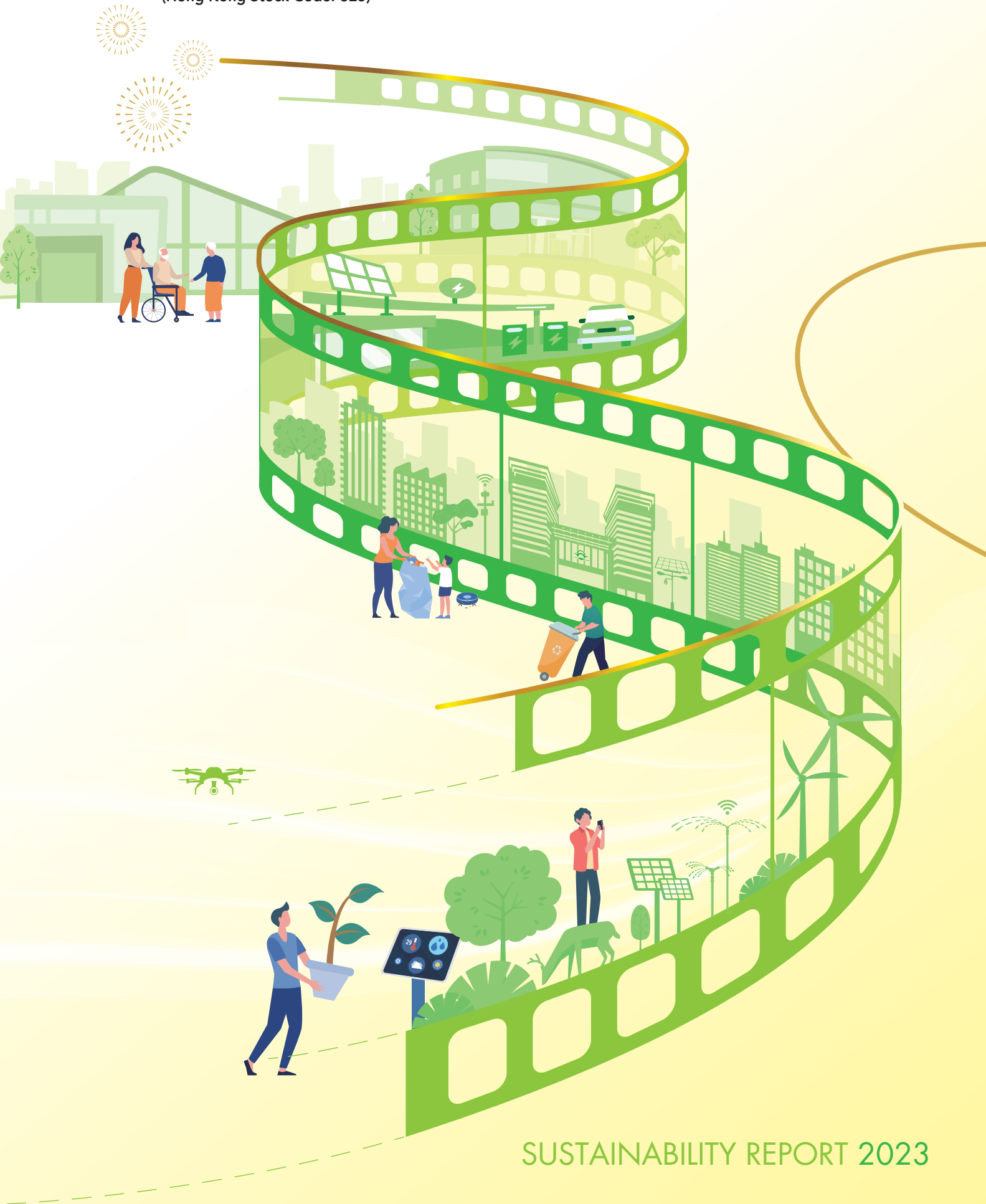




新世界百貨中國有限公司
New World Department Store China Limited

(incorporated in the Cayman Islands with limited liability)
(Hong Kong Stock Code: 825)

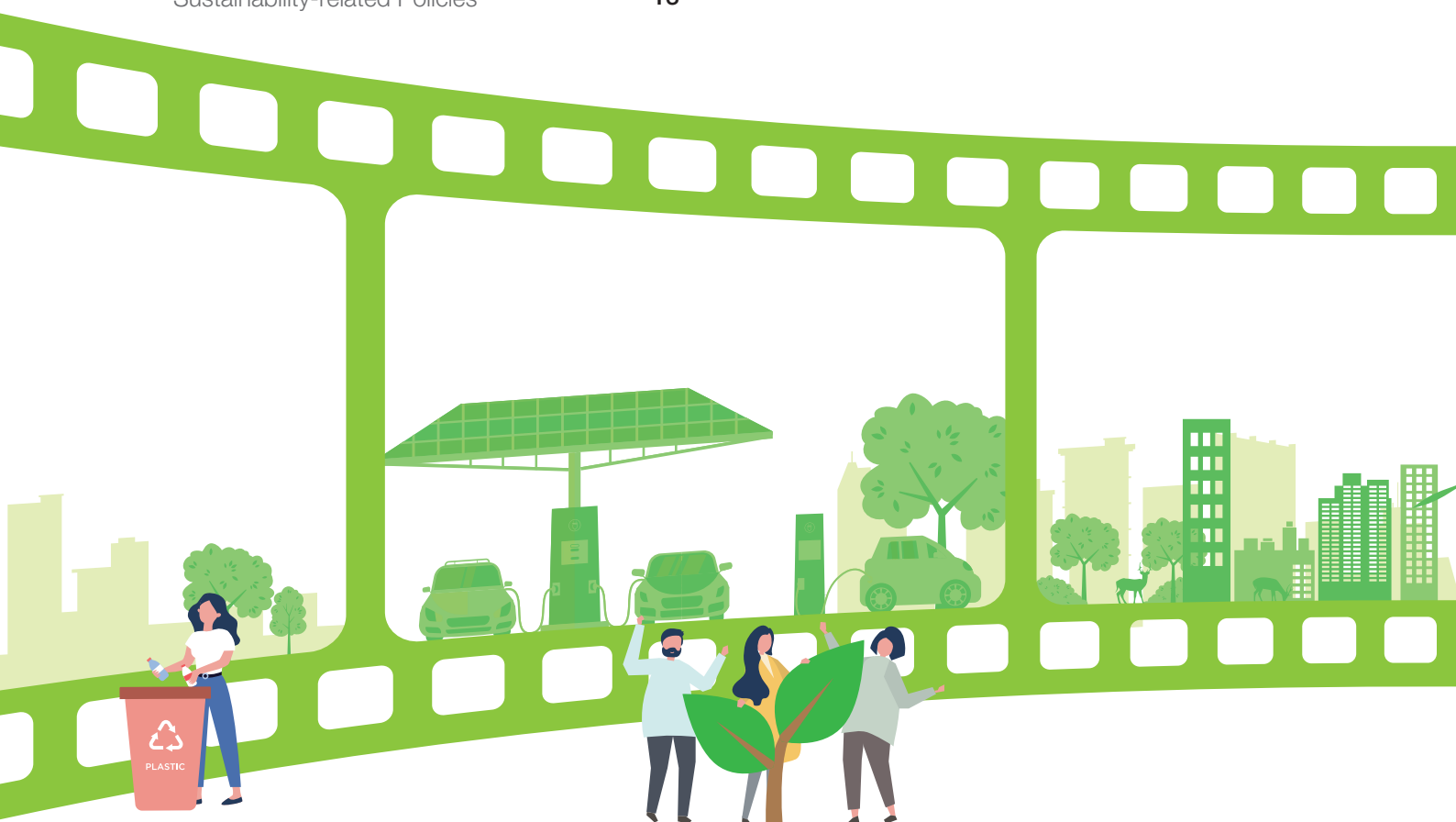


SUSTAINABILITY REPORT 2023



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Reporting Period

This Report provides an overview of the Group's Environmental, Social and Governance ("ESG") performance during the reporting period of 1 July 2022 to 30 June 2023 ("FY2023" or "this year") as well as the latest initiatives in FY2023 where specified.

Reporting Scope and Boundary

The scope of the Report includes the Group's retail business in Mainland China, as well as its offices in Hong Kong and Shanghai. Information on our sustainability performance covers the principal activities of the Group, which include 23 department stores and shopping malls, as well as two management offices. A stakeholder engagement and materiality assessment exercise was conducted to identify the priority material topics to be included in the Report. Please refer to the "Materiality Assessment" sub-section for further details.



ABOUT THIS REPORT

The *NWDS Sustainability Report 2023* (the "Report") provides an overview of the sustainability framework and progress of New World Department Store China Limited ("NWDS" or the "Company") and its subsidiaries (the "Group"). We are proud to share our sustainability initiatives as part of our business in pursuit of our "New World Sustainability Vision 2030" ("SV2030").

Since FY2017, we have established our Sustainability Data Management System (the "Data System"), which has facilitated more effective monitoring of our sustainability performance across all areas. The Group continues to integrate sustainability across all business areas and take steps to bring our performance beyond our stakeholders' expectations.

Reference and Assurance

NWDS has reported in accordance with the *Global Reporting Initiative Sustainability Reporting Standards* ("GRI Standards") this year, as well as the requirements stipulated in the latest *Environmental, Social and Governance Reporting Guide* ("ESG Reporting Guide"), set out in Appendix 27 of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* ("SEHK").

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 of the ESG Reporting Guide and the GRI Standards. Details of the assurance can be found in the "Assurance Statement" chapter.

Your Feedback

This Report is only available in digital format to minimise the environmental impact of issuing a print version. Supplementary information is available in the Annual Report 2023 (<https://www.nwds.com.hk/invest4#d1>) or on the Group website under the Corporate Sustainability section (<https://www.nwds.com.hk/develop1>). We welcome your feedback on our Report and other sustainability-related matters. Please write to us at nwdscad@nwds.com.hk.

MESSAGE FROM THE CHAIRMAN



FY2023 was a pivotal year. New pandemic prevention and control policies had been implemented by the People's Republic of China Government at the end of 2022, enabling us to shift our attention towards revitalising our operations and contributing to sustainable growth. Throughout the year, we witnessed the unwavering dedication of local governments, who launched a range of initiatives to stimulate consumption and foster development. These efforts were instrumental in boosting economic vitality and reigniting consumer confidence. Despite the challenges, we firmly upheld our "SV2030" and incorporated ESG principles into our development strategies.

Digitalisation has emerged as a critical component of our overarching strategy in recent years, as we recognise its potential to drive efficiency, enhance customer experiences, and mitigate environmental impact. We have continued optimising our sales and marketing platforms, including our official WeChat account and TikTok live broadcast, providing seamless and personalised customer experiences. Moreover, we forged strategic partnerships with two leading travel brands, "AMap" and "Cao Cao Mobility", to enhance the shopping experience for our customers during peak traffic periods at our physical retail stores. By integrating technology into our operations, we markedly enhanced our ability to elevate their overall experiences.



Cultivating an inclusive, diverse workplace that prioritises employee well-being fosters a culture of trust and harnesses the full potential of our workforce. Two-thirds of our revenue-generating managerial positions are held by women, reflecting our resolute dedication to gender equality. In our Hong Kong office, we have implemented several new measures to promote work-life balance, granting employees greater flexibility regarding their work hours and location. We also introduced “Family Care Leave” for all regular employees, enabling them to strike a harmonious balance between their professional commitments and personal lives, thereby enhancing their motivation and efficiency within the workplace.

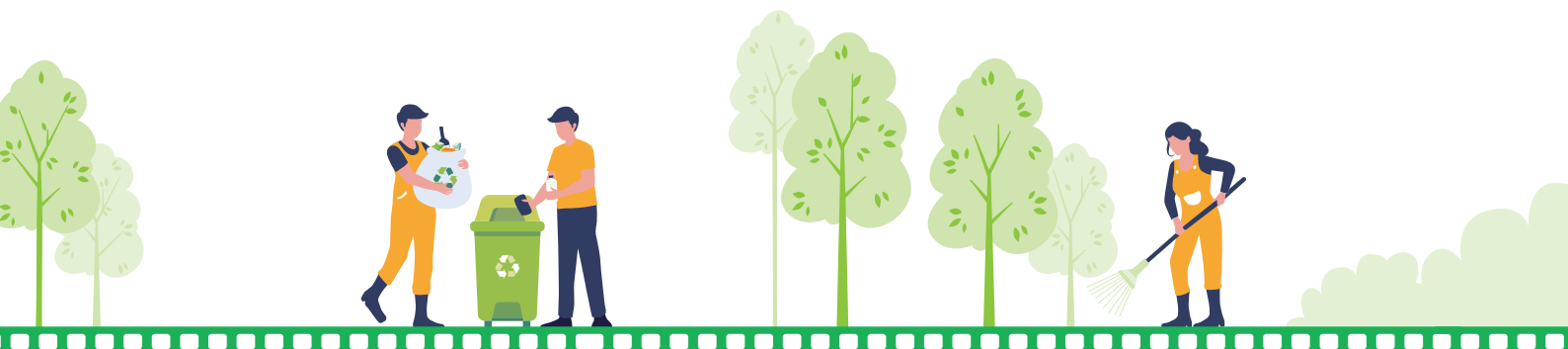
We remain committed to green operations and seek to provide customers with a green shopping experience. We have implemented various environmental initiatives to reduce our ecological footprint, including energy, waste, and water conservation. By adopting new technologies, we have digitalised the currently manual electricity and water billing process, streamlining administrative procedures and enabling automatic electricity and water usage analysis. Building upon this success, we are planning to expand the utilisation of such technologies into other spheres, such as facility maintenance and inquiries, with the goal of achieving a paperless office and operation. We continually review and refine our environmental management strategies in our commitment to creating a greener future. By embracing sustainability as a core value, we aspire to set a positive example within our industry and contribute to the global transition towards a low-carbon economy.

Furthermore, we recognise our corporate social responsibility as an integral part of the local communities in which we operate. To foster sustainable growth in these communities, we proactively cooperate with local authorities, non-governmental organisations, and reputable brands to host community events and services. We can collectively create a positive and enduring impact by nurturing strong relationships and engaging in meaningful dialogue with our stakeholders.

We want to express our utmost gratitude to all our stakeholders, particularly our dedicated employees, for their unwavering support and trust during these arduous times. Through their efforts and commitment, we have successfully navigated through uncertainties. As the global community gradually recovers from the pandemic, we remain vigilant yet innovative in creating a better and sustainable future. We shall continue to navigate the evolving landscape cautiously and adapt to changing circumstances by embracing new technologies, fostering fruitful collaboration, and maintaining a strong focus on sustainability. We are confident in our ability to surmount obstacles and forge a path towards a brighter future.

Dr. Cheng Chi-kong, Adrian
Chairman

Hong Kong, China, October 2023








2023 SUSTAINABILITY PERFORMANCE HIGHLIGHTS

Through our proactive approach to managing sustainability performance, the Group has achieved favourable results and is pleased to present our accomplishments below.





Green

-  Water intensity of all operations **0.503** m³/sq.m. (-**14.7%** compared with FY2022)
-  Created an electricity and water billing application to digitalise the manual billing process, saving more than **5,000** pieces of A4 paper annually
-  Applied waste classification systems in more than **50%** of our stores



Smart

-  Developed “NWDRIVE”, a collaborative cloud platform, facilitating swift internal and external data sharing, publishing, and uploading that reduces potential data security risks
-  Partnered with “AMap” and “Cao Cao Mobility” so that the customers could easily access information about the organised event while navigating and browsing through the map application
-  Managed **91** official WeChat and Weibo accounts to facilitate communication across the Group and engage with our staff and customers
-  **9,032** brands and suppliers are stored in our online brand centralisation platform to facilitate future branding strategies

Caring

-  **Two-thirds** of revenue-generating managerial roles are taken up by women
-  Average **27.2** hours of training per employee
-  **728** volunteers and **1,543** volunteering hours
-  Introduced “Work From Home Programme” and “Family Care Leave” to our staff as to maintain a healthy work-life balance

Wellness

-  Organised **189** staff caring activities including team fitness, craftsmanship activities and outdoor activities
-  **0** fatality for employees in FY2023

ABOUT NWDS

23  Strategic Footholds

12  Major Locations

	Date of Opening	Approximate GFA (sq.m.)
Northern China Region		554,200
Beijing Chongwen Store	July 1998	117,200
Beijing Liying Store	September 2008	52,000
Beijing Qianzi Store	September 2010	55,600
Beijing Trendy Store	March 2007	31,200
Changsha Trendy Plaza	September 2006	35,000
Lanzhou Store	September 2005	28,500
Shenyang Jinqiao Road Trendy Plaza	May 2011	34,000
Tianjin Store	October 1997	14,200
Yantai Store	December 2013	55,600
Zhengzhou Store	April 2011	35,500
Wuhan Jianshe Store	November 1994	42,000
Wuhan Wuchang Branch Store	October 2005	24,000
Wuhan Xudong Branch Store	January 2008	29,400
Southern China Region		392,700
Chongqing Store	September 2006	42,000
Mianyang Store	December 2011	35,000
Nanjing Store	November 2007	41,200
Shanghai Baoshan Branch Store	January 2010	39,000
Shanghai Chengshan Branch Store	April 2010	38,000
Shanghai Huaihai Branch Store	December 2001	22,500
Shanghai Pujian Branch Store	September 2007	46,000
Shanghai Shaanxi Road Branch Store	November 2011	42,000
Shanghai Tianshan Road Branch Store	August 2013	43,000
Shanghai Wujiaochang Branch Store	December 2006	44,000
TOTAL GROSS FLOOR AREA		946,900

COMPANY'S BACKGROUND

New World Department Store China Limited (Hong Kong Stock Code: 825), along with its subsidiaries, 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, the Group looks to grow 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 in 2007. As of 30 June 2023, NWD owned approximately 75% shares of the Group.

NWDS, headquartered in Shanghai, has developed itself into a retail group integrating department stores and shopping malls business. To consolidate and optimise its resource allocation, the Group closed three stores in FY2023. As of 30 June 2023, we operated 23 department stores and shopping malls with a total retail gross floor area ("GFA") of about 946,900 square metres ("sq.m."), covering 12 key locations across the country.

THE YEAR IN REVIEW

Business Overview in FY2023

During the financial year, the business of the Group suffered from uncertainties occasionally due to the unstable foundation of overall economic recovery. Fortunately, the pandemic control measures in Mainland China started to relax from the end of 2022, coupled with the implementation of a series of policies to stabilise growth and stimulate consumption by the government, the economy and society fully restored normalcy, the domestic economy showed signs of recovery and market consumption activities revitalised, the development of the Group tended to be positive. Yet, the Group attempted to pay full efforts to the business development and upgrade to seize the opportunity of consumer market recovery brought by the relief of the pandemic. We continue to keep abreast of the development trend of consumption and business and continue to optimise its businesses from multiple aspects, including category management, marketing promotion, channel expansion and technology applications relying on its offline stores.

In respect of the online business, various channels were explored for business growth to create a more diversified, digitalised business. Meanwhile, the Group rapidly drove the construction of an operation system in the private domain and promoted the growth in the number of members and sales conversion. The new media online platforms enjoy huge advantages in traffic exposure, live streaming e-commerce, and brand promotion, and therefore, the Group conducted a comprehensive promotion on live streaming e-commerce in its stores, delivering high-frequency, stable and long-lasting live streams during its daily operation to enhance loyalty and conversion rate of followers, broadening traffic channels to increase retail efficiency.

For the offline business, the Group further adjusted and optimised the introduction of regional first stores and benchmarked brand flagship stores and the creation of scenarios. Some stores recommended by key opinion leaders were also being introduced, which was attributable to the re-emergence of offline consumption. Moreover, the Group strengthened the membership benefits by offering more exclusive offline benefits, such as various discounts, to speed up the replenishing of new supply chain products with great potential, and fully harnessed different popular online platforms to add convenience for shoppers and broaden sales channels.

During the year, the Group continued to focus on retail and closely connect online and offline retail and service offerings through scenario development, renovating the stores and upgrading the online digital platform, comprehensively upgrading and improving the consumption experience of the members. The first phase of the image revamp for Beijing Chongwen Store has been completed as scheduled, while the second phase will be commenced soon. Shanghai Wujiaochang Branch Store was committed to increasing the proportion of store leases by introducing experiential offerings and popular food and beverage categories, thereby optimising its brand mix and hence improving the store's image and consumption level within the business circle. Shanghai Huaihai Branch Store transformed itself into a youthful fashion hub featuring the brands' first stores, flagship stores and urban concept shops with a brand-new presence. Mianyang Store upgraded its store appearance and ancillary facilities accordingly.

The Group took the initiative to further engage with consumers and promote multi-channel experience. For example, releasing innovative and featured video clips on multiple channels, attaining hundreds of thousands of views. The “New Lab Mini Program” launched various creative and exciting events and coupons for members to draw traffic and drive sales during the campaign to achieve a significant increase in online sales. The Group also actively integrated philanthropy and environmental protection into daily marketing and operations.

The Group’s supermarkets strived to deliver different fresh food and seasonal products as usual, to ensure quality items are offered to the customers. As of 30 June 2023, the Group operated four “New World Supermarkets” in Beijing, Wuhan, Lanzhou and Yantai respectively. During the year, the Beijing Chongwen Store “New World Supermarket” was

envisioned to be a boutique supermarket, which was undergoing stages of revamp. The Wuhan Jianshe Store “New World Supermarket” also rearranged the layout of products based on the sectional characteristics to create a more gorgeous and cosier ambience.

As of 30 June 2023, the Group operated five LOL (Love • Original • Life) (“LOL”) private concept shops. During the year under review, the Group implemented a comprehensive upgrade of the LOL shop in Shanghai K11 Art Mall that centres on the brand-new namesake selection. With fashion buyers being the brains behind, the shop not only brought in distinctive products, visual display, and shopping experience but also added trendy and playful elements to create a new atmosphere that blends diverse dimensions of culture, allowing customers to rediscover the amusement of offline shopping.

Financial Performance Highlights

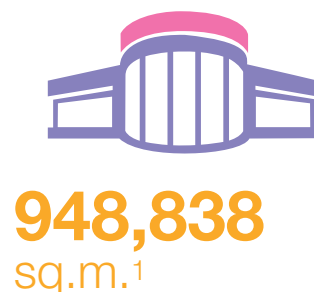
Revenue



Loss



Approximate Total GFA



Retail Network



Key Sources of the Group's Revenue



Rental income
HK\$**583.8** million, **39.4%**

Commission income from
concessionaire sales
HK\$**479.9** million, **32.3%**

Sales of goods for direct sales
HK\$**402.4** million, **27.1%**

Interest income from finance
leases as the lessor
HK\$**17.6** million, **1.2%**

¹ Approximate total Gross Floor Area ("GFA") includes 23 stores and malls and 2 corporate offices.

ESG GOVERNANCE AND RISK MANAGEMENT



NWDS strives to integrate sustainability into all aspects of its business operations. We are dedicated to enhancing the well-being of people, preserving the environment, and creating value for the local communities in which we operate is unwavering.

The “SV2030” has been instrumental in guiding our strategic direction since 2018, aligning with our Parent Company’s sustainability aspirations and direction. We are continued to optimising our operating practices to become more responsible and responsive, with a prioritisation of our sustainability objectives in advancing a modern, metropolitan lifestyle that delivers innovative and contemporary experiences to our customers.

“NEW WORLD SUSTAINABILITY VISION 2030”

To align with the sustainability strategy of our Parent Company, New World Development Company Limited, we adhere to the “SV2030” as a guiding framework for our sustainability efforts. The “SV2030” consists of four core pillars: **Green**, **Wellness**, **Smart**, and **Caring**, which provides a strategic approach to sustainability and prioritises the key areas of concern for our business and stakeholders.

“SV2030” is closely aligned with the United Nations’ Sustainable Development Goals (“SDGs”) to prioritise the key areas of concern for our business and stakeholders for better utilisation of resources in contributing to these selected goals. Our Sustainability Steering Committee (“SSC”) oversees our sustainability progress and keeps track of our performance towards the ESG targets set.

SDGs **SV2030 Pillars** **Our visions**



Green
We strive to avoid, reduce and, where possible, reverse the causes of climate change across operations. We achieve this by identifying pressing global environmental issues and using a life cycle approach to minimise impacts across our ecosystem.



Wellness
We strive to promote the health and well-being of our customers, communities and employees. We are providing innovative wellness and healthcare solutions, health and safety measures and collaborating with stakeholders to advance our efforts.



Smart
We believe Smart solutions will accelerate the realisation of “SV2030” and futureproof our internal work processes. The Group fosters an entrepreneurial culture and provides relevant partnership support both internally and within the community.



Caring
Act as a responsible corporate citizen through fostering a trusted, engaged and motivated workforce, advancing community development, and educating for sustainable development. We are improving people’s lives and neighbouring communities through partnering with our stakeholders to make it happen.

SUSTAINABILITY GOVERNANCE

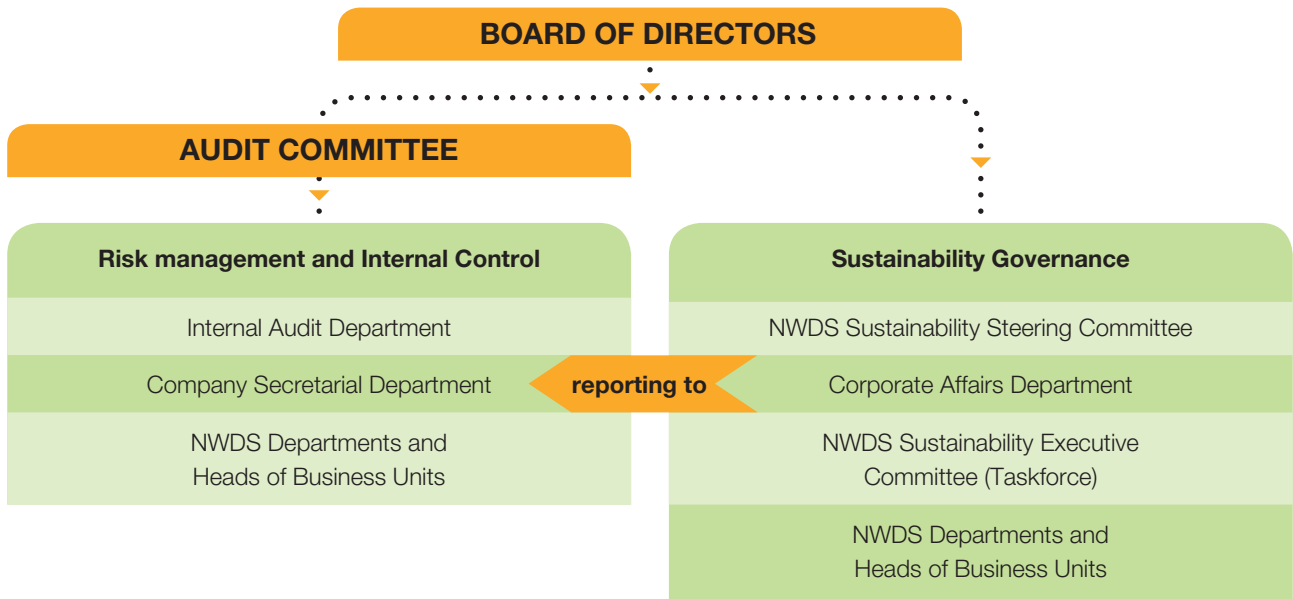
The Group believes the importance of a robust governance framework in achieving our long-term sustainable development, which ensures clear accountability and facilitates effective decision-making. As such, we have implemented a well-structured governance framework at all levels of the Group to support our sustainability initiatives and directions.

The Board serves as the highest level of authority for the oversight of all sustainability issues. The Board holds regular meetings to review the sustainability practices and performance of NWDS, provide strategic guidance, and supervise the progress of various sustainability initiatives. The Board and the members of senior management also receive external training from ESG experts to stay abreast of new sustainability developments and risks relevant to the business.

In FY2023, two meetings were held by the Board to discuss ESG progress and specific sustainability topics. The Board also overseer and reviewed the Group’s sustainability practices and management approach and regularly monitored the progress of carbon reduction and electricity saving.

The SSC, established with a mandate from the Board, is responsible for leading NWDS’s sustainability goals and strategies. The SSC is chaired by the head of the Corporate Affairs Department and comprised of senior managerial staff from relevant departments and business units.

NWDS Sustainability Governance Structure

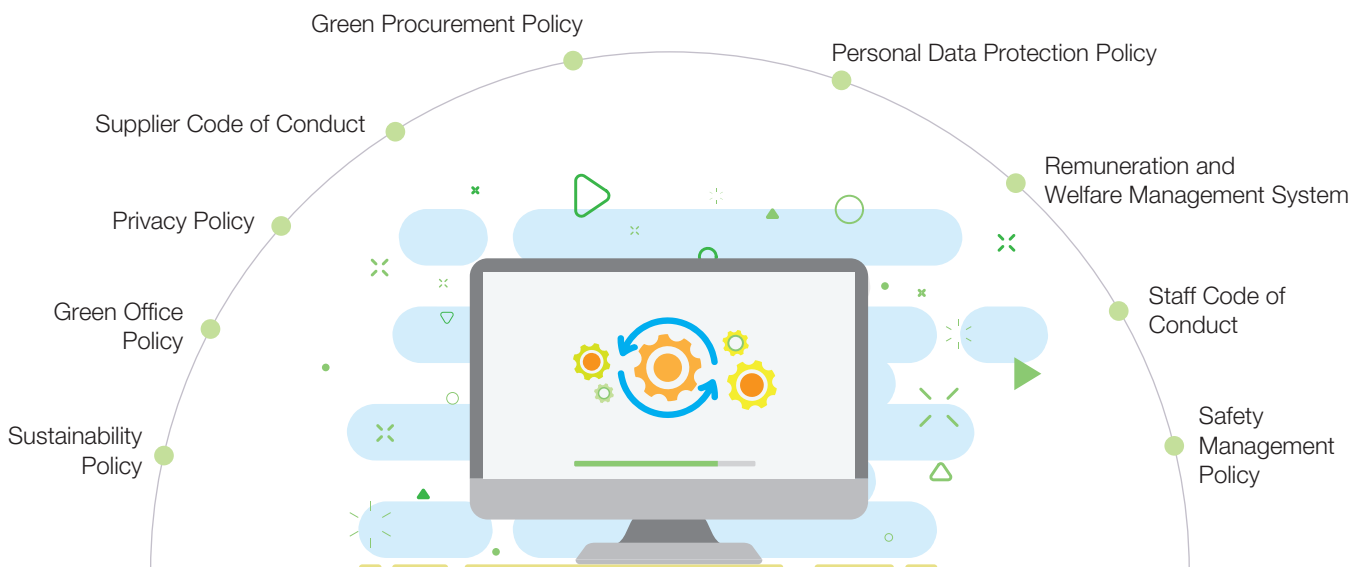


ESG Risk Management

The Board identifies and evaluates ESG risks faced by the Group to ensure they are addressed within our risk management system, with controls implemented and reviewed regularly. Our *Integrated Internal Control Self-Assessment Certificate* and *Risk Identification and Assessment Questionnaire* consolidate inputs from departments are being reviewed by the Board to evaluate and determine the nature and extent of the risks. In FY2023, environmental protection and sustainability strategy risks were identified as low to moderate risks for NWDS. Please refer to the subsection “9.2—Climate Change Adaption and Resilience” for further detail.

Sustainability-related Policies

The Group has implemented various policies and guidelines to uphold our steadfast dedication to sustainable operation. Our objective is to enhance sustainability governance by effectively utilising these policies, proactively managing different sustainability aspects, and protecting the interests of our stakeholders. The following key policies and guidelines are integral components of our sustainability framework:



ENGAGING OUR STAKEHOLDERS

We actively engage our stakeholders to understand their priorities and consider their views when making strategic business decisions. We strive to facilitate open communication with our stakeholders to clearly understand their expectations and ensure our strategy aligns with their values.

We have implemented multiple forms of engagement and communication channels to foster stakeholders' participation in sharing their opinions and offering feedback.

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 — “Windows of NWDS”
- WeChat official platforms and other social media sites



Shareholders and investors

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



Customers

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



Suppliers or contractors

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



Non-profit organisations

- Joint events

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



Local communities

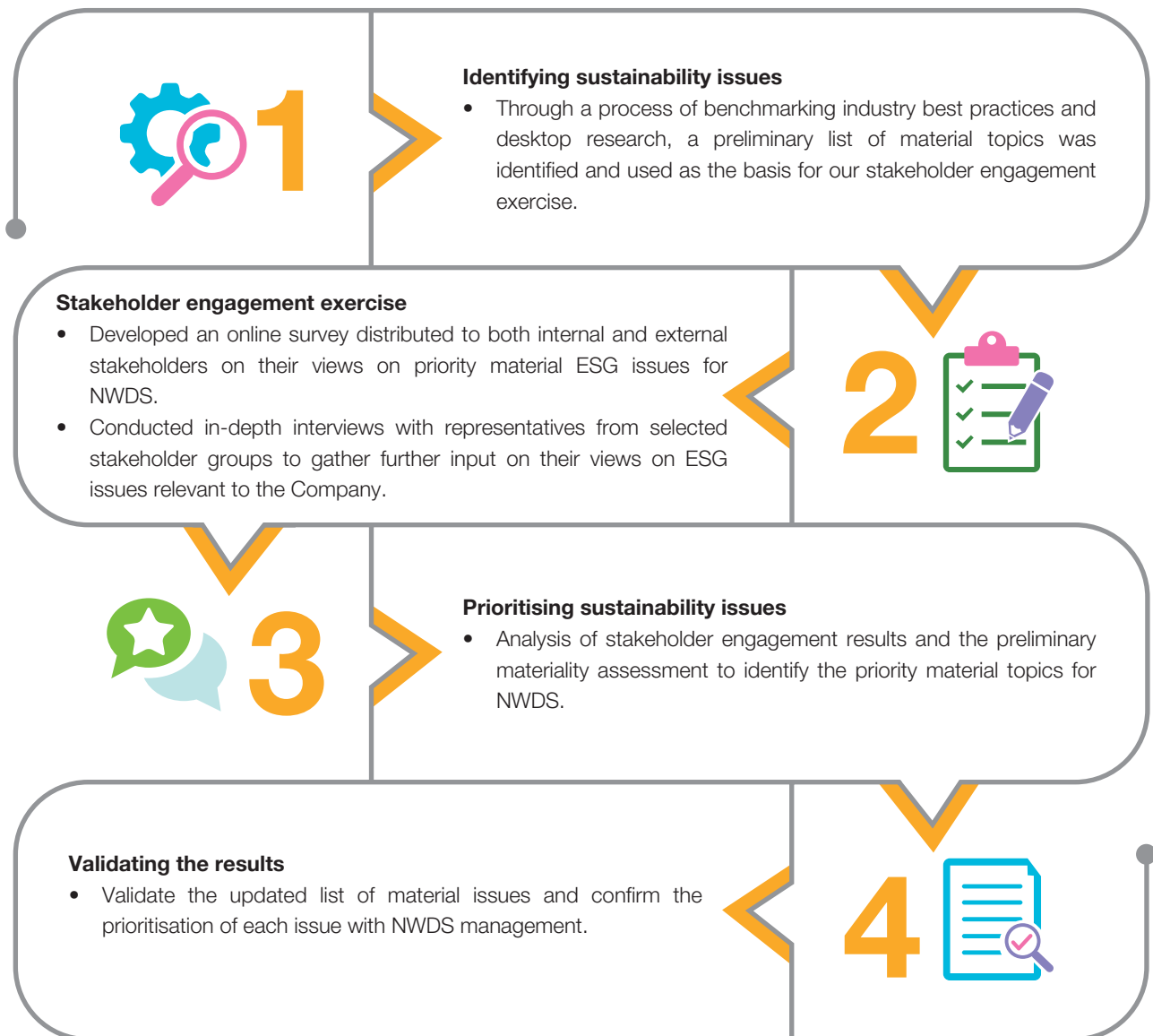
- Public or community events
- Community initiatives such as sponsorships and donations
- Volunteering



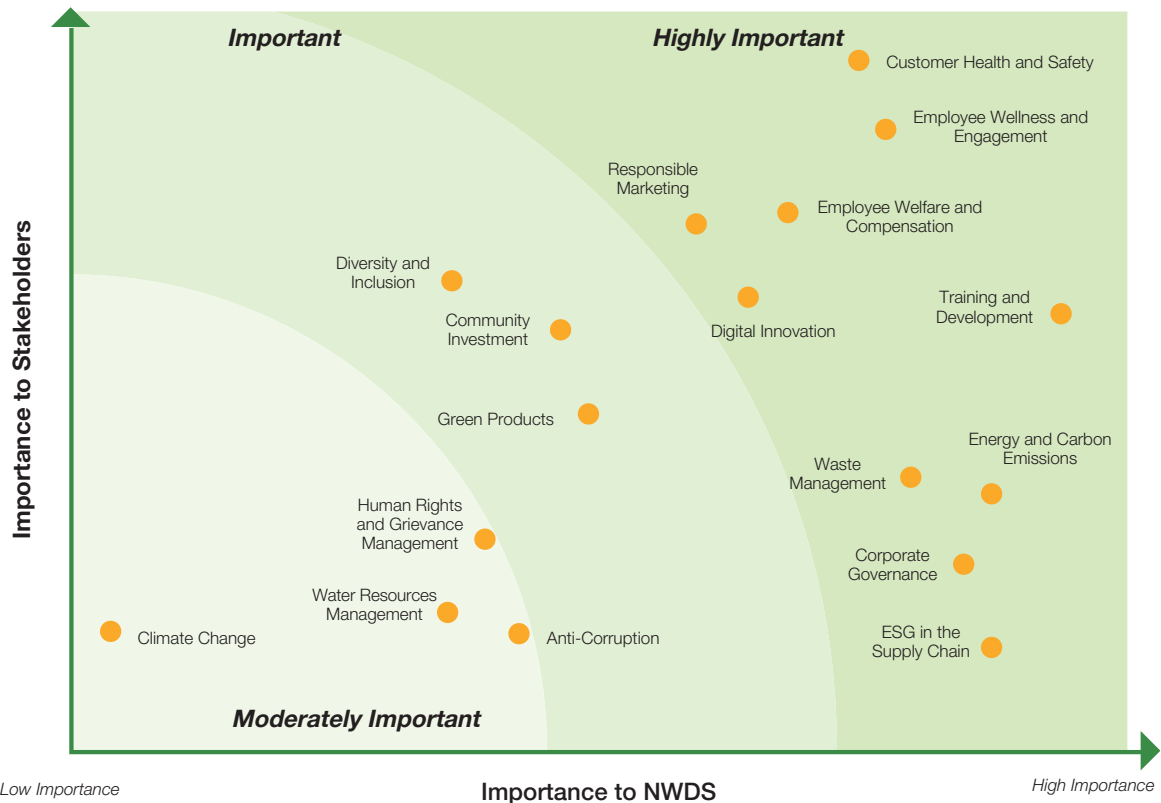
MATERIALITY ASSESSMENT

We recognise the importance of conducting materiality assessments to identify and prioritise ESG issues impacting our business and stakeholders, which leads us to concentrate our sustainability endeavours on the areas that matter the most.

Each year, we conduct a materiality assessment to ensure that resources are allocated efficiently to address the priority ESG issues that impact our business and stakeholders. We engaged a third-party consultant to support the materiality assessment through reviewing and updating the list of potential issues to determine the top-priority material topics for NWDS. This involved a review of previous material topics, an analysis of peers and international sustainability standards, and a stakeholder engagement exercise.



NWDS 2023 Materiality Assessment



With no significant changes to our businesses, the results of the materiality assessment conducted in FY2022 remain representative of the main topics raised by our stakeholders. The material issues in the matrix are consistent with the four pillars of our “SV2030” and have been addressed in this Report in accordance with the relevant Global Reporting Initiative Standards.

Material issues	“SV2030”	Relevant GRI Standards
1. Customer Health and Safety	Caring	GRI 416 Customer Health and Safety
2. Employee Wellness and Engagement	Caring	GRI 401 Employment
3. Employee Welfare and Compensation	Wellness	GRI 401 Employment
4. Training and Development	Wellness	GRI 404 Training and Education
5. Responsible Marketing	Smart	GRI 417 Marketing and Labelling
6. Digital Innovation	Smart	N/A
7. Energy and Carbon Emissions	Green	GRI 302 Energy GRI 305 Emissions
8. Waste Management	Green	GRI 306 Waste
9. Corporate Governance	Other	GRI 2 General Disclosures
10. ESG in the Supply Chain	Other	GRI 204 Procurement Practices GRI 308 Supplier Environmental Assessment GRI 414 Supplier Social Assessment
11. Diversity and Inclusion	Caring	GRI 405 Diversity and Equal Opportunity
12. Community Investment	Caring	N/A
13. Green Products	Green	N/A
14. Human Rights and Grievance Management	Caring	GRI 408 Child Labour GRI 409 Forced or Compulsory Labour
15. Anti-Corruption	Other	GRI 205 Anti-corruption
16. Water Resources Management	Green	GRI 303 Water and Effluents
17. Climate Change	Green	GRI 201 Economic Performance GRI 305 Emissions

BUSINESS ETHICS

Anti-corruption

NWDS takes extensive measures to prevent any undesirable acts such as bribery, conflicts of interest, or fraud within our business. Any alleged or potential violation is taken seriously by the Group, and disciplinary actions apply equally if any employee is found to be in breach of the Group's policy. We regularly review the *Staff Code of Conduct* to ensure that it continues to protect our culture of "loyalty, righteousness, honesty, and incorruptibility". In FY2023, all directors of NWDS completed nine hours of training on anti-corruption policies and procedures, and 833.5 hours of bribery and corruption training was provided to general employees to ensure they understand the Group's policies and procedures. In addition to fostering an anti-corruption and integrity culture among the employees, we also communicate our anti-corruption policy to our business partners and require them to comply with relevant laws and regulations, and ethical business practices.

In FY2023, there was no incident of non-compliance with laws and regulations regarding anti-corruption.

Conflicts of Interest

NWDS has formal policies and procedures in place for addressing any conflicts of interest involving our employees. These include policies and approval procedures for employees to declare any personal benefits received as well as any potential conflict of interest, for instance, through the submission of the Conflicts of Interest Declaration Form or Personal Benefits Declaration Form. Employees in sensitive or high-risk areas are required to adhere to specific rules and undergo training to avoid and manage such conflicts.

Grievance and Whistleblowing

Grievance and whistleblowing channels are in place for employees to report any suspected internal business irregularities, human rights abuse, and workplace misconduct. We encourage employees to report any such possible improprieties and make every effort to ensure that any employee concerns raised will be handled confidentially and fairly.



INNOVATING CUSTOMER EXPERIENCES



CUSTOMER HEALTH AND WELLNESS

One of our primary objectives is to improve our customer experience. Along with our core dedication to providing high-quality goods and services, we strive to provide customers with new retail experiences by considering their views and preferences.

Store Safety

NWDS remains vigilant in maintaining the health and safety of customers and employees in our stores. We take pride in providing a safe environment for all visitors and are committed to continually improving our safety practices and procedures to ensure that our safety practices are up-to-date and effective.

We prioritise maintaining a secure and healthy environment for all visitors by implementing our *NWDS Store Safety Identification and Assessment Standard*, which our Administration and Project Department (“APD”) are required to conduct annual safety checks on all stores and address any identified safety deficiencies in their procedures. Every two months, the APD holds safety meetings with the APD teams of each department store to discuss safety incidents that occurred, followed by case-study analysis and preventative actions to be taken in the future.

Moreover, we have created a comprehensive *Safety Management Policy* that sets out standard safety procedures and responses for emergency incidents. To proactively address the risk of accidents, all department stores are required to conduct fire drills at least twice a year, and we have developed 25 emergency plans and exercises that individual stores adapt to meet their specific needs. We also conduct random inspections of essential equipment within the shopping mall at least once a year to ensure their proper functioning and operation, allowing us to promptly address any anomalies or safety hazards that may arise.

Product Responsibility

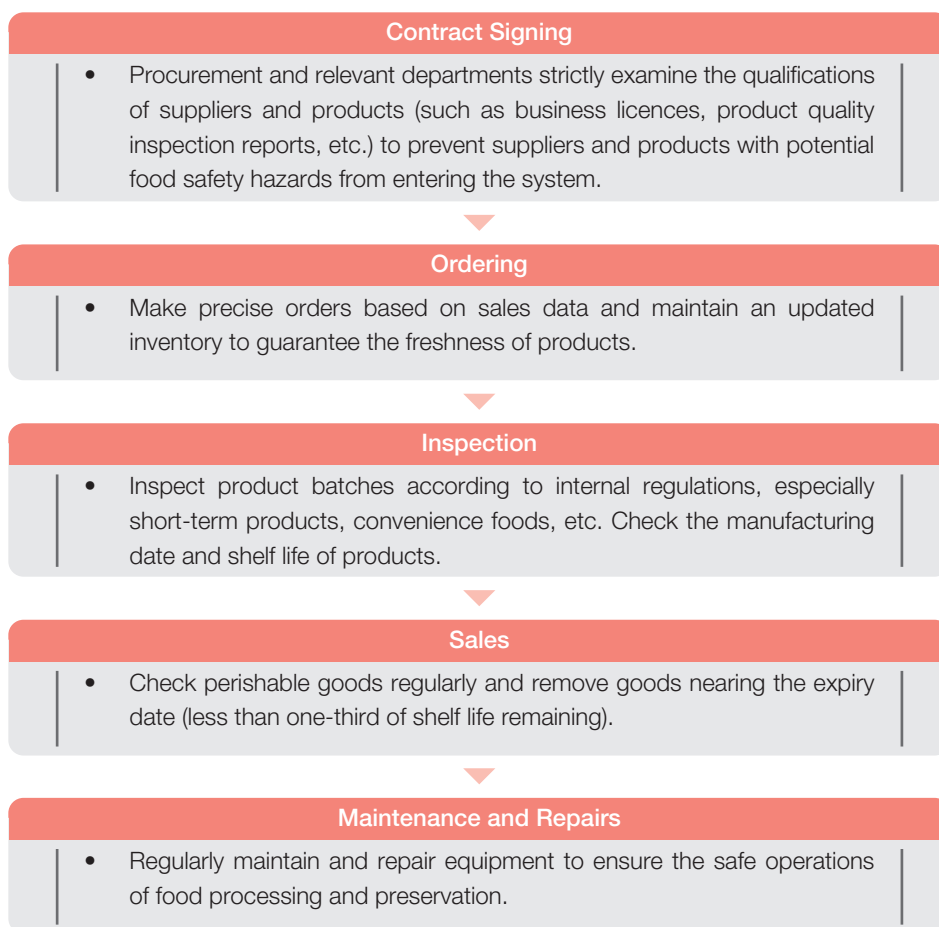
The Group is committed to providing customers with a wide range of high-quality and safe food products while maintaining our focus on food safety. We achieve this by continuously expanding our range of fresh and cooked food options in our supermarkets while ensuring that our product displays are value-for-money. To keep our products fresh, we rotate our stock regularly and have upgraded our facilities to include self-service cashiers and cold storage services, enhancing the shopping experience for our customers. We ensure product labelling and publicity compliance in strict accordance with relevant laws and regulations so that our customers are shielded from any form of false or misleading information.

To ensure the safety of our food products, we have established stringent guidelines and processes at every stage. We provide food hygiene and safety training to catering merchants, keep accurate records of purchases and sales, and implement reporting and handling procedures for food safety incidents. Additionally, we conduct health status checks for our employees to ensure they meet our health requirements.



Our people-oriented approach drives us to improve our processes and offerings continuously. We take our responsibility to provide safe and high-quality food products seriously and are committed to meeting the evolving needs of our customers.

Food Safety Management Workflow:



In FY2023, 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 five cases of minor non-compliance related to advertising and labelling, which resulted in a total fine of RMB5,000 and were properly handled.

ENGAGING CUSTOMERS THROUGH INNOVATION

In-store Experience

NWDS remains committed to enhancing the infrastructure and facilities of our stores, aiming to cultivate an inviting shopping atmosphere. These initiatives encompass

revitalising and enhancing store facilities to accommodate a wider range of customer experiences, such as introducing seasonal offerings and hosting cultural and creative exhibitions.

In light of the growing online economy, we have dedicated increased attention to enhancing the customer service experience within our brick-and-mortar stores. To achieve this, we have organised competitions across different regions to empower our service staff to improve their skills and deliver superior experiences to our customers. Furthermore, we have invested in upgrading the facilities and enhancing the aesthetic appeal of our physical stores. Additionally, we have provided operational upgrade recommendations for select stores, expanding our customers' shopping options and elevating their overall shopping experience.

To improve our customer experiences, the Group has implemented various caring measures at our stores throughout Mainland China. The details of our caring facilities are summarised below²:



19
Nursery rooms

15
Children restrooms

7
Children play zones

20
Baby cart rental services

78
Barrier-free access facilities

20
Wheelchair rental services

Improving Service Quality through Staff Competition



In the Northern China Region, five stores organised a Service Quality Competition named “Customer Service Showdown” with the aim of elevating the service standards of their frontline staff. The competition encompassed customer service training sessions and an evaluation of the service quality provided by the participating stores. Training sessions were designed to provide guidance on proper postures, language, and gestures to be employed when serving customers. Subsequently, a competition was held to reinforce the knowledge and skills acquired during the training sessions, as well as to acknowledge exceptional performers.



Prioritising the Enhancement of the Shopping Environment



The Beijing Liying Store is dedicated to optimising and enhancing its interior to establish a contemporary and trendy shopping atmosphere. To align with the commercial positioning of the shopping mall where the store is located and elevate the customer experience, the store thoroughly cleaned all areas. Additionally, the lighting was optimised, and outdated fixtures and lampshades were replaced to illuminate the space. These enhancements have resulted in a shopping environment that exudes style and warmth, ensuring an inviting experience for our valued customers.



² Our organic rooftop garden at Shanghai Pujian Branch Store was returned to the landlord in FY2023 due to changes in partnership strategies. We will continue to explore opportunities in the future to expand green spaces at our stores and foster a connection with nature for our customers.

Digital Innovation

NWDS continues to enhance its retail services and marketing approach to offer better experiences to its customers. To achieve this goal, we are leveraging innovation as part of our “Smart” pillar in “SV2030”. By adapting to the changing technological landscape, we aim to provide our customers with the best possible experience, which will enable us to thrive in the digital era and unlock our full potential.



Organising the “Lunar July Chinoiserie Grand Show”

Our stores located in the Northern region of China partnered with two leading travel brands, “AMap” and “Cao Cao Mobility”, to organise the “Lunar July Chinoiserie Grand Show”. Customers could easily access such information about the event while navigating and browsing through the map application. This joint effort helped solve the issue of inconvenient road traffic and poor shopping experience for customers during peak traffic periods in physical retail stores.



The “Lunar July Chinoiserie Grand Show” was a unique blend of traditional Chinese styles and modern retail scenes, which provided customers with an engaging and immersive shopping experience. We incorporated digital art and other innovative techniques to fuse traditional cultural elements with contemporary trends. This approach helped to convey our brand image and strength while also laying a strong foundation for our future development.

Data Security

Our Digital Centre regularly updates data security procedures to improve the Group’s overall network security. We have implemented a comprehensive four-stage warning system that aims to strengthen our network security defences and improve the ability to respond to any security issues that may arise. This warning system is designed to provide detailed response times at each stage, which significantly improves the troubleshooting efficiency and optimises the efficient use of resources. Besides, the policies on network security have been standardised to provide clear guidance on network security issues to ensure our staff members are equipped to handle any security concerns. Moreover, the Centre conducts regular inspections of the network environment to identify potential risks and facilitate the early detection of any security issues, which can be addressed before they escalate into significant problems.



“NWDRIVE” Shared Cloud Space Boosts

The task of submitting information for the annual report, interim report and sustainability report entailed substantial effort from our branches and departments. The staff diligently stored and transmitted extensive volumes of data using drives or emails, which proved to be inconvenient and posed inherent risks to data security.



To tackle this challenge, the Group proactively collaborated with the MIS Data Centre to devise an innovative solution. Our joint efforts culminated in the development of “NWDRIVE”, a shared cloud space that enables swift internal and external data sharing, publishing, and uploading. This transformative initiative has revolutionised communication channels between our regional offices and branch stores, fostering seamless collaboration and cooperation. With a robust focus on data security and confidentiality, this system instils confidence in both our employees and customers, ensuring peace of mind while significantly enhancing the Group’s overall productivity and efficiency.

SAFEGUARDING CUSTOMER RIGHTS AND INTERESTS

Data Privacy and Cyber Security

We are committed to upholding the highest standards of data protection and privacy, and we will continue to take all necessary measures to ensure the security of our customers' personal information. Our commitment to this goal is demonstrated through our comprehensive *Personal Data Protection Policy*. We strictly adhere to all applicable data protection laws, including 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*, *Book Seven Tort Liability in the Civil Code of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, and the *Personal Information Protection Law of the People's Republic of China*.

Given the increasing value of data in today's digital world, we have taken extra steps to strengthen our *Personal Data Protection Policy* and address emerging security risks and privacy issues. Our security measures meet industry standards and are designed to prevent unauthorised access, disclosure, use, modification, damage, or loss of data. We have implemented rigorous data security controls to protect electronic records stored on our servers, while physical records are safeguarded with restricted access.

Furthermore, we have established protocols to address and defend against intellectual property issues. Only authorised personnel who have received specialised training in managing private personal data can access these records and servers on a "need to know" and "need to use" basis. We take the protection of our customers' personal information very seriously and are committed to maintaining their trust. To ensure compliance with relevant laws and personal privacy data protection regulations, we engage a third-party consultant to audit our Information Technology systems during the reporting period. This helps us identify and address any potential data hazards quickly and effectively.

During the year under review, we received no substantiated complaints related to the infringement of customer privacy or loss of customer information.



EMPOWERING OUR PEOPLE



At NWDS, we recognise that our employees are the driving force behind the success and sustainability of our business. We aim to create a nurturing, safe and positive workplace where our employees can thrive and reach their maximum potential. We strive to provide our employees equal opportunities and comprehensive support through various initiatives that promote employees' welfare. The Group also encourages open communication to create an organisation where all our people feel valued and trusted, fostering two-way communication.

ATTRACTING AND RETAINING TALENT

At NWDS, we provide our employees with attractive compensation and benefits packages, supportive working conditions, and a harmonious work-life balance.

Besides remuneration, our employees are entitled to enjoy a comprehensive and flexible package of benefits, which include maternity leave, paternity leave, birthday leave, marriage leave, family planning leave, paid leave for injuries and occupational diseases, compassionate leave, perfect attendance 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 pensions for all full-time staff. Managerial-level employees also enjoy additional types of insurance, such as personal accident insurance, critical illness insurance and medical insurance. This year, we also provided supplementary medical insurance for all full-time employees.

The annual turnover rate in FY2023 was 12.3%. We closely monitor our turnover rate and proactively offer exit surveys to departing employees to gather insights and implement effective retention measures.

Total number of staff in FY2023



2,117

Gender distribution of staff



Male: 1,044 Female: 1,073

Distribution of staff by age



Aged under 30: 165 Aged between 30-50: 1,770 Aged over 50: 182

Distribution of staff by work



Mainland China: 2,104 Hong Kong: 13



Promoting Work-Life Balance

Our Hong Kong office has implemented several new measures to promote work-life balance among its employees. One such initiative was the “Work From Home Programme” from July to September 2022, which allowed employees to have greater flexibility in their work hours and location. Additionally, the office introduced “Care Leave” for all regular employees to help them maintain a healthy balance between work and life, enhancing their motivation and efficiency at work. Starting from 2023, the family members of managers and above in the Hong Kong office will also be eligible for flexible medical insurance, further optimising our family-friendly policies.

TRAINING AND DEVELOPMENT

NWDS believes a skilled and agile workforce is the foundation for the Group’s long-term growth and success. We actively encourage our personnel to seek out new experiences that fortify their unique strengths, skills, and capabilities. Additionally, we conducted a comprehensive performance review for all employees, linking their compensation to individual goals and aligning their performance with our organisational objectives and desired outcomes.

Advancing the NWDS Talent Plan

Business-Empowerment Training	Addressing business and operational needs through discussion and analysis of key business issues and solutions.
Talents Echelon Development	Improving overall managing capabilities of all reserve talents through one-on-one mentoring, leading by example and other multi-dimensional training, to achieve career development.
Quality Training	Redefining the role of trainers at NWDS with stricter qualifications for such training responsibilities and the “Top 10 Trainers” and “Star Trainers” appraisal evaluation.

Business Empowerment Training

Business-Focused Development	<ul style="list-style-type: none"> This year, our Human Resources & Development (“HR&D”) Department has been dedicated to identifying the primary challenges in various business domains and actively promoting internal training to address these issues. We collaborated with management personnel from different business areas to organise a series of knowledge-sharing sessions. With the active support of line managers and colleagues, we successfully completed 50 training courses, with a total of 7,340 attendances.
On-the-job Capacity Building	<ul style="list-style-type: none"> The HR&D Department has expedited the establishment of an integrated online and offline marketing, membership, and shopping guide system to enhance the employees’ understanding of digital marketing and its applications in the industry. In collaboration with the Commercial Department, the HR&D Department also initiated training on retail business. These training courses covered the usage of the Brand Library, Retail, and Office Automation systems, Excel skills, and promotion strategies relevant to cosmetics, women’s products, and food and beverage sales. The HR&D Department also provided sales and customer service training to frontline colleagues through authorised courses. We shared with participants tips on effectively selling products to various customer types and delivering excellent customer service and skills.
Qualified Internal Trainers	<ul style="list-style-type: none"> We launched the eligibility assessment of trainer qualifications to motivate trainers and continuously improve the quality of training at NWDS. The “Star Trainer” Ranking system was also implemented this year, which granted an allowance of RMB5,800 to selected trainers. During this year, we completed a total of 228 hours of online and offline training designed for our internal trainers.

Talents Echelon Development

The HR&D Department provides a trio of career advancement initiatives (i.e. Store Supervisor Trainee Programme, Project Dapeng, Project Feipeng and Project Xinpeng) for our echelon personnel to advance their professional development and nurture them to become future managers of the Group.

Training Programme	Target Participants	Career Advancement	Staff Participation
Store Supervisor Trainee Programme	Store supervisor trainees	Become outstanding performers in the store management	1 person participated in FY2023
Project Dapeng	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	5 people participated in FY2023
Project Feipeng	Mid-level employees with outstanding performance	Become the head of the business units	16 people participated in FY2023
Project Xinpeng	Newly recruited mid-level employees	Cultivate new recruits with the necessary skills to perform duties effectively	20 people participated in FY2023



Organising book review-sharing event

In May 2023, the Tianjin Store organised a captivating book review-sharing event centred around “The 7 Habits of Highly Effective People”. Enthusiastic representatives from each department actively participated by sharing their thoughts and experiences related to the book, sparking engaging discussions and expanding upon the topics explored. Building upon the success of this event, we have decided to integrate reading into our employees’ training activities as an integral component of this year’s talent development programme. As part of the event, two members from the Wuhan Jianshe Store’s Feipeng project shared their valuable insights and reflections on the book “Your Customer Needs a Good Story.” These initiatives serve as a testament to our unwavering dedication to nurturing a culture of reading and continuous learning among our esteemed employees.





Providing TikTok Live Streaming Training

Yantai Store held a TikTok live-streaming contest aimed at nurturing young and dynamic talents with exceptional communication and expression skills, who are passionate about showcasing themselves as online anchors. The store encouraged participation from employees of all departments and collaborated with professional trainers from the Human Resources department to provide systematic training.

The success of live streams heavily relies on the professionalism and capabilities of online anchors, who act as content creators on camera. Therefore, it is crucial for them to continuously enhance their skills and professional traits to produce high-quality content that appeals to and retains the audience's attention. Throughout the training period, the participants worked tirelessly to make incremental progress each day, starting with refining their communication and live-streaming abilities and gradually expanding to build endurance and improve their collaboration skills.



Total attendance of
NWDS's training
39,598
attendances³



Total training hours
57,571 hours



Average training hours
per employee
27.2 hours



Average training hours
24.7 hours (male)
29.6 hours (female)

DIVERSITY AND INCLUSION

NWDS strives to create a diverse, inclusive working environment and provide equal opportunity to our employees. Our policies and practices are in place to reinforce these important values within the Group. We ensure that hiring is based solely on individuals' abilities through a fair and transparent recruitment process, which promotes equal opportunities for people with disabilities. We support diversity and do not tolerate any form of discrimination or harassment based on race, ethnicity, nationality, religion, beliefs, disability, gender, age, place of birth, sexual orientation, values, or work habits. As a testament to our dedication to promoting fair employment opportunities, our NWDS team includes 12 individuals with disabilities by 30 June 2023.

³ The total attendance of NWDS' training excludes the data from Hong Kong Office.

We are committed to staying competitive in the job market by regularly reviewing our remuneration packages, promotions and comprehensive benefits policies to ensure we can attract the right talent and remain competitive in the market. The Group also strives to cultivate young talent and provide high performers with the opportunity to progress quickly within the Company. Along with nurturing the next generation of professionals, we are dedicated to empowering women and increasing their representation in revenue-generating managerial and STEM⁴-related positions.



2

Employees promoted in FY2023⁵



92

Managerial roles taken up by employees born in or after 1985



24%

Percentage of female in STEM-related roles



67%

Percentage of female in revenue-generating managerial roles

EMPLOYEE WELLNESS

The Group is committed to enhance the well-being of our employees and improve their overall wellness by arranging various caring and support activities. We endeavour to foster a culture of inclusivity and care in our workplace by offering different recreational and leisure activities and staff caring facilities⁶ to deliver love and care and strengthen the link between employees and the Company.



189

Staff caring activities



6

Staff canteens



4

Staff rest areas



1

Staff nursery rooms



9

Staff recreational facilities

⁴ Science, technology, engineering and mathematics.

⁵ The decrease in the number of promotions in FY2023 is due to economic uncertainties caused by the COVID-19 pandemic, resulting in limited growth opportunities. As the economy shows signs of recovery, we remain committed to supporting our employees as we emerge from the impacts of the pandemic.

⁶ Due to the closure of the three branch stores, the three staff nursery rooms and the six staff rest areas have been closed accordingly in FY2023. We will explore alternative solutions to meet our employees' needs and ensure their comfort while they work.



Promoting the well-being of our employees by encouraging regular physical exercise

To prioritise the well-being of our employees, the Beijing Trendy Store arranged a Muay Thai experience that proved to be both refreshing and invigorating. The session commenced with basic warm-up exercises, followed by an introduction to the various moves and techniques. The instructor offered personalised attention to each participant, ensuring correct postures and movements. The session culminated with relaxation and stretching exercises, rejuvenating our employees. The class was well-received, with everyone actively participating and enjoying the energising workout.



Organising Birthday and Farewell Parties

Our Shanghai Tianshan Road Branch Store has organised birthday and farewell parties for its employees to deliver love and care and strengthen the link between employees and the Group. The Shenyang Jinqiao Road Trendy Plaza also recently arranged a farewell gathering to honour a valued staff member, and all staff members gathered to bid farewell to the retiring colleague. Such events show the Group's attention to the care of retired employees and convey the warmth of the hearts of every employee.



EMPLOYEE ENGAGEMENT AND COMMUNICATION

At NWDS, we are proud of our corporate culture that embraces openness and inclusivity, cultivating a strong sense of community among our employees. To foster stronger connections and facilitate effective communication, we actively promote and encourage our staff to actively participate and engage with one another. As part of this initiative, our stores regularly organise a variety of events and activities that bring our employees together.

The *Windows of NWDS* is an internal staff newsletter that disseminates regular updates on the latest developments within the NWDS store network. The newsletter also features personal anecdotes, experiences, and employee contributions, serving as an effective platform to communicate the month's highlights.



Promoting Employee Participation in Sports Activities



To boost the Company's morale and encourage team spirit among employees during the World Cup fever, Shanghai Chengshan Branch Store arranged a "5V5 football" tournament. This event allowed employees to showcase their football skills and fostered a friendly yet competitive work environment.

Likewise, in March 2023, the three branch stores – Wuhan Jianshe Store, Wuhan Wuchang Branch Store and Wuhan Xudong Branch stores launched an employee frisbee league. The club enabled everyone to experience the thrill of frisbee and enhance their cognitive abilities. It enriched the employees' leisure time, strengthened team cohesion, and inspired teamwork, courage, and competitiveness. Additionally, it served as a means of relieving accumulated stress from work and life, bringing joy and happiness to all participants.





Strengthening Team Cohesion by Outdoor Activities

The employees of the Chongqing Store were treated to a spring outing activity that provided an opportunity to reconnect with nature and foster team unity. Likewise, the Beijing Liyong Store orchestrated an outdoor team-building exercise against the captivating backdrop of the 3A tourist attraction, Yougushentan Natural Scenic Area. Additionally, the Nanjing Store organised a team-building activity. These events were meticulously planned to offer employees a rejuvenating and pleasurable experience while nurturing open communication and teamwork amidst the scenic beauty of nature.



Employee Communication

At our organisation, we welcome and value feedback and suggestions from our employees. We have implemented various channels, such as surveys, exchange sessions, and focus group discussions, to encourage them to share their opinions. By engaging in regular dialogue and fostering an open exchange of ideas, we remain committed to our employees and strive to maintain our position as an industry-leading business.

Our official WeChat platform effectively disseminates updates throughout the entire Group, from top-level management to all other levels. Currently, our Headquarters, various stores, and private labels have established a total of 91 official WeChat and Weibo accounts to engage with their employees and customers.

To enhance collaboration between different divisions and ensure effective implementation of the Group's strategies, we have been organising Annual and Semi-annual Management Meetings since 2017. These meetings provide a forum for staff members to share their ideas and opinions, promoting better collaboration between management and other workers.

OCCUPATIONAL HEALTH AND SAFETY

NWDS strives to provide a secure work environment for our employees to safeguard their health and safety. We comply with the relevant standards, laws and regulations to devise detailed standard operating procedures and working guidelines to guide the proper work procedures and processes.

Workplace Safety Management

At NWDS, the safety of our employees is our top priority. In addition to proactively implementing preventive measures according to our *Safety Management Policy*, we prioritise the dissemination of occupational health and safety information among our staff members. To achieve this, we regularly engage medical professionals who provide valuable insights into various aspects of health and safety, encompassing physical and mental well-being, as well as compliance with relevant health and safety legislation and regulations.

All department stores are required to conduct fire emergency and evacuation drills every six months. The Headquarters provided 25 Emergency Plans and Drills, which are adapted by each store to suit their facilities. These fire safety measures are reviewed annually to ensure they are updated and appropriate for emergencies. The APD conducts an annual review of store safety for all 23 stores based on established indicators and provides recommendations for resolving any deficiencies. Safety meetings are held every two months with each department store team to discuss safety issues, including incidents and preventive actions. Please refer to the “Store Safety” section for more details.

During FY2023, there were six cases of work-related injuries across the Group (injury rate: 0.272). Lost workdays totalled 350 (lost day rate: 15.82) and absentee rate was 1.55%. There were no reported incidents of non-compliance with laws and regulations regarding occupational health and safety.



Fueling Fire Safety Knowledge through Training and Competitions

Enhancing fire safety awareness is essential to ensuring the well-being and safety of individuals. To achieve this goal, some of the branches took proactive measures to promote fire safety awareness through engaging and interactive activities.

The Shanghai Management Office and the Wuhan Wuchang Branch Store went beyond the traditional approach of routine fire drills and organised a fire safety escape drill respectively. They made the training experience more vivid and engaging for participants by incorporating interactive activities such as games and competitions. These activities included quizzes that tested participants’ knowledge on fire safety and practical exercises that demonstrated the proper use of firefighting equipment.

Similarly, the Tianjin Store employed a fire safety knowledge quiz to enhance employees’ understanding of fire safety measures. To make the learning experience enjoyable and engaging, it introduced a competitive format for the quiz. This approach motivated employees to actively participate and strive for better results, promoting a healthy sense of competition and camaraderie among the staff.

By making the training sessions more interactive and incorporating elements of competition, the management office and the relevant stores successfully captured the attention and interest of their employees. As a result, not only did the employees improve their knowledge of fire safety, but they also gained the necessary skills and confidence to respond effectively in the event of a fire emergency.





Providing First Aid and Emergency Response Training

At the Zhengzhou Store, employees have undergone comprehensive first aid training, which encompasses essential skills such as cardiopulmonary resuscitation and practical rescue techniques. The primary objective of this training is to equip employees with the necessary knowledge and abilities to respond swiftly and effectively in emergency situations. The training programme consists of both theoretical instruction and hands-on practical exercises, ensuring that all participants thoroughly understand the concepts and can apply them in real-life scenarios. Moreover, the store has conducted demonstrations of emergency response measures and protocols, acquainting employees with potential hazards and the appropriate procedures to mitigate them. By utilising simulated scenarios, employees can observe how safety personnel manage critical situations and learn the necessary actions to take.



LABOUR STANDARDS

NWDS ensures that our business operations fully comply with all labour laws and regulations in Mainland China and Hong Kong. We strictly prohibit child labour and forced labour throughout our entire business. Committed to protecting universal human rights, we adhere to the New World Group's *Human Rights Policy*, 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' Sustainable Development Goals.

As part of our recruitment process, we verify all candidates' age, identities, qualifications, and other pertinent information to ensure that we prevent any possibility of child labour. In addition, we also have clearly defined overtime and leave policies in place to protect employees' rights and avoid labour disputes.

In FY2023, there were no reported incidents of non-compliance during this reporting period in relation to employment practices and labour standards, which include forced or child labour. We also did not receive any reports of discrimination.

COLLABORATING WITH OUR BUSINESS PARTNERS



OUR VALUE CHAIN

Collaboration with our business partners across the value chain is imperative for realising our long-term sustainability vision. We maintain a close relationship with our tenants to embed sustainable practices into their operations. Besides, we have integrated ESG considerations into our supply chain management to further support our sustainability goals. By working closely with our business partners, we aim to create a more sustainable future for all stakeholders.

COUNTERS AND TENANTS

We believe that effective tenant management requires a proactive and collaborative approach. To achieve this, we are committed to building strong relationships with our tenants by engaging in open and transparent communication to understand their concerns and feedback. Additionally, we provide necessary support and collaborate with our tenants on marketing and promotion, as well as customer engagement.

To guide our tenant management efforts, we have established *Tenant Management Handbook* in FY2023. The guidelines are designed to help us manage each tenant's unique features in a flexible way that meets their individual needs. They include policies that can be tailored to each tenant, a tenant rating system, a dedicated team for tenant management, and a formal tenant services system. Our goal is to support our tenants' business development, improve the overall quality of tenants in our stores, and promote continuous growth.

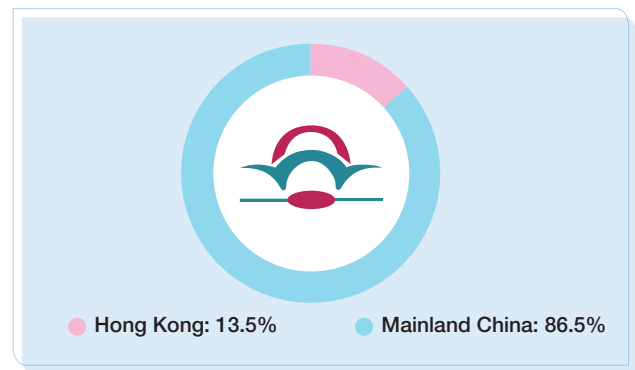
To ensure the quality of our concessionaire brands, we use our Brand Reserve Information System, an online brand centralisation platform. The system records the history of cooperation and monitors sales for each brand, which is then considered in our future branding strategies. We also consolidate and share market insight and brand information monthly across our retail lines at the departmental and regional levels to seek opportunities for collaboration. As of 30 June 2023, the system has stored 9,032 brands and suppliers.



SUPPLIERS

We consider the long-term stability and resilience of our supply chain to be crucial for the smooth operation of our business. To ensure that our suppliers adhere to our ESG standards, we have established protocols to oversee and evaluate their environmental and social management practices. We have incorporated supplier-related risks into the Group's risk management system to be managed and addressed by the relevant departments.

Suppliers' profile by geographical location⁷



In line with our commitment to ESG objectives, the *Supplier Code of Conduct* and *Supplier Sustainability Self-Assessment Questionnaire* have been developed to outline specific requirements that we expect from our suppliers. To ensure that the requirements are met, they will be taken into consideration during the supplier selection process, and compliance will be a part of the contractual obligations for all suppliers. The requirements cover:

- Legal Compliance
- Business Ethics
- Environmental Management
- Labour Practices
- Occupational Health and Safety
- Discrimination and Human Rights

In order to align with the current market situation and the operational needs of our shops, we are currently amending our *Business Improvement and Assessment Policy*. Additionally, we invite major suppliers to complete the *Supplier Sustainability Disclosure Forms* (the "Supplier Forms") to ensure compliance and continuous improvement in sustainability performance. The Supplier Forms cover various areas such as energy conservation, waste reduction, green initiatives, community services and donations, discrimination, and legal compliance.

⁷ Total number of suppliers refers to those that have valid contracts with NWDS and with a total expenditure of HK\$500,000 or above within the reporting period.

As of 30 June 2023,

- **350** suppliers signed the Supplier Code of Conduct and completed the *Supplier Sustainability Self-Assessment Questionnaire*
- **353** suppliers completed the *Supplier Sustainability Disclosure Forms*

In FY2023, we did not identify any suppliers that have significant environmental and social impacts in the supply chain.



In the process of selecting suppliers, we take a prudent approach, considering several factors such as pricing, reputation, quality, and their social and environmental impacts across the supply chain. We strive to ensure that all suppliers are compliant with all regulations and have a positive impact on the environment. This approach is consistent with our broader goals of promoting sustainability and minimising our environmental footprint.

To achieve these goals, there are several key requirements that we consider when making procurement decisions:

- Minimise the use of raw materials throughout the product's lifecycle
- Prioritise reused or recycled products
- Minimise the environmental impacts of the service or product in the lifecycle
- Reduce unnecessary packaging
- Minimise water and energy consumption
- Minimise hazardous substance
- Prioritise durable and easy-to-maintain products
- Evaluate the disposal method
- Include an environmental protection clause in tenders and contracts

GREEN PROCUREMENT

At NWDS, we are committed to integrating solid environmental principles into all aspects of our business operations. To achieve this goal, we have implemented a *Green Procurement Policy* that encourages the consideration of environmental factors when making procurement decisions. This policy reflects our sustainability priorities, which emphasises the importance of selecting suppliers who share our commitment to sustainability.



Creating an Eco-Friendly Tote Bag to Celebrate International Women's Day

Our operations and product offerings are infused with a commitment to sustainability and eco-friendly practices. We have designed a DuPont Tyvek paper tote bag made from 100% degradable materials that we are distributing as a gift to celebrate International Women's Day. It has impressive durability, stability, and resistance to liquids and tearing, resulting in less material waste and reduced energy and resource consumption throughout its life cycle. The tote bag can also be recycled, making it an environmentally-conscious product.





A New Sustainable Product Choice at LOL Concept Shops

We recognise that sustainable supply chain and procurement practices have the greatest environmental, social, and economic impacts along the whole product life cycle. Therefore, our LOL Concept Shop continues to offer customers green product alternatives and promote a low-carbon lifestyle. This year, the shop featured a duffle bag crafted from recycled ocean plastics. This stylish bag is designed to help combat plastic pollution while providing a versatile option suitable for travel, sports, and daily activities. We believe that this product promotes conscious consumption and encourages responsible purchasing habits.



SUPPORTING A GREENER FUTURE



NWDS is committed to promoting sustainability in our business operations and aims to communicate this commitment to our customers. We employ various measures throughout our operations to address energy consumption, resource management, waste reduction, and water conservation. Our policies, guidelines, and services are designed to encourage collaboration among stakeholders to enhance our environmental performance collectively.

NWDS GREEN MANAGEMENT WORKFLOW

We have developed a comprehensive strategy for managing the environment that prioritises the key areas of concern and facilitates significant advancements toward the realisation of “SV2030”.



1. Formulating green policies and guidelines

Our sustainability policies and guidelines help us manage key environmental issues including energy usage, greenhouse gas (“GHG”) emissions, waste management, green office and procurement.

2. Setting environmental baseline and targets

Using FY2015 as a baseline, our targets are to reduce our energy intensity by 2% in MWh/m² and carbon intensity by 12% in tCO₂e/m² in FY2030. These targets also form key milestones on our road to achieving the SV2030.

3. Collecting environmental data

Accurate environmental disclosure is essential for effective management of our impact on the environment. Our Internet-based Data System captures all environmental data such as energy, water, and materials consumption from our stores and offices, to monitor our continuous improvement.

4. Implementing green measures

The Group has invested in energy-efficient building service systems and equipment upgrades, optimised daily operations, monitored and controlled real-time energy consumption, and collaborated with tenants to ensure a continual improvement process.

5. Regular monitoring and review

NWDS regularly reviews and updates its environmental policies and guidelines to stay current with environmental issues and regulatory changes. We have also obtained third-party verification to ensure the credibility of the data reported and facilitate the ongoing improvement of our environmental management. Please refer to the “Assurance Statement” chapter for more details.

6. Communicating the commitment to stakeholders

We value stakeholder participation in our sustainability journey and frequently engage with them to promote our sustainability initiatives while also understanding their concerns. For more information, please refer to the “Engaging Our Stakeholders” section for more details.

CLIMATE CHANGE ADAPTATION AND RESILIENCE

The prevailing conception is that climate change is the foremost worldwide obstacle in the near future. These unforeseeable events can disrupt our daily operations, which underscored the importance of transitioning to a low-carbon economy. The Group acknowledges that our business can become more resilient and better equipped to withstand such impacts by taking proactive steps to mitigate and adapt to potential climate risks, such as extreme weather events and global temperature rises.

In recognition of this, our risk management system has integrated climate risks since FY2021. We have identified physical and transition climate risks that could pose a moderate risk to our business. By identifying these risks, we can take action to address them and ensure our business is well-positioned to weather any potential impacts.

Climate Risk	Potential Impacts
Physical Risks	
Acute Physical Risk	
<ul style="list-style-type: none"> Increase occurrence of extreme weather events 	May affect Company operations and infrastructure by damaging assets, and accelerating outdoor infrastructure deterioration. Such events may also damage store facilities and give rise to additional maintenance costs.
Chronic Physical Risk	
<ul style="list-style-type: none"> Changes in rainfall pattern may expose our stores to flooding risk, which is especially significant for our underground floors/facilities (e.g., car parks) Rising ambient temperature and/or heatwaves may increase the demand on cooling system 	<p>Result in potential service disruptions due to flooding.</p> <p>Increase expenditures due to higher energy costs.</p>
Transition Risks	
Policy & Legal Risk	
<ul style="list-style-type: none"> Failure to reduce the impacts caused by carbon-intensive operations, products and services to comply the Government tightened standards/regulations Failure to fulfil more stringent disclosure requirements 	Negative financial impact (e.g. higher compliance costs, reduced revenue).
Market Risk	
<ul style="list-style-type: none"> Failure to satisfy the varying needs/expectations of customers for greener and sustainable product/services choices 	Affect Company's competitiveness and attractiveness, resulting in decreased revenues.
Technology Risk	
<ul style="list-style-type: none"> Replacing existing technologies and facilities lead to higher capital and operating costs Online retailing is gradually substituting offline retailing business 	Replace existing technologies and facilities lead to higher capital and operating costs.
Reputation Risk	
<ul style="list-style-type: none"> Shareholders are likely to divest retail business Increase tenant demand for energy efficiency and data transparency 	Increase expenditure due to improved tenant satisfaction and experience.

Relevant departments have implemented measures to address climate risks to the business and promote ongoing improvement.

In response to various types of extreme weather events, such as typhoons, heavy rainstorms and flooding, we have implemented *Guidelines for Notification and Handling of Crises* across all our stores in order to improve the mobility, flexibility and resilience of the staff. The Group has deployed necessary measures in advance to ensure the health and safety of our employees and safeguard the Group's assets to minimise losses.

The following measures have been taken to reduce the risks in case of extreme weather events:

- Prepare emergency supplies kits ahead of time, which should include items such as a flashlight and sandbags.
- Inspect the roof, windows, and doors of the building to confirm that they are secure and capable of withstanding high winds.
- Securely fasten or remove all outdoor signs, decorations and equipment to prevent them from being carried away by strong winds.
- Conduct a thorough examination of electrical equipment and public facilities to ensure that important systems such as fire alarms remain operational during power outages.
- Ensure that drainage systems are not obstructed to prevent water damage and flooding.

We will continue to monitor and implement additional measures to fortify our business against potential physical and transitional climate risks that may arise in the future.

ENERGY AND CARBON EMISSIONS MANAGEMENT

NWDS has achieved the “SV2030” targets for reducing energy intensity and carbon emissions intensity by 2% in MWh/m² and 12% in tCO₂e/m² respectively (excluding tenants) against a baseline of FY2015. In the coming years, we will consider setting new targets that align with our long-term sustainability goals to reduce energy intensity and carbon emissions even further.

In pursuing the “Dual Carbons” goals, it has become crucial to transform the retail industry into a low-carbon model. NWDS is taking proactive measures to conserve energy and minimise emissions throughout its business operations while reducing unnecessary resource consumption. We also invest in energy-efficient equipment upgrades, optimising daily operational scheduling and implementing real-time energy monitoring to improve oversight and management.

Furthermore, the Group is promoting an eco-friendly low-carbon workplace and encouraging its staff to adopt energy-saving practices like enabling energy-saving mode on computers, turning off electrical appliances such as computers, printers, and other devices after work hours, and unplugging all electrical equipment before leaving offices during extended holidays.

To reduce the energy consumption of our business operations, we continue to implement the following measures:

- Install a central air conditioning monitoring system, which allows for real-time monitoring and prompt issue detection and resolution, ensuring consistent temperature during summer.
- Optimise our Food and Beverage tenants' kitchen exhaust and ventilation systems to enhance the capacity to remove cooking fumes and heat, resulting in less air conditioning load.
- Time-controlled lighting systems have been installed in 22 stores, and one store is undergoing installation, to ensure lights are switched off during non-operating hours and conserve energy.
- Operate elevators and escalators only during opening hours, with sensor-based automatic escalator movement to further reduce energy consumption.



Digitalising Electricity and Water Billing

In September 2022, our Wuhan Jianshe Store and Wuhan Xudong Branch Store implemented an electricity and water billing application to replace the manual billing process. Instead of manually copying readings and calculating usage, the new application allows metre readers to photograph the metre and record the final reading. The application then generates the consumption amount automatically. Relevant departments can access each tenant's electricity and water usage data through the Business Intelligence ("BI") system. At the same time, the Commerce Department can conduct statistical analysis using the same system. The launch of the application shortened the billing process from three days to just one day.

The new system eliminates billing errors caused by metre readers and provides accurate billing. It is more convenient for stores to monitor their electricity and water consumption, as the BI system generates usage analysis to help identify abnormal usage and set conservation targets. The digitalised billing process saves more than 5,000 pieces of A4 paper annually, making it a greener method than traditional billing. With the successful implementation of this application, the Group plans to expand the technology to other areas, such as facility maintenance and inquiries, to achieve a paperless office.

WATER RESOURCES MANAGEMENT

Water is essential to our business operations and is crucial for our customers. Water scarcity remains a major concern in Mainland China, we are committed to promoting water conservation as part of our pledge under “SV2030”. To conserve our valuable resources, we regularly monitor our water consumption to identify opportunities for improving our water efficiency. The Group’s water is from municipal water supply utilities, which are generally used for washrooms and cleaning in our stores. By raising awareness of the importance of water conservation, we aim to protect our resources and ensure a sustainable water supply to support our business operations and the communities in which we operate.

In FY2023, we launched a digital application to streamline our water billing process, minimising human error risk and allowing for more efficient water data analysis. For more details, please refer to the “Energy and Carbon Emissions Management” case study. Furthermore, we are continuously improving our water conservation efforts by:

- Conducting regular checks of the pipelines and water facilities to identify and repair any leaks
- Installing water-saving appliances in our store bathroom facilities
- Inspecting cooling towers during summer to prevent wastage from faulty structures



WASTE MANAGEMENT

NWDS is committed to reducing waste and promoting recycling in our retail stores, guided by our “SV2030”. Our goal is to achieve higher material utilisation efficiency and maximise recycling to ensure the effective utilisation of resources in our business operations.

As a responsible retailer, we recognise that food waste generated by our tenants significantly contributes to our waste output. Therefore, we are dedicated to continuously improving our food waste management procedures. Currently, more than 50% of our stores have implemented waste classification systems to better handle waste and promote recycling.

We also actively encourage our employees to reduce waste at its source, cultivate waste separation and recycling and reusing habits, putting environmentally friendly concepts into action. To ensure proper waste disposal and compliant reuse, qualified external contractors collect and recycle all waste. We monitor and record waste-related data regularly to track our progress in waste reduction and recycling efforts. By taking these measures, we are working towards our goal of reducing waste and promoting sustainable practices in our operations.



Waste Sorting Campaign

Our Shanghai Pujian Branch Store organised a waste sorting campaign in April 2023 to comply with relevant regulations and improve the value of waste by centralising its treatment. The goal is to reduce the amount of waste that needs treatment, decrease treatment costs, and minimise land resource usage.

One of the significant benefits of the waste sorting programme is reducing pollution. The project aims to decrease pollution in the surrounding environment by recycling non-biodegradable materials like plastics. This approach allows the project managers to understand the project's impact and make necessary improvements.

In addition to the environmental benefits, the initiative has economic and social advantages. The programme resulted in cost savings and preserving natural resources by reducing treatment costs and land resource usage. Furthermore, the initiative aims to transform waste into a valuable resource, enhancing the mall's aesthetic and promoting resource recycling.



Coffee Grounds DIY Project



In April 2023, our Shanghai Shaanxi Road Branch Store collaborated with Starbucks to celebrate World Earth Day by organising an event called "Coffee Environmental Protection Little Guardian". The event aimed to raise awareness about the importance of protecting the environment and to educate children and parents about the journey of a coffee bean. During the event, participants learned about the various stages of producing coffee, from harvesting the beans to roasting and brewing. They also gained an understanding of the role that coffee grounds play in the coffee-making process and the potential environmental impact of waste generated by coffee consumption.

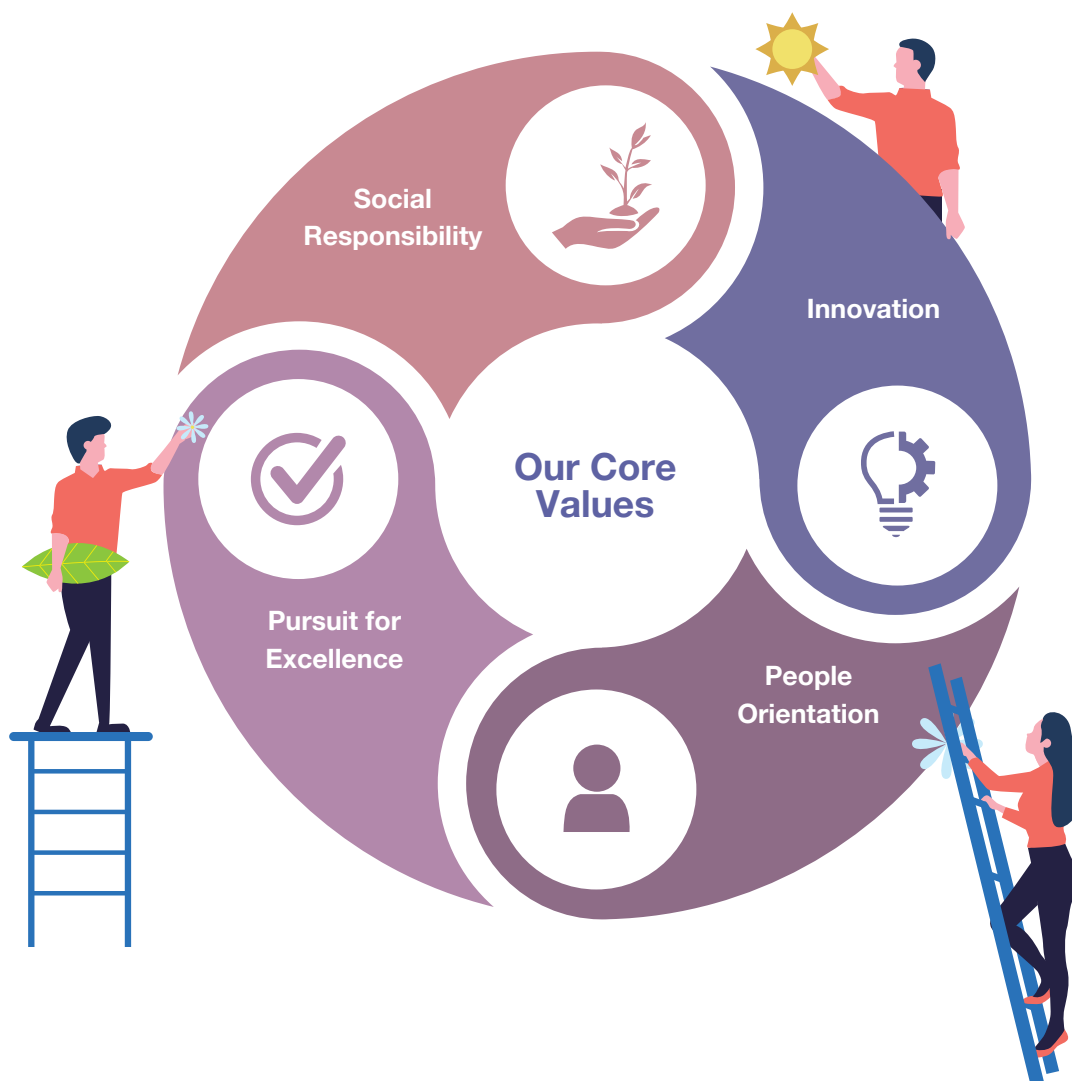
As a part of the event, parents and children were provided with the chance to craft DIY plant pots using coffee grounds. The activity was intended to be enjoyable and interactive while simultaneously advocating repurposing waste into a valuable commodity. Participants were able to take their plant pots home and continue to utilise them as a symbol of the significance of sustainability.

CULTIVATING SUSTAINABLE COMMUNITIES



We deeply understand that corporate social responsibility (“CSR”) is a crucial element in driving sustainable growth. The Group is dedicated to making a positive impact in the communities where we conduct business by promoting sustainable development and addressing social issues through our CSR initiatives.

As a prominent retailer in Mainland China, we are deeply committed to the communities we serve and strive to support them through our stores in various locations. Our CSR vision is guided by four core values: Social Responsibility, Innovation, People Orientation, and Pursuit for Excellence. Through our efforts to promote social responsibility, we aim to contribute to the well-being and development of the communities we serve. We also prioritise innovation, constantly seeking new and better ways to address social concerns and promote sustainability. Additionally, our people-oriented approach ensures that we prioritise the needs and interests of our employees, customers, and other stakeholders. Finally, we are committed to pursuing excellence in all aspects of our CSR initiatives, striving to make a meaningful and lasting impact on the communities we serve.



Our key beneficiaries

- 1 Children and students
- 2 People with disabilities
- 3 Elderly people
- 4 Under-resourced groups

OUR APPROACH TO COMMIT TO CORPORATE SOCIAL RESPONSIBILITY

At NWDS, we believe in the importance of CSR and strive to positively impact the communities in which we operate. To achieve this, we encourage our stores to engage with local stakeholders and provide opportunities for employees to actively participate in their communities by volunteering and fundraising to support the local economy. We prioritise investing in communities and engaging in community involvement through supporting education, charitable donations, volunteering, and partnerships with charitable or non-governmental organisations (“NGOs”).

To strengthen our connections with local charitable and non-profit making organisations, we encourage our stores to identify areas in which they can offer support and host events for their communities. We also leverage social media platforms like Weibo and WeChat to engage with local stakeholders effectively. In FY2023, our community initiatives have four primary focuses: Community Service, Charitable Donations, Community Support and Appreciation, and Environmental Protection.

To facilitate our employees’ involvement in their communities, we welcome employees from all stores and offices to join our nationwide NWDS Volunteer Team. This team regularly promotes new volunteering opportunities and community activities to ensure that our employees have the chance to contribute to society and fulfil their civic responsibilities. We promote volunteering opportunities internally and externally through various channels, such as our intranet, regular newsletters, and WeChat. Additionally, we provide the *NWDS Volunteer Team Members’ Handbook* for employees interested in joining the NWDS Volunteer Team that contains information on the meaning and value of volunteering, key beneficiaries, enrolment methods, and other details about the NWDS Volunteer Team.

To monitor our performance, we keep volunteer records updated on a regular basis and store them in our electronic Human Resources (“HR”) database. We strive to fulfil our corporate social responsibility objectives and positively impact the communities in which we operate.



Number of volunteers

728 people



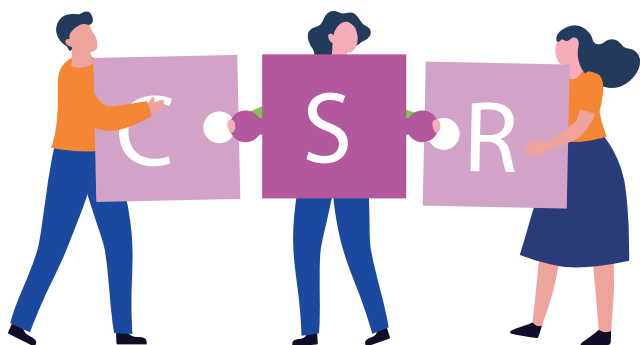
Total volunteering service hours

1,543 hours



Total Amount donated (HKD)

approximately **18,000**



COMMUNITY INITIATIVES IN FY2023

Community Service



Empowering Communities Through Voluntary Blood Donation

Our values of “humanity, mutual support, compassion, and commitment” were brought to life through the actions of our employees at our stores. In March, our employees from Shanghai Chengshan Branch Store participated a voluntary blood donation event in Pudong New Area, while our Chongqing Store also organised a similar event in Jiangbei District.

Furthermore, four employees from our Shanghai Tianshan Road Branch Store also selflessly donate their blood, demonstrating that our employees are not only dedicated to their work but also positively impacting their communities. Our employees’ willingness to give back to their community and support such a noble cause is a testament to our Company’s values and culture. We are proud to have such dedicated and compassionate individuals working for us.



Bringing Community Unity and Care to Elderly Residents During Dragon Boat Festival

In celebration of the Dragon Boat Festival, a dedicated volunteer team from Beijing Qianzi Store embarked on a meaningful community visit to extend care and support to the elderly residing in the Shengli Subdistrict. During the visit, the volunteers presented gifts and heartfelt festive blessings to residents aged 65 and above to express their genuine concern for the well-being of the elderly and foster a sense of unity and warmth within the community.



Charitable Donations



Building Bridges through Fashion

Our Beijing Liying Store collaborated with the programme team of “Dream Time” from Beijing Television Station to host a children’s model runway event for our employees and local families. The main objective of our upcoming event is to promote social welfare initiatives, foster a stronger connection between our store and the community, and cultivate a positive public image as advocates for social welfare.



The event will feature exceptional children who will be selected to participate in a live recording of the Beijing Television Station programme. In addition to this, we conducted a public welfare donation drive to provide clothing for children in remote mountainous areas. This initiative will help bridge the gap between different cities and instil a sense of social responsibility in children.



Charity Events for World Autism Awareness Day



In honour of World Autism Awareness Day, our Shanghai Shaanxi Road Branch Store and Beijing Qianzi Store organised charity events respectively to support children with autism and spread awareness about the condition.

Our charity event at the Shanghai Shaanxi Road Branch Store was designed to encourage donations. The store offered a special gift to donors who contributed RMB42 or more. The gift was a picture book created by children with autism, showcasing their artistic talents. The event also showcased the artwork and video promotions created by autistic children, allowing every customer to step into the world of children with autism and gain a better understanding of their experiences and challenges.



In collaboration, the Beijing Qianzi Store and “Shunyi Online” organised a charity flea market event titled “With Love, Warm the Heart with Goods”. The event was aimed to encourage people to donate their personal items and spread awareness about autism. With 150 volunteers participating, the event successfully collected and sorted donated items, such as clothes, books, toys, and household items, and it is expected that the event will benefit 180 individuals. We issued a charity certificate to participating businesses to recognise their contribution and encourage others to follow in their footsteps.

By promoting healthy knowledge and raising awareness about autism, we hoped to improve the lives of autistic children and their families.



Fostering Community Bonds through generous clothing donation

In March 2023, Beijing Chongwen Store donated clothing to Xikou Village, located in Arxan City, Inner Mongolia, which is home to 641 households and 1,609 people. Through this donation, we hope to bring a touch of warmth to the villagers living in remote areas. The secretary of the Xikou Village Party branch and village chief wholeheartedly conveyed their appreciation for the donation of 800 sets of clothing.



Protecting Vulnerable by Donating Rapid Antigen Test (“RAT”) Kits

Amid the ongoing COVID-19 pandemic, our Hong Kong office recognised the pressing need to address the challenges faced by the elderly population. In September 2022, we donated 1,500 RAT kits to the homes of Fu Hong Society to protect the most vulnerable members of society and make a positive impact during these trying times.



Empowering Underprivileged Youth by Supporting the Child Development Fund

In an effort to enhance the well-being of underprivileged families and promote intercultural harmony, our Hong Kong office generously donated HKD10,000 to support the Child Development Fund (“CDF”) project through a NGO, the Young Men’s Christian Association (“YMCA”) of Hong Kong. The YMCA has been part of the CDF project since 2014, aiming to empower children by encouraging future planning, cultivating savings habits, and fostering the development of positive attitudes, personal resilience, social networks, etc. We believe that our collaboration with this non-subvented NGO will create a positive impact and help the youth build a better future.



Showing Appreciation for Frontline Workers by Delivering Refreshments

Our Wuhan Wuchang Branch Store and Chongqing Store have taken steps to demonstrate care and appreciation for frontline workers. At the Wuhan Wuchang Branch Store, we have established a “Superhero Supply Station “ to offer cleaning workers a comfortable space and refreshing supplies during operating hours, which aims to provide frontline workers with a much-needed break from their demanding duties and show them that their hard work is valued.

Additionally, the volunteer team at our Chongqing Store has distributed cool mineral water to workers to raise awareness about heatstroke prevention and encourage them to stay hydrated during their duties. Despite the sweltering heat of summer days, these frontline workers remain devoted to their duties to keep the cities clean. It is important that we show appreciation for their contributions and symbolise the community’s support for their efforts.

By taking these actions, we hope to inspire others to recognise the dedication and hard work of frontline workers and join us in demonstrating appreciation for their efforts. It is essential to acknowledge the sacrifices made by these workers, especially in challenging times, and to show them that their efforts do not go unnoticed.



Environmental Protection



Preserving the Beauty of the Beach by Taking Initiative in Beach Clean-up

A group of 10 volunteers from Yantai Store demonstrated their commitment to maintaining a clean and hygienic environment by taking the initiative to clean up the litter on the beach. Their efforts aimed to preserve the cleanliness and sanitation of the beach, which is essential for the well-being of visitors and the local community. Through their proactive actions, these volunteers set an excellent example of behaviour and helped to ensure that the beach remains a pleasant and enjoyable place for everyone to visit.



Promoting Environmental Awareness through Cycling

We partnered with a public welfare organisation to host a cycling event at the Shenyang Jinqiao Road Trendy Plaza, which involved the participation of 62 cycling enthusiasts. As a token of participation, each cyclist was provided with an exclusive chest patch for the event. The cycling route began at the starting point and took the participants through several landmarks, including the Shenyang Imperial Palace and the Commander Zhang's Mansion, before culminating at the Municipal Plaza. Those who finished the course and crossed the finish line were given a present. The event aimed to promote awareness about environmental protection and motivate participants to adopt eco-friendly lifestyles.





Promoting Sustainable Practices through Incentivised Customer Engagement

Our Yantai Store organised an event aimed at fostering sustainable practices among our valued customers. The event centred around encouraging customers to bring in their old items, such as clothes, books, and other unused goods, to the store. In return for their contributions, customers were offered a RMB20 supermarket voucher per item.



The primary aim of this event was to instil a sense of environmental consciousness and encourage customers to reflect on their purchasing behaviours. By providing a tangible incentive in the form of the supermarket voucher, we sought to motivate the customers to actively engage in sustainable practices.



Environmental Responsibility Promoted through Tree Planting Activities

The Staff Sports Day brought together three stores in Wuhan, including Wuhan Jianshe Store, Wuhan Wuchang Branch Store and Wuhan Xudong Branch Store, including various activities, such as tree planting, fun sports activities, and barbecue. This event promoted employee engagement and team cohesion, while encouraging colleagues to take action for a greener future. One of the key highlights of the event was the tree planting activity, which contributed to the city's greenery and environmental well-being, instilling a sense of responsibility and ownership towards the environment. We aimed to inspire a positive change in behaviour and mindset, as well as understanding the importance of preserving natural resources, protecting ecosystems, and mitigating the effects of climate change.



AWARDS, RECOGNITIONS AND MEMBERSHIPS

AWARDS AND RECOGNITIONS

The Asset

- Platinum Award in the category of “Environmental, Social and Governance” in “The Asset ESG Corporate Awards 2022”



Promoting Happiness Index Foundation and the Chinese Manufacturers' Association of Hong Kong

- Happy Company 5+” logo in “Happiness at Work Promotional Scheme 2023”



Mandatory Provident Fund Schemes Authority

“Good MPF Employer”, “e-Contribution Award” and “MPF Support Award” in 2022/23 “Good MPF Employer” Award



World Green Organisation

“Green Office” and “Eco-Healthy Workplace” labels in the “United Nations Sustainable Development Goals — Green Office Awards Labelling Scheme”



Environmental Campaign Committee

- “Hong Kong Green Organisation” Certificate, “Excellent” Level Wastewi\$e Certificate, “Good” Level Energywi\$e Certificate, “Basic” Level IAQwi\$e Certificate in the “Hong Kong Green Organisation Certification Scheme”



The Hong Kong Council of Social Service

- “10 Years Plus Caring Company” logo in 2022/23 “Caring Company” Scheme



Beijing Chaoyang District People’s Government Wangjing Sub-district Office

- East-West Cooperation Caring Company



EXTERNAL INITIATIVES AND MEMBERSHIPS

UN Nations

- Supporter of United Nations’ Sustainable Development Goals



World Green Organisation

- Participating Organisation of “Paper Saving Campaign”

Environmental Bureau, HKSAR

- Carbon Audit Green Partner of “Climate Ready@HK”
- Participating Organisation of “Green Event Pledge”

China Council for International Investment Promotion

- Corporate member

SUSTAINABILITY DATA SUMMARY

SOCIAL DATA

Number of Employees		Total	Gender		Geographical Region	
			Male	Female	Hong Kong	Mainland China
By Employment Type	Permanent	1,166	562	604	13	1,153
	Contract	951	482	469	0	951
By Employment Type	Full-time	2,117	1,044	1,073		
	Part-time	0	0	0		

Employee Diversity Metrics		Total	Gender	
			Male	Female
Employees in managerial roles who are born after 1985		92		
Employees with disability		12		
Employees in STEM roles		778	588	190
Employees in revenue-generating managerial roles		198	66	132

Training Hours			
	FY2023		
	Total training hours	Average training hours per employee	Percentage of employees trained
By Seniority			
Frontline Officer and below	28,870.4	33.1	100%
Back-office Officer and below	15,496.1	16.9	99.9%
Assistant Manager	6,338.2	44.0	100%
Manager	3,686.4	40.5	100%
Senior Manager	1,537.1	54.9	100%
Assistant General Manager and above	1,642.7	24.9	100%
By Gender			
Male	25,767.4	24.7	100%
Female	31,803.5	29.6	99.9%
Total	57,570.9	27.2	99.9%

Anti-corruption Training		
	FY2023	
	Number of individuals trained ⁽¹⁾	Percentage of individuals trained
General Employees in Hong Kong	1	7.7%
General Employees in Mainland China	333	15.8%
Directors in Hong Kong	8	100.0%
Directors in Mainland China	1	100.0%

Regular Performance Review		
	FY2023	
	Number of employees received regular performance review	Percentage of employees received regular performance review

By Seniority

Frontline Officer and below	871	100.0%
Back-office Officer and below	917	100.0%
Assistant Manager	144	100.0%
Manager	91	100.0%
Senior Manager	28	100.0%
Assistant General Manager and above	64	97.0%

By Gender

Male	1,043	99.9%
Female	1,072	99.9%
Total	2,115	99.9%

Leave Entitlement	
	FY2023

Parental Leave

Employees entitled to maternity leave	1,073
Employees who had taken maternity leave	32
Employees returning to work after maternity leave	24
Employees entitled to paternity leave	1,044
Employees who had taken paternity leave	18

Caring Leave

Employees entitled to caring leave	2,117
Employees who had taken caring leave	42

(1) The number of general employees who receive anti-corruption training does not include the two directors who are also employees. Instead, the directors are counted as part of the number of directors who receive training.

Total Workforce; Turnover and New Hires of Permanent Employees ⁽²⁾			
	FY2023		
	Total Workforce	Turnover	New Hires
By Gender			
Male	1,044	119	0
Female	1,073	142	1
By Age Group			
Aged under 30	165	26	1
Aged 30 to 50	1,770	212	0
Aged over 50	182	23	0
By Geographical Region			
Hong Kong	13	1	1
Mainland China	2,104	260	0
Total	2,117	261 (12.3%)	1

Occupational Health and Safety					
	FY2023				
	Absentee Rate ⁽³⁾	Injury Rate ⁽⁴⁾⁽⁵⁾	Lost-day Rate ⁽⁵⁾	Occupational Disease Rate ⁽⁵⁾	Fatality Rate
By Gender					
Male	1.39%	0.367	21.89	0	0
Female	1.70%	0.179	9.91	0	0
By Geographical Region					
Hong Kong	1.29%	0	0	0	0
Mainland China	1.55%	0.273	15.91	0	0
Total	1.55%	0.272	15.82	0	0

(2) To align with the Parent Company's disclosure practices, the staff turnover and new hires figures and rates reported here cover permanent employees only.

(3) Absentee rate is calculated as 'total number of absent days divided by the total days worked'.

(4) Minor (first-aid level) injuries are excluded from the above injury rates.

(5) 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'.

Remuneration	
	FY2023
Ratio of the remuneration of women to men ⁽⁶⁾	1.12:1

Product responsibility	
	FY2023
Percentage of total products sold or shipped subject to recalls for safety and health reasons	0
Number of products and service-related complaints received	0

ENVIRONMENT DATA⁽⁷⁾

Air Emissions ⁽⁸⁾			
Type	Unit	FY2022	FY2023
Nitrogen Oxides (NO _x)	tonne	0.0221	0.0186
Sulphur Oxides (SO _x)	tonne	0.0006	0.0005
Particulate Matter (PM)	tonne	0.0016	0.0014

GHG Emissions			
Type	Unit	FY2022	FY2023
Direct GHG (Scope 1)	tonne CO ₂ e	3,331	2,671
Indirect GHG (Scope 2)	tonne CO ₂ e	62,775 ⁽⁹⁾	58,190
Total	tonne CO₂e	66,106	60,861
GHG Intensity⁽¹⁰⁾	tonne CO₂e/sq.m.	0.063	0.064

(6) Ratio of the remuneration of women to men covers employees in Mainland China only as over 99% of employees are located in Mainland China.

(7) Stores closed during FY2023 and FY2022 are excluded from the respective financial year's environmental data.

(8) 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.

(9) Indirect GHG (scope 2) emissions and GHG intensity in FY2022 are restated as another source of emission factor was used for calculating emissions from district heating: US Energy Information Administration Form EIA-1605. Voluntary Reporting of Greenhouse Gases — Appendix N. Emission Factors for Steam and Chilled/Hot Water.

(10) The above reported GHG intensity, energy intensity and water intensity were calculated based on the GFA of the stores and corporate offices with full-year operations during the year under review (i.e. 1,052,138 sq.m in FY2022 and 948,838 sq.m in FY2023).

Energy Consumption ⁽¹¹⁾				
Type	Unit	FY2022	FY2023	
Natural Gas	GJ	59,247	47,255	
Gasoline	GJ	1,538	1,294	
Diesel	GJ	764	739	
Electricity	GJ (kWh)	333,865 (92,740,278)	332,840 (92,455,627)	
District Heating	GJ	73,723	65,000	
Total	GJ	469,137	447,128	
Energy Intensity	GJ/sq.m.	0.446	0.471⁽¹²⁾	

Water Consumption				
Type	Unit	FY2022	FY2023	
Municipal Water Used	m ³	600,248	477,366	
Water Intensity	m³/sq.m.	0.571	0.503	

Materials Used				
Type	Unit	FY2022	FY2023	
Paper (A4)	tonne	15.3	13.5	
Paper (A3)	tonne	0.5	0.2	
Paper Products	tonne	13.8	8.8	
Plastic Bags	tonne	5.0	2.2	

(11) 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.

(12) The COVID-19 pandemic and government-imposed restrictions led to shorter operating hours for our stores in FY2022 than FY2023. However, as conditions improved and returned to normal in FY2023, we gradually resumed regular operating hours which led to the increase of energy intensity.

Waste Handled			
Type	Unit	FY2022	FY2023
Hazardous Waste Recycled			
Toner	tonne (kg)	0.1 (96.5)	0.1 (85.0)
Non-hazardous Waste Disposed at Landfills/Incinerated			
General Waste	tonne	3,603.2	6,284.8 ⁽¹³⁾
Paper	tonne	0.04	11.88 ⁽¹⁴⁾
Plastics	tonne (kg)	0 (0)	0 (0)
Food Waste	tonne	1,603.2	40.8
Total	tonne	5,206.5	6,337.58
Non-hazardous Waste Recycled or Reused			
Cardboard	tonne	141.9	138.4
Scrap Metal	tonne (kg)	1.0 (1,045)	0.4 (386)
Total	tonne	142.9	138.8

(13) During the COVID-19 pandemic in FY2022, our stores experienced a decline in customer visits due to the subsequent lockdown measures. However, as conditions gradually improved and returned to normal in FY2023, the increase in customer traffic led to a corresponding rise in the amount of general waste generated by our customers.

(14) The increase in paper waste in FY2023 is due to the data obtained from our Shanghai Pujian Branch Store, which was not available in FY2022.

CONTENT INDEX

Note: GD: General Disclosure; MD: Mandatory Disclosure; KPI: Key Performance Indicator

Topic Disclosed	GRI Standards Disclosure/	GRI Indicator	SEHK ESG Reporting Guide	Description	Relevant Section(s) or Remark
General Disclosures					
The Organisation and its Reporting Practices	GRI 2 General Disclosures 2021	2-1	—	Organisational details	Annual Report 2023 About NWDS (P.7–10)
		2-2	—	Entities included in the organisation's sustainability reporting	Annual Report 2023 About NWDS (P.7–10)
		2-3	—	Reporting period, frequency and contact point	About this Report (P.3)
		2-4	—	Restatements of information	Sustainability Data Summary (P.57–62)
		2-5	—	External assurance	Assurance Statement (P.72) The Board reviewed this Report and the external assurance report before publication.
Activities and Workers		2-6	—	Activities, value chain and other business relationships	Annual Report 2023 About NWDS (P.7–10) ESG Governance and Risk Management – Engaging Our Stakeholders (P.14) Collaborating with Our Business Partners (P.35–38) There were no significant changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers.
		2-7	KPI B1.1	Employees	Empowering Our People (P.24–34) Sustainability Data Summary (P.57–62)
		2-8	—	Workers who are not employees	The most common types of non-employee workers are employed by our suppliers. Relevant data currently is not collected.
Governance		2-9	—	Governance structure and composition	ESG Governance and Risk Management – Sustainability Governance (P.12–13) Annual Report 2023 – Corporate Governance Report (P.39–54)
		2-10	—	Nomination and selection of the highest governance body	Annual Report 2023 – Corporate Governance Report (P.39–54)
		2-11	—	Chair of the highest governance body	ESG Governance and Risk Management – Sustainability Governance & Business Ethics (P.12–13, 17) Annual Report 2023 – Corporate Governance Report (P.39–54)
		2-12	—	Role of the highest governance body in overseeing the management of impacts	ESG Governance and Risk Management – Sustainability Governance (P.12–13) Annual Report 2023 – Corporate Governance Report (P.39–54)

Topic Disclosed	GRI Standards Disclosure/	GRI Indicator	SEHK ESG Reporting Guide	Description	Relevant Section(s) or Remark
Strategy, Policies and Practices		2-13	—	Delegation of responsibility for managing impacts	ESG Governance and Risk Management – Sustainability Governance (P.12–13) Annual Report 2023 – Corporate Governance Report (P.39–54)
		2-14	—	Role of the highest governance body in sustainability reporting	ESG Governance and Risk Management – Sustainability Governance (P.12–13) Annual Report 2023 – Corporate Governance Report (P.39–54)
		2-15	—	Conflicts of interest	ESG Governance and Risk Management – Business Ethics (P.17) Annual Report 2023 – Corporate Governance Report (P.39–54)
		2-16	—	Communication of critical concerns	ESG Governance and Risk Management – Business Ethics (P.17) Annual Report 2023 – Corporate Governance Report (P.39–54)
		2-17	—	Collective knowledge of the highest governance body	Annual Report 2023 – Director's Profile (P.34–38) Annual Report 2023 – Corporate Governance Report (P.39–54) ESG Governance and Risk Management – Sustainability Governance (P.12–13)
		2-18	—	Evaluation of the performance of the highest governance body	Annual Report 2023 – Corporate Governance Report (P.39–54)
		2-19	—	Remuneration policies	Annual Report 2023 – Corporate Governance Report (P.39–54) ESG Governance and Risk Management – Sustainability Governance (P.12–13)
		2-20	—	Process to determine remuneration	Annual Report 2023 – Corporate Governance Report (P.39–54)
		2-21	—	Annual total compensation ratio	This data is currently not available this year. We will continue to refine our data collection practices to provide a more comprehensive ESG performance in future reports.
		—	MD13	ESG-related Governance structure	ESG Governance and Risk Management – Sustainability Governance (P.12–13)
		2-22	—	Statement on sustainable development strategy	Message from the Chairman (P.4–5)
		2-23	—	Policy commitments	ESG Governance and Risk Management – Sustainability Governance (P.12–13)
		2-24	—	Embedding policy commitments	ESG Governance and Risk Management – Sustainability Governance (P.12–13)
		2-25	—	Processes to remediate negative impacts	ESG Governance and Risk Management – Business Ethics (P.17)
		2-26	—	Mechanisms for seeking advice and raising concerns	ESG Governance and Risk Management – Business Ethics (P.17)

Topic Disclosed	GRI Standards Disclosure/	GRI Indicator	SEHK ESG Reporting Guide	Description	Relevant Section(s) or Remark
		2-27	—	Compliance with laws and regulations	ESG Governance and Risk Management – Business Ethics (P.17) Innovating Customer Experience – Customer Health and Awareness (P.19–20) Innovating Customer Experience – Safeguarding Customer Rights and Interests (P.23) Empowering Our People – Occupational Health and Safety (P.32–34) Empowering Our People – Labour Standards (P.34) Supporting a Greener Future – Waste Management (P.44–45)
		2-28	—	Membership associations	Awards, Recognition and Memberships (P.55–56)
		—	Aspect A4 GD	Policies on identification and mitigation of significant climate-related issues	Supporting a Greener Future – Climate Change Adaptation and Resilience (P.41–42)
		—	KPI A4.1	Description of the significant climate-related issues, and the actions taken to manage them	Supporting a Greener Future – Climate Change Adaptation and Resilience (P.41–42)
		2-29	—	Approach to stakeholder engagement	ESG Governance and Risk Management – Engaging Our Stakeholders (P.14)
		2-30	—	Collective bargaining agreement	Our employees are not covered by collective bargaining agreements.
Stakeholder Engagement					
Material Topics					
Disclosures on Material Topics	GRI 3: Material Topics 2021	3-1	MD14 MD15	Process to determine material topics	ESG Governance and Risk Management – Materiality Assessment (P.15–16)
		3-2	MD14	List of material topics	ESG Governance and Risk Management – Materiality Assessment (P.15–16)
Topic-specific disclosures					
Procurement Practices	GRI 3 Material Topics 2021	3-3	—	GRI 3 Material Topics 2021	ESG Governance and Risk Management (P.11–17) Collaborating with Our Business Partners (P.35–38)
	GRI 204 Procurement Practices 2016	204-1	—	GRI 204 Procurement Practices 2016	Collaborating with Our Business Partners (P.35–38)
Anti-corruption	GRI 3 Material Topics 2021	3-3	Aspect B7 GD	Management of material topics	ESG Governance and Risk Management – Business Ethics (P.17)
	GRI 205 Anti-corruption 2016	205-1	KPI B7.1	Operations assessed for risks related to corruption	The risk assessments and internal control conducted by the Group have already included risks of corruption.
		205-2	KPI B7.3	Communication and training about anti-corruption policies and procedures	ESG Governance and Risk Management – Business Ethics (P.17) Sustainability Data Summary (P.57–62)
		205-3	KPI B7.1	Confirmed incidents of corruption and actions taken	ESG Governance and Risk Management – Business Ethics (P.17) NWDS had zero concluded legal cases regarding corrupt practices brought against the Group or its employees during the reporting period.
		—	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	ESG Governance and Risk Management – Business Ethics (P.17)

Topic Disclosed	GRI Standards Disclosure/	GRI Indicator	SEHK ESG Reporting Guide	Description	Relevant Section(s) or Remark
Energy and Climate Change	GRI 3 Material Topics 2021	3-3	Aspect A2 GD Aspect A3 GD	Management of material topics	ESG Governance and Risk Management (P.11–17) Supporting a Greener Future — Energy and Carbon Emissions Management (P.42–43)
		GRI 302 Energy 2016	302-1	KPI A2.1	Energy consumption within the organisation
		302-2	—	Energy consumption outside of the organisation	Energy consumption by tenants is excluded from the reporting boundary.
		302-3	KPI A2.1	Energy intensity	Supporting a Greener Future — Energy and Carbon Emissions Management (P.42–43) Sustainability Data Summary (P.57–62)
		302-4	KPI A2.3	Reduction of energy consumption	Supporting a Greener Future — Energy and Carbon Emissions Management (P.42–43)
		302-5	—	Reductions in energy requirements of products and services	Supporting a Greener Future — Energy and Carbon Emissions Management (P.42–43)
		—	—	Aspect A4 GD KPI A4.1	Climate-related risks and mitigations
Water and Effluents	GRI 3 Material Topics 2021	3-3	Aspect A2 GD Aspect A3 GD	Management of material topics	ESG Governance and Risk Management (P.11–17) Supporting a Greener Future — Water Resources Management (P.44)
		GRI 303 Water and Effluents 2018	303-1	—	Interactions with water as a shared resource
		303-2	—	Management of water discharge-related impacts	Our wastewater is discharged to the municipal sewage network for treatment.
		303-3	—	Water withdrawal	Relevant data currently is not collected.
		303-4	—	Water discharge	Relevant data currently is not collected.
		303-5	KPI A2.2	Water consumption	Sustainability Data Summary (P.57–62) We will study water stress in the future and water storage at our stores would not cause significant water-related impacts
		—	—	KPI A2.4	Water sourcing and water efficiency
Emissions	GRI 3 Material Topics 2021	3-3	Aspect A1 GD Aspect A3 GD KPI A1.5	Management of material topics	ESG Governance and Risk Management (P.11–17) Supporting a Greener Future — Energy and Carbon Emissions Management (P.42–43)
		GRI 305 Emissions 2016	305-1	KPI A1.1 KPI A1.2 KPI A3.1	Direct (Scope 1) GHG emissions
		305-2	KPI A1.1 KPI A1.2 KPI A3.1	Energy indirect (Scope 2) GHG emissions	Sustainability Data Summary (P.57–62)
		305-3		Other indirect (Scope 3) GHG emissions	Relevant data currently is not collected.

Topic Disclosed	GRI Standards Disclosure/	GRI Indicator	SEHK ESG Reporting Guide	Description	Relevant Section(s) or Remark
		305-4	KPI A1.2	GHG emissions intensity	Sustainability Data Summary (P.57–62)
		305-5	KPI A1.5	Reduction of GHG emissions	Supporting a Greener Future — Energy and Carbon Emissions Management (P.42–43)
		305-6		Emissions of ozone-depleting substances (ODS)	Relevant data currently is not collected.
		305-7	KPI A1.1	Nitrogen oxides (NO _x), sulphur oxides (SO _x), and other significant air emissions	Sustainability Data Summary (P.57–62)
Waste	GRI 3 Material Topics 2021	3-3	Aspect A1 GD Aspect A3 GD KPI A1.6 KPI A3.1	Management of material topics	ESG Governance and Risk Management (P.11–17) Supporting a Greener Future — Waste Management (P.44–45)
	GRI 306 Waste 2020	306-1	—	Waste generation and significant waste-related impacts	Supporting a Greener Future — Waste Management (P.44–45)
		306-2	—	Management of significant waste-related impacts	Supporting a Greener Future — Waste Management (P.44–45)
		306-3	—	Waste generated	Sustainability Data Summary (P.57–62)
		306-4	KPI A1.3 KPI A1.4	Waste diverted from disposal	Sustainability Data Summary (P.57–62)
		306-5	KPI A1.3 KPI A1.4	Waste directed to disposal	Sustainability Data Summary (P.57–62)
Materials	—	—	KPI A2.5	Materials used by weight or volume	Sustainability Data Summary (P.57–62)
Supplier Environmental Assessment	GRI 3 Material Topics 2021	3-3	Aspect A1 GD	Management of material topics	ESG Governance and Risk Management (P.11–17) Collaborating with Our Business Partners — Suppliers (P.36–37)
	—	—	Aspect B5 GD	Policies on managing environmental risk in supply chains	Collaborating with Our Business Partners — Suppliers (P.36–37)
	GRI 308 Supplier Environmental Assessment 2016	308-1	—	New suppliers that were screened using environmental criteria	Collaborating with Our Business Partners — Suppliers (P.36–37)
	—	—	KPI B5.3	Practices used to identify environmental risks along the supply chain	Collaborating with Our Business Partners — Suppliers (P.36–37)
	—	—	KPI B5.4	Practices used to promote environmentally preferable products and services when selecting suppliers	Collaborating with Our Business Partners — Suppliers (P.36–37)
Employment	GRI 3 Material Topics 2021	3-3	Aspect B1 GD	Management of material topics	ESG Governance and Risk Management (P.11–17) Empowering Our People — Attracting and Retaining Talent (P.25–26)
	GRI 401 Employment 2016	401-1	KPI B1.2	New employee hires and employee turnover	Sustainability Data Summary (P.57–62)
		401-2	—	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Empowering Our People — Attracting and Retaining Talent (P.25–26)
		401-3	—	Parental leave	Sustainability Data Summary (P.57–62)

Topic Disclosed	GRI Standards Disclosure/	GRI Indicator	SEHK ESG Reporting Guide	Description	Relevant Section(s) or Remark
Occupational Health and Safety	GRI 3 Material Topics 2021	3-3	Aspect B2 GD	Management of material topics	ESG Governance and Risk Management (P.11–17) Empowering Our People — Occupational Health and Safety (P.32–34)
		GRI 403 Occupational Health and Safety 2018	403-1	KPI B2.3	Occupational health and safety management system
		403-2	—	Hazard identification, risk assessment, and incident investigation	Empowering Our People — Occupational Health and Safety (P.32–34)
		403-3	—	Occupational health services	Empowering Our People — Occupational Health and Safety (P.32–34)
		403-4	—	Worker participation, consultation, and communication on occupational health and safety	Empowering Our People — Occupational Health and Safety (P.32–34)
		403-5	—	Worker training on occupational health and safety	Empowering Our People — Occupational Health and Safety (P.32–34)
		403-6	—	Promotion of worker health	Empowering Our People — Occupational Health and Safety (P.32–34)
		403-7	—	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Empowering Our People — Occupational Health and Safety (P.32–34)
		403-8	—	Workers covered by an occupational health and safety management system	Empowering Our People — Occupational Health and Safety (P.32–34)
		403-9	KPI B2.1 KPI B2.2	Work-related injuries	Empowering Our People — Occupational Health and Safety (P.32–34) Sustainability Data Summary (P.57–62)
	403-10		Work-related ill health	Empowering Our People — Occupational Health and Safety (P.32–34)	
Training and Education	GRI 3 Material Topics 2021	3-3	Aspect B3 GD	Management of material topics	ESG Governance and Risk Management (P.11–17) Empowering Our People — Training and Development (P.26–28)
		GRI 404 Training and Education 2016	404-1	KPI B3.2	Average hours of training per year per employee
		404-2	—	Programmes for upgrading employee skills and transition assistance programmes	Empowering Our People — Training and Development (P.26–28)
		404-3	—	Percentage of employees receiving regular performance and career development reviews	Empowering Our People — Training and Development (P.26–28) Sustainability Data Summary (P.57–62)
	—	—	Aspect B3 GD	Description of training activities	Empowering Our People — Training and Development (P.26–28)
	—	—	KPI B3.1	The percentage of employees trained by gender and employee category	Empowering Our People — Training and Development (P.26–28) Sustainability Data Summary (P.57–62)

Topic Disclosed	GRI Standards Disclosure/	GRI Indicator	SEHK ESG Reporting Guide	Description	Relevant Section(s) or Remark
Diversity and Equal Opportunity	GRI 3 Material Topics 2021	3-3	Aspect B1 GD	Management of material topics	ESG Governance and Risk Management (P.11–17) Empowering Our People — Diversity and Inclusion (P.28–29)
	GRI 405: Diversity and Equal Opportunity 2016	405-1	—	Diversity of governance bodies and employees	Annual Report 2023 — Corporate Governance Report (P.39–54) Sustainability Data Summary (P.57–62)
		405-2	—	Ratio of basic salary and remuneration of women to men	Sustainability Data Summary (P.57–62)
Child Labour	GRI 3 Material Topics 2021	3-3	Aspect B4 GD	Management of material topics	ESG Governance and Risk Management (P.11–17) Empowering Our People — Labour Standards (P.34)
	GRI 408 Child Labour 2016	408-1	—	Operations and suppliers at significant risk for incidents of child labour	Empowering Our People — Labour Standards (P.34)
	—	—	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Empowering Our People — Labour Standards (P.34)
	—	—	KPI B4.2	Description of steps taken to eliminate such practices when discovered	Empowering Our People — Labour Standards (P.34)
Forced or Compulsory Labour	GRI 3 Material Topics 2021	3-3	Aspect B4 GD	Management of material topics	ESG Governance and Risk Management (P.11–17) Empowering Our People — Labour Standards (P.34)
	GRI 409 Forced or Compulsory Labour 2016	409-1	—	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Empowering Our People — Labour Standards (P.34)
	—	—	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Empowering Our People — Labour Standards (P.34)
	—	—	KPI B4.2	Description of steps taken to eliminate such practices when discovered	Empowering Our People — Labour Standards (P.34)
Local Communities	—	—	Aspect B8 GD	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	ESG Governance and Risk Management (P.11–17) Cultivating Sustainable Communities (P.46–54)
	—	—	KPI B8.1	Focus areas of contribution	Cultivating Sustainable Communities (P.46–54)
	—	—	KPI B8.2	Resources contributed to the focus areas	Cultivating Sustainable Communities (P.46–54)

Topic Disclosed	GRI Standards Disclosure/	GRI Indicator	SEHK ESG Reporting Guide	Description	Relevant Section(s) or Remark
Supplier Social Assessment	GRI 3 Material Topics 2021	3-3	Aspect B5 GD	Management of material topics	ESG Governance and Risk Management (P.11–17) Collaborating with Our Business Partners – Suppliers (P.36–37)
		GRI 414 Supplier Social Assessment 2016	414-1	KPI B5.2	New suppliers that were screened using social criteria
	414-2		—	Negative social impacts in the supply chain and actions taken	Collaborating with Our Business Partners – Suppliers (P.36–37)
	—		—	KPI B5.1	Number of suppliers by geographical region
	—	—	KPI B5.3	Practices used to identify social risks along the supply chain	Collaborating with Our Business Partners – Suppliers (P.36–37)
Customer Health and Safety	GRI 3 Material Topics 2021	3-3	Aspect B6 GD	Management of material topics	ESG Governance and Risk Management (P.11–17) Innovating Customer experiences – Customer Health and Wellness (P.19–20)
		GRI 416 Customer Health and Safety 2016	416-1	Aspect B6 GD	Assessment of the health and safety impacts of product and service categories
	416-2		—	Incidents of non-compliance concerning the health and safety impacts of products and services	Innovating Customer experiences – Customer Health and Wellness (P.19–20)
	—		—	KPI B6.1	Percentage of total products sold or shipped subject to recalls for health and safety reasons
	—	—	KPI B6.2	Number of products and service-related complaints received and how to deal with the complaints.	Sustainability Data Summary (P.57–62)
	—	—	KPI B6.4	Description of quality assurance process and recall procedures	Innovating Customer experiences – Customer Health and Wellness (P.19–20)

Topic Disclosed	GRI Standards Disclosure/	GRI Indicator	SEHK ESG Reporting Guide	Description	Relevant Section(s) or Remark
Marketing and Labelling	GRI 3 Material Topics 2021	3-3	—	Management of material topics	ESG Governance and Risk Management (P.11–17) Innovating Customer experiences — Customer Health and Wellness (P.19–20)
		GRI 417 Marketing and Labelling 2016	417-1	—	Requirements for product and service information and labelling
		417-2	—	Incidents of non-compliance concerning product and service information and labelling	Innovating Customer experiences — Customer Health and Wellness (P.19–20)
		417-3	—	Incidents of non-compliance concerning marketing communications	Innovating Customer experiences — Customer Health and Wellness (P.19–20)
Customer Privacy	GRI 3 Material Topics 2021	3-3	Aspect B6 GD KPI B6.5	Management of material topics	ESG Governance and Risk Management (P.11–17) Innovating Customer experiences — Safeguarding Customer Rights and Interests (P.23)
					GRI 418 Customer Privacy 2016
Product Responsibility	—	—	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Innovating Customer experiences — Safeguarding Customer Rights and Interests (P.23)

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 2023 (the “Report”) covering the financial year 2023 from 1 July 2022 to 30 June 2023.

The aim of this verification is to provide a limited assurance of the Report which is prepared in accordance with the *Global Reporting Initiative Sustainability Reporting Standards* (“GRI Standards”) and the *Environmental, Social and Governance Reporting Guide* (“ESG Reporting Guide”) set out in the Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“SEHK”).

HKQAA’s responsibility is to provide an 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 the significant aspects in relation to the sustainability performance of NWDS;
- Verify whether the Report addresses the GRI Standards and requirements of SEHK’s ESG Reporting Guide;
- Evaluate whether the selected data and information presented in the Report are accurate, including performance of 2030 targets and progress status, Environmental Performance Data and Social Performance Data, 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 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

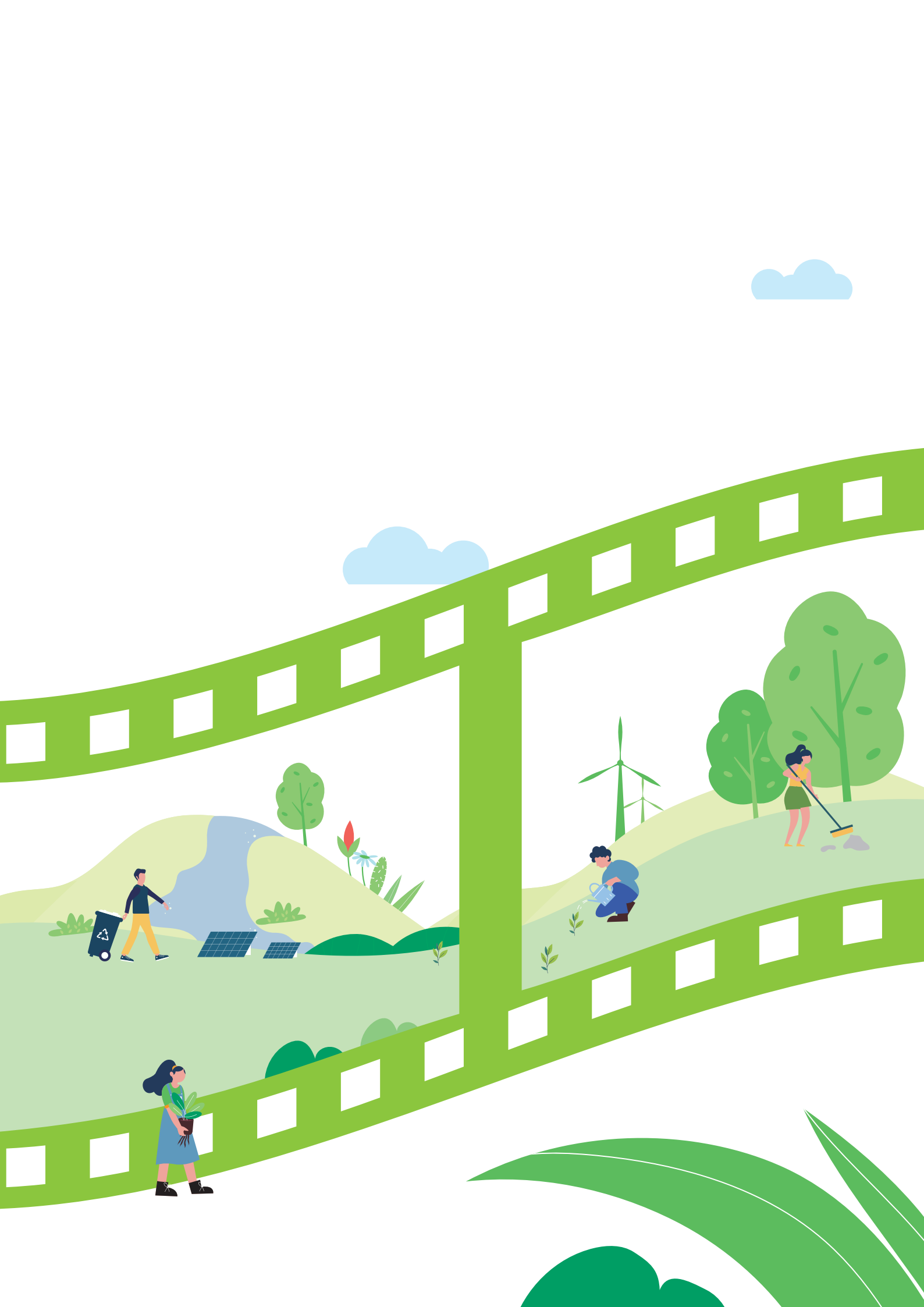
NWDS is responsible for the preparation and presentation of the report contents. HKQAA’s verification activities are entirely independent from NWDS. There is no relationship between HKQAA and NWDS that would affect the impartiality of the verification service.

CONCLUSION

Based on the verification results and in accordance with the verification procedures undertaken, HKQAA has obtained reasonable assurance and is in the opinion that:

- The Report has been prepared in accordance with the GRI Standards;
- The Report has complied with all the mandatory disclosure requirements and “comply or explain” provisions outlined in the ESG Reporting Guide;
- The Report illustrates the sustainability performance of NWDS, covering all material and relevant sustainability aspects and topics, in a balanced, comparable, clear and timely manner; and
- The data and information disclosed in the Report is regarded as reliable and complete.

Connie Sham
Head of Audit
Hong Kong Quality Assurance Agency
September 2023





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Website



WeChat



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