



新世界百貨中國有限公司  
New World Department Store China Limited

(於開曼群島註冊成立的有限公司 Incorporated in the Cayman Islands with limited liability)  
(香港上市股份代號 Hong Kong Stock Code : 825)



2018 可持續發展報告  
SUSTAINABILITY REPORT



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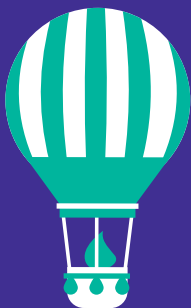


# MESSAGE FROM THE CHAIRMAN



At NWDS, our business is driven by our core values — innovation, foresight, integrity, prudence and respect — which give us a solid framework for our leadership and daily decisions. These values guide us to develop our sustainability strategies that embrace new thinking and ideas while respecting our people, our environment and the communities that we serve. As a responsible corporate, we strive to ensure our operations and business philosophy are focused on the three legs of sustainability — profit, people and planet.

On the economic front, we witnessed a rebound in the global trade and an improvement in the investment environment in 2017, while seeing uncertainties and risks in international trade, the financial market and the geopolitical situation. Despite these uncertainties and risks, China's economy continued to remain stable and solid, owing to the continued recovery of the global economy and the increase in the income level of nationals in recent years. Amid this market environment, we precisely position our brand as one of the leading retail operators in China to target the post-80s, post-90s and post-00s consumers who are expected to become the main driving force in the consumption market. By propelling brand renewal and introducing fast-moving brands, we strive to establish core competitive categories, to optimise and reform stores, and to create iconic ambiances as the means for constant upgrade of the business so as to strengthen our core competitiveness.



In our endeavour towards achieving financial growth, we strive to find the right balance between safeguarding the environment and improving the development of the communities in which we operate. In 2017, our parent company New World Group launched the 'New World Sustainability Vision 2030', which encompasses four key elements — 'Green', 'Wellness', 'Smart' and 'Caring'. We plan to set targets for specific sustainability issues related to these four elements, which are important to our core business and key stakeholders. We will share additional details regarding the targets and strategies to achieve our vision with our stakeholders in 2019.

The 'Green' element — an indispensable component in our sustainability strategy — is in line with our commitment to promoting environmental protection through efficient resource and waste management in the communities where we operate. During the year under review, we launched the *Food Waste Gauging Guidelines* and *Food Waste Gauge Sheet* to specify the methods and details of food waste measurement. We actively expanded LOL (Love • Original • Life) Concept Shop to diversify our direct sales business. To promote green living and responsible consumption, we aim to generate at least 10% of LOL sales from eco-friendly merchandise.

'Wellness' focuses on improving health and well-being of people, including our staff and customers. In FY2018, we continued to build on the foundation of the New World Supermarket and actively expanded the N+ line-up to diversify our direct sales business. Currently, the N+ line-up has four private labels — the high-end bakery brand 'N+ Natural Taste Plus', the mother-and-baby themed supermarket 'N+ Baby', the Group's first convenience store 'N+ Convenience Store' and 'N+ Quality Goods' that offers household goods. The products and services offered by the N+ line-up stores are focused on enhancing the well-being of our customers and improving the quality of life of the communities where we operate.

'Smart' signifies our commitment to unlocking people's potential through innovation and technology. During the year under review, we actively collaborated with WeBank, Apple Pay and online ambience crafter 'cn.dface' and 'imiaoj.com'. We employed innovative technologies to create a novel entertaining retail experience. We have made efforts to maintain the progress of membership digitisation.

Apart from upgrading the electronic membership system to implement digitised member identification and online interactive channels, we have leveraged cross-industry resources to enhance the benefits for VIP members with an upgrading mechanism to improve member loyalty. The Group has over four million fans on the WeChat and Weibo platforms, representing an 8% growth year-on-year.

The 'Caring' element is focused on creating a workplace where our staff feels like a family. We have attempted to break down boundaries within the organisation and establish an open and cooperative personnel structure, and fully exerted the strengths of converging smaller modular organisations for flexibility and high efficiency, and for stimulating the creation of individuals' values. In addition, we have constructed a motivation mechanism for sharing improved efficiency that motivates regions and stores to generate more revenue and develop a higher sense of belonging, thereby sharing the operational achievements with the company and supporting the implementation of the Group's operating strategy.

Our stakeholders have recognised our efforts around sustainability disclosure. Last year, we received 11 awards in different aspects of sustainability, including the Gold Award in the category of 'Environmental, Social and Corporate Governance' in *'The Asset Corporate Awards 2017'*. This reaffirms that our information disclosure is of world-class standard. Our internal data collection process has been enhanced for higher efficiency and quality through our continual improvement on internal control. The systematic review enables us to monitor resource use more accurately. As the general public and institutional investors have started focusing more on the issues of sustainability, such investments are becoming vital for long-term value creation.

Looking ahead, we will continue to make efforts towards the path to sustainability. New policies and initiatives to better manage operations have been showing encouraging results. We are committed to creating as many opportunities as possible for our key stakeholders as well as ensuring sustainability at the same time.

**Dr. Cheng Kar-shun, Henry**  
*Chairman*

Hong Kong, 19 December 2018





## Key Highlights in FY2018



We echoed with the 'New World Sustainability Vision 2030' newly launched by the New World Group, in four key aspects — 'Green', 'Wellness', 'Smart' and 'Caring'.

## Green

Launched *Food Waste Gauging Guidelines* and *Food Waste Gauge Sheet* to specify the methods and details of food waste measurement

Adopted a new technology to regenerate raw materials from old concrete into aggregates for pasting floor tiles to better utilise our resources and reduce waste

Launched an organic rooftop garden at Shanghai Pujian Branch Store in collaboration with G-vegetable to promote green living

Maintained at least 10% of sales proportion at LOL (Love • Original • Life) Concept Shop from eco-friendly merchandise



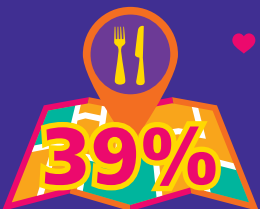
## Wellness

Developed the 'N+ Natural Taste Plus Store Operations Standards' to provide detailed operational requirements for our frontline staff, from staff hygiene, food quality control, cleaning arrangement, to customer services

Launched the mother-and-baby themed supermarket 'N+ Baby', with 20% of floor area designated for children's playground and child care area



Strengthened in-store lifestyle experience to cater to different consumer needs, with rental business accounting for 39% of the total operating area in all NWDS' stores



## Smart

Collaborated with online ambience crafter 'cn.dface' to better engage our customers with a series of interactive WeChat H5 games integrated with online marketing elements

Introduced '24-hour Online Academy' which enables our staff to learn with their smart phones across geographies and at any time, thereby creating a knowledge-based organisation



## Caring

Launched 'NWDS New Community' to offer training and career counselling for our employees with 59 members participated

Trained a total of 1,156 talents under the Group's trio of career advancement initiatives (Project Xinpeng, Project Feipeng and Project Dapeng) tailored for our management apprentices over the past 12 years



5,950 hours



Organised 204 volunteering activities supporting four key types of beneficiaries (children and students, elderly people, people with disability and under-resourced groups), with 5,950 volunteer service hours



# OUR BUSINESS



New World Department Store China Limited (the 'Company'; Hong Kong Stock Code: 825) together with its subsidiaries (collectively 'NWDS' or the 'Group') are the retail flagship of New World Development Company Limited (the 'New World Group' or 'Parent Company'; Hong Kong Stock Code: 17) in Mainland China. Founded in 1993, the Group's hybrid operating model comprises department stores and shopping malls. It also offers recreational and experiential facilities such as restaurants and children's playgrounds to provide a one-stop shopping experience to customers.

Headquartered in Hong Kong, the Group is a leading department store operator in Mainland China. As at 30 June 2018, NWDS operated 35 department stores and two shopping malls in Mainland China with a total gross floor area ('GFA') of about 1,455,780 square metres ('sq.m.'), including 26 'New World' branded department stores in Mainland China and 11 'Ba Li Chun Tian' ( 巴 黎 春 天 ) branded department stores and shopping malls in Shanghai, covering 19 key locations in Mainland China.



## Business Overview in FY2018

In the face of ever-changing consumption trends, the Group strengthened the categorised management of its stores as part of its operational strategy during the financial year 2018 (from 1 July 2017 to 30 June 2018, abbreviated as 'FY2018', 'the year under review' or the 'Current Year'). The stores under the Group's portfolio are categorised into four different types — 'novel department store', 'quasi-shopping mall', 'industry-benchmark store' and 'urban outlet'. Each store is further categorised as either 'competitive', 'breakthrough', 'strengthened' or 'turnaround' resolutions based on the location, scale and merchandise appeal of stores, etc. Through holistic categorised operations and marketing strategies, the Group effectively drove the stores to explore innovation and seek breakthroughs in different areas, such as ambience innovation, operations efficiency enhancement, innovative marketing and Internet strategies.

To drive vertical expansion of our private label series, we built on the foundation of the New World Supermarket and actively expanded the N+ line-up and LOL (Love • Original • Life) Concept Shop ('LOL') to diversify the composition in the direct sales business. Going forward, we will continue to strengthen the N+ line-up in a scalable way to live up to new consumption trends, while incorporating the elements of sustainability into these series whenever practicable.

In light of the robust retail development in Mainland China, we injected recreational and social elements in consumption scenarios and adopted experiential marketing to draw foot traffic from online channel and offline channel. We have actively engaged ourselves in cross-industry collaboration with WeBank, Apple Pay and online ambience crafter 'cn.dface' and 'imiaoj.com' to create a novel entertaining retail experience through innovation and technology.

***For more details, please refer to the 'Operations' section of this Report.***



By staying close to the trends in Mainland China, we strive to craft consumption scenarios and lifestyle experiences for our customers — our key stakeholders — as the underlying philosophy. With this in mind, we have accelerated brand renewal to address the fast-changing tastes of the young consumer groups. During the year under review, we introduced more in-store businesses from different categories, such as food and beverage, entertainment experiences, and complementary facilities.





## Economic Performance Highlights

### ◆ Revenue ◆



### ◆ Profit ◆



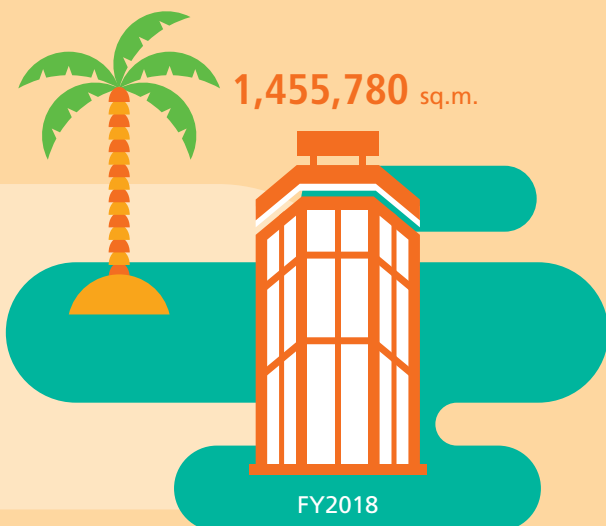
### ◆ Retail Network ◆

26  
'New World' branded  
department stores in  
Mainland China

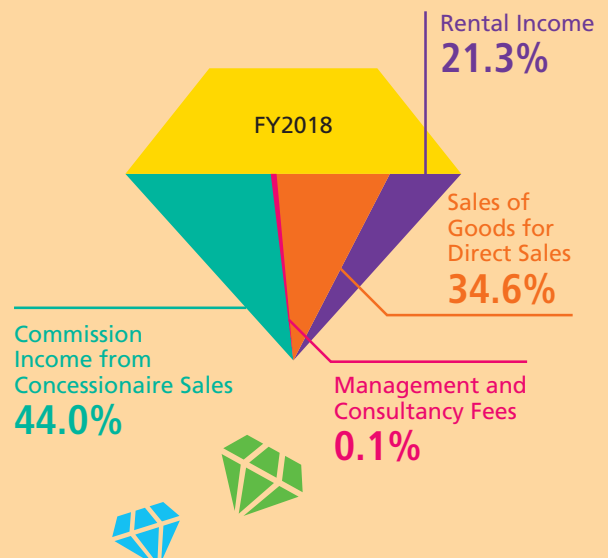
19  
key  
locations

11  
'Ba Li Chun Tian' (巴黎春天)  
branded department stores  
and shopping malls in Shanghai

### ◆ Total GFA ◆



### ◆ Key Sources of the Group's Revenue ◆



# OUR APPROACH TO SUSTAINABILITY

## GOAL

To be the most influential and most efficient department store chain operator in China.

## MISSION

To create a modern, metropolitan lifestyle with creativity, foresight and efficiency.

## CONVICTION

To embrace 'innovation, foresight, integrity, prudence and respect' in our core values, which would lay a promising development path for NWDS.



## New World Sustainability Vision 2030

As one of the leading retailers in Mainland China, we are committed to sustainable development of the retail stores and malls that we operate to minimise any adverse impact on the environment and the society as far as practicable. To reinforce this commitment, we strive to invigorate our daily business operations and sustainability initiatives that align with our goal, mission and conviction in fostering sustainable business in Mainland China. In doing so, we create long-term values for our business, our stakeholders and the communities in which we operate.

In practice, we have continued to upgrade our internal data management system to better capture and monitor our sustainability performance and progress. Following the implementation of the new *Environmental, Social and Governance* ('ESG') *Reporting Guide* (the 'ESG Guide') by the Stock Exchange of Hong Kong Limited (the 'Stock Exchange' or 'HKEx') in 2016, we introduced an Internet-based 'Sustainability Data Management System' (the 'Data System') to tie in with the ongoing sustainability measures and guidelines to improve data collection efficiency and quality.

As a member of the New World Group, we are committed to aligning with the 'New World Sustainability Vision 2030' (the '2030 Vision') which steers towards a customer experience epitomising four elements — 'Green', 'Wellness', 'Smart' and 'Caring'. The 2030 Vision is in line with the United Nations Sustainable Development Goals, which is aimed at enriching the modern living culture with sustainability for the betterment of society.

Together, we strive to curate as many opportunities as possible for a life well-lived through these four elements:



### Moving us towards a greener future

▶ We preserve the environment through the way we operate and by investing in green initiatives that will make our cities fit for the future.



### Promoting health in body and mind

▶ We enhance well-being through our business ventures and wellness programmes, and by designing spaces that work better for people.



#### Using innovation to unlock potential

- ▶ We unleash creativity by supporting entrepreneurs to innovate, helping children discover new skills and using technology to improve experiences.



#### Nurturing our communities and culture

- ▶ We create opportunities wherever we are by supporting local communities, providing training for our people and their families and preserving local identity for all to enjoy.

To effectively measure and monitor our sustainability performance in fulfilling our 2030 Vision, we are setting goals and targets for each of the four pillars, and more details on our goals setting are expected to be announced in 2019.

*"Sustainability is an ongoing journey that evolves through awareness building, strategic planning, policy making, goals setting and tracking and more. To ensure sustainability flows through NWDS in our day-to-day interactions with our stakeholders, we support the 2030 Vision that guides us to operate our business in a way that protects the planet, enhances the quality of life and fosters the development of our community."*

Christy Lee  
Chairperson of NWDS Sustainability Steering Committee  
Manager — Corporate Communication  
New World Department Store China Limited



## Corporate Governance

A sound corporate governance structure is vital for sustainable corporate and business development. The board of directors (the 'Board') of the Company, together with its subsidiaries, recognises the importance of corporate governance practices. We strive to ensure high standards of corporate governance in the interest of the shareholders and other stakeholders of the Company.

To enhance the corporate governance standard, we have made reference to the code provisions and recommended the best practices set out in the *Corporate Governance Code* (the 'CG Code') contained in Appendix 14 to the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*. During the year ended 30 June 2018, the Company applied and complied with all the provisions set out in the CG Code except for the deviation from code provision E.1.2. To ensure that the business and decision-making processes are appropriately regulated, the Board will continually review and improve the corporate governance practices and standards.

**Please refer to P.34-42 of NWDS' Annual Report 2018 for additional details about our corporate governance.**

## Risk Management

The Group has adopted a highly efficient management process to avoid any risk of non-compliance. All departments are required to report to the Board regularly in accordance with the *Risk Management and Internal Control Compliance Certificate*. The Audit Committee also monitors the compliance performance of individual departments independently and submits findings to the Board to ensure they all measure up to standards in five components of compliance, namely Control Environment, Risk Assessment and Response, Control Activities, Information and Communication, and Monitoring, and fully comply with all applicable legislation and regulations.

## Staff Code of Conduct

The Group has developed the *Staff Code of Conduct* which requires employees to adhere to the principle of 'loyalty, righteousness, honesty and incorruptibility', and to uphold professional ethics. Not only do our employees need to abide by the *Staff Code of Conduct*, but they are also required to follow the rules and regulations of the defined framework in order to deliver up-to-standard products and services.

In addition, our employees are required to declare any potential conflicts of interest or any personal benefits received by submitting the Conflicts of Interest Declaration Form or Personal Benefits Declaration Form through our well-established reporting and approval procedures. The Group also has a whistle-blowing mechanism to keep potential non-compliances in check. All reported cases of non-compliance are handled by the management team and the Board, and are dealt with fairly and in strict confidentiality, as necessary, to protect the whistle-blowers.

## Grievance Management

The Group encourages candid communication with our stakeholders, and takes all grievances seriously. To manage grievances effectively, we have provided various grievance channels through which we can receive and handle feedback, suggestions and complaints from different stakeholders, such as our staff and customers.

We have established a grievance mechanism to deal with all complaints relating to discrimination, victimisation, harassment or any particular issues from our staff. Under this mechanism, various channels are available through which our staff can express their views or raise their concerns to management.

To address general complaints, staff comment boxes are placed in every store for our staff to file their complaints if needed. Their complaints are collected and consolidated by the store's Human Resources team on a bi-weekly basis. All complaints will then be reported to the store's general manager for further handling on a case-by-case basis. A log book containing all the complaints is maintained for record-keeping purposes.

In response to sensitive issues such as labour disputes and labour arbitration, our store's Human Resources team will immediately alert our Human Resources Department at the Shanghai Management Office ('SHMO') immediately for further investigation and handling. Whether the complaints

or issues are classified as general or sensitive, all of them will be addressed seriously, and appropriate remedial action will be taken promptly following the investigation. Confidentiality is observed in the handling of all complaints.

General complaints from our customers are normally received by our stores and then channelled to the Corporate Affairs Department which works with relevant parties to resolve the issues at hand. Any constructive feedback is then taken into consideration to improve our operational performance.

### Anti-corruption

To adhere to the applicable legislation on anti-corruption and fraud in all jurisdictions where the Group operates, our *Staff Code of Conduct* is in place to minimise any possible non-compliance. We adopt a zero-tolerance approach to disloyalty, fraud, bribery, conflict of interests and other undesirable situations so that losses arising from violation of anti-corruption laws and material incidents can be avoided. Any violation is investigated and disciplinary action is taken in accordance with the internal procedures.

During the year under review, there were no reported incidents of non-compliance with laws and regulations relating to anti-corruption.

To demonstrate the Group's commitment to sustainability, the SSC has formulated the high-level 'Sustainability Policy' and 'Green Office Policy'. With the help of these policies, the executive committee introduces suitable sustainability initiatives every year, based on the Group's corporate development path, adequacy of resources and social needs, etc. During the year under review, we strengthened our communication with the executive committee members by adopting various communication channels, such as social media, phone and email, so as to keep them abreast of the latest updates on the Group's sustainable development and enable them to exchange new ideas and views on sustainability anywhere, anytime.

### Sustainability Framework

To effectively strategise and implement the Group's sustainability direction and goals, the NWDS Sustainability Steering Committee (the 'SSC', formerly known as the NWDS Environmental Committee) was set up in 2010. The SSC is chaired by the head of the Corporate Affairs Department and comprises senior managerial staff from various departments and operating regions. Its subordinate executive committee coordinates, executes and reports on the sustainability work of all departments and stores. The SSC was established with a mandate from the Board, which provides timely directional guidance for committee affairs.

### Sustainability Policy

Our 'Sustainability Policy', introduced in 2012, is aimed at providing measures to minimise the potential environmental impacts and improve the quality of the communities where we operate.

The policy shows our commitment to exceeding the statutory requirements in relation to sustainability issues. While we are committed to fulfilling our environmental responsibilities, we strive to provide a safe working environment for our employees and drive our supply chain to focus on sustainability. We endeavour to improve our sustainability performance through regular monitoring and reporting.





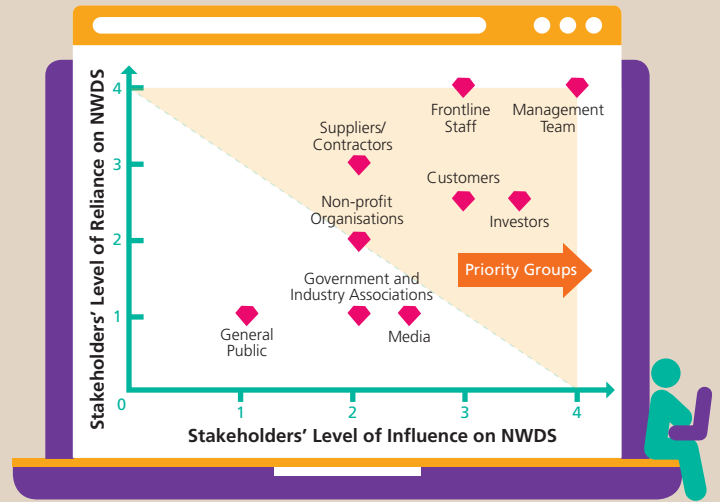
## Stakeholder Engagement

The participation of stakeholders is crucial to developing and achieving a strategic and accountable response to sustainability. As an important step of our sustainability road map, stakeholder engagement enables us to understand our stakeholders' priority issues as well as their views on our sustainability performance.

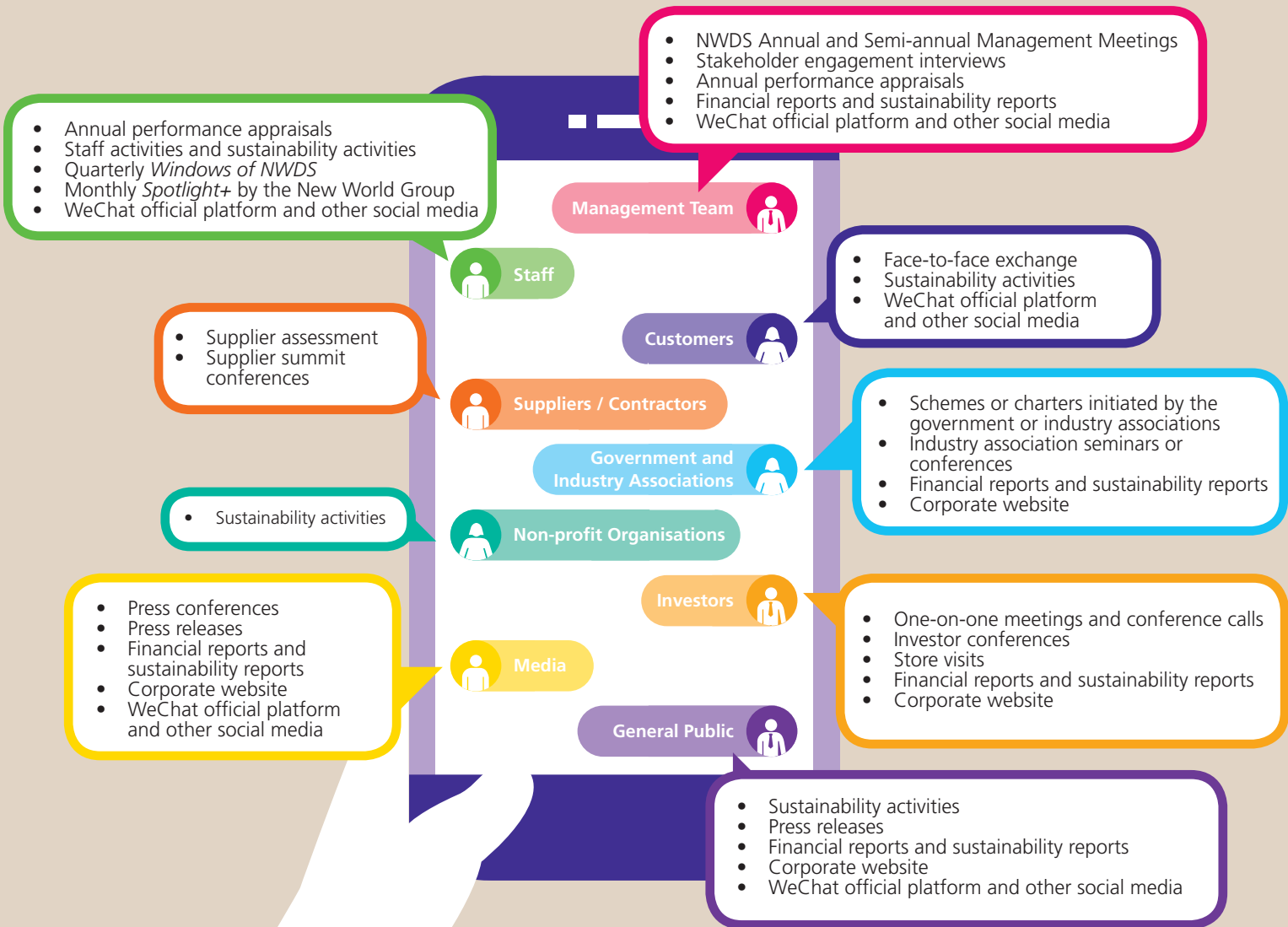
With the support of a third-party consultant, we have defined the engagement priorities of different stakeholder groups based on their influence and reliance on us.

Based on the analysis results, our communications with different stakeholders have enabled us to devise a more systematic and efficient way to gather their views and opinions. We employ a wide range of communication channels to reach out to our stakeholders to collect their opinions in a holistic manner as shown below.

### NWDS' Stakeholder Engagement Prioritisation Matrix







### Communication Means between NWDS and Various Stakeholders



Under the facilitation of the New World Group, we have reached out to various stakeholder groups during the year under review. By conducting focused interviews and online surveys, we have collected the opinions of selected staff,

15 suppliers and three of our management team members. The highlights of their comments and our responses, combined with the analysis results of the exercises we conducted in previous years, are provided in the table below.

## NWDS' Responses to Stakeholders' Comments and Suggestions

Stakeholder Groups	Comments and Suggestions	Our Responses
Management Team 	Incorporate more innovative solutions in business operations	<ul style="list-style-type: none"> <li>▶ Successfully launched interactive WeChat H5 games integrated with online marketing to enhance the shopping experience of customers</li> </ul>
	Enhance internal awareness on sustainability issues	<ul style="list-style-type: none"> <li>▶ Provided training to senior management and departmental representatives in respect of ESG trends and reporting requirements, as well as the 2030 Vision</li> </ul>
	Increase emphasis on sustainability by different stakeholders	<ul style="list-style-type: none"> <li>▶ Improved our reporting practice by upgrading to GRI Standards in the Current Year</li> <li>▶ Reviewed our internal control procedures for more efficient sustainability data collection</li> </ul>
Staff 	Hold more staff activities and caring programmes to motivate team members and boost their morale	<ul style="list-style-type: none"> <li>▶ Introduced the All-Staff Personal Business Commitment (PBC) Reward Scheme, Store Manager Incentive Fund and CEO Award since 2017 to foster positive attitude and staff morale</li> <li>▶ Implemented various staff-caring measures, such as caring leave, staff family fun scheme, birthday parties and team building activities to show care and concern for our staff</li> <li>▶ Engaged family members of our staff to participate in various programmes in which red packets and festive greeting cards are distributed, to care for our staff's family</li> </ul>
	Provide better career support and training programmes for staff to help build their professional expertise and aid their career development	<ul style="list-style-type: none"> <li>▶ Developed a trio of career advancement initiatives (i.e. Project Xinpeng, Project Feipeng and Project Dapeng) to nurture high-potential management apprentices and to build the Group's management echelon</li> </ul>
	Launch more customer-engaging green initiatives to promote exchange and interaction between staff and customers	<ul style="list-style-type: none"> <li>▶ Organised nationwide green activities every year to raise customers' environmental awareness such as WWF's 'Earth Hour' and our 'Green Mid-Autumn Festival — Moon Cake Box Recycling Campaign'</li> <li>▶ Set up a rooftop garden at Shanghai Pujian Branch Store to promote green living in the community</li> </ul>
	Enhance operational efficiency to respond more promptly to new market trends and demands	<ul style="list-style-type: none"> <li>▶ Launched the mobile applications of 'Business Intelligence (BI)' and 'Office Automation (OA)' to improve the efficiency in corporate decision-making and approval</li> </ul>
Shareholders 	Concern about the corporate governance and risk management of NWDS	<ul style="list-style-type: none"> <li>▶ Put in place a robust corporate governance structure and risk management system</li> <li>▶ Adopted a proper internal control mechanism to ensure business compliance and manage all risks effectively</li> <li>▶ Made public disclosures promptly as required</li> </ul>
Customers 	Keen to learn more about the sustainability performance of NWDS	<ul style="list-style-type: none"> <li>▶ Communicated our sustainability progress through the annual sustainability report and engage with our customers through different channels and social media platforms</li> </ul>

We will continue to engage with our various stakeholder groups, and gain holistic feedback on our approach to sustainability. In addition, we will take appropriate follow-up actions

to address stakeholder concerns for continuous improvement in our sustainability journey.



## Materiality Assessment



Defining what really matters is vital — it would not only enable us to shape our sustainability strategies more effectively but would also help us understand what metrics to measure and what information to provide to our stakeholders. To address the main sustainability issues in our business operations, we conducted a materiality assessment to review and prioritise through stakeholder engagement and reference with the international sustainability standards.

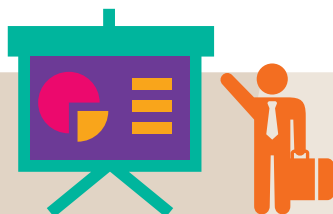
We strive to ensure that our list of material aspects reflects accurately what is important to our business as well as our stakeholders. In line with this, we have been collecting

stakeholder views since FY2014 through various channels such as interviews, surveys and focus groups. The insights provided by our stakeholders have enabled us to define and focus on topics that have a larger impact on both our business and our stakeholders.

This year, the materiality of the sustainability aspects identified has been further revised and prioritised based on the industry standards on materiality and the benchmarking of industry peers to ensure our sustainability efforts will be more focused on addressing the most important issues that affect our business and stakeholders.

### Analysis Results of Sustainability Material Aspects and Boundaries

Material Aspects		Boundaries	
		Within the Group	Outside the Group
<b>Staff</b>	Employee welfare	👍	
	Staff training and support	👍	
<b>Operations</b>	Responsible procurement	🟡	🟡
	Protection of customer data and privacy	🟡	🟡
	Consumer wellness	🟡	🟡
<b>Environment</b>	Energy conservation	💧	
	Water conservation	💧	
	Waste management	💧	💧
<b>Community</b>	Community and charitable activities	❤️	❤️

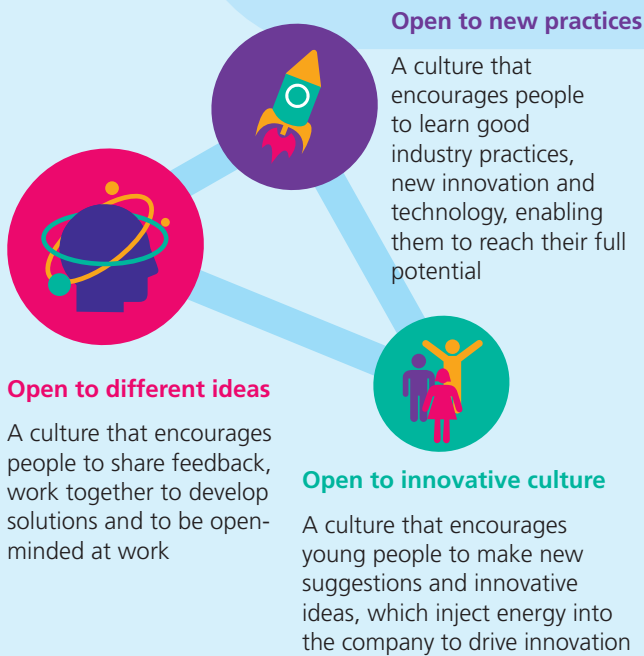






NWDS' staff represents not only our company but also our brand in the eyes of our customers. With a large percentage of customer-facing employees in our retail business, we, as a retailer, have an urgent need to ensure our staff perform professionally and communicate efficiently with our customers. It is crucial for us to invest time and resources in training our staff so as to improve customer experience and enhance our corporate image.

To attract and retain talents, competitive salary packages and benefits, as well as comprehensive on-the-job training programmes, are provided to our employees. We strive to create a corporate culture embodying the following three key elements of 'open-mindedness'.



A family-like corporate culture enhances the loyalty of our staff and encourages them to share ideas and views among themselves. We believe our team of great talents and a positive working culture will enable us to continue to thrive and maintain a competitive edge in the long run.

## OUR APPROACH AND MEASURES

### Equal Opportunities

NWDS is committed to ensuring equal opportunities for all our employees and creating a fair, harmonious and professional work environment for them. New employees are recruited based on their abilities through a fair and open recruitment system that prevents discrimination against gender, age, race, religion, etc. We ensure full compliance to employment laws and regulations in all jurisdictions where we operate.

To ensure we are able to recruit and retain good talents, the existing system of promotion, remuneration and benefits is reviewed regularly to keep abreast of market standards. NWDS offers a ladder of upward mobility to support the career development of high performers. This year, we have promoted a total of 197 talents, which represents 4.3% of our total workforce. We have also made efforts to nurture young high-potential talents. As at 30 June 2018, a total of 234 post-85s staff took up managerial roles in the Group.

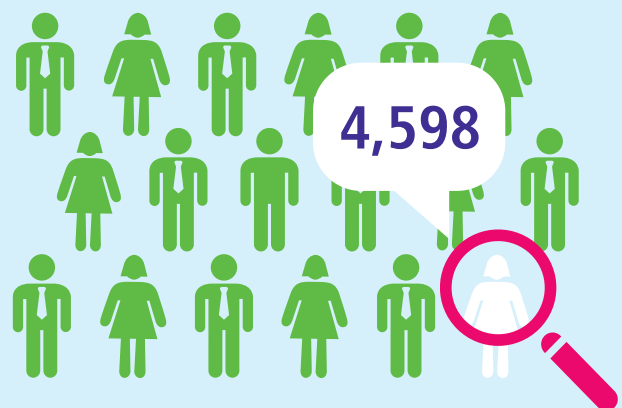
### Labour Standards

We prohibit any child labour and forced labour in our entire business. We strictly comply with the *Provisions on the Prohibition of Using Child Labour, Law of the People's Republic of China on the Protection of Minors*, Article 244 of *Criminal Law of the People's Republic of China*, and Articles 31, 38 and 88 of *Labour Law of the People's Republic of China* in Mainland China; and in Hong Kong, the *Employment of Children Regulations* made under the *Cap. 57 Employment Ordinance* and Article 4 under the *Cap. 383 Hong Kong Bill of Rights Ordinance of Hong Kong Special Administrative Region*.

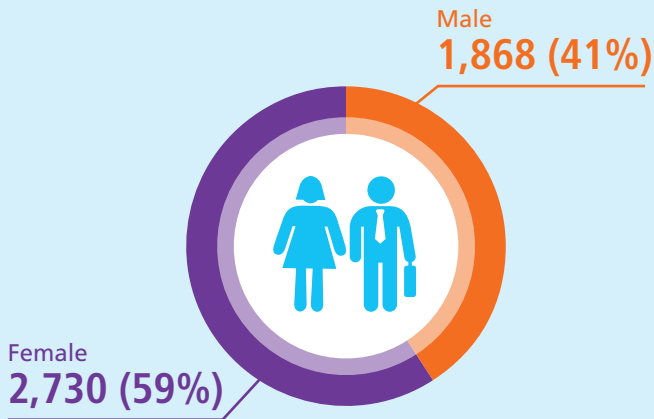
To demonstrate our commitment to protecting everyone's rights with dignity, fairness and respect, we will adopt the Human Rights Policy of the New World Group, which references the principles embodied in the *Universal Declaration of Human Rights*, the *United Nations Guiding Principles on Business and Human Rights* and the United Nations Sustainable Development Goals, in FY2019.

During the year under review, there were no reported incidents of non-compliance relating to employment and labour practices, including forced labour or child labour, and we received no reports of discrimination.

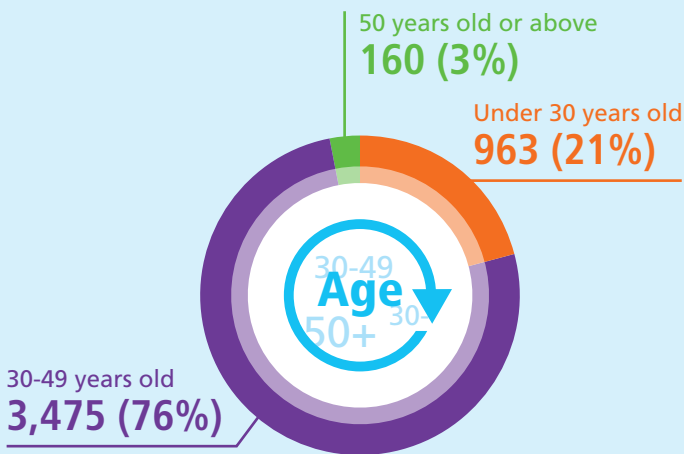
### Total No. of Staff Members in FY2018



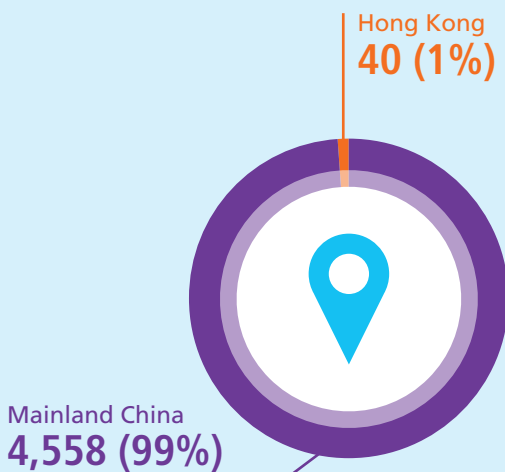
◆ Distribution of Staff by Gender ◆



◆ Distribution of Staff by Age ◆



◆ Distribution of Staff by Work Location ◆



Welfare and Benefits

We are committed to providing comprehensive welfare benefits to our workforce. Our employees are entitled to apply for different types of leave, including birthday leave, marriage leave, maternity leave, paternity leave, family planning leave, leave for injuries and occupational diseases, and compassionate leave, depending on their personal or family needs. In addition, the Group makes pro rata contributions to housing provident fund, social insurance for basic medical protection, unemployment insurance and pension for all full-time staff members. Our managerial staff members are also provided with additional personal accident insurance, critical illness insurance and medical insurance, etc.

We care not only for our staff but also their families. A staff-caring scheme has been introduced since FY2017, under which a half-day paid caring leave is available every month for employees to handle unexpected household situations. The scheme also funds staff activities organised by stores and offices, such as Lunar New Year banquets, birthday parties, competitions, sports games and team-building activities to boost employees' sense of belonging and team cohesiveness.

During the year under review, we actively organised 620 staff-caring activities to strengthen a supportive and collaborative corporate culture. Here are some highlights of our staff-caring activities.





### Bringing Love Home — Staff Family Fun Activities

A series of 'Bringing Love Home — Staff Family Fun' activities was launched in FY2018. We distributed gift boxes and greeting cards among our employees' families so they can offer the most sincere appreciation to their families during Mother's Day, Children's Day and Father's Day.



### 'NWDS' Chinese New Year Celebration' Series

The 'NWDS' Chinese New Year Celebration' series of activities was launched to reflect our corporate culture of 'We are Family'. The activities include organising the Chinese New Year Thanksgiving Session that sent festive blessings to employees and family members, and distributing red packets among employees to appreciate their efforts over the year.

In addition, various Chinese New Year activities were organised, such as taking family photos and organising spring meals, to show our deep appreciation towards our employees during this festive season.

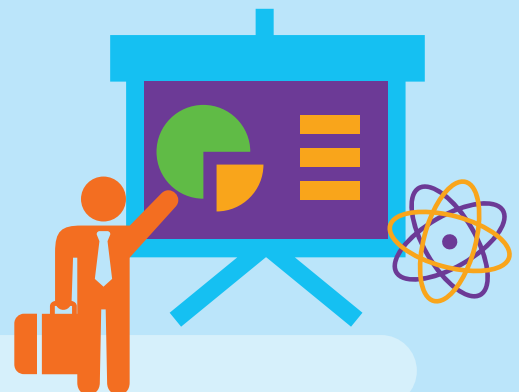


### Staff Engagement

We highly value two-way communication with our staff — whether they are senior management or general staff — and strive to maintain a smooth flow of information to facilitate their day-to-day work. NWDS Annual and Semi-annual Management Meetings have been introduced since 2017 to strengthen the ties between stores and functional departments to ensure landing of the Group's strategies. Besides, our official WeChat platform was launched as early as 2014 to communicate with our staff from all levels about any updates regarding the Group. To date, a total of 39 official WeChat accounts have been established by the headquarters, different stores and private labels to engage their staff and customers based on different operational and market needs.

To better engage our staff, the Group published the quarterly internal staff publication, *Windows of NWDS*, which was revamped in FY2017, with an aim to keep our staff abreast of the latest corporate news. Our three operating regions take turns to take up the chief editing role. This arrangement allows our staff from different regions to be more connected and better understand our corporate culture.

We also regularly disseminate *Spotlight+*, an electronic monthly newsletter focusing on the sustainability initiatives of the New World Group, to enhance the awareness and knowledge of sustainability issues among our staff.





## Training and Development

As we consider our employees a valuable asset, we place great emphasis on their training and development. In order to enhance training effectiveness, we modified the operating model of 'NWDS Management Academy' (the 'Academy') to develop more innovative courses and focused training programmes to cater to the new demands from the business growth perspective.

Our comprehensive training programme covers a wide range of topics, including management practices, technical training, safety and risk management as well as corporate culture, targeting different grades of staff, from new joiners to managerial staff at the stores and the offices.

To enable our staff to better understand the value of sustainability reporting and its benefits for the Group, we commissioned a third-party consultant to provide a high-level training on the latest requirements, insights and trends of sustainability reporting for targeted staff.



### Training Highlights

#### Managerial Staff

##### Enhancing Internet Thinking

In the era of new retailing and digital transformation, we invited industry experts to share with our management team their thoughts on multiple topics covering big data, consumption scenarios, marketing, consumer behaviour and more.

##### Practical Training on Online and Offline Retail Integration — Bringing New Perspective in the New Retailing Era

Led by the Academy and collaborated with Shanghai University of Finance and Economics and 'linkshop.com', we provided training on online and offline integration to build a new model for learning, knowledge exchange and collaboration.

##### Sustainability Reporting

A third-party consultant was commissioned to provide high-level training on the latest requirements, insights and trends of sustainability reporting to targeted staff.



## General Staff

### Risk Management on Contract Handling

By means of case analysis, the training was aimed at enhancing back-office staff's awareness of legal risk in the contract handling work to avoid any unnecessary loss to the Group.

### Store Safety Maintenance and Management

Safety training was provided to our frontline staff to raise their safety awareness and improve their knowledge of fire safety.



During the year under review, 32 nationwide training projects were launched while 1,530 staff training sessions covering four categories, namely new joiners, job skills, safety and risk management, and corporate culture, were self-initiated by our stores. A total of 29,774.5 staff training hours were recorded, averaging 6.5 training hours per employee. The average training hours were 3.8 and 8.3 for each male and female employee, respectively.

## NWDS Management Academy

Since its establishment in 2005, the Academy has been focusing on training courses, qualified trainers, operations and development to offer professional training to staff members of all grades. The adoption of the 'Amoeba operating model' since FY2017 has transformed the Academy from an internal training unit to an institute that serves the market. We have developed four major lines of training and solutions products, covering retail research and studies, professional intensive courses, benchmark visits and market study tours, and management and operating capacity building solutions. Our courses are open to external peers where we take the initiative to share best practices among the industry.

During the year under review, the Academy received acclaim from industry peers for its training quality. It was accredited as '2017 China's Best Corporate University' by the Overseas Education College of Shanghai Jiao Tong University, and ranked among the '2017 CCFA Top 10 Corporate Universities' by the China Chain Store and Franchise Association ('CCFA').



## Management Apprentices

In line with the Academy's major transformation, our training programmes are restructured to meet the requirements of our latest corporate strategy and strengthen our market

competitiveness. To cultivate talents to support our business in different areas, we have implemented various career advancement initiatives.

### Project Xinpeng — NWDS Management Intern Cultivation Programme

Project Xinpeng recruits university students with high potential to join our workforce as management interns. The programme not only enables them to better understand the retail industry through real-life practices and training but also allows us to nurture and select potential candidates to join the Group after their graduation. The programme includes job rotation at our stores with supervision, professional training curriculum and market research.

#### Achievement in FY2018

- ▶ We initiated campus recruitment to recruit students in three main cities — Shanghai, Beijing and Chengdu — for the programme. A total of 43 outstanding university students were recruited to undergo a six-month internship programme.
- ▶ Accumulative number of staff participation since its launch in 2006: 625 times

### Project Feipeng — NWDS Management 'Golden Ladder' Nurturing Programme & Project Dapeng — NWDS Store Manager Trainees 'Elite Rookies' Grooming Programme

Both programmes recruit outstanding candidates through nominations and self-recommendations, written tests and interviews. We have dedicated sufficient resources to nurture and groom these selected high-potential talents for future leaders. Specific training programmes were customised to enhance their knowledge base and provide a broader career platform for them.



#### Achievement in FY2018

- ▶ A total of 32 people participated in Project Feipeng or Project Dapeng.
- ▶ Accumulative number of staff participation since their launch in 2012 and 2008 respectively: 531 times



### NWDS New Community

NWDS New Community is a brand new programme launched in FY2018, comprising our millennial employees (born after 1985 or even 1990), who are regarded as our new driving force for the development of the Group. This community aims to provide a platform for our young staff to take part in different innovation projects, through which they can bring in new ideas and perspectives that drive innovation within the Group. The community members also serve as mentors to the interns under Project Xinpeng to help them better adapt to our work environment while building stronger rapport with each other.

#### Achievement in FY2018

- ▶ 59 people received training in FY2018.



## Other Signature Training Programmes

### 'The Artisanal Movement' Corporate Culture Programme



The New World Group introduced a new corporate branding in FY2016, 'The Artisanal Movement', which communicates the spirit of an artisan who gives meticulous attention to details to offer the most bespoke services to customers. Since then, we have been communicating this to our workforce so as to advocate an 'Artisanal spirit' of achieving excellence in all aspects of our business operations.

#### Achievement in FY2018

60 sessions were organised by the headquarters and stores. Each session lasted for 2.5 hours, with a total of 1,073 people trained.

### 24-hour Online Academy



The online academy provides courses that can be accessed through smart phones at any time, enabling our staff across geographies to help create a knowledge-based organisation. Different types of courses are available on the mobile application of WeShare, including operational workflow, corporate culture, customer service, retail skills, Enterprise Resource Planning (ERP) system operation and 'Office Automation (OA)' mobile application operation. The courses are available in a variety of formats such as PowerPoint presentation and videos.

#### Achievement in FY2018

A total of 240 registered accounts were set up, mainly from functional departments such as human resources, commodity, and operations and marketing development. Also, a total of 87 online courses were launched, with at least 500 hit rates each.



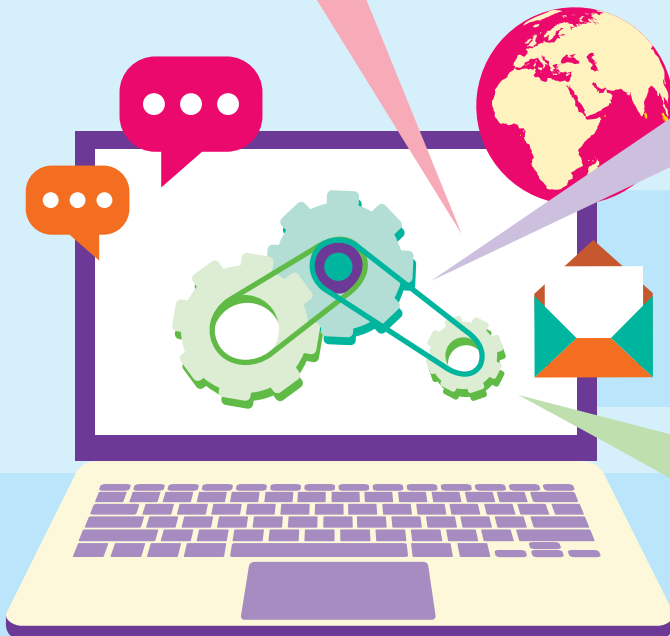
### 'Hundred Minds' Specialist Training Programme



The programme was launched in May 2018, with an aim to develop our senior management from various departments with a mindset for innovative online marketing and business expansion, so as to drive business innovation and optimisation. The training was conducted by an external professional through video sharing, case study discussion and site visits.

#### Achievement in FY2018

A total of 157 employees of senior grade participated in this training in FY2018. The entire training spans four months, one day per month.







## Staff Motivation

To optimise efficiency of our workforce, we make efforts to motivate our staff and raise their morale. We have introduced various incentive schemes for our staff members to encourage them to innovate and excel. Apart from offering bonus based on the Group's business results as well as staff's individual performance and attendance, we have introduced the All-staff Personal Business Commitment (PBC) Reward Scheme, Store Manager Incentive Fund and CEO Award since FY2017.

In addition, two competitions — 'Outstanding Staff Awards' and 'Inspiring NWDS Figures' — were organised, and seniority rewards were given to long-serving staff members to show our gratitude to their dedication over the years.



Scheme	Description	Reward
<b>All-staff Personal Business Commitment (PBC) Reward Scheme</b> 	It is aimed at encouraging stores to implement innovative management and motivate their staff to exceed profit targets, thereby creating excess economic effectiveness.	About 15 stores nationwide reported excess profits with a total reported profit at RMB41.88 million.
<b>Store Manager Incentive Fund</b> 	Frontline staff members with outstanding sales performance were awarded by store general managers and regional general managers to create a positive working atmosphere and build a friendly competitive culture.	A total of 2,876 employees across Mainland China were awarded.
<b>CEO Award</b> 	The Chief Executive Officer recognises teams or individuals who made significant contributions to the Group and delivered the most outstanding performance during the year, in order to commend their positive attitude and innovative spirit.	Eight stores located in Beijing, Chongqing, Lanzhou, Mianyang, Xi'an and Yanjiao won the CEO Awards due to high sales record achieved.
<b>Evaluative Incentive Programme</b> 	The programme aims to inspire and motivate our staff, encourage them to innovate and create. It also aims to strengthen the loyalty of the staff and encourage teams and employees with outstanding performance.	About 13 employees received the 'Outstanding Staff Awards' or were recognised as the 'Inspiring NWDS Figures'.





## Occupational Health and Safety

We are strongly committed to ensuring a safe and healthy work environment and raising our staff's awareness for work safety and personal health. We adhere to the occupational safety and health regulations in all jurisdictions where we operate. Scheduled for circulation in September 2018, our 'Safety Management Practice Manual' (the 'Safety Manual') aims to assist our employees to properly carry out various safety measures in their day-to-day operations at our stores by clearly specifying the requirements and standards with regard to safety management. The Safety Manual will cover a wide range of guidelines on fire safety, security, gas facility, escalator management, food and beverage tenant management, flood and typhoon prevention and children's category management. In FY2018, two staff members from the Administration and Project Development ('APD') Department of SHMO were designated to conduct thorough inspection of all safety equipment and procedures by visiting each store every six months.

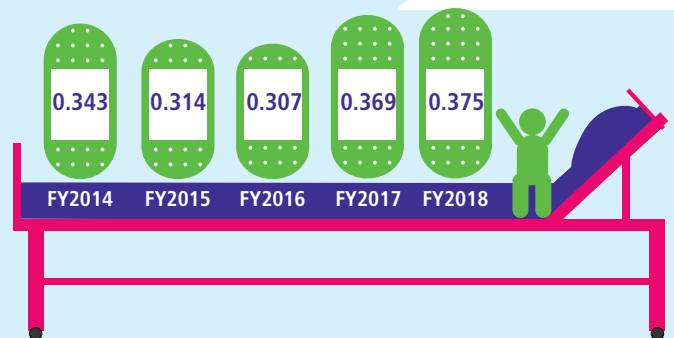
In addition, all new joiners are required to attend mandatory training on 'store safety maintenance and management', with an aim to equip them with basic understanding of fire safety measures at the stores and build stronger safety awareness in general. Before any festivals, long holidays or sales peak seasons, all frontline staff are required to attend mandatory training on 'fire safety and theft prevention' to refresh their knowledge of these issues and minimise the risks of any occurrence of these incidents. Throughout the year under review, we have also circulated updates on disease prevention and personal health among staff members regularly, as well as conducted various safety drills, to strengthen their safety awareness and emergency response capacity when dealing with unexpected situations.

During the year under review, there were 18 cases of work-related injuries across the Group (injury rate: 0.375). Lost work days totalled 1,174 (lost day rate: 24.466) and absentee rate was 1.29%. There were no reported incidents of non-compliance relating to occupational health and safety issues during this period.

◆ Absentee Rate ◆



◆ Injury Rate ◆



# OPERATIONS



Our vision for sustainability has been integrated into our day-to-day business operations, from customer services and procurement practices to supply chain management.

Throughout the years, we have continued to optimise our operating model by actively expanding our direct sales with more commodity choices, at the same time gaining greater control over product quality, so that our customers are reassured with safer and more reliable products. We manage our supply chains through established codes of practice for our private labels, LOL and N+ line-up where we have specified the supplier management principles and the management roles held accountable in procurement process.

During the year under review, there were no reported incidents of non-compliance with laws and regulations relating to product responsibility of the Group, in particular, health and safety, marketing, labelling and privacy of the products and services offered.



As a responsible retailer, we spare no effort in safeguarding the well-being of our customers. While our business approach 'Refocusing on the Core of Retailing' strives to provide joyful and innovative shopping experiences to our customers, it is essential that it is also worry-free. Not only do we ensure that the products being offered meet the quality and safety requirements, we ensure our customers' privacy is also well-protected.

**OUR APPROACH AND MEASURES**

Our three-pronged approach to the well-being of our customers:



**1 Ensuring product health and safety requirements are met**

Product safety is undoubtedly essential. For concessionaire sales products, we keep our suppliers informed about the Group's safety requirements, and we regularly assess and monitor our products to ensure the safety standards are met.

For our joint-venture catering projects, we have developed a food safety manual, which specifies our requirements for providing up-to-standard products for our customers through conducting regular sampling check over food safety at each store. NWDS strives to strictly ensure that our food safety requirements are met and all our employees are required to abide to them at all times of operations.

For direct sales products, we have standard procedures for various product categories to ensure the product quality is well-inspected through proper product testing and permits, from cosmetic product safety report to compliance report of the *Food Safety Law of the People's Republic of China*.

Since FY2018, our APD team has started to carry out a full-range inspection of store safety at each store once every six months. All inspections are guided by the 'Checklist on Safety Inspection on Hidden Risks, Rating Deduction Standard for Hidden Risks and Corresponding System Requirements'. After each inspection, the APD team will need to submit a report that includes a safety rating and the follow-up actions for further discussion with the store management. Depending on the safety rating and recommended follow-up actions, improvement work will be carried out within one month to enhance the safety standard of the stores.



## OUR INITIATIVES

### LOL (Love • Original • Life) Concept Shop

Positioned as a quality lifestyle merchandise shop, LOL targets customers pursuing a quality lifestyle. We emphasise environmental protection as well as product safety and quality as our parameters in the procurement process. We procure most of the products sold at the LOL stores directly from manufacturers or through brand distributorship to obtain genuine products from these official channels. When making any decisions on procuring any new brand or product, we always strive to ensure our suppliers are fully aware of our expected safety policies and requirements for that product category.

### N+ Natural Taste Plus

As a relatively new private label, 'N+ Natural Taste Plus' promotes the concept of natural bakery which offers fresh, healthy and safe food products through a series of high-standard quality control procedures.

During FY2018, we developed the 'N+ Natural Taste Plus Store Operations Standards' which provides detailed operational requirements specifically for different roles of our frontline staff in a wide range of aspects, from staff hygiene, food quality control, cleaning arrangement, food display standards to customer services and many more. It helps guide our frontline staff to perform and meet our expectation for high-quality products by highlighting the importance of their roles and responsibilities and detailing different operational requirements.

### N+ Baby — Mother-and-baby-themed Supermarket

'N+ Baby' is the Group's all-new mother-and-baby-themed supermarket brand that provides organic, green, healthy and safe products for parents and babies. The first 'N+ Baby' supermarket was opened in December 2017 in Beijing, with a total GFA of 500 sq.m.



Different from other maternity zones of supermarkets, 'N+ Baby' offers 20% of the area for value-added services, including DIY-themed zones for children, ocean-themed ball pool and child care area. Such facilities allow parents to feel at ease and purchase relevant products in one go. To optimise the shopping experience and enhance the well-being of customers, 'N+ Baby' also provides nursery rooms and parent-child restrooms to cater to their needs whenever possible.

### OUR PROCEDURES FOR QUALITY ASSURANCE:

#### Procurement of Raw Materials

All raw materials are required to pass tests conducted by laboratories accredited by the China Food and Drug Administration, and meet the requirements specified by the Ministry of Health. We also review the reputation of the suppliers in the industry and conduct site visits to their production lines to ensure that all raw materials are safe for consumption.

#### Production

We require our suppliers to submit relevant inspection reports on additives to ensure all finished food products are natural and safe.

#### Sales

We sell only freshly made bakery at our stores every day. To minimise leftovers, the following day's production quantity is estimated based on the current day's sales. Any leftovers and food waste are collected regularly and delivered to local hygiene units for proper handling.



## 2 Protecting customer data privacy

We understand that customers and website visitors are concerned about information privacy. Supported by a well-defined privacy policy and effective governance, NWDS complies with the requirements of the *Personal Data (Privacy) Ordinance (Cap. 486)* of the Laws of Hong Kong Special Administrative Region, the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests* and *Tort Liability Law of the People's Republic of China*.

Our privacy policy outlines the Group's practices and choices our customers have regarding the collection and use of their personal data. The policy is available for public perusal on our corporate website. All stores are required to use commercially reasonable security measures to process personal information possibly collected from customers during day-to-day operations, and to regularly review their marketing communication channels, to prevent any unauthorised use or leakage of personal information. For example, when customers visit our official website, the Group's servers only collect data related to their visits (including but not limited to their IP address, domain name, browser type and access time) but does not collect their personal data.

The physical records of our customers' personal data are stored in secured places with restricted access. The electronic records of their personal data are stored in the servers of NWDS and protected with IT security measures, such as encryption for the transmission of sensitive data through the Internet. Only authorised personnel of NWDS, who have been trained to handle personal data properly and bound by a duty of confidentiality, will have access to these records and servers on 'need-to-know' and 'need-to-use' bases.

During the year under review, there were no substantiated complaints concerning breaches of customer privacy and losses of customer data.

## 3 Optimising customer experience through innovation and collaboration

Digitalisation is changing the way we live, work, interact and communicate. It brings in new shopping experiences for customers. During the year under review, we leveraged the advancement of technology and collaborated with new business partners to refresh customers' shopping experience and enhance their overall well-being while ensuring our marketing practices are properly executed as per local laws and regulations.

### OUR INITIATIVES

#### New Digital Shopping Experience

During the year under review, we ushered in the first year of digital innovation, which is customer-centric and business-oriented, to enhance 'experience' and 'efficiency' in three main sectors — member digitalisation, services digitalisation and business digitalisation.

We have collaborated with Internet and big data suppliers to roll out several digital projects such as:

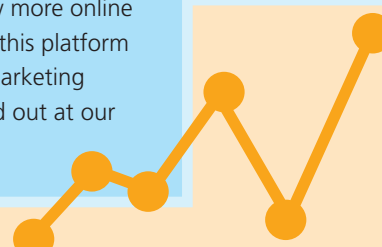
- ★ **Electronic Membership**  
enables customers to 'scan to join as a member' using their mobile devices
- ★ **Electronic Cards Management System**  
the first system launched to manage the life cycle of electronic cards
- ★ **'Social Gift Cards'**  
leverages the 'WeChat Mini-programs' application to enable customers to interact and give gifts to their friends, enhancing customer stickiness for using this platform
- ★ **'Social Joint-name Cards'**  
enables customers to activate essential member functions, including financial accounts and spending rebates, upon completion of WeChat payments
- ★ **Digitalised Services**  
introduces electronic parking system, self-served invoice, etc.





### 'New Lab' Online Shopping Module

Piloted in Beijing, the 'New Lab' offers an online shopping platform where customers make online orders directly and have the products delivered to their designated stores. This platform has actualised online ordering and offline pick-up, with an aim to draw more online shoppers to our physical stores. We hope the impact of this platform can be further augmented along with other sales and marketing activities, such as discount and marketing events, carried out at our physical stores.



### Digital Games in Collaboration with 'cn.dface'

Innovative technologies create a novel entertaining retail experience. As part of our celebration for the Group's 25<sup>th</sup> anniversary in FY2018, we collaborated with 'cn.dface', an online ambience crafter, to launch a series of interactive WeChat H5 games integrated with online marketing at our stores across Mainland China, such as:

#### ★ 'Magic Box'

a new mode of window-shopping experience which offered both product display zone and interactive zone at one single place, enabling customers to enjoy mixing and matching different brands and styles in a variety of shopping scenarios.

No. of Participants  
**37,985**

No. of Free Products  
**4,115**

No. of Gift Vouchers  
**50,302**

#### ★ 'Best Two out of Three'

an online game that allowed our 31 store general managers to interact and compete with customers. We achieved significant online publicity through the promotion of our WeChat platform by our employees and members.

No. of Participants  
**45,226**

No. of Free Products  
**50,351**



#### ★ 'What's the Price?' and 'Shopping Mall Monopoly'

price guessing games which combined both online and offline entertainment experience at our stores in Shanghai. Customers had to guess the price of particular products. If guessed correctly, they received the product for free; otherwise they received a gift voucher.

No. of Participants  
**8,865**

No. of Free Products  
**2,769**

No. of Gift Vouchers  
**12,054**



In addition to the digital games, customers could obtain game point rebates through the inter-connected membership systems of 'cn.dface' and the Group. The initiative helped drive repeated sales in the physical stores and coupon conversion, boosting the number of transactions and sales volumes.

## Supply Chain Management

Our suppliers play an important role in helping us serve our customers. We always strive to collaborate with those who share our values of quality, sustainability, compliance and excellence.

Over the years, we have developed effective policies and mechanisms for the selection and management of our three main categories of suppliers to optimise our supplier performance. These suppliers include department store business suppliers, product suppliers for direct sales business, and product and service providers for day-to-day operations. Our approach in supply chain management is done through our suppliers' selection and the adoption of the *Supplier Code of Conduct* (the 'Code').

### Supplier Selection

We collaborate with local suppliers, whenever possible, to support local economic development and minimise our greenhouse gas ('GHG') emissions generated from the transportation and logistics process, compared to engaging overseas suppliers. According to the Group's procurement expenses during the year under review, nearly 73% of direct sales products were procured from suppliers in China (including Hong Kong), while more than 99% of products and services for day-to-day operations were procured from suppliers in China (including Hong Kong). By supporting local suppliers, we can help support the development of the local economy, ensure stable supply and maintain community relations.

When selecting our suppliers, we consider four key criteria — quality, cost, delivery and services. In addition, we give priority to suppliers with features such as chain brand, credibility, operating ability and proof of company or brand qualification in order to ensure the quality of the products provided by our suppliers.

#### Distribution of Procurement Expenses for Direct Sales Products in FY2018



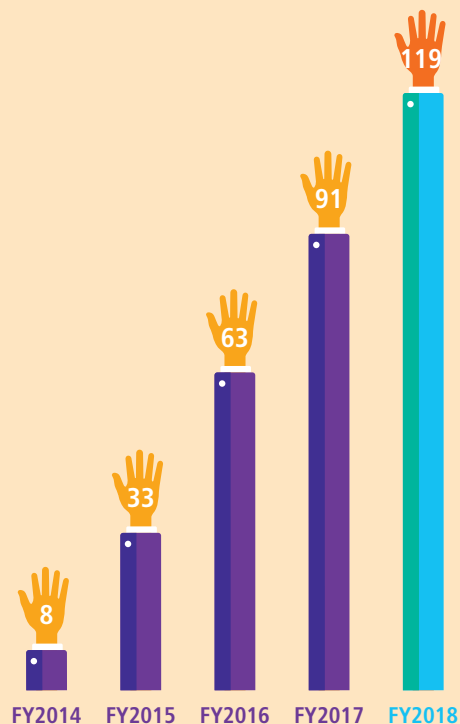
### Supplier Code of Conduct

We strive to propagate our sustainability policies beyond our internal operations and influence our suppliers to do so to the extent possible. With this in mind, we rolled out our Supplier Sustainable Development Programme in 2013. Under this programme, the Code and the *Sustainability Self-Assessment Questionnaire* (the 'Self-Assessment Questionnaire') were introduced. New suppliers are required to sign the Code and complete the Self-Assessment Questionnaire for each tender or quotation. Signing the Code means pledging adherence to the principles of sustainability in terms of compliance, ethics, staff remuneration, environmental protection and other areas.

Since the launch of the programme to date, a total of 119 suppliers (mainly department store business suppliers) have endorsed the Code. Suppliers are further invited to complete the *Supplier Sustainability Disclosure Forms* (the 'Forms') every year and share their latest progress in energy saving, waste management, charitable and community services, anti-discrimination and legal compliance.

Since FY2015, the Group has received a total of 103 completed Forms. Several suppliers have already developed more concrete measures on sustainability such as adopting energy-saving or waste reduction measures.

#### Total No. of Suppliers who Endorsed the Supplier Code of Conduct since FY2014



Remark: Please note that there is a restatement of information. The above FY2016 and FY2017 figures have been adjusted compared to those that appeared in the NWDS Sustainability Report 2017. The figures in the above chart include all suppliers who signed and returned the Code during the relevant financial years.



## Concessionaire Counters

To ensure the quality of brands introduced to our concessionaire counters, we have established an online brand centralisation platform named as Brand Reserve Information System, which consolidates all the brands that are approached and recorded by each individual store. Launched in April 2018, this system enables us to keep systematic records of new and potential brands, track history of cooperation, oversee the landing status of these brands in our stores, and hence facilitate the planning of future brand strategies.

This centralisation system enables our management to assess and review the quality of brands based on several key selection criteria such as reputation and market positioning, helping us strengthen our brand quality management and avoid duplicating our efforts in approaching the same brand by different stores at the same time.

To date, over hundreds of brands have been stored in this system. With a more systematic brand review management system, we hope to collaborate with brands that offer quality products to our customers and thus improve their well-being.



## Tenants

With the increase in competition from e-commerce around the globe, in-store experience is becoming crucial to retailers with a focus on offline business, like us. To draw foot traffic to our stores, we have optimised our business composition by introducing more lifestyle tenants, which has put us in a better market position in FY2018. We have also collaborated with our tenants on several environmental initiatives such as waste recycling and food waste collection.

***For more details, please refer to the 'Environment' section.***

## Introducing More Lifestyle Tenants

With regard to our rental business sector, we closely follow the latest trends in Mainland China and create a shopping ambience that highlights lifestyle experience services, while focusing on values of products being offered as our core strength. To achieve this, we continuously strive to accelerate the brand turnover by catering to young consumer groups with changing tastes.

During the year under review, the Group introduced new tenants from the food and beverage, entertainment and complementary facilities categories. The new tenants entering our stores included 'Uji Matcha', 'CouCou Hotpot' and 'Stellar International Cineplex'. We have strengthened our collaboration with existing high-traffic tenants such as 'Haidilao Hotpot' and 'LEFIT' by strengthening their presence in our stores. As of 30 June 2018, the rental business accounted for approximately 39% of the total operating area in all NWDS' stores.

Going forward, the Group will continue optimising our tenant mix and introduce more in-demand consumption projects, in particular those with experiential elements, such as food and beverage outlets, cinemas, fitness centres, dancing or yoga studios, to cater to customers pursuing a better work-life balance and to align with the health and fitness trends in the society.







◆ Rental Proportion out of the Total Operating Area ◆





# ENVIRONMENT

NWDS has always been committed to protecting the environment. To promote green management across the Group, we develop and review our green policies and guidelines and set environmental targets for all our stores and offices. Being one of the largest retail operators in Mainland China, our business operations inevitably involve the use of various natural resources, including energy (such as electricity), water and materials. As a result, considerable wastes are generated from different sources such as tenants, customers and renovation or construction work. We fully understand the impact of our activities on the environment and thus we strive to minimise any adverse impacts.

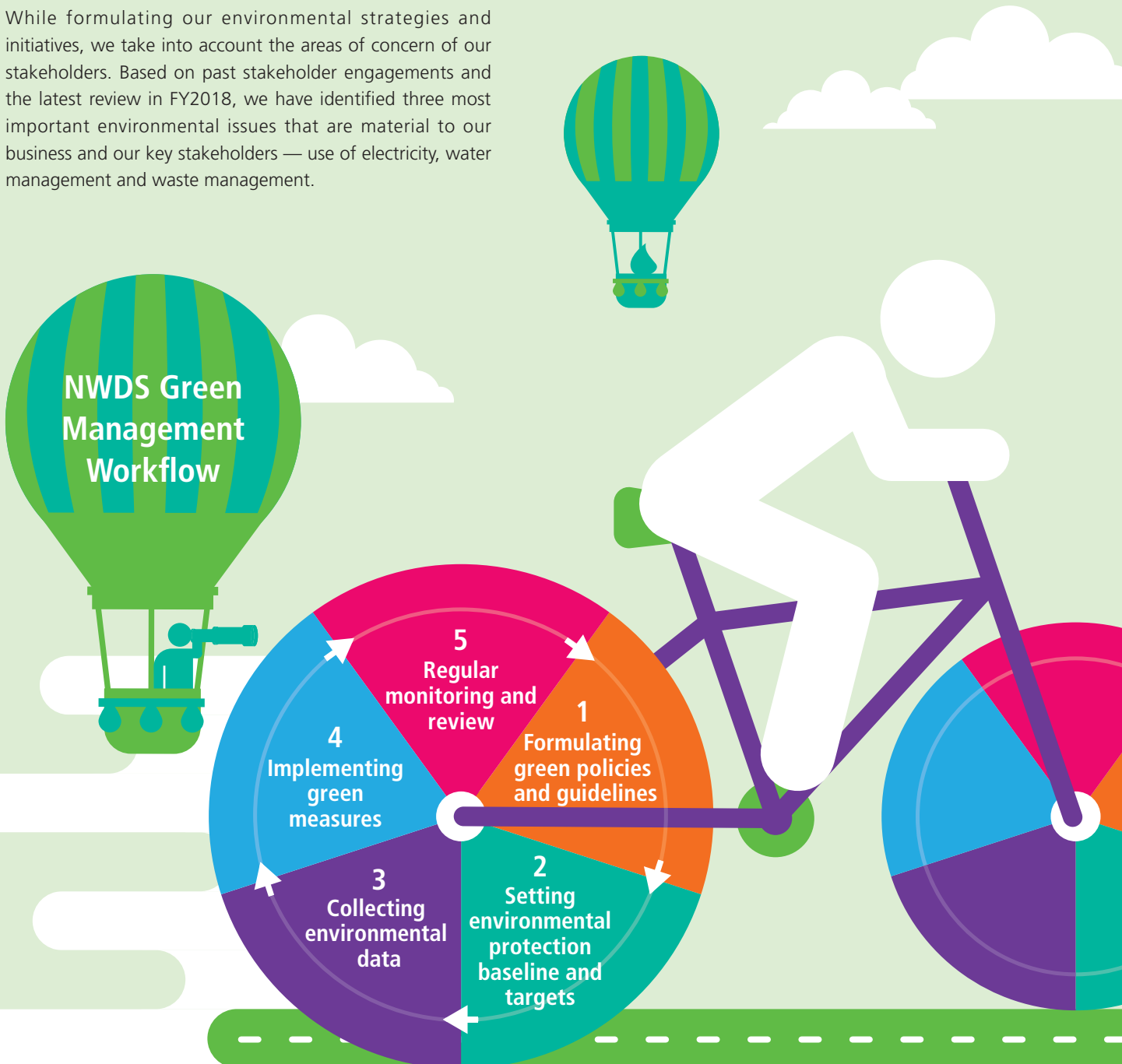
While formulating our environmental strategies and initiatives, we take into account the areas of concern of our stakeholders. Based on past stakeholder engagements and the latest review in FY2018, we have identified three most important environmental issues that are material to our business and our key stakeholders — use of electricity, water management and waste management.

During the year under review, there were no reported incidents of non-compliance with laws and regulations relating to environmental issues.



### Our Approach

To address the strategically important environmental issues identified by the Group and our key stakeholders, the following five-pronged approach has been devised.



## 1 Formulating green policies and guidelines

A clearly defined green policy is vital to steer the Group's green operations in the right direction. To address the different strategically important environmental issues ranging from green office, energy, water, wastes to carbon emission, we have implemented a number of policies and guidelines. These documented policies and guidelines provide a firm base for all stores and offices to put the green operations into practice.



### Green Office

- ✔ Green Office Policy (FY2016)
- ✔ Sustainable Office Guide (FY2016)



### Green Procurement

- ✔ Green Procurement Policy (FY2009)
- ✔ Green Procurement Guidelines (FY2017)

### Energy Consumption

- ✔ Guidelines on Energy Conservation at Department Stores and Offices (FY2015)
- ✔ Policy on Replacing LED Lights at Operating Stores (FY2017)

### Greenhouse Gas Emissions

- ✔ Guidelines to Account for Greenhouse Gas Emissions and Reduction (FY2015)

### Waste Management

- ✔ Guidelines on Waste Reduction at Offices (FY2015)
- ✔ Waste Measurement Guidelines (FY2016)
- ✔ Food Waste Reduction Advice (FY2017)
- ✔ Food Waste Gauging Guidelines (FY2018)

## 2 Setting environmental protection baseline and targets

Setting and measuring targets enable us to monitor our sustainability performance and support us to develop targeted strategies in addressing the material environmental issues. During the year under review, we worked with the New World Group to develop quantifiable environmental targets for us to achieve the 2030 Vision. These targets are expected to be set and announced in the coming reporting year.

In addition, we have made adjustments to exclude tenants' electricity and water consumption in the data consolidation and assessment process during the year under review to better reflect the Group's actual utility consumption. As a result, we planned to set the carbon emissions and electricity consumption of the year under review as our baseline to facilitate better comparison in the future.

## 3 Collecting environmental data

To effectively monitor our green performance, we require accurate data. In FY2017, we introduced an Internet-based Data System to improve efficiency and transparency of the data collection process. All stores and offices are required to input the environmental data in the system regularly so that the headquarters can timely monitor the use of energy, water and materials of various regions. In addition, we have compiled two sets of *Operation Manual for Sustainability Data Management System*, which outline the different procedures for data entry and data audit for the reference of all stores and offices.

During the year under review, a training session was organised by the New World Group for NWDS' senior management to keep them abreast of the latest ESG trends and reporting requirements, as well as the importance of ESG data collection.



#### 4 Implementing green measures

To address the most important environmental issues such as waste and air pollution in China, we implemented a wide range of green initiatives relating to energy consumption, waste reduction, efficient use of resources and green living promotion during the year under review. Details are provided in the following sub-sections.

#### 5 Regular monitoring and review

We review our environmental policies and guidelines consistently to keep up with the changing environmental regulatory landscape and address the latest environmental issues. We also regularly review the ESG data collected by our stores and offices to ensure effective data management. This year, we have engaged an external consultant to review our internal control procedures with an aim to enhance our overall efficiency on ESG data collection.



### Energy Consumption

Owing to the increasing impact of global warming, our priority is to save energy and reduce GHG emissions.

#### OUR APPROACH AND MEASURES

Our 'Policy on Replacing LED Lights at Operating Stores', which was introduced in 2017, is aimed at reducing energy consumption of lighting systems and standardising the use of energy-efficient LED lights at our stores. Besides implementing the use of LEDs across our premises, the policy sets forth the lighting intensity guidelines for various usage including usage at the front and back of houses so as to avoid under or over design of the lighting system.

Our APD team consistently maintains our facilities to optimise energy usage. These measures include routine maintenance or replacement of energy-intensive equipment, turning on outdoor lighting in accordance with local sunset time, and the use of more fresh air intake for heat exchange instead of air-conditioning when temperature is cool. Other ongoing measures in stores and offices include:



#### Energy Conservation and Emission Reduction Measures

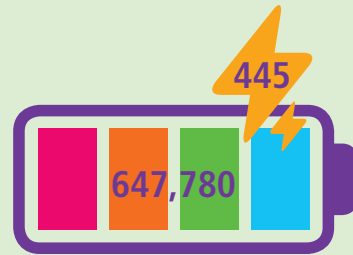
<b>Department Stores</b>	<ul style="list-style-type: none"> <li>Control the lighting period of the stores while ensuring sufficient lighting condition for quality shopping experience</li> <li>Enhance the maintenance of air conditioning system to reduce energy loss</li> <li>Increase cooling efficiency of air conditioning by cleaning the ventilation system</li> <li>Adjust the operation hours of escalators to avoid unnecessary wastage</li> </ul>
<b>Offices</b>	<ul style="list-style-type: none"> <li>Remind staff to switch off unnecessary lights and electrical appliances</li> <li>Remind staff to switch off lights and computers during lunch hours</li> </ul>



**OUR PERFORMANCE**

During the year under review, we have excluded the tenants' electricity consumption in the data consolidation and assessment process to better reflect the actual utility consumptions of the Group. With such adjustment made, our total electricity consumption amounted to 647,780 gigajoules ('GJ') while total electricity consumption intensity was 445 megajoules per sq.m. ('MJ/sq.m.') in FY2018. The Current Year's data will be adopted as our baseline for future comparison of electricity consumption.

**Electricity Consumption**



FY2018

Total electricity consumption (GJ)

Total electricity consumption intensity (MJ/sq.m.)

Remark: To better reflect the actual utility consumptions of NWDS, the boundary of FY2018 reported data for electricity and municipal water supply consumptions has been adjusted to exclude tenants' consumptions in all 38 premises.

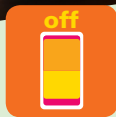
**'Earth Hour' and 'Unplugged Concerts' Promote Energy Conservation and Emission Reduction**

NWDS took part in WWF's 'Earth Hour' lights-off campaign for the ninth consecutive year. A total of 35 stores across Mainland China switched off non-essential lights for one hour at 8:30 p.m. on 28 March 2018. This resulted in the saving of 1,476 kWh of electricity, equivalent to about 1.2 tonnes of carbon emission.

Upholding the Group's tradition, six of our stores joined hands with local bands and organised the 'Unplugged Concerts' to perform music with minimal electricity consumption to raise public awareness towards global warming.

"The 'Earth Hour' helps raise environmental awareness about energy saving. But it is more important to remind ourselves not just to switch off lights for an hour, but to develop a habit to practise green in our everyday lives."

Mika Shi  
Assistant Manager — Marketing  
Lanzhou New World Department Store





## Water Management

Water scarcity is expected to be one of the biggest issues over the coming decades. According to experts, water supply will not be able to meet demand if China does not take necessary steps. Maintaining a sustainable clean water supply has never been a more pressing environmental issue in China.

To align with the sustainability approach of the New World Group, which highlights 'water' as one of the material environmental issues, our sustainability efforts will continue to emphasise the water aspect by formulating targeted water saving strategies to protect this scarce and precious resource in the coming years.

### OUR APPROACH

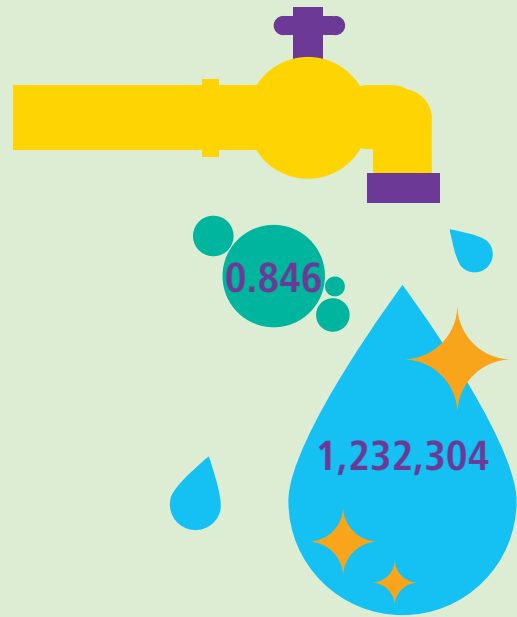
The 'Green Office Policy' provides guidance to fulfil our environmental responsibilities and states our commitments to reducing the potential environmental impacts of our operations relating to the use of natural resources and energy, waste disposal and reduction, environmental education, and performance monitoring and evaluation. We are focused on minimising the use of natural resources, including municipal water supply by optimising our operational system and providing awareness building training to our staff members.

### OUR PERFORMANCE

During the year under review, we have excluded the tenants' water consumption in the data consolidation and assessment process to better reflect the actual utility consumptions of the Group. Coupled with our water saving measures, our total municipal water consumption amounted to 1.23 million cubic metres ('m<sup>3</sup>') while total municipal water intensity was 0.846 cubic metres per sq.m. ('m<sup>3</sup>/sq.m.')

in FY2018. To facilitate our comparison of environmental performance in the future, we plan to set the Current Year's water consumption performance as our baseline.

### Municipal Water Consumption



FY2018

- ◆ Total municipal water supply (m<sup>3</sup>)
- Total municipal water intensity (m<sup>3</sup>/sq.m.)

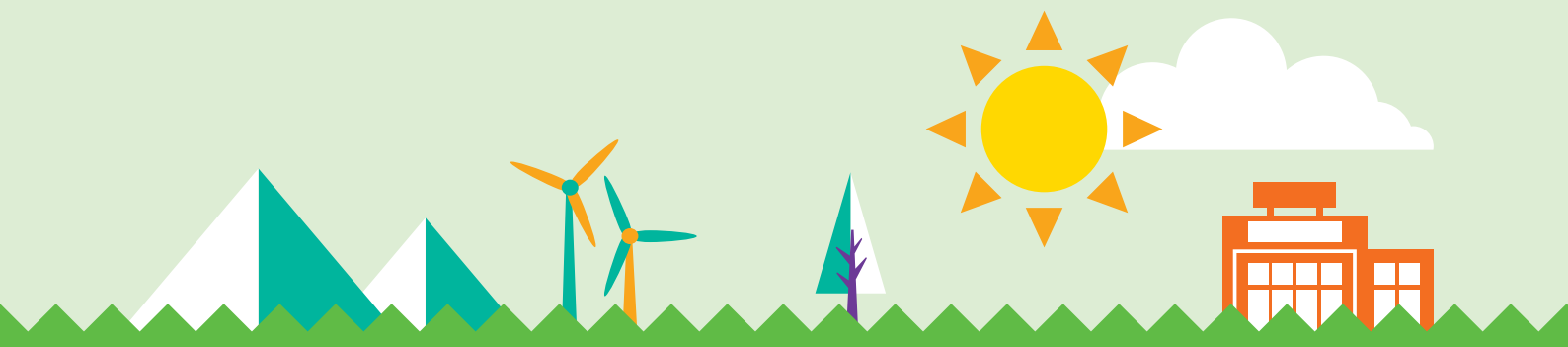
*Remark: To better reflect the actual utility consumptions of NWDS, the boundary of FY2018 reported data for electricity and municipal water supply consumptions has been adjusted to exclude tenants' consumptions in all 38 premises.*



## Resources and Waste Management

Solid waste is one of China's biggest environmental issues as the country tries to end illegal dumping and rehabilitate land and water sources contaminated by hazardous chemicals or heavy metals.

Food waste is another pressing issue, whose implications are significant. Food waste is an economic drain and a threat to the planet's very well-being. As our business also involves the catering sector, we have devised food waste policies and guidelines to optimise the operating model of our stores and further enhance waste reduction.



## OUR APPROACH AND MEASURES

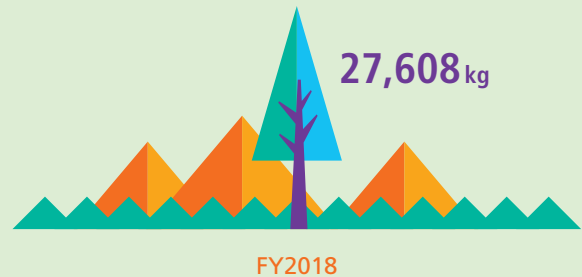
We published the *Guidelines on Waste Reduction at Offices* and *Waste Measurement Guidelines* in FY2015 and FY2016, respectively, which are based on the principle of 'use less, waste less'. These guidelines facilitated our staff members to understand and monitor the wastes generated in their day-to-day operations.

Food and beverage outlets account for a significant share of the operating area in our stores. In 2017, we developed the *Food Waste Reduction Advice* with reference to community food wise schemes and we have since been engaging our eatery tenants by encouraging them to launch their own food waste reduction initiatives. We launched the *Food Waste Gauging Guidelines* and *Food Waste Gauge Sheet* to specify the methods and details of food waste measurement in FY2018.

## OUR PERFORMANCE

During the year under review, we saw a drop in paper consumption (A3 and A4 paper combined) by 3.1%, compared to FY2017, with the total savings standing at 871 kilograms ('kg') of paper.

### ◆ A3 and A4 Paper Consumption ◆



Waste Management Measures	
Department Stores	<ul style="list-style-type: none"> <li>Introduce electronic membership cards, vouchers and invoices on NWDS' WeChat official account</li> <li>Introduce electronic payment methods such as Alipay, WeChat Pay and Apple Pay to accelerate paperless payment</li> <li>Promote via online marketing channels to reduce printed matters</li> <li>Centralise the collection of food waste from food and beverage outlets to ensure proper handling</li> </ul>
Bakeries	<ul style="list-style-type: none"> <li>Procure raw materials according to sales status to avoid over-stocking and wastage</li> <li>Appoint authorised recyclers to collect and dispose of food waste and used cooking oil daily</li> </ul>
Offices	<ul style="list-style-type: none"> <li>Set up a standardised Enterprise Resource Planning (ERP) system to promote office automation and paperless operations</li> <li>Use pen refill to reduce waste of office stationary</li> <li>Review the recyclers regularly to ensure proper recycling of disposed materials</li> </ul>

## Regenerating Raw Materials from Waste Concrete

Construction waste generated during the construction, renovation and demolition of buildings or structures leads to extensive amount of air, water and soil pollution. To minimise the environmental impact of our construction waste, which is mainly old cement blocks generated in our construction works, we have adopted a new technology to regenerate aggregates from old concrete for pasting the base of floor tiles in accordance with the *Waste Concrete Recycling Technical Specifications* approved by the Ministry of Commerce of the People's Republic of China. We hope we can better utilise our resources and reduce our burden on the environment through this new initiative.



## 'Green Mid-Autumn Festival — Mooncake Box Recycling Campaign' Educates Public to Use Less, Waste Less

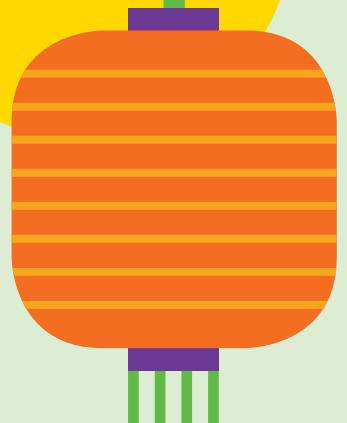
To promote the concept of turning waste into treasure, we organised a nationwide green activity 'Green Mid-Autumn Festival — Mooncake Box Recycling Campaign' for the seventh consecutive year. The campaign was held in mid-October 2017, along with the 'Be a Green Giver — Mooncake Donation Drive'.

This year, our stores successfully collected about 2,200 idle mooncake boxes and 950 unconsumed mooncakes. These were transferred to recyclers for resource reproduction or donated to those in need through social and charitable organisations. The two initiatives promoted the message of 'use less, waste less' and demonstrated our care for the community. A total of 28,400 mooncake boxes and 1,900 mooncakes have been collected since their inception,

successfully converging green energies from major cities in Mainland China.

Family DIY workshops were organised, which encouraged children to appreciate food. Our Chengdu New World Department Store donated all the proceeds from the recycled mooncakes, as well as the donations from customers and volunteer teams to an international charitable organisation — 'SOS Children's Villages' — to support the daily needs and educational development of under-resourced children in the country.

Our store volunteers visited elderly homes and under-privileged families to offer mooncakes, daily necessities and festive wishes.





## Greenhouse Gas Emissions

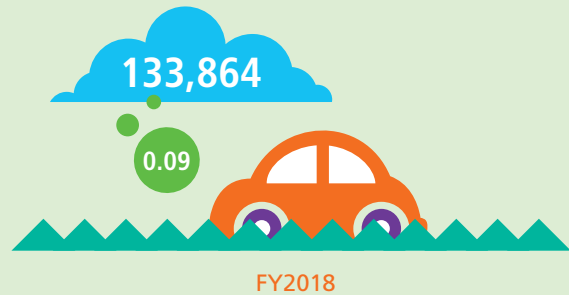
Climate change is primarily attributable to GHG emissions from human activities. To combat climate change, we strive to play our role as a responsible corporate citizen to minimise our GHG emissions from our business operations through various energy-saving measures and efficient use of resources.

### OUR APPROACH

In 2015, all the subsidiary companies under the New World Group were required to carry out carbon audit. In line with this, we launched the *Guidelines to Account for Greenhouse Gas Emissions and Reduction* in the same year to provide guidance for our staff members to carry out carbon audit at our stores and offices.

We recorded 133,864 tonnes of carbon dioxide equivalent ('tCO<sub>2</sub>e') of total carbon emissions for the year under review, of which indirect carbon emissions (i.e. Scope 2 emissions referring to electricity consumption only) accounted for 94%. The Group's total carbon intensity amounted to 0.09 tonnes of carbon dioxide equivalent/square metre ('tCO<sub>2</sub>e/sq.m.') in FY2018, after the exclusion of tenants' electricity consumption.

### ◆ GHG Emissions ◆



- ◆ Total GHG emissions (tCO<sub>2</sub>e)
- Total GHG intensity (tCO<sub>2</sub>e/sq.m.)

#### Remarks:

1. Direct GHG emissions refer to emissions from operations owned or controlled by the Group, whereas indirect GHG emissions are emissions from electricity and town gas purchased or acquired for internal use (including heating, cooling and steam production).
2. To better reflect the actual utility consumptions of NWDS, the boundary of FY2018 reported data for electricity and municipal water supply consumptions has been adjusted to exclude tenants' consumptions in all 38 premises. The above adjustment made to the scope of data collected will affect the data for GHG emissions and GHG intensity in FY2018.



## Organic Rooftop Garden for City Dwellers

Rooftop gardens not only beautify buildings but also offer a number of advantages to city dwellers, such as growing food and taking carbon dioxide out of the air while releasing breathable oxygen. Since 2015, we have been collaborating with G-vegetable, a rooftop garden operator in Mainland China, to implement a rooftop garden initiative at Hong Kong New World Department Store — Shanghai Pujian Branch Store. With a GFA of 900 sq.m., the initiative spans eight years until 2023, enabling city dwellers and our shoppers to experience the joy of organic farming and harvesting. The organic fertiliser used in the rooftop garden has certification by SGS Hong Kong Limited (SGS) with the organic composition higher than 60%.





## Green Procurement

The principle of green procurement enables us to take environmental considerations into account in our purchasing decisions, helping us mitigate any environmental risks in our supply chain, and at the same time promote green living to our customers. Thus, we insist on procuring materials and products that meet specific quality standards, whenever possible.

### OUR APPROACH AND MEASURES

As per our 'Green Procurement Policy' introduced in 2009, all stores and offices are required to adhere to our green procurement principles, such as choosing high energy efficient products and bio-degradable products. The policy

guides us to better manage our procurement at the best value while taking into account the environmental impact of our procurement decisions. Besides, the roles and responsibilities of specific employees held accountable for the procurement projects had been clearly defined in the policy.

In FY2017, the *Green Procurement Guidelines* were developed to provide stores and offices reference to green product specifications. For instance, we give priority to green choices when selecting decorative materials and we go for Forest Stewardship Council™ ('FSC™') certified paper with soy ink printing for our financial reports.

Our store network also offers new green products and showcases low carbon living ideas to our customers, encouraging the public to practise green in their everyday lives.

### LOL Concept Shop Offers Eco-friendly Products

Our private label, LOL, primarily offers quality lifestyle products sourced from different channels. To realise LOL's green vision, we prepared the 'LOL Green Proposal' to indicate our preference for green merchandise before collaborating with any suppliers and ask them to produce proof of their product's green specifications.

Since FY2017, LOL has introduced a range of eco-friendly DIY products made by original Hong Kong brand 'Team Green', including 3D puzzles and a series of products made with FSC™ certified paper and other eco-friendly raw materials, which were greatly welcomed by lifestyle- and environment-conscious customers.

Other green products launched include environment-friendly cork accessories and leather goods, as well as eco-resin children's goods.

We have already achieved our target for FY2018 of maintaining the sales proportion of eco-friendly merchandise at around 10% at LOL stores. We will continue sourcing new green products to inspire our customers to embrace the green lifestyle.



### LOL Green Proposal

We sincerely thank all suppliers for your continued support to LOL Concept Shop under NWDS. LOL is committed to making eco-friendly products its priority procurement choice, which include merchandise made with green materials, products with green packaging, green product design concepts and jointly promoted eco-products. We encourage all suppliers to embrace LOL's green vision and appreciate if you could produce relevant certification documents before collaborating with LOL.

**New World Department Store China Limited**





As our business operations inevitably consume resources of local communities where we operate, we are committed to giving back to the community through a comprehensive community investment approach.

Our core values for community investment is based on four key elements — social responsibility, innovation, people orientation and pursuit for excellence. In line with this, we are committed to addressing social and livelihood needs while grasping every chance to serve the community and promote sustainability programmes to offer assistance to those in need and foster sustainable development in the society.

◆ Our Core Values ◆



Our stores are spread across 19 key locations in Mainland China, each with its own unique set of livelihood demands. We partner and maintain close ties with local non-profit organisations to identify the needs of local communities, so that our contribution can be as effective as possible. We also encourage our stores to initiate and organise activities from time to time to better serve their communities and bring more awareness of sustainability to the community.

**OUR APPROACH**

Our approach to community investment involves charitable donation, educational aids, volunteer work and partnership with non-governmental organisations or charities. In order to better address the needs of the local communities where we operate, we strive to support four key types of beneficiaries — children and students, elderly people, people with disability and under-resourced groups.

◆ Key Types of Beneficiaries ◆



Children and Students    Elderly People    People with Disability    Under-resourced Groups

Our nationwide NWDS Volunteer Team comprises staff representatives from all our stores and offices. We encourage them to partner with us, volunteering to organise and participate in community activities, fulfilling their civic responsibilities and contributing to the society. These volunteering activities are promoted regularly through various communication channels, such as intranet, internal newsletter and WeChat, to encourage more staff to give back to the community. Our 'NWDS Volunteer Team Members' Handbook' for our employees, which was introduced in 2013, provides information about volunteering in terms of its definition, meaning, values, attitude and service scope. It also introduces the NWDS Volunteer Team in terms of key beneficiaries and enrolment methods.

Our volunteer service record is updated regularly and stored in our human resources database. Based on the record, we give out volunteer appreciation certificates to outstanding volunteers for their contribution towards the community.

We also organise the volunteer appreciation and award ceremony on a yearly basis to show our respect and appreciation to those who have made significant contribution to the community.



## OUR PERFORMANCE

During the year under review, the Group donated about HK\$1.29 million to charitable organisations, such as Shanghai Charity Foundation (Yangpu branch), Hubei Province Sunny Charitable Commodity Centre and Red Cross Society of China Chongqing Branch (Fengdu county). In addition, the Group organised 204 volunteering activities and contributed a total of 5,950 volunteer service hours. A total of 1,436 volunteers from various regions organised a wide range of community initiatives, and the average volunteer service hours per person amounted to 1.3 hours in FY2018.

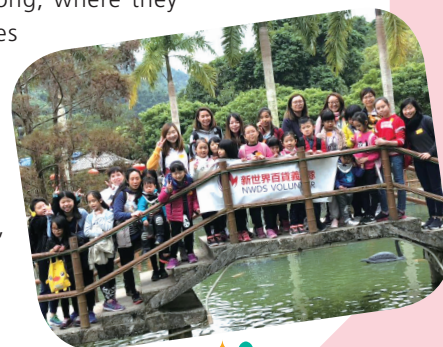
## OUR INITIATIVES



### Hong Kong

#### Strawberry Fun Picking and Tasting at Spring Festival

Volunteers from our Hong Kong office collaborated with the Hong Kong Federation of Youth Groups Jockey Club Kwai Fong Youth S.P.O.T. for the third time to organise a strawberry picking activity in late January 2018. Our volunteers brought 16 under-resourced children from Tung Chung to visit the Tai Tong Organic EcoPark in Yuen Long, where they picked strawberries and fed koi fish in the pond in the hope to nurture the spirit of sharing and caring for each other in the children's hearts.



### Harbin

#### Passing on Love to the Elderly Groups Charitable Activity

We launched the 'Passing on Love to the Elderly Groups Charitable Activity' in collaboration with both the talent service team and the hope service team under the Harbin representative office of the China Council of Lions Clubs, as well as Harbin Laishun Voluntary Service Centre for Public Welfares. In the first week of March 2018, Harbin New World Department Store called for donation of idle clothes from its customers and its staff for the elderly. An official donation ceremony took place on the International Women's Day, where store representatives passed over a thousand pieces of clothes to the China Council of Lions Clubs, which further distributed them by its service teams to the elderly in need.





## Wuhan

### 'NWDS Connects • Let Love Soar' Under-privileged Student Support Programme

In mid-April 2018, in light of the Group's 25<sup>th</sup> anniversary, our five stores in Wuhan took the lead to collaborate with the charity television programme called *Help the Ladies, Journey of Finding Love* on the Integrated Channel of Hubei Television to launch the 'NWDS Connects • Let Love Soar' under-privileged student support programme. The programme aims to support under-privileged school kids from Ganglu Primary School of Tongshan county in Xianning city, Hubei province. Our staff from the five Wuhan stores called for donation and collection of idle clothes in the stores and raised approximately RMB18 thousands of cash donations successfully. All our donations, including stationary, school bags, clothes and cash, were then distributed to the school kids by our store representatives.



### New Clothing Drive at Wuhan New World Department Store

In January 2018, Wuhan New World Department Store donated 1,535 pieces of new clothes, which worth over RMB1.05 million, to Hubei Province Sunny Charitable Commodity Centre, bringing care and warmth to the needy families amid cold weather.



*"Xi'an City Plaza adheres to the core philosophy of the Group and inherits the NWDS' commitment to charitable deeds. We do not only focus on sales but also care about our community as we are inheritors of the corporate culture. During the year, we took part in a number of charitable activities — from nationwide activities led by the headquarters to local activities organised by our store every month, with an aim to spread the love and energy of NWDS to the communities we serve. We will continue to uphold the Group's belief in charitable contribution and showcase the characteristics of Xi'an city — by caring for people, spreading words of love, being true to our core values, maintaining our progress, showing gratitude and giving back to the society."*

Sunny Jiang  
Training Supervisor — Human Resources  
Xi'an New World City Plaza



# AWARDS & RECOGNITION



## External Initiatives



Carbon Audit 碳審計  
綠色標青 Green Partner

Carbon Audit Green Partner of  
Climate Ready @ HK  
Environment Bureau,  
Hong Kong SAR Government



SUSTAINABLE  
CONSUMPTION  
ENTERPRISE  
支持可持續消費的企業

Sustainable Consumption Enterprise  
in Sustainable Consumption  
Recognition Scheme  
Business Environment Council



60+  
EARTH HOUR  
地球一小時

Signatory and Participating  
Corporate of Earth Hour  
WWF









## Corporate Governance


### The Asset

 Gold Award in the category of 'Environmental, Social and Corporate Governance' in 'The Asset Corporate Awards 2017'

### CAPITAL

 'CAPITAL Outstanding Chinese Department Store Enterprise' in 'The 12<sup>th</sup> CAPITAL Outstanding China Enterprise Awards'


### Hong Kong Investor Relations Association

 'Certificate of Excellence' in 'The HKIRA 4<sup>th</sup> Investor Relations Awards'



## Staff Benefits and Development

### Overseas Education College of Shanghai Jiao Tong University


 '2017 China's Best Corporate University' in the awards ceremony of the 'Chinese Corporate University Rankings'

### China Chain Store and Franchise Association

 '2017 CCFA Top 10 Corporate Universities' in the 'CCFA Top 10 Corporate Universities'

## Environmental Protection


### World Green Organisation

 'Green Office' Label and 'Eco-Healthy Workplace' Label in the 'Green Office and Eco-Healthy Workplace Awards Labelling Scheme'

### Environmental Campaign Committee

 'Excellence Level' Wastewi\$e Certificate in the 'Wastewi\$e Certificate' scheme under the 'Hong Kong Green Organisation Certification'


### Business Environment Council


 'Certificate of Participation' in the 'Sustainable Consumption Enterprise Award'




## Community Services

### The Hong Kong Council of Social Service

 '5 Years Plus Caring Company Logo' in 2017/18 'Caring Company' Scheme

 'Business for Sustainability Logo' in 2017/18 'Business for Sustainability' Scheme

### Agency for Volunteer Service

 'Hong Kong Community Volunteers (Corporate Member) Certificate of Appreciation'



## Reporting Period

The Report provides updates to the Group's sustainability initiatives and activities implemented in FY2018 in relation to staff benefits and development, operating practices, environmental protection, community services, etc. Our sustainability report is published on an annual basis.

## Reporting Scope and Boundary

The Report covers the Group's retail business in Mainland China, including 36 department stores and shopping malls, direct sales business outlets outside its department stores, as well as its offices in Hong Kong and Mainland China.

# ABOUT THIS REPORT

We are committed to promoting and fulfilling corporate social responsibility. We took the initiative to publish standalone sustainability reports well before the Stock Exchange introduced the new ESG Guide. This year, we are pleased to present the *NWDS Sustainability Report 2018* (the 'Report'). The Report is aimed at providing a concrete framework to better inform stakeholders of the progress of the Group's sustainability efforts. The Report also inspires us to adopt, reform and optimise our efforts in order to meet the expectations of our key stakeholders.

In FY2017, we launched a Data System to fully optimise and automate the data collection and management process. The Data System has enabled the Group to monitor the sustainability performance on all fronts as well as improved data accuracy and timeliness. As a result, we are able to make use of more reliable references to complete the Report. Related data and contents have been sorted, analysed and concluded in the Report, giving a clear and comprehensive overview of NWDS' sustainable development to our stakeholders.

## Report Reference

The Report is prepared in accordance with the *Global Reporting Initiative ('GRI') Standards* (the 'GRI Standards') (Core option) and also meets the requirements of the new ESG Guide published by the Stock Exchange. As part of our commitment towards reliability and credibility, we commissioned the Hong Kong Productivity Council to verify the Report, ensuring the reported contents have fully satisfied the requirements of the Core option of GRI Standards and the latest ESG Guide.

## Your Feedback to us

To download the Report, please visit the Group's corporate website ([www.nwds.com.hk](http://www.nwds.com.hk)). For further information, please refer to the Annual Reports and other publications of the Group. We welcome all comments and suggestions on the Report or our sustainability performance. Please contact us by email at: [nwdsacad@nwds.com.hk](mailto:nwdsacad@nwds.com.hk).

# DATA TABLES



## Social Data

### Number of Employees

		Total	Gender		Geographical Region	
			Male	Female	Hong Kong	Mainland China
By Employment	Permanent	2,089	957	1,132	39	2,050
	Contract	2,509	911	1,598	1	2,508
By Employment Type	Full-time	4,589	1,864	2,725		
	Part-time	9	4	5		

### Training Hours

FY2018

#### By Seniority

Frontline Officer and below	23,071
Back-office Officer and below	3,533
Assistant Manager	1,818
Manager	750
Assistant General Manager and above	604

#### By Gender

Male	7,011
Female	22,764

**Total** 29,775

Total Workforce	
FY2018	
<b>By Seniority</b>	
Frontline Officer and below	1,948
Back-office Officer and below	1,420
Assistant Manager	834
Manager	309
Assistant General Manager and above	87
<b>By Gender</b>	
Male	1,868
Female	2,730
<b>By Age Group</b>	
Aged under 30	963
Aged 30–49	3,475
Aged 50 or above	160
<b>By Geographical Region</b>	
Hong Kong	40
Mainland China	4,558
<b>Total</b>	<b>4,598</b>

Turnover and New Hires of Total Workforce		
FY2018		
<b>Turnover</b>	<b>By Gender</b>	
	Male	625 (13.6%)
	Female	1,132 (24.6%)
	<b>By Age Group</b>	
	Aged under 30	761 (16.6%)
	Aged 30–49	960 (20.9%)
	Aged 50 or above	36 (0.8%)
	<b>By Geographical Region</b>	
	Hong Kong	10 (0.2%)
	Mainland China	1,747 (38.0%)
<b>Total</b>	<b>1,757 (38.2%)</b>	
<b>New Hires</b>	<b>By Gender</b>	
	Male	518 (11.3%)
	Female	1,084 (23.6%)
	<b>By Age Group</b>	
	Aged under 30	823 (17.9%)
	Aged 30–49	776 (16.9%)
	Aged 50 or above	3 (0.1%)
<b>By Geographical Region</b>		
Hong Kong	10 (0.2%)	
Mainland China	1,592 (34.6%)	
<b>Total</b>	<b>1,602 (34.8%)</b>	

Occupational Health and Safety		
FY2018		
<b>Absentee Rate</b>	<b>By Gender</b>	
	Male	0.81%
	Female	1.62%
	<b>By Geographical Region</b>	
	Hong Kong	1.13%
Mainland China	1.29%	
<b>Overall</b>	<b>1.29%</b>	
<b>Injury Rate</b>	<b>By Gender</b>	
	Male	0.615
	Female	0.211
	<b>By Geographical Region</b>	
	Hong Kong	0.000
Mainland China	0.378	
<b>Overall</b>	<b>0.375</b>	
<b>Lost-day Rate</b>	<b>By Gender</b>	
	Male	45.392
	Female	10.144
	<b>By Geographical Region</b>	
	Hong Kong	0.000
Mainland China	24.671	
<b>Overall</b>	<b>24.466</b>	
<b>Occupational Disease Rate</b>	<b>By Gender</b>	
	Male	0
	Female	0
	<b>By Geographical Region</b>	
	Hong Kong	0
Mainland China	0	
<b>Overall</b>	<b>0</b>	
<b>Fatality Rate</b>	<b>By Gender</b>	
	Male	0
	Female	0
	<b>By Geographical Region</b>	
	Hong Kong	0
Mainland China	0	
<b>Total</b>	<b>0</b>	

## Remarks:

1. Minor (first-aid level) injuries are excluded from the above injury rates.
2. The lost day rate, injury rate and occupational disease rate represent the number of incidents per 100 employees per year. These rate are calculated as 'total number of incidents multiplied by the annual hours worked by 100 employees and then divided by total hours worked'.





## Environmental Data

Greenhouse Gas Emissions		
Type	Unit	FY2018
Direct GHG (Scope 1)	tCO <sub>2</sub> e	7,729
Indirect GHG (Scope 2)	tCO <sub>2</sub> e	126,135
<b>Total</b>	<b>tCO<sub>2</sub>e</b>	<b>133,864</b>
<b>GHG Intensity</b>	<b>tCO<sub>2</sub>e/sq.m.</b>	<b>0.092</b>

Energy Consumption		
Type	Unit	FY2018
Natural Gas	GJ	122,883
Gasoline	GJ	2,959
Diesel	GJ	2,308
Electricity	GJ (kWh)	647,780 (179,938,770)
<b>Total</b>	<b>GJ</b>	<b>775,929</b>
<b>Energy Intensity</b>	<b>GJ/sq.m.</b>	<b>0.532</b>

Water Consumption		
Type	Unit	FY2018
Municipal Water Supply	m <sup>3</sup>	1,232,304
<b>Water Intensity</b>	<b>m<sup>3</sup>/sq.m.</b>	<b>0.846</b>

Materials Used		
Type	Unit	FY2018
Paper (A4)	tonne	27.2
Paper (A3)	tonne	0.4
Paper Products	tonne	33.4
Plastic Bags	tonne	8.1

Wastes Handled		
Type	Unit	FY2018
<b>Hazardous Wastes Recycled</b>		
Toner	tonne	0.4
<b>Non-hazardous Wastes to Landfills or Incinerated</b>		
General Waste	tonne	4,610.1
Paper	tonne	13.9
Plastics	tonne	9.8
Aluminum Can	tonne	0.1
Glass	tonne	1.8
Food Waste	tonne	5,241.3
Used Cooking Oil	tonne	60.1
<b>Total</b>	<b>tonne</b>	<b>9,937.1</b>
<b>Non-hazardous Wastes Recycled or Reused</b>		
Cardboard	tonne	548.2
Scrap Metal	tonne	0.7
<b>Total</b>	<b>tonne</b>	<b>548.9</b>

**Remarks:**

- To better reflect the actual utility consumptions of NWDS, the boundary of FY2018 reported data for electricity and municipal water supply consumptions has been adjusted to exclude tenants' consumptions in all 38 premises.
- Energy consumption was calculated with reference to the Global Reporting Initiative (GRI) Standards (Core option).
- The reported energy intensity and GHG intensity were calculated based on the total GFA of the stores with full-year operations during the year under review (i.e. 1,457,418 sq.m.).

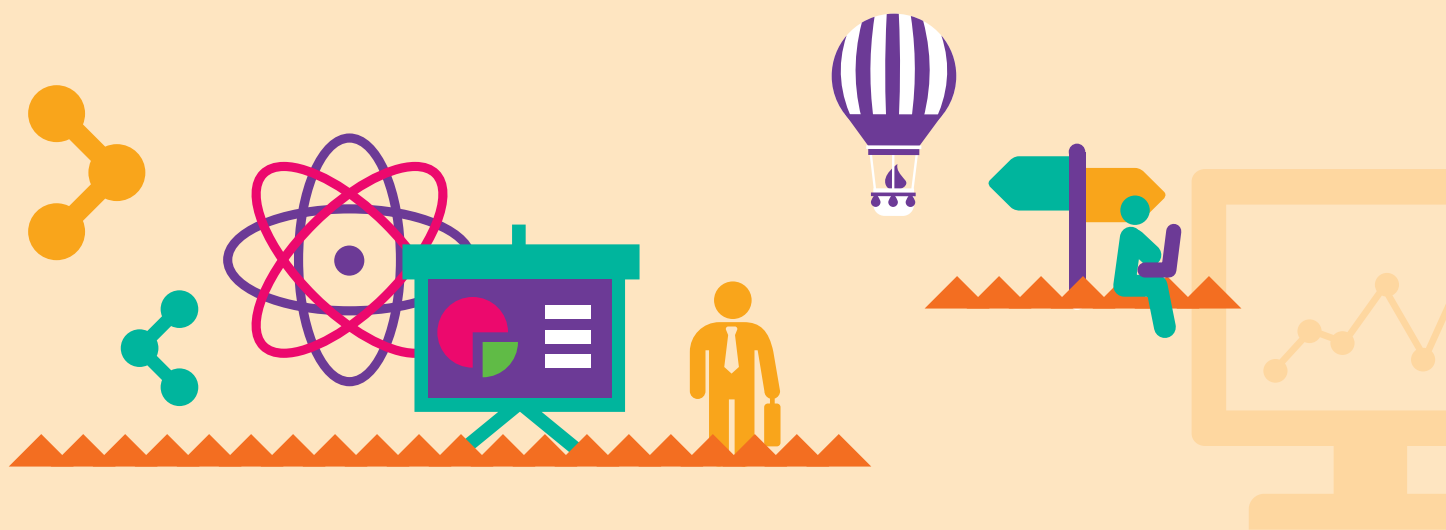
# CONTENT INDEX



## Universal Standards

Disclosure		Relevant Section(s) and/ or URL(s)	Remark (e.g. omission)	HKEx ESG Guide
<b>GRI 101: Foundation 2016</b>				
<b>GRI 102: General Disclosures 2016</b>				
<b>Organisational Profile</b>				
102-1	Name of the organisation	Our Business (P.5–7)		
102-2	Activities, brands, products, and services	Our Business (P.5–7)		
102-3	Location of headquarters	7/F, 88 Hing Fat Street, Causeway Bay, Hong Kong		
102-4	Location of operations	Our Business (P.5–7)		
102-5	Ownership and legal form	Our Business (P.5–7) Annual Report 2018 – Notes to the Financial Statements (P.135–139)		
102-6	Markets served	Our Business (P.5–7)		
102-7	Scale of the organisation	Our Business (P.5–7) Staff (P.14–23) Data Tables (P.49–51)		
102-8	Information on employees and other workers	Staff (P.14–23) Data Tables (P.49–51)		KPI B1.1
102-9	Supply chain	Operations (P.24–31)		
102-10	Significant changes to the organisation and its supply chain	Our Business (P.5–7) Operations (P.24–31)		
102-11	Precautionary Principle or approach	Our Approach to Sustainability (P.8–13) Annual Report 2018 – Corporate Governance Report (P.34–42)		
102-12	External initiatives	Awards and Recognition (P.46–47)		
102-13	Membership of associations	Awards and Recognition (P.46–47)		

Disclosure		Relevant Section(s) and/ or URL(s)	Remark (e.g. omission)	HKEx ESG Guide
<b>Strategy</b>				
102-14	Statement from senior decision-maker	Message from the Chairman (P.2–3)		
<b>Ethics and Integrity</b>				
102-16	Values, principles, standards, and norms of behavior	Our Approach to Sustainability (P.8–13)		
<b>Governance</b>				
102-18	Governance structure	Our Approach to Sustainability (P.8–13) Annual Report 2018 – Corporate Governance Report (P.34–42)		
<b>Stakeholder Engagement</b>				
102-40	List of stakeholder groups	Our Approach to Sustainability – Stakeholder Engagement (P.11–12)		
102-41	Collective bargaining agreements	Our employees are not covered by collective bargaining agreements.		
102-42	Identifying and selecting stakeholders	Our Approach to Sustainability – Stakeholder Engagement (P.11–12)		
102-43	Approach to stakeholder engagement	Our Approach to Sustainability – Stakeholder Engagement (P.11–12)		
102-44	Key topics and concerns raised	Our Approach to Sustainability – Stakeholder Engagement (P.11–12)		
<b>Reporting Practice</b>				
102-45	Entities included in the consolidated financial statements	Annual Report 2018 – Notes to the Financial Statements (P.135–139)		
102-46	Defining report content and topic boundaries	Our Approach to Sustainability – Materiality Assessment (P.13)		
102-47	List of material topics	Our Approach to Sustainability – Materiality Assessment (P.13)		
102-48	Restatements of information	Operations – Supply Chain Management (P.29)		
102-49	Changes in reporting	Our Approach to Sustainability – Materiality Assessment (P.13)		
102-50	Reporting period	About this Report (P.48)		
102-51	Date of most recent report	December 2017		
102-52	Reporting cycle	About this Report (P.48)		
102-53	Contact point for questions regarding the report	About this Report (P.48)		
102-54	Claims of reporting in accordance with the GRI Standards	About this Report (P.48)		
102-55	GRI content index	Content Index (P.52–57)		
102-56	External assurance	Assurance Statement (P.58)		





## Topic Specific Standards

GRI Standards	Disclosure	Relevant Section(s) and/ or URL(s)	Remark (e.g. omission)	HKEx ESG Guide
<b>Material Topics</b>				
<b>GRI 200 Economic Standard Series</b>				
<b>Economic Performance</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability (P.8–13)	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Our Business (P.5–7) Annual Report 2018 – Financial Review (P.27–29)	
<b>Procurement Practices</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability (P.8–13)	Aspect B5: Supply Chain Management: General Disclosure
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Operations (P.24–31)	
<b>Anti-corruption</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability (P.8–13)	Aspect B7: Anti-corruption: General Disclosure; KPI B7.1; KPI B7.2
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	Our Approach to Sustainability – Anti-corruption (P.10)	
<b>GRI 300 Environmental Standard Series</b>				
<b>Materials</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability (P.8–13)	Aspect A2: Use of Resources: General Disclosure; KPI A2.5
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 301: Materials 2016	301-1	Materials used by weight or volume	Environment (P.32–41)	
			Environment – Our Approach (P.33–35) Environment – Resources and Waste Management (P.37–39) Data Tables (P.49–51)	
<b>Energy</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability (P.8–13)	Aspect A2: Use of Resources: General Disclosure; KPI A2.1; KPI A2.3
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Environment – Energy Consumption (P.35–36)	
			Data Tables (P.49–51)	
	302-3	Energy intensity	Environment – Energy Consumption (P.35–36)	
			Data Tables (P.49–51)	
302-4	Reduction of energy consumption	Environment – Energy Consumption (P.35–36)		
		Data Tables (P.49–51)		



GRI Standards	Disclosure	Relevant Section(s) and/ or URL(s)	Remark (e.g. omission)	HKEx ESG Guide
<b>Water</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability (P.8–13)	Aspect A2: Use of Resources; General Disclosure; KPI A2.2; KPI A2.4
	103-2	The management approach and its components	Environment (P.32–41)	
	103-3	Evaluation of the management approach	Environment – Our Approach (P.33–35) Environment – Water Management (P.37)	
GRI 303: Water 2016	303-1	Water withdrawal by source	Environment – Water Management (P.37) Data Tables (P.49–51)	The Group only uses municipal water supply.
<b>Emissions</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability (P.8–13)	The Group's air emissions mainly come from the use of vehicles. When we conducted our materiality assessment, air emissions from vehicles were considered having a relatively insignificant impact in our business operations, and thus were not included as a material aspect in the Report. Therefore the relevant data is not available.
	103-2	The management approach and its components	Environment (P.32–41)	
	103-3	Evaluation of the management approach	Environment – Our Approach (P.33–35) Environment – Greenhouse Gas Emissions (P.40)	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Data Tables (P.49–51)	Aspect A1: Emission; General Disclosure; KPI A1.1; KPI A1.2; KPI A1.5
	305-2	Energy indirect (Scope 2) GHG emissions	Environment – Greenhouse Gas Emissions (P.40) Data Tables (P.49–51)	
	305-4	GHG emissions intensity	Environment – Greenhouse Gas Emissions (P.40) Data Tables (P.49–51)	
	305-5	Reduction of GHG emissions	Environment – Greenhouse Gas Emissions (P.40)	
<b>Effluents and Waste</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability (P.8–13)	Aspect A1: Emission; General Disclosure; KPI A1.3; KPI A1.4; KPI A1.6
	103-2	The management approach and its components	Environment (P.32–41)	
	103-3	Evaluation of the management approach	Environment – Our Approach (P.33–35) Environment – Resources and Waste Management (P.37–39)	
GRI 306: Effluents and Waste 2016	306-2	Waste by type and disposal method	Environment – Resources and Waste Management (P.37–39) Data Tables (P.49–51)	
<b>Environmental Compliance</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability (P.8–13)	Aspect A1: Emission; General Disclosure
	103-2	The management approach and its components	Environment (P.32–41)	
	103-3	Evaluation of the management approach		
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	Environment (P.32–41)	
<b>Supplier Environmental Assessment</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability (P.8–13)	Aspect B5: Supply Chain Management; General Disclosure
	103-2	The management approach and its components	Operations (P.24–31)	
	103-3	Evaluation of the management approach		
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Operations (P.24–31) <i>Supplier Code of Conduct</i>	Our <i>Supplier Code of Conduct</i> specifies our requirements for suppliers on environmental protection.

GRI Standards	Disclosure	Relevant Section(s) and/ or URL(s)	Remark (e.g. omission)	HKEx ESG Guide
<b>GRI 400 Social Standards Series</b>				
<b>Employment</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability (P.8–13)	Aspect B1: Employment: General Disclosure; KPI B1.1; KPI B1.2
	103-2	The management approach and its components	Staff (P.14–23)	
	103-3	Evaluation of the management approach		
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Data Tables (P.49–51)	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Staff – Welfare and Benefits (P.16–17)	
<b>Occupational Health and Safety</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability (P.8–13)	Aspect B2: Health and Safety: General Disclosure; KPI B2.1; KPI B2.2; KPI B2.3
	103-2	The management approach and its components	Staff – Occupational Health and Safety (P.23)	
	103-3	Evaluation of the management approach		
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Staff – Occupational Health and Safety (P.23) Data Tables (P.49–51)	
<b>Training and Education</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability (P.8–13)	Aspect B3: Development and Training: General Disclosure
	103-2	The management approach and its components	Staff (P.14–23)	
	103-3	Evaluation of the management approach		
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Staff – Training and Development (P.18–21)	
	404-2	Programs for upgrading employee skills and transition assistance programs	Staff – Training and Development (P.18–21)	
<b>Child Labour</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability (P.8–13)	Aspect B4: Labour Standards: General Disclosure; KPI B4.1
	103-2	The management approach and its components	Staff – Labour Standards (P.15)	
	103-3	Evaluation of the management approach		
GRI 408: Child Labour 2016	408-1	Operations and suppliers at significant risk for incidents of child labour	Staff – Labour Standards (P.15) <i>Supplier Code of Conduct</i>	<i>Our Supplier Code of Conduct</i> specifies our requirements for suppliers on prohibition of child labour.
<b>Forced or Compulsory Labour</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability (P.8–13)	Aspect B4: Labour Standards: General Disclosure KPI B4.1
	103-2	The management approach and its components	Staff – Labour Standards (P.15)	
	103-3	Evaluation of the management approach		
GRI 409: Forced or Compulsory Labour 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Staff – Labour Standards (P.15) <i>Supplier Code of Conduct</i>	<i>Our Supplier Code of Conduct</i> specifies our requirements for suppliers on prohibition of forced labour.
<b>Local Communities</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability (P.8–13)	Aspect B8: Community Investment: General Disclosure; KPI B8.1; KPI B8.2
	103-2	The management approach and its components	Community (P.42–45)	
	103-3	Evaluation of the management approach		
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Community (P.42–45)	

GRI Standards	Disclosure	Relevant Section(s) and/ or URL(s)	Remark (e.g. omission)	HKEx ESG Guide
<b>Supplier Social Assessment</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability (P.8–13)	Aspect B5: Supply Chain Management: General Disclosure
	103-2	The management approach and its components	Operations (P.24–31)	
	103-3	Evaluation of the management approach		
GRI 414: Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	Operations (P.24–31) <i>Supplier Code of Conduct</i>	Our <i>Supplier Code of Conduct</i> specifies our social requirements such as prohibition of child labour and forced labour.
<b>Customer Health and Safety</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability (P.8–13)	Aspect B6: Product Responsibility: General Disclosure
	103-2	The management approach and its components	Operations (P.24–31)	
	103-3	Evaluation of the management approach		
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Operations (P.24–31)	
<b>Marketing and Labeling</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability (P.8–13)	Aspect B6: Product Responsibility: General Disclosure
	103-2	The management approach and its components	Operations (P.24–31)	
	103-3	Evaluation of the management approach		
GRI 417: Marketing and Labeling 2016	417-2	Incidents of non-compliance concerning product and service information and labeling	Operations (P.24–31)	
	417-3	Incidents of non-compliance concerning marketing communications		
<b>Customer Privacy</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability (P.8–13)	Aspect B6: Product Responsibility: General Disclosure; KPI B6.5
	103-2	The management approach and its components	Operations (P.24–31)	
	103-3	Evaluation of the management approach		
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Operations (P.24–31)	
<b>Socioeconomic Compliance</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability (P.8–13)	Aspect B1: Employment: General Disclosure
	103-2	The management approach and its components	Staff (P.14–23)	
	103-3	Evaluation of the management approach	Operations (P.24–31)	
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	Staff (P.14–23)	Aspect B4: Labour Standards: General Disclosure
			Operations (P.24–31)	
				Aspect B7: Anti-corruption: General Disclosure

# ASSURANCE STATEMENT



New World Department Store China Limited ('NWDS') has prepared its *NWDS Sustainability Report 2018* (the 'Report') in accordance with the *Global Reporting Initiative Standards* (the 'GRI Standards') (Core option) and the *Environmental, Social and Governance Reporting Guide* (the 'ESG Guide') published by the Stock Exchange of Hong Kong Limited ('HKEx'). The Hong Kong Productivity Council ('HKPC') was commissioned by NWDS to provide independent limited assurance<sup>1</sup> for the Report, which covers the sustainability data and information of NWDS between 1 July 2017 and 30 June 2018.

## Objectives

The main objective of HKPC's assurance work was to provide independent assurance on the completeness, accuracy and reliability of the data and information presented in the Report. More specifically, the objectives were to:

- assess whether the scope of the Report covered all significant aspects of NWDS' sustainability performance;
- check whether the Report is conformed to the Core option of the GRI Standards and the 'Comply or Explain' provisions<sup>2</sup> of HKEx's ESG Guide;
- evaluate whether the selected data and statements presented in the Report are accurate; and
- review whether the data and information collection and management mechanisms used to prepare the Report are reliable.

## Approach

The assurance assessment was performed with reference to the *International Standard on Assurance Engagements 3000* (ISAE 3000). HKPC's assurance procedures<sup>3</sup> consisted of a comprehensive review of the Report, followed by the selection of a representative sample of data and statements pertaining to the significant sustainability aspects of NWDS for assurance. We reviewed and examined the supporting materials related to the selected statements and data as well as NWDS' relevant management practices and initiatives.

## Conclusion

The data and information disclosed in the Report are generally considered to be reliable. The Report conforms to the Core option of the GRI Standards and the 'Comply or Explain' provisions of HKEx's ESG Guide. It presents an overview of the sustainability governance and performance on economy, environment, labour practices, human rights, society and product responsibility with respect to the material services, activities and initiatives within the reporting boundary of NWDS. In terms of the accuracy and reliability of the Report, the selected sample of statements and data examined during the assurance process was consistent with the source materials reviewed and reflects a fair account of NWDS' sustainability performance.

A handwritten signature in black ink, appearing to read 'Peggy Tang', is written over a white background.

**Peggy Tang**  
Senior Consultant  
Hong Kong Productivity Council

19 December 2018

<sup>1</sup> This assurance statement was prepared for NWDS for the purpose of assuring the data and statements presented in the *NWDS Sustainability Report 2018* only. It was prepared and concluded based on HKPC's review of data and information which was provided by NWDS during the assurance process. HKPC will not accept or assume any responsibility or liability (legal or otherwise) in relation to this assurance statement.

<sup>2</sup> The 'Comply or Explain' provisions cover the 'General Disclosure' and 'Key Performance Indicators (KPIs)' of 'Subject Area A. Environmental' and the 'General Disclosure' of 'Subject Area B. Social' of HKEx's ESG Guide.

<sup>3</sup> HKPC's assurance work did not cover data and information which had already been published in the annual reports, press releases and other corporate communications on NWDS' corporate website.





新世界百貨中國有限公司  
New World Department Store China Limited

(於開曼群島註冊成立的有限公司 Incorporated in the Cayman Islands with limited liability)  
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網址 Website



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