

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Mission

As an ongoing commitment to generating long-term value for our stakeholders, Summit Ascent Holdings Limited (the "Company") 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.

The Group's major business operation is Tigre de Cristal ("TdC"), an integrated resort destination in the Primorye Integrated Entertainment Zone, Vladivostok, the Russian Federation. The reporting scope of this ESG report covers the ESG information of the Group for the year ended 31 December 2021 (the "Reporting Period"), in accordance with the framework, reporting principles and the "comply" provisions as set out in Appendix 27 – Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

## Vision

The Group is dedicated to aligning its ESG governance with 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 operational matters. The board of directors of the Company (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 and senior management of relevant business functions of the Group. The structure of ESG management is illustrated below:



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The ESG working group is responsible for coordinating with different departments to collect and analyse 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 and Casino Operation departments, are responsible for implementing ESG initiatives in their daily operations.

Overseeing the ESG management structure, the Group has established both 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".

## Stakeholder Engagement and Materiality

In order to identify the most significant aspects for the Group to report on for this ESG report, key stakeholders including investors, shareholders and employees have been involved to discuss and to review areas of attention which will help the business meet its potential growth and be prepared for future challenges.

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 table summarises the methods of communication between stakeholders and the Group.

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Stakeholder Group	Communication Methods
<b>Shareholders</b>	<ul style="list-style-type: none"><li>• Annual General Meetings</li><li>• Annual and Interim Reports</li><li>• Company's website</li><li>• Press releases</li><li>• Investor conference calls</li><li>• Investor one-on-one meetings</li><li>• Group meetings organised by sell-side brokers</li><li>• Non-deal roadshows</li><li>• Virtual site visits</li></ul>
<b>Employees</b>	<ul style="list-style-type: none"><li>• Staff meetings and polls</li><li>• Staff information boards</li><li>• Human Resource support via telephone and emails</li><li>• Comment boxes</li><li>• Staff care activities</li><li>• Regular newsletter</li><li>• Social media apps</li><li>• Whistleblowing channels</li></ul>
<b>Customers</b>	<ul style="list-style-type: none"><li>• Feedback</li><li>• Satisfaction surveys</li><li>• Customer service hotline</li><li>• Daily contacts</li></ul>
<b>Suppliers</b>	<ul style="list-style-type: none"><li>• Quotation and tendering processes</li><li>• Direct communication line for suppliers</li><li>• Supplier evaluation mechanism</li></ul>
<b>Community</b>	<ul style="list-style-type: none"><li>• Community services</li><li>• Online social media</li><li>• Local press releases</li></ul>

In the Reporting Period, 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 stakeholders. 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' point 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 prioritise those ESG issues in our future sustainable development.

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## Number    Most Important Topics Identified (top right quadrant)

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### Operating practices

- 25 Customer security and food safety
- 29 Data protection and privacy
- 32 Anti-corruption, bribery, extortion, fraud and money laundering mechanism
- 26 Customer service quality
- 27 Quality assurance of products and services
- 31 Advertising and labelling
- 28 Consumer welfare

### Employment and labour practices

- 20 Employee training and career development
- 22 The Group's response to the Coronavirus Disease 2019 (the "COVID-19") to protect employees
- 19 Occupational health and safety
- 18 Communication with employees
- 17 Diversity, equal opportunities and anti-discrimination
- 21 Labour standards
- 16 Employee remuneration and welfare
- 15 Recruitment and dismissal

### Environmental

- 3 Environmental compliance
- 5 Wastewater discharge

### Community

- 34 Community communication
- 33 Support for local community development

### General

- 1 Sustainability governance
- 2 ESG risk assessment

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## Stakeholders' Feedback

The Group welcomes stakeholders' feedback on our ESG approach and performance via email at: info@saholdings.com.hk.

### A. Environmental

As an integrated resort, the Group consumed energy and water, as well as produced air emissions and waste continuously throughout the Reporting Period to create 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.

#### Air Emissions

We take an active role in minimizing our air emissions and complying with all relevant legal requirements. The law related to air emissions includes the Russian 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.

Since 2020, a major overhaul of the gas boiler house was carried out, as well as a complete adjustment of gas equipment and gas burners by a service specialist, thereby reducing gas consumption, 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.

Since 2020, 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 odours 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.

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Since 2020, the number of times the Group's ventilation machines were disinfected increased from 2 times a year to 4 times a year, and we also began to treat the air in office premises with ozonizers on a daily basis.

There were no instances of non-compliance during the Reporting Period against environmental laws and regulations.

## A1. Emissions

### A1.1 Air Emissions

The Group operates a fleet of vehicles and uses liquefied petroleum gas ("LPG") to heat the resort. Their combustion generated several air emissions ("non-GHG"), including nitrogen oxides ("NOx"), sulphur oxides ("SOx") and respiratory suspended particles ("PM").

**Air emissions (non-GHG) from the vehicles  
(petrol and diesel)**

	2021	2020
SOx (kg)	<b>7.84</b>	5.40
NOx (kg)	<b>6,234.46</b>	5,143.30
PM (kg)	<b>437.02</b>	367.60

*Note:* Emission factors for calculations on environmental parameters were made reference to Appendix 27 of the Listing Rules and their referred documentation as set out by the Hong Kong Stock Exchange, unless stated otherwise.

The Group has set a target of a 10% reduction in air emissions over the next 10 years.

### A1.2 Greenhouse Gas (GHG) Emissions

GHG emissions were generated directly from the consumption of mobile fuel (i.e., petrol and diesel for group-owned vehicles) and air travel. Indirect GHG emissions were also generated from the consumption of purchased electricity and LPG heating systems.

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During the Reporting Period, 6,461.62 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) GHG (mainly CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O) were emitted from the Group's operations regarding the direct (Scope 1) and energy indirect (Scope 2) GHG emissions (2020: 10,808.90 tCO<sub>2</sub>e). The overall intensity of the GHG emissions was 0.20 tCO<sub>2</sub>e/m<sup>2</sup> (2020: 0.30 tCO<sub>2</sub>e/m<sup>2</sup>), or 6.50 tCO<sub>2</sub>e/employee (2020: 10.00 tCO<sub>2</sub>e/employee). See below for the contribution of GHG emissions across scopes and activities during the Reporting Period.

Scope of GHG emissions	Emission sources	GHG Emission (in tCO <sub>2</sub> e)	Total GHG emission (in %)
Scope 1 Direct emissions	Combustion of petrol for mobile sources	354.59	49.60%
	Combustion of diesel for mobile sources	882.95	
	Combustion of fuel in stationary sources (LPG)	1,893.22	
	Combustion of fuel in stationary sources (Diesel)	3.11	
	Release of refrigerants from the operation of equipment and systems	71.22	
Scope 2 Energy indirect emissions	Purchased electricity (Note 2)	3,257.98	50.42%
Assimilation	Assimilation of carbon dioxide through tree planting	(1.45)	(0.02%)
Total		6,461.62	100%

Note:

1. Emission factors for calculations on environmental parameters were made with reference to Appendix 27 of the Listing Rules and their referred documentation as set out by the Hong Kong Stock Exchange, unless stated otherwise.
2. Emission factor of 0.3102 tCO<sub>2</sub>e/MWh was used for purchased electricity in the Russian Federation (source: Country Specific Electricity Grid Greenhouse Gas Emission Factors 2021 published by Carbon Footprint in March 2022).

## A1.3 Hazardous Waste

During the Reporting Period, the Group generated 3.16 tonnes of hazardous waste (oil contaminated cleaning materials, fluorescent lamps, used accumulators and batteries, used computers and building waste), which are transferred to specialised organizations for disposal.

Besides the above mentioned hazardous waste, cold element (antifreeze) in the air conditioning and ventilation system was replaced in the reporting period. In the process of replacement, 39,538 kg of waste of the 3<sup>rd</sup> hazard class according to the degree of environmental impact was transferred for disposal to a specialised organization.

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## A1.4 Non-hazardous Waste

During the Reporting Period, 921.02 tonnes (2020: 742.50 tonnes) of non-hazardous waste were generated and processed. This included food waste (which was donated to farmers), plastic, paper, cooking oil, domestic garbage and cartons.

### Sewage Management

During the Reporting Period, the Group discharged 42,473 m<sup>3</sup> of sewage (2020: 31,922 m<sup>3</sup>), an increase caused by the constant upgrading and use of the resort complex.

Water Code of the Russian 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 water bodies.

In addition to wastewater, a centralised grease tank has been modified to reduce oil pollution into our sewage system. Monthly pressurised cleanings of grease pits and sewerage systems have been performed to minimise harmful waste and accumulation of fat deposits in the systems. In 2021, 318 m<sup>3</sup> of the fat mixture was pumped out of fat traps to reduce general harmful pollutants and prevent them from entering the environment.

## A1.5 Measures to Mitigate Air and Greenhouse Gas Emissions

During the Reporting Period, the Group continued to endeavor to further reduce emissions. In 2021, the Group has purchased four vehicles of the Euro V class (under the European emission standards), thereby reducing the number of vehicles classed as the Euro IV. Also, The Group has kept utilizing the "Green ECO" grade of gas only. In addition, The Group targets to reduce emissions by 15% in 5 years due to the gradual replacement of old vehicles.

According to the regular development of Vladivostok and Artem in the Russian Federation, the Group is considering the possibility of purchasing electric buses; however, there are no suitable conditions in the local area yet (qualified maintenance, charging stations, weather conditions, etc. are all in development).

## A1.6 Waste Handling and Reduction Initiatives

As the current Russian laws relating to waste management such as "Federal Law No. 89-FZ on Production and Consumption Waste" mainly focus 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.

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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 Russian Federation – the Regional State Unitary Enterprise Primorsky Ecological Operator.

Even though there were no significant and relevant legal requirements, we have integrated the principles of “Reduce”, “Reuse” and “Replace” 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 for animal feeding.

The Group’s operations do not include the production of a material amount of hazardous wastes, except for battery wastes, including single-use alkaline batteries containing 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 landfills.

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 a waste sorting operation to separate cooking oil, food waste, and construction waste to ensure they are properly collected and handled by relevant licensed contractors.

## A2. Use of Resources

### A2.1 Energy Consumption

During the Reporting Period, electricity consumption by the Group was 10,502.82 Megawatt-hour (MWh) (2020: 8,780.61 MWh). The total consumption of petrol and diesel was 464,172.95 litres (2020: 346,925.7 litres) equating to 4,833.19 MWh after conversion, and that of LPG was 627.51 tonnes (2020: 472.56 tonnes) equating to 8,729.32 MWh after conversion. The total amount of energy consumed was therefore an equivalent of 24,065.33 MWh (electricity, LPG, diesel and petrol combined), with an intensity 0.73 MWh/m<sup>2</sup>, and 24.21 MWh/employee.

	Energy Consumption (MWh) 2021
Direct energy	4,833.19
Indirect energy	8,729.32
Total energy consumption	10,502.82
	24,065.33

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## A2.2 Water Consumption

The total water consumption for the Group was 49,865 m<sup>3</sup> (2020: 29,828 m<sup>3</sup>), with an intensity of 1.51 m<sup>3</sup>/m<sup>2</sup> (2020: 0.90 m<sup>3</sup>/m<sup>2</sup>) and 50.17 m<sup>3</sup>/employee (2020: 27.60 m<sup>3</sup>/employee). Water was sourced from municipal tap water. No issues on sourcing water were identified during the Reporting Period.

## A2.3 Energy Use Efficiency Initiatives

The Group has 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 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 entering the foyer area through door gaps during winter, thereby requiring more heat to maintain a comfortable 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 put 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.
- The Building Management System was updated and adjusted for regular monitoring of electricity and water consumption, to better monitor and minimise energy consumption costs.
- The window vents in the guest rooms were improved with the replacement of sealing rubber bands in order to minimise heat loss in the hotel rooms and reduce heating costs.

The Group will consider the possibility to include/switch to renewable energy (solar/wind) in the future. However, solar energy is still under development for the current climate conditions.

The Group has set a target of a 10% reduction in energy consumption over the next 10 years.

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## A2.4 Water Use Efficiency Initiatives

- 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.
- Automatic sensor faucets have been installed in washrooms to control water overuse.
- Relevant signage has been placed in guest rooms to communicate the impacts of unnecessary washing of towels on the environment to our guests.
- In-house training sessions have been organised for employees to maintain water usage at an optimum level for both water conservation and business operations.
- Flushing and disinfection of the main water reservoirs in the complex, from where water is further consumed, were carried out in order to obtain the best possible water quality.

The Group will consider the possibility to reuse waste water within the resort complex. Currently within the existing engineering systems of water supply and sewerage, this procedure is not feasible.

The Group has set a target to water efficiency targets by reducing consumption by 10% over the next 10 years.

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.

## A2.5 Packaging Material

During the Reporting Period, no significant packaging material was consumed due to the nature of our business.

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## A3. The Environment and Natural Resources

### A3.1 Significant Impacts of Activities on the Environment

The Group is aware that the gaming and resort development project in Vladivostok required the removal of trees in certain parts of the site. To mitigate the impact, we developed a plan for an annual tree plantation which has been executed since 2017. 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 minimise environmental impacts.

For the Reporting Period, the Group continued the greening program of the surrounding area and planted 70 trees and 30 bushes, as well as landscaping of Lot 8 to lessen the impact of the resort complex on the environment.

#### *"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 the proliferation of certain species. Hence, we have adopted a female Siberian tiger named Cristal to provide support to conserve 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.

In 2021, the Company organised a trip for staff to the zoo to visit Cristal and present a meat cake for her birthday.

## A4. Climate Change

Although the Russian Federation is behind other countries in terms of recycling and environmentally friendly policies, the Group is not just fully complying with local legislation but exceeding it.

For example, the Group is looking into the possibility of switching to renewable energy sources and participating in government incentive schemes to further enhance our corporate responsibilities regarding climate change.

#### *Example Actions*

- Using this chance to switch to renewable energy
- Participating in government incentives

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## ***Physical Risks***

Extreme weather events, such as snowstorms, heatwaves and falling water supplies may disrupt the operations of the resort.

However, the Group has not experienced any noticeable long-term of climate change on the Group's operations.

## ***Opportunities***

The Group has observed that the winter months are less severe. This may lower energy consumption for the Group in the long run.

## ***Transition Risks***

The Group acknowledges that transitioning to a lower-carbon economy may entail extensive policy, legal, technological, and market changes to address mitigation and adaptation requirements related to climate change.

Although the Russian Federation lags behind other Western countries in its advances in environmental technology and practices, the Group is not just fully complying but exceeding the current environmental legislation.

As new rules and regulations come into effect, the Group may see changes in its fuel and energy costs as costs may rise or fall due to increased taxation and environmental taxes.

## **B. Social**

### ***Employment and Labour Practices***

The Group values its employees and are devoted to protecting employees' rights, treating them fairly and equally, supporting employees' career development and fostering a safe working environment.

#### ***Employment System and Labour Standards***

The Group strives to provide a fair, respectful and inclusive work culture across all different aspects of employment, including but not limited to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity and anti-discrimination, and other benefits and welfare, are clearly stated.

#### ***Equal Opportunities***

The Group is committed to maintaining a fair workplace and observing local regulatory requirements related to equal opportunities of employees, following 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, professional development, implementing labour 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.

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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 colour, 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.

## ***Compensation and Benefits***

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 the Russian Federation, 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 any 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 be at least 20% greater than the normal hourly payment for a day's work for every hour worked during night time. 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 the Russian Federation to provide detailed and clear guidance.

The Group emphasises the "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.

To improve the work environment for staff, we started to provide dormitory accommodation within the Company's premises for non-local employees.

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

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During the Reporting Period, we have reviewed and updated the following policies and SOPs:

- Internal Labour Rules and Regulations.
- Policy on Confidential Information.
- Policy on Employee Personal Data.
- Policy on Remuneration.
- Employment Relations Procedure.
- SOP for Voluntary Disclosure.

We have also developed new policies and SOPs:

- Policy on temporary transfer of employees to remote work.
- Policy on use of electronic signatures.
- Dormitory General SOP (was developed together with Housekeeping department).

The following human resource form templates have also been implemented:

- Order for annual leave.
- Order for business trip.
- Order for bonus.
- Order for employee transfer.
- Annual leave schedule.
- Staffing table.

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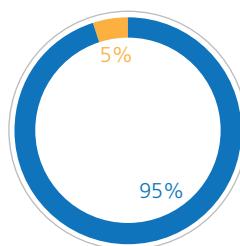
## B1. Employment

### B1.1 Employment Figures

As of 31 December 2021, the Group had a total number of 994 (2020: 1,081) employees. See Figures 1–4 for the detailed composition of the Group's workforce.

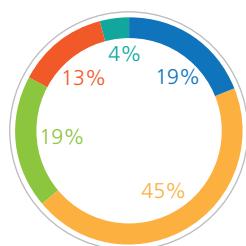
**Figure 1 Total Workforce by Employee Type**

■ Full Time ■ Part Time



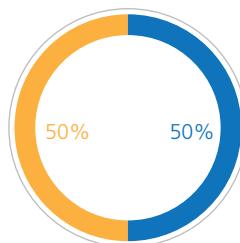
**Figure 2 Total Workforce by Age**

■ 18-25 ■ 26-35 ■ 36-45  
■ 46-55 ■ 56 or above



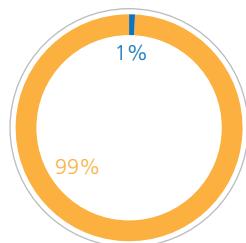
**Figure 3 Total Workforce by Gender**

■ Male ■ Female



**Figure 4 Total Workforce by Geographic Region**

■ Hong Kong ■ Russian Federation



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## B1.2 Turnover Rate

A total of 379 employees left the Group during the Reporting Period, representing a turnover rate of 38.13% (2020: 34.70%) for the Group, as below:

### Turnover rate by employee category

Senior management	11.76%
Middle management	15.69%
Frontline and office staff	39.85%

### Turnover rate by age group

Aged 18–25	53.48%
Aged 26–35	39.29%
Aged 36–45	25.81%
Aged 46–55	28.00%
Aged 56 or above	41.86%

### Turnover rate by gender

Male	40.52%
Female	35.74%

### Turnover rate by region

Russian Federation	38.41%
Hong Kong	10.00%

## B1.3 Employee Policies

In terms of employees' benefits and welfare, the Group ensures they are continually provided under all applicable laws and regulations. Employees are entitled to paid annual leave, sick leave, marriage leave, maternity leave, paternity leave, injury leave, compensation leave, etc. Additionally, employees are entitled to medical and dental insurance such that their well-being is protected. The Group strives to encourage employees to spend time with their families.

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## B2. Employee Health and Safety

The Group is committed to providing a healthy and safe workplace for all its employees. 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.

### B2.1 Number and Rate of Work-related Fatalities/Lost Days Due to Work Injuries

	2021	2020	2019
Work-related fatalities	0	1	2
Injuries	4	1	2
Lost days	102	9	18

### B2.2 Occupational Health and Safety Measures

During the Reporting Period, the Group has 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 responsibility for ensuring workplace safety strictly complies with the workplace health and safety requirements of our internal policy as well as laws and regulations;
- The Group's management is responsible for ensuring that 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 an instructional video on workplace health and safety for waiters, cooks, stewards, and housekeepers;
- Workplace safety risk assessment and analysis is conducted on a regular basis to identify and address areas of high safety risks;
- Employees are 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.

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

In addition, annually, employees undergo training in:

- first aid provision;
- electrical safety; and
- safe work practices.

Also, employees involved in work with increased safety requirements with a high risk of danger undergo additional training in specialised centres. For example, this may include working at height using lifting machinery, control of lifting installation (elevating platforms) and self-propelled special machinery (tractor, loader), handling disinfectants, and safe ways to work with reduced hydrocarbon gas.

The Group has developed an action plan to localise the consequences of accidents at a hazardous facility (the gas-fired boiler house). The plan has been developed in order to plan the actions of the personnel of the organization and specialised services at various levels of the situation development. In accordance with the plan, training is held (monthly with the personnel of the boiler room, 2 times a year involving all involved services).

## B3. Development and Training

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 annually conduct staff performance appraisals, and in 2021 we have updated appraisal forms for all employees and developed a new one for Table Gaming department.

Moreover, we have made our promotion system clearer and more transparent for new hires and developed career paths for operational positions. Each grade in the career path has a list of required knowledge, skills, and assessments to pass to move to the next grade.

Each department 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 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 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 the organization. During the Reporting Period, we conducted the induction program 24 times, of which 189 new joiners participated in.

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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 where considered appropriate. During the Reporting Period, we have supported 190 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 the Reporting Period are as below:

- 38 employees participated in the Sigma industrial business game.
- 17 management team members participated in the "Team development program".
- 18 employees completed the training, namely "Emotional intelligence: how to make friends with your emotions and brain", and "Feedback" conducted by our internal facilitators.
- 26 employees completed training on "About casino games and other things".
- 10 employees completed a Public Speaking training course.

## B3.1 Percentage of Employee Trained

Gender	%	Employee Category	%
Male	58.67	Senior	100.00
Female	41.37	Middle	96.08
		Frontline/Office Staff	46.54

## B3.2 Average Training Hours Completed per Employee

Gender	%	Employee Category	%
Male	8.35	Senior	55.47
Female	6.29	Middle	48.51
		Frontline/Office Staff	4.16

## B4. Labour Standards

### B4.1 Measures to Review Employment Practices to Avoid Child and Forced Labour

The Group prohibits any child and/or forced labour in any of our operations. We do not employ any child below the age of 18. Prior to each employment, the Human Resources department checks the candidates' personal information and documents to ensure they meet the local labour law requirements. Likewise, the Group forbids any forced labour using physical punishment, abuse, involuntary servitude, peonage, or trafficking. We ensure that each of our employees voluntarily signs the employment contract and accepts the employment conditions under the protection of local labour legislation such as the Labour Code of the Russian Federation. It is our highest priority to abide by the Labour Code in the Russian Federation, which aims to eliminate child labour and forced labour.

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## B4.2 Steps Taken to Eliminate Such Practices When Discovered

During the Reporting Period, there were no cases of non-compliance with the child and forced labour related laws and regulations.

### Operating Practices

#### B5. Supply Chain Management

The Group seeks to select environmentally and socially responsible suppliers 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.

##### B5.1 Number of suppliers by geographical region

Region	Number of supplier(s)	Type of supplies
Russian Federation	350	Food & Beverage/Hotel supplies/Technical Supplies/Casino Supplies
Others	6	Food & Beverage/Hotel supplies/Technical Supplies/Casino Supplies/Office supplies/Cleaning

##### B5.2 Engaging Suppliers Practices

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 involves at least three suppliers (where possible) each time. The Group has also established a direct communication channel allowing suppliers to submit their offers for our consideration. Suppliers who meet our quality requirements for goods and services, as well as all relevant environmental and social measures with the best price, 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 each and every supplier's performance and requires them to take remedial measures once the Group becomes aware of any non-compliance with our requirements.

An open channel is already established where suppliers are able to submit their offers via email which are later analysed by the Purchasing Team or other related departments and feedback is given where necessary and beneficial for further cooperation.

Also, the Purchasing department is constantly conducting market research via the internet to find out and engage new reliable and beneficial suppliers into the Company's supply chain operation.

There are several suppliers who directly seek meetings with the Purchasing Department. Meetings are always welcome and the relevant cooperation data are placed on the table during the meeting to consider further collaborative actions.

All potential suppliers are rigorously filtered with regards to financial stability, price, value for money (as this has to do with their quotations), payment terms, quality & safety, warranties, reliability, performance history, service & attitude, communication system, responsiveness, flexibility, agility, desire for business, delivery terms, risk, geographical location.

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All collaborating suppliers, new and old, are monitored and reviewed throughout the duration of our cooperation. The results of this deliberation are reflected in the "Supplier's Selection & Evaluation" form. This is an official form that is reviewed and approved quarterly by the top management. Suppliers not able to meet the Company's norms and conditions are excluded from the supplier list.

All the purchases are exclusively executed considering the "Supplier's Selection & Evaluation" Form.

## ***B5.3 Practices Used to Identify Environmental and Social Risks***

The Group operates the "EGAIS" web platform which is provided and controlled by the government to ensure proper certification of all our beverage products.

- This way we can ensure the products' quality and, by extension, provide the best service to our guests.
- We constantly ensure license validation and accessibility to this software.

The Group run the "MC Material Control" program (software) which manages all products throughout the supply chain process: (Orders, Receiving process, Storage, Transfers, Production, Consumption)

- This way we can control stock and mitigate the need for extra additional orders to suppliers which could increase trucks' mileage and thereby increase emissions.
- This "Stock Control" ensures an uninterrupted business operation in case of extreme weather conditions and other factors which might not allow suppliers' access to our premises.
- We fully monitor and control the "expiration date" of all our products to ensure their adequacy into our supply chain, in order to provide a superior service to our guests and employees and avoid potential wastage.
- We constantly ensure this license is up to date and accessible to this software.

We run daily "HACCP" Procedures according to Federal regulations.

- This way we ensure the safety of products and their quality throughout the supply chain process.
- Storage conditions are part of our daily control as well, to ensure a products' quality and avoid potential wastage.

Our supply chain process is fully supported by electronic means. Therefore, no paper is used during the supply chain process.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group fully complies with Federal legislation throughout the supply chain process, as this concerns the suppliers' license and related financial interactions and obligations.

- Contracts with the suppliers are always in place to ensure proper compliance with our mutual obligations. This ensures and keeps a constructive and creative relationship with them.
- All financial and other related obligations with our suppliers are fulfilled on time so as to ensure proper supply chain sustainability, trust, and loyalty with suppliers.

We maintain a continuously controlled and organised delivery and receiving plan to avoid extensive supplier truck routes. This way we help to minimise carbon emissions from the trucks' operation.

## ***B5.4 Practices Used to Promote Environmental Preferable Products and Services***

We preferably choose to cooperate with local suppliers to reinforce their business and support the local community and reduce travelling distance.

We encourage our suppliers to strengthen and optimise their business, products, and services through an open communication channel where we exchange valuable suggestions on our needs with regard to our guests' and employees' optimum service.

We make visits to our suppliers at the beginning of our relationship to observe their premises and to locate potential environmental and social risks. This way we ensure future cooperation, stable relationships, and a proper and sustainable service.

A thorough "Suppliers' Evaluation" process takes place quarterly to review the supplier's conformity rate.

An agreement is set in place with our suppliers for them to keep sufficient stock in their stores with regards to our preferred products list. This way we can ensure a seamless delivery of our products, on time, to effectively support our operation on any unforeseen occasion.

In extremely hot and cold temperatures conditions during special weather periods, we control our supply chain process by checking the products' condition during the "receiving process" to prohibit substandard products from entering the Group's premises.

- This way the Group ensures appropriate quality products are served to our guests and employees.
- Furthermore, the receiving area's temperature is constantly measured and controlled in accordance with the relevant legislation and is not adversely affected by external weather conditions.
- Additionally, the Loading Bay has 2 separate entrances; a small one and a second, larger one. They are used accordingly to mitigate bi-directional temperature loss in extreme weather conditions.

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We maintain a bi-directional information channel between customers, employees, the procurement team, and suppliers.

- This channel allows the exchange of information regarding products and services provided to our guests and employees, with the ultimate goal of upgrading those products and enhancing services.

The Group purchases products in bulk packaging, where applicable, to mitigate waste of packaging materials which, in turn, burden the environment.

We use certified cleaning products from world-leading companies in regard to protecting the environment and providing the ultimate service to our guests and employees.

In 2021, new rules regarding EGAIS were introduced by Order of the Federal Service Responsible for Alcohol Market Regulation No. 397 dated 17 December 2020. They are valid from 1 January 2021 and apply to all retail stores and catering establishments, covering strong alcohol, beer, cider, mead, poire, and other alcoholic beverages.

The deadline for sending the delivery data to the EGAIS has been reduced from three working days to one. However, the restriction is still valid only at the level of regulatory requirements, not technical ones. This means that the EGAIS does not reject documents because they were sent past the deadline.

The Group uses the CHESNYI ZNAK web platform, which is provided and controlled by the state, to ensure that all our tobacco products are properly certified.

- In this way, we ensure the quality of all products and, as a result, we provide the best service for our guests.
- We continue to control our stocks and reduce the need for additional orders from suppliers, which can increase the number of truck routes and have a corresponding environmental impact.

During the Reporting Period, the Group made several site visits to inspect food suppliers' premises and operations. Any suppliers that failed to meet the Group's standards were replaced.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## B6. Product Responsibility

### B6.1 Responsible Gaming

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

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

Furthermore, although there are no regulatory requirements for gaming operators in the region to control 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 who exhibit abnormal behaviour, and creating and promoting the responsible gaming slogan of "Winner Knows When To Stop" to build awareness amongst customers. Therefore, we have no significant non-compliance with the laws and regulations related to gaming operations during the Reporting Period.

Due to the business nature, product labelling, health and safety, and advertising issues are not applicable to the Group. Nevertheless, the Group has engaged with its industrial partners, government agencies, customers, and other stakeholders to continuously promote responsible gaming practices. No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters relating to products and services provided have been identified during the Reporting Period.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## B6.2 Customer Satisfaction and Complaint Handling

To maintain the highest standards 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, in areas such as handling customers' enquires, complaint management, and standard service procedures. We have also developed extensive training programs for our frontline staff to equip them with the appropriate service skills along with communicating our expectations 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.

## B6.3 Intellectual Property Rights



The trademark periods for



and **TIGRE DE CRISTAL** been extended until 23 April 2032 and 26 December



**TIGRE DE CRISTAL**

2024, respectively, in the Russian Federation. In addition, the trademark **TIGRE DE CRISTAL** has been registered until 14 August 2027 in Macau, Japan, South Korea, North Korea, the Philippines, Laos, Singapore and Vietnam.

An internet marketing specialist tracks all references to our trademarks. Whenever violations of TdC's intellectual property rights are reported the information is submitted to the legal department and necessary measures are taken accordingly.

In cases of any unlawful trademark have use, the legal department will prepare and submit the complaint and prepare legal claims against the infringement.

## B6.4 Quality Assurance

We have implemented a concept of "Quality Circle" and developed "Cristal Standards" to set a high standard of service delivery for our employees. We hold 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.

We value feedback from our business partners and guests. During the Reporting Period, we received and processed 282 reviews from our guests, and our Booking.com score increased from 8.6 to 9.3, Tripadvisor.com score increased from 4 to 4.5, Agoda score from 8.4 to 9, showing a positive trend.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group values all our guests' feedback to improve our services further and meet our guest's expectations. We continuously strive to improve our service standards for a better guest experience.

Every complaint and negative guest comment was duly registered and communicated to the managers of the departments concerned, with guests receiving comprehensive answers to all comments.

For 2022, a "Trust You" survey is planned to be undertaken and installed, automating the work process of guest comments, measuring the level of satisfaction from all online sites, increasing the response rate through an automatic template installed in the software, and uploading and generate reports related to measuring the level of customer satisfaction.

In 2022 the Group also plans to revise the staff training plan and engage external trainers to help increase the amount of feedback and increase the level of guest satisfaction.

## ***B6.5 Consumer Data Protection and Privacy Policies***

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

The Group has 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 the Russian Federation, 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 while processing their data.

The Group only collects personal data when necessary and when required by law to conduct normal 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 employed 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 personal data and confidential information that is irrelevant to their job duties.

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With respect to data security, the Group has established information security policies. It has deployed various measures, including closed-circuit television, physical locks, firewalls, and the prohibition of the use of unauthorized computer equipment and software to protect our servers from cyber-attack 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 actively upgrade our data security technologies and physical measures whenever possible to maintain the highest data security level.

Over the past year, the Group invested heavily in the introduction of Electronic Data System in business processes related to communication with government agencies. These changes also affected the network infrastructure – old equipment is gradually being replaced with modern technical solutions with additional security updates and patches.

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

## B7. Anti-corruption

The Group's policy is to comply with all local and federal laws and regulations. Especially with the Russian Federal Law No. 115-FZ "On Countering the Legalization (Laundering) of Proceeds from Crime and Financing of Terrorism". The Federal Law 115-FZ is aimed at protecting the rights and legitimate interests of citizens, society, and the state by creating a legal mechanism to counter the legalization (laundering) of proceeds from crime, the financing of terrorism and the financing of the proliferation of weapons of mass destruction.

In accordance with the Federal Law 115-FZ, the Group carries out transactions with cash or other property, and in accordance with Part 2 of Article 7 of the Law No. 115-FZ, it has developed strict Internal Control Rules, appointed special officials responsible for compliance with these Rules, and organised and implemented internal controls. It also conducts mandatory control of transactions with cash or other property, provided for in Art. 6 of the Law, carries out the identification of clients (representatives of clients and (or) beneficiaries, as well as beneficial owners), including taking reasonable and affordable in the current circumstances measures to determine the sources of funds or other property of clients, provided for by the Internal Control Rules of the Company.

There were no cases related to non-compliance with 115-FZ in the Reporting Period.

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## B8. Community Investment

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 1,000 jobs for locals in Vladivostok. Due to the COVID-19 pandemic, in 2021 we faced staff shortage issues. According to one major job search website, the recruitment market has changed significantly. Previously, there were 3–4 relevant candidates per 1 employer. However, in 2021 the situation reversed now there is 1 candidate per 3 employers.

Hence, in 2021 we had to find new recruitment sources and change our recruitment strategy. We have updated our job posting concept, created an employer branding video, and used targeted advertising.

In 2021, our employee volunteer team continued to be a key component of our overall community engagement strategy providing emotional and financial support to the local non-profit institutions: Artyom Boarding school for orphans and children without parental care and physically challenged children; and Vladivostok Special Boarding School for aurally challenged children.

Despite the difficulties raised by the COVID-19 pandemic in 2021, the Group organised the following activities:

- Outdoor clean-up activities for both Artyom Boarding School and Vladivostok Special Boarding School.
- “Ready for action” fire safety activities for Artyom Boarding school where we explained fire prevention & safety rules to the children and demonstrated a fire extinguisher model and firefighting gear.
- “Journey to a fairy tale” master classes at “Shtykovskie Prudy” park for Artyom Boarding school.

Along with working with the above two special needs schools, the Group worked closely with higher educational institutions and other stakeholders, developing and participating in two professional retraining programs:

- “Talents for business” – 60 people completed this program in Vladivostok State University of Economics and Service, to master professional cooking. Five students are now working in our Company.
- “Gaming & Entertainment Specialist” – the Group developed a program based in Vladivostok State University of Economics and Service to cover three fields: hotel management, restaurant and food service, and event management.

In 2021, the Group also explored new volunteering opportunities. At the end of 2021, our volunteers went to the “Umka” animal shelter to help clean the area and walk dogs.