

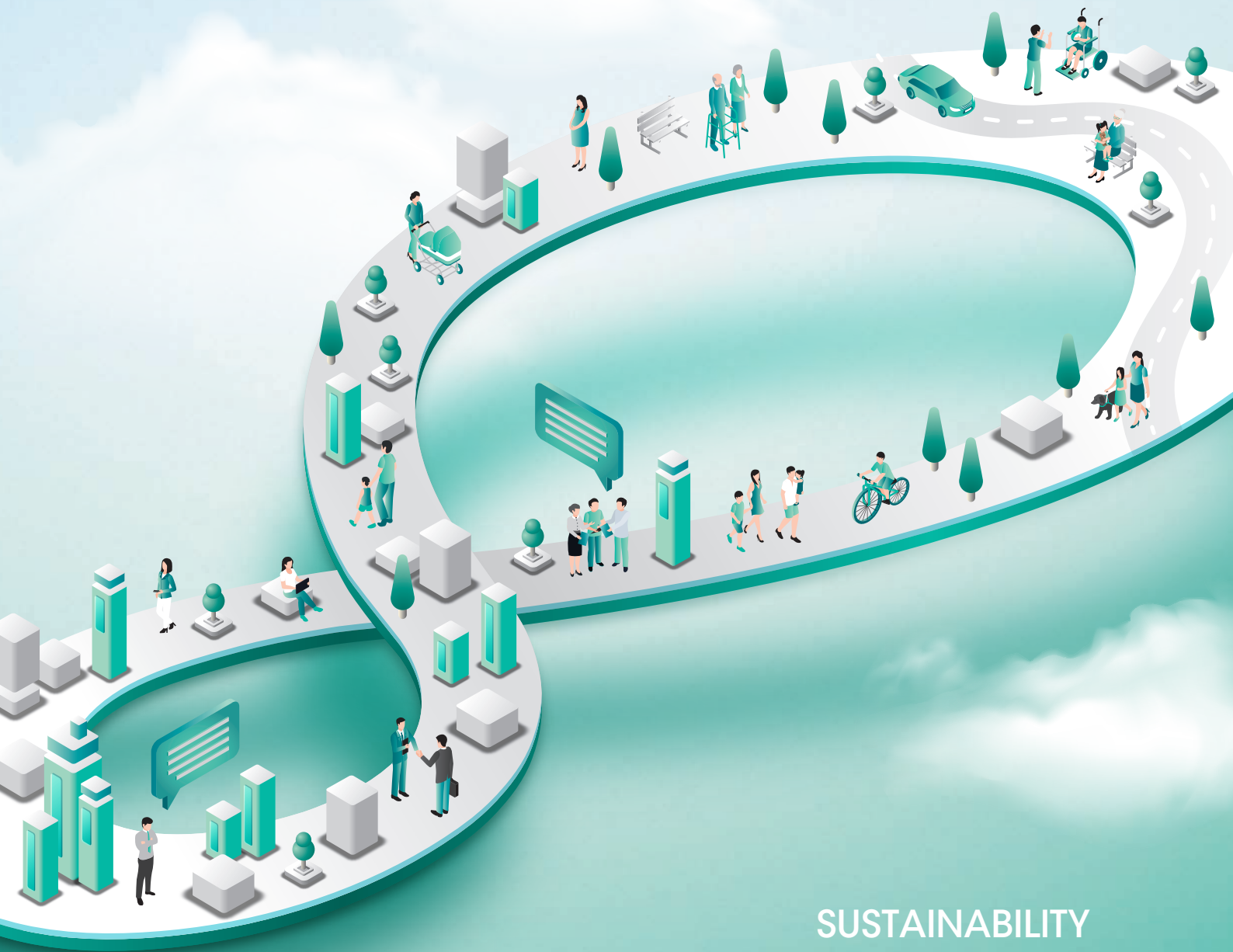


新世界百貨中國有限公司

New World Department Store China Limited

*(incorporated in the Cayman Islands with limited liability)*

(Hong Kong Stock Code : 825)



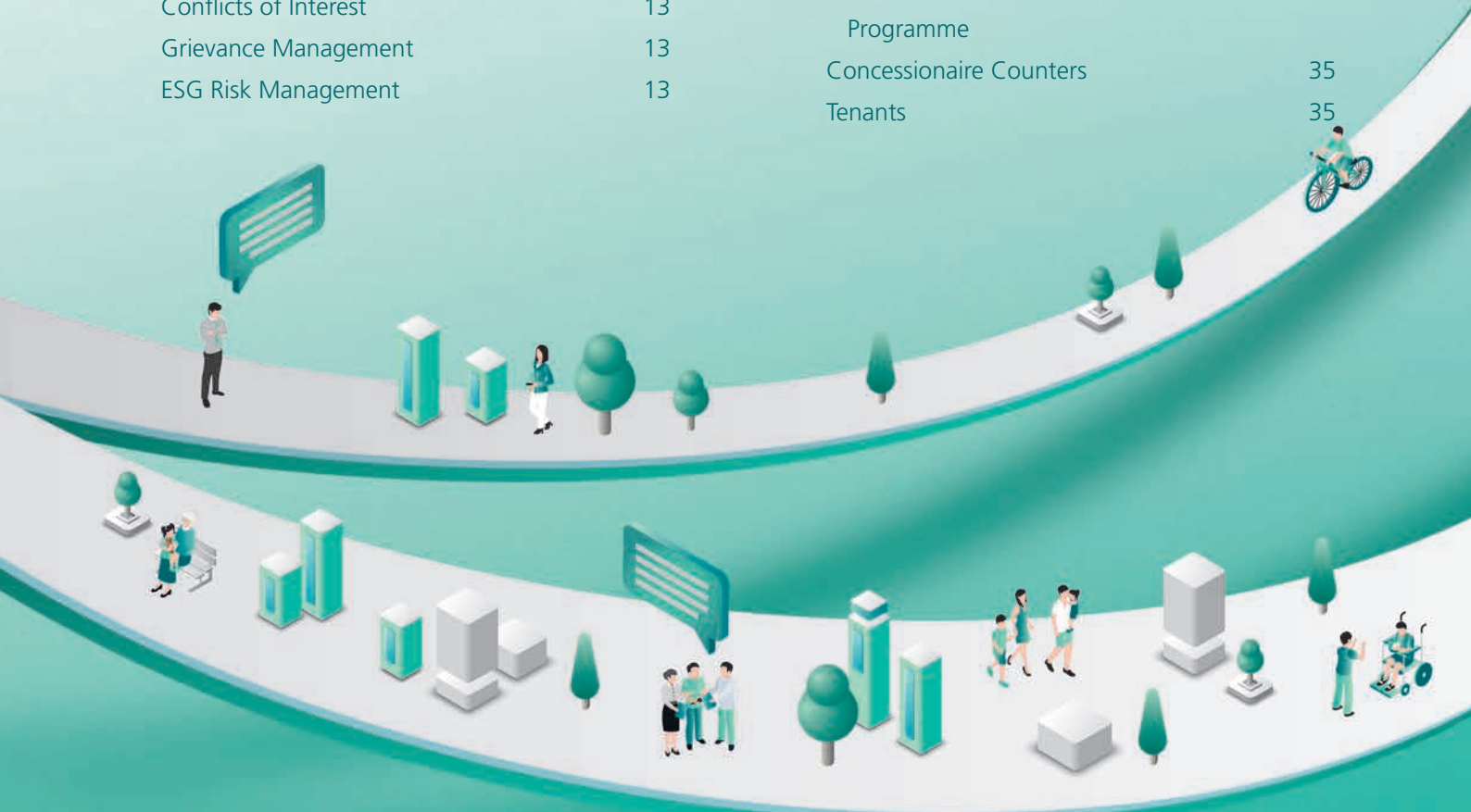
SUSTAINABILITY  
REPORT

2020



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## REPORTING PERIOD

This Report provides an overview of the Group's ESG performance during the reporting period of 1 July 2019 to 30 June 2020 ("FY2020" or, the "year under review") as well as the latest initiatives after FY2020 where specified.

## REPORTING SCOPE AND BOUNDARY

The scope of the Report includes our offices in Hong Kong and Shanghai, as well as the Group's retail business in Mainland China. As for the environmental and social data, the scope covers 30 department stores and shopping malls, as well as two corporate offices under NWDS. We conducted a stakeholder engagement and materiality assessment exercise to define the material topics for inclusion in this Report. The outcome is detailed in the sub-sections of Stakeholder Engagement and Materiality Assessment in the "Sustainability at NWDS" chapter.

# ABOUT THIS REPORT

We are pleased to present our *NWDS Sustainability Report 2020* (the "Report"), which is aimed at informing our stakeholders of our sustainability framework and progress. We endeavour to integrate sound Environmental, Social and Governance ("ESG") practices into our business and continue to adopt, improve and optimise our strategies so as to exceed our stakeholders' expectations.

To optimise and automate our data collection and management process, we have set up our "Sustainability Data Management System" (the "Data System") since FY2017. The system has improved data accuracy and timeliness, helping us better monitor our sustainable performance on all fronts. A centralised system also brings advantages to us as we compile the current report, and measure and monitor our target progress in the future.

## REFERENCE AND ASSURANCE

This Report has been prepared in accordance with the Core option of *Global Reporting Initiative Sustainability Reporting Standards* ("GRI Standards") as well as the requirements stipulated in the latest *Environmental, Social and Governance Reporting Guide* ("ESG Reporting Guide"), set out in Appendix 27 to the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*.

To ensure reliability and credibility, we commissioned the Hong Kong Quality Assurance Agency ("HKQAA") to provide independent limited assurance for the Report, ensuring that it meets all requirements as stated above. Please refer to the "Assurance Statement" chapter for details.

## YOUR FEEDBACK

Starting from FY2018, this Report has been made available only in digital format as we are no longer issuing a print report in order to minimise environmental impacts. Supplementary information is available in our Annual Reports or on the Company's website under the corporate sustainability section ([www.nwds.com.hk/en/csr/](http://www.nwds.com.hk/en/csr/)).

We welcome your feedback on our Report and other sustainability-related matters. Please write to us at [nwdsacad@nwds.com.hk](mailto:nwdsacad@nwds.com.hk).

# MESSAGE FROM THE CHAIRMAN



FY2020 is an eventful year for the world and has put sustainability into the spotlight. The COVID-19 outbreak affected all segments of the economy and society, and created multi-faceted impacts that changed economic activities, supply chains, social interactions, perceptions on health and safety, among others. While the full effect of this global health crisis is yet to be captured, it has already triggered enormous changes in how companies, including the Group, conduct businesses.

While the pandemic has presented a major immediate threat, climate change and related environmental issues are increasingly being recognised as one of the top risks by world leaders. More and more countries are committing to a net-zero carbon emissions goal, including China which recently pledged to achieve this goal by 2060. Businesses are expected to take the lead and will face rising pressure to act on climate change.

In such times of change and uncertainty, we remain firm in our sustainability commitment with our New World Sustainability Vision 2030 (“SV2030”) giving us a clear direction forward. Following the four pillars of the SV2030 — namely Green, Wellness, Caring and Smart — we integrated environmental and social considerations into our activities to drive our business and create shared value for our stakeholders.

## Supporting health and well-being

The health and wellness of both our customers and employees are our first priority. During the outbreak of COVID-19 in China, our N+ Convenience Stores committed to 24-hour operations and introduced product delivery services to cater for people’s daily needs while maintaining social distance.

At all of our stores, we uphold high safety and hygiene standards and introduced additional measures on all fronts to protect our staff and customers against possible virus infection. For instance, we provided virtual care service for our staff and distributed over 183,500 face masks to them. We have also launched an online COVID-19 infection control training to provide our staff with the correct knowledge on infection prevention, where over 4,250 times of participation recorded.

### Using innovation to unlock potential

The ability to innovate is crucial for companies to devise new solutions in response to the challenges ahead. With COVID-19 reducing footfall and face-to-face communications, the Group has turned to online channels to connect with consumers. The Group seized the opportunities arising from the new consumption normal and fully upgraded “New Lab”, our own e-commerce platform. This is accompanied by the increased use of different online marketing channels like live-streaming and WeChat groups to bring in more interactive elements to our customers’ shopping experience. As of 30 June 2020, we have established 41 WeChat official accounts to engage with our customers and staff.

At our physical facilities, we also introduced 93 smart customer service robots in 16 stores, whose underlying artificial intelligence enables interaction with customers and provides valuable insights for our marketing and branding strategies.

### Extending our green efforts to further our impact

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 reduce our environmental impact in Mainland China. In FY2020, our environmental footprint has decreased significantly due to our continued effort as well as the temporary closure from COVID-19 of a number of department stores in early 2020. Compared to FY2019, energy and carbon emission intensity have reduced by 9.6% and 9.0% respectively, while water intensity has dropped by 20.8%.

To further enhance our waste management, we introduced domestic waste classification and three levels of waste inspection to almost all of our department stores and shopping malls in Mainland China. Besides considering our operations, we also encourage green lifestyle among customers and introduced green merchandise such as the natural fibre-made “Quy Cup” at our LOL Concept Shops.

### Creating shared value for our communities and people

The Group seeks to create value for both the communities we operate in and our people. During the year, we continued to contribute to the communities through volunteering programmes. Various caring initiatives have also been implemented at our stores such as nursery rooms and barrier-free access facilities to improve customer experience and promote inclusivity.

For our people’s development, we enhanced our talent development offerings and developed an e-learning platform to support cloud-based training without time-and-space restriction. To prepare our staff for the lasting impact of the pandemic, we have also introduced management and operational courses addressing the topic. In FY2020, we have provided each staff with 44.9 training hours on average, a significant increase from last year.

Our various efforts in sustainability have brought us the recognition from different external parties. In FY2020, we received the Gold Award in the category of “Environmental, Social and Governance” in “*The Asset ESG Corporate Awards 2019*” by *The Asset* for the sixth consecutive year, and was honoured as “Good MPF Employer” by the Mandatory Provident Fund Schemes Authority amongst other accolades. The recognition we received from the industry serves as a proof that we are making strides in the right direction, and reinforces our dedication towards sustainable development and creating shared value for all stakeholders.

Going forward, we foresee FY2021 to be filled with challenges and uncertainties with COVID-19’s effects continuing to ripple across the world and the topic of climate change re-emerging as the global community’s top priority. Many of the changes that we have seen in FY2020 could permanently transform our way of living and drive societies towards the “new normal” of a pandemic-stricken world.

Our commitment to sustainability shall well-position us to face upcoming challenges with agility and resilience. I would like to take this opportunity to thank each and every one of our staff for their courage, agility and perseverance in these unprecedented times, and together we will work hard and strive in the new normal of the post-pandemic future.

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

Hong Kong, December 2020

# KEY HIGHLIGHTS

**We have been proactively managing our sustainability performance, and our efforts have yielded positive results. We are delighted to share our achievements below.**



## GREEN

- > Due to the combined impacts of COVID-19 pandemic and our initiatives, we achieved reduction in these aspects:
  - > -9.6% energy intensity (in MWh/sq.m.) (FY2030 target against FY2015 baseline: -2%)
  - > -9.0% carbon emissions intensity (in tonne CO<sub>2</sub>e/sq.m.) (FY2030 target against FY2015 baseline: -12%)
  - > -20.8% water intensity (in m<sup>3</sup>/sq.m.)
- > Introduced domestic waste sorting to our department stores in Mainland China
- > Organised the “Plastic Era” exhibition initiated by local Shanghai artist Alex Yuan at Shanghai Shaanxi Road Branch Store to promote reduction of plastics use
- > 51,300 guests have visited the organic rooftop garden at Shanghai Pujian Branch Store since FY2016
- > Introduced “Quy Cup”, an organic product made from natural fibres, to LOL Concept Shops



## CARING

- > Implemented numerous child and customer care initiatives at our stores
- > 1,190 volunteers and 9,191.2 volunteering hours
- > Provided 44.9 training hours per staff
- > Strengthened NWDS Talent Cultivation Development Plan with e-learning elements
- > Organised 321 staff caring activities



## SMART

- > Upgraded “New Lab” online shopping platform to facilitate cloud-based shopping
- > Introduced 93 smart customer service robots in 16 stores to offer guided shopping service
- > Leveraged 41 WeChat official accounts to engage with our staff and customers



## WELLNESS

- > N+ Convenience Stores committed to 24-hour operations even during the pandemic
- > New World Supermarkets and N+ Convenience Stores introduced product delivery service to cater for people’s social distancing needs
- > Provided over 183,500 face masks and virtual care service to our staff during the pandemic
- > Introduced management and operational courses addressing to the pandemic
- > Provided Occupational Health and Safety training
- > Updated the “Safety Management Practice Manual” and launched a 2019 edition





# OUR BUSINESS



## COMPANY'S BACKGROUND

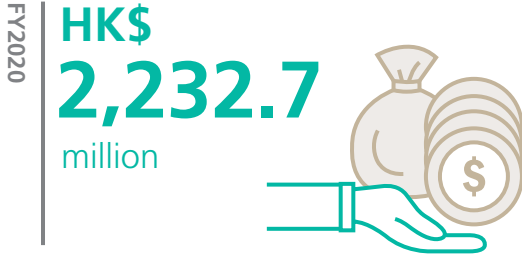
New World Department Store China Limited (Hong Kong Stock Code: 825) (the "Company"), along with its subsidiaries (collectively "NWDS" or the "Group"), is the retail flagship of New World Development Company Limited (Hong Kong Stock Code: 17; "NWD" or the "Parent Company") in Mainland China. Founded in 1993, NWDS aims to expand its business by adopting forward-looking expansion strategies of "multiple presences within a single city" and "radiation city". The Group was listed on the Main Board of The Stock Exchange of Hong Kong Limited ("HKEx") in 2007. As at 30 June 2020, NWD owned 75% shares of the Group.

NWDS, headquartered in Hong Kong, has become one of the largest owners and operators of department stores in Mainland China. To consolidate and focus its resources, the Group closed one store, namely Shanghai Hongkou Branch Store, in FY2020. As at 30 June 2020, we operated 30 department stores and shopping malls with a total gross floor area ("GFA") of about 1,232,350 square metres ("sq.m."), covering 17 key locations across the country.

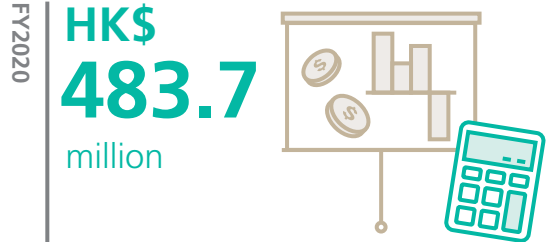
## BUSINESS OVERVIEW

### Economic Performance Highlights

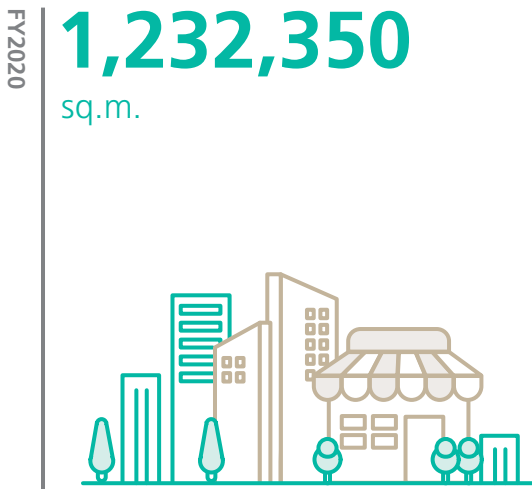
#### Revenue



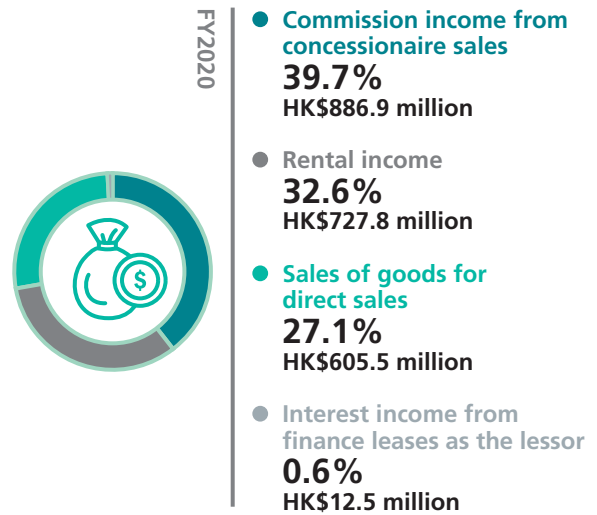
#### Loss



#### Total GFA



#### Key Sources of Revenue



#### Retail Network



## Business Overview in FY2020

Operating under grim domestic and external economic environments, the Group focused on reducing costs and enhancing operational efficiency during the year under review to ensure steady business growth.

The Group upgraded and reformed a few stores during the first half of FY2020 to enhance their in-store experience and merchandise appeal. In parallel, the Group also configured online channels to leverage new retail, technology and marketing tactics in order to provide a shopping experience that unifies online and offline elements.

The COVID-19 outbreak in Mainland China, however, adversely impacted the business plans of the Group during the second half of FY2020. In response to the unpredictable challenge, the Group implemented an array of measures, including across-the-board cost reduction, retention of working capital, online sales channel promotion and operational efficiency improvements, to mitigate the pandemic's impact on its business operations.

### Department Store Business

Faced with changes in consumers' shopping habits and product demand amidst the pandemic, the Group expedited the setup of a multi-platform matrix with online and offline modules to drive digitised transformation and to implement an omni-channel strategy. The "New Lab" online shopping platform — the Group's own e-commerce platform that operates as a WeChat mini-programme — was fully upgraded in June 2020 to enhance user experience and introduce interactive functions. In addition, the Group collaborated with a third-party courier to launch the "New Lab" home delivery service.

Although the public seems to have a low propensity for shopping amidst the pandemic, the Group has managed to not only maintain the vigour of existing members but attract new members as well. Its VIP membership increased to more than 6.03 million in the year. As at 30 June 2020, the official WeChat and Weibo accounts of the Group and its stores accumulated over 4.31 million fans. The number of registered VIP members on the "New Lab" online shopping platform soared to 400,000.



### Private Label Business

The Group fortified its day-to-day essential businesses such as supermarkets and convenience stores to cater for the everyday needs of the public amidst the pandemic.

#### *New World Supermarket*

The Group has four branches of "New World Supermarket", one each in Beijing, Lanzhou, Yantai and Wuhan. Dine-in food and beverage ("F&B") services and self-service checkout counters were introduced at the supermarket in Beijing Chongwen Store. We also collaborated with online takeaway platforms to launch food delivery service to establish the supermarket as a community-serving one-stop shop.

#### *N+ Convenience Store*

The Group opened two new branches of "N+ Convenience Store" in Beijing in the first half of 2020, thereby forming a store network of four branches in the two districts of Dongcheng and Chaoyang. The new branches mainly provide cooked delicacy prepared on site and are complemented by other everyday services for customers' convenience.

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

As at 30 June 2020, LOL operated 12 stores in Mainland China, of which three were set up outside the Group's store network. In 2020, LOL in Beijing Liying Store introduced an assortment of on-trend beauty and grooming gadgets to go with its new store image.

# SUSTAINABILITY AT NWDS



## 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.

As we gear up for a new decade, we put sustainability at the heart of NWDS. While it has played a role in the way we manage and expand our businesses, our strategic focus on sustainability will allow us to better empower people, protect our environment, and support local communities.

We have been pursuing the New World Sustainability Vision 2030 ("SV2030") in line with our Parent Company's sustainability ambition and direction since 2018. We understand that our future business activities need to be more responsible and more responsive. While more challenges lie ahead, we are committed and ready to place our sustainability goals at the forefront while advancing to create a modern, metropolitan lifestyle with creativity, foresight and efficiency for our customers.

## NEW WORLD SUSTAINABILITY VISION 2030

Our approach to sustainability is marked by a focus on four key pillars: **Green, Wellness, Smart and Caring**.

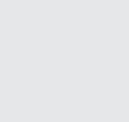
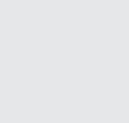
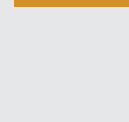
As part of our journey towards sustainability, we are committed to achieving the following three United Nations' Sustainable Development Goals ("SDGs") that are relevant and important to our business and stakeholders:

- UN SDG 12: Ensure sustainable consumption and production patterns;
- UN SDG 3: Ensure healthy lives and promote well-being for all at all ages; and
- UN SDG 8: Promote inclusive and sustainable economic growth, employment and decent work for all.

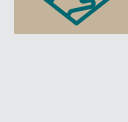
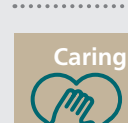
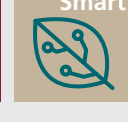
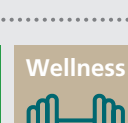
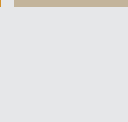
By mapping these SDGs with our SV2030 as well as our priorities, we aim to focus on what matters the most to our business and stakeholders, and better utilise our resources for contributing to the selected SDGs.

To achieve our SV2030, we set quantifiable environmental targets for energy consumption and greenhouse gas ("GHG") emissions with the support of a third-party consultant in 2019. We are planning to set the water and waste reduction targets in the near future. See the "Environment" chapter for more details.

### SDGs



### SV2030 Pillars



**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.

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

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

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

# SUSTAINABILITY GOVERNANCE

## NWDS Sustainability Steering Committee

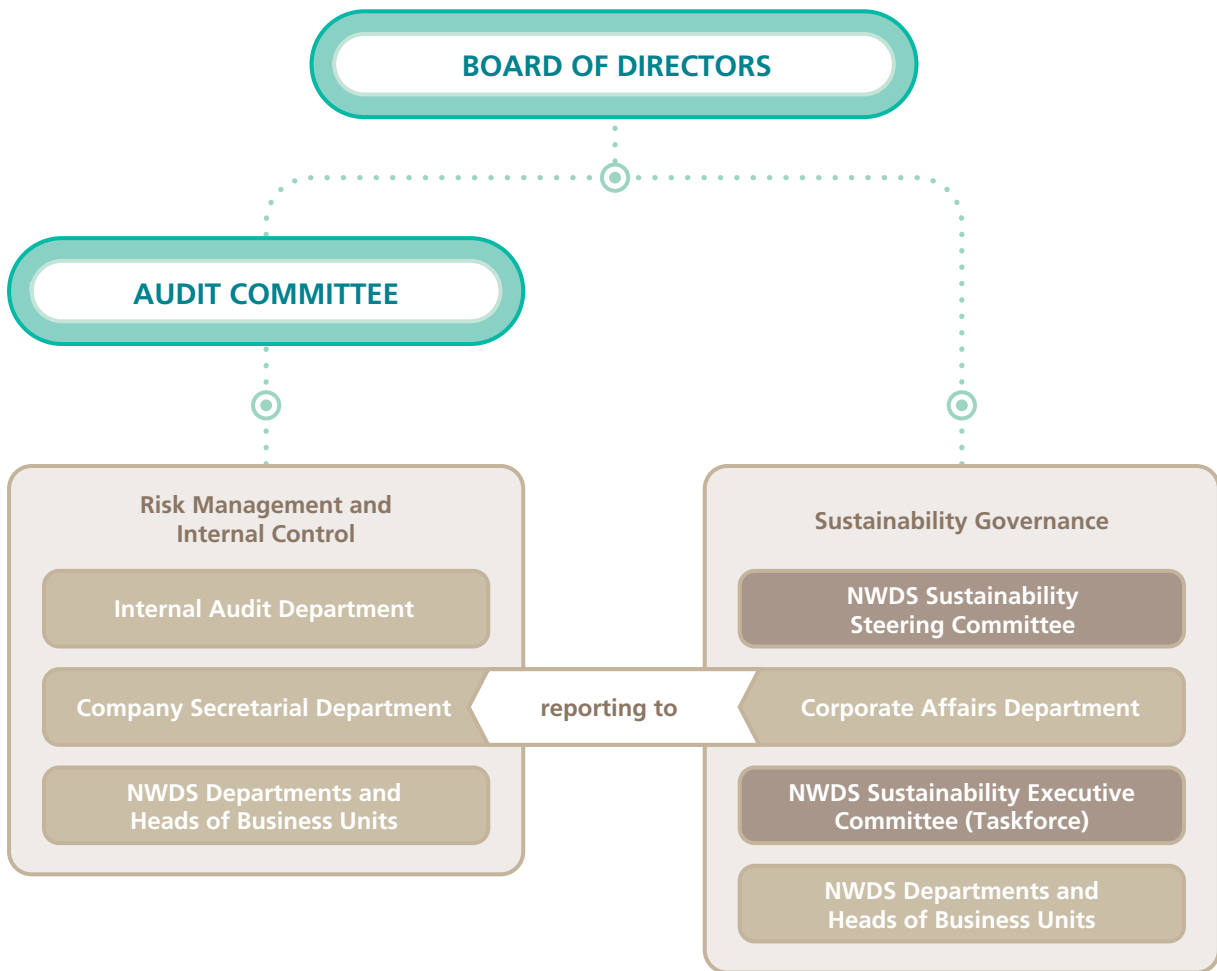
The Group’s sustainability governance structure provides a solid foundation for defining, developing, and driving our sustainability agenda forward, which is embedded at all levels of the Group, including the Board, the NWDS Sustainability Steering Committee (“SSC”), Executive Committee, and all core businesses.

The SSC was established in 2010 with a mandate from the Board, which serves as the highest level of authority to oversee sustainability as well as ESG issues and risks. Reporting to the Board and chaired by the head of the Corporate Affairs Department, the SSC comprises senior managerial staff from relevant departments and business units.

The Executive Committee coordinates, implements and reports on the sustainability strategies, work plans and performance targets in all offices and stores. In addition, the Executive Committee introduces new sustainability initiatives based on the Group’s corporate development path, social needs and adequacy of resources every year.

In FY2020, we conducted multiple meetings with the SSC and relevant personnel to discuss specific ESG topics. Among all the topics discussed, performance tracking for achieving SV2030 targets was our main focus, along with other topics such as implementation of ESG-related policies, implementation of waste sorting system in the mainland, environmental and social data collection and review, and store-level sustainability activity updates.

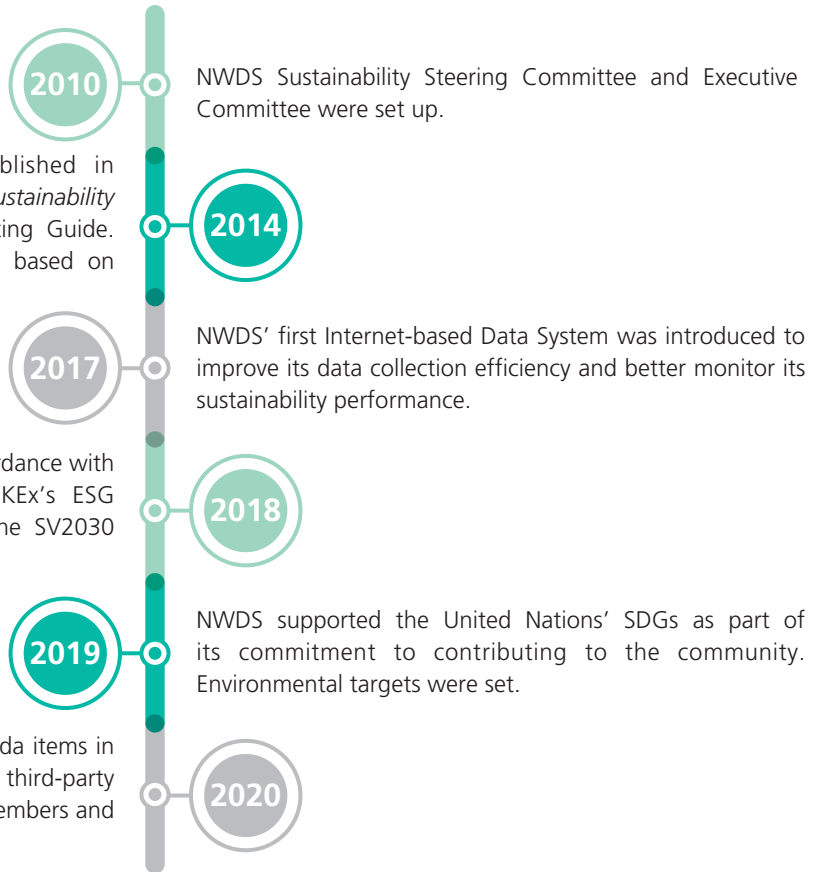
### NWDS’ Sustainability Governance Structure



NWDS' first sustainability report was published in accordance with the Core option of GRI's *G4 Sustainability Reporting Guidelines* and HKEx's ESG Reporting Guide. Different stakeholder groups were prioritised based on their influence and reliance on NWDS.

NWDS prepared its sustainability report in accordance with the Core option of GRI Standards and HKEx's ESG Reporting Guide. NWDS started to pursue the SV2030 announced by the New World Group.

NWDS included ESG topics as one of the agenda items in the Board meeting. The first ESG training by a third-party consultant has been organised for the Board members and senior management of NWDS.



<sup>^</sup> refers to the policies that have been updated in the year under review.

<sup>\*</sup> refers to the policy that has been newly introduced in the year under review.

<sup>#</sup> refers to the policies that will be under review and revision in the next financial year.

## RISK MANAGEMENT

The Group adopts both top-down and bottom-up approaches in relation to risk management covering ESG-related risks. The risk management process is integrated into our daily operations and involves all department stores and offices of the Group from the Board down to the operational level.

### Anti-corruption

NWDS prohibits any form of corrupt practices. We believe that corruption negatively impacts the economy and must be eliminated to build a sustainable, inclusive and transparent society. We strongly oppose any undesirable acts such as disloyalty, bribery, conflicts of interest or fraud. Each incident of violation, if any, is taken seriously and further investigated with disciplinary actions taken as appropriate according to the Group's policy.

Integrity and sincerity are NWDS' key values to achieve its long-term success. NWDS reviews the "Staff Code of Conduct" (the "Staff Code") from time to time and is responsible for promoting it as part of an ongoing commitment to creating a culture of "loyalty, righteousness, honesty and incorruptibility". All employees are required to comply with the Staff Code as well as the policies and rules stipulated by the Group, with an aim to ensure all employees throughout our diverse business portfolio work to deliver services in an ethically responsible manner generating trust for the Group.

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

### Conflicts of Interest

We have policies and procedures to manage conflicts of interest involving our staff. Formal reporting and approval procedures are in place to facilitate them to declare any personal benefits received as well as any potential conflicts of interest, for instance, through the submission of the *Conflicts of Interest Declaration Form* or *Personal Benefits Declaration Form*. Staff in sensitive or high-risk areas are required to adhere to specific rules and undergo training on how to avoid conflicts of interest.

### Grievance Management

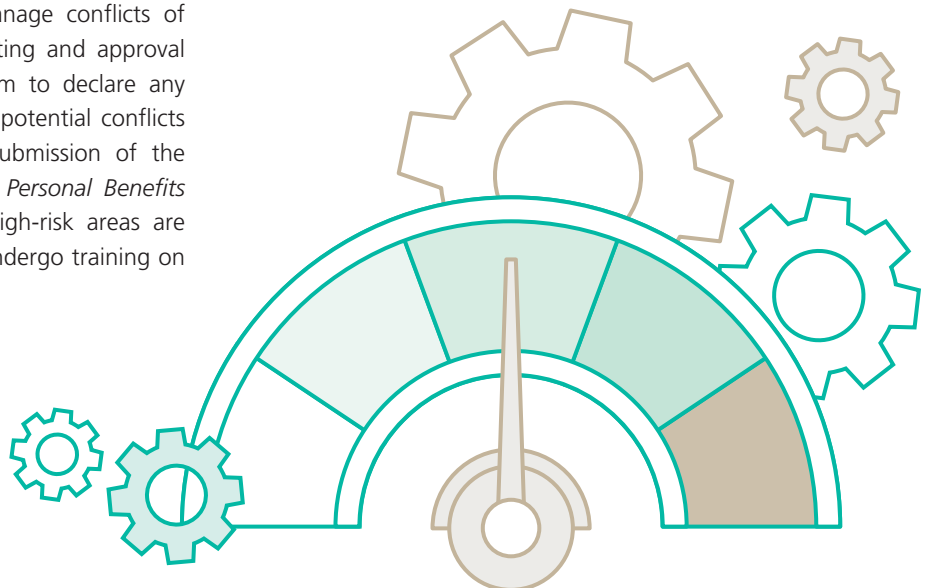
We encourage the reporting of suspected internal business irregularities, human rights abuse and workplace misconduct, and have put in place grievance and whistle-blowing channels specifically for this purpose. The Board and the management are responsible for attending to any reported cases of non-compliance. We make every effort to ensure that employees can raise concerns confidentially and the cases are handled fairly.

### ESG Risk Management

In accordance with HKEx's ESG Reporting Guide, the Board determines and evaluates ESG risks faced by the Group. It ensures that effective ESG risk management and internal controls are in place.

All departments and stores are required 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 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 are then reported to the Board.

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

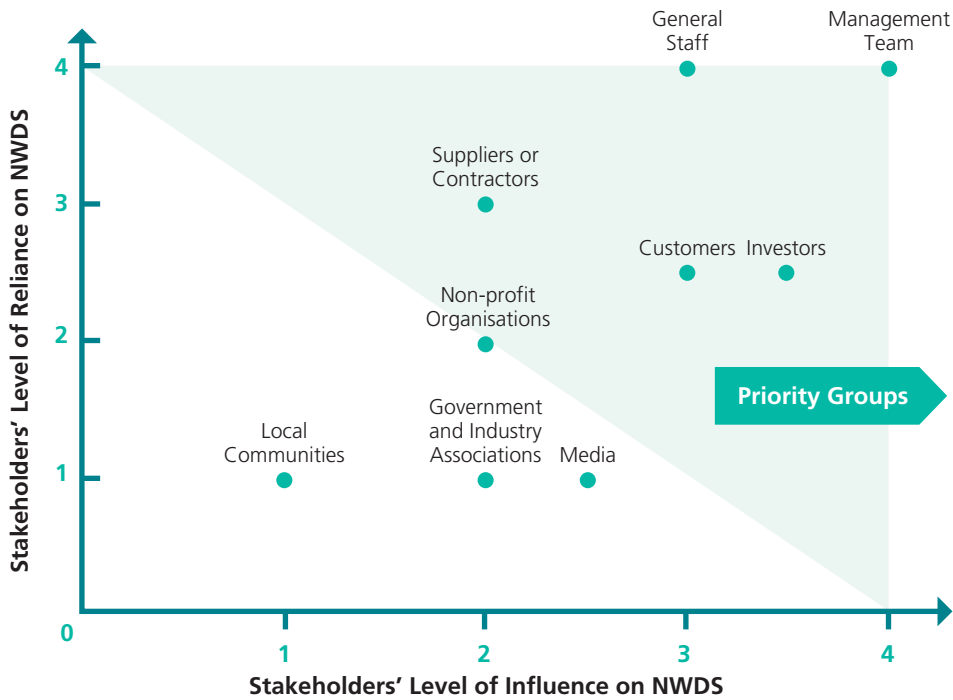


## STAKEHOLDER ENGAGEMENT

Stakeholders provide valuable insight into our priorities. We openly and actively engage with our stakeholders who are highly influential to our business, and those whom our operations affect significantly. Understanding our key stakeholders' expectations, priorities and opinions help us better serve their evolving needs. It also helps us recognise

their concerns regarding our sustainability development. We have identified the engagement priorities of various stakeholder groups with the support of a third-party consultant. In addition, we regularly collect views from stakeholders through various channels.

### NWDS' Stakeholder Engagement Prioritisation Matrix



### Proactive Engagement for Deeper Stakeholder Relationships

#### Management Team

- NWDS Annual and Semi-annual Management Meetings
- Stakeholder engagement interviews
- Semi-annual key risk reporting mechanism

#### General Staff

- Taskforces and committees
- Training activities and talent development programmes
- Staff competitions and team-building activities
- Volunteering in the community
- Quarterly staff e-newsletter, i.e. *Windows of NWDS*
- WeChat official platforms and other social media sites



**Investors**

- Annual General Meeting and results announcements
- Annual and interim reports as well as sustainability reports
- Investor meetings and conferences
- ESG awards
- Corporate website

**Suppliers or Contractors**

- Tendering and procurement processes
- Briefings, meetings and visits
- Supplier assessment and performance review

**Customers**

- VIP memberships and events
- Customer service counters and hotlines
- Customer mobile application, i.e. New Lab
- WeChat official platforms and other social media sites
- Corporate website

**Media**

- Media interviews and releases
- Feedback and responses to media enquiries

**Government and Industry Associations**

- Schemes or charters initiated by the government or industry associations
- Industry seminars or conferences

**Non-profit Organisations**

- Joint events

**Local Communities**

- Public or community events
- Community initiatives such as sponsorships and donations
- Volunteering

Our stakeholders share with us their opinions through the above channels regularly. The table on the next page summarises the key stakeholders' feedback and our

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

| Stakeholder Groups     | Comments and Suggestions   | Our Responses   |
|------------------------|--|---|
| <b>Management Team</b> | Mitigate the negative impact on business performance brought about by COVID-19 and lower operational costs on all fronts | <ul style="list-style-type: none"> <li>➤ Negotiated with landlords for rental remission or waivers and carried out internal restructuring to bring down the overall operational costs</li> <li>➤ Retained working capital and saved on non-essential expenses to maintain steady cashflow</li> <li>➤ Directed manpower and resources to boost online sales and draw in new customers</li> </ul> |
|                        | Respond to the change in consumer behaviour amidst the pandemic  | <ul style="list-style-type: none"> <li>➤ Fully upgraded "New Lab" in June 2020 to bring in new functions and enhance user experience</li> <li>➤ Partnered with third-party couriers to introduce product delivery service for various businesses to cope with nationwide lockdowns and travel restrictions</li> </ul>   |
|                        | Increase emphasis on sustainability by different stakeholders  | <ul style="list-style-type: none"> <li>➤ Included ESG topics as one of the agenda items in the Board meeting</li> <li>➤ Set quantifiable targets and kept track of our progress to address environmental issues</li> </ul>  |
| <b>General Staff</b>   | Safeguard employees' health and well-being amidst the pandemic   | <ul style="list-style-type: none"> <li>➤ Implemented flexible work arrangement since early 2020 and distributed face masks to all staff on a monthly basis</li> <li>➤ Utilised online web conferencing tools to minimise the risk of infection for staff and visitors</li> <li>➤ Conducted frequent disinfecting in high traffic areas in all stores and offices</li> </ul>                     |
|                        | Leverage new technology to ensure business continuity and enhance operational efficiency                                 | <ul style="list-style-type: none"> <li>➤ Launched a cloud-based e-learning platform to facilitate remote staff training across different Chinese cities</li> <li>➤ Utilised the mobile applications of "Business Intelligence (BI)" and "Office Automation (OA)" to improve the efficiency in corporate decision making and approval</li> </ul>   |
| <b>Investors</b>       | Concern about the corporate governance and risk management of NWDS   | <ul style="list-style-type: none"> <li>➤ Adopted a robust corporate governance structure as well as an effective internal control and risk management mechanism</li> <li>➤ Incorporated ESG risks identified by department heads and store general managers in the risk assessment process</li> <li>➤ Made public disclosures promptly as required</li> </ul>                                   |
| <b>Customers</b>       | Cater for their everyday needs during the pandemic   | <ul style="list-style-type: none"> <li>➤ Worked closely with supermarket and convenience store suppliers to stabilise product supply and pricing of daily necessities</li> </ul>  |
|                        | Concern about customer data privacy issues   | <ul style="list-style-type: none"> <li>➤ Introduced the "Personal Data Protection Policy" in July 2020 to govern the internal practice on customer data handling</li> <li>➤ Strengthened digital infrastructure and enhanced cybersecurity to safeguard online transactions and data transmission</li> </ul>  |

# MATERIALITY ASSESSMENT

Materiality assessment helps us identify ESG priorities that we should focus on and report to our stakeholders. The result gives us the vital foundation for formulating sustainability strategies and approaches. It also helps us better utilise our resources to address the most critical issues

identified by our stakeholders. As part of this year’s report preparation, we have followed the steps below to determine relevant issues and their materiality pursuant to the GRI Standards.



## 1. Identifying sustainability issues

- Identified relevant environmental and social issues for materiality assessment by taking into consideration the Group’s current management approach for ESG



## 2. Prioritising sustainability issues

- Collected views on various topics from stakeholders for analysis and prioritised the identified material topics according to the level of sustainability impact on stakeholders
- Benchmarked the material issues with reference to industry best practices



## 3. Validating the results

- Validated significant issues and confirmed the priority of each ESG issue with the management



## 4. Reviewing the Report

- Reviewed the Report based on the results of the materiality assessment

After internal review and consideration of the stability of its own business and operating location, the results of material aspects in FY2020 remain unchanged mainly on the basis of detailed and in-depth stakeholder communication and research in FY2018, pursuant to which the concerns of

stakeholders are listed. 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     | ✓                | ✓                 |



STAFF



NWDS considers its employees as its most important assets. Employees are important stakeholders in our business and are the key to our efforts to generate sustainable social value and profit.

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 and employee engagement initiatives.

We embrace SDG 8 “Decent Work and Economic Growth” by providing employees with decent work and ensuring fair treatment of every employee.

We seek to provide our employees with equal opportunities and holistic developmental support, while ensuring a safe and secure working environment for all. This improves employee engagement at work and promotes employees’ trust in the company. We believe 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 committed to creating a workplace where human rights are respected and equal employment opportunities that allow all individuals to make the most of their capabilities are provided. We recruit employees strictly based on their abilities through an impartial and transparent recruitment system. We respect diversity and strive to foster an environment that promotes inclusiveness and diversity in many forms including race, ethnicity, nationality, religion, beliefs, disability, gender, age, birthplace, sexual orientation, values and workstyles. As of 30 June 2020, we hired 25 staff members with disabilities as part of our efforts to provide equal employment opportunities.

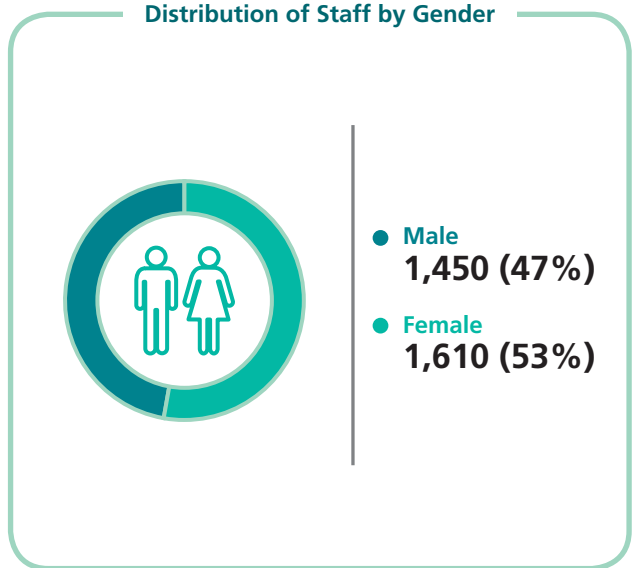
Our policy regarding remunerations, promotions and benefits is reviewed from time to time to keep up with market standards. We strive to nurture young talents and provide high performers with opportunities to climb the ladder within the company. This year alone, we promoted a total of 7.1% of our workforce or 217 employees. As of 30 June 2020, 221 managerial roles were taken up by employees born in or after 1985.

### Labour Standards

NWDS ensures that employees’ rights are protected by adhering to labour laws, regulations, and standards in the regions where it conducts business. We are planning to adopt the New World Group’s “Human Rights Policy” in FY2021, which 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’ SDGs.

Child labour and forced labour are strictly prohibited in our entire business. The Human Resources (“HR”) Department strictly reviews the identity, qualifications and actual age of the candidates during the recruitment screening process to prevent child labour.

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



### Distribution of Staff by Age



- Aged under 30  
**308 (10%)**
- Aged 30-50  
**2,618 (86%)**
- Aged over 50  
**134 (4%)**

### Distribution of Staff by Work Location



- Hong Kong  
**14 (0.5%)**
- Mainland China  
**3,046 (99.5%)**

## Staff Welfare and Benefits

Our HR policies are formulated in strict compliance with local legislation, ordinances and regulations. We are committed to providing our staff with competitive compensation and benefits packages, supportive working conditions and a good work-life balance. To retain staff and maintain our competitiveness, we regularly review our rewards and career opportunities, particularly for key positions. Our "Remuneration and Welfare Management System" will be updated in FY2021 to attract, engage, and retain employees through competitive compensation plans.

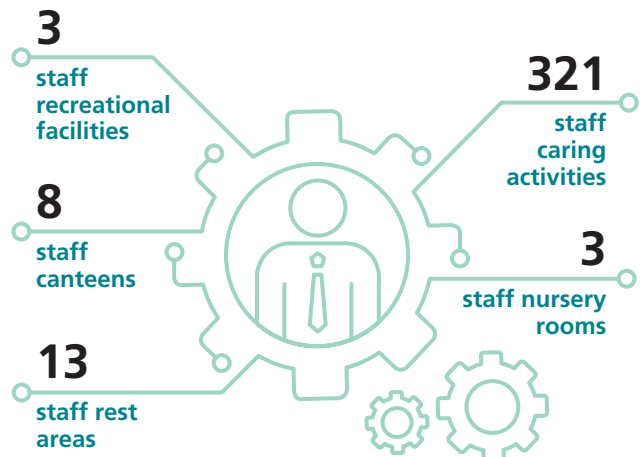
Besides competitive remuneration, we updated the benefits packages in the year under review. Our employees are entitled to different types of leave, including maternity leave, paternity leave, birthday leave, marriage leave, family planning leave, paid leave for injuries and occupational diseases, compassionate leave, perfect leave and examination leave. Furthermore, the Group contributes a pro rata amount to social insurance for basic medical protection, unemployment insurance, housing provident fund, and pension for all full-time staff. The managerial staff also enjoys 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 can apply for a half-day paid caring leave per month under our staff caring scheme. To enhance their morale and sense of belonging, the scheme offers funding for staff activities organised by the stores and offices, such as Lunar New Year banquets, birthday parties, sports competitions and team-building activities.



Our annual turnover rate in FY2020 was 9.3%. We closely monitor turnover and gather insights and information through exit surveys. These enable us to address concerns and implement retention measures.

In FY2020, 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.



### “SPRING BREEZE MILES, LESS THAN TO KNOW YOU” — STAFF ENGAGEMENT ACTIVITY OF NORTHERN CHINA REGION

We understand that it is quite common for employees to suffer from COVID-19-related stress and anxiety, especially the frontline staff. To help soothe these souls, all stores in the Northern China Region held the “Spring Breeze Miles, Less than to Know You” staff engagement activity in April 2020 to bring together the management and the frontline staff so that they can get to know each other more personally and in a leisure setting. All staff was invited to the event and the store supervisors and department heads were asked to identify each of their team members according to hints such as the personal characteristics, hobbies, and strengths of

each individual. We believe that the heart-warming game helps foster better understanding and relationships between the management and employees, which in turn facilitate better collaboration and performance at work.



### “ACTION FOR JOY, CHARM OF PING PONG” — TABLE TENNIS MATCH IN YANTAI AND CHENGDU STORES

To bring together employees and encourage them to exercise more frequently after the lockdown during the pandemic, Yantai Store and Chengdu Store organised the “Action for Joy, Charm of Ping Pong” — a table tennis match in July 2020. Our staff actively participated in the mixed doubles event and enjoyed



this team-building exercise. This activity not only inspired our employees to live a positive life but also motivated them to be more dedicated to work and grow with NWDS in a healthy manner.



### “OUTING TO BEIJING WTOWN AND SIMATAI GREAT WALL” — STAFF ENGAGEMENT ACTIVITY OF TIANJIN STORE

In early November 2019, employees of our Tianjin Store participated in a staff outing to the famous northern watertown Beijing WTown (water town) and climbed the Simatai Great Wall. Although the participants came from different departments and divisions, they encouraged and supported each other during the hike. Everyone joined hands to reach the top of the Simatai Great Wall.

In addition to appreciating staff for their hard work and dedication in the past year, this event also motivated them to gear up for the 22<sup>nd</sup> anniversary of Tianjin Store and the challenges ahead.



## Training and Development

We respect and support employees' ambitions to grow and take on new challenges, and provide a range of opportunities for them to gain experience as well as make the most of their diverse individual strengths, skills and abilities.

### NWDS Management Academy

Established in 2005, the 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 standards, as well as enable them to broadly leverage their expertise and knowledge while building up their networks within NWDS.







Our training covers a wide range 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 corporate offices.

### NWDS Talent Cultivation Development Plan

NWDS is strengthening its systematic training to equip employees with the skills they need according to the *NWDS Talent Cultivation Development Plan* (the "Talent Plan") launched in 2019.

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

| Key Aspects                  | Focus of the Talent Plan   |
|------------------------------|--|
| Talent Pipeline Building     | Focus on the trio of career advancement initiatives (Project Xinpeng, Project Feipeng and Project Dapeng) to build leadership bench strength and talent pipeline                     |
| On-the-job Capacity Building | Focus on improving on-the-job capabilities and professional development of all grades of staff through one-on-one mentoring, leading by example and other multi-dimensional training |
| Business-focused Development | Focus on addressing business and operational needs through discussion and analysis of key business issues and solutions  |
| Corporate Culture            | Focus on multi-dimensional methods of learning to educate our employees about the Group's corporate culture, strengthening team spirit and bonding                                   |

### NWDS Cloud Academy — New e-Learning Tool to Aid the Talent Plan

- Launched the upgraded e-learning platform in March 2020 to support cloud-based training without time-and-space restriction
- Integrated personal learning map, live-streaming, classroom training, interaction and sharing, forum, examination and evaluation into one platform
- Introduced training addressing the COVID-19 pandemic
- Enhanced internal training on management, services, operations and culture, and provided external training on hot topics such as online marketing and innovation



**Management Apprentices**

The Academy provides a trio of career advancement initiatives (i.e. Project Dapeng, Project Feipeng and Project Xinpeng)

for our management apprentices to advance their professional development as well as nurture them to become future leaders of the Group.

| Training Programme     | Target Participants                          | Career Advancement  | Staff Participation   |
|------------------------|--|---|---|
| <b>Project Dapeng</b>  | Head of the business units                   | Become the head of a professional function or the head of multiple departments or most ideally, a store general manager | Nine people participated in FY2020; 554 times of participation since its launch in 2008 |
| <b>Project Feipeng</b> | Outstanding performers of the business units | Become the head of the business units   | 22 people participated in FY2020; 152 times of participation since its launch in 2012   |
| <b>Project Xinpeng</b> | New employees (interns)                      | Become outstanding performers in the business units   | 625 times of participation since its launch in 2006                                     |

**New Initiatives of Project Dapeng and Project Feipeng**

- > Introduced new training programmes integrated with internal and external visits and exchanges, case studies on business clusters, mentoring, coaching, job rotation and final presentation
- > Implemented the cloud-based training mode during the phase training from January to June 2020

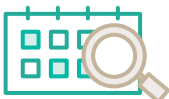


During the year under review, 637 training sessions were launched and a total of 137,477.4 staff training hours were recorded, averaging 44.9 training hours per employee. The average training hours were 44.5 and 45.3 for male and female employees, respectively. The launch of the NWDS Cloud Academy in March 2020, and the inclusion of online training hours drawn from its backend database, was the main reason for the significant increase in the Group's

staff training hours in FY2020. With the upgraded training app, almost all training courses of NWDS are made available online, including the mandatory COVID-19-related ones. Such measures have facilitated our staff to take part in online training without time and geographical limitations, resulting in more active participation in e-learning through the mobile application.





**Total Participation of NWDS' Training: 47,320 times**



**Total Training Hours: 137,477.4 hours**



**Average Training Hours per Staff Member: 44.9 hours**

| Target                                     | Topic   | Description  |
|--|---|--|
| <b>Board Members and Senior Management</b> | ESG   | An ESG training session was organised for the Board members and senior management in 2020. The latest ESG developments and trends, as well as roles and responsibilities in the governance of ESG matters under the new ESG reporting requirements have been covered in the training. It helps raise the ESG awareness and serves as a good start of our ESG journey.  |
| <b>Managerial Staff</b>                    | Train the Trainer Programme (“TTT Programme”) | Our TTT Programme is aimed at empowering our employees by training the 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 HR management and business practices. During FY2020, 99 colleagues were trained to become authorised trainers.<br><br> |
| <b>General Staff</b>                       | COVID-19 Infection Prevention                 | This online training course covers the fundamentals of infection prevention and control for COVID-19. In FY2020, 4,252 times of participation were recorded.   |
|  | Store Safety Maintenance and Management       | Safety training was provided to our frontline staff to increase their safety awareness and improve their knowledge of fire safety regularly. In FY2020, 60 times of participation were recorded.<br><br>   |

## Staff Engagement

NWDS strives to create a positive corporate culture to enhance morale and performance of employees. We encourage our employees to give suggestions, comments and feedback through surveys, exchange sessions and focus group discussions. 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 been organising NWDS Annual and Semi-annual Management Meetings to strengthen the ties between the stores and functional departments as well as to ensure the proper implementation of the Group's strategies.



Our official WeChat platform facilitates communication at all levels about any updates on the Group. Till date, a total of 41 WeChat official accounts have been established by the headquarters, different stores and private labels to engage with their staff and customers.

To foster staff engagement, we publish our internal staff newsletter, *Windows of NWDS*, every quarter. This provides an effective platform for our staff members to share their latest stories with others and keep abreast of the Group's latest policies and initiatives.

## Occupational Health and Safety

NWDS is committed to providing a healthy and safe working environment for all our employees. It is essential that employees be mentally and physically healthy if they are to perform at their best and drive innovation. We strive to ensure full compliance with occupational health and safety laws and regulations in local jurisdictions.

### Store Safety Management

NWDS updated the "Safety Management Practice Manual" (the "Safety Manual") in FY2020 which enumerates the requirements and standards relevant to safety management. The Safety Manual outlines a comprehensive range of guidelines, such as fire safety, security, gas facility, escalator management, F&B tenant management, and flood and typhoon prevention, as well as equips our staff members with clear understanding of safety measures in their daily operations at our stores. To further ensure safety at our workplace and our stores, we updated the "Checklist on Safety Inspection on Hidden Risks and Rating Deduction Standard for Hidden Risks and Corresponding System Requirements" in FY2020. The "Safety Management Policy" is planned to launch in FY2021.

The Administration and Project Department ("APD") conducts inspections of all safety equipment and procedures at each store every six months. In addition, all new staff members are required to attend mandatory 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.



## ENHANCED COVID-19 PRECAUTIONARY MEASURES ON ALL FRONTS

With the health and wellness of our customers as our priority, we are committed to a high standard of safety and hygiene measures on all fronts against possible virus infection.

### Maintaining a hygienic shopping environment

We clean and disinfect touched surfaces, commonly shared items and floor with diluted household bleach, and then rinse them with water and wipe dry them at our department stores every day. We pay special attention to areas that are frequented by the public, such as lift panels, escalators, nursery rooms, lobby entrance, waiting areas, corridors and information desks, and clean and sanitise these areas with an additional focus.



To ensure a safe and healthy shopping environment, hand sanitisers, alcohol swabs and face masks are readily supplied at information desks and public areas. Visitors are required to check their temperature before entering the stores. Those with fever or respiratory symptoms are advised to wear a face mask and seek medical attention promptly. All visitors need to wear a face mask and perform hand hygiene in order to remain vigilant and maintain good personal hygiene.



Furthermore, in places where food hygiene is concerned, such as our four branches of "New World Supermarket", precautionary measures are particularly enhanced. All staff members are required to wear masks and rubber gloves, and have their temperatures checked every four hours. Hygiene check-ups are conducted every two hours on frequented areas and thorough sanitisation is carried out in every corner, entry and shopping trolley on a regular basis.



### Employee Health Management

In order to protect the physical and mental health of employees, the Group provides subsidies to employees to conduct health screenings to help them detect potential diseases and manage health risks in a targeted manner.

To ensure our stores are ready to reopen and resume operations, staff members in our four Wuhan stores have undergone the polymerase chain reaction (PCR) test in April 2020, with all test results being negative.



## SENDING THE WARMEST GIFT TO STAFF — VIRTUAL CARE

NWDS offered free virtual care, also known as virtual health or telemedicine that provides health care services remotely to our staff during the ongoing pandemic. Staff in almost any location can enjoy timely and convenient access to health consultation and medication delivery that helps diagnose or treat an illness. This service not

only eliminates the potential risk of cross-infection among employees when they visit a clinic or hospital, but also relieves the pressure on local health care units.



## SAFEGUARDING EMPLOYEE HEALTH DURING THE PANDEMIC

Preserving the health of our employees and preventing occupational illnesses are our top priorities, especially during the COVID-19 pandemic.

It is mandatory for our staff members at all levels to wear face masks and have daily temperature checks and their pandemic-control-related health status monitored. They adopt social distancing in the workplace and are advised to stagger their breaks and meal hours. If a meal is offered to staff, pre-packaged boxes or bags for each staff member are arranged whenever possible, instead of a buffet style meal.

The COVID-19 infection control online training sessions cover the fundamentals of infection prevention and control for COVID-19, and have recorded 4,252 times of participation. We also ensure that the frontline cleaning staff members receive training on environmental disinfection procedures and their supervisors read and familiarise themselves with the disinfection guidelines.

The Group allows flexible working arrangement and encourages Zoom meetings to maintain a safe working environment. Over 183,500 face masks have been provided to employees who resumed duties daily.



### Fire Safety and Emergency Response

NWDS has placed the highest priority on ensuring the safety of employees and others and disease prevention, as well as taking swift action to minimise the impact on our businesses. We have regularly conducted training on safety and security measures, disease prevention and personal health and various safety drills to enhance the staff's safety awareness and emergency response capacity in dealing with unexpected situations.

During FY2020, there were six cases of work-related injuries across the Group (injury rate: 0.188). Lost work days totalled 974.5 (lost day rate: 30.510) and absentee rate was 1.77%. There were no reported incidents of non-compliance relating to occupational health and safety during the year under review.



OPERATIONS



NWDS is committed to promoting “wellness” of its customers and works hard to maintain and enhance their satisfaction, confidence

and trust. Since the start of our operations, we have been firmly committed across all of our businesses to providing customer-oriented, high-quality products and services. As part of these efforts, the Group takes priority on improving product safety, customer data privacy, customer in-store experience and supply chain management.

We strive to promote the well-being of our customers through our products and services with high quality and safety standards, in support of SDG 3 “Good Health and Well-being”. Additionally, 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 health and safety and privacy matters relating to the products and services offered. However, we had two reported cases relating to advertising and labelling. The Group will keep close contact with the suppliers involved to prevent similar incidents in the future.

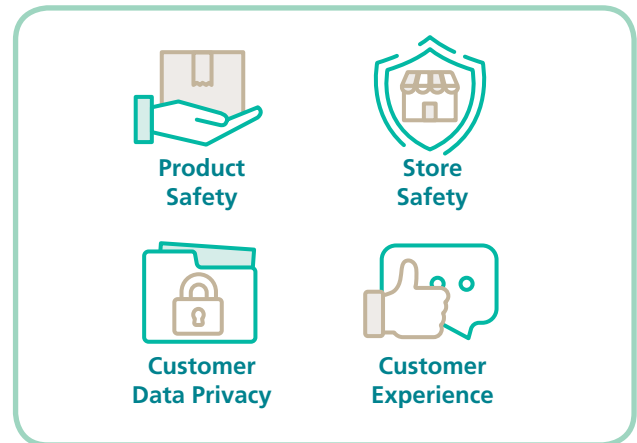
## OUR APPROACH AND MEASURES

### Customers

The Group continues to be committed to a fundamental policy of ensuring product safety, security, and accessibility, taking customers’ viewpoints into consideration in order to deliver product quality and customer services that exceed their expectations.



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



#### Product Safety

Providing reliable products that customers can use safely is a top priority for NWDS. We take steps to comply with safety standards based on laws and regulations while striving to surpass those standards in order to continuously improve the quality and safety of all products available at our stores.

#### Non-edible products

As part of these efforts, the Group has a dedicated Commodity department to oversee the evaluation process of concessionaire brands, tenants and LOL suppliers. The Group’s safety requirements are regularly updated and delivered to the suppliers. This is aimed at reinforcing awareness of our commitment to ensuring that the quality of products exceeds the expectations of our customers.

#### Food products

Since the outbreak of COVID-19, customers’ awareness of food safety has enhanced considerably and they are now expecting significantly higher of the quality of the foods they consume. To cater for their everyday needs amidst the pandemic, the Group strengthened its day-to-day essential businesses such as supermarkets and convenience stores in FY2020. We are committed to complying with all applicable food safety laws (i.e. *Food Safety Law of the People’s Republic of China*) as well as providing safe, high-quality goods and food products. In addition, we have stipulated standard procedures for inspecting product test certificates, and manufacturers’ business licences and permits for various product categories.

## NEW WORLD SUPERMARKET

Due to the outbreak of COVID-19 in early 2020, it was clear that the period of lockdown and travel restrictions has driven changes in consumer behaviour. As people observe social distancing rules, they have shown tendency to travel only short distances for grocery shopping, reduce the number of shopping trips by purchasing in bulk, and opt for multi-category and multi-brand retail outlets such as the supermarkets.

Supermarkets have always been an important component in community-serving department stores such as NWDS. As at 30 June 2020, the Group has four branches of "New World Supermarket" — one each in Beijing, Lanzhou, Yantai, and Wuhan. Among them, the supermarket in Beijing Chongwen Store introduced not only dine-in F&B services and self-service checkout counters but also collaborated with online takeaway platforms to offer food delivery service for customers starting 2020.

As one of the largest grocers in Mainland China, we are committed to upholding food safety laws and regulations applicable to our businesses, and providing access to safe, high-quality foods. To reduce food-safety-related

risk in our supply chain, we conduct food safety training for our staff and maintain strict control of storing raw foods over cooked or ready-to-eat foods.



Caring



Wellness

We aim to make healthier foods more affordable and easily accessible. By strengthening the upstream and downstream supply chains of our "New World Supermarket", the Group managed to stabilise the supply and pricing of our merchandise during the year under review, thereby catering to the daily needs of the public.



## N+ CONVENIENCE STORE

Knowing that customers were only willing to travel short distances for grocery shopping in the face of a pandemic, we stepped up our efforts and expanded our convenience store network by adding two new branches of "N+ Convenience Store" in Beijing in order to form a network of four convenience stores in the two districts of Dongcheng and Chaoyang. The convenience stores held the longstanding commitment to 24-hours-a-day, seven-days-a-week operations even during the pandemic, in addition to the newly-introduced product delivery services from 2020 to cater for people's social distancing needs.



Apart from providing cooked delicacy prepared on site and complemented by other everyday services for customers' convenience, we prioritise and stay proactive in dealing with food-safety-related matters. We have implemented the "Convenience Store Product Management System" which specifies the requirements with regard to product inspection, inventory checking and product shelf life. All products are strictly examined by our store managers upon arrival to ensure complete and correct labelling, proper packaging, clearly-seen manufacturing dates and expiry dates. We have also heightened control on product disinfection practices and centralised disinfection of packaged goods daily.

Wellness



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





**Store Safety**

The Group has prioritised providing a safe environment for both our customers and staff. As mentioned in the sub-section of "Occupational Health and Safety" in the "Staff" chapter, our Safety Manual updated in FY2020 enumerates the requirements and standards relevant to safety management. We target to launch the "Safety Management Policy" in FY2021, with an aim to enhance our responsiveness to emergency incidents (e.g. fire accidents and electrical risks) and maintain smooth and safe operations of our stores.

In addition, the Group has a dedicated APD department to take charge of safety inspection 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" which is updated in FY2020. After each inspection, the 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.

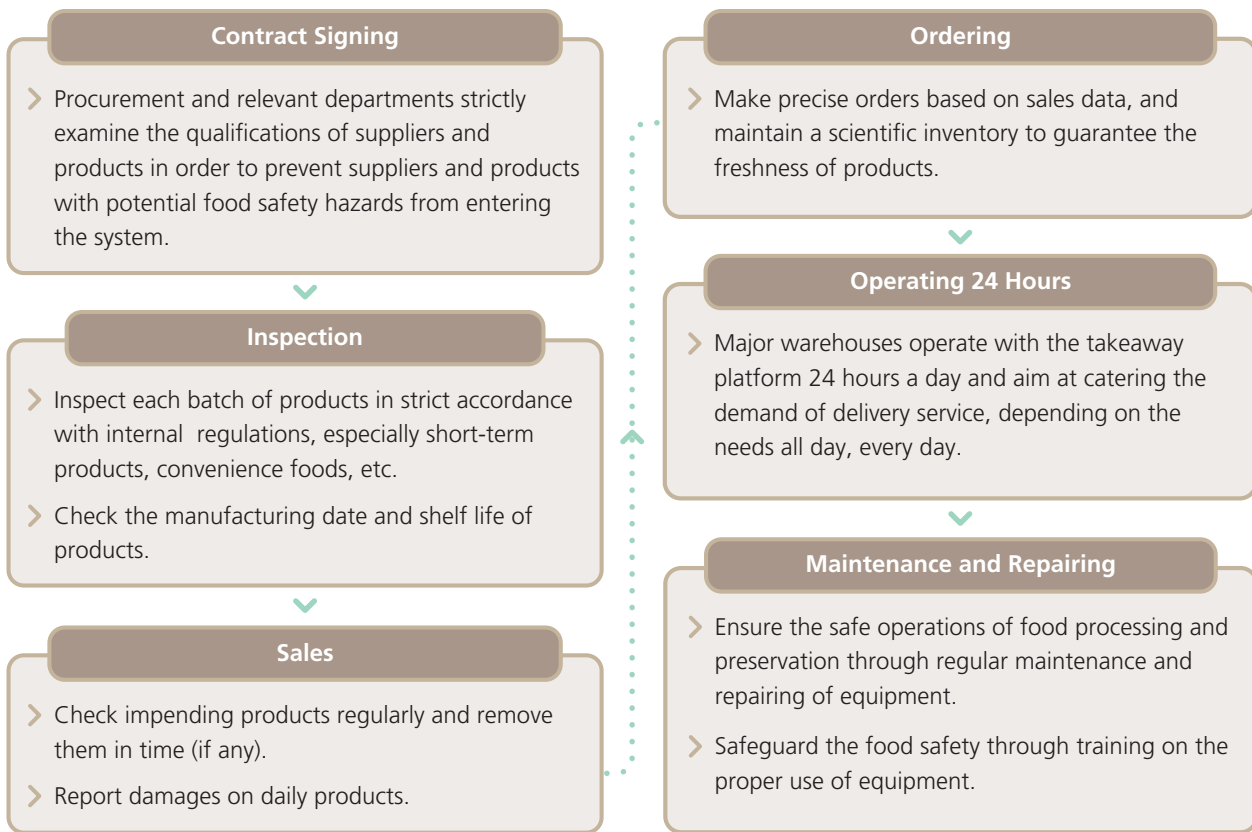
**Store Renovation Management**

Our store design and supporting services continue to evolve to meet customers' changing needs. We are committed to minimising environmental nuisance as we, or any third parties, carry out renovation activities at our department stores or shopping malls. Maintaining a safe operating environment for our customers during renovation works is also our key concern.

The *Store Renovation Management Guide* provides guidance for concessionaire counter operators and tenants on how to manage their renovation work up to the standard of the Group. It also encourages them to use environmentally friendly elements. It clearly specifies the requirements on various renovation issues, ranging from store design, electricity supply, safety system, drainage system, fire safety system to ventilation system.



**N+ Food Safety Management Workflow**



## Customer Data Privacy

NWDS continuously addresses changes in the privacy environment and earns the trust of customers, employees and other stakeholders by protecting their personal information. 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.

We face new privacy challenges and risks every day in this new digital age, where the global privacy landscape and advancements in information and communication technology are changing at a faster pace than ever before. To be able to respond to these changes and continue to earn stakeholders' trust, we have a "Privacy Policy" in place which outlines the Group's practices and its customers' choices on the collection and use of personal data. When processing customers' personal information through daily operations, our stores are obliged to 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 the visit itself (including but not limited to IP address, domain name, browser type and access time) but not the user's personal data. In FY2020, we established a new "Personal Data Protection Policy" to describe how we handle and protect the personal data collected from WeChat and Weibo.

Furthermore, we have set procedures to protect and handle proprietary information and intellectual property rights. Cybersecurity measures are introduced gradually to raise employee awareness and strengthen our digital infrastructure. Both physical and electronic records of our customers' personal data are stored in safe places with restricted access. For example, sensitive data is encrypted before transmitting 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 and servers on "need-to-know" and "need-to-use" bases.

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

## Customer Experience

The Group values and takes into account customer feedback to improve its products and the customer's shopping experience at our stores, from shopping ambience, facilities and equipment to customer services. In FY2020, we put in place a number of caring initiatives at our stores across Mainland China:



Faced with changes in the public’s shopping habit and demand for touchless services amid the pandemic, the Group expedited the setup of a new retail configuration. A multi-platform matrix with online and offline modules was constructed to drive digitised transformation and implement an omni-channel strategy.

To enhance the effectiveness of online marketing, the Group motivated its stores to actively engage customers by utilising WeChat groups. Riding on the existing customer base of

individual stores and brands, guided shopping WeChat groups were set up and a range of sales campaigns were rolled out in the online communities. By disseminating group chat promotions and pushing short videos, customer interaction and affinity were increased. Furthermore, drawing on mainstream video-sharing platforms, the Group also deployed buzz marketing means such as short video or live-streaming of e-commerce products to integrate the powers of online and offline channels so as to achieve the dual effect of branding and marketing.

**Our Initiatives**

**“NEW LAB”  
ONLINE SHOPPING PLATFORM**

The Group seized the opportunities arising from people’s inclination to shop online amidst the pandemic and fully upgraded “New Lab” — the Group’s own e-commerce platform that operates as a WeChat mini-programme — in June 2020. On top of optimising the platform’s user experience and enriching its product categories, marketing functions such as live-streaming, group-buying and pre-sale campaigns were also introduced. With the enhanced and interactive functions, the marketing teams of stores actively hosted creative sales campaigns such as live-streaming by store managers, thematic shopping festivals and cloud-based shopping. To complete the online shopping cycle, the Group also partnered with a third-party courier to launch the “New Lab” home delivery service to respond to the new normal of social distancing.



The upgrade not only provides more value-added services to online shoppers, but also ensures that customers’ personal information is not collected beyond the scope of the purpose. At the same time, the security protection mechanism of the mini-programme avoids the loss of information, as well as prevents unauthorised use, modification, deletion, disclosure and reading by a third party.

The “New Lab” platform has accumulated close to 400,000 registered VIP members since its initial launch in 2017.



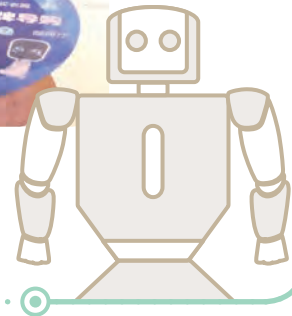
## SMART CUSTOMER SERVICE ROBOTS

The Group has introduced 93 smart customer service robots in 16 stores, where they interact with customers and assist them as a guide to enhance their shopping experience with us.

Equipped with a big screen, these robots showcased a combination of high flexibility and advanced technology and embodied a range of interactive functions such as guided-shopping, customer enquiries and engagement, sales promotion, etc. 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 they collect as they interact with our customers. By analysing and tracking these data, we are able to develop interactive marketing and branding strategies.



Smart



## SUPPLY CHAIN MANAGEMENT

In recent years, stakeholders have become increasingly aware of how crucial it is for companies to fulfil their overall responsibilities throughout their supply chains. Further to the SV2030, we fully recognise the impact of our procurement activities on the environment, society and economy, and acknowledge our responsibility to manage the impacts.

In line with SDG 12 "Responsible Consumption and Production" and to enhance our performance in the supply chain, we have developed effective policies and mechanisms for the selection and management of our three main categories of suppliers, including concessionaire brands, tenants and LOL suppliers.

### Supplier Sustainable Development Programme

NWDS works closely with its suppliers on initiatives in fields such as responsible procurement, labour conditions, health and safety, and environmental protection.

Although we explore procurement from diverse suppliers, we are committed to sourcing locally so as to minimise GHG emissions generated from the logistics and transportation of goods. In the year under review, the percentage of expenditure made to suppliers by geographic area was as follows: Mainland China (93.3%) and Hong Kong (6.7%). Collaboration 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 developed the Supplier Sustainable Development Programme in 2013, wherein the "Supplier Code of Conduct" (the "Supplier Code") and the *Supplier Sustainability Self-Assessment Questionnaire* (the "Supplier Questionnaire") were introduced. All new suppliers are requested to comply with the Supplier Code and fill in the Supplier Questionnaire. We regularly remind suppliers of the responsibilities of their sustainability principles and obtain written confirmation of compliance from suppliers.

### Supplier Code of Conduct

We established the Supplier Code which demonstrates our commitment to driving responsible business practices in our company and supply chain. We expect our suppliers to continuously improve their performance to provide safe workplaces, enable environmental resilience and operate with a high standard of business transparency and ethics. We assess and select suppliers based not only on the quality, cost, delivery, and services, but also on their ethical, environmental, and health and safety initiatives. During the supplier selection processes, the capability of a supplier to demonstrate its commitment to uphold the Supplier Code is one of the major criteria for identifying a successful supplier. As of 30 June 2020, 185 suppliers (mainly department store business suppliers) endorsed the Supplier Code.

We reminded all suppliers of their requirements under the Supplier Code, which include observing the rights of workers to choose employment freely, to receive humane treatment, and to not face discrimination. We also requested all suppliers to further tighten their supply chain management to prevent forced labour.

### Supplier Sustainability Self-Assessment Questionnaire

All new suppliers are required to conduct the Supplier Questionnaire. Based on the responses, we evaluate whether suppliers are complying with the Supplier Code and the commitment to sustainable development. As of 30 June 2020, the Group received 185 Supplier Questionnaires.

### Supplier Sustainability Disclosure Forms

We also invite our suppliers to complete the *Supplier Sustainability Disclosure Forms* (the "Supplier Forms") to ensure compliance and continuous improvement. Suppliers are required to report their current performance of waste management, energy saving, law compliance, charitable and community services, and anti-discrimination. As of 30 June 2020, the Group received 151 completed Supplier Forms. Some suppliers have already put in place a sustainability policy or initiatives on environmental protection.

### Concessionaire Counters

#### Brand Reserve Information System

In 2018, we established the "Brand Reserve Information System", an online brand centralisation platform to ensure the quality of concessionaire brands. The system consolidates all brands that are approached and recorded by every individual store which enables us to keep records of new and potential brands systematically. The system also keeps track of the history of cooperation and monitors these brands' landing status in our stores, thereby providing reference to future brand strategies.

In addition, the system allows us to respond effectively to the quality issues by evaluating and reviewing the quality of brands using certain key selection criteria such as market position and reputation. Apart from this, the system also enhances our brand quality management and saves us from repeatedly approaching the same brand in different stores.

Till date, this system has stored over 3,400 brands, and we 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 increasing competition from e-commerce operators, 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. We have also cooperated with our tenants on certain environmental initiatives such as recycling waste and collecting food waste. As at 30 June 2020, the rental business accounted for about 58.3% of the total operating area in all NWDS' stores.





ENVIRONMENT



Responding to the concerns for the protection of the planet for present and future generations, we operate our business in an environmentally conscious manner and advocate for good practices in our relationships with stakeholders. We aligned with SDG 12 “Responsible Consumption and Production” as part of our endeavour to reduce the use of natural resources and energy to promote environmental responsibility.

We implement green management practices across our business with an aim to reduce our consumption of energy and natural resources, reduce waste, and use environmentally friendly products and services wherever possible. We use internal channels and engage in volunteer service to raise environmental awareness and communicate green values to our staff. Our policies, guidelines and services encourage staff, suppliers, tenants and customers to improve their environmental performances together with us.

During the year, we put emphasis on the three material environmental issues — energy conservation, water conservation and waste management.

The Group ensures that its operations strictly comply with the environmental laws and regulations where it operates. There were no reported incidents of non-compliance with laws and regulations relating to environmental issues during the year under review.

## OUR APPROACH AND MEASURES

We follow the five-pronged environmental management approach aimed at tackling the major environmental issues identified by the Group and its stakeholders. Our ESG commitments galvanise action across our business through policies, measures and monitoring.

### NWDS Green Management Workflow



#### 1 Formulating green policies and guidelines

NWDS demonstrates its commitment to environmental management by developing and implementing policies and guidelines outlining key environmental perspectives of energy consumption, GHG emissions, waste management, green office and green procurement. The following are environmental policies and guidelines we put in place addressing various environmental issues relating to our business.

| Area of Focus             | Policy/Guideline (Year of Implementation)  |
|---------------------------|--|
| <b>Energy Consumption</b> | Guidelines on Energy Conservation at Department Stores and Offices (FY2015)<br>Policy on Replacing LED Lights at Operating Stores (FY2017)                                   |
| <b>GHG Emissions</b>      | Guidelines to Account for Greenhouse Gas Emissions and Reduction (FY2015)  |
| <b>Waste Management</b>   | Guidelines on Waste Reduction at Offices (FY2015)<br>Waste Measurement Guidelines (FY2016)<br>Food Waste Reduction Advice (FY2017)<br>Food Waste Gauging Guidelines (FY2018) |
| <b>Green Office</b>       | Green Office Policy (FY2016)<br>Sustainable Office Guide (FY2016)  |
| <b>Green Procurement</b>  | Green Procurement Policy (FY2008) <sup>#</sup><br>Green Procurement Guidelines (FY2017)  |

<sup>#</sup> refers to the policy that will be under review and revision in the next financial year.

## 2 Setting environmental baseline and targets

NWDS strives to reduce energy consumption and minimise GHG emissions generated throughout the lifecycle of our products, services and business activities. We are working towards two quantifiable environmental targets for minimising the negative environmental effects of our business, including 2% MWh/sq.m. reduction in energy intensity and 12% tonne CO<sub>2</sub>e/sq.m. reduction in carbon emissions intensity (both excluding tenants) in FY2030 against a baseline of FY2015. Through advocacy, we show our long-term commitment to sustainability. These targets also form key milestones on our road to achieving the SV2030.

## 3 Collecting environmental data

We understand the importance of accurate disclosure to and communication with stakeholders. We release the Sustainability Report annually to serve the purpose of comprehensively communicating non-financial information that is not covered by the Annual Report, including policies for mid-to-long-term value creation and sustainability strategies. Stakeholders can therefore have a coherent picture that explains NWDS' ability to create and sustain value.

In FY2017, we set up our Internet-based Data System to improve the transparency and efficiency of our data collection process. All environmental data such as the use of energy, water and materials from stores and offices is captured and recorded in the Data System on a regular basis. To ensure data accuracy, 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

NWDS has pursued environmental initiatives in accordance with its environmental principles and targets. The Group has invested in energy-efficient building service systems and equipment upgrades, optimised its day-to-day operating schedule, enhanced monitoring and control through real-time energy monitoring and sub-metering, and engaged with its tenants in reducing energy consumption. Over the years, the Group has also 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. Please refer to the following sub-sections for more details.

## 5 Regular monitoring and review

NWDS reviews and updates its environmental policies and guidelines regularly in order to keep abreast of the latest environmental issues and the regulatory changes. The environmental data collected from the stores and offices is also monitored frequently to ensure proper data management and continuous improvements.

We have also obtained third-party verification to ensure the credibility of data reported and facilitate the ongoing improvement of our environmental management. For instance, 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. In FY2020, we commissioned HKQAA to undertake an independent verification on the completeness, accuracy and reliability of the data and information stated in the Report. Please refer to the "Assurance Statement" chapter for more details.

### Energy Management

#### Our SV2030 Target



**Energy Intensity Target:**  
**-2%**  
**(MWh/sq.m.)**

NWDS has set a target for reducing energy intensity 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 as part of our effort to achieve the SV2030. The scope of the target covers nine stores<sup>1</sup> 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

As energy conservation is identified as one of the material aspects based on the materiality analysis results, we have put emphasis on increasing energy efficiency and energy saving by investing in energy-efficient equipment upgrades, optimising their daily operating schedule, and enhancing monitoring and control through real-time energy monitoring.

#### Energy-efficient LED Lighting System

The Group's hybrid operating model comprises department stores and shopping malls which rely heavily on lighting systems. In FY2017, we adopted the "Policy on Replacing LED Lights at Operating Stores" (the "LED Policy") in order

<sup>1</sup> The nine in-scope stores are 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.



to reduce the energy consumption of our lighting systems. In addition, the LED Policy provides specific guidelines for lighting intensity regarding different usage. Combining LED lighting with smart lighting scenarios, such as scheduling and division of the lighting areas, allows us to optimise energy usage over time to reduce energy consumption and work towards our energy reduction targets.

**Energy Use Optimisation**

Our APD team manages the maintenance of our facilities to optimise energy use. For instance, we turn on outdoor lighting in accordance with local sunset time, use fresh air intake for heat exchange instead of air-conditioning when possible, and conduct routine maintenance and replacement of energy-intensive equipment.

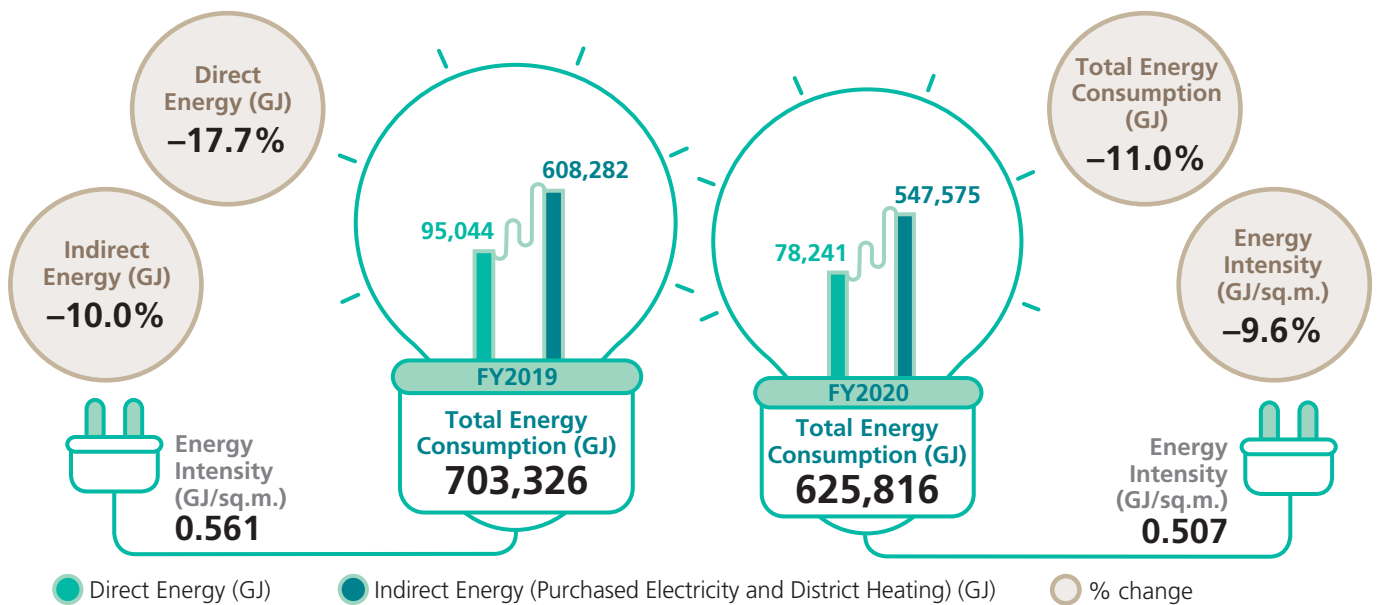
To minimise the energy consumption of our business operations, we continued to implement the following initiatives in FY2020:

| Energy Conservation and Emissions Reduction Measures |  |
|--|--|
| <b>Department Stores</b>                             | <ul style="list-style-type: none"> <li>Introduce glass roofs to avoid direct sunlight and reduce the energy use for cooling at Shanghai Pujian Branch Store, Chongqing Store and Changsha Trendy Plaza</li> <li>Control the lighting period of the stores while ensuring sufficient lighting condition for a quality shopping experience</li> <li>Enhance the maintenance of air-conditioning system to reduce energy loss</li> <li>Increase cooling efficiency of air-conditioning by cleaning the ventilation system</li> <li>Adjust the operating hours of escalators to avoid unnecessary wastage</li> </ul> |
| <b>Offices</b>                                       | <ul style="list-style-type: none"> <li>Remind staff to switch off unnecessary lights and electrical appliances</li> <li>Remind staff to switch off lights and monitors during lunch hours</li> </ul>   |

**Strengthening Environmental Awareness**

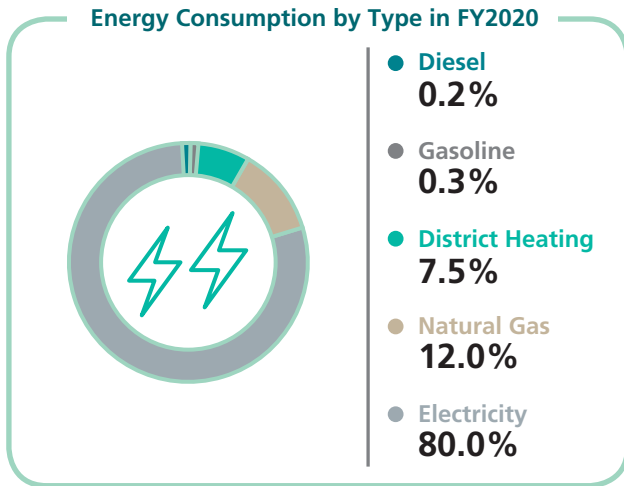
We make every effort to promote, educate and train our employees on energy conservation in order to raise their environmental awareness and promote a green lifestyle. Signages have been placed near electrical appliances for reminding employees to switch off lights and air conditioners before leaving the working area.

In FY2020, the Group’s total energy consumption was 625,816 gigajoules (“GJ”), compared with 703,326 GJ in FY2019<sup>2</sup>. The energy intensity recorded a drop of 9.6% from 0.561 GJ/sq.m. in FY2019 to 0.507 GJ/sq.m. in FY2020. When evaluating our environmental data, please consider that the COVID-19 pandemic has altered patterns of energy demand. The significant reduction in energy intensity recorded in FY2020 is partially due to the temporary closure of our department stores and shortening of business hours in early 2020.



Restatement: The district heating figure for FY2019 has been revised to exclude Yanjiao Store’s property heating data, which was mistaken for district heating data in FY2019. As a result, the indirect GHG emissions, total GHG emissions, GHG intensity, district heating consumption, total energy consumption, and energy intensity figures of FY2019 have been restated to reflect the exclusion.

<sup>2</sup> One store closed on or before 30 June 2020 is excluded from the FY2020 environmental data.

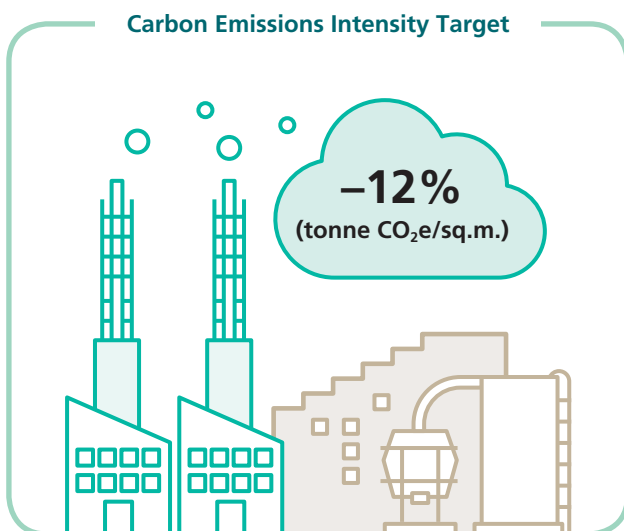


Almost 80% of the Group's energy consumption came from the use of electricity while the remaining mainly came from the use of direct-fired units, refrigerators, natural gas air-conditioners and its self-owned vehicles, as well as district heating. To reflect the amount of consumption that is controllable by the Group, we have excluded the tenants' share of the electricity consumption in the data consolidation and assessment processes since FY2018. Our total electricity consumption dropped by 10.5% to 500,412 GJ in FY2020 (558,837 GJ in FY2019), while the electricity consumption intensity decreased by 9.0%, amounting to 405.4 MJ/sq.m. in FY2020 (445.7 MJ/sq.m. in FY2019). We believe this is a combined result of our electricity reduction initiatives and COVID-19 impacts.

## GHG Emissions

NWDS makes its highest priority to reduce the environmental impacts and GHG emissions generated by its business operations. 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 SV2030 Target



Our second environmental target is to reduce our carbon emissions intensity by 12% in tonne CO<sub>2</sub>e/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 stores<sup>3</sup> and two corporate offices, where NWDS or the Parent Company has full operational control.

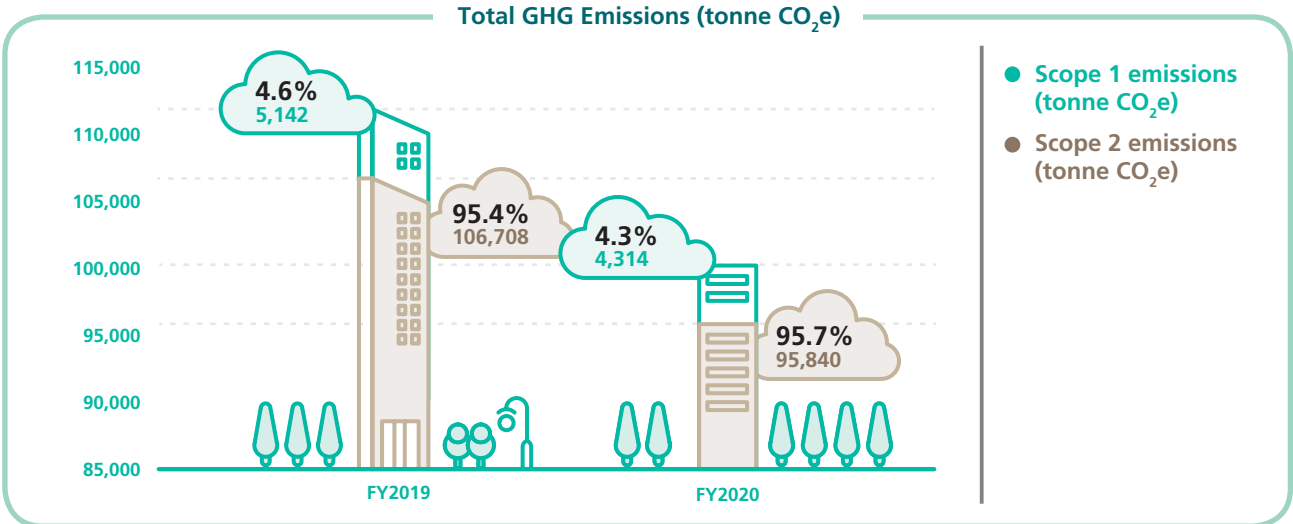
### Our Approach

By accessing our environmental impacts, we carry out annual carbon audits based on the *Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 Edition)*. GHG emissions are quantified in terms of CO<sub>2</sub>-e, and the types of GHG covered in this Report are carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluoro-carbons (HFCs), perfluoro-carbons (PFCs) and sulphur hexafluoride (SF<sub>6</sub>). We monitor and collect the use of electricity, district heating and fuels in the operational processes on the store and office levels. GHG emissions from energy consumption are calculated by multiplying the amounts of electrical power, district heating and fuels (including fuels for our self-owned vehicles, etc.) by the carbon emissions factors. All carbon emissions factors we used this year remain the same as FY2019 to ensure the calculated GHG emissions are comparable. To provide additional guidance to our staff and facilitate the carbon auditing process at our stores and offices, we have also issued the *Guidelines to Account for Greenhouse Gas Emissions and Reduction* earlier.

In FY2020, the Group's GHG emissions amounted to 100,154 tonnes of CO<sub>2</sub>e (111,850 tonnes of CO<sub>2</sub>e in FY2019), of which indirect carbon emissions (Scope 2 emissions associated with electricity and district heating consumption) accounted for 95.7%. The annual average carbon intensity recorded a drop of 9.0% from 0.089 tonnes CO<sub>2</sub>e/sq.m. in FY2019 to 0.081 tonnes CO<sub>2</sub>e/sq.m. in FY2020.

<sup>3</sup> The nine in-scope stores are 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.





*Restatement: The district heating figure for FY2019 has been revised to exclude Yanjiao Store's property heating data, which was mistaken for district heating data in FY2019. As a result, the indirect GHG emissions, total GHG emissions, GHG intensity, district heating consumption, total energy consumption, and energy intensity figures of FY2019 have been restated to reflect the exclusion.*

## ORGANIC ROOFTOP GARDEN FOR CITY DWELLERS

NWDS has been pioneering the urban farming movement over the last five years. 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. As of 30 June 2020, the cumulative number of visitors to the rooftop garden was 51,300.

Our project, which will span until 2023, is aimed at enabling our shoppers and city dwellers 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.

The concept of rooftop gardens not only enhances the environmental awareness of our stakeholders but also helps diminish carbon dioxide levels and increases breathable oxygen in the environment.



We are enthusiastic about the potential for urban farming to transform both urban spaces and mindsets in Shanghai and contribute to making the city more sustainable and liveable.



## Water Management

On the global level, rapid increases in water use and degradation of water quality are putting extreme pressures on this vital resource. Taking into account this alarming water stress issue, the Group continued to take steps to minimise water consumption at its stores and offices, use water efficiently and ensure there is a sustainable clean water supply to support its business operations and the communities in which it operates.

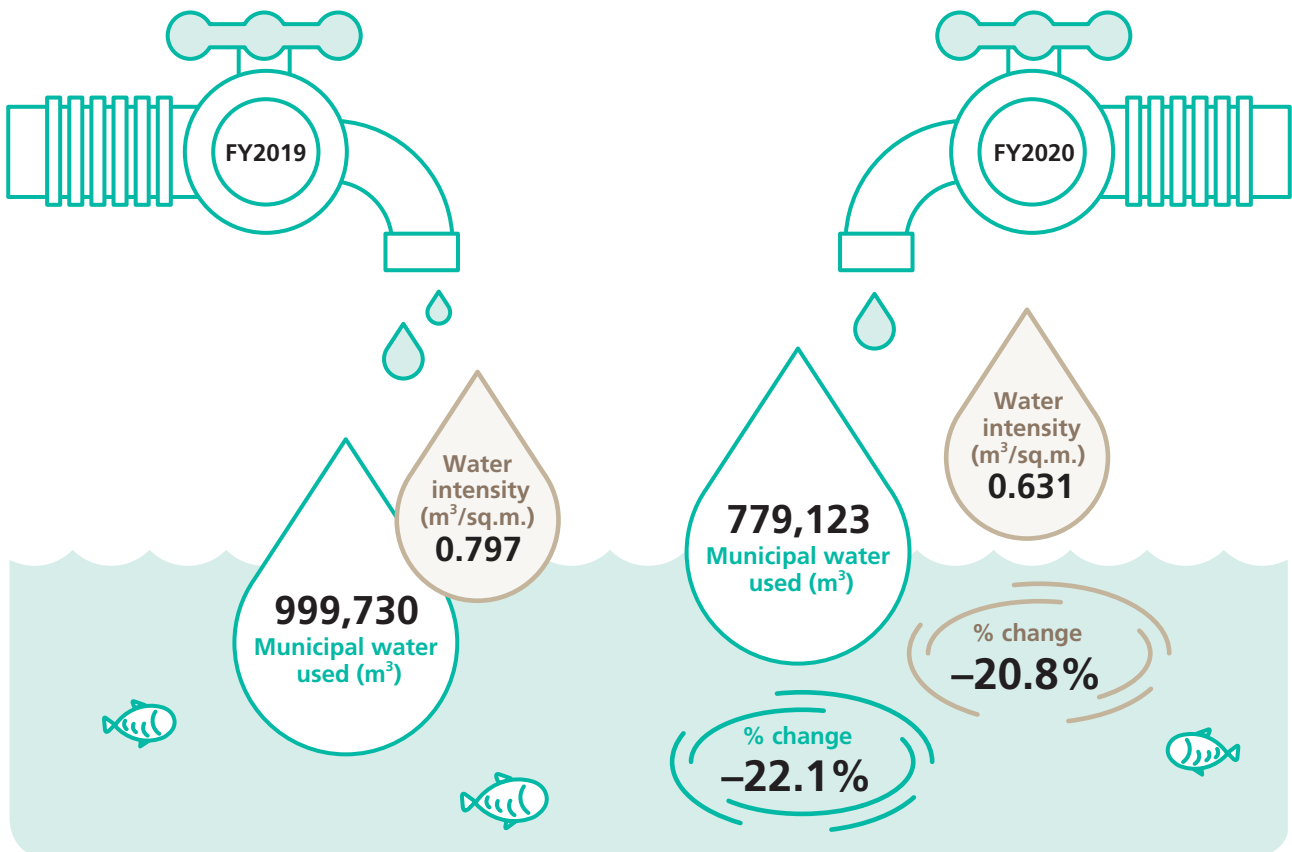
### Our Approach

In line with the New World Group's determination to drive water conservation, we are committed to continuously enhancing our water conservation efforts where practicable.

We responsibly manage water consumption and optimise our operational systems under the "Green Office Policy" which promotes water conservation and raises our

employees' awareness of the issue. In FY2020, we conducted regular water pipe leak tests, increased the maintenance of dripping faucets, inspected cooling towers in summer and installed infrared faucets in toilets.

Since FY2018, we have excluded the tenants' 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 22.1% to 779,123 cubic metres ("m<sup>3</sup>") in FY2020 (999,730 m<sup>3</sup> in FY2019). The drop is also contributed by a 20.8% decrease in water intensity from 0.797 m<sup>3</sup>/sq.m. in FY2019 to 0.631 m<sup>3</sup>/sq.m. in FY2020. When evaluating our water data, please consider that the COVID-19 pandemic has altered patterns of water demand. The significant reduction in water intensity recorded in FY2020 is partially due to the temporary closure of our department stores, shortening of business hours and restricted business for F&B tenants in early 2020.



## Waste Management

Waste is one of the most pressing environmental issues in China. NWDS seeks to minimise the consumption of resources and maximise resource recycling in order to effectively use resources in its business activities and throughout the life cycle of its products and services.

Food waste is another major issue alongside a growing world population. Although there is always a controversial assumption that the amount of food waste depends more on consumer behaviour, we, as a retailer can still influence how much ends up in the bin. We have an increasing number of F&B tenants in our department stores in recent years, therefore we are dedicated to continuously improving our food waste handling practices and optimising our waste reduction efforts.

### Our Approach

Our approach to waste management is to reduce the absolute amount of waste generated and facilitate waste sorting at source to promote recycling.

### Reducing the absolute amount of waste generated

#### Use Less, Waste Less Principle

NWDS has been adopting the “use less, waste less” principle over the years. 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 of waste reduction.

#### Going Paperless

We have been reducing the use of paper for both our shoppers and staff, to conserve paper resources and reduce mailing, which produces carbon emissions.

### “Going Paperless” 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

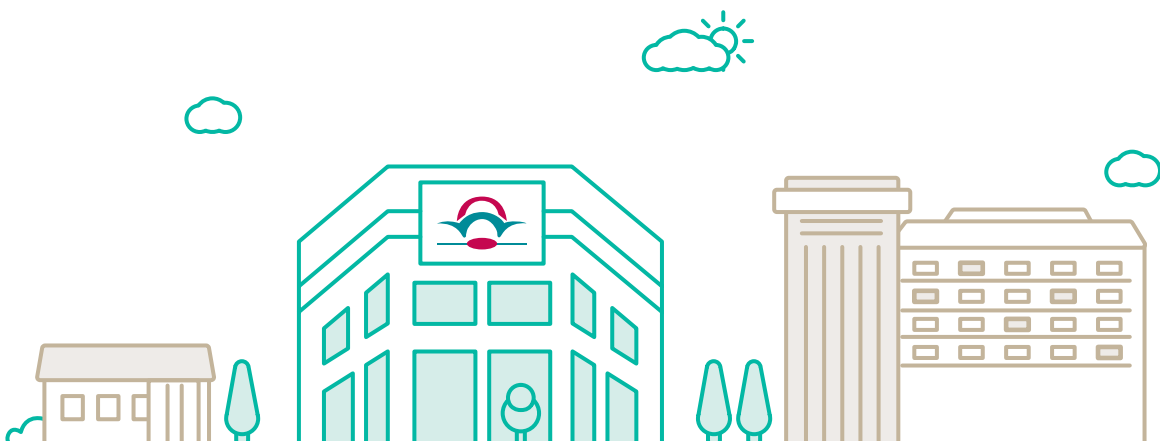
#### Offices

- Set up a standardised Enterprise Resource Planning (ERP) system to promote office automation and paperless operations

### Facilitating waste sorting at source

As F&B outlets account for a significant share of the operating area in our department stores, we centralise the collection of food waste from these outlets to ensure proper handling. We introduced the *Food Waste Reduction Advice* in FY2017 with reference to the community food waste

schemes. Furthermore, we actively encourage our F&B tenants to promote and implement their food waste reduction initiatives. The *Food Waste Gauging Guidelines* and *Food Waste Gauge Sheet* were launched in FY2018 to provide additional details and methods on food waste management.



## PROMOTING A “NEW WASTE SORTING LIFESTYLE”

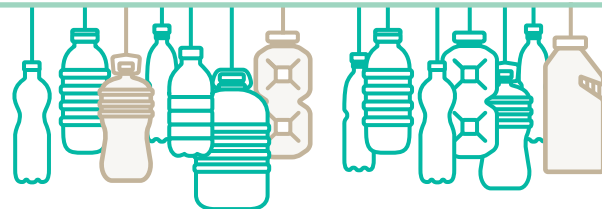
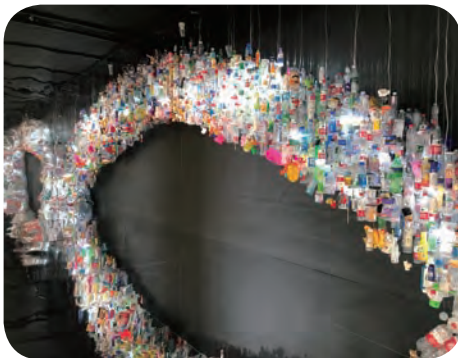
Owing to rapid growth in urbanisation and economic development, municipal solid waste (“MSW”) has become a serious problem in China, especially in major cities. To promote a sustainable lifestyle, the Chinese government has launched a MSW classification strategy since 2017. Shanghai was selected as one of the first pilot cities for MSW classification.

In light of the *Regulations on the Administration of Domestic Waste in Shanghai* launched by the Shanghai Municipal People’s Congress that came into effect on 1 July 2019, NWDS made efforts to the MSW classification including the classified throwing, collection, transportation, and disposal of MSW accordingly at our Shanghai stores. We placed garbage bins with dry and wet separation icons at the stores and in the refuse

collection rooms. Shoppers, tenants and our staff are encouraged to recycle and separate waste at the stores into four categories — wet, recyclable, harmful garbage and the rest, namely dry waste or residual waste.

To ensure proper waste sorting, a penalty system has been in place to make sure all tenants properly sort their waste before disposing to the refuse collection rooms. Our refuse collection staff then carry out three levels of waste inspection and sorting to ensure compliance with regulatory requirements and proper recycling of disposed materials.

In FY2020, we put in greater efforts and extended the MSW classification practices beyond our stores in Shanghai to almost all of our stores in Mainland China.



## CALLING FOR PLASTICS USE REDUCTION BY “PLASTIC ERA” EXHIBITION



An eco-friendly exhibition named “Plastic Era” initiated by local Shanghai artist Alex Yuan, which aimed at raising public awareness of ocean plastic pollution, was held at Shanghai Shaanxi Road Branch Store in December 2019. The artist and nearly 300 volunteers from the public crafted the art piece of “Huge Ring” with single-use plastic products donated by more than 5,000 local families. Other exhibits demonstrated to visitors a virtuous cycle of plastic regeneration, and educated the public how we can work together to find solutions, including simple measures such as supporting the elimination of single-use plastic products and recycling those we inevitably use.



## Green Procurement

In recent years, stakeholders have become increasingly concerned about environmental violations in the sourcing of resources essential for the manufacturing of products. NWDS is committed to strengthening efforts to reduce environmental impact in its procurement decisions. We believe green procurement not only promotes green living to our customers but also helps us mitigate environmental risks in our supply chain.

### Our Approach

NWDS strives to ensure that procurement practices are in harmony with the environment and society. The “Green Procurement Policy”, which was established in 2009 and will be updated in FY2021, outlines green procurement principles and guides us to consider environmental impacts of the product lifecycle during business operations.

We aim to promote minimal consumption of raw materials, use of reusable items instead of disposable ones and adoption of high energy-efficient products, as well as request for green packaging. In addition, we take into account the environmental impacts of our procurement decisions as well as better manage our procurement process.

We established the *Green Procurement Guidelines* in FY2017 in order to provide our stores and offices with a guided reference to green product specifications. 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 purchasing green decorative materials for our stores and offices.

### A NEW SUSTAINABLE PRODUCT CHOICE AT LOL CONCEPT SHOPS

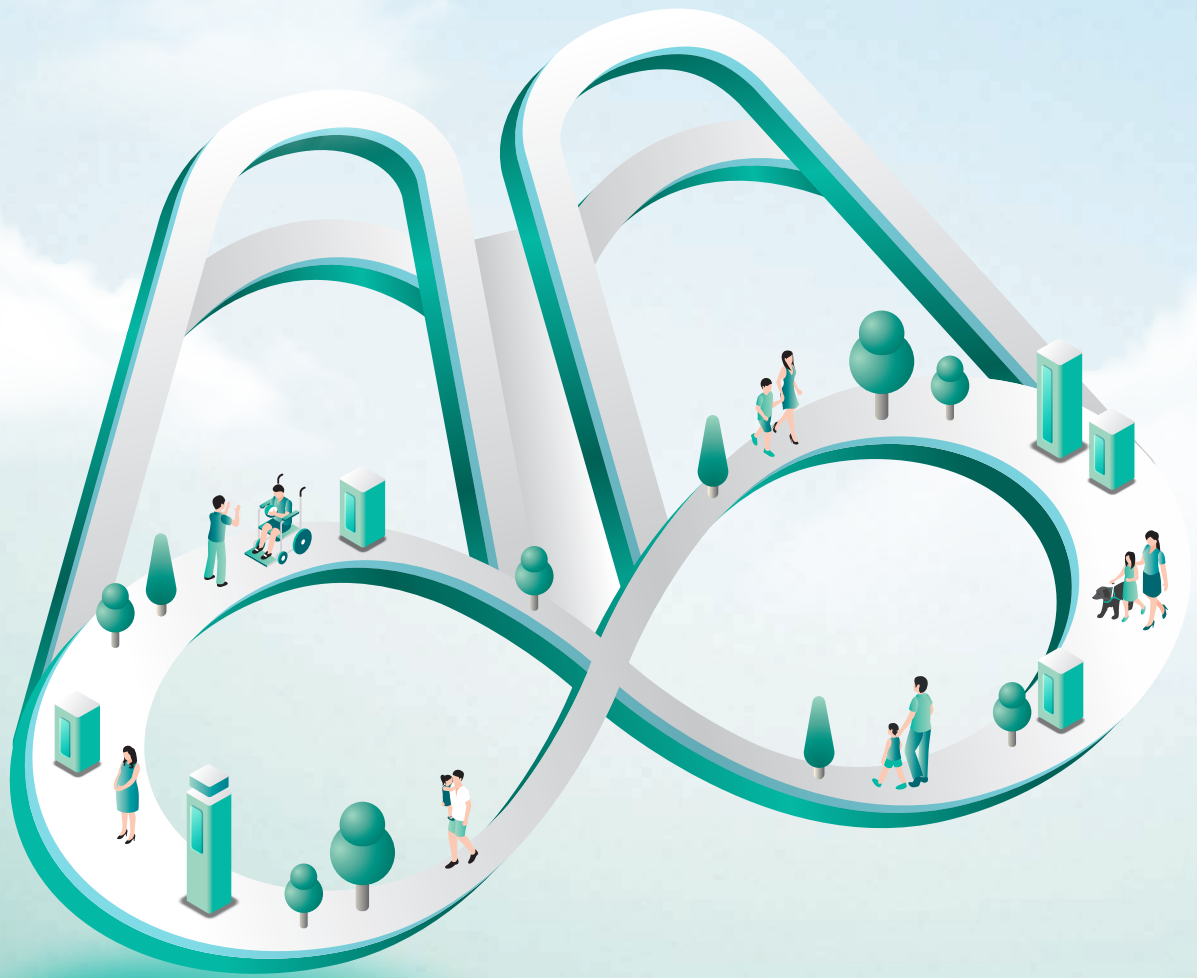
The Group has been actively expanding its direct sales business in recent years, including its private label, LOL (Love • Original • Life) Concept Shop, to promote a low carbon lifestyle and offer new green product alternatives.

We understand that sustainable supply chains and procurement practices have the most positive environmental, social and economic impacts across the entire product lifecycle. Hence we have introduced the “LOL Green Proposal” as a precursor to any new collaboration with suppliers, indicating our preference for sustainable products and requesting our suppliers to provide proof of their products’ green specifications.



Intending to minimise waste by prioritising durable materials and eco-friendly products, we introduced a new sustainable product, Quy Cup, at our LOL Concept Shops this year. Quy Cup is an organic product made from natural bamboo, wood fibres and corn starch, which does not harm the environment or our health. While bamboo does not require particular care or pesticides to grow fast, even in extreme environments, it blends with corn starch free from genetically modified organisms (GMO) allowing for a resistant material.





COMMUNITY





As the COVID-19 pandemic continues to affect people’s livelihoods globally and has heightened public health and safety risks, the Group has a major social obligation to respond and lead, not just for the welfare of its employees and customers, but also for society as a whole. In light of this, we place four core values at the centre of our vision for our community — social responsibility, innovation, people orientation and pursuit for excellence. We advance corporate social responsibility (“CSR”) programmes to address social needs, and hence foster sustainable growth within the community, especially during the ongoing pandemic.

**Our Core Values**



Our staff and customers live and work in various communities in Mainland China. We strive to be a responsible corporate citizen and employer through our retail network, which provides access to affordable food and other products for daily needs as well as job opportunities even during the ongoing pandemic, and by actively participating in community development, contributing to environmental improvement, care for people and emergency response of the community.

**OUR APPROACH AND MEASURES**

Apart from focusing our support on four main groups of beneficiaries: children and students, people with disabilities, elderly people, and under-resourced groups, we are trying to take good care of our employees and customers during the ongoing pandemic.

Although the COVID-19 pandemic has led to a number of workplace shutdowns and quarantines, we assessed the situation and implemented a range of cost reduction measures so as to avoid large-scale layoff or extensive store closures. We continue to provide job opportunities by keeping a sizable workforce in 17 cities where we operate.

We have paid extra effort to fulfil our role as a department store retailer to stabilise the product supply and pricing of daily necessities since the outbreak of COVID-19. Despite nationwide lockdowns and travel restrictions, we have figured out ways to keep our supermarkets and convenience stores open so that people in the neighbourhood can procure what they need. We have carried out plans that ensure the safety of employees, while also trying to maintain business as usual.

We support local economies by encouraging employees to play an active role in their communities by volunteering as well as taking part in fundraising and other programmes. We have set up a nationwide NWDS Volunteer Team since 2013 to promote new volunteering opportunities and community activities to enable our employees to contribute to society and fulfil their civic responsibilities. An appreciation and award ceremony for volunteers is organised on an annual basis.

In 2013, we compiled the “NWDS Volunteer Team Members’ Handbook” which outlines our key beneficiaries, enrolment methods of volunteering opportunities and information about our volunteer team. New volunteering activities will be published on both internal and external communication platforms including our intranet, our regular staff e-newsletters and WeChat official accounts.



The Group encourages stores to form stronger ties with local charitable and non-profit organisations to identify areas where they can support and host events for communities. The Group also encourages stores to effectively engage with local stakeholders through social media platforms such as Weibo and WeChat. To keep track of the Group’s performance, volunteer records are updated on a regular basis and further kept in its electronic HR database.

## OUR INITIATIVES

### WUHAN

#### Pushing Through the Tough Times

At the start of 2020, COVID-19 swept through Wuhan and neighbouring areas. To contain the spread of the virus, Wuhan was ordered into a lockdown in late January, and thousands of people were tested and placed under quarantine over the next few months. Shops, restaurants and businesses were put to a halt, including the four Wuhan stores of NWDS. All large public gatherings were cancelled and people were told to avoid gathering. People's daily lives were disrupted and day-to-day challenges such as getting food and daily necessities arose.

The focus of NWDS was on limiting the direct impact on its employees and customers while supporting efforts to limit the spread of the virus. We swiftly formed a prevention and control team spearheaded by the regional general manager and supported by the store general manager as well as department heads of our four Wuhan stores. The team implemented a series of tasks including the deployment, distribution and delivery of prevention and control materials, keeping track of the employees' health, and regular disinfection to eliminate hidden risks at our stores.



Caring



Our frontline staff also tried their best to go to the store and took extra responsibility to deal with the necessary administrative work and deliver meals to security guards who were on duty at stores despite the suspension of public transportation system during the pandemic.

Purchasing food and daily necessities became a huge challenge to the people of Wuhan. During the toughest period of the ongoing pandemic, we made every effort to address urgent needs of residents in the community by stabilising the supply and providing affordable food and daily necessities.



## SHANGHAI

### “Salute to the Angels in White” on International Nurses Day

Under the theme of “Salute to the Angels in White”, representatives from our Shanghai stores visited the white angels (nurses) in the People’s Hospital of Shanghai Putuo District, the Huangpu Branch of the Ninth People’s Hospital affiliated to the Shanghai Jiao Tong University School of Medicine, and two nearby community health services centres on 12 May 2020, the International Nurses Day. Our representatives distributed flowers and coffee and sent our warm greetings to the nurses and medical workers who fought on the frontlines to safeguard the lives of Shanghai citizens. While the anti-pandemic work is still on, we hope to raise public awareness on the endeavours of our local nurses, and at the same time send them support to keep up their faith in combating the pandemic.



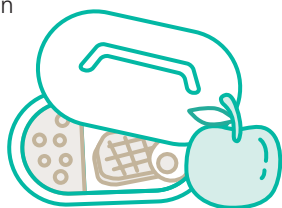
In addition to the heart-warming visit, our Shanghai stores also strived to minimise the infection risk of employees and customers by disinfecting stores hourly, implementing crowd control measures, shortening the business hours as well as providing free face masks, disinfectants and other protective gears.



## HONG KONG

### “COVID-19 Support Campaign” in Action

As a Caring Company, our Hong Kong office launched the “COVID-19 Support Campaign” which aims at fostering corporate social responsibility and building a cohesive society during the ongoing pandemic. In the second half of 2020, we sponsored YMCA of Hong Kong in its “Giveaway Lunch Box” project to distribute meals and fruits to low-income families in Hong Kong. In the later part of the year, we donated disinfectant packs including face masks, alcohol-based handrub, alcohol-based hand spray, cleansing and disinfection spray to children in need in collaboration with Jockey Club Kwai Fong Youth S.P.O.T., the Hongkong Federation of Youth Groups.



## OUR PERFORMANCE

In FY2020, the Group continued to support and serve the community by organising or taking part in volunteering activities and CSR campaigns, which added up to 9,191 hours of volunteer service. In addition, the Group donated a total of HK\$6,889 to charities and organisations in Mainland China, such as Shanghai Charity Foundation Yangpu Branch and Beilangdong Community 2019 Poverty Fund.



**Number of Volunteers:**  
**1,190**



**Total Volunteer Service Hours:**  
**9,191**

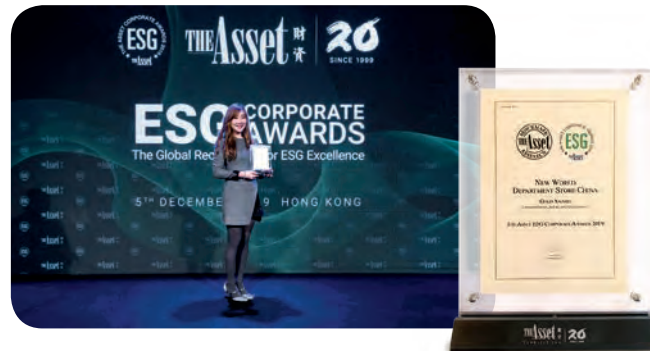
# AWARDS & RECOGNITION

## AWARDS

### ★ Corporate Governance ★

#### *The Asset*

Gold Award in the category of “Environmental, Social and Governance” in  
“The Asset ESG Corporate Awards 2019”



### ★ Employee Welfare ★

#### Promoting Happiness Index Foundation and Hong Kong Productivity Council

“Happy Company” logo in “Happiness at Work  
Promotional Scheme 2020”



#### Mandatory Provident Fund Schemes Authority

“Good MPF Employer”, “e-Contribution  
Award” and “MPF Support Award” in  
2019/20 “Good MPF Employer” Award

### ★ Environmental Protection ★

#### World Green Organisation

“Green Office” and “Eco-Healthy Workplace”  
labels in “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 2019/20 “Caring Company” scheme



**Agency for Volunteer Service**

“Hong Kong Community Volunteers (Corporate Member) Certificate of Appreciation”

**Hong Kong Productivity Council**

“Corporate Citizenship” logo in the categories of “Enterprise” and “Volunteer” in the “10<sup>th</sup> Hong Kong Outstanding Corporate Citizenship Awards”



EXTERNAL INITIATIVES



# DATA TABLES

## SOCIAL DATA

| Number of Employees    |                         | Total | Gender |        | Geographical Region |                |
|------------------------|-------------------------|-------|--------|--------|---------------------|----------------|
|                        |                         |       | Male   | Female | Hong Kong           | Mainland China |
| By Employment Contract | Permanent               | 1,747 | 844    | 903    | 14                  | 1,733          |
|                        | Fixed-term or temporary | 1,313 | 606    | 707    | 0                   | 1,313          |
| By Employment Type     | Full-time               | 3,060 | 1,450  | 1,610  |                     |                |
|                        | Part-time               | 0     | 0      | 0      |                     |                |

| Total Workforce; Turnover and New Hires of Permanent Employees <sup>(1)</sup> |                 |                   |           |
|---|-----------------|-------------------|-----------|
|   | Total Workforce | FY2020            |           |
|   |                 | Turnover          | New Hires |
| <b>By Seniority</b>   |                 |                   |           |
| Frontline Officer and below   | 1,367           |                   |           |
| Back-office Officer and below   | 1,325           |                   |           |
| Assistant Manager   | 162             |                   |           |
| Manager   | 107             |                   |           |
| Senior Manager  | 30              |                   |           |
| Assistant General Manager and above   | 69              |                   |           |
| <b>By Gender</b>  |                 |                   |           |
| Male  | 1,450           | 66 (3.8%)         | 0         |
| Female  | 1,610           | 96 (5.5%)         | 0         |
| <b>By Age Group</b>   |                 |                   |           |
| Aged under 30   | 308             | 7 (0.4%)          | 0         |
| Aged 30 to 50   | 2,618           | 142 (8.2%)        | 0         |
| Aged over 50  | 134             | 13 (0.7%)         | 0         |
| <b>By Geographical Region</b>   |                 |                   |           |
| Hong Kong   | 14              | 3 (0.2%)          | 0         |
| Mainland China  | 3,046           | 159 (9.1%)        | 0         |
| <b>Total</b>  | <b>3,060</b>    | <b>162 (9.3%)</b> | <b>0</b>  |

| Training Hours   |                  |                        |
|--|------------------|------------------------|
|  | FY2020           |                        |
|  | Training Hours   | Average Training Hours |
| <b>By Seniority</b>  |                  |                        |
| Frontline Officer and below                                    | 62,420.0         | 45.7                   |
| Back-office Officer and below                                  | 60,241.0         | 45.5                   |
| Assistant Manager  | 6,972.4          | 43.0                   |
| Manager  | 4,907.1          | 45.9                   |
| Senior Manager   | 1,360.3          | 45.3                   |
| Assistant General Manager and above                            | 1,576.6          | 22.8                   |
| <b>By Gender</b>   |                  |                        |
| Male   | 64,551.6         | 44.5                   |
| Female   | 72,925.8         | 45.3                   |
| <b>Total Training Hours / Average Training Hours per Staff</b> | <b>137,477.4</b> | <b>44.9</b>            |

| Occupational Health and Safety |                              |                               |                              |  |                  |
|--------------------------------|------------------------------|-------------------------------|------------------------------|--|------------------|
|                                | FY2020                       |                               |                              |  |                  |
|                                | Absentee Rate <sup>(2)</sup> | Injury Rate <sup>(3)(4)</sup> | Lost-day Rate <sup>(4)</sup> | Occupational Disease Rate <sup>(4)</sup> | Fatality Rate    |
| <b>By Gender</b>               |                              |                               |                              |  |                  |
| Male                           | 1.42%                        | 0.066                         | 28.342                       | 0  | 1 (0.03%)        |
| Female                         | 2.09%                        | 0.298                         | 32.463                       | 0  | 0                |
| <b>By Geographical Region</b>  |                              |                               |                              |  |                  |
| Hong Kong                      | 0.77%                        | 0                             | 0                            | 0  | 0                |
| Mainland China                 | 1.78%                        | 0.189                         | 30.644                       | 0  | 1 (0.03%)        |
| <b>Total</b>                   | <b>1.77%</b>                 | <b>0.188</b>                  | <b>30.510</b>                | <b>0</b>                                 | <b>1 (0.03%)</b> |

## 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) Absentee rate is calculated as 'total number of absent days divided by the total days worked'.
- (3) Minor (first-aid level) injuries are excluded from the above injury rates.
- (4) 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 the total hours worked'.



## ENVIRONMENTAL DATA<sup>(1)</sup>

### Air Emissions<sup>(2)</sup>

| Type                    | Unit  | FY2020 <sup>(3)</sup> |
|-------------------------|-------|-----------------------|
| Nitrogen Oxide (NOx)    | tonne | 0.0414                |
| Sulphur Oxide (SOx)     | tonne | 0.0008                |
| Particulate Matter (PM) | tonne | 0.0031                |

### GHG Emissions

| Type                               | Unit                               | FY2019                       | FY2020 <sup>(4)</sup> |
|------------------------------------|------------------------------------|------------------------------|-----------------------|
| Direct GHG (Scope 1)               | tonne CO <sub>2</sub> e            | 5,142                        | 4,314                 |
| Indirect GHG (Scope 2)             | tonne CO <sub>2</sub> e            | 106,708 <sup>(5)</sup>       | 95,840                |
| <b>Total</b>                       | <b>tonne CO<sub>2</sub>e</b>       | <b>111,850<sup>(5)</sup></b> | <b>100,154</b>        |
| <b>GHG Intensity<sup>(6)</sup></b> | <b>tonne CO<sub>2</sub>e/sq.m.</b> | <b>0.089<sup>(5)</sup></b>   | <b>0.081</b>          |

### Energy Consumption<sup>(7)</sup>

| Type                                  | Unit            | FY2019                       | FY2020 <sup>(4)</sup>    |
|---------------------------------------|-----------------|------------------------------|--------------------------|
| Natural Gas                           | GJ              | 91,596                       | 75,348                   |
| Gasoline                              | GJ              | 2,371                        | 1,803                    |
| Diesel                                | GJ              | 1,077                        | 1,090                    |
| Electricity                           | GJ<br>(kWh)     | 558,837<br>(155,232,613)     | 500,412<br>(139,003,326) |
| District Heating                      | GJ              | 49,444 <sup>(5)</sup>        | 47,163                   |
| <b>Total</b>                          | <b>GJ</b>       | <b>703,326<sup>(5)</sup></b> | <b>625,816</b>           |
| <b>Energy Intensity<sup>(6)</sup></b> | <b>GJ/sq.m.</b> | <b>0.561<sup>(5)</sup></b>   | <b>0.507</b>             |

### Water Consumption<sup>(7)</sup>

| Type                                 | Unit                       | FY2019       | FY2020 <sup>(4)</sup> |
|--------------------------------------|----------------------------|--------------|-----------------------|
| Municipal Water Used                 | m <sup>3</sup>             | 999,730      | 779,123               |
| <b>Water Intensity<sup>(6)</sup></b> | <b>m<sup>3</sup>/sq.m.</b> | <b>0.797</b> | <b>0.631</b>          |

### Materials Used

| Type           | Unit  | FY2019 | FY2020 <sup>(4)</sup> |
|----------------|-------|--------|-----------------------|
| Paper (A4)     | tonne | 25.5   | 20.3                  |
| Paper (A3)     | tonne | 0.6    | 0.4                   |
| Paper Products | tonne | 19.9   | 8.5                   |
| Plastic Bags   | tonne | 11.1   | 7.3                   |



| Waste Handled  |               |                                |                       |
|--|---------------|--------------------------------|-----------------------|
| Type   | Unit          | FY2019                         | FY2020 <sup>(4)</sup> |
| <b>Hazardous Waste Recycled</b>                                    |               |                                |                       |
| Toner  | tonne         | 0.3                            | 0.2                   |
| <b>Non-hazardous Waste Disposed of at Landfills or Incinerated</b> |               |                                |                       |
| General Waste  | tonne         | 3,849.9                        | 3,813.9               |
| Paper  | tonne         | 7.7                            | 6.7                   |
| Plastics   | tonne<br>(kg) | 0<br>(42) <sup>(8)</sup>       | 0<br>(37)             |
| Food Waste   | tonne         | 6,387.8 <sup>(9)</sup>         | 5,450.4               |
| <b>Total</b>   | <b>tonne</b>  | <b>10,245.5<sup>(10)</sup></b> | <b>9,271.1</b>        |
| <b>Non-hazardous Waste Recycled or Reused</b>                      |               |                                |                       |
| Cardboard  | tonne         | 334.2                          | 255.2                 |
| Scrap Metal  | tonne         | 0.9                            | 2.1                   |
| <b>Total</b>   | <b>tonne</b>  | <b>335.1</b>                   | <b>257.3</b>          |

## Notes:

- (1) Shanghai Hongkou Branch Store, which was closed on or before 30 June 2020, is excluded from the FY2020 environmental data.
- (2) The above air emissions data is calculated using the Hong Kong Environmental Protection Department's EMFAC-HK Vehicle Emission Calculation model and the United States Environmental Protection Agency's Vehicle Emission Modeling Software - MOBILE6.1.
- (3) This is a new disclosure item in FY2020 and hence FY2019 data cannot be traced back.
- (4) Due to the effect of COVID-19-related business disruptions in the second half of FY2020, and the exclusion of Shanghai Hongkou Branch Store (which was closed in FY2020) from the FY2020 environmental data, there is a major decrease in the reported FY2020 environmental data compared to FY2019.
- (5) Restatement: The district heating figure for FY2019 has been revised to exclude Yanjiao Store's property heating data, which was mistaken for district heating data in FY2019. As a result, the indirect GHG emissions, total GHG emissions, GHG intensity, district heating consumption, total energy consumption, and energy intensity figures of FY2019 have been restated to reflect the exclusion.
- (6) 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 and 1,234,288 sq.m. in FY2020).
- (7) 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.
- (8) Restatement: The plastics disposal data has been restated to rectify Shanghai Tianshan Road Branch Store's refuse management fee which was mistaken for plastic waste in FY2019.
- (9) Restatement: The food waste disposal data has been restated to rectify Shanghai Shaanxi Road Branch Store's refuse management fee which was mistaken for food waste in FY2019.
- (10) Restatement: The data of non-hazardous waste disposed of at landfills or incinerated for FY2019 has been revised to reflect the data restated in notes (8) and (9).



# CONTENT INDEX

## UNIVERSAL STANDARDS

| Disclosure                               | Relevant Section(s) and/or URL(s)                            | Remark (e.g. omission)   | HKEx's ESG Reporting Guide                                       |
|--|--|--|--|
| <b>GRI 101: Foundation 2016</b>          |  |  |  |
| <b>GRI 102: General Disclosures 2016</b> |  |  |  |
| <b>Organisational Profile</b>            |  |  |  |
| 102-1                                    | Name of the organisation                                     | Our Business P.7-9   |  |
| 102-2                                    | Activities, brands, products, and services                   | Our Business P.7-9   |  |
| 102-3                                    | Location of headquarters                                     | 7/F, 88 Hing Fat Street, Causeway Bay, Hong Kong   |  |
| 102-4                                    | Location of operations                                       | Our Business P.7-9   |  |
| 102-5                                    | Ownership and legal form                                     | Our Business P.7-9<br>Annual Report 2020 — Notes to the Financial Statements P.143-146     |  |
| 102-6                                    | Markets served   | Our Business P.7-9   |  |
| 102-7                                    | Scale of the organisation                                    | Our Business P.7-9<br>Staff P.18-27<br>Data Tables P.52-55                                 |  |
| 102-8                                    | Information on employees and other workers                   | Staff P.18-27<br>Data Tables P.52-55   | KPI B1.1   |
| 102-9                                    | Supply chain   | Operations P.28-35   | Aspect B5: Supply Chain Management; General Disclosure; KPI B5.2 |
| 102-10                                   | Significant changes to the organisation and its supply chain | Our Business P.7-9<br>Operations P.28-35   |  |
| 102-11                                   | Precautionary Principle or approach                          | Sustainability at NWDS P.10-17<br>Annual Report 2020 — Corporate Governance Report P.28-38 |  |
| 102-12                                   | External initiatives   | Awards and Recognition P.50-51   |  |
| 102-13                                   | Membership of associations                                   | Awards and Recognition P.50-51   |  |
| <b>Strategy</b>                          |  |  |  |
| 102-14                                   | Statement from senior decision-maker                         | Message from the Chairman P.4-5  |  |
| <b>Ethics and Integrity</b>              |  |  |  |
| 102-16                                   | Values, principles, standards, and norms of behavior         | Sustainability at NWDS P.10-17   |  |
| <b>Governance</b>                        |  |  |  |
| 102-18                                   | Governance structure   | Sustainability at NWDS P.10-17<br>Annual Report 2020 — Corporate Governance Report P.28-38 |  |
| <b>Stakeholder Engagement</b>            |  |  |  |
| 102-40                                   | List of stakeholder groups                                   | Sustainability at NWDS — Stakeholder Engagement P.14-16                                    |  |
| 102-41                                   | Collective bargaining agreements                             | Our employees are not covered by collective bargaining agreements.                         |  |
| 102-42                                   | Identifying and selecting stakeholders                       | Sustainability at NWDS — Stakeholder Engagement P.14-16                                    |  |
| 102-43                                   | Approach to stakeholder engagement                           | Sustainability at NWDS — Stakeholder Engagement P.14-16                                    |  |
| 102-44                                   | Key topics and concerns raised                               | Sustainability at NWDS — Stakeholder Engagement P.14-16                                    |  |
| <b>Reporting Practice</b>                |  |  |  |
| 102-45                                   | Entities included in the consolidated financial statements   | Annual Report 2020 — Notes to the Financial Statements P.143-146                           |  |
| 102-46                                   | Defining report content and topic Boundaries                 | Sustainability at NWDS — Materiality Assessment P.17                                       |  |
| 102-47                                   | List of material topics                                      | Sustainability at NWDS — Materiality Assessment P.17                                       |  |
| 102-48                                   | Restatements of information                                  | Environment P.36-45<br>Data Tables P.52-55   |  |

| Disclosure | Relevant Section(s) and/or URL(s)                        | Remark (e.g. omission)   | HKEx's ESG Reporting Guide |
|------------|--|--------------------------|----------------------------|
| 102-49     | Changes in reporting                                     | About this Report P.3    |                            |
| 102-50     | Reporting period   | About this Report P.3    |                            |
| 102-51     | Date of most recent report                               | December 2019            |                            |
| 102-52     | Reporting cycle  | About this Report P.3    |                            |
| 102-53     | Contact point for questions regarding the report         | About this Report P.3    |                            |
| 102-54     | Claims of reporting in accordance with the GRI Standards | About this Report P.3    |                            |
| 102-55     | GRI content index  | Content Index P.56-61    |                            |
| 102-56     | External assurance                                       | Assurance Statement P.62 |                            |

## TOPIC SPECIFIC STANDARDS

| GRI Standards                                | Disclosure | Relevant Section(s) and/or URL(s)                   | Remark (e.g. omission)  | HKEx's ESG Reporting Guide  |   |
|--|------------|---|---|---|---|
| <b>Material Topics</b>                       |            |   |   |   |   |
| <b>GRI 200 Economic Standard Series</b>      |            |   |   |   |   |
| <b>Economic Performance</b>                  |            |   |   |   |   |
| GRI 103: Management Approach 2016            | 103-1      | Explanation of the material topic and its Boundary  | Sustainability at NWDS P.10-17  |   |   |
|  | 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.7-9<br>Annual Report 2020 — Financial Highlights and Financial Review P.4-5, 19-21 |   |   |
| <b>Procurement Practices</b>                 |            |   |   |   |   |
| GRI 103: Management Approach 2016            | 103-1      | Explanation of the material topic and its Boundary  | Sustainability at NWDS P.10-17  | Aspect B5: Supply Chain Management: General Disclosure                                  |   |
|  | 103-2      | The management approach and its components          | Operations P.28-35  |   |   |
|  | 103-3      | Evaluation of the management approach               |   |   |   |
| GRI 204: Procurement Practices 2016          | 204-1      | Proportion of spending on local suppliers           | Operations P.28-35  |   |   |
| <b>Anti-corruption</b>                       |            |   |   |   |   |
| GRI 103: Management Approach 2016            | 103-1      | Explanation of the material topic and its Boundary  | Sustainability at NWDS P.10-17  | 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 | Sustainability at NWDS — Anti-corruption P.13   |   |   |
| <b>GRI 300 Environmental Standard Series</b> |            |   |   |   |   |
| <b>Materials</b>                             |            |   |   |   |   |
| GRI 103: Management Approach 2016            | 103-1      | Explanation of the material topic and its Boundary  | Sustainability at NWDS P.10-17  | 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.36-45   |   |   |
|  | 103-3      | Evaluation of the management approach               | Environment — Our Approach and Measures P.37-38<br>Environment — Waste Management P.43-44         |   |   |
| 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   |
|-----------------------------------|------------|---|--|--|
| <b>Energy</b>                     |            |   |  |  |
| GRI 103: Management Approach 2016 | 103-1      | Explanation of the material topic and its Boundary                              | Sustainability at NWDS P.10-17   | Aspect A2: Use of Resources: General Disclosure; KPI A2.1; KPI A2.3            |
|                                   | 103-2      | The management approach and its components                                      | Environment P.36-45  |  |
|                                   | 103-3      | Evaluation of the management approach   | Environment — Our Approach and Measures P.37-38<br>Environment — Energy Management P.38-40 |  |
| GRI 302: Energy 2016              | 302-1      | Energy consumption within the organisation                                      | Environment — Energy Management P.38-40<br>Data Tables P.52-55                             |  |
|                                   | 302-3      | Energy intensity  | Environment — Energy Management P.38-40<br>Data Tables P.52-55                             |  |
|                                   | 302-4      | Reduction of energy consumption   | Environment — Energy Management P.38-40  |  |
|                                   |            |   |  |  |
| <b>Water</b>                      |            |   |  |  |
| GRI 103: Management Approach 2016 | 103-1      | Explanation of the material topic and its Boundary                              | Sustainability at NWDS P.10-17   | Aspect A2: Use of Resources: General Disclosure; KPI A2.2; KPI A2.4            |
|                                   | 103-2      | The management approach and its components                                      | Environment P.36-45  |  |
|                                   | 103-3      | Evaluation of the management approach   | Environment — Our Approach and Measures P.37-38<br>Environment — Water Management P.42     |  |
| GRI 303: Water 2016               | 303-1      | Water withdrawal by source  | Environment — Water Management P.42<br>Data Tables P.52-55                                 | The Group only uses municipal water supply.                                    |
| <b>Biodiversity</b>               |            |   |  |  |
| GRI 304: Biodiversity 2016        | 304-3      | Habitats protected or restored  | Environment — GHG Emissions P.40-41  | Aspect A3: The Environment and Natural Resources: General Disclosure; KPI A3.1 |
| <b>Emissions</b>                  |            |   |  |  |
| GRI 103: Management Approach 2016 | 103-1      | Explanation of the material topic and its Boundary                              | Sustainability at NWDS P.10-17   | Aspect A1: Emissions: General Disclosure; KPI A1.1; KPI A1.2; KPI A1.5         |
|                                   | 103-2      | The management approach and its components                                      | Environment P.36-45  |  |
|                                   | 103-3      | Evaluation of the management approach   | Environment — Our Approach and Measures P.37-38<br>Environment — GHG Emissions P.40-41     |  |
| GRI 305: Emissions 2016           | 305-1      | Direct (Scope 1) GHG emissions  | Environment — GHG Emissions P.40-41<br>Data Tables P.52-55                                 |  |
|                                   | 305-2      | Energy indirect (Scope 2) GHG emissions   | Environment — GHG Emissions P.40-41<br>Data Tables P.52-55                                 |  |
|                                   | 305-4      | GHG emissions intensity   | Environment — GHG Emissions P.40-41<br>Data Tables P.52-55                                 |  |
|                                   | 305-5      | Reduction of GHG emissions  | Environment — GHG Emissions P.40-41  |  |
|                                   | 305-7      | Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | Data Tables P.52-55  |  |

| GRI Standards                                   | Disclosure | Relevant Section(s) and/or URL(s)   | Remark (e.g. omission)  | HKEx's ESG Reporting Guide   |
|---|------------|---|---|--|
| <b>Effluents and Waste</b>                      |            |   |   |  |
| GRI 103: Management Approach 2016               | 103-1      | Explanation of the material topic and its Boundary  | Sustainability at NWDS P.10-17  | Aspect A1: Emissions: General Disclosure; KPI A1.3; KPI A1.4; KPI A1.6                             |
|   | 103-2      | The management approach and its components  | Environment P.36-45   |  |
|   | 103-3      | Evaluation of the management approach   | Environment — Our Approach and Measures P.37-38<br>Environment — Waste Management P.43-44 |  |
| GRI 306: Effluents and Waste 2016               | 306-2      | Waste by type and disposal method   | Environment — Waste Management P.43-44<br>Data Tables P.52-55                             |  |
| <b>Environmental Compliance</b>                 |            |   |   |  |
| GRI 103: Management Approach 2016               | 103-1      | Explanation of the material topic and its Boundary  | Sustainability at NWDS P.10-17  | Aspect A1: Emissions: General Disclosure   |
|   | 103-2      | The management approach and its components  | Environment P.36-45   |  |
|   | 103-3      | Evaluation of the management approach   |   |  |
| GRI 307: Environmental Compliance 2016          | 307-1      | Non-compliance with environmental laws and regulations  | Environment P.36-45   |  |
| <b>Supplier Environmental Assessment</b>        |            |   |   |  |
| GRI 103: Management Approach 2016               | 103-1      | Explanation of the material topic and its Boundary  | Sustainability at NWDS P.10-17  | Aspect B5: Supply Chain Management: General Disclosure; KPI B5.2                                   |
|   | 103-2      | The management approach and its components  | Operations P.28-35  |  |
|   | 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.28-35<br>Supplier Code of Conduct  | Our Supplier Code of Conduct specifies our requirements for suppliers on environmental protection. |
| <b>GRI 400 Social Standards Series</b>          |            |   |   |  |
| <b>Employment</b>                               |            |   |   |  |
| GRI 103: Management Approach 2016               | 103-1      | Explanation of the material topic and its Boundary  | Sustainability at NWDS P.10-17  | Aspect B1: Employment: General Disclosure; KPI B1.1; KPI B1.2                                      |
|   | 103-2      | The management approach and its components  | Staff P.18-27   |  |
|   | 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 Benefits P.20-21  |  |
| <b>Occupational Health and Safety</b>           |            |   |   |  |
| GRI 103: Management Approach 2016               | 103-1      | Explanation of the material topic and its Boundary  | Sustainability at NWDS P.10-17  | 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.25-27  |  |
|   | 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.25-27<br>Data Tables P.52-55                     |  |

| GRI Standards                             | Disclosure | Relevant Section(s) and/or URL(s)   | Remark (e.g. omission)  | HKEx's ESG Reporting Guide  |
|---|------------|---|---|---|
| <b>Training and Education</b>             |            |   |   |   |
| GRI 103: Management Approach 2016         | 103-1      | Explanation of the material topic and its Boundary  | Sustainability at NWDS P.10-17                                  | Aspect B3: Development and Training: General Disclosure; KPI B3.2   |
|   | 103-2      | The management approach and its components  | Staff P.18-27   |   |
|   | 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.22-24<br>Data Tables P.52-55 |   |
|   | 404-2      | Programs for upgrading employee skills and transition assistance programs                 | Staff — Training and Development P.22-24                        |   |
| <b>Child Labour</b>                       |            |   |   |   |
| GRI 103: Management Approach 2016         | 103-1      | Explanation of the material topic and its Boundary  | Sustainability at NWDS P.10-17                                  | Aspect B4: Labour Standards: General Disclosure   |
|   | 103-2      | The management approach and its components  | Staff — Labour Standards P.19                                   |   |
|   | 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.19<br>Supplier Code of Conduct       | Our Supplier Code of Conduct specifies our requirements for suppliers on prohibition of child labour.                 |
| <b>Forced or Compulsory Labour</b>        |            |   |   |   |
| GRI 103: Management Approach 2016         | 103-1      | Explanation of the material topic and its Boundary  | Sustainability at NWDS P.10-17                                  | Aspect B4: Labour Standards: General Disclosure   |
|   | 103-2      | The management approach and its components  | Staff — Labour Standards P.19                                   |   |
|   | 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.19<br>Supplier Code of Conduct       | Our Supplier Code of Conduct specifies our requirements for suppliers on prohibition of forced labour.                |
| <b>Local Communities</b>                  |            |   |   |   |
| GRI 103: Management Approach 2016         | 103-1      | Explanation of the material topic and its Boundary  | Sustainability at NWDS P.10-17                                  | Aspect B8: Community Investment: General Disclosure; KPI B8.1; KPI B8.2   |
|   | 103-2      | The management approach and its components  | Community P.46-49   |   |
|   | 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.46-49   |   |
| <b>Supplier Social Assessment</b>         |            |   |   |   |
| GRI 103: Management Approach 2016         | 103-1      | Explanation of the material topic and its Boundary  | Sustainability at NWDS P.10-17                                  | Aspect B5: Supply Chain Management: General Disclosure  |
|   | 103-2      | The management approach and its components  | Operations P.28-35  |   |
|   | 103-3      | Evaluation of the management approach   |   |   |
| GRI 414: Supplier Social Assessment       | 414-1      | New suppliers that were screened using social criteria                                    | Operations P.28-35<br>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  |
|--|------------|---|--------------------------------|---|
| <b>Customer Health and Safety</b>        |            |   |                                |   |
| GRI 103: Management Approach 2016        | 103-1      | Explanation of the material topic and its Boundary  | Sustainability at NWDS P.10-17 | Aspect B6: Product Responsibility: General Disclosure                   |
|  | 103-2      | The management approach and its components  | Operations P.28-35             |   |
|  | 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.28-35             |   |
| <b>Marketing and Labeling</b>            |            |   |                                |   |
| GRI 103: Management Approach 2016        | 103-1      | Explanation of the material topic and its Boundary  | Sustainability at NWDS P.10-17 | Aspect B6: Product Responsibility: General Disclosure                   |
|  | 103-2      | The management approach and its components  | Operations P.28-35             |   |
|  | 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.28-35             | The Group had two reported cases relating to advertising and labelling. |
|  | 417-3      | Incidents of non-compliance concerning marketing communications                               |                                |   |
| <b>Customer Privacy</b>                  |            |   |                                |   |
| GRI 103: Management Approach 2016        | 103-1      | Explanation of the material topic and its Boundary  | Sustainability at NWDS P.10-17 | Aspect B6: Product Responsibility: General Disclosure; KPI B6.5         |
|  | 103-2      | The management approach and its components  | Operations P.28-35             |   |
|  | 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.28-35             |   |
| <b>Socioeconomic Compliance</b>          |            |   |                                |   |
| GRI 103: Management Approach 2016        | 103-1      | Explanation of the material topic and its Boundary  | Sustainability at NWDS P.10-17 | Aspect B1: Employment: General Disclosure                               |
|  | 103-2      | The management approach and its components  | Staff P.18-27                  |   |
|  | 103-3      | Evaluation of the management approach   | Operations P.28-35             |   |
| GRI 419: Socioeconomic Compliance 2016   | 419-1      | Non-compliance with laws and regulations in the social and economic area                      | Sustainability at NWDS P.10-17 | Aspect B4: Labour Standards: General Disclosure                         |
|  |            |   | Staff P.18-27                  |   |
|  |            |   | Operations P.28-35             | Aspect B6: Product Responsibility: General Disclosure                   |
|  |            |   |                                | Aspect B7: Anti-corruption: General Disclosure                          |



# ASSURANCE STATEMENT



## 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 2020 (the "Report") covering the financial year 2020 from 1 July 2019 to 30 June 2020.

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:

- Assess whether the scope of the Report covers all significant aspects in relation to the sustainability performance of NWDS;
- Verify whether the Report addresses the Core option of the GRI Standards and the ESG Reporting Guide;
- Evaluate whether the selected data and information presented in the Report are accurate, including Environmental Performance Data, Social Performance Data, Target Setting and Progress, etc.; and
- Review 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  
December 2020









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Website



WeChat



Weibo