

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Introduction

As an ongoing commitment to generating long-term value for our stakeholders, Summit Ascent Holdings Limited and its subsidiaries (the “Group” or “we”) have incorporated the principles of sustainable development into our business operation to help protect the environment and support the development of our community. Thus, the Group prepared this Environmental, Social and Governance (“ESG”) report to provide our stakeholders with the information of our ESG policies, initiatives, and performance.

As our major business operation is Tigre de Cristal (“TdC”), an integrated casino, hotel, and entertainment destination in the Primorye Integrated Entertainment Zone, Vladivostok, the Russian Federation, the reporting scope of this ESG report covers the ESG information of TdC for the year ended 31 December 2020 (“FY2020” or the “Reporting Period”), in accordance with the framework, reporting principles and the “comply or explain” provisions as set out in Appendix 27 – Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) of the Main Board Listing Rules issued by the Hong Kong Exchanges and Clearing Limited.

Sustainability Highlights in FY2020

Due to the coronavirus disease 2019 (“COVID-19”) outbreak, TdC has followed the Russian government’s suggestions by suspending its gaming operations from 28 March 2020 until its reopening from 16 July 2020 onwards. The hotel operations of TdC continued to serve in a limited capacity during the period of suspension.

Nevertheless, we have been actively enhancing our ESG performance and have invested resources in various areas of our operations. In FY2020, we have made some sustainability achievements which are highlighted as follows:

Environmental



15.8% reduction in carbon emissions

Social



Proactive implementation of social distancing and sanitary measures



83% local procurement



Zero case of work-related fatality



Zero case of corruption identified

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ESG Governance

The Group is dedicated to aligning its ESG governance with the strategic development and embedding ESG considerations in its business decision-making and daily operation. To this end, the Group has established a governance framework to manage ESG matters in operation. The Board is responsible for leading the governance and developing the Group’s ESG management approach, strategies, priorities, and objectives. The Board delegates the Group’s senior management with the authorities and responsibilities of developing, implementing and monitoring sustainable development policies and initiatives across business operations.

To better facilitate ESG management, the senior management has formed an ESG working group, which is represented by the Head of Internal Audit of the Group, in collaboration with the Finance Director of G1 Entertainment LLC in the Russian Federation. The structure of ESG management is illustrated in the chart below:



The ESG working group is responsible for coordinating with different departments to collect and analyze ESG-related operational data, promote and monitor the implementation of ESG strategies and initiatives, review stakeholders’ feedback in daily operation, and report key ESG issues to the senior management and the Board. The operational departments, such as Human Resources, Construction and Facility Management, Surveillance and Security, Hotel and Catering, Casino Operation departments, are responsible for implementing ESG initiatives in their daily operations.

On top of the ESG management structure, the Group has established risk management and internal control systems to identify, evaluate, monitor, and manage ESG risks and opportunities such as customer data protection and ethical business behavior. The Board oversees the management in the design, implementation, and monitoring of the risk management and internal control systems. The results of risk management and internal control review are reported to the Board regularly. For more details, please refer to the “Risk Management and Internal Control”, a sub-section of “Corporate Governance Report”.

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Stakeholder Engagement

The concerns and needs of our stakeholders provide us with information and directions to develop and enhance our sustainability strategy. We have engaged with the Group's major stakeholders on an ongoing basis to understand the diverse and often neglected opinions and expectations along the value chain.

Various methods have been adopted to engage our stakeholders to identify current and emerging issues that they are most concerned about regarding the operations of the Group. Communication channels have been established for stakeholder groups to collect concerns about the impact we have on ESG issues. Maintaining communication with stakeholders allows us to collect feedback about our sustainability strategy, and hence we can improve on material ESG issues. The following list summarizes the methods of communication between stakeholders and us.

Stakeholder Group	Communication Methods
Shareholders	<ul style="list-style-type: none">• Shareholder General Meetings• Annual and Interim Reports• Company's Website• Press Releases
Employees	<ul style="list-style-type: none">• Staff Meetings and Polls• Staff Information Boards• Human Resources Support via Telephone and E-mails• Comment Boxes• Staff Care Activities• Regular Newsletters• Social Media App• Whistleblowing Channels
Customers	<ul style="list-style-type: none">• Feedbacks• Satisfaction Surveys• Customer Service Hotline• Daily Contacts
Suppliers	<ul style="list-style-type: none">• Quotation and Tendering Processes• Direct Communication Line for Suppliers• Supplier Evaluation Mechanism
Community	<ul style="list-style-type: none">• Community Services• Online Social Media• Local Press Releases

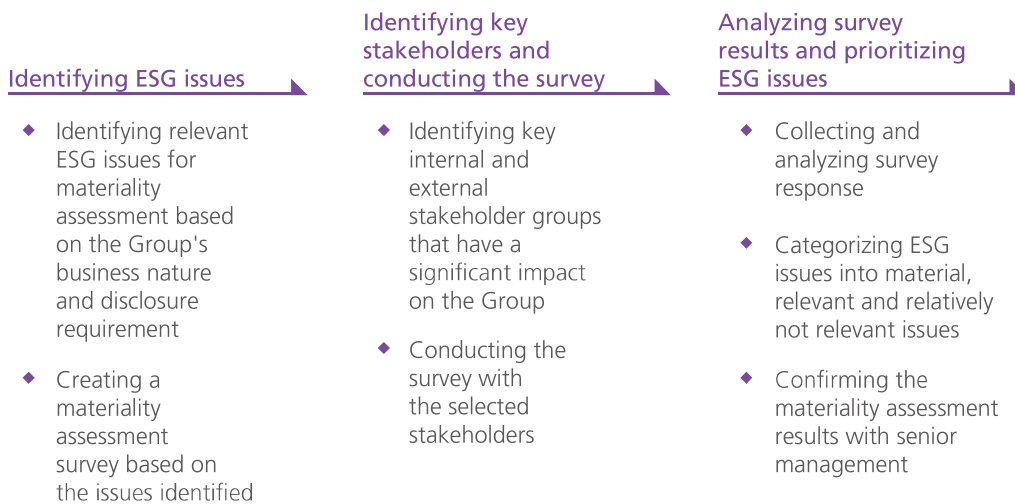
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Materiality Assessment

Through maintaining ongoing stakeholder engagement via the aforementioned channels, as well as industry benchmarking on peers, we were able to identify the material ESG issues that the Group should focus on in regards to sustainability development. Based on the above methods, we have developed a list of material and relevant ESG issues for the purpose of the disclosure.

Material ESG issues are key concerns of both the Group and stakeholders, while relevant ESG issues are related to the Group's operations, and it is necessary to disclose how the Group handles such issues in accordance with the ESG Reporting Guide.

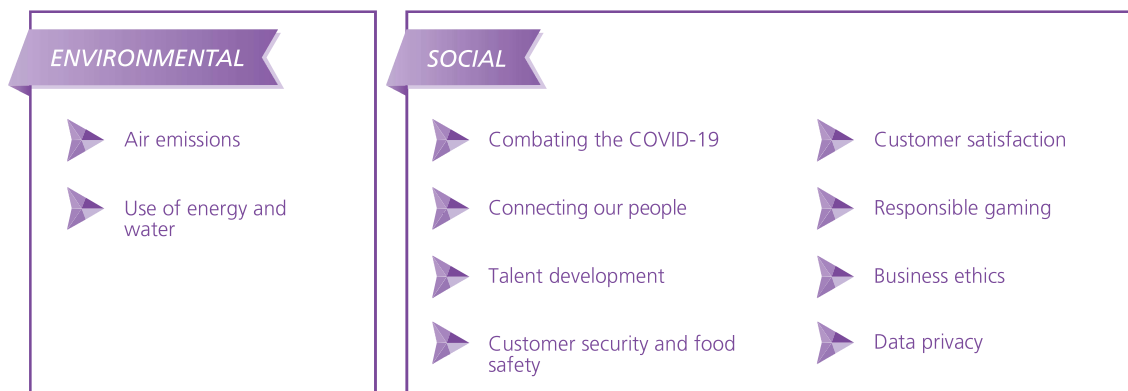
In FY2020, a Group-wide assessment was conducted to collect responses from our key stakeholders regarding the materiality of ESG issues. Responses were collected via an online survey from various internal and external key stakeholders, including directors, shareholders, senior management, employees, customers, suppliers, and contractors. In the materiality assessment survey, our selected key stakeholders were invited to rate a list of ESG issues based on their relevance and importance to our Group's operations and development from our stakeholders' points of view. Through the assessment for our reporting framework, we were able to identify the material ESG issues that can accurately reflect the ESG impact of the Group and thus prioritize those ESG issues in our future sustainable development.



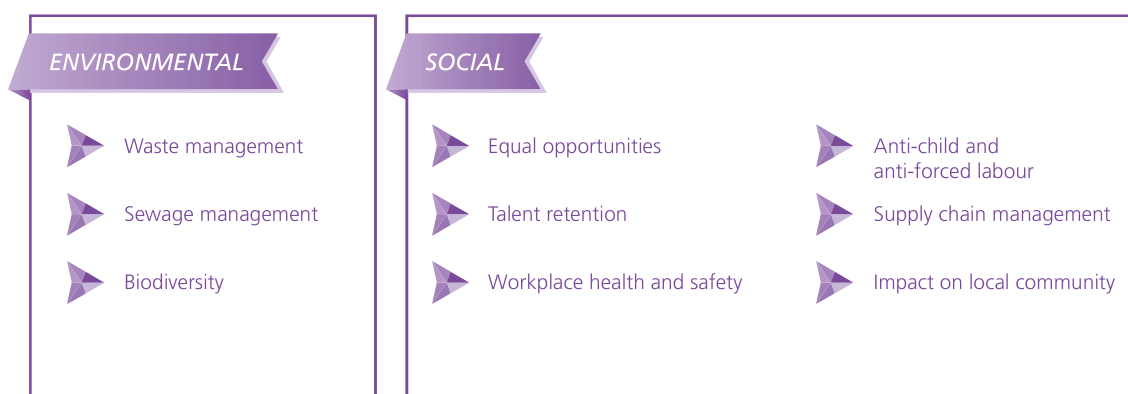
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In FY2020, we identified ten material and nine relevant ESG issues, and they are shown as follows.

Material ESG Issues



Relevant ESG Issues



Environment

As an integrated resort, TdC utilizes energy and water, as well as produces air emissions and wastes continuously throughout the Reporting Period for creating the ultimate guest experience. As a responsible corporate, the Group is dedicated to minimizing all energy and water consumption. Thus, the Group has developed and implemented a series of policies and measures to monitor and reduce our consumption and emissions continuously.

During the Reporting Period, the Group was not aware of any material non-compliance cases against local environmental laws and regulations.

Air Emissions

We take an active role in minimizing our air emissions and complying with all relevant legal requirements. The law in Russia related to air emissions includes Federal Law No. 96-FZ on the Protection of Atmospheric Air. According to the above law, air emissions should be controlled under regulatory emission standards. The Group has established various measures as described below.

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In FY2020, overhaul and maintenance of gas burners were carried out. A trained and certified technician performed inspection and adjustment to the parameters of gas equipment and gas burners, thereby reducing gas consumptions, as well as emissions of combustion exhaust gas, namely nitrogen oxides, and carbon oxides.

Indoor air quality

Since the opening of TdC in October 2015, the Group has paid attention to air quality in all premises for the health of our customers and employees. Therefore, we conduct regular ventilation system laboratory tests and take timely measures to prevent the accumulation of pollutants in our ventilation engineering systems.

In FY2020, ozone-generating equipment was installed in the ventilation systems, which enabled purification, disinfection, and indoor air deodorization using ozone. Ozone is a powerful bactericidal agent, and it maintains an ecological balance by:

- Removing unpleasant odors such as smoke and fumes;
- Increasing oxygen in the premises; and
- Preventing the presence of pathogenic microorganisms, including moths, microbes, dust mites, parasite larvae, etc.

Vehicle emissions

We are aware of the air emissions generated from our motor vehicles for transportation services provided to our customers and employees. During the Reporting Period, the emission amount of nitrogen oxides, sulphur oxides, particulate matter, and carbon dioxide equivalent arising from the vehicles are shown in the table below.

	Air Emission from Vehicles only ¹		
	FY2020	FY2019	Variance
Nitrogen oxides	5,143.3 kg	6,673.5 kg	-22.9%
Sulphur oxides	5.4 kg	7.1 kg	-23.5%
Particulate matter	367.6 kg	476.6 kg	-22.9%
Carbon emission equivalent ² (tCO ₂ e)	926.2	1,213.7	-23.7%

The reduction in air emissions from vehicles was caused by the reduced service hour of TdC due to the COVID-19 outbreak.

The Group is dedicated to reducing vehicle emissions to improve air quality; hence we have chosen vehicles that met the European Emission Standards and used only the "Green ECO" type of gas for our vehicles. In FY2020, we have purchased two Toyota Alphard with a hybrid engine for higher fuel efficiency.

¹ The amount of air pollutants was calculated with reference to the emission factors in the "Reporting Guidance on Environmental KPIs" published by The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

² Carbon emissions from vehicles were calculated based on the "Greenhouse Gas Protocol" published by World Resources Institute and World Business Council on Sustainable Development, "Reporting Guidance on Environmental KPIs" published by the Hong Kong Stock Exchange, "Guidelines to Account for and Report on Greenhouse Gas Emission and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong" by Hong Kong Environmental Protection Department and Electrical and Mechanical Services Department, "Greenhouse Gas Reporting – Conversion Factors 2019" published by Department of Business, Energy and Industrial Strategy of the United Kingdom Government, and "Development of The Electricity Carbon Emission Factors – Baseline Study for Russia" by European Bank for Reconstruction.

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In addition, the Group has arranged shuttle buses to pick up commuting employees, therefore limiting the use of private vehicles. In order for the bus routes to run smoothly, we have strategically designed the bus schedules to avoid rush hours to ensure optimum trip duration as well as fuel efficiency.

Use of Energy and Water

To ensure efficient use of energy and water in order to mitigate the Group's environmental impacts and to conserve natural resources, the Group has adopted the following principles in daily operations:

- Resource usage should be strictly monitored, and any unnecessary consumption should be identified and improved as soon as possible;
- Awareness of the environmental impact of using each type of resources should be raised among our employees and guests; and
- Resource-saving measures, technologies, and equipment should be deployed and regularly reviewed for their applicability.

To put principles into practice, we have developed and implemented a series of resource-saving measures in different aspects of our business operations to reduce energy and water consumption:

- An electrical heater has been installed on the hot water line to heat water in spring and autumn. The energy consumption of the new electrical heater is more efficient than that of the previous liquefied petroleum gas ("LPG") heater;
- The insulation of the foyer area has been improved by replacing glass doors with framed aluminum doors. The replacement of glass doors has solved the problem of cold air going through door gaps during winter, which would require more heat to maintain a suitable indoor temperature. We have also strengthened the insulation of the revolving door to reduce heat loss during winter;
- Normal light bulbs have been replaced with light-emitting diode ("LED") lighting, a highly energy-efficient lighting technology, on our property to reduce energy consumption;
- A key card power switch has been installed in each guest room to facilitate energy saving when the room is not in use, as well as an automatic daylight switch at the carriage porch which helps save electricity for lighting;
- A Building Management System has been in place to monitor both power and water usage regularly, to evaluate the resource-saving initiatives, and to identify sources of excessive resource consumption such as facilities not in use and idle areas with full lighting;
- Water-friendly housekeeping practices have been promoted to avoid unnecessary towel and bedsheet changes while maintaining a high hygiene standard;
- Water-friendly laundry practices have been promoted to avoid excessive usage of water on washing uniforms and guest laundry;
- Auto-sense faucets have been installed in washrooms to control water outflow;
- Relevant signage has been placed in guest rooms to communicate the impacts of unnecessary washing of towels on the environment to our guests; and
- In-house training sessions have been organized for employees to maintain water usage at an optimum level for both water reservation and business operations.

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Aside from the above, the Group consumed municipal water in our operations, and there was no significant issue in sourcing water that is fit for purpose during the Reporting Period.

Resource Consumption

We evaluate carbon emissions generated during our operations and examine opportunities to reduce the climate change-related impacts to our business operations. In FY2020, the amount of our resource consumption and carbon emissions were as below:

Total consumption

Type of resources	FY2020	FY2019	Variance
Petrol	110,921.0 L	148,543.9 L	-25.3%
Diesel	236,004.7 L	305,856.9 L	-22.8%
LPG	472,557.0 kg	513,521.0 kg	-8.0%
Electricity	8,780,610.0 kWh	10,456,596.0 kWh	-16.0%
Water	29,828.0 m ³	49,378.0 m ³	-39.6%

Intensity³

Type of resources	FY2020	FY2019	Variance
Petrol	3.36 L/m ²	4.5 L/m ²	-25.3%
Diesel	7.15 L/m ²	9.27 L/m ²	-22.8%
LPG	14.3 kg/m ²	15.6 kg/m ²	-8.0%
Electricity	266.1 kWh/m ²	316.9 kWh/m ²	-16.0%
Water	0.9 m ³ /m ²	1.5 m ³ /m ²	-39.6%

Total carbon emissions⁴ (tCO₂e)

	FY2020	FY2019	Variance
Total (Scope 1 & 2)	10,808.9	12,839.7	-15.8%
Intensity ³	0.3	0.4	-15.8%

The general reduction on resource consumption was caused by the reduced service hour of TdC due to the COVID-19 outbreak.

³ The unit of intensity is a unit of consumption or generation per square metre of floor area of our property.

⁴ Carbon emissions were calculated based on the "Greenhouse Gas Protocol" published by World Resources Institute and World Business Council on Sustainable Development, "Reporting Guidance on Environmental KPIs" published by the Hong Kong Stock Exchange, "Guidelines to Account for and Report on Greenhouse Gas Emission and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong" by Hong Kong Environmental Protection Department and Electrical and Mechanical Services Department, "Greenhouse Gas Reporting – Conversion Factors 2019" published by Department of Business, Energy and Industrial Strategy of the United Kingdom Government, and "Development of The Electricity Carbon Emission Factors – Baseline Study for Russia" by European Bank for Reconstruction.

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Waste Management

During the Reporting Period, 742.5 tonnes (FY2019: 1,540.4 tonnes) of non-hazardous wastes were produced and handled, which consist of food waste, general waste, cooking oil, and plastic, and no significant hazardous waste was identified due to our business nature. The significant reduction on waste disposal was caused by the reduced service hour of TdC due to the COVID-19 outbreak.

As the current Russian laws relating to waste management such as “Federal Law No. 89-FZ on Production and Consumption Waste” mainly focuses on regulating hazardous waste management and the Group has not produced any significant types of hazardous waste, there is no other local law considered as material in this respect.

The Group separates waste into two categories, food and non-food. A categorization system has been developed for each type of waste to report to The Federal Service for Supervision of Use of Natural Resources. During the Reporting Period, the Group transferred all wastes, including bio-waste, to licensed third-party contractors regulated by the state – the Regional State Unitary Enterprise Primorsky Ecological Operator.

Despite the fact that there were no significant and relevant legal requirements, we have still integrated the “Reduce”, “Reuse” and “Replace” principles into our operations, especially for food waste due to the size of our food and beverage business. To avoid ordering excessive food, we strive to improve our procurement planning process continuously. For example, we have deployed an interface between the Point of Sale System in our restaurants and the Material Control System for procurement to allow accurate consumption monitoring to control our purchases and minimize food waste. We have explored the opportunity to collaborate with a local farm to recycle some of our food waste for animal feeding.

The Group’s operations do not include the production of a material amount of hazardous wastes, except for battery wastes, including one-use alkaline batteries contain various hazardous materials such as heavy metals and acids. Nonetheless, the Group has collected all used batteries and delivered them to one of the dedicated “drop off sites” in the city.

Furthermore, although the recycling business in Vladivostok has not yet been fully established, we have been continuously and actively seeking recycling partners to utilize our discarded resources instead of disposing directly to landfills. For example, we have reused worn-out towels, including small towels and rags.

Moreover, we have launched other initiatives such as the deployment of an electronic communication platform to reduce printed materials, installation of recycling facilities in our properties, as well as various staff and guest education programs for better waste management. We have also adopted waste sorting in our operations to separate cooking oil, food waste, and construction waste to ensure they are properly collected and handled by relevant licensed contractors.

Sewage Management

During the Reporting Period, we discharged 31,922 m³ (FY2019: 45,103 m³) of sewage. The significant reduction on sewage discharged was caused by the reduced service hour of TdC due to the COVID-19 outbreak.

Water Code of the Russia Federation no. 74-FZ requires all natural persons and legal entities to protect water bodies from contamination. It prohibits the discharge of wastewater which may pollute the water bodies.

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To control the impact of the sewage discharged from our operation, the Group has been actively involved in the establishment of a sewage treatment plant with the local government. We have also closely monitored our sewage discharges and identified opportunities to enhance the sewage treatment process. The Group has been conducting monthly analysis on wastewater for compliance with acceptable indicators.

In addition to wastewater, a centralized grease tank has been modified to reduce oil pollution into our sewage system. Monthly pressurized cleanings of grease pits and sewerage systems have been performed to minimize harmful waste and accumulation of fat deposits in the systems. Also, treatment facilities have been installed to prevent the detergents from laundry, and potential engine oil and sand from both the construction sites and the parking areas from being discharged into the environment without proper treatment.

Biodiversity

Environmental management of the development project

We are aware that our gaming and resort development project in Vladivostok required the removal of trees in certain parts of our site. To mitigate the impact, we developed a plan for an annual tree plantation which has been executed since FY2017. We continually develop the landscaping of the premises and adjacent areas around the TdC complex and execute plans for tree plantation in line with our commitment to keeping the areas as green as possible, together with building up grass embankments to avoid any soil erosion.

We have also continued the clean-up of areas around Lot 8 to ensure all construction-related items stored outdoors were handled in accordance with the proper practice of the Russian Federation and to minimize environmental impacts.

“Save the Tiger” Campaign

We understand the importance of protecting endangered animals. The extinction of many animal species poses a great threat to the natural equilibrium, causing ecological disasters such as further extinctions and proliferation of certain species. Hence, we have adopted a female Siberian tiger named Cristal in order to provide our support for conserving this endangered tiger species. She has been housed at a private zoo, and we are dedicated to providing a healthy and pleasant living environment for her.

Combating the COVID-19

In connection with the spread of COVID-19, the Group has developed a set of Crisis Management Plan to global health and safety issues outlining all process that we should use to respond to any situations that would negatively affect our business operations so that we would be able to respond quickly once we notice of any health and safety issues. For instance, due to the COVID-19 outbreak, we have been implementing the following procedures from the Crisis Management Plan according to Stage 2 (human-to-human) pandemic:

- Become familiar with all stages of the Pandemic Preparedness and Response Plan;
- Compile a list of key contacts;

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- Review preliminary communications;
- Stockpile pandemic supplies;
- Review HR pandemic policies and procedures;
- Educate and train personnel;
- Implement stringent hygiene procedures (masks, hand washing, cough etiquette);
- Monitor employee health;
- Implement policies for alternative work arrangements (where applicable);
- Request contact information from guests and visitors in affected areas, if directed by local authorities;
- Review and update communications; and
- Follow directions from local authorities regarding quarantine procedures and temperature screenings.

In addition, the Group has also enhanced its day-to-day sanitary and epidemiological requirements that aimed to safeguard employees and guests against the COVID-19 outbreak:

- Vaccination of the Russian-developed Sputnik V vaccine has been arranged for employees;
- Regular COVID-19 testing has been conducted in both TdC and Hong Kong offices;
- In production area and guest rooms, recirculating installations are used for regular air disinfection, and indoor air zonation is carried out using stationary and portable devices;
- Disinfection of the premises is performed regularly, especially in the food and beverage areas;
- In restaurants, dishes are sterilized at a water temperature of 80 degrees Celsius and a water inlet temperature of 65 degrees Celsius;
- Vehicles for the transportation of guests are regularly disinfected;
- Social distance is observed in the production and guest areas;
- Examination of body temperature is conducted at the entrance of the premises with thermal imagers and electronic thermometers;

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- Protective equipment, including disposable masks and gloves, are provided to employees;
- Employees and guests are provided with antiseptics;
- Employees with signs of infection are not allowed to work;
- Corporate events were reduced;
- Employees are informed about the current epidemiological situation and the rules of personal and public hygiene;
- Newly hired employees are instructed on safety measures regarding the spread of COVID-19; and
- The Group came to an agreement with our employees to offset unused annual leave entitlements and arranged unpaid time off in mid-2020.

Our Environmental, Health & Labour Safety Manager is in constant contact with the Health Authorities of the Primorye region to provide us with any update concerning the disease. All employees implementing such measures would have been properly trained to be familiar with the situation and procedures on handling a potential case. The Group would also make sure that all Management and employees are on constant alert and that we are ready for any further actions required depending on the information about the status change.

In addition, all doctors present in our Medical Office on the property are trained accordingly by their employer with a confirmation letter.

Human Resources

Connecting Our People

FY2020 has been a unique and challenging year due to the COVID-19 outbreak forcing most people to adapt to new realities. The Governor Decree N° 21 dated 18 March 2020, "On measures to prevent the spread of novel coronavirus disease in Primorsky Krai" restricted all social gatherings, mass activities, entertainment, and cultural events. To comply with the restrictions, starting from March, we have canceled group meetings and activities involving in-person interactions. The Group has been continuing to utilize the following communication channels and recognize the effort of our employees:

- Comment boxes to provide employees with a channel to give feedback on the Group's operation;
- Mobile social apps such as Telegram and Instagram for sharing of information with employees;
- Technical advisory and support for employees during working hours via telephone and e-mail;
- Selected outstanding employees were rewarded with online shop gift certificates, and their photos were displayed on the Group recognition board under the program "Employee of the Quarter"; and
- We value our employees and appreciate those who have been with us for a long time. In FY2020, 296 employees were rewarded with appreciation letters and pins for five years of service within our Group;

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Due to the COVID-19 related restrictions, most of our staff activities were organized online, which helped to involve a large number of people to participate without in-person interactions. During FY2020, we have conducted the following online contests and activities:

- Men's quiz on the occasion of Defender of the Fatherland Day;
- Women's quiz on the occasion of International Women's Day;
- "Mind training" with logic tasks and puzzles;
- Movies and books recommendations polls;
- "TdC 5 year anniversary quiz";
- "Guess who?" contest for the Company's 5th anniversary;
- Worldwide literacy check campaign; and
- New Year marathon activities including "Guess what," "Battle of psychics," and "Who is Father Frost's helper."

To improve our new employees' onboarding experience, we also created a Welcome Pack for new hires, including branded stationery, lanyards, notebooks, water bottles, chocolate, stickers, and guidance leaflets to facilitate their work.

Workplace Health and Safety

The Group has a long-standing commitment to maintaining a healthy and safe working environment for our people as well as meeting and exceeding the regulatory requirements as prescribed in the Labour Code of the Russian Federation No. 197-FZ and Federal Law No. 181-FZ on the Fundamentals of Occupational Safety and Health. These laws require employers to ensure the rights of employees to safe working conditions and meet the regulatory requirements of occupational safety and health such as terms of employment contract, the safety of buildings, facilities, and equipment, training on safe methods and techniques for work, the safety rating of working conditions, handling of dangerous tasks, etc.

We have developed and implemented the following workplace health and safety principles and measures:

- None of the employees, including the management, can take any actions to put our people's safety at risk;
- Employees are required to take the responsibilities for ensuring workplace safety and strictly comply with the workplace health and safety requirements of our internal policy as well as laws and regulations;
- Our management is responsible for ensuring that the working conditions follow the relevant sanitation and hygiene standards such as Russian National Standards (GOST), Industry Specific Standards (OST), and Sanitary Norms and Regulations (SanPin);

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- Employees are obligated to complete relevant training on workplace safety as required by laws and regulations before taking up their job duties. For the purpose of better-quality training, we have made a video about instructions on workplace health and safety for waiters, cooks, stewards, and housekeepers;
- Workplace safety risk assessment and analysis should be conducted on a regular basis to identify and address areas of higher safety risks;
- Employees should be provided with adequate protective equipment and sanitary clothes as necessary for their job duties; and
- All work injuries and accidents, if any, should be investigated and reported in a timely manner.

With the above principles and measures, the Group has not identified any case of significant non-compliance with the aforementioned laws and regulations in Russia related to workplace health and safety during the Reporting Period.

Talent Development

The skills and knowledge of our talents are of vital importance to the sustainable growth of the Group. Hence, we have developed structured corporate and departmental training programs covering a wide range of subjects, including leadership skills, mentoring techniques, management approaches, and language skills.

We conduct performance appraisals annually and develop a training plan for the coming year based on the improvement areas of employees identified through the appraisal as well as operational needs. Each of our departments is required to set training targets and develop their professional training programs based on training needs. During the Reporting Period, we identified the need for enhancing our staff's problem-solving skills and interpersonal skills. We will arrange for more training courses relating to these topics to match with the improvement areas and operational needs of the Group.

To ensure all our employees have a thorough understanding of the Group as well as their relevant responsibilities, we conduct induction training for all new joiners in order to help them understand the Group's structure, history, values, the interaction between departments, general internal policies and the importance of themselves in the growth of our organization. During FY2020, we conducted the induction program 13 times, with 220 new joiners participated.

In order to build a supportive culture, we have developed a one-to-one Mentorship Programme. Under this Mentorship Programme, we assign a senior or a supervisor to each new hire as a mentor who is responsible for providing advice and guidance on daily tasks, problem-solving and other career issues.

Other than internal training, we also encourage our employees to attend external professional training programs and obtain relevant qualifications for career development. Accordingly, we sponsor employees who attend external training in relation to their job duties as considered appropriate. During the Reporting Period, we have supported 178 employees for participating in external professional training. Also, employees who are enrolled in part-time courses in higher educational institutes accredited by the Russian Federation are entitled to additional paid leave.

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Some of our selected training sessions provided during FY2020 are as below:

- 30 employees completed the training for managers and supervisors, namely “Feedback. What does people management start with?” and “Emotional intelligence in management”;
- 40 management team members participated in “Island” business simulation;
- 97 employees completed the training, namely “Guest Service-Guest Relations” conducted by our internal facilitators; and
- Our dealers completed a 3-month Chinese language course with special functional terminology and a textbook designed for the Group. At the end of the course, 20 dealers passed the final test and received certifications.

Equal Opportunities

The Group is committed to maintaining a fair workplace and observing local regulatory requirements related to equal opportunities of employees, which is the Labour Code of the Russian Federation No. 197-FZ. The Labour Code requires employers to ensure equality of opportunities such as promotion, professional training, talent retraining, and professional development, implementing labor rights and remuneration of employees. Also, the Labour Code specifies the prohibition of dismissing employees who are temporarily disabled, pregnant, single mothers, or women having children under three years old.

In order to promote equal opportunities in the workplace, the Group has developed a number of standard operating procedures (“SOP”) to govern human resources management. These procedures articulate systematic and objective approaches to govern different areas of human resources management, including employment, dismissal, remuneration determination, performance evaluation, working hours, paid leaves, as well as other benefits to prevent employees from discrimination or unfair treatment due to age, gender, pregnancy, family background, race, skin color, etc. We also encourage internal recruitment and provide our people with equal opportunities to develop their careers according to their interests and strengths.

During the Reporting Period, we have not identified any case of significant non-compliance with the Labour Code.

Talent Retention

The Group offers competitive remuneration packages to attract and retain the best people and regularly reviews the remuneration packages of employees to make necessary adjustments based on prevailing market conditions and our business performance. Our remuneration packages consist of basic salary, bonus, overtime pay, daily traveling allowance for business trips, regional premium payment for employees in the Far East region of Russia, long-term service award, contributions to employees’ provident fund, and a share option scheme for qualified directors and employees of the Group.

Our remuneration packages are determined in accordance with the Labour Code of the Russian Federation No. 197-FZ. The Labour Code requires employers to set the wage rate based on the qualifications of employees as well as the difficulties and conditions of the work, and the wage rate should not be less than the statutory minimum wage. The Labour Code also specifies that the overtime work should be compensated by means of providing additional time-off or the rates prescribed by the law and that the premium for night work should not be less than the minimum requirement. According to the Labour Code, the salary must be paid in the Russian Federation’s currency and at least bi-weekly. In order to ensure compliance with regulatory requirements, we have established an SOP of remuneration based on the relevant laws and regulations in Russia to provide detailed and clear guidance.

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Moreover, we have employed a legal advisor in Moscow to provide legal consultancy service and have established an in-house legal department for any legal inquiry. Hence, we have not identified any case of significant non-compliance with the Labour Code during the Reporting Period.

The Group emphasizes “work-life balance” of employees, so we have granted our local Russian staff 36 calendar days of annual leave, in addition to public holidays and paid leave specified by the Labour Code of the Russian Federation, as well as granted early release on the eve of public holidays. Moreover, it is our policy to prohibit employees from working two consecutive shifts in order to ensure our employees are provided with enough rest time for the sake of their physical and mental health.

Apart from the above, we have provided medical insurance for our permanent employees so that they can receive healthcare services and emergency medical assistance. In addition, we have provided financial support for our employees in times of need, such as during severe illness and bereavement, to help them overcome hardships.

During FY2020, we have reviewed and updated the following policies and SOP:

- Internal Labour Rules and Regulations
- Guidelines on HR Management
- Policy on Social Guarantees And Compensations
- Policy on Remuneration
- SOP for Employment Relations
- SOP for Voluntary Disclosure
- SOP for Recruitment
- SOP for Employment of Foreign Nationals
- Code of Conduct and Ethics

Anti-Child and Anti-Forced Labour

The Group prohibits any child and/or forced labor in any of our operations. We do not employ any child below the age set by the local labor law requirements and relevant hotel and casino regulations. Likewise, we forbid any forced labor using physical punishment, abuse, involuntary servitude, peonage, or trafficking. We ensure that each of our employees voluntarily signs the employment contract and accepts employment conditions under the protection of the local labor legislation such as the Labour Code of the Russian Federation. Also, prior to each employment, our Human Resources department will check the candidates’ personal information to ensure we meet the local labor law requirements.

Furthermore, it is our highest priority to abide by the Labour Code in the Russian Federation, which aims to eliminate child labor and forced labor. The Labour Code stipulates that employment is allowed if a person reaches 16 years of age and prohibits any kind of forced labor, including working under direct threat to life and health without the provision of protection facilities. With the abovementioned policy implemented by us during the Reporting Period, the Group has not identified any cases of material non-compliance with the Labour Code.

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Business Operation

Customer Security and Food Safety

The Group strives to provide a safe and hygienic environment to our guests as well as to comply with local laws and regulations such as Federal Law No. 184-FZ on Technical Regulation and Federal Law No. 162-FZ on standardization in the Russian Federation, which stipulates the safety standards of food production, operation, storage, and transportation process. Therefore, we have established the principles as follows:

- To maintain sound physical security and food safety management system and ensure the effective implementation of our internal policies related to these areas;
- To adopt Hazard Analysis and Critical Control Points (HACCP) principles into our daily food safety management;
- To assign personnel dedicated to food safety matters of the Group and performance of food safety controls;
- To provide adequate emergency support for customers, including 24-hour clinical services, first aid, life-saving equipment, and ambulance services; and
- To organize training regularly to remind our employees of the importance of physical security and food safety and promote the best practices.

Due to the effective implementation of the above principles, we did not identify any case of significant non-compliance with the relevant laws and regulations during the Reporting Period.

Customer Satisfaction

To maintain a high quality of customer service, the Group has established a set of customer service policies to provide guidelines to our employees based on their functions and duties, on areas such as handling customers' enquires, complaint management and standard service procedures, etc. We have also developed extensive training programs for our frontline staff to equip them with appropriate service manners along with communicating our expectation of their service quality. In addition, we collect customers' feedback and follow up on their opinions in accordance with our internal protocol on a timely basis. The results are subsequently communicated to relevant employees as a part of their development and performance evaluation processes.

We have implemented a concept of "Quality Circle" and developed "Cristal Standards" to set a high standard of service delivery for our employees. We have held regular meetings to evaluate the progress of our quality objectives and communicate with department heads who are accountable for measuring the performance of their teams and ensuring adherence to the Cristal Standards.

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We value feedback from our business partners and guests. During FY2020, TdC has received high ratings from our online travel agencies, as shown below:

Online travel agencies	Ratings
Booking.com	8.7/10
Agoda	8.4/10
Expedia	8.2/10
CTrip	4.5/5
Tripadvisor	4/5

In addition, we received feedback from resort guests through in-room guest surveys and online reservation surveys. Our satisfaction rating reached an average of 92%.

More than 200 guest feedback and surveys were collected in FY2020, including complaints, wishes, or appreciations. Each complaint and recommendation were appropriately recorded and brought to the attention of the department involved and resolved whenever possible. It is required that the departments involved in the feedback should take proper follow-up and remedial actions. Each written complaint should be resolved with a comprehensive response to the respective guests by our employees. In case of legal-related complaints, our Legal Department would provide appropriate assistance to the law enforcement when necessary.

The Group values all of our guests' feedback in order to improve our services further and anticipate expectations. We strive to uphold our service standards for better guest experience continuously.

Responsible Gaming

TdC holds a gaming license to conduct gaming business in the IEZ, under Federal Law No. 244-FZ on The State Regulation of Activities Associated with the Organisation of and Carrying out Gambling Amending Individual Legislative Acts of the Russian Federation. Under the law, online gambling is forbidden, and the gambling activities must be conducted within the designated areas with necessary security guards. The companies have to possess the minimum net assets, capital, satisfy and other requirements such as reporting requirement.

In order to comply with the law requirements, we have implemented a range of measures in our operations. For example, we have a security and compliance department to monitor and safeguard our properties and to ensure it is operated in accordance with the law. We have also assigned a dedicated team to verify our revenue on a daily basis for the accuracy of information used for reporting to the government authority. In addition, our senior management monitors the financial position of the Group every month to ensure the stability and healthiness of its financial condition.

Furthermore, although there are no regulatory requirements for gaming operators in the region about controlling problematic gambling, the Group, as a responsible company, strives to promote responsible gaming through initiatives such as forbidding underage visitors to our casino, monitoring the gaming floor to identify customers with abnormal behaviors, as well as creating and promoting the responsible gaming slogan of "Winner Knows When To Stop" to build the awareness of customers. Therefore, we have no significant non-compliance with the laws and regulations related to gaming operations during the Reporting Period.

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Business Ethics

It is our policy to adhere to local and national laws and regulations, especially Federal Law No. 273-FZ on Anti-corruption and Federal Law No. 115-FZ on Countering the Legalisation of Illegal Earnings (Money Laundering) and the Financing of Terrorism in the Russian Federation. These laws aim at eradicating corruption, money laundering, and financing of terrorism. Federal Law No. 115-FZ requires the companies to keep a record of certain requisite information about customers and corresponding transactions, such as the nature, date, and amount of transaction. Moreover, under Federal Law No. 273-FZ on Anti-corruption, companies are required to establish an internal compliance program that should consist of the following elements:

- Designating responsibility for prevention of bribery offenses;
- Cooperating with law enforcement authorities;
- Developing and implementing standards and procedures designed to ensure ethical business conduct;
- Adopting a code of ethics for all employees;
- Determining procedures for identifying, preventing, and resolving conflicts of interest; and
- Preventing the use of false documents.

In order to achieve the highest standards of business ethics and ensure compliance with the relevant laws and regulations, we have implemented an effective ethics management mechanism. We regularly assess our risks related to corruption and money laundering throughout our business processes and implement appropriate internal controls such as transaction detection, information recording, transaction suspension and freezing, internal control enforcement inspection, etc., to mitigate risks at an acceptable level.

We have also cooperated with relevant authorities in order to prevent unethical business behavior across the Group and to spot any suspicious activities. Our staff, guests, and suppliers can report any potential misconduct observed in our operations through an anonymous whistleblowing channel. All cases reported will be independently investigated, and corrective actions will be taken where necessary.

In addition, we have established SOP as well as the Code of Business Conduct and Ethics, which provide clear guidelines regarding internal controls over anti-corruption, anti-money laundering, as well as handling conflict of interest, to communicate our expectation to all of our employees. In the Internal Control Rules to counteract the legalization of proceeds from crime, financing of terrorism, and financing of the proliferation of weapons of mass destruction, we stipulate the following requirements for implementation:

- Organization and implementation of internal control;
- Mandatory control;
- Identification of clients, their representatives, and beneficiaries and beneficiary owners;

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- Recording of data and reporting to the authority;
- Data and record management; and
- Training and instruction to employees.

The relevant training on business ethics and anti-money laundering are organized and conducted regularly to ensure the employees are well aware of the procedures. Our AML Compliance Officer, who is mandatorily required and regulated under the Russian law, and our in-house legal department would be consulted regarding the appropriate actions whenever there is any legal inquiry relating to anti-corruption or money laundering.

As a result of our continuous effort, we have no significant non-compliance with the laws and regulations related to anti-corruption or money laundering during the Reporting Period.

Data Privacy

The Group understands the concerns on data protection and privacy management from our stakeholders. It is committed to protecting customers' and internal data privacy under the fast-changing market conditions and security updates while complying with the applicable laws and regulations.

We have established standard procedures for data collection and handling based on the Federal Law of the Russian Federation. During the Reporting Period, the Group has not identified any case of significant non-compliance with data privacy laws in Russia, such as Federal Law No. 152-FZ on Data Protection and Federal Law No. 149-FZ on Information and Information Technologies and Information Protection. The purpose of the laws is to protect the citizens' rights in the course of processing their data.

The Group only collects personal data when necessary and when required by law to conduct our business operations. All personal data holders have the right to decide on the provision of personal data and consent to data processing unless exemptions are specified by the laws and regulations. Our employees are also required to sign an agreement to protect confidential information when we hire them and are aware of the importance of complying with our internal guidelines on protecting personal data and confidential information. In addition, except for designated personnel, employees do not have access to such personal data and confidential information that is irrelevant to their job duties.

With respect to data security, the Group has established information security policies. It has deployed various measures, including closed-circuit television, physical locks, firewall, and prohibition of the use of unauthorized computer equipment and software to protect our servers from cyber-attacks and unauthorized access. In case of cyber-attacks, the Group has established crisis management procedures to immediately respond to the situation and implement suitable mitigations to protect our data and system. The Group will also seek opportunities to upgrade our data security technologies and physical measures whenever possible to maintain our high data security level.

The Group strives to continuously improve our data security system and our approach to managing customer, employee, and the Group's confidential data management to achieve maximum data protection.

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Supply Chain Management

The Group seeks to select environmentally and socially responsible suppliers and, therefore, apart from the quality of goods, services, and suppliers' reputation. Our supplier evaluation criteria also focus on their ESG performance, such as waste management practices, volunteer programs, and employee training development. Our selection priority goes to suppliers that have been certified by the International Organisation for Standardisation (ISO) standards on environmental protection and social responsibility, such as ISO 14001 and ISO 26001.

As the Group does not tolerate any fraud and bribery in our supply chain, we have established a fair and transparent quotation and tendering process, which requires to involve at least three suppliers (where possible) each time. We have also established a direct communication channel allowing suppliers to submit their offers for our consideration. Suppliers who meet our quality requirements of goods and services, as well as relevant environmental and social measures with the best price offer, will be selected. Once a supplier is selected, a response to the offer will be made as soon as possible.

Furthermore, the Group regularly evaluates suppliers' performance and requires them to take remedial measures once we are aware of any non-compliance with our requirements.

Society

Impact on Local Community

As a responsible corporate, the Group takes an active role in community investment and consistently makes positive contributions to our society.

From an economic perspective, our integrated resort has created more than 1000 jobs for locals in Vladivostok. We have enforced a local procurement policy to support the business development of the city in which we operate by making 83% of our purchases from local suppliers.

Since FY2017, our employees have joined the program and formed a company volunteer team to provide services to the following two local non-profit institutions, Artyom City Boarding School for orphans, children without parental care, and physically challenged children; and Vladivostok Special Boarding School for aurally challenged children. However, we were only able to organize two events for Artyom City Boarding School due to the COVID-19 restrictions, which were the "House for emotions" master class and the "New Year Celebration" charity event.

Apart from schools with special education needs, we hope to also explore more partnership or sponsorship opportunities in other parts of our local community. This, in turn, also helps our employee volunteers to give back to the community, which has provided the Group with numerous support throughout the years.

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