



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

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

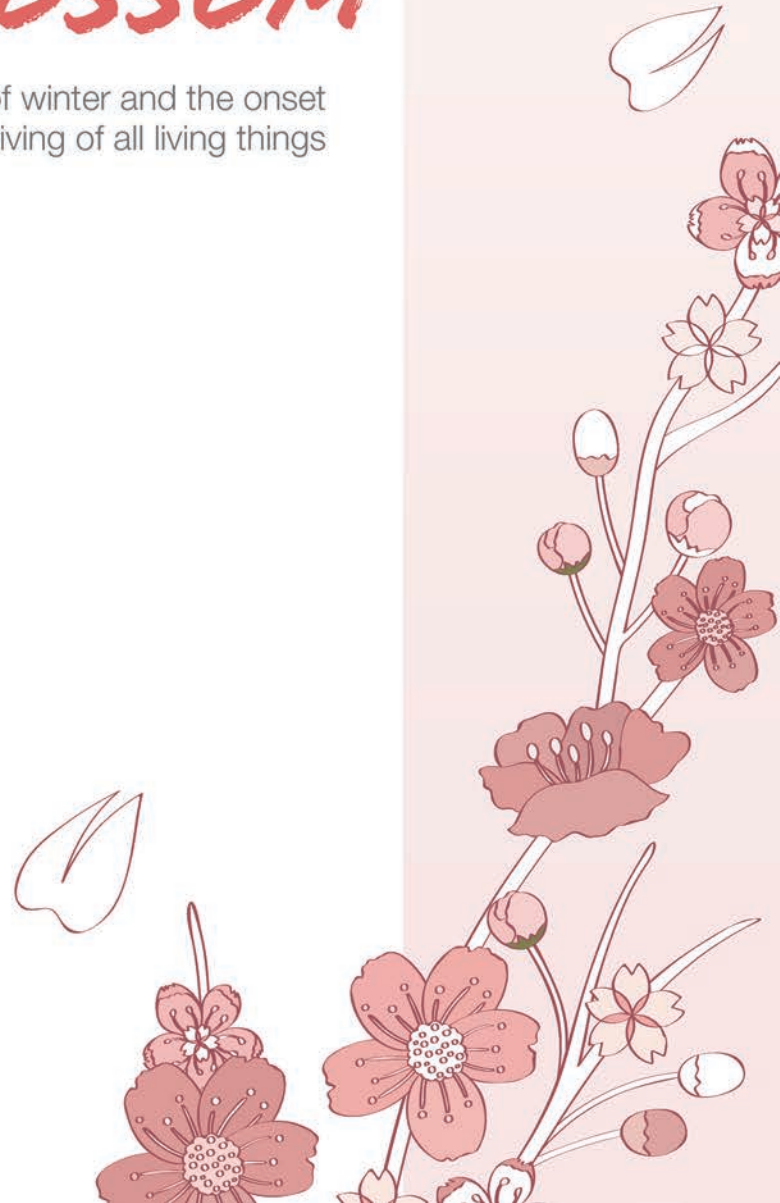


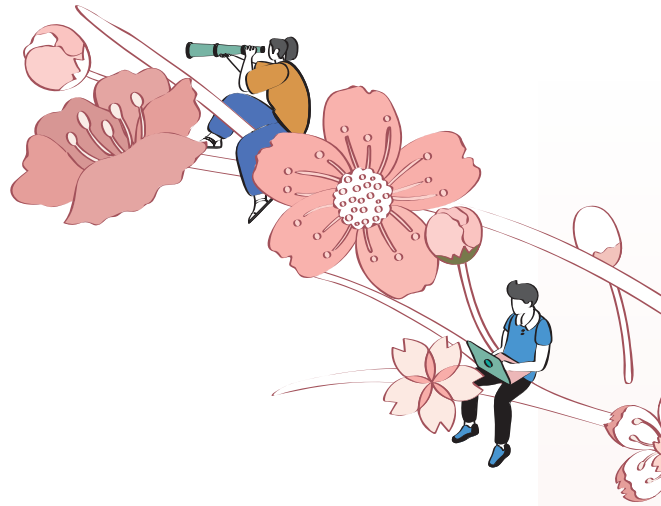
SUSTAINABILITY REPORT 2021



CHERRY BLOSSOM

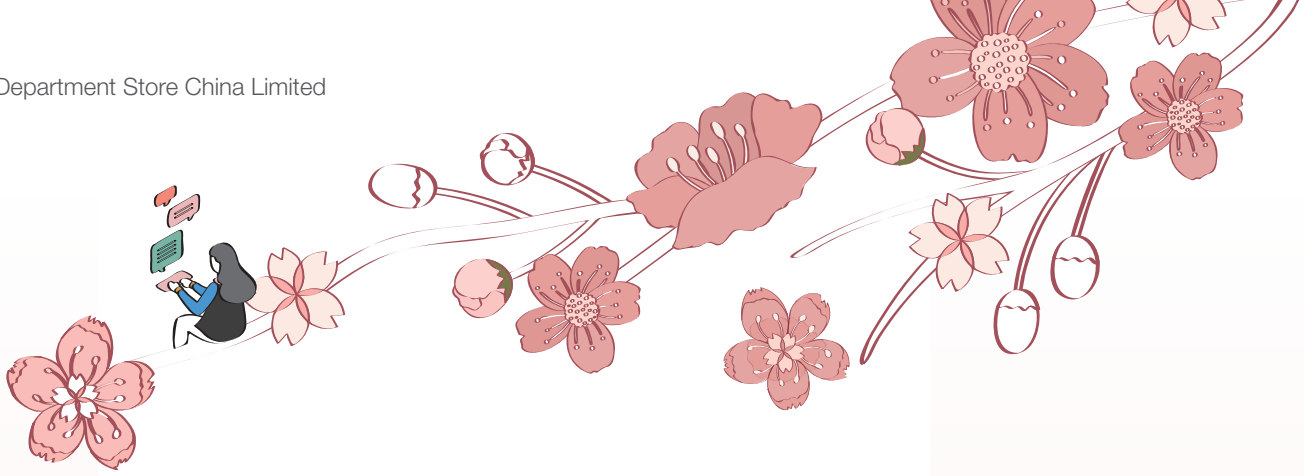
Symbolising the passage of winter and the onset of spring, as well as the thriving of all living things





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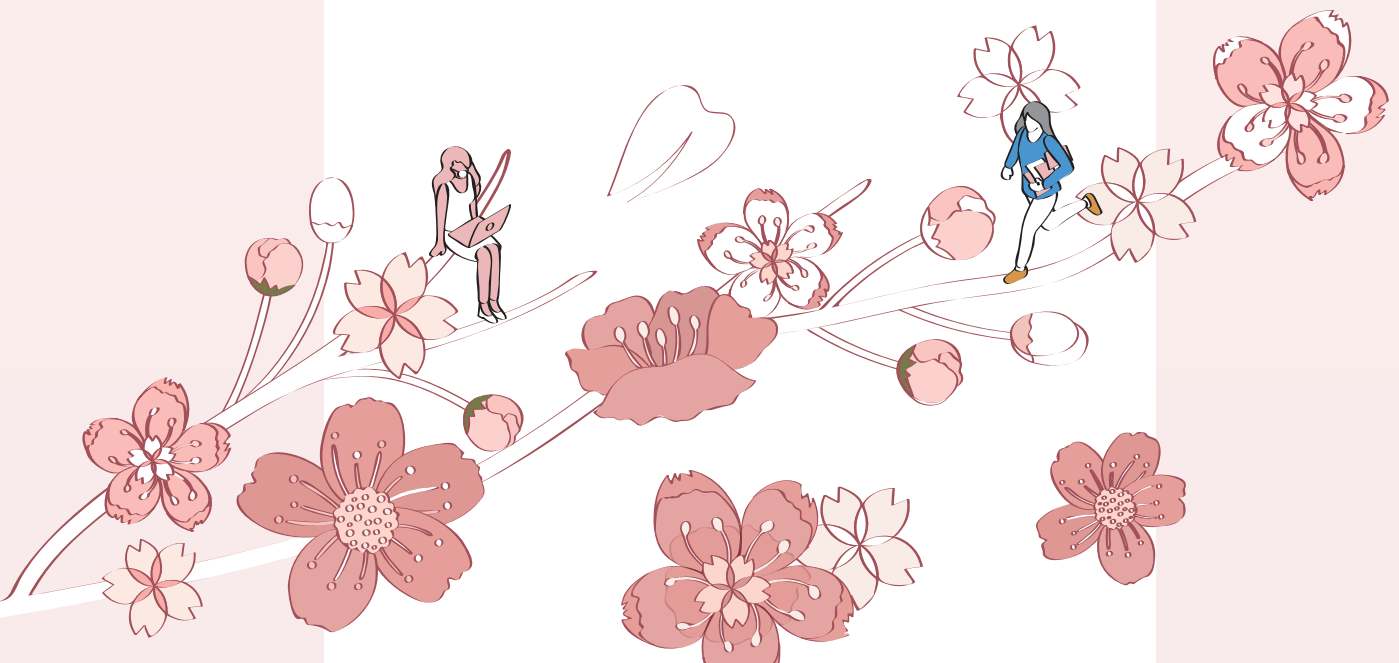
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REPORTING PERIOD

This Report provides an overview of the Group's ESG performance during the reporting period of 1 July 2020 to 30 June 2021 ("FY2021" or the "year under review") as well as the latest initiatives in FY2021 where specified.

REPORTING SCOPE AND BOUNDARY

The scope of the Report includes the Group's retail business in Mainland China, as well as its offices in Hong Kong and Shanghai.

Information on our sustainability performance covers the principal activities of the Group, which include 29 department stores and shopping malls, as well as two corporate offices. We conducted a stakeholder engagement and materiality assessment exercise to define the material topics to be included in this Report. The outcome is detailed in the sub-sections of "Stakeholder Engagement and Materiality Assessment" in the "Our Sustainability Approach" chapter.



REFERENCE AND ASSURANCE

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

To ensure reliability and credibility, we commissioned the Hong Kong Quality Assurance Agency ("HKQAA") to provide independent limited assurance for the Report, ensuring that it meets all requirements of the ESG Reporting Guide and the GRI Standards (Core option). Please refer to the "Assurance Statement" chapter.

YOUR FEEDBACK

Since FY2018, this Report is only available in digital format to minimise the environmental impact of issuing a print version. Supplementary information is available in the Annual Report 2021 (<https://www.nwds.com.hk/announcements/report>) or on the NWDS website under the Corporate Sustainability section (<http://www.nwds.com.hk/en/csr/>). We welcome your feedback on our Report and other sustainability-related matters. Please write to us at nwdsacad@nwds.com.hk.

MESSAGE FROM THE CHAIRMAN



FY2021 remains a challenging year with successive waves of COVID-19 continuing to affect some of our operations. However, it has also proved to be an opportunity for business to re-evaluate their sustainability strategies and plan out their path to decarbonisation. Through the year we have employed innovative yet pragmatic strategies to foster the pace of online and offline integration. We have also actively sought out new brands, resources, and partnerships to continuously optimise our product offerings and tenant mix to maintain strong and sustainable business growth. Although we continue to weather challenging times, we have retained the focus on our New World Sustainability Vision 2030 (“SV2030”) to meet our development milestones with purpose and optimism. NWDS Sustainability Report 2021 highlights our efforts to protect the environment and the integration of ESG considerations into our process and work.

Throughout the year we have made progress in digitalising our operations, driving innovation and integration to develop our online retail business, while reinforcing our position as a market and industry leader. Our ongoing investments in integrating advanced technology have enabled us to deliver more “user-centric” and smart shopping experiences. As the world moves out of the COVID-19 pandemic and global economies recover, customer experience remains at the core of what we do. NWDS is committed to staying alert to changing consumer behaviours and trends, and will continue to explore new business technologies to stay competitive within the marketplace and consistently strive for efficient and creative business operations.

Over the years, we have continued to review our environmental performance and implement initiatives to reduce the ecological footprint of our business. In FY2021, we pursued multiple environmentally and socially responsible measures to meet growing customer expectations on environmental conservation and support our sustainability goals. The Group leverages technology solutions such as the smart energy metering system to monitor electricity consumption and identify improvement areas. Moreover, we continue to take measures in waste reduction by cutting back on the use of disposable items and collaborating with employees, customers, business partners, NGOs, etc. With these combined efforts, the carbon emissions and energy consumption of the Group have been on a steady decline. We are proud of the progress made such far, but are committed to doing more to build a better and greener shopping experience for our customers.

The health and wellness of our employees are of utmost concern to our business. Similarly to the previous year, we take a holistic approach to protect our employees and customers against COVID-19, from the distribution of surgical face masks to additional hygiene and health training. We continue to support diversity, equity, and inclusion to make the Group a place where employees can perform their best for our customers. We keen on developing leaders of the future, recruiting new talents, and equipping employees with future-ready skills.

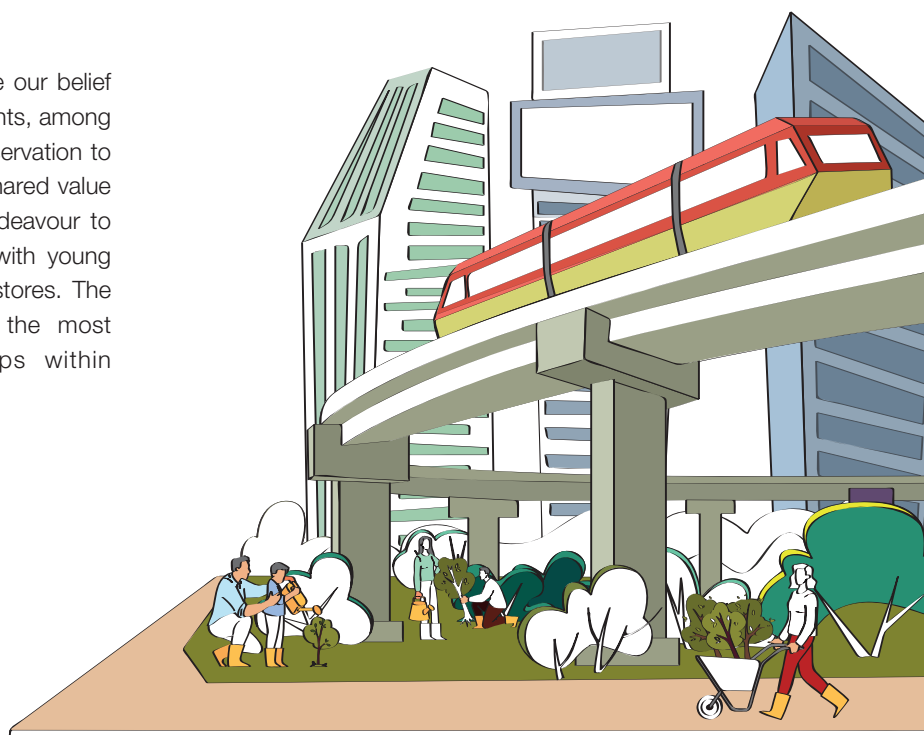
Our various community-driven initiatives reinforce our belief of being strong community supporters. From events, among others, aiming to raise awareness of nature conservation to supporting autistic children, we seek to create shared value for the communities we operate in. We also endeavour to popularise art in the community, collaborating with young local artists to showcase their creations in our stores. The Group will continue to prioritise caring for the most vulnerable by fostering strong relationships within communities.

Though the road to recovery from the COVID-19 crisis is challenging, it is undeniable that Environmental, Social and Governance factors will become ever more critical in the new normal. Together with the stakeholders in our sustainability journey, we remain steadfast in our commitment to advance the sustainability agenda and make progress towards our SV2030 targets.

Dr. Cheng Chi-kong, Adrian

Chairman

Hong Kong, November 2021



2021 SUSTAINABILITY PERFORMANCE HIGHLIGHTS



Our proactive management of our sustainability performance has resulted in positive outcomes, and we are pleased to share our achievements below.



GREEN

- ☁ Total Greenhouse Gas Emissions (Scope 1 and 2)
 - ☁ **86,816** tonnes CO₂e/sq.m. (-13.3% compared with FY2020)
- ☁ Energy intensity of all operations
 - ☁ **0.473** GJ/sq.m. (-6.7% compared with FY2020)
- ☁ Water intensity of all operations
 - ☁ **0.508** m³/sq.m. (-19.5% compared with FY2020)
- ☁ Integrated **ESG factors** including climate-related risks into the bi-annual risk management review
- ☁ **Suspended provision of plastic bags and single-use plastic items** in department stores, with some stores offering **biodegradable or paper alternatives**



WELLNESS

- ☁ Organised **464** staff caring activities, including sporting events and day outings to promote wellness and a positive work culture
- ☁ Offered training on managing stress and emotions in the workplace on our NWDS Cloud Academy e-learning platform
- ☁ **33** facilities to enhance employee wellness across our department stores and shopping malls including staff recreational facilities, rest areas, nursery rooms, and canteens.
- ☁ Updated our *Safety Management Policy* with a more robust set of emergency response procedures and organised drills to better prepare employees for emergency situations
- ☁ 0 fatalities for employees and a decrease in the lost time incident rate in FY2021



CARING



- ☁ **52.9%** of management positions are taken up by women
- ☁ Provided **25.5** hours of training per staff
- ☁ **208** family-friendly facilities across our department stores and shopping malls including children play zones, baby cart rental services, children restrooms and nursery rooms
- ☁ **1,124** volunteers and **15,094** volunteering hours
- ☁ Launched the "**New Wings**" initiative targeting the talent development of mid-level staff



SMART

- ☁ Launched the trial of "**Eco-World**" **metering system** to improve stores' energy data collection and monitoring to identify energy efficiency improvements
- ☁ Upgraded the "New Lab" online shopping platform to improve user experience and diversity product offerings
- ☁ Maintained **40** official WeChat and Weibo accounts of the Group and its stores with over **4.33 million** "fans"
- ☁ Installed **self-checkout kiosks with facial recognition and contactless payment functions** at supermarket to elevate shopping experience
- ☁ Introduced additional cybersecurity measures to the NWDS website to enhance protection of user data privacy and mitigate other cybersecurity risks
- ☁ Managed **6,603** brands on our online brand centralisation platform

ABOUT NWDS

29 Strategic Footholds  **17** Major Locations 

	Date of Opening	Approximate GFA (sq.m.)
Northern China Region		737,500
Beijing Chongwen Store	July 1998	117,200
Beijing Liying Store	September 2008	52,000
Beijing Qianzi Store	September 2010	55,600
Beijing Trendy Store	March 2007	31,200
Changsha Trendy Plaza	September 2006	35,000
Harbin Store	November 1996	50,000
Lanzhou Store	September 2005	28,500
Shenyang Jinqiao Road Trendy Plaza	May 2011	34,000
Tianjin Store	October 1997	57,000
Xi'an Trendy Plaza	December 2012	58,700
Yanjiao Store	April 2013	32,000
Yantai Store	December 2013	55,600
Zhengzhou Store	April 2011	35,500
Wuhan Jianshe Store	November 1994	42,000
Wuhan Wuchang Branch Store	October 2005	24,000
Wuhan Xudong Branch Store	January 2008	29,200
Southern China Region		471,850
Chengdu Store	December 2006	30,000
Chongqing Store	September 2006	42,000
Kunming Store	June 2004	12,600
Mianyang Store	December 2011	35,000
Nanjing Store	November 2007	41,200
Shanghai Baoshan Branch Store	January 2010	39,000
Shanghai Chengshan Branch Store	April 2010	38,000
Shanghai Huaihai Branch Store	December 2001	22,500
Shanghai Pujian Branch Store	September 2007	46,000
Shanghai Qibao Branch Store	December 2005	36,550
Shanghai Shaanxi Road Branch Store	November 2011	42,000
Shanghai Tianshan Road Branch Store	August 2013	43,000
Shanghai Wujiaochang Branch Store	December 2006	44,000
TOTAL GROSS FLOOR AREA		1,209,350



COMPANY'S BACKGROUND

New World Department Store China Limited (Hong Kong Stock Code: 825), along with its subsidiaries (collectively “NWDS” or the “Group”) is the retail flagship of New World Development Company Limited (Hong Kong Stock Code: 17; “NWD” or the “Parent Company”) in Mainland China. Founded in 1993, the Group looks to grow its business by adopting forward-looking expansion strategies of “multiple presences within a single city” and “radiation city”. The Group was listed on the Main Board of SEHK in 2007. As of 30 June 2021, NWD owned 75% shares of the Group.

NWDS, headquartered in Hong Kong, has become one of the largest owners and operators of department stores in Mainland China. To consolidate and focus its resources, the Group closed one store, namely Wuhan Trendy Plaza, in FY2021. As of 30 June 2021, we operated 29 department stores and shopping malls with a total retail gross floor area (“GFA”) of about 1,209,350 square metres (“sq.m.”), covering 17 key locations across the country.



THE YEAR IN REVIEW

Business Overview in FY2021

Following the significant impact of the COVID-19 pandemic on the Group’s business, offline consumption has been slowly recovering, alongside the normalisation of pandemic controls and growing pace of COVID-19 vaccinations. Despite the challenge, the Group has retained the focus on balancing between upholding anti-virus protection measures and driving socio-economic development to resume normal life and evoke the vibrancy of its business.

Multiple projects were also pursued in support of steady and continual business growth. In FY2021, we have reformed and upgraded several stores to continually optimise customer experience, diversified of our tenant and product-mix, and enhanced cooperation across different business sectors. In addition, the Group has actively driven reform through the integration of online and offline marketing tactics to capture retail sales. These combined efforts have helped our Group to cater to the needs of different customer segments, bolster and reinforce our core competitiveness, and diversify our capabilities for long-term revenue generation.

By taking steps to achieve better cost management, optimising our operation model, and improving our operational efficiencies, we have shown initial results in mitigating the disruption posed by the COVID-19 pandemic on our business and operations.

Department Store Business

In light of the volatile market conditions of the post-pandemic era, the Group maintains a close watch on shifts in consumer shopping habits to best capture their needs and enrich customer experience. Nine stores were renewed and upgraded in FY2021 to diversify in-store offerings, and appeal to a wider range of customers.

The Group has adapted to the emergence of the “stay-at-home economy” by further developing its e-commerce platform “New Lab” and bring greater momentum to its growth. The Group has been boosting members’ privileges to provide more value-added services, with an accumulation of over 4.33 million “fans” subscribed on the official WeChat and Weibo accounts of the Group and its stores. As of 30 June 2021, the total number of registered VIP members of all stores exceeded 6.41 million, an increase of 5.3% compared to the prior year.

Private Label Business

The Group's supermarkets and convenience store took active steps to ensure a continuous flow of daily necessities and sanitary products to customers in order to fight the pandemic. In FY2021, we continue to develop better tangible and intangible experiences, further integrating innovative products and services, while continuing to enhance our sustainable development capabilities.

New World Supermarket

The Group has four "New World Supermarket" located in Beijing, Lanzhou, Yantai and Wuhan. The renovation of Beijing Chongwen Supermarket was completed in July 2021 to elevate the overall customer experience and enhance customer acquisition. This included an expansion of product portfolio, improvement of in-store visual design and the introduction of diversified mobile payment options. Newly installed self-checkout kiosks supporting facial recognition and contactless payments further delivers an exceptional shopping experience and keeps our operations safe and hygienic.



Natural taste plus



N+ Convenience Store

The Group has one "N+ Convenience Store" in Beijing Dongcheng District. Our "N+ Convenience Store" has constantly expanded and refreshed product offerings to adapt to consumers' needs and preferences, while remaining a popular choice for young consumers. We seek to provide convenient yet quality services for daily life and create value for customers.



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

LOL is a private label under NWDS with a brand philosophy based on four essential elements — Taste, Fashion, Originality and Life. As of 30 June 2021, LOL operated nine stores in Beijing and Shanghai. During the reporting period, LOL introduced products made of natural materials such as cork bags and rose accessories to encourage sustainable consumption practices. Going forward, the Group will continually adjust LOL's product ranges by introducing trendy items and sharing this brand philosophy with the entire supply chain.



Financial Performance Highlights

Revenue

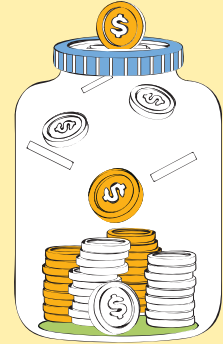


HK\$
2,246.0

million

FY2021

Loss

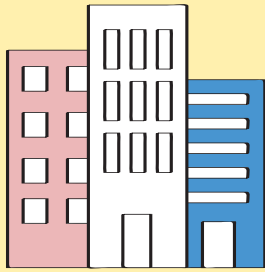


HK\$
229.4

million

FY2021

Total GFA

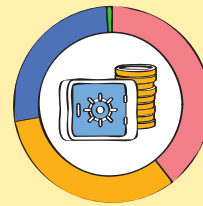


1,211,288

sq.m.¹

FY2021

Key Sources of the Group's Revenue



● **Commission income from concessionaire sales**
39.8%

HK\$893.0 million

● **Rental income**
31.3%

HK\$703.4 million

● **Sales of goods for direct sales**
28.2%

HK\$633.6 million

● **Interest income from finance leases as the lessor**
0.7%

HK\$16.0 million

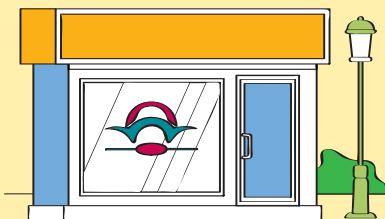
FY2021

Retail Network

21

“New World”
(「新世界」)

branded department stores



17

key locations
in Mainland China



8

“Ba Li Chun Tian”
(「巴黎春天」)

branded department stores
and shopping malls



¹ Total Gross Floor Area includes 29 stores and malls and 2 corporate offices.

OUR SUSTAINABILITY APPROACH

NWDS endeavours to put sustainability at the heart of its business activities. We seek to better empower people, protect our environment, and bring value to our local communities in our strategic planning and operations.

The New World Sustainability Vision 2030 (“SV2030”) has guided our strategic direction since 2018, in line with our Parent Company’s sustainability ambition and direction. We are dedicated to optimising our business activities to be more responsible and responsive, and prioritise our sustainability goals in advancing a modern, metropolitan lifestyle that brings creativity, foresight, and efficiency to our customers.

SUSTAINABILITY GOVERNANCE

NWDS has a long-standing commitment to the continual integration of sustainability across our business. We achieve this through clear lines of accountability and responsibility to facilitate effective and meaningful decision making.

NWDS Sustainability Steering Committee

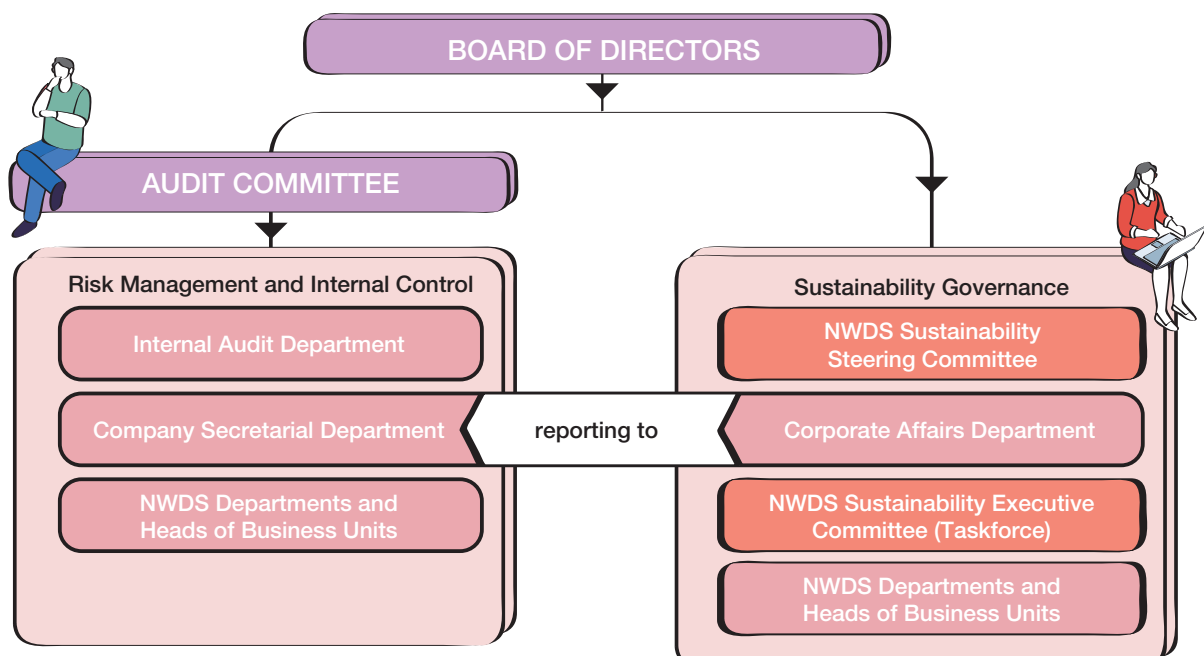
Sustainability is embedded at all levels of NWDS, including the Board, the NWDS Sustainability Steering Committee (“SSC”), the Executive Committee, and all core businesses. This governance structure ensures that the progress of the Group’s sustainability agenda is in line with SV2030.

The Board serves as the highest level of authority overseeing sustainability issues. The Board meets regularly to provide strategic guidance for the Group, review sustainability practices and performance of NWDS, and supervise progress of the various sustainability measures. The Board and members of senior management have also received external training from ESG experts to stay updated on new developments, risks and issues in the sustainability field.

The Board conducted two meetings throughout FY2021 to discuss specific ESG topics. The focus of these discussions was tracking performance to achieving SV2030 carbon and energy targets. Other topics addressed include climate-risk evaluation and disclosures, store-level carbon reduction initiatives, and updates on store-level sustainability activities.

The SSC was established with a mandate from the Board in 2010 to drive the Group’s sustainability goals and strategies. The SSC is chaired by the head of the Corporate Affairs Department and is further comprised of senior managerial staff from relevant departments and business units.

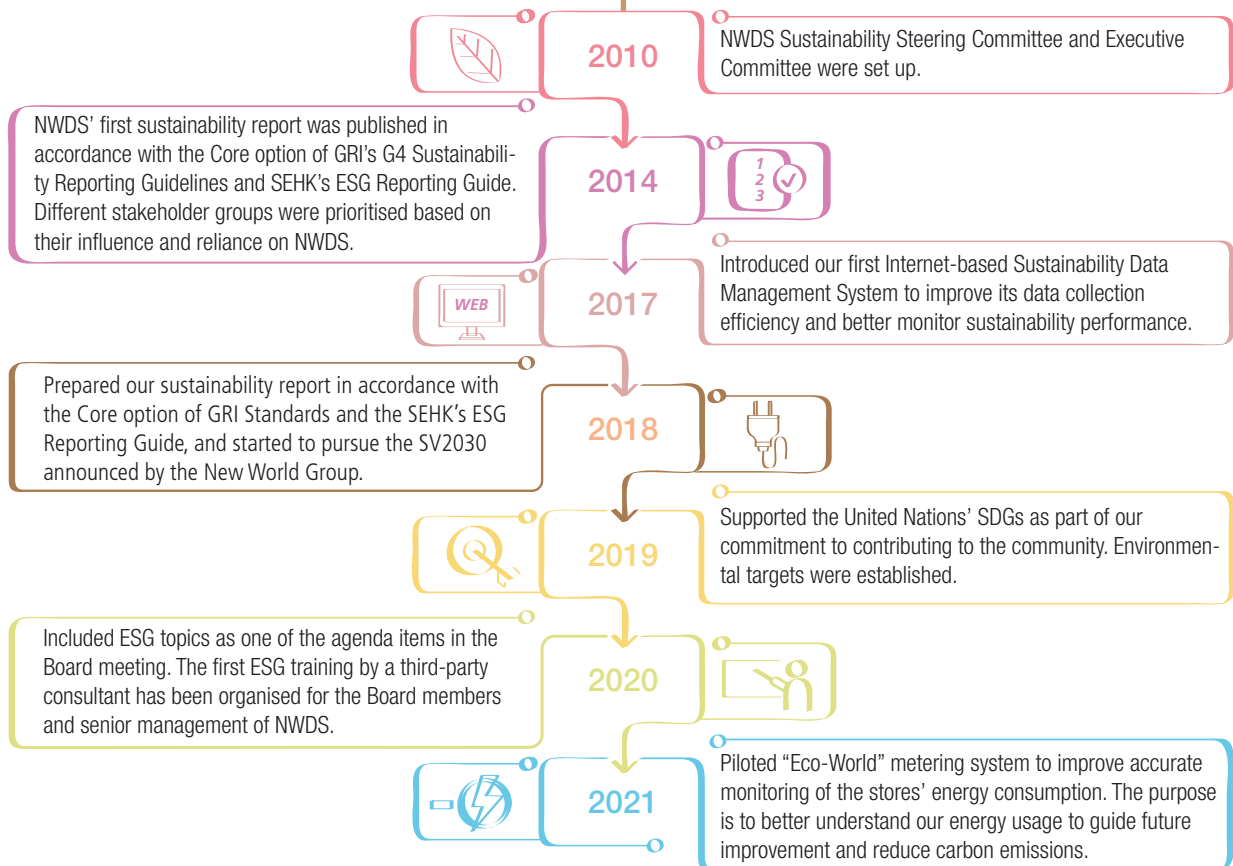
NWDS’ Sustainability Governance Structure





[^] refers to the policies that have been updated in the year under review.

Moving along our sustainability journey



SUSTAINABILITY STRATEGY

Our sustainability strategy empowers us to contribute as responsible and responsive corporate citizens.

New World Sustainability Vision 2030



**NEW WORLD
SUSTAINABILITY
VISION 2030**





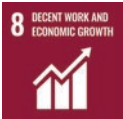


In line with our Parent Company's sustainability ambition and direction, we have been pursuing the New World Sustainability Vision 2030 since FY2018, which provides us with a guiding framework to continually fulfil our commitment and drive improvement through four key pillars: **Green, Wellness, Smart** and **Caring**.

We are committed to the following three United Nations' Sustainable Development Goals ("SDGs") in our journey towards sustainability:

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

By aligning our SV2030 with these three SDGs, we aim to prioritise what matters the most to our business and stakeholders, to better utilise our resources in contributing to these selected goals.

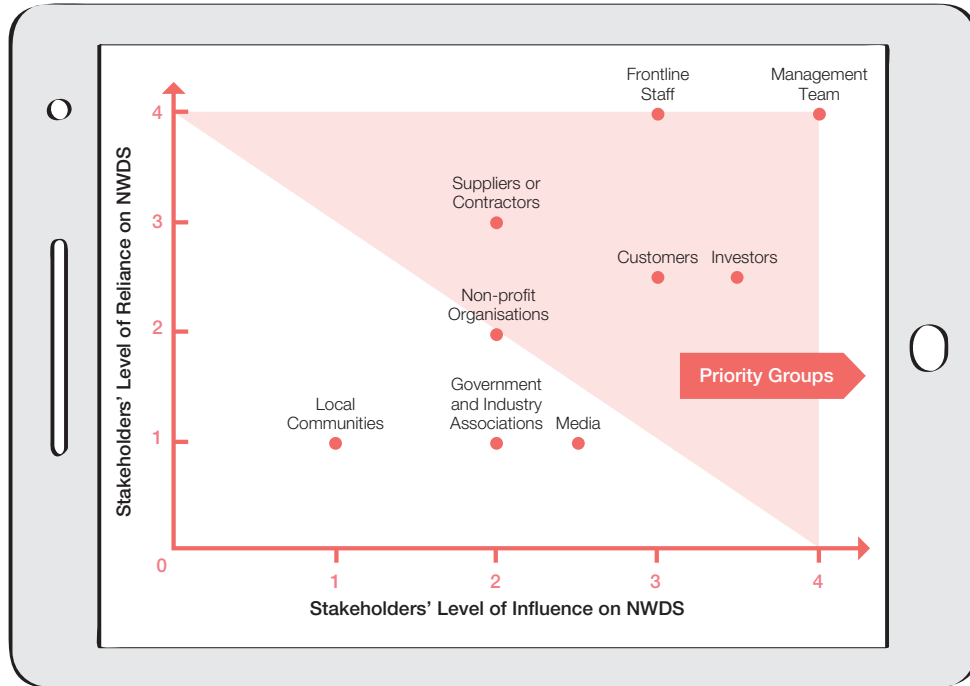
In 2019 we set quantifiable environmental targets for energy consumption and greenhouse gas ("GHG") emissions to advance our path towards SV2030. The Board regularly monitors the progress in carbon and electricity reduction, and we plan to set water and waste reduction targets in the near future. See the "Environment" chapter for more details.

SDGs	SV2030 Pillars	
	Green 	We preserve the environment through the way we operate (e.g. sustainable procurement) and by investing in green initiatives (e.g. clean energy, climate resilience and resource efficiency measures) that will make our cities fit for the future.
	Wellness 	We enhance well-being through our business ventures and wellness programmes, and by designing spaces that work better for people.
	Smart 	We enable green, wellness-related and caring initiatives with technology and collaboration.
	Caring 	We create opportunities wherever we are by supporting local communities, providing training for our people and their families, as well as preserving local heritage and identity for all to enjoy.

STAKEHOLDER ENGAGEMENT

Stakeholders provide valuable insight into our priorities. We actively engage with our stakeholders who are highly influential to our business and whom our operations significantly affect. Ongoing dialogue helps us better understand their expectations, priorities, and concerns, thus informing our strategies and decisions that align with their values. The priorities of our various stakeholder groups have been identified with the support of a third-party consultant.

NWDS' Stakeholder Engagement Prioritisation Matrix



Proactive Engagement for Deeper Stakeholder Relationships

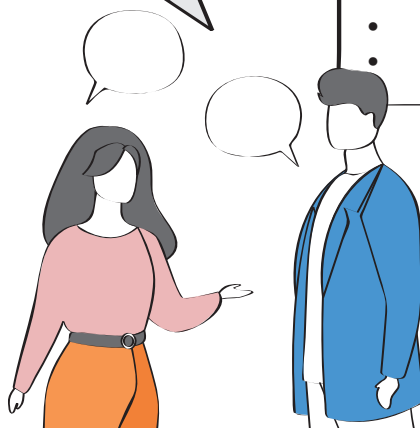
Multiple forms of engagement and transparent communication channels were established to encourage stakeholders to share their opinions and give feedback.

Management team

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

General staff

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



Shareholders and investors

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

Non-profit organisations

- Joint events

Customers

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

Suppliers or contractors

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

Media

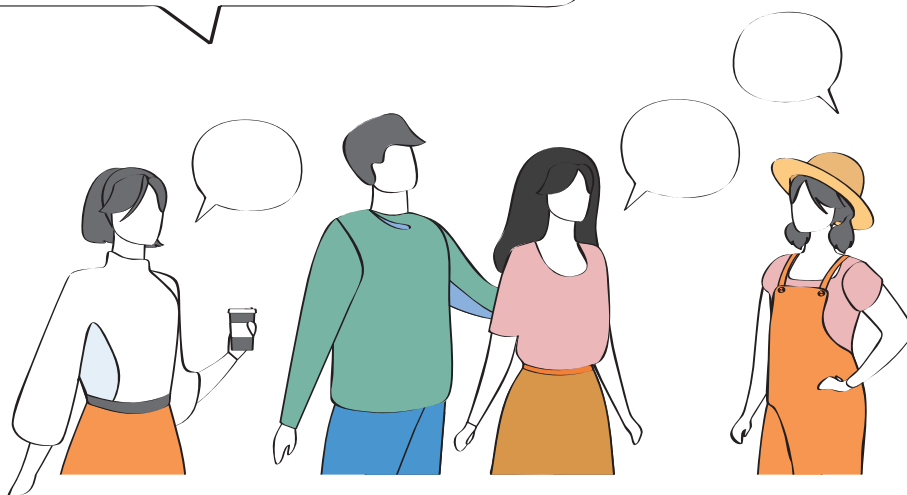
- Media interviews and releases
- Feedback and responses to media enquiries

Government and industry associations

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

Local communities

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



NWDS' Responses to Stakeholders' Opinions

The following table indicates some highlights of feedback from stakeholders and the responses we made accordingly. We take necessary actions to address any stakeholder concerns as part of our effort to continuously improve our sustainability performance.

Stakeholder comments and expectations

Our responses

Maintain vigilant in protecting our stakeholders against COVID-19 related risks and alleviate the continued negative impact of the pandemic on business performance



- Standardised rental rates for NWDS department stores to adjust rates in line with market standards.
- Revised system for tenant management including the introduction of a new vacant tenant policy

Increase emphasis on sustainability by different stakeholders

- Held two Board meetings to review the sustainability practices and performance of NWDS, as well as supervise the progress of sustainability measures in place
- Revised our Safety Management Policy to include response measures against extreme weather events that may be climate-related

Take proactive measures to safeguard employees' health and well-being



- Provided incentives for employees to take the vaccination through offering flexible paid leave in support of the national vaccination exercise
- Offered additional medical insurance for potential side effects from the vaccination
- Conducted frequent disinfecting in high traffic areas in all stores and offices

Leverage new technology to ensure business continuity and enhance operational efficiency



- Introduced new cybersecurity measures to our websites to protect user data privacy
- Expanded offering of cloud-based e-learning from basic safety training to employee well-being workshops
- Introduced "Eco-World" metering system at our department stores to better understand electricity usage for continuous improvement

Concern about the corporate governance and risk management of NWDS



- Adopted a robust corporate governance structure as well as an effective internal control and risk management mechanism
- Incorporated ESG factors identified by department heads and store general managers in the risk assessment process
- Made public disclosures promptly as required

Improve user experience for new online shopping platforms given the shift in preference towards online retailing



- Upgraded "New Lab" in March 2021 to introduce new product offerings and further enhance user experience

Concern about customer data privacy issues

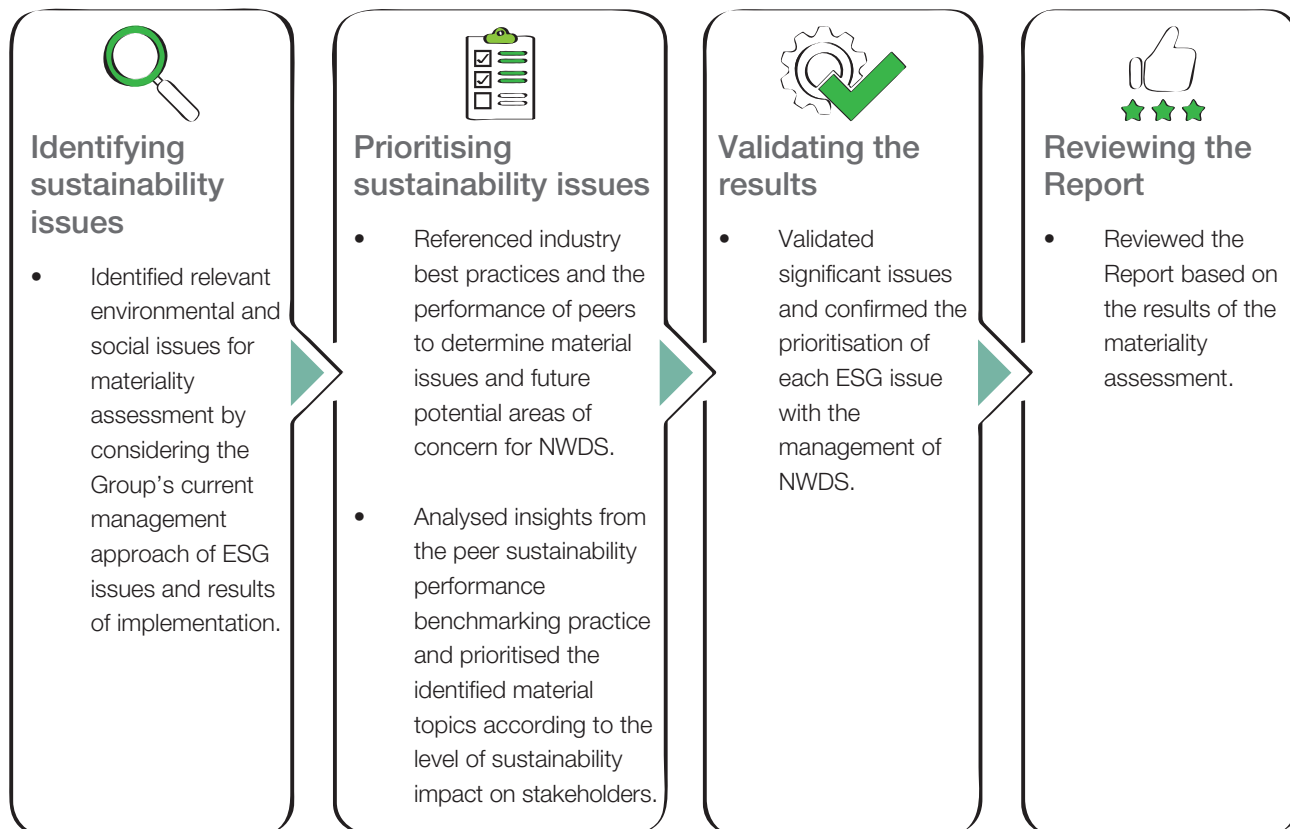


- Strengthened digital infrastructure and enhanced cybersecurity to safeguard online transactions and data transmission
- Conducted an internal Information technology ("IT") audit and engaged a third-party consultant to conduct an external IT audit



MATERIALITY ASSESSMENT

Through materiality assessments, we prioritise ESG issues that impact our businesses and develop our sustainability strategies and approaches accordingly. This allows us to effectively utilise our resources to address the significant issues that matter the most to both our business and our stakeholders. The following are the four-step process we have taken during the preparation of this year's report to determine relevant issues and their materiality according to the GRI Standards.



The list of material issues was mapped based on an in-depth review of industry standards and the sustainability performance of peers. The latest list of material issues falls into eight categories under the pillars of employees, operations, the environment and community, in line with our SV2030. In particular, the Group has placed greater focus on the health and safety of its employees based on both pandemic-related concerns and our fundamental value of employee wellbeing. We have also introduced additional measures to address the growing concerns of climate change risks related to energy, carbon emissions, and supply chain management.

Sustainability Material Aspects and Boundaries

SV2030 Pillars	Material Aspects	Topic Boundary	
		Within the Group	Outside the Group
Employees	Employee Welfare	X	
	Training and Development	X	
	Health and Safety	X	
Operations	Supply Chain Management	X	X
	Protection of Customer Data and Corporate Governance	X	
Environment	Energy and Carbon Emissions	X	X
	Waste Management	X	X
Community	Community Involvement	X	X

RISK MANAGEMENT

The Group adopts both top-down and bottom-up approaches in managing ESG-related risks. Risk management is integrated into our daily operations, involving all department stores and offices of the Group from the Board to operational levels.

Anti-corruption

NWDS has a zero-tolerance stance on any undesirable acts such as bribery, conflicts of interests, or fraud. Any alleged or potential violation is taken seriously by the Group, and disciplinary actions apply equally if any employee is found to be in breach of the Group's policy.

NWDS reviews the *Staff Code of Conduct* (the "Staff Code") regularly to ensure it is conducive to promoting our culture of "loyalty, righteousness, honesty and incorruptibility". As part of this ongoing commitment, the Group's Human Resources Department issued updated guidelines on Professional Ethics and Confidentiality policies. Senior management have also undergone additional training to strengthen their knowledge on ethical business conduct, with 87.5% of Group directors completing 10.5 hours of training on anti-corruption policies and procedures.

In FY2021, there were no incidents of non-compliance with laws and regulations regarding anti-corruption.

Conflicts of Interest

We have procedures and policies in place to manage conflicts of interest involving our employees. Formal reporting and approval procedures facilitate employees in declaring any personal benefits received as well as any potential conflicts of interest, for instance, through the submission of the *Conflicts of Interest Declaration Form* or *Personal Benefits Declaration Form*. Employees with a conflict of interest or facing a potential conflict of interest are required to adhere to specific rules and undergo training to manage such conflicts.

Grievance Management

The Group values open and candid communication with its stakeholders, and encourages the reporting of possible improprieties, such as suspected internal business irregularities, human rights abuse, and workplace misconduct. Grievance and whistle-blowing channels are in place for this purpose, with the Board and management responsible for addressing all whistle-blowing reports on suspected wrongdoings. We make every effort to ensure that any employee concerns raised will be handled confidentially and fairly.

ESG Risk Management

The Board identifies and evaluates ESG risks faced by the Group to ensure an effective system is in place to manage risks, with controls implemented and reviewed regularly. This governing measure is implemented in accordance with SEHK's ESG Reporting Guide.

In FY2021, the Group reviewed its risk management system and internal control system, and issued the *Integrated Internal Control Self-assessment Certificate* and *Risk Identification and Assessment Questionnaire*. This incorporates new ESG factors, such as climate-related risks, as one of the parameters for risk management criteria. As part of the risk management process, all functional units and corporate office departments are required to review and identify risk areas that may potentially affect their operations, rate the likelihood of these risks, and report the mitigation measures being taken or to be taken. The consolidated inputs from departments are reviewed by the Board to evaluate and determine the nature and extent of the risks. All identified material ESG risks are reported to the Parent Company's Board-level Sustainability Committee, which oversees all ESG issues material to the New World Group. Mitigation strategies are established for the areas identified to have significant impact on our business to ensure the effective monitoring and control of risk.

The enhanced risk management exercises enable the Group to strengthen operational resilience and its ability to adapt to the evolving risk landscape. For this reporting year, no high-risk areas were identified in FY2021.



EMPLOYEES



ORANGE LILY

Expressing the feelings of Respect and Gratitude



NWDS recognises that employees are our greatest assets to generating sustainable social value and profit, and we are dedicated to taking necessary steps to protect their health and well-being. Guided by SDG 3 “Good Health and Well-being”, we strive to create a supportive, healthy, and safe workplace through our employee welfare programmes, occupational health and safety system, and employee engagement initiatives.



In line with SDG 8 “Decent Work and Economic Growth”, we seek to provide our employees with equal opportunities and holistic developmental support, while cultivating a pleasant and productive working environment for all. This improves employee engagement and promotes employees’ trust in the company, and importantly, fosters a greater sense of belonging. We believe these efforts help us better serve our customers, create long-term value for our stakeholders, and contribute to the wider community.

OUR APPROACH AND MEASURES

Diversity and Equal Opportunity

The Group continues to expand its efforts to support diversity, equity, and inclusion in the workplace where all individuals have equal opportunities to make the most of their capabilities. Our policies and practices are in place to reinforce these important values within the Group.

We strive to provide equal opportunities to disabled individuals by recruiting employees strictly based on their abilities through an impartial and transparent recruitment system. We acknowledge the value of diversity and do not tolerate any form of discrimination or harassment based on race, ethnicity, nationality, religion, beliefs, disability, gender, age, birthplace, sexual orientation, values and workstyles. As of 30 June 2021, 30 individuals with disabilities are members of the NWDS team as part of our efforts to provide equal employment opportunities.

We regularly review our policies regarding remuneration packages, promotions, and comprehensive benefits to keep up with market standards, while also attracting and retaining talented staff. We strive to nurture young talents and provide high performers with the opportunity to progress quickly within the company. Accordingly, 61 employees have been promoted in this year alone, and as of 30 June 2021, 89 managerial roles were taken up by employees born in or after 1985.

Labour Standards

NWDS ensures that employees’ rights are protected by adhering to labour laws, regulations, and standards in the regions where it conducts business. Child labour and forced labour are strictly prohibited throughout our business. The Human Resources Department closely reviews the identity, qualifications, and age of the candidates during the recruitment screening process to prevent child labour.

During FY2021, there were no reported incidents of non-compliance with forced or child labour. There were nine labour-related disputes which have since been resolved. These disputes regarded payment for overtime work or leave, or the termination of employment contracts. NWDS has enacted measures in response to prevent similar cases in the future, including strict adherence to the overtime and leave policies, as well as reaching a consensus with departing employees to avoid labour disputes.

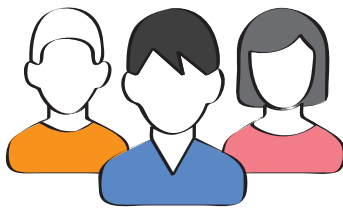


Employee Welfare and Benefits

We are committed to providing our employees with competitive compensation and benefits packages, supportive working conditions, and a good work-life balance. To ensure our employees are provided with the support and benefits that meet their needs, we reviewed and revised our *Personnel Rules and Regulations* and related policies in FY2021. These include guidelines on hiring and recruitment, employment contract management, and domestic and expatriate employee management policies. In addition, we also updated our Staff Code, providing the latest information on the hierarchy of job titles, appraisal practices and policies on overtime subsidies.

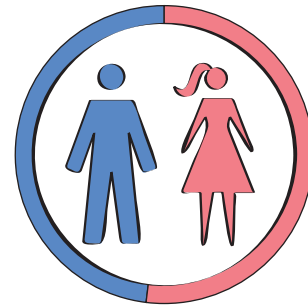
To boost staff morale, we have awarded more than RMB424,000 to 2,322 employees for their outstanding performance. A total of 90 employees have also been recipients of commendations for merit.

Our employees are entitled to enjoy a comprehensive and flexible package of benefits besides a competitive rate of remuneration, which include maternity leave, paternity leave, birthday leave, marriage leave, family planning leave, paid leave for injuries and occupational diseases, compassionate leave, perfect attendance leave and examination leave. Furthermore, the Group contributes a pro-rata amount to social insurance for basic medical protection, unemployment insurance, housing provident fund, and pensions for all full-time staff. Managerial-level employees also enjoy additional types of insurance such as personal accident insurance, critical illness insurance, medical insurance.



Total Number of Staff in FY2021
2,844

Distribution of Staff by Gender



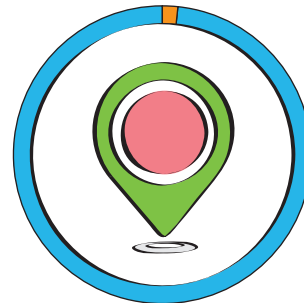
● Male 1,372 (48%) ● Female 1,472 (52%)

Distribution of Staff by Age



● Aged under 30 246 (9%) ● Aged 30-50 2,440 (86%) ● Aged over 50 158 (5%)

Distribution of Staff by Work Location



● Hong Kong 14 (0.5%) ● Mainland China 2,830 (99.5%)

The health and well-being of employees are of our utmost concern. In line with the *Opinions of the CPC Central Committee and the State Council on Deepening the Reform of Medical Insurance System*, we have rolled out additional medical insurance coverage for employees at all levels across the Group. A total of 653 employees have had full-body health check-ups under our healthcare coverage. With heightened health concerns due to COVID-19, the Group has also introduced additional policies and initiatives to safeguard the well-being of its employees.

Our annual turnover rate in FY2021 was 10.9%. We closely monitor our turnover rate and invite leaving employees to complete exit surveys to gather insights and implement retention measures to mitigate talent attrition.

In FY2021, we continued to engage our staff through hosting various caring activities to affirm our culture of an inclusive and caring workplace.



● Staff Caring Activities

464



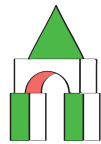
● Staff Canteens

8



● Staff Rest Areas

9



● Staff Nursery Rooms

5



● Staff Recreational Facilities

11



Caring



“We’re Grateful For You” — Showing Appreciation for Frontline Workers

This pandemic has taught us all that frontline workers are essential as they’re putting their lives at risk to provide services to others. These individuals are often overlooked and seldom receive their well-deserved recognition for their hard work during the uncertainties of the global pandemic.

To show our appreciation for their immense efforts, Xi’an Trendy Plaza hosted activities for 10,000 frontline workers in collaboration with 10 other local businesses in the area. At our Changsha Trendy Plaza, we also sent a team of colleagues to gift nearby frontline workers with food to show our appreciation for their hard work and contribution.





Wellness



“Intimate Understandings through Autumn Outings” – Staff Excursion Activities

To promote wellness and healthy lifestyles, several stores organised outings to give employees a chance to recharge while also building connections with one another. Staff of the Shanghai Chengshan Branch Store took a day trip to Bacheng Town to learn about its cultural history; Shanghai

Tianshan Road Branch Store staff visited Changxing Island for a 10km scenic stroll; Tianjin Store employees journeyed to the tranquil Yuetuo Island; and employees of the Changsha Trendy Plaza, Wuhan Jianshe Store and Shanghai Shaanxi Road Branch Store all took hiking trips. These excursions were not only a chance to take a break from routine work, but helped foster a sense of belonging to the NWDS community and promote their physical and mental wellbeing.



Wellness



“Building Team Spirit through Physical Challenges” – Sporting Activities for Staff Engagement

To foster teamwork and forge stronger bonds between employees, several of our stores held different teambuilding activities in the year. Beijing Chongwen Store, Nanjing Store and Zhengzhou Store organised various sporting games, while the Beijing Qianzi Store

team challenged themselves to complete a 10km route involving ziplining and trekking through mountainous terrain. Through these activities, staff had the chance to forge deeper connections with their colleagues and truly experience the inclusive culture of NWDS.



Training and Development

We encourage our employees to develop their careers and support their ambitions to take on new challenges. We provide ample opportunities for our employees to gain new experiences and cultivate their individual strengths, skills and abilities.



NWDS Management Academy

The NWDS Management Academy (the “Academy”) was established in 2005 to foster employee development in both personal and professional capacities through a variety of innovative and demand-driven programmes and courses. Through the Academy, we strive to equip employees with the skills and perspectives needed to meet customer demands at high standards, enable them to leverage their expertise and knowledge, and expand their network within NWDS.

NWDS Talent Cultivation Development Plan

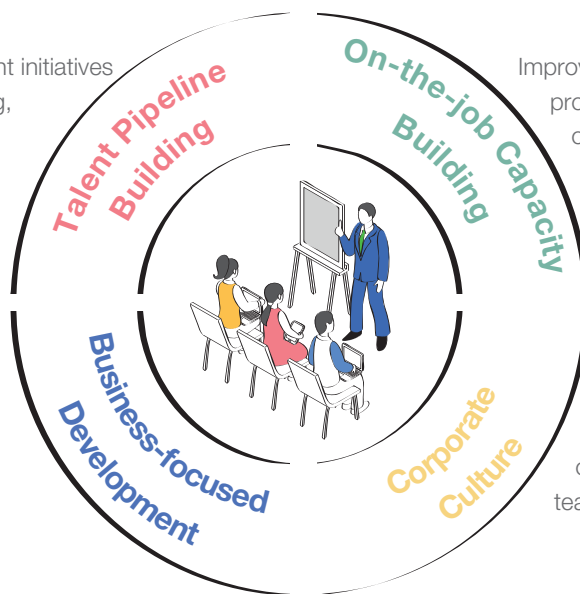
The NWDS Talent Cultivation Development Plan (the “Talent Plan”) was launched in 2019 to strengthen the Group’s systematic training and equip its workforce with the right skillsets for continual improvement and future-readiness.

The Talent Plan focuses on the following four key aspects aimed at nurturing talents and proper succession planning for the Group:

Focus of the Talent Plan

Involving the career advancement initiatives Project Xinpeng, Project Feipeng, New Wings and Project Dapeng aimed at cultivating leadership

Addressing business and operational needs through discussion and analysis of key business issues and solutions



Improving on-the-job capabilities and professional development of all grades of staff through one-on-one mentoring, leading by example and other multi-dimensional training

Hosting multi-dimensional methods of learning to educate our employees about the Group’s corporate culture to strengthen team spirit and bonding

e-Learning

NWDS Cloud Academy – reflections from new user experiences

- In response to the changes brought by the pandemic, an upgraded version of the e-learning tool was launched in March 2020 to support cloud-based training and overcome physical restrictions for learning.
- In November 2020, a focus group was formed for the management staff of Mianyang Store to share their experiences using this online learning platform, as well as their opinions and suggestions for the Cloud Academy.
- Employees particularly welcomed the “Managing Stress and Emotions” workshop for its content on effective stress management to build one’s resilience and adaptability.



Management Apprentices

The Academy provides a trio of career advancement initiatives (i.e. Project Dapeng, Project Feipeng, New Wings and Project Xinpeng) for our management apprentices to advance their professional development and nurture them to become future leaders of the Group. To further strengthen our core operations, in FY2021 the training programme 'New Wings' was introduced to provide the opportunity for skill development to a wider range of staff.

Training Programme	Target Participants	Career Advancement	Staff Participation
Project Dapeng	Head of the business units	Become the head of a professional function or the head of multiple departments or most ideally, a store general manager	16 people participated in FY2021; 576 times of participation since its launch in 2008
Project Feipeng	Mid-level employees with outstanding performance	Become the head of the business units	40 people participated in FY2021; 249 times of participation since its launch in 2012
New Wings	Newly recruited mid-level employees	Cultivate new recruits with the necessary skills to perform duties effectively	16 people participated in FY2021
Project Xinpeng	New employees (interns)	Become outstanding performers in the business units	625 times of participation since its launch in 2006



During the year under review, 885 training sessions were launched and a total of 72,452.8 staff training hours were recorded, averaging 25.5 training hours per employee. The average training hours were 23.5 and 27.3 for male and female employees, respectively. The NWDS Cloud Academy is our e-learning platform that makes almost all training courses of NWDS available online. This upgraded training application has facilitated our staff to take part in online training without time and geographical limitations, providing more opportunities for active learning.



“New Wings” New Initiative

- Following the review of our training and education framework, we launched the “New Wings” programme in October 2020.
- This 9-month programme focused on equipping newly recruited mid-level employees with the necessary skills to face new challenges and perform their duties effectively.
- The programme consisted of five stages — on-boarding training, job rotation, job setting, promotion training, and assessment. This progression increased the professional knowledge and capabilities of new recruits and developed their potential.



Total number of participants in NWDS' training

59,530 participants



Total Training Hours

72,452.8 hours



Average Training Hours per employee

25.5 hours

Training Highlights

Target	Topic	Description
Board Members and Senior Management	ESG	Two ESG training sessions were held for Board members and senior management in 2021. The sessions covered the latest ESG developments and trends, new green finance strategies, and relevant climate-related issues, equipping NWDS leadership with the necessary knowledge to drive the Group's sustainable strategy forward.
Managerial Staff	On-the-Job Capacity Building for mid-level staff	NWDS' middle management is the backbone for continuous development of the Group, whether it is through supporting staff progression in specific functions or through our career advancement initiatives. To support internal managers in carrying out their duties, a three-day workshop was held in January 2021 where external trainers were invited to provide training on topics including effective communication and management, delegating responsibilities, and employee motivation.
General Staff	Store Safety Maintenance and Management	Safety training was provided to frontline staff to improve their safety awareness and preparedness for emergencies. Training sessions were also offered online, with a total of 2,800 participations in FY2021.

Occupational Health and Safety

NWDS endeavours to provide a healthy and safe working environment for all our employees. Aside from precautionary measures to avoid potential occupational hazards, we take steps to protect the mental and physical well-being of employees to support them in performing to their best abilities. We strive to ensure strict compliance with occupational health and safety laws and regulations according to local requirements.

Workplace Safety Management

As part of our commitment to providing a safe environment for both our customers and staff, we have revised our *Safety Management Policy*, detailed in the sub-section "Store Safety Management" under the "Operations" chapter. Our newly revised *Safety Management Policy* includes updated measures that improve our employees' responses to emergency incidents to further safeguard customers against unforeseeable risks.

In the event of a work-related injury, swift actions will be taken to care for the employee. During FY2021, there were six cases of work-related injuries across the Group (injury rate: 0.202). Lost work days totalled 215 (lost day rate: 7.243) and absentee rate was 1.38%.



Employee Health Management

The Group has taken additional steps to further protect the physical and mental health of employees given the heightened health concerns under the COVID-19 pandemic. Aside from the general health measures already in place, we have prioritised encouraging staff vaccine uptake to protect the health of both our workforce and customer base.





Safeguarding Employee Health During the Pandemic

In line with government measures to curb the spread of COVID-19, we offered our employees two days of paid vaccination leave in 2021. The arrangement provided staff with flexibility while encouraging vaccination, and more than 5,800 NWDS employees and people working in our stores had taken at least one dose of vaccine as of 30 June 2021. To further promote the uptake of vaccinations, we offered NWDS's employees additional medical insurance coverage for vaccine side effects.

Various department stores have also held training sessions to update employees on the best infection prevention and control measures while also boosting staff morale through small gift packages or rewards.

All staff members must wear face masks and have daily temperature checks to monitor and quickly respond to potential health risks. Employees are required to adopt social distancing in the workplace and advised to stagger breaks and meal hours. We strive to keep our staff abreast with the latest COVID-19-related content by disseminating the most updated health information and tips through digital communication channels or flyers.



Staff Engagement

NWDS hopes to motivate and improve the performance of employees through good relationships and a positive corporate culture. We encourage our employees to give feedback and suggestions through surveys, exchange sessions and focus group discussions. We believe our open working culture and commitment to nurturing talents will help our Group prosper and sustain our position as an industry-leading business.

Since 2017, we have been organising NWDS Annual and Semi-annual Management Meetings to strengthen the ties between the stores and functional departments as well as ensure the proper implementation of the Group's strategies.

Our official WeChat platform facilitates communication about any updates on the Group across all levels. To date, a total of 40 official WeChat and Weibo accounts have been established by the headquarters, different stores, and private labels to engage with their employees and customers.

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



Listening to our colleagues and supporting their growth

To better understand the thoughts and opinions of employees and help solve the problems they encounter, some department stores launched a quarterly panel discussion for employees to share experience and seek feedback from their fellow colleagues. The discussion created a collaborative atmosphere to encourage more efficient problem-solving at work and a more positive working experience. To date, a total of 18 discussions were held in two phases, with 241 participants from various departments raising over 110 questions and suggestions on the different aspects of their daily work.





OPERATIONS

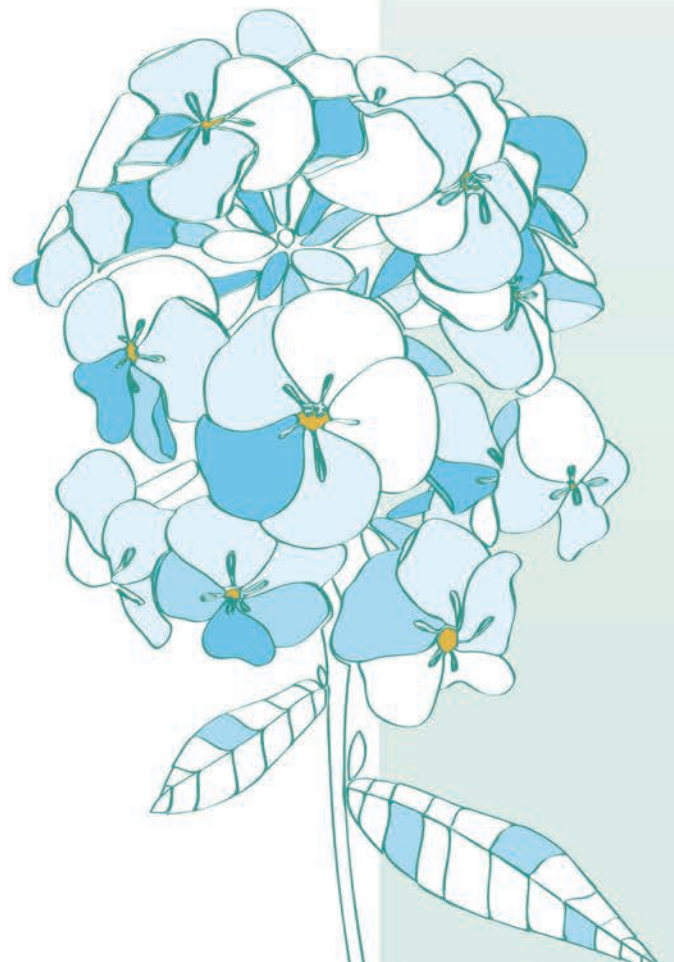




GARDEN PHLOX



Representing Unity and Partnership



Guided by SDG 3 “Good Health and Well-Being”, the Group is committed to promoting the well-being of its customers and understanding customers’ needs to ensure their satisfaction, confidence, and trust. Since the start of its operations, NWDS has been dedicated to providing customer-oriented, high-quality products and services across all of our businesses. In particular, we prioritise improving product safety and customer in-store experience, protecting customer data privacy, and integrating sustainability into our supply chain management.



We strive to provide responsible and high-quality products and services that meet high safety standards. SDG 12 “Responsible Consumption and Production” steers us towards responsible supply chain management with a comprehensive supplier assessment and selection process.

During the year under review, there were no reported incidents of non-compliance with laws and regulations regarding health and safety and privacy matters relating to the products and services offered. There was one reported case related to advertising and labelling, and was properly handled.

OUR APPROACH AND MEASURES

Supply Chain Management

To meet our sustainable development goals, we work closely with partners in our supply chain to further incorporate ESG considerations in the procurement process.

We have developed effective policies for the procurement and management of our three main categories of suppliers: concessionaire brands, tenants, and LOL suppliers. Our *Supplier Sustainable Development Programme* aims to enhance sustainable practices and standards throughout our supply chain. We are currently revising and updating our *Business Improvement and Assessment Policy* for the management of business partners (including concessionaire brands and tenants) to be issued in FY2022.

Supplier Sustainable Development Programme

To improve traceability and transparency of the supply chain, NWDS works closely with its suppliers in responsible procurement, labour conditions, health and safety, and environmental protection.

We strive to source locally to minimise GHG emissions generated from the transportation of goods. Collaboration with local suppliers also brings positive impacts including ensuring supply stability, enhancing community relations, and supporting the development of the local economy. In FY2021, over 90% of operating expenditure went to suppliers from Mainland China, with most of this going towards product procurement, engineering services and banking services. The Group has more than 90 suppliers¹ in Mainland China and Hong Kong, with the supply chain managed by several departments.

¹ The total number of suppliers refers to those that have valid contracts with NWDS and with a total expenditure of HK\$500,000 or above within the reporting period.

The *Supplier Sustainable Development Programme* introduced in 2013 includes the *Supplier Code of Conduct* (the “Supplier Code”) and the *Supplier Sustainability Self-Assessment Questionnaire* (the “Supplier Questionnaire”). All new suppliers are requested to comply with the Supplier Code and complete the Supplier Questionnaire. Additionally, we require written confirmations of compliance to remind suppliers of their responsibilities.

Supplier Code of Conduct

The Supplier Code helps to manage supply chain risks, maintain high sustainable performance standards, and facilitate our responsible business practices. The Supplier Code describes our minimum environmental and social requirements, including compliance with relevant rules and regulations, ensuring workplace health and safety, protecting employees against discrimination and promotion of employee rights, taking precautions to prevent forced labour, as well as fair remuneration policies. All suppliers are required to comply with the Supplier Code, which forms part of the contract with them.



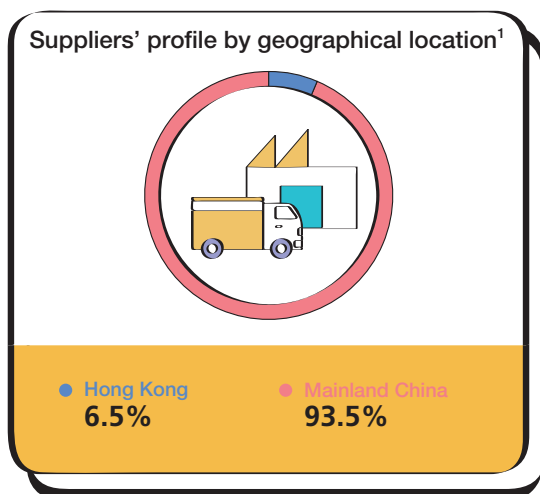
We assess and select suppliers based on the quality, cost, delivery, and services, but also consider their ethical, environmental, and health and safety initiatives. During the supplier selection processes, we place heavy emphasis on the capability of a supplier to demonstrate its commitment to uphold the Supplier Code. As of 30 June 2021, 221 suppliers (mainly department store business suppliers) endorsed the Supplier Code.

Supplier Sustainability Self-Assessment Questionnaire

Responses to the Supplier Questionnaire help us evaluate compliance with the Supplier Code and commitment to sustainable development. Suppliers are asked to disclose policies for advancing employee wellbeing, positive environmental contributions, certified green products and any relevant information. These factors are considered favourably during the selection process. As of 30 June 2021, the Group received 221 Supplier Questionnaires.

Supplier Sustainability Disclosure Forms

We also invite suppliers to complete the Supplier Sustainability Disclosure Forms (the "Supplier Forms") to ensure compliance and continuous improvement in sustainability measures. Suppliers are required to declare compliance with relevant laws and regulations and report their current performance of waste management, energy saving, law compliance, charitable and community services, and anti-discrimination. As of 30 June 2021, the Group received 203 completed Supplier Forms. Some suppliers have already put in place a sustainability policy or initiatives on environmental protection.



Concessionaire Counters

Brand Reserve Information System

The *Brand Reserve Information System* (the "System") was introduced in 2018 as an online brand centralisation platform to ensure the quality of concessionaire brands. The System consolidates brands that are approached and retailed at individual stores to create a systematic record of all new and potential brands. The System also records the history of cooperation and monitors the sales situation of these brands in our stores that can be referenced in future brand strategies.

The System allows us to respond effectively to any quality issues by evaluating and reviewing brands using certain key selection criteria such as market position and reputation.

As of 30 June 2021, this System has stored 6,603 brands, most of which have established long-standing partnerships with the Group. We also hold regular meetings between stores from different geographical regions for resource and knowledge sharing on specific brands to seek opportunities for cooperation.



Tenants

As the pandemic continues to have an impact in the retail sector, NWDS is committed to supporting its business partners and fostering long-term relationships. In the year under review, NWDS has revised systems for tenant management, including developing a new vacant tenant policy, reviewing the management of catering merchants and existing tenants, and revising the procedure for brand entry, withdrawal, and contract renewal.

The Group continues to closely monitor rental rates and tenant vacancies and provide additional operational support to businesses still adapting to pandemic-related impacts. We regularly review business improvement measures of tenants to mitigate further operational risks. Furthermore, we have implemented standardised rental rates in our shopping malls to adjust rates in line with market standards and safeguard our long-term revenues.

¹ Total number of suppliers refers to those that have valid contracts with NWDS and with a total expenditure of HK\$500,000 or above within the reporting period.

The Group maintains confidence in the steady growth of its business in Mainland China and has invested in the business transformation of its key stores, including Beijing Chongwen Store, Beijing Trendy Store, Shanghai Huaihai Branch Store and Shenyang Jinqiao Road Trendy Plaza, etc. We have identified young lifestyle labels to join our increasingly diverse tenant portfolio, as well as introduced domestic and international brands to set up their first stores in our department stores. The Group strives to create win-win situations for tenants by working together to optimise shopping mall operations and stimulate the flow of customers and consumption.

As of 30 June 2021, the rental business accounted for about 61.6% of the total operating area in all NWDS' stores.

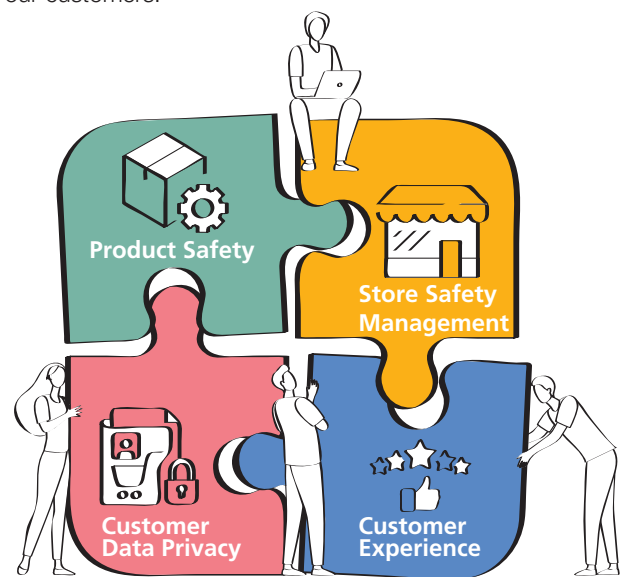


Customers

The Group continues to place emphasis on the quality of all products and services. Aside from upholding our fundamental commitment to ensuring product safety, security, and accessibility, we consider customers' viewpoints to deliver products and services that exceed their expectations.



We focus on four key issues to enhance the well-being of our customers:



Product Safety

Guaranteeing the safety of our products is a top priority for NWDS. We strive to go beyond mere compliance with safety laws and regulations by continuously improving the quality and safety of all products available at our stores.

Non-edible products

NWDS has dedicated the Commodity Department to oversee the evaluation process of concessionaire brands, tenants and LOL suppliers. The Group's safety requirements are regularly updated and delivered to suppliers to promote and reinforce awareness of its commitment to ensuring high quality of products that exceed customer expectations.

Food products

The Group has catered to the heightened concern for food safety and hygiene considering the COVID-19 pandemic by strengthening its essential businesses including supermarkets and convenience store. We are committed to complying with all applicable food safety laws (i.e. *Food Safety Law of the People's Republic of China*) as well as providing safe, high-quality goods and food products. In addition, we have stipulated standard procedures for inspecting product test certificates, and manufacturers' business licences and permits for various product categories.

Our Initiatives



Wellness



NEW WORLD SUPERMARKET

Our supermarkets play an important role in serving the community. Following the measures adopted in FY2020 in response to shifts in consumer habits from pandemic-related concerns, we have taken further steps to continue guaranteeing food safety at the four stores of "New World Supermarket" .



To maintain food safety and quality, frozen foods and cooked food products are all subject to the supervision of our Cold Chain Management. We seek to reduce the transit time between manufacturing locations and our stores. A designated staff checks temperatures and disinfects packaging every two hours to ensure the quality of cold chain goods.



Wellness



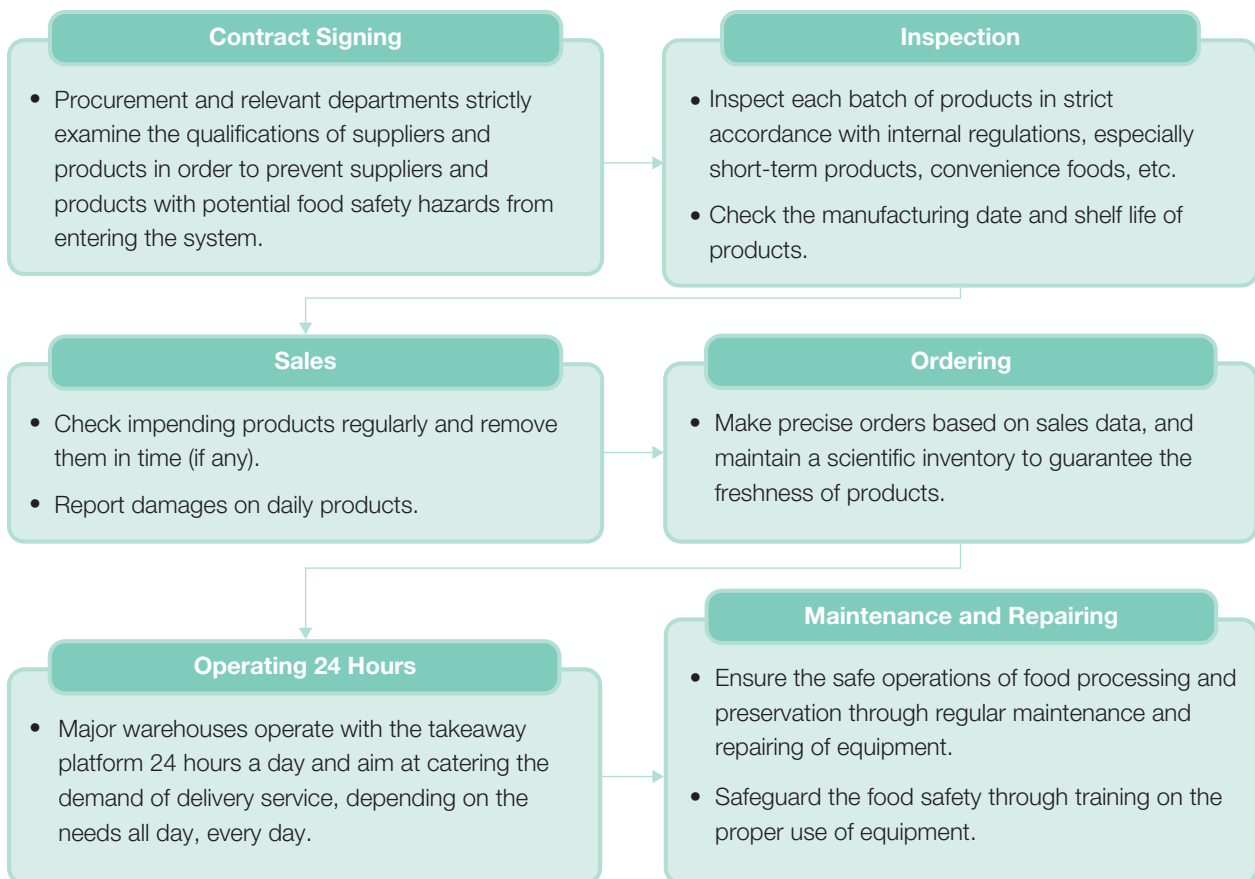
N+ CONVENIENCE STORE

The COVID-19 pandemic has shifted preferences to shorter travel for grocery shopping. Our convenience store held the longstanding commitment to 24-hours-a-day, seven-days-a-week operations throughout the pandemic, in addition to product delivery services introduced in 2020 to cater to people's social distancing needs.

We remain proactive in handling food safety-related matters. Our *Convenience Store Product Management System* specifies the requirements for product inspection, inventory checking and product shelf life that the convenience store must comply with. All products are routinely examined by store managers upon arrival to ensure correct labelling, proper packaging, and clear manufacturing and expiry dates. We have also heightened control on product disinfection practices and centralised the daily disinfection of packaged goods.



Food Safety Management Workflow:



Store Safety Management

The NWDS *Safety Management Policy* was revised in FY2021 to update various safety requirements and standards and ensure proactive risk management. The updated sections include safety inspection procedures and hidden danger standards, guidelines for safety management of hazardous operations, and crisis management. The introduction of a 3-stage inspection procedure further guarantees consistent safety management — this includes a monthly self-inspection at store level, a quarterly inspection at the regional level, and periodic unannounced inspections from the Administration and Project Department (“APD”).

The APD team conducted thorough inspections of all safety equipment and procedures of every store. To ensure all employees clearly understand the safety measures in place for daily operations and related emergency procedures, the APD holds monthly virtual meetings with the APD team of each department store. Internal safety events of the Group as well as any local fire incidents near stores are reported during this meeting, followed by case-study analysis on preventative actions to be taken to avoid safety accidents.

The general manager of each store holds regular meetings with the safety team, while the APD is to issue a monthly safety work report. 12 safety training sessions were held by the APD in the year under review with a total of 5,339 staff attending.



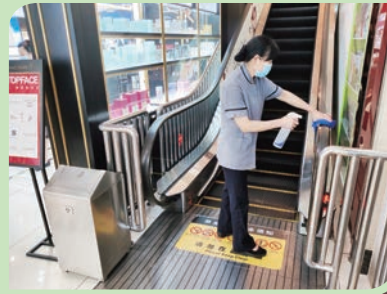


Staying Vigilant against COVID-19

Though the pandemic has brought unprecedented changes to the way we operate, we have upheld a high standard of safety and hygiene on all business levels to prevent virus infections and protect the health and wellness of customers and employees.

To ensure a safe and healthy shopping environment, we require all staff and visitors to wear face masks, check their body temperature and sanitise their hands before entering the stores. Cleaning frequencies have been increased and antimicrobial disinfectants are applied to frequently touched surfaces, such as lift panels, escalators, nursery rooms, lobby entrance, waiting areas, corridors and information desks.

To minimise the risk of virus transmission, employees are required to report to their department heads if they have travelled out of the local area, particularly during the Lunar New Year Holiday. The most updated health information and tips are regularly conveyed to staff through WeChat groups, announcements, or store flyers.



Emergency Preparedness and Response

We have implemented a robust set of emergency response procedures and guidelines to protect the safety of employees and customers, as well as protect our assets in the event of an emergency. Each store held two to four trainings for fire response and evacuation. A fire safety training video was circulated to over 2,800 employees to ensure their sound knowledge for emergency procedures.

Guidelines for Notification and Handling of Crises were updated in FY2021, with specific procedures for natural disaster emergencies. For example, in extreme weather events such as typhoons or heavy rainstorms, employees are required to establish a Flood Control Emergency Team to make advance response preparations. Stores are also expected to organise special drills for flood control emergency plans to prepare staff for such situations.

Caring

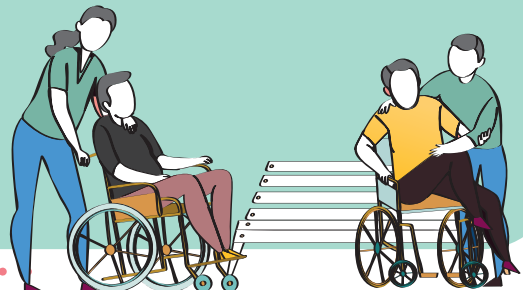


DISASTER PREVENTION ACTIVITIES FOR THE DISABLED



As part of our commitment to providing barrier-free shopping experiences with a high standard of store safety, Nanjing Store organised disaster prevention demonstrations for physically disabled people on 12 May 2021, the 13th National Fire Prevention Day.

Volunteers and participants demonstrated emergency scenarios and possible practical responses for those with physical disabilities. The event not only allowed us to evaluate the effectiveness of our safety procedure but also helped boost the self-protective capacity of disabled people in case of emergencies such as fires or earthquakes.



Hazard Identification and Risk Management

APD undertakes safety inspections bi-annually to ensure stores have implemented all necessary safety and health policies and practices with effective risk control measures. All inspections are guided by the *Checklist on Safety Inspection on Hidden Risks and Rating Deduction Standard for Hidden Risks and Corresponding System Requirements*. After each inspection, the APD team submits a report with a safety rating and follow-up actions for the store management. Depending on the safety rating and recommended follow-up actions, improvement work is carried out within one month.

Store Renovation Management

We strive to meet the changing needs of customers through continuously evolving our store designs and related services. We are committed to minimising environmental nuisance from renovation activities carried out by the Group or any third parties. Maintaining a safe operating environment for our customers during renovation works is also our key concern.

The *Store Renovation Management Guide* provides guidance for concessionaire counter operators and tenants on ensuring their renovation work meets the Group standard. It also encourages the use of materials with environmentally friendly certifications, fire-safe certifications, or with greater sustainability performance. The Guide specifies requirements on various renovation issues, ranging from store design, electricity supply, safety system, drainage system, fire safety system to ventilation system.



Customer Data Privacy

NWDS is dedicated to preserving the trust of customers, employees and other stakeholders by safeguarding the privacy of their personal data. The Group strictly complies with data protection laws including the *Personal Data (Privacy) Ordinance (Cap. 486) of the Laws of Hong Kong Special Administrative Region*, the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests, Book Seven Tort Liability in the Civil Code of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, and the *Personal Information Protection Law of the People's Republic of China*.

Advancements in information and communication technology have rapidly changed the global privacy landscape. To effectively respond to these changes and continue to earn stakeholders' trust, we have *Personal Data Protection Policy* in place which outlines the Group's practices and customers' choices on the collection and use of personal data. In FY2021, we have installed additional cybersecurity measures to our website to further protect users' personal information and mitigate other cybersecurity risks. These include introducing a 2-factor authentication login system, obtaining a Secure Sockets Layer (SSL) certificate for the NWDS website, providing email authentication for new user registrants, and implementing an IP Access Control List to manage incoming web traffic.

NWDS has standardised procedures to handle proprietary information and protect intellectual property rights. Both physical and electronic records of our customers' personal data are stored in safe places with restricted access. For example, sensitive data is encrypted before transmitting through the Internet. Only those who are properly trained, obligated to a confidentiality duty, and authorised by the Group can gain access to these records and servers on "need-to-know" and "need-to-use" bases. This year, we conducted an internal IT audit and also engaged a third-party consultant to conduct an external audit of the Group's IT system to ensure compliance with the customer data protection regulations and evaluate any potential data risks and follow-up actions to be taken.

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

Customer Experience

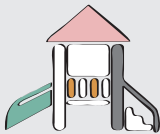
We interact with a diverse range of customers every day and always put the needs of customers first. We strive to offer a seamless, pleasant and memorable experience for each of our customers. Customer feedback is NWDS's compass to further improve our product offerings and the shopping experience at our stores, including shopping ambience, facilities, equipment and customer services. We have put in place different caring initiatives to provide suitable facilities at our stores across Mainland China, as summarised below:



23
nursery rooms



14
children restrooms



11
children play zones



20
baby cart rental services



78
barrier-free access facilities



21
wheelchair rental services



40
in-store first-aid kits



1
rooftop garden

Given the shift in shopping habits towards a preference for online retail platforms, the Group has put further efforts into the digital transformation of its business to better engage with its customers.

Digital platforms such as WeChat Official accounts and Weibo platform help us stay connected with our customers and improve overall customer experience. Capitalising on the existing customer base of individual stores and brands, WeChat groups for guided shopping were set up with a range of sales campaigns. Group chat promotions and video content helped increase customer interaction and affinity.

Furthermore, the Group also deployed buzz marketing means such as short videos or live-streaming of e-commerce products on mainstream video-sharing platforms to achieve the dual effect of branding and marketing.

Our Initiatives



**UPGRADING THE "NEW LAB"
E-COMMERCE PLATFORM**



新闪购
NEW · LAB

The transformation and optimisation of the "New Lab" e-commerce platform was completed in March 2021 to adapt to the fast-evolving digital landscape.

"New Lab" pools Group resources to bring forward key product offerings and attract more members. To strengthen the continual growth of "New Lab", we are expanding the listing of international good offerings, particularly cosmetic products. Customers can now earn points for everyday purchases on "New Lab", and redeem gifts, coupons, parking tickets, and more.

The diversity of products and creative marketing campaigns makes "New Lab" the preferred online shopping platform for customers. The platform has accumulated more than 680,000 registered VIP members since its initial launch in 2017.





ENVIRONMENT





MAGNOLIA FLOWER

Connecting with the meaning of Perseverance,
Adaptation and Love of Nature



We are committed to operating our business in an environmentally conscious manner and working towards our reduction goals. We are aligned with SDG 12 “Responsible Consumption and Production” in our efforts to promote environmental responsibility through the effective management of our resources.



values to all staff. Our policies, guidelines and services encourage staff, suppliers, tenants, and customers to come together and improve their environmental performance alongside our efforts.

We ensure our compliance with relevant environmental laws and regulations; there have been no reported incidents of non-compliance with laws and regulations on environmental issues during the year under review.

NWDS implements various programmes across the business to manage issues such as carbon emissions, waste, noise, and the consumption of energy and resources. The Group focuses on three material environmental issues: energy conservation, water conservation and waste management.

We mobilise our internal channels and volunteer services to raise environmental awareness and communicate green

OUR APPROACH AND MEASURES

We adopt a five-pronged environmental management approach that address the major environmental issues identified and drives progress towards SV2030. Our ESG commitments inspire action across our business through policies, measures, and monitoring.

NWDS Green Management Workflow



1 Formulating green policies and guidelines

We formulate policies and guidelines according to our principles and approaches for managing key environmental issues including energy consumption, GHG emissions, waste management, green office and green procurement. The following are environmental policies and guidelines that address the various environmental issues related to our business.

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

[#] refers to the policy that will be under review and revision in the next financial year.

2 Setting environmental baseline and targets

NWDS endeavours to reduce energy consumption and minimise GHG emissions generated throughout the lifecycle of our products, services, and business activities. Using FY2015 as a baseline, our targets are to reduce our carbon intensity by 12% and energy intensity by 2% in FY2030 to minimise the negative environmental impacts of our business. These targets also form key milestones on our road to achieving the SV2030.

3 Collecting environmental data

Accurate environmental disclosure and clear communication with our stakeholders is essential for effective management of our impact on the environment. Our Sustainability Report is issued annually as a comprehensive report of non-financial information not covered in our Annual Report. This includes policies for mid-to-long-term value creation and sustainability strategies. Stakeholders can therefore have a complete picture of how NWDS can create and sustain value.

In FY2017, we set up our Internet-based Data System to improve the transparency and efficiency of our data collection process. All environmental data such as the use of energy, water and materials from stores and offices are captured and recorded in the Data System on a regular basis. The procedures for data entry and audit are summarised in the *Operation Manual for Sustainability Data Management System* for reference to ensure data accuracy.

4 Implementing green measures

NWDS has championed environmental initiatives based on its environmental principles and targets. The Group has invested in energy-efficient building service systems and equipment upgrades, optimised its daily operating schedule, enhanced monitoring and control through real-time energy monitoring and sub-metering, and engaged with tenants to work towards continual improvement. We have also implemented a wide range of environmental initiatives relating to energy management, waste reduction, proper use of resources and the promotion of green living to tackle the key environmental issues in Mainland China. Please refer to the following sub-sections for more details.

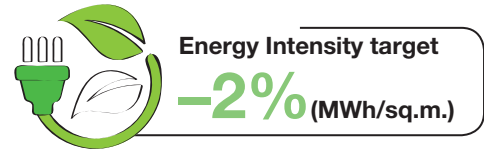
5 Regular monitoring and review

NWDS regularly reviews and updates its environmental policies and guidelines to stay ahead of the latest environmental issues and regulatory changes. As part of the Group's ongoing efforts, environmental data collected from department stores and offices are also monitored and reviewed frequently. These figures are tracked and compared across years to ensure proper data management and continuous improvement.

We have also obtained third-party verification to ensure the credibility of data reported and facilitate the ongoing improvement of our environmental management. In FY2021, we continued to commission HKQAA to undertake independent verification of the completeness, accuracy and reliability of the data and information stated in the Report. Please refer to the "Assurance Statement" chapter for more details.

Energy Reduction and Efficiency

Our SV2030 Target



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

Our Approach

Purchased electricity represents the most significant energy input for the operation of our stores and offices. Energy conservation was therefore identified as one of the important aspects in the results of this year's materiality analysis. To this end, we emphasise energy efficiency, and look for reduction opportunities by investing in energy-efficient equipment upgrades, optimising daily operating schedules, and enhancing monitoring and control through real-time energy monitoring.

¹ The nine in-scope stores are Beijing Chongwen Store, Harbin Store, Nanjing Store, Shanghai Shaanxi Road Branch Store, Shanghai Tianshan Road Branch Store, Shenyang Jinqiao Road Trendy Plaza, Tianjin Store, Wuhan Jianshe Store and Zhengzhou Store.

“Eco-World” Smart Energy Meters

In July 2021, NWDS launched the trial of the “Eco-World” metering system intending to enhance the accuracy and consistency of our energy data collection and monitoring. This measure also follows our approach of utilising technology to strengthen our environmental performance. While the Group already implements initiatives that help minimise energy consumption in business operations, accurate monitoring can boost its ability to identify areas for further energy reduction, with the ultimate aim of better management of climate change risks.

Energy-efficient LED Lighting System

The Group’s hybrid operating model includes department stores and shopping malls where lighting systems are essential. In FY2017, we adopted the *Policy on Replacing LED Lights at Operating Stores* (the “LED Policy”) aimed at reducing the energy consumption of our lighting systems. The LED Policy also specifies guidelines on lighting intensity for different usage. Adoption of LED lighting with smart lighting scenarios optimises energy usage over time to reduce energy consumption and progress towards our energy reduction targets.

Energy Use Optimisation

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

To minimise the energy consumption of our business operations, we continued to implement the following initiatives in FY2021:



Energy Conservation and Emissions Reduction Measures

Department Stores

- Control operation period of non-essential lighting in our stores, especially during non-business hours
- Utilise cool outdoor air to provide space cooling during the cold season to save energy
- Optimise kitchen exhaust and ventilation systems of Food and Beverage (“F&B”) tenants to enhance the capacity to remove cooking fumes and heat, resulting in less air conditioning load
- Fine-tune the operating hours of escalators to avoid unnecessary wastage

Offices

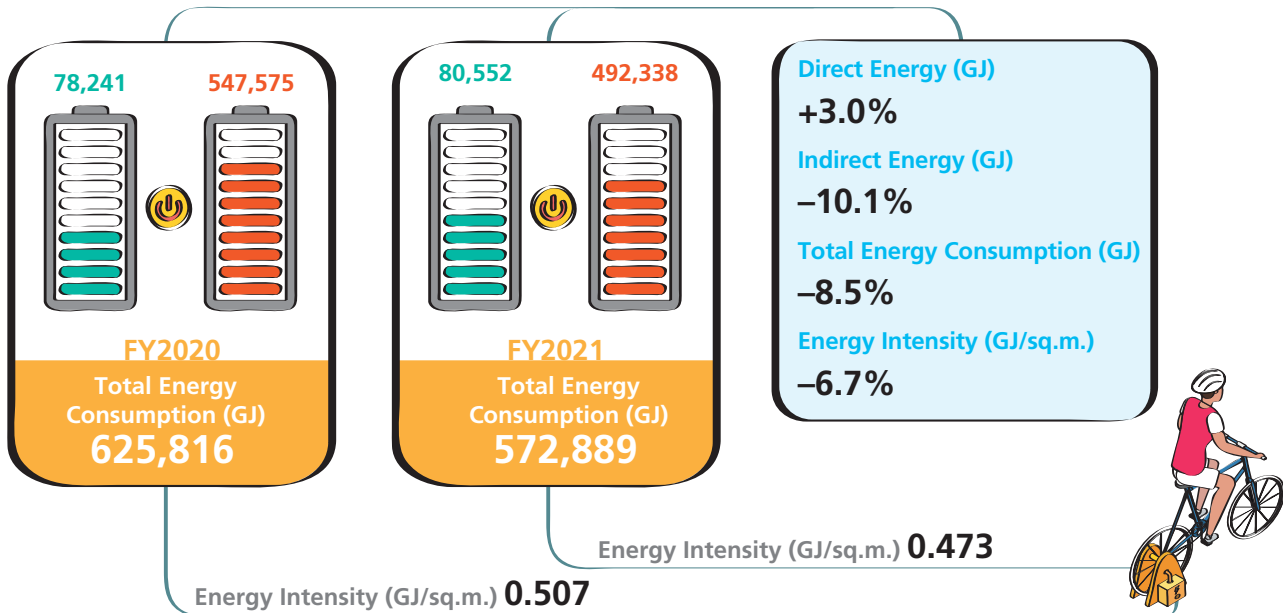
- Remind staff to switch off unnecessary lights and electrical appliances
- Remind staff to switch off lights and monitors during lunch hours

Strengthening Environmental Awareness

We take an active role in mitigating negative environmental impacts directly related to our operations. We promote eco-friendly habits among our employees and raise awareness to support environmental efforts within the company through organising activities, educational programmes and training.

Performance in Energy Reduction and Efficiency

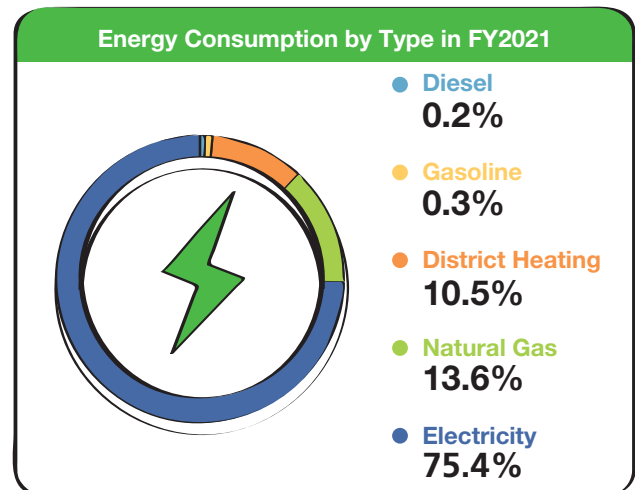
The total energy consumption of NWDS decreased by 8.5% from 625,816 gigajoules ("GJ") in FY2020¹ to 572,889 GJ in FY2021. Our energy intensity decreased by 6.7% from 0.507 GJ/sq.m. in FY2020 to 0.473 GJ/sq.m. in FY2021. Contributing factors include adjustment of our business activities (closure of a department store and shortening operation hours) and the implementation of energy management initiatives throughout the year.



● Direct Energy (GJ) ● Indirect Energy (Purchased Electricity and District Heating) (GJ) ○ % change

Over 75% of the Group's energy consumption came from electricity used for air-conditioning, lighting systems and lifts, etc. The remaining amount was mainly from the use of direct-fired units, refrigerators, natural gas air-conditioners and its self-owned vehicles, as well as district heating. To reflect the amount of consumption controlled by the Group, we have excluded the tenants' share of the electricity consumption in the data consolidation and assessment processes since FY2018.

Our total electricity consumption dropped by 13.6% to 432,223 GJ in FY2021 (500,412 GJ in FY2020), while the electricity consumption intensity also decreased by 11.9%, amounting to 0.357 GJ/sq.m. in FY2021 (0.405 GJ/sq.m. in FY2020). While our energy-saving measures led to further energy saving, there were also other factors contributing to the reduction. These include adjustments to our business activities (closure of a department store, shortening of operational hours, etc.) and renovation work at some stores.

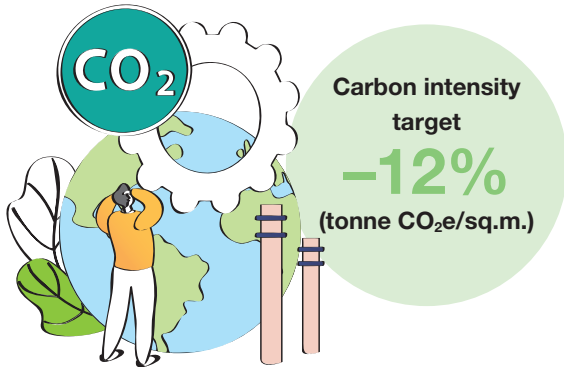


¹ One department store closed on or before 30 June 2021 is excluded from the FY2021 environmental data.

Management of Greenhouse Gas Emissions

NWDS is dedicated to limiting the release of GHG emissions into the atmosphere and decarbonising our operations. In line with our SV2030 to combat climate change, we have adopted various measures as detailed in the above sub-section to continuously lower our carbon emissions.

Our SV2030 Target



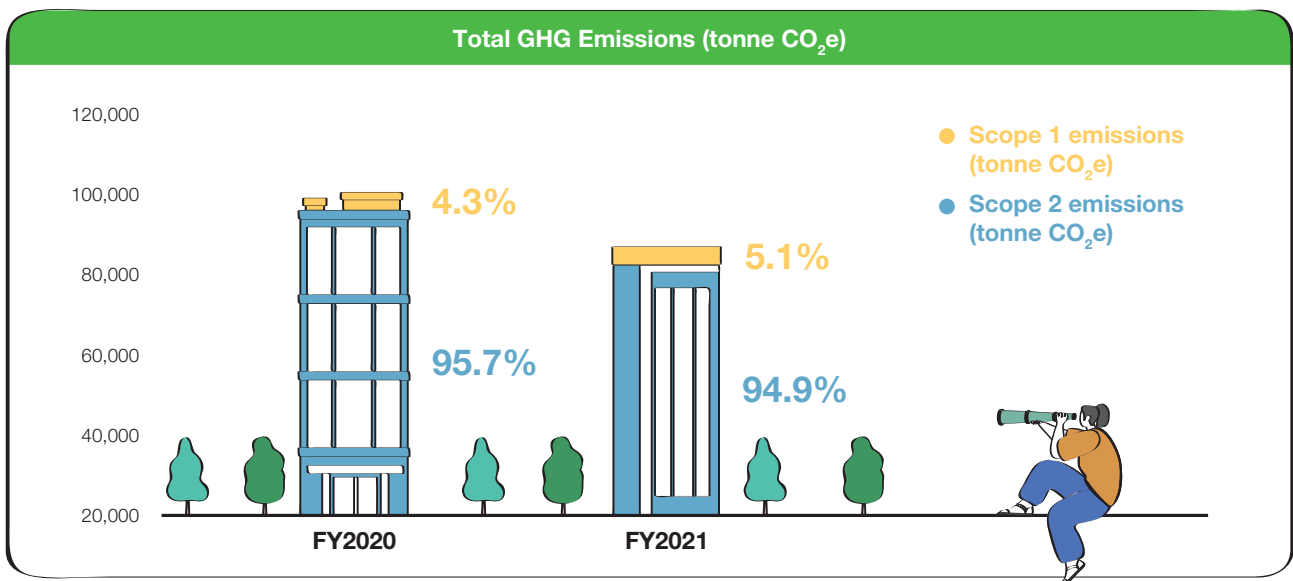
Our second environmental target is to reduce our carbon emissions intensity by 12% in tonne CO₂e/sq.m. (excluding tenants) in FY2030 against a baseline of FY2015. This target is intrinsically linked with the first target relating to energy use and part of the NWDS decarbonisation pathway. Similar to the energy intensity target, the scope of this target covers nine department stores¹ and two corporate offices, where NWDS or the Parent Company has full operational control.

Our Approach

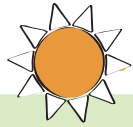
To assess our environmental impact, we carry out annual carbon audits based on the *Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 Edition)*. GHG emissions are quantified in terms of CO₂-e, and the types of GHG covered in this Report are carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF₆). We monitor and collect the use of electricity, district heating and fuels in the operational processes at the store and office levels. GHG emissions from energy consumption are calculated by multiplying the amounts of electrical power, district heating and fuels (including fuels for our self-owned vehicles, etc.) by the emission factors. In FY2021, the emission factors for electricity (in Hong Kong and Mainland China) and district heating (in Mainland China) have been updated to reflect the latest performance of the utility providers. Besides that, all other carbon emissions factors used remain the same to ensure the calculated GHG emissions are comparable. To provide additional guidance to our employees and facilitate the carbon auditing process at our stores and offices, we have also issued the *Guidelines to Account for Greenhouse Gas Emissions and Reduction*.

Performance in the management of Greenhouse Gas Emission

In FY2021, the Group's GHG emissions amounted to 86,816 tonnes of CO₂e (100,154 tonnes of CO₂e in FY2020), of which indirect carbon emissions (Scope 2 emissions associated with electricity and district heating consumption) accounted for 94.9%. The annual average carbon intensity recorded a drop of 11.6% from 0.0811 tonnes CO₂e/sq.m. in FY2020 to 0.0717 tonnes CO₂e/sq.m. in FY2021.



¹ The nine in-scope stores are Beijing Chongwen Store, Harbin Store, Nanjing Store, Shanghai Shaanxi Road Branch Store, Shanghai Tianshan Road Branch Store, Shenyang Jinjiao Road Trendy Plaza, Tianjin Store, Wuhan Jianshe Store and Zhengzhou Store.



Green



“VOICE FOR OUR PLANET” — GREEN EVENTS TO ENGAGE CUSTOMERS’ SUPPORT IN ENVIRONMENT PROTECTION

As part of our commitment to environmental protection, the Group continued supporting Earth Hour, one of the largest environmental movements to raise awareness of the global climate crisis. This year, various department stores and shopping malls of NWDS organised activities related to Earth Hour 2021 to promote environmental conservation and engage customers’ support in showing care for the planet.



On Earth Day 2021, the Shanghai Huaihai Branch Store invited families to come together to create a painting with the theme of “Protecting Our Planet”. The purpose was to attract public attention to different environmental issues ranging from pollution to deforestation.

Shanghai Shaanxi Road Branch Store collaborated with six brand partners to bring fun and interactive environmental activities to shoppers, such a DIY environmental art project and an unplugged concert.



Green



CYCLING EVENT TO PROMOTE GREEN LIVING

In May 2021, five stores collaborated with business partners to organise low-carbon cycling events. Employees from the cities of Beijing, Tianjin, Shenyang, and Zhengzhou embarked on their

cycling journeys with eye-catching posters and green slogans. The cycling events aimed to broadcast the message of green living and encourage the public to make more environmentally friendly decisions in their daily life.





Green



ORGANIC ROOFTOP GARDEN FOR CITY DWELLERS

Since 2015, NWDS has cultivated a rooftop garden at Shanghai Pujian Branch Store covering an area of 900 sq.m. to advance the urban farming movement. The garden has a transformative effect on citizens' perception of urban spaces and contributes to making the city more sustainable and liveable. As of 30 June 2021, the cumulative number of visitors to the rooftop garden was 59,095.

The concept of rooftop gardens not only enhances the environmental awareness of our stakeholders, but also helps diminish carbon dioxide levels and increase breathable oxygen in the environment. The project will span until 2023 and helps our shoppers and city dwellers to learn about organic farming and harvesting. Furthermore, fertilisers used in the rooftop garden are certified as being composed of at least 60% of organic content.



With the Central Government's target of carbon neutrality by 2060, there will be significant changes in energy supply and the emergence of climate policies at the regional or national level. The transition to a low-carbon economy will also lead to an increase in the cost of carbon emissions; with energy consumption as the main source of our emissions, our carbon costs will be closely linked to the effectiveness of our energy management initiatives.

Climate Response

Climate change is a global challenge that profoundly affects not just the environment, but our fundamental socioeconomic systems. Climate change effects such as global temperature rises, extreme weather events, flooding, drought, and rising sea levels could put infrastructure at risk, disrupt agriculture yields and even endanger lives. The Group recognises that companies must take steps in mitigation and adaption by implementing measures to manage physical and transition risks. NWDS is accelerating its climate action by adapting its management approach to be more resilient in the face of climate risk, as well as leveraging its network of business partners to advocate for better sustainability performance.

Beyond transition risks, the change in climate pattern also increases the likelihood of extreme weather (e.g. typhoons and floods). Acute physical risks could damage our assets and increase maintenance costs, negatively affect our customers and employee's safety, and lead to service disruptions.

With these risks in mind, we have measures to reduce energy consumption and related carbon emissions across all operations, and contingency plans in light of possible water-related weather events. The Group continues to develop and update its crisis response to minimise potential business disruptions. For more detail of our efforts in these areas, please refer to the sub-sections "Energy Reduction and Efficiency", "Management of Greenhouse Gas Emissions" and "Store Safety Management".

Water Conservation

Water scarcity and water crises have been deemed as top global risks, and NWDS has taken steps to use water responsibly and sustainably. Promoting awareness of water conservation helps protect resources and ensure a sustainable water supply to support business operations and the communities in which we operate.

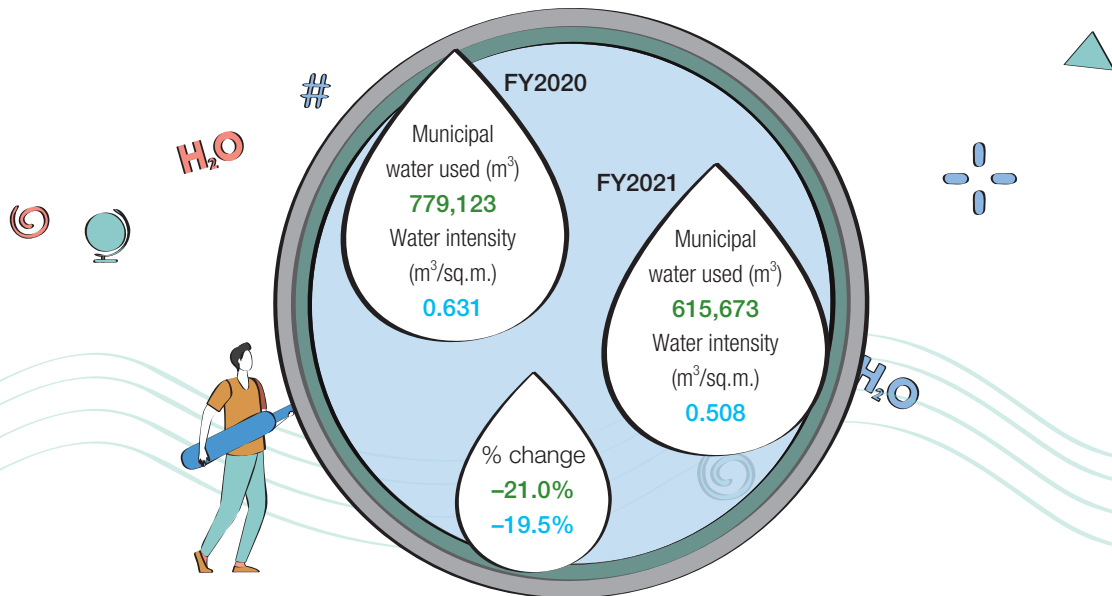
Our Approach

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

Our *Green Office Policy* promotes water conservation and raises our employees' awareness of the issue. In FY2021, we conducted regular water pipe leak tests and inspected cooling towers in summer to prevent the wastage of water from faulty structures.

Performance in Water Conservation

Since FY2018, we have excluded the tenants' water consumption in the data consolidation and assessment processes to reflect the amount of consumption that is controllable by the Group. The water consumption declined by 21.0% to 615,673 cubic metres ("m³") in FY2021 (779,123 m³ in FY2020). The drop is also contributed by a 19.5% decrease in water intensity from 0.631 m³/sq.m. in FY2020 to 0.508 m³/sq.m. in FY2021. The reduction in absolute water consumption and water intensity recorded in FY2021 was mainly due to the closure of a department store, reduced operational activities arising from the COVID-19 pandemic, the renovation work at some of our stores, and implementation of water management initiatives.



Waste Management

Waste is one of the most concerning environmental issues according to our materiality analysis. Waste classification policies implemented in some cities in Mainland China have made waste management even more pressing for our stakeholders and local communities. As part of our commitment to minimise our environmental footprint, we seek to reduce material consumption and maximise recycling to effectively use resources in our business activities.

Food waste is another major component in waste management. As a retailer, we recognise our role in the generation of food waste, and with an increasing number of F&B tenants in our department stores, we are dedicated to continuously improving our food waste handling practices and exploring methods to avoid food wastage.

Our Approach

We practise the four Rs — Refuse, Reduce, Reuse and Recycle — across our operations to reduce the absolute amount of waste generated and facilitate waste sorting at source to promote recycling.

Saying Goodbye to Single-Use Plastics

The Group has implemented different initiatives that aim to reduce the negative impacts of plastic use in our operations, particularly in servicing our customers.

From 2021 onwards, our department stores do not give out plastic bags or single-use plastic items unless upon request. Certain stores also offer biodegradable or paper bags instead of plastic ones. These measures advance our efforts to reduce the amount of waste produced in its operations, while also demonstrating our commitment to sustainability.



Green

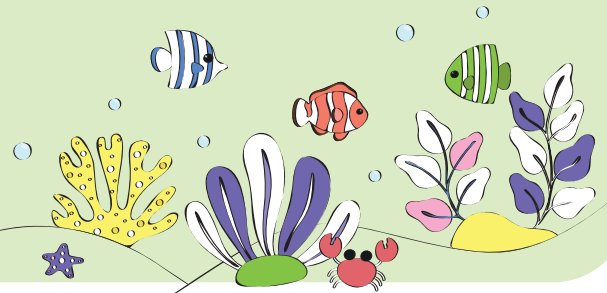


“RESHAPING THE FUTURE OF THE DEEP BLUE SEA” – PLASTIC WASTE REDUCTION FOR MARINE CONSERVATION

In May 2021, Yantai Store hosted an environmental campaign to call for public action to conserve marine life in the spirit of sustainable development. “Reshaping the Future of the Deep Blue Sea” was the theme of the event, with emphasis on avoiding disposable plastics to prevent the pollution of oceans.



More than 80 children took part in the recycled fashion show, where they modelled their outfits created from reclaimed, reused or recycled materials. Other children showcased their creativity as part of the Long Canvas Ocean Painting. The painting has since been displayed at Yantai Store to spread the message to customers about the world’s mounting plastic crisis and the need to protect ocean habitats and marine wildlife.



Use Less, Waste Less Principle

NWDS has adopted the principle of “Use Less, Waste Less” over the years. The Group has published the *Guidelines on Waste Reduction at Offices* and *Waste Measurement Guidelines* in FY2015 and FY2016, respectively. By providing these guidelines, we aim to enhance the monitoring of our daily generated waste and give the staff a better understanding of waste reduction.

Going Paperless

We have digitalised various internal procedures to improve our operational efficiency and avoid unnecessary paper use, further reducing our carbon emissions.

“Going Paperless” Measures

Department Stores

- Transfer *Brand Inventory Management Systems* and *Manager Work Inspection Reports* to online databases to reduce paper use and improve filing efficiency.
- Introduce electronic payment methods to accelerate paperless payment and electronic membership cards vouchers and invoices on NWDS’ WeChat official accounts
- Replace print receipts with electronic receipts, reducing the use of paper

Offices

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

Facilitating waste sorting at source

F&B outlets account for a significant share of the operating area in our department stores. We centralise the collection of food waste from these outlets to ensure its proper handling. We introduced the *Food Waste Reduction Advice* in FY2017 with reference to the community food-wise schemes. Furthermore, we actively encourage our F&B tenants to promote and implement food waste reduction initiatives. The *Food Waste Gauging Guidelines* and *Food Waste Gauge Sheet* were launched in FY2018 to provide additional details and methods on food waste management.

Municipal solid waste (“MSW”) classification was introduced by the Central Government in 2017, with Shanghai as the first pilot city for MSW classification. With the *Regulations on the Administration of Domestic Waste in Shanghai* that came into effect on 1 July 2019, NWDS took steps to facilitate MSW classification by managing the collection, transportation, and disposal of MSW at its Shanghai stores. Various waste reducing and recycling initiatives have been implemented, such as placing recycling bins with clear labels across our stores to raise awareness of recycling practices and facilitate waste segregation. Workers carry out three levels of waste inspection and sorting to ensure compliance with regulatory requirements and proper recycling of the materials disposed of. A penalty system has been introduced to ensure all tenants sort their waste into appropriate categories before disposal.

In the coming years, we intend to extend the MSW classification practices to other department stores in Mainland China.

Green Procurement

NWDS is committed to integrating strong environmental principles in all areas of its businesses, which extends to reducing environmental impact in its procurement decisions. We believe green procurement not only promotes green living to our customers but also helps us mitigate environmental risks in our supply chain.

Our Approach

NWDS strives to ensure procurement practices are in harmony with the environment and society. The *Green Procurement Policy* outlines green procurement principles and reflects our strong preference to work with suppliers with similar commitment to sustainability. The Group established the *Green Procurement Guidelines* in FY2017 to provide stores and offices guidance for using alternative materials with lower environmental impacts.

We use sustainable alternatives to minimise our environmental footprint, including the use of Forest Stewardship Council (“FSC”) certified paper and soy ink for printing financial reports or purchasing green decorative materials for our stores and offices.

Green



A NEW SUSTAINABLE PRODUCT CHOICE AT LOL CONCEPT SHOPS

NWDS hopes to offer new green product alternatives and promote a low carbon lifestyle through the expansion of its direct sales business, which includes the LOL (Love • Original • Life) Concept Shop.

We recognise that sustainable supply chains and procurement practices have the greatest environmental, social, and economic impacts along the whole product

lifecycle. Hence, we have introduced the *LOL Green Proposal* as a precursor to new collaborations with suppliers to indicate our preference for sustainable products and request our suppliers to provide proof of their products’ green specifications.

NWDS supports the development of environmentally friendly products by selecting green products to be featured in its LOL Concept Shops. This year’s featured sustainable product is KAOGÉ, a line of eco-friendly bags and accessories made of cork, which is a natural, eco-friendly material that is biodegradable.





COMMUNITY





ALSTROEMERIA

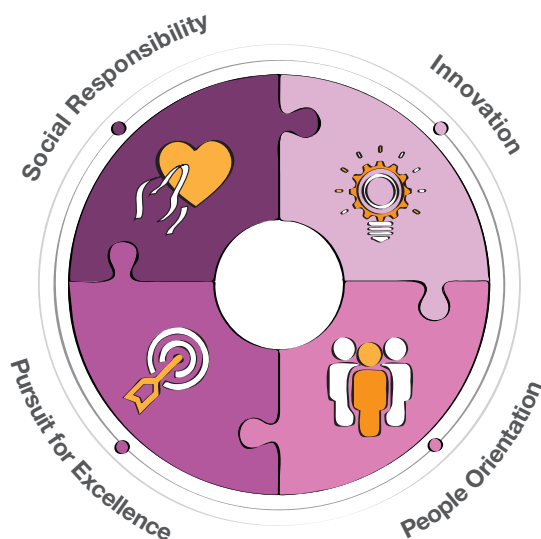
Symbolising Fortune, Prosperity and Bonding



We have been fostering strong relationships with the communities we serve and operate in. Though heightened concerns for public health continue amidst the continuing COVID-19 situation, NWDS remains confident in its ability to fulfil its social obligations and take a leading role in promoting employee and customer welfare and wider society. We advance corporate social responsibility (“CSR”) programmes to address social needs, fostering sustainable growth within the community throughout the pandemic and post-pandemic era.



Our Core Values



Four core values are at the centre of our vision for our community — social responsibility, innovation, people-orientation, and pursuit for excellence. We strive to meet the needs of the local communities of the 17 locations in which our stores operate. We endeavour to be a responsible corporate citizen and employer throughout our retail network by providing affordable food and other products for daily needs and offering job opportunities. Meanwhile, we also actively participate in community development by contributing to environmental improvement and caring for people.

OUR APPROACH AND MEASURES

To create greater impact with our community engagement, we focus efforts on helping the elderly, underprivileged groups, individuals with mental and physical challenges, and students. We have also taken further steps to care for our employees and customers in light of the ongoing pandemic.

We encourage employees to play an active role in their communities by volunteering and fundraising to support local economies. Our NWDS Volunteer Team established in 2013 promotes nationwide volunteering opportunities and community activities to enable employees to contribute to society and fulfil their civic responsibilities. An appreciation and award ceremony for volunteers is organised on an annual basis.

The *NWDS Volunteer Team Members' Handbook* serves as a useful guide that outlines our key beneficiaries, enrolment methods for volunteering opportunities and information about our volunteer team. New volunteering activities are published on both internal and external communication platforms including our intranet, our regular staff e-newsletters and WeChat official accounts.

As part of our commitment to give back to our local communities, stores are supported in forming deeper ties with local charitable and non-profit organisations. This is facilitated through identifying areas that require support and organising events for communities accordingly. The Group also encourages stores to engage with local stakeholders through social media platforms such as Weibo and WeChat. To keep track of the Group's performance, volunteer records are updated regularly and stored in our electronic human resources database.

OUR INITIATIVES



Caring



“LOVE MAKES THE STARRY SKY BLUE” – FUNDRAISING TO RAISE AWARENESS AND SUPPORT AUTISTIC CHILDREN

NWDS has always shown strong support for those with Autism Spectrum Disorder (“ASD”), whether it is through organising events to raise public awareness, interacting with individuals affected by this disorder, or hosting fundraising activities alongside organisations supporting ASD.



In collaboration with NGOs, eight of our department stores organised special charity sales and exhibitions in the 2021 World Autism Awareness

Day. Customers were encouraged to donate RMB42 to receive a picture book created by autistic children. The department stores had altogether raised over RMB25,000, with all proceeds being donated to support children with ASD.



Caring



SHOWING CARE FOR THE ELDERLY

As responsible corporate citizens, it is part of our responsibility to care for the elderly and create a harmonious and inclusive community. Our employees have taken initiative to express care, love and support to the elderly from home visits to delivering gifts.



During the Double Ninth Festival in 2020, eight of our stores organised volunteer activities centred on caring for the elderly. Employees from Mianyang Store visited the local elderly care service centre with gift packs to show care and companionship. Our Shanghai Qibao Branch Store organised a short entertainment programme for the elderly in a local nursing home, while another store prepared gift packs to keep the elderly warm for the winter months.

Volunteer employees are not only able to give back to their local communities, but also feel self-fulfilled through their acts of goodwill. NWDS encourages the development of a community-driven mindset, going beyond providing customer services in its business and contributing to the communities in which it operates.





COLLABORATION WITH LOCAL ARTISTS TO PROMOTE ARTS AND CULTURE

To promote the Artisanal Movement, a cultural vision of NWD, on its journey, NWDS strives to create opportunities for talented artisans of the local community. We provide local artists with platforms to showcase their brand labels and creations in our stores. In FY2021, Shanghai Huaihai Branch Store collaborated with an online social platform to bring 25 local designer labels into the store and promote new trends, fashion, and art.

To appreciate the persistence of Wuhan city and all its residents, Wuhan Jianshe Store invited local photographers to host an exhibition to display memorable moments captured during the months of lockdown.

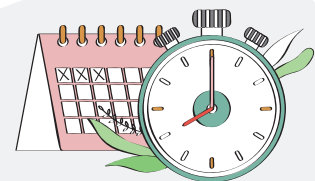


OUR PERFORMANCE

The past year has reinforced our determination to support our communities, and in FY2021 the Group continued to collaborate with partners across different sectors to support the vulnerable groups in its communities. Our involvement with volunteering activities and CSR campaigns added up to a total of 15,094 hours of volunteer service. In addition, the Group donated a total of HK\$7,251 to charities and organisations in Mainland China.



Number of Volunteers:
1,124 people



Total Volunteer Service Hours:
15,094 hours

AWARDS AND RECOGNITION

AWARDS

Corporate Governance

The Asset

- Gold Award in the category of “Environmental, Social and Governance” in “The Asset ESG Corporate Awards 2020”



The Hong Kong Management Association

- Certificate of Excellence in Environmental, Social and Governance Reporting in “2021 HKMA Best Annual Reports Awards”



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

- “Happy Company” logo in “Happiness at Work Promotional Scheme 2021”



Mandatory Provident Fund Schemes Authority

- “Good MPF Employer”, “e-Contribution Award” and “MPF Support Award” in 2020/21 “Good MPF Employer” Award



Employee Welfare

Environmental Protection

World Green Organisation

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



Environmental Campaign Committee

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



Community Service

The Hong Kong Council of Social Service

- “10 Years Plus Caring Company” logo in 2020/21 “Caring Company” scheme



EXTERNAL INITIATIVES



SUSTAINABILITY DATA SUMMARY

SOCIAL DATA

Number of Employees		Total	Gender		Geographical Region	
			Male	Female	Hong Kong	Mainland China
By Employment	Permanent	1,597	782	815	14	1,583
	Contract	1,247	590	657	0	1,247
By Employment Type	Full-time	2,844	1,372	1,472		
	Part-time	0	0	0		

Training Hours		FY2021
By Seniority		
Frontline Officer and below		30,628.1
Back-office Officer and below		27,953.1
Assistant Manager		6,705.4
Manager		3,969.0
Senior Manager		1,044.3
Assistant General Manager and above		2,152.9
By Gender		
Male		32,299.1
Female		40,153.7
Total		72,452.8



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

	FY2021		
	Total Workforce	Turnover	New Hires
By Seniority			
Frontline Officer and below	1,114		
Back-office Officer and below	1,350		
Assistant Manager	184		
Manager	107		
Senior Manager	27		
Assistant General Manager and above	62		
By Gender			
Male	1,372	77 (4.8%)	1
Female	1,472	97 (6.1%)	2
By Age Group			
Aged under 30	246	9 (0.6%)	2
Aged 30 to 50	2,440	153 (9.6%)	1
Aged over 50	158	12 (0.8%)	0
By Geographical Region			
Hong Kong	14	3 (0.2%)	3
Mainland China	2,830	171 (10.7%)	0
Total	2,844	174 (10.9%)	3

Occupational Health and Safety

	FY2021				
	Absentee Rate ⁽²⁾	Injury Rate ⁽³⁾⁽⁴⁾	Lost-day Rate ⁽⁴⁾	Occupational Disease Rate ⁽⁴⁾	Fatality Rate
By Gender					
Male	1.27%	0.140	7.471	0	0
Female	1.47%	0.260	7.030	0	0
By Geographical Region					
Hong Kong	1.76%	0	0	0	0
Mainland China	1.37%	0.203	7.277	0	0
Total	1.38%	0.202	7.243	0	0⁽⁵⁾

Notes:

- (1) To align with the Parent Company's disclosure practices, the staff turnover and new hires figures and rates reported here cover permanent employees only.
- (2) Absentee rate is calculated as 'total number of absent days divided by the total days worked'.
- (3) Minor injuries (sick leave < 0 day) are excluded from the above injury rates.
- (4) The injury rate, lost day rate and occupational disease rate represent the number of incidents per 100 employees per year. These rates are calculated as 'total number of incidents multiplied by the annual hours worked by 100 employees and then divided by the total hours worked'.
- (5) Fatality counts and fatality rates for FY2020 and FY2019 were 1 (0.03%) and 0 (0%) respectively.



ENVIRONMENTAL DATA⁽¹⁾

Air Emissions ⁽²⁾			
Type	Unit	FY2020	FY2021
Nitrogen Oxides (NOx)	tonne	0.0414	0.0252
Sulphur Oxides (SOx)	tonne	0.0008	0.0008
Particulate Matter (PM)	tonne	0.0031	0.0019

GHG Emissions			
Type	Unit	FY2020	FY2021
Direct GHG (Scope 1)	tonne CO ₂ e	4,314	4,471
Indirect GHG (Scope 2)	tonne CO ₂ e	95,840	82,346
Total	tonne CO₂e	100,154	86,816
GHG Intensity⁽³⁾	tonne CO₂e/sq.m.	0.0811	0.0717

Energy Consumption ⁽⁴⁾			
Type	Unit	FY2020	FY2021
Natural Gas	GJ	75,348	77,794
Gasoline	GJ	1,803	1,842
Diesel	GJ	1,090	915
Electricity	GJ (kWh)	500,412 (139,003,326)	432,223 ⁽⁵⁾ (120,061,807)
District Heating	GJ	47,163	60,116 ⁽⁶⁾
Total	GJ	625,816	572,889
Energy Intensity⁽³⁾	GJ/sq.m.	0.507	0.473

Water Consumption ⁽⁴⁾			
Type	Unit	FY2020	FY2021
Municipal Water Used	m ³	779,123	615,673
Water Intensity⁽³⁾	m³/sq.m.	0.631	0.508

Materials Used			
Type	Unit	FY2020	FY2021
Paper (A4)	tonne	20.3	20.6
Paper (A3)	tonne	0.4	0.5
Paper Products	tonne	8.5	7.7
Plastic Bags	tonne	7.3	4.2



Waste Handled			
Type	Unit	FY2020	FY2021
Hazardous Waste Recycled			
Toner	tonne	0.2	0.2
Non-hazardous Waste Disposed of at Landfills/Incinerated			
General Waste	tonne	3,813.9	4,076.5
Paper	tonne	6.7	3.7
Plastics	tonne (kg)	0 (37)	0 (0)
Food Waste	tonne	5,450.4	6,844.4
Total	tonne	9,271.1	10,924.8
Non-hazardous Waste Recycled or Reused			
Cardboard	tonne	255.2	697.3
Scrap Metal	tonne (kg)	2.1 (2,050)	0 (10)
Total	tonne	257.3	697.3

Notes:

- (1) Wuhan Trendy Plaza, which was closed on or before 30 June 2021 is excluded from the FY2021 environmental data.
- (2) The above air emissions data is calculated using the Hong Kong Environmental Protection Department's EMFAC - HK Vehicle Emission Calculation model and the United States Environmental Protection Agency's Vehicle Emission Modeling Software — MOBILE6.1.
- (3) The above reported GHG intensity, energy intensity and water intensity were calculated based on the GFA of the stores and corporate offices with full-year operations during the year under review (i.e. 1,234,288 sq.m. in FY2020 and 1,211,288 sq.m. in FY2021).
- (4) To better reflect the Group's true utility consumptions, we have excluded the tenant's electricity and water consumption in the data consolidation and assessment processes.
- (5) The significant reduction in electricity consumption in FY2021 was the combined result of operational adjustments due to the COVID-19 pandemic and the closure of Wuhan Trendy Plaza.
- (6) Due to colder winter weather in FY2021, there was an increase in heating use by the stores.



CONTENT INDEX

UNIVERSAL STANDARDS

Disclosure	Relevant Section(s)	Remark (e.g. omission)	SEHK's ESG Reporting Guide
GRI 101 Foundation 2016			
GRI 102 General Disclosures 2016			
Organisational Profile			
102-1	Name of the organisation	About NWDS P.7-10	
102-2	Activities, brands, products, and services	About NWDS P.7-10	
102-3	Location of headquarters	7/F, 88 Hing Fat Street, Causeway Bay, Hong Kong	
102-4	Location of operations	About NWDS P.7-10	
102-5	Ownership and legal form	About NWDS P.7-10 Annual Report 2021 — Notes to the Financial Statements P.81	
102-6	Markets served	About NWDS P.7-10	
102-7	Scale of the organisation	About NWDS P.7-10 Employees P.19-28 Sustainability Data Summary P.58-61	
102-8	Information on employees and other workers	Employees P.19-28 Sustainability Data Summary P.58-61	KPI B5.1
102-9	Supply chain	Operations P.29-38	Aspect B5 Supply Chain Management: General Disclosure KPI B5.1
102-10	Significant changes to the organisation and its supply chain	About NWDS P.7-10 Operations P.29-38	
102-11	Precautionary Principle or approach	Our Sustainability Approach P.11-18 Annual Report 2021 — Corporate Governance Report P.34-46	
102-12	External initiatives	Our Sustainability Approach P.11-18 Awards and Recognition P.56-57	
102-13	Membership of associations	Awards and Recognition P.56-57	
Strategy			
102-14	Statement from senior decision-maker	Message from the Chairman P.4-5	
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behavior	Our Sustainability Approach P.11-18	
Governance			
102-18	Governance structure	Our Sustainability Approach P.11-18 Annual Report 2021 — Corporate Governance Report P.34-46	
Stakeholder Engagement			
102-40	List of stakeholder groups	Our Sustainability Approach — Stakeholder Engagement P.14-16	
102-41	Collective bargaining agreements		Our employees are not covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	Our Sustainability Approach — Stakeholder Engagement P.14-16	
102-43	Approach to stakeholder engagement	Our Sustainability Approach — Stakeholder Engagement P.14-16	
102-44	Key topics and concerns raised	Our Sustainability Approach — Stakeholder Engagement P.14-16	
Reporting Practice			
102-45	Entities included in the consolidated financial statements	Annual Report 2021 - Notes to the Financial Statements P.143-146	
102-46	Defining report content and topic Boundaries	Our Sustainability Approach — Materiality Assessment P.17	
102-47	List of material topics	Our Sustainability Approach — Materiality Assessment P.17	

Disclosure	Relevant Section(s)	Remark (e.g. omission)	SEHK's ESG Reporting Guide
102-48	Restatements of information	N/A	
102-49	Changes in reporting	About this Report P.3	
102-50	Reporting period	About this Report P.3	
102-51	Date of most recent report	December 2020	
102-52	Reporting cycle	About this Report P.3	
102-53	Contact point for questions regarding the report	About this Report P.3	
102-54	Claims of reporting in accordance with the GRI Standards	About this Report P.3	
102-55	GRI content index	Content Index P.62-67	
102-56	External assurance	Assurance Statement P.68	

TOPIC SPECIFIC STANDARDS

GRI Standards Disclosure	Relevant Section(s)	Remark (e.g. omission)	SEHK's ESG Reporting Guide		
Material Topics					
GRI 200 Economic Standard Series					
Economic Performance					
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Sustainability Approach P.11-18		
	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	About NWDS P.7-10 Annual Report 2021 — Financial Highlights and Financial Review P.4-5, 24-27		
	201-2	Financial implications and other risks and opportunities due to climate change	Environment — Management of Greenhouse Gas Emissions P.45-47	Aspect A4 Climate Change: General Disclosure KPI A4.1	
Procurement Practices					
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Sustainability Approach P.11-18	Aspect B5 Supply Chain Management: General Disclosure	
	103-2	The management approach and its components	Operations P.29-38		
	103-3	Evaluation of the management approach			
GRI 204 Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Operations P.29-38		
Anti-corruption					
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Sustainability Approach P.11-18	Aspect B7 Anti-corruption: General Disclosure KPI B7.1 KPI B7.2 KPI B7.3	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 205 Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	Our Sustainability Approach — Anti-corruption P.18		
GRI 300 Environmental Standard Series					
Materials					
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Sustainability Approach P.11-18	We are optimising the data collection system and seek to disclose this information in the subsequent reports.	Aspect A2 Use of Resources: General Disclosure KPI A2.5
	103-2	The management approach and its components	Environment P.39-50		
	103-3	Evaluation of the management approach	Environment — Our Approach and Measures P.41-42 Environment — Waste Management P.48-50		
GRI 301 Materials 2016	301-1	Materials used by weight or volume	Sustainability Data Summary P.58-61		

GRI Standards	Disclosure		Relevant Section(s)	Remark (e.g. omission)	SEHK's ESG Reporting Guide
Energy					
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Sustainability Approach P.11-18		Aspect A2 Use of Resources: General Disclosure KPI A2.1 KPI A2.3
	103-2	The management approach and its components	Environment P.39-50		
	103-3	Evaluation of the management approach	Environment — Our Approach and Measures P.41-42 Environment — Energy Reduction and Efficiency P.42-44		
GRI 302 Energy 2016	302-1	Energy consumption within the organisation	Environment — Energy Reduction and Efficiency P.42-44 Sustainability Data Summary P.58-61		
	302-3	Energy intensity	Environment — Energy Reduction and Efficiency P.42-44 Sustainability Data Summary P.58-61		
	302-4	Reduction of energy consumption	Environment — Energy Reduction and Efficiency P.42-44		
Water					
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Sustainability Approach P.11-18		Aspect A2 Use of Resources: General Disclosure KPI A2.2 KPI A2.4
	103-2	The management approach and its components	Environment P.39-50		
	103-3	Evaluation of the management approach	Environment — Our Approach and Measures P.41-42 Environment — Water Conservation P.48		
GRI 303 Water and Effluents 2018	303-1	Interactions with water as a shared resource	Environment — Water Conservation P.48	The Group only uses municipal water supply.	
	303-2	Management of water discharge-related impacts	Environment — Water Conservation P.48 Sustainability Data Summary P.58-61		
Biodiversity					
GRI 304 Biodiversity 2016	304-3	Habitats protected or restored	Environment — Management of Greenhouse Gas Emissions P.45-47		Aspect A3 The Environment and Natural Resources: General Disclosure KPI A3.1
Emissions					
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Sustainability Approach P.11-18		Aspect A1 Emissions: General Disclosure KPI A1.1 KPI A1.2 KPI A1.5
	103-2	The management approach and its components	Environment P.39-50		
	103-3	Evaluation of the management approach	Environment — Our Approach and Measures P.41-42 Environment — Management of Greenhouse Gas Emissions P.45-47		
GRI 305 Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Environment — Management of Greenhouse Gas Emissions P.45-47 Sustainability Data Summary P.58-61		
	305-2	Energy indirect (Scope 2) GHG emissions	Environment — Management of Greenhouse Gas Emissions P.45-47 Sustainability Data Summary P.58-61		
	305-4	GHG emissions intensity	Environment — Management of Greenhouse Gas Emissions P.45-47 Sustainability Data Summary P.58-61		
	305-5	Reduction of GHG emissions	Environment — Management of Greenhouse Gas Emissions P.45-47		
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Sustainability Data Summary P.58-61		Aspect A1 Emissions: General Disclosure KPI A1.1

GRI Standards	Disclosure		Relevant Section(s)	Remark (e.g. omission)	SEHK's ESG Reporting Guide
Effluents and Waste					
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Sustainability Approach P.11-18		Aspect A1 Emissions: General Disclosure KPI A1.3 KPI A1.4 KPI A1.6
	103-2	The management approach and its components	Environment P.39-50		
	103-3	Evaluation of the management approach	Environment — Our Approach and Measures P.41-42 Environment — Waste Management P.48-50		
GRI 306 Effluents and Waste 2016	306-2	Waste by type and disposal method	Environment — Waste Management P.48-50 Sustainability Data Summary P.58-61		
Environmental Compliance					
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Sustainability Approach P.11-18		Aspect A1 Emissions: General Disclosure
	103-2	The management approach and its components	Environment P.39-50		
	103-3	Evaluation of the management approach			
GRI 307 Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	Environment P.39-50		
Supplier Environmental Assessment					
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Sustainability Approach P.11-18		Aspect B5 Supply Chain Management: General Disclosure KPI B5.2 KPI B5.3 KPI B5.4
	103-2	The management approach and its components	Operations P.29-38		
	103-3	Evaluation of the management approach			
GRI 308 Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Operations — Supplier Code of Conduct P.31-32	Our Supplier Code of Conduct specifies our requirements for suppliers on environmental protection.	
GRI 400 Social Standards Series					
Employment					
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Sustainability Approach P.11-18		Aspect B1 Employment: General Disclosure KPI B1.1 KPI B1.2
	103-2	The management approach and its components	Employees P.19-28		
	103-3	Evaluation of the management approach			
GRI 401 Employment 2016	401-1	New employee hires and employee turnover	Sustainability Data Summary P.58-61		
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employees — Employee Welfare and Benefits P.22-23		
Occupational Health and Safety					
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Sustainability Approach P.11-18		Aspect B2 Health and Safety: General Disclosure KPI B2.1 KPI B2.2 KPI B2.3
	103-2	The management approach and its components	Employees — Occupational Health and Safety P.27-28		
	103-3	Evaluation of the management approach			
GRI 403 Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Operations — Store Safety Management P.35-37 Operations — Emergency Preparedness and Response P.36		
	403-2	Hazard identification, risk assessment, and incident investigation	Operations — Hazard Identification and Risk Management P.37		

GRI Standards	Disclosure	Relevant Section(s)	Remark (e.g. omission)	SEHK's ESG Reporting Guide
	403-3	Occupational health services	Operations — Store Safety Management P.35-37	
	403-4	Worker participation, consultation, and communication on occupational health and safety	Operations — Store Safety Management P.35-37	
	403-5	Worker training on occupational health and safety	Operations — Store Safety Management P.35-37	
	403-6	Promotion of worker health	Employees — Occupational Health and Safety P.27-28	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Operations — Store Safety Management P.35-37	
	403-9	Number, rates and types of work-related injuries, lost days due to work-related injuries and, number and rate of work-related fatalities	Employees — Occupational Health and Safety P.27-28 Sustainability Data Summary P.58-61	
Training and Education				
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Sustainability Approach P.11-18	Aspect B3 Development and Training: General Disclosure
	103-2	The management approach and its components	Employees P.19-28	
	103-3	Evaluation of the management approach		
GRI 404 Training and Education 2016	404-1	Average hours of training per year per employee	Employees — Training and Development P.24-27 Sustainability Data Summary P.58-61	We are optimising the data collection system and seek to disclose this information in next year's report. KPI B3.1 KPI B3.2
	404-2	Programs for upgrading employee skills and transition assistance programs	Employees — Training and Development P.24-27	
Child Labour				
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Sustainability Approach P.11-18	Aspect B4 Labour Standards: General Disclosure KPI B4.1 KPI B4.2
	103-2	The management approach and its components	Employees — Labour Standards P.21	
	103-3	Evaluation of the management approach		
GRI 408 Child Labour 2016	408-1	Operations and suppliers at significant risk for incidents of child labour	Employees — Labour Standards P.21 Operations — Supplier Code of Conduct P.31-32	Our Supplier Code of Conduct specifies our requirements for suppliers on prohibition of child labour.
Forced or Compulsory Labour				
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Sustainability Approach P.11-18	Aspect B4 Labour Standards: General Disclosure KPI B4.1 KPI B4.2
	103-2	The management approach and its components	Employees — Labour Standards P.21	
	103-3	Evaluation of the management approach		
GRI 409 Forced or Compulsory Labour 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Employees — Labour Standards P.21 Operations — Supplier Code of Conduct P.31-32	Our Supplier Code of Conduct specifies our requirements for suppliers on prohibition of forced labour.
Local Communities				
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Sustainability Approach P.11-18	Aspect B8 Community Investment: General Disclosure KPI B8.1 KPI B8.2
	103-2	The management approach and its components	Community P.51-55	
	103-3	Evaluation of the management approach		
GRI 413 Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Community P.51-55	

GRI Standards	Disclosure		Relevant Section(s)	Remark (e.g. omission)	SEHK's ESG Reporting Guide
Supplier Social Assessment					
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Sustainability Approach P.11-18		Aspect B5 Supply Chain Management: General Disclosure KPI B5.2 KPI B5.3
	103-2	The management approach and its components	Operations P.29-38		
	103-3	Evaluation of the management approach			
GRI 414 Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	Operations — Supplier Code of Conduct P.31-32	Our Supplier Code of Conduct specifies our social requirements such as prohibition of child labour and forced labour.	
Customer Health and Safety					
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Sustainability Approach P.11-18		Aspect B6 Product Responsibility: General Disclosure
	103-2	The management approach and its components	Operations P.29-38		
	103-3	Evaluation of the management approach			
GRI 416 Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Operations P.29-38		
Marketing and Labeling					
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Sustainability Approach P.11-18		Aspect B6 Product Responsibility: General Disclosure
	103-2	The management approach and its components	Operations P.29-38		
	103-3	Evaluation of the management approach			
GRI 417 Marketing and Labeling 2016	417-2	Incidents of non-compliance concerning product and service information and labeling	Operations P.29-38	The Group had one reported case relating to advertising and labelling.	
	417-3	Incidents of non-compliance concerning marketing communications			
Customer Privacy					
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Sustainability Approach P.11-18		Aspect B6 Product Responsibility: General Disclosure KPI B6.5
	103-2	The management approach and its components	Operations P.29-38		
	103-3	Evaluation of the management approach			
GRI 418 Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Operations — Customer Data Privacy P.37		
Socioeconomic Compliance					
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Sustainability Approach P.11-18		Aspect B1 Employment: General Disclosure
	103-2	The management approach and its components	Employees P.19-28		
	103-3	Evaluation of the management approach	Operations P.29-38		
GRI 419 Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	Our Sustainability Approach P.11-18		Aspect B4 Labour Standards: General Disclosure
			Employees P.19-28		
			Operations P.29-38		
					Aspect B6 Product Responsibility: General Disclosure
					Aspect B7 Anti-corruption: General Disclosure

ASSURANCE STATEMENT



SCOPE AND OBJECTIVES

Hong Kong Quality Assurance Agency (“HKQAA”) has been commissioned by New World Department Store China Limited (“NWDS”) to conduct an independent verification of its Sustainability Report 2021 (the “Report”) covering the financial year 2021 from 1 July 2020 to 30 June 2021.

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

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

- Assess whether the scope of the Report covers the significant aspects in relation to the sustainability;
- Verify whether the Report addresses the Core option of the GRI Standards and requirements of SEHK’s ESG Reporting Guide;
- Evaluate whether the selected data and information presented in the Report are accurate, including performance of 2030 targets and progress status, Environmental Performance Data and Social Performance Data, etc.; and
- Review whether the data and information management mechanism for preparing the Report is reliable.

LEVEL OF ASSURANCE AND METHODOLOGY

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

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

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

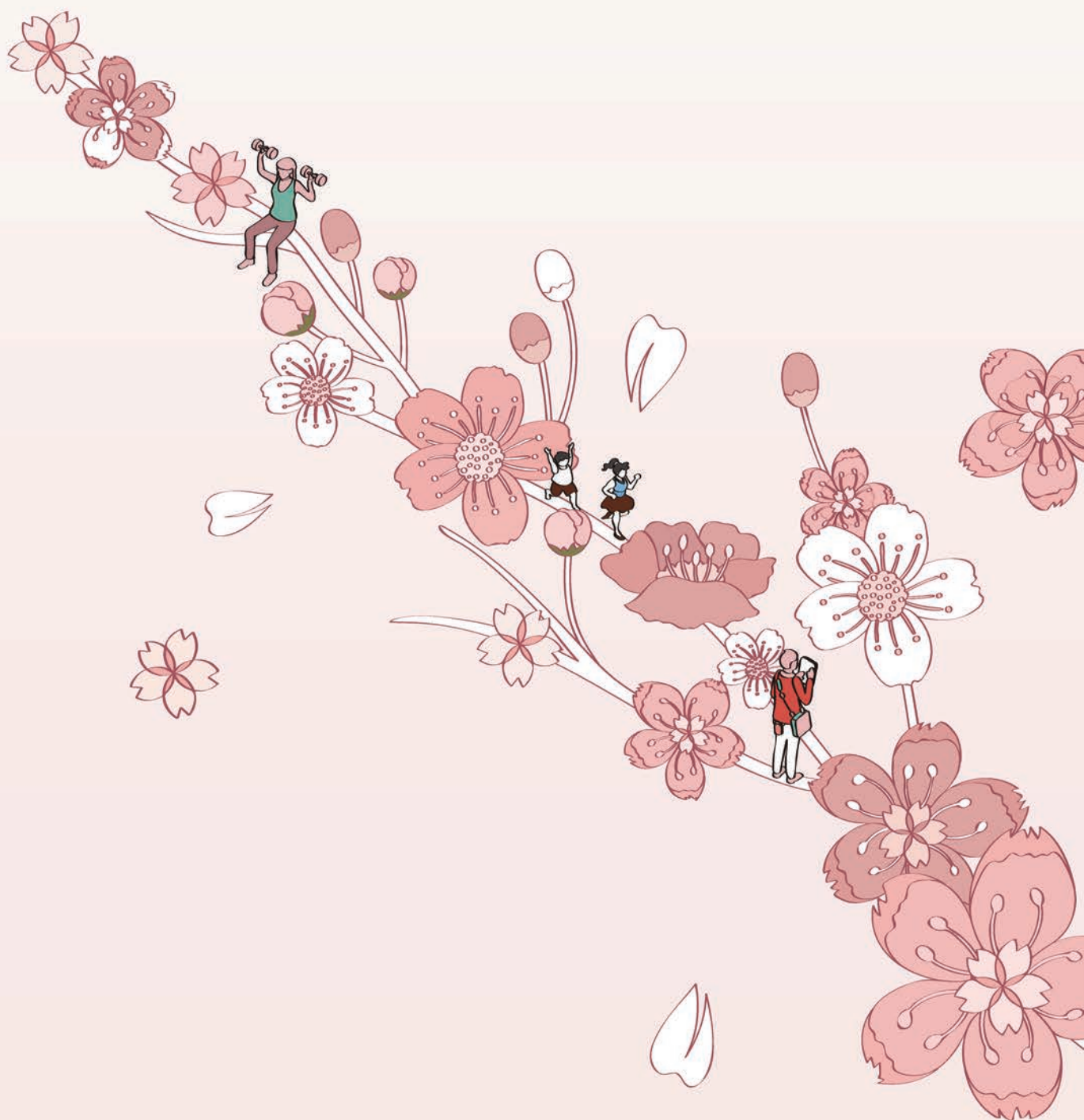
INDEPENDENCE

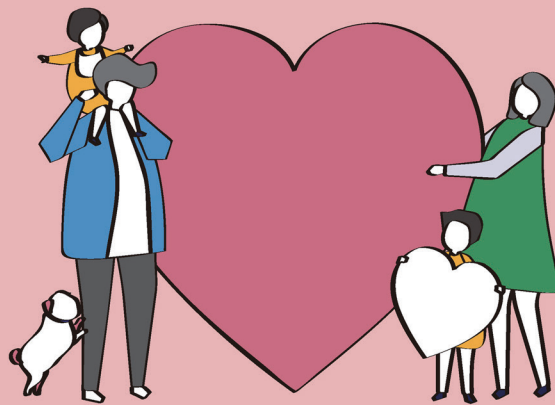
NWDS is responsible for collection and presentation of the report contents. HKQAA did not involve in the collection and calculation of data or the compilation of the report contents, and the verification activities are entirely independent from NWDS.

CONCLUSION

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

Connie Sham
Head of Audit
Hong Kong Quality Assurance Agency
November 2021





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

(incorporated in the Cayman Islands with limited liability)

(Hong Kong Stock Code : 825)

7th Floor, 88 Hing Fat Street, Causeway Bay, Hong Kong

Tel : (852) 2753 3988
Fax : (852) 2318 0884
Email : nwdscad@nwds.com.hk
Website : www.nwds.com.hk
WeChat : [nwds-china](https://www.wechat.com/qrcode?qr_code=1)
Weibo : [e.weibo.com/xinshijiebaihuo](https://www.weibo.com/xinshijiebaihuo)



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