

# Governing Our Core Principles



Our dedication to guiding the Group with a focus on sustainability establishes the groundwork for our ongoing journey. Sustainability is deeply integrated at all areas of our Group, shaping our governance, everyday activities, and business growth. By adopting ESG-driven governance, we strive for long-term value generation, which ensures the Group's resilience, sustainability, and ongoing success.



**90%**

Of annual sustainability commitments achieved



**>13,200**

Valid satisfaction surveys received from property owners, tenants and hotel customers



GRESB  
REAL ESTATE  
sector leader 2024



GRESB  
★★★★★ 2024

**5-star and  
Global Sector  
Leader**

In Global Real Estate  
Sustainability Benchmark  
("GRESB") 2024



**B**

In CDP's Climate  
Change Assessment  
2024

# Strengthening Our ESG Governance Structure

In our ongoing commitment to strengthening corporate governance, we were pleased to welcome two Independent Non-Executive Members who joined us on 1 August 2023. These appointments brought a wealth of experience and expertise to our Executive Committee, further reinforcing our dedication to maintaining the highest standards of governance. Their presence allowed for independent judgment and objective oversight, safeguarding the interests of stakeholders.

During the Reporting Period, the Executive Committee consisted of eight members with diverse backgrounds, skills, knowledge, and experience. This diversity enriched our decision-making processes and enhanced our ability to address complex challenges, thereby strengthening the trust of business partners, financial institutions, and regulatory bodies.



## ESG Steering Committee

The ESG Steering Committee, which is chaired by the CEO, is responsible for overseeing the Group's overall ESG strategies, reviewing and endorsing plans and monitoring the progress. The ESG Steering Committee is composed of the senior management and chairs of ESG Sub-Committees and Working Groups. To facilitate effective management and supervision of responsibility, a Terms of Reference was finalised to define the objectives, membership, meetings and reporting line of the ESG Steering Committee. During the Reporting Period, the ESG Steering Committee conducted four meetings to ensure timely communication on ESG issues.

## ESG Sub-Committees

The four ESG Sub-Committees, namely Prosperity, Planet, People and Community, are responsible for formulating strategies and action plans that align with the Group's strategy and subsequent UNSDGs, and dedicating roles and responsibilities to individual departments to achieve the goals set. Comprising of representatives from different business units, each of the ESG Sub-Committee has their own Terms of Reference, which defines its formation and specifies the scope and authority of the ESG Sub-Committee. This facilitates effective management and supervision over specific roles and responsibilities on sustainability subject matters. Moreover, each of the ESG Sub-Committee have established annual commitments for its focus area. More details about the achievement status of these annual commitments established by the ESG Sub-Committees can be found in the "Annual Commitments" section. To support these initiatives, we have also established an ESG Department in 2022, which provides training and support to the entire Group to formulate, execute and monitor the sustainability goals, KPIs and action plans, as well as providing support to ESG benchmarking, disclosure and sustainability engagement in all levels. Providing dedicated support for the Group's sustainability journey, the ESG Department further strengthens and supports our ESG governance and practices.

During the Reporting Period, each ESG Sub-Committee conducted four meetings which covered areas such as responding to climate change, sustainable financing, technology, employee development and volunteerism, etc.

## Working Groups

Task-specific working groups were also formed to further the Group's ESG journey. In the previous Reporting Period, the 3050+ Working Group and Green Tenancy Working Group, which report to the ESG Steering Committee, were formed focusing on our decarbonisation target. Formed by subject matter experts of different business units and departments, the 3050+ working group is mainly responsible for tracking the Chinachem Group Carbon Reduction Roadmap - CCG 3050+ ("CCG 3050+") target performance, whereas the Green Tenancy working group is responsible for the enhancement of tenant engagement and facilitating carbon reduction and sustainability lifestyle, covering our commercial, retail and residential tenants.

## Updates on Policies, Procedures and Guidelines

To ensure a high standard of corporate governance that is both effective and efficient, we undertake regular reviews and updates of our internal policies, procedures, and guidelines, as well as making modifications when specific events or new trends arise. During the Reporting Period, we introduced changes to the following policies, procedures, and guidelines.

Policy/Procedure/Guidelines	Status
Business Travel	Updated (August 2023)
Donations and Non-Commercial Sponsorship	Updated (January 2024)
Delegation of Transaction Authority - Addendum 1	Updated (March 2024)
Employee Engagement and Communication	Updated (August 2023)
Employment Termination	Updated (August 2023)
Group Human Resources Management	Updated (August 2023)
Occupational Health and Safety	Updated (August 2023)
Retirement	Updated (August 2023)
Staff Recruitment	Updated (August 2023)
ESG Due Diligence Guideline	New (November 2023)
Guidelines for Generative AI	New (November 2023)
Guidelines for Sustainable Design and Procurement	Updated (April 2024)



# Striving Towards Our Annual Commitments

At the beginning of the Reporting Period, our four ESG Sub-Committees set out 55 action items targeting a range of focus areas as our annual commitments. We eventually achieved an accomplishment rate of 90% for our annual commitments, reflecting significant progress compared to last year's rate of 79%. These sustainability commitments were cascaded to the relevant business units, encouraging employees at every level to contribute to achieving these goals. The Group's sustainability performance was regularly communicated to the ESG Steering Committee. To uphold a balanced emphasis on People, Community, Prosperity, and Planet, we continuously revise these annual commitments and introduce new ones when required.

## ESG Sub-Committee: Prosperity

Focus Areas	Annual Commitments	Status
Green and Responsible Investment	Arrange one billion (HKD) sustainability linked loan for HK working capital	Achieved
	Seven billion (HKD) green construction loan and 2,693 million (HKD) on-shore bank loans for refinancing overseas shareholders loans	Achieved
	Replace one fleet vehicle with EV	Achieved
	Install two more EV chargers by 2024	Carried forward to FY2024/25
	50% of newly purchased equipment comply with ENERGY STAR-rating	Achieved
	Develop an ESG Due Diligence P&P	Achieved
Innovation and Technology	Perform eight proof of concept (POC) on robotic and automation solutions	Achieved
	Study and perform three POC on smart waste solutions	Achieved
	Study and perform three POC on real-time safety monitoring system	Achieved
	Propose two to three more university co-development projects	Achieved
	Pilot projects with at least two to three universities on five topics	Achieved
	Extend the usage of motion detectors and timers to an additional of two properties/sites	Achieved
	Provide four distinguished speaker sessions; six to eight interdepartmental dialogue sessions; four to six business network sessions	Achieved



## ESG Sub-Committee: Prosperity (Cont'd)

Focus Areas	Annual Commitments	Status
<b>Privacy, Data Rights and Cybersecurity</b>	Execute three cyber security knowledge sharing activities	Achieved
	Execute at least one cyber exercise	Achieved
	100% staff member trained on privacy data right and cybersecurity	Achieved
	Create a comprehensive data collection policy and a data governance structure	Achieved

## ESG Sub-Committee: Planet

Focus Areas	Annual Commitments	Status
<b>Responsible and Sustainable Procurement</b>	100% of suppliers comply with the revised Supplier Code of Conduct	Carried forward to FY2024/25
	Implement procurement procedures to avoid single used plastics items at hotels	Achieved
<b>Ensuring Sustainable Buildings</b>	Apply the revised Sustainable Building Design Guidelines at least two projects in FY2024/25	Achieved
	Carry out WELL feasibility study project (Property Services and Nina Hospitality)	Achieved
	62.5% buildings to be BEAM Plus enhanced or certified (Property Services and Nina Hospitality)	Achieved
	Implement the Zero-Carbon Chiller System Project with CLPe	Achieved
<b>Reduction of Operational Environmental Footprint</b>	Carry out solar potential assessment project	Achieved
	Hire consultant to develop Internal Carbon Pricing mechanisms in new Projects	Carried forward to FY2024/25
	50% food waste recycling at hotels	Achieved
	1.5% reduction in water intensity from FY2020/21 (Property Services)	Achieved
	40% of commonly used items purchased be sustainable	Achieved
<b>Better Buildings and Healthier Outcomes</b>	75% buildings with Quality Water Supply certification (Property Services and Nina Hospitality)	Achieved
	37.5% buildings IAQ certified (Property Services and Nina Hospitality)	Achieved
<b>Responding to Climate Change</b>	Hire consultant to assist developing a climate risk assessment tool for Projects	Achieved
	Carry out physical climate risk screening project	Achieved

## ESG Sub-Committee: People

Focus Areas	Annual Commitments	Status
<b>Employee Advancement, Retention and Development</b>	Formulate and execute a bonus mechanism linked to ESG performance	Achieved
	100% completion target for Reuters ESG Training	Achieved
	Incorporate staff/office initiatives and incentive programs into CCG Hearts phase 2	Achieved
	Facilitate regular 1:1 meeting via SAP continuous performance module	Carried forward to FY2024/25
<b>Diversity, Equity and Inclusion</b>	Monitor DEI metrics and establish baseline	Achieved
	Roll out “Racial Diversity and Inclusion Charter” programme	Achieved
	Review, communicate and monitor DEI policy, data, practice, training and engagement activities	Achieved
	Carry out of International Women’s Day celebration at the office	Achieved
<b>Wellness, Health and Safety Enhancement</b>	Develop relevant physical/mental wellbeing training programme and encourage participation	Achieved
	Incorporate OHS function into ESG People Sub-Committee	Achieved
	Review of maternity/paternity leave policy	Achieved
	Implement Smart Dress Code policy	Achieved
<b>Enhancement of Stakeholder Engagement</b>	Extend staff survey within Nina Hospitality	Achieved
	Review satisfactory survey coverage and topics	Achieved
<b>Sound and Forward-looking Company Culture</b>	Produce communications and recruitment toolkits – Employer Value Proposition	Achieved

## ESG Sub-Committee: Community

Focus Areas	Annual Commitments	Status
<b>Supporting the Lives of Older Adults and Empowering Future Generation</b>	Share numbers of youth/elderly related activities by departments	Achieved
	Allocate over 60% of yearly donations to projects/NGOs that benefit youth and elderly	Achieved
	Carry out two signature events: 1) "One Beat, One World: Connecting Through the Drum"; 2) Sustainability Conference	Achieved
<b>Extending Community Partnerships with Local and Global Partners</b>	Develop and roll out CCG Hearts programme	Achieved
	Secure 13,000+ volunteer hours available with 6+ NGO partners	Achieved
	Build a new communication module to reflect company's latest ESG strategies	Achieved
	Social impact assessment project	Carried forward to FY2024/25
<b>Volunteerism</b>	Develop proposal on incentive schemes to encourage volunteering	Achieved

# Engaging Our Stakeholders and Assessing Double Materiality

Engaging with our stakeholders allows us to understand their expectations about our sustainability initiatives. It also enables us to identify key issues and assess the effectiveness of our sustainability actions.

## Channels of Stakeholder Engagement

Stakeholders	Internal Stakeholders (Colleagues)	Hotel Guests and Restaurants Diners	Mall Visitors	Property Owners	Tenants
Channels	<ul style="list-style-type: none"> <li>• Employee survey</li> <li>• Townhall meeting</li> <li>• "Chit-chat with CEO"</li> <li>• Leadership presentation</li> <li>• Intranet and Viva Engage</li> <li>• Company website/Social media postings</li> <li>• Life+ Magazine</li> <li>• Training sessions</li> <li>• Stakeholder engagement exercise</li> <li>• Committee/Working Group meetings</li> <li>• Colleague engagement events</li> </ul>	<ul style="list-style-type: none"> <li>• Company website/Social media postings</li> <li>• Front desk and concierge personnel</li> <li>• Customer satisfaction survey</li> <li>• Loyalty programme</li> <li>• Environmental message card</li> <li>• Life+ Magazine</li> </ul>	<ul style="list-style-type: none"> <li>• Concierge personnel</li> <li>• Mall events and promotions</li> <li>• Loyalty programme</li> </ul>	<ul style="list-style-type: none"> <li>• Company website/Social media postings</li> <li>• Property management personnel</li> <li>• Property owner satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>• Company website/Social Media postings</li> <li>• Training sessions</li> <li>• Stakeholder engagement exercise</li> <li>• Tenant relationship personnel</li> <li>• Tenant satisfaction survey</li> </ul>



Stakeholders	Banks and Financial Institutions	Professional Bodies	Suppliers, Vendors and Contractors	NGOs and Community	Government and Regulators
Channels	<ul style="list-style-type: none"> <li>• Chinachem sustainable finance framework</li> <li>• Sustainability Report</li> <li>• Company website/Social media postings</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability conference</li> <li>• Regular and special meetings</li> <li>• Project collaborations</li> <li>• Organisational memberships</li> </ul>	<ul style="list-style-type: none"> <li>• Company website/Social media postings</li> <li>• Stakeholder engagement exercise</li> <li>• Tendering and procurement process</li> <li>• Procurement team personnel</li> <li>• Sustainability conference</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability conference</li> <li>• Community engagement events</li> <li>• Company website/Social media postings</li> <li>• Organisational memberships</li> <li>• Partnering of volunteering events</li> <li>• Stakeholder engagement exercise</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability conference</li> <li>• Community engagement events</li> <li>• Project collaborations</li> <li>• Regular and special meetings</li> <li>• Signatories of government campaigns</li> </ul>
Stakeholders	Media	Joint Venture Partners	Academia and Schools		
Channels	<ul style="list-style-type: none"> <li>• Media tea gathering</li> <li>• Company website</li> <li>• Press release</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability conference</li> <li>• Project collaborations</li> </ul>	<ul style="list-style-type: none"> <li>• Internship and scholarship</li> <li>• Collaboration with local university to provide training to colleagues</li> </ul>		

## Comprehensive Stakeholder Engagement and Double Materiality Assessment

During the Reporting Period, the Group conducted a stakeholder engagement and double materiality assessment to understand the impact and financial materiality of ESG topics from the stakeholders' perspectives, to prioritise the key ESG topics based on stakeholder feedback, as well as gathering valuable insights to inform our sustainability strategy and decision-making.

### Step 1: Identification of Potential Material Topics

Referring to the Group's previous list of strategic topics and drawing on insights from peer benchmarking and industry trends, we updated the list of potentially material ESG topics related to our business and operations.

### Step 2: Stakeholder Engagement through Appropriate Channels

To capture stakeholder's insights, stakeholder opinions were gathered through various methods, including online surveys and in-person focus group discussions.

The Group conducted an anonymous online survey to obtain ratings on the impact and financial materiality of each ESG topic, in addition to collecting opinions on material topics, performance, and areas of improvement. We received a total of 324 responses.

Two internal focus group discussions sessions were held to gain a thorough understanding of the impact and financial materiality of sustainability topics within the context of the Group from stakeholders' perspectives. 29 individuals from different business units and departments participated and provided valuable insights for the discussions.

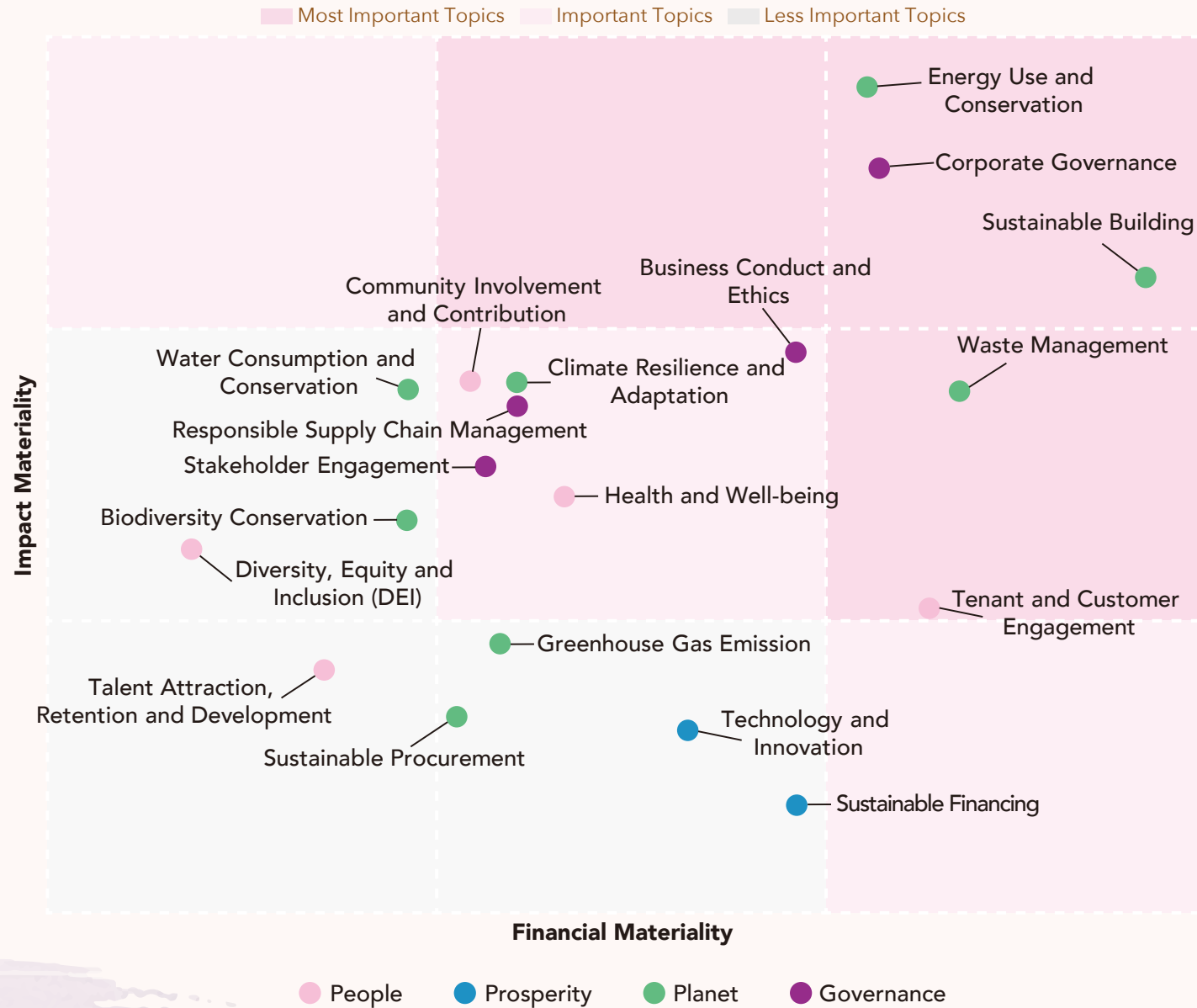
### Step 3: Ranking ESG Topics by Impact and Financial Materiality

The Group analysed both quantitative and qualitative findings from survey and focus group sessions to establish our new double materiality matrix. The double materiality matrix visualises the relative importance of the ESG topics based on the levels of impacts that the Group could have on the external environment, community, and economy ("Impact Materiality"), as well as the implications of each ESG topic on the financial value of the Group ("Financial Materiality").

### Step 4: Topic Validation and Finalisation

The prioritised material topics and finalised double materiality matrix were reviewed and will be integrated into our strategic planning and decision-making processes.

## Double Materiality Matrix



## Discussion of Top Material Topics

### Material Topics

### Impact Materiality

### Financial Materiality

#### Energy Use and Conservation

The Group is committed to reducing energy consumption through implementation of various energy efficiency measures, including chiller replacement and adopting energy efficiency technologies in our buildings. Enhancing energy efficiency contributes to carbon reduction and mitigates climate change, accelerating the transition towards a low-carbon economy. These actions not only minimise our environmental impact and conserve resources, but also safeguard ecosystems and promote long-term economic health.

Rising awareness on climate change in recent years has led to increasing demand for energy efficiency measures to reduce GHG emission. Buildings with energy-efficient features can attract environmentally conscious tenants, comply with energy efficiency regulations, and reduce operational costs over the life cycle of a property. These features could increase property value for our portfolio, contributing to long-term profitability.

#### Tenant and Customer Engagement

The Group regularly engages with our tenants and customers, who play a key role in our success. By understanding their needs and concerns, the Group can improve the quality of our products and services, which leads to improved tenant and customer experience. Through addressing our tenants' and customers' demand for sustainable product and services, the Group not only satisfies our tenants and customers but also creates positive environmental and social impact.

With the shifting needs and preferences of our tenants and customers, the Group actively engages with them to understand their expectations. Through addressing their needs, the Group could increase tenant and customer loyalty and satisfaction, and potentially increase recurring revenue for the Group through increased occupancy and demand for buildings. In addition, higher stakeholder participation for the Group's initiatives could lower cost spent on customer acquisition.

#### Sustainable Buildings

By integrating advanced sustainable features in our new projects, including natural ventilation, Building Information Modelling ("BIM"), Modular Integrated Construction ("MiC"), smart IoT systems, and Multi-trade Integrated Mechanical, Electrical, and Plumbing ("MiMEP"), our projects minimise construction waste, lower carbon emissions, reduce noise pollution and contribute to safer working environment. Furthermore, the improved energy and resource efficiency and smart designs of sustainable buildings both minimises our environmental footprint and improves our residents' wellbeing, contributing to green economy and fostering a more resilient community.

Sustainable buildings often attract higher market demand from sustainability conscious users and buyers, creating business opportunities and ensuring long-term occupancy and growth. Furthermore, sustainable buildings could reduce operational costs from enhanced energy and water efficiency over the life cycle of a property. Sustainable building certifications help the Group to adhere to evolving building regulations and minimise compliance risks.

#### Waste Management

By prioritising waste reduction, recycling, and proper disposal through initiatives such as the REACT Campaign, the Group can minimise landfill use, reduce greenhouse gas emissions, and protect ecosystems from harmful contaminants. These efforts safeguard public health, promote a cleaner environment for all and help to alleviate pressure towards landfills in Hong Kong and contributing to a circular economy.

The Group expects higher operational costs due to stricter regulations on waste management. New construction methods could help us reduce waste and cost at the same time. For example, MiMEP and MiC methods can lead to reduced manpower requirements and shorter construction durations, potentially lowering operational expenses.

#### Corporate Governance

The Executive Committee maintained high standard of corporate governance and oversight, enabling integration of risk and opportunity into strategic decision-making process. By proactively managing risks related to environment, society, and compliance, the Group is committed to environmental and social responsibility. This approach creates positive impact on the environment and community, strengthening positive relationship with various stakeholders. Strong governance also enables sustainable growth for both the Group and the stakeholders it serves.

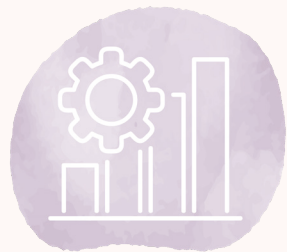
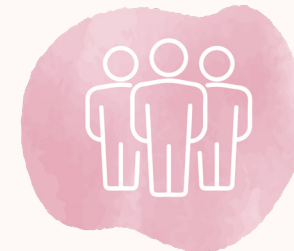
Effective risk management is essential for the Group's sustainable development. It allows the Group to promptly identify, assess, and mitigate a wide range of risks, including operational risk, regulatory risk and market risk. Robust risk management strategies also allow the Group to reduce potential economic loss, safeguard its assets, improve financial return and increase long-term profitability.



## Engaging Our Tenants and Customers

Recognising the vital role of our tenants and customers to our business success, we prioritise their timely feedback and overall satisfaction to ensure that we are continuously improving. To facilitate this, we regularly conduct tenant and customer satisfaction surveys to gather their insights. These surveys play a crucial role in highlighting their primary concerns, allowing us to improve our service standards.

During the Reporting Period, we engaged with a significant group of over 20,024 stakeholders, inviting them to share their experiences with us. We received more than 3,591 valid responses from tenants, along with approximately 9,625 and 20 valid responses from hotel customers and property owners. The overwhelmingly positive feedback reflects our dedication to service excellence. However, we acknowledge that there is always room for improvement. We remain committed to continually enhancing our customer experience as part of our broader ESG objectives.

**8.1/10**Tenant satisfaction  
score**89/100**Hotel guest  
satisfaction score**5/5**Property owner  
satisfaction score

# Governing a Sustainable Supply Chain

Our dedication to sustainability reaches far beyond our internal operations. To align with our values, we have implemented a specific governance system that fosters collaboration with our value chain partners.

To ensure that our suppliers uphold our rigorous standards, we conduct extensive due diligence on accuracy, pricing, response times, after-sales service quality, and operational regions. Our supplier screening process requires the completion of supplier registration form covering business ethics, regulatory compliance, anti-corruption measures, environmental performance, labour practices (including the prohibition of forced and child labour) and occupational health and safety systems. We also prioritise suppliers with recognised sustainability certifications during the selection process.

We introduced enhanced sustainable procurement guidelines in March 2022 to direct our purchasing decisions towards greater sustainability, reduce our environmental footprint and achieve positive social impacts. Furthermore, we released the guidelines for sustainable design and procurement in April 2024 to implement sustainable designs, products and services, which strives to achieve Net Zero. The guidelines also aim to promote sustainability in property development, and to reduce consumption on the natural resources and damage to the Earth. Recognising the importance of effective supply chain management, we regularly assess our supply chain to ensure compliance with our sustainable procurement commitments, as well as environmental and social standards. To effectively manage supply chain risks and enhance our sustainability performance, we refined our Suppliers' Code of Conduct ("SCOC") in March 2023 to deepen ESG integration in our procurement process. The updated SCOC, which was developed in accordance with our business values to promote sustainable development, defines our expectations and requirements for suppliers, along with their responsibilities towards stakeholders, society, and the environment. All registered suppliers are required to adhere to the SCOC. In addition, we encourage both new and existing suppliers to provide relevant environmental and safety certifications or standards during the bidding process to support their proposals.

For additional information on our sustainable procurement practices and decarbonisation initiatives, please refer to the "Protecting Our Planet" section.

## Suppliers' Sustainability Commitments

### 1. Legal and Regulatory Compliance

Adhere to operations, products and services-related laws and regulations

### 2. Labour Standards

- No forced labour and child labour
- Ensure legal working age
- Comply with the legal limit of compensation and working hours
- Discrimination free and proper labour rights
- Ensure workplace health and safety

### 3. Ethical Conduct

Zero-tolerance on corruption, collusion, extortion, fraud, bribery, false declarations or counterfeiting

### 4. Responsibility

- Sustainability policies in place
- Educate employees on ethical practice
- Ensure privacy, data protection and confidentiality
- Maintain transparency on ESG data disclosures
- Obtain verifications



# Upholding Business Ethics and Integrity

The Group highly values strong commitment on integrity and ethical conduct in every aspect of our business activities. Our well-established reputation for honesty, reliability, and fairness serves as a crucial asset that fosters our long-term growth and success. Our policies encompass a variety of important areas, including fair labour practices, conflicts of interest, bribery, competition and antitrust laws, privacy compliance, and equal opportunity. Every employee is expected to fully comply with these policies and to formally acknowledge their understanding in writing upon joining the company.

We are dedicated to maintaining the highest ethical standards to eliminate unethical labour practices, corruption, bribery, and conflicts of interest throughout our value chain. To achieve this, we have implemented a range of Policy and Procedures ("P&P"), such as the Bribery and Illicit Advantage P&P, the Conflict-of-Interest P&P, the Advantage and Entertainment Policy P&P, the Anti-Money Laundering and Counter-Terrorism Financing Policy, and the Whistle-blowing P&P. These policies detail the necessary reporting procedures to address any issues in a timely and appropriate manner and are incorporated into our Code of Conduct and Staff Handbook, which are provided to all new employees as a guide for making ethical choices, reinforcing our zero tolerance for corruption.

Besides adhering to policies and procedures, we also provide training to our employees to strengthen awareness on business ethics. During the Reporting Period, we partnered with Mayer Brown and the Equal Opportunity Council ("EOC") to conduct six seminar sessions for 126 employees. These sessions were specifically designed to promote a discrimination-free environment and encourage diversity and equal opportunity in all aspects of our operations, including employment, the provision of goods, services, facilities, and related activities. By offering these seminars, we aim to create a workplace where every employee feels valued, respected, and heard. We believe that by empowering employees to voice their opinions without fear, we can drive innovation, collaboration, and continuous improvement within our Group.

In the Reporting Period, we dedicated 1,220 hours to training focused on compliance and anti-bribery for our staff, further reinforcing our strong stance against bribery. We are pleased to report that no significant incidents of non-compliance related to corruption were identified. Additionally, the Group is not aware of any violations regarding child or forced labour, bribery, extortion, fraud, or money laundering, including but not limited to the Employment of Children Regulations and the Prevention of Bribery Ordinance.



## 1,220

Colleagues completed the anti-corruption training



## 0

Number of significant fines or non-monetary sanctions for non-compliance with environmental, health and safety laws and regulations



## Cybersecurity

Prioritising the safety and efficiency of our business operations is of paramount importance, which is why we place a strong emphasis on cybersecurity. Our Information Security P&P have been developed to assist employees in safeguarding sensitive information from unauthorised access while ensuring its confidentiality. According to this policy, all personnel, including third-party associates, bear the responsibility of protecting our information and assets. Furthermore, it is the duty of managers to implement appropriate control measures, both physical and digital, to ensure that information security adheres to established standards.

Throughout the Reporting Period, we conducted a total of 2,072 hours of online training sessions focused on Information Technology ("IT") security, aimed at enhancing our employees' awareness of cybersecurity issues. Notably, we did not encounter any incidents of material cybersecurity breaches.



## Data Privacy and Intellectual Property

In accordance with the Group's Personal Data Privacy P&P, any inquiries or requests related to personal data and privacy are to be directed to the designated Personal Data Officer by our business units. The Personal Data Officer will then cooperate with the Legal Department of the Group for necessary review and guidance. Furthermore, when collecting personal data, business units are required to issue a Personal Information Collection Statement ("PICS") to ensure the protection of customer privacy. We are fully compliant with the Personal Data ("Privacy") Ordinance and all relevant data privacy regulations, and the Group is not aware of any instances of non-compliance.



During the Reporting Period, no incidents of significant non-compliance were reported. We remain committed to handling our customers' data with the utmost care and are dedicated to protecting their privacy.

Moreover, we are committed to safeguarding our intellectual property. Employees must adhere to the Information Security Policy, which outlines the proper and secure use of information technologies, particularly when using mobile devices containing the Group's intellectual property. We have also established an IT P&P for Nina Hospitality, which stipulates the appropriate usage, processing, and management of licensed software. Employees are required to report any instances of non-compliance or intellectual property infringement to the relevant departments promptly.

## Ensuring High-Quality Products and Services

Our commitment to deliver products and services of exceptional quality reflects our primary objective to ensure high levels of customer satisfaction. To achieve this, we have established a comprehensive set of stringent quality assurance protocols across our various products, services and operations. The "Minimum Quality Service Standards" have been implemented to ensure our hospitality and catering services adhere to specific, predefined criteria, e.g. front desk, guest rooms, recreational facilities, catering and restaurant operations, thus maintaining a consistently high level of quality. We have also adopted a series of service pledges that ensure the delivery of excellent property management services regarding utilities, repairment, responses to emergencies and other aspects. For the sales of our residential units, a Handover of Residential Properties to Individual Owners Policy governs the requirements for handing over residential units to new owners. Our Customer Relations Department is responsible for assuring and confirming the quality of the completed development according to agreed standards before the handover. Any necessary rectification work will be handled promptly.



# Enhancing Risk Management and Internal Control

Risk management is a fundamental component of the Group's operations at all levels. We emphasise the prompt identification and mitigation of risks, which serves as the cornerstone of our risk management strategy. Through a comprehensive framework, policies and procedures designed to protect both group and operational levels, we regularly conduct risk management workshops to ensure the principles of risk management are effectively communicated throughout the Group.

In August and September 2023, we hosted five workshops on risk management and were attended by the various Department Heads of the Group.

To support the sustainable development of the Group, we are actively addressing the increasing number of risks arising in the rapidly changing environment by establishing a comprehensive risk management mechanism. Central to this effort is the implementation of the Enterprise Risk Management ("ERM") framework, which enables effective identification, assessment, and management of risks. Led by the Chief Operating Officer and the Chief Financial Officer, the ERM working group assists departments in prioritising known and emerging risks while evaluating existing controls and determining necessary additional risk mitigation strategies.

In addition, each development and construction project is assigned a designated risk controller who integrates a risk assessment register ("risk register") into the implementation plan. This register serves as a comprehensive documentation tool that details potential risks, their likelihood and potential impacts, as well as the corresponding control and mitigation measures. Additionally, it identifies the individual responsible for monitoring each risk item. The risk register is reviewed and updated annually until

the project is formally handed over to the project owners. At the Group level, we have established the Risk Management P&P, the Internal Control Framework and Management P&P to augment our departments' efficacy in identifying, evaluating, and managing risks.

- The Risk Management P&P clearly outlines the responsibilities of Division and Department Heads in the formulation and refinement of risk management processes pertinent to their respective areas.
- Concurrently, our Internal Control Framework and Management P&P are aligned with the Internal Control - Integrated Framework ("COSO Framework"), issued by the Committee of Sponsoring Organizations of the Treadway Commission. This framework offers a robust and systematic approach to internal controls that is fundamental to the operations of our Group. Moreover, the Internal Audit Department is entrusted with conducting independent evaluations of the internal control systems throughout the Group. The findings from these assessments, along with any recommended remedial actions, are systematically reported to the Audit and Risk Committee to uphold standards of transparency and accountability.

In recognition of the significant impacts of climate change, which presents both risks and opportunities, we have carried out a climate risk assessment. For further information, please refer to the "Building Climate Resilience in Our Places" section of this Report.