

# Corporate Sustainability

## Major Achievements & ESG Highlights

### International Recognition for Environmental, Social and Governance ("ESG") Integration



MSCI ESG Rating **BBB** in 2021 (raised from BB in 2020), and a constituent of the MSCI HK-Listed Southbound Country ESG Leaders Index<sup>1</sup>



**Low ESG Risk** rating in 2020



Highest **five-star rating** and **global 1<sup>st</sup>** in climate resilience in 2020



**Rated B** in Climate Change Assessment, improved by two grades from 2019 and **B** in Supplier Engagement, first rated in 2020



**Top 15%** of real estate industry globally



A constituent of **Dow Jones Sustainability Index ("DJSI")** Asia Pacific since 2019



A constituent of the **FTSE4Good Index Series**



Member since 2014 – 2015

**NWD is a signatory/member of**



In support of

**WOMEN'S EMPOWERMENT PRINCIPLES**

Established by UN Women and the UN Global Compact Office



### Raised >HK\$19 Billion through Sustainable Finance since 2018



- **World's First USD Sustainability-linked Bond ("SLB")** by a Real Estate Developer
- **Hong Kong's First Interest Rate Swap Linked to the United Nations Sustainable Development Goals ("UN SDGs")**

### Won >30 Sustainability Awards at Corporate and Building Levels in FY2021

<sup>1</sup> THE INCLUSION OF NEW WORLD DEVELOPMENT COMPANY LIMITED IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF NEW WORLD DEVELOPMENT COMPANY LIMITED BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

**Driving Ambitious Sustainability Targets and Taking Climate Actions**

Progress on New World Group-wide SV2030 now linked with remuneration of CEO and employees



Setting Science Based Targets (“SBT”) by Q1 2023 to help limit global warming to 1.5°C



Targeting **100%** renewable energy for all rental properties in Greater Bay Area (“GBA”) by end of FY2025/26 and all rental properties in Greater China by end of FY2030/31 to reduce Scope 2 emissions



“No coal pledge” to refrain from making any new investments in companies engaged in the construction and operation of coal-fired power plants or coal mines, and confirm our intention to sell any remaining assets



Climate risk scenario analysis completed on 14 major existing buildings in GBA and improvement measures implementation in progress



Climate Resilience Design Guidelines established for all new buildings, major refurbishments and construction activities

**Creating Shared Value with Local Communities**

- The New World Group Job Fair “Create Jobs • Spark Hope” offered nearly 1,000 job vacancies across our ecosystem



- Extensive community engagement in the revitalisation of State Theatre, a Grade I Historic Building in Hong Kong



- COVID-19 response: #LoveWithoutBorders initiative donated over 21 million face masks produced by NWD to low-income families since May 2020

**Enhancing Governance for the Long-term**

- ESG trainings for the Board, management, employees and suppliers
- 100% employees trained on ESG
- Enhancing Group-wide Enterprise Risk Management (“ERM”) based on the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) framework and ESG factors to strengthen risk mitigation and response

**Improving Supply Chain Practices**

- Encourage suppliers to adopt ISO certifications
- Reinforce regular supplier performance appraisal

# Corporate Sustainability Overview of SV2030



NEW WORLD  
SUSTAINABILITY  
VISION 2030



## GREEN - Moving us towards a greener future

**SDG 11.6** Reduce adverse environmental impact of cities



**New World Group** - Halve our environmental impact in energy and carbon emissions intensity (against baseline year FY2015<sup>1</sup>)

**New World Construction** (against baseline year FY2015<sup>2</sup>)

**FY2021:**

**FY2021:**



**Energy intensity**  
(MWh/million HK\$ revenue)<sup>1</sup>

**SDG 11.6**  
↓ **20%** (FY2030 target: ↓ 50%)



**Waste-to-landfill intensity**  
(tonnes/million HK\$ revenue)<sup>2</sup>

**SDG 11.6**  
↓ **59%** (FY2030 target: ↓ 15%)



**Carbon emissions intensity**  
(tCO<sub>2</sub>e/million HK\$ revenue)<sup>1</sup>

**SDG 11.6**  
↓ **33%** (FY2030 target: ↓ 50%)



**Water intensity**  
(m<sup>3</sup>/million HK\$ revenue)<sup>2</sup>

**SDG 11.6**  
↓ **30%** (FY2030 target: ↓ 25%)

**Green Buildings SDG 11.6**

- **31** BEAM Plus building certificates<sup>3</sup>, with **25** of those achieved Very Good/Gold or above
- **32** LEED building certificates<sup>4</sup> with **31** of those achieved Gold or above
- **3** China Green Building Evaluation Labels ("Two-Star" or above)<sup>5</sup>
- **2** SITES certificates at Gold level



## WELLNESS - Promoting health in body and mind

**SDG 3.4** Promote physical / mental health and well-being

**SDG 3.9** Promote healthy built environments which reduce hazardous chemicals and pollution



Improved the well-being of **13 million** stakeholders<sup>6</sup>  
**SDG 3.4**  
(FY2030 target: 20 million)



Lost-time injury rate (LTIR)<sup>7</sup> **0.5** per 100 employees  
**SDG 3.4**  
(FY2030 target: maintain at/below 3.0 annually)



WELL Buildings: **11** building certificates<sup>8</sup>, with **9** of those achieved Gold or above  
**SDG 3.4, 3.9**



## CARING - Creating shared value for our communities and culture

**SDG 4.4** Upskill individuals for employment, decent jobs and entrepreneurship

**SDG 4.7** Promote education on sustainable development, sustainable lifestyles and global citizenship

**SDG 11.3** Enhance inclusive and sustainable urbanisation

**SDG 11.4** Protect cultural and natural heritage



Enhanced the quality of life of **140 million** stakeholders<sup>6</sup>  
**SDG 11.3, 11.4**  
(FY2030 target: 300 million)



Provided **>235,000** volunteering hours<sup>6</sup>  
**SDG 4.4**  
(FY2030 target: >340,000 hours)



Average **19.6** training hours per employee  
**SDG 4.4**  
Sustainability-related training **13,749** hours  
**SDG 4.7**



## SMART - Using innovation to unlock potential

**SDG 17.16** Enhance global and multi-stakeholder partnerships to support the SDGs through knowledge, technology and resource sharing



**178** active patents<sup>9</sup>



**26** integrations via Impact Commons<sup>10</sup>

<sup>1</sup> Covers the SV2030 Green Targets Scope which focuses primarily on key businesses with more mature performance data and over which we can exert operational influence for developing environmental impact reduction roadmaps. NWSH and NWDS also disclose their environmental targets in their annual sustainability report. Using revenue as the intensity metrics was due to the diverse business nature of the Group's portfolio and that revenue is the common thread that can be adopted across sectors.

<sup>2</sup> Covers New World Construction Company Limited only.

<sup>3</sup> Counting the number of Provisional Assessment and Final Assessment certificates for both New Buildings and Existing Buildings as at 30 June 2021.

<sup>4</sup> Counting both pre-certified and certified projects as at 30 June 2021. This number excludes expired pre-certificates.

<sup>5</sup> This number excludes expired labels as at 30 June 2021.

<sup>6</sup> Cumulative number from baseline year FY2015 to FY2021 covering the Sustainability Reporting Scope.

<sup>7</sup> Lost-time injury rate represents the number of injuries per 100 employees per year.

<sup>8</sup> Counting both pre-certified and certified projects as at 30 June 2021.

<sup>9</sup> Counting the number of active patents granted since FY2015 and held by New World Group under the Sustainability Reporting Scope as at 30 June 2021, excluding design registrations/patents.

<sup>10</sup> Cumulative integrations from FY2020 to FY2021 between Impact Commons startups and New World Group Ecosystem.

# Corporate Sustainability

## Leadership and Governance

### Message from Management

In FY2021, the global community continued to feel the effects of COVID-19 and unprecedented climate events, and we were not immune. Continuing our Group's 50th anniversary celebrations this year, I've had the opportunity to reflect on our Group's storied history and accomplishments, which were made possible only by our ability to quickly adapt and innovate, turning crisis into opportunity in every instance.

Creating Shared Value ("CSV") is at the heart of our corporate mission. Through ESG integration via SV2030, we are able to quantify our CSV contributions for all stakeholders and use the SV2030 pillars of Green, Wellness and Caring to ensure our Board, leadership team and employees are acting towards these common goals.

We understand that urgent climate action is required to avoid the worst climate impacts and ensure the long-term development of our business. As a first mover, we have adopted the recommendations on TCFD since FY2019. Earlier this year, we expanded our decarbonisation efforts by committing to the Business Ambition for 1.5°C to set SBT and formulating our Renewable Energy ("RE") Roadmap, which formed the basis of our oversubscribed sustainability-linked bond and is indicative of our commitment to decarbonise. Further to our SV2030 emissions reduction and renewable energy adoption targets in 2030/2031, we are exploring solutions to echo HKSAR's commitment to net zero carbon by 2050 and Mainland China's commitment to carbon neutrality by 2060. We look forward to playing a part in the global transition to a low carbon future.

We continue our efforts to foster a diverse and inclusive community. Last year, we appointed two female executives as board members to encourage a more gender-diverse and fair environment, and became a signatory of the UN Global Compact. We will continue to support the UNGC and pay close attention to the latest trends and regulations in corporate governance, and leverage global insights and partnerships to realise sustainable cities and communities and improve the overall well-being of our stakeholders. Demonstrating our commitment to creating shared value for our community, we are revitalising the historic State Theatre of Hong Kong, one of the city's last standing cultural icons, and hope to conserve and restore the iconic building to its original glamour and transform it into a landmark for culture and arts for the benefit of the next generation and the community at large.

Our Group continued to demonstrate resilience, love and innovation in our ongoing efforts to battle COVID-19 this year. In addition to our existing relief funds and initiative of manufacturing and distributing Made-in-Hong-Kong masks through non-governmental organisations ("NGO") to stakeholders in need, we have been accelerating the city's COVID-19 recovery through offering grants to vaccinated low-income individuals and paid vaccination leave to our employees. These initiatives were made possible by our dedicated teams and growing network of ecosystem partners, including through Impact Kommons, our UN SDGs-focused startup accelerator nurturing the next generation of sustainability changemakers. We look forward to further collaborations demonstrating our culture of partnership and innovation.

As we expand our business ecosystem and footprint in the GBA and other parts of Mainland China, we understand that ESG integration and standardisation will become even more important. ESG principles are being considered in business and investment decisions as well as supply chain relationships, and we will continue to develop more robust frameworks. We are strengthening our Group-wide risk management framework to keep up with the rising importance of managing ESG risks and capturing relevant opportunities. I would like to take this opportunity to thank my team for their unwavering dedication, adaptability and resilience during these challenging times.

Stepping into a new year with unknown challenges, our team remains hopeful – when others see crisis, we see opportunity. I look forward to leading the team to reach new heights by connecting with all stakeholders and aligning our businesses to our long-term sustainability vision and trends in innovation. By adopting a growth mindset, we are confident that our commitment to CSV, together with striving for best practice in ESG, will allow our Group to stay ahead and thrive for many more decades.

#### **Dr. Cheng Chi-Kong, Adrian**

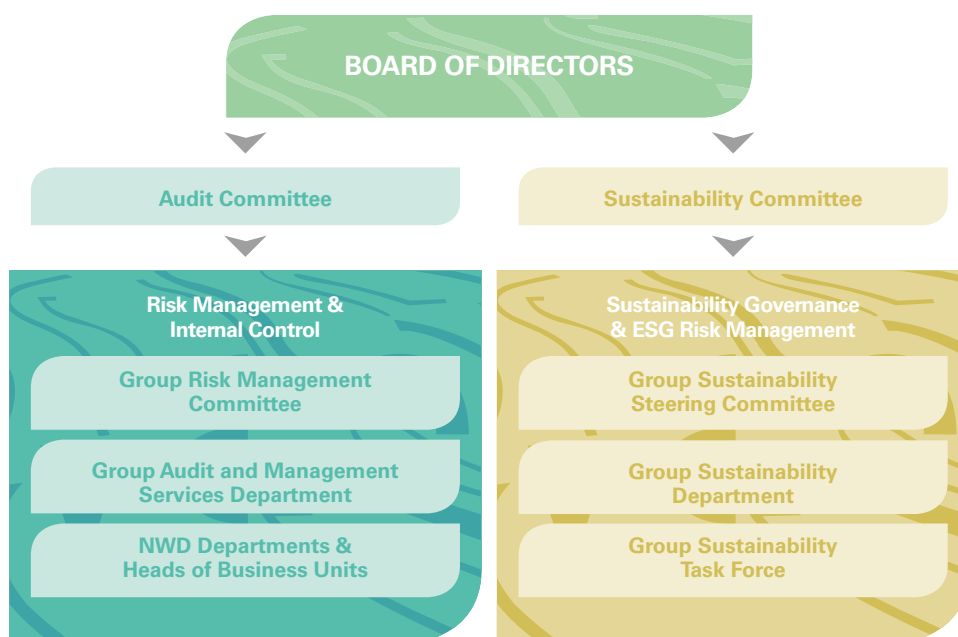
*Executive Vice-chairman and Chief Executive Officer  
Chairperson, Sustainability Committee and  
Group Sustainability Steering Committee*

## Corporate Sustainability | Leadership and Governance

# Governance Structure

To ensure action on NWD’s commitment to sustainability, we integrate the management of ESG issues throughout the Group’s corporate governance structure – from board-level committees to management-level group functions and business units (“BUs”). The Board of Directors fulfils its responsibilities by delegating to five board-level committees, including the Sustainability Committee which oversees the Group’s management of ESG and sustainability endeavours. Details on the board-level committees are available in the “Risk Management and Internal Control” Section.

We pay close attention to the latest trends and regulations in corporate governance and acknowledge HKEX’s consultation paper “Review of Corporate Governance Code and Related Listing Rules” issued in April 2021, which emphasises the importance of board independence, diversity and succession planning.



We ensure all employees are motivated to take concerted efforts towards our SV2030 targets by integrating these targets into KPIs for our CEOs of BUs as well as NWD departments and their teams. We link sustainability performance to the remuneration of our CEO and employees. We also provide regular training to all employees and support across the Group to pursue action plans to budget, empowered by our Sustainability Committee and Group Sustainability Steering Committee.

The Sustainability Committee is appointed by the Board of Directors from among the directors of NWD, and its Chairperson is the Executive Vice-chairman and CEO of NWD. The Committee’s mandate is to make any appropriate recommendations to the Board, as well as to report any improvement areas in its sustainability and ESG reporting strategy and management, any instances of non-compliance with sustainability and ESG policies and procedures, and any infringement of sustainability laws and regulations. Its own performance is reviewed on an annual basis.

Given the climate imperative and our Group’s responsibilities to mitigate climate impacts in our operations, the Board of Directors has endorsed our ongoing assessment and disclosure of climate risks as per Task Force on Climate-Related Financial Disclosures (“TCFD”) recommendations. The Board is updated regularly on the latest climate risks and opportunities, so as to reshape the ESG strategies.

In order to create an innovative ecosystem, we have implemented specific mechanisms within NWD’s management structure. One of these is the Customer Committee, which offers the opportunity for all departments to pitch and invite feedback on innovative new ideas. Proponents of shortlisted feasible ideas have the opportunity to present to senior management and explore application of the ideas.

## Corporate Sustainability | Leadership and Governance

# Managing ESG Risks and Opportunities

The Group has been actively managing social and environmental risks and opportunities together with economic challenges within its sphere of influence. We believe that integrating sustainability with our business practices provides us a competitive advantage in the long-term.

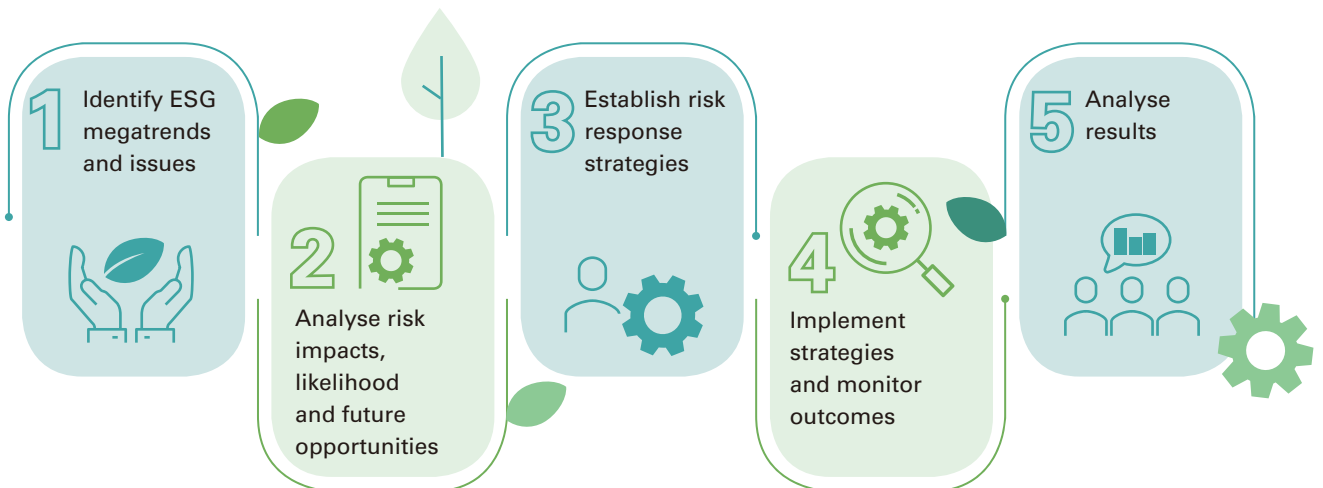
### Strengthening Governance of ESG Issues

The Group has put in place its risk management framework for many years, which is regularly reviewed to reflect latest changes in our strategic direction, market practice, regulatory obligations, and sustainability commitments. This year we have been strengthening our ERM framework to:

- drive better integration between sustainability and business strategy; and
- adopt “*Applying enterprise risk management to environmental, social and governance-related risks*” guidelines published by COSO and the World Business Council for Sustainable Development (“WBCSD”) in 2018.

### How NWD Identifies, Assesses and Manages ESG Risks

We identify, assess and manage ESG risks along with other risk categories using an integration approach.



We acknowledge extensive implications of climate change events and ESG risks. Therefore, our risk identification and assessment process has integrated them into our risk analysis, through a combination of standalone risks and/or cross-linking with other business risks (such as insurance and crisis management risks).



As with other key risks, we adopt the same set of risk assessment criteria in evaluating ESG risks. In particular, ESG risks are managed throughout different levels of management:

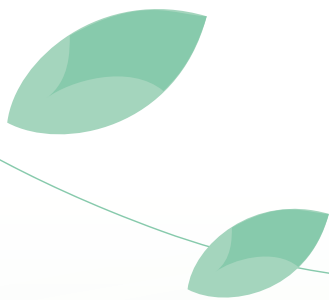
- Strategic direction – SV2030, including alignment with TCFD recommendations and stakeholders' expectations
- Operational – an Issue Alert System ensures follow-up on the impending crises or issues in a timely manner, and a diverse range of policies and procedures, including Anti-Fraud Policy, Whistleblowing Policy and Climate Change Policy to avoid or mitigate risks
- Governance – across the Group according to our risk governance structure and risk management process, with management oversight and assurance provided to the Board

### Unlock Opportunities

In this reporting year, we have worked to raise awareness of ESG opportunities through training programmes to all major BUs in Hong Kong and the Mainland. Trainings are provided to all employees, and also to the Board and senior management of NWD, NWSH and NWDS. These trainings covered the Board's roles and accountability, ESG risks, precautionary measures and flagging mechanisms, sustainability policies, bribery and corruption, as well as the latest ESG and sustainable finance trends, and best practice case studies in ESG integration. Nearly 4,000 hours of bribery and corruption training was provided to employees in FY2021.

To maximise our capacity to spot and capture opportunities, we have also delivered trainings on innovation and a "value creation mindset" to management and all employees. This supports our commitment to innovation and our efforts to encourage ideation from all stakeholders, including through our Customer Committee.

*For detailed risk management structure and approach, please refer to Annual Report, Risk Management and Internal Control Section.*



# Creating Shared Value

“Creating Shared Value” (“CSV”) is the heart of our corporate mission. It means understanding the needs of the communities where we operate and leveraging our assets and strengths to meet them, while creating new business opportunities for the Group through ongoing innovation. “Shared value” is the outcome of three crucial drivers coming together: social and environmental needs, corporate assets and business opportunities.

We measure the value we create for society through our ESG framework of metrics and initiatives. To make this possible, we are integrating ESG into every level of our strategy and business. Three strategic engines of change power our efforts: innovation, partnership and institutionalisation. This report demonstrates the roles these three play in our progress towards our corporate mission and SV2030.

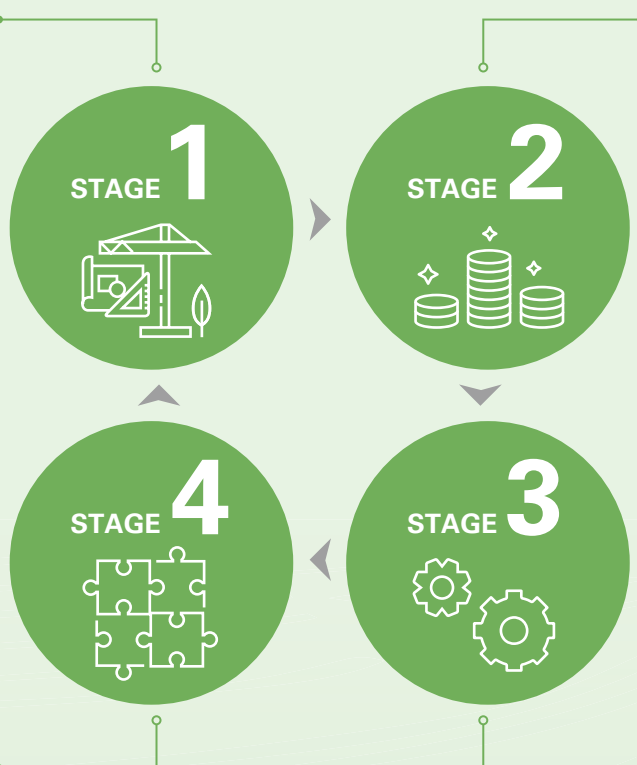


## Creating Shared Value through Managing NWD Property’s Lifecycle Sustainably and Responsibly

The Group has standardised sustainable practices throughout the four key stages of property development, with an aim to create shared value across the SV2030 pillars of Green, Wellness, Smart and Caring.

### DESIGN & BUILD

Our policies outline our commitment to sustainable building certifications (including BEAM Plus, LEED and WELL) for new and existing projects, as well as our approaches to manage climate risks and other environmental and social impacts along the supply chain.



### SUSTAINABLE FINANCE

We drive capital towards impactful projects in our ecosystem of businesses, such as green and healthy buildings, by using a variety of sustainable financing instruments that are in line with international frameworks and standards where possible.

### OPERATIONS

We strive to reduce our adverse environmental and social impacts during the operations of our managed properties through continuous resource efficiency enhancements and measures to improve the health and well-being of our building tenants and users.

### ENGAGEMENT

To create shared value with all shareholders and enrich our businesses, we actively engage tenants, customers and other stakeholders to promote and support the adoption of sustainable practices within the communities we serve.



# Corporate Sustainability | Leadership and Governance

## ESG Strategy Informed by Stakeholders

Stakeholder voices are central to the development of our ESG strategy, playing the critical function of helping us identify and prioritise current and emerging risks and opportunities across our BUs and the communities in which we operate. We endeavour to engage them on a regular basis to maximise opportunities for them to share their insights, perspectives and experience with us. Our chief methods of engagement include surveys, interviews, focus groups, visits, mobile apps, e-newsletters, meetings and forums, events, email and hotlines, media and social media channels.

In the past three years, through a robust annual materiality assessment process involving both internal and external stakeholders, we have ascertained the importance and relevance of a range of ESG issues to NWD. Internal stakeholders included are representative of major BUs and levels of seniority, while external stakeholders covered customers, tenants, suppliers, service providers, academic and professional institutions, NGO partners, financial institutions, media, peer companies and government. The identification of ESG issues in our annual materiality assessment process builds on that of the previous year, refreshed with new insights from stakeholders, particularly investors. In addition, we performed comparative studies of priority issues identified by industry peers to ensure emerging trends affecting the industry are not overlooked.

We strive to improve the evaluation and prioritisation of material issues to help guide our focus on sustainability work. In FY2021, we experimented with a new approach of quantitative assessment, placing more emphasis on understanding the relative importance of the material topics to the sustainable development of NWD and on exploring risk factors and drivers of growth in the views of the stakeholders.

While NWD is committed to continuously improving priority ESG issues identified through the materiality assessments from the past three years, we believe this new approach will help us better target our resources to where they are most needed and in ways that strategically support the Group’s business plan. Nearly 1,200 internal and external stakeholders in Hong Kong and the Mainland, where most NWD’s businesses are based, participated in the assessment. The outcome is a refreshed materiality matrix, with priority issues that internal and external stakeholders rated as important for NWD to consider in its pursuit of sustainable growth.

The following materiality matrix shows the most prioritised issues and their correlation to our four SV2030 pillars (Green, Wellness, Smart and Caring) and the transversal topics which often underpin the foundation of a business.



These findings have been reviewed by the Sustainability Committee, in order to determine our actions in response. Priorities include climate mitigation efforts, such as setting SBT as planned.

With a shift of emphasis of this year's assessment from exploring risk factors to growth drivers and from ensuring business continuity to seeking business growth, we observed a change of priority in the top issues rated by stakeholders. In the previous years, transversal issues such as bribery and corruption, corporate governance, occupational health and safety were rated as top issues for NWD as these were seen as critical to NWD's business continuity. When more emphasis was placed on the relative importance of an issue as driver of growth in this year's assessment, top transversal issues identified in previous years remained important while stakeholders further rated innovation, carbon and energy reduction, talent management, diversity and equal opportunities as the most critical issues influencing the sustainable development of NWD's business and society. This echoes our efforts in climate action, driving innovation, supporting talents and fostering a more diverse and inclusive community. Further to the materiality assessment, we also monitor industry trends, upcoming regulation and investor expectations in setting our ESG priorities.

Material Topics (1 being the most important)	How We Address Them (corresponding sections in this chapter)
1. Innovation	Innovating the Customer Journey, Case Studies in Innovation for the Next Generation, Catalysing Change with Sustainable Finance
2. Energy Efficiency and Carbon Reduction	Catalysing Change with Sustainable Finance, Supporting the Transition to a Greener Future, Fostering Sustainable Communities
3. Talent Management	Growing with Our People, Fostering Sustainable Communities
4. Diversity and Equal Opportunities	Growing with Our People
5. Employee Wellness and Engagement	Growing with Our People
6. Corporate Governance	Leadership and Governance
7. Waste Reduction and Recycling	Case Studies in Innovation for the Next Generation, Supporting the Transition to a Greener Future
8. Community Development and Engagement	Case Studies in Innovation for the Next Generation, Innovating the Customer Journey, Fostering Sustainable Communities
9. Customer Wellness, Health and Safety	Case Studies in Innovation for the Next Generation, Innovating the Customer Journey
10. Responsible Supply Chain Management	Supporting the Transition to a Greener Future, Collaborating with Supply Chain Partners
11. Occupational Health and Safety	Growing with Our People, Collaborating with Supply Chain Partners
12. Community Wellness	Fostering Sustainable Communities
13. Customer and Tenant Engagement	Innovating the Customer Journey
14. Climate Change Actions	Catalysing Change with Sustainable Finance, Supporting the Transition to a Greener Future
15. Use of Materials and Biodiversity	Supporting the Transition to a Greener Future
16. Bribery and Corruption	Leadership and Governance
17. Financial Performance	Annual Report Financial Highlights Section
18. Human Rights and Grievance Mechanisms	Leadership and Governance, Growing with Our People
19. Water Conservation	Supporting the Transition to a Greener Future
20. Ageing Population	Fostering Sustainable Communities

# Progress towards Our ESG Commitments

## Case Studies in Innovation for the Next Generation

While ESG is a core consideration in all our actions, these case studies demonstrate how we endeavour to go the extra mile to show leadership for lasting social and environmental well-being. At differing stages of completion, they reflect our long-term ambitions to preserve heritage, spark creativity, accelerate innovation and connect people, as well as our efforts to improve lives in the here-and-now.



### Valued Heritage, Creative Futures

**MATERIAL ISSUES**

- Community Development and Engagement

#### REVITALISING THE HISTORIC STATE THEATRE

In 2020, NWD acquired the 68-year-old State Theatre, a Grade I historic site located in North Point, Hong Kong in order to restore the structure to its former glory in a meticulous conservation project. The iconic parabolic exoskeleton truss at the roof will be conserved, while the revitalised architecture will be transformed into a new landmark for culture and arts, creating shared value through connecting social progress with business success.

In April 2021, to raise awareness of heritage conservation, Culture for Tomorrow, a non-profit organisation within New World Group, launched an immersive exhibition entitled “Discover the State Theatre in All of Us.” Visitors were invited to explore the theatre’s history through the eyes of different historical personas, including the theatre’s founder and the architect behind the iconic roof, and to view over 500 artefacts, from 1950s movie handbills to tickets of midnight screenings. This experience was also made available online due to social distancing restrictions.



The historic State Theatre

*The State Theatre is one of the last standing cultural icons of Hong Kong. Together with our international team, we will do our best to conserve and restore this iconic building to its original glamour and build a cultural oasis that serves the community.*



– Dr. Adrian Cheng, Executive Vice-chairman and CEO







The iconic parabolic exoskeleton truss of State Theatre

### COMBINING COMMERCE AND CREATIVITY ON MIDDLE HUAHAI ROAD IN SHANGHAI

NWD has acquired a significant plot of land in the heart of Shanghai's Huangpu District, the seat of the municipal government and home to The Bund and the Old City God Temple, as well as shopping districts including Huaihai Road. Our plan is to create an upscale commercial complex that marries art, culture and modernity, seeking harmonious co-existence and co-development with the surrounding commercial circles. As the fourth project in Eastern China region, this project will expand K11's presence while redefining the modern commercial retail sector as a creative hub.

Envisioned as the urban landmark of Eastern China region and beyond, this project will lead the way in the adoption of contemporary trends and the aesthetic consumption model, boost the development of the regional economy and society, and create shared value with the broader community.



Upcoming project on Middle Huaihai Road in Shanghai



## Pushing Boundaries

### MATERIAL ISSUES

- Innovation
- Energy Efficiency and Carbon Reduction
- Customer Wellness, Health and Safety
- Occupational Health and Safety

### CONNECTING FAMILIES AND COMMUNITIES IN THE GREATER BAY AREA

NWD is developing 11 SKIES, a 3.8 million-square-foot mixed-use development strategically located next to the Hong Kong International Airport, which will be Hong Kong's largest hub for Retail, Dining and Entertainment (RDE) and professional services. Operated by K11, 11 SKIES will open in phases between 2022 and 2025. Easy transport links will connect 31.6 million residents of the GBA within a "1.5-hour living radius," including Hong Kong, Shenzhen, Zhuhai, Zhongshan, Jiangmen, Foshan and Macau, and redefine the traveller and consumer experience.

11 SKIES not only provides a unique hub to connect families and communities in GBA but also takes the lead in its care for the wellness of people and environment, aligning with our SV2030 pillar of Wellness. In addition to its state-of-the-art building management system, including indoor air quality monitoring system, microclimate monitoring system and grey water drainage system to minimise cross-contamination, 11 SKIES is one of Asia's largest projects to adopt electrochromic glass that tints automatically in its roof canopy design. By dynamically changing tint in response to the sun, the roof canopy could reduce solar heat gain by up to 75%, while enhancing occupant comfort by enabling occupants to enjoy natural light and maintain a connection to the outdoor environment. Office Towers will be launched first, and the Towers have attained the highest standards of pre-certified platinum levels by BEAM Plus, LEED and WELL.



11 SKIES, attraction at the heart of GBA

### CREATING CHINA'S MOST SUSTAINABLE TOLL-ROAD SERVICE AREA IN WEST LAKE DISTRICT

Redefining the standards of toll-road management at Hangzhou's Ring Road, NWSH is nearing the completion of an award-winning service area, due to launch in Q4 2021. The Hangzhou West Lake Service Area aims to be the first LEED-certified service centre in China, with sustainability features including solar panels and EV charging points, LED lighting and efficient zoning and lighting controls, rainwater harvesting and wastewater treatment facilities. The wide application of AI technology is another key feature of West Lake Service Area. For example, a smart capsule hotel and convenience store are designed with unmanned concept, which targets to minimise manual operation as well as social contact during the pandemic. The entire building design is inspired by the culture of Hangzhou, reflecting sweet-scented Osmanthus and golden autumnal shades.



Aerial view of 11 SKIES





## Pioneering Purposeful Tech Innovation

### MATERIAL ISSUES

- Innovation
- Customer Wellness, Health and Safety

### ACCELERATING INNOVATION FOR SHARED VALUE



Impact Kommons Cohort 2 event at Nature Discovery Park

Two cohorts have now gone through Impact Kommons, Hong Kong's first UN SDGs-focused accelerator, which invites impact startups to collaborate with New World Group businesses, sustainability experts and global partners to scale solutions for a better tomorrow. This has enabled 26 instances of integration with New World Group businesses, details of which can be found in the accelerator's 2021 Impact Report on its website.

For instance, Hong Kong-based EdTech social enterprise AESIR aims to support the learning activities of children with special educational needs ("SEN") through augmented reality ("AR") and virtual reality ("VR") games. The company held a one-day AR sign language class at Nature Discovery Park ("NDP") in K11 MUSEA as a part of the "Little Nature Ambassador Programme" offering, teaching kids bilingual sign vocabulary through tactile learning sheets and AR-enabled learning. The programme aims to nurture a new generation of sustainability changemakers, promote social inclusion and create shared value. AESIR also partnered with NWSH's social impact partner, The Salvation Army, to develop two games to support kids with SEN, using motion sensing technology to teach key skills for counting and personal finance.



Impact Kommons 2021 Impact Report

### CURATING SUSTAINABLE LIVING

NWD has standardised patented designs to integrate convenience with style and maximise space, enhancing quality of life for residents in NWD's Hong Kong residential projects, including:

- Laundry+®, a patented 3-in-1 combination cabinet with a thermo ventilator, offering washing, drying and ironing space in the bathroom.
- MIRROR+®, a registered design for a multi-purpose mirror cabinet equipped with a twin socket outlet, power bar with USB ports, wireless charger and a non-electric acoustic speaker, for daily cleansing with a soundtrack.
- KIT-PLUS®, a registered design allowing users to freely personalise storage space for kitchen accessories, utensils and even tablet computers.
- ArtisLock®, a patented 3-in-1 smart lock designed to seamlessly switch between smart and mechanical lock modes. Residents can unlock the door with their fingerprint, the Artisanal Living mobile app or a mechanical key.

**We are committed to recruiting young entrepreneurs with innovative technologies and a sustainable development mindset through Impact Kommons, which embodies New World Group's "Creating Shared Value" mission and works hand in hand with these start-ups in transforming their creativity into a driving force that truly benefits and propels society.**

**– Dr. Adrian Cheng,  
Founder of Eureka Nova,  
Executive Vice-chairman and CEO of NWD**



# Catalysing Change with Sustainable Finance

## Leading on Sustainable Finance

Across the world, investors are increasingly interested in ESG and sustainable finance mechanisms. A 2021 MSCI survey of 200 asset owner institutions<sup>1</sup> with assets totalling approximately US\$18 trillion found that the COVID-19 pandemic has increased focus on sustainable investing, with 77% of investors reporting “significantly” or “moderately” increased ESG investments.

NWD was one of the first movers in sustainable finance in Hong Kong. In 2018, we issued our first Green Bond and established a Green Finance Framework to create investment opportunities with our financial partners that deliver funds to improve the environmental performance of our buildings and landscapes, as well as the health of our tenants and users. We are committed to developing sustainable financing practices in the region, in line with international standards and guidelines, to achieve our ESG goals and demonstrate the financial value of ESG integration. In 2020, we established the Sustainable Finance Framework, expanding on the scope of the Green Finance Framework. We remain a proud supporter of HKEX’s Sustainable and Green Exchange (“STAGE”), Asia’s first multi-asset sustainable investment product platform, launched in December 2020, where we list sustainable finance offerings such as our green bond and SLB.

## Progress update

As at FY2021, NWD has generated over HK\$19 billion in funds through sustainable finance mechanisms. Key deals completed within FY2021 include:

### WORLD’S FIRST USD SLB BY A REAL ESTATE DEVELOPER

In January 2021, NWD developed a SLB Framework and became the world’s first real estate developer to issue a USD SLB. The 10-year US\$200 million bond (coupon rate: 3.75%, lowest yield among all USD issuances by NWD to date) has a Sustainability Performance Target that is aligned with NWD’s latest RE Roadmap, which commits to achieving 100% renewable energy for NWD’s GBA rental properties by FY-end 2025/26. Should NWD fail to achieve the target, NWD will purchase carbon offsets



**MATERIAL ISSUES**

- Financial Performance
- Innovation
- Energy Efficiency and Carbon Reduction

in an equivalent amount to 25 basis points per annum for the remaining life of the bond, as part of our ongoing commitment to ESG integration and decarbonisation. The bond was six times oversubscribed by international ESG investors at its peak with strong participation (approximately 80%) from global ESG investors. To cater to market demands, a private SLB, which is also the world’s first HKD SLB, valued at HK\$1.5 billion over a 10-year period, was then issued. Proceeds of the bonds will be allocated to NWD’s long-term sustainability initiatives, as well as general corporate purposes.

### HONG KONG’S FIRST INTEREST RATE SWAP LINKED TO THE UN SDGS

In November 2020, NWD and DBS Hong Kong (“DBS”) completed Hong Kong’s first interest rate swap linked to the UN SDGs. This derivative transaction is designed to provide a hedge against the interest rate risk related to NWD’s 5-year HK\$1 billion sustainability-linked loan (“SLL”) from DBS, which closed in November 2019. Under this innovative solution, NWD is eligible to receive sponsorship from DBS to support social innovation projects upon successful generation of at least eight business-to-business integration opportunities that contribute to the UN SDGs adopted by SV2030. As of 30 June 2021, NWD successfully surpassed this goal.



Visit our website for details of our sustainable finance transactions

We are committed to sharing best practices, particularly with our listed subsidiaries. NWSH has created their own sustainable finance opportunities, and more information can be found in their annual report.

<sup>1</sup> MSCI 2021 Global Institutional Investor Survey, <https://www.msci.com/documents/10199/51331fff-2b84-396d-2b57-bad161271a4e>

### Summary of NWD's Sustainable Finance Transactions

Instrument	Date	Size	Tenor	Purpose/Use of Proceeds
<b>SLL</b>	June 2021	HK\$1.15 billion JP¥13.5 billion	5-year 7-year	<ul style="list-style-type: none"> <li>– Financing general working capital</li> <li>– Linked to DJSI performance</li> </ul>
<b>Green Loan</b>	May 2021	HK\$1.4 billion	5-year	<ul style="list-style-type: none"> <li>– HK\$1 billion utilised for green building project, Wing Hong Street, Cheung Sha Wan*</li> </ul>
<b>Green Bond</b>	April 2021	HK\$780 million (coupon rate: 3.95%)	10-year	<ul style="list-style-type: none"> <li>– HK\$780 million proceeds allocated to green building project, 888 Lai Chi Kok Road*</li> </ul>
<b>Green Loan</b>	March 2021	HK\$300 million	3-year	<ul style="list-style-type: none"> <li>– HK\$300 million utilised for green building project, 888 Lai Chi Kok Road*</li> </ul>
<b>Green Bond</b>	March 2021	HK\$550 million (coupon rate: 3.00%)	7-year	<ul style="list-style-type: none"> <li>– HK\$550 million proceeds allocated to green building project, 888 Lai Chi Kok Road*</li> </ul>
<b>SLB (Private)</b>	February 2021	HK\$1.5 billion (coupon rate: 3.50%)	10-year	<ul style="list-style-type: none"> <li>– The world's first HKD SLB</li> <li>– Driving NWD's RE Roadmap and linked to FY-end 2025/26 progress</li> </ul>
<b>SLB (Public)</b>	January 2021	US\$200 million (coupon rate: 3.75%)	10-year	<ul style="list-style-type: none"> <li>– The world's first USD SLB by a real estate developer</li> <li>– Driving NWD's RE Roadmap and linked to FY-end 2025/26 progress</li> </ul>
<b>SLL</b>	December 2020	HK\$2 billion	5-year	<ul style="list-style-type: none"> <li>– Financing general working capital</li> <li>– Linked to selected environmental impact reduction targets and GRESB performance</li> </ul>
<b>Green Loan</b>	May 2020	HK\$500 million	3-year	<ul style="list-style-type: none"> <li>– HK\$500 million utilised for green building project, 888 Lai Chi Kok Road*</li> </ul>

\* The project names are subject to finalisation before official opening.



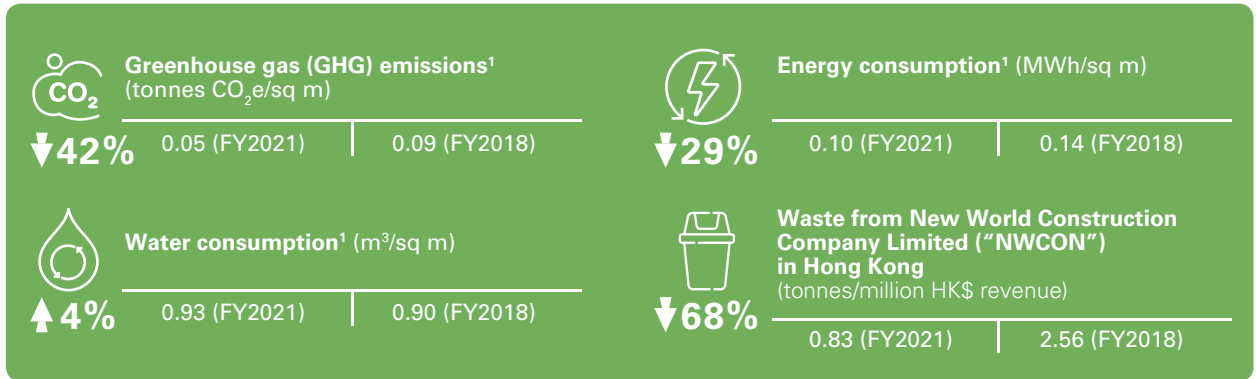
## Summary of NWD's Sustainable Finance Transactions (Cont'd)

Instrument	Date	Size	Tenor	Purpose/Use of Proceeds
<b>SLL</b> (followed by a Sustainability-Linked Interest Rate Swap in November 2020)	November 2019	HK\$1 billion	5-year	<ul style="list-style-type: none"> <li>– Driving long-term sustainability targets, enhancing the climate resilience of property portfolio, as well as general corporate financing</li> <li>– Linked to selected environmental impact reduction targets and GRESB performance</li> <li>– Asia's first loan linked to GRESB performance</li> <li>– Hong Kong's first interest rate swap linked to the UN SDGs (November 2020), hedging against the interest rate risk of SLL</li> </ul>
<b>Green Bond</b> (via NWCL)	December 2018	US\$310 million (coupon rate: 4.75%)	5-year	<ul style="list-style-type: none"> <li>– US\$206.4 million proceeds allocated to green building project, New World Canton Centre, The New Canton Mansion (formerly known as New World Zengcheng Comprehensive Development Project)*</li> <li>– US\$101.7 million proceeds allocated to green building project, Qianhai CTF Finance Tower*</li> </ul>
<b>Green Loan</b>	March 2018 (renegotiated in December 2019)	HK\$5 billion (renegotiated from HK\$3.6 billion)	5-year	<ul style="list-style-type: none"> <li>– Hong Kong's first green loan</li> <li>– HK\$4 billion utilised for green building project, K11 ATELIER King's Road</li> <li>– HK\$1 billion utilised for green building project, 888 Lai Chi Kok Road*</li> </ul>

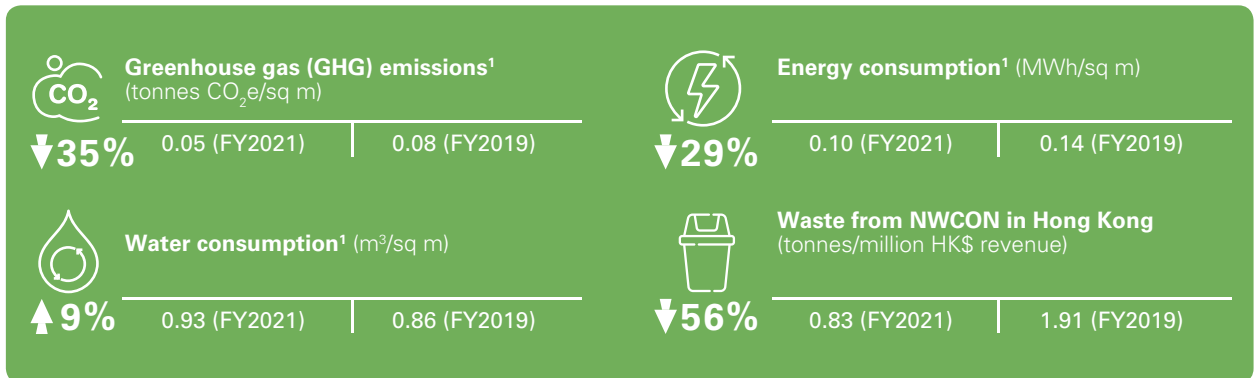
\* The project names are subject to finalisation before official opening.

### NWD's Environmental Impact Reduction Performance

The five-year SLL of HK\$1 billion arranged in 2019 enabled NWD to access funding at a discounted interest rate that is linked to the annual achievement in environmental impact reduction targets (refer to the table below) and GRESB performance.



Another five-year SLL of HK\$2 billion arranged in 2020 enabled NWD to access funding at a discounted interest rate that is also linked to the annual achievement in environmental impact reduction targets (refer to the table below) and GRESB performance.



<sup>1</sup> GHG emissions, energy and water consumption of NWD's existing buildings. New major buildings will be included in this target scope after two years of operation.



## Action for a Climate-resilient Future

Climate change is a global threat to the life of humanity and the health of the planet. It will also affect the Group's businesses, our customers and our supply chains. The latest scientific assessment<sup>1</sup> from the United Nations' Intergovernmental Panel on Climate Change ("IPCC") released in 2021 called for urgent deep decarbonisation action in this decade in order to avoid the worst climate impacts and maintain a liveable planet.

The built environment generates nearly 40% of annual global carbon emissions<sup>2</sup>. Moreover, rapid urbanisation means that by 2050 over two-thirds of the global population is expected to live in cities<sup>3</sup>. It is crucial for new building stock to meet net zero carbon standards and existing buildings to improve where possible, through a significant increase in building efficiency measures and deployment of renewable energy. Similarly, our latest materiality assessment reflected that climate change actions are seen as important by our stakeholders, and they are especially loud and clear on their expectation for us to accelerate and deepen our efforts in energy efficiency and carbon reduction.

**MATERIAL ISSUES**

- Energy Efficiency and Carbon Reduction
- Climate Change Actions

These trends explain why NWD has, since FY2019, taken the lead in reporting in alignment with TCFD, well ahead of HKEX's requirement for all companies to make TCFD-aligned disclosures by 2025. In the following, we adopted the framework recommended by TCFD, discussing in detail the risks brought on by climate change, the potential impact on our business, and the actions we are taking to mitigate and adapt to these risks.



### Governance



**Board's oversight:** NWD's Board has overall accountability for the management of all risks and opportunities, including climate change. Our CEO, who chairs the **Sustainability Committee**, is ultimately accountable for the oversight of our climate change agenda. The Board appointed members of the Sustainability Committee from among the directors of NWD, including two independent non-executive directors and one executive director. Subsequent to FY2021 in September 2021, the Board further appointed an independent non-executive director to the Sustainability Committee. The Sustainability Committee meets at least twice a year to oversee strategic ESG-related issues relating to NWD, including climate-related strategies, policies, actions and disclosure. It informs the Board of the strategic risks and opportunities presented by climate change, which form part of the Board's discussion of NWD's medium- to long-term plans.

**Management's role:** The **Group Sustainability Steering Committee** supports climate action planning and internal policy setting, monitors progress towards SV2030 targets and coordinates responses to climate-related risks and opportunities across all BUs for disclosure. The Committee monitors the enforcement of NWD's sustainability-related policies across the Group and reviews policy updates regularly.

**The Group Sustainability Department** coordinates Group-wide efforts to assess physical and transition climate risks and opportunities for strategic planning by the Management and the Board. It initiates the monitoring and follow-up of both transition and physical climate-related risks and facilitates strategic responses by respective departments.

<sup>1</sup> IPCC, Climate Change 2021: The Physical Science Basis, the Working Group I contribution to the Sixth Assessment Report.

<sup>2</sup> UNEP, Building sector emissions hit record high, but low-carbon pandemic recovery can help transform sector – UN report.

<sup>3</sup> UN DESA, 68% of the world population projected to live in urban areas by 2050, says UN.

Strategy



We are integrating climate-related risks into the Group’s **Enterprise Risk Management** (enhancements on track to complete in FY2022), as well as monitoring current and emerging risks through our **ESG Materiality Assessment**. Climate risks are embedded in our risk management process, and have been identified as one of the emerging and key risks of the Group and included in our risk register. (For detailed description of the climate change risk, please refer to Annual Report, Risk Management and Internal Control Section). Our **objective** is to achieve ongoing assessment, monitoring and management of climate risks through the Group and all BUs, enhance our properties’ climate resilience and adaptability, and strengthen understanding and ownership of the assessment and management of climate risks relevant to the Group’s business activities.

**Physical risks<sup>1</sup>:** In FY2021, we worked to establish **Climate Resilience Design Guidelines** to integrate various climate mitigation and adaptation measures into new developments, major refurbishment and construction activities, covering the full property lifecycle, from acquisition and redevelopment, to design and construction, facility management and the engagement of building users under Shared Socioeconomic Pathways (“SSPs”) as suggested by the IPCC. The guidelines, currently being finalised, will cover climate risks that are pertinent to our major business locations, such as flooding, water stress, extreme temperatures and extreme wind, and suggest resilience improvement measures.

**Transition risks<sup>2</sup>:** We have updated our internal **Climate Change Policy** in FY2021 to reflect our “no coal” commitment, i.e. to avoid future company investments and operation of coal-fired power plants or coal mines and commit to selling the remaining minority stake in a coal-fired power plant. We will actively monitor and respond to regulatory changes and industry standards related to our business locations.



Visit our website for details of the Group Sustainability Policy, Climate Change Policy and Sustainable Building Policy

Risk Management



We have also updated our **Sustainable Building Policy** to demonstrate our commitment in achieving net zero carbon building, prioritising retro-commissioning to optimise building systems’ resource efficiency and sourcing construction materials with lower embodied carbon. We continue to closely monitor regional policies and initiatives, such as Mainland China’s climate pledge on carbon neutrality by 2060 and HKSAR’s Municipal Solid Waste Charging Scheme to quantify the transition risks.

In FY2019, we assessed the impact of climate-related risks (flooding, extreme wind, water stress and heat stress) on 14 major properties in the GBA (11 in Hong Kong and three in the Mainland) under two IPCC Representative Concentration Pathway (“RCP”) scenarios: a medium-risk scenario where global average temperature increases by no less than 2.5°C (RCP 6.0) and an extreme scenario where temperature increases by over 4.0°C (RCP 8.5). These four types of climate-related risks, which are the most common to our geographic presence, were studied to understand the physical risks to these properties.

Based on our project locations, no severe climate risks were identified at present: we have no properties in flood-prone areas and flooding blackspots, and our properties suffer no significant damage due to extreme winds and typhoons. However, we recognise that extreme wind and flooding risks are becoming more imminent. Therefore, we have implemented some resilience improvement measures, such as regular inspections, maintenance and hardware enhancement at key properties to mitigate our exposure to climate-related risks. We are also working to complete floodgate installation and systems to protect plantrooms for selected properties. Floodgates have been installed at two projects, with further installations planned for sites in Hong Kong and the Mainland.

<sup>1</sup> Physical risks emanating from climate change can be event-driven (acute) such as increased severity of extreme weather events (e.g. cyclones, droughts, floods and fires). They can also relate to longer-term shifts (chronic) in climate patterns (e.g. sustained higher temperatures) that may cause sea level rise and chronic heat waves.

<sup>2</sup> Transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change, which may pose varying levels of financial and reputational risks.



**Metrics and Targets**

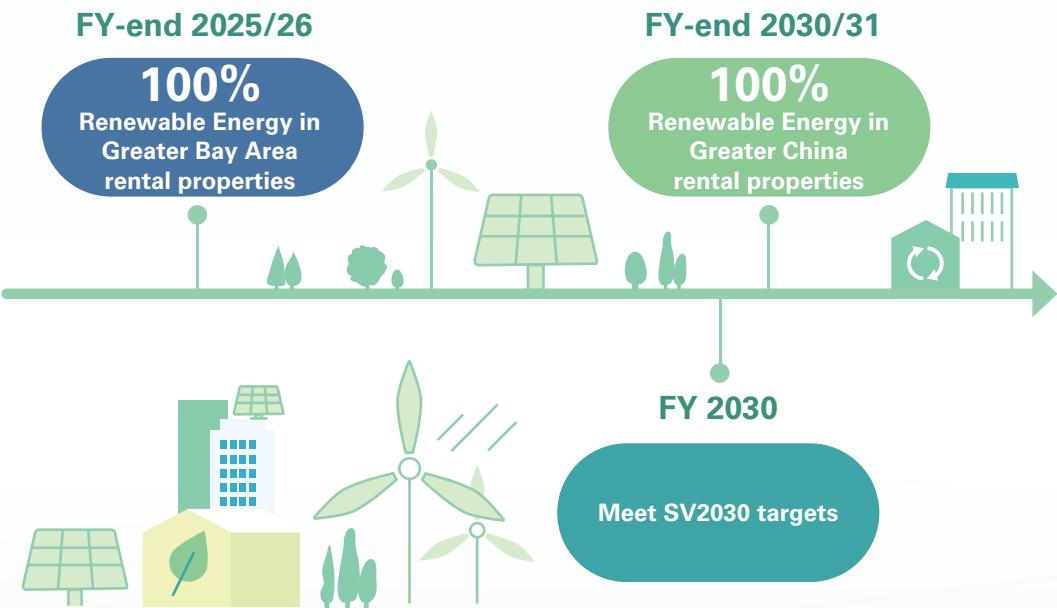


As part of the Group-wide SV2030, we are working towards a target to halve energy intensity and carbon emissions intensity against a FY2015 baseline, respectively. Target performance is detailed in the next section.

In February 2021, NWD became the third real estate company in Asia to have joined the “Business Ambition for 1.5°C,” a campaign led by a global coalition of United Nations agencies, business and industry leaders for climate change under the Paris Agreement, and joined the Race to Zero. We will declare our SBT for NWD’s core businesses of buildings and construction by Q1 2023 to contribute to limiting global warming to 1.5°C, which include a reduction target on Scope 3 emissions from the embodied carbon in construction materials and the energy usage of tenants. These reduction targets are expected to be achieved by NWD by 2030. In FY2022, we will continue to track and start to reduce Scope 3 emissions, with details in the section, “Collaborating with Supply Chain Partners.”



In FY2021, we also launched a RE Roadmap to support the transition to a low-carbon economy through Scope 2 carbon emissions reduction, charting a path towards adopting 100% renewable energy in our GBA rental properties by end of FY2025/26 and expanding the renewable energy portfolio to the rest of Greater China rental properties by end of FY2030/31. The Roadmap sets out our intentions to incorporate onsite renewable energy installations into new and existing buildings wherever possible, procure offsite renewable energy by securing long-term Power Purchase Agreements and purchase renewable energy certificates to support the wider renewable energy market development.



# Corporate Sustainability | Supporting the Transition to a Greener Future

## Driving Decarbonisation

### MATERIAL ISSUES

- Innovation
- Energy Efficiency and Carbon Reduction

NWD has continued its progress towards its Group-wide SV2030 targets for carbon emissions and energy intensity, achieving a 33% and 20% reduction, respectively, in FY2021, against our FY2015 baseline. Aligning with our Group strategy of further unlocking value for shareholders through the disposal of non-core assets, NWSH fully disposed of its non-core transportation business in FY2021<sup>1</sup>. As a result, the environmental and revenue figures related to the disposed assets have been removed from FY2021 intensity calculations, and the same has been done to historical intensity figures to provide better context of our progress. The carbon reduction trajectory has also been updated accordingly. The historical environmental data continue to be available on our website.

While the total energy consumption of our Sustainability Reporting Scope<sup>2</sup> increased in FY2021 as compared to FY2020 due to business recovery in the aftermath of COVID-19, our consumption is in line with FY2019 levels despite an expanded scope, thanks to our efforts in enhancing energy efficiency of in-scope buildings. Due to ongoing grid decarbonisation at our business locations, total carbon emissions in FY2021 decreased despite the increased energy consumption. Similarly, for the SV2030 Green Targets Scope<sup>3</sup>, grid decarbonisation also resulted in a more significant reduction in carbon emissions intensity than energy intensity.

Scope 3 emissions, such as tenant operational emissions and embodied carbon in construction materials, typically account for over 85% of a corporate real estate company's entire carbon footprint<sup>4</sup>. The World Green Building Council states that operational emissions (from energy used to heat, cool and light buildings) account for 28% of global carbon emissions, while 11% comes from embodied carbon emissions, or "upfront" carbon, that is associated with materials and construction processes throughout the whole building lifecycle. For this reason, NWD is taking efforts to understand tenant energy consumption and track embodied carbon, in line with our aim to set SBT by Q1 2023.

### FY2021 Performance of SV2030<sup>3</sup> Compared to FY2015

#### Carbon emissions intensity

(tCO<sub>2</sub>e/million HK\$ revenue)  
(FY2030 target: ↓ 50%)

↓ 33%



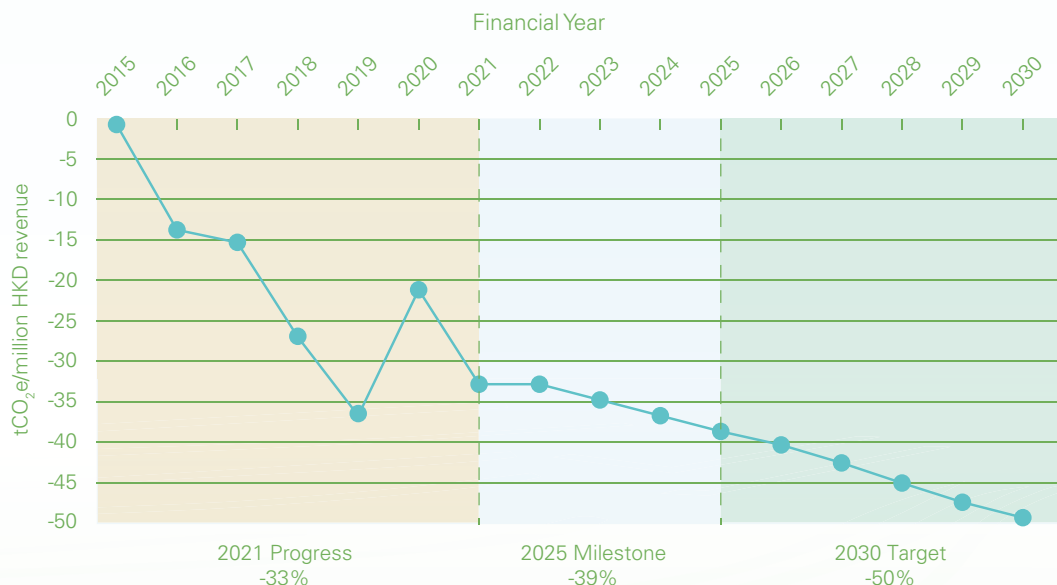
#### Energy intensity

(MWh/million HK\$ revenue)  
(FY2030 target: ↓ 50%)

↓ 20%



### SV2030 Carbon Emissions Intensity Reduction % Against Baseline Year FY2015



<sup>1</sup> New World First Bus (NWFBS) and New World Citybus (NWCBS): 100% disposed of on 21 August 2020 (FY2021); and New World First Ferry (NWFBS): 60% disposed of on 4 May 2020 and 100% fully disposed of in FY2021.

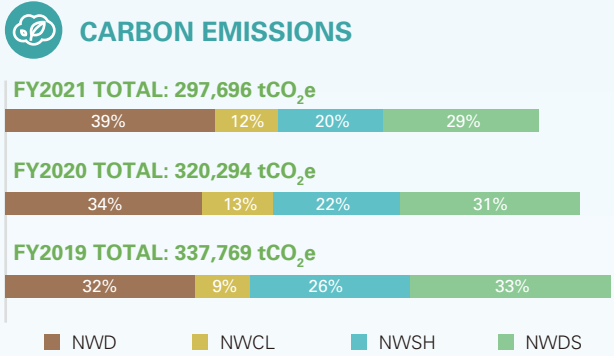
<sup>2</sup> Sustainability Reporting Scope covers NWD's businesses over which NWD has majority financial ownership and operational control.

<sup>3</sup> SV2030 Green Targets focus primarily on key businesses with more mature performance data and over which we can exert operational influence for developing environmental impact reduction roadmaps, and are a subset of our Sustainability Reporting Scope.

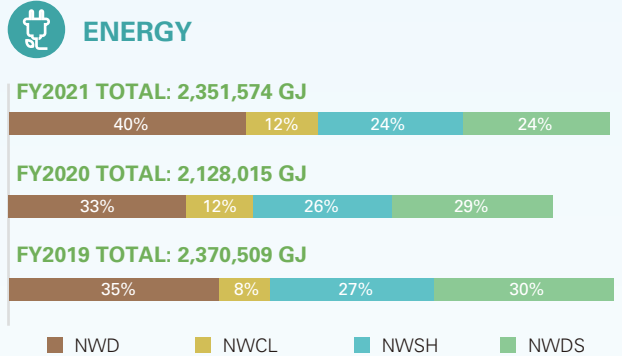
<sup>4</sup> Guide to Scope 3 Reporting in Commercial Real Estate, UK Green Building Council, July 2019.



### Sustainability Reporting Scope<sup>1</sup> – Total Carbon Emissions



### Sustainability Reporting Scope<sup>1</sup> – Total Energy Consumption



In the future, in line with our RE Roadmap to support the transition to a low-carbon economy, we will promote a systematic process for investigating, analysing and optimising the performance of existing building systems, to ensure the highest energy efficiency standards across all our portfolio to reduce energy usage, and incorporate onsite renewable energy installations into new and existing buildings wherever possible. We are also gradually installing sub-meters to track tenants’ energy consumption in an effort to improve whole-building energy efficiency.

#### NWCON: Designs for Decarbonisation

All NWCON construction sites have installed the newly invented Differential Pressure Pump Systems to reduce energy consumption related to water supply and use. Whereas traditional water pump systems have a fixed speed for supplying pressurised water, this system responds to demand, such that the pump is only in operation when water is required. This has been shown to reduce the energy consumption by 40% and operation costs by 30%, compared with traditional systems. Additionally, NWCON

has deployed Enertainer, an energy storage system, as a pilot to reduce the use of site-level biodiesel generators and Scope 1 emissions.

#### NWD & NWCL: Enhancing Energy Efficiency of Sustainable Buildings

Our Sustainability Building Policy demonstrates our commitment to embedding sustainability considerations into the full building lifecycle. For existing buildings, we encourage the application of sustainable building and energy certifications and the adoption of best practices to improve energy consumption efficiency. We conduct regular building audits and inspection, and perform retro-commissioning to enhance energy efficiency, contributing to decarbonisation efforts. NWCL recently implemented a number of energy management and efficiency measures, including Heating, Ventilating and Air Conditioning system upgrades, adoption of water pumps with variable speed drive, mobile app-friendly smart landscape lighting control and renewable energy.

### Sustainable Tenancy Pledge

Launched by K11 in FY2019, the Sustainable Tenancy Pledge (the “Pledge”) was Hong Kong’s first voluntary programme to empower office and retail tenants to reduce environmental impact and promote adoption of sustainable practices. A mix of office and retail tenants including F&B tenants have joined the Pledge.

At K11 ATELIER King’s Road, our Grade A office building in Hong Kong, 80% of leased floors have joined the Pledge. In FY2021, we extended our offerings to tenants at Guangzhou K11 ATELIER and have plans to further expand to other parts of Greater China. In FY2021, pledged tenants accumulated approximately HK\$150,000 in modelled electricity bill savings from lower energy usage, an important highlight for our Scope 3 emissions reduction and a testament to our sustainable practice sharing and smart energy meter installation contributing to sustained behavioural change. These positive outcomes will prepare us for green lease discussion with our tenants.



<sup>1</sup> Sustainability Reporting Scope covers NWD’s businesses over which NWD has majority financial ownership and operational control.



**MATERIAL ISSUES**

- Climate Change Actions
- Water Conservation

One of the water-related risks in Hong Kong is flooding, particularly during intense storms. The city ranks fifth among Asian cities as most at risk from higher sea levels<sup>1</sup>, following only Tokyo, Macau, Nagoya and Taipei. The estimated direct economic loss to Hong Kong of Typhoon Mangkhut in 2018, drawing on data from government departments, public utilities, organisations and insurance claims, is about HK\$4.6 billion<sup>2</sup>.

In Mainland China, water stress is a major risk<sup>3</sup>, due to low water levels and very high levels of demand. Northern China region often suffers water scarcity throughout the year, whereas Southern China region, despite sufficient quantities, experiences seasonal water scarcity due to inadequate quality, caused by extensive pollution. Climate

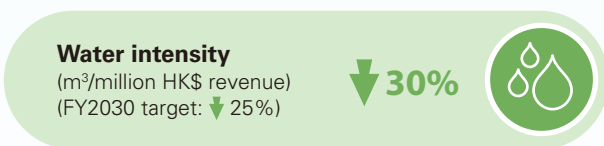
change is likely to increase seasonal variability, creating a more erratic and uncertain water supply, thus exacerbating problems in already water-stressed areas and potentially generating water stress at places where it has not yet been a recurring phenomenon<sup>4</sup>.

Action to increase water efficiency is therefore a priority area under SV2030 and guided by our Water Policy. NWCON has set the target to reduce water intensity by 25% by FY2030, against a FY2015 baseline. In FY2021, NWCON's water intensity reduction performance was 30%. While this demonstrates our efforts in managing our water consumption, we will continue to implement water reduction measures to ensure sustained performance through the years.

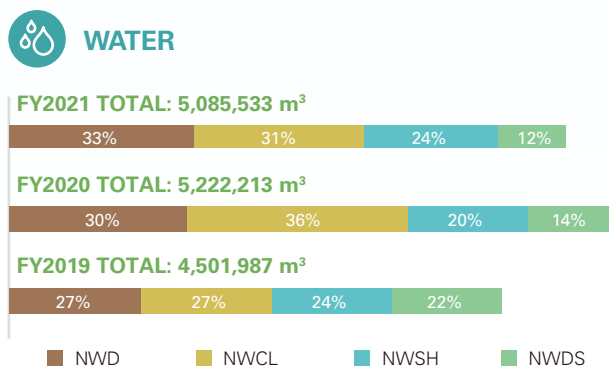


Visit our website for details of our Water Policy

**FY2021 Performance of SV2030<sup>6</sup> Compared to FY2015**



**Sustainability Reporting Scope<sup>7</sup> – Total Water Consumption**



New World Canton Centre, The New Canton Mansion<sup>5</sup>, as well as Qianhai CTF Finance Tower, two projects funded by our 2018 Green Bond, are designed to offer estimated annual potable water savings exceeding LEED baseline performance by over 40% and over 45%, respectively.



New World Canton Centre, The New Canton Mansion

<sup>1</sup> China Water Risk, Surviving Rising Seas – 20 APAC Cities: Who's Ahead & Who's Behind  
<sup>2</sup> Assessment of the damages and direct economic loss in Hong Kong due to Super Typhoon Mangkhut in 2018.  
<sup>3</sup> World Resources Institute, China's Water Stress is on the Rise.  
<sup>4</sup> UN-Water, The United Nations World Water Development Report 2021: Valuing Water.  
<sup>5</sup> Formerly known as "New World Zengcheng Comprehensive Development Project."  
<sup>6</sup> SV2030 Water Target covers NWCON only and is a subset of our Sustainability Reporting Scope.  
<sup>7</sup> Sustainability Reporting Scope covers NWD's businesses over which NWD has majority financial ownership and operational control.



Further to Canton First Estate's "sponge city" pilot, we have adopted this water-related design strategy at more projects to redistribute water and tackle flooding. For example, Ningbo New World in Mainland China will feature a bio-retention pond, a rainwater garden, permeable pavements and an ecological rooftop. Collectively, these features would contribute a water retention capacity of approximately 1,800 m<sup>3</sup>, while helping delay the peak discharge during flooding by 10-15 minutes.

We are finalising our Climate Resilience Design Guidelines, which will integrate various climate mitigation and adaptation measures into new developments, major refurbishment and construction activities, covering the full property lifecycle. In addition to the measures for addressing flood risk and water stress mentioned above, we will focus on prevention and mitigation training for construction site workers, more preventative designs, among others. Floodgate installation works commenced in FY2021, and further installation works are under progress, covering more selected sites.

In parallel, we are improving the water efficiency and resilience of our existing properties. NWCL has installed and improved rainwater and freshwater recycling systems at selected sites in the Southern China region, including rooftop rainwater harvesting and the collection of wastewater generated during drinking water purification processes for the purpose of basic cleaning and irrigation.

In addition to continuing our water efficiency and resilience efforts, we will also continue to collect more comprehensive water data for preparation of setting a Group-wide water target in the future.





# Corporate Sustainability | Supporting the Transition to a Greener Future

## Diverting Waste from Landfill

### MATERIAL ISSUES

- Waste Reduction and Recycling
- Responsible Supply Chain Management

In 2020, Mainland China amended its Solid Waste Law stipulating that entities generating industrial solid wastes shall establish and improve their environmental pollution prevention and treatment accountability systems and adopt measures to prevent and treat environmental pollution by industrial solid waste.

### FY2021 Performance of SV2030<sup>1</sup> Compared to FY2015

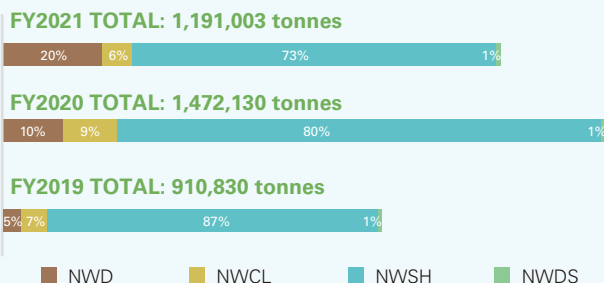
**Waste-to-landfill intensity**  
(tonnes/million HK\$ revenue)  
(FY2030 target: ↓ 15%)



### Sustainability Report Scope<sup>2</sup> – Total Non-hazardous Waste Generated



#### WASTE



Our Waste Management Policy helps to guide the Group in its efforts in waste reduction and diversion. In addition, NWCON set a target to reduce its waste-to-landfill intensity by 15% by FY2030 against a FY2015 baseline. In FY2021, NWCON's waste-to-landfill intensity was 59%. While this demonstrates our efforts in waste management, we will continue to tackle waste generation through a number of initiatives to ensure sustained performance through the years. One of these is the application of building information



Visit our website for details of our Waste Management Policy

modelling ("BIM") for design simulation to reduce use of paper and wastage of materials, facilitated by the web-based platform Construction Information Anywhere ("CIA"), which supports project management, cost management and programme management across multi-stakeholder projects. NWCON has adopted CIA for all its projects, leading to an estimated 10 tonnes of paper savings.

NWCON is able to further reduce its paper waste with Flex Workflow, a Business Process Management Solution. It has used Flex Workflow to generate over 80 internet-based workflow management solutions, computerising business processes for better collaboration in line with approval processes. E-forms enable decisions to be approved without paper usage, reducing paper usage by an estimated one tonne.

We also closely monitor waste management-related regulations and trends at our wider business locations, including HKSAR's Municipal Solid Waste Charging Scheme and circular economy principles, while supporting waste reduction collaborations across our business ecosystem. Instances include:

- **Plastic Waste Collection and Upcycling Campaign with K11 MUSEA Tenants**

We engaged social enterprise V Cycle via Impact Kommons and K11 MUSEA tenants on a plastic waste collection and upcycling campaign. During the three-month campaign, V Cycle collected approximately 150 kg of plastic waste from participating tenants, which was processed and upcycled to produce umbrellas, promoting a circular economy model. In addition to



<sup>1</sup> SV2030 Waste-to-Landfill Target covers NWCON only and is a subset of our Sustainability Reporting Scope.

<sup>2</sup> Sustainability Reporting Scope covers NWD's businesses over which NWD has majority financial ownership and operational control.





diverting and upcycling the plastic waste, V Cycle employed underprivileged elderly waste pickers to sort and process the plastic waste, thereby creating employment opportunities in a safe environment and cultivating community for the disenfranchised in the process. We are extending the campaign in response to positive feedback from our participant satisfaction survey.

• **Recycling Incentive Programme at D-PARK**

Two reverse vending machines have been installed at D-PARK in Tsuen Wan, recovering beverage containers from customers for sorting and recycling. This initiative was made possible through a partnership with an Impact Kommons startup. As of 30 June 2021, approximately 650 kg of recyclables were collected over a five-month period and diverted from landfill. In addition to providing a reputable collection point for recyclables and encouraging a more sustainable lifestyle, participants are rewarded DP Club points for redemption of benefits and products. As of 30 June 2021, over 11,500 DP Club points were collected. We hope to encourage a habit of recycling through this pilot.

• **Wood Waste Upcycling and Re-use by Hip Hing Construction of NWSH**

In a pilot partnership through Impact Kommons, Hip Hing collected and diverted 2,250 kg of wood waste from a project site to a startup for processing and upcycling into construction materials and products. Hip Hing also rented upcycled wooden hoardings from the same startup for use at a construction site. After the rental period, the startup collected the hoardings to adapt and re-use in their future hoarding projects, thereby avoiding the usual practice of single-use hoardings.

• **Minimise Single-use Plastics at Mainland Department Stores**

From 2021 onwards, NWDS only provides customers with plastic bags or single-use plastic items upon request. Certain stores also offer biodegradable or paper bags in lieu of traditional plastic ones, advancing our efforts to reduce the amount of waste produced and conveying our commitment to sustainability.

• **Smart Recycling at Mainland Residential Projects**

Several smart recycling machines have been deployed at three NWCL residential properties in Southern China region, enabling convenient drop-off of recyclables, including plastics, metals, textiles and paper, for residents and the neighbouring community. Its automatic weighing function and interconnected mobile application allow users to record their recycling history and immediately be rewarded with mobile payment for their sustainable habits. The weight of recyclables collected totalled nearly 45,000 kg. We hope to encourage a habit of recycling through this pilot and scale this solution in the future.



Smart recycling machines at NWCL residential projects

In FY2022, we plan to establish Group-wide waste targets, after completing a baseline assessment.

# Corporate Sustainability | Supporting the Transition to a Greener Future

## Conserving Biodiversity



### MATERIAL ISSUES

#### • Use of Materials and Biodiversity

Biodiversity plays a critical role in climate mitigation, as well as in other critical elements of human life, from food security and nutrition to the provision of clean water. The COVID-19 pandemic has also reminded us of the profound implications of the loss and degradation of natural ecosystems. Across the world, biodiversity levels are in free fall, according to the United Nations' 2020 Global Biodiversity Outlook report.

NWD recognises that biodiversity is a growing concern for key stakeholders, reflected in the recent launch of the Task Force on Nature-related Financial Disclosures ("TNFD") and the alignment of the Science Based Targets Network with the Convention on Biological Diversity's Post-2020 Framework. Our Biodiversity Policy outlines our commitments to:

- Comply with or perform beyond relevant statutory requirements
- Conduct ecological assessments at the pre-development stage where practicable
- Enhance site selection process and identification of no-go situations, and avoid protected areas, including World Heritage areas and International Union for Conservation of Nature Categories I-IV



- Minimise any potential adverse impact of operations on biodiversity through adopting more sustainable use of natural resources certified by recognised standard (e.g. FSC and PEFC) and where practicable, promoting ecosystem restoration
- Minimise habitat disturbance, degradation and indirect effects of operations
- Promote biodiversity awareness among stakeholders
- Collaborate with external stakeholders to fulfil our commitments and support relevant programmes related to biodiversity



Visit our website for details of our Biodiversity Policy



To give a couple of examples of our Biodiversity Policy in action:

- Since 2020, all temporary wood used by NWCON and Hip Hing are certified by the Forest Stewardship Council ("FSC") and the Program for the Endorsement of Forest Certification schemes ("PEFC")
- In FY2021, NDP at K11 MUSEA and the School of Biological Sciences of The University of Hong Kong co-developed the online Eco-leadership Programme, which aims to introduce the ecological importance of biodiversity. Participants have the opportunity to learn about the direct resources insects provide to humans, as well as the influence these species have in science and the art world
- In FY2021, NDP also launched the "Little Nature Ambassador Programme" in partnership with The Jane Goodall Institute Hong Kong to nurture a new generation of sustainability changemakers. Through a multi-sensory learning kit, the programme highlights the uniqueness of biodiversity in Hong Kong, offers practical tips to protect the environment in everyday life and cultivates empathy and confidence in children through lessons taught using sign language and tactile learning. The programme has been adapted to several summer camp series, which were held at NDP in July and August 2021

We have also updated our Sustainable Procurement Policy and Supplier Code of Conduct to include biodiversity considerations in our procurement practices, including the prevention of loss in biodiversity and degradation of the natural environment where applicable.



Visit our website for details of our Sustainable Procurement Policy and Supplier Code of Conduct





# Collaborating with Supply Chain Partners

## Supply Chain Management

It is crucial for NWD to engage suppliers and build their capacity for best practices in ESG, not only to support our pursuit of SBT, in which reduction of Scope 3 emissions is critical, but more importantly for our longer term vision of achieving net zero carbon. We are including ESG factors in all aspects of supply chain management, from due diligence and tendering, to performance review, and trainings. We have a total of 1,665 suppliers, 758 from Hong Kong, 866 from the Mainland and 41 from other regions.

NWCON conducts performance appraisals on its contractors annually. Appraisals cover six parameters for satisfactory performance, such as Quality, Health and Safety Performance, Environmental and so on. If the performance of a contractor is unsatisfactory, a review meeting will be held by the Senior Management Committee (“SMC”) and Project Department. Further actions include suspending tender invitation for a period as decided by SMC and removing the contractor from the approved contractors list.

To support suppliers’ efforts with this process, we provide quality assurance training and details of our environmental and social requirements. Our Group Sustainability Policy, Sustainable Procurement Policy and Supplier Code of Conduct are the overarching policies to standardise our practices. NWCON and Hip Hing ask for certificates, including ISO 9001 (quality management), ISO 14001 (environmental management) and OHSAS 18001/ISO 45001 (occupational health and safety management) when registering new suppliers. In addition, NWCL is adopting the ISO 14001 and ISO 45001, imposing relevant environmental and health and safety (“H&S”) requirements on its suppliers. The ERM system we are finalising will factor in supply chain risks and help us monitor external audits and due diligence for suppliers. For NWCON, 25% and 20% of its contractors have obtained ISO 14001 and OHSAS 18001, respectively.



Reducing our Scope 3 emissions depends in large part on our suppliers and our approach to sustainable procurement. Our first step is to engage suppliers to capture sufficient data to set a baseline for Scope 3 emissions, so that we can work to improve on it. In Hong Kong, we are tracking data on embodied carbon using the Construction Industry Council (“CIC”) Carbon Assessment Tool, while our construction arm in Mainland China is engaging suppliers to obtain embodied carbon footprint data.

To drive Scope 3 improvements across our supply chain, we are also working to add a tender requirement to provide building materials with a quantified embodied carbon footprint. For those building materials without available primary data, we make reference to the National Standard for Building Carbon Emission Calculation (GBT 51366-2019). We engage suppliers of construction materials and encourage them to review their production process and raw material selection according to their own procedures, so that they can help to identify opportunities for innovation to reduce the embodied carbon. Consequently, a few product mixes by one of our key concrete suppliers have obtained certifications under the CIC Green Product Certification, demonstrating embodied carbon reduction.

## Sustainable Procurement Charter

As a founding member of Green Council’s Sustainable Procurement Charter in Hong Kong, NWD has satisfied the criteria for Sustainable Procurement Charter Levels 1 and 2, demonstrating mature performance. The Sustainable Procurement Charter is recognised by the United Nations’ One Planet Network as one of the initiatives to support SDG 12 on responsible consumption and production, with reference to ISO 20400 Sustainable procurement – Guidance. Its eight themes include high-level management commitment, capacity building and stakeholder engagement, green procurement, lifecycle costing application and so on. Guided by the Sustainable Procurement Charter, all employees in charge of purchasing were trained to foster sustainable procurement.



Visit our website for details of our updated Sustainable Procurement Policy, which includes our commitments to prioritise suppliers/contractors with internationally-recognised ESG management systems



# Corporate Sustainability

## Innovating the Customer Journey



### MATERIAL ISSUES

- Innovation
- Community Development and Engagement
- Customer Wellness, Health and Safety

### Engaging Customers through Innovation

CSV is at the heart of our corporate mission and our goal to create an innovative ecosystem for the next generation. Our 17 BUs work with over 400 partners to cover all aspects of a customer's daily life. Achieving high levels of satisfaction and repeat customers means understanding the needs of the communities where we operate. We therefore make significant efforts to engage and listen to them through a wide variety of means, such as customer satisfaction surveys and stakeholder surveys.

Another focus of our engagement is tech-optimised Customer Relationship Management ("CRM") solutions that leverage AI and big data. The better we know our customers, the more we can make pin-pointed recommendations and develop tailored experiences, helping to retain their interest in our ecosystem. We offer personalised programmes via platforms such as our digital shopping app K11 Go and our digital lifestyle guide K11 App, as well as rewards through our ecosystem currency K Dollar. As members of KLUB 11 earn KLUB points, their ability to earn and burn K Dollars increases. Cross-business spending has increased by as much as 17 times since the launch of this programme.

### Safeguarding Customer Rights and Interests

Quality and sustainability are top priorities in every product, building and service we develop. Alongside developing WELL-certified buildings such as K11 ATELIER King's Road (WELL Certified™ Platinum building) and Qianhai CTF Finance Tower (Gold level precertification), we also prioritise sustainability-related products and services such as NDP and K11 KULTURE ACADEMY. Also, we conducted tenant satisfaction surveys in FY2021. In particular, New World Tower tenants' satisfaction rate reached 100%. There were fewer than 3,000 valid complaints, and complaints were handled in a timely manner.

We adhere strictly to relevant legislation relating to responsible marketing, advertising and sales, and take data privacy and cybersecurity very seriously. Over 1,000 employees have attended training for responsible marketing. To protect our customers and communities, cybersecurity training is mandatory for all our employees. The training builds awareness of common cyber risks, increases familiarity with NWD's data protection tools and resources, and offers security tips, from recognising phishing emails, to ensuring secure access to all online activities including email, virtual meetings and file sharing.

Details of our commitment to responsible marketing, advertising and sales can be found in our Sustainable Building Policy



**The solutions and technologies selected this year will not only promote the sustainable development of Hong Kong, but also help society and the business community in adapting to the 'new normal' after the pandemic. We sincerely look forward to cultivating these solutions from the collaboration between the Group and our impact-driven startups.**

**– Dr. Adrian Cheng, Executive Vice Chairman and CEO**

## Creating a Smart, Safe and Healthy Experience for All

Creating and supporting environments and experiences that not only safeguard our communities from health risks but also contribute to their current and future well-being is a core element of SV2030, and one that particularly resonates with our stakeholders in the COVID-19 recovery.

We are always looking for smart, new ways to enhance wellness, and partnering to scale solutions as well as IP and co-IP opportunities when suitable. As of 30 June 2021, we have 178 active patents granted since FY2015.

### Impact Kommons Nurtures Tech Startups to Battle the Pandemic

Impact Kommons, Hong Kong's first UN SDGs-focused accelerator, has welcomed 19 startups to the programme through two cohorts since FY2020 and successfully completed 26 B2B integrations between the startups and New World Group businesses.

We are pleased to see that some of the technologies we cultivated have helped in battling the pandemic, which supports our mission of CSV for all stakeholders.

#### Contactless Delivery at K11 ATELIER Victoria Dockside

Rice Robotics developed an autonomous robot that can deliver food, documents and products with a focus on the catering, hospitality, office and retail space sectors. The use of robots can reduce human contact in a pandemic, maximising safety while supporting access to key goods and services. Rice Robotics' technology is already in use at various NWD and K11 premises.

#### Deep Sanitisation at K11 MUSEA

Rice Robotics also developed automated sanitisation robots, armed with sterilising solution that's proven to eliminate 99.99% of germs and viruses, including COVID-19. A team of sanitisation robots was brought into K11 MUSEA to sterilise the cultural-retail centre during operating hours, protecting both shoppers and frontline workers from infection risk. Additional robots also spray antiviral coating throughout the premises every seven days.

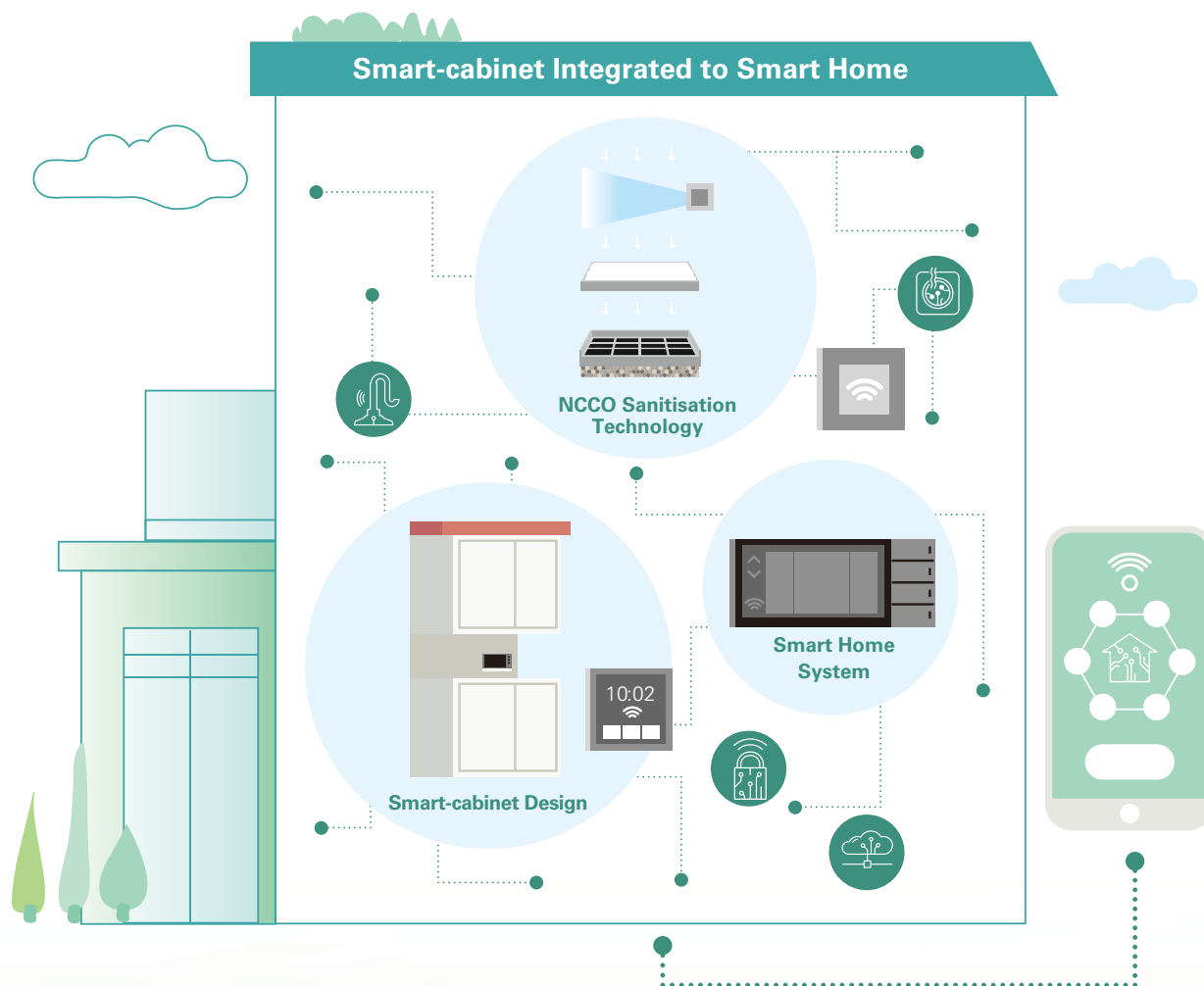
While these robots have been especially helpful for our operations in battling the pandemic, we expect to continue deploying robots to assist in operations and safeguard our communities. We are partnering with Rice Robotics to develop another model specifically to serve our K11 communities, further echoing our frontline obsession, and have committed to deploying a further 60 robots beyond the initial K11 MUSEA sanitisation team.





COVID-19 also emphasised the importance of digital experiences for customer engagement and long-term business resilience. Through our apps and digital offers, we aim to educate our customers and communities about sustainable lifestyles, as well as enhance their retail and entertainment experiences. For instance, NDP's first iteration of the "Little Nature Ambassador Programme" had both online-only and online-and-offline hybrid options in response to COVID-19 restrictions. We believe that nurturing a new generation of sustainability changemakers is of the utmost importance, and have therefore devoted extra efforts to adapt our offerings to suit changing regulations.

NWCL is also using smart technology to improve the working lives of building tenants and residents. NWCL has also completed the construction or refurbishment of nine smart carparks, covering around 268,000m<sup>2</sup> floor area. These carparks offer digital and automatic payments, easy identification of parking vacancies and effective traffic flow control, both saving time and reducing stress for busy professionals, and cutting costs through efficient facility management. Additionally, NWCL has developed a "smart-cabinet," integrating shoe sanitisation using Nano Confined Catalytic Oxidation ("NCCO") into the Smart Home System by LifeSmart.



# Corporate Sustainability

## Growing with Our People

The Group has 18,522 employees<sup>1</sup>, mainly located in Hong Kong and the Mainland. Our people development strategy is focused on inculcating and promoting intrapreneurship, ownership, employee empowerment, further enhancing the Group's competitive edge.

### Attracting and Developing Changemakers

Our future depends on attracting and retaining talent, and, as an equal opportunity employer, we are committed to diversity and inclusion in our recruitment and talent development processes. In March 2021, we hosted the first private sector job fair "Create Jobs · Spark Hope" since the pandemic in Hong Kong, which attracted over 10,000 applicants for nearly 1,000 job opportunities across our business ecosystem, covering a broad range of sectors from sustainability, digital and construction, to culture, sports and hospitality. We hope these jobs can give new impetus to the economy in the COVID-19 recovery.



We prioritise demonstrating appreciation to our employees, as well as offering training and development. In FY2021, we launched video clips under the Adrian Cheng Academy for talents with high potential. The clips cover topics such as leadership and standard of excellence, growth mindset, strategy and culture, and the importance of a "can-do" attitude. In addition, employees can participate in small-group online interactive workshops led by Dr. Adrian Cheng. Also, an initiative called "I Can Chair" was launched, empowering employees from different seniority to chair meetings, equipping them with the skills to facilitate and guide a constructive discussion. These initiatives encourage employees across all BUs to deepen their understanding of our work, live out the culture and build collaborations across the ecosystem.

<sup>1</sup> Figure is under Sustainability Reporting Scope.



**MATERIAL ISSUES**

- Talent Management
- Diversity and Equal Opportunities

Training on ESG and innovation is mandatory at all levels of the Group, including 100% of employees and management, up to Board level. As an example, the May 2021 Learning Journey series included e-learning tools to familiarise employees with our sustainability and environmental policies, followed by a quiz, and a panel discussion demonstrating business excellence towards SV2030, sharing case studies from across project teams. In addition to the Group-wide training programme, individual BUs also organise their own. For example, NWCL organised two special training camps to strengthen creativity and artisanal spirit in CSV. NWDS upgraded their new e-learning tool Cloud Academy to support cloud-based training.

Our annual employee appraisal is an essential part of our employees' understanding of their performance and potential growth. Our key approaches include a 360-degree assessment and setting Objectives and Key Results ("OKR") to ensure a fair assessment of the performance of our employees and encourage the setting of ambitious goals that are aligned to the Group's priorities. SV2030 KPIs, such as green targets, the number of sustainability events organised or attended, and other measurable goals are established for the Group, departments and individual employees. These KPIs performance are also considered in year-end appraisal and bonus calculation. Also, the Group places emphasis on collecting VOC from employees. In FY2021, the Group's voluntary turnover is 12.5%.

### Average Training Hours

**19.6** hours per employee



### Sustainability-related Training Hours

(↑ 11% from FY2020)

**13,749** hours 

ESG training and quiz coverage:

**100%** employees



# Corporate Sustainability | Growing with Our People

## Creating a Diverse and Inclusive Workplace

The Company is committed to treating all our stakeholders with dignity, fairness and respect. All NWD companies follow our Human Rights Policy, which references the principles embodied in the Universal Declaration of Human Rights, the International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact’s principles on Human Rights, the United Nations Guiding Principles of Business and Human Rights and the UN SDGs, and commits to complying with all applicable laws and standards.



Visit our website for details of our Human Rights Policy

Our Supplier Code of Conduct is aligned with this Policy and applies to our corporate supply chain partners such as suppliers, contractors, subcontractors, vendors and service providers. It states that all employees of suppliers should be treated with respect and dignity, and not be subject to discrimination in hiring, compensation or discipline on the basis of gender, age, religion, race, sexual orientation, disability, disease, marital status, pregnancy or political affiliation.

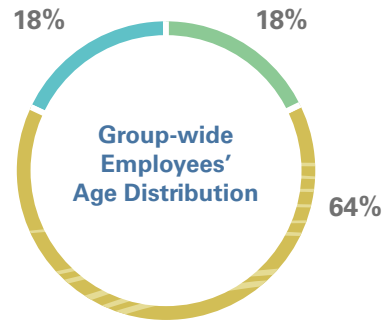
NWD is the first real estate holding and development company in Hong Kong to endorse the UN Women’s Empowerment Principles. We aim to achieve a higher level of gender diversity on our board, while also promoting diversity in terms of age, family status, background and expertise in our workforce. We disclose gender diversity of the Board and workforce, and monitor various diversity indicators, including gender pay gap. NWD is the signatory of The Racial Diversity & Inclusion Charter for Employers, governed by Equal Opportunities Commission, Hong Kong supporting the principle of racial diversity.

As at 30 June 2021, 45% of our workforce and 21% of our board is female, and the average gender pay ratio between male and female employee is 1.17.

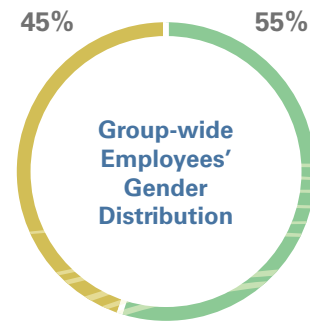
As a caring employer, we observe the Employment (Amendment) Bill 2019 from the HKSAR Government, which highlights the importance of parental leave. We introduced a five-day full-paid paternity leave in FY2018, ahead of the statutory requirement, and increased maternity leave from 10 to 14 weeks in FY2020.

**MATERIAL ISSUES**

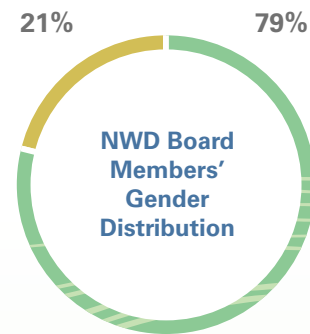
- Talent Management
- Diversity and Equal Opportunities



■ Under 30 years old ■ 30-50 years old ■ Over 50 years old



■ Male ■ Female



■ Male ■ Female

## Corporate Sustainability | Growing with Our People

# Promoting Employee Wellness

Well-being at work is of utmost importance to the Group, in line with our SV2030 pillar of Wellness. The Group regards workplace wellness, H&S as the key determinants of employee satisfaction, productivity and, ultimately, organisational performance. In FY2021, the Group recorded Lost-time Injury Rate (per 100 employees) (“LTIR”) of 0.5, down 64% compared to FY2020. We place a great emphasis on minimising H&S related risks, as far as practicable, as well as fostering a working environment that promotes and supports physical and mental health.



Visit our website for details of our Health and Safety Policy

Our Health and Safety Policy applies to all employees, contractors, tenants and visitors on the Group’s premises and sets out our commitment to:

- Comply with all applicable laws and regulations
- Meet industry-specific standards or reference best practice, including procurement
- Provide job-specific guidelines and training to employees and contractors, and assess the performance of contractors and suppliers regularly
- Be proactive and transparent in reporting and investigating incidents
- Maintain a safe environment for tenants and visitors
- Promote employees’ health and well-being through programmes and information
- Strive for zero fatalities and maintain the SV2030 target of LTIR at or below 3.0 per 100 employees each year

To support the enforcement of this policy, registered safety officers conduct H&S training regularly to our employees and contractors at all construction sites and issue safety inspection reports. Hazard identification and risk assessment are conducted based on standardised procedures covering hazard identification, mitigation measures, hazardous materials assessment and audit to safeguard employees’ health.

### MATERIAL ISSUES

- Employee Wellness and Engagement
- Occupational Health and Safety

In FY2021, we launched a new Employee Assistance Programme, offering a counselling service provided by the Hong Kong Family Welfare Society to all employees, accessible through face-to-face meetings, hotlines and email. The service covers all aspects of mental well-being, from family relationships to financial management, parental stress, and more. Additionally, we launched our “WeCare Health Talks” series to disseminate wellness tips on improving sleep quality, managing stress, stretching and meditation.

We also ensure contractors have access to similar services. For instance, NWCON has assigned Caring Ambassadors to each project, providing counselling to employees and contractors to reduce stress, with a hotline for ongoing support. Moreover, over 20 learning videos about wellness, safety and the environment have been added to an internal smart office mobile application accessible to contractors.

To minimise the risks of COVID-19 to our workforce and promote employee wellness, we offered on-site vaccination to employees. We also invited a specialist doctor from Gleneagles Hospital Hong Kong to deliver a webinar to facilitate understanding of the vaccination, explaining how it works, how to interpret any side effects, future trends and development. Fully vaccinated employees are entitled to two days of paid leave. In addition, the Group offers free vaccination side-effects protection through FTLife Insurance to all employees in Hong Kong and Macau, which does not require pre-registrations or advance purchase.



# Corporate Sustainability

## Fostering Sustainable Communities



### Accelerating the COVID-19 Recovery

To protect Hong Kong residents from the virus and support the local economy, we developed a production line of face masks made in Hong Kong in a certified ISO class 8 clean room, under the initiative #LoveWithoutBorders. These disposable masks are hypoallergenic and latex-free, fluid-resistant to reduce exposure to droplets that may carry the virus, and available for children. We also invented the first “Mask-to-Go” dispensers in Hong Kong and have collaborated with 16 local non-profit organisations to distribute over 21 million face masks to low-income families since May 2020.



To accelerate COVID-19 recovery, we partnered with three NGOs, Hong Kong Lutheran Social Service, Society for Community Organisation and St. James’ Settlement, to encourage vaccination among grassroots families. 5,000 beneficiaries are eligible to receive a HK\$1,000 grant each through our vaccination subsidy initiative launched in June 2021.

Our insurance company FTLife recently launched an insurance package covering any side effects from the COVID-19 vaccine. The package is available to all new and existing customers, and includes medical consultations and a daily hospital cash benefit.

### Swift Response during COVID-19 Outbreak

In February 2021, a COVID-19 outbreak occurred at a F&B tenant in K11 MUSEA as the fresh air supply within its premises was lower than its license requirement. To safeguard the safety of our customers and employees, we voluntarily closed K11 MUSEA for six days for deep cleaning of all public areas and ventilation systems, while mandatory testing for all employees and tenants working onsite was arranged at the same time.

To facilitate the testing, three test stations were set up. All employees were tested twice and required to present a negative test result prior to returning to work. To thank our site employees, including outsourced service providers, cleaners and security guards, for the hard work and professionalism delivered during this challenging time, an “appreciation” cash bonus of HK\$3,800 was offered to each individual.

K11 MUSEA deployed 11 autonomous robots for deep sanitisation before reopening. Its indoor air conditioning system has been upgraded to MERV<sup>1</sup> 14 filters in addition to Ultraviolet Germicidal Irradiation (“UVGI”) and activated carbon filters, providing air standards comparable to hospital quality, which is above local facilities’ average. We are looking to standardise these air quality improvement strategies at more projects.



<sup>1</sup> MERV: Minimum Efficiency Reporting Values are derived from a test method developed by the ASHRAE (American Society of Heating, Refrigerating and Air-Conditioning Engineers) based on a scale of 1 to 20; the higher the MERV rating the better the filter is at trapping specific types of particles.





# Corporate Sustainability | Fostering Sustainable Communities

## Sustainability Education and Upskilling



Propagating sustainability, wellness, culture and art knowledge is echoing our CSV mission. K11 ATELIER ACADEMY has established three faculties in Soul x Body, Success x Differentiation and Culture x Creativity to launch various types of programmes, such as Full Body Stretching for Deep Relaxation & Stress Relief and Calorie-Torching High-intensity Interval Training. Moreover, K11 Art Foundation has embraced the paradigm shift to launch a wide array of online and offline programmes to connect with audiences across vast distances, e.g. Calligraphy Rhapsody – Retrospective Exhibition of Georges Mathieu virtual tour. Also, K11 Craft & Guild Foundation has organised various events to promote the Chinese traditional craftsmanship, e.g. Shanghai Architecture Festival: the Resurgence of Wooden Architecture Exhibition, and A Treasure Expedition in K11 ARTUS, Hong Kong.



Soul x Body programme, K11 ATELIER ACADEMY



"A Treasure Expedition" Exhibition at K11 ARTUS, Hong Kong

### MATERIAL ISSUES

- Community Development and Engagement

In all our projects we look for opportunities to educate and upskill, both among our workforce and contractors, and also more widely for the good of society. For instance, Hip Hing was one of the first to build a permanent high-rise in Hong Kong, using Steel Modular Integrated Construction ("MiC") technology, which improves site safety, increases speed, protects the environment by reducing waste, and enhances quality management. The InnoCell project is a smart living and cocreation space for the innovation and technology community at Hong Kong Science Park. InnoCell was awarded a commemorative plaque by the CIC for this successful pilot demonstration of MiC and for related knowledge-sharing. In a collaboration between NWSH and Hip Hing, secondary school students were invited to join two tours to visit the CIC BIM space to learn about innovative approaches to construction.



"The Resurgence of Wooden Architecture" Exhibition, Shanghai Architecture Festival





# Corporate Sustainability | Fostering Sustainable Communities

## Engagement for Positive Social Impact

As part of our Stakeholder Engagement Materiality Assessment, we asked external stakeholders which of our projects they perceive to have the greatest positive social impact. The top four projects recognised by the most stakeholders as having achieved “a great deal of impact” were:

- Our ambition to announce SBT by Q1 2023 to contribute to limiting global warming to 1.5°C
- Our target to achieve 100% renewable energy for all Greater China rental properties by the end of FY2030/31
- #LoveWithoutBorders, our mask production and CSV initiative
- Our “Create Jobs · Spark Hope” job fair, which attracted over 10,000 applicants for nearly 1,000 job opportunities across our ecosystem to give new impetus to Hong Kong’s economy in the COVID-19 recovery



Aligning with our stakeholders’ focus on climate action, we hosted our “1.5°C Summit – The Defining Decade for Impact with Tech” online event, giving a platform to leading experts to share their insights on how technology can transform industries and create a more sustainable future. The event featured keynote speakers and panellists from startups, SMEs, corporates, government and NGOs from Hong Kong and the Mainland, and abroad. Approximately 300 participants from around the globe joined the climate change focused event and subsequent networking session online.

Since its launch in 2012, New World Springboard has improved the social mobility of students from under-resourced families through sports training and life skills coaching. Teenage beneficiaries are also offered career planning support. Some students have participated for as long as 10 years and joined the Group’s internship programme in 2021. As at FY2021, the cumulative total number of beneficiaries reached 4,200.

NWDS, in collaboration with China Social Welfare Foundation, organised a special charity sale in four department stores in honour of 2021 World Autism Awareness Day. Exhibitions of artwork created by autistic children were also held in Beijing Qianzi Store as part of the global call to raise awareness of Autism Spectrum Disorder, for both our customers and employees. We will continue to listen to our customers and raise sustainability awareness through multiple channels.

In FY2021, the Group’s employees contributed 42,388 hours to serve the community. They were engaged in a wide range of initiatives to bring positivity and hope to the community.



# Corporate Sustainability

## About this Section

### Reporting Period

This section provides an overview of the Group's ESG performance during the reporting period of 1 July 2020 to 30 June 2021 and, where specified, the latest initiatives after FY2021 as well.

### Reporting Boundary

This Corporate Sustainability section of the Annual Report covers NWD's businesses over which NWD has majority financial ownership and operational control. This coverage includes our businesses under NWD, NWCL and K11 Group Limited, as well as individually listed subsidiaries NWSH<sup>1</sup> and NWDS<sup>1</sup>, which have more comprehensive sustainability disclosures in their respective reports. Transportation business<sup>2</sup> was disposed by NWSH in FY2021, and the environmental and social figures related to the disposed assets have been restated.

The same range of our businesses is bounded by SV2030 Wellness and Caring targets. The SV2030 Green targets focus primarily on key businesses with more mature performance data and over which we can exert operational influence for developing environmental impact reduction roadmaps.

### Sustainability Website

Supplementary information, such as the performance data summary, content index and independent verification statement, is available on NWD's website under the sustainability section (<https://sustainability.nwd.com.hk/>).

### ESG Reporting Standards

This section references the following ESG standards and frameworks:

- Environmental, Social and Governance Reporting Guide ("ESG Reporting Guide") set out in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("HKEX")
- Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards") – Core Option
- Recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD")
- SASB Real Estate Standards

- The Ten Principles of the United Nations Global Compact ("UNGC"; as an annual Communication on Progress)

Our ESG disclosure responds to the reporting principles required by HKEX in these ways:

- **Materiality:** Informed by a structured materiality assessment process involving both internal and external stakeholders, such as investors, customers and employees
- **Quantitative:** Gives updates on targets and key performance indicators ("KPIs")
- **Balance:** Offers unbiased disclosure of the Company's performance
- **Consistency:** Uses consistent methodologies to support meaningful comparisons over time

### Report Assurance

The Board of Directors is committed to overseeing the content of the report. This report has been reviewed and approved by the Board.

Data and information contained in this Corporate Sustainability section as well as the environmental and social performance data on our website have been independently assured by Hong Kong Quality Assurance Agency ("HKQAA") in accordance with the ISAE 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the ISAE 3410, Assurance Engagements on Greenhouse Gas Statements issued by the International Auditing and Assurance Standards Board to ensure accuracy and credibility. Additionally, HKQAA has conducted an independent verification of the greenhouse gas emissions inventory for our commercial and retail properties with reference to ISO 14064-1:2006. The independent verification statement can be found on our website.

### Contact Us

We welcome your feedback on this Corporate Sustainability section and other matters related to sustainability. Please contact us at [sustainability@nwd.com.hk](mailto:sustainability@nwd.com.hk).

<sup>1</sup> Please refer to these companies' sustainability reports for their scoping definition.

<sup>2</sup> New World First Bus (NWFB) and New World Citybus (NWCB): 100% disposed of on 21 Aug 2020 (FY2021); and New World First Ferry (NWFF): 60% disposed of on 4 May 2020 and 100% fully disposed of in FY2021.

