

Corporate Sustainability

About This Section

REPORTING PERIOD

This section provides an overview of the Group's Environmental, Social and Governance ("ESG") performance during the reporting period of 1 July 2019 to 30 June 2020 and, where specified, the latest initiatives after FY2020 as well.

REPORTING SCOPE

Our "Sustainability Reporting Scope" includes NWD's businesses over which the Group has majority financial ownership and operational control. This coverage includes our businesses under NWD, NWCL and K11 Group Limited, as well as individually listed subsidiaries NWSH¹ and NWDS¹, which have more comprehensive sustainability disclosures in their respective reports. FTLife Insurance is newly added to the Sustainability Reporting Scope during the reporting period.

New World Sustainability Vision 2030 ("SV2030") targets cover the majority of the "Sustainability Reporting Scope". "SV2030 Green Targets Scope" focuses primarily on the major businesses with mature performance data and over which we can exert operational influence for developing environmental impact reduction roadmaps. Wellness and caring targets have a broader group focus to ensure our businesses create shared value for all stakeholders.

SUSTAINABILITY WEBSITE

In the past, NWD published a standalone sustainability report on the Company's website annually. Starting from FY2020, we will no longer issue an online sustainability report in order to focus on impact reporting in this annual report section. Supplementary information is available on the Company's website under the sustainability section (<https://sustainability.nwd.com.hk/>).



¹ Please refer to these companies' sustainability reports for their scoping definition.

ESG REPORTING STANDARDS

This section references the following ESG standards and frameworks:

- Environmental, Social and Governance Reporting Guide (ESG Reporting Guide) set out in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("HKEx")
- Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards") – Core Option
- Recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD")
- The Ten Principles of the United Nations Global Compact ("UNGC")

REPORT ASSURANCE

Data and information contained in this section as well as the environmental and social performance data on our website have been independently assured by the Hong Kong Quality Assurance Agency ("HKQAA") in accordance with the ISAE 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the ISAE 3410, Assurance Engagements on Greenhouse Gas Statements issued by the International Auditing and Assurance Standards Board to ensure accuracy and credibility. Additionally, HKQAA has conducted an independent verification of the Greenhouse Gas emissions inventory for our commercial and retail properties with reference to ISO 14064-1:2006. Please refer to p.96–97 for the independent assurance statement.

CONTACT US

We welcome your feedback on this Corporate Sustainability section and other sustainability related matters. Please contact us at sustainability@nwd.com.hk.

Message From Management

In FY2020, the global community saw unprecedented challenges from the COVID-19, signs of an economic downturn, and a climate emergency. While their full impact is yet to be captured, corporates must naturally evolve from “business as usual” and adapt to the new normal.

It has always been New World Group’s goal to contribute to society through the power of business. Today, more than ever, we are committed to building sustainable communities through our business ecosystem, for all stakeholders. These communities and, in fact, our businesses are built for the people, by the people. Integrating ESG into our businesses via SV2030 in the past few years has enabled us to stay aligned to our Group and the world’s priorities and be accountable to all stakeholders. At our Group’s 50th anniversary this year, our commitment to Creating Shared Value (“CSV”) for all stakeholders is particularly relevant as we define our way forward.

Climate emergency is a business risk. To better position ourselves, we are taking systematic actions to eventually decarbonise our portfolio towards required level of science-based targets (“SBT”), as well as managing and disclosing our climate risks according to the TCFD’s recommendations. As a responsible business, we are also inviting tenants and business partners to take part in this decarbonisation journey to reduce our environmental impact together. Key performance indicators (“KPIs”) under the SV2030 pillars of Green, Wellness and Caring have also been established for our leadership team and employees to ensure the Group is acting towards these common goals. As Hong Kong’s first real estate developer to have joined the World Business Council for Sustainable Development (“WBCSD”) and a new signatory of the UNGC, we will leverage global insights and partnerships to realise sustainable cities and communities and improve the overall well-being of our stakeholders.

It is also our hope to foster a diverse and inclusive community culture. Last year, we announced that we would donate farmland for developing an innovative social project that would alleviate housing problems in Hong Kong. More

recently, we have appointed two female executives as board members and are introducing workplace initiatives to encourage a more gender-diverse and fair environment.

During the COVID-19 outbreak, our Group demonstrated resilience, unity and love for the world, and the will to innovate, through swift responses such as becoming the first blue-chip in Hong Kong to set up a relief fund, procuring protective masks and sanitising supplies for our employees, partners and tenants, as well as donating funds and emergency supplies to the epicentres around the world. To create shared value with stakeholders in need, we also repurposed our Hong Kong facilities and began to manufacture masks for different communities. These Made-in-Hong Kong masks were then distributed through smart-technology dispensers to those in need via Non-Governmental Organisations (“NGO”) partners. To minimise business disruptions, digitalisation of our internal work processes and sales channels has become the new norm. These initiatives were made possible by our dedicated teams and growing network of ecosystem partners. The global pandemic offers us a window to learn, innovate, collaborate and grow together. I would like to take this opportunity, to thank my team for their dedication to excellence, innovation and unity during these challenging times.

Stepping into a new year with unknown challenges, our team remains hopeful – when others see crisis, we see opportunity. By adopting a growth mindset, connecting with all stakeholders and aligning to our long-term sustainability vision and other Group priorities, we are confident that our commitment to CSV, together with striving for best practice in ESG, will allow our Group to stay ahead and thrive for many more decades.

Dr. Cheng Chi-Kong, Adrian

Executive Vice-chairman and Chief Executive Officer
Chairperson, Sustainability Committee and
Group Sustainability Steering Committee

Overview of SV2030



NEW WORLD
SUSTAINABILITY
VISION 2030



GREEN - Moving us towards a greener future

SDG 11.6 Reduce adverse environmental impact of cities



New World Group - Halve our environmental impact in energy and carbon emissions intensity (against baseline year FY2015¹)

FY2020:



↓ **17%**

Energy intensity
(MWh/million HK\$ revenue)¹
SDG 11.6
(FY2030 target: ↓ 50%)



↓ **22%**

Carbon emissions intensity
(tCO₂e/million HK\$ revenue)¹
SDG 11.6
(FY2030 target: ↓ 50%)

New World Construction (against baseline year FY2015²)

FY2020:



↓ **46%**

Waste-to-landfill intensity
(tonnes/million HK\$ revenue)²
SDG 11.6
(FY2030 target: ↓ 15%)



↓ **9%**

Water intensity
(m³/million HK\$ revenue)²
SDG 11.6
(FY2030 target: ↓ 25%)



Green Buildings **SDG 11.6**

- **27** BEAM Plus building certificates³, with **20** of those achieving Very Good/Gold or above⁴
- **17** LEED building certificates⁵ achieved Gold or above
- **3** China Green Building Evaluation Labels (“Two-Star” or above)⁶
- **2** SITES certificates at Gold level



WELLNESS - Promoting health in body and mind

SDG 3.4 Promote physical / mental health and well-being

SDG 3.9 Promote healthy built environments which reduce hazardous chemicals and pollution



Improved the well-being of
10 million stakeholders⁷
SDG 3.4
(FY2030 target: 20 million)



Lost-time injury rate (LTIR)⁸
1.7 per 100 employees
SDG 3.4
(FY2030 target: maintain at/below 3.0)



Occupational Health & Safety training
37,309 hours
SDG 3.4



WELL Buildings:
8 building certificates⁹, with **7** of those achieving Gold or above
SDG 3.4, 3.9



CARING - Creating shared value for our communities and culture

SDG 4.4 Upskill individuals for employment, decent jobs and entrepreneurship

SDG 4.7 Promote education on sustainable development, sustainable lifestyles and global citizenship

SDG 11.3 Enhance inclusive and sustainable urbanisation

SDG 11.4 Protect cultural and natural heritage



Enhanced the quality of life of **107 million** stakeholders⁷
SDG 11.3, 11.4
(FY2030 target: 300 million)



Provided **>190,000** volunteering hours⁷
SDG 4.4
(FY2030 target: >340,000 hours)



Average **18.9** training hours per employee **SDG 4.4**
Sustainability-related training **12,399** hours **SDG 4.7**



SMART - Using innovation to unlock potential

SDG 17.16 Enhance global and multi-stakeholder partnerships to support the SDGs through knowledge, technology and resource sharing



138 active patents¹⁰

¹ Covers the SV2030 Green Targets Scope. NWSH and NWDS also disclose their environmental targets in their annual sustainability report. Using revenue as the intensity metrics was due to the diverse business nature of the Group's portfolio and that revenue is the common thread that can be adopted across sectors.
² Covers New World Construction Company Limited only.
³ Counting the number of Provisional Assessment and Final Assessment certificates for both New Buildings and Existing Buildings as at 30 June 2020.
⁴ This number was adjusted due to inadvertent clerical errors in our Sustainability Report 2019 regarding the BEAM Plus certification levels of Victoria Dockside properties namely, K11 ATELIER, K11 MUSEA and K11 ARTUS – all should be Provisional Silver rating under BEAM Plus New Buildings V1.1 as at 30 June 2019. A clarification announcement has been posted on HKEx website.
⁵ Counting both pre-certified and certified projects as at 30 June 2020. This number excludes expired pre-certificates.
⁶ This number excludes expired labels as at 30 June 2020.
⁷ Cumulative number from baseline year FY2015 to FY2020 covering the Sustainability Reporting Scope.
⁸ Lost-time injury rate represents the number of injuries per 100 employees per year.
⁹ Counting both pre-certified and certified projects as at 30 June 2020.
¹⁰ Counting the number of active patents granted since FY2015 and held by New World Group under the Sustainability Reporting Scope as at 30 June 2020, excluding design registrations/patents.

FY2020 Major Achievements & ESG Highlights

NWD Became a Signatory of:



NWD is the First Real Estate Company in Hong Kong to join



Major Recognitions from Sustainability Benchmarks and Indices



1st listed on Dow Jones Sustainability Asia Pacific Index in 2019



Ranked 1st among 12 diversified listed businesses in Eastern Asia in 2019



Member since 2014-2015

Sustainalytics

Rated as an ESG "Outperformer" in 2018 and 2019



A constituent of MSCI HK-Listed Southbound Country ESG Leaders Index¹



FTSE4Good
A constituent of the FTSE4Good Index Series

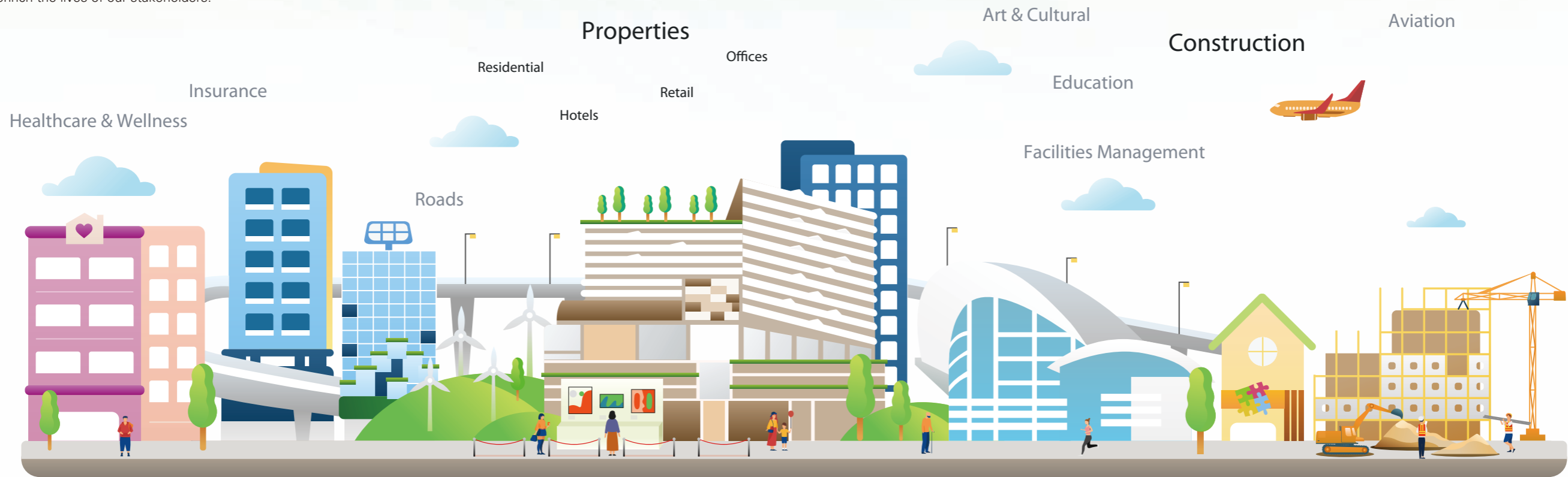
ESG HIGHLIGHTS

- NWD**
 - Established sustainability KPIs for senior executives and employees in 2020
 - Appointed two new female executive directors to join the Board and empower women leadership and gender diversity in May 2020
 - First Hong Kong blue-chip to set up a pandemic relief fund of HK\$10 million to support local communities and offer over 11 million masks donations as of FY2020 through #LoveWithoutBorders
 - Impact Kommons, Hong Kong's 1st startup accelerator focused on the United Nations Sustainable Development Goals ("UN SDGs") admitted five startups out of over 50 international applicants and secured seven ongoing/successful integrations within the New World Ecosystem
 - Raised a five-year HK\$1 billion sustainability-linked loan, 1st in Asia to link with GRESB performance in November 2019
- NWSH**
 - Announced its 1st sustainability-linked loan of HK\$1 billion in June 2020
- K11**
 - Launched Nature Discovery Park – Hong Kong's 1st urban biodiversity museum and sustainability-themed education park at K11 MUSEA, with over 26,000 visitors since its opening in late 2019
 - Launched nation-wide community caring effort, Love Power, to provide customers with telehealth support, mental well-being activities, as well as access to healthcare supplies, resulting in over RMB5 million and 200,000 masks donated and over 200,000 customers engaged
- NWCL**
 - Published its 1st green property management guide for residential properties to enhance environmental management
 - Held a series of climate change workshops for about 200 employees across different regions in Mainland China from July to October 2019

¹ THE INCLUSION OF NEW WORLD DEVELOPMENT COMPANY LIMITED IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF NEW WORLD DEVELOPMENT COMPANY LIMITED BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

New World Ecosystem & Sustainable Property Lifecycle

New World Group elevates the modern living culture through building a holistic ecosystem of sustainable communities, infrastructure, services and lifestyle-related businesses that enrich the lives of our stakeholders.



Sustainable Property Lifecycle

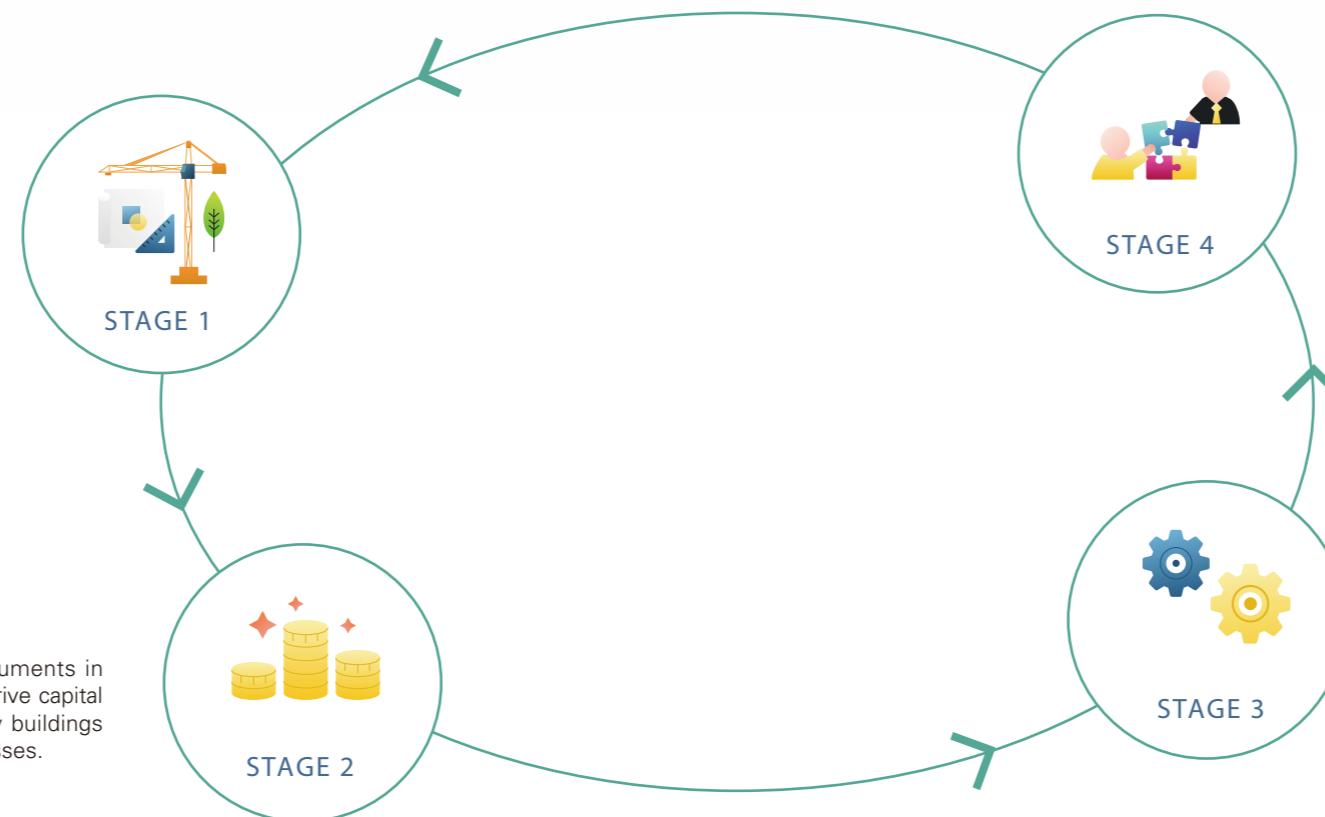
The Group is taking steps to standardise sustainable practices during different stages of property development, with an aim to deliver impact and customer experience based on the SV2030 pillars of Green, Wellness, Smart and Caring.

DESIGN & BUILD

The Group's policies outline its sustainable building certification commitments (e.g. BEAM Plus, LEED, WELL, etc.) for new and existing projects, as well as approaches to manage climate risks and other environmental and social impacts along the supply chain.

SUSTAINABLE FINANCING

Through different kinds of sustainable financing instruments in line with international frameworks and standards, we drive capital towards impactful projects such as green and healthy buildings and other sustainable projects in our ecosystem businesses.



ENGAGE

To create shared value with all shareholders and enrich our businesses, we actively engage tenants, customers and other stakeholders to promote and support the adoption of sustainable practices within the communities we serve.

OPERATE

We strive to reduce our adverse environmental and social impacts during the operation stage of our managed properties through continuous resource efficiency enhancements and measures to improve health and well-being of our building users.

Sustainable Finance

Sustainable finance is a core part of our approach to integrating sustainability considerations into our business and property lifecycle. Through a broad application of sustainable finance including sustainability-linked instruments, we support projects that deliver both environmental and social impacts. These impacts are monitored and reported regularly with the help of integrating ESG and standardising sustainability into corporate policies and procedures. Further details and updates are available on the Sustainable Finance section on our sustainability website.

Sustainability-linked Loan

NWD raised a five-year sustainability-linked loan of HK\$1 billion in November 2019, with interest rate discount linked to the annual achievement of environmental impact reduction targets (refer to the table below) and GRESB performance indicators.

NWD'S ENVIRONMENTAL IMPACT REDUCTION PERFORMANCE

	Baseline Performance (FY2018)	FY2020 Performance	% change against the baseline
Greenhouse gas (GHG) emissions ¹ (tonnes CO ₂ e/sq m)	0.09	0.06	-33%
Energy consumption ¹ (MWh/sq m)	0.14	0.10	-29%
Water consumption ¹ (m ³ /sq m)	0.90	0.83	-8%
Waste from New World Construction Company Limited ("NWCON") in Hong Kong (tonnes/million HK\$ revenue)	2.56	1.09	-57%

NWSH also announced its first sustainability-linked loan² of HK\$1 billion in June 2020 to support its ongoing ESG integration.

Green Bond

Under the New World Development Green Finance Framework (September 2018), NWCL issued a US\$310 million green bond in December 2018 at a coupon rate of 4.75% due 2023. In FY2020, the bond received the Green Finance Certificate (Post-issuance Stage) from the HKQAA.

ALLOCATION OF GREEN BOND PROCEEDS

Category	Projects	Proceeds Allocated
Green Buildings	NEW WORLD ZENGCHENG COMPREHENSIVE DEVELOPMENT PROJECT ³	US\$206.4 million (67%)
Green Buildings	QIANHAI CTF FINANCE TOWER ³	US\$101.7 million (33%)
Total Allocated Proceeds		US\$308.1 million (100%)
Total Net Proceeds⁴		US\$308.1 million (100%)

Project	NEW WORLD ZENGCHENG COMPREHENSIVE DEVELOPMENT PROJECT ³
Location	Guangzhou, China
GFA	284,328 sq m
Nature	Office, retail, serviced apartments and hotel
Funding Transaction	Aggregated amount of proceeds earmarked: US\$194.2 million Remaining balance: US\$12.2 million
Certifications	<ul style="list-style-type: none"> China Green Building Evaluation Standard — Certificate of Green Building Design Label "Two-Star" obtained for the whole project in December 2019 LEED® for Building Design and Construction: Core and Shell Development precertification Gold – Commercial portion (two office towers including retail, hotel and serviced apartments) obtained in November 2018
Energy Performance	Estimated annual energy savings exceeding LEED baseline performance ⁵ by 12% or more
Water Efficiency and Savings	Estimated annual potable water savings exceeding LEED baseline performance by over 40%

¹ GHG emissions, energy and water consumption cover NWD's existing buildings. New buildings will be counted within the target scope after two years of operation.

² For further information, visit <https://sr.nws.com.hk/pdf/en/NWS%20sustainability%20linked%20loan.Eng.pdf>

³ The project names are subject to finalisation before official opening.

⁴ Total net proceeds received are US\$308.1 million out of the US\$310 million green bond.

⁵ Using ASHRAE 90.1-2010 as baseline (LEED v4 Building Design and Construction: Core and Shell Development).

Project	QIANHAI CTF FINANCE TOWER ¹
Location	Shenzhen, China
GFA	176,300 sq m
Nature	Office and retail
Funding Transaction	Aggregated amount of proceeds earmarked: US\$96.0 million Remaining balance: US\$5.7 million
Certifications	<ul style="list-style-type: none"> China Green Building Evaluation Standard — Certificate of Green Building Design Label “Three-Star” obtained for the whole project in June 2020 LEED® for Building Design and Construction: Core and Shell Development precertification Gold — South Tower and North Tower plus Retail Podium obtained in October 2018 WELL Precertified™ Gold — North Tower plus Retail Podium obtained in November 2018
Energy Performance	Estimated annual energy savings exceeding LEED baseline performance ² by 18% or more
Water Efficiency and Savings	Estimated annual potable water savings exceeding LEED baseline performance by over 45%

Green Loan

Terms for NWD’s first green loan for K11 ATELIER King’s Road dated March 2018 were renegotiated in December 2019, resulting in an increased loan size from HK\$3.6 billion to HK\$5.0 billion due 2024. Under the New World Development Green Finance Framework (September 2018), a second three-year green loan was also obtained in May 2020 to support new green building projects.

ALLOCATION OF NWD’S GREEN LOAN (2018)

Category	Projects	Amount
Green Buildings	K11 ATELIER KING’S ROAD	HK\$2.5 billion ³
Total Drawdown Amount		HK\$2.5 billion
Loan Facility		HK\$5.0 billion

Project	K11 ATELIER KING’S ROAD
Location	Hong Kong
GFA	487,504 sq ft
Nature	Office
Certifications	<ul style="list-style-type: none"> BEAM Plus New Buildings V1.2 Provisional Platinum obtained in September 2016 LEED Platinum® obtained in August 2019 WELL Certified™ Platinum obtained in December 2019

ALLOCATION OF NWD’S GREEN LOAN (2020)

Category	Projects	Amount
Green Buildings	CHEUNG SHUN STREET, CHEUNG SHA WAN ¹	HK\$500 million ³
Total Drawdown Amount		HK\$500 million
Loan Facility		HK\$500 million

Project	CHEUNG SHUN STREET, CHEUNG SHA WAN ¹
Location	Hong Kong
GFA	529,185 sq ft
Nature	Office
Certification	<ul style="list-style-type: none"> BEAM Plus New Buildings V1.2 Provisional Gold obtained in February 2019 LEED® for Building Design and Construction: Core and Shell Development precertification Gold obtained in January 2019 WELL Precertified™ Platinum obtained in April 2019

¹ The project names are subject to finalisation before official opening.

² Using ASHRAE 90.1-2007 as baseline (LEED v2009 Building Design and Construction: Core and Shell Development).

³ Figure represents amount utilised in specified project.

Response to COVID-19

While long-term business strategy is the backbone of the sustainable growth of every corporation, so much of the ESG advancement also depends on its commitment to responding quickly to new challenges and pivoting for the good of the society.

At the end of January 2020, when the COVID-19 outbreak triggered a severe shortage of medical supplies, NWD – understanding the importance of CSV, and committed to giving back – set up a HK\$10 million anti-epidemic fund to support our overseas partners, the underprivileged in Hong Kong, and our employees across the Group. Since the outbreak, a total of RMB50 million has been donated to those in need in Hong Kong and to the healthcare sector in Mainland China.



A task force, led by Executive Vice-chairman and CEO Adrian Cheng, was also formed overnight to devise creative business solutions to battle the pandemic. Its first initiative was the launch of the #LoveWithoutBorders campaign, a shared support platform that aims to bring love to the needy and share resources with local communities amidst the pandemic.

Through #LoveWithoutBorders, NWD adapted quickly and set up multiple local face mask production lines to produce over 200,000 Made-in-Hong Kong adult and kid face masks per day. In May 2020, the first batches were distributed in Hong Kong for free via our innovative “Mask To Go” dispensers. Debuting these automated dispensers meant that low-income families could for the first time gain easy, safe and stable access to the much-needed face masks through a simple scan-and-collect design over a period of 20 weeks. With the help of our NGO partners such as Society for Community Organisation, St. James’ Settlement, and The Salvation Army, our face masks have reached over 40,000 beneficiaries across 18 districts, adding colours and positive energy to the lives of those in need.



At the height of Hong Kong’s second wave of COVID-19, NWD through #LoveWithoutBorders also made available its Pentahotel Hong Kong, Kowloon to medical staff in public hospitals. Free accommodation for professionals, including doctors, nurses and other health-care workers, was opened up as a salute to the unsung heroes.

Another important milestone of #LoveWithoutBorders was a worldwide donation of our face masks. As the pandemic continued to affect people’s livelihood globally, our steady supply of self-made face masks was proved a timely innovation to help alleviate the chronic shortage of medical supplies. An expedited shipment of over two million face masks to UNICEF and countries including France, Italy, South Korea and the United Kingdom was quickly made. By June 2020, through #LoveWithoutBorders and together with over 100 NGOs in Hong Kong and abroad, we have distributed over 11 million masks to our employees and those in need. We plan to continue with our benevolent efforts until we have seen this through together.

Having made these face masks available to the general public in Hong Kong, we also initiated a “You Buy a Box, We Donate a Box” campaign in August 2020 to make positive social progress with every purchase.

It is our long-term vision to use the power of business to give back to the society. In these unprecedented times, this vision has become all the more important and is the guiding star of our work. We must support each other and share resources whenever and in whichever way we are able to, because acts of benevolence not only benefit businesses, but the overall well-being of our community. It is therefore of utmost importance to give every stakeholder the same degree of attention as our shareholders, which we believe is at the core of CSV. In CSV and eliminating boundaries to resources, we at NWD look forward to creating a better community for the society and the long-term growth of our business for many more generations to come.



#LoveWithoutBorders embodies our vision of using the power of business to give back to society. It has led us to set up our own mask production lines, to invent the first “Mask To Go” dispensers and smart redemption card system in Hong Kong, and to collaborate with non-profit organisations in finding an easy and convenient way of distributing face masks to low-income families for free.

– Dr. Adrian Cheng, Executive Vice-chairman and Chief Executive Officer

Sustainability Governance

We believe the integration of sustainability principles and considerations into our governance framework is critical to our long-term success. ESG risks and their impact to the Group and its stakeholders are managed by policies and procedures, with regular performance monitoring, training and disclosures to ensure a high level of accountability.

MATERIAL TOPICS

- Bribery and Corruption
- Corporate Governance

Strengthening Governance of Sustainability Issues

While the organisational structure of sustainability management from board to operational levels remains unchanged compared to last year’s (see the chart below and details on our sustainability website), we have reinforced SV2030 as a Group-wide exercise and strengthened our accountability by establishing relevant KPIs for our CEO, business units (“BUs”) and NWD departments and their teams. We believe this will motivate our employees to take concerted efforts towards our SV2030 targets and also bring our Group closer to linking the remuneration of top management to sustainability performance. Empowered by our Sustainability Committee and Group Sustainability Steering Committee, regular training and support in action plan development and budgeting are provided to all parts of the Group.

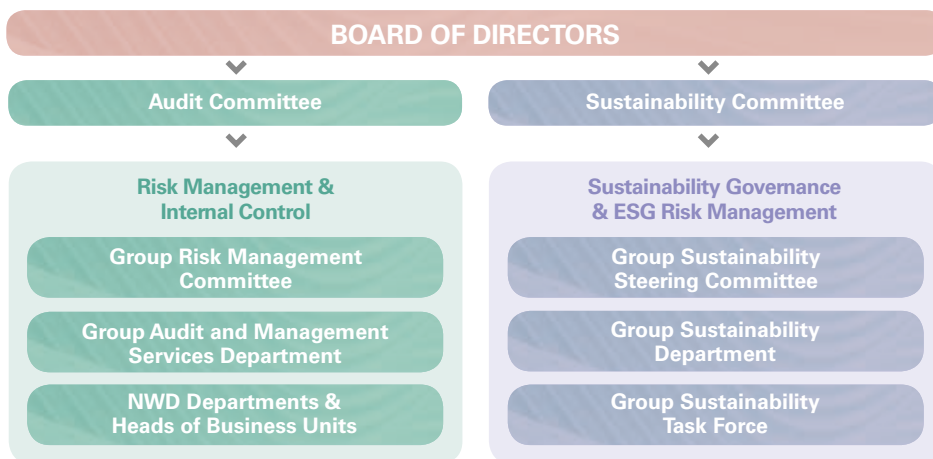
Given the climate emergency and our Group’s responsibilities to mitigate climate impacts in our operations, the Board of Directors has endorsed our ongoing assessment and disclosure of climate risks as per TCFD recommendations. The Board will also be updated regularly on the latest climate risks and opportunities, so as to provide guidance and support to our teams.

Multiple Channels for Flagging Different ESG Risks

While our Group Risk Management Framework, which requires NWD departments and other major BUs to assess risk levels for a final review by the Audit Committee still applies, there are short and medium term ESG risks that demand more prompt flagging and responses. As such, we have launched a mobile-friendly “Issue Alert System”, which categorises an incident’s risk level based on user’s input and immediately alerts relevant departments and management by real-time notification and email to take actions. Risk-flagging training sessions are held regularly to increase all employees’ awareness and sensitivity to risk management. These measures have allowed us to address and mitigate reputational risks, health and safety impacts and provide better customer service. Issues logged by the alert system are compiled and assessed for management and board reporting.

To help employees better understand ESG risks, new and existing employees are assigned to take mandatory e-learning modules on the Group’s ESG policies including those related to bribery and corruption, health and safety, whistleblowing and sustainable procurement. All employees are required to pass the corresponding policy quizzes to ensure effective implementation.

For further information on our risk management framework, please refer to p.110–115.



Proactive Engagement For Deeper Stakeholder Relationships

Understanding our stakeholders' needs and concerns improves our business resilience and helps us stay relevant. We proactively seek stakeholders' feedback on how well we integrate SV2030 into our sustainability initiatives with the objective of CSV.

Stakeholder Groups	Ways We Engage
Employees	<ul style="list-style-type: none"> • Surveys, interviews and focus groups • Intranet, employees' mobile apps and e-newsletters • Training activities and talent development programmes • Employees' competitions and team-building activities • Town hall meetings and forums • Task forces and committees • SV2030 action plan development and implementation facilitation • Volunteering in the community • Early risk flagging mechanism and semi-annually key risk reporting mechanism • Whistleblowing system
Tenants	<ul style="list-style-type: none"> • Sustainable Tenancy Pledge (guidance on fitting-out, energy-saving, waste reduction and employee/customer engagement) • Surveys and interviews • Meetings, seminars and visits • Tenant mobile apps such as WorkPro (NWCL), K11 ATELIER (within K11 app) and Network (within Artisanal Living app)
Customers	<ul style="list-style-type: none"> • Surveys and customer service hotlines • Company events and visits • Club memberships such as New World CLUB, NWCL Club, KLUB 11 and Donut Kids Club • Customer mobile apps such as Artisanal Living and K11 app • Social media • Corporate websites
Local Communities	<ul style="list-style-type: none"> • Corporate websites • Public/community events • Community initiatives such as New World Springboard Programme • Volunteering
Supply Chain Partners	<ul style="list-style-type: none"> • Tendering and procurement processes • Training and briefings • Audits and performance review • Surveys and meetings
Shareholders and Investors	<ul style="list-style-type: none"> • Annual General Meetings and results announcements • Annual and interim reports • Corporate websites • Roadshows and investor meetings • Regular newsletters • ESG awards and ratings
Media	<ul style="list-style-type: none"> • Surveys • Media interviews and releases • Company events and visits • Feedback and responses to media enquiries
Academic and Professional Institutions	<ul style="list-style-type: none"> • Technical site visits • Membership • Regular meetings and dialogues • Conference presentations and participation
Non-governmental Organisations	<ul style="list-style-type: none"> • Joint projects • Surveys • Regular meetings and dialogues • Company events and visits
Government and Regulators	<ul style="list-style-type: none"> • Responses to public consultations via professional institutions • Regular meetings and dialogues
Peer Companies	<ul style="list-style-type: none"> • Surveys • Company events and visits • Exchange in professional institutions

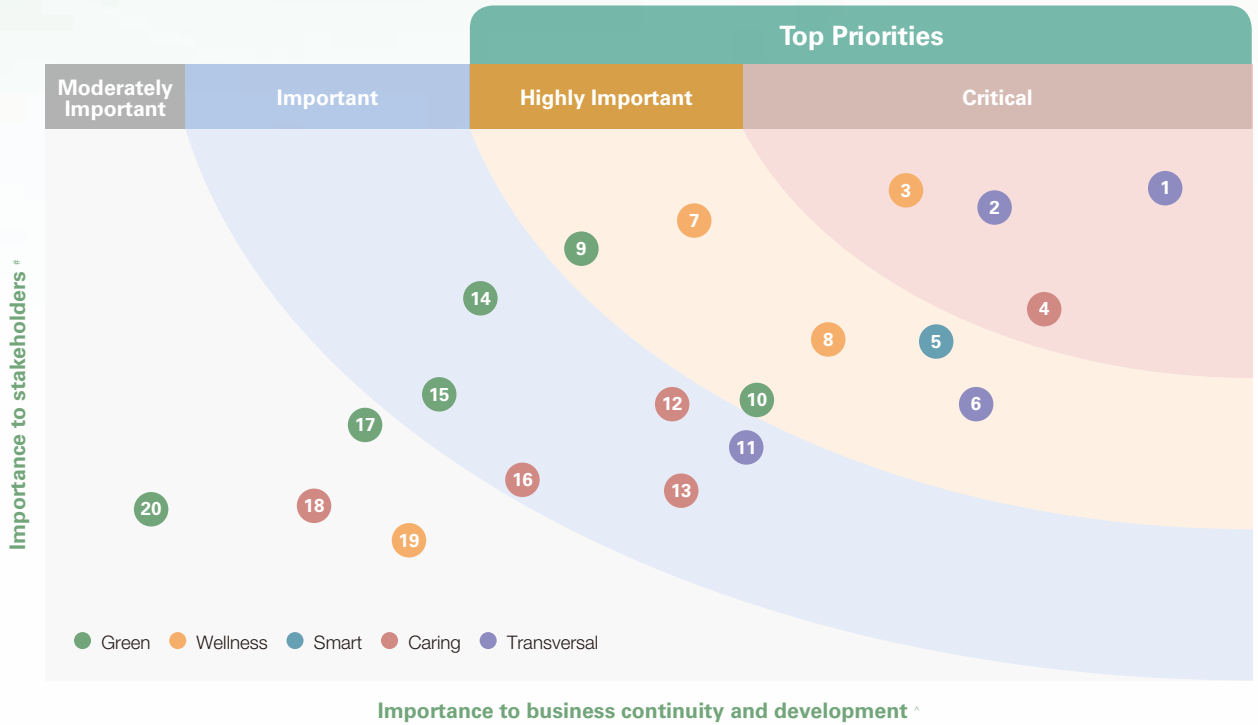
Finding Strategic Focus Among Priority ESG Issues

We conducted a stakeholder engagement and materiality assessment in FY2020 to identify our latest ESG priorities among 20 broad issues which are also addressed by our industry peers. Approximately 540 responses to our online surveys from both internal and external stakeholders in Hong Kong and Mainland China were assessed by our third-party consultant. Ten in-depth interviews were also conducted by the consultant with our global partner organisations and contractors and suppliers to gain further insights into their expectations for our performance, as well as our potential opportunities and barriers to drive ESG from their perspectives.

The findings of the assessment are communicated internally with the Sustainability Committee, senior management and Group Sustainability Steering Committee to inform our regular strategy review. The top three material issues to internal and external stakeholders, namely bribery and corruption, corporate governance and occupational health and safety, are consistent with FY2019 results. The rankings are outlined in the table below.

Material Topics (1 being the most important)	How We Address	Boundary	
		Inside the Group	Outside the Group
1. Bribery and Corruption	Sustainability Governance p.68–71 Influencing the Supply Chain p.85	✓	✓
2. Corporate Governance	Sustainability Governance p.68–71 Empowering Our People p.84	✓	✓
3. Occupational Health and Safety	Empowering our People p.83 Influencing the Supply Chain p.85	✓	✓
4. Talent Management	Empowering our People p.81	✓	
5. Innovation	Safeguarding the Environment p.75–77, 79 Empowering our People p.81 Caring for the Customers p.86 Fostering Sustainable Communities p.88–89	✓	✓
6. Financial Performance	Financial Highlights p.25	✓	✓
7. Customer Wellness, Health and Safety	Caring for the Customers p.86–87	✓	✓
8. Employee Wellness and Engagement	Empowering our People p.82–83	✓	
9. Energy and Carbon Management	Safeguarding the Environment p.75–77 Influencing the Supply Chain p.85 Caring for the Customers p.87	✓	✓
10. Responsible Supply Chain Management	Influencing the Supply Chain p.85	✓	✓
11. Human Rights and Grievance Mechanisms	Empowering our People p.84	✓	✓
12. Community Development and Engagement	Fostering Sustainable Communities p.88–89	✓	✓
13. Customer and Tenant Engagement	Caring for the Customers p.86–87	✓	✓
14. Waste Disposal and Recycling	Safeguarding the Environment p.79 Caring for the Customers p.87	✓	✓
15. Use of Materials and Biodiversity	Safeguarding the Environment p.80	✓	✓
16. Diversity and Equal Opportunities	Empowering our People p.84	✓	✓
17. Adaptability to Climate Change Impacts (Emerging Topic)	Safeguarding the Environment p.75–78	✓	✓
18. Community Wellness (Emerging Topic)	Fostering Sustainable Communities p.88	✓	✓
19. Ageing Population	Caring for the Customers p.86	✓	✓
20. Water Consumption (Emerging Topic)	Safeguarding the Environment p.78	✓	✓

MATERIALITY MATRIX



* Importance to stakeholders is determined by external stakeholders' rating of the material issues in terms of their importance to the society/environment and their relevance to NWD.
 ^ Importance to business continuity and development is determined by internal stakeholders' rating of the likelihood and level of potential impact of the issues affecting NWD's business continuity and development.

NEW AND UPDATED ESG-RELATED POLICIES

Implementation progress of our ESG-related policies is checked yearly with a major review to be conducted by our Group Audit and Management Services Department every three years. Review findings will be shared with the Group Sustainability Steering Committee and board-level Sustainability Committee and Audit Committee. A review was initiated in FY2020 which resulted in updates on existing policies and drafting of new ones based on the latest industry standards and operational needs. Approved policies are available on our sustainability website. Ongoing training is provided to all employees on these policies and processes.

New policies have also been published to ensure that we keep up with the latest requirements:

- Biodiversity Policy states our commitment to safeguarding the health of our ecosystem and measures to minimise adverse environment impacts in our operation.
- Climate Change Policy states our commitment to combating climate change, improving resilience, our alignment to the recommendations of TCFD and our ambition to set SBT.
- Waste Management Policy illustrates the areas of focus in waste management and promotes a circular economy.
- Water Policy acknowledges that water is an essential but a constrained resource to our business and society and therefore we will introduce water efficiency measures and standardise water management.

Significant changes to existing policies include:

- Human Rights Policy now recognises human rights as defined by international standards and local regulation and aligns with the UNGC's principles.
- Sustainable Building Policy reflects our elaborated lifecycle approach to manage environmental impacts in new and existing buildings, climate change actions, tenant engagement efforts, as well as smart, caring and wellness initiatives concerning the built environment.

Project Highlights - Taking Sustainable Building and Craftsmanship to New Heights

11 SUSTAINABLE CITIES AND COMMUNITIES



Promoting Sustainable Cities and Communities by Preserving Cultural Heritage

Our properties provide a platform for promoting sustainable cities and communities, in support of SDG 11. Our aim is not only to strategically reduce our operational environmental impact but also to preserve the cultural and natural heritage of our business locations. This approach is reflected in NWCL's brand positioning — "Soul of the City". Under the guidance of the Central Government and Greater Bay Area policies, and through community partnerships, NWCL balances sustainability, innovation and cultural preservation in urban renewal.



Zengcheng Project, Guangzhou

BUILDING A NEW LANDMARK FOR OLD CITY ZENGCHENG, GUANGZHOU

The Group has been engaged in Greater Bay Area redevelopment projects including Xili in Nanshan, Shenzhen; Shancun in Liwan, Guangzhou; Nanji Village in Haizhu, Guangzhou and Tagang Village in Zengcheng, Guangzhou. On 8 June 2020, NWCL announced that it will invest RMB20 billion as the intended cooperative enterprise for the redevelopment project of Xiajie Village on Licheng Street of Zengcheng, Guangzhou.

Xiajie Village is one of the oldest in Zengcheng to have maintained classic architectural elements such as ancient brick residences and large ancestral hall. The Xiajie Village project actively preserves these elements and historical passageways of the neighbourhood while injecting modern elements to engage new residents and visitors, including hotel, residence, office, retail and other leisure amenities. The Group also dedicates efforts to revitalise olive kernel carving — a national intangible heritage craftsmanship originated in Zengcheng.



Olive Kernel Carving¹

¹ Guangzhou Olive Kernel Carving Heritage Base listed in Licheng, Gucunzhiyou, 30th August 2017, <<http://gucunzhiyou.com/gczy/2960.html>>



Cao Xueqin Residence in Beijing

REBUILDING A HISTORICAL RESIDENCE IN BEIJING

A city's future development is anchored in its cultural heritage. Qing Dynasty official records revealed the historical residence of the famous Chinese writer Cao Xueqin in Beijing. In 2019, NWCL confirmed to launch this unique rebuilding project.

Given the historical value of the site, NWCL introduced Building Information Modeling ("BIM") technology to simulate design scenarios for visualisation before actual works began, and to preserve comprehensive project data for future learning. Offsite pre-installation processes also took place to ensure the accuracy of on-site installation, improve project quality and reduce resource wastage.

The project embodies the Group's cultural aspirations by bringing traditional culture to life and promoting sustainable development building on our heritage.



Safeguarding the Environment

Reinforcing our Support for the TCFD

Having adopted TCFD’s recommendations since FY2019, NWD pledged its support to the TCFD officially in FY2020. We will continue to follow closely any status reports and relevant materials published by the TCFD and align our disclosures with market best practices. Below is a summary of our climate-related risks disclosure.

Focus Area	Our Approach
<p>Governance</p>	<p>Board oversight: The Sustainability Committee meets at least twice a year to oversee climate-related strategies, policies, actions and disclosure.</p> <p>Management’s role: The Group Sustainability Steering Committee supports climate action planning and internal policy setting, as well as coordinates responses to climate-related risks and opportunities across BUs for disclosure.</p> <p>Group Sustainability Department: Coordinates Group-wide efforts to assess physical and transition climate risks and opportunities for strategic planning by the Management and the Board.</p> <p>Please refer to p.68 for our sustainability governance structure.</p>
<p>Strategy</p>	<p>Policies and guidelines: The Group’s latest Climate Change Policy and updated Sustainable Building Policy outline our commitments to addressing climate-related risks and opportunities in our businesses, raising climate change awareness among our internal and external stakeholders and incorporating protection measures and resilient designs against local climate risks over building lifespan. We are currently forming more partnerships through industry groups and developing climate resilient building design guidelines to capture these opportunities.</p> <p>Generally, NWD addresses sustainability issues throughout the property lifecycle from design and build, financing, operation to building user engagement stages. With reference to TCFD’s recommendations, we are actively identifying viable pathways to decarbonise under the 1.5°C scenario and fulfil SBT requirements by increasing renewable energy adoption and reducing Scope 3 emissions¹. Please refer to p.77 for details.</p> <p>Physical risks: In FY2019, we assessed the impact of climate-related risks (flooding, extreme wind, water stress and heat stress) on 14 major properties in the Greater Bay Area under two Intergovernmental Panel on Climate Change (“IPCC”) Representative Concentration Pathway (“RCP”) scenarios: a medium-risk scenario where global average temperature increases by no less than 2.5°C (RCP 6.0) and an extreme scenario where temperature increases by over 4.0°C (RCP 8.5). Based on our project locations, no severe climate risks were identified. We have implemented quick wins related to regular inspections, maintenance and audits, and have developed a hardware enhancement plan for flood risk prevention. Please refer to p.77 for details.</p> <p>Transition risks: We developed an internal climate change policy to better manage our risk responses. The policy states our approach to climate change as well as our adaptation and resilience measures. We will actively monitor and respond to regulatory changes and industry standards related to our business locations.</p> <p>Opportunities: Based on the insights from our risk assessments, we will capture the opportunities to incorporate climate-friendly building and service designs, engage our tenants, customers and suppliers to take climate actions, promote innovative technologies to reduce our environmental impact and utilise sustainable finance to accelerate our efforts to combat climate change.</p>
<p>Risk Management</p>	<p>Climate-related risks are incorporated into the Group’s risk management framework and ESG materiality assessment by different stakeholders. The Group Sustainability Department initiates the monitoring and follow-up of both transition and physical climate-related risks and suggests strategic responses with relevant sites to BUs’ management. At the end of FY2020, an assessment was conducted to quantify the financial impacts of climate risks. Findings and updates are reported regularly to the management and the Board. For details, please refer to p.68.</p>
<p>Metrics and Targets</p>	<p>In FY2019, we established 2030 reduction targets based on FY2015 levels for carbon, energy, water and waste on an intensity basis (denominated per million HK\$ revenue) and started to disclose our progress annually. For details, please refer to p.75, 78–79.</p> <p>Departmental contributions towards reduction targets are linked to yearly performance evaluations and employee remuneration. We will explore the possibility of linking the management’s remuneration with these targets.</p> <p>We have completed a feasibility assessment in order to set SBT for NWD’s property and construction businesses within the next three years. Please refer to p.77 for details of our roadmap.</p>

¹ Scope 3 emissions: indirect emissions (not in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions (Corporate Value Chain (Scope 3) Accounting and Reporting Standard).

Towards a Decarbonised Future


MATERIAL TOPICS

- Energy and Carbon Management
- Adaptability to Climate Change Impacts
- Innovation

Climate change poses unprecedented challenges for business operations and human survival. Our core property business has opportunities as well as responsibilities to reduce its carbon footprint and therefore operating costs through energy efficiency improvements. While we are working towards our SV2030 energy and carbon emissions intensity reduction targets, we are also exploring viable ways to further decarbonise under the Paris Agreement's 1.5°C scenario.

FY2020 Performance Compared to FY2015¹

 **↓ 17%**
Energy intensity (MWh/million HK\$ revenue)
 (FY2030 target: ↓ 50%)

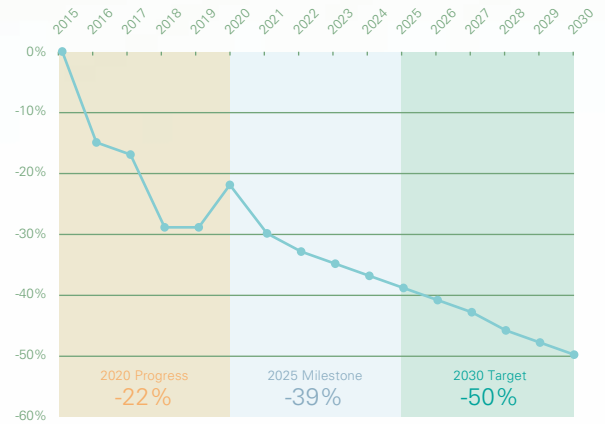
 **↓ 22%**
Carbon emissions intensity
 (tCO₂e/million HK\$ revenue)
 (FY2030 target: ↓ 50%)

For the Sustainability Reporting Scope, the Group's total energy consumption and carbon emissions in FY2020 reduced by 7% and 4%, respectively, compared to FY2019. We believe this is a combined result of our sustainability initiatives and COVID-19 impacts.

By FY2020, energy intensity and carbon emissions intensity of the SV2030 Green Targets Scope reduced by 17% (MWh/million HK\$ revenue) and 22% (tCO₂e/million HK\$ revenue), respectively, compared to the FY2015 baseline. The reduction percentage as at FY2020 is lower than that of FY2019. Given SV2030 Green Targets were projected based on a business-as-usual scenario, we will continue to monitor our business operations under the new normal and update the carbon reduction trajectory as needed.

Carbon Emissions Intensity Reduction %

Baseline year



(Unit: tCO₂e/million HK\$ revenue)

Sustainability Reporting Scope - Total Energy and Carbon Emissions

ENERGY

FY2020 TOTAL: 5,877,063 GJ



FY2019 TOTAL: 6,336,786 GJ



FY2018 TOTAL: 6,378,720 GJ



■ NWD ■ NWCL ■ NWSH ■ NWDS

CARBON EMISSIONS

FY2020 TOTAL: 589,299 tCO₂e



FY2019 TOTAL: 615,518 tCO₂e



FY2018 TOTAL: 623,039 tCO₂e



■ NWD ■ NWCL ■ NWSH ■ NWDS

¹ Covers the SV2030 Green Targets Scope. NWSH and NWDS also disclose their environmental targets in their annual sustainability reports. Revenue was selected as the intensity metric due to the diverse business nature of the Group's portfolio and that revenue is the common thread across sectors.

Key Initiatives in FY2020

• PROPERTY & CONSTRUCTION

SV2030 Green Targets Scope Properties' Performance

	FY2020	FY2019
Energy intensity (kWh/sq m)	99	136
Carbon emissions intensity (kgCO ₂ e/sq m)	57	76

Significant reductions in the energy intensity (kWh/sq m) and carbon emissions intensity (kgCO₂e/sq m) of our properties in SV2030 Green Targets Scope were recorded in FY2020 due to lower usage during COVID-19. This scope has saved over HK\$11.3 million in utilities, compared to FY2019. Various measures have been implemented to improve our building energy efficiency, including chiller system enhancement, building management system ("BMS") upgrade, installation of our patented real-time building energy monitoring system – Eco-World at new sites, sensors and energy valves installation, etc.

Our Group supports the transition towards a low carbon future. We will explore further adoption of Renewable Energy ("RE") in our premises and relevant investments offsite. During FY2020, two of our signature projects within the Sustainability Reporting Scope have installed rooftop solar systems and joined the Feed-in Tariff (FiT) schemes of the power companies:

Hong Kong Golf & Tennis Academy ("HKGTA"):

- Generation capacity of 110 kWp
- Joined FiT scheme of CLP Power Hong Kong Limited
- Generated over 22,000 kWh of RE since installation in April 2020

Hong Kong Convention and Exhibition Centre ("HKCEC"):

- Generation capacity of 10 kWp
- Joined FiT scheme of HK Electric
- Generated over 4,000 kWh RE since installation in February 2020



Hong Kong Golf & Tennis Academy

For our construction businesses, Hip Hing Construction Co., Ltd. (“Hip Hing”) has replaced traditional diesel generators with the Enertainer, a connected battery system, to power construction activities at various project sites. This innovative system can avoid direct air pollutants, improve energy efficiency and significantly reduce carbon emissions, noise level and fire hazards during construction. For example, at one of the project sites, the Enertainer achieved about 80% reduction of net carbon footprint and up to 85% energy savings.



Climate risk resilience is being considered throughout the property lifecycle. Please refer to the TCFD section for more details on p.74.

To accelerate our alignment to the Paris Agreement, we have completed a feasibility study of developing SBT and identified downstream leased assets and embodied carbon¹ in building materials as the sources of our material scope 3 emissions.

In light of the global industry’s ambition of “Advancing Net Zero”, we pledged our support for Hong Kong Green Building Council’s relevant initiative and will monitor recommended best practices to achieve the goal for all buildings to operate at net zero by 2050.

• **TRANSPORTATION**

The transportation sector remains a major contributor to our Group’s overall energy consumption and carbon emissions. Our bus companies in Hong Kong introduced the first double-decker equipped with 20 pieces of

solar panels generating 1,500 watts power, to supply electricity for lighting system and passenger information facilities for as long as 7.5 hours a day. Additionally, we are taking steps to install chargers at bus terminals to facilitate mid-day charging for electric buses.

Future Plans and Ongoing Measures

- Set SBT for NWD’s construction and property portfolio within the next three years:
 - o We will continue to drive down Scope 1 and 2 emissions according to the energy efficiency initiatives planned under SV2030.
 - o For Scope 3 emissions, we will install sub-meters to further understand tenant energy consumption and work with our supply chain partners to track embodied carbon in construction materials in both Hong Kong and Mainland China, using local tools and relevant methodologies. Please refer to Influencing the Supply Chain on p.85 for more details.
 - o To reduce our unavoidable emissions, we are looking to increase investment in renewables, such as enhancing onsite renewable generation capacity by installing more solar panels or wind turbines onsite as well as procuring offsite renewable energy.

- Enhance our properties’ climate resilience and adaptability in the next two years:
 - o Flood risk protection hardware such as flood gates will be installed for selected properties covered in our climate risk scenario analysis according to consultant’s recommendations.
 - o Climate resilience design guidelines for new buildings will be established.

- Provide training and engagement in energy and carbon management and climate issues:
 - o Different internal stakeholders ranging from board executives to individual employees have been engaged in various trainings on climate change, SV2030 progress, energy and carbon reduction initiatives, etc. Please refer to Empowering our People section for more details on p.81.

¹ Embodied carbon: carbon emissions associated with materials and construction processes throughout the whole lifecycle of a building or infrastructure (World Green Building Council).

Managing Water Resources and Climate-related Risks

Water is recognised to be a constrained but essential resource, both for business sustainability and more broadly, for society and the environment – especially within the Greater Bay Area which faces a triple threat of water shortage, climate change and population growth. A recent study¹ has shown that eight of 11 Greater China cities, including Guangzhou and Hong Kong, are dry and face extremely high levels of water pollution in the Dongjiang River. Given that the Dongjiang supplies water to five Greater Bay Area cities including Hong Kong, its ongoing pollution will have a devastating impact on our freshwater availability.

As early as 2030, these rising risks could threaten key sectors that drive the region’s GDP, including real estate. To prepare and align ourselves with global standards and best practices, careful water management, planning and cohesive resilience strategies will need to be implemented. We aim to set a group-level water target in the near future.

Compared to FY2019, the Group’s water consumption increased by almost 1,000,000 m³. The increase was mainly due to the inclusion of new construction sites that were undergoing water-intensive foundation works as well as new properties in operation. Additionally, NWDS’ decrease in water consumption from FY2019 was mainly due to temporary closure of some of the department stores, shortening of business hours and restricted business for Food and Beverage (“F&B”) tenants during COVID-19.

Key Initiatives in FY2020

• RISK ASSESSMENT AND RESPONSES

As part of the climate risk scenario analysis of our building portfolio in the Greater Bay Area, climate-related water risks, namely flooding and water stress, are evaluated.

- **Flooding:** Only minor impacts related to flood risk are observed in the long-run for properties in Hong Kong that are located close to the coastline (i.e. susceptible to sea-level rise). This is predominantly due to Hong Kong’s robust drainage network and sufficiently high seawalls. To become more flood-resilient, we have implemented quick-win measures for each site, such as regular inspections, audits and maintenance and have identified hardware enhancement plan for flood risk prevention.
- **Water stress:** No immediate and significant risks were identified relating to the location of our assessed properties.

• “SPONGE CITY” DESIGN STRATEGY

We implement sponge city features in our properties to redistribute water and tackle flooding. Ningbo New World is one of the latest examples in Mainland China with features include a bio-retention pond, a rain-water garden, permeable pavements and ecological rooftop, making this a green landmark in the city. Collectively, these sponge city design features contribute a water retention capacity of approximately 1,800 m³ and ease the burden of the municipal water drainage. More importantly, they help delay the peak discharge during flooding by 10-15 minutes.

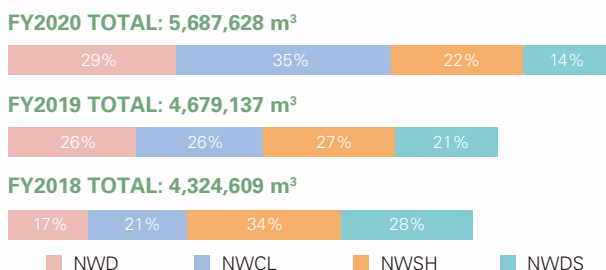
MATERIAL TOPICS

- Water Consumption
- Adaptability to Climate Change Impacts

FY2020 Performance Compared to FY2015²



Sustainability Reporting Scope – Total Water Consumption



Future Plans and Ongoing Measures

- Install flood risk protection hardware such as flood gates for selected properties covered in the climate risk scenario analysis according to consultant’s recommendations.
- Install water-efficient fixtures to reduce our consumption.
- Install sub-meters at new projects and major refurbishments to collect more comprehensive water data for preparation of setting a Group-wide water target in the future.

¹ China Water Risk, 2019, Thirsty And Underwater: Rising Risks in Greater Bay Area <<http://www.chinawaterrisk.org/resources/analysis-reviews/thirsty-and-underwater-rising-risks-in-greater-bay-area/>>
² The water intensity target covers NWCON only.

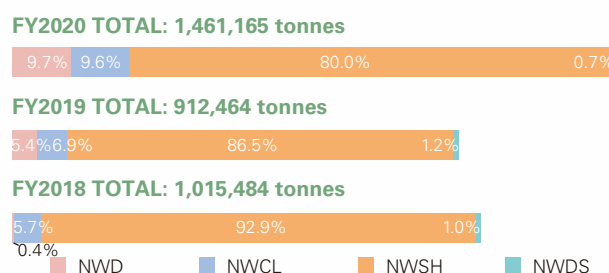
Avoiding Waste at Source

Waste management is an unavoidable challenge across the globe, in particular for the areas with high-density development and experiencing rapid urbanisation. Our Group is making increasing efforts to avoid and reduce waste across our business activities. Initiatives are taken to align with global standards especially in reducing construction waste. Given the emerging trend in mandating waste separation and recycling, our property managers and operators are proactively engaging with key stakeholders to raise general awareness and strengthen internal guidelines to prepare for these changes.

FY2020 Performance Compared to FY2015¹



Sustainability Reporting Scope – Total Waste



Waste generated from our construction activities in Hong Kong and Mainland China constitutes approximately 84% of the Group's total. The significant increase in waste volume compared to FY2019 attributes to the commencement of new projects which produced a high volume of construction and demolition waste. Due to the nature of construction, the waste-to-landfill volume varies significantly across different stages. In FY2020, NWCON's waste-to-landfill intensity decreased by 46% compared to the FY2015 baseline, as a high proportion of waste was sent to government public fills from multiple project sites at the foundation stage.

Key Initiatives in FY2020

• DIGITALISATION OF CONSTRUCTION BUSINESS WORKFLOW

Using BIM as the core technology, Construction Information Anywhere ("CIA") is a web-based platform designed for project management with three major modules – Project Management, Cost Management and Programme Management. NWCON has adopted CIA for all projects to improve collaboration among multi-disciplinary project stakeholders. Further to BIM's benefit of reducing abortive works from design simulation, CIA allows non-technical project stakeholders to gain access to the latest project information. Additionally, NWCON has adopted Novade system to digitalise project management processes which resulted in 2.1 million pieces of paper reduction during FY2020.

MATERIAL TOPICS

- Waste Disposal and Recycling
- Innovation

• HKCEC THINK BEFORE PLASTIC

After the success of our Think Before Plastic campaign to tackle the problem of disposable plastics, HKCEC extended its efforts to reduce paper use by introducing digital food menus, QR codes with information on restaurants and order forms to replace paper ones for exhibitors.



• PARTNERSHIP ON WASTE SOLUTIONS

- Through the Sustainable Tenancy Pledge launched by K11 Hong Kong in FY2019, we have been working together with our tenants to improve waste management. The latest edition of these services is our complimentary food waste recycling bins and onsite food waste composting for F&B tenants at K11 ATELIER King's Road.
- In January 2020, NWD joined WBCSD and selected to participate in their dedicated circular economy workstream. This is to support change in the industry and across our supply chain through innovation.

Future Plans and Ongoing Measures

- Adopt circular economy as the theme for an upcoming Shenzhen project.
- Reduce construction wastes through the continuous application of BIM to minimise abortive works.
- Recycle/reuse materials in construction activities, e.g. through the use of metal formwork.
- Improve our waste data collection granularity and quality to establish a Group-wide waste target in the near future.
- Continue to work with all relevant stakeholders, including employees, suppliers, customers and tenants, to reduce waste through targeted campaigns and incentives across our businesses.

¹ Waste-to-landfill intensity target covers NWCON only.

Protecting Biodiversity

The World Economic Forum 2020 listed major biodiversity loss and ecosystem collapse as one of the top five global risks for the next ten years¹. Extraction of natural resources and pollution are among the key drivers of biodiversity loss, with severe implications for the economy and public health and well-being, as well as for our supply chain. Hong Kong, despite its urban density, is one of the most biodiverse cities in the world. Starting with our Group’s headquarters, we hope to protect biodiversity by enhancing our operations and raising public awareness.

SUSTAINABLE LANDSCAPE FOR THE COMMUNITY

With this in mind, a Group-level Biodiversity Policy is introduced to illustrate our commitment to protecting the natural environment throughout the design and operation of our products and services. We strive for Sustainable SITES Initiative (“SITES™”) certification by the U.S. Green Building Council where possible – a framework for sustainable landscape development projects with a focus on landscape, ecosystems and biodiversity. Salisbury Garden and Avenue of Stars of the Tsim Sha Tsui Waterfront Revitalisation have achieved SITES™ v2 Gold certification.

PROMOTING BIODIVERSITY TO FUTURE GENERATIONS



Nature Discovery Park’s vision is recognised by the HKSAR Government which held a public exhibition there in October 2019 during the annual Hong Kong Biodiversity Festival and attracted more than 5,000 visitors.

MATERIAL TOPICS

- Use of Materials* and Biodiversity

* Refer to p.85 Influencing the Supply Chain

Nature Discovery Park, Hong Kong’s first urban biodiversity museum and sustainability-themed education park at K11 MUSEA, has engaged over 26,000 visitors since opening last year. The Park offers guided green tours, urban farming workshops and farm-to-table experiences. The Park hosts over 180 plants with a majority of local species and butterfly food plants to maintain the integrity of urban butterfly habitats. The farm at the Park supports the local and organic food movement by sharing agricultural knowledge with the community and tenants. To educate future generations on the importance of local biodiversity in Hong Kong, the Park launched the Little Nature Ambassador Programme in partnership with The Jane Goodall Institute (Hong Kong) and local social enterprises – a programme suited for children aged 2-6 with four online modules covering various aspects of biodiversity in August 2020. The Park is also supporting the University of Hong Kong’s School of Biological Sciences in their local species research and development of education tools and leadership programmes to educate the public about the abundance of local insect species and the ecosystem of Hong Kong.

We will continue to consider biodiversity protection in our operational practices through setting in-house guidelines and promoting public awareness in Greater China with reference to international standards.



Learning about nature with a multi-sensory learning kit in the Little Nature Ambassador Programme.

¹ World Economic Forum, 2020, Burning Planet: Climate Fires and Political Flame Wars Rage <<https://www.weforum.org/press/2020/01/burning-planet-climate-fires-and-political-flame-wars-rage>>.

Empowering Our People

We are motivated to create a working context where people thrive and talents are well-developed. Ultimately, we aim to foster a culture that empowers employees to create shared value for different stakeholders and prepares our team for the future of work.

Grooming an Innovative and Resilient Workforce

We are committed to supporting our people to realise their career ambitions. We welcome talents that are entrepreneurial and demonstrate a growth mindset. Aspiring to become the employer of choice, we invest in training and development to build a productive and future-ready workforce.

Key talent attraction initiatives in FY2020:

- A. Entrepreneur Park held in Guangzhou engaged about 90 entrepreneurs on the topics of wellness, sustainability and shared value and drove potential synergies and collaborations between these entrepreneurs and the Group.
- New World Group's first-ever Virtual Internship Programme 2020 during COVID-19 welcomed around 100 interns to join our virtual tours and e-learning during their onboarding journey.

Key training initiatives in FY2020:

- All employees are encouraged to join design thinking workshops, to promote a human-centric approach to understanding customers' unarticulated needs and generating new ideas beyond customers' expectation.
- E-learning platform is launched to cover all BUs of the Group. A total of 134 modules on themes such as corporate policies and guidelines (including ESG policy quizzes), business focus and productivity are offered. In the first year, around 88,000 courses were completed.
- Senior executives from major BUs joined our first Sustainability Forum in January 2020, Activating Change in A New World Order, to connect with experts on climate change.
- Over 10,000 employees in Hong Kong and Mainland China participated in a series of CSV and ESG training with additional strategy development sessions for senior executives.
- Briefings on SV2030 progress and climate resilience for the Sustainability Committee, as well as for relevant operation teams.
- NWCL organised its first workshop for some 200 department representatives across different regions in China to deepen their understanding of climate issues.

Employee appraisal is an essential part of sustainable employee development. Our key approaches include:

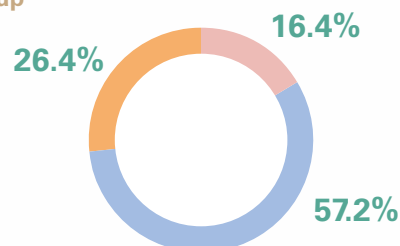
- Conducting a 360-degree evaluation of employees' core competencies.
- Evaluating line managers on their abilities to manage and lead team performance, to uphold our priority on talent grooming.
- Establishing SV2030 KPIs for the Group, departments and individual managerial employees. These KPIs include green targets, the number of sustainability events organised or attended, and other measurable goals and performance will be considered in year-end appraisal and bonus calculation.
- Establishing Objectives and Key Results ("OKR") for the Group and BUs to encourage employees to be ambitious and think about their long-term impact.

MATERIAL TOPICS

- Talent Management
- Innovation

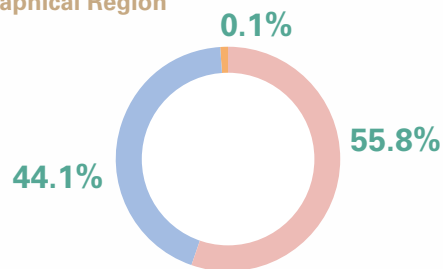
GROUP EMPLOYEE PROFILE

Age Group



■ Under 30 years old ■ 30-50 years old ■ Over 50 years old

Geographical Region



■ Hong Kong ■ Mainland China ■ Others

AVERAGE TRAINING HOURS

18.9 hrs per employee
(26% ↑ from last year)

Male	Female
17.8 hrs	20.9 hrs

Management	Non-management
19.4 hrs	18.8 hrs

Sustainability-related training hours **12,399** hrs

Moving forward, e-learning will be a key mode of training. To equip our employees with the mentality to overcome new challenges, we will launch a new initiative, "From Question to Innovation", which empowers employees to adopt a growth mindset, develop an inquisitive mind and find new solutions in a volatile business environment.

Corporate Sustainability | Empowering Our People

Listening to the Needs of Employees

After a few years of promoting SV2030, our employees at different levels of responsibility, demonstrate an awareness of the Group’s priority in sustainability and understand their input contributes to the greater good. Our success depends on them, and so we keep an open dialogue and try out new forms of engagement to nurture a sense of belonging and address their ever-changing needs.

MATERIAL TOPICS

- Employee Wellness* and Engagement

* Refer to the next page (p.83)

KEY EMPLOYEE ENGAGEMENT INITIATIVES IN FY2020:

Group Strategic Workshop – “New World Ecosystem Co-Creation @ GBA”	Over 300 senior executives exchanged ideas on the business strategy in the Greater Bay Area – the Group’s core development location, on 12 September 2019.
CSV Cultivation Journeys	Across the Group, 200 ambassadors were recruited to propagate CSV as our corporate strategy. Up to 30 business visits have been organised since late 2019 to help employees understand this concept. Together with online activities, around 10,000 participants were engaged in FY2020.
New World Group Town Hall – “New World. New Growth”	Over 5,500 employees in Hong Kong and Mainland China joined and had an interactive dialogue with our CEO on 18 June 2020, to understand the latest strategic priorities in response to the challenging business environment due to COVID-19. Major BUs such as NWSH and K11 also held their town hall meetings to cascade the key messages after.



Adrian Cheng shared the Group’s strategic priorities during the New World Group Town Hall.



Employees participated in New World Group Town Hall from different office locations.

A culture of alertness is fostered across the Group through online and offline learning to encourage all corporate and frontline employees to communicate proactively on any potential issues, from operational risks to unsatisfactory customer service, or ways to improve the working environment.

We will conduct an employee satisfaction survey by the end of 2020 to understand the needs and expectations of employees to help the Group improve, for example, in the areas of company strategy, corporate culture and employee compensation and benefit. We will also continue to keep employees abreast of the Group’s sustainability initiatives through e-newsletter, website and social media and support our employees to translate awareness into actions as we move forward with SV2030.

Empowering our people and developing their leadership skills will strengthen the resilience of our workforce. We believe in pursuing excellent performance by staying focused, aligned and ambitious.

Putting Our Employees' Health First

Our employees are our greatest assets: their safety and well-being are our priority. We are committed to providing our employees with the safest working environment possible. Our Health and Safety Policy¹ outlines our approaches towards managing and monitoring health and safety risks. For the long-term, investing in initiatives that improve employees' health and well-being makes good business sense.

We closely monitor the impact of COVID-19 on our workforce to ensure business continuity and prioritise our people's health and well-being. A cornerstone of our approach to employees' health and well-being in these challenging times is to rely on innovation and knowledge-sharing to take people out of fear and uncertainty through different initiatives and measures.



Lost-Time Injury Rate²

1.7 vs **2.5**
FY2020 vs FY2019

Key activities during COVID-19:

- Ongoing communication and information are given to employees regarding the Prevention of Pneumonia and Respiratory Infections since late December 2019.
- One of the first corporates in Hong Kong to implement flexible work arrangement in January 2020, install automated hand disinfectant at the workplaces, and distribute masks to all employees weekly since the first months of the outbreak.
- A mandatory health declaration form to monitor the health status of all employees daily was made available via our internal smart office app, and we extended its coverage to our visitors in April 2020.
- Online web conferencing tools are used to minimise the risk for our employees for meetings and visitors arrangements.
- Frequent disinfecting is conducted in high footfall areas such as public corridors, pantries and reception areas, whereas carpets and air filters were cleaned every two weeks to foster a healthy workplace.
- FTLife Insurance offers free medical insurance coverage to the Group's employees in Hong Kong and Macau offices until 31 December 2020.
- In places where food hygiene is a concern, such as NWDS' four branches of "New World Supermarket", enhanced precautionary measures have been taken, with all our employees required to wear masks and rubber gloves, as well as check their temperatures every four hours.

MATERIAL TOPICS

- Employee Wellness and Engagement
- Occupational Health and Safety

COVID-19 Responses:

NWCON was the **1st Company** in Hong Kong to halt construction work for two weeks to protect employees and their families

20,000 Protective Kits distributed to employees in February 2020 as pandemic relief

Key employee wellness programmes in FY2020:

- Organised two well-being campaigns – Mindful New World and New World Group Well-being Challenge, which promote the mental and physical health of our colleagues through online meditation and fitness programme during social distancing.
- Hiking trips led by professional hiking coach and social worker to Kamikochi in Japan, Lau Shui Heung, Sai Kung and outlying islands in Hong Kong were organised by Humansa for the Group's colleagues to promote physical and mental health.
- NWSH offered "Workout within Limits" – a collaboration with OnBoard For Good. Professional fitness trainers were engaged to provide a series of eight office workouts (15 minutes each), via Zoom during office hours in April and May 2020 to promote employee wellness and health.
- Since 1 July 2019, medical benefits under an outpatient plan have been enhanced by increasing our medical insurance and dental scheme coverage.



A one-month online programme to encourage employees to keep up their fitness routines by exercising anywhere.

¹ Details are available on our Corporate Website – Sustainability > Sustainability Governance & Policies.

² Lost-time injury rate represents the number of injuries per 100 employees per year.

Embracing a Diversified and Inclusive Workforce

Sustainable communities consider the needs of different stakeholders. For us to better address these needs, our workforce must understand different perspectives and bring unique values to our stakeholders. We also want our employees to feel respected and encouraged to grow in the workplace. This is why our Group strives to improve our workplace diversity and inclusion.

We are dedicated to recruiting talents from all races, backgrounds and experiences, irrespective of individual differences, such as gender, ethnicity, age, physical abilities, sexual preferences, family status, religion, or gender expression. Employees are also informed about our Human Rights Policy¹ and Whistleblowing Policy¹ for reporting relevant violation. We are one of the 12 diversified companies in Greater China to have signed the UNGC and the first real estate holding and development company in Hong Kong to endorse the UN-backed Women’s Empowerment Principles and are committed to respecting and implementing the principles at all levels of our business. As at 30 June 2020, 35.6% of our workforce is female. With our ongoing commitment to empowering women’s leadership, two new female executives joined the NWD board in May 2020, occupying 25% of the seats.

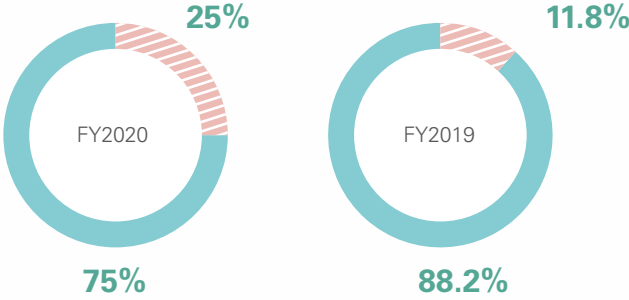
As a caring employer, we echoed the Employment (Amendment) Bill 2019 from the HKSAR Government, which highlights that mothers deserve extra time to recover and that fathers should look after their wives and newborns. While we have introduced five-day full paid paternity leave in 2018 ahead of the statutory requirement, fully paid maternity leave has also been increased from ten to 14 weeks from FY2020 onwards.

MATERIAL TOPICS

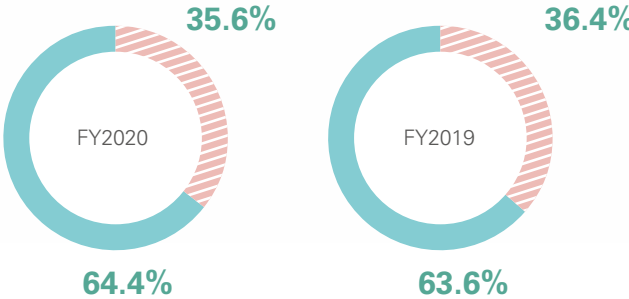
- Diversity and Equal Opportunities
- Human Rights and Grievance Mechanisms
- Corporate Governance

GENDER DIVERSITY  Female  Male

Board Level



Employee Level



¹ Details are available on our Corporate Website – Sustainability > Sustainability Governance & Policies.

Influencing the Supply Chain

Through a proactive and standardised supply chain management approach, we ensure ESG considerations are applied fairly and consistently at different stages. As construction remains a core business to our ecosystem, we manage its related risks with a higher level of attention through policies, training and management frameworks. The Group's Sustainability Policy, Sustainable Procurement Policy and Supplier Code of Conduct ("SCoC") are the overarching policies to standardise our practices. During FY2020, we focused on responsible sourcing and established the data infrastructure required for SBT setting by communicating with construction suppliers closely. In addition, we implemented responsible sourcing and green procurement.

MATERIAL TOPICS

- Responsible Supply Chain Management
- Energy and Carbon Management
- Occupational Health and Safety
- Bribery and Corruption

Key Initiatives in FY2020

BUILDING CAPACITY FOR SUSTAINABLE CONSTRUCTION PROJECT MANAGEMENT

Throughout FY2020, NWCON and Hip Hing continued to successfully implement the internationally recognised systems for quality, environmental, energy and occupational health and safety, certified in accordance with ISO 9001, ISO 14001, ISO 50001 and OHSAS 18001. We encourage more suppliers and contractors to seek these certification to safeguard the health and well-being of all our stakeholders, as well as the environment.

NWCON and Hip Hing conducted annual assessments of all their critical suppliers and contractors on health, safety, environmental and other governance aspects. Assessment parameters include environmental impact reduction, fatalities, working conditions of factories, anti-bribery and corruption, and prohibition of child labour and other types of illegal labour. In case of non-compliance, corrective actions are required to be duly implemented. Recurring cases of non-compliance are subject to further actions including suspension from work and tender invitations and re-evaluation of supplier status.

To strengthen ESG awareness and integration throughout the Group's supply chain, a series of training has been rolled out in June 2020 across all seven active construction sites under NWCON. Approximately 1,000 subcontractor workers attended the training to learn about key ESG issues and policies including anti-corruption, human rights, whistleblowing and other topics within the SCoC.

MINIMISING ENVIRONMENTAL IMPACTS THROUGH SUSTAINABLE PROCUREMENT

Starting in FY2020, we imposed explicit requirements to source printing and copying paper certified by the Forest Stewardship Council ("FSC"). All of the temporary wood used by NWCON and all wood used by Hip Hing is either certified by FSC or Program for the Endorsement of Forest Certification Schemes ("PEFC"). All of thermal insulation and fire retardant materials sourced by NWCON have zero ozone-depleting potential, and are free of CFC and HCFC, which minimises climate change impacts. Currently, Hip Hing uses 93.3% biodiesel onsite to reduce their emissions. Additionally, both NWCON and Hip Hing have adopted the Novade system to digitalise construction project management processes, from Environment, Health and Safety ("EHS") management, progress reporting, quality control to documentation maintenance, which results in paper reduction. NWD's central procurement obtained a Level 2 certification from the Hong Kong Green Council's Sustainable Procurement Charter – with reference to ISO 20400 for their practices applied to office supplies purchases.

TRACKING EMBODIED CARBON AND COMMITTING TO SBT

We will continue to deepen our efforts to decarbonise construction activities. Embodied carbon from construction materials is one of the major sources of our Group's Scope 3 emissions. Moving towards SBT, we will track and reduce embodied carbon. During FY2020, six construction projects under NWCON have joined a pilot project using the Construction Industry Council ("CIC") Carbon Assessment Tool to track their embodied carbon. Through this exercise, we have liaised with our supply chain partners and other industry peers, contributing to the local construction industry benchmarking data pool and carbon emissions reduction from building lifecycle with collaborative efforts.

Future Plans and Ongoing Measures

- Further standardise our supply chain management practices across Hong Kong and Mainland China and especially those related to construction activities.
- Start to track Scope 3 embodied carbon data from our construction projects in Hong Kong (through CIC Carbon Assessment Tool) and Mainland China (follow the Chinese Construction Industry Carbon Emission Calculation Standard (GBT 51366-2019)) in preparation for setting SBT.
- Roll out ESG training for Mainland China construction activities to help colleagues and suppliers better understand their professional responsibilities and rights as outlined in the Group's SCoC and ESG policies.

Caring for the Customers

Voices of customers are our core drivers of innovation and product development under fast-changing market conditions. In particular, we focus on a few customer-related areas – their well-being, how we engage and educate them, their data privacy and our product responsibility.

Promoting Customer Well-being with a Healthy Environment

SV2030 prioritises wellness as one of its four pillars given the connection between the holistic well-being of individuals, a healthy environment and a healthy community. In FY2020, we launched our first WELL Certified™ Platinum building, K11 ATELIER King’s Road. The project has utilised a multi-stage air filtration system (including MERV¹ 14) to maintain top indoor air quality for the health of building occupants. K11 ATELIER King’s Road also has a sky garden with a jogging trail to promote an active lifestyle. Each office floor of the project has a nursing room to provide for the needs and protect the privacy of working mothers. Through K11 ATELIER ACADEMY, the project offers group fitness and mindfulness activities to all tenants. Similarly, K11 KULTURE ACADEMY engages retail customers in shopping malls through group activities that promote their overall well-being and foster a sustainable community.

MATERIAL TOPICS

- Customer Wellness, Health and Safety
- Ageing Population

COVID-19 Responses:

- K11 MUSEA – implemented hourly disinfection of high-touch surfaces and public facilities; customers receiving hand sanitisers and employees wearing masks during operating hours.
- Humansa – introduced an exclusive Japan-patented Nano Titanium Photocatalytic Coating service for indoor service areas, which is proven to be harmless to humans and can kill 99.99% of viruses and bacteria, remove odour and stay effective for over one year. It has been widely adopted by the Group’s properties in Hong Kong. Humansa also activated emergency response level at the early stage of COVID-19 in all of its elderly homes and substituted physical visits by family members with video calls.
- NWDS – carried out frequent disinfection at every corner, entry and shopping trolley to ensure customers are protected.

Online-to-Offline (“O2O”) Customer Engagement and Education

While public transit was restricted in Mainland China during the early 2020 pandemic, K11 developed a digital platform, K11 Go, to adapt to the new normal within a month. K11 Go offers a seamless digital shopping experience for more than one million KLUB 11 Mainland members and creates additional revenue channels through multimedia content and membership privileges to support our tenants, all consolidated within a WeChat mini-application. The platform will continue to be upgraded to deliver an “online to offline to online” user experience. For both Hong Kong and Mainland China, virtual reality was introduced to support K11 office and mall leasing, shopping and exhibitions. In these ways, innovation has enabled us to stay connected with our customers.

MATERIAL TOPICS

- Customer and Tenant Engagement
- Innovation

Through the following initiatives, we continue to expand our educational and sustainable lifestyle offerings for different generations:



K11 KULTURE ACADEMY	Offers courses and workshops to the general public to cultivate lifelong learning in culture and art. During the year, 70,354 participants were recorded, including online viewership.
K11 ATELIER ACADEMY	Offered to K11 ATELIER office tenants, programmes that promote work-life integration, wellness and cultural activities. During the year, 18,117 participants were recorded, including online viewership.
Nature Discovery Park, K11 MUSEA	Offers guided green tours, workshops and urban farming experiences to raise awareness among the general public of Hong Kong’s ecological importance, rich urban biodiversity and to promote a sustainable lifestyle. During the year, 26,000 visitors were recorded.
D Mind Education	Launched “D Mind & the Prince” – an English learning programme for children aged 0 to 6 which helps parents to build an immersive learning environment for their children to acquire the language.
Donut and Ah Meow	Aims to promote fun learning through storytelling, it introduced an animation series on the English language and science exploration to help children learn from home during the pandemic.

¹ MERV: Minimum Efficiency Reporting Values is derived from a test method developed by the ASHRAE.
² Cumulative number from baseline year FY2015 to FY2020 covering the Sustainability Reporting Scope.

A Mechanism to Uphold Product Responsibility and Data Privacy

Upholding product responsibility, quality delivery of our services and products, and respecting the privacy of our customers helps us build trusting relationships. We protect the rights and well-being of our customers with our quality assurance and recall processes. We regularly gauge our customer satisfaction across our operations through, for example, surveys and mystery shoppers. Our operation teams have established policies and mechanisms to ensure accurate and complete information on our products and services. Employees concerned from, for example, sales and marketing, retail and digital marketing functions, have attended training about responsible marketing and advertising practices as well. Additionally, internal audit would be performed on businesses related to responsible marketing. Hong Kong K11 Art Mall and New World Tower have adopted the ISO 10002 certified procedures to handle customer complaints. We have designated personnel, policies and procedures as well as regular training to uphold data privacy. We have set the procedures to protect and handle proprietary information and intellectual property rights. Cybersecurity measures are introduced gradually to raise employee awareness and strengthen our digital infrastructure. We comply with data privacy laws and regulations and have zero complaints relating to customer data privacy.

Engaging Tenants on Sustainable Practices and Lifestyle

With a fast-growing portfolio of investment properties in Greater China, sharing sustainable practices with tenants is becoming a higher priority.

Since K11 launched the Sustainable Tenancy Pledge (the “Pledge”) in Hong Kong in FY2019 to help tenants track their energy usage, save costs and reduce wastage from fitting-out to operation, a mix of office and retail tenants including F&B tenants have joined the Pledge. At K11 MUSEA, the Pledge supported two retail tenants with planning sustainable operations, and commended their sustainability achievements by facilitating their LEED® certifications. While at K11 ATELIER Victoria Dockside, our anchor tenant was the first onboard to install smart energy meters to further analyse the usage of electricity in different areas of their offices. Within six months after installation, they are on track to save HK\$6,000 per year in electricity bills and have engaged 10% of their employees to participate in energy-saving actions. These positive outcomes will prepare us for green lease discussion with our tenants.

A new initiative, Network, was launched in New World Tower in Hong Kong as a platform to enhance the experience of tenants. Through an app, tenants can book or access a series of value-added facilities such as exclusive common space, nursing rooms and lunch box vending machines. More than 1,000 uses of nursing rooms were recorded since their launch in late 2019, and 14 tenant events were held during the year.

Market uncertainties, as well as the global pandemic, are expected to burden our business as well as our tenants. By prioritising innovative solutions, we hope to stay engaged with our tenants and customers, raise their awareness of driving sustainable business models and improve their well-being. With the initial success of various tenant engagement initiatives, we plan to extend these offerings to more tenants and customers in Greater China.

MATERIAL TOPICS

- Customer and Tenant Engagement
- Energy and Carbon Management
- Waste Disposal and Recycling
- Customer Wellness, Health and Safety

K11 Sustainable Tenancy Pledge

25 pledged tenants

96% satisfied tenants

100% surveyed and responded at K11 ATELIER Victoria Dockside

Fostering Sustainable Communities

We actively discover, empower and connect with untapped talents and resources in the community through partnerships to build a better society.

Unveiling Potential to Nurture Communities

The Group leverages partnerships with different community organisations to serve the diverse needs of stakeholders.

MATERIAL TOPICS


- Community Development and Engagement
- Community Wellness
- Innovation



Community/Employee Programmes & Events

>800,000 stakeholders¹

KEY COMMUNITY ADVANCEMENT AND ENGAGEMENT INITIATIVES IN FY2020:

Initiative	Theme	Impact
#LoveWithoutBorders	A shared support platform that brings love to those in need and shares resources with local communities amidst the COVID-19 pandemic	<ul style="list-style-type: none"> • Over two million face masks donated to partners and local communities in South Korea, France, Italy and the United Kingdom • First pandemic relief fund by a Hong Kong blue-chip company of HK\$10 million to support local communities • Producing 400,000 face masks a week in Hong Kong • Set up the first "Mask To Go" dispensers aiming to benefit over 40,000 beneficiaries across 18 districts in Hong Kong • Over 10,000 preventative kits containing face masks, hand sanitiser gels and disinfecting wipes distributed to low-income families in Hong Kong <p>Please read p.66–67 for details.</p>
K11 Love Power Campaign	A nation-wide campaign in Mainland China to provide customers health consultation by phone, activities to improve their mental well-being, as well as access to healthcare supplies during COVID-19	<ul style="list-style-type: none"> • Over RMB5 million and 200,000 face masks were donated and over 200,000 customers engaged
THE FOREST x Sew On Studio Mask Exhibition	THE FOREST, a shopping mall in Hong Kong, partnered with Sew on Studio, a social enterprise which supports young designers and women to find second employment, to host a reusable cloth mask exhibition	<ul style="list-style-type: none"> • 54 designers engaged • 22 unemployed women deployed for sewing works • 927 reusable cloth masks redeemed  <p>THE FOREST reusable cloth mask exhibition.</p>
OnBoard For Good	Empowers Hong Kong retired athletes to develop their second careers in the business field	<ul style="list-style-type: none"> • 4 athletes' startups incubated • 80 job matches (14 full-time and 66 part-time) • 38 internships and job shadowing opportunities • Over 3,300 attendance
New World Spring-board Programme	Continues to improve the social mobility of students from under-resourced families while helping teenage beneficiaries plan their future careers in addition to providing sports training	<p>Cumulative impact since the programme launched in 2012:</p> <ul style="list-style-type: none"> • 2,600 student beneficiaries • 359,000 training hours
NWSH Catch Your 5** Programme	Collaborated with The Salvation Army and Dustykid to arouse public awareness to the Special Education Needs ("SEN") children	<ul style="list-style-type: none"> • 329 beneficiaries • Provided non-academic training to SEN children • Parents supporting groups formed in Chai Wan and Lung Hang areas of Hong Kong

¹ Cumulative number from baseline year FY2015 to FY2020 covering the Sustainability Reporting Scope.

The Group continues to expand our volunteering services across Mainland China. New chapters of NWS Volunteer Alliance were set up in Guangzhou, Hangzhou and Changsha in December 2019. In FY2020, more than 28,000 volunteering hours were recorded across the Group.

Activating Change in Society

Recognising the increasing expectations for the private sector to lead change, we forge partnerships with local and international organisations across sectors to help them scale and identify innovative solutions to drive sustainable development via our daily operations.

Eureka Nova, our Group’s startup incubator, launched two accelerator programmes last year. First, by working with our tenant Mizuho Bank, Mizuho Crowd Brain Accelerator was launched to groom 25 startups in fintech, insurance, wellness and other innovative sectors, and offer opportunities to integrate with Mizuho Bank’s clients and our Group.

Eureka Nova and the Group Sustainability Department also co-founded Impact Kommons, Hong Kong’s first UN SDG-focused accelerator, to help high potential startups align their business models to the four UN SDGs endorsed by our Group, as well as gain access to Business-to-Business (“B2B”) partnerships with our BUs and exclusive introductions to investors. The programme selected five startups (listed below) from over 50 global applications and offered eight weeks of intensive workshops, mentorship and consultation.

AESIR	Supports the learning of children with SEN through mixed reality technologies
Catalyser	Provides software for employers to manage their community activities and report on their social impact
En-trak	Develops Internet of Things (“IoT”) solutions for commercial buildings to improve energy efficiency
Lify Wellness	Offers the Smart Wellness Beverage Ecosystem – a personalised recommendation supported by IoT and Artificial Intelligence technology
Urban Spring	Reduces the consumption of single-use plastic bottle by installing its Well (井), a smart water station

Impact Kommons fostered initiatives in contribution to the UN SDGs and realised business integrations across our ecosystem with each of the startups, resulting in seven successful projects, including a pilot of En-trak’s building efficiency technology for engaging tenants, wellness workshops and product consignment by Lify Wellness and education programme co-development between AESIR and Nature Discovery Park at K11 MUSEA.

In January 2020, Culture for Tomorrow, our Group’s non-profit organisation which actualises design and architectural innovation, presented the Sustainability Forum, which convened 30 business leaders to inspire and build knowledge capital on sustainable impact through cross-sector and cross-generational dialogues. As a new member to WBCSD, the event featured her President & CEO Peter Bakker as keynote speaker and different panel discussions aiming to rethink cities, redefine cultures and communities, and realign finance and technology for the purpose. Following the forum, young changemakers in Hong Kong have partnered with Nature Discovery Park and K11 MUSEA to promote sustainable living in the community. We also joined WBCSD projects to exchange industry experience in decarbonising the built environment and gain insights into circular economy standard development.



We see ourselves as part of the global movement to drive systemic change and do so by forming partnerships aligned to SV2030 and our business priorities. Please visit our sustainability website for all of our public commitments and membership.

Embracing Art and Culture

It is equally important to preserve fast-disappearing cultural heritage as it is to incubate young artists and popularise art to the community.

Through its pioneering blend of three core values of Art • People • Nature, K11’s products and services are rooted in showcasing local and international emerging artists and allowing the public to appreciate art and culture during their customer journey through, for example, connecting artworks with mall merchandise or decoration. These are facilitated by the organisations below:

Organisation	Highlights	Impact
K11 Art Foundation	Incubates young contemporary artists and promotes public art education in Greater China. Several exhibitions have been hosted. Co-organised “Carbon’s Casualties” – a climate-themed photography exhibition with The New York Times and launched “Disruptive Matter” (a circular economy themed art exhibition) in Hong Kong	<ul style="list-style-type: none"> • 641 cumulative number of artists/curators supported since 2013 • 1,170 exhibition visitors • About 1,000 visits in the virtual tour online
K11 Craft & Guild Foundation	Asia’s first and unique creative platform to conserve and rejuvenate fast-disappearing Chinese craftsmanship. An exhibition was hosted to display two types of antique crafts: <i>baibaoqian</i> (semi-precious stone inlays) and <i>guangcai</i> (Canton enamel porcelains).	<ul style="list-style-type: none"> • 10 craftsmen supported since 2018 • HK\$1.1 million of donation received • HK\$2.6 million of craftwork sales through K11 platforms

Content Index for Reporting Guidelines

This Report has been prepared in accordance with the GRI Standards: Core option and complies with all “Comply or Explain” provisions on General Disclosures (“GD”) and environmental KPIs of HKEx ESG Reporting Guide.

During the reporting period, there were no confirmed non-compliance incidents or grievances about environmental protection or anti-corruption that would have a significant impact on the Group.

GRI Indicator	HKEx ESG Guide	Description	References and Remarks
GRI 102: General Disclosures 2016			
Organisational Profile			
102-1		Name of the organisation	<ul style="list-style-type: none"> Sections “Corporate Information” and “Management Discussion and Analysis” (p.124, 150–160) “Principal Subsidiaries”, “Principal Joint Ventures” and “Principal Associated Companies” under section “Notes to the Financial Statements” contain information about our principal activities (p.282–298) Section “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, hotels and infrastructure projects (p.301–315).
102-2		Activities, brands, products and services	
102-3		Location of headquarters	
102-4		Location of operations	
102-5		Ownership and legal form	
102-6		Markets served	
102-7		Scale of the organisation	
102-8	KPI B1.1	Information on employees and other workers	<ul style="list-style-type: none"> Empowering Our People (p.81) Corporate Website – Sustainability > Performance & Reporting
102-9		Supply chain	<ul style="list-style-type: none"> Influencing the Supply Chain (p.85)
102-10		Significant changes to the organisation and its supply chain	<ul style="list-style-type: none"> Influencing the Supply Chain (p.85) Sections “CEO’s Report”, “Report of the Directors” and “Management Discussion and Analysis” contain information about changes in operations and share capital in the. Data on significant changes in the supply chain is not available (p.28–43, 125–160).
102-11		Precautionary Principle or approach	<ul style="list-style-type: none"> Sustainability Governance (p.68–71)
102-12		External initiatives	<ul style="list-style-type: none"> Major Achievements and ESG Highlights (p.61)
102-13		Membership of associations	<ul style="list-style-type: none"> Corporate Website – Sustainability > Performance & Reporting
Strategy			
102-14		Statement from senior decision-maker	<ul style="list-style-type: none"> Message from Management (p.59)
102-15		Key impacts, risks, and opportunities	<ul style="list-style-type: none"> Sustainability Governance (p.68–71) Section “Corporate Governance Report” (p.110–119)
Ethics and Integrity			
102-16		Values, principles, standards, and norms of behaviour	<ul style="list-style-type: none"> Message from Management (p.59)
Governance			
102-18		Governance structure	<ul style="list-style-type: none"> Sustainability Governance (p.68)

GRI Indicator	HKEx ESG Guide	Description	References and Remarks
Stakeholder Engagement			
102-40		List of stakeholder groups	<ul style="list-style-type: none"> Sustainability Governance (p.69)
102-41		Collective bargaining agreements	<ul style="list-style-type: none"> Within the scope of the Report, none of our employees are covered by collective bargaining agreements.
102-42		Identifying and selecting stakeholders	<ul style="list-style-type: none"> Sustainability Governance (p.68–71)
102-43		Approach to stakeholder engagement	
102-44		Key topics and concerns raised	<ul style="list-style-type: none"> Message from Management (p.59) Sustainability Governance (p.70–71)
Reporting Practice			
102-45		Entities included in the consolidated financial statements	<ul style="list-style-type: none"> “Principal Subsidiaries”, “Principal Joint Ventures”, “Principal Associated Companies” under section “Notes to the Financial Statements” (p.282-298)
102-46		Defining report content and topic Boundaries	<ul style="list-style-type: none"> About This Section (p.58)
102-47		List of material topics	<ul style="list-style-type: none"> Sustainability Governance (p.70–71)
102-48		Restatements of information	<ul style="list-style-type: none"> Corporate Website – Sustainability > Performance & Reporting
102-49		Changes in reporting	<ul style="list-style-type: none"> About This Section (p.58) Corporate Website – Sustainability > Performance & Reporting
102-50		Reporting period	<ul style="list-style-type: none"> About This Section (p.58)
102-51		Date of most recent report	<ul style="list-style-type: none"> Sustainability Report 2019 was published in December 2019.
102-52		Reporting cycle	<ul style="list-style-type: none"> The report is published on an annual basis.
102-53		Contact point for questions regarding the report	<ul style="list-style-type: none"> About This Section (p.58)
102-54		Claims of reporting in accordance with the GRI Standards	
102-55		GRI content index	<ul style="list-style-type: none"> Content Index for Reporting Guidelines (p.90–95)
102-56		External assurance	<ul style="list-style-type: none"> About This Section (p.58) Verification Statement (p.96–97)

Material Topics

Economic Performance			
GRI 103: Management Approach 2016			
103-1		Explanation of the material topic and its boundary	<ul style="list-style-type: none"> Message from Management (p.59) Sustainability Governance (p.69–71)
103-2		The management approach and its components	
103-3		Evaluation of the management approach	
GRI 201: Economic Performance 2016			
201-1		Direct economic value generated and distributed	<ul style="list-style-type: none"> Section “Consolidated Income Statement” (p.170)
Indirect Economic Impacts			
GRI 103: Management Approach 2016			
103-1		Explanation of the material topic and its boundary	<ul style="list-style-type: none"> Sustainability Governance (p.69–71)
103-2		The management approach and its components	
103-3		Evaluation of the management approach	
GRI 203: Indirect Economic Impacts 2016			
203-1		Infrastructure investments and services supported	<ul style="list-style-type: none"> New World Ecosystem & Sustainable Property Lifecycle (p.62–63)

GRI Indicator	HKEx ESG Guide	Description	References and Remarks
Anti-corruption			
GRI 103: Management Approach 2016			
103-1		Explanation of the material topic and its Boundary	<ul style="list-style-type: none"> Sustainability Governance (p.69–71) The Group had zero concluded legal cases regarding corrupt practices brought against the Group or its employees during the reporting period.
103-2	GD-B7	The management approach and its components	
103-3	KPI B7.1	Evaluation of the management approach	
GRI 205: Anti-corruption 2016			
205-1	KPI B7.2	Operations assessed for risks related to corruption	<ul style="list-style-type: none"> Sustainability Governance (p.69–71) Empowering Our People (p.81)
	KPI B7.3	Description of anti-corruption training	

Environmental Performance

Materials Use			
GRI 103: Management Approach 2016			
103-1		Explanation of the material topic and its boundary	<ul style="list-style-type: none"> Sustainability Governance (p.69–71) Safeguarding the Environment (p.79)
103-2	GD-A2	The management approach and its components	
103-3		Evaluation of the management approach	
GRI 301: Materials 2016			
301-1	KPI A2.5	Materials used by weight or volume	<ul style="list-style-type: none"> Corporate Website – Sustainability > Performance & Reporting Packaging materials were not considered material for the Group’s businesses hence such data are not disclosed.
Energy			
GRI 103: Management Approach 2016			
103-1		Explanation of the material topic and its boundary	<ul style="list-style-type: none"> Sustainability Governance (p.69–71) Safeguarding the Environment (p.75)
103-2	GD-A2	The management approach and its components	
103-3	KPI A2.3	Evaluation of the management approach	
GRI 302: Energy 2016			
302-1	KPI A2.1	Energy consumption within the organisation	<ul style="list-style-type: none"> Safeguarding the Environment (p.75) Corporate Website – Sustainability > Performance & Reporting
Water and Effluents			
GRI 103: Management Approach 2016			
103-1		Explanation of the material topic and its boundary	<ul style="list-style-type: none"> Sustainability Governance (p.69–71) Safeguarding the Environment (p.78)
103-2	GD-A2	The management approach and its components	
103-3		Evaluation of the management approach	
GRI 303: Water and Effluents 2018			
303-1	KPI A2.2	Water consumption	<ul style="list-style-type: none"> Safeguarding the Environment (p.78) Corporate Website – Sustainability > Performance & Reporting
	KPI A2.4	Issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	

GRI Indicator	HKEx ESG Guide	Description	References and Remarks
Emissions			
GRI 103: Management Approach 2016			
103-1		Explanation of the material topic and its boundary	<ul style="list-style-type: none"> Sustainability Governance (p.69–71) Safeguarding the Environment (p.75–77) There were no confirmed instances of non-compliances or grievances during the reporting period.
103-2	GD-A1	The management approach and its components	
103-3		Evaluation of the management approach	
GRI 305: Emissions 2016			
305-1	KPI A1.2	Direct (Scope 1) GHG emissions	<ul style="list-style-type: none"> Safeguarding the Environment (p.75–76) Corporate Website – Sustainability > Performance & Reporting
305-2	KPI A1.2	Indirect (Scope 2) GHG emissions	
305-5	KPI A1.5	Reduction of GHG emissions	
305-7	KPI A1.1	Nitrogen oxides (NO _x), Sulphur oxides (SO _x), and other significant air emissions	
Waste			
GRI 103: Management Approach 2016			
103-1		Explanation of the material topic and its boundary	<ul style="list-style-type: none"> Sustainability Governance (p.69–71) Safeguarding the Environment (p.79) There were no confirmed instances of non-compliances or grievances during the reporting period.
103-2	GD-A1	The management approach and its components	
103-3		Evaluation of the management approach	
GRI 306: Effluents and Waste 2016			
306-2	KPI A1.3 & A1.4	Waste by type and disposal method	<ul style="list-style-type: none"> Safeguarding the Environment (p.79) Corporate Website – Sustainability > Performance & Reporting
	KPI A1.6	Reduction of waste	
Environmental Compliance			
GRI 103: Management Approach 2016			
103-1		Explanation of the material topic and its boundary	<ul style="list-style-type: none"> Sustainability Governance (p.69–71) Safeguarding the Environment (p.74–80)
103-2	GD-A3 & KPI A3.1	The management approach and its components	
103-3		Evaluation of the management approach	
GRI 307: Environmental Compliance 2016			
307-1	GD-A1	Non-compliance with environmental laws and regulations	There were no significant fines or sanctions for non-compliance with laws and regulations during the reporting period.
Supplier Environmental Assessment			
GRI 103: Management Approach 2016			
103-1		Explanation of the material topic and its boundary	<ul style="list-style-type: none"> Sustainability Governance (p.69–71) Influencing the Supply Chain (p.85)
103-2	GD-B5	The management approach and its components	
103-3		Evaluation of the management approach	
GRI 308: Supplier Environmental Assessment 2016			
308-1	KPI B5.2, B5.3 & B5.4	New suppliers that were screened using environmental criteria	<ul style="list-style-type: none"> Influencing the Supply Chain (p.85)
Climate Change			
	GD-A4	Identification and mitigation of significant climate-related issues	<ul style="list-style-type: none"> Sustainability Governance (p.71) Safeguarding the Environment (p.74–78)
	KPI A4.1	Significant climate-related issues	

Social Performance

Employment			
GRI 103: Management Approach 2016			
103-1		Explanation of the material topic and its boundary	<ul style="list-style-type: none"> • Sustainability Governance (p.69–71) • Empowering Our People (p.82) There were eight non-compliance and 14 grievance cases during the reporting period.
103-2	GD-B1	The management approach and its components	
103-3		Evaluation of the management approach	
GRI 401: Employment 2016			
401-1	KPI B1.2	New employee hires and employee turnover	<ul style="list-style-type: none"> • Corporate Website – Sustainability > Performance & Reporting
Occupational Health and Safety			
GRI 103: Management Approach 2016			
103-1		Explanation of the material topic and its boundary	<ul style="list-style-type: none"> • Sustainability Governance (p.69–71) • Empowering Our People (p.83)
103-2	GD-B2	The management approach and its components	
103-3		Evaluation of the management approach	
GRI 403: Occupational Health and Safety 2018			
403-1	KPI B2.3	Occupational health and safety management system	<ul style="list-style-type: none"> • Empowering Our People (p.83) • Influencing the Supply Chain (p.85)
403-3		Occupational health services	
403-4		Worker participation, consultation, and communication on occupational health and safety	
403-5		Worker training on occupational health and safety	
403-6		Promotion of worker health	
403-7		Prevention and mitigation of occupational health and safety impacts	
403-9	KPI B2.1, B2.2 & B2.3	Work-related injuries	
			<ul style="list-style-type: none"> • Influencing the Supply Chain (p.85) • Empowering Our People (p.83) • Influencing the Supply Chain (p.85) • Corporate Website – Sustainability > Performance & Reporting
Training and Education			
GRI 103: Management Approach 2016			
103-1		Explanation of the material topic and its boundary	<ul style="list-style-type: none"> • Sustainability Governance (p.69–71) • Empowering Our People (p.81)
103-2	GD-B3	The management approach and its components	
103-3		Evaluation of the management approach	
GRI 404: Training and Education 2016			
404-1	KPI B3.2	Average hours of training per year per employee	<ul style="list-style-type: none"> • Empowering Our People (p.81) • Corporate Website – Sustainability > Performance & Reporting
404-3		Percentage of employees receiving regular performance and career development reviews	
Non-discrimination			
GRI 103: Management Approach 2016			
103-1		Explanation of the material topic and its boundary	<ul style="list-style-type: none"> • Sustainability Governance (p.69–71)
103-2	GD-B1	The management approach and its components	
103-3		Evaluation of the management approach	

GRI Indicator	HKEx ESG Guide	Description	References and Remarks
GRI 406: Non-discrimination 2016			
406-1	GD-B1	Incidents of discrimination and corrective actions taken	There were no confirmed instances of non-compliances or grievances during the reporting period.
Labour Standards			
	GD-B4	Policies and compliance on child and forced labour	<ul style="list-style-type: none"> Sustainability Governance (p.69–71) Influencing the Supply Chain (p.85) There were no confirmed instances of non-compliances or grievances during the reporting period.
	KPI B4.1	Measures to review employment practices to avoid child and forced labour	
	KPI B4.2	Steps taken to eliminate such practices when discovered	
Community Investment			
	GD-B8, KPI B8.1 & B8.2	Focus areas of contribution and resources contributed	<ul style="list-style-type: none"> Fostering Sustainable Communities (p.88–89)
Supplier Social Assessment			
GRI 103: Management Approach 2016			
103-1		Explanation of the material topic and its boundary	<ul style="list-style-type: none"> Sustainability Governance (p.69–71) Influencing the Supply Chain (p.85)
103-2	GD-B5	The management approach and its components	
103-3		Evaluation of the management approach	
GRI 414: Supplier Social Assessment 2016			
414-1	KPI B5.2 & B5.3	New suppliers that were screened using social criteria	<ul style="list-style-type: none"> Influencing the Supply Chain (p.85)
Customer Health and Safety			
GRI 103: Management Approach 2016			
103-1		Explanation of the material topic and its boundary	<ul style="list-style-type: none"> Sustainability Governance (p.69–71) Caring for the Customers (p.86–87) There were two non-compliance cases during the reporting period.
103-2	GD-B6	The management approach and its components	
103-3		Evaluation of the management approach	
GRI 416: Customer Health & Safety 2016			
416-1		Assessment of the health and safety impacts of products and service categories	<ul style="list-style-type: none"> Caring for the Customers (p.86–87)
Customer Privacy			
GRI 103: Management Approach 2016			
103-1		Explanation of the material topic and its boundary	<ul style="list-style-type: none"> Sustainability Governance (p.69–71)
103-2	KPI B6.5	The management approach and its components	
103-3		Evaluation of the management approach	
GRI 418: Customer Privacy			
418-1	KPI B6.2	Substantiated complaints concerning breaches of customer privacy and loss of customer data	There were no confirmed substantiated complaints or losses of customer data during the reporting period.
Product Responsibility			
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	<ul style="list-style-type: none"> Caring for the Customers (p.87) We were not made aware of any recall of products for health and safety reasons that have a significant impact on the Group during the reporting period.
	KPI B6.3	Practices relating to observing and protecting intellectual property rights	
	KPI B6.4	Quality assurance process and recall procedures	

Verification Statement – Corporate Sustainability Report



Scope and Objectives

Hong Kong Quality Assurance Agency (“HKQAA”) performed a limited assurance engagement on the sustainability disclosures stated in the Corporate Sustainability section of Annual Report 2020 of New World Development Company Limited (“NWD”) and the supplementary information on NWD’s website under the sustainability section (collectively “The Report”) for the period from 1st July 2019 to 30th June 2020.

The Report has been prepared in accordance with the Global Reporting Initiative Sustainability Reporting Standards (“GRI Standards”) – Core option and the requirements stipulated in the latest Environmental, Social and Governance Reporting Guide (“ESG Reporting Guide”) set out in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“HKEx”) as well as making reference to the Task Force on Climate-related Financial Disclosures (“TCFD”) requirements for disclosing climate change actions.

Our responsibility is to express an assurance conclusion on the completeness, accuracy and reliability of the sustainability data and information stated in the Report. The objectives are to:

- assess whether the scope of the Report covers all significant aspects;
- verify whether the Report addresses the Core option of the GRI Standards, the ESG Reporting Guide and the TCFD’s recommendations;
- evaluate accuracy of the selected data and information presented in the Report including Environmental Performance Data, Social Performance Data, numbers on Overview of SV2030, sustainability-linked loan environmental impact reduction performance, etc.; and
- review whether the data and information management mechanism for preparing the Report is reliable.

Level of Assurance and Methodology

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the International Standard on Assurance Engagements (ISAE) 3410, Assurance Engagements on Greenhouse Gas Statements issued by the International Auditing and Assurance Standards Board. The verification procedure was designed for devising opinions and conclusions to obtain a limited level of assurance. The extent of this verification process undertaken covered the criteria specified in the GRI Standards: Core Option, the ESG Reporting Guide and TCFD’s recommendations.

Within the scope of our verification, we conducted the following procedures and activities:

- reviewing internal systems and processes for collecting, analysing, aggregating and reporting of the performance data,
- verifying performance data including Environmental Performance Data, Social Performance Data, numbers on Overview of SV2030, sustainability-linked loan environmental impact reduction performance, etc.,
- interviewing responsible personnel with accountability for preparing the Report, and
- examining raw data and supporting evidence of the selected samples according to the risk-based sampling plan.

Independence

NWD is responsible for the collection and presentation of the information. HKQAA did not involve in the collection and calculation of data or the compilation of the reporting contents where HKQAA’s verification activities are entirely independent from NWD.

Conclusion

Based on the verification procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the information and data stated in the Report has not been prepared, in all material aspects, in accordance with the GRI Standards: Core Option, the ESG Reporting Guide and TCFD’s recommendations. The data and information verified are regarded as accurate, consistent, reliable and complete.

Signed on behalf of Hong Kong Quality Assurance Agency

Connie Sham
Head of Audit
Hong Kong Quality Assurance Agency
September 2020

Verification Statement – Carbon Audit



Scope and Objectives

Hong Kong Quality Assurance Agency (“HKQAA”) conducted an independent verification of the Greenhouse Gas (“GHG”) emissions inventory (“Emissions Inventory”) of New World Development Company Limited (“NWD”). The GHG Emissions Inventory comprised of 20 Assets and covered the period from 1st July 2019 to 30th June 2020. The aim of this verification was to provide a limited assurance on the completeness and accuracy of the data consolidated in the GHG Emissions Inventory by NWD. The quantification approach is reference to ISO 14064-1:2006 ‘*Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals*’.

The 20 commercial and retail assets included in the GHG Emissions Inventory are 1) Guangzhou K11 Art Mall, 2) Guangzhou K11 ATELIER, 3) Shanghai K11 ATELIER and Art Mall, 4) Wuhan K11 Select, 5) D•PARK, 6) Hong Kong K11 Art Mall, 7) K11 ATELIER Victoria Dockside, 8) Beijing Boading Building Shopping Arcade, 9) Langfang New World Centre, 10) Tangshan New World Centre, 11) Guangzhou Park Paradise, 12) Wuhan New World Centre, 13) Wuhan New World International Trade Tower 1 & 2, 14) Artisan Hub, 15) Hong Kong Golf and Tennis Academy (HKGTA), 16) KOHO, 17) Manning House, 18) New World Tower 1 & 2, 19) The Forest and 20) Youth Square.

Methodology

Within the verification scope, HKQAA reviewed the activity data and supporting evidence of the selected samples out of the 20 assets. The verification was conducted in accordance with ISO 14064-3:2006 ‘*Specification with guidance for the validation and verification of greenhouse gas assertions*’. The process included an assessment of:

- The reporting boundaries;
- The quantification methodology and emission factors;
- The integrity of the activity data and supporting evidence; and
- The accuracy and completeness of the GHG calculations.

Integrity and accuracy of the aggregated data was tested by tracing the selected sample data back to its source. The underlying processes for data collection, aggregation, estimation, calculation and internal checking were reviewed and undergone reliability test. Materiality threshold of 10% was adopted for this verification. HKQAA verification team did not partake in the GHG data preparation process.

Conclusion

Based on the verification results, the verification team concluded that no material error or omission was identified in the GHG Emissions Inventory. There is no evidence that the GHG Emissions Inventory is not materially correct and is not a fair representation GHG data and information.

Total GHG emissions of the 20 Assets of NWD from 1 July 2019 to 30 June 2020:

FY2020 GHG Emissions	Tonnes of CO ₂ equivalent
Scope 1	1,368
Scope 2	83,172
Total (Scope 1 + Scope 2)	84,540
Scope 3	Not Reported
Total (Scope 1 + Scope 2 + Scope 3)	84,540

Signed on behalf of Hong Kong Quality Assurance Agency:

Ms. Connie Sham
Lead Verifier

Date of issuance: 9 September 2020

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