

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For the year ended 31 December 2019

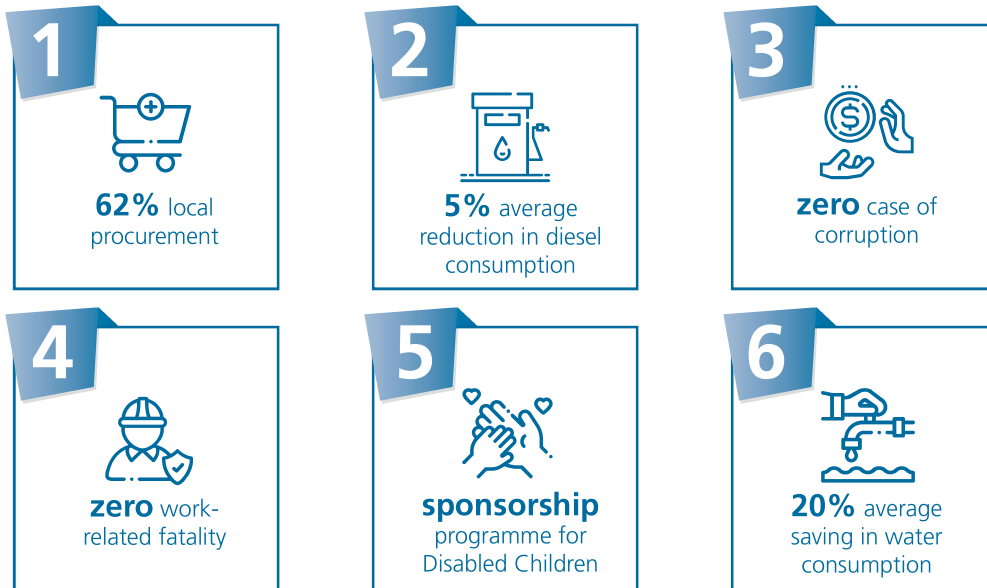
Introduction

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 save the environment and support the development of the 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, the integrated resort in Vladivostok, the Russian Federation, this ESG report covers the ESG information of Tigre de Cristal for the year ended 31 December 2019 (“FY2019” 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 2019

We have been actively enhancing our ESG performance and have invested resources in various areas of our operation. In FY2019, we have made some sustainability achievements which are highlighted as follows:



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ESG Governance

The Group is dedicated to aligning 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, and the Board is responsible for leading the governance and the development of the Group's ESG management approach, strategies, priorities, and objectives. The Board delegates the senior management with 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 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 analyse ESG-related operational data, promoting and monitoring the implementation of ESG strategies and initiatives, reviewing stakeholders' feedback in daily operation as well as reporting 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 the risk management and internal control systems to identify, evaluate, monitor and manage ESG risks and opportunities such as customer data protection and ethical business behaviour. 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 polish 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.

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

Stakeholder Group	Communication Methods
Shareholders	<ul style="list-style-type: none">• Annual General Meetings• Annual and Interim Reports• Company's Website• Press Releases
Employees	<ul style="list-style-type: none">• Staff Meetings• Speak Up Sessions• Staff Care Activities• Newsletter and Mobile App• Staff Training• 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 material ESG issues that the Group should focus on in regard 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.

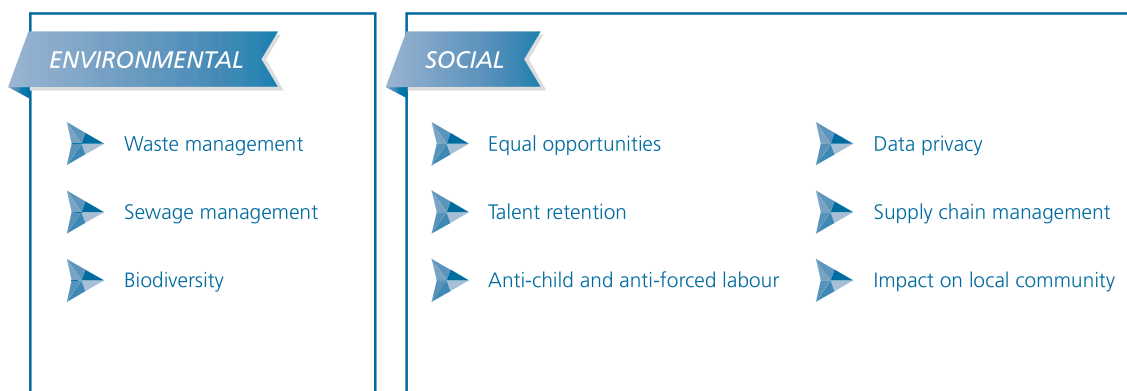
Material ESG issues are those key concerns of both the Group and stakeholders while relevant ESG issues are those related to the Group's operations, and it is necessary to disclose how the Group deals with those issues in accordance with the ESG Reporting Guide. The purpose of materiality assessment for our reporting framework is to identify the relevant ESG issues which can accurately reflect the ESG impact of the Group, and prioritize the ESG issues to understand their respective materiality. Such list has subsequently been submitted to the senior management for confirmation to ensure the categorisation of material and relevant ESG issues are consistent with the priorities given by the Group and the stakeholders.

In FY2019, we identified 9 material and 9 relevant ESG issues, and they are shown as follows.

Material ESG Issues



Relevant ESG Issues



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Environment

As an integrated resort, Tigre de Cristal (“TdC”) utilises 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 minimising all energy and water consumption, and thus, the Group has developed and implemented a series of policies and measures to monitor and reduce our consumptions and emissions constantly.

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 minimising our air emissions and complying with all relevant legal requirements. The law in Russia related to air emissions is 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.

For instance, in FY2019, the Group purchased a piece of special equipment and assigned a trained technician to conduct the annual adjustment of gas burners at the central boiler, as a properly adjusted burner allows the equipment to operate more efficiently, thereby reducing power consumption as well as the need for maintenance.

Indoor air quality

Since the opening of TdC in October 2015, the Group has been paying great attention to the indoor air quality for the health of our customers and employees. We have, therefore, been performing regular air quality checks and have taken timely actions to prevent air contaminants from accumulating. For instance, smoking is strictly prohibited within our property with an exemption in the designated smoking areas to reduce the related health risks arising from cigarette smoking such as respiratory diseases.

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		
	FY2019	FY2018	Variance
Nitrogen oxides	6,673.5 kg	6,471.6 kg	+3.1%
Sulphur oxides	7.1 kg	7.1 kg	-0.5%
Particulate matter	476.6 kg	457.1 kg	+4.3%
Carbon emission equivalent ² (tCO ₂ e)	1,213.7	1,216.9	-0.3%

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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The Group is dedicated to reducing the vehicle's emissions to improve air quality; hence we have chosen the vehicles that meet the European Emission Standards and used only "Green ECO" type of gas for our vehicles. In FY2019, we have purchased a Toyota Alphard with a hybrid engine for higher fuel consumption efficiency, and we also plan to purchase an additional five similar model of vehicles in the coming years.

In addition, the Group has arranged shuttle buses picking 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 practise, we have developed and implemented a series of resource-saving measures in different aspects of our business operation 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 aluminium 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. Besides, 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 automatic daylight switch at carriage porch which helps save electricity for lighting;

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- 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 organised for employees to maintain water usage at an optimum level for both water reservation and business operation.

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.

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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 FY2019, the amount of our resource consumption and carbon emissions were as below:

Total consumption

Type of resources	FY2019	FY2018	Variance
Petrol	148,543.9 L	134,417.1 L	+10.5% ³
Diesel	305,856.9 L	323,477.4 L	-5.5%
LPG	513,521.0 kg	484,542.0 kg	+6.0% ⁴
Electricity	10,456,596.0 kWh	10,522,991.8 kWh	-0.6%
Water	49,378.0 m³	62,357.0 m ³	-20.8%

Intensity⁵

Type of resources	FY2019	FY2018	Variance
Petrol	4.5 L/m²	4.1 L/m ²	+10.5% ³
Diesel	9.27 L/m²	9.8 L/m ²	-5.5%
LPG	15.6 kg/m²	14.7 kg/m ²	+6.0% ⁴
Electricity	316.9 kWh/m²	318.9 kWh/m ²	-0.6%
Water	1.5 m³/m²	1.9 m ³ /m ²	-20.8%

Total carbon emissions⁶ (tCO₂e)

	FY2019	FY2018	Variance
Scope 1 ⁷	1,213.7	1,216.9	-0.3%
Scope 2 ⁸	11,626.0	11,612.0	+0.1%
Total (Scope 1 & 2)	12,839.7	12,818.7	+0.2%
Intensity ⁵	0.4	0.4	+0.2%

³ The increase on petrol consumption is attributable to the enhanced transportation services provided to guests.

⁴ The increase on LPG consumption is attributable to the increase of meals sold to guests from our restaurants.

⁵ The unit of intensity is a unit of consumption or generation per square metre of floor area of our property.

⁶ 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.

⁷ According to the "Greenhouse Gas Protocol", Scope 1 of carbon emissions refers to the direct emissions from operations that are owned or controlled by the company.

⁸ According to the "Greenhouse Gas Protocol", Scope 2 of carbon emissions refers to the energy indirect emissions resulting from the generation of purchased electricity, heating, cooling and steam consumed within the company.

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Waste management

During the Reporting Period, 1,540.4 tonnes (FY2018⁹: 1,711.2 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. 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 categorisation system has been developed for each type of waste to then 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 that were 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 “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 minimise food waste.

We have explored the opportunity to collaborate with a local farm, to recycle some of our food waste to animal feeding. During the Reporting Period, the Group signed a contract with a farm from August to December to transfer 41 tonnes of food waste to that farm for livestock feed.

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 utilise our discarded resources instead of disposing directly to landfill. For example, in FY2019, we started to reuse worn out towels, including small towels and rags.

Moreover, we have launched other initiatives such as the deployment of electronic communication platform to reduce printed materials, installation of recycling facilities in our properties, as well as various staff and guest education programmes 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.

⁹ The non-hazardous wastes data in FY2018 is restated.

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Sewage management

During the Reporting Period, we discharged 45,103 m³ (FY2018: 38,164 m³) of sewage in accordance with the regulatory requirements of the Russian Federation such as Water Code of the Russia Federation no. 74-FZ. The Water Code requires all natural persons and legal entities to protect water bodies from contamination and prohibits the discharge of wastewater which may pollute the water bodies.

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. 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 were 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. Based on the plan, we have planted more than 150 cedar trees in FY2019 to restore the environment and maintain biodiversity.

We continually develop the landscaping of the property 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 minimise environmental impacts.

“Save the Tiger” campaign

We understand the importance of protecting endangered animals as 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.

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Human Resources

Connecting our people

In order to build a strong bonding among our employees and ensure their understanding of the Group's missions and values, the Group has established the following communication channels and has supported the following activities:

- Quarterly staff meetings with the senior management to communicate the business performance of the operation and quarterly work plans;
- Comment boxes to provide employees with a channel to give feedback on the Group's operation;
- Summer corporate event for the employees, friends and family, "Beach clean-up" with over 200 employees participated;
- 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;
- Financial support to our employees in a mass participation sports event, "Vladivostok International Marathon", a total of 29 employees took part in the race;
- Financial support to our employees in a mass participation sports event, "Hero Race", a total of 60 employees took part in the race;
- Financial support to our dragon boat team that participated in the city race on behalf of the Group, with 12 employees participated in the competition;
- New Year Staff Party for the Group's employees in January 2019 and social media contest to encourage a diverse lifestyle and promote employee well-being as well as work-life balance;
- Spring corporate event "Cedar day" for our employees and their families as a part of "Let's bring cedar back to Primorye" social action;
- Trip to Safari park for our employees' children on the occasion of the Children's day. 242 employees, including 113 children, participated in the event;
- Pidan Mountain hike for the employees and their families. 114 employees participated in the event;
- Selected employees were rewarded with online shop gift certificates, and their photos were displayed on the Group recognition board; and
- During FY2019, we continued to recognize outstanding employees every quarter through our recognition program "Employee of the Quarter". This year, we have improved the program and added the following nominations so that more employees could have a chance to win:
 - o Team player
 - o Go the extra mile
 - o Problem solver/Innovator
 - o Customer service
 - o Revenue Generator

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, safety of buildings, facilities and equipment, training on safe methods and techniques for work, 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 the 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);
- 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 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 programmes covering a wide range of subjects, including leadership skills, mentoring techniques, management approaches and language skills.

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

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To ensure 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 FY2019, we conducted the Induction program 25 times, and 276 new joiners took part in it.

Furthermore, starting from 2017, we have cooperated with an overseas integrated resort to organise an exchange programme for employees of the two resorts to share their experience, develop new skills and establish professional networks.

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 programmes 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 152 employees in 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.

Some of our selected training sessions provided during FY2019 are as below:

- 84 employees completed the training for Managers called "Adult conversations about people management", "Algorithm of solving problems", "How to find root causes of problems", "How to manage using emotional intelligence", "Jedi techniques for getting the job done" and "Making effective management decisions";
- 146 employees completed the training for Supervisors called "Art of goal setting", "Conflict resolution", "Algorithm of solving problems", "How to find root causes of problems", "How to manage using emotional intelligence", "Staff motivation", "Training for supervisors" and "Understand myself – understand others";
- 37 employees completed the training called "Guest Service-Guest Relations" conducted by the Company's internal trainers;
- Our dealers completed a 3-month course of Chinese language with special functional terminology and a textbook designed for the Group. At the end of the course, 18 dealers passed the final test and received certifications;
- 63 employees completed a 3-month course of English language;
- Launched a case-study program on an online platform, and 690 courses were completed by our employees.

Based on the results of FY2019 annual performance appraisal, we have identified some areas for improvement for our employee. To tackle this, we have developed a training plan for FY2020 with highlights as follows:

- Managers are required to complete the training "Emotional Intelligence in Management" and participate in a business simulation;
- Supervisors and Specialists are expected to develop their skills during the training called "Feedback", "Stress management" and participate in a business simulation;
- An overall 300 employees are scheduled to complete various of training.

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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, retraining and professional development, implementing labour rights and remuneration of employees. Also, the Labour Code specifies the prohibition of dismissing of employees who are temporarily disabled, pregnant, single mother or women having children under 3 years old.

In order to promote equal opportunities in the workplace, the Group has developed a number of standard operating procedures 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 colour, etc. We also encourage internal recruitment and provide our people with equal opportunities to develop their careers according to their interest 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 travelling 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 premium for night work should not be less than the minimum requirement. According to the Labour Code, the salary must be paid in the currency of the Russia Federation and at least bi-weekly. In order to ensure compliance with regulatory requirements, we have established a standard operating procedure of remuneration based on the relevant laws and regulations in Russia to provide detailed and clear guidance.

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

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The Group emphasises “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.

In terms of policy enhancement, we have reviewed and updated our Employee Handbook and have established the below new policies during FY2019:

- Policy on employee transfer
- Policy on social guarantees and compensations
- Policy on employee relocation benefits and compensations
- Policy on employment of foreign nationals
- Policy on document management

Anti-child and anti-forced labour

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

Furthermore, it is our highest priority to abide by the Labour Code in the Russia Federation, which aims to eliminate child labour and forced labour. The Labour Code stipulates that employment is allowed if a person reaches 16 years of age and prohibits any kind of forced labour, 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 stipulate 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 organise training regularly to remind our employees of the importance of physical security and food safety as well as to 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.

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Case Study – Crisis management to global health and safety issue

We have developed a set of Crisis Management Plan outlining all process that we will use to respond to any situations that would negatively affect our business operations so that we can respond quickly once notice any health and safety issues.

For example, when there is an outbreak of contagious disease, we would follow the procedures 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;
- 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.

Our Environmental, Health & Labour Safety Manager would be in contact with Health Authorities of the Primorye region to provide us with any update concerning the disease.

All doctors present in our clinic on the property are trained accordingly by their employer with a confirmation letter.

The Group would prepare a stock of necessary pandemic supplies for our employees and guests. Antibacterial lamps with air circulation would be set up in places with heavier foot traffic such as the kitchen, reception, main gaming floor and hotel corridors. When necessary, Thermal Image Cameras could be placed at both guest and employee entrances for additional screening by the Security Officer.

All employees implementing such measures would have been properly training to handle this situation for them to be familiar with the procedures on handling a potential case.

The Group would 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.

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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, compliant management and standard service procedures, etc. We have also developed extensive training programmes for our frontline staff to equip them with appropriate service manner 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.

During the Reporting Period, we have also implemented a concept "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.

Responsible gaming

Tigre de Cristal 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 and on 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 and 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 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 purpose of 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 of gaming floor to identify customers with abnormal behaviour, as well as creating and promoting the responsible gaming slogan of "Winner Knows When To Stop" to build the awareness of customers.

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 which should consist of the following elements:

- Designating responsibility for prevention of bribery offences;
- 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 ensure we mitigate risks to an acceptable level.

We have also cooperated with relevant authorities in order to prevent unethical business behaviour across the Group and to spot any suspicious activities. Our staff, guests and suppliers can report any potential misconduct they observe in our operation 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 standard operating procedures 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. The relevant training on business ethics and anti-money laundering are organised and conducted regularly to ensure the employees are well aware of the procedures. We have also employed a legal advisor in Moscow to provide legal consultancy service and have established an in-house legal department. Whenever there is any legal inquiry relating to anti-corruption or money laundering, we can consult the legal advisor and the in-house legal department.

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.

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Data privacy

The Group is committed to protecting customers' data privacy, and 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' right in the course of processing their data.

Personal data holders have the right to decide on the provision of personal data and consent to the processing of data unless the exemptions specified by the laws. Therefore, we request minimal personal information as required by law for our activities, and access to this information is restricted to authorised personnel with dedicated roles and responsibilities related to the purpose of data collection. Our employees are also required to sign an agreement to protect confidential information when they are hired by us. With respect to data security, the Group has established information security policies and has deployed various measures including closed-circuit television, physical locks, firewall and prohibition of the use of unauthorised computer equipment and software to protect our servers from cyber-attack and unauthorised access.

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 programmes 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.

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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.

In the economic perspective, our integrated resort has created more than 1000 jobs for locals in Vladivostok in FY2019. We have enforced a local procurement policy to support the business development of the city in which we operate by making 62% of our purchases from local suppliers in FY2019.

In the community perspective, the Group has launched a disabled child sponsorship programme since FY2017 to support the underserved children and render comprehensive assistance to local specialised childcare centres through the collective efforts of our employees. The programme has been continued in FY2019 to show our support to the local community.

In addition, since FY2017, our employees have joined the programme 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, where we conducted the following events during FY2019:
 - o “Handmade spring” master class on making foamiran flowers;
 - o Easter cakes decorating master class on the occasion of Easter celebration;
 - o “Autumn gifts” master class on making crafts out of vegetables and fruit;
 - o Trip to “Chudesniy” zoo.
- Vladivostok Special Boarding School for aurally challenged children, where we participated in the following events during FY2019:
 - o Schoolyard clean-up event;
 - o City fishing tournament;
 - o Concert dedicated to the International Day of persons with disabilities;
 - o Master class on making New Year chocolate figures.

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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