

The Artisanal Movement

WE CREATE, WE ARE ARTISANS!

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WELCOME TO OUR REPORT

This is our fourth annual Sustainability Report (the “Report”) since we began publishing the results of our sustainability performance in 2013. This Report covers the period from 1 July 2015 to 30 June 2016.

From Inspiration to Innovation, our theme for this Report, captures the journey of integrating sustainability into the businesses of New World Development Company Limited. It describes how we seek to imbue all the projects we develop, the properties we manage and the outstanding services we provide with the creativity and bold imagination that is the essence of The Artisanal Movement, our unique brand personality.

The content of this Report has been prepared with reference to the latest Environmental, Social and Governance (ESG) Reporting Guide issued by Hong Kong Exchanges and Clearing Limited (HKEx) and in accordance with the Core option of the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines.

Information contained in this Report has been independently assured by the Hong Kong Productivity Council to ensure the credibility and accuracy of the data and content and to fulfil the reporting requirements. The assurance statement can be found on page 40 of the Report.

Please send your feedback on this Report and other sustainability related enquiries to sustainability@nwd.com.hk

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MESSAGE FROM MANAGEMENT

I am delighted to present our fourth Group Sustainability Report, which celebrates our achievements and communicates the impacts we have made in our sustainability journey over the past year.

Under the theme “From Inspiration to Innovation”, this Report focuses on our unique brand personality of The Artisanal Movement, which underpins everything we do at New World Group. Accordingly, our Report is divided into sections named after the five elements of The Artisanal Movement – Imagination, Bespoke, Craftsmanship, Heritage and Contemporary.

We embed sustainability into our operations not only by instilling green thinking into our operations but also by listening to our stakeholders and enhancing their experience with us in pursuit of a sophisticated yet minimalist lifestyle. Being New World Artisans, we use our creativity and imagination to translate this approach into practical innovation.

As a premium brand infused with a unique personality defined by The Artisanal Movement, we make a positive impact on the community while delivering against our business objectives. To understand the extent of our influence, we regularly engage our diverse group of stakeholders and invite their feedback on our performance. This process of stakeholder engagement not only provides us with the opportunity to share our sustainability vision, but also allows for the strategic integration of sustainability issues into our business operations and decision-making. It further enables us to take a long-term, stakeholder-centric view of planning while paying attention to the finer details through the provision of memorable and meaningful experiences in our products and services.

To go above the norm of sustainability practice, we invite distinguished architects from around the world to design our properties and encourage our in-house talent to apply design thinking in their roles. Beyond the green building certifications we have achieved, we are also exploring ways of tracking the ongoing performance of our BEAM/BEAM Plus or LEED certified buildings in Hong Kong and Mainland China and sharing our green property management practices with our tenants and customers.

On a regular basis, we gather feedback on the aesthetics and usability of our products and services from internal and external stakeholders. Our commitment to user-focused environmental sustainability is also demonstrated by the implementation of a Group-wide Green Office Policy and our continued support for tenants and customers who wish to join us in greening their operations.

As a forward-looking corporation, we inspire the bright minds of the future through leadership development such as our Group Management Trainee and Internship Programme. Additionally, our New World Springboard Programme gives under-resourced youth in the community the skills they require to achieve upward social mobility.

At New World Group, we welcome the introduction of a more stringent Environmental, Social and Governance Reporting Guide by Hong Kong Exchanges and Clearing Limited as an opportunity to review and showcase our performance. We also believe it provides impetus for other Hong Kong companies to engage their stakeholders on issues of sustainability and to think creatively in their businesses. For our own part, we will continue to pursue innovation through existing channels such as our Incubation Circle and Voice of Customers platforms that help us, as artisans, turn ideas into reality.

I hope you enjoy reading our Sustainability Report. As you are one of our important stakeholders, I encourage you to offer us your feedback and comments so that we can improve our sustainability performance and communication with you.

Dr. Cheng Chi-Kong, Adrian

Executive Vice-chairman & Joint General Manager
Chairperson of New World Group Sustainability Steering Committee

ABOUT OUR BUSINESS

Headquartered in Hong Kong, New World Development Company Limited ("NWD" and the "Group", HK Stock Code: 0017), was founded in 1970 and listed on the Hong Kong Stock Exchange in 1972. Two listed companies under New World Group are New World Department Store China Limited ("NWDS"; HK Stock Code: 0825) and NWS Holdings Limited ("NWS"; HK Stock Code: 0659). A publicly listed company in Hong Kong as of 31 July 2016, New World China Land Limited ("NWCL"; HK Stock Code: 0917) became an indirect wholly-owned subsidiary of NWD on 3 August 2016.

NWD's Business Highlights (as at 30 June 2016):

| | |
|---|----------------------|
| Financial position | |
| Cash and bank balances: | HK\$55,170.8 million |
| Net debt: | HK\$77,048.8 million |
| Gearing ratio: | 38.4% |
| Revenue: | HK\$59,570.0 million |
| Profit attributable to equity shareholders: | HK\$8,666.3 million |
| Dividend per share: | HK\$0.44 |

Please refer to our Annual Report 2016 for further information.

PROPERTY

The principal activities of NWD are property development and investment. Stakeholder-centric and environmentally conscious, our development business executes projects from land acquisition to property management. Our diverse property investment portfolio comprising shopping malls and serviced apartments, among others, provides the Group with rental income. The Group also invests in hotels in Hong Kong, Mainland China and Southeast Asia.

NWCL is the flagship Mainland China property arm of the Group and is one of the leading large-scale national developers in Mainland China with investments in residential projects, serviced apartments, villas, offices, shopping centres, mixed-use comprehensive buildings, hotels and resorts in major cities or transportation hubs. The Group has also established a revolutionary museum/retail concept, "K11" in Hong Kong and Shanghai. By 2020, the "K11" concept will be expanded to include a portfolio of 19 projects across Mainland China.

SERVICES AND INFRASTRUCTURE

NWS, our publicly-listed business unit, operates a range of businesses in Hong Kong, Mainland China and Macau, including roads, energy, water, and ports and logistics. NWS' services portfolio comprises facilities management, construction, transport and strategic investments. Please refer to NWS' corporate website (www.nws.com.hk) for details.

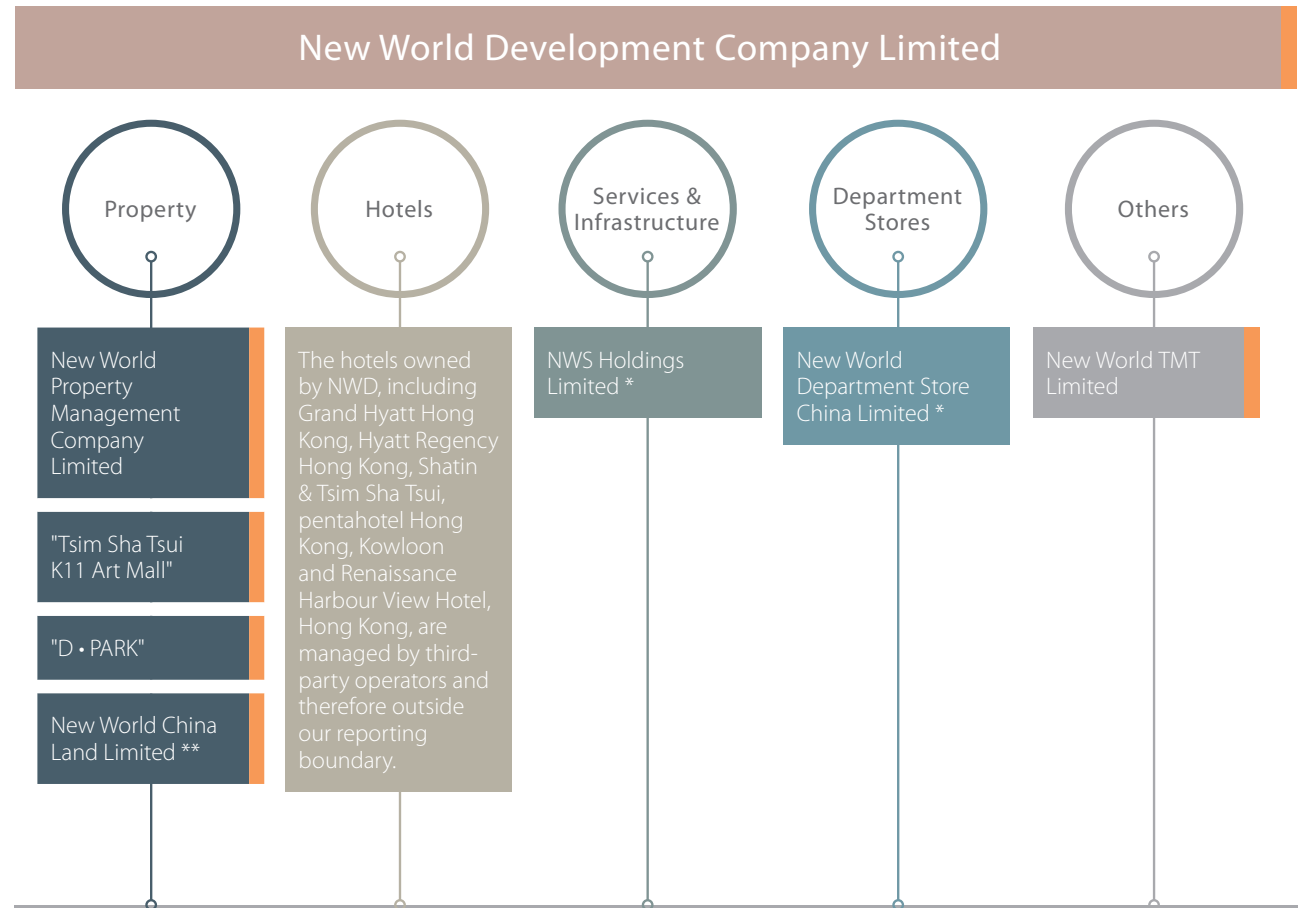
DEPARTMENT STORES

NWDS, our publicly-listed business unit, is one of the largest owners and operators of department stores in Mainland China. Please refer to NWDS' corporate website (www.nwds.com.hk) for details.

For more information about our businesses, including a discussion about the challenges and opportunities we face and our management approach to them, please refer to the relevant sections of our Annual Report 2016, which is available at www.nwd.com.hk/investor-relations.

SCOPE OF THIS REPORT

The scope of this Report reflects the role of NWD as a holding company and operator of property development and property investment businesses. The reporting boundary for GRI material aspects in the Economic category and those relating to Compliance (i.e. Environmental, Society and Product Responsibility) encompasses Group-wide impacts inside and outside of the organisation, including a range of stakeholders such as investors, supply chain partners, customers and the wider community. The reporting boundary for other GRI material aspects, particularly in the Environmental and Social categories, focuses on impacts arising from our NWD corporate offices and managed properties.

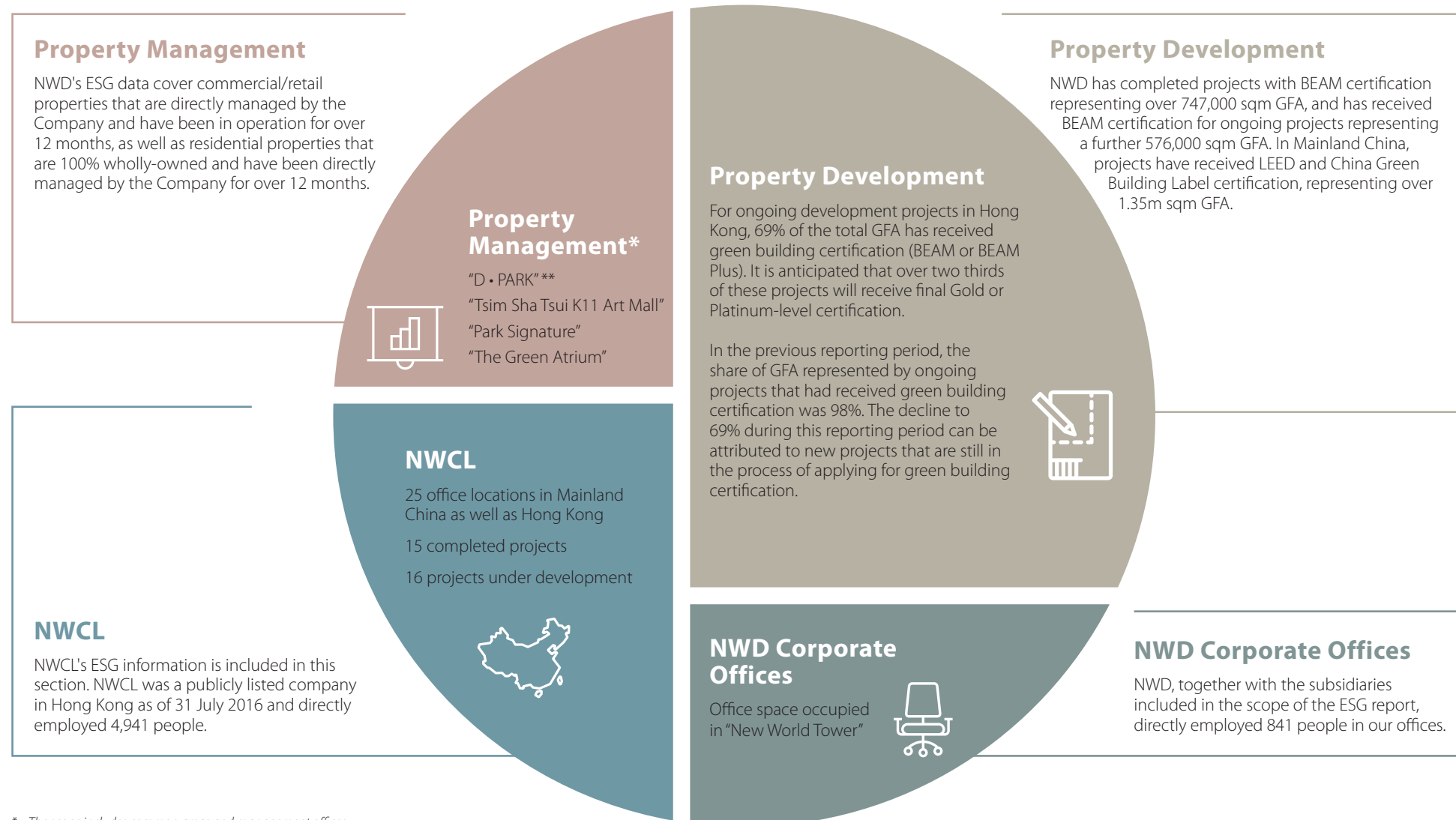


The reporting boundary for ESG disclosures by the Company is indicated by the orange highlights. Additional reporting on ESG impacts of the Group is available from other sources, as indicated.

* The reporting period of annual reports and sustainability reports for NWS and NWDS is from 1 July 2015 to 30 June 2016. ESG performance of NWS and NWDS will be disclosed independently in their ESG reports, to be published by the end of December 2016 and mid-November 2016 respectively.

** A publicly listed company in Hong Kong as of 31 July 2016. On 3 August 2016, NWCL became an indirect wholly-owned subsidiary of NWD. NWCL continues to handle all the Group's property projects in Mainland China. The listing of the NWCL shares was withdrawn from the Hong Kong Stock Exchange on 4 August 2016.

The diagram here shows the sources of data within our reporting boundary:



* The scope includes common areas and management offices

** "D • PARK" data exclude the shopping mall due to renovation during the reporting period

GROUP HIGHLIGHTS

NWD

Environment

- Properties with **green building certifications** represent 69% of our total GFA of ongoing Hong Kong development projects.
- “The Green Atrium” – our sustainable lifestyle and learning hub – incorporated **32 green features** under the categories of energy, air, water, food and waste.
- **Energy monitoring systems** were piloted at 6 properties in Hong Kong and Mainland China, which we anticipated to save about **5%** in electricity costs in the first year.
- Office paper consumption was reduced by **30%** through a managed print system.

Community

- The New World Springboard Programme, with up to **15** external social NGOs and sports association partners, provided **170,000+** hours of sports training in total for **450** under-resourced students.
- **2,330** swimmers participated in the New World Harbour Race 2015.

Human Capital

- A **93% employee satisfaction rate** was recorded in our 2015 survey, with an 87% employee response rate.

Innovation

- The Incubation Circle received **120+** proposals with **400+** efficiency improvement suggestions (an equivalent of **HK\$25 million** in cost savings).
- NWD supported the **Google EYE (Empowering Young Entrepreneurs) Program** to capture opportunities in the digital era.



Hang Seng Corporate
Sustainability Index
Series Member 2015-2016



HKBSI
Hong Kong Business Sustainability Index
香港企業可持續發展指數

① New World Development is a member of the Hang Seng Corporate Sustainability Index Series 2015-2016 and is listed on the Hong Kong Business Sustainability Index 2015

NWDS

Environment

- Energy intensity dropped by **5%** compared with FY2014/15.
- A4 paper consumption dropped by **13.8%** compared with FY2014/15.
- Environmentally-friendly products accounted for approx. **10%** of the total sales of LOL (Love • Original • Life) Concept Shop.
- Almost **200** green activities were organised by stores and offices.

Community

- Over **7,000** under-resourced children in Mainland China have benefited from the @Dream Sustainable Development Program, which has been supporting child development since 2013.
- The NWDS Sowers Action Challenging 12 Hours Charity Marathon raised **HK\$450,000** to subsidise the studies of under-resourced children.
- **2,400+** members of the NWDS Volunteer Team contributed **7,477** volunteer service hours in Hong Kong and Mainland China.

NWCL

Environment

- Building Information Modelling (BIM) achieved estimated savings of **RMB13.2 million**, **125** fewer work days and a **120m³** reduction in construction waste across 6 projects.
- In an additional **13** property projects in Mainland China, we adopted the NWCL Green Building Design Guidelines, exceeding our target of 8 projects in 2015.
- **10,000** tonnes of reinforced concrete for “Ningbo Office Tower” was saved through a structural optimisation study.
- The waste management facility at “Canton First Estate” is currently able to treat **55** tonnes of food waste per year.
- Relight a New World – an initiative to promote waste upcycling – was implemented in **5** cities in Mainland China involving **400+** participants.

Community

- The Qianhai Shenzhen-Hong Kong Athletics Carnival attracted **5,000+** participants from Hong Kong and Shenzhen.
- We donated **RMB50,000** and recruited **30** employees to contribute **4** days of volunteer service to build energy-saving stoves for **108** poor families in rural Gansu. The project expects to save **330+** tonnes of firewood and **1,600+** mu (107 hectares) of forests in a year.
- **1.3** km of jogging trails and stairs were built to promote a healthy lifestyle for residents of “Shenyang New World Garden” (“New World • The Riverfront”).
- **WorkPro**, a social networking platform implemented at “Wuhan New World Centre”, offers functions such as security access control, car parking payment and venue booking. Through the platform, users can identify business opportunities and network with their neighbours through a simple swipe and click.

NWS

Environment

- **1,036** environmentally friendly Euro V or above buses are in service.
- “The Hong Kong Convention and Exhibition Centre”, managed by a wholly-owned subsidiary of NWS, is the **first** venue in Hong Kong to receive **ISO 20121 Event Sustainability Management System accreditation**.

Community

- New World First Ferry launched the **first** breastfeeding room in Hong Kong public transportation.
- NWS Volunteer Alliance members have put in **150,000+** hours of community service since 2001.
- NWS Young Ambassadors for Geoconservation have received **30,000+** hours of training since 2001.



IMAGINATION

The Artisanal Movement is inextricably linked to sustainability as it embodies the care, creativity and foresight that go into all of the properties we develop and manage. The Artisanal Movement, however, is more than about arts and craftsmanship, or branding. It is a set of beliefs that governs everything we do with regard to our stewardship of the environment, our treatment of employees, our relationships with supply chain partners and our contribution to society. The Artisanal Movement also places a strong emphasis on lifestyle and the customer experience. We provide customers with products and services of the highest quality and have established systems to gauge customer feedback and monitor quality. It is the heart and soul of NWD's approach to sustainability.

MANAGEMENT APPROACH TO SUSTAINABILITY

The Board is collectively responsible for the management and operation of the Group and oversees all strategic direction and financial performance. The day-to-day businesses of the Group are delegated to the management team, who work under the leadership and supervision of the two Executive Directors and Joint General Managers and the Executive Committee of the Board.

Sustainability Management Structure

The following structure facilitates effective communication of sustainability issues within New World Group.

Group Sustainability Steering Committee

- Sets sustainability policies and objectives
- Provides strategic direction for the Group's sustainability programmes

Group Green Taskforce

- Executes sustainability programmes on a day-to-day basis, e.g. data collection
- Exchanges best practices between members of NWD, NWCL, NWDS and NWS

The Group Sustainability Steering Committee, led by members of the Group's management team, is responsible for setting direction and ensuring consistency among our business units on environmental and social issues. The Group Sustainability Steering Committee has endorsed a number of Group-wide policies, such as the Group Sustainability Policy, Green Office Policy, Health and Safety Policy, Supplier Code of Conduct and Supplier Sustainability Self-Assessment Questionnaire, which has been included in the vendor selection process.

The Group Green Taskforce, which comprises members of the Group, NWCL, NWDS and NWS, integrates sustainability policies into the Group's core businesses, monitors sustainability performance and shares best practices. Under the Group's direction, our subsidiaries implement their own sustainability initiatives and disclose ESG information with reference to the ESG Reporting Guide issued by HKEx.

Our management approach to sustainability reflects our corporate structure, with each of the Group's listed business units – NWDS and NWS – exercising operational control in their respective areas of specialisation and expertise. Please refer to sustainability reports from NWDS and NWS for more information, available at www.nwds.com.hk/en/csr/sustainability-report and www.nws.com.hk/html/eng/com_envir/com_sustainability_report.aspx, respectively.

VALUES AND PRINCIPLES

The Group's values, principles, standards and norms of behaviour are outlined in our Employee Code of Conduct and Employee Handbook, which set out our commitment to create an inclusive and diverse workplace. These documents also provide information on prevention of bribery, risk management and whistleblowing, as well as our conflict of interest policy and guidelines. What's more, our Corporate and Talent Development, Human Resources and Administration Departments have made a concerted effort to create a safe working place for our employees. We also respect civil liberties and fundamental human rights such as freedom of speech and association. These internal documents are distributed to all new hires and made available in Chinese and English to all employees through our intranet.

As a holding company, NWD works with its business units as well as major supply chain partners, customers and other business partners to maintain an appropriate level of oversight and control.

During the reporting period, the Group complied fully with laws and regulations governing the environment, employment, occupational health and safety and labour standards, including laws prohibiting child or forced labour and illegal immigrants, and those pertaining to product responsibility, such as the health and safety of customers and the public, advertising, labelling, data privacy and anti-corruption. A dedicated department ensures all marketing materials for new development projects comply with the Residential Properties (First-hand Sales) Ordinance.

GROUP SUSTAINABILITY POLICY OUR BELIEF

In order to achieve long-term sustainable growth, New World Group is committed to minimising its potential environmental impacts and improving the quality of the communities where we operate, while providing a reasonable return to our investors at the same time.

WE STRIVE TO

- exceed statutory requirements in relation to sustainability issues
- engage our stakeholders and develop mutual communication on our sustainability performance
- minimise the potential environmental impacts of our projects as far as practicable
- enhance the quality of life for the communities where we operate
- provide a safe working environment for our employees and inspire them to grow with the Group
- influence our supply chain to share our belief with regard to corporate sustainability
- continuously improve our sustainability performance through monitoring and reporting

CORPORATE GOVERNANCE

Corporate governance is one of the core elements underpinning the sustainable development of our businesses. New World Group observes the provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules (the "CG Code"). Any deviations from the CG Code are fully reported in the respective annual reports of the listed companies.

In addition to the recommendations contained in the CG Code, we have a formal Risk Management Policy guiding our decision-making, performance, accountability and outcomes. The Anti-Fraud Policy sets out our expectations and requirements relating to the prohibition, recognition,

reporting and investigation of suspected fraud, corruption, misappropriation and other similar irregularities. The Whistleblowing Policy ensures that employees can raise concerns about misconduct, malpractice or irregularities on any matters to the highest governance body in strict confidence.

For information about our Board, management team and corporate governance structure, please refer to the relevant section of the Annual Report 2016, which is available at www.nwd.com.hk/investor-relations.

CASE STUDY

REINFORCING OUR RISK MANAGEMENT FRAMEWORK

In December 2014, the HKEx revised Appendix 14 of the CG Code, requiring all Hong Kong listed companies to reinforce their risk management disclosure. To comply with the new requirement, New World Group will start reporting based on the revised Code from the new accounting year on 1 July 2016.

In preparation for the change in the Code, in March 2016 we updated our Group Risk Management Policy under which the Group's department heads and heads of subsidiary businesses must identify key risks such as operational and health and safety risks within their respective areas and report them to the Internal Audit function and Risk Management Committee every six months.

In addition to this, we began promoting the revised policy internally and trained different levels of the staff to raise awareness of the new risk management framework on specific topics such as cybersecurity and intellectual property rights. A total of 450 employees were engaged in the training sessions.

According to Teddy Liu, General Manager – Group Internal Audit, "The requirements on risk management are getting more stringent so it is vital that we train our staff to make them fully aware of the changes in the laws. We encourage them to identify risks in their own areas and pay attention to specific risks."

ESG related risks have also been incorporated into our revised risk management framework to support the integration of sustainability into our business and improve disclosure of our ESG performance, as required by Appendix 27 of the Main Board Listing Rules.

As this process becomes more established, we will consider how to apply the Precautionary Principle in our approach to potential environmental impacts of the Group. In accordance with Principle 15 of the United Nations (UN) Rio Declaration on Environment and Development, 1992, we will take a preventive and proactive approach to avoid severe or irreversible environmental damage.



BESPOKE

“At New World, We Are All Artisans!” The Artisanal Movement underpins everything we do at New World Group. One of our focuses is to enhance our stakeholders’ experience. Our consideration of individual stakeholder groups is reflected in our business operations, risk management approach and long-term corporate development.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is an ongoing process in which we reach out to organisations and people who are affected by or have an influence on our actions, behaviour and policies. For our sustainability report to be stakeholder-centric, we must take into account their needs, expectations and aspirations. This year, we gave voice and listened to a broad spectrum of stakeholders in order to provide them with the opportunity to express their views on our sustainability performance and future strategies. We kept the process of stakeholder engagement expansive, inclusive and comprehensive. Our objective was to solicit stakeholders’ feedback in order to inform long-term strategic planning. The results of this exercise help us to address stakeholders’ needs, deliver products and services that enhance their experience and create programmes that have a positive impact on the community.

EXTENDING OUR ENGAGEMENT

This year, we broadened our focus to put a greater emphasis on internal stakeholders and external stakeholders who have a higher awareness of the Group’s sustainability performance.

This change was the result of our need to put sustainability concepts into practice, starting with our staff, and ultimately along our entire supply chain. The mandate from Dr. Adrian Cheng, our Executive Vice-Chairman and Joint General Manager, was clear: “To integrate sustainability into our overall business operations through The Artisanal Movement, our journey of creativity, imagination and innovation.”

2016 STAKEHOLDER GROUPS

Stakeholders were engaged in third party-facilitated interviews in order to solicit their opinions on our sustainability performance. They included employees from key departments, including those involved in property development and customer-facing roles; suppliers of construction materials; and social and environmental NGOs.



① AA1000 Stakeholder Engagement Standard

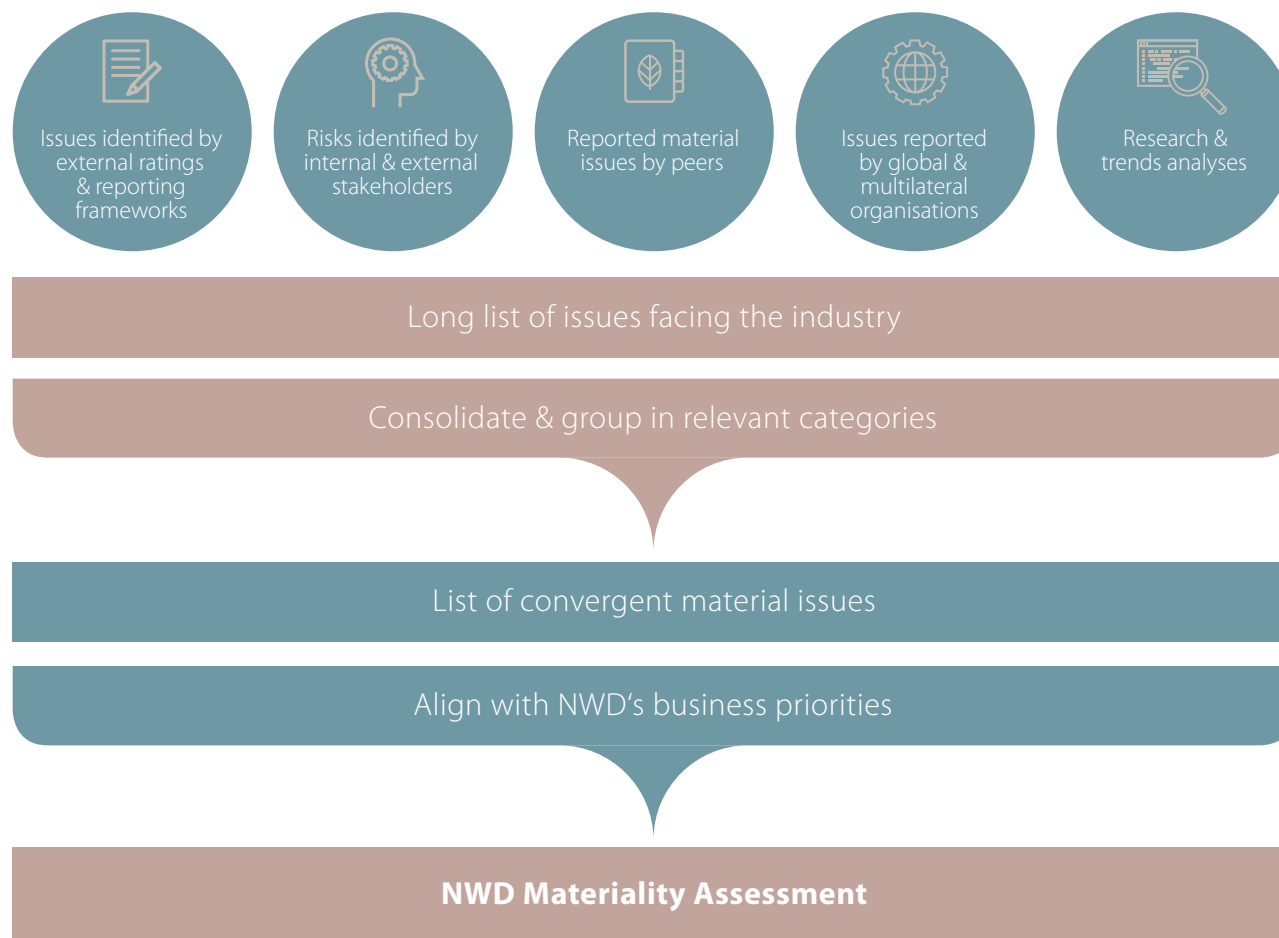
We referenced the AA1000 Stakeholder Engagement Standard and identified issues of material interest – those that are most relevant for informing the content of our sustainability report and planning – through three main sources:

1. Internal stakeholder mapping: Our Sustainability Team mapped out the year-long stakeholder engagement exercise, including the issues raised, the frequency of meetings and responses from the Group. From this document, we culled the most commonly-raised issues and organised them under Economic, Environmental and Social categories and aspects.
2. A series of individual interviews and roundtables with all key internal and external stakeholders in order to identify or verify issues and their importance to the Group.
3. Identification of existing-customer focused initiatives to assess the effectiveness of our strategy.

MATERIALITY ASSESSMENT

Keeping the process of our materiality assessment transparent and inviting our stakeholders to provide input into it leads to stronger and more informed results. In so doing, our internal stakeholders will gain an understanding of the interests and concerns of our external stakeholders, which will lead to more synergy in our day-to-day operations and create a greater impact on the Group.

Understanding and identifying material aspects will also build confidence among the Board, executives and management about which issues are material to the Group. Moreover, it will enable us to prioritise our efforts, resources and strategy, take into account the risks to the business, appreciate what is important to external stakeholders and put greater focus on our reporting.



The process of identifying and prioritising material issues, as recommended by our third-party consultant The Purpose Business

Ultimately, we believe a materiality analysis will enable us as an organisation to move beyond a reactive approach towards strategic planning and begin the process of identifying opportunities for our business.



Sustainability issues material to NWD

IDENTIFYING ISSUES MATERIAL TO THE GROUP

In addition to the findings of the stakeholder engagement exercise, we identified local and global issues of ESG significance, based in part on GRI guidelines, which are of greatest significance to multiple stakeholders and the Group's future success.

The Group's Sustainability Team assessed these issues based on three criteria: i) their impact on our ability to achieve the Group's business strategy; ii) the level of concern expressed by external stakeholders; and iii) the degree to which the Group can influence these issues.

We then consolidated and grouped all of these issues under categories relevant to our business. The next step will be to integrate ESG matters into our Risk Management framework as part of our ongoing strategic planning.

METHODOLOGY AND RESULTS OF MATERIALITY ASSESSMENT

Since the current reporting period is a transitional year for the Group, the following framework shown to the left is being used as part of our wider focus of stakeholder feedback, industry trends and local Hong Kong related issues. Our intent is to build upon this framework in upcoming reporting cycles.

NEXT STEPS

All issues identified by stakeholders are fed into a materiality analysis-and-check process and, where applicable, categorised into related groupings. Following this, issues will be subjected to a materiality check by our management and relevant departments and business units for prioritisation.

As part of the prioritisation process, they will ask whether these issues are closely related to the risk identification checklist, reflect an understanding of global environmental and social concerns, are consistent with our corporate culture and strategy, or bring new business opportunities to light, among other questions.

The prioritisation of these issues will then allow us to focus our resources, planning efforts and future engagement initiatives for the next reporting cycle.



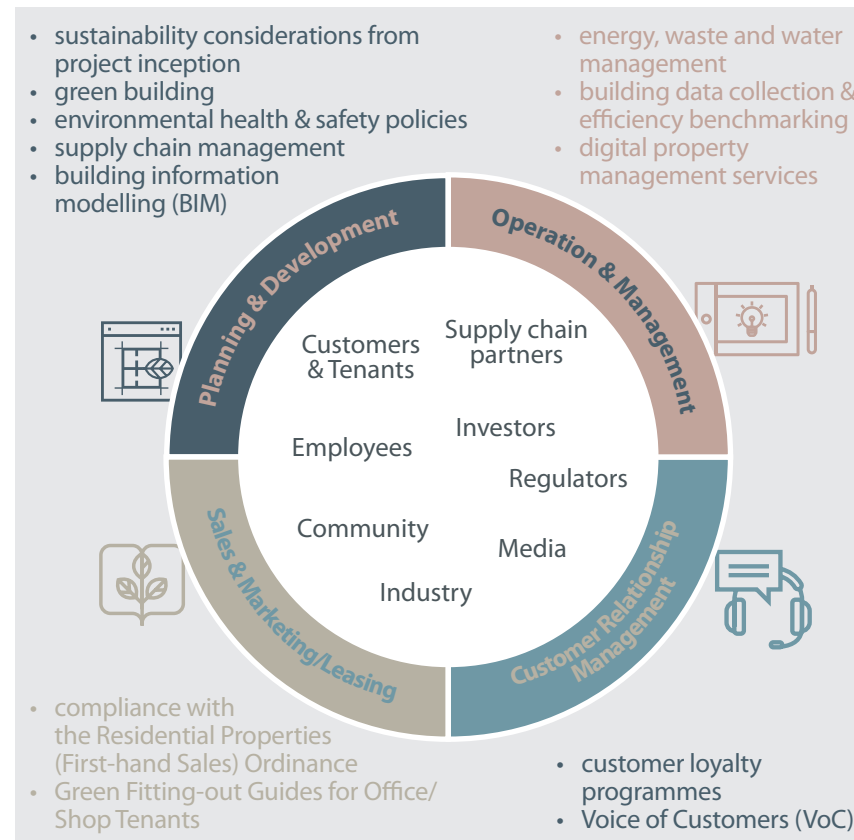
HERITAGE

True to the spirit of The Artisanal Movement, our commitment to environmental protection not only embraces sustainability but also takes inspiration from our cultural heritage and our desire to create a lasting legacy for future generations.

ENVIRONMENT

SUSTAINABLE PROPERTY DEVELOPMENT LIFECYCLE

Whenever we embark on a new project, we engage a committee comprising representatives of departments involved in the property development lifecycle and take into account considerations of different stakeholder groups. This approach allows us to address sustainability concerns holistically and effectively.



New World Development has signed up to the following environmental charters:

- Energy Saving Charter (since 2012)
- Food Wise Charter (since 2013)
- Charter on External Lighting (since 2016)

"New World Group is committed to sustainability as evident in our certified green buildings and artisanal approach to developing projects. We plan to incorporate even more sustainable practices into our developments with a priority on technology, innovation and efficiency."

Sitt Nam-Hoi

Senior Director – Project Management

WORKING WITH SUPPLY CHAIN PARTNERS

Complementing the Group Sustainability Policy, our key contractor New World Construction Company Limited (NWCON) has developed robust environmental and quality management policies and put in place ISO 14001:2004 Environmental Management and ISO 9001:2008 Quality Management Systems. All supply chain partners are required to follow our Supplier Code of Conduct, which specifies requirements on environmental conservation, health and safety, ethical conduct and legal compliance, as well as other considerations. New vendors are asked to complete a vendor registration form containing a self-assessment on their quality, health, safety and environmental performance. Construction contractors are also required to observe our Environmental Policy, Contractors' Environmental Responsibility and Conflict of Interest Guideline and Policy and Health and Safety Policy, among others. NWCON is certified to the OHSAS 18001:2007 Occupational Health and Safety System and ensures all package contractors fully understand and comply with their Health and Safety Policies. Our dedicated in-house teams keep track of the environmental, health and safety conditions of construction sites through regular site audits and implementation of the Corrective and Preventive Action Plan. ISO systems are also regularly audited in order to maintain certification status and ensure effective implementation.

On projects where we seek building certifications, green building guidelines are appended to tender documents. Complementing this effort are training sessions from which contractors gain a thorough understanding of green requirements, such as sourcing Forest Stewardship Council (FSC) certified wood for all temporary works and increasing the use of premixed concrete and prefabricated components. Our employees from project teams also conduct daily site



① "The Green Atrium" in Yuen Long

"I find it's very effective that New World Group uses positive reinforcement for complying with Government rules and reporting construction work defects."

A Package Contractor of NWCON

inspections and regular factory visits to ensure material standards meet our criteria and annual performance appraisals. In cases of non-conformance, we engage our partners and provide them with guidance over a specified monitoring period. If no improvement is seen, the partnership may be discontinued.

Green lifestyle features that meet green building certification standards are added into our buildings and help to raise public awareness of environmental issues. We utilise Voice of Customers (VoC) channels, including surveys, a mobile app and internal taskforces, to invite suggestions for improvement and innovation.

The same principles are also embodied in the NWCL Green Building Design Guidelines, which provide recommendations on green building design, selection of materials, best construction practices and measures for reducing maintenance costs. These guidelines were applied to 13 property projects in Mainland China in 2016. In the long run, our approach is to align green building practices in our Hong Kong and Mainland China projects.



② Air Induction Unit (AIU) at "The Green Atrium"



To promote environmental sustainability as a mindset among the general public, we developed “The Green Atrium” – a sustainable lifestyle and learning hub adjacent to “Park Signature” in Yuen Long. This experimental project promotes an eco-friendly lifestyle and educates its visitors on food cycle concepts through an interactive learning centre, organic farm, farm-to-table restaurant and health products store. During the reporting year, about 5,000 visitors participated in the guided tours held at “The Green Atrium”.

“The Green Atrium” includes 32 sustainable building features under the categories of Energy, Air, Water, Food and Waste. One particularly innovative feature is the Air Induction Unit (AIU) – an energy-efficient bladeless fan designed for semi-outdoor environments. This AIU, which is based on aerodynamic principles, produces large volumes of airflow with gentle wind speeds, taking into consideration the thermal comfort of building users and aesthetics. The designers of this patented device were recognised by the Hong Kong Institute of Engineers at the Innovation Awards for Young Members 2015.

In order to bring “Park Signature” residents closer to nature, a light swing door system was installed at “Timber House” (the clubhouse of “Park Signature”), which can be opened at different angles by our property managers on site to admit natural airflow when wind speeds at “The Green Atrium” reach a certain level, thereby decreasing energy consumption from air conditioning.

Another example of promoting a sustainable mindset among the public is “Tsim Sha Tsui K11 Art Mall”, whose core values

are Art · People · Nature. At this venue, we engage the public and tenants through food waste recycling programmes, energy reduction initiatives and eco-friendly designs. Regular exhibitions are also held to promote low-carbon, green living concepts, including a campaign that showcased upcycled garments and the reduction of waste in the fashion industry. In Hong Kong’s first carbon neutral Christmas exhibition, “Tsim Sha Tsui K11 Art Mall” also used LED lights and offset its emissions by purchasing carbon credits generated from a reforestation project in Sichuan province.



📍 Carbon neutral Christmas exhibition at “Tsim Sha Tsui K11 Art Mall” (photos on the left and the right)

CASE STUDY

PILOTING A SUSTAINABLE LIFESTYLE THROUGH PARTNERSHIP

The farm-to-table approach is still relatively new in Hong Kong's restaurant scene but one that has already been capturing the imagination of diners at O2 Café in "The Green Atrium".

Franky Fan, the owner and Head Chef of O2 Café, believes that serving fresh local food can reduce the environmental impact of a restaurant's operations. "We are committed to a healthy, low-carbon lifestyle and have said 'no' to beef due to its large carbon footprint," he said. "We also coordinate with farmers and managers on site to stay updated on the types of seasonable vegetables and seafood in stock and design our menu accordingly. When the ingredients we need are not available, we will source from local farms and only seafood that is approved by the WWF Hong Kong Sustainable Seafood Guide."

As an experienced chef, Franky uses vegetable scraps and bones to cook broth. "The Green Atrium" allows him to further reduce food waste with an on-site composter. Food packaging such as cardboard boxes is recycled with the help of the Group's property managers, who are keen to promote the green living concepts embodied in "The Green Atrium". These practices allow Franky to accumulate less than one bag of trash from the entire restaurant each day.

In keeping with the Group's artisanal approach, he is spreading the sustainability message by holding cooking workshops for his customers and teaching them to use healthier substitutes for preparing gourmet dishes. He is also committed to staff training in order to provide consistent high quality service. "I hope my staff will continue to create healthy dishes with integrity and be as engaging as possible to help our customers adopt green lifestyle habits. This is something I have learned from working with the New World Group team, who treat me like a partner, not a tenant, and give me opportunities to provide regular feedback and discuss solutions."



④ Cooking workshop at the farm-to-table restaurant at "The Green Atrium"

ENERGY EFFICIENCY MANAGEMENT

As we mark the beginning of a new cycle of sustainability reporting for the Group, over the past year we have taken a more active role in implementing new technologies and systems in the properties we manage. For our managed properties within the reporting boundary in Hong Kong, the intensity of greenhouse gas emissions was 0.1 tonne of CO₂e/sqm per year, and the energy intensity was 104.7 kWh/sqm per year. We plan to put in place additional energy efficiency measures to improve our environmental performance.

CASE STUDY

SAVING ENERGY FOR A BRIGHTER FUTURE

Following the COP21 Paris Climate Conference in late 2015, the international community has been taking a more proactive approach to combating climate change. In line with this commitment, the HKSAR Government is aiming to achieve a 40% reduction in energy intensity (based on the 2005 level) by the year 2025.

At New World Group, we have been rising to this challenge by piloting an innovative energy monitoring system at six of our developments in Hong Kong and Mainland China. At one of our test beds – “Tsim Sha Tsui K11 Art Mall” – we succeeded in reducing carbon emissions by 19% in 2014/15 as compared with 2010/11. Building on this success, the new system will further help us to adopt more energy-efficient operational practices.

“The energy monitoring system is part of our commitment to the Government’s long-term energy saving blueprint,” says Raymond Chan, Assistant General Manager, Property Management. “With the aid of this technology, we anticipate saving 5% of our electricity costs by the end of 2016 and another 3% in 2017 at the pilot sites.”

Helping Raymond and his team get there is a cloud-based system and a mobile app to monitor indoor temperatures, CO₂ and air quality levels. Connected to the Building Management System (BMS), the app allows for remote monitoring, benchmarking energy performance with similar scale buildings overseas and obtaining a higher level of data insights for better energy management.

“And that’s just the beginning,” says Raymond. “We believe we can achieve even greater reductions by identifying additional efficiency improvements as we roll out the system to our other operations.”

BEYOND GREEN BUILDINGS

Internally, we have published a Green Office Policy and a more detailed Sustainable Office Guide for use by all business units of the Group. The Guide outlines recommendations for handling waste and recycling and measures that can be taken for a greener office, such as energy conservation through more efficient use of lighting and air conditioning, and use of a managed print system that requires staff to swipe their employee passes before printing in order to reduce paper consumption. Now in use across the Group, the principles of the Guide and Policy will be disseminated more widely through internal communication.

Externally, we encourage our tenants to adopt sustainability practices and provide them with advice and shared recycling facilities in our office buildings and retail malls. When our tenants renovate their premises, we make our Green Fitting-out Guides for Office/Shop Tenants (formerly known as A Guide to Sustainable Office for Office Tenants and Green Guide for Shop Tenants) available to them for their reference.

“The Artisanal Movement differentiates New World Group’s projects from others in the market. Innovation and engagement with commercial tenants on sustainability and a project’s impact will win us more support on our journey.”

Joseph Leung

Director – Leasing

In addition, we intend to work more strategically with our environmental NGO partners to leverage their expertise and gain a better understanding of the needs and concerns of the public. For example, we are heeding our green NGO partners' recommendations to take up fewer projects or causes and to pursue them in a more strategic and integrated manner so that we can focus our efforts on priority issues such as waste reduction, conservation and water.



“K11” Spice Up Series promote ecological conservation and cultural appreciation among Hong Kong youth

CASE STUDY

SPICE UP SERIES

Under the Spice Up Series, we have sent over 60 local university students with a passion for ecological conservation on overseas projects in biodiversity hotspots such as Africa and Sri Lanka for periods of 12 to 14 days since 2009. The programme is organised by “K11 Hong Kong” with The University of Hong Kong under the direction of Dr. Billy Hau of the School of Biological Sciences.

In April 2016, a total of 15 students embarked on a journey to India. For Alphonse Tsang who visited national parks in India, the lesson was that local people were best at coming up with local solutions to the problem of poaching, similar to how New World Group listens to stakeholders and delivers bespoke services to meet their needs. “Applying the same principle to Hong Kong, environmental awareness should be raised among local people to encourage a higher level of stewardship and participation in environmental decision-making,” said Alphonse.

Another eco-leader, Jenny Lau, went to Madagascar in 2011 and discovered that the problem of deforestation there might have a parallel with Hong Kong's natural environment if we do not take sufficient care of it. The photography and observation skills she gained in the field also laid a good foundation for her PhD studies, she said.

Eco-leaders who have taken part in the programme have shared their experiences through photography exhibitions and guided tours at “Tsim Sha Tsui K11 Art Mall”, which drew more than six million visitors. Aligning with New World Group's digital strategy, participants in the 2016 Spice Up Series also shared their insights through social media and self-created websites to give their messages a wider audience.

Since the start of the Spice Up Series, over 80% of the past participants have taken up roles in the environmental industry, including the Government and NGOs, demonstrating the far-reaching impact the programme has had on shaping the future development of Hong Kong.



"K11" Spice Up Series visit to Ecuador



"K11" Spice Up Series participants visiting biodiversity hotspots in Africa

ENVIRONMENTAL PERFORMANCE IN 2015/16

| | Units | NWD Corporate Offices ⁽¹⁾ | Property Management in Hong Kong ⁽²⁾ | NWCL |
|---|--------------------------|--------------------------------------|---|-----------|
| Direct GHG emissions (Scope 1) ⁽³⁾ | tonnes CO ₂ e | 55.3 | 1.7 | - |
| Indirect GHG emissions (Scope 2) ⁽⁴⁾ | tonnes CO ₂ e | 886.8 | 5,511.2 | 26,359.6 |
| Energy consumption ⁽⁵⁾ | in '000 kWh | 1,122.5 | 8,737.3 | 36,779.0 |
| Water consumption | m ³ | -(⁶) | 34,489.1 ⁽⁷⁾ | 470,374.2 |

Note:

- (1) Include "New World Tower" office space occupied by the entities within our reporting boundary.
- (2) Includes "Tsim Sha Tsui K11 Art Mall", "The Green Atrium" and "Park Signature" and their management offices. Whilst the management office of "D • PARK" is included, the "D • PARK" mall is excluded because it was under renovation during the reporting period.
- (3) Includes greenhouse gas emissions from combustion of fuels in emergency electricity generators and company vehicles.
- (4) Includes greenhouse gas emissions from consumption of electricity purchased from power companies.
- (5) Includes only consumption of electricity. We are currently improving our data collection system to capture consumption of other fuels.
- (6) A thorough materiality assessment had been conducted and water consumption was identified as an issue of low materiality to the operation in NWD Corporate Offices, therefore data are not disclosed.
- (7) Excludes management offices of the managed properties.

COMMUNITY

We recognise that we have a responsibility to support those in need in the community, with a special focus on providing assistance to the younger generation and the less privileged in society.

We also believe in equal opportunities for everyone and work to improve the social mobility of under-resourced children and youth through corporate sustainability initiatives focusing on sports, art and culture.

“At New World Development, we take pride in our long-standing legacy of helping to improve the lives of the under-resourced community and society through our sustainability programmes.”

Maria Cheung

General Manager – Stakeholder Management & Central Administration, Corporate Communication



NEW WORLD SPRINGBOARD PARENT CLUB AND COMMUNITY AMBASSADOR PROGRAMME

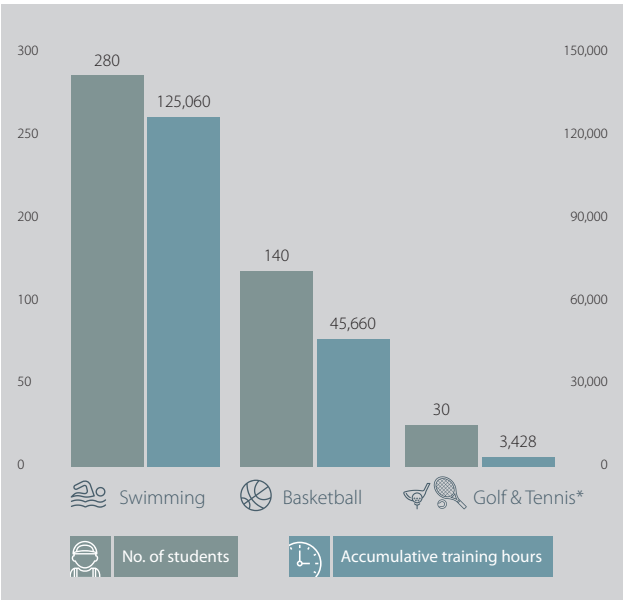
New World Springboard, our community charity programme funded by the New World Group Charity Foundation, continued to inspire young athletes for a fourth year. Since its launch, we have expanded the number of our partnerships with community organisations up to 15, allowing us to reach more youth in need.



One of the highlights of the year was a two-day training camp co-organised by the New World Basketball League and Hong Kong Playground Association in March 2016. During the camp, students had the opportunity to learn advanced basketball skills and play a match with the Buddhist Lim Kim Tian Memorial Primary School.

To enable more children to enjoy swimming, the New World Swimming Academy extended its coverage to Kwun Tong. Another swimming initiative organised under the New World Springboard Programme was the Learning and Experiencing Tour in Beijing 2015, in which 10 students with the highest school attendance visited Beijing, where they trained with the National Swimming Team of China.

The number of New World Springboard beneficiaries & training hours in 2015/16



* Newly introduced in April 2015

The Parent Club, which was established in 2014, continued to organise activities that foster harmonious family relationships and the all-round development of children. In 2015, we also launched the New World Springboard Community Ambassador Programme to encourage students and their New World corporate mentors to give back to society. Service activities included visits to deprived families in Kwun Tong during the Mid-Autumn Festival, a spring home clean-up for the elderly before the Lunar New Year, and photography services to an under-resourced community in Tin Shui Wai. In addition to benefitting members of the community, the Ambassador Programme strengthened the interpersonal skills of the student volunteers while giving them a greater sense of mission.



NEW WORLD HARBOUR RACE

For the fifth year in a row, we sponsored one of Hong Kong’s most iconic sporting events, the New World Harbour Race in Victoria Harbour. In 2015, the event attracted a record 2,330 swimmers who competed in various categories, while many thousands more gathered along the Harbour front to watch this exciting aquatic event.

As a result of the professional training offered through the New World Springboard Programme, a total of 11 young swimmers from the New World Swimming Academy at Tung Chung, Tuen Mun and Sham Shui Po districts also competed in the New World Harbour Race 2015, including seven for the first time.

VOLUNTEERING

Since 2012, the Love • New World Volunteers Club has been offering a wide array of volunteering opportunities. Activities included trips to Ocean Park and Disneyland with the Children's Cancer Foundation. The total number of volunteers in 2015/16 was 957.



① Volunteer photographers in training

CASE STUDY

CAPTURING SMILES IN THE COMMUNITY

In 2015, the Group brought together a group of volunteer photographers as the first train-the-trainer initiative. Experienced photographers from our business units and over 12 colleagues who were eager to learn the art of photography came together to contribute their talents to the community. The instructors regularly teach basic photographic techniques, the use of equipment and lighting theory.

The volunteer photographers are being sent into the community to shoot passport photos for the elderly, take portraits of under-resourced families and make photographic records of our volunteer events. The two photography sessions held by the volunteers during the reporting year benefited more than 50 families in the community.

“Photography skills matter more than the quality of the equipment to capture memorable moments with your loved ones,” said Fu Man Hon, an engineer from Citybus Limited (a subsidiary of NWS and member company of the Group). An experienced photographer for over 10 years, Mr. Fu had never instructed anyone before he joined the train-the-trainer initiative but was happy to share his photography skills with the volunteer team.

The idea behind the service is not only to provide photos to those without resources but to promote family harmony in the community.

OUR NGO PARTNERS IN THE NEW WORLD SPRINGBOARD PROGRAMME

- Christian Action – Ministry Coordination Team (Sau Mau Ping Service Centre)
- Federation of Parent Teacher Associations in Kwun Tong District
- Fresh Fish Traders' School
- HKGTA Charity Foundation
- Hong Kong Amateur Swimming Association
- Hong Kong Basketball Association
- Hong Kong Playground Association – Jockey Club Tsing Yi Integrated Services Centre for Children & Youth
- Sai Kung District Community Centre
- Shamshuipo Kaifong Welfare Association Primary School
- Society for Community Organization (SoCO)
- St. James' Settlement – Skyhigh Creative Partners
- The Boys' and Girls' Clubs Association of Hong Kong – Cheung Sha Wan Children and Youth Integrated Services Centre
- The Neighbourhood Advice-Action Council – Tung Chung Integrated Services Centre
- Tung Wah Group of Hospitals (TWGHs) – Tuen Mun Integrated Services Centre
- Tung Wah Group of Hospitals (TWGHs) – Yu Mak Yuen Integrated Services Centre



CRAFTSMANSHIP

As innovation is a key driver for New World Group, we encourage and support our staff at all levels to apply creativity in their roles and to devise solutions that are relevant to the needs of our stakeholders.

STAFF CARE

As a Caring Company and Family Friendly Employer, we have developed a culture that encourages work-life balance and provides opportunities for our staff to excel. Evidence of this can be seen in the human resources awards won by New World Group and the results of our Employee Satisfaction Survey conducted every two years. In our last survey held in 2015, we achieved a satisfaction rate of 93% out of the 87% of employees who responded.

Among the recent staff caring programmes we have introduced, our CarePoints system allows staff to convert unused leave above the statutory minimum into flexible healthcare benefits for staff members and their families.

We also take into consideration the working styles of different age groups. For example, we balance the needs of our older staff members, many of whom have families and prefer conventional working hours, with those of our younger employees who appreciate a more flexible work schedule. New World is among the first in Hong Kong's property development industry to offer such a flexi-time arrangement. As a result of our innovative practices, we have received recognition through many human resources related awards. (Please refer to the section "Major Sustainability Awards" for further details.)

"In the past few years, the Group has committed major resources to recruiting and grooming talent as well as offering opportunities to disabled groups. Understanding the needs of our staff at different stages in their careers has allowed us to innovate beyond traditional recruitment practices and benefit packages."

Jenny Chiu

Director – Human Resources

TRAINING AND DEVELOPMENT

To bring out the best in our people, we provide internal and external training programmes as well as sponsorships through our Corporate and Talent Development Department and Human Resources Department. These include new staff orientations, regular risk workshops, job-specific training and voluntary courses on topics such as public speaking and design thinking. Leadership development programmes are also offered for all levels of management. To support staff with high potential, we have introduced a Talent Management System. During the reporting period, a total of 76,000+ hours of training was provided to staff at NWD and NWCL.

In our Annual Management Forum, we give senior executives the opportunity to learn from subject experts and consider future strategy and innovation, and through our Reader's Hub initiative we promote reading and capacity-building for work and life skills.

For our construction staff, each new employee is required to undergo a mandatory 30+ hours of induction training on the environment, health and safety, while contracted and subcontracted construction staff are required to take regular training on similar subjects and acknowledge our policies on fair labour practices.

To attract young people into our ranks, we have a comprehensive Group Management Trainee and Internship Programme that reaches out to the wider community, including disabled groups. This year, we selected 10 Management Trainees out of 2,000 local and overseas applicants through an innovative recruitment approach and employed 100 interns. Applicants used multimedia to showcase their credentials and formed project teams to identify solutions for business cases within the Group.



Group Management Trainee and Internship Programme Opening Ceremony 2016

KEY HUMAN RESOURCES DATA IN 2015/16¹

Composition of our workforce²

| | NWD | | | NWCL | | |
|---------------------------|------|--------|-------|-------|--------|-------|
| | Male | Female | Total | Male | Female | Total |
| TOTAL WORKFORCE | 608 | 552 | 1,160 | 2,782 | 2,159 | 4,941 |
| By type of contract | | | | | | |
| Permanent | 552 | 520 | 1,072 | 871 | 525 | 1,396 |
| Temporary | 56 | 32 | 88 | 1,911 | 1,634 | 3,545 |
| By type of employment | | | | | | |
| Full Time | 600 | 527 | 1,127 | 2,777 | 2,140 | 4,917 |
| Part Time | 8 | 25 | 33 | 6 | 18 | 24 |
| By age group | | | | | | |
| Under 30 years | 113 | 168 | 281 | 606 | 768 | 1,374 |
| 30 - 39 years | 178 | 201 | 379 | 883 | 817 | 1,700 |
| 40 - 49 years | 171 | 107 | 278 | 746 | 465 | 1,211 |
| 50 or above | 146 | 76 | 222 | 552 | 104 | 656 |
| By location of employment | | | | | | |
| Hong Kong | 489 | 517 | 1,006 | 88 | 57 | 145 |
| Mainland China | 119 | 35 | 154 | 2,694 | 2,102 | 4,796 |

New employees

| | NWD | | NWCL | |
|---------------------------|--------|-------------------|--------|-------------------|
| | Number | Rate ³ | Number | Rate ³ |
| TOTAL NEW HIRES | 323 | 28% | 1,090 | 22% |
| By gender | | | | |
| Male | 126 | 11% | 589 | 12% |
| Female | 197 | 17% | 501 | 10% |
| By age group | | | | |
| Under 30 years | 189 | 16% | 568 | 11% |
| 30 - 39 years | 97 | 8% | 254 | 5% |
| 40 - 49 years | 26 | 2% | 206 | 4% |
| 50 or above | 11 | 1% | 62 | 1% |
| By location of employment | | | | |
| Hong Kong | 286 | 25% | 16 | 0% |
| Mainland China | 37 | 3% | 1,074 | 22% |

¹ Please refer to "Scope of This Report" for clarification on the scope of data collection.

² Within the scope of this Report, the total workforce of the organisation is the same as the total number of employees.

³ Rates are calculated using the total number of employees at the end of the reporting period.

Employee turnover

| | NWD | | NWCL | |
|---------------------------|--------|-------------------|--------|-------------------|
| | Number | Rate ³ | Number | Rate ³ |
| TOTAL TURNOVER | 212 | 18% | 1,147 | 23% |
| By gender | | | | |
| Male | 80 | 7% | 591 | 12% |
| Female | 132 | 11% | 556 | 11% |
| By age group | | | | |
| Under 30 years | 124 | 11% | 540 | 11% |
| 30 - 39 years | 55 | 5% | 325 | 7% |
| 40 - 49 years | 22 | 2% | 194 | 4% |
| 50 or above | 11 | 1% | 88 | 2% |
| By location of employment | | | | |
| Hong Kong | 168 | 14% | 15 | 0% |
| Mainland China | 44 | 4% | 1,132 | 23% |

Work-related injuries & fatalities

| | NWD | NWCL |
|---|--------|--------|
| Number of work-related fatalities (fatality rate) | 0 (0%) | 0 (0%) |
| Lost days due to work injuries | 27 | 1,825 |

Training by the Group's Corporate & Talent Development Department

- Total number of trainees: 1,280

| | Gender | | Employee Category | | | | | |
|---------------------------------|--------|--------|-----------------------------------|----------------|---------|-------------------|---------------|-------------------|
| | Male | Female | Assistant General Manager & above | Senior Manager | Manager | Assistant Manager | General Staff | Operational Staff |
| Percentage of employees trained | 49% | 51% | 9% | 11% | 18% | 14% | 48% | 0% |
| Average training hours | 2.4 | 2.4 | 1.9 | 2.2 | 2.2 | 2.7 | 2.5 | 1.0 |

Other training & development

- Total number of trainees at NWD: 753
- Total number of trainees at NWCL: 4,941

| | | Gender | | Employee Category | | | | | |
|---------------------------------|------|--------|--------|-----------------------------------|----------------|---------|-------------------|---------------|-------------------|
| | | Male | Female | Assistant General Manager & above | Senior Manager | Manager | Assistant Manager | General Staff | Operational Staff |
| Percentage of employees trained | NWD | 54% | 46% | 8% | 12% | 19% | 12% | 37% | 12% |
| | NWCL | 56% | 44% | 3% | 4% | 5% | 4% | 64% | 20% |
| Average training hours | NWD | 4.9 | 5.6 | 7.3 | 2.3 | 4.1 | 7.0 | 5.8 | 4.9 |
| | NWCL | 14.5 | 13.3 | 12.2 | 12.1 | 15.9 | 11.8 | 13.1 | 17.5 |

³ Rates are calculated using the total number of employees at the end of the reporting period.

CASE STUDY

FROM GRADUATES TO PROPERTY PROFESSIONALS

Most young people today aspire to a meaningful career that offers more than just monetary rewards. The two-year New World Group Management Trainee (MT) Programme prepares MTs to pursue fulfilling careers and also gives us a talent pool for the sustainable growth of our company.

Sharon Wang, who joined us at the start of the MT Programme in 2011, chose New World Group despite being offered positions at other companies. "I was impressed with the transforming culture and opportunities at New World," she said. "I especially appreciated the opportunity to build strong internal and external networks during the two-year MT programme and to brainstorm with these partners on Group projects."

She also helped to drive The Artisanal Movement when it was first launched and gradually learned how to demonstrate an artisanal spirit through sales campaigns for our projects. Currently, Sharon is posted to the Executive Office of our China property development business, where she is supporting a wide range of projects.

Kenny Wong, a graduating MT who joined NWD in 2014 after completing a finance degree, was attracted to our MT programme due to its "cross-company, cross-department and cross-border" nature. He also found the monthly training sessions offered by the Corporate and Talent Development department very useful. "I especially enjoyed the session on service innovation, in which I learned about customer journey mapping."

He applied his new skills in a special assignment from Human Resources to propose an innovative recruitment strategy for future MTs. Collaborating with another 2014 MT, Macy Kwok, Kenny interviewed upcoming graduates from different universities, compared other established MT programmes in the market and designed a recruitment process that accommodates applicants who prefer traditional application methods as well as those who wish to demonstrate their credentials in a more creative manner. This innovative approach successfully attracted applications from local and overseas graduates. Kenny said this project has helped him put The Artisanal Movement into practice and enhanced his planning and decision-making abilities.



PROMOTING INNOVATION

The Group promotes "intrapreneurship" by encouraging our staff at all levels to apply creativity in their jobs. We are also going one step further to establish Group-wide practices that protect our intellectual property rights.

Through our annual Incubation Circle programme, staff are encouraged to form self-driven teams and provide ideas that help to improve work processes, efficiency, products and services. In 2016, the Incubation Circle accepted proposals in six categories - Process/Service Improvement, Engineering/Technology, Safety, Health and Working Environment, Environmental Protection, Continuous Improvement and Chance (business innovation).

CASE STUDY

THE SPIRIT OF ARTISANSHIP AT NWD

What exactly does it mean to be a New World Artisan? In summary, it means driving innovation and excellence in all of our people, products, services and processes as a way of underpinning our continued success and development.

To encourage the spirit of artisanship and intrapreneurship among our staff, we established the Incubation Circle programme in 2013 and, every year since then, have held a convention to share and recognise innovative ideas at NWD. In 2016, over 120 improvement projects were received, amounting to more than 400 service improvement suggestions (an equivalent of HK\$25 million in cost savings).

One of the awards this year went to the Winning by Digital Document Control project, which won the Bronze prize under the Continuous Improvement category. To address the challenges of managing multiple mixed-use development projects across the Mainland, Chris Yiu, Project Manager, Project Management, and his team implemented a centralised cloud-based platform for distributing and archiving design drawings, technical documents, and building information models, as well as providing virtual communication among all internal and external project team members.

Using password-protected online accounts and a customised project workflow approval structure, the system reduces the risk of leaking sensitive information. It also minimises miscommunication and misplacement of information when liaising with multiple parties, directly reducing file searching time by 60%. Printing costs are also reduced as files are shared online via BIM.

In addition to encouraging innovation, the Incubation Circle programme brings other benefits to New World Group as well. As Chris says, "It encourages staff to have a say in their work and creates value through analysis and innovation. It truly is an example of the artisan spirit at work at the Group."



Incubation Circle Convention 2016

What's more, we are investigating ways to adopt innovative technologies for engaging our tenants and customers. Another innovation was the development of a VoC mobile app, which invites suggestions from the public on ways to improve NWD's products and services. One of the winning VoC ideas selected by senior management in 2016 included the digitisation of the residential unit handover process. Another was the use of sensors to display the number of available seats on the top deck of double decker buses.

To keep New World Group in the vanguard of the industry, we have been undertaking a digital transformation project that was launched following our Annual Management Forum in 2014.

Among the initiatives being rolled out is the digitisation of our financial payments system,



The "Winning by Digital Document Control" project team in the Incubation Circle 2015/16

which will reduce paper consumption and make approvals and transactions more efficient.

We are also taking steps to raise our cybersecurity standards, particularly with regard to issues such as online cloud storage, and to train our staff on relevant risks and protective measures. The protection of customer, supply chain partner and employee data is covered under our IT Policy and Procedures.



CONTEMPORARY

Sustainability is about staying relevant and evolving in response to stakeholder trends. We see opportunities to address sustainability in a more holistic way. While we remain committed to greening our own operations and supporting under-resourced individuals in the community, we will also make a greater effort to engage our stakeholders along our value chain. With the aim of establishing a stronger link between our brand and the core values of The Artisanal Movement, we will explore further applications of innovative technologies, raise sustainability awareness among our internal and external stakeholders, enhance our relationships with NGOs and the community, promote artisanal living among the general public, and to support emerging artists through the K11 Art Foundation (KAF).

ARTISANAL LIVING

Beyond acquiring green building certifications for our property projects where practicable, we intend to showcase green lifestyles and technology through experiments such as “The Green Atrium” and will continue to explore innovative approaches through our projects, services, and partnerships that motivate behavioural change and contribute to a more sustainable future.

We will also pioneer artisanal living by building communities that appeal to customers who wish to pursue a sophisticated lifestyle. “D • PARK”, our family-oriented shopping mall, is now attracting customers who value spending quality time with their families and on child development. We will explore channels with which to deepen communication with our customers so we can deliver products and services that meet their needs. This ongoing effort will also be guided by the broader demographic and economic trends that we are closely monitoring.

We will seek to optimise the use of space in our managed properties and explore opportunities to enhance the versatility and flexibility of the space in our office buildings, such as utilising common areas for weekend events.

TOWARDS A GREENER FUTURE

Making greater use of BIM to manage building performance from the planning through to the operational stages will further enable us to build more sustainably. Since BIM allows for 3D visualisation and testing of designs and engineering processes during the planning stage, it enables stakeholders to gain a full and clear picture of a new property during each stage of construction and provide constructive comments. Moreover, BIM allows for better control over time, cost,



CASE STUDY

INTRODUCING “D • PARK” – A PLACE FOR FAMILIES TO ENJOY

We recently completed our renovation of the 630,000 sq ft “Discovery Park Shopping Centre” and renamed it “D • PARK” – “the World’s First Multiple Intelligence Kids Mall”. “D • PARK” is organised into a number of zones to provide young children with a variety of themed learning experiences such as sports and music. This family-oriented landmark shopping mall located in Tsuen Wan is an example of how the Group assesses and responds to the needs of local communities. The new venue is designed as a hotspot for pleasant family activities as well as a great place for shopping. Consequently, the tenant mix has been carefully selected to cater to the needs of local families. More than 70% of tenants in “D • PARK” are focused on servicing the needs of children, including restaurants that are infused with child-friendly design elements.

quality and, ultimately, environmental sustainability, while minimising construction waste and operational risks. To take full advantage of the benefits of this technology, we plan to adopt BIM in all of our upcoming Hong Kong property projects in order to enhance project management efficiency.

NWD will also take the lead to engage supply chain partners, share with them the business case and benefits of BIM and ultimately extend the application of BIM along the entire supply chain.

By promoting our Group Sustainability Policy and the Green Fitting-out Guides for Office/Shop Tenants, we hope to share our sustainability vision, technology and experience with them on the cost advantages of following sustainability practices, which also helps to promote their brands. Our success in engaging the tenants and the wider community through waste recycling programmes at “Tsim Sha Tsui K11” attests to our determination to promote green tenancy. Our next step will be deepening our engagement with other tenants in pursuit of green excellence.

INNOVATIVE TECHNOLOGIES

The Group acknowledges the integral role of innovative technologies in the development of business and society. In addition to adopting digital processes and data analytics in performance benchmarking and business planning, we are placing a greater emphasis on exploring new technologies that have the potential of defining a greener lifestyle for the future. We will also explore the feasibility of applying Internet of Things (IoT) concepts and devices to make “smart living” a reality.



CASE STUDY

JOINING GOOGLE TO PROMOTE A CULTURE OF INNOVATION

NWD joined Google to help launch its Empowering Young Entrepreneurs (EYE) Program 2016, which was formed to promote entrepreneurship and innovation in Hong Kong.

As one of the three sponsors of the programme, NWD is firmly committed to the aims of Google EYE and its mission of co-creating products and solutions related to lifestyle loyalty programmes, information and communications technology (ICT), as well as smart living. Mentorships, workshops, training and shadowing corporate partners are just a few of the activities that were planned to benefit startups and creative young entrepreneurs.

“Hong Kong is the perfect place to create a smarter living experience for everyone,” said Dr. Adrian Cheng. “In the modern age of innovation, collaboration and co-creation are the key to technology breakthrough. The Google EYE Program is an exciting event, and we look forward to exploring its unlimited potential.”

CASE STUDY

K11 ART FOUNDATION: A SHOWCASE OF CONTEMPORARY CHINESE ART

As enthusiastic advocates of artisanship, we see it as our mission to bring art, innovation and creativity to the world at large.

To help realise this mission, we support the K11 Art Foundation (KAF), a registered not-for-profit organisation founded by Dr. Adrian Cheng in 2010. Under his direction, the Foundation provides a platform for emerging Chinese artistic talent on the international stage as well as serving as a training ground for young curators from Greater China.

In June 2016, the Foundation helped the Centre Pompidou in Paris to identify and appoint a Hong Kong curator, Yung Ma, as its Curator, Contemporary and Prospective Creation Department. Mr. Ma will work with the Centre Pompidou to identify outstanding young artists from the Greater China region and organise a number of programmes, co-presented by KAF.

"I am thrilled to have this exciting opportunity to develop my work with one of the world's leading art institutions, and I look forward to working with the team at Centre Pompidou to further expand my horizons in this new context," Mr. Ma said. "I am also thankful for the support of KAF, without which this would not have been possible."

Another exciting development for the Foundation took place from 4 March to 2 May 2016, when "chi K11 art space, Shanghai", presented its inaugural exhibition: *WE: A Community of Chinese Contemporary Artists*. In addition to featuring 56 iconic figures in Chinese contemporary art, the exhibition also included weekend lectures and a series of interactive public performances.

According to Dr. Adrian Cheng, "Since the inception of the K11 brand, we have stayed true to our mission of engaging with China's contemporary art development. We have been looking forward to this moment, when we gather the power of the KAF art community and present Chinese contemporary art through a group of eminent contemporary artists."



Open ceremony of *WE: A Community of Chinese Contemporary Artists* at chi K11 art museum, Shanghai

In 2016, "Tsim Sha Tsui K11 Art Mall" presented *Electronic Vibes*, an exhibition that featured international and local artists and electronic art forms using virtual reality (VR). One of the highlights of the exhibition was a VR art jamming workshop to give the public a glimpse of tomorrow's technology. We will continue to inspire the minds of our stakeholders by utilising technology to present an artisanal lifestyle and the integration of technology into our business and public engagement.

FUTURE OF THE ARTISANAL MOVEMENT

The Artisanal Movement has been set as the new direction for the Group to fulfil our mission as a sustainable company and to embed our values in all of our products and services.

In the future, we will increase awareness of The Artisanal Movement among the public, our customers, tenants and suppliers, as well as our own staff. To achieve this objective, we will formulate a strategic plan that incorporates The Artisanal Movement into our sustainability practices and policies.

We believe this is essential to delivering a concise branding message on sustainability. Conveying this message will be achieved through regular updates on our sustainability initiatives, using stories that focus on the impact of our programmes in the community, as well as face-to-face communication and other publicity channels.

As awareness of the importance of sustainability continues to grow, making The Artisanal Movement synonymous with our brand will be critical for maintaining our competitive edge as a premium brand in Hong Kong.

MAJOR SUSTAINABILITY AWARDS

| Organiser/ Scheme | Awards/Recognitions | | Company/ Properties |
|--|---|---|-----------------------------------|
| Asia Pacific Customer Service Consortium | Customer Relationship Excellent Awards 2015 | <ul style="list-style-type: none"> Corporate Employer of the Year (Property Development Category) Employee Engagement Program of the Year (Property Development Category) | NWD |
| Anshan Gaoxin District Zong Gong Hui | Anshan 2014 – 2015 Pioneer Company in Promotion of Corporate Culture and Employee Culture | | NWCL |
| Best Practice Management | Best Practice Awards 2015 | <ul style="list-style-type: none"> Best Practice in Performance Improvement/Management Best Practice in Learning Organisation Development | NWD |
| Biaozhun007.com and Boao Review | 2016 Mainland China's Top 10 Green Property Developers (Residential) | | NWCL |
| BCI Asia | Top Ten Developers 2016 Award | | NWD |
| China Index Academy | Wuhan 2016 China Specialized Property Service Company – Green Energy Saving | | NWCL |
| China International Public Relations Association | 12 th China Golden Awards for Excellence | Merit Award in the Culture and Sports Category | NWD – New World Harbour Race 2015 |
| CLP Power Hong Kong Limited | GREEN PLUS Recognition Award | Certificate of Merit | "Tsim Sha Tsui K11 Art Mall" |
| Hong Kong Professional Building Inspection Academy | 2015 Building Inspectors Academy Awards | Eco Building of Year 2015 Certificate | "Park Signature" |
| HR Asia | HR Asia Best Companies to Work For in Asia 2016 | | NWD |
| HRM Asia and Diversified Communications | <ul style="list-style-type: none"> Best of the Best Award in The Best Places to Work in HK Awards – Construction/Real Estate Category in the HR Summit & Expo 2016 Top ten of The Best Places to Work in HK Awards – Construction/Real Estate Category in the HR Summit & Expo 2016 | | NWD |

| Organiser/ Scheme | Awards/Recognitions | | Company/ Properties |
|--|--|--|-----------------------------------|
| Human Resources | HR Innovation Awards 2015 | Gold Awards in: <ul style="list-style-type: none"> • Excellence in Employee Development • Excellence in HR Strategic Plan • Excellence in Training, Learning & Development Programmes | NWD |
| | | Silver Awards in: <ul style="list-style-type: none"> • Excellence in Compensation & Benefits Strategy • Excellence in Employee Engagement • Excellence in Talent Management | |
| | | Bronze Award in: <ul style="list-style-type: none"> • Excellence in Employer Branding | |
| | Asia Recruitment Awards 2016 | Silver Awards in: <ul style="list-style-type: none"> • Best Recruitment Advertising Strategy • Best Recruitment Innovation by an in-house HR Team • Best Use of Digital Media Bronze Awards in: <ul style="list-style-type: none"> • Best Diversity & Inclusion Strategy • Best Employer Brand Development | |
| MerComm, Inc. | 2016 Questar Awards | Gold Award in Corporations: Stakeholder Communications Category | NWD – New World Harbour Race 2015 |
| | | Silver Award in Broadcast/Cable/Online: Brand Image Campaign Category | |
| | 29 th International Mercury Awards | Grand Award in the Video category Gold Award in Video - DVD/Online: Special Project Honours Award in Special Events: Anniversary | |
| New Century Forum | 2015 Hong Kong Shopping Malls Nursery Room Survey | The Highest Rank Nursery Room in Hong Kong Shopping malls | “D • PARK” |
| The China Finance Summit 2016 | Best Employer’s Award | | NWD |
| The Hong Kong Council for Social Service | Caring Company | 10+ years | NWD, NWTMT |
| | | Logo | NWCL |
| <i>The Mirror Post</i> | Outstanding Corporate Social Responsibility Award | | NWCL |
| The 6th Real Estate Trade Fair, Yiyang Radio and TV Station and Yiyang Real Estate Development Association | Yiyang Ecological and Livable Residential Award | | NWCL |
| Quality Building Award 2016 | Merit Award in Hong Kong Residential (Multiple Buildings) Category | | “Park Signature” |

GRI G4 CONTENT INDEX

| General Standard Disclosures | | Location of Disclosure in Sustainability Report 2016 | Notes |
|---|--|---|---|
| STRATEGY AND ANALYSIS | | | |
| G4-1 | Message from Senior Management | Message from Management | |
| ORGANISATIONAL PROFILE | | | |
| G4-3 | Name of the organisation | | |
| G4-4 | Primary brands, products, and services | About Our Business | The Annual Report 2016 contains additional information about our principal activities in the notes named "Principal Subsidiaries", "Principal Joint Ventures" and "Principal Associated Companies". The section entitled "Principal Projects Summary" provides information on quantity of products and services provided including major property development and investment projects in Hong Kong and Mainland China, hotel and infrastructure projects. |
| G4-5 | Headquarters | | |
| G4-6 | Countries of operation | | |
| G4-7 | Nature of ownership and legal form | | |
| G4-8 | Markets served | | |
| G4-9 | Scale of the organisation | CRAFTSMANSHIP: Key Human Resources Data in 2015/16 | The Annual Report 2016 contains additional information on segment revenues and group capitalisation in "Management Discussion and Analysis" and "Financial Highlights" respectively. The section entitled "Principal Projects Summary" provides information on major property development and investment projects in Hong Kong and Mainland China as well as other hotel and infrastructure projects. |
| G4-10 | Workforce profile | | |
| G4-11 | Collective bargaining | | Within the scope of the Report, none of our employees are covered by collective bargaining agreements. |
| G4-12 | Supply chain description | HERITAGE – ENVIRONMENT: Working with Supply Chain Partners | The Sustainable Property Development Lifecycle diagram illustrates the sequence of activities of our property development and investment businesses. Data on our supply chain partners (number, location, type and value of transactions) cannot be disclosed as it is not available in this reporting cycle. |
| G4-13 | Significant changes during the reporting period | -- | Please refer to the Annual Report 2016 for information about changes in operations and share capital in the sections headed "Executive Vice-chairman's Report", "Management Discussion and Analysis" and "Report of the Directors". Data on significant changes in the supply chain is not available at this time. |
| G4-14 | Precautionary approach | IMAGINATION: Case Study – Reinforcing Our Risk Management Framework | |
| G4-15 | Externally-developed charters, principles or initiatives | HERITAGE – ENVIRONMENT | |
| G4-16 | Membership of external associations | -- | Senior Management sat on the Board of Directors and Executive Committee of The Real Estate Developers Association of Hong Kong (REDA). |
| IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES | | | |
| G4-17 | Entities included in consolidated financial statements | Scope of This Report | Please refer to "Principal Subsidiaries", "Principal Joint Ventures" and "Principal Associated Companies" in the Annual Report 2016 for further information. |
| G4-18 | Defining the report content | Welcome to Our Report BESPOKE: Materiality Assessment | |
| G4-19 | List of material aspects | BESPOKE: Materiality Assessment | |
| G4-20 | Aspect boundary within the organisation | Scope of This Report | |
| G4-21 | Aspect boundary outside the organisation | | |

| General Standard Disclosures | | Location of Disclosure in Sustainability Report 2016 | Notes |
|---|--|--|---|
| IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES | | | |
| G4-22 | Restatements of information | -- | Sustainability Report 2016 does not contain any restatements of information. |
| G4-23 | Significant changes in the scope and aspect boundaries | Scope of This Report | This year the scope of the Sustainability Report has been aligned more closely with our management approach to sustainability, focusing on environmental and social impacts of our operations over which we exercise direct control. |
| STAKEHOLDER ENGAGEMENT | | | |
| G4-24 | List of stakeholder groups engaged | BESPOKE: Stakeholder Engagement | |
| G4-25 | Identification and selection of stakeholders | | |
| G4-26 | Approach to stakeholder engagement | | |
| G4-27 | Key topics and concerns raised through stakeholder engagement and how the organisation has responded | | |
| REPORT PROFILE | | | |
| G4-28 | Reporting period | Welcome to Our Report | |
| G4-29 | Date of most recent previous report | – | NWD's Sustainability Report 2015 was published in February 2016. |
| G4-30 | Reporting cycle | Welcome to Our Report | |
| G4-31 | Contact point for enquiries | Inner front cover | |
| G4-32 | "In accordance" option and GRI Content Index | Welcome to Our Report | |
| G4-33 | External assurance | Welcome to Our Report Assurance Statement | |
| GOVERNANCE | | | |
| G4-34 | Governance structure | IMAGINATION: Corporate Governance | Information about our governance structure is available in the Annual Report 2016 section entitled "Corporate Governance Report". |
| ETHICS AND INTEGRITY | | | |
| G4-56 | Values, principles, standards and norms of behaviour | IMAGINATION: Values and Principles | |
| Specific Standard Disclosures | | Location of Disclosure in Sustainability Report 2016 | Notes |
| ECONOMIC PERFORMANCE | | | |
| G4-DMA | Disclosure of management approach | About Our Business | The business review of NWD is set out in the sections headed "Executive Vice-chairman's Report", "Management Discussion and Analysis" and "Risk Factors" of the Annual Report 2016. |
| G4-EC1 | Direct economic value generated and distributed | About Our Business | Please refer to the "Consolidated Income Statement" in the Annual Report 2016 for information about revenues, operating costs and payments to shareholders. Employee wages and benefits can be referenced to note "Staff Costs". Payments to the Government are disclosed in the "Consolidated Statement of Cash Flows". The "Report of the Directors" contains information on charitable and other donations the Group made during the financial year. |
| INDIRECT ECONOMIC IMPACTS | | | |
| G4-DMA | Disclosure of management approach | IMAGINATION: Management Approach to Sustainability | This is the first year that we are reporting on indirect economic impacts in response to the results of our materiality assessment. Limited data are available for disclosure at this time. |
| G4-EC8 | Significant indirect economic impacts | HERITAGE - ENVIRONMENT: Case Study – Piloting a Sustainable Lifestyle through Partnership CONTEMPORARY: Case Study – Introducing "D • PARK" – a Place for Families to Enjoy | |
| ENERGY | | | |
| G4-DMA | Disclosure of management approach | IMAGINATION: Management Approach to Sustainability HERITAGE - ENVIRONMENT: Energy Efficiency Management, Case Study - Saving Energy for a Brighter Future | |
| G4-EN3 | Energy consumption within the organisation | HERITAGE - ENVIRONMENT: Energy Efficiency Management, Case Study - Saving Energy for a Brighter Future, Environmental Performance in 2015/16 | Limited data are available. We report on consumption of purchased electricity only. |

| Specific Standard Disclosures | | Location of Disclosure in Sustainability Report 2016 | Notes |
|---------------------------------|--|--|---|
| WATER | | | |
| G4-DMA | Disclosure of management approach | IMAGINATION: Management Approach to Sustainability HERITAGE - ENVIRONMENT: Sustainable Property Development Lifecycle | |
| G4-EN8 | Total water withdrawal | HERITAGE - ENVIRONMENT: Environmental Performance in 2015/16 | Limited data are available. We report on consumption of municipal water only. |
| EMISSIONS | | | |
| G4-DMA | Disclosure of management approach | IMAGINATION: Management Approach to Sustainability HERITAGE - ENVIRONMENT: Energy Efficiency Management, Case Study - Saving Energy for a Brighter Future | |
| G4-EN15 | Direct greenhouse gas (GHG) emissions (Scope 1) | HERITAGE - ENVIRONMENT: Environmental Performance in 2015/16 | |
| G4-EN16 | Indirect greenhouse gas (GHG) emissions (Scope 2) | HERITAGE - ENVIRONMENT: Energy Efficiency Management, Case Study - Saving Energy for a Brighter Future, Environmental Performance in 2015/16 | Limited data are available. We report on indirect emissions from purchased electricity only. |
| EFFLUENTS AND WASTE | | | |
| G4-DMA | Disclosure of management approach | IMAGINATION: Management Approach to Sustainability HERITAGE - ENVIRONMENT: Beyond Green Buildings CONTEMPORARY: Towards a Greener Future | |
| G4-EN22 | Total water discharge | HERITAGE - ENVIRONMENT: Environmental Performance in 2015/16 | Limited data are available. Water discharge is assumed to be equivalent to consumption of municipal water. |
| PRODUCTS AND SERVICES | | | |
| G4-DMA | Disclosure of management approach | IMAGINATION: Management Approach to Sustainability HERITAGE - ENVIRONMENT: Sustainable Property Development Lifecycle, Working with Supply Chain Partners, Case Study - Spice Up Series CONTEMPORARY: Towards a Greener Future | |
| G4-EN27 | Extent of impact mitigation of products and services | Group Highlights | Properties with green building certifications represent 69% of total GFA of ongoing development projects in Hong Kong |
| COMPLIANCE (ENVIRONMENT) | | | |
| G4-DMA | Disclosure of management approach | IMAGINATION: Management Approach to Sustainability, Values and Principles | |
| G4-EN29 | Significant fines and sanctions for non-compliance with laws and regulations | IMAGINATION: Values and Principles | 0 significant fines or sanctions for non-compliance with laws and regulations. |
| EMPLOYMENT | | | |
| G4-DMA | Disclosure of management approach | IMAGINATION: Management Approach to Sustainability, Values and Principles, Corporate Governance, Case Study - Reinforcing Our Risk Management Framework CRAFTSMANSHIP: Staff Care | |
| G4-LA1 | New employee hires and employee turnover | CRAFTSMANSHIP: Key Human Resources Data in 2015/16 | |
| TRAINING AND EDUCATION | | | |
| G4-DMA | Disclosure of management approach | CRAFTSMANSHIP: Training and Development, Promoting Innovation | |
| G4-LA9 | Average hours of training | CRAFTSMANSHIP: Key Human Resources Data in 2015/16 | |

| Specific Standard Disclosures | | Location of Disclosure in Sustainability Report 2016 | Notes |
|--|---|---|---|
| LOCAL COMMUNITIES | | | |
| G4-DMA | Disclosure of management approach | IMAGINATION: Management Approach to Sustainability HERITAGE - ENVIRONMENT: Sustainable Property Development Lifecycle HERITAGE - COMMUNITY: Our NGO Partners in the New World Springboard Programme CONTEMPORARY: Artisanal Living | New World Springboard is our Group-level local community development programme. We undertake local community engagement activities and impact assessments as part of our management approach to our property development and investment operations. |
| G4-SO1 | Operations with local community engagement, impact assessments and development programmes | HERITAGE - COMMUNITY: New World Springboard Parent Club and Community Ambassador Programme | |
| COMPLIANCE (SOCIETY) | | | |
| G4-DMA | Disclosure of management approach | IMAGINATION: Management Approach to Sustainability, Values and Principles, Corporate Governance, Case Study - Reinforcing Our Risk Management Framework | |
| G4-SO8 | Significant fines and sanctions for non-compliance with laws and regulations | IMAGINATION: Values and Principles | 0 significant fines or sanctions for non-compliance with laws and regulations |
| COMPLIANCE (PRODUCT RESPONSIBILITY) | | | |
| G4-DMA | Disclosure of management approach | IMAGINATION: Management Approach to Sustainability, Values and Principles, Corporate Governance, Case Study - Reinforcing Our Risk Management Framework CRAFTSMANSHIP: Case Study - The Spirit of Artisanship at NWD | |
| G4-PR7 | Significant fines and sanctions for non-compliance with laws and regulations | IMAGINATION: Values and Principles | 0 significant fines or sanctions for non-compliance with laws and regulations |

HKEx ESG DISCLOSURES

NWD has complied with all “Comply or Explain” provisions on general disclosures in accordance with HKEx Main Board Listing Rule 13.91 and the ESG Reporting Guide. To enhance navigability, this index summarises the location of relevant content in this Report.

| Comply or Explain Provisions | Disclosure | | Location of Disclosures |
|--|------------|---------|--|
| | Comply | Explain | |
| Aspect A1 Emissions and waste | ✓ | | IMAGINATION: Management Approach to Sustainability HERITAGE - ENVIRONMENT: Energy Efficiency Management, Beyond Green Buildings CONTEMPORARY: Towards a Greener Future |
| Aspect A2 Use of resources | ✓ | | IMAGINATION: Management Approach to Sustainability HERITAGE - ENVIRONMENT: Sustainable Property Development Lifecycle, Energy Efficiency Management, Case Study - Saving Energy for a Brighter Future |
| Aspect A3 Environment and natural resources | ✓ | | IMAGINATION: Management Approach to Sustainability HERITAGE - ENVIRONMENT: Sustainable Property Development Lifecycle, Working with Supply Chain Partners, Case Study - Spice Up Series CONTEMPORARY: Towards a Greener Future |
| Aspect B1 Employment | ✓ | | IMAGINATION: Management Approach to Sustainability, Values and Principles CRAFTSMANSHIP: Staff Care |
| Aspect B2 Health and safety | ✓ | | IMAGINATION: Management Approach to Sustainability, Values and Principles CRAFTSMANSHIP: Staff Care |
| Aspect B3 Development and training | ✓ | | CRAFTSMANSHIP: Training and Development, Promoting Innovation |
| Aspect B4 Labour standards | ✓ | | IMAGINATION: Management Approach to Sustainability, Values and Principles, Corporate Governance, Case Study - Reinforcing Our Risk Management Framework CRAFTSMANSHIP: Staff Care |
| Aspect B5 Supply chain management | ✓ | | IMAGINATION: Management Approach to Sustainability, Values and Principles HERITAGE - ENVIRONMENT: Working with Supply Chain Partners |
| Aspect B6 Product responsibility | ✓ | | IMAGINATION: Management Approach to Sustainability, Values and Principles, Corporate Governance, Case Study - Reinforcing Our Risk Management Framework CRAFTSMANSHIP: Case Study - The Spirit of Artisanship at NWD |
| Aspect B7 Anti-corruption | ✓ | | IMAGINATION: Management Approach to Sustainability, Values and Principles, Corporate Governance, Case Study - Reinforcing our Risk Management Framework |
| Aspect B8 Community investment | ✓ | | IMAGINATION: Management Approach to Sustainability HERITAGE - COMMUNITY: Our NGO Partners in the New World Springboard Programme CONTEMPORARY: Artisanal Living |

ASSURANCE STATEMENT



Assurance Statement

New World Development Company Limited (“NWD”) has prepared its Sustainability Report 2016 (hereinafter referred to as “the Report”) in accordance with the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines and with reference to the latest Environmental, Social and Governance Reporting Guide (ESG Guide) issued by the Hong Kong Exchanges and Clearing Limited (HKEx). The Hong Kong Productivity Council (HKPC) was commissioned by NWD to provide independent assurance¹ of the Report, which covers the sustainability performance of NWD in terms of environmental, social and economic aspects between 1 July 2015 and 30 June 2016.

Objectives

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

- assess whether the scope of the Report covered all significant aspects of NWD’s sustainability performance;
- check whether the Report conformed to the Core option of the GRI G4 Sustainability Reporting Guidelines and the “Comply or Explain” provisions of the HKEx ESG Guide;
- evaluate whether the selected statements and data presented in the Report were accurate;
- review whether the data collection and information management mechanisms used to prepare the Report were reliable; and
- provide recommendations for future reports.

Approach

HKPC’s assurance procedures² consisted of a comprehensive review of the Report, followed by the selection of a representative sample of statements and data pertaining to the significant sustainability aspects of NWD for assurance. During an interview with NWD representatives conducted on 3 October 2016, we reviewed and examined the data collection systems and supporting materials relating to the selected statements and data as well as NWD’s relevant management practices and initiatives.

Conclusion

The Report conforms to the Core option of the GRI G4 Sustainability Reporting Guidelines and the “Comply or Explain” provisions of the HKEx ESG Guide. It presents an overview of NWD’s environmental, social and economic performance with respect to its identified material aspects within the reporting boundary of NWD.

The selected sample of statements and data of the Report examined during the assurance process is consistent with the source materials reviewed and reflects a fair account of NWD’s environmental, social and economic performance. The data collection and information management systems adopted by NWD are generally considered to be reliable.

We encourage NWD to consider using a more quantitative approach to determine the material aspects and boundaries for future reports to better reflect NWD’s performance in areas of significant impacts, and substantively influence the assessments and decisions of stakeholders.

A handwritten signature in black ink, appearing to read 'Jessica Chan', is positioned above the printed name.

Jessica Chan
Senior Consultant
Hong Kong Productivity Council
17 October 2016

¹ This assurance statement has been prepared for NWD for the purpose of assuring the statements and data presented in its Sustainability Report 2016 only. The statement was prepared based on HKPC’s review of information provided by NWD during the assurance process. HKPC will not accept or assume any responsibility or liability (legal or otherwise) in relation to this assurance statement.

² Our assurance work did not cover data and information which had already been published in the press releases, on New World Group’s or its subsidiaries’ websites, in the subsidiaries’ sustainability reports, or in the annual reports of New World Group.

