



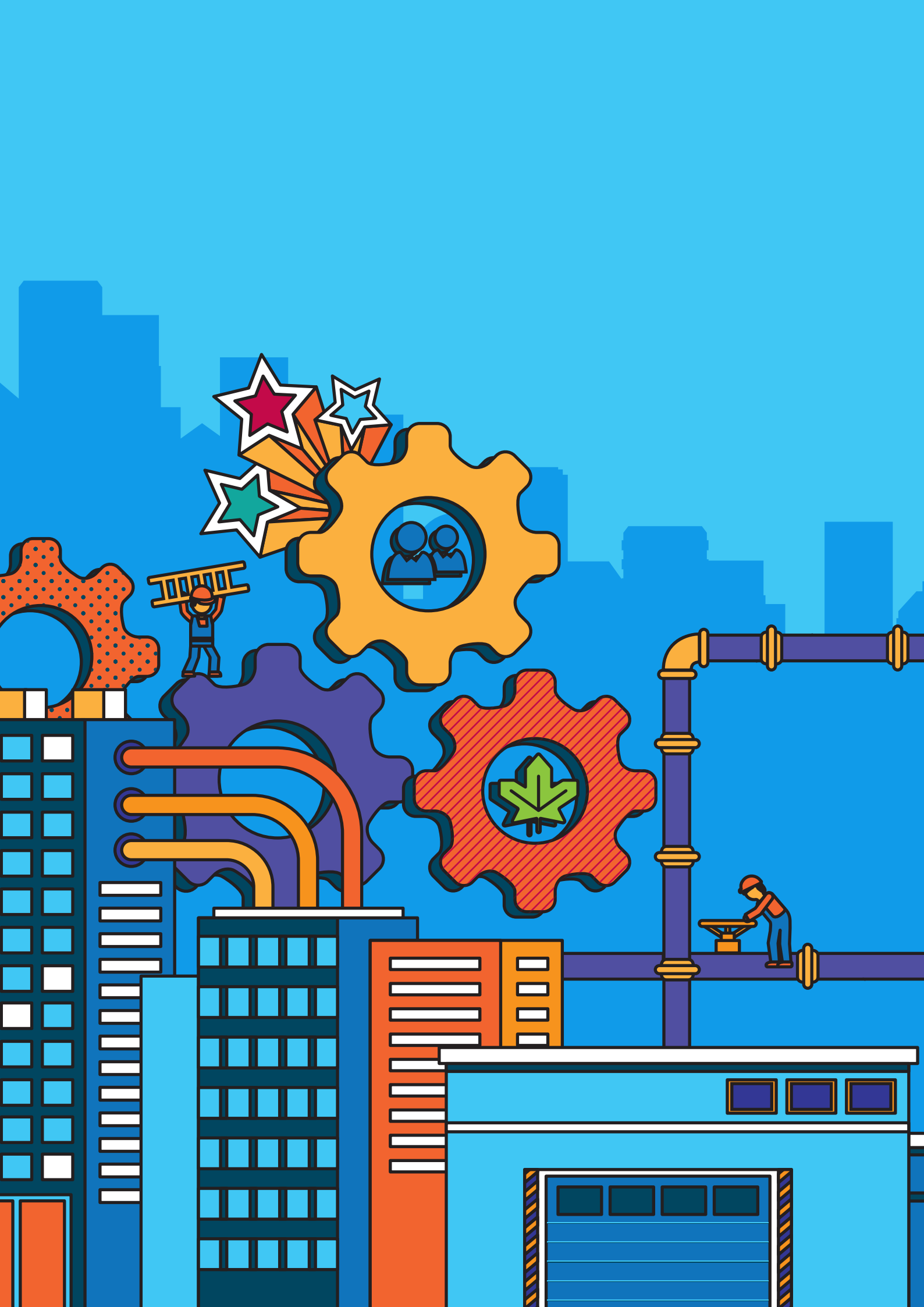
新世界百貨中國有限公司
New World Department Store China Limited

(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)



2019
可持續發展報告
SUSTAINABILITY REPORT



CONTENTS

| | |
|---------------------------------------|-----------|
| Message from the Chairman | 2 |
| Our Business | 5 |
| Our Approach to Sustainability | 8 |
| Staff | 16 |
| Operations | 26 |
| Environment | 34 |
| Community | 44 |
| Awards and Recognition | 48 |
| About this Report | 51 |
| Data Tables | 52 |
| Content Index | 56 |
| Assurance Statement | 64 |



MESSAGE FROM THE CHAIRMAN



In the previous financial year we began our journey towards the New World Sustainability Vision 2030 (“SV2030”), which sets out our key objectives around protecting the environment, enhancing the quality of life and fostering the development of our community. We believe that this will help guide us on a strategic path to becoming a sustainable and successful department store chain operator in Mainland China while keeping to our core values.

This year has been challenging not only on an economic front. The fast-changing consumer and market landscapes caused by factors including transformed consumer behaviour continues to present significant challenges to the Group. Ongoing engagement with stakeholders tells us that our millennial employees and customers are increasingly concerned about sustainability issues such as climate change, personal health and well-being, and sustainable procurement. These changes reinforce our commitment to SV2030 as we understand achieving sustainable growth in such environment requires us to consider the environmental, social and governance (“ESG”) factors in our business operations.

To lay the foundation for achieving the goals of SV2030, which revolves around four key pillars — green aspiration (Green), healthy living (Wellness), smart potential (Smart) and caring services (Caring), we have strengthened our corporate governance by developing and refining different policies and codes relating to ESG issues ranging from sustainable procurement, staff remuneration and welfare to store safety management.

Alongside the policy updates, we have also introduced the United Nations’ Sustainable Development Goals (“SDGs”) in our sustainability report. With the help of an online WeChat survey, we identified three SDGs — SDG 3 Good Health and Well-being, SDG 8 Decent Work and Economic Growth, and SDG 12 Responsible Consumption and Production — that are the most relevant to our business and stakeholders. These SDGs provide strategic direction for us when developing our sustainability initiatives under the four key areas as outlined in our SV2030.





Moving towards a greener future

To contribute to the “Green” vision, the Group has clear goals to achieve higher energy efficiency and carbon emission reduction. We have set quantifiable targets to reduce our energy intensity and carbon emission intensity by 2% and 12%, respectively, by FY2030 against a baseline of FY2015.

On the other hand, we have also strived to promote green retailing at our LOL (Love • Original • Life) Concept Shops (“LOL”) by introducing more green merchandise, such as Hugo Frosch, a German brand which specialises in producing biodegradable hot water bottles made of sugar cane fibres.

Bringing innovation to our business

With an eye towards encompassing “Smart” and “Green” elements, we have introduced electronic receipts in lieu of print receipts at all NWDS’ stores, saving 1,017 working days and over 97,500 pieces of print receipts.

To deliver a smarter shopping experience to our customers, we introduced ten smart customer service robots developed by Cheetah Mobile Inc. at Beijing Chongwen Store. These robots interacted with our customers and assisted them as a guide during their shopping journey at our flagship store.

Nurturing talents to groom future leaders

We believe there is always something more that we can do for our employees in terms of their personal development and welfare. During the year under review, we have launched the *NWDS Talent Cultivation Development Plan* (the “Talent Plan”) which encompasses four key approaches to nurturing talents and grooming future leaders. Guided by the Talent Plan, we rolled out the “Train the Trainer Programme”, under which senior staff was trained up to pass on their knowledge to their junior counterparts, in order to better equip our employees to become prospective leaders.

The Talent Plan also aims to foster a stronger corporate culture and strengthen team spirit among our employees. We held our first summer sports day in Shanghai for nearly 500 employees as part of our “Action for Joy” recreational series to improve our staff engagement level and team bonding through sports activities.



Promoting wellness to our customers and communities

Customers’ wellness is of paramount importance to us and we are motivated to innovate and bring in new ideas to enhance their well-being. To capture the growing interest in fitness and sports in Mainland China, we further enriched the sports category of our stores and introduced fitness-related tenants such as fitness centres and dancing or yoga studios. This helps us to cater for the growing customers’ needs for wellness experience and in turn drive in-store traffic.

To carry on our tradition of supporting the World Autism Awareness Day, the Group organised charitable exhibitions and bazaars at our Shanghai stores, with an objective to promote inclusion and diversity and raise public awareness of Autism Spectrum Disorder (“ASD”) in our communities. These are some of the ways we are embracing the responsibility to promote the well-being of our stakeholders.

In FY2019, we reaped the fruits of our effort towards sustainability performance and disclosure. We won the fifth consecutive Gold Award in the category of “Environmental, Social and Governance” in “*The Asset Corporate Awards 2018*” by *The Asset*, amongst other awards and recognition received during the year. Furthermore, we are also delighted to see more collaborations with external parties such as government and non-government organisations to synergise and create stronger efforts in driving sustainability in the region.

As we head towards 2020 and further to 2030, we realise there will be a lot of challenges ahead of us and how we go on our sustainability journey will be critical to our development and success. We will continue to innovate and collaborate with different parties to realise our goals and vision. We will strive to bring meaningful values to our stakeholders, as we seek to drive long-term business growth. Furthermore, we will make efforts to foster a purposeful culture in our company, where every employee will join hands to work towards the same goal and pride themselves on being a part of. I look forward to what we can accomplish next.

Dr. Cheng Kar-shun, Henry
Chairman

Hong Kong, 24 December 2019





KEY HIGHLIGHTS IN FY2019



GREEN



- Set two environmental targets for FY2030 against FY2015 baseline:

- Energy intensity: -2% (in MWh/sq.m.)

- Carbon emission intensity: -12% (in tonne CO₂e/sq.m.)



- Operated a 900-square-metre organic rooftop garden at Shanghai Pujian Branch Store to promote green living in the community

- Introduced "Hugo Frosch", a German eco-friendly hot water bottle brand to LOL Concept Shops



WELLNESS



- Strengthened in-store lifestyle experience to cater to different consumer needs, with rental business accounting for 53.3% of the total operating area in all NWDS' stores

53.3%



- Set up two outlets of "N+ Convenience Store" in Beijing to offer a variety of high-quality cooked food options



SMART

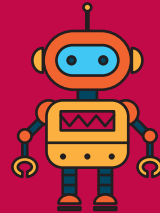


- Introduced electronic receipts to replace print receipts, saving 1,017 working days and over 97,500 pieces of print receipts

97,500



- 10 smart customer service robots in full operation at Beijing Chongwen Store



CARING



- 1,300 times of participation in the Group's trio of career advancement initiatives (Project Xinpeng, Project Feipeng and Project Dapeng) tailored for our management apprentices over the past 13 years

1,300






- Organised 59 volunteering activities with 2,414 volunteer service hours spent in FY2019

2,414



OUR BUSINESS

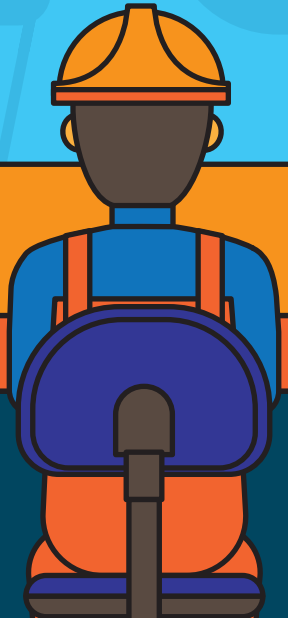
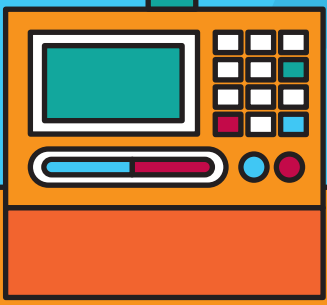
-  Northern China Region
-  Eastern China Region
-  Central Western China Region



COMPANY'S BACKGROUND

New World Department Store China Limited (Hong Kong Stock Code: 825) (the "Company"), along with its subsidiaries (collectively "NWDS" or the "Group"), is the retail flagship of the New World Group (the "Parent Company") in Mainland China. Founded in 1993, NWDS has pursued to expand its business by adopting forward-looking expansion strategies of "multiple presences within a single city" and "radiation city".

NWDS, headquartered in Hong Kong, has become one of the largest owners and operators of department stores in Mainland China. As at 30 June 2019, we operated 31 department stores and shopping malls with a total gross floor area ("GFA") of about 1,251,950 square metres ("sq.m."), including 22 "New World" (「新世界」) branded department stores and nine "Ba Li Chun Tian" (「巴黎春天」) branded department stores and shopping malls, covering 17 key locations in Mainland China.





BUSINESS OVERVIEW



ECONOMIC PERFORMANCE HIGHLIGHTS

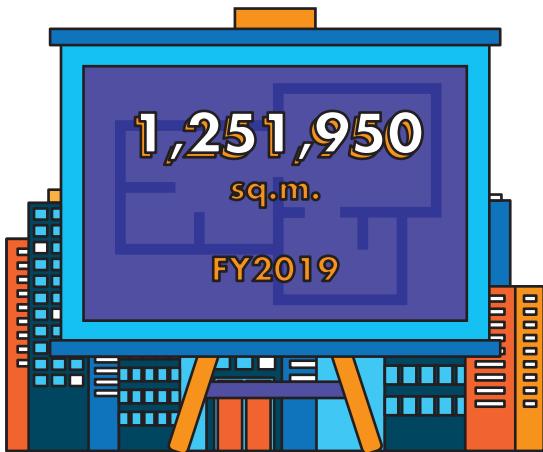
Revenue



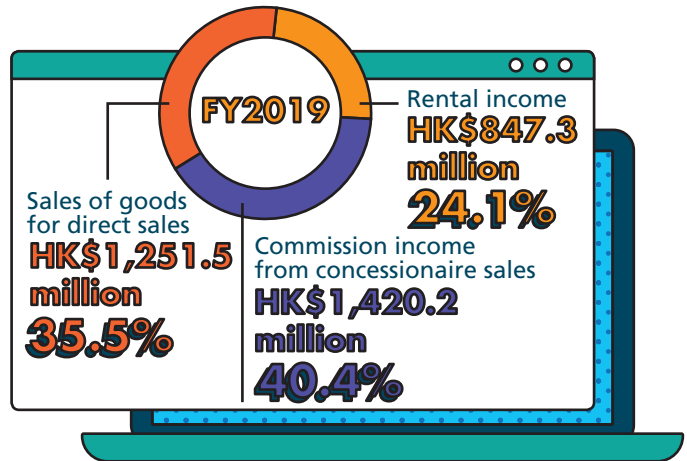
Profit



Total GFA



Key Sources of the Group's Revenue



Retail Network



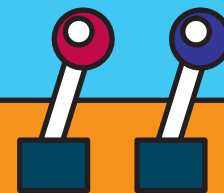
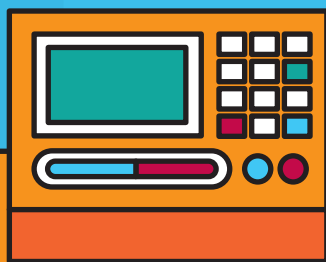
BUSINESS OVERVIEW IN FY2019

Global economic growth remained weak, with escalating trade tensions between China and the United States and the ongoing uncertainties of Brexit, collectively hampering market confidence, causing great uncertainties for enterprises, investors and consumers.

To respond to these unfavourable external uncertainties as well as the challenges from encircling e-commerce operators, the Group remained composed and delved deep into its core business of offline department store retail, while leveraging on new enabling technologies and constantly seeking innovations and breakthroughs. The Group continued to consolidate its store network and drive flexible deployment of resources across regions in FY2019. The closure of six stores and the implementation of effective cost control measures during the year under review helped improve the Group's profit for the year. For the year ended 30 June 2019, the Group's profit for the year rose from HK\$11.1 million in FY2018 to HK\$32.7 million, representing a year-on-year growth of approximately 194.7%.

During the year, we actively promoted the transformation of traditional concessionaires to experiential rental projects to expedite the incorporation of shopping mall elements into our stores. As for our rental business, the Group continued to increase the business proportion of food and beverage, entertainment experiences and complementary services to improve the stores' ability to draw foot traffic and to increase customer affinity. In terms of direct sales business, the Group further uncovered the growth potential of its private labels and continued to invest in this area. On the one hand, we strengthened the operational management of LOL Concept Shops as well as optimised its brand positioning and product appeal. "N+ Convenience Store", on the other hand, started to formulate its operating characteristics and received positive market response.

Despite all the challenges, the Group will continue to create the finest shopping experience for its consumers and be prudent in its actions to aim for long-term and steady development.



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.

Last year we started pursuing the "Sustainability Vision 2030" ("SV2030") in line with our Parent Company's sustainability ambition and direction. We are clear that our future retailing business activities need to be more responsible and more responsive to ESG demands. As we move towards fulfilling SV2030, we recognise that our

stakeholders' demands and expectations from us would keep rising, in particular, on various sustainability aspects related to climate change, responsible procurement, employee welfare, customer wellness and community investment. Our SV2030 enables us to envisage the world in 2030, driving us to transform our business today to meet our stakeholders' needs in the future.



SUSTAINABILITY VISION 2030



Our approach to sustainability has strategically aligned with our SV2030 which revolves around four key pillars — Green, Wellness, Smart and Caring.

This year, we identified three United Nations' Sustainable Development Goals ("SDGs") that are relevant and important to our business and stakeholders with the help of an online WeChat survey conducted with our internal stakeholders as well as peer reviews by an external consultant. By mapping these SDGs with our SV2030 as well as our priorities, we aim to focus on what matters most to our business and stakeholders, and better utilise our resources for contributing to the selected SDGs.

To achieve our SV2030, we set quantifiable environmental targets with the support of a third party consultant in FY2019. See the "Environment" section for more details.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



GREEN



We preserve the environment through the way we operate (e.g. sustainable procurement) and by investing in green initiatives (e.g. clean energy, climate resilience and resource efficiency measures) that will make our cities fit for the future.

3 GOOD HEALTH AND WELL-BEING



WELLNESS



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

8 DECENT WORK AND ECONOMIC GROWTH



SMART



We enable green, wellness-related and caring initiatives with technology and collaboration.

8 DECENT WORK AND ECONOMIC GROWTH



CARING



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



"To reaffirm our commitment to sustainability at NWDS, we strongly stand behind our Sustainability Vision 2030 and aim to set reasonable and achievable targets to make this vision a reality. We also strive to incorporate the United Nations' Sustainable Development Goals into our sustainability plan, in order to strategically achieve the sustainability goals that we have set."

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

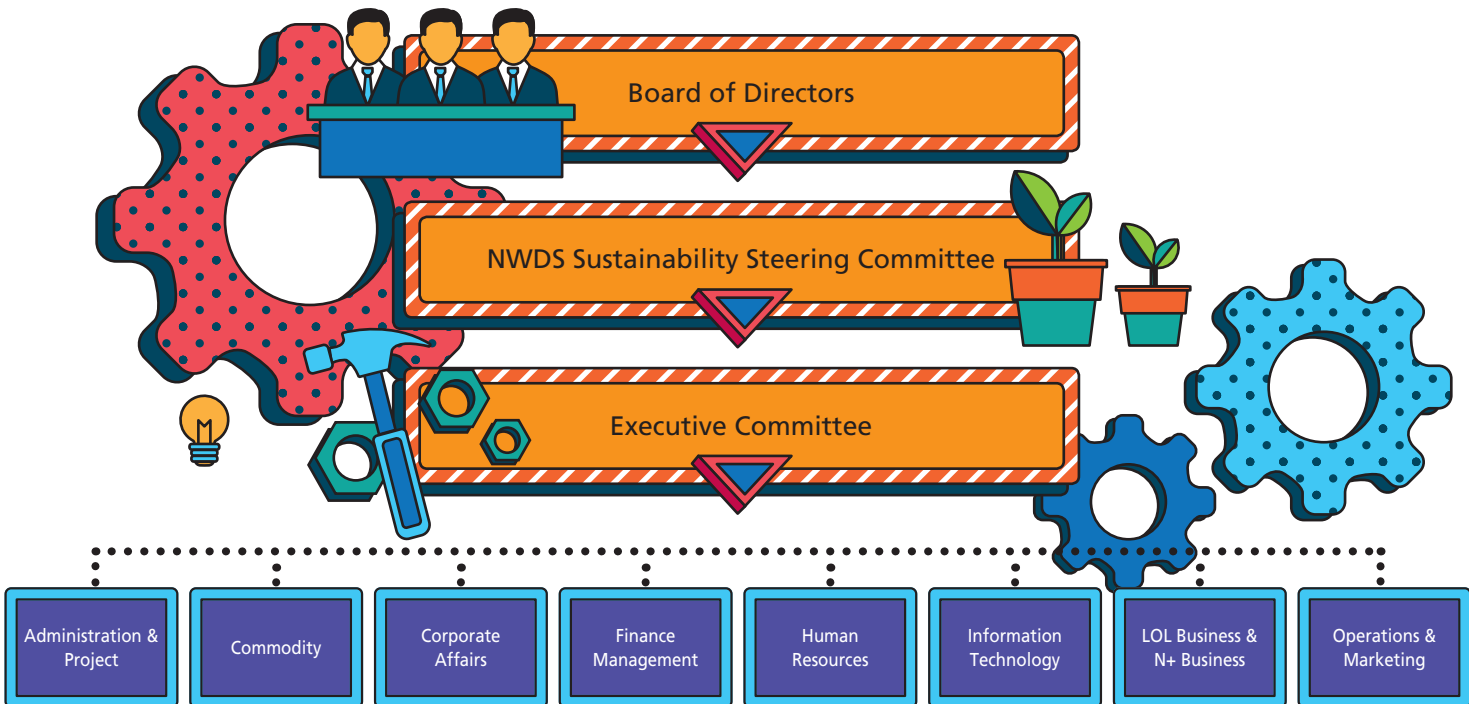


SUSTAINABILITY GOVERNANCE

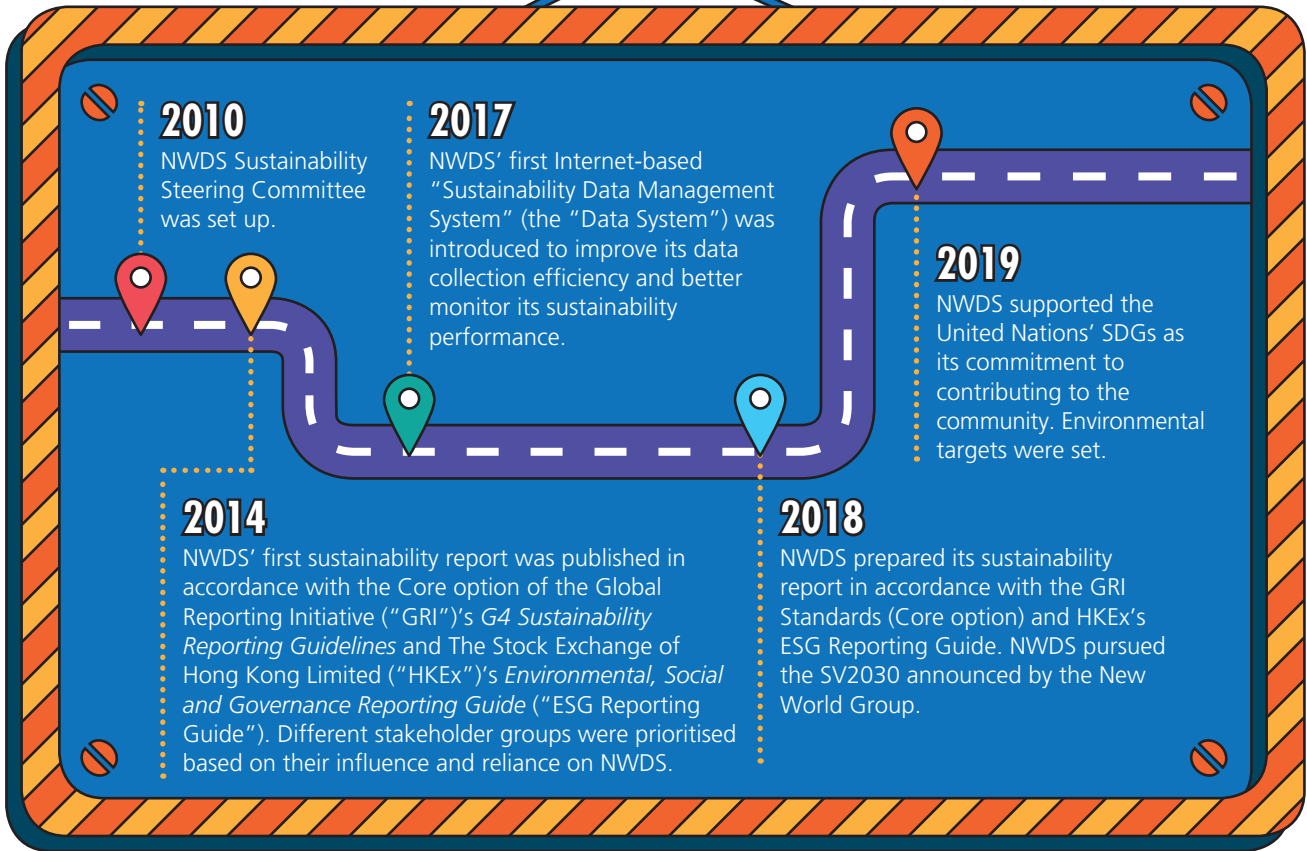
NWDS SUSTAINABILITY STEERING COMMITTEE

We introduced the NWDS Sustainability Steering Committee (the "SSC", formerly known as the NWDS Environmental Committee) as early as 2010 to drive the Group's sustainability goals and strategies. The SSC was established with a mandate from the Board of Directors (the "Board"), which provides timely direction for committee affairs. The head of the Corporate Affairs Department chairs the SSC, which further includes senior managerial staff from relevant departments and business units. Its subordinate executive committee coordinates, implements and reports on the sustainability work in all our departments and stores.

Every year the executive committee introduces new sustainability initiatives based on the Group's corporate development path, social needs and adequacy of resources. During the year under review, we held multiple meetings and conference calls with SSC members or relevant personnel to discuss specific ESG topics. Among all the topics discussed, target setting for achieving SV2030 was our main focus, along with other topics such as implementation of ESG-related policies, implementation of Shanghai waste sorting system, streamlining of the social data collection workflow, and store-level sustainability activity updates.



Moving Along our Sustainability Journey



SUSTAINABILITY-RELATED POLICIES

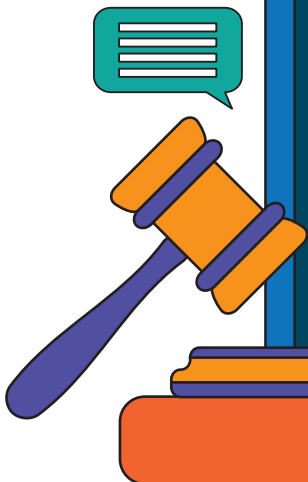
Our commitment to sustainability is reinforced in our various sustainability policies and guidelines. To strengthen sustainability governance and protect the interests of our stakeholders, the Group has developed various policies that guide us to manage our work in different sustainability aspects effectively. Some of the policies of the Group are listed as follows:



- Sustainability Policy
- Green Office Policy
- Supplier Code of Conduct
- Privacy Policy
- Green Procurement Policy*
- Safety Management Policy*

- Staff Code of Conduct*
- Remuneration and Welfare Management System*

* refers to the policies that will be under further review and revision in the next financial year.



ANTI-CORRUPTION

Our “Staff Code of Conduct” is aimed at minimising any potential risks of non-compliance with the legislation on anti-corruption and fraud in the applicable jurisdictions where we operate. We strongly oppose any undesirable acts such as disloyalty, bribery, conflicts of interests or fraud. Violating anti-corruption laws may result in financial losses and material incidents, e.g. significant reputational damage. Each incident of violation, if any, is taken seriously and further investigated with disciplinary actions taken as appropriate according to the Group’s policy.

There were no reported incidents of non-compliance with laws and regulations regarding anti-corruption in this reporting year.

CONFLICTS OF INTEREST

The Group’s principles of “loyalty, righteousness, honesty and incorruptibility” are at the core of our “Staff Code of Conduct” (the “Staff Code”). We require all our employees to comply with this Staff Code as well as the policies and rules stipulated by the Group, with an aim to guarantee an up-to-standard delivery of our products and services.

Formal reporting and approval procedures are in place to facilitate our employees to declare any personal benefits received as well as any potential conflicts of interests, for instance, through the submission of the *Conflicts of Interest Declaration Form* or *Personal Benefits Declaration Form*. In addition, to avoid any non-compliance issues, the Group has set up a whistleblowing mechanism. The Board and the management are responsible for attending to any reported cases of non-compliance. In the process, we commit to ensuring whistle-blower protection and that those cases are handled fairly and with strict confidentiality.

GRIEVANCE MANAGEMENT

The Group values open and candid communication with our stakeholders, and takes all grievances seriously. The Group has put in place a grievance mechanism that deals with any complaints from our staff relating to harassment, victimisation, discrimination, etc. We are committed to ensuring our employees feel safe and unjudged, which is why we always promote honest communication between our staff and the management. With this grievance mechanism, our staff is able to discuss, express their thoughts and raise their concerns through various channels.

We take staff complaints very seriously and encourage any feedback, which is why we have placed staff comment boxes in all our stores. Every two weeks, our store-level Human Resources teams collect and consolidate those complaints, which are then reported to the store general manager and managed on a case-by-case basis. In addition, all complaints are entered into a log book for record-keeping purpose.

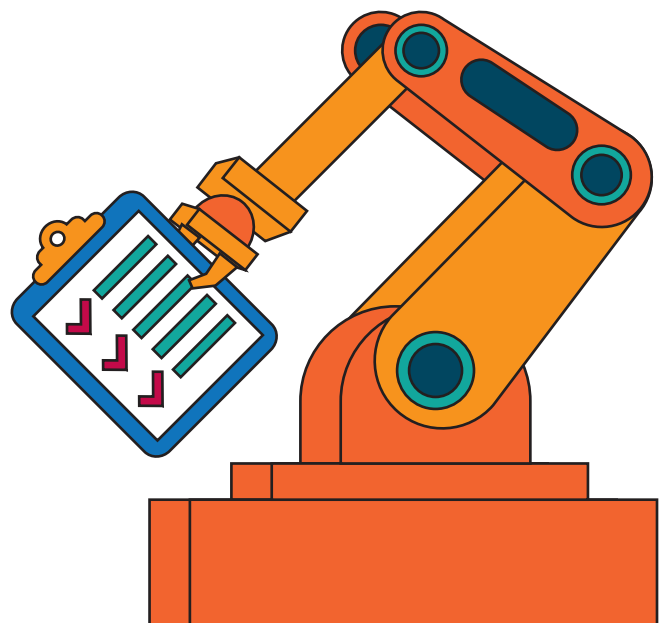
All complaints — general or sensitive — are treated with high importance. Depending on the severity of the case, we may conduct an appropriate investigation and take remedial actions for certain cases. For more sensitive issues, our store-level Human Resources teams are required to notify the Human Resources Department of Shanghai Management Office (“SHMO”) for immediate investigation or other follow-up actions.

RISK MANAGEMENT

To identify and assess the business and ESG risks, the Group requires all departments and stores to submit the *Risk Management and Internal Control Assessment Checklist* (the “Checklist”) to the Board every six months.

The Audit Committee assesses and monitors the compliance performance of each individual department in five key aspects stipulated in the Checklist, namely Control Environment, Risk Assessment and Response, Control Activities, Information and Communication, and Monitoring. The consolidated findings of the business and ESG risks, as well as compliance performance will be submitted to the Board.

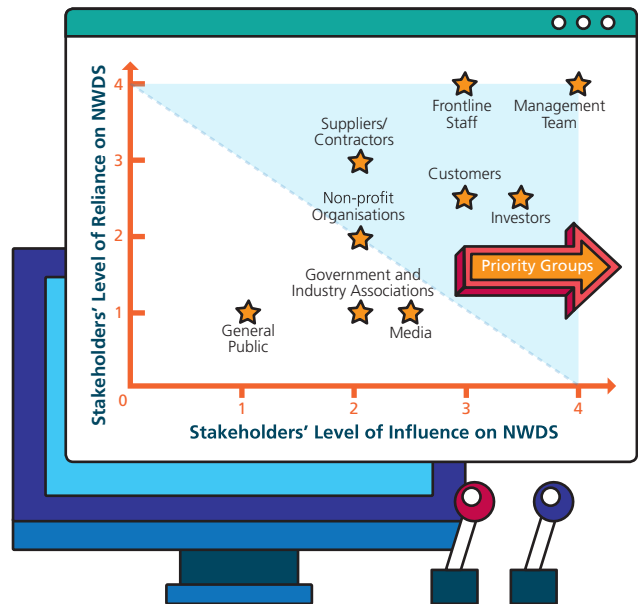
All material ESG risks identified in this bi-annual assessment will be reported to the Parent Company’s Board Sustainability Committee, which acts as a centralised governing body to oversee all ESG issues material to the New World Group.



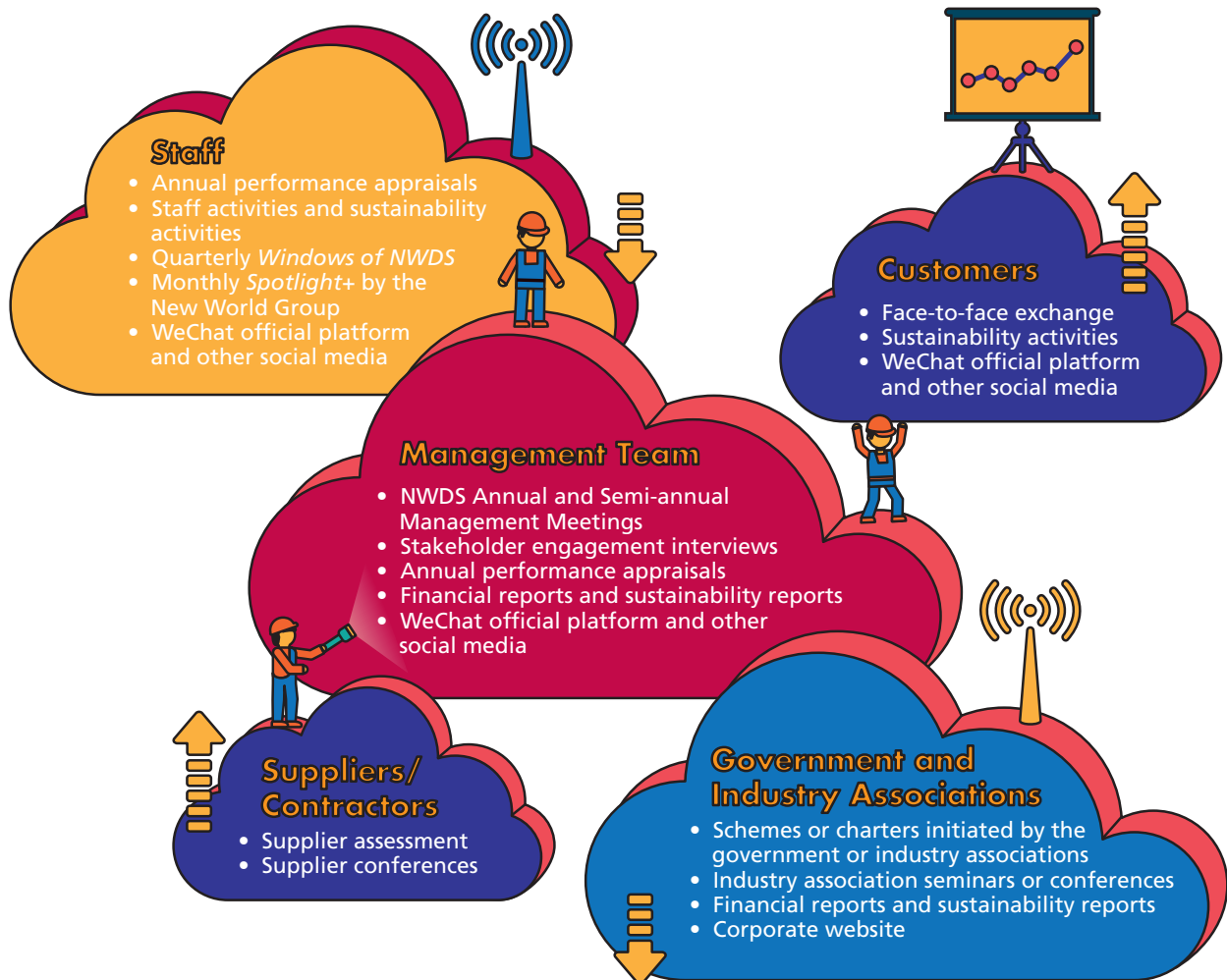
STAKEHOLDER ENGAGEMENT

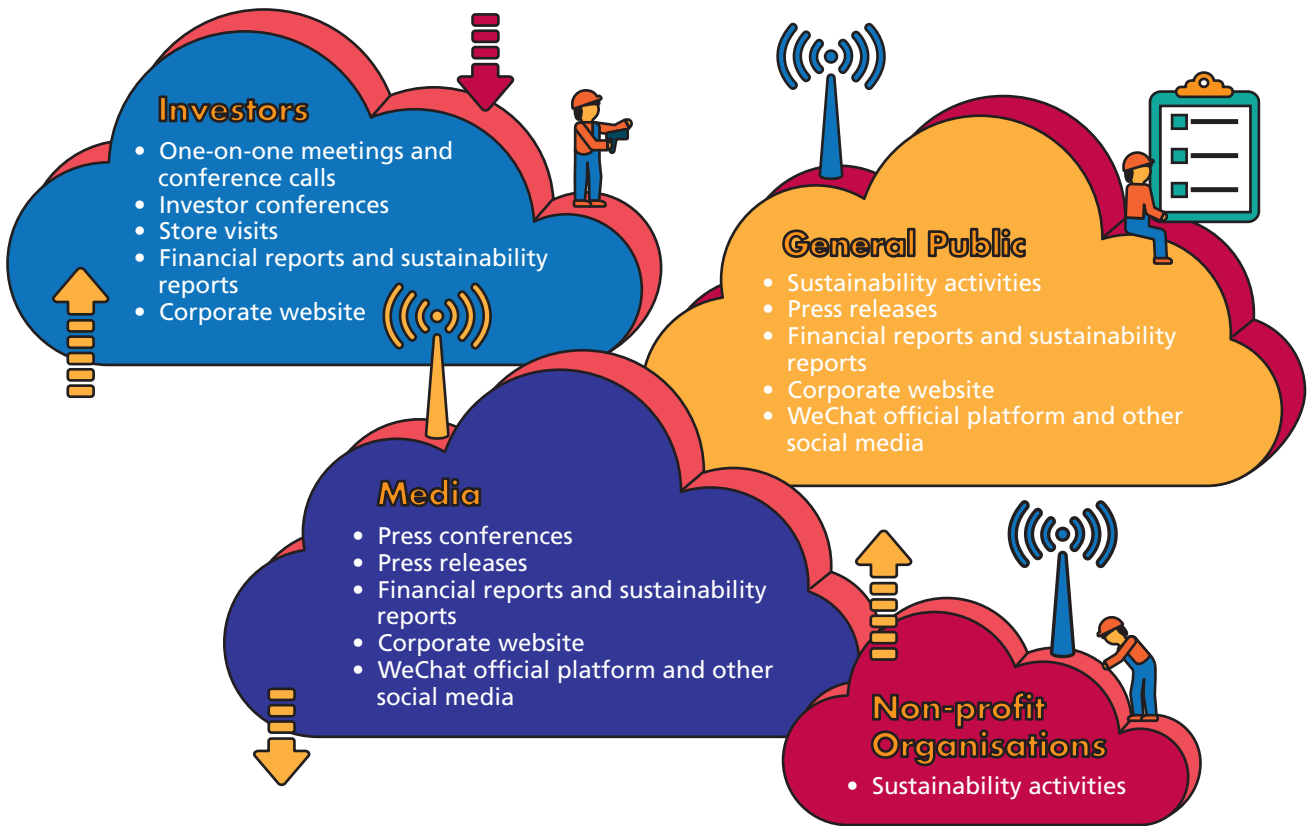
We value honest, open and regular dialogue with our stakeholders. To understand our stakeholders' primary concerns and identify our material issues, we engage a wide range of stakeholders internally and externally on a regular basis (see chart on the right). In addition, we have identified the engagement priorities of various stakeholder groups with the support of a third-party consultant.

NWDS' Stakeholder Engagement Prioritisation Matrix



NWDS' Key Stakeholder Engagement Channels





Our stakeholders have shared with us their opinions through the above channels regularly. The following table summarises the key stakeholders' feedback and our responses made

accordingly. We take necessary actions to address any stakeholder concerns as our effort to continuously improve our sustainability performance.

NWDS' Responses to Stakeholders' Opinions

| Stakeholder Groups | Comments and Suggestions | Our Responses |
|------------------------|---|---|
| Management Team | Incorporate more innovative solutions in business operations | <ul style="list-style-type: none"> • Introduced ten smart customer service robots at Beijing Chongwen Store |
| | Enhance internal awareness on sustainability issues | <ul style="list-style-type: none"> • Provided training to top management in respect of ESG plans and initiatives, as well as SV2030 |
| | Increase emphasis on sustainability by different stakeholders | <ul style="list-style-type: none"> • Set quantifiable targets to address environmental issues • Continued to adopt GRI Standards as our reporting framework |

| Stakeholder Groups | Comments and Suggestions | Our Responses |
|---------------------|---|--|
| Staff | Hold more staff activities and caring programmes to motivate team members and boost their morale | <ul style="list-style-type: none"> Implemented various staff-caring measures, such as caring leave, birthday parties and team building activities to show care and concern for our staff Strengthened the bonding between our employees and their family at the family fun activity "Bringing Love Home" through office visit and gift sharing Introduced the Store Manager Incentive Fund to foster positive attitude and staff morale |
| | 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"> 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 |
| | Launch more customer-centric initiatives to promote exchange and interaction between staff and customers | <ul style="list-style-type: none"> Set up a rooftop garden at Shanghai Pujian Branch Store to promote green living in the community Supported "Earth Hour" by WWF every year to raise environmental awareness among staff and customers |
| | Enhance operational efficiency to respond more promptly to new market trends and demands | <ul style="list-style-type: none"> Launched the mobile applications of "Business Intelligence (BI)" and "Office Automation (OA)" to improve the efficiency in corporate decision-making and approval Introduced electronic receipts to replace print receipts, enhancing staff productivity and saving the use of paper resources |
| Shareholders | Concern about the corporate governance and risk management of NWDS | <ul style="list-style-type: none"> Adopted a robust corporate governance structure as well as an effective internal control and risk management mechanism Incorporated ESG risks identified by department heads and store general managers in the risk assessment process Made public disclosures promptly as required |
| Customers | Keen to learn more about the sustainability performance of NWDS | <ul style="list-style-type: none"> Communicated our sustainability progress through the annual sustainability report Engaged with our customers through different channels and social media platforms |

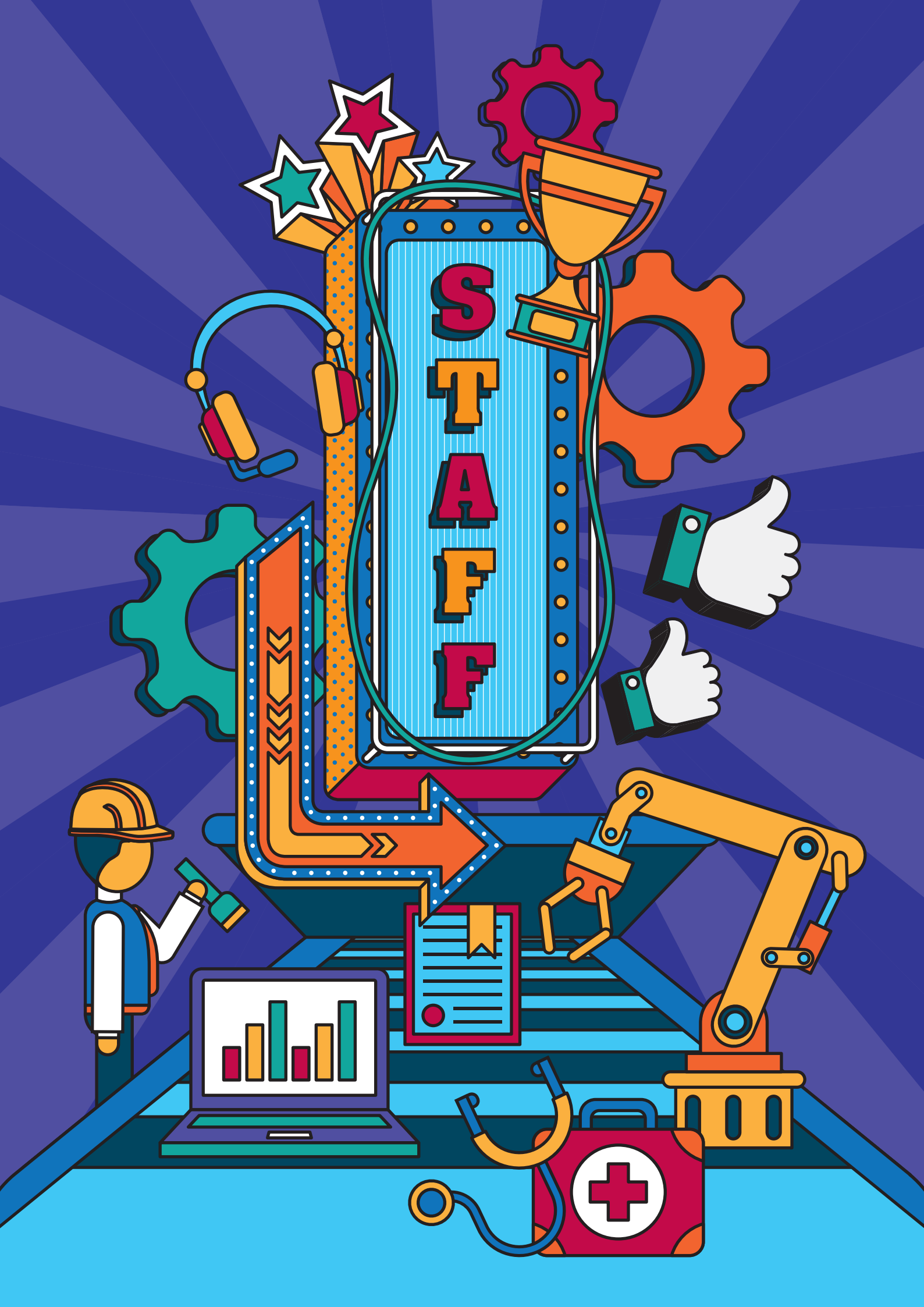
MATERIALITY ASSESSMENT

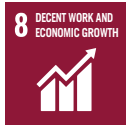
Our material issues associate with how NWDS delivers on our purpose and creates value for our stakeholders as well as our business. These issues are important to us because they inform our strategic priorities, sustainability approach and reporting.

Given that our business and the relevant business environment did not have significant changes compared with the preceding financial year, we consider that the materiality results which were determined in FY2018 with reference to the industry standards and benchmarks continue to be relevant and applicable this year. Nine issues covering staff, operations, environment and community aspects have been identified as being material to our stakeholders and the Group’s business and are thus focused on by the Group.

Sustainability Material Aspects and Boundaries

| Material Aspects | | Boundaries | |
|------------------|---|------------------|-------------------|
| | | Within the Group | Outside the Group |
| Staff | Employee welfare | ✓ | |
| | Staff training and support | ✓ | |
| Operations | Responsible procurement | ✓ | ✓ |
| | Protection of customer data and privacy | ✓ | ✓ |
| | Consumer wellness | ✓ | ✓ |
| Environment | Energy conservation | ✓ | |
| | Water conservation | ✓ | |
| | Waste management | ✓ | ✓ |
| Community | Community and charitable activities | ✓ | ✓ |





Our employees are our greatest asset, and their well-being is always of our utmost concern. Guided by SDG 3 Good Health and Well-being, we strive to create a supportive, healthy and safe workplace through our employee welfare programmes, occupational health and safety system as well as employee engagement initiatives.

In line with SDG 8 Decent Work and Economic Growth, it is also our responsibility to provide employees with decent work and ensure fair treatment of every employee. We seek to provide our employees with equal opportunities and holistic developmental support, while ensuring a safe and secure work environment for all. This improves employee engagement at work and promotes employees' trust in the company. We believe with determination and dedication of our employees, we can better serve our customers, create long-term value for our stakeholders and contribute to the wider community.

OUR APPROACH AND MEASURES

EQUAL OPPORTUNITIES

The Group is dedicated to providing equal opportunities for all employees while ensuring a fair, inclusive and harmonious workplace. We recruit employees strictly based on their abilities through an impartial and transparent recruitment system, and we do not tolerate any discrimination on the basis of gender, age, race, religion, physical ability, etc. We also ensure our employment contracts fully comply with local labour laws and regulations. As part of our efforts in providing equal employment opportunities, we recruited 26 physically disabled people during the year under review.

Our policy regarding remunerations, promotions and benefits is reviewed regularly to keep up with market standards. We strive to nurture young high-potential talents and provide high performers with opportunities to climb the ladder within the company. This year alone, we promoted a total of 3.0% of our workforce or 118 employees. As of 30 June 2019, 245 managerial roles were taken up by employees born in or after 1985.

LABOUR STANDARDS

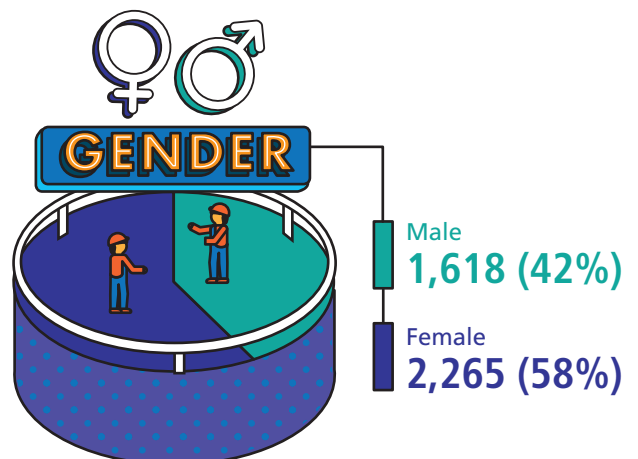
Child labour and forced labour are strictly prohibited in our entire business. We make sure that we conduct our business in full compliance with the labour laws and regulations in Mainland China and Hong Kong. To reaffirm our commitment to protecting the universal human rights, we are planning to adopt the New World Group's "Human Rights Policy" in FY2020. The policy embraces the principles of several important international human rights initiatives to manifest our dedication to safeguard everyone's rights with dignity, fairness and respect. Referred guidelines include *Universal Declaration of Human Rights*, *United Nations Guiding Principles on Business and Human Rights*, and United Nations' Sustainable Development Goals.

There were no reported incidents of non-compliance during this reporting period in relation to employment practices and labour standards, which include forced or child labour. We also did not receive any reports of discrimination.

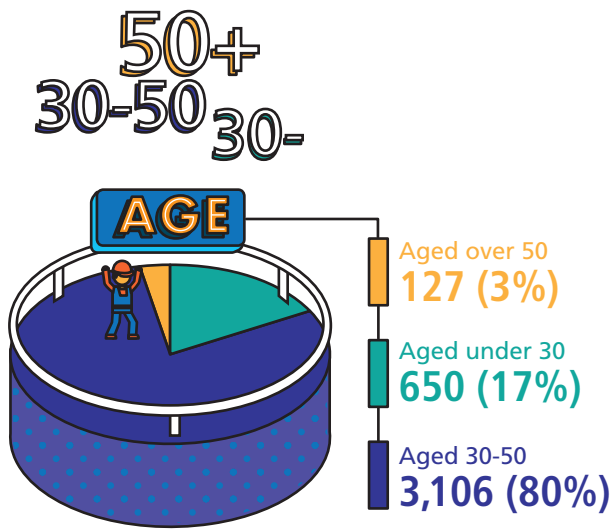
Total Number of Staff Members in FY2019



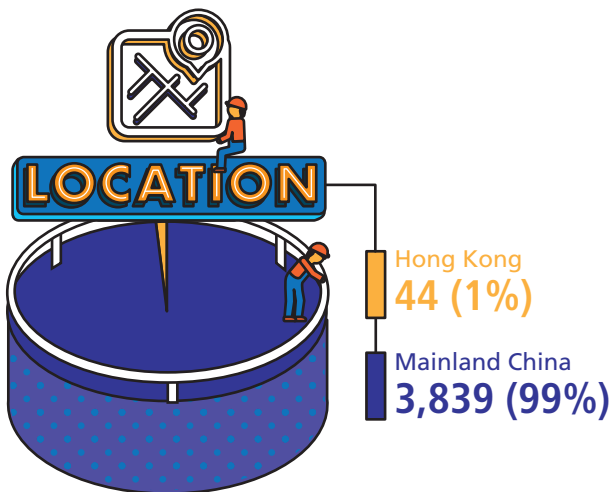
Distribution of Staff by Gender



Distribution of Staff by Age



Distribution of Staff by Work Location



insurance for basic medical protection, unemployment insurance, housing provident fund, and pension for all full-time staff members. Our managerial staff can also enjoy additional personal accident insurance, critical illness insurance, medical insurance, etc.

We also extend our care to the families of our employees. In case of unexpected household situations, our employees are entitled to a half-day paid caring leave every month under the Group's staff caring scheme. The scheme also offers funding for staff activities organised by the stores and offices, such as Lunar New Year banquets, birthday parties, competitions, sports day and team-building activities to enhance their morale and sense of belonging.

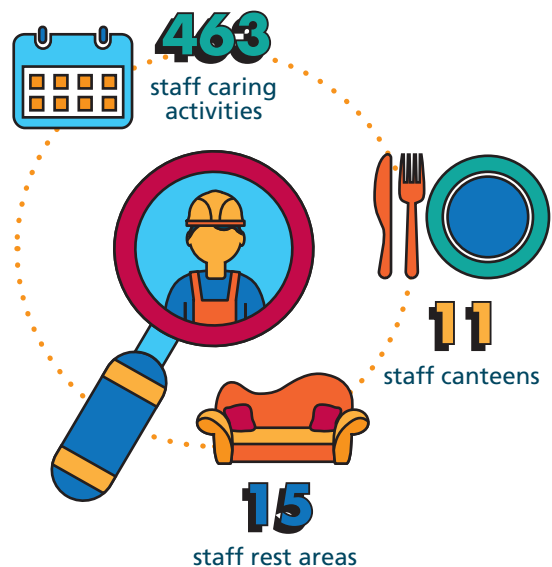


STAFF WELFARE AND PROTECTION

As an equal opportunity employer, we are committed to treating all our employees fairly and equally. We have brought in more transparency to our remuneration system by reviewing our "Remuneration and Welfare Management System", which covers our salary system, welfare system and promotion arrangement. The updated policy is expected to be launched in FY2020.

To cultivate a family-like atmosphere at our workplace, we offer our staff a variety of welfare and protection. Depending on their needs and circumstances, they are entitled to apply for different types of leave, including maternity leave, paternity leave, birthday leave, marriage leave, family planning leave, leave for injuries and occupational diseases, compassionate leave, perfect leave, and examination leave. Moreover, the Group contributes a pro rata amount to social

In FY2019, we continued to show our care for our staff by engaging them through various staff caring activities and providing them with an inclusive and caring workplace.



"ACTION FOR JOY" — SHMO AND EASTERN CHINA REGION SUMMER SPORTS DAY 2019

WELLNESS



In May 2019, nearly 500 colleagues from our SHMO and our stores in the Eastern China Region joined our first summer sports day which was the kick-off event of the "Action for Joy" recreational series. With 13 different types of sports activities participated by over 100 colleagues, the sports day was filled with cheers, laughter and sweat. Not only did this event encourage our employees to do more exercises and release daily stress, but also helped strengthen the team spirit and cooperation among themselves.



LOVE



"BRINGING LOVE HOME" — STAFF FAMILY FUN ACTIVITIES

CARING



Celebrating the 3rd anniversary of the "Bringing Love Home" programme, our staff showed their appreciation and care for their families by inviting their family members to come visit our workplaces and giving them specially-prepared gifts available at our LOL Concept Shops during Mother's Day, Children's Day and Father's Day. By engaging our employees as well as their families, we hope to strengthen a sense of belonging and cultivate a family-like corporate culture among our employees.

POWER UP THROUGH A 12 KM RUN IN CHENGDU

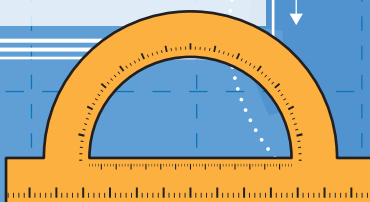
WELLNESS



Embracing the early summer, 40 employees of our Chengdu Store gathered together to challenge themselves in a 12 km run at the Qinglonghu Wetland Park in May 2019. Apart from encouraging our employees to do more physical exercises, the run also helped refresh their minds from daily stress.

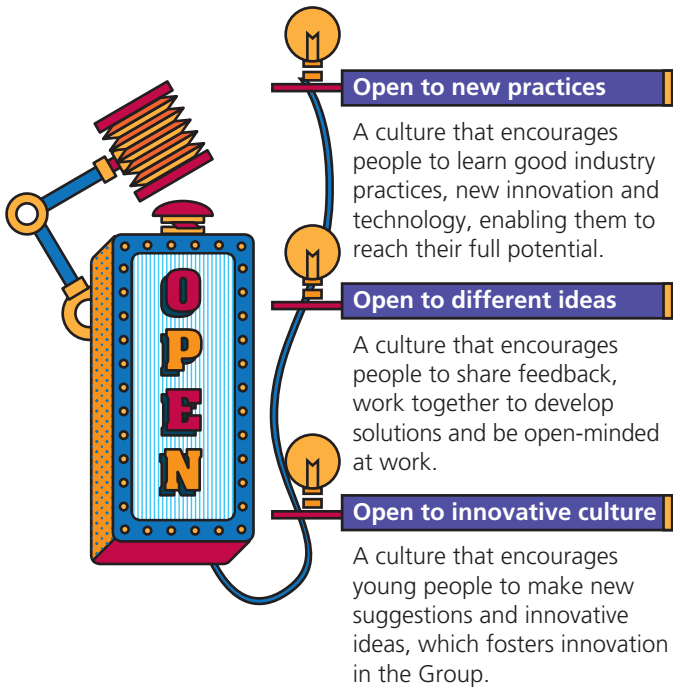


CARE



STAFF ENGAGEMENT

Creating a positive corporate culture is conducive to high morale and performance of our employees. Over the years, we have strived to develop a corporate culture which embraces three key elements of “open-mindedness”.



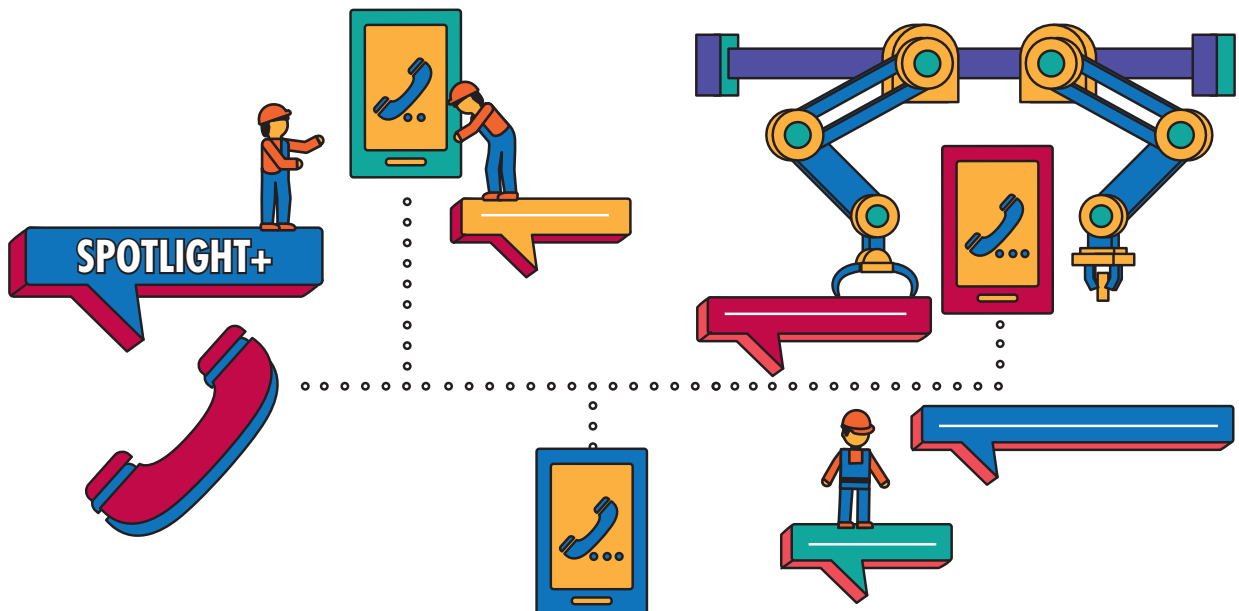
Our employees are encouraged to communicate and share ideas and views among themselves through an open and family-like atmosphere in the Group. We believe that our talents and our open working culture will have the synergistic effects that will help the Group prosper and remain a leading business in the industry.



Since 2017, we have held NWDS Annual and Semi-annual Management Meetings to strengthen the ties between the stores and functional departments and to ensure the proper implementation of the Group’s strategies. In addition, our WeChat official platform has boosted communication at all levels since 2014 about any updates on the Group. To date, a total of 41 WeChat official accounts have been established by the headquarters, different stores and private labels to engage their staff and customers.

In addition, we celebrated the 20th anniversary of our quarterly staff newsletter, *Windows of NWDS*, by revamping it into a fresh new look. All our employees across different stores are encouraged to submit their stories to the headquarters for consolidation and publication. This provides an effective platform for our staff to share their latest stories with others and keep abreast of the Group’s latest policies and initiatives.

We also have *Spotlight+*, a sustainability-focused online newsletter circulated every month. It covers sustainability initiatives of the New World Group to raise awareness and increase knowledge on related topics and strategies among our staff.

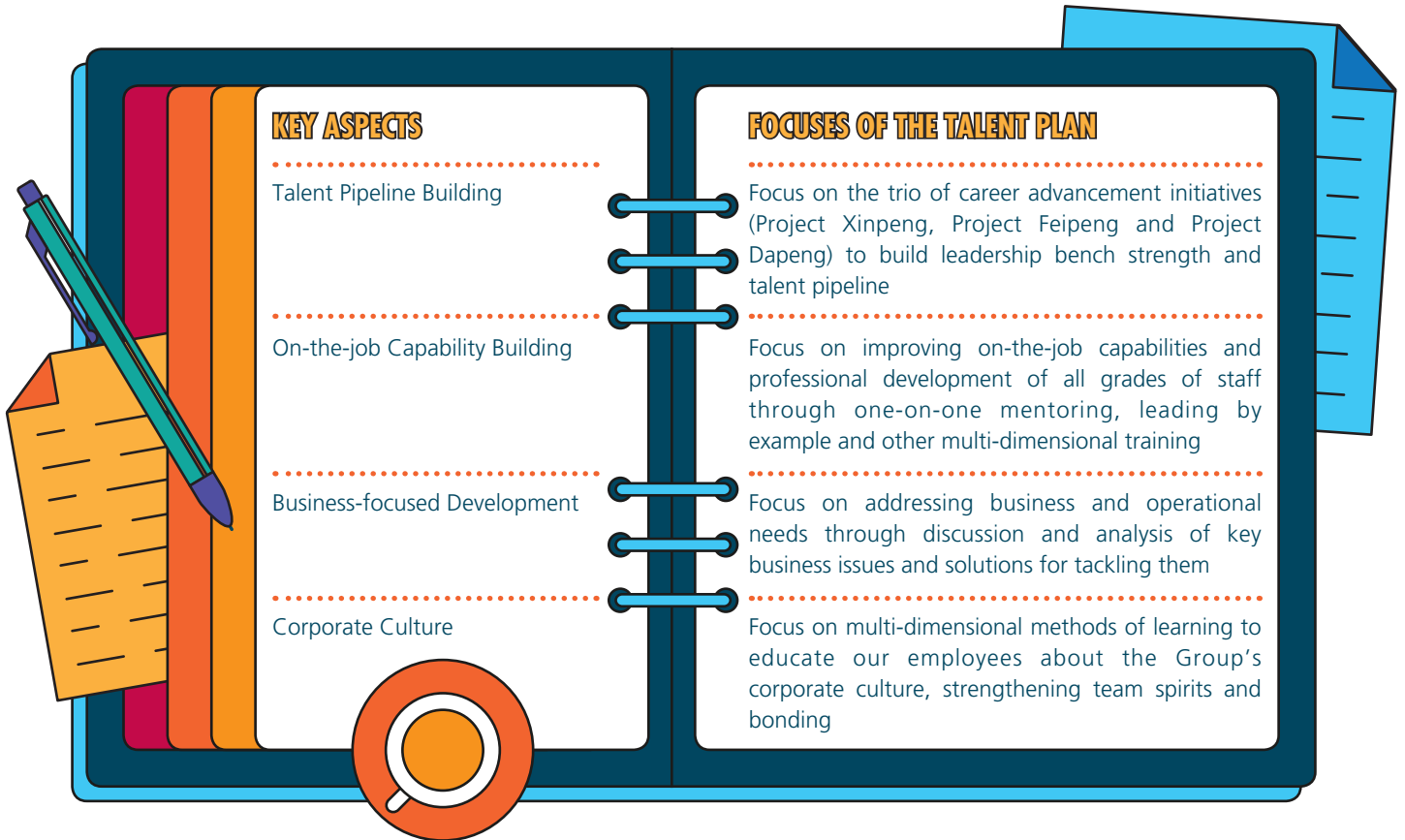


TRAINING AND DEVELOPMENT

NWDS Talent Cultivation Development Plan

As part of our ongoing efforts to attract, develop and retain our talents, we issued the *NWDS Talent Cultivation Development Plan* (the "Talent Plan") in FY2019. To nurture

our talents and ensure proper succession planning of the Group, the Talent Plan focuses on four key aspects:



NEW MEASURES UNDER THE TALENT PLAN :

- ✓ Introduced "Learning Credits and Rewards" scheme, linking learning credits with personal and professional development of our staff
- ✓ Set up "Learning Records" for our staff, encouraging active learning at our workplace
- ✓ Optimised the use of training resources and categorised internal trainers based on training topics and business nature, ensuring high quality of trainers
- ✓ Updated our training sessions, which are divided into "mandatory training" and "elective training", on the "Annual Training List" regularly, encouraging our staff to enrol based on their business needs

NWDS Management Academy

Established in 2005, our NWDS Management Academy (the "Academy") aims to foster personal growth and career development of our employees by providing a wide variety of innovative and demand-led programmes and courses. Through the Academy, we strive to equip our employees with new perspectives to meet customer demands with higher standard.

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

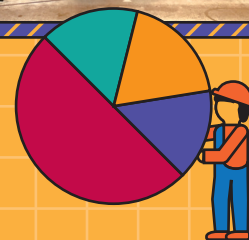
Training Highlights

| Target | Topic | Description |
|-------------------|---|---|
| Senior Management | New Retail Advanced Programme by the China Europe International Business School ("CEIBS") | Co-organised by CEIBS and renowned retailers in Mainland China, the "New Retail Advanced Programme" is an intense MBA-like programme tailored for middle-to-top executives in the retail sector. It takes 24 days to complete within two years, covering nine modules, such as strategy, customer insights, marketing and service innovation. Through case studies, guests sharing and group discussion, the programme helped bolster the professional knowledge, strategic thinking and leadership skills of the participants. During FY2019, five senior management officers from NWDS completed the programme. |
| Managerial Staff | Train the Trainer Programme ("TTT Programme") | Our TTT Programme aims to empower our employees by training up managerial staff who will then pass on their knowledge and skills to others. To become an authorised trainer, participants are required to complete video courses on various topics such as human resources management and business practices. During FY2019, 52 colleagues were trained to become authorised trainers, 13 of whom were Assistant General Manager or above. <div data-bbox="890 1240 1353 1487" data-label="Image"> </div> |
| 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 company. In FY2019, 71 times of participation were recorded. |
| | 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 regularly. In FY2019, 110 times of participation were recorded. <div data-bbox="900 1787 1353 2033" data-label="Image"> </div> |

Management Apprentices

The Academy provides a trio of career advancement initiatives for our management apprentices to advance their professional development as well as nurture them to become future leaders of the Group.

| Target Participants | Training Programme | Career Advancement | Staff Participation |
|--|--------------------|--|---|
| Head of the business units | Project Dapeng | Become the head of a professional function or the head of multiple departments or most ideally, store general managers | 16 people participated in FY2019; 545 times of participation since its launch in 2008 |
| Outstanding performers of the business units | Project Feipeng | Become the head of the business units | 25 people participated in FY2019; 130 times of participation since its launch in 2012 |
| New employees (interns) | Project Xinpeng | Become outstanding performers in the business units | 625 times of participation since its launch in 2006 |

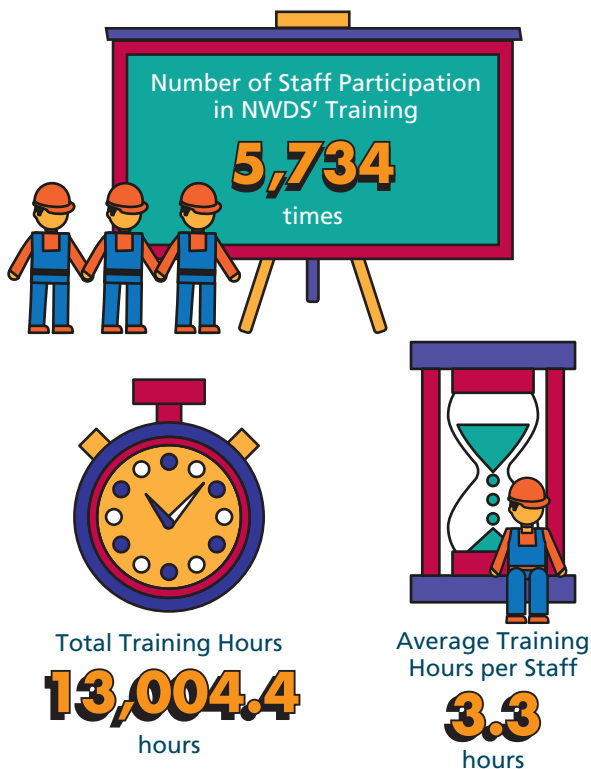


“NWDS’ comprehensive training programmes have empowered me at different stages of my career over the past 18 years. Project Dapeng, which combines both theories and practical skills in its curriculum, has provided useful insights into how to improve operations management skills and tackle real-life challenges in different job scenarios. I feel really grateful for having the opportunity to participate in Project Dapeng which has transformed me to become a more capable person to lead, support and grow with my team within NWDS.”

Li Dan

Executive General Manager
Wuhan New World Department Store —
Wuchang Branch Store

During the year under review, 345 training sessions were launched and a total of 13,004.4 staff training hours were recorded, averaging 3.3 training hours per employee. The average training hours were 2.9 and 3.7 for male and female employees, respectively.



STAFF MOTIVATION

To motivate our staff to innovate and excel, we have established several key incentive schemes which recognise our staff’s outstanding contributions and performance in different roles and positions. Long-serving employees also receive seniority rewards as a way to show our gratitude for their long-term dedication.

The “Store Manager Incentive Fund” has been introduced since FY2017 to commend frontline staff with outstanding performance. Outstanding staff members were awarded by store general managers and regional general managers for their contribution towards a positive work atmosphere and friendly competitive culture at the workplace. In FY2019, a total of 1,540 employees were awarded under the scheme.

OCCUPATIONAL HEALTH AND SAFETY

We are committed to providing a healthy and safe work environment for all our employees. To that end, we strive to ensure the full compliance of occupational health and safety laws and regulations in local jurisdictions.

Store Safety Management

In FY2019, we introduced our “Safety Management Practice Manual” (the “Safety Manual”), which enumerated the requirements and standards relevant to safety management. The Safety Manual equipped our staff with clear understanding of safety measures in their daily operations at our stores. It contains a comprehensive range of guidelines, such as fire safety, security, gas facility, escalator management, food and beverage tenant management, flood and typhoon prevention and children’s category management. Since FY2018, representatives from the Administration and Project Department (“APD”) 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 staff members have to attend compulsory training on store safety maintenance and management to enhance their knowledge regarding general safety measures and grasp basic precautionary principles of fire safety measures at the stores.

To further ensure safety at our workplace and our stores, we are planning to launch the “Safety Management Policy” in FY2020.

NATIONWIDE TRAINING ON SAFETY MANAGEMENT, FACILITY MAINTENANCE AND RENOVATION WORK



In April 2019, our first nationwide training on safety management, facility maintenance and renovation work kicked off in Shanghai. The training aimed at improving the safety and quality management system of the construction and renovation work at our stores. Senior leaders from different functions and stores joined the training as key speakers, sharing topics on technical specifications, safety management, facility management and quality control.

Forty-one staff mostly from the stores' APD teams, as well as the Internal Audit and Cost Control departments participated in this one-and-a-half-day training.

“It is great that our company is investing time and resources into safety management training. By enhancing knowledge about occupational health and safety, we can reduce the chances of accidents happening in the workplace, which is especially critical in construction and renovation work in our stores. The safer the workplace and shopping environment we create, the happier our staff and customers will be.”

Joe Cai
Deputy Manager – Administration & Project,
Shanghai Management Office
New World Department Store China Limited

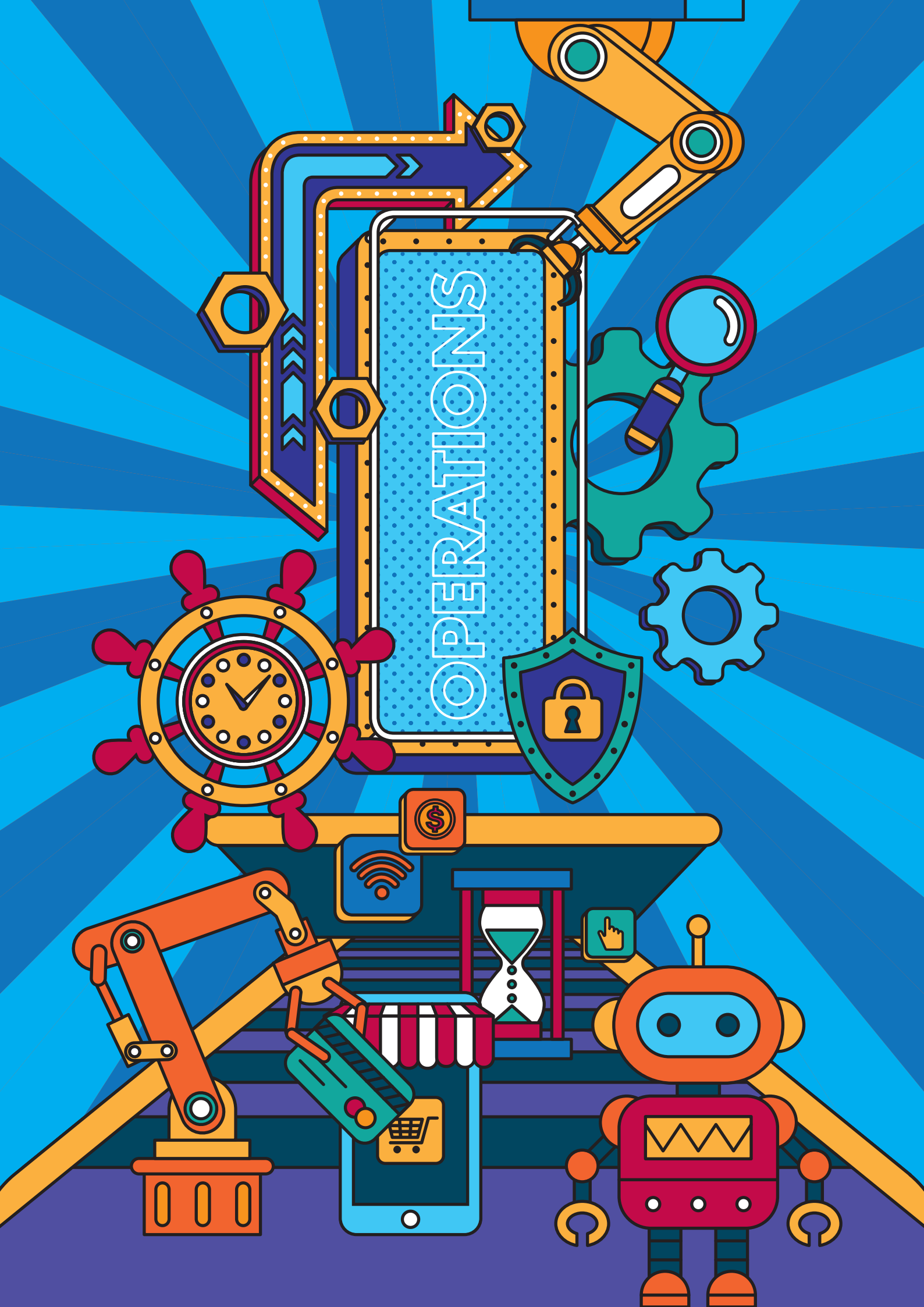
Fire Safety and Emergency Response

The Group requires frontline staff to take compulsory training on fire safety and theft prevention before any peak sales seasons, long holidays or festivals. This training aims to remind them of the necessary safety and security measures to prevent the occurrence of such incidents.

Throughout the year, we have regularly updated our employees with relevant news on disease prevention and personal health, and conducted various safety drills to enhance their safety awareness and emergency response capacity in dealing with unexpected situations.



During FY2019, there were six cases of work-related injuries across the Group (injury rate: 0.148). Lost work days totalled 114 (lost day rate: 2.813) and absentee rate was 1.41%. There were no reported incidents of non-compliance relating to occupational health and safety issues during the year under review.



OPERATIONS



Each step in our retail operations — sourcing, store safety and customer service — has a potential impact on our stakeholders and the environment. Guided by SDG 3 Good Health and Well-being, we strive to promote the well-being of our customers through our products and services with high quality and safety standards. SDG 12 Responsible Consumption and Production steers us towards responsible supply chain management, which involves robust supplier assessment and selection process.

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

CUSTOMERS

Promoting “wellness” of customers is part of our SV2030. To this end, we consider every aspect in our operations that affects the well-being of our customers, from product safety and operational safety, customer data privacy to customer in-store experience, hence providing a hassle-free and enriching shopping experience to our customers.

Our Approach and Measures

We focus on specific key issues aimed at enhancing the well-being of our customers:

PRODUCT SAFETY

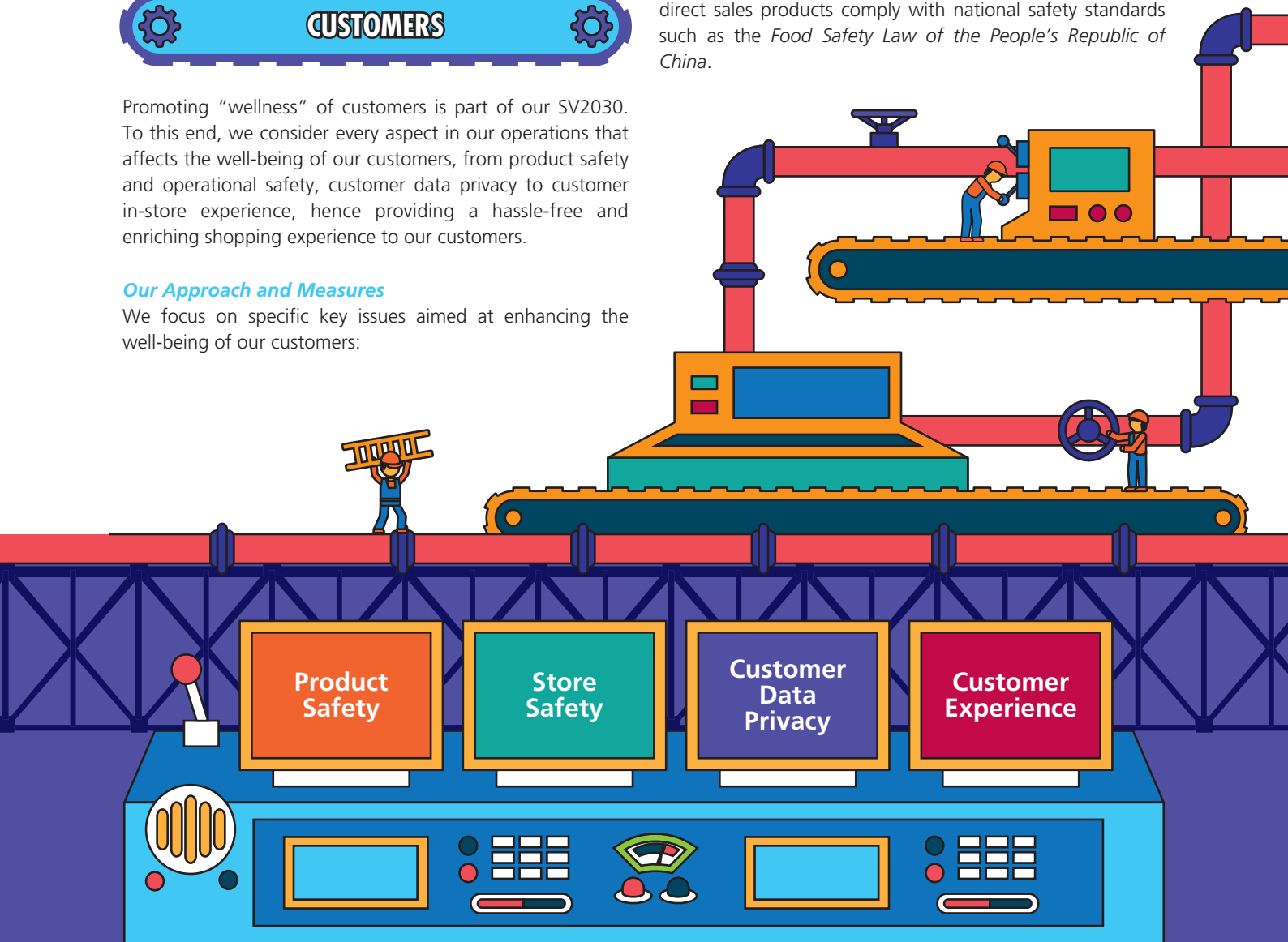
With product safety being one of our utmost concerns, we strive to ensure our high-standard assessment procedures are implemented to guarantee the quality and safety of the products available at our stores.

Concessionaire Sales Products

We keep our suppliers informed and updated about the Group’s safety requirements, with regular assessments and monitoring of the products for sale to ensure they meet our safety standards.

Direct Sales Products

To ensure product quality and safety, we have stipulated standard procedures for inspecting product test certificates, and manufacturers’ business licences and permits for various product categories. These measures are aimed at ensuring all direct sales products comply with national safety standards such as the *Food Safety Law of the People’s Republic of China*.



Our Initiatives



**LOL (LOVE • ORIGINAL • LIFE)
CONCEPT SHOP**

CARING



WELLNESS



LOL, our private label, is positioned as a stylish retail brand targeting customers who seek to pursue quality of life. These customers are particularly aware of the safety, quality and originality of the products they purchase.

To attract these customers, we have carried out different measures from regular inventory checking to stringent supplier selection to ensure our products are safe, reliable and high-quality. The products sold at the LOL stores come directly from our official channels such as manufacturers or brand distributors, so that we can ensure the authenticity and quality of the products.

When procuring a new brand or product, we strictly require our suppliers to be fully aware of our safety policies and relevant requirements for that product category.

LOL also adopts green procurement practices. See "Environment" section for more details.



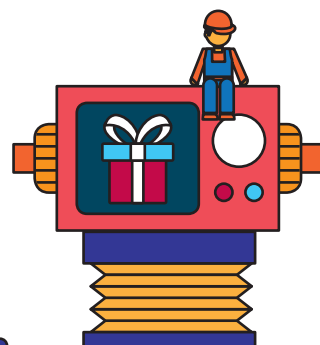
N+ CONVENIENCE STORE

WELLNESS



As a member of the N+ line-up, "N+ Convenience Store" operates two stores at Beijing Chongwen Store and Beijing Trendy Store. As the two stores mainly offer cooked food prepared on site, food safety becomes a key concern in our operations. To respond, we have implemented the "Convenience Store Product Management System" which specifies the requirements with regards to product inspection, inventory checking, product shelf-life and discount offers (for products soon to be expired). For example, all products are strictly examined by our store managers upon arrival, and those with damaged labels or those close to expiry date are rejected.

In addition, the "Convenience Store Daily Damaged Goods Reporting Procedures" guides our staff on how to report on damaged goods to the Finance Management department, with an aim to minimise any loss and damages, as well as achieve better cost control.



N+ BABY

CARING

Positioned as a mother-and-baby-themed supermarket brand, "N+ Baby" offers safe products that are organic, green and healthy for parents and babies. The first "N+ Baby" supermarket, spread over an area of 500 sq.m., landed at Beijing Chongwen Store in December 2017.



"N+ Baby" aims to be distinct from other maternity shops. We use 20% of the area for value-added services, providing DIY-themed zones, ocean-themed ball pool and child care area. This area enables parents to leave their children relaxingly and safely while shopping for baby products at the same time. To enhance customers' well-being and shopping experience, we also provide nursery rooms and parent-child restrooms to provide maximum convenience to them whenever possible.



STORE SAFETY

Our responsiveness to emergency incidents is crucial in maintaining smooth and safe operations of our stores. We target to launch the "Safety Management Policy" in FY2020, which aims to enhance our staff's ability in managing emergency issues by outlining the preventive measures on fire safety and electrical risks as well as the contingency procedures on how to handle emergency incidents with a clear delineation on roles and responsibilities of the personnel concerned.

Starting from FY2018, our SHMO APD team has carried 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 and Rating Deduction Standard for Hidden Risks and Corresponding System Requirements". After each inspection, the SHMO APD team submits 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 is carried out within one month to enhance the safety standard of the stores.

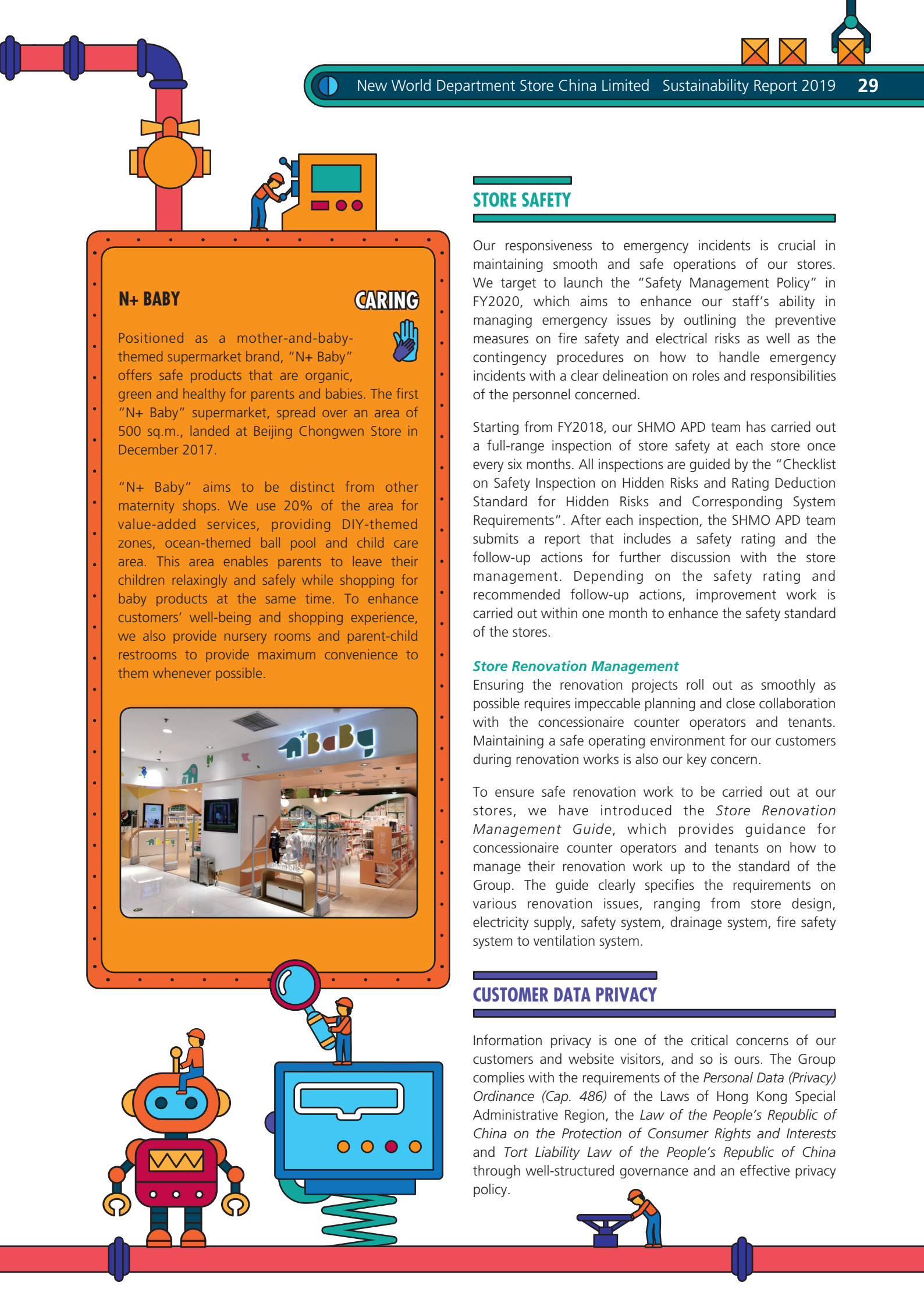
Store Renovation Management

Ensuring the renovation projects roll out as smoothly as possible requires impeccable planning and close collaboration with the concessionaire counter operators and tenants. Maintaining a safe operating environment for our customers during renovation works is also our key concern.

To ensure safe renovation work to be carried out at our stores, we have introduced the *Store Renovation Management Guide*, which provides guidance for concessionaire counter operators and tenants on how to manage their renovation work up to the standard of the Group. The guide clearly specifies the requirements on various renovation issues, ranging from store design, electricity supply, safety system, drainage system, fire safety system to ventilation system.

CUSTOMER DATA PRIVACY

Information privacy is one of the critical concerns of our customers and website visitors, and so is ours. The Group 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* through well-structured governance and an effective privacy policy.



Our “Privacy Policy” is available for public inspection on our corporate website. In the policy, we lay out the Group’s practices and our customers’ choices on the collection and use of their personal data. When processing customers’ personal information through daily operations, all of our stores must use commercially reasonable security measures and check their marketing communication channels regularly to avoid any leakage or unauthorised use of personal information. For instance, when an Internet user visits our official website, our server only collects data in regard to his/her visits (including but not limited to IP address, domain name, browser type and access time) but not his/her personal data.

Both physical and electronic records of our customers’ personal data are stored in safe places with restricted access. Besides, the transmission of sensitive data is encrypted through the Internet. Only those who are properly trained, obligated to a confidentiality duty and authorised by the Group can gain access to these records or 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.

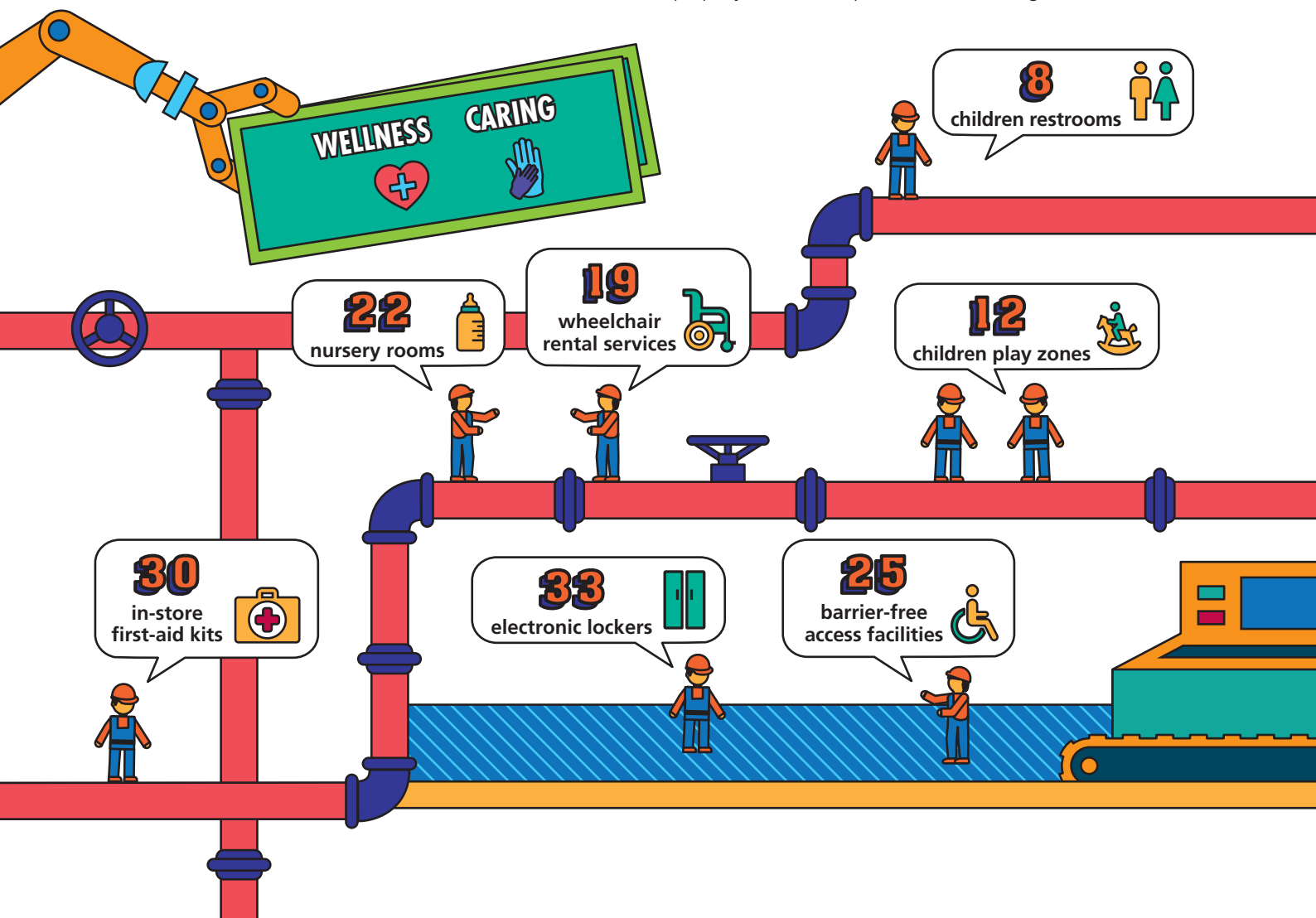
CUSTOMER EXPERIENCE

Customers value their experience and interactions with the stores as much as they do for quality and reliability of the products they purchase. We care about how our customers feel about us throughout their shopping experience at our stores, from shopping ambience, facilities and equipment to customer services.

In FY2019, we put in place a number of caring initiatives at our stores. See below chart for more details.

Digitalisation innovates our customers’ shopping experience and is now changing the way we live, work and interact with others. Over the years, we have invested in promoting digitalisation in three key areas — member digitalisation, services digitalisation and business digitalisation — in order to create a customer-centric shopping experience.

During the year under review, we collaborated with new business partners to make use of new technology to bring in interactive and experiential elements to the in-store experience of our customers and enhance their overall well-being. We also make sure our marketing practices are properly executed as per local laws and regulations.



Our Initiatives

SMART CUSTOMER SERVICE ROBOTS

SMART



Developed by Cheetah Mobile Inc., our ten smart customer service robots are in full operation at Beijing Chongwen Store, where they interact with our customers and assist them as a guide throughout their shopping experience with us.



Introduced in June 2019, our robots showcased a combination of high flexibility and advanced technology. The use of artificial intelligence forms the backbone of the robots' speech synthesis technology and facial recognition features. The values of these robots lie in the customer behavioural data we received during our face-to-face interactions, which present great opportunities for us to develop interactive market and branding strategies by analysing and tracking these data.

"NEW LAB" ONLINE SHOPPING PLATFORM

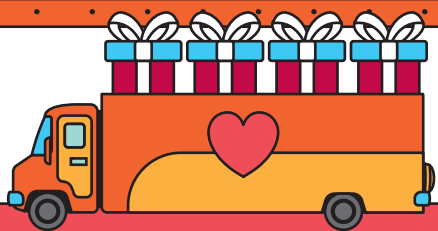
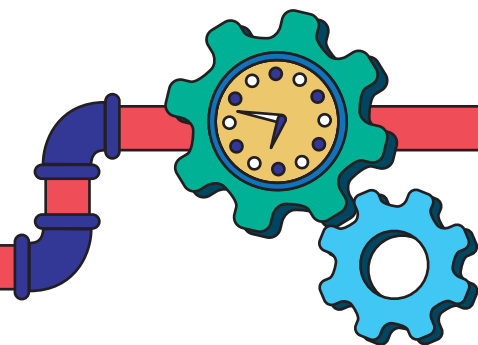
SMART



Piloted in Beijing, the "New Lab" platform offers customers an online-to-offline shopping experience wherein they can order online and have their goods delivered to the designated stores in the region. This "online ordering, offline pick-up" model aims to attract more online shoppers to our physical stores. Developed in WeChat HTML 5 format, the "New Lab" platform enables us to create interactive and innovative campaigns that drive higher engagement of our customers. As online purchase has no time or spatial limits, it brings convenience to our customers and creates a smarter shopping experience for them.



The "New Lab" platform has accumulated more than 180,000 registered VIP members since its launch in November 2017. The Group plans to launch the upgraded version of the "New Lab" mini-programme by the end of June 2020 in order to provide more value-added services to the online shoppers and facilitate their buying decision process.





SUPPLY CHAIN MANAGEMENT



Collaborating with suppliers who can share the same value with us with regard to sustainability, compliance, quality excellence is important in helping us not only to advance our sustainability performance, but also create a better shopping experience for our customers.

To optimise our supplier performance, we have developed effective policies and mechanisms for the selection and management of our three main categories of suppliers, namely department store business suppliers, product suppliers for direct sales business, and product and service providers for day-to-day operations. In line with SDG 12 Responsible Consumption and Production, our approach in managing our supply chain is executed through the selection of suppliers and the adoption of the "Supplier Code of Conduct" (the "Supplier Code") which demonstrates our commitment to responsible procurement.

Supplier Selection

We firmly support local economic development and make efforts to promote sustainability in the region. Hence, we give priority to local suppliers instead of engaging with overseas ones as a way to cut down our greenhouse gas ("GHG") emissions generated from logistics and transportation of goods. According to the Group's procurement expenses during the year under review, over 70% of direct sales products were procured from suppliers in China (including Hong Kong), while all products and services for day-to-day operations were procured from suppliers in China (including Hong Kong). Collaborating with local suppliers brings about a number of positive impacts such as ensuring a stable supply, enhancing community relations and supporting the development of the local economy.

We have four key supplier selection criteria — quality, cost, delivery and services. In addition, we offer priority to suppliers with certain characteristics like chain brand, high credibility, strong operating ability, and proof of brand or company qualification, so that we can guarantee the quality of our suppliers' products and sharpen our competitive edge in the market.

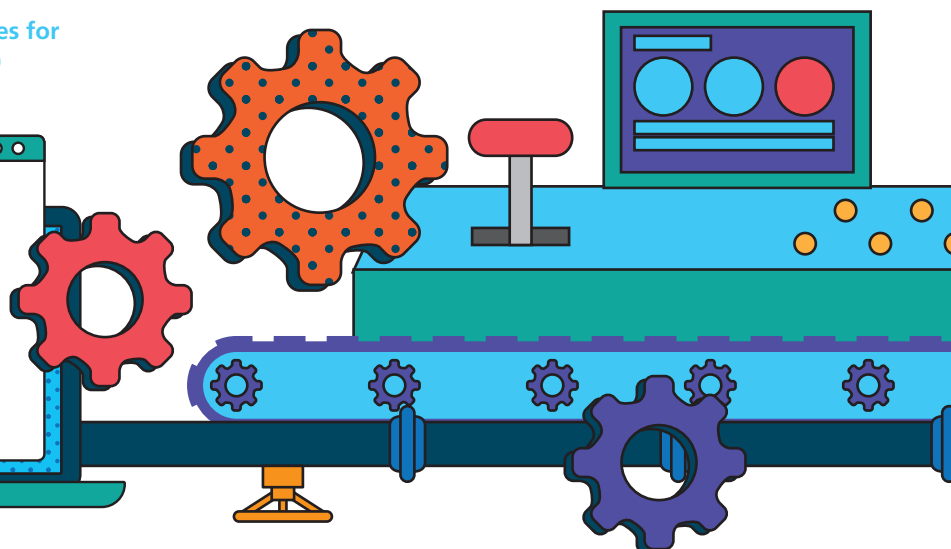
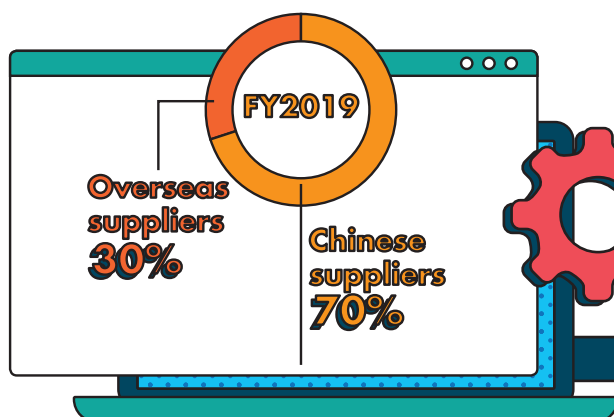
Supplier Code of Conduct

We endeavour to promote our sustainability policies not just to our internal operations but also our suppliers. In line with this, we kicked off our Supplier Sustainable Development Programme in 2013, wherein the Supplier Code and the *Supplier Sustainability Self-Assessment Questionnaire* (the "Supplier Questionnaire") were introduced. Under this programme, for every new bid or offer, new suppliers are required to sign the Supplier Code and complete the Supplier Questionnaire. The signing of the Supplier Code signifies their alignment with our sustainability principles in areas such as compliance, staff welfare, ethics and environmental protection.

To date, 149 suppliers (mainly department store business suppliers) have endorsed the Supplier Code. Each year, we invite our suppliers to complete the *Supplier Sustainability Disclosure Forms* (the "Supplier Forms") and report their current performance of waste management, energy saving, law compliance, charitable and community services, and anti-discrimination.

Since FY2015, the Group has received 116 completed Supplier Forms. Some suppliers have already established concrete sustainability measures in energy saving or waste reduction.

Distribution of Procurement Expenses for Direct Sales Products in FY2019



CONCESSIONAIRE COUNTERS

Brand Reserve Information System

To ensure the quality of our concessionaire brands, we set up the "Brand Reserve Information System" as our online centralised brand management platform. Since its launch in April 2018, this system has consolidated most of the brands that are approached by every individual store, and enables us to keep records of new and potential brands systematically. The system also keeps track of the history of cooperation and monitor these brands' landing status in our stores, thereby providing reference to future brand strategies.

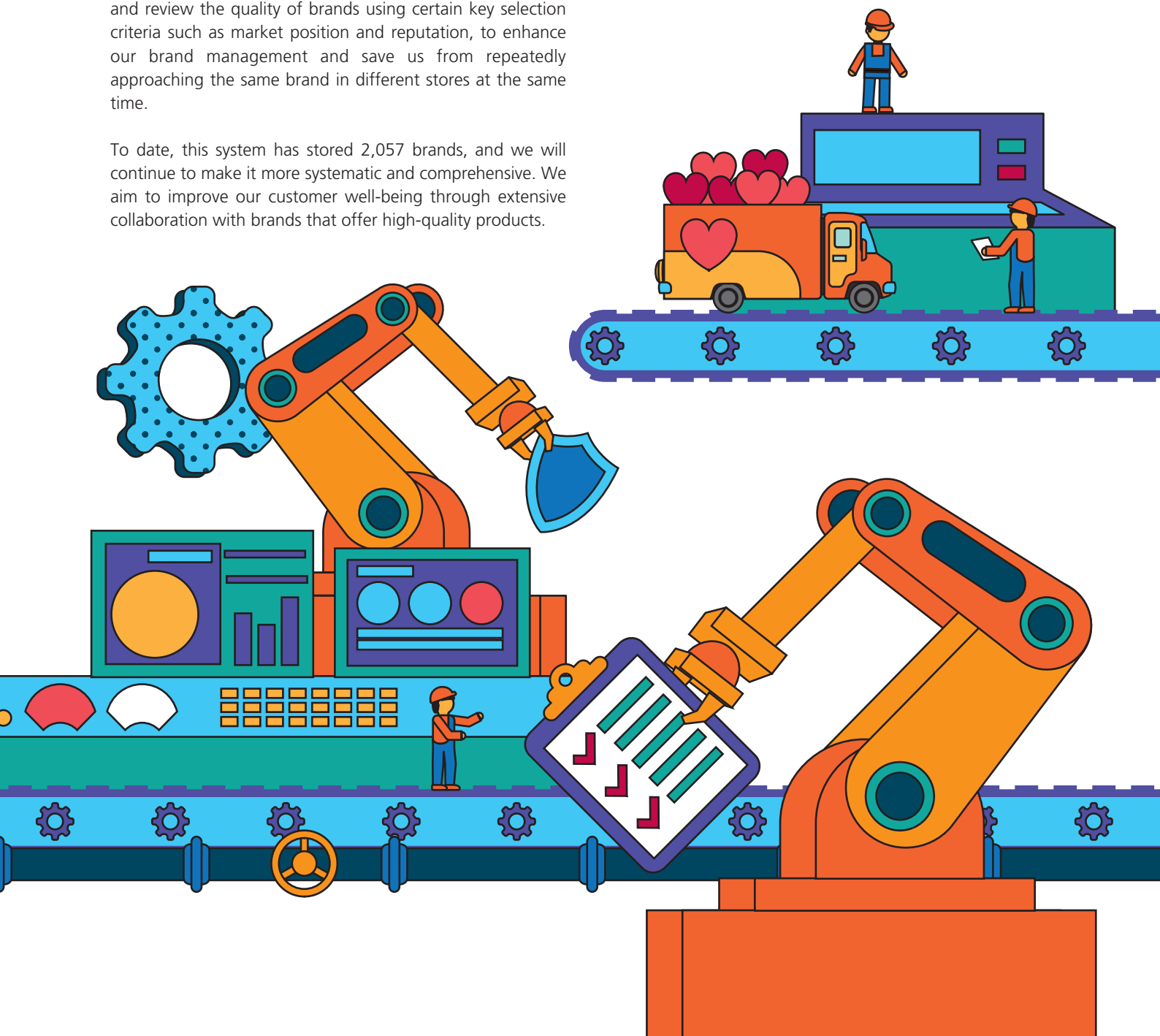
On the management side, this system allows us to evaluate and review the quality of brands using certain key selection criteria such as market position and reputation, to enhance our brand management and save us from repeatedly approaching the same brand in different stores at the same time.

To date, this system has stored 2,057 brands, and we will continue to make it more systematic and comprehensive. We aim to improve our customer well-being through extensive collaboration with brands that offer high-quality products.

TENANTS

Lifestyle Tenant Mix

With the growing competitiveness of e-commerce, in-store experience is now a crucial focus for traditional retailers like us. To attract more foot traffic to our stores and enhance customer experience, we welcomed more lifestyle tenants to optimise our business composition and strengthen our market position in FY2019. Besides, we also cooperated with our tenants on certain environmental initiatives such as recycling waste and collecting food waste. As at 30 June 2019, the rental business accounted for about 53.3% of the total operating area in all NWDS' stores.





12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Our commitment to protecting the environment can be observed through the green management practices implemented across our business. We continuously endeavour to improve our green policies and guidelines as well as set environmental targets to applicable stores and offices. Steering towards SDG 12 Responsible Consumption and Production, we strive to minimise our adverse impact on human health and the environment by optimising our use of resources and reducing our waste generation through prevention, reduction, recycling and reuse.

By taking into account our stakeholders' key concerns, it helps us better formulate our environmental strategies and initiatives which place emphasis on the three material

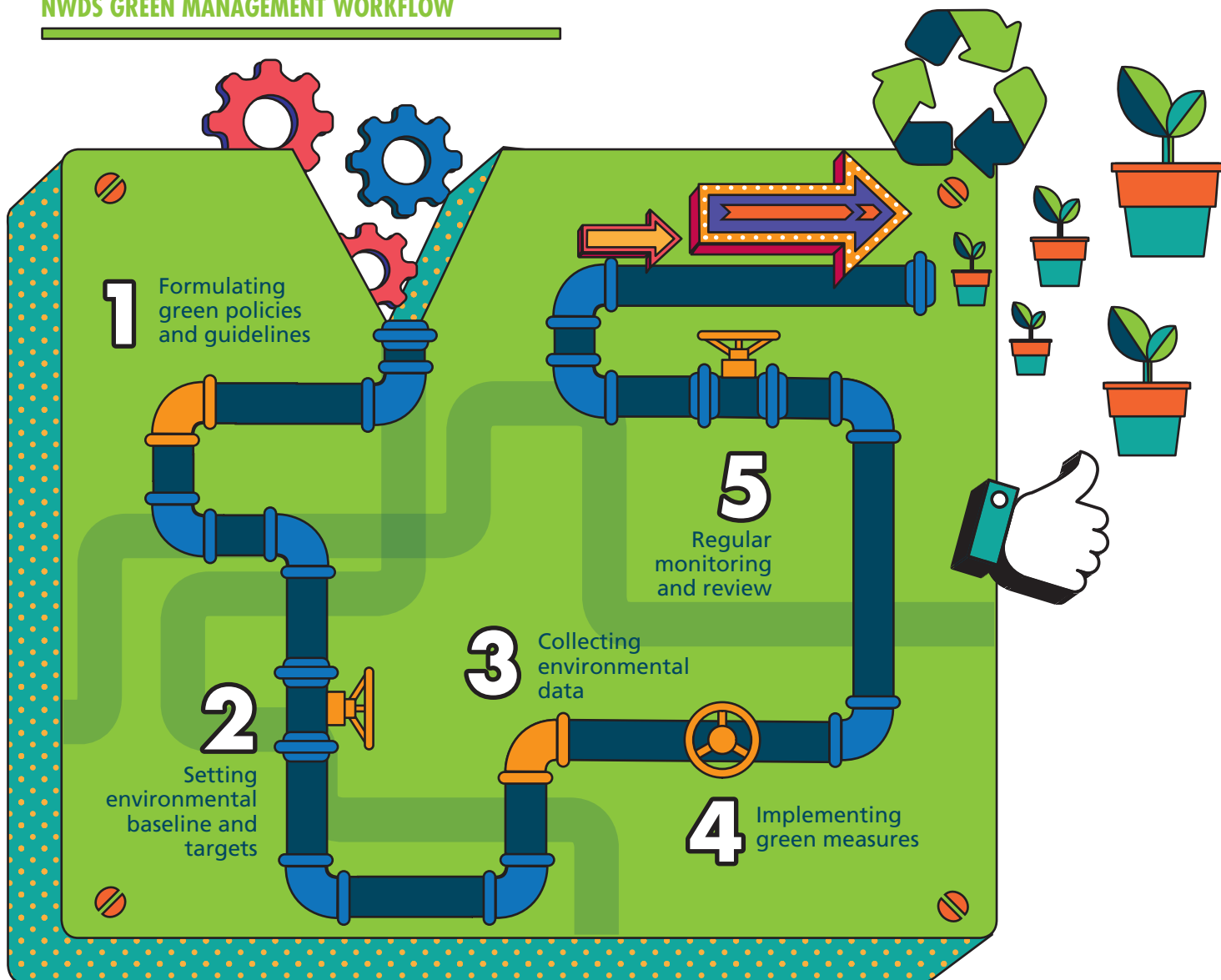
environmental issues, namely energy conservation, water conservation and waste management.

There were no reported incidents of non-compliance with laws and regulations relating to environmental issues during this reporting period.

OUR APPROACH AND MEASURES

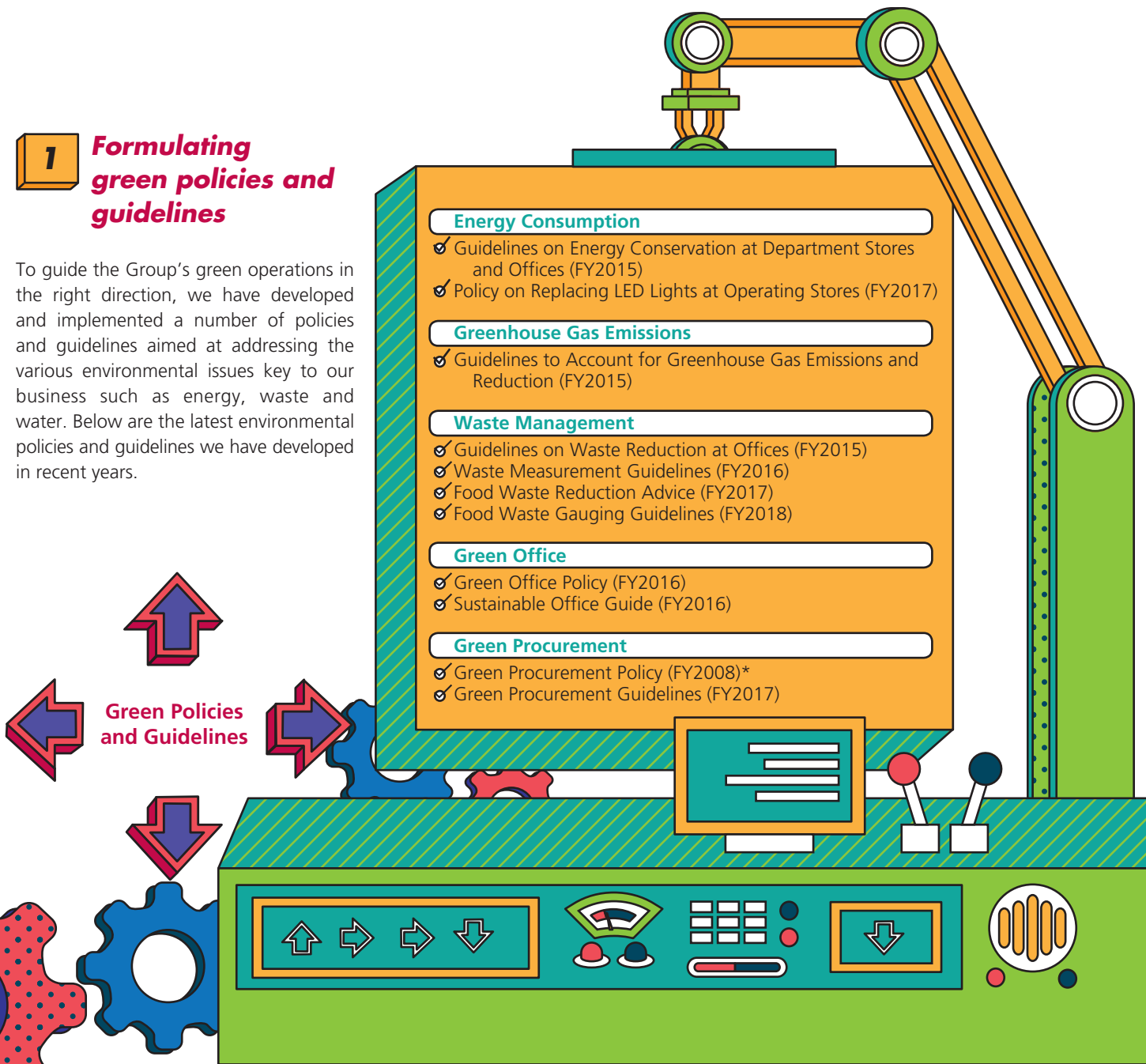
Our five-pronged environmental management approach aims to tackle the major environmental issues identified by the Group and our stakeholders.

NWDS GREEN MANAGEMENT WORKFLOW



1 Formulating green policies and guidelines

To guide the Group's green operations in the right direction, we have developed and implemented a number of policies and guidelines aimed at addressing the various environmental issues key to our business such as energy, waste and water. Below are the latest environmental policies and guidelines we have developed in recent years.



* The policy will be further reviewed and revised in the next financial year

2 Setting environmental baseline and targets

During the year under review, we worked with the Parent Company and a third-party consultant to set two quantifiable environmental targets for energy intensity and carbon emission intensity to achieve our SV2030. Target setting represents our long-term commitment to sustainability and drives a series of initiatives which create lasting impact.



3 Collecting environmental data

Accurate and precise data is crucial for the effective monitoring of our green performance. Hence, we set up an Internet-based Data System in FY2017 to improve the transparency and efficiency of our data collection process.

To enable our headquarters to monitor our overall use of energy, water and materials, we require all our stores and offices to submit environmental data through the system on a regular basis. Furthermore, the procedures for data entry and audit have been summarised in the *Operation Manual for Sustainability Data Management System* so that all our stores and offices are able to refer to it.

4 Implementing green measures

To achieve the above environmental targets, the Group will invest in energy-efficient building service systems and equipment upgrades, optimise its day-to-day operating schedule, enhance monitoring and control through real-time energy monitoring and sub-metering, and engage our tenants on reducing energy consumption. Over the years, the Group has implemented a wide range of environmental initiatives relating to energy management, waste reduction, proper use of resources and the promotion of green living to tackle the key environmental issues in Mainland China. See more details in the following sub-sections.

5 Regular monitoring and review

As we aim to keep abreast of the latest environmental issues and the regulatory changes, our environmental policies and guidelines are regularly reviewed and updated. We also review the environmental data collected from our stores and offices on a regular basis to ensure proper data management. An external consultant was commissioned to assess our internal control procedures in FY2018. Their recommendations were taken into account to improve our internal data collection and review capabilities.

To fulfil our SV2030, our energy intensity target was set to reduce by 2% (in MWh/sq.m., excluding tenants) in FY2030 against a baseline of FY2015. This target was advised by a third-party consultant after technical site audits and management interviews. The scope of the target covers nine stores¹ and two corporate offices only, where NWDS or the Parent Company has full operational control. Guided by our “Green” vision, this target signifies our long-term commitment to combating climate change and global warming as a member of the New World Group.

Our Approach

A multi-faceted approach has been adopted to increase energy efficiency and optimise energy saving by investing in energy-efficient equipment upgrades, optimising their daily operating schedule, and enhancing monitoring and control through real-time energy monitoring.

High Energy-efficient LED Lighting System

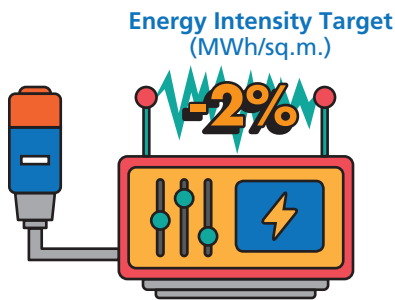
We established the “Policy on Replacing LED Lights at Operating Stores” (the “LED Policy”) in FY2017 as a way to reduce the energy consumption of our lighting systems and standardise the use of energy-efficient LED lights at our stores. In addition, the LED Policy provides specific guidelines for lighting intensity regarding different usage.

Energy Use Optimisation

Our APD team manages the maintenance of our facilities to optimise energy use, for example, by turning on outdoor lighting in accordance with local sunset time, the use of more fresh air intake for heat exchange instead of air conditioning when the weather is cool, routine maintenance and replacement of energy-intensive equipment.

To minimise the energy consumption of our business operations, we continued to implement the following initiatives in FY2019:

ENERGY MANAGEMENT



Energy Conservation and Emission Reduction Measures

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

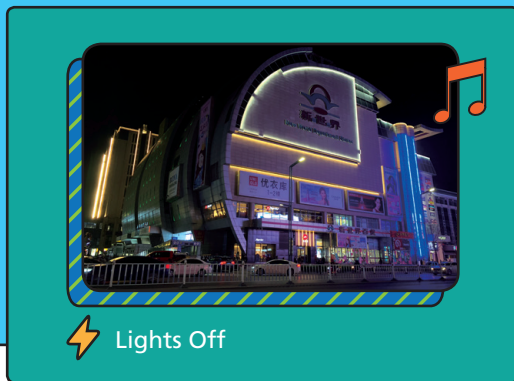
¹ The nine in-scope stores include: Beijing Chongwen Store, Harbin Store, Nanjing Store, Shanghai Shaanxi Road Branch Store, Shanghai Tianshan Road Branch Store, Shenyang Jianqiao Road Branch Store, Tianjin Store, Wuhan Jianshe Store and Zhengzhou Store.

Strengthening Environmental Awareness

WE "CONNECT TO EARTH" THROUGH WWF'S EARTH HOUR

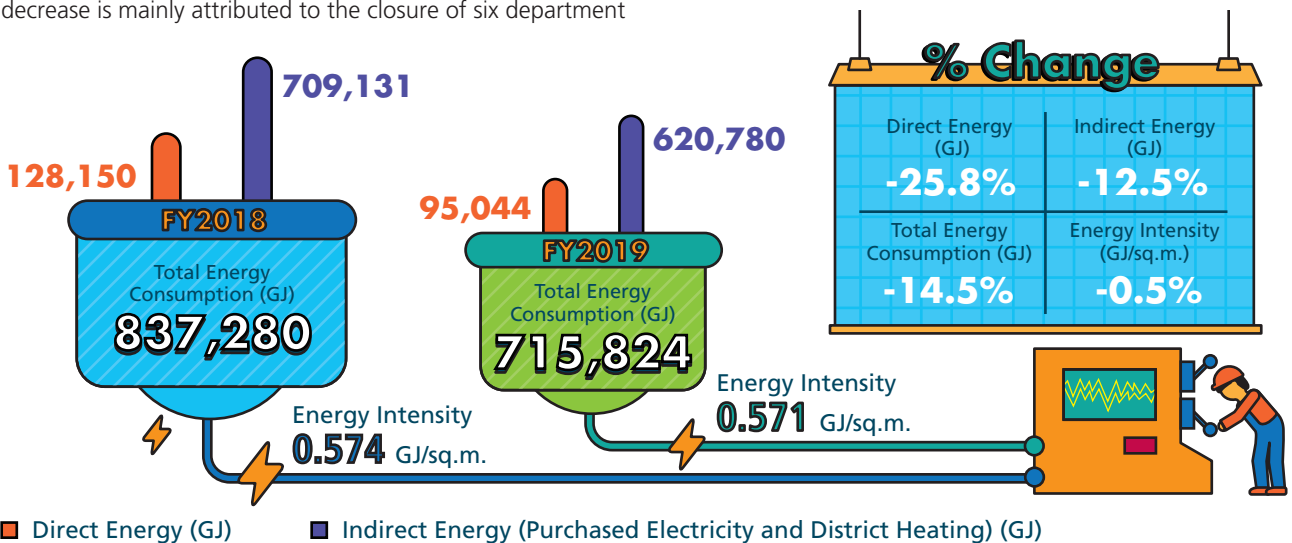
GREEN NWDS has been a keen supporter of WWF's Earth Hour, a global movement to call for action to protect the planet and promote sustainability. Supported for ten years in a row, NWDS' stores switched off most non-essential lights and advertising light boxes for an hour at 8:30 p.m. on 30 March 2019, saving 2,206 kWh of electricity that is equivalent to approximately 1.6 tonnes of carbon emissions.

With this year's theme "Connect to Earth", 12 of our stores joined hands with regional authorities and local bands to co-organise the "Unplugged Concerts" to perform music with minimal electricity consumption as a means to promote low-carbon lifestyle in the community.



In FY2019, the Group's total energy consumption was 715,824 GJ, compared with 837,280 GJ in FY2018². The decrease is mainly attributed to the closure of six department

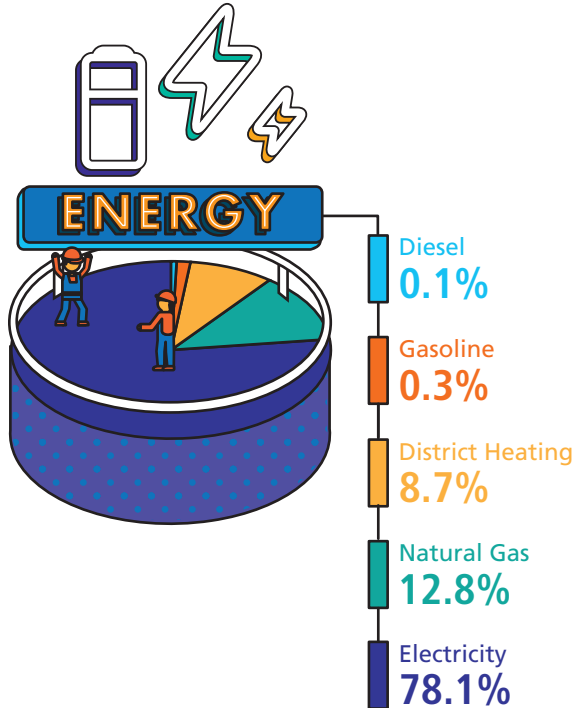
stores in Mainland China. The energy intensity recorded a drop of 0.5% to 0.571 in FY2019 from 0.574 in FY2018.



Restatement: The energy consumption and GHG emissions figures for FY2018 have been revised to include the district heating consumption of six relevant stores in the Northern China Region. As the actual district heating consumption is not available in three of the stores (i.e. Lanzhou Store, Shenyang Jianqiao Road Branch Store and Yanjiao Store), the unit price of district heating in that city or a nearby city was referenced in estimating the consumption of these three stores.

² The six stores closed on or before 30 June 2019 are excluded from the FY2019 environmental data.

Energy Consumption by Type in FY2019



Carbon Emission Intensity Target (tonne CO₂e/sq.m.)



Over 78% of the Group’s energy consumption came from the use of electricity while the remaining mainly came from the use of direct-fired units, refrigerators, natural gas air-conditioners and our self-owned vehicles, as well as district heating. To reflect the amount of consumption that is controllable by the Group, we have excluded the tenants’ share of the electricity consumption in the data consolidation and assessment processes since FY2018. Due to the closure of six department stores, our electricity consumption dropped by 13.7% to 558,837 GJ in FY2019 (647,780 GJ in FY2018), while the electricity consumption intensity remained relatively stable, amounting to 446 MJ/sq.m. in FY2019 (445 MJ/sq.m. in FY2018).

GREENHOUSE GAS EMISSIONS

GHG emissions (or carbon emissions) from human activities are considered one of the main causes of climate change. In line with our SV2030 to combat climate change, we have adopted various energy-saving measures as mentioned in the above sub-section to continuously lower our carbon emissions.

Our second environmental target aims to reduce our carbon emission intensity by 12% (in tonne CO₂e/sq.m., excluding tenants) in FY2030 against a baseline of FY2015. This target is intrinsically interlinked with the first target relating to energy use and has taken into account the decarbonisation pathway of NWDS. Same as the energy intensity target, the scope of this target covers nine stores³ and two corporate offices, where NWDS or the Parent Company has full operational control.

Our Approach

The first carbon audit for NWDS was conducted in FY2015 in line with the carbon auditing plans and requirements of the New World Group. We launched the *Guidelines to Account for Greenhouse Gas Emissions and Reduction* the same year to give additional guidance to our staff on how to facilitate the process of carbon auditing at our stores and offices. Since then, we have carried out annual carbon audit for the Group for another two consecutive financial years.

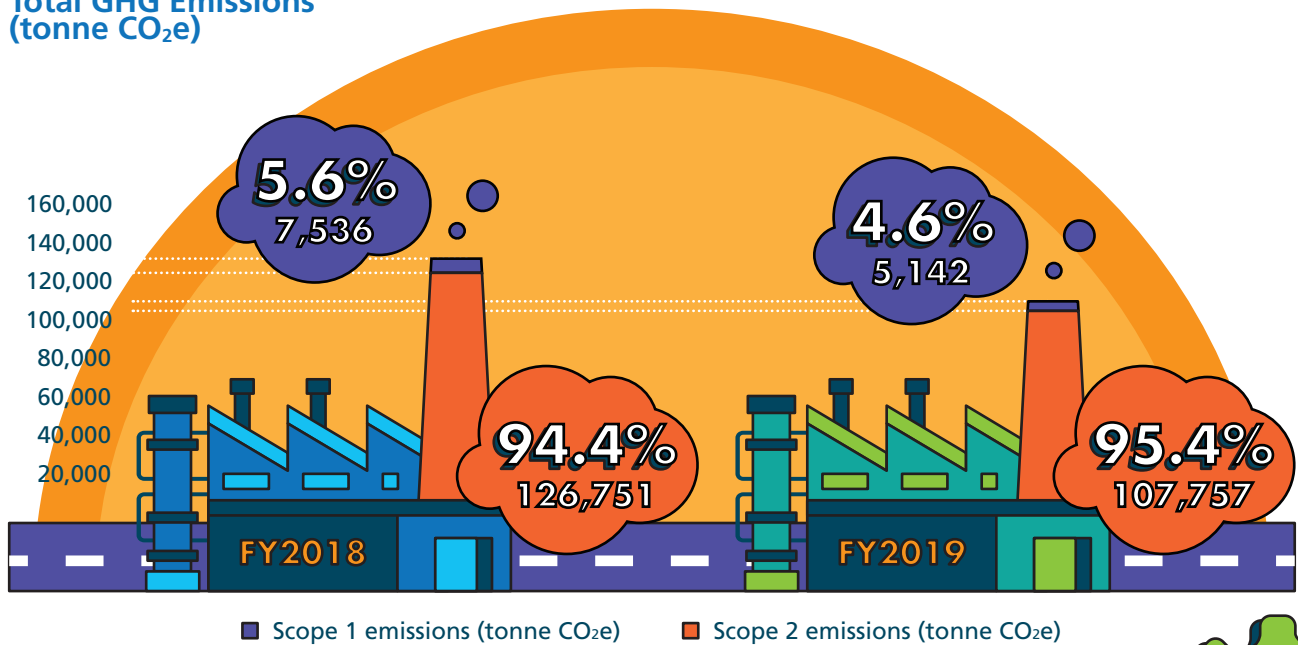
³ The nine in-scope stores include: Beijing Chongwen Store, Harbin Store, Nanjing Store, Shanghai Shaanxi Road Branch Store, Shanghai Tianshan Road Branch Store, Shenyang Jianqiao Road Branch Store, Tianjin Store, Wuhan Jianshe Store and Zhengzhou Store.



In FY2019, the Group's GHG emissions amounted to 112,899 tonnes of CO₂e (134,287 tonnes of CO₂e in FY2018), of which indirect carbon emissions (Scope 2 emissions associated with electricity and district heating

consumption) accounted for 95.4%. The annual average carbon intensity remained relatively stable at 0.090 tonnes CO₂e/sq.m. in FY2019 (0.092 tonnes CO₂e/sq.m. in FY2018).

Total GHG Emissions (tonne CO₂e)



Restatement: The emission factors used for calculating the GHG emissions in our Mainland China operations have been updated to align with the Parent Company's calculation methodology and the latest guideline on emission factors published by the Ministry of Ecology and Environment of the People's Republic of China. Hence, our GHG emissions data for FY2018 and FY2019 have been updated as above.

Restatement: The energy consumption and GHG emissions figures for FY2018 have been revised to include the district heating consumption of six relevant stores in the Northern China Region. As the actual district heating consumption is not available in three of the stores (i.e. Lanzhou Store, Shenyang Jianqiao Road Branch Store and Yanjiao Store), the unit price of district heating in that city or a nearby city was referenced in estimating the consumption of these three stores.

ORGANIC ROOFTOP GARDEN FOR CITY DWELLERS

Rooftop gardens provide multiple advantages ranging from growing food, diminishing carbon dioxide levels and increasing breathable oxygen, to beautifying the buildings.

GREEN

Since 2015, we have been collaborating with G-vegetable, a rooftop garden operator, to build a rooftop garden at Shanghai Pujian Branch Store, covering an area of 900 sq.m.

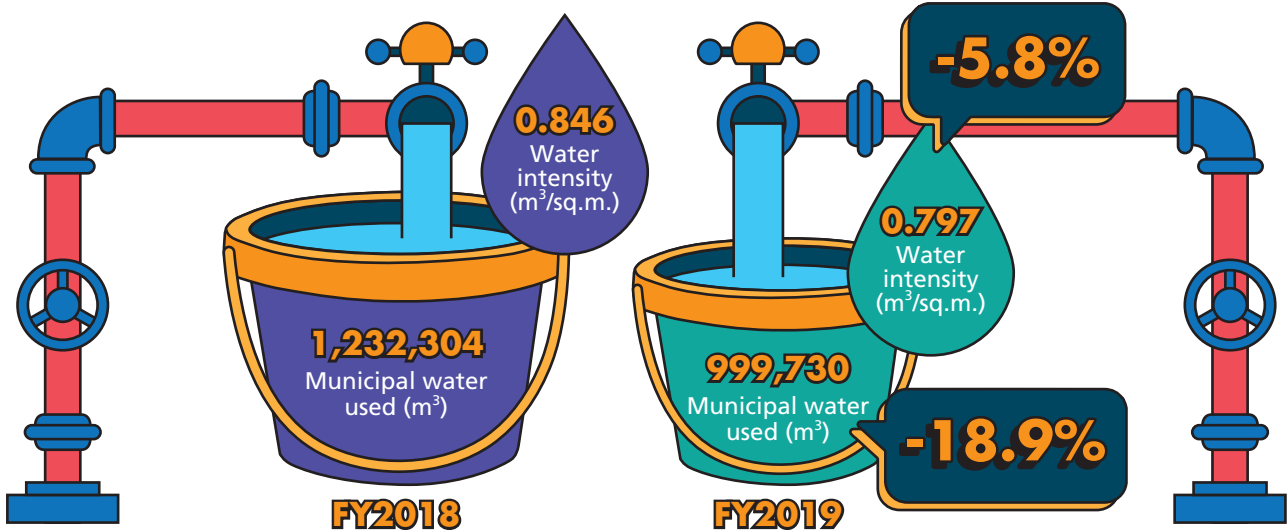
Our project, which will span until 2023, aims at giving our shoppers and city dwellers an opportunity to learn about organic farming and harvesting. Furthermore, fertilisers used in the rooftop garden have been certified by SGS Hong Kong Limited (SGS) as having a 60% or higher level of organic composition.



WATER MANAGEMENT

Water scarcity is believed to be a major issue globally as half of the world's population will be living in water-stressed areas by 2025. According to World Resources Institute, China's overall water stress is currently at a medium-high level, with more than one-third of the land facing high or extremely high water stress. Given this alarming water stress issue, the Group realises the need to stay alert and ensure there is a sustainable clean water supply to support our business operations and the communities in which we operate.

In line with the New World Group's determination to drive water conservation, we are committed to continuously enhancing our water conservation efforts wherever practicable. With water conservation identified as our material aspect, we have implemented water saving measures to save this precious and scarce resource.



Our Approach

To reduce our adverse environmental impact, we have continued to follow our "Green Office Policy" and optimise our operational systems aimed at minimising our use of natural resources such as water. Guided by this policy, we strive to promote water conservation and raise our employees' awareness of the issue.

Since FY2018, we have excluded the tenant's water consumption in the data consolidation and assessment processes to reflect the amount of consumption that is actually controllable by the Group. The water consumption declined by 18.9% to 999,730 cubic metres ("m³") in FY2019 (1,232,304 m³ in FY2018) mainly because six department stores ceased operations during the year. The drop is also contributed by a decrease in water intensity by 5.8% from 0.846 m³/sq.m. in FY2018 to 0.797 m³/sq.m. in FY2019. This indicates that our on-going water saving measures have yielded positive results.

WASTE MANAGEMENT

One of China's main environmental issues is solid waste which sometimes could lead to widespread contamination by heavy metals and hazardous chemicals if not properly managed. The country is now taking measures to rehabilitate water and land sources that are affected.

Another pressing issue is food waste. Besides wasting the resources that went into growing and making the food, excessive food waste creates harmful effects to the environment at disposal including the release of greenhouse gas. As we have more and more food and beverage tenants in our department stores now, we are dedicated to continuously improving our food waste handling practices and optimising our waste reduction efforts.

Our Approach

Use Less, Waste Less Principle

A key principle we believe in is: "use less, waste less". In line with this principle, we published the *Guidelines on Waste Reduction at Offices* and *Waste Measurement Guidelines* in FY2015 and FY2016, respectively. By providing these guidelines, we aim to enhance the monitoring of our daily generated waste and enable our staff to have a better understanding regarding waste reduction.

Our *Food Waste Reduction Advice* was introduced in FY2017 with reference to the community food wise schemes. As food and beverage outlets account for a significant share of the operating area in our department stores, we actively encourage our food and beverage tenants to promote and implement their own food waste reduction initiatives. We also launched the *Food Waste Gauging Guidelines* and *Food Waste Gauge Sheet* in FY2018 to provide methods and additional details on food waste measurement.

Waste Management Measures

Department Stores

- Introduce electronic membership cards, vouchers and invoices on NWDS' WeChat official accounts
- Introduce electronic payment methods such as Alipay, WeChat Pay and Apple Pay to accelerate paperless payment
- Replace print receipts with electronic receipts, reducing the use of paper
- Centralise the collection of food waste from food and beverage outlets to ensure proper handling
- Use new technology to regenerate aggregates from old concrete blocks for pasting floor tiles

Offices

- Set up a standardised Enterprise Resource Planning (ERP) system to promote office automation and paperless operations
- Review the recyclers regularly to ensure proper recycling of disposed materials

COMPLYING WITH SHANGHAI'S WASTE SORTING REGULATIONS

GREEN

Improving recycling rates is vital to China's strategy, and cities are trying to figure out what to do with the heaps of garbage clogging up rivers or buried in hazardous landfills. Effective from 1 July 2019, The Shanghai Municipal People's Congress has taken the lead to impose the *Regulations on the Administration of Domestic Waste in Shanghai* on residential communities, enterprises and public areas. These regulations classify garbage into four categories — wet, recyclable, harmful garbage and the rest, which is called dry waste or residual waste.

To respond to this new regulation, our SHMO APD team has spearheaded the waste collection and management of our department stores in Shanghai, where a number of key measures have been implemented. For instance, we have placed different garbage bins on each retail floor as well as in the refuse collection rooms. To ensure proper waste sorting, a penalty system has been in place to make sure all tenants properly sort their garbage before disposing them to the refuse collection room. Our refuse collection staff will carry out additional waste inspection and sorting to ensure the regulatory requirements are met satisfactorily. Looking ahead, we will continue to strengthen the promotion of waste sorting and extend our efforts to other neighbouring cities near Shanghai in the near future.



ELECTRONIC RECEIPT — A GREEN AND EFFICIENT OPTION

In line with our "Green" and "Smart" vision, we introduced the electronic receipts in lieu of print receipts at all NWDS' stores in FY2019. This self-service electronic receipt system possesses QR code scanning function and enables our customers to check their recent purchase records via our WeChat official accounts. With over 97,500 electronic receipts issued during the year under review, these functions greatly increased the productivity of our frontline staff as it freed up approximately 1,017 working days, equivalent to the time required for issuing the same amount of print receipts. This initiative also brings positive environmental impact by saving a considerable amount of paper used.

SMART



GREEN



GREEN PROCUREMENT

NWDS strives to take environmental considerations into account in its procurement decisions. We believe green procurement not only promotes green living to our customers but also helps us to mitigate environmental risks in our supply chain.

Our Approach

All our stores and offices are required to follow our green procurement principles outlined in our "Green Procurement Policy", which was first established in 2009 and will be further revised in FY2020. These green principles aim to promote minimal consumption of raw materials, use of reusable items instead of disposable ones, use of high energy

efficient products, request for green packaging and more. By adopting these principles, we are able to take into account the environmental impact of our procurement decisions as well as better manage our procurement process.

To give our stores and offices a guided reference to green product specifications, we put in place the *Green Procurement Guidelines* in FY2017. In line with this, we have given priority to eco-friendly options, such as using Forest Stewardship Council™ ("FSC™") certified paper and soy ink for printing our financial reports, or buying green decorative materials for our stores and offices.

To further encourage the public to practise a green lifestyle on a daily basis, we have displayed low carbon living ideas and offered new green product alternatives to our customers at our LOL Concept Shops.

LOL CONCEPT SHOPS OFFER GREEN PRODUCT CHOICES

GREEN

The concept of green retailing has been witnessed at our LOL Concept Shops, which offer a variety of high-quality lifestyle and eco-friendly products. The products are sourced from diverse suppliers and designer brands, including "Team Green" and "Hugo Frosch", whose products are designed with the element of sustainability. Over the years, NWDS has strived to maintain a considerable amount of sales revenue coming from eco-friendly merchandise at its LOL Concept Shops.

Since FY2017, LOL has introduced "Team Green", a designer brand originated from Hong Kong, into its product offerings. With a strong commitment to creating the best sustainable products for its customers, "Team Green" guarantees that all its products, such as 3D puzzles and 3D jewellery boxes, are made of sustainable and FSC™ certified materials.

In October 2019, LOL also introduced "Hugo Frosch", a German brand specialised in producing eco-friendly hot water bottles made of sugar cane fibres. With more than 80% of raw materials used being biodegradable, these safety-tested products represent a combination of innovation and eco-friendliness.

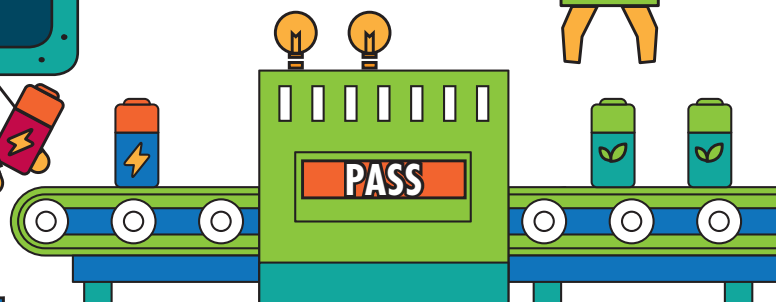
LOL GREEN PROPOSAL

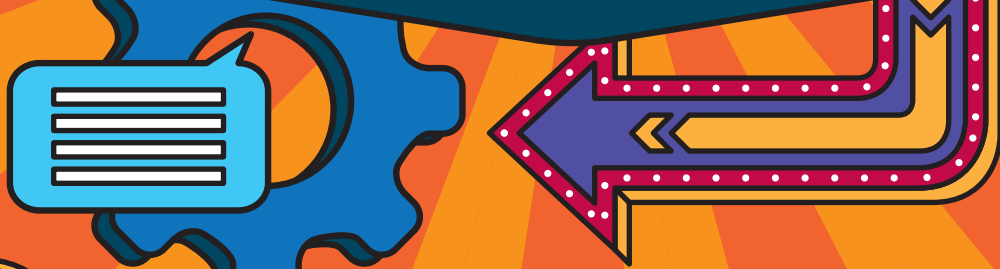
GREEN

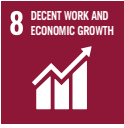
To promote green retailing and encourage responsible production, we introduced the "LOL Green Proposal" as a precursor to any new collaboration with suppliers, indicating our preference for sustainable merchandise and requesting our suppliers to provide proof of their products' green specifications.

"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"



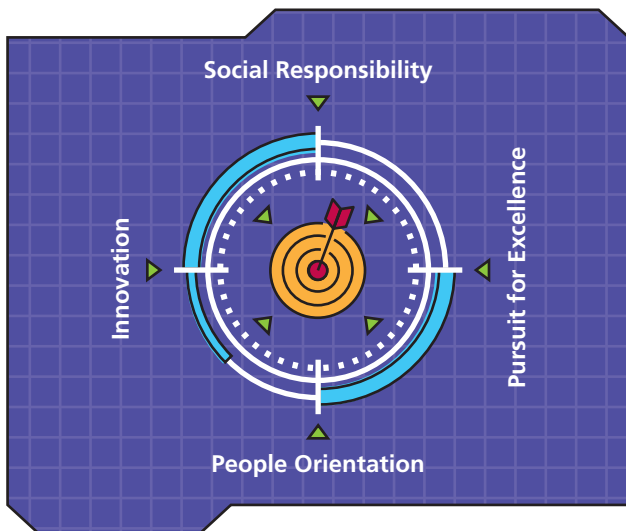




Aligning with SDG 8 Decent Work and Economic Growth, our approach to our community services focuses on empowering the local communities and fostering their economic and social development through our corporate social responsibility (“CSR”) initiatives.

To achieve this, we place four core values at the centre of our vision for our community — social responsibility, innovation, people orientation and pursuit for excellence. Accordingly, the Group advances our CSR programmes to address social needs, and hence foster sustainable development within the community.

Our Core Values



The social needs from local communities vary across the 17 Chinese cities where our stores operate. To fully make the most of our contributions to the community, all our stores are highly encouraged to lead and arrange all sorts of activities to promote sustainability awareness among the public and give back to their local communities. The Group encourages each store to form stronger partnerships with local non-profit organisations to identify the areas that we can support in a more strategic manner.

OUR APPROACH

To support the local communities to our best, we pay most attention and focus our support on four main groups of beneficiaries: children and students, people with disabilities, elderly people, and under-resourced groups. The Group undertakes its community involvement and investment through different activities including educational aids, charitable donations, volunteer work as well as partnerships with charitable or non-governmental organisations.

Key Beneficiaries



At NWDS, we promote volunteerism by encouraging our employees across all stores and offices to join our nationwide NWDS Volunteer Team. We regularly promote new volunteering opportunities and community activities to enable our employees to contribute to the society and fulfil their civic responsibilities. We publish new volunteering activities on both internal and external communication platforms including our intranet, our regular newsletters as well as on WeChat. In 2013, we established our “NWDS Volunteer Team Members’ Handbook”, which informs our employees on what we define as volunteering, its meaning and values to us and the wider scope behind it. Key beneficiaries, enrolment methods and information about our NWDS Volunteer Team can also be found in the handbook.



To keep track of our activities, our volunteer record is updated on a regular basis and further kept in our human resources database.

As we aim to further encourage our employees to participate in volunteering activities, we provide volunteer appreciation certificates to our most outstanding volunteers as our appreciation for their valued involvement in the community.

Furthermore, an appreciation and award ceremony for volunteers is organised on an annual basis for those who contribute the most to the community. We believe this is a gratifying act to show how much we cherish their participation.





OUR INITIATIVES



HONG KONG

EXPERIENCING ORGANIC FARMING — PINEAPPLE CAKE DIY WORKSHOP

CARING



Volunteers from our Hong Kong office launched the “Experiencing Organic Farming — Pineapple Cake DIY Workshop” jointly with Jockey Club Kwai Fong Youth S.P.O.T, the Hongkong Federation of Youth Groups in FY2019. The volunteers paid a visit to the Go Green Organic Farm in Yuen Long with a group of under-resourced children aged 6 to 12. The activity offered a golden opportunity for the children to gain hands-on experience of sowing the seeds of organic vegetables and baking pineapple cakes, which gave them an insight into organic farming. What is more, each participant could take away four freshly baked pineapple cakes and organic flower pot as their souvenirs.



SHANGHAI

“LET OUR LOVE SHINE” ON WORLD AUTISM AWARENESS DAY — SUPPORTING AUTISTIC CHILDREN WITH CARE AND LOVE

CARING



Every year, World Autism Awareness Day is celebrated on 2 April globally with the goal of spreading awareness about Autism Spectrum Disorder (“ASD”), a developmental disorder that impairs the social interaction and communication skills of an individual.



To be part of this global call for action in raising ASD awareness, the Group organised charitable exhibitions and bazaars at nine Ba Li Chun Tian stores in Shanghai in collaboration with Shanghai Feiye Art Special Education, Wenzhou Xiaoyinhe Special Education School and Indigo Charity. The event, which ran for nine days from 30 March to 7 April 2019, aimed at promoting inclusion and diversity, as well as raising public awareness of ASD in the communities. Our 22 staff members devoted their time as volunteers to support the production and display of the promotional materials, promote the exhibits to shoppers and visitors, and handle storage and maintenance of the exhibits.

The charity bazaar offered paintings, soap and ceramics made by the autistic children, and all the proceeds and donations totalling RMB10,000 were subsequently channelled to Indigo Charity and ASD Family to support the children with ASD.

XI'AN

"TAKING A STROLL WITH SNAILS" — SUPPORTING PEOPLE WITH INTELLECTUAL DISABILITIES

CARING



People with intellectual disabilities always face social discrimination and injustice in their everyday lives. To promote inclusiveness in our society, NWDS has supported the national mini-marathon charitable event in Xi'an called "Taking a stroll with snails" for the fifth year. The word "snail" was originated from a Taiwanese novel "Take a stroll with snails", in which snails mean children, and in this context, snails are referred to as mentally retarded children.

The purpose of the event is to raise awareness of how we can support mentally retarded people as well as promote an inclusive society where everyone can live with dignity and respect.

Co-organised by the China Association of Persons with Intellectual Disabilities and Their Relatives and China Administration of Sports for Persons with Disabilities, the event attracted nearly 1,000 volunteers and 500 mentally retarded people on 18 May 2019. To turn our support into action, we donated some daily necessities to the charities while a volunteer team formed by ten colleagues from our Xi'an City Plaza supported the event.



"By organising this event for World Autism Awareness Day, we hope that we can raise money from the charities for a noble cause, but more importantly, to raise awareness to other people how difficult it is for children with autism to grow up, and to integrate with society. We hope to make a meaningful impact on these children, and to support them as best as we can."

Bright Zhan

Senior Manager — Marketing Communication
Eastern China Regional Operations Centre

"I'm very grateful to be able to have this opportunity to help these mentally disabled children. It is self-fulfilling to be able to support and mentor these children, who are part of our society and have so much potential to offer. We hope to make a positive impact on these children's lives, and one day, they can give back so much to society to help the community further prosper."

Naomi Li

Supervisor — Human Resources
Xi'an New World City Plaza

OUR PERFORMANCE

In FY2019, the Group continued to support and serve the community by organising 59 volunteering activities, which added up to 2,414 hours of volunteer service. These activities were arranged by 1,224 volunteers from all our operating regions and impacted multiple local communities. In addition, the Group donated a total of HK\$179,486 to charities and organisations such as Shanghai Charity Foundation Yangpu Branch, Beilangdong Community 111 Assistance Joint Committee, and Xi'an City Lianhu District Charity Association.

Number of
Volunteers

1,224



Total Volunteer
Service Hours

2,414

Charitable Donation

HK\$179,486



AWARDS & RECOGNITION

AWARDS

CORPORATE GOVERNANCE & TALENT CULTIVATION

The Asset

- Gold Award in the category of "Environmental, Social and Governance" in the "The Asset Corporate Awards 2018"

China Chain Store and Franchise Association

- "Innovation Practice Award" in the "2018 CCFA Excellent Corporate University"
- "Best Operation and Management Award" in the "2019 CCFA Outstanding Enterprise University"

Promoting Happiness Index Foundation and Hong Kong Productivity Council

- "Happy Company" logo in the "Happiness at Work Promotional Scheme 2019"



SERVICE EXCELLENCE

36Kr

- "2018 Retail Innovation Top Ranking — Shopping Mall Category" in the "2018 Wise Retail Summit"

Shanghai Chain Enterprise Association and Shanghai Single Purpose Prepaid Card Association

- "2018 Jinding Cup Shanghai City Single Purpose Prepaid Card Trustworthy Operations Model Enterprise"

ENVIRONMENTAL PROTECTION

Environmental Campaign Committee

- Basic Level "Energywise Certificate", Excellence Level "Wastewise Certificate", "Carbon Reduction Certificate" and "Hong Kong Green Organisation" in the "Hong Kong Green Organisation Certification"

World Green Organisation

- "Green Office" and "Eco-Healthy Workplace" labels in the "Green Office and Eco-Healthy Workplace Awards Labelling Scheme"



COMMUNITY SERVICES

The Hong Kong Council of Social Service

- "5 Years Plus Caring Company" logo in the 2018/19 "Caring Company" scheme

Hong Kong Productivity Council

- "Corporate Citizenship" logo in the categories of "Enterprise" and "Volunteer" in the "9th Hong Kong Outstanding Corporate Citizenship Awards"

Social Welfare Department, Hong Kong SAR Government

- "Bronze Award for Volunteer Service (Organization)" in the "2017 Volunteer Movement"
- "Bronze Award for Volunteer Service (Organization)" in the "2018 Volunteer Movement"

Agency for Volunteer Service

- "Hong Kong Community Volunteers (Corporate Member) Certificate of Appreciation"





EXTERNAL INITIATIVES



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

Participating Organisation of "Green Event Pledge"
Environmental Protection Department, Hong Kong SAR Government



Sustainable Consumption Enterprise in the
"Sustainable Consumption Recognition Scheme"
Business Environment Council

Participating Organisation of "Paper Saving Campaign"
World Green Organisation



Signatory and Participating Corporate of "Earth Hour"
WWF

Supporter of United Nations' Sustainable Development Goals



REPORTING PERIOD

The Report, which is published on an annual basis, provides updates on the Group's sustainability initiatives and activities executed in the financial year 2019 (from 1 July 2018 to 30 June 2019, abbreviated as "FY2019", "the year under review" or the "current year").

REPORTING SCOPE AND BOUNDARY

The scope of the Report includes our corporate offices in Hong Kong and Shanghai, as well as the Group's retail business in Mainland China. As for the environmental data, the scope covers 31 department stores and shopping malls as well as two corporate offices under NWDS. Separately, the social data covers 31 department stores and shopping malls and two corporate offices under NWDS, as well as all retail outlets and two corporate offices under Well Metro Group (a principal subsidiary of the Group).

ABOUT THIS REPORT

This year, we are once again delighted to present you our *NWDS Sustainability Report 2019* (the "Report"), which is aimed at informing our stakeholders of our sustainability framework and progress. In addition, we continue to adopt, improve and optimise our strategies with an aim of meeting our stakeholders' expectations.

We have adopted our Data System since FY2017 to optimise and automate our data collection and management process. The system has improved data accuracy and timeliness, helping us better monitor our sustainable performance on all fronts. This advancement has also been a crucial advantage when completing the current report, and measuring and monitoring our targets in the future, as it has provided us with more accurate data and information.

REPORTING REFERENCE

This Report has been prepared in accordance with the *Global Reporting Initiative Sustainability Reporting Standards* ("GRI Standards"): Core option as well as HKEx's *Environmental, Social and Governance Reporting Guide* ("ESG Reporting Guide"). To show our report reliability, we commissioned the Hong Kong Quality Assurance Agency to provide independent limited assurance for the Report, ensuring that it meets all requirements of the ESG Reporting Guide and the GRI Standards (Core option).

YOUR FEEDBACK

Additional information can be found in our Annual Reports and other publications. You can download the Report by visiting the Group's website (www.nwds.com.hk). We are open to and welcome any suggestions, comments or questions about our Report and our sustainability performance. To get in touch with us, please contact: nwdsca@nwds.com.hk.

DATA TABLES

SOCIAL DATA

Number of Employees

| | | Total | Gender | | Geographical Region | |
|--------------------|-----------|-------|--------|--------|---------------------|----------------|
| | | | Male | Female | Hong Kong | Mainland China |
| By Employment | Permanent | 1,780 | 841 | 939 | 44 | 1,736 |
| | Contract | 2,103 | 777 | 1,326 | 0 | 2,103 |
| By Employment Type | Full-time | 3,870 | 1,609 | 2,261 | | |
| | Part-time | 13 | 9 | 4 | | |

Training Hours

FY2019

By Seniority

| | |
|-------------------------------------|---------|
| Frontline Officer and below | 2,544.3 |
| Back-office Officer and below | 3,490.0 |
| Assistant Manager | 3,111.0 |
| Manager | 3,000.1 |
| Assistant General Manager and above | 859.0 |

By Gender

| | |
|--------------|-----------------|
| Male | 4,725.7 |
| Female | 8,278.7 |
| Total | 13,004.4 |

Total Workforce; Turnover and New Hires of Permanent Employees⁽¹⁾

| | FY2019 | | |
|-------------------------------------|-----------------|--------------------|------------------|
| | Total Workforce | Turnover | New Hires |
| By Seniority | | | |
| Frontline Officer and below | 1,746 | | |
| Back-office Officer and below | 1,112 | | |
| Assistant Manager | 642 | | |
| Manager | 291 | | |
| Assistant General Manager and above | 92 | | |
| By Gender | | | |
| Male | 1,618 | 110 (6.2%) | 4 (0.2%) |
| Female | 2,265 | 137 (7.7%) | 6 (0.3%) |
| By Age Group | | | |
| Aged under 30 | 650 | 27 (1.5%) | 2 (0.1%) |
| Aged 30 to 50 | 3,106 | 199 (11.2%) | 7 (0.3%) |
| Aged over 50 | 127 | 21 (1.2%) | 1 (0.1%) |
| By Geographical Region | | | |
| Hong Kong | 44 | 9 (0.5%) | 10 (0.5%) |
| Mainland China | 3,839 | 238 (13.4%) | 0 |
| Total | 3,883 | 247 (13.9%) | 10 (0.5%) |

Occupational Health and Safety

| | FY2019 | | | | |
|-------------------------------|---------------|-------------------------------|------------------------------|--|------------------|
| | Absentee Rate | Injury Rate ⁽²⁾⁽³⁾ | Lost-day Rate ⁽³⁾ | Occupational Disease Rate ⁽³⁾ | Fatality Rate |
| By Gender | | | | | |
| Male | 0.97% | 0.118 | 3.257 | 0 | 1 (0.03%) |
| Female | 1.73% | 0.169 | 2.496 | 0 | 0 |
| By Geographical Region | | | | | |
| Hong Kong | 1.58% | 2.273 | 6.818 | 0 | 0 |
| Mainland China | 1.41% | 0.125 | 2.770 | 0 | 1 (0.03%) |
| Total | 1.41% | 0.148 | 2.813 | 0 | 1 (0.03%) |

Notes:

- (1) To align with the Parent Company's disclosure practices, the staff turnover and new hires figures and rates reported here cover permanent staff only.
- (2) Minor (first-aid level) injuries are excluded from the above injury rates.
- (3) The injury rate, lost day rate and occupational disease rate represent the number of incidents per 100 employees per year. These rates 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⁽⁴⁾



Greenhouse Gas Emissions⁽⁵⁾

| Type | Unit | FY2018 | FY2019 |
|------------------------------------|------------------------------------|------------------------|------------------------|
| Direct GHG (Scope 1) | tonne CO ₂ e | 7,536 | 5,142 |
| Indirect GHG (Scope 2) | tonne CO ₂ e | 126,751 ⁽⁶⁾ | 107,757 ⁽⁶⁾ |
| Total | tonne CO₂e | 134,287 | 112,899 |
| GHG Intensity⁽⁷⁾ | tonne CO₂e/sq.m. | 0.092 | 0.090 |

Energy Consumption⁽⁸⁾

| Type | Unit | FY2018 | FY2019 |
|---------------------------------------|-----------------|--------------------------|--------------------------|
| Natural Gas | GJ | 122,883 | 91,596 |
| Gasoline | GJ | 2,959 | 2,371 |
| Diesel | GJ | 2,308 | 1,077 |
| Electricity | GJ (kWh) | 647,780 (179,938,770) | 558,837 (155,232,613) |
| District Heating | GJ | 61,351 | 61,943 |
| Total | GJ | 837,280 | 715,824 |
| Energy Intensity⁽⁷⁾ | GJ/sq.m. | 0.574 | 0.571 |

Water Consumption⁽⁸⁾

| Type | Unit | FY2018 | FY2019 |
|--------------------------------------|----------------------------|--------------|--------------|
| Municipal Water Used | m ³ | 1,232,304 | 999,730 |
| Water Intensity⁽⁷⁾ | m³/sq.m. | 0.846 | 0.797 |

Materials Used

| Type | Unit | FY2018 | FY2019 |
|----------------|-------|--------|--------|
| Paper (A4) | tonne | 27.2 | 25.5 |
| Paper (A3) | tonne | 0.4 | 0.6 |
| Paper Products | tonne | 33.4 | 19.9 |
| Plastic Bags | tonne | 8.1 | 11.1 |

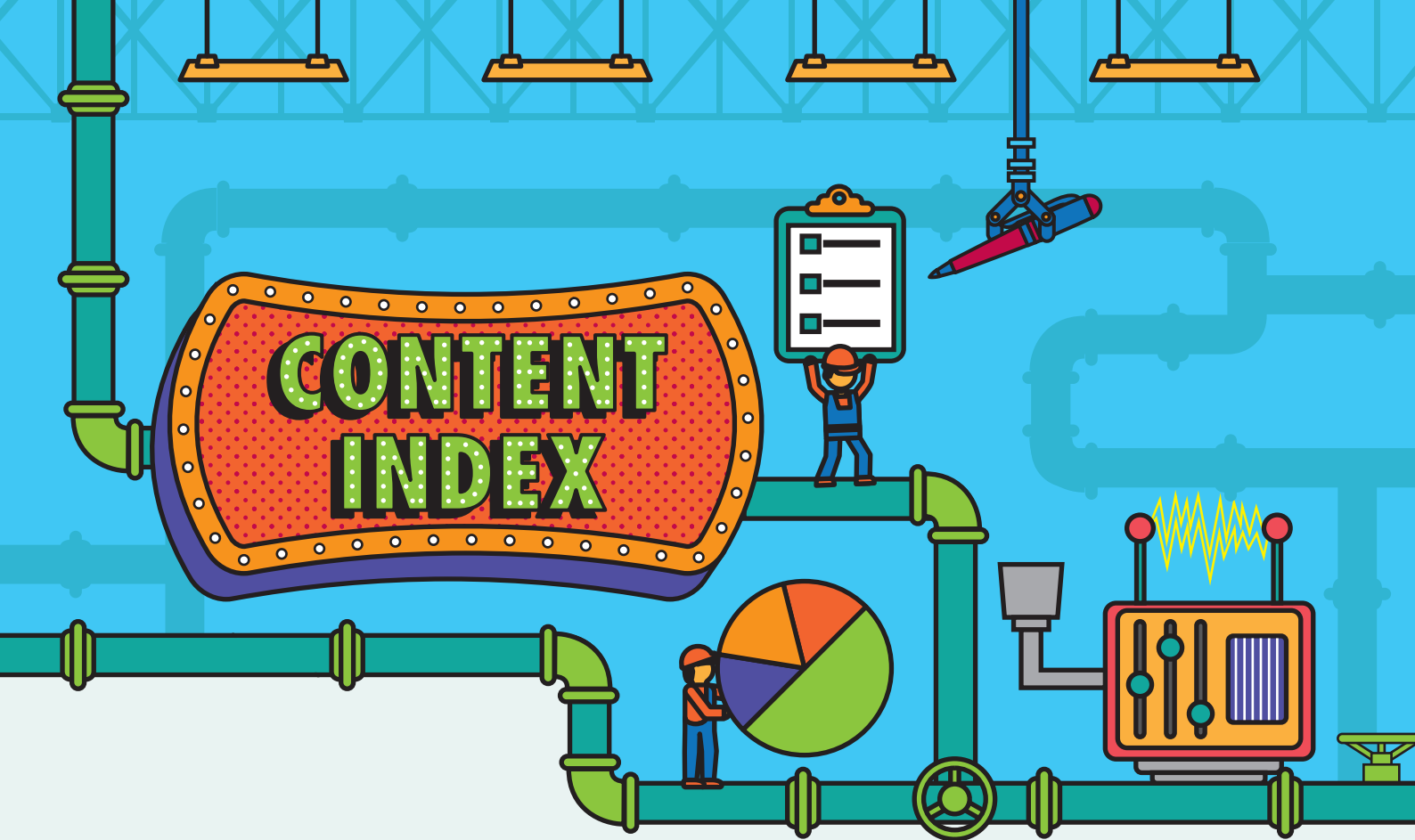
Notes:

- (4) The six stores closed on or before 30 June 2019 are excluded from the FY2019 environmental data.
- (5) Restatement: The emission factors used for calculating the GHG emissions in our Mainland China operations have been updated to align with the Parent Company's calculation methodology and the latest guideline on emission factors published by the Ministry of Ecology and Environment of the People's Republic of China. Hence, our GHG emissions data for FY2018 and FY2019 have been updated as above.
- (6) Restatement: The energy consumption and GHG emissions figures for FY2018 have been revised to include the district heating consumption of six relevant stores in the Northern China Region. As the actual district heating consumption is not available in three of the stores (i.e. Lanzhou Store, Shenyang Jianqiao Road Branch Store and Yanjiao Store), the unit price of district heating in that city or a nearby city was referenced in estimating the consumption of these three stores.
- (7) The above reported GHG intensity, energy intensity and water intensity were calculated based on the GFA of the stores with full-year operations during the year under review (i.e. 1,253,888 sq.m. in FY2019).
- (8) To better reflect the Group's true utility consumptions, we have excluded the tenant's electricity and water consumption in the data consolidation and assessment processes since FY2018.

**Waste Handled**

| Type | Unit | FY2018 | FY2019 |
|---|--------------|----------------|----------------|
| Hazardous Waste Recycled | | | |
| Toner | tonne | 0.4 | 0.3 |
| Non-hazardous Waste Disposed of at Landfills/Incinerated | | | |
| General Waste | tonne | 4,610.1 | 3,849.9 |
| Paper | tonne | 13.9 | 7.7 |
| Plastics | tonne | 9.8 | 2.1 |
| Aluminum Can | tonne | 0.1 | 0 |
| Glass | tonne | 1.8 | 0 |
| Food Waste | tonne | 5,241.3 | 5,122.8 |
| Used Cooking Oil | tonne | 60.1 | 0 |
| Total | tonne | 9,937.1 | 8,982.8 |
| Non-hazardous Waste Recycled or Reused | | | |
| Cardboard | tonne | 548.2 | 334.2 |
| Scrap Metal | tonne | 0.7 | 0.9 |
| Total | tonne | 548.9 | 335.1 |





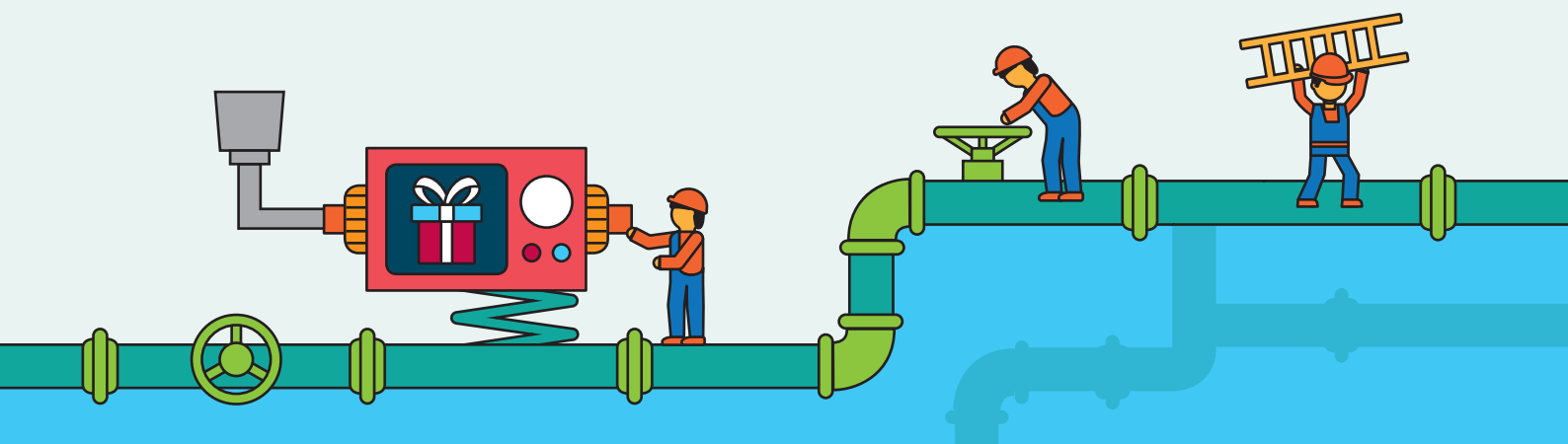
UNIVERSAL STANDARDS



| Disclosure | Relevant Section(s) and/or URL(s) | Remark (e.g. omission) | HKEx's ESG Reporting Guide |
|--|--|---|--|
| GRI 101: Foundation 2016 | | | |
| GRI 102: General Disclosures 2016 | | | |
| Organisational Profile | | | |
| 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 2019 — Notes to the Financial Statements (P.120–123) | |
| 102-6 | Markets served | Our Business (P.5–7) | |
| 102-7 | Scale of the organisation | Our Business (P.5–7) Staff (P.16–25) Data Tables (P.52–55) | |
| 102-8 | Information on employees and other workers | Staff (P.16–25) Data Tables (P.52–55) | KPI B1.1 |
| 102-9 | Supply chain | Operations (P.26–33) | Aspect B5: Supply Chain Management; General Disclosure; KPI B5.2 |
| 102-10 | Significant changes to the organisation and its supply chain | Our Business (P.5–7) Operations (P.26–33) | |
| 102-11 | Precautionary Principle or approach | Our Approach to Sustainability (P.8–15) Annual Report 2019 — Corporate Governance Report (P.24–33) | |
| 102-12 | External initiatives | Awards and Recognition (P.48–50) | |
| 102-13 | Membership of associations | Awards and Recognition (P.48–50) | |



| Disclosure | Relevant Section(s) and/or URL(s) | Remark (e.g. omission) | HKEx's ESG Reporting Guide |
|-------------------------------|--|---|----------------------------|
| Strategy | | | |
| 102-14 | Statement from senior decision-maker | Message from the Chairman (P.2–3) | |
| Ethics and Integrity | | | |
| 102-16 | Values, principles, standards, and norms of behavior | Our Approach to Sustainability (P.8–15) | |
| Governance | | | |
| 102-18 | Governance structure | Our Approach to Sustainability (P.8–15) Annual Report 2019 — Corporate Governance Report (P.24–33) | |
| Stakeholder Engagement | | | |
| 102-40 | List of stakeholder groups | Our Approach to Sustainability — Stakeholder Engagement (P.12–14) | |
| 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.12–14) | |
| 102-43 | Approach to stakeholder engagement | Our Approach to Sustainability — Stakeholder Engagement (P.12–14) | |
| 102-44 | Key topics and concerns raised | Our Approach to Sustainability — Stakeholder Engagement (P.12–14) | |
| Reporting Practice | | | |
| 102-45 | Entities included in the consolidated financial statements | Annual Report 2019 — Notes to the Financial Statements (P.120–123) | |
| 102-46 | Defining report content and topic Boundaries | Our Approach to Sustainability — Materiality Assessment (P.15) | |
| 102-47 | List of material topics | Our Approach to Sustainability — Materiality Assessment (P.15) | |
| 102-48 | Restatements of information | Environment (P.34–43) Data Tables (P.52–55) | |
| 102-49 | Changes in reporting | No change in material issues and topic boundaries from Sustainability Report 2018. | |
| 102-50 | Reporting period | About this Report (P.51) | |
| 102-51 | Date of most recent report | December 2018 | |
| 102-52 | Reporting cycle | About this Report (P.51) | |
| 102-53 | Contact point for questions regarding the report | About this Report (P.51) | |
| 102-54 | Claims of reporting in accordance with the GRI Standards | About this Report (P.51) | |
| 102-55 | GRI content index | Content Index (P.56–63) | |
| 102-56 | External assurance | Assurance Statement (P.64) | |





TOPIC SPECIFIC STANDARDS



| GRI Standards | Disclosure | Relevant Section(s) and/or URL(s) | Remark (e.g. omission) | HKEx's ESG Reporting Guide | |
|--|------------|---|---|---|---|
| Material Topics | | | | | |
| GRI 200 Economic Standard Series | | | | | |
| Economic Performance | | | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | Our Approach to Sustainability (P.8–15) | | |
| | 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 2019 — Financial Highlights and Financial Review (P.4–5, 15–17) | | |
| Procurement Practices | | | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | Our Approach to Sustainability (P.8–15) | Aspect B5: Supply Chain Management: General Disclosure | |
| | 103-2 | The management approach and its components | Operations (P.26–33) | | |
| | 103-3 | Evaluation of the management approach | | | |
| GRI 204: Procurement Practices 2016 | 204-1 | Proportion of spending on local suppliers | Operations (P.26–33) | | |
| Anti-corruption | | | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | Our Approach to Sustainability (P.8–15) | 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.11) | | |
| GRI 300 Environmental Standard Series | | | | | |
| Materials | | | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | Our Approach to Sustainability (P.8–15) | No mechanism to separate the calculation of renewable and non-renewable materials used. | Aspect A2: Use of Resources: General Disclosure; KPI A2.5 |
| | 103-2 | The management approach and its components | Environment (P.34–43) | | |
| | 103-3 | Evaluation of the management approach | Environment — Our Approach and Measures (P.35–37) Environment — Waste Management (P.41–42) | | |
| GRI 301: Materials 2016 | 301-1 | Materials used by weight or volume | Data Tables (P.52–55) | | |

| GRI Standards | Disclosure | Relevant Section(s) and/or URL(s) | Remark (e.g. omission) | HKEx's ESG Reporting Guide |
|-----------------------------------|------------|--|--|---|
| Energy | | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | Our Approach to Sustainability (P.8–15) Environment (P.34–43) | Aspect A2: Use of Resources: General Disclosure; KPI A2.1; KPI A2.3 |
| | 103-2 | The management approach and its components | Environment — Our Approach and Measures (P.35–37) | |
| | 103-3 | Evaluation of the management approach | Environment — Energy Management (P.37–39) | |
| GRI 302: Energy 2016 | 302-1 | Energy consumption within the organisation | Environment — Energy Management (P.37–39) Data Tables (P.52–55) | |
| | 302-3 | Energy intensity | Environment — Energy Management (P.37–39) Data Tables (P.52–55) | |
| | 302-4 | Reduction of energy consumption | Environment — Energy Management (P.37–39) | |
| | | | | |
| Water | | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | Our Approach to Sustainability (P.8–15) | Aspect A2: Use of Resources: General Disclosure; KPI A2.2; KPI A2.4 |
| | 103-2 | The management approach and its components | Environment (P.34–43) | |
| | 103-3 | Evaluation of the management approach | Environment — Our Approach and Measures (P.35–37) Environment — Water Management (P.41) | |
| GRI 303: Water 2016 | 303-1 | Water withdrawal by source | Environment — Water Management (P.41) Data Tables (P.52–55) | The Group only uses municipal water supply. |



| GRI Standards | Disclosure | Relevant Section(s) and/or URL(s) | Remark (e.g. omission) | HKEx's ESG Reporting Guide | |
|--|----------------------------|--|---|---|--|
| Emissions | | | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | Our Approach to Sustainability (P.8–15) | 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. | Aspect A1: Emissions: General Disclosure; KPI A1.1; KPI A1.2; KPI A1.5 |
| | 103-2 | The management approach and its components | Environment (P.34–43) | | |
| | 103-3 | Evaluation of the management approach | Environment — Our Approach and Measures (P.35–37) Environment — Greenhouse Gas Emissions (P.39–40) | | |
| GRI 305: Emissions 2016 | 305-1 | Direct (Scope 1) GHG emissions | Environment — Greenhouse Gas Emissions (P.39–40) Data Tables (P.52–55) | | |
| | 305-2 | Energy indirect (Scope 2) GHG emissions | Environment — Greenhouse Gas Emissions (P.39–40) Data Tables (P.52–55) | | |
| | 305-4 | GHG emissions intensity | Environment — Greenhouse Gas Emissions (P.39–40) Data Tables (P.52–55) | | |
| | 305-5 | Reduction of GHG emissions | Environment — Energy Management (P.37–39) | | |
| | Effluents and Waste | | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | Our Approach to Sustainability (P.8–15) | Aspect A1: Emissions: General Disclosure; KPI A1.3; KPI A1.4; KPI A1.6 | |
| | 103-2 | The management approach and its components | Environment (P.34–43) | | |
| | 103-3 | Evaluation of the management approach | Environment — Our Approach and Measures (P.35–37) Environment — Waste Management (P.41–42) | | |
| GRI 306: Effluents and Waste 2016 | 306-2 | Waste by type and disposal method | Data Tables (P.52–55) | | |
| Environmental Compliance | | | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | Our Approach to Sustainability (P.8–15) | Aspect A1: Emissions: General Disclosure | |
| | 103-2 | The management approach and its components | Environment (P.34–43) | | |
| | 103-3 | Evaluation of the management approach | | | |
| GRI 307: Environmental Compliance 2016 | 307-1 | Non-compliance with environmental laws and regulations | Environment (P.34–43) | | |

| GRI Standards | Disclosure | Relevant Section(s) and/or URL(s) | Remark (e.g. omission) | HKEx's ESG Reporting Guide |
|---|------------|---|---|--|
| Supplier Environmental Assessment | | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | Our Approach to Sustainability (P.8–15) | Aspect B5: Supply Chain Management: General Disclosure |
| | 103-2 | The management approach and its components | Operations (P.26–33) | |
| | 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.26–33) Supplier Code of Conduct | Our Supplier Code of Conduct specifies our requirements for suppliers on environmental protection. |
| GRI 400 Social Standards Series | | | | |
| Employment | | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | Our Approach to Sustainability (P.8–15) | Aspect B1: Employment: General Disclosure; KPI B1.1; KPI B1.2 |
| | 103-2 | The management approach and its components | Staff (P.16–25) | |
| | 103-3 | Evaluation of the management approach | | |
| GRI 401: Employment 2016 | 401-1 | New employee hires and employee turnover | Data Tables (P.52–55) | |
| | 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | Staff — Staff Welfare and Protection (P.18–19) | |
| Occupational Health and Safety | | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | Our Approach to Sustainability (P.8–15) | 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.24–25) | |
| | 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.24–25) Data Tables (P.52–55) | |
| Training and Education | | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | Our Approach to Sustainability (P.8–15) | Aspect B3: Development and Training: General Disclosure; KPI B3.2 |
| | 103-2 | The management approach and its components | Staff (P.16–25) | |
| | 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.21–24) | |
| | 404-2 | Programs for upgrading employee skills and transition assistance programs | Staff — Training and Development (P.21–24) | |

| GRI Standards | Disclosure | Relevant Section(s) and/or URL(s) | Remark (e.g. omission) | HKEx's ESG Reporting Guide |
|---|------------|---|---|---|
| Child Labour | | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | Our Approach to Sustainability (P.8–15) | Aspect B4: Labour Standards: General Disclosure |
| | 103-2 | The management approach and its components | Staff — Labour Standards (P.17) | |
| | 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.17) Supplier Code of Conduct | Our Supplier Code of Conduct specifies our requirements for suppliers on prohibition of child labour. |
| Forced or Compulsory Labour | | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | Our Approach to Sustainability (P.8–15) | Aspect B4: Labour Standards: General Disclosure |
| | 103-2 | The management approach and its components | Staff — Labour Standards (P.17) | |
| | 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.17) Supplier Code of Conduct | Our Supplier Code of Conduct specifies our requirements for suppliers on prohibition of forced labour. |
| Local Communities | | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | Our Approach to Sustainability (P.8–15) | Aspect B8: Community Investment: General Disclosure; KPI B8.1; KPI B8.2 |
| | 103-2 | The management approach and its components | Community (P.44–47) | |
| | 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.44–47) | |
| Supplier Social Assessment | | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | Our Approach to Sustainability (P.8–15) | Aspect B5: Supply Chain Management: General Disclosure |
| | 103-2 | The management approach and its components | Operations (P.26–33) | |
| | 103-3 | Evaluation of the management approach | | |
| GRI 414: Supplier Social Assessment | 414-1 | New suppliers that were screened using social criteria | Operations (P.26–33) Supplier Code of Conduct | Our Supplier Code of Conduct specifies our social requirements such as prohibition of child labour and forced labour. |



| GRI Standards | Disclosure | Relevant Section(s) and/or URL(s) | Remark (e.g. omission) | HKEx's ESG Reporting Guide |
|--|------------|---|--|---|
| Customer Health and Safety | | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | Our Approach to Sustainability (P.8–15) | Aspect B6: Product Responsibility; General Disclosure |
| | 103-2 | The management approach and its components | Operations (P.26–33) | |
| | 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.26–33) | |
| Marketing and Labeling | | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | Our Approach to Sustainability (P.8–15) | Aspect B6: Product Responsibility; General Disclosure |
| | 103-2 | The management approach and its components | Operations (P.26–33) | |
| | 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.26–33) | |
| | 417-3 | Incidents of non-compliance concerning marketing communications | | |
| Customer Privacy | | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | Our Approach to Sustainability (P.8–15) | Aspect B6: Product Responsibility; General Disclosure; KPI B6.5 |
| | 103-2 | The management approach and its components | Operations (P.26–33) | |
| | 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.26–33) | |
| Socioeconomic Compliance | | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | Our Approach to Sustainability (P.8–15) | Aspect B1: Employment; General Disclosure |
| | 103-2 | The management approach and its components | Staff (P.16–25) | |
| | 103-3 | Evaluation of the management approach | Operations (P.26–33) | |
| GRI 419: Socioeconomic Compliance 2016 | 419-1 | Non-compliance with laws and regulations in the social and economic area | Our Approach to Sustainability (P.8–15) | Aspect B6: Product Responsibility; General Disclosure |
| | | | Staff (P.16–25) | |
| | | | Operations (P.26–33) | |
| | | | Aspect B7: Anti-corruption; General Disclosure | |

ASSURANCE STATEMENT

HKQAA
HONG KONG QUALITY ASSURANCE AGENCY

香港品質保證局

SCOPE AND OBJECTIVES

Hong Kong Quality Assurance Agency ("HKQAA") has been commissioned by New World Department Store China Limited ("NWDS") to conduct an independent verification of its Sustainability Report 2019 (the "Report") covering the financial year 2019 from 1 July 2018 to 30 June 2019.

The aim of this verification is to provide a limited assurance of the Report which is prepared in accordance with the Core option of the *Global Reporting Initiative Sustainability Reporting Standards* ("GRI Standards") and the *Environmental, Social and Governance Reporting Guide* ("ESG Reporting Guide") of The Stock Exchange of Hong Kong Limited.

HKQAA provides independent assurance on the completeness, accuracy and reliability of the data and information stated in the Report through this verification process. The objectives are to:

- review whether the scope of the Report covers all significant aspects in relation to the sustainability performance of NWDS;
- review whether the Report addresses the Core option of the GRI Standards and the ESG Reporting Guide;
- verify whether the selected data and claims presented in the Report are accurate; and
- evaluate whether the data and information management mechanism for preparing the Report is reliable.

LEVEL OF ASSURANCE AND METHODOLOGY

The process applied in this verification was based on (i) the *International Standard on Assurance Engagements (ISAE) 3000 (Revised)*, Assurance Engagements Other than Audits or Reviews of Historical Financial Information and (ii) the *International Standard on Assurance Engagements (ISAE) 3410*, Assurance Engagements on Greenhouse Gas Statements issued by the International Auditing and Assurance Standards Board.

The verification procedure was designed for devising appropriate opinions and conclusions to obtain a limited level of assurance. The extent of this verification process undertaken covered the criteria specified in the Core option of the GRI Standards and the ESG Reporting Guide.

The verification procedures included reviewing systems and processes for collecting, collating and reporting of the sustainability performance data, verifying relevant documentation, interviewing responsible personnel with accountability for preparing the Report. Raw data and supporting evidence of the selected samples were thoroughly examined during the verification process according to the sampling plan.

INDEPENDENCE

NWDS is responsible for the collection and presentation of the report contents. HKQAA did not involve in the collection and calculation of data or the compilation of the report contents. Our verification activities are entirely independent from NWDS.

CONCLUSION

Based on the verification results, nothing has come to our attention that causes us to believe that the information in the Report is not prepared, in all material aspects, in accordance with the Core option of the GRI Standards and the ESG Reporting Guide. The data and information provided for verification is regarded as reliable and complete.

Connie Sham
Head of Audit
Hong Kong Quality Assurance Agency
November 2019





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)

香港銅鑼灣興發街88號七樓全層
7th Floor, 88 Hing Fat Street, Causeway Bay, Hong Kong

電話 Tel : (852) 2753 3988
傳真 Fax : (852) 2318 0884
電郵 Email : nwdscad@nwds.com.hk
網址 Website : www.nwds.com.hk
微信 WeChat : [nwds-china](https://www.wechat.com/qrcode?scene=scene_qr)
微博 Weibo : [e.weibo.com/xinshijiebaihuo](https://www.weibo.com/xinshijiebaihuo)



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