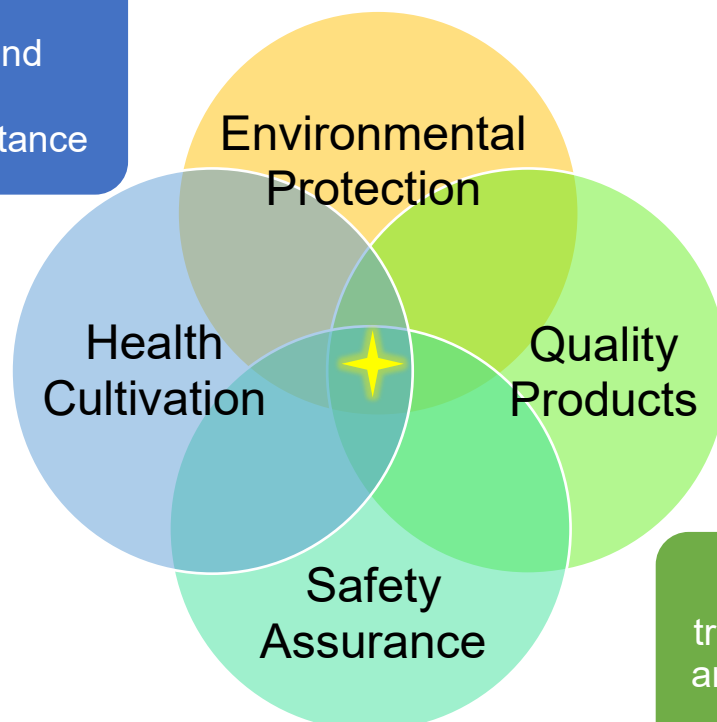
2.4 Tang Palace's Sustainable Development

To transform Tang Palace into a “Centennial International Brand”, we foster an atmosphere of corporate diligence and innovation, integrity and compliance, and gratefulness and positivity through upholding our core values and operation philosophy. In facing the ever changing and competitive markets, our key attributes embrace “Environmental Protection, Quality Products, Safety Assurance and Health Cultivation”, representing Tang Palace's key response to our “Environmental, Social and Governance” aspects.



Treasure the earth
and
cherish resources

Keep healthy and
positive and
sustainable inheritance



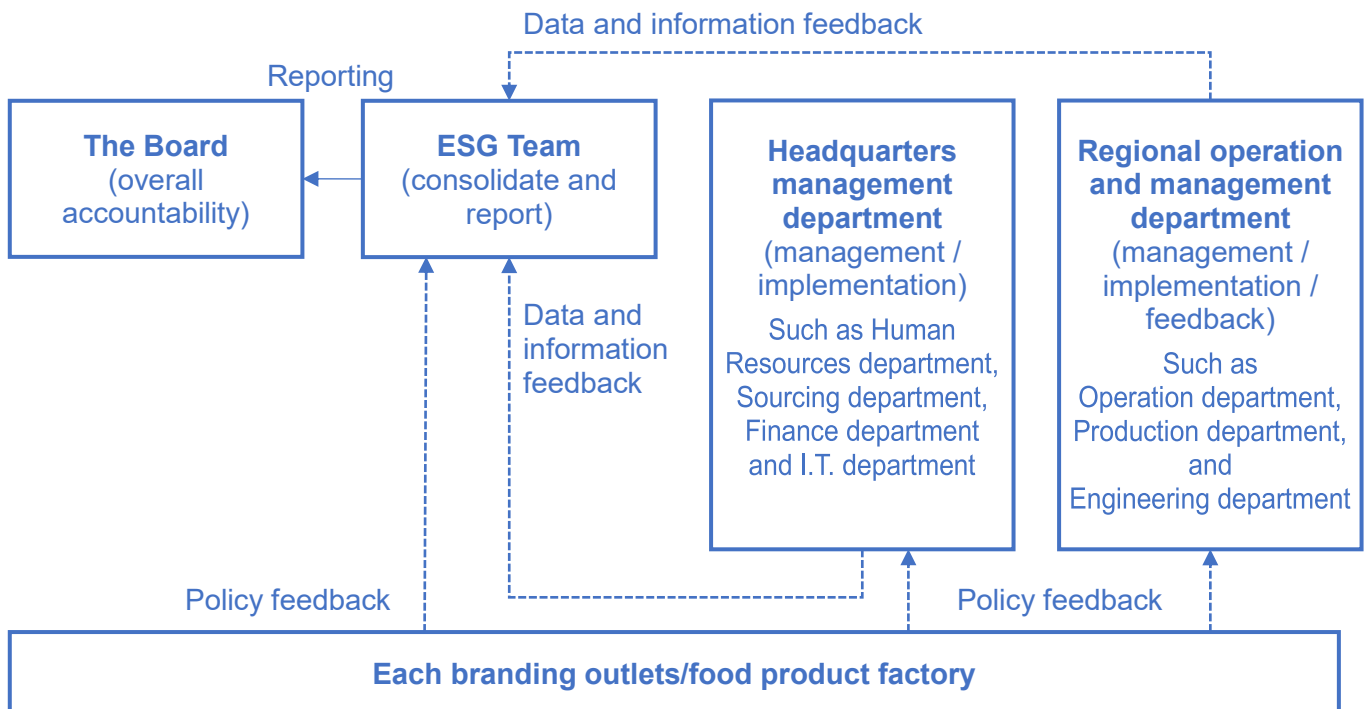
Accommodate both
tradition and innovation
and strive for perfection

Uphold integrity and
conduct
compliant operation

2. ABOUT TANG PALACE

2.4.1 Structural Cooperation for sustainable development team (ESG Team)

The board of directors (the “Board”) of Tang Palace is responsible for reviewing and approving the major ESG issues and the overall disclosures of ESG report. It promotes the ESG strategies formulated by the Group, coordinates and consolidates the relevant ESG works performed by each operating region, and collects relevant data and information through setting up the ESG Team in the headquarters. At the same time, the ESG Team study the day-to-day operation of each operation and management department, performs reviews with the designated personnel who responsible for execution of ESG management initiatives, and provides feedback which facilitate the Board updating ESG risks assessment from time to time.



2.4.2 Environment Resources and Safety Management Mechanism

Based on the 5S management approach introduced by the Group in early years, we have implemented the environment resources and safety management mechanism (the “ERS Mechanism”) of the ERS Institute in 2009, and performed regular reviews to our outlets annually to ensure its continuous compliance with the requirements of the ERS Mechanism.

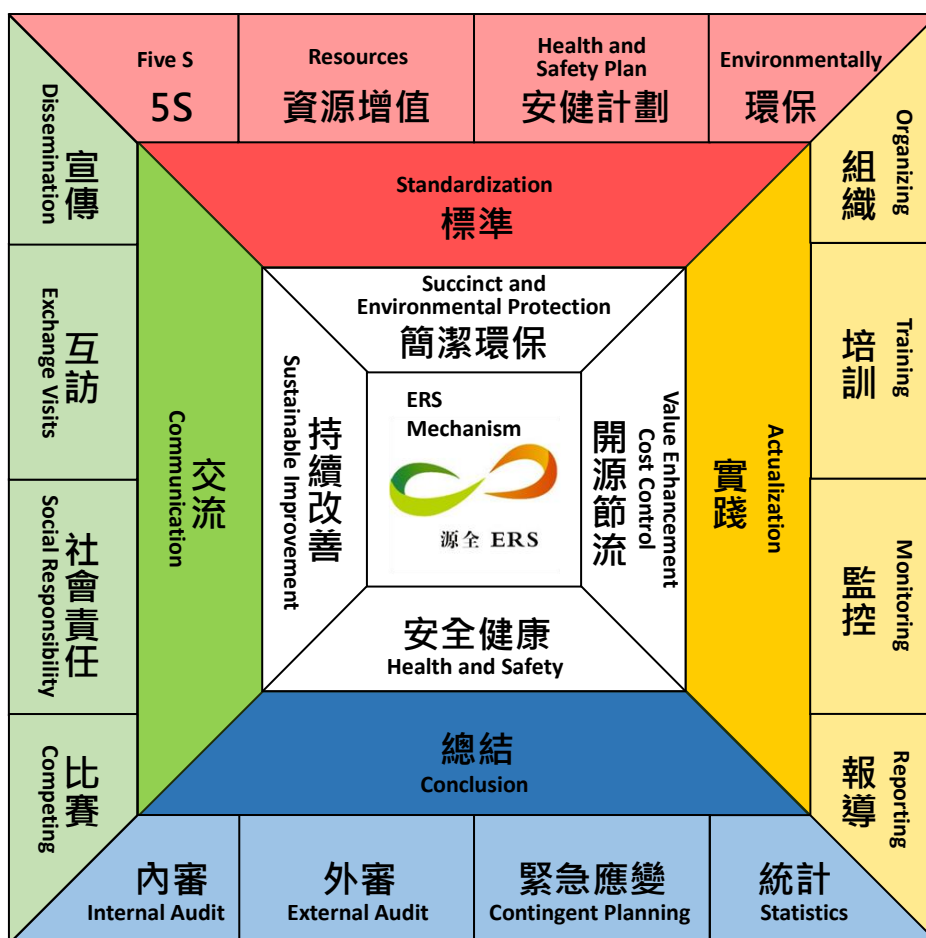
The responsible department for the ERS Mechanism cooperate and share resources with ESG Team on the material management issues like food safety, clean and hygiene and occupational safety, striving to let the identified ESG issues could be properly addressed under the existing management mechanism (e.g. store patrol and training materials).

Environment Resources and Safety Management Mechanism

環境資源及安全管理體系

Extracted from ERS Institute, 5S Mechanism

(取自源全學院·源全 5S 系統)



2. ABOUT TANG PALACE

2.5 Stakeholders Communication

Through continuous, timely and diversified communication channels, the Group hopes that the demands of various stakeholders will receive sufficient attention. We will update the effectiveness of various communication channels from time to time to ensure the communications to be more comprehensive and balanced, so as to enhance the Group's strategies in sustainable development and the relevant work in all round.



Communication with and issues of concern of stakeholders

Stakeholder	Communication channel	Issues of concern/expectations
Government and regulatory authorities	Daily communication Site inspection Information submission Seminars / investigations	Compliant operation (food safety / environmental protection rules requirement) Effective internal control and risk management
Investors	Regular information disclosure Shareholders' meetings Daily communication Official website / email	Solid performance and dividends distribution Continuous growth Integrity and transparent operation
Consumers	Customer service hotline Outlet service and communication Official email Online platform	Food safety Efficient and quality services Diversified and healthy products High value-for-money
Natural environment	Environmental information disclosure Advocation by relevant organisations Update of relevant regulations	Energy conservation and emission reduction Reduce garbage and wastage Saving of consumption of resources / energy Waste sorting
Staff	Labour contracts Training and communication Performance management Regular meetings Internal WeChat of the Company	Protection of lawful interests of staff Competitive compensation and benefits Equal employment Opportunities for growth and learning
Suppliers/partners	Supplier evaluation Contracts and agreements Site visits	Equitable procurement Faithful performance of contracts Protection of food quality and safety Support local procurement
Community organisations	Community activities / services	Safe and compliant operation Community public welfare / harmony

2.6 Materiality Analysis of Various Issues

		(Critical) 6...5... 4... 3... 2... 1 (Less important)	
		Importance to stakeholders	Importance to the Group
Environment Responsibility	1. Energy conservation and emission reduction measures / management	4	4
	2. Reduction of water resources wastage	4	4
	3. Fume exhaust emission management	4	4
	4. Disposal of hazardous / non-hazardous waste	5	4
	5. Product packaging / takeaway parts / reduction of plastic consumption	4	4
	6. Publicity against wasting food	5	4
	7. Company's participation in environmental protection activities	2	3
Operational Responsibility	8. Food innovation and quality	✓ Material issue	5
	9. Food safety	✦ Critical issue	6
	10. Suppliers' management	4	5
	11. Customer service	✦ Critical issue	5
	12. Corporate governance / system	4	5
	13. Integrity and honesty	✓ Material issue	5
	14. Promotion and marketing management	4	3
Labour Responsibility	15. Staff occupational health / environmental safety	✓ Material issue	5
	16. Protection of staff's rights and interests	4	4
	17. Staff training / development	4	4
Social Responsibility	18. Promotion of industry development	3	5
	19. Participation in public welfare and charity / community care	4	4
	20. Stakeholders' communication	5	4

With fully consideration of the industry nature and our long-term development strategies, and reviewing our past ESG works and communication with different stakeholders, the Group concluded the above materiality analysis which noted that food safety and customer service standard continue to draw the most attention among various issues. In addition, food innovation and quality, integrity and honesty and staff's occupational health / environmental safety also received special attention by the Group. The senior management of the Group has reviewed and verified the material issues that have identified and determined the key issues for disclosure in this report.

Environmental Responsibility



Nowadays there have been increasingly demanding requirements for environmental protection by government policies and the public.

We believe that our active attention and implementation in day-to-day business operation is essential to our sustainable development.

The board and management of the Group also consider environmental protection is an important element of our brand positioning and are striving to enhance the awareness of “treasuring the earth and cherishing resources” among our staff and customers.

Environmental Responsibility

3.1 Relevant Data for Carbon Emission

Greenhouse gas emissions	Sources of Emission	Unit	Emission Amount
Carbon Dioxide Equivalent	Direct Emission - Fossil fuel consumption by equipment and vehicles owned or controlled by the Group, and the Exhaust emissions of refrigerants (mainly used in refrigerators)	Tonnes	10,083
	Indirect Emission from Energy-Purchased electricity and heating powers	Tonnes	14,020
	Other indirect emission-Commercial flights	Tonnes	118

Total Emission: 24,221 Tonnes Carbon Dioxide Equivalent
Intensity: 0.02 Tonnes or (20KG) Carbon Dioxide Equivalent / RMB1,000 revenue

Exhaust gases	Sources of Emission	Unit	Emission Amount
Oxysulphide	Fuel vehicles and cooking stoves	KG	66
Nitrogen oxide	Fuel vehicles and cooking stoves	KG	7,924
Particulate matters	Fuel vehicles and cooking stoves	KG	151

Waste	Sources	Unit	Weight	Total Weight	Intensity
Non-hazardous waste	Food waste	Tonnes	4,031	6,017 Tonnes	4.9 KG / RMB1,000 revenue
	Other waste	Tonnes	1,399		
	Recyclable waste	Tonnes	522		
	Waste oil	Tonnes	65		
Hazardous waste	Detergents and insecticides containers containing chemical substances	Tonnes		29 Tonnes	0.023 KG / RMB1,000 revenue

3.2 Relevant Data for Resources Consumption

Resources Consumption	Sources	Unit	Weight / consumption	Total Weight / consumption	
Packaging materials	Sauces for internal use	Tonnes	7.9	187.5 Tonnes	0.2 KG / RMB1,000 revenue
	Product takeaway	Tonnes	89.7		
	New Year Cake/ Rice Dumpling	Tonnes	22.2		
	Moon Cake	Tonnes	67.7		
Energy / Water consumption	Direct Energy – Gasoline	GJ	1,431	76,212 MWh Equivalent	0.061 MWh Equivalent / RMB1,000 revenue
		MWh Equivalent	398		
	Direct Energy – Diesel	GJ	956		
		MWh Equivalent	266		
	Direct Energy – Natural gas	GJ	188,672		
		MWh Equivalent	52,409		
	Indirect energy- Purchased heating power	GJ	1,598		
Indirect energy- Purchased electricity	MWh	444	22,695		
Water resource	cubic meter			682,847 cubic meters	0.55 cubic meter / RMB1,000 revenue

3. Environmental Responsibility

3.3 Various Environmental Protection Measures

Traditional Chinese restaurants consume significant volume of energy in the cooking process, and the demand for food ingredients, such as meat and seafood, also poses impacts in various extent on the natural environment. In addition, modern technology enables the provision of catering services online, which has significantly increased the demand for takeaway packaging. In response to the industry nature and market changes, we must take active control measures to reduce the impact of our business on natural environment. We have adopted the following strategies and measures which aiming at different objectives for environment protection:

Objectives Strategies and measures	Control of greenhouse gas and waste gas emission	Reduction in generating and proper disposal of waste	More efficient use of energy	Control the impact of business on resources consumption and environment
Use of energy-saving equipment	★		★	★
Reducing wastage in operation		★	★	★
Simple packaging		★	★	★
Product innovation	★	★		★
Internal promotion and guidance	★	★	★	★
External advocacy	★	★		★

3.3.1 Use of energy-saving equipment

Most of the energy consumption in the catering industry is concentrated in kitchen operation. The heads of production and chef administration departments of the Group conduct process review from time to time to improve operation performance, and maintain close contact with equipment suppliers to obtain the latest market information on energy-saving equipment.

Moreover, environmental protection and energy conservation are the key elements of the “Cool Kitchen” concept that being advocated by Tang Palace, whereby we expect to achieve the following objectives through effective adoption of energy-saving equipment:

- 1) use of steam and cool air recycling to improve energy efficiency
- 2) use of environmental-friendly and energy-saving equipment to reduce noise and energy loss and improve safety attributes
- 3) use of water-saving equipment to reduce sewage discharge and promote environmental protection



The following are some examples of applying equipment for energy saving and emission reduction:

Steam recovery equipment to generate hot water recycles heating power to generate hot water for kitchen rough processing and utensils cleaning, with temperature reaching 60 °C -80 °C . It also reduces the high-power consumption of dishwasher and saves one water heater for kitchen rough processing.

Case Example:

Previously, our three hotel outlets in Beijing purchased hot water from the property management unit and we ceased purchasing hot water from hotels gradually after installing the **Steam recovery equipment** in 2018. The three outlets recorded a reduction of 1,932 tonnes of extra hot water consumption in 2018 as compared with 2017.



Time management of steam cabinets



Exhaust hoods of refrigerators

Exhaust hoods of refrigerators are equipped with separate exhaust outlet at the top of the refrigerator to divert the hot air emitted by the compressor, prolong the service life of refrigerator and lower kitchen temperature to reduce energy consumption of air conditioners.

Moreover, we also start using **energy-saving and environmental-friendly, noise-free induction cookers** to replace from direct-fire heater (the heating time for the same volume of water with induction cookers is about 20 minutes less) in new outlets, which also helps to lower kitchen temperature and reduce potential safety hazard of fire.

3. Environmental Responsibility

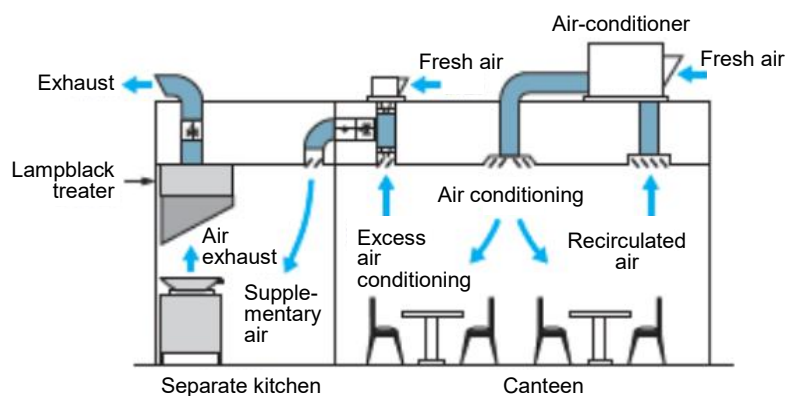
For water resources management, we started to install **water-saving valves** in the kitchens of our newly opened outlets in 2018. Woks consume more water, and after using water-saving valves, we can save water charge (the stove water-saving valves could save about 45% of water on average) and sewage charge, reduce sewage discharge and protect natural environment. In addition, Steam recovery equipment to generate hot water can also reduce certain extent water resources consumption. We also increase the ratio of using **infrared sensor-type taps** in our newly opened outlets, and check tap water output in the outlets from time to time and repair the dripping taps immediately to reduce water loss.

During the Reporting Period, the Group did not experience water sourcing problem, nor there was any unstable water supply situation. However, we realized that water management issues continue to be an important environmental agenda of PRC. A new report published by Greenpeace, the environmental protection organization, on November 20 had revealed that the glaciers in Western China have been melting at an accelerating speed in recent decades, of which 1/5 of the glaciers in China have disappeared. Approximately 80% of the water of China is from the South while most of the Group's operations are located at Central China and Northern China such as Beijing and Shanghai. Therefore, water resources shortage will pose a hidden problem to the Group. We will closely monitor the water supply in each region, implement appropriate resources management from ourselves, and remind our staff the importance water conservation by various channels (such as regular operation meetings and cultural classes).



Layout Settings

The kitchen is equipped with air-conditioning equipment. Without increasing the cooling capacity of the air-conditioning system, the fresh air system converts the recycled excess air-conditioning in the corridor into fresh cool air and direct it to the kitchen to lower the area temperature, thereby reducing the reliance of the air-conditioner in kitchen, conserving energy and to protect the environment.



In addition, through the reasonable location setting of fresh air conditioning, it takes the chef's occupational safety and health into account by avoiding direct blowing of fresh air to the head of the chef as it used to be, while on the other hand, it also keeps fresh air in front of the wok that not being exhausted by exhaust blower, so as to keep the kitchen at the appropriate and moderate temperature which could achieve a cool and refreshing effect and reduce air conditioner loading.

3.3.2 Reducing Waste in Operation

In responding to the requests of local governments and environmental protection organizations, we avoid providing disposable tableware, and in our daily operation meetings, we also remind staff constantly to reduce waste during operations, including those dish decoration with no obvious effect (e.g. using dry ice on dish), wastage resulting from selling of beverages and tableware damage due to carelessness.

The bag is made of non-woven fabric with tinfoil pearl cotton insulating layer for the outer and inner, and is reusable, green and advocates environmental-friendly living

**Tang Palace's
Dragon Boat
Dumpling Gift
Bag** >



3.3.3 Simple Packaging

In designing the packaging of each product, our market department will give priority to simple, portable, easily decomposing and recyclable design proposals, striving to reduce the waste generated from product sales or takeaways packaging, and convey message of caring for nature to our customers.

The gift pack is made of blank cardboard with colour printing and the handbag is made of blank kraft paper, simple, portable and easily decomposing

< **Tang Palace's
Apricot Biscuit**



**Tang Palace's
"Poon Choi"
Gift Pack** >



The material of outer box is made of simple gray cardboard, and is portable, easily decomposing and can be flattened when disposing of

The basin is made of high-quality stainless steel and encourage recycling use

< **Tang Palace's
Chinese New Year
Food Gift Pack**



The bag is made of non-woven fabric with tinfoil pearl cotton insulating layer for the outer and inner, and is reusable

Individual product packing for free pairing to avoid wastage

3. Environmental Responsibility

3.3.4 Product Innovation

In setting the dishes, we will add natural wellness elements, develop more healthy vegetable dishes, reduce excessive dependence on meat ingredients (massive carbon emissions will be produced during the livestock breeding process), and make good use of the usable food scraps of different food ingredients to fully utilise food ingredients resources. In addition, our production management in some regions are actively researching and considering the practice of not proactively sell or even stop selling to customers those food ingredients that affect the ecology (such as shark fins and some fishes type), and wish to contribute more to the environment.

3.3.5 Internal Promotion and Guidance

We promote staff awareness to cherish resources and reduce waste through various occasions and circumstances. The following are some of the examples:

- 1) Through cultural courses, the Group advocates the gratefulness of natural resources and reflect on oneself the preciousness of food
- 2) The Group posts slogans for treasuring food in staff canteen
- 3) The Group awards those outlets that offer innovative proposals for environmental protection and energy conservation
- 4) The Group conducts regular outlet inspection and timely follow up on findings that conflict with operational efficiency.

3.3.6 External Advocacy

We will instruct staff to make appropriate suggestions on customers' ordering combination, so as to avoid wastage caused by excessive ordering. We also post slogans for treasuring food in the prominent locations of the restaurant. In addition, our regional operation management is also actively researching and considering the initiatives of different environmental protection organizations to implement "plastic-reduction" and "plastic-free" activities in outlets, and support the "Earth Hour" campaign. We plan to have the trial run to be conducted in individual outlets in 2019.



Operational Responsibility



“Quality Products and Safety Assurance”
are the two key elements of Tang Palace brand positioning,
reflecting that the products and services are the
keys to success in all food and beverages industries.

4. Operational Responsibility

Operational Responsibility

“Product Safety Assurance” is the basic responsibility of all food and beverage operator, and cast a heavy weight among the numerous managerial concerns. In recent years, food safety regulations of the government have become more and more stringent, and the required standards are clearer and clearer. On 22 June 2018, the State Administration of Market Regulation revised and promulgated the Code of Practice for Food Safety of Catering Services (《餐饮服务食品安全操作规范》), and implemented it on 1 October 2018, which marked a new milestone of the government’s food safety management.

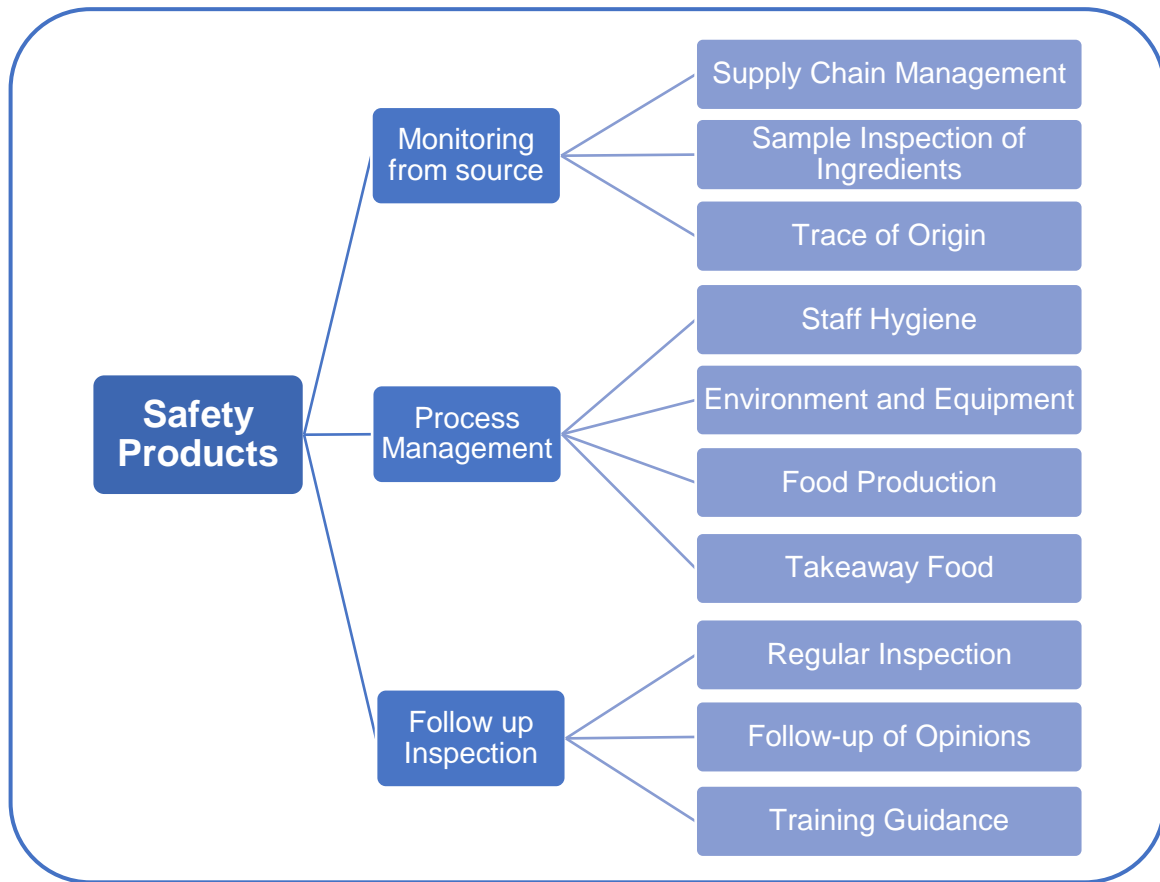


On the other hand, to adopt the speedy development of “Internet Plus” and to strengthen the monitor of online catering food safety, the Measures for the Supervision and Administration of Online Catering Services (《网络餐饮服务食品安全监督管理办法》) is implemented on 1 January 2018.

4.1 Quality Products Safe Enjoyment

In order to better carrying out our food safety management, the Group took out the food safety related management from the existing ERS system separately, and established a more clearly defined food safety management structure, striving to have a better gate keep for food safety control at all levels.

We hope that through further improvement of the management system, we will conduct targeted regulation of the entire enterprise value chain (from ingredient monitoring from source, production process, environment, staff, service to case follow-up and regular training and inspection) to improve the compliance of food safety effectively. At the same time, we will comprehensively strengthen the awareness of all staff of the Group on food safety management, so as to prevent food safety incidents. During the Reporting Period, there were no major incidents that were in breach of regulations in relation to product liability and foods which needed to be recalled due to safety issues.



Food Safety Management Structure		
Environment and Food Safety Committee of the Group	Regional Monitoring Team	Outlet Executive Team
<ul style="list-style-type: none"> - Policy and system - Training direction - Crisis management 	<ul style="list-style-type: none"> - Organize safety inspection - Arrange training - Incident investigation 	<ul style="list-style-type: none"> - Follow up and conduct specific work - Self-examination - Report feedback

4. Operational Responsibility

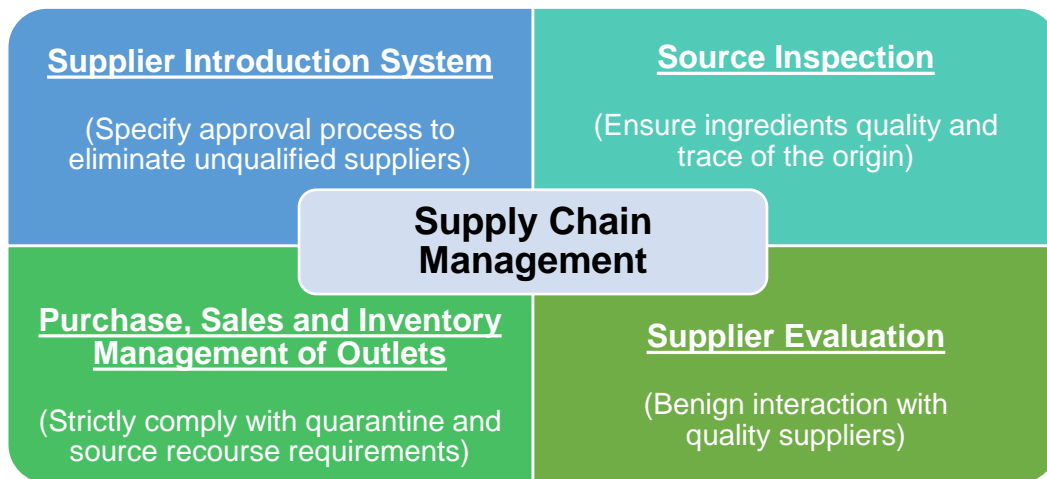
4.1.1 Supply Chain Management



Annual supplier assessment recognizes suppliers with scale and excellent performance in terms of quality, stability and service, and we maintain good mutual trust relationship with suppliers



In order to let customers tasting high-quality seasonal ingredients, the person in charge of production and procurement of the Group inspects and purchases agricultural products at production origin from time to time. The picture shows our visit of the wild mushroom site and the production site of frozen shrimp in Yunnan



The Group currently has approximately 470 suppliers, of which approximately 70 are in Northern China (Beijing), approximately 200 in Eastern China (including Shanghai/Suzhou and Hangzhou), approximately 170 in Southern China (including Shenzhen/Dongguan), approximately 30 in Western China (Chengdu).



4.1.2 Regular Inspection

Every year, each region will conduct audit and review works according to the ERS Mechanism requirements to ensure the outlets have strictly implemented relevant management measures such as environmental cleaning, operational procedures and food safety.

The audit is divided into

- 1) monthly outlet self-inspection (management self-examination/inter outlet audit and review)
- 2) internal audit of the Group (responsible by the ERS Mechanism administrator of the Group) and
- 3) external audit (responsible by the ERS Institute consultant).

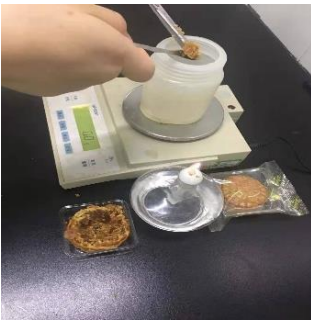
In 2018, Group's internal and external audits were conducted on 14 and 7 outlets respectively and no major rectification issues were identified during the audit, and the outstanding outlets in each region were awarded the "ERS 5S Management Model Outlet".



4. Operational Responsibility

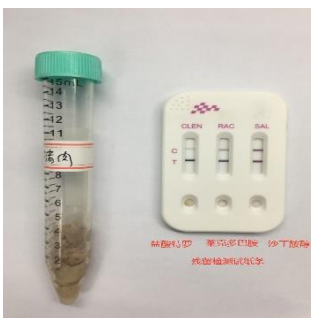
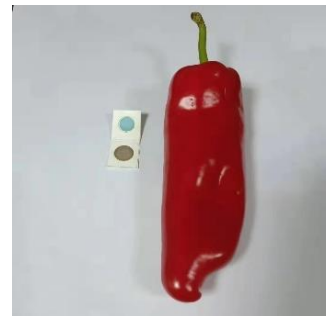
4.1.3 Source Inspection

The Group has set up a food factory in Shanghai, which is mainly responsible for the production of seasonal foods (such as mooncakes, rice cakes, dragon boat dumplings, etc.), preparation of sauces and centralized receipt and distribution of individual frozen ingredients. The food factory has stringent requirements for staff hygiene, clean environment and various production processes and tools. Not only does it need to meet the relevant regulatory requirements, but also needs to meet the specific standards of the Group's ERS system. In addition, in order to strengthen the timeliness and effectiveness of source inspection, the food factory has different testing equipment in place to effectively inspect relevant employees and production processes. The following are some of the examples:



Carry out self-inspection measures for all kinds of semi-finished products and prepare inspection report for each batch of specific seasonal products (the results are available within 48 hours. They mainly detect coliforms / pathogenic bacteria/total number of colonies)

Quick self-inspection of detecting pesticide residues on fresh vegetables (the results are available within 10 minutes), which can completely avoid the use of toxic and harmful vegetable ingredients in production



Fresh meat must provide valid quarantine certificates every time, and quickly carry out quick inspection measures such as moisture and clenbuterol. (clenbuterol results are available within 5 minutes / moisture is available within 10 seconds)



Carry out regular quick inspection measures for the oil for frying and oil for sauces processing on production line (peroxide value / peroxyacid value is available within 1 minute)

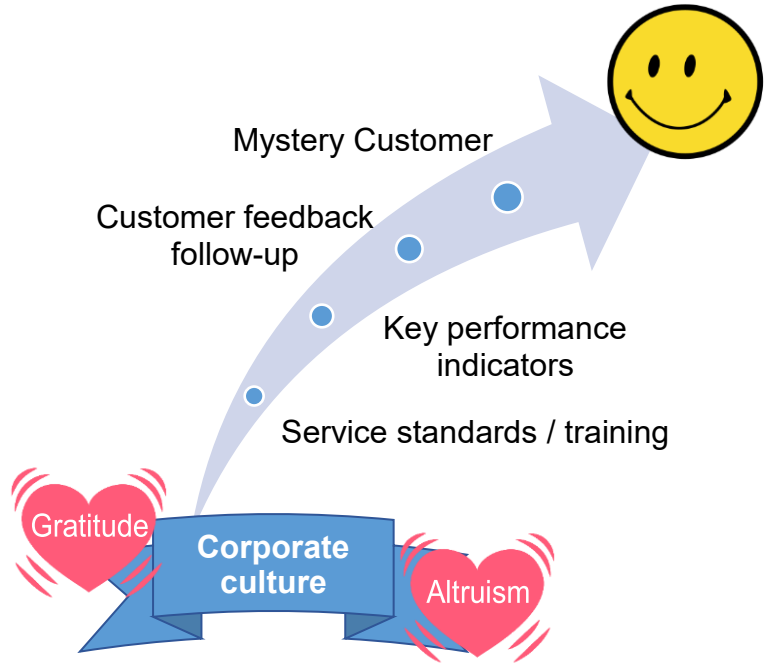
Strengthen the frequency of bacteria detection on the hands of staff and utensils in production workshop as well as quick inspection (the coliforms / total number of colonies results are available within 15 seconds)



4.2 Quality service, impress customer

In addition to reassuring product quality, offering customer with quality service is also the key to the sustainable development of the business. Through continuous training, the Group integrates the fine traditions of Chinese culture into our corporate culture, so that all staff can understand and agree our business philosophy of "Devoting Relentless Efforts, Conducting Altruistic Operation and Conveying Joyful Happiness".

Moreover, through determining our service standards, the Group's operation management department also has a series of effective management tools in place to follow up customer opinions collected through different channels (collect/analyze / follow up customer opinions on different online platforms by dedicated personnel) as well as targeted analysis and evaluation of mystery shoppers, and implements employee incentive mechanism to achieve a win-win situation for customer and employee satisfaction. During the Reporting Period, there was no significant customer complaint on products and service that cannot be handled properly.



4. Operational Responsibility

4.3 Compliance management, clean and transparent operation

Integrity is one of the major ESG issues. We firmly believe that it is also an important foundation for catering enterprises to perform well in production and service. Therefore, the Group has always attached great importance to integrity and compliance of all business behavior and staff personal ethics. Through cultural propaganda and management mechanism, the Group hopes to achieve sustainable and healthy development in a compliant, clean, equitable and transparent operating environment. During the Reporting Period, there was no any corruption cases under legal proceedings.

Cultural propaganda, filial piety and brotherhood, gratitude and humbleness virtue, integrity and altruism, refinement and creativity, conveyance of positivity, all-round blessed

Internal whistle-blowing mechanism / opinion feedback

Compliant management, clear and transparent operation

Anti-corruption

- The code of staff expressly prohibits all acts that have violated professional ethics or abuse of power for private benefit and jeopardize the interests of the Company
- Terms are included in the contracts with suppliers to reject any unauthorized kickback
- Maintain sound communication with regulatory departments (such as Hong Kong Independent Commission Against Corruption), so as to understand anti-corruption information and relevant corporate resources available (such as Corruption Prevention Toolkit for Catering Industry)

Brand maintenance /respect for intellectual property rights

- Perform well in own brands' trademarks registration and maintenance works, respect the trademarks registration of others
- Require to use copyrighted software, maintain good communication with copyrighted software suppliers to formulate tailor-made solutions for enterprise

Advertising/ pricing

- According to the laws and regulations of different places, the Group standardizes the management of large-scale external promotion and publicity work, rejects all exaggerated, misleading and inaccurate publicity measures
- Clear and reasonable pricing, open and transparent for customers to choose
- Dedicated departments should seriously follow up related complaints, providing feedback to relevant business departments

Confidentiality of customer information

- Respect and handle customer information with due care, will not obtain any unnecessary customer information
- All data transmission interfaces for the sales and membership card system are encrypted
- Confidentiality terms are added in the agreement with information system suppliers, which has expressly required that suppliers are not allowed to disclose any customer data to any third party

Social Responsibility



As a corporate that employs more than 4,000 employees, we fully understand that the Group's operational decisions affect the well-being of more than 4,000 employees and their families.

While the general public is our external customer, each employee is our internal customer.

Our social responsibility begins with the caring of the internal customers and then promoting to our external customers.

We deeply believe that only happy staff will bring satisfactory customers, we hope to let our staff and customers appreciate our perseverance in “Health Cultivation” (public well beings) and “Sustainable Inheritance”(corporate sustainable development) through our healthy and positive corporate culture ambience.

5. Social Responsibility

Social Responsibility

5.1 Employment with Respect and Talent Appreciation

Although the scientific and technological development in recent years has reduced the need for human resources for certain specific of work types, however, as a medium-to-high end catering enterprise, talents are still an important element of our sustainable development. To enable customers to enjoy our heartfelt quality service, staff need to have a platform that they can and are willing to perform. Tang Palace has all along been, through i) respecting the legitimate rights and interests of staff, ii) providing equal and diversified employment opportunities, iii) improving a clear remuneration and promotion system, iv) comprehensive training mechanism and v) caring and positive enterprise culture, committing to establish a platform where staff can fully balance both their career development and personal growth, so as to ensure the "Keep healthy and positive and sustainable inheritance" vision of the Company.

We also review our human resources policies from time to time, including recruitment, remuneration, welfare and promotion mechanisms. We firmly uphold staff equality and object different forms of discrimination. We also maintain good communication with local labour department through our human resources department, so as to understand the implementation requirements and have an update of relevant laws and regulations, which reduce the risk of relevant violations. During the Reporting Period, there was no incident of breaching any relevant standards in child labour and forced labour, nor was any significant non-compliance event, and no complaint on human resources under the existing whistle-blowing policy was received.



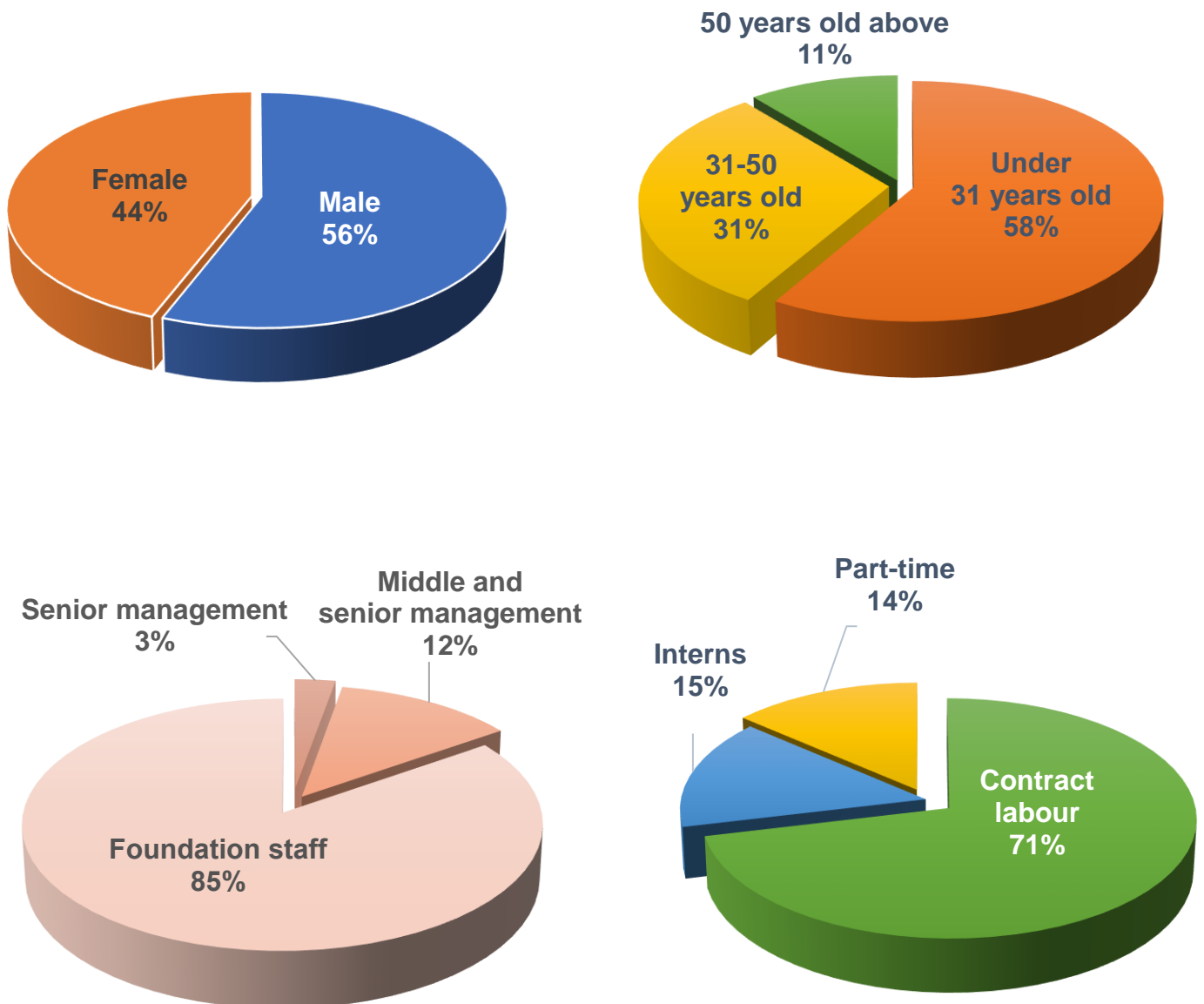
The Group is fully aware of the importance of cultivating talents, and bearing the mission of reserving more talents for the catering industry. Since 2006, it has actively committed to school-company cooperation in the PRC, so as to leverage on the unique strengths of the corporations and schools, grasp the human resource needs of the corporations accurately, and endeavor to nurture talents for the food and beverages industry, thus leading to a three-win situation among corporations, schools and students. In 2018, Tang Palace established school-company cooperation with 28 schools and set up Tang Palace course programme, offering a platform of professional skills practice and occupational promotion for thousands of interns, and the number of students under coaching are over 1,157. In addition, Tang Palace has become a "school-company strategic cooperation unit" of Hainan Province Haikou Vocational Tourism School* (海南省海口市旅遊職業學校) and is a vice chairman unit of Guangdong Hotel Education Alliance* (廣東酒店教育聯盟).

In order to enhance the cooperation and interaction with schools, we will actively coordinate with the school on the curriculum needs, including providing advice on curriculum design, and sending managerial level staff in person (from training department and operation department) to the schools for sharing and briefing, so as to enhance the practicability of the curriculum.

**English name for reference only.*

5.1.1 Diversified employment for creating opportunities

As at 31 December 2018, the Company had about 4,500 staff in total (including PRC and Hong Kong). The Group provides abundant jobs and practice opportunities for workers of all ages and genders. We also evaluate the market and industry conditions from time to time, so as to adjust the most suitable employment structure.



5. Social Responsibility

5.2 Diversified training for Building Up Talents

In order to have continuous improvement of service standards and enable staff to achieve career and personal growth in the Company, a dedicated training department has been set up to organise internal and external training in various forms and promotes continuous education comprehensively. During the Reporting Period in 2018, the Group organised 1,302 training courses in total, involving a total of 2,130 hours with overall participants reached 18,415 people.

	Professional skill	Managerial skill	Culture and life enhancement	Total
No. of training/lesson	1,145	144	13	1,302
No. of people trained	14,712	2,916	787	18,415
Training hours	1,229	456	445	2,130

	Senior management	Middle management	Basic Level	Male	Female
No. of participants (in people)	1,387	1,857	15,171	8,249	10,166
Average training time/staff (in hours)	128	59	103	73	132

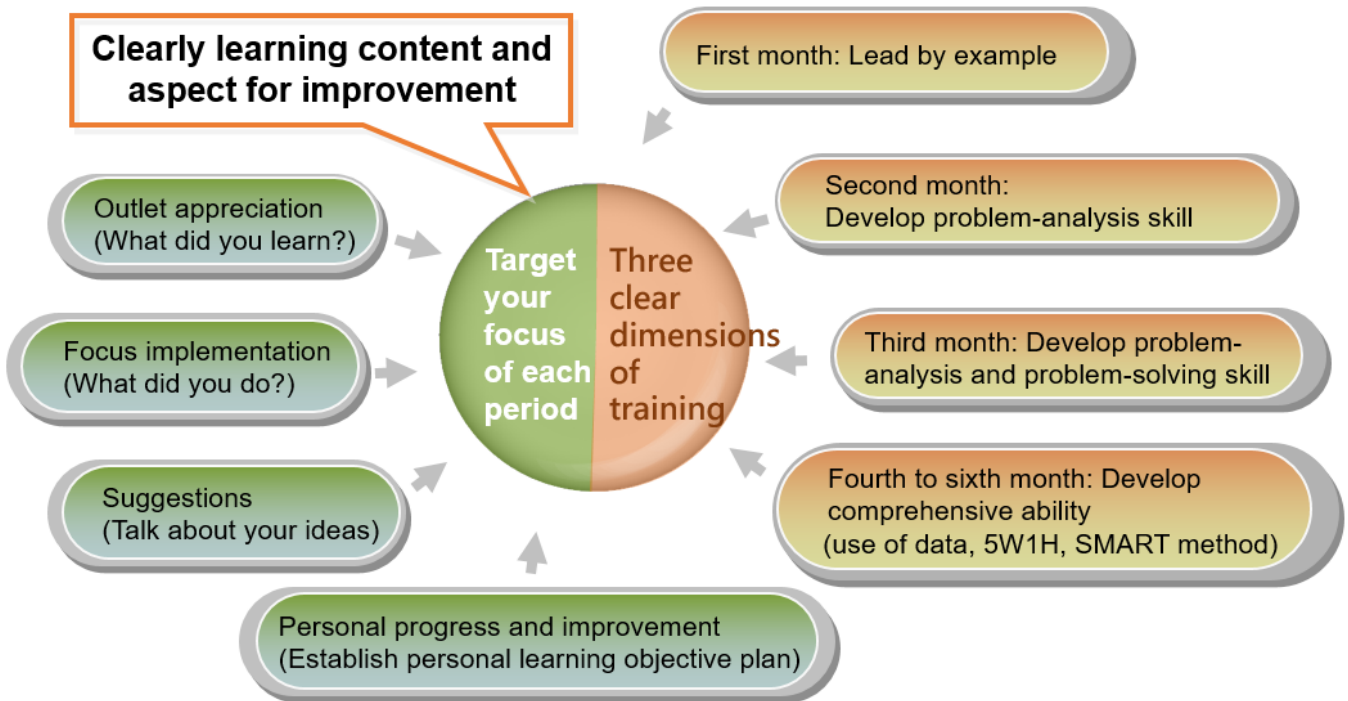
5.2.1 Professional skills learning

Through various forms of learning (field learning, skill learning competition), staff can master various skills through relaxed, interesting and practical learning, and effectively create a good atmosphere for sharing and interact.



5.2.2 Management training programme

In order to attract more young people to join the catering industry and train more managerial talents for business operation, the Group officially launched the management training programme ("MT Project") in 2018, which provides comprehensive and systematic training and established a fast track platform for staff career advancement.



MT Sharing (Crowne Plaza Beijing Lido), "I have the opportunity to lead the MT team, my teammates well demonstrated their talents to reach our goal. It enabled me to have stronger sense of responsibility, and great confidence in leading my team to reach greater goal."

MT Sharing (Chaobei Joy City, Beijing), "I gained a great deal, and changed a lot from on site service, customer relations to sale. The end result of my team's joint endeavors is perfect and I'm very proud and glad!"



5. Social Responsibility

5.2.3 Promotion hierarchy of training programme

Nine-month training period: 3+6 model



5.2.4 Cultural Learning:

As a Chinese saying goes, "Treat minds first before treating people". Apart from emphasising the importance of vocational skills training in staff career development, we also pay attention to the inspiring effect on personal psychological development through staff's spiritual and cultural learning. To carry out the mission of "With Glorious Tang Culture as Foundation", since 2013, the Group introduced the learning of Chinese traditional culture every year. The positive value can be naturally integrated into staff's work and family life by learning Chinese traditional scriptures "Di Zi Gui" 《弟子規》 and "Liao-Fan's Four Lessons" 《了凡四訓》.



Serious but relax learning atmosphere



Group study of traditional scriptures

Staff's children practice filial piety by washing parents' feet during the learning camp



5. Social Responsibility

5.3 Humanistic Care, Contribution to Society

The Group believes that "Humanistic Care" and "Wellness Food and Beverages" are closely related and we have all along been committed to practicing the virtues of Chinese traditional culture into the business philosophy of the Company, hoping to arouse employees and customers' care and attention to individual, family, society and environment. Through "Self-Cultivation and Wellness", we nourish healthy and positive values for staff and share the vision of sustainable inheritance of the Company.

Owing to the long hours and high intensity of work in the catering industry, the chances of accidental casualties and fatalities as well as other diseases are higher than other industries. Concern and caring about occupational safety and physical and mental health of staff is the most basic manifestation of humanistic care in enterprises. During the Reporting Period, the Group had no fatality caused by work.



Dedicated staff

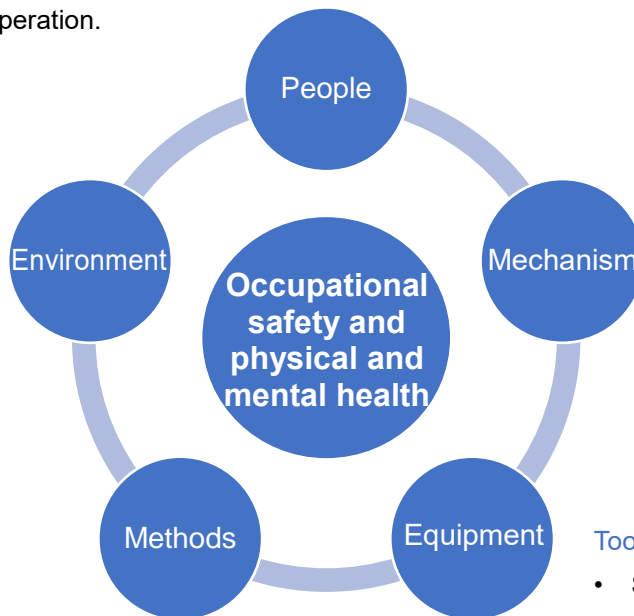
- The Group has set up a designated training department and job guidance mentors, so that new and experienced staff can learn the correct operation and occupational safety knowledge regularly, reduce accidental risks caused by improper operation.

Environmental setting / ambience

- Implement "cool kitchen"
- Fire safety and standard for sanitation and hygiene in staff dormitory
- Standard for staff canteen environment cleanliness and staff food standards

Promoting methods

- Outlet incidents are assessed as part of outlet performance
- Occupational safety exercise competition
- Encourage staff to do simple exercise during resting time (swinging arms exercise)
- Organize employee tours to promote work-life balance



Management mechanism

- Conduct regular outlet/dormitory inspection to identify potential problems
- Monthly regional accident report for Group operation managerial review
- Provide physical examination subsidies
- Fire prevention training and drills

Tools/equipment

- Store/post relevant policy documents in outlet for reference
- Add protective cover for dangerous equipment storage location
- Automated equipment reduces repetitive work
- Reduce noise when in operation by using new-modelled cooker



'Altruism and Love' as the ultimate goal, the Group integrated modern management with traditional culture, and achieve the goal of altruistic restaurant group through different projects.

Occupational safety and health

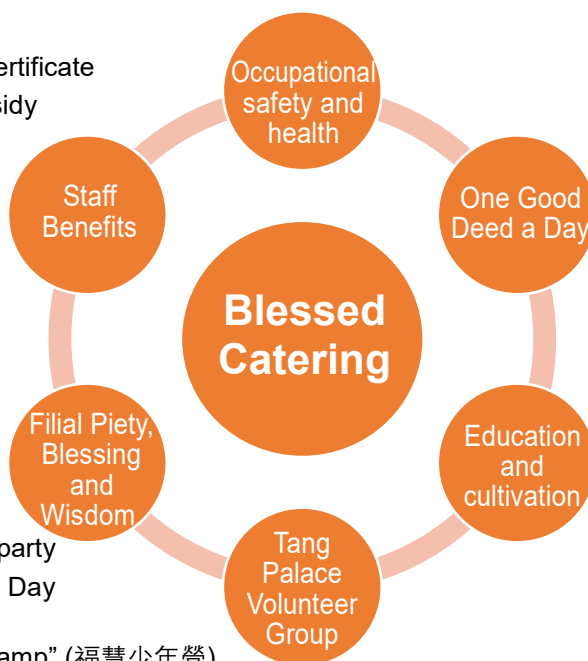
- Simple and environmentally friendly
- Data appreciation
- Safe and healthy
- Continuous improvement

Staff Benefits

- Free checking for staff health certificate
- Staff physical examination subsidy
- Staff incentive trip
- Study tour for management

Filial Piety, Blessing and Wisdom

- Holiday thanksgiving gifts and letters
- Consolation gifts for golden age elderlies
- Thanksgiving gifts for outstanding staff
- "Yearning for parents" birthday party
- Thanksgiving event on Father's Day and Mother's Day
- "Blessing and Wisdom Youth Camp" (福慧少年營)



One Good Deed a Day

- Colleagues mutual positive reinforcement
- Heartfelt donations: helping staff and family, cultivate children of staff and care for golden age elderlies
- Weekly vegetarian day
- Thanksgiving Day on the 10th of each month

Education and cultivation

- School-company cooperation
- Education donation

Tang Palace Volunteer Group

- Passer of happiness and care, perform more charitable activities in blessing our hearts
- Join the environmental protection station activities in the community
- Charitable vegetarian food cooking class
- Volunteers work – "Tzu Chi organisation"
- Visit nursing homes
- Winter clothing donation



6. Relevant laws and regulations

Relevant laws and regulations

The Group's business operation are in compliance with the laws, regulations and policies in the PRC and Hong Kong relating to environmental, operational and social, the following are the laws and regulations that have significant impact on the Tang Palace in relevant aspects.

Operational responsibility

PRC

- The Food Safety Law of the PRC
- Catering service food safety operation specification
- The Food Hygiene Law of the PRC
- Product Quality Law of the PRC
- Hygienic Standards for Uses of Additives in Food Containers and Packaging Materials
- The Administrative Provisions on Food Labeling
- The General Principles on the Labels of Pre-Packaged Food
- The General Hygiene Rules for Food Production
- Standard for Use of Food Addictives
- Law of the PRC on Protection of the Consumers Rights and Interests
- Advertising Law of the PRC
- Price Law of the PRC
- The Measures for the Supervision and Administration of the Safety of Food Offered through Online Catering Services
- Measures for Penalties Against Illegal Acts Concerning Online Food Safety

Hong Kong

- Food Safety Ordinance (Cap. 612)
- Food and Drugs (Composition and Labelling) Regulation
- Public Health and Municipal Service Ordinance (Cap. 132)
- Trade Descriptions Ordinance (Cap. 362)
- Personal Data (Privacy) Ordinance (Cap. 486)
- Trade Marks Ordinance (Cap. 559)
- The Supply of Services (Implied Terms) Ordinance (Cap. 457)
- The Sale of Goods Ordinance (Cap. 26)

Anti-corrupt

PRC

- Criminal Law of the PRC
- The Company Law of the PRC
- The Anti-unfair Competition Law of the PRC
- The Anti-Corruption and Bribery Law of the PRC
- The Anti-money Laundering Law of the PRC

Hong Kong

- Prevention of Bribery Ordinance (Cap. 201)

Environmental responsibility

PRC

- The Environmental Protection Tax Law of the PRC
- Regulation on the Implementation of the Environmental Protection Tax Law of the PRC
- The Environmental Protection Law of the PRC
- The Law of the PRC on the Prevention and Control of Water Pollution
- Regulation on the Implementation of the Law on the Prevention and Control of Water Pollution of the PRC
- The Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste
- The Law of the PRC on the Prevention and Control of Air Pollution
- The Law of the PRC on the Prevention and Control of Pollution from Environmental Noise
- The Law of the PRC on Promotion of Cleaner Production
- Energy Conservation Law of the PRC
- Marine Environmental Protection Law of the PRC
- Urban water conservation regulations

Hong Kong

- Air Pollution Control Ordinance (Cap. 311)
- Water Pollution Control Ordinance (Cap. 358)
- Waste Disposal Ordinance (Cap. 354)
- Noise Control Ordinance (Cap. 400)
- Environmental Impact Assessment Ordinance (Cap. 499)

Employment and occupational safety

PRC

- The Labour Law of the PRC
- The Labour Contract Law of the PRC
- The Social Insurance Law of the PRC
- Law of the PRC on the Protection of Minors
- Trade Union Law of the PRC
- Law of the PRC on the Protection of Women's Rights and Interests
- Law of the PRC on the Protection of Disabled Persons
- The Labour Dispute Mediation and Arbitration Law of the PRC
- Regulation on Settlement Of Labour Disputes In Enterprises of the PRC
- The Prevention and Control of Occupational Diseases Law of the PRC
- Regulation on Work-Related Injury Insurance
- The Production Safety Law of the PRC
- The Implementation Rules for the Supervision and Administration on the Quality Safety of the Food Manufacturing and Processing Enterprises

Hong Kong

- Employment Ordinance (Cap. 57)
- Minimum Wage Ordinance (Cap. 608)
- Mandatory Provident Fund Scheme Ordinance (Cap. 485)
- Disability Discrimination Ordinance (Cap. 487)
- Sex Discrimination Ordinance (Cap. 480)
- Occupational Safety and Health Ordinance (Cap. 509)
- Employees' Compensation Ordinance (Cap. 282)

Note: The English name for laws and regulations in PRC is for identification reference only

7. Outlook

The Group entered its second 25 years in 2018. In the early nineties, the solid foundations laid in Shenzhen, Beijing and Shanghai have enabled us to still “soldiering on from heart, bearing our original aspiration in mind and forging ahead”, so as to spread the unique Cantonese cuisine throughout the metropolises and promote the long-standing Chinese cuisine culture to cities.

Challenges and business opportunities are everywhere in the fast-changing food and beverages market. In upholding our “achieving sustainable development with insightful strategies” vision, besides consolidating our core business, the Group further expands those huge potential markets such as takeaways and retail through the flexible use of catering big data, technology and e-commerce, and introduce more and different casual catering quality through joint ventures, as well as expanding own brand to various regions.

While the Group is developing steadily, we also will not forget “passing on legacy with artisan spirit” to provide high quality and safety food, and continue to improve our corporate quality management system,

cultivate excellent talents, promote positive caring culture and establish a trustworthy corporate brand. We will also review the internal governance and social responsibility work from time to time in light of our corporate changes as well as the industry environment, and strengthen our communication with different stakeholders, with a view to identify the latest “environmental, social and governance” issues in a timely manner and respond proactively.

In 2019, we will adhere to the brand positioning of “Environmental Protection, Quality Products, Safety Assurance and Health Cultivation”, and fully reflect our responsibilities in the “environmental, social and governance” aspects. We expect that while improving our own enterprise practice, we will also set ourselves as examples to lead and influence industry peers and different levels of stakeholders. On one hand, we will endeavor to pass on the Chinese catering culture, and continue to enhance the governance of operational efficiency, fulfill social responsibilities and create greater values for stakeholders such as customers, staff, shareholders and community, with a view to “Establishing Paradigm of a Blessed Catering” and “Fostering a Centennial International Brand”.



8. ESG Index

Relevant Disclosure Index	Description	Disclosure Requirement	Disclosure Status	Relevant Sections in the Report
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. <i>Note:</i> <i>Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations.</i> <i>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</i> <i>Hazardous wastes are those defined by national regulations.</i></p>	Comply or Explain	Disclosed	P.16, 38
Aspect A1: Emissions	KPI A1.1 -The types of emissions and respective emissions data.	Comply or Explain	Disclosed	P.15
Aspect A1: Emissions	KPI A1.2-Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Comply or Explain	Disclosed	P.15
Aspect A1: Emissions	KPI A1.3 - Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Comply or Explain	Disclosed	P.15
Aspect A1: Emissions	KPI A1.4 - Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Comply or Explain	Disclosed	P.15
Aspect A1: Emissions	KPI A1.5 - Description of measures to mitigate emissions and results achieved.	Comply or Explain	Disclosed	P.17, 18
Aspect A1: Emissions	KPI A1.6 - Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Comply or Explain	Disclosed	P.19, 20
Aspect A2: Use of Resources	<p>General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. <i>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</i></p>	Comply or Explain	Disclosed	P.17-20
Aspect A2: Use of Resources	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).	Comply or Explain	Disclosed	P.15
Aspect A2: Use of Resources	KPI A2.2 - Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Comply or Explain	Disclosed	P.15
Aspect A2: Use of Resources	KPI A2.3 - Description of energy use efficiency initiatives and results achieved.	Comply or Explain	Disclosed	P.17, 18
Aspect A2: Use of Resources	KPI A2.4 - Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Comply or Explain	Disclosed	P.18
Aspect A2: Use of Resources	KPI A2.5 - Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Comply or Explain	Disclosed	P.15
Aspect A3: The Environment and Natural Resources	<p>General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.</p>	Comply or Explain	Disclosed	P.16-20
Aspect A3: The Environment and Natural Resources	KPI A3.1 - Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Comply or Explain	Disclosed	P.16-20

ESG Index

Relevant Disclosure Index	Description	Disclosure Requirement	Disclosure Status	Relevant Sections in the Report
Aspect B1: Employment	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.	Comply or Explain	Disclosed	P.29, 30, 38
Aspect B1: Employment	KPI B1.1 -Total workforce by gender, employment type, age group and geographical region.	Recommended Disclosures	Disclosed	P.31
Aspect B1: Employment	KPI B1.2 -Employee turnover rate by gender, age group and geographical region.	Recommended Disclosures	Not yet disclosed	-
Aspect B2: Health and Safety	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.	Comply or Explain	Disclosed	P.31, 38
Aspect B2: Health and Safety	KPI B2.1 -Number and rate of work-related fatalities.	Recommended Disclosures	Disclosed	P.36
Aspect B2: Health and Safety	KPI B2.2 -Lost days due to work injury.	Recommended Disclosures	Not yet disclosed	-
Aspect B2: Health and Safety	KPI B2.3 -Description of occupational health and safety measures adopted, how they are implemented and monitored.	Recommended Disclosures	Disclosed	P.36
Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. <i>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</i>	Comply or Explain	Disclosed	P32-35
Aspect B3: Development and Training	KPI B3.1 -The percentage of employees trained by gender and employee category (e.g. senior management, middle Management).	Recommended Disclosures	Not yet disclosed	-
Aspect B3: Development and Training	KPI B3.2 -The average training hours completed per employee by gender and employee category.	Recommended Disclosures	Disclosed	P.32
Aspect B4: Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Comply or Explain	Disclosed	P.30, 38
Aspect B4: Labour Standards	KPI B4.1 -Description of measures to review employment practices to avoid child and forced labour.	Recommended Disclosures	Disclosed	P.30
Aspect B4: Labour Standards	KPI B4.2 -Description of steps taken to eliminate such practices when discovered.	Recommended Disclosures	Disclosed	P.30
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Comply or Explain	Disclosed	P.24
Aspect B5: Supply Chain Management	KPI B5.1 - Number of suppliers by geographical region.	Recommended Disclosures	Disclosed	P.24
Aspect B5: Supply Chain Management	KPI B5.2 -Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Recommended Disclosures	Disclosed	P.24

8. ESG Index

ESG Index

Relevant Disclosure Index	Description	Disclosure Requirement	Disclosure Status	Relevant Sections in the Report
Aspect B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	Comply or Explain	Disclosed	P.28, 38
Aspect B6: Product Responsibility	KPI B6.1 - Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Recommended Disclosures	Disclosed	P.23
Aspect B6: Product Responsibility	KPI B6.2 - Number of products and service related complaints received and how they are dealt with.	Recommended Disclosures	Disclosed	P.27
Aspect B6: Product Responsibility	KPI B6.3 - Description of practices relating to observing and protecting intellectual property rights.	Recommended Disclosures	Disclosed	P.28
Aspect B6: Product Responsibility	KPI B6.4 - Description of quality assurance process and recall procedures.	Recommended Disclosures	Disclosed	P.23, 25, 26
Aspect B6: Product Responsibility	KPI B6.5 - Description of consumer data protection and privacy policies, how they are implemented and monitored.	Recommended Disclosures	Disclosed	P.28
Aspect B7: Anticorruption	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.	Comply or Explain	Disclosed	P.28 38
Aspect B7: Anticorruption	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.	Recommended Disclosures	Disclosed	P.28
Aspect B7: Anticorruption	KPI B7.2 - Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Recommended Disclosures	Disclosed	P.28
Aspect B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Comply or Explain	Disclosed	P.37
Aspect B8: Community Investment	KPI B8.1 - Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Recommended Disclosures	Disclosed	P.37
Aspect B8: Community Investment	KPI B8.2 - Resources contributed (e.g. money or time) to the focus area.	Recommended Disclosures	Disclosed	P.37

Thank you for reading the “Environmental, Social and Governance Report of Tang Palace”, for the Report to be more all-rounded and provide stakeholders with more valuable information, so as to enhance our level in fulfilling the corporate social responsibility, your opinions (through email or mailing) to the Report are most welcomed.

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