



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  
2022







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## REPORTING PERIOD

This Report provides an overview of the Group's Environmental, Social and Governance ("ESG") performance during the reporting period of 1 July 2021 to 30 June 2022 ("FY2022" or "this year") as well as the latest initiatives in FY2022 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 26 department stores and shopping malls, as well as two management offices. A stakeholder engagement and materiality assessment exercise were conducted to identify the priority material topics to be included in the report. Please refer to the "Materiality Assessment" sub-section for further detail.

# ABOUT THIS REPORT

The NWDS Sustainability Report 2022 (the "Report") provides an overview of the sustainability framework and progress of New World Department Store China Limited ("NWDS" or the "Company") and its subsidiaries (the "Group"). We are proud to share our sustainability initiatives as part of our business in pursuit of our New World Sustainability Vision 2030.

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

## REFERENCE AND ASSURANCE

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 reasonable 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

This Report is only available in digital format to minimize the environmental impact of issuing a print version. Supplementary information is available in the Annual Report 2022 ([www.nwds.com.hk/announcements/report](http://www.nwds.com.hk/announcements/report)) or on the Company website under the Corporate Sustainability section ([www.nwds.com.hk/csr/](http://www.nwds.com.hk/csr/)). We welcome your feedback on our Report and other sustainability-related matters. Please write to us at [nwdscad@nwds.com.hk](mailto:nwdscad@nwds.com.hk).

# MESSAGE FROM THE CHAIRMAN



FY2022 is a demanding year with the recurrence of COVID-19 pandemic. City-wide lockdowns measures in various areas have put our resilience to the test as we placed great effort on striking a balance between implementing pandemic prevention measures and delivering quality customer experiences. Other than the prevailing COVID-19 pandemic, droughts, floodings and typhoons also pose unprecedented challenges to our operations. In light of the ever-changing environment, we firmly uphold our New World Sustainability Vision 2030 ("SV2030") and incorporate sustainability in our development strategies.

Safeguarding the health and wellness of our customers and employees remains to be our top priority. Apart from aligning with the local governments' pandemic control policies, we have practiced stringent health and safety procedures across our operations. We have basic frontline pandemic prevention measures, regular disinfection of public facilities, formulating emergency response plans for suspected or confirmed cases and establishing an employee health monitoring system. It will remain our focus to protect our customers and employees on duty from health and safety risks.



Furthermore, the Group seeks to enhance the quality of customer experiences through technological innovations. With digitalization, a flexible online membership system is established, allowing convenient and tailor-made service contents provided to our member customers. Members may now enjoy smart shopping experiences and redeem various rewards through our newly launched online shopping platform “New Lab Mini Program” and “K Dollar Reward System”. Further optimization of our online channels will be conducted as we continue to integrate offline and online business for innovative and efficient operations. We will keep exploring new digital transformation opportunities to bring our customers a safe and smooth retail experience.

The Company has dedicated to being environmentally-responsible and promoting a green shopping experience to our customers. We have implemented a wide range of environmental initiatives including energy, waste and water conservation to reduce our ecological footprint. To enhance the monitoring and management of energy consumption, smart metering system is introduced to stores, capturing energy reduction opportunities through real-time energy monitoring. Waste classification is also implemented in most of our stores, in addition to recycling programs to minimize material consumption in our business activities. Considering the emerging risks of climate change in recent years, we place great emphasis on the identification of climate risks in our operations. Guidelines are updated to illustrate the emergency response to extreme weather events, preparing our stores for potential climate risks. We will continue to

review our environmental management strategies to help create a greener future.

We recognize our corporate social responsibility as an integral part of the local communities. To foster sustainable growth within the community, we proactively cooperate with local authorities, non-governmental organizations and brands to host community events and services. To promote healthcare awareness in the community, we collaborated with the health centres, distributed caring packages and medical supplies. The Company is committed to bringing positive contributions to and forming strong ties with our communities.

Our Group would like to extend our profound gratitude to our stakeholders, in particular our employees, for their support and trust in these challenging times. As the global community gradually recovers from pandemic, we determine to be vigilant, but also innovative and continue to strive for creating a better and sustainable future.

**Dr. Cheng Chi-kong, Adrian**

*Chairman*

Hong Kong, China, October 2022



# 2022 SUSTAINABILITY PERFORMANCE HIGHLIGHTS

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



## GREEN

- Total Greenhouse Gas Emissions (Scope 1 and Scope 2) **0.065** tonnes CO<sub>2</sub>e/sq.m. (-**9.8%** compared with FY2021)
- Energy intensity of all operations **445.9** MJ/sq.m. (-**5.7%** compared with FY2021)
- Water intensity of all operations **0.57** m<sup>3</sup>/sq.m. (+**12.2%** compared with FY2021)
- Installed “**Eco-World**” **smart metering system** in selected stores to enhance accuracy and consistency of energy data collection and monitoring to facilitate energy management efficacy
- Updated the *Guidelines for Notification and Handling of Crises* for staff members to maintain vigilant in climate emergency response



## SMART

- Launched the “NWDS V Deals” mini program to expand the marketing and branding reach of our tenants, promote sales and engage with customers on our online platform
- Updated the *New World Department Store Member* in accordance with the launch of NWD Group’s “K Dollar Reward System”
- Established a **four-stage warning system** to enhance network security and optimize efficient use of resources
- Managed **123** official WeChat and Weibo accounts to facilitate communication across the Group and engage with our staff and customers
- 7,942** brands and suppliers are stored in our online brand centralization platform to facilitate future branding strategies



## CARING

- 52.9%** of managerial positions are taken up by women
- Provided **28.8** hours of training per staff
- 972** volunteers and **3,160** volunteering hours
- Delivered caring packages with essential supplies to our staff during Shanghai’s pandemic lockdown
- Conducted targeted training plans to improve the service quality based on customer review on our operations and services in respective stores



## WELLNESS

- Implemented frontline pandemic prevention measure, emergency response plans for pandemic control and employee health monitoring system
- Organized **354** staff caring activities including team fitness, craftsmanship activities and photography competition
- Based on the three-tier system carried out potential safety inspections for the stores, to reduce the potential safety risks of the stores
- Zero fatality for employees

# ABOUT NWDS



|                                     | Date of Opening | Approximate GFA (sq.m.) |
|-------------------------------------|-----------------|-------------------------|
| <b>Northern China Region</b>        |                 | <b>644,900</b>          |
| Beijing Chongwen Store              | July 1998       | 117,200                 |
| Beijing Liying Store                | September 2008  | 52,000                  |
| Beijing Qianzi Store                | September 2010  | 55,600                  |
| Beijing Trendy Store                | March 2007      | 31,200                  |
| Changsha Trendy Plaza               | September 2006  | 35,000                  |
| Lanzhou Store                       | September 2005  | 28,500                  |
| Shenyang Jinqiao Road Trendy Plaza  | May 2011        | 34,000                  |
| Tianjin Store                       | October 1997    | 14,200                  |
| 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    | 29,400                  |
| <b>Southern China Region</b>        |                 | <b>405,300</b>          |
| 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 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                  |
| <b>TOTAL GROSS FLOOR AREA</b>       |                 | <b>1,050,200</b>        |

## COMPANY'S BACKGROUND

New World Department Store China Limited (Hong Kong Stock Code: 825), along with its subsidiaries is the retail flagship of New World Development Company Limited (Hong Kong Stock Code: 17; "NWD" or the "Parent Company") in Mainland China. Founded in 1993, the Group looks to grow its business by adopting forward-looking expansion strategies of "multiple presences within a single city" and "radiation city". The Group was listed on the Main Board of The Stock Exchange of Hong Kong Limited in 2007. As of 30 June 2022, NWD owned approximately 75% shares of the Group.

The Company headquartered in Hong Kong, has become one of the largest owners and operators of department stores in Mainland China. To consolidate and optimize its resource allocation, the Group closed three stores in FY2022, namely Harbin Store, Shanghai Qibao Branch Store and Chengdu Store. As of 30 June 2022, we operated 26 department stores and shopping malls with a total gross floor area ("GFA") of about 1,050,200 square metres ("sq.m."), covering 15 key locations across the country.

## THE YEAR IN REVIEW

### Business Overview in FY2022

During the financial year, owing to the continuous impact of COVID-19 pandemic and its evolvement as a normality, the business of the Group suffered from uncertainties and challenges. Nevertheless, the Group strived for paying full efforts to the business development and upgrade, to seize the opportunity of consumer market recovery brought by the effective control of pandemic. We kept a close eye on the latest development by optimizing the shopping environment and conducting marketing campaigns with the alignment of products and memberships, to ensure steady and sustainable growth.

The consumption trend is volatile. During the financial year, new consumption modes were emerging. It is observed that the consumption mode shifted towards the pursuance of high quality, the consumption demands on quality continued to increase in a visible upgrading trend with an optimized consumption structure.

Meanwhile, under the gradually tightened supervision over online operations by the Government, the online and offline fair development environment is being formed, bringing in new opportunities for offline business as well.

In respect of the online business, as the digitization of merchandise retail industry has entered in a critical stage, the Group launched its further optimized and renewed online system to provide a more comprehensive, precise and intelligent value-added membership service. The system also concentrates on members' privileges, to improve the sales proportion of members through precise marketing, and to further facilitate ticket size and repeat patronage to achieve substantial growth.

For the offline business, the Group focuses on creating a one-stop consumption experience for customers. Several specific stores were being optimized on such aspects as services, scenarios and business category in all directions. The Company had the intention to turn the physical stores into integrated and interactive spaces with multi-dimensional experience. Moreover, the Group raised the value of commodities and attractiveness in terms of their functions, qualities, appearance and display mode to attract consumers. In addition, during the pandemic, the Group strengthened its merchandising capability and brand development, and continued to enhance commodities operation and service capacity by adapting to consumption trends and leveraging the advantages of self-operated supply chain.

During the year, the Group continued to focus on retail, and through scenarios development, renovating the stores and upgrading of the online digital platform to closely connect online and offline, retail and service offering, comprehensively upgrade and improve the consumption experience of the members.

The Group widely applies “One Store, One Strategy” operations strategy for the business development, during the financial year, the Group focused on the creation of niche positioning by actively pushing forward its key transformation projects, and kept seeking to identify regional first stores and benchmark brand flagship stores for cooperation, such as the change of shop composition and business circle repositioning for our Beijing Chongwen Store and introduced first-tier brands for Beijing Trendy Store, which has increased 34% of the foot traffic year-on-year. Also, the largest renovation works of the façade of our Shanghai Huaihai Branch Store and the upgrading of its business modes since its opening were carried out during the year, with the introduction of 48 new brands, comprising of brand’s first stores, flagship stores, and city concept stores. The Group has been tending to focus on young consumers, to build a themed commercial block with trendy, social and artistic characteristics and become a new landmark for checking-in and social gathering.

The Group’s supermarkets took steps to ensure that there was an adequate supply of daily necessities and sanitary products to customers in order to fight the pandemic.

As of 30 June 2022, the Group operated four “New World Supermarkets” in Beijing, Wuhan, Lanzhou and Yantai respectively. During the year, the Group enhanced the position of its supermarkets to an experiential and digital living supermarket, providing quality and healthy lifestyle solutions for consumers, and completed the upgrade of operating space and equipment in its supermarket of Beijing Chongwen Store, including focusing on adjustment and optimization of spatial planning and display of products in the hypermarket, and expanding supply chain storage of fresh products.

As of 30 June 2022, the Group operated five LOL (Love • Original • Life) (“LOL”) private concept shops. During the year, the Group renovated and upgraded the LOL stores with the emphasis on the adjustment of the merchandise structure, and further expanded its product lines to include popular products with high demand including sports equipment for outdoor, camping and skiing as well as fashionable electronic appliances, to cater to mid-to-high-end consumer groups with demand for quality products and living experience.

## Financial Performance Highlights

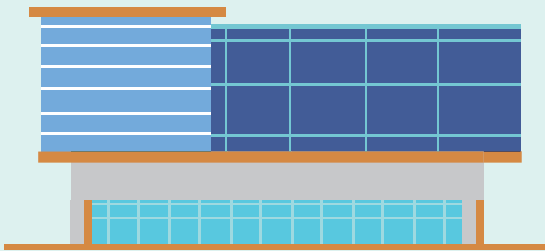
### Revenue



### Loss



### Approximate Total GFA

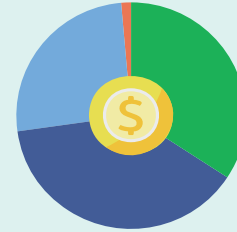


**1,052,100**

sq.m.<sup>1</sup>

FY2022

### Key Sources of the Group's Revenue



● Rental income  
**38.5%**  
HK\$745.6 million

● Sales of goods for direct sales  
**25.9%**  
HK\$501.2 million

● Commission income from concessionaire sales  
**34.4%**  
HK\$665.4 million

● Interest income from finance leases as the lessor  
**1.2%**  
HK\$22.4 million

FY2022

### Retail Network

**19**

“New World”  
(「新世界」)  
branded department stores



**15**

key locations  
in Mainland China



**7**

“Ba Li Chun Tian”  
(「巴黎春天」)  
branded department stores  
and shopping malls



<sup>1</sup> Approximate total Gross Floor Area includes 26 stores and malls and 2 corporate offices.



# ESG GOVERNANCE AND RISK MANAGEMENT

Sustainability is integrated across all areas of business at NWDS. We are committed to supporting the well-being of our people, protecting the environment, and bringing positive value to our local communities through our business activities. The New World Sustainability Vision 2030 (“SV2030”) forms the guiding principles for our sustainability ambition and direction since 2018. We endeavour to continue improving our business and advance our sustainability goals to bring novel and modern experiences to our customers.

## SUSTAINABILITY GOVERNANCE

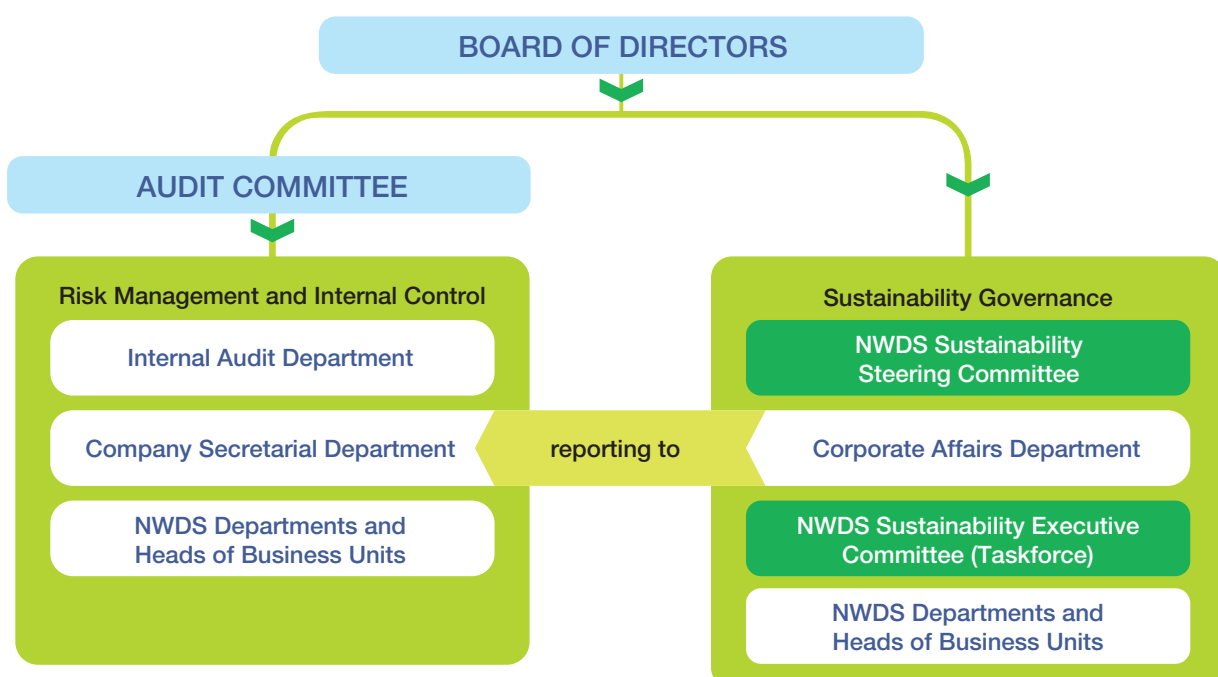
Placing sustainability at the heart of our business activities can only be done with robust governance structure in place for effective decision making. Sustainability is managed by the Board of the Company (the “Board”), the NWDS Sustainability Steering Committee (“SSC”), the Executive Committee, and is part of all our core businesses. Our governance structure has clear roles and responsibilities to ensure that the progress of NWDS’ sustainability agenda is in line with SV2030.

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

In FY2022, two meetings were held by the Board to discuss the ESG progress and specific sustainability topics. The Board also overseed and reviewed the Group’s sustainability practices and management approach, and regularly monitored the progress of carbon reduction and electricity saving.

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

## NWDS Sustainability Governance Structure

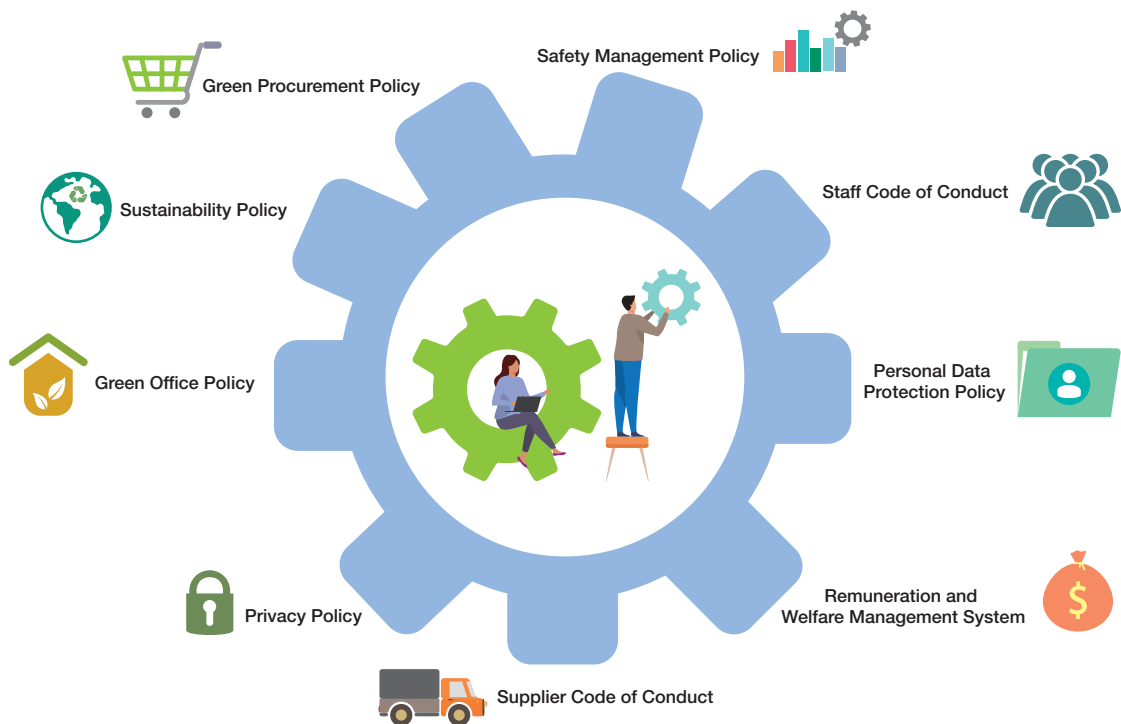


## ESG Risk Management

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

## Sustainability-related Policies

We have various policies and guidelines in place to reinforce our commitment to sustainability. Our aim is to strengthen sustainability governance by adopting such policies, effectively manage different aspects of sustainability, and protect the interest of our stakeholders. The following are the key policies and guidelines that contribute to our sustainability framework:



## New World Sustainability Vision 2030

We strive to act as responsible corporate citizens and are committed to making positive contributions to build sustainable communities. In line with New World Development Company Limited (our Parent Company)'s sustainability strategy, we follow the SV2030 as the guiding framework for our sustainability initiatives. SV2030 focuses on four key pillars: **Green**, **Wellness**, **Smart**, and **Caring**.

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

| SDGs  | SV2030 Pillars   |
|---|--|
|     | <p><b>Green</b></p>  <p>We strive to avoid, reduce and, where possible, reverse the causes of climate change across operations. We achieve this by identifying pressing global environmental issues and using a life cycle approach to minimize impacts across our ecosystem.</p>   |
|     | <p><b>Wellness</b></p>  <p>We strive to promote the health and well-being of our customers, communities and employees. We are providing innovative wellness and healthcare solutions, health and safety measures and collaborating with stakeholders to advance our efforts.</p>  |
|    | <p><b>Smart</b></p>  <p>We believe Smart solutions will accelerate the realization of SV2030 and futureproof our internal work processes. The Group fosters an entrepreneurial culture and provides relevant partnership support both internally and within the community.</p>  |
|    | <p><b>Caring</b></p>  <p>Act as a responsible corporate citizen through fostering a trusted, engaged and motivated workforce, advancing community development, and educating for sustainable development. We are improving people's lives and neighbouring communities through partnering with our stakeholders to make it happen.</p> |

## Engaging Our Stakeholders

We actively engage our stakeholders to understand their priorities and take their views into consideration when making strategic business decisions. NWDS strives to facilitate open communication with stakeholders to have a clear understanding of their expectations and ensure our strategy aligns with their values.

We have established multiple forms of engagement and communication channels to encourage stakeholders to share their opinions and provide feedback.

### Management team

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

### General staff

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



### Shareholders and investors

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



### Customers

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



### Non-profit organizations

- Joint events



### 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



### Local communities

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



### Government and industry associations

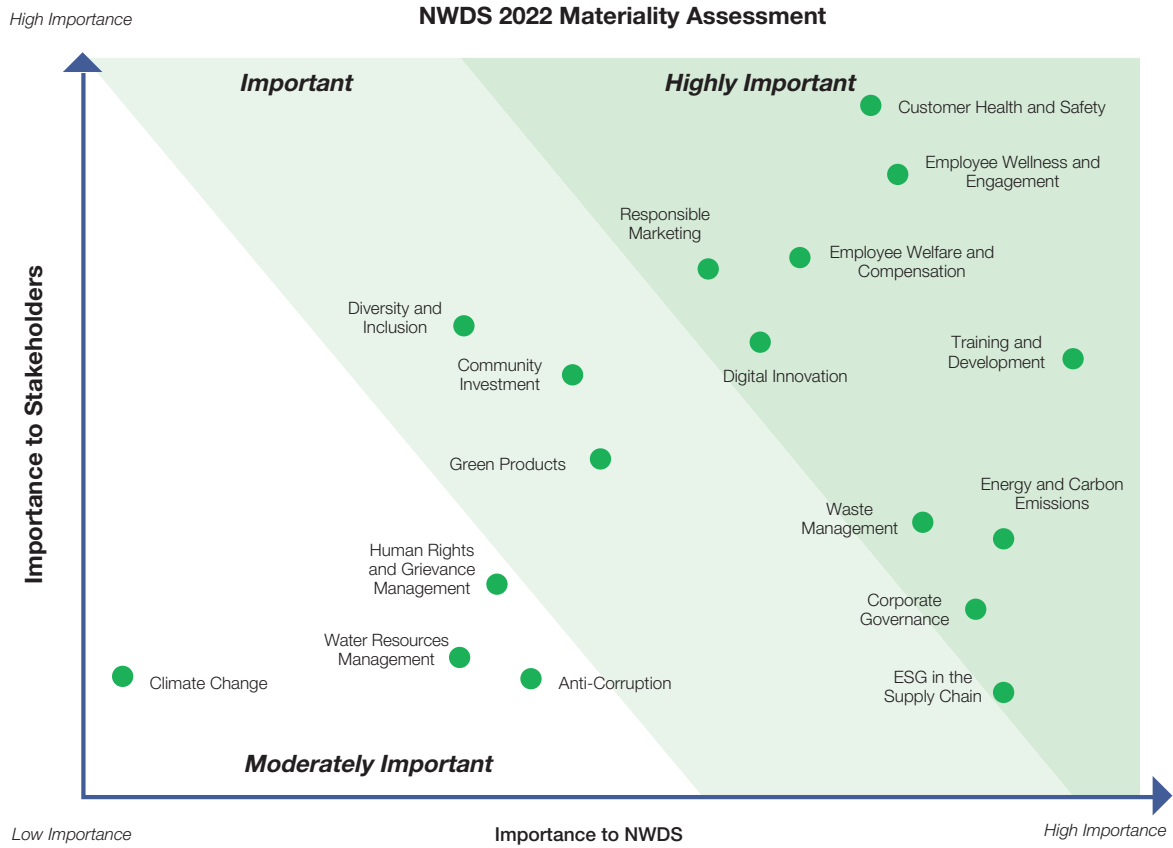
- Schemes or charters initiated by the Government or industry associations
- Industry seminars or conferences



## MATERIALITY ASSESSMENT

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





**Top Material Issues for NWDS**

| Smart                 | Caring                           | Wellness                          | Green                       | Other                   |
|-----------------------|----------------------------------|-----------------------------------|-----------------------------|-------------------------|
| Digital Innovation    | Employee Wellness and Engagement | Employee Welfare and Compensation | Energy and Carbon Emissions | Corporate Governance    |
| Responsible Marketing | Customer Health and Safety       | Training and Development          | Waste Management            | ESG in the Supply Chain |

The updated list of material issues is categorized under the four pillars of SV2030. The introduction of “Digital Innovation” as a material topic highlights its importance under the SV2030 “Smart” pillar and was also a focus area reflected across a number of stakeholder groups. The Group has also separated the health and safety of customers and employees into individual material topics to address the different measures taken to promote well-being amidst the COVID-19 pandemic. We have also broadened the focus on employee management to include wider aspects of their welfare and engagement.

## BUSINESS ETHICS

### Anti-corruption

NWDS takes extensive measures to prevent any undesirable acts such as bribery, conflicts of interests, or fraud within our business. Any alleged or potential violation is taken seriously by the Group, and disciplinary actions apply equally if any employee is found to be in breach of the Group's policy. We regularly review the *Staff Code of Conduct* to ensure that it continues to protect our culture of "loyalty, righteousness, honesty, and incorruptibility". In FY2022, all directors of NWDS have completed eight hours of training on anti-corruption policies and procedures, and 1,120.5 hours of anti-bribery and anti-corruption training was provided to employees. In FY2022, there were no incidents of non-compliance with laws and regulations regarding anti-corruption.

### Conflicts of Interest

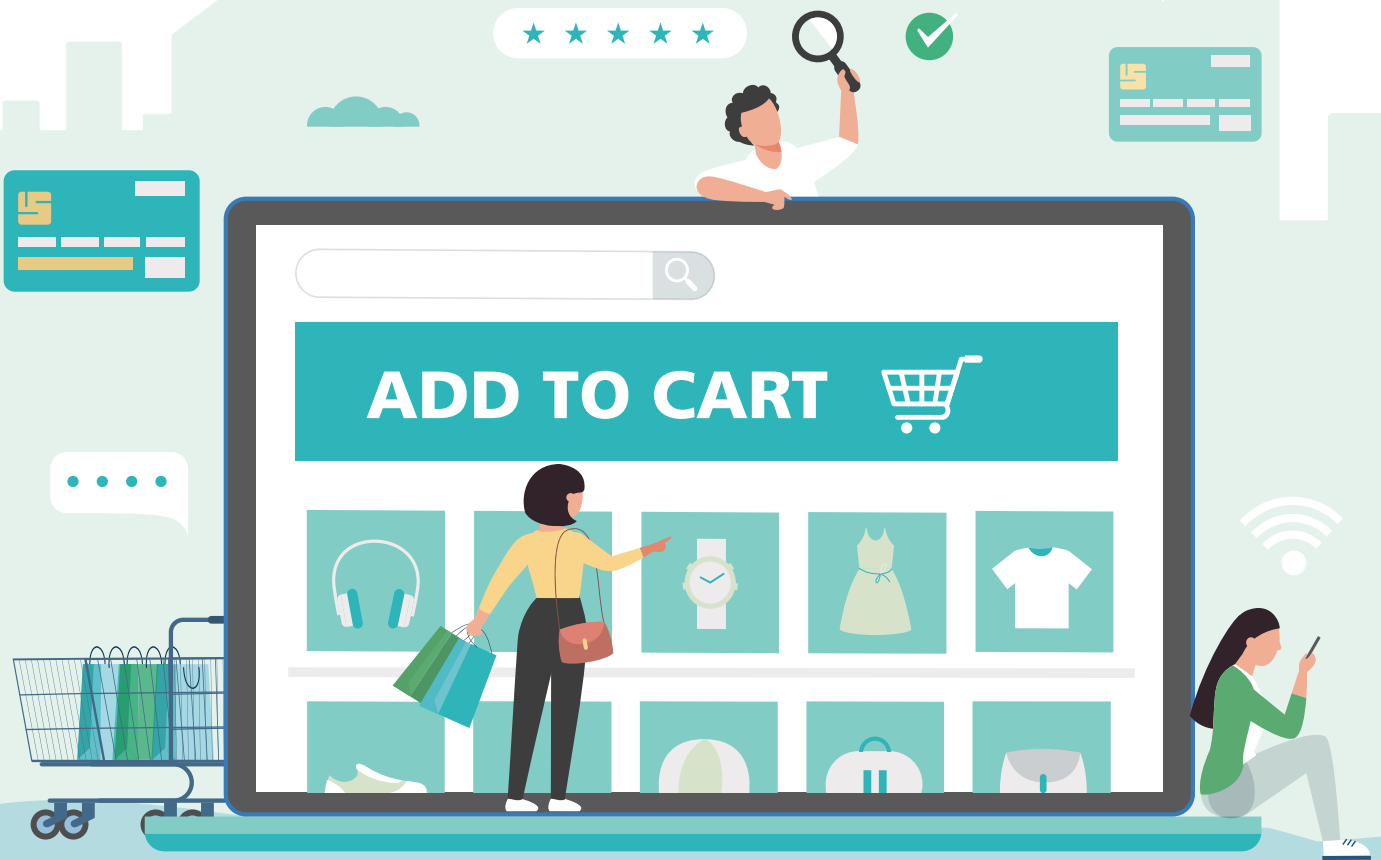
NWDS has formal policies and procedures in place for addressing any conflicts of interests involving our employees. These include policies and approval procedures for employees to declare any personal benefits received as well as any potential conflict of interest, for instance, through the submission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

### Grievance Management

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



# INNOVATING CUSTOMER EXPERIENCES





## CUSTOMER HEALTH AND WELLNESS

Improving the customer experience is one of the major aims for our business. Aside from our fundamental commitment to offering quality products and services, we strive to deliver innovative retail experiences by taking into consideration customer viewpoints and their expectations.

### Store Safety

As we enter the third year of the COVID-19 pandemic, NWDS continues to stay vigilant in protecting the health and safety of our customers and employees at our stores. We made great efforts to balance cooperation with the government's pandemic prevention policies while also meeting the needs of customers and residents. Building on our experience of handling COVID-19 pandemic over the past two years, our stores enhanced the lines of defence against the virus and implemented stringent health policies and procedures.

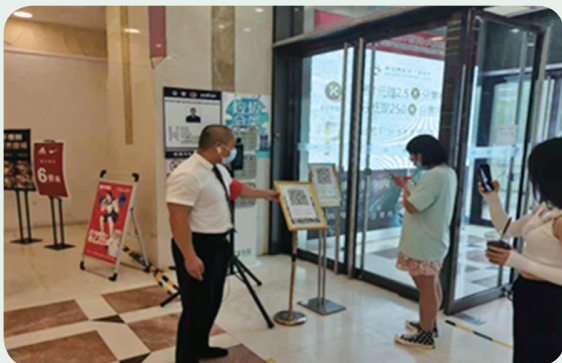
Since 2020, NWDS has implemented anti-pandemic standard procedures for effective COVID-19 prevention and control. These include basic frontline pandemic prevention as well as emergency plans for suspected or confirmed cases, with special measures for disinfecting shopping malls and supermarkets. Quick responses and effective handling of urgent pandemic situations help create a safe and comfortable shopping environment to provide high quality services that meet the consumption needs of customers.



### Shopping Safely Amidst the Pandemic

With multiple waves of COVID-19 pandemic occurring across the country, we have taken measures to ensure each store is well-equipped to deal with these emergency situations and continue operating. Each store of NWDS has emergency response plans for pandemic prevention and control in accordance with national or local government policies. We have established an employee health monitoring system to ensure the health status of employees on duty. For example, all customers must wear masks and are required to undergo checks of body temperature and their health code. Public facilities

such as elevator buttons, bathrooms, escalator handrails etc. are regularly disinfected, and entrance and exit paths separated. To ensure good air circulation, our air conditioning systems are set to provide the maximum volumes of fresh air, with regular cleaning and disinfection of the air conditioning systems. Additional staff are assigned to guide customers to follow these pandemic health controls to protect a safe and healthy shopping environment for all. These practices strengthen the safety of shopping environments at NWDS and protect the health of visiting customers.





Wellness

## Fresh Food Supplies During Lockdown

During the various periods of lockdown to contain the spread of COVID-19 pandemic, NWDS made it an utmost priority to keep sufficient food supplies and maintain stable prices. With many customers only able to purchase goods online, we ensured that proper disinfection and sterilization measures were in place for safe contactless deliveries.



## Healthy and Safe Products

Aside from our core commitment to providing high quality food products that are safely handled, we continue to expand the fresh and cooked food offerings at our supermarkets to provide diverse choices for customers. Our stores rotate product offerings to ensure freshness, with upgraded facilities to enhance the shopping experience including self-service cashiers and cold storage services. We continuously adjust and improve the display of products with a people-oriented approach, focusing on consistency, quality, and price.

The Group has robust standards and procedures in place to ensure the safe handling of food across all stages. These include food hygiene and safety training for catering merchants, clear records of purchase and sales, reporting and handling procedures for any food safety incidents, and checking the health status of employees meets requirements.



## Food Safety Management Workflow:

### Contract Signing

- Procurement and relevant departments strictly examine qualifications of suppliers and products (such as business licenses, product quality inspection report, etc.) to prevent suppliers and products with potential food safety hazards from entering the system.

### Ordering

- Make precise orders based on sales data and maintain an updated inventory to guarantee the freshness of products.

### Inspection

- Inspect product batches according to internal regulations, especially short-term products, convenience foods, etc. Check the manufacturing date and shelf life of products.

### Sales

- Check perishable goods regularly and remove goods nearing the expiry date (less than one third of shelf life remaining).

### Maintenance and Repairs

- Regularly maintain and repair equipment to ensure the safe operations of food processing and preservation.

During the reporting period, there was no reported incident of non-compliance with laws and regulations regarding health and safety and privacy matters relating to the products and services offered. However, we had five cases of minor non-compliance related to advertising and labelling, which resulted in a total fine of RMB9,700 and were properly handled.

## ENGAGING CUSTOMERS THROUGH INNOVATION

### In-store Experience

As the business environment recovers, NWDS has continued with ongoing work to improve the infrastructure and facilities of our stores to create a welcoming shopping environment. These include renovations to renew and upgrade store facilities that can feature more seasonal offerings and cultural and creative exhibitions for a more varied customer experience.

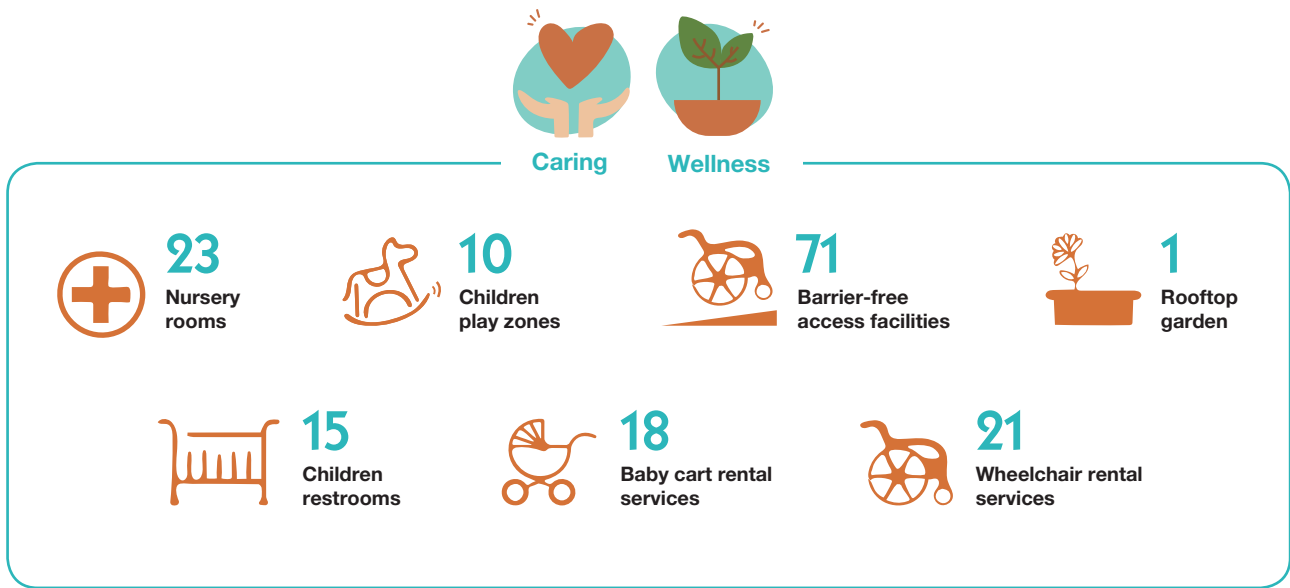
To enhance the quality of our services, the Group commissioned a third-party consultant to conduct a customer-centric review of our operations and services across the country. Based on analysis and reports from this exercise, respective stores carried out targeted service quality improvement training plans. This process renews our commitment to continually elevate customer satisfaction through improving service quality.

In FY2022, the renovation of Shanghai Huaihai Branch Store was completed, and Beijing Chongwen Store is under renovation. Aside from the upgrade of physical store facilities, the stores have introduced high-end cosmetic and catering brands to diversify offerings to customers and attract the younger demographic of consumers. We have also embarked on collaborations with major brands to offer unique exclusive products to further expand the choices available to our customers and enhance their shopping experience.





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



## Digital Innovation

With digitalization as one of the key focuses under the “Smart” pillar of SV2030, NWDS has been working to offer innovative retail services and marketing strategy to promote the

integration of online and offline business. In particular, the “New Lab Mini Program”, a live broadcasting has been used across our stores to meet the growing trend of online shopping, boosting sales and traffic on our online platforms.



Smart

### K Dollar Reward System

In FY2022, NWDS adopted the “K Dollar Reward System” alongside New World Development Company Limited Group (the “NWD Group”). Customers can register as members to collect “K Dollar” to be exchanged for various rewards. With the launch of the “K Dollar Reward System”, we have also enhanced personal data privacy protection measures to ensure that personal data collected is only used within the scope of its purpose. These security protection mechanisms also avoid the loss of personal data, prevent unauthorized use, deletion and disclosure.

### Tailoring Online Content for Customers

With the significant impact of the pandemic on the retail industry, turning to online channels was an important way to reach customers and sustain our business. NWDS has been working to promote the private traffic of our online channels, which is primarily from e-commerce and our registered VIP members. The Wuhan Jianshe Store embarked on various initiatives to boost online customer engagement, including directly reaching out to customers,

leveraging the Customer Relationship Management (CRM) system, and hosting “Brand Promotion Weeks”. We will continue to use our large store network to bring tailored online promotion initiatives through various innovative channels to engage our customers.

### “NWDS V Deals” Mini Program

To expand the reach of our tenants and counters, promote sales, and continue innovating, Zhengzhou Store launched the “NWDS V Deals” mini program early this year. The mini program showcases deals and special promotions, enabling our tenants to expand the reach of their marketing and branding. Since its initial launch, we have taken feedback from tenants and business partners to further optimize the content and layout. With the successful launch of the mini program, other stores can now adopt the same platform bring all customers on board with our digital journey.



## Data Security

Our Digital Centre continuously upgrades data security measures to strengthen the Group's network security. This year, a four-stage warning system was established to improve our network security defences and response to any security risks. Each warning stage has a specific detailed response time which greatly improves troubleshooting efficiency. This not only enhances network security but also optimizes the efficient use of resources. Policies on network security have also been standardized to provide clear guidance on network security issues, while regular inspections of the network environment facilitate the identification of potential risks.

## SAFEGUARDING CUSTOMER RIGHTS AND INTERESTS

### Data Privacy and Cyber Security

The protection of customer data is of utmost priority to NWDS, with our commitment enshrined in our Personal Data Protection Policy. 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*.

As the world is digitalizing, the economic and strategic value of data has become ever more important. To effectively address new security threats and privacy challenges, we have stringently implemented our Personal Data Protection Policy to continue to win the trust of our stakeholders. Our security measures are in line with industry standards to protect customers' personal information and prevent unauthorized access, disclosure, use, modification, damage or loss of data. Physical records of data are secured with access restrictions, while electronic records are stored in our server protected by adequate data security measures. With the adoption of NWD Group's "K Dollar Reward System", we have updated the "New World Department Store Member Terms" to include terms and conditions specifying the rights and interests of members and the Group's rights and obligations in protection of personal information privacy.

In addition, we have developed relevant procedures to protect and handle intellectual property matters. Only authorized employees, who have received training in handling confidential personal data, can access these records and servers on a "need to know" and "need to use" basis. This year, we continued to appoint a third-party consultant to conduct an audit of the Group's Information Technology ("IT") systems to ensure compliance with personal privacy data protection regulations and assess potential data risks.

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



# EMPOWERING OUR PEOPLE





Employees are the driving force of success and sustainability of our business at NWDS. We are dedicated to creating a supportive, healthy, and positive workplace where employees can thrive and reach their potential. Through employee welfare programs, employee engagement initiatives, and health and safety working policies, we strive to provide equal opportunities and holistic support to our people. NWDS is a place of open communication and collaboration, and we believe these efforts can foster a sense of belonging to create long-term value for our customers and other stakeholders and contribute to the wider community.

## ATTRACTING AND RETAINING TALENT

At NWDS, we offer our employees competitive compensation and benefits packages, supportive working conditions, and a good work-life balance.

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

Our annual turnover rate in FY2022 was 11.2%. 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.

Total number of staff in FY2022



**2,412**

Gender distribution of staff



Male:  
**1,162**

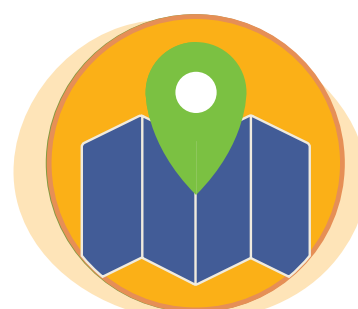
Female:  
**1,250**

Distribution of staff by age



Aged under 30: **195**    Aged between 30-50: **2,018**    Aged over 50: **199**

Distribution of staff by work location



Mainland China:  
**2,399**

Hong Kong:  
**13**

## TRAINING AND DEVELOPMENT

We strive to provide opportunities for our employees to develop their careers and support efforts to take on new challenges. We encourage our people to gain new experiences to upgrade their individual strengths, skills, and abilities. During the year, we also conducted a performance review with all employees to connect their compensation with individual goals and align performance with our business objectives and outcomes.

### Advancing the NWDS Talent Plan

**Business-Empowerment Training** : Addressing business and operational needs through discussion and analysis of key business issues and solutions.

**Talents Echelon Development** : Improving overall managing capabilities of all reserve talents through one-on-one mentoring, leading by example and other multi-dimensional training, to achieve career development.

**Quality Training** : Redefining the role of trainers at NWDS stricter qualifications for such training responsibilities and the “Top 10 Trainers” and “Star Trainers” appraisal evaluation.

### Business Empowerment Training

#### Business-Focused Development

- This year, the Training Department focused on identifying the key challenges of each business line and actively promoted internal training to address these issues. The Training Department cooperated with each line of management to carry out sharing sessions. With the active cooperation of line managers and colleagues, 55 trainings were completed with a total of 6,444 participants.

#### On-the-job Capacity Building

- In collaboration with the Finance Department, the Training Department organized the “Branch Tax Management: Stamp Duty” training course to educate relevant employees on stamp duties and tax laws.
- The Training Department was supported by staff from the Commercial Department to deliver training on retail business development. These training sessions covered usage of the Brand Library, Retail, and Office Automation systems, Excel skills, and promotion strategies relevant to cosmetics, women’s products, and food and beverage sales.
- The Training Department also provided training on sales and customer services to frontline colleagues through authorized courses. Participants gained with tips on selling products to different types of customers and providing excellent customer services and skills.





### Talents Echelon Development

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

| Training Programme                      | Target Participants  | Career Advancement  | Staff Participation              |
|---|--|---|----------------------------------|
| <b>Store Supervisor Trainee Program</b> | Store supervisor trainees                                      | Become the outstanding store managements  | 3 people participated in FY2022  |
| <b>Project Dapeng</b>                   | Head of the business units                                     | Become the head of a professional function or the head of multiple departments or most ideally, a store general manager | 13 people participated in FY2022 |
| <b>Project Feipeng</b>                  | Mid-level employees with outstanding and potential performance | Become the outstanding head of the business units   | 21 people participated in FY2022 |
| <b>Project Xinpeng</b>                  | Newly recruited mid-level employees                            | Cultivate new recruited management trainees with the necessary skills to perform duties effectively                     | 35 people participated in FY2022 |

### NWDS Cloud Classroom – Online Training Throughout the Pandemic

Since the upgraded version of our e-learning platform was launched in early 2020, it has proven to be central for continuous employee engagement and training throughout various pandemic-related disruptions. A total of **185** new Cloud Classroom courses have been launched, with **123,259** courses initiated. This rate of participation is six times more than the offline training capacity, hence a great asset to employees looking to upskill themselves. With the sudden city-wide lockdown due to pandemic in Shanghai, the “Online Training and Livestream” training initiative was launched on the Cloud Classroom to keep employees engaged throughout this challenging time.



### Quality Learning with Qualified Internal Trainers

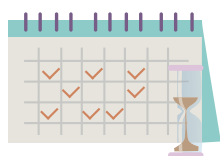
To ensure the high quality of training at NWDS, the eligibility assessment of trainer qualifications was launched this year. After the completion of the eligibility assessment, 38 trainers were shortlisted to participate in the “Top Ten Trainers” award selection. These selected trainers were then formed a team to develop new training curriculum for the NWDS employees. After two months of close competition where trainers presented their new materials, the first batch of “NWDS Top 10 Trainers” was finally released.

With the goal of motivating trainers and continuously improving the quality of training at NWDS, this year we have based on the *Internal Trainer Management Guidelines*, to establish the *Star Ranking Evaluation Specifications and Implementation Rules for Internal Trainer*, including the development of the “Star Trainer” ranking system, to give credits to the trainers who demonstrate qualities such as strong communication skills, enthusiasm to teach, time management, and patience. The ranking is based on a three-tier system, the trainers are rated according to their number of trainings, accumulated training hours and the training satisfaction, showing the evidence of their quality training skills.



Total attendance of NWDS' training

**54,488** attendances



Total training hours

**69,360** hours



Average training hours per employee

**28.8** hours



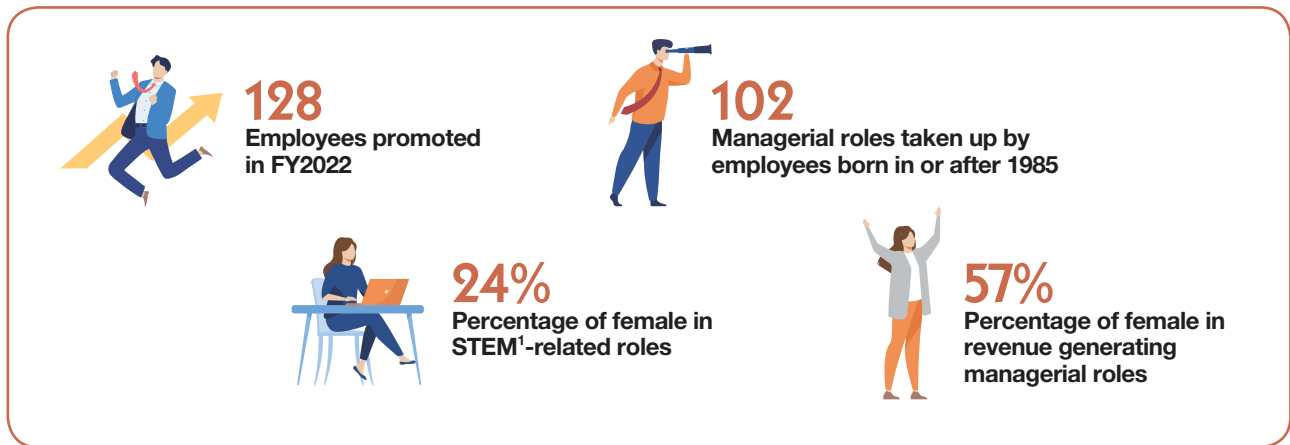
Average training hours

**24.6** hours (male)  
**32.7** hours (female)

## DIVERSITY AND INCLUSION

We support diversity, equity, and inclusion in the workplace and believe that by providing all individuals have equal opportunities, we can 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 2022, 17 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. Besides young colleagues, we also place great significance to women's empowerment and seek to enhance the female representation in revenue generating managerial roles and STEM-related roles.



## EMPLOYEE WELLNESS

NWDS puts the health and well-being of employees as a top priority. We have introduced enhanced measures to protect workplace health and safety, but also continue to host caring and supportive activities to show our appreciation for our employees' dedication. With pandemic control lockdowns imposed across the country, we initiated measures to stay engaged with our employees and support their well-being during these challenging times. Through our caring activities, facilities, and support systems we strive to promote our culture of an inclusive and caring workplace.



<sup>1</sup> Science, technology, engineering and mathematics



## Wellness

## Relieving Stress through Exercises

To help our colleagues relieve their stress, our Shanghai Management Office and Yanjiao Store organized team fitness activities such as basketball matches and rope skipping competition respectively. Through the activities, our colleagues could relax from daily work, build exercise into their daily life and bond as a team.



## Caring

## Delivering Essential Supplies to Employees During Shanghai's Lockdown due to Pandemic in March to May 2022

While the Group endeavoured to ensure stores had essential supplies for customers, we also took care of those employees in locked-down areas in need of support. During the city-wide lockdown due to pandemic, many of our employees faced difficulties obtaining supplies to fresh food and vegetables. With significant effort and coordination by the Human Resources Department, NWDS opened distribution channels through out network of suppliers and logistics to distribute care packages to employees. These care packages included fresh food, daily essentials, anti-epidemic supplies and messages of encouragement. The Group wished to giving hope and strength to all employees in Shanghai in the fight against the pandemic and ensure their well-being during this challenging time.





## EMPLOYEE ENGAGEMENT AND COMMUNICATION

NWDS is proud of our open and inclusive corporate culture where employees are encouraged to contribute and engage with each other. Our stores regularly host events and activities to foster closer relationships between employees and open communication.

The internal staff newsletter “Windows of NWDS” shares regular updates on the various happenings across the NWDS store network. Employees’ personal stories, experiences, and sharing are featured in the newsletter as an effective platform for communicating highlights of the month.

### Keeping Active on Sports Days

To foster team building and lift the spirits of employees, Wuhan Wuchang Branch Store hosted the “Everybody Active” Day. The day involved various sporting activity stations from battle ropes to fitness bikes, with no competition between teams, just participation and fun. Each



activity station posed a different challenge or skill, and all participants were encouraged to give the activity try and enjoy themselves. Mianyang Store hosted their own “Fourth Quarter Winter Sports Gala” to get employees moving during the cold winter months. Staff participated in games, dance, and fitness competitions to bring warmth to each other and enjoy the team building experience.



### “Capture Your Wonderful Life” Photography Competition

With the bright and lush summer scenery, Mianyang Store held a competition in August for employees to showcase their artistic eye and photographic skills. After receiving many submissions from employees, the best

photos were selected and put up for voting. The best photographs received awards such as the Best Photograph and Most Creative Award. Sharing these scenic shots recognized the artistic talent of the participants, and encouraged colleagues to appreciate the good things in life.



## “Hone Your Skills, Craft Your Dreams” – Craftmanship Activities

The spirit of craftsmanship requires dedication, focus, and creativity. To share these qualities with employees, stores from the Southern China Region launched the “Hone Your Skills, Craft Your Dreams” initiative to encourage staff to share their creative handiwork and take part in artistic workshops. Employees from Shanghai



Chengshan Branch Store brought in their own impressive pieces of artwork, ranging from delicate paintings to intricate lanterns. Chongqing Store held a calligraphy competition, where staff gathered to hone their brushwork skills. Other stores hosted other fun crafting workshops, including mosaic making, phone case design, candle-making workshops, and even clay painting. These creative activities were a place for staff to come together and build camaraderie while creating their own masterpieces.



## Employee Communication

We are open to feedback and suggestions from employees and have various channels in place for them to share their views, including surveys, exchange sessions, and focus group discussions. Through regular engagement and dialogue, we believe our commitment to our employees helps sustain our position as an industry-leading business.

Our official WeChat platform facilitates communication of updates across all levels of the Group. To date, a total of 123 official WeChat and Weibo accounts have been established by the headquarters, different stores, and private labels to engage with their employees and customers.

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. During these meetings, staff are encouraged to participate and share suggestions for greater engagement between management and other employees.

## OCCUPATIONAL HEALTH AND SAFETY

Creating a safe working environment for our employees protects their health and allows them to perform their responsibilities to their best ability. The Group takes precautionary measures and ensures strict compliance with occupational health and safety laws and regulations according to local requirements. This year, we have placed particular focus on the health and safety of our employees during periods of city-wide lockdown owing to pandemic, ensuring that stores had emergency plans in place to respond quickly to such challenging circumstances.

### Workplace Safety Management

NWDS is committed to building a healthy and safe working environment for all employees. Our *Safety Management Policy* sets out standard safety procedures and responses for emergency incidents. In addition to taking preventative measures, we invited health experts to deliver training to employees on occupational health and safety (“H&S”) knowledge including physical and mental health, as well as H&S prevention laws and regulations. H&S first aid training is regularly held for employees, while relevant employees will undergo physical examination to perform their roles. For instance, Beijing Liying Store organized a physical health examination for employees to identify occupational health issues and provide employees the appropriate support. This reflects the Group’s utmost concern for employee health, and helped reducing operational issues due to employee’s absenteeism from illnesses.

## Preparing for COVID-19 Pandemic Uncertainties

In light of the resurgence of COVID-19 cases in 2022, the Shanghai Management Office immediately launched the *Epidemic Management Plans* for stores and management offices in line with local pandemic prevention and control requirements. The plans specified the management and reporting responsibilities of the management, and documented the standard procedures for epidemic prevention and help stores prepare for possible lockdowns in their region.

As instructed in the plans, we enhanced the disinfection and sterilization of stores in the morning and evening. All employees were required to be fully vaccinated, and have valid negative Polymerase Chain Reaction (PCR)

test report and Green Health Code and Travel code. Safety personnel were also on duty at night to ensure the implementation of health code requirements for construction personnel during this period. Stores are required to timely escalate to their respective regional offices and the management office any incidents or emergencies through designated communication channels.

All departments actively cooperated with the Administration and Project Department (the "APD") to implement pandemic control and prevention measures. Staff were also patiently explaining these enhanced control measures to visiting customers to ensure full compliance with the guidelines. The plans greatly facilitated the smooth running of the stores despite rapid changes in the local pandemic situation, helping to protect both employees and customers from health risks.

## Protecting Store Safety Throughout Lockdown

Though stores had to be temporarily closed during city-wide lockdowns, the safety of the store remained important. Staff on duty monitored the entrance and exits, conducted regular inspections of fire exits, and

checked on electrical equipment in catering areas. With patrolling of store exits and close monitoring of fire safety facilities, potential safety hazards were quickly detected and handled to ensure the continued safety of our stores in preparation of reopening. These employees showed great dedication to their roles and truly stepped up to perform their responsibilities amidst the unprecedented challenging circumstances.

All department stores are required to carry out fire emergency and evacuation drills at least once every six months. 19 Emergency Plans and Drills were distributed by the Headquarters, with these further refined by each store to suit the facilities of the respective stores. These fire safety measures are reviewed at least once a year to ensure they are updated and appropriate in case of any emergency.

Based on the numerous safety indicators set out in the *NWDS Store Safety Identification and Assessment Standard*, the APD carries out an annual review of store safety for all 26 stores. After a review of safety measures and procedures of each store, the APD will issue recommendations for follow-up action to resolve any deficiencies.

Every two months, the APD holds safety meetings with the APD teams of each department store to discuss safety issues. These include internal safety incidents of the Group, as well as any local fire incidents near stores, followed by case-study analysis and preventative actions to be taken in the future.

During FY2022, there were 12 cases of work-related injuries across the Group (injury rate: 0.477). Lost workdays totalled 936 (lost day rate: 37.18) and absentee rate was 1.50%. There were no reported incidents of non-compliance with laws and regulations regarding occupational health and safety.

## Employee Health Management

More details on measures to protect employee health during COVID-19 pandemic in the Employee Wellness sub-section. In Hong Kong, employees were offered one day of paid leave for each dose of vaccination they take, in support of their health and protection against coronavirus.

## LABOUR STANDARDS

NWDS makes sure that we conduct our business in full compliance with the labour laws and regulations in Mainland China and Hong Kong. Child labour and forced labour are strictly prohibited in our entire business. Committed to protecting the universal human rights, we adhere to the New World Group's *Human Rights Policy* which embraces the principles of several important international human rights initiatives to manifest our dedication to safeguard everyone's rights with dignity, fairness and respect. Referred guidelines include *Universal Declaration of Human Rights*, *United Nations Guiding Principles on Business and Human Rights*, and United Nations' Sustainable Development Goals.

During the recruitment process, the age of the candidate is verified alongside with their identity, qualifications, and other information to prevent child labour. We also have in place clearly defined overtime and leave policies to protect the rights of employees and avoid labour disputes.

There were no reported incidents of non-compliance during this reporting period in relation to employment practices and labour standards, which include forced or child labour. We also did not receive any reports of discrimination. There were 11 labour-related disputes in which nine of them were resolved during the reporting period. These disputes regarded the time arrangement for overtime work or leave, work amendments 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 better with employees on their departure or changes in work arrangements to avoid labour disputes.





# COLLABORATING WITH OUR BUSINESS PARTNERS





## OUR VALUE CHAIN

NWDS recognizes the importance of working closely with business partners across our value chain to achieve our sustainable development goals. We work closely with our tenants to sustain long-term relationships, particularly with the business challenges posed by pandemic-related restrictions. Our supply chain management and procurement process include sustainability in the supplier assessment process to facilitate our responsible business practices.

### Counters and Tenants

The resurgence of the COVID-19 and pandemic-related restrictions this year, particularly in March to May 2022 in Shanghai, has once again greatly impacted NWDS and our tenants. With the view of long-term cooperation and win-win business development, we continue to provide operational support to tenants who have been impacted the most. Regularly following up with these tenants helps us identify areas of cooperation and guard against future operational risks.

The Group continues to optimize systems for tenancy management to improve the resilience of our business partnerships. We are in the process of forming the “*Tenant Management Handbook*” to deepen our relationship with tenants. This includes flexible policies to meet the unique features of each tenant, establishing a tenancy rating system, forming a dedicated team for tenant management, and a formal tenant services system. These efforts intend to support business development of our tenants, improve the overall quality of tenants in our stores, and promote continuous growth.

Our Brand Reserve Information System (the “System”), an online brand centralization platform, continues to be an important tool for ensuring the quality of concessionaire brands. The System records the history of cooperation and monitors sales for each brand to be considered in future branding strategies. Retail lines at the departmental and regional level will consolidate and share market insight and brand information every month to seek opportunities for collaboration. As of 30 June 2022, the System has stored 7,942 brands and suppliers.

## Suppliers

The Supplier Sustainable Development Programme includes the Supplier Code of Conduct (the “Supplier Code”) and the *Supplier Sustainability Self-Assessment Questionnaire* (the “Supplier Questionnaire”). These set out the requirements and standards we expect our suppliers to comply with to enhance sustainable practices throughout our value chain. Due to the COVID-19 pandemic, we have suspended our *Business Improvement and Assessment Policy* amendment in FY2022 and planning to be issued by FY2023.

### Distribution of major suppliers<sup>1</sup>



Hong Kong: **11.6%**

Mainland China: **88.4%**

<sup>1</sup> With total contract amount over HKD500,000.

This year, we have updated the Supplier Code to better manage supply chain risks and elevate our sustainable performance standards. Aside from minimum environmental and social requirements such as compliance with relevant regulations, workplace health and safety, and protection against discrimination, we have introduced standards on privacy and data protection and freedom of association. In addition, supplier-related risks have been integrated into the Group’s overall Risk Management system to be controlled and addressed by the relevant departments. All suppliers are required to comply with the Supplier Code, which forms part of their engagement contract. As of 30 June 2022, 260 suppliers (mainly department store business suppliers) endorsed the Supplier Code.

Responses to the Supplier Questionnaire help us evaluate a supplier's commitment to sustainable development. Factors such as policies for advancing employee well-being, environmental contributions, and certified green products are considered favourably during the supplier selection process. As of 30 June 2022, the Group received 260 Supplier Questionnaires.

We invite suppliers to complete the *Supplier Sustainability Disclosure Forms* (the "Supplier Forms") to ensure compliance and continuous improvement in sustainability performance. This year, the Supplier Forms were updated to include a broader range of sustainability issues for review. Sustainability performance areas of suppliers that are monitored include their energy conservation measures, waste reduction, environmental initiatives (e.g., planting trees, environmental workshop), community service, discrimination cases, and the number of major fines or penalties from legal violations. As of 30 June 2022, the Group received 264 completed Supplier Forms.

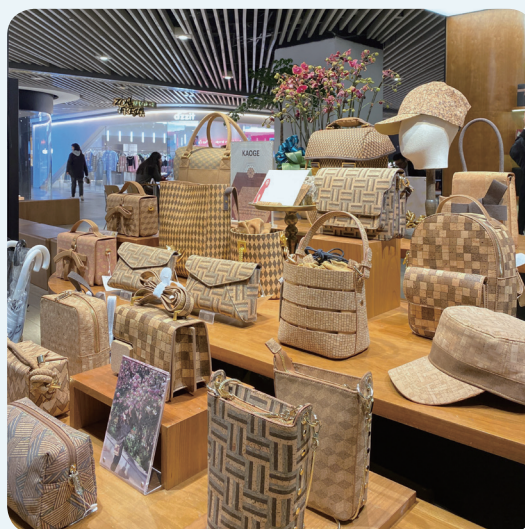
## GREEN PROCUREMENT

To integrate strong environmental principles across all our businesses, NWDS has a *Green Procurement Policy* in place to promote environmental factors in procurement decisions. The Green Procurement Policy reflects our preference to work with suppliers with a similar commitment to sustainability.



### Sustainable Product Choices at LOL Concept Shops

We recognize that sustainable supply chain and procurement practices have the greatest environmental, social, and economic impacts along the whole product lifecycle. This year, we continue to offer customers with green product alternatives and promote a low carbon lifestyle through our LOL (Love • Original • Life) Concept Shop. This year's featured sustainable product includes wallets and bags made of apples, duffle bags made of recycled ocean plastics, and biodegradable flowerpots.



# SUPPORTING A GREENER FUTURE



NWDS is dedicated to making our business environmentally conscious and share our commitment to green operations with our customers. The Group implements various measures across the business to address energy usage and resources, waste management, and water reduction. Our policies, guidelines and services encourage our stakeholders to come together and jointly improve our environmental performance.



## NWDS GREEN MANAGEMENT WORKFLOW

Our five-pronged environmental management approach addresses the major environmental areas of concern and drives progress towards SV2030.



### 1. Formulating green policies and guidelines

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

### 2. Setting environmental baseline and targets

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

### 3. Collecting environmental data

Accurate environmental disclosure is essential for effective management of our impact on the environment. Our internet-based data system records all environmental data such as the use of energy, water, and materials from stores and offices to monitor our continuous improvement.

### 4. Implementing green measures

The Group has invested in energy-efficient building service systems and equipment upgrades, optimized 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.

### 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. We have also obtained third-party verification to ensure the credibility of data reported and facilitate the ongoing improvement of our environmental management. Please refer to the “Assurance Statement” chapter for more details.

## CLIMATE CHANGE ADAPTION AND RESILIENCE

Climate change is increasingly viewed as the greatest global challenge to be faced in the coming years. The Group recognizes that taking steps to mitigate and adapt to potential climate change risks such as extreme weather events and global temperature rises will help our business stay resilient and weather such impact. As sustainability risks have been integrated into our risk management system since last year, we have identified physical and transitional climate risks that may pose a moderate risk to our business.

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

With the identification of climate risks to the business, relevant departments have taken measures to address these issues and drive continuous improvement. For instance, the update of the *Guidelines for Notification and Handling of Crises* in FY2021 has been implemented across our stores this year. This guideline defined the emergency response responsibilities of staff members and laid out the various preventive measures to be taken to forecast, prevent and mitigate the possible damages brought by extreme weather events such as typhoons, heavy rainstorms, or flooding. We continue to take action to prepare our business to face the potential of the identified physical and transition climate risks in the future.



## ENERGY AND CARBON EMISSIONS MANAGEMENT

### Energy intensity target



Reduce by **2%** in MWh/m<sup>2</sup> (excluding tenants) in FY2030 against a baseline of 2015

### FY2022 Performance



Decreased by **5.7%** compared to FY2021

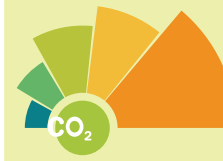
Increased by **24.3%** compared to the 2015 baseline

### Carbon intensity target



Reduce by **12%** in tCO<sub>2</sub>e/m<sup>2</sup> (excluding tenants) in FY2030 against a baseline of 2015

### FY2022 Performance



Decreased by **9.7%** compared to FY2021

Increased by **20.0%** compared to the 2015 baseline

## Energy Conservation and Carbon Emissions Reduction Measures

Energy and carbon emissions management is one of the priority material issues for NWDS. We promote energy efficiency and look for reduction opportunities by investing in energy-efficient equipment upgrades, optimizing daily operating schedules, and enhancing monitoring and control through real-time energy monitoring.

To minimize the energy consumption of our business operations, we implemented the following initiatives in FY2022.

- Central air conditioning monitoring system monitors the real-time operation data so any issues can be detected and corrected quickly. This allows the maintenance of a consistent temperature during the summer months.



- Optimize kitchen exhaust and ventilation systems of Food and Beverage tenants to enhance the capacity to remove cooking fumes and heat, resulting in less air conditioning load.
- Install time-controlled lighting systems to ensure lights are switched off during non-operating hours to conserve energy. 23 stores have installed these with three under installation.
- Elevators and escalators are only operating during opening hours, with sensor based automatic escalator movement for further energy conservation.

## “Eco-World” Smart Meters

Since August 2021, Wuhan Xudong Branch Store, Zhengzhou Store, Beijing Qianzi Store have installed the “Eco-World” smart metering system. The system enhances the accuracy and consistency of energy data collection and monitoring, facilitating the effectiveness of our energy reduction measures. Both of Zhengzhou Store and Beijing Qianzi Store recorded a reduction of energy consumption compared to previous years. We aim to expand this energy monitoring system to other stores to further boost our energy management efficacy.



## 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, such as reminding our offices' staff to switch off unnecessary lights and electrical appliances, and raise awareness to support environmental efforts within the company through organizing activities, educational programmes and trainings.





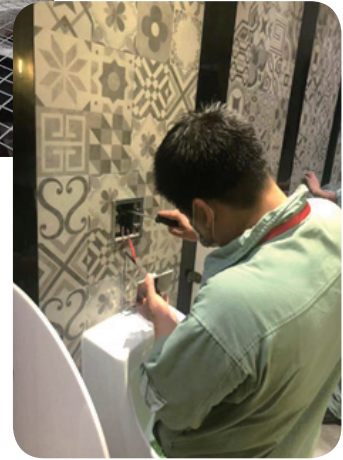
## WATER RESOURCES MANAGEMENT

Water scarcity and water crises have been deemed as top global risks. 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.

### Measures to Manage Water Resources

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. Such efforts including:

- Check the pipelines and water facilities regularly against leakage, with timely repairs in case of any damage.
- Install water-saving appliances in our store bathroom facilities.
- Inspect cooling towers in summer to prevent the wastage of water from faulty structures.



## WASTE MANAGEMENT

NWDS strives to reduce the absolute amount of waste generated and promote recycling. As part of our commitment to minimize our environmental footprint, we seek to reduce material consumption and maximize recycling for the effective use of resources in our business activities. As a retailer, we recognize our role in the generation of food waste and are dedicated to continuously improving our food waste handling practices. More than 50% of our stores have implemented waste classification.

During the financial year, there were no reported incidents of non-compliance with laws and regulations regarding environmental issues.





Green

## “Empties” Cosmetics Bottle Recycling

The cosmetics empty bottle recycling program is a long-term activity of Beijing Qianzi Store. To address the growing issue of waste management, all empty bottles of skin care products can be exchanged at the store for coupons. The empty bottles provided by VIP members who are participating in the event are collected and transformed into an artistic display. This activity aims to promote green lifestyle choices and environmental consumption among our customers.



Green

## Plastic-Bag Free Shopping

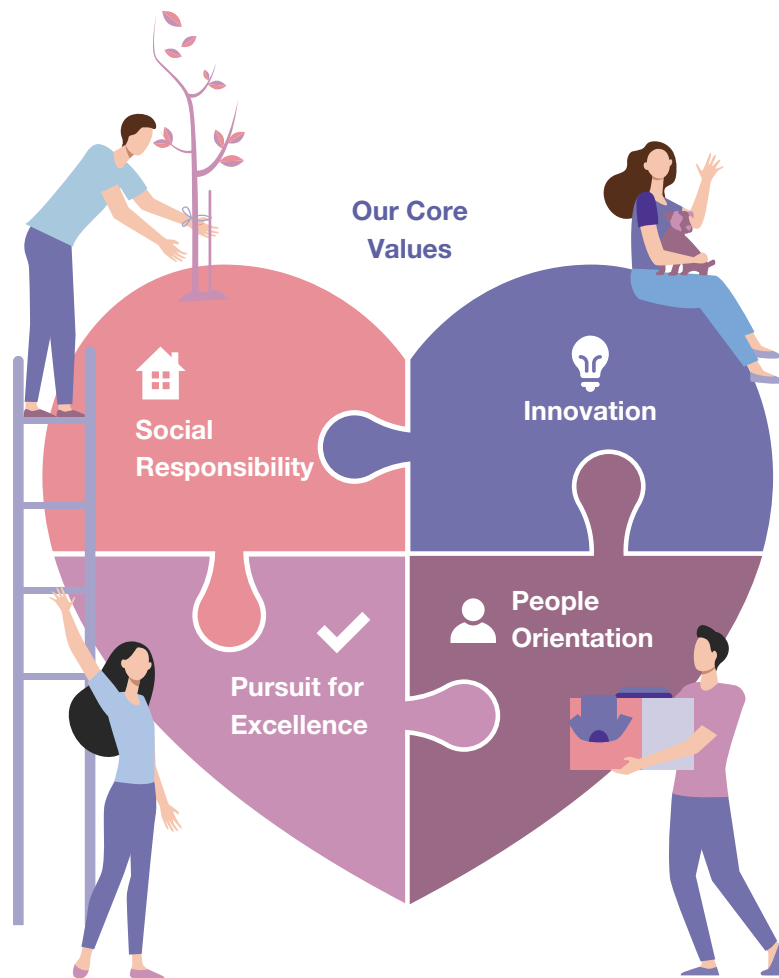
Our supermarkets (Lanzhou Store, Beijing Chongwen Store, and Wuhan Jianshe Store) provide customers with biodegradable shopping bags rather than ordinary plastic bags. Yantai Store only provides plastic shopping bags upon request and are gradually promoting the use of biodegradable shopping bags. These measures advance our efforts to reduce the amount of waste produced in its operations, while also demonstrating our commitment to sustainability.



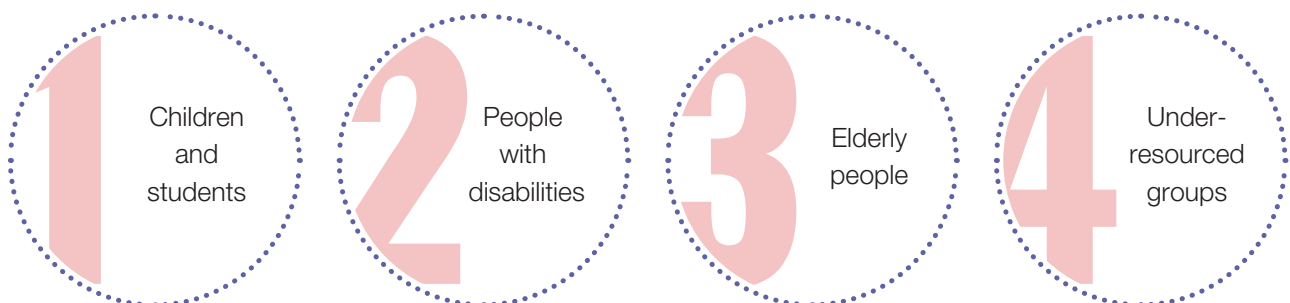
# CULTIVATING SUSTAINABLE COMMUNITIES



NWDS is committed to bringing a positive impact to the local communities that we operate in. We advance corporate social responsibility (“CSR”) programmes to address social needs and foster sustainable growth within the community. With an extensive retail network in Mainland China, we are an integral part of the communities we operate in and endeavour to contribute to the communities through our stores in different locations. At the centre of our CSR vision are the four core values of Social Responsibility, Innovation, People Orientation, and Pursuit for Excellence.



### Our key beneficiaries



## OUR APPROACH TO COMMIT TO CORPORATE SOCIAL RESPONSIBILITY

To fulfil the CSR, we encourage stores to engage with local stakeholders and provide opportunities for employees to play an active role in their communities by volunteering and fundraising to support local economies. Most of our community involvement and investment are undertaken through educational aids, charitable donations, volunteer work as well as partnerships with charitable or non-governmental organizations.

Employees across all stores and offices are highly welcomed to join the nationwide NWDS Volunteer Team, where we regularly promote new volunteering opportunities and community activities to enable our employees to contribute to the society and fulfil their civic responsibilities. Volunteering opportunities are promoted both internally and externally through our intranet, regular newsletters as well as on WeChat. A *NWDS Volunteer Team Members' Handbook* is available to employees to inform them on what the meaning and value of volunteering, key beneficiaries, enrolment methods and other information about the NWDS Volunteer Team.

Stores are encouraged to form stronger ties with their local charitable and non-profit making organizations and identify areas in which they can support and host events for communities. To effectively engage with local stakeholders, the use of social media platforms such as Weibo and WeChat is also encouraged. To keep track of the Group's performance, volunteer records are updated on a regular basis and further kept in its electronic Human Resources ("HR") database, and an appreciation and award ceremony for volunteers is organized on an annual basis.



Number of volunteers

**972** people



Total volunteering service hours

**3,160** hours



Total Amount donated (HKD)

approximately **11,500**



# COMMUNITY INITIATIVES IN FY2022

## Community Investment and Engagement



Wellness



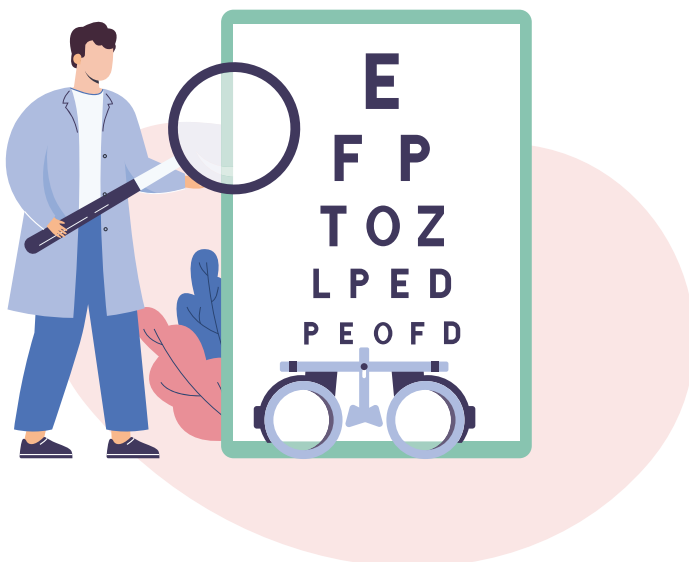
Caring

### “Teens for Eye Protection”

#### Eye Care Event

In collaboration with an ophthalmology centre, Wuhan Xudong Branch Store rode on the trend of the Olympic games and held the “Teens for Eye Protection” event for children.

Free consultations were provided along with games and other interactive activities, in hope of raising eye care awareness to children participating in the event.





Caring

## “Please Bring Me Home”

### Pet Adoption Event

In collaboration with several organizations, Shanghai Tianshan Road Branch Store held a large-scale pet adoption event in March 2022.



The event attracted a huge crowd of adopters and provided a place for potential adopters to meet the pets in person. After consultation with the volunteers, five adopters, who fully met the adoption requirements, had signed a “Scientific Feeding • Timely Treatment • No Abandoning” commitment letter and brought their new pets home.



Caring

## Resting Station for Takeaway Riders

During the hot July days in 2021, Yantai Store collaborated a food delivery platform to provide takeaway riders with a rest station in the store. Opening to riders on all platforms, the station is equipped with tables, chairs and sofas, air conditioning and phone chargers. Riders could also find first-aid kits, convenient raincoats, and medical masks for free. The station provided riders with free resting area and practical supplies to show our appreciation and care for them.





## Safeguarding Community Health in Times of COVID-19



### Paying Tribute to Frontline Workers in the Community

We actively supported frontline workers in the community to appreciate their selfless dedication during times of epidemic. In collaboration with local authorities, Lanzhou Store and Beijing Trendy Store organized and distributed necessities such as food, beverages, various types of disinfectants and other protective materials to the frontline workers.



### Free Sunscreen Products for Frontline Workers

Together with Clarins, a cosmetic brand, Beijing Chongwen Store held the Clarins UV2022 Public Welfare Event. To show the appreciation for traffic police, sanitation workers, and anti-epidemic personnel on the frontline, they are gifted a free sunscreen when they came to the store.



## Education for Sustainable Development



Green

### Cycling to Promote Green Lifestyles

Employees from Kunming Store participated in a cycling event to promote green living at NWDS. Staff teams cycled around the city with large posters and slogans as a way to build team spirit.



Green

### Recycled Waste DIY • Sunflower Crafts

Beijing Qianzi Store organized a fun classroom crafts activity for children to educate them on reusing and recycling waste.

Children were taught about the importance of saving resources and protecting the environment, and different ways that some waste can be transformed and reused. This activity transformed the waste into items with artistic value and promoted the creativity and craftsmanship of children.







Green

### “Beautify Shenyang” – Waste Collection and Pollution Prevention

In collaboration with a local environmental organization, Shenyang Jinqiao Road Trendy Plaza invited families to participate in an interactive event on waste and environmental pollution. Children participated in various games to learn about pollution and the importance of reducing, reusing, and recycling.



Green

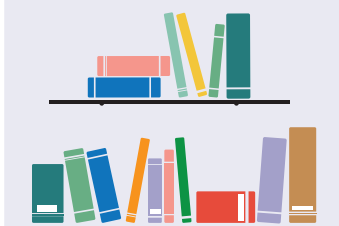


Caring

### “Old for New” – Book Exchange Event

In order to advocate environmental protection and reading for all, Northern China Region stores collaborated with Youshu to launch a charity programme that allowed customer to hand in old books they have in exchange for electronic books.

Wuhan Wuchang Branch Store, in collaboration with an art education tenant, also held a children’s art exhibition on the topic of “Protecting the Earth “ alongside the book exchange activity. After the end of the book exchange at the end of 2022, a Reading Corner will be established and opened to children visiting the store.



# AWARDS AND RECOGNITION

## AWARDS



### The Asset

- Platinum Award in the category of “Environmental, Social and Governance” in “The Asset ESG Corporate Awards 2021”



### Alibaba Local Life Service

- 2021 Digital Innovation Cooperation Award (Shanghai Pujian Store)



### The Hong Kong Management Association

- Certificate of Excellence in Environmental, Social and Governance Reporting in “2022 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 2022”



### Mandatory Provident Fund Schemes Authority

- “Good MPF Employer”, “e-Contribution Award” and “MPF Support Award” in 2021/22 “Good MPF Employer” Award





**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**

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

**The Hong Kong Council of Social Service**

- “10 Years Plus Caring Company” logo in 2021/22 “Caring Company” Scheme



**Community Service**

**EXTERNAL INITIATIVES**



# SUSTAINABILITY DATA SUMMARY

## SOCIAL DATA

| Number of Employees |                      | Total | Gender |        | Geographical Region |                |
|---------------------|----------------------|-------|--------|--------|---------------------|----------------|
|                     |                      |       | Male   | Female | Hong Kong           | Mainland China |
| By Employment       | Permanent            | 1,290 | 611    | 679    | 13                  | 1,277          |
| Contract            | Fixed-term/Temporary | 1,122 | 551    | 571    | 0                   | 1,122          |
| By Employment       | Full-time            | 2,412 | 1,162  | 1,250  |                     |                |
| Type                | Part-time            | 0     | 0      | 0      |                     |                |

| Employee Diversity Metrics                            |  | Total | Gender |        |
|---|--|-------|--------|--------|
|   |  |       | Male   | Female |
| Employees in managerial roles who are born after 1985 |  | 102   |        |        |
| Employees with disability                             |  | 17    |        |        |
| Employees in STEM roles                               |  | 1,115 | 842    | 273    |
| Employees in revenue-generating managerial roles      |  | 161   | 69     | 92     |





| Training Hours                          |                      |                                     |                                 |
|---|----------------------|-------------------------------------|---------------------------------|
|   | FY2022               |                                     |                                 |
|   | Total training hours | Average training hours per employee | Percentage of employees trained |
| <b>By Seniority</b>                     |                      |                                     |                                 |
| Frontline Assistant Manager and below   | 32,510.2             | 34.4                                | 100%                            |
| Back-office Assistant Manager and below | 22,263.7             | 20.0                                | 99.9%                           |
| Vice Manager                            | 7,122.8              | 43.2                                | 100%                            |
| Manager                                 | 4,527.9              | 48.2                                | 100%                            |
| Senior Manager                          | 1,180.2              | 38.1                                | 100%                            |
| Assistant General Manager and above     | 1,755.6              | 26.2                                | 100%                            |
| <b>By Gender</b>                        |                      |                                     |                                 |
| Male                                    | 28,537.8             | 24.6                                | 100%                            |
| Female                                  | 40,822.6             | 32.7                                | 99.9%                           |
| <b>Total</b>                            | <b>69,360.4</b>      | <b>28.8</b>                         | <b>99.9%</b>                    |

| Leave entitlement                                 |  | FY2022 |
|---|--|--------|
| <b>Parental leave</b>                             |  |        |
| Employees entitled to maternity leave             |  | 1,247  |
| Employees who had taken maternity leave           |  | 39     |
| Employees returning to work after maternity leave |  | 24     |
| Employees entitled to paternity leave             |  | 1,160  |
| Employees who had taken paternity leave           |  | 38     |
| <b>Caring leave</b>                               |  |        |
| Employees entitled to caring leave                |  | 2,412  |
| Employees who had taken caring leave              |  | 34     |



| Total Workforce; Turnover and New Hires of Permanent Employees <sup>(1)</sup> |                 |                    |           |
|---|-----------------|--------------------|-----------|
|   | Total Workforce | FY2022             |           |
|   |                 | Turnover           | New Hires |
| <b>By Seniority</b>   |                 |                    |           |
| Frontline Assistant Manager and below   | 944             |                    |           |
| Back-office Assistant Manager and below                                       | 1,111           |                    |           |
| Vice Manager  | 165             |                    |           |
| Manager   | 94              |                    |           |
| Senior Manager  | 31              |                    |           |
| Assistant General Manager and above   | 67              |                    |           |
| <b>By Gender</b>  |                 |                    |           |
| Male  | 1,162           | 147                | 2         |
| Female  | 1,250           | 123                | 2         |
| <b>By Age Group</b>   |                 |                    |           |
| Aged under 30   | 195             | 13                 | 3         |
| Aged between 30 to 50   | 2,018           | 232                | 1         |
| Aged over 50  | 199             | 25                 | 0         |
| <b>By Geographical Region</b>   |                 |                    |           |
| Hong Kong   | 13              | 5                  | 4         |
| Mainland China  | 2,399           | 265                | 0         |
| <b>Total</b>  | <b>2,412</b>    | <b>270 (11.2%)</b> | <b>4</b>  |

| Occupational Health and Safety |                              |                               |                              |  |                      |
|--------------------------------|------------------------------|-------------------------------|------------------------------|--|----------------------|
|                                | FY2022                       |                               |                              |  |                      |
|                                | Absentee Rate <sup>(2)</sup> | Injury Rate <sup>(3)(4)</sup> | Lost day Rate <sup>(4)</sup> | Occupational Disease Rate <sup>(4)</sup> | Fatality Rate        |
| <b>By Gender</b>               |                              |                               |                              |  |                      |
| Male                           | 1.28%                        | 0.247                         | 36.36                        | 0  | 0                    |
| Female                         | 1.70%                        | 0.690                         | 37.94                        | 0  | 0                    |
| <b>By Geographical Region</b>  |                              |                               |                              |  |                      |
| Hong Kong                      | 1.80%                        | 0                             | 0                            | 0  | 0                    |
| Mainland China                 | 1.49%                        | 0.479                         | 37.37                        | 0  | 0                    |
| <b>Total</b>                   | <b>1.50%</b>                 | <b>0.477</b>                  | <b>37.18</b>                 | <b>0</b>                                 | <b>0<sup>5</sup></b> |

## Notes:

- (1) To align with the Parent Company's disclosure practices, the staff turnover and new hires figures and rates reported here cover permanent 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 FY2021 and FY2020 were 0 (0%) and 1 (0.03%) respectively.

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

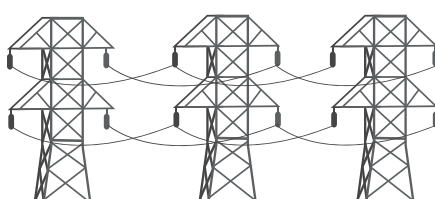
| Air Emissions <sup>(2)</sup>       |       |        |        |
|------------------------------------|-------|--------|--------|
| Type                               | Unit  | FY2021 | FY2022 |
| Nitrogen Oxides (NO <sub>x</sub> ) | tonne | 0.0252 | 0.0221 |
| Sulphur Oxides (SO <sub>x</sub> )  | tonne | 0.0008 | 0.0006 |
| Particulate Matter (PM)            | tonne | 0.0019 | 0.0016 |

| GHG Emissions                      |                                    |               |                            |
|------------------------------------|------------------------------------|---------------|----------------------------|
| Type                               | Unit                               | FY2021        | FY2022                     |
| Direct GHG (Scope 1)               | tonne CO <sub>2</sub> e            | 4,471         | 3,331                      |
| Indirect GHG (Scope 2)             | tonne CO <sub>2</sub> e            | 82,346        | 64,696                     |
| <b>Total</b>                       | <b>tonne CO<sub>2</sub>e</b>       | <b>86,816</b> | <b>68,027</b>              |
| <b>GHG Intensity<sup>(3)</sup></b> | <b>tonne CO<sub>2</sub>e/sq.m.</b> | <b>0.072</b>  | <b>0.065<sup>(4)</sup></b> |

| Energy Consumption <sup>(5)</sup> |                 |                          |                         |
|-----------------------------------|-----------------|--------------------------|-------------------------|
| Type                              | Unit            | FY2021                   | FY2022                  |
| Natural Gas                       | GJ              | 77,794                   | 59,247 <sup>(6)</sup>   |
| Gasoline                          | GJ              | 1,842                    | 1,538                   |
| Diesel                            | GJ              | 915                      | 764                     |
| Electricity                       | GJ<br>(kWh)     | 432,222<br>(120,061,807) | 333,865<br>(92,740,278) |
| District Heating                  | GJ              | 60,116                   | 73,723                  |
| <b>Total</b>                      | <b>GJ</b>       | <b>572,889</b>           | <b>469,137</b>          |
| <b>Energy Intensity</b>           | <b>GJ/sq.m.</b> | <b>0.473</b>             | <b>0.446</b>            |

| Water Consumption <sup>(5)</sup> |                            |              |                            |
|----------------------------------|----------------------------|--------------|----------------------------|
| Type                             | Unit                       | FY2021       | FY2022                     |
| Municipal Water Used             | m <sup>3</sup>             | 615,673      | 600,248                    |
| <b>Water Intensity</b>           | <b>m<sup>3</sup>/sq.m.</b> | <b>0.508</b> | <b>0.571<sup>(7)</sup></b> |

| Materials Used |       |        |                     |
|----------------|-------|--------|---------------------|
| Type           | Unit  | FY2021 | FY2022              |
| Paper (A4)     | tonne | 20.6   | 15.3                |
| Paper (A3)     | tonne | 0.5    | 0.5                 |
| Paper Products | tonne | 7.7    | 13.8 <sup>(8)</sup> |
| Plastic Bags   | tonne | 4.2    | 5.0                 |



| Waste Handled   |               |                 |                              |
|---|---------------|-----------------|------------------------------|
| Type  | Unit          | FY2021          | FY2022                       |
| <b>Hazardous Waste Recycled</b>                                 |               |                 |                              |
| Toner   | tonne         | 0.2             | 0.1                          |
| <b>Non-hazardous Waste Disposed of at Landfills/Incinerated</b> |               |                 |                              |
| General Waste   | tonne         | 4,076.5         | 3,603.2                      |
| Paper   | tonne         | 3.7             | 0.04 <sup>(9)</sup>          |
| Plastics  | tonne<br>(kg) | 0<br>(0)        | 0<br>(0)                     |
| Food Waste  | tonne         | 6,844.4         | 1,603.2 <sup>(10)</sup>      |
| <b>Total</b>  | <b>tonne</b>  | <b>10,924.8</b> | <b>5,206.5</b>               |
| <b>Non-hazardous Waste Recycled or Reused</b>                   |               |                 |                              |
| Cardboard   | tonne         | 697.3           | 141.9 <sup>(11)</sup>        |
| Scrap Metal   | tonne<br>(kg) | 0<br>(10)       | 1 <sup>(12)</sup><br>(1,045) |
| <b>Total</b>  | <b>tonne</b>  | <b>697.3</b>    | <b>143.0</b>                 |

## Notes:

- (1) Stores closed during FY2022 and FY2021 are excluded from the respective financial year's 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 Modelling 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. 1,211,288 sq.m. in FY2021 and 1,052,138 sq.m. in FY2022).
- (4) The decrease in GHG emission intensity was due to the electricity saving measures in FY2022 and the reduction in vehicle use during the pandemic.
- (5) To better reflect the Group's true utility consumptions, we have excluded tenants' electricity and water consumption in the data consolidation and assessment processes.
- (6) The decrease in natural gas consumption was due to the closure of Harbin Store and the temporarily closure of Xi'an Trendy Plaza in FY2022.
- (7) The increase in the water consumption intensity was because of the percentage decrease of the water consumption is not as large as the percentage decrease of the GFA.
- (8) With the definition of paper products revised, the coverage of paper products increased and hence the reported consumption increased.
- (9) The decrease in the waste paper disposal was due to increased recycling and the temporary closure of the stores in Shanghai during the pandemic.
- (10) Food waste disposal decreased as tenant-generated food waste was excluded from the total starting from FY2022.
- (11) The decrease in cardboard recycled was the result of the closure of Chengdu Store and the temporarily closure of stores in Shanghai during the pandemic.
- (12) The increase in the scrap metal recycled was due to the disposal of an electrostatic precipitator.



# CONTENT INDEX

| GRI Standards                           | SEHK ESG Reporting Guide | Relevant Section(s)   | Remark   |                                       |
|---|--------------------------|---|--|---------------------------------------|
| <b>General Disclosures</b>              |                          |   |  |                                       |
| GRI 2<br>General<br>Disclosures<br>2021 | 2-1                      | Organizational details  | About NWDS (P.7–10)  |                                       |
|   | 2-2                      | Entities included in the organization's sustainability reporting            | About NWDS (P.7–10)  |                                       |
|   | 2-3                      | Reporting period, frequency and contact point                               | About this Report (P.3)  |                                       |
|   | 2-4                      | Restatements of information   | Not applicable   |                                       |
|   | 2-5                      | External assurance  | Assurance Statement (P.66)   |                                       |
|   | 2-6                      | Activities, value chain and other business relationships                    | About NWDS (P.7–10)  |                                       |
|   | 2-7                      | Employees   | KPI B1.1<br>Empowering Our People (P.24–33)<br>Sustainability Data Summary (P.54–58)   |                                       |
|   | 2-8                      | Workers who are not employees   | —  | Relevant data currently not collected |
|   | 2-9                      | Governance structure and composition  | ESG Governance and Risk Management — Sustainability Governance (P.11–12)<br>Annual Report 2022 — Corporate Governance Report (P.34–46)                       |                                       |
|   | 2-10                     | Nomination and selection of the highest governance body                     | Annual Report 2022 — Corporate Governance Report (P.34–46)   |                                       |
|   | 2-11                     | Chair of the highest governance body  | ESG Governance and Risk Management — Sustainability Governance & Business Ethics (P.11–12, 17)<br>Annual Report 2022 — Corporate Governance Report (P.34–46) |                                       |
|   | 2-12                     | Role of the highest governance body in overseeing the management of impacts | ESG Governance and Risk Management — Sustainability Governance (P.11–12)<br>Annual Report 2022 — Corporate Governance Report (P.34–46)                       |                                       |
|   | 2-13                     | Delegation of responsibility for managing impacts                           | ESG Governance and Risk Management — Sustainability Governance (P.11–12)   |                                       |
|   | 2-14                     | Role of the highest governance body in sustainability reporting             | ESG Governance and Risk Management — Sustainability Governance (P.11–12)   |                                       |
|   | 2-15                     | Conflicts of interest   | ESG Governance and Risk Management — Business Ethics (P.17)<br>Annual Report 2022 — Corporate Governance Report (P.34–46)                                    |                                       |
|   | 2-16                     | Communication of critical concerns  | Empowering Our People (P.24–33)  |                                       |
|   | 2-17                     | Collective knowledge of the highest governance body                         | Annual Report — Director's Profile (P.30–33)   |                                       |
|   | 2-18                     | Evaluation of the performance of the highest governance body                | Annual Report 2022 — Corporate Governance Report (P.34–46)   |                                       |
|   | 2-19                     | Remuneration policies   | ESG Governance and Risk Management — Sustainability Governance (P.11–12)<br>Annual Report 2022 — Corporate Governance Report (P.34–46)                       |                                       |

| GRI Standards              |  | SEHK ESG Reporting Guide  | Relevant Section(s)  | Remark   |
|----------------------------|--|---|--|--|
| 2-20                       | Process to determine remuneration                  |   | ESG Governance and Risk Management – Sustainability Governance (P.11–12)<br><br>Annual Report 2022 – Corporate Governance Report (P.34–46)   |  |
| 2-21                       | Annual total compensation ratio                    |   | Annual Report 2022 – Notes to the Financial Statements (P.79–146)  |  |
| 2-22                       | Statement on sustainable development strategy      |   | Message from the Chairman (P.4–5)  |  |
| 2-23                       | Policy commitments                                 |   | ESG Governance and Risk Management – Sustainability Governance (P.11–12)<br><br>Empowering Our People (P.24–33)  |  |
| 2-24                       | Embedding policy commitments                       |   | ESG Governance and Risk Management – Sustainability Governance (P.11–12)   |  |
| 2-25                       | Processes to remediate negative impacts            |   | ESG Governance and Risk Management – Business Ethics (P.17)  |  |
| 2-26                       | Mechanisms for seeking advice and raising concerns |   | About this Report (P.3)  |  |
| 2-27                       | Compliance with laws and regulations               | Aspect A1 Emissions: General Disclosure<br><br>Aspect B1 Employment: General Disclosure<br><br>Aspect B2 Health and Safety: General Disclosure<br><br>Aspect B4 Labour Standards: General Disclosure<br><br>Aspect B6 Product Responsibility: General Disclosure<br><br>Aspect B7 Anti-corruption: General Disclosure | ESG Governance and Risk Management – Business Ethics (P.17)<br><br>Innovating Customer Experience – Customer Health and Awareness (P.19–21)<br><br>Innovating Customer Experience – Safeguarding Customer Rights and Interests (P.23)<br><br>Empowering Our People – Occupational Health and Safety (P.31–33)<br><br>Empowering Our People – Labour Standards (P.33)<br><br>Supporting a Greener Future – Waste Management (P.42–43) |  |
| 2-28                       | Membership associations                            |   | Awards and Recognition (P.52–53)   |  |
| 2-29                       | Approach to stakeholder engagement                 |   | ESG Governance and Risk Management – Engaging our shareholder (P.13–14)  |  |
| 2-30                       | Collective bargaining agreement                    |   | –  | Our employees are not covered by collective bargaining agreements. |
| <b>Material Topics</b>     |  |   |  |  |
| GRI 3 Material Topics 2021 | 3-1  | Process to determine material topics  | ESG Governance and Risk Management – Materiality Assessment (P.15–16)  |  |
|                            | 3-2  | List of material topics   | ESG Governance and Risk Management – Materiality Assessment (P.15–16)  |  |



## TOPIC SPECIFIC STANDARDS

| GRI Standards                      |  | SEHK ESG Reporting Guide   | Relevant Section(s)  | Remark   |
|------------------------------------|--|--|--|--|
| <b>Material Topics</b>             |  |  |  |  |
| <b>Procurement Practices</b>       |  |  |  |  |
| GRI 3 Material Topics 2021         | 3-3  | Management of material topics  | Aspect B5 Supply Chain Management: General Disclosure                          | ESG Governance and Risk Management (P.11–17)                                   |
| GRI 204 Procurement Practices 2016 | 204-1  | Proportion of spending on local suppliers                                |  | Collaborating with Our Business Partners (P.35)                                |
| <b>Anti-corruption</b>             |  |  |  |  |
| GRI 3 Material Topics 2021         | 3-3  | Management of material topics  | Aspect B7 Anti-corruption: General Disclosure                                  | ESG Governance and Risk Management — Business Ethics (P.17)                    |
| GRI 205 Anti-corruption 2016       | 205-1  | Operations assessed for risks related to corruption                      | KPI B7.1<br>KPI B7.2<br>KPI B7.3   | ESG Governance and Risk Management — Business Ethics (P.17)                    |
|                                    | 205-2  | Communication and training about anti-corruption policies and procedures |  | ESG Governance and Risk Management — Business Ethics (P.17)                    |
|                                    | 205-3  | Confirmed incidents of corruption and actions taken                      |  | ESG Governance and Risk Management — Business Ethics (P.17)                    |
| <b>Energy and climate change</b>   |  |  |  |  |
| GRI 3 Material Topics 2021         | 3-3  | Management of material topics  | Aspect A2 Use of Resources: General Disclosure                                 | ESG Governance and Risk Management (P.11–17)                                   |
| GRI 302 Energy 2016                | 302-1  | Energy consumption within the organization                               | KPI A2.1<br>KPI A2.3   | Supporting a Greener Future — Energy and Carbon Emissions Management (P.40–41) |
|                                    |  |  |  | Substantially Data Summary (P.54–58)   |
|                                    | 302-2  | Energy consumption outside of the organization                           |  | Energy consumption by tenants is excluded from the reporting boundary.         |
|                                    | 302-3  | Energy intensity   |  | Supporting a Greener Future — Energy and Carbon Emissions Management (P.40–41) |
|                                    |  |  |  | Substantially Data Summary (P.54–58)   |
| 302-4                              | Reduction of energy consumption                            |  | Supporting a Greener Future — Energy and Carbon Emissions Management (P.40–41) |  |
| 302-5                              | Reductions in energy requirements of products and services |  | Supporting a Greener Future — Energy and Carbon Emissions Management (P.40–41) |  |
|                                    |  | Climate related risks and mitigations                                    | Aspect A4 Climate Change: General Disclosure<br>KPI A4.1                       | Climate Change Adaption and Resilience (P.39)                                  |

| GRI Standards                    |       | SEHK ESG Reporting Guide   | Relevant Section(s)   | Remark   |
|----------------------------------|-------|--|---|--|
| <b>Water and effluents</b>       |       |  |   |  |
| GRI 3 Material Topics 2021       | 3-3   | Management of material topics  | Aspect A2 Use of Resources: General Disclosure<br>KPI A2.2<br>KPI A2.4          | ESG Governance and Risk Management (P.11–17)   |
| GRI 303 Water and Effluents 2018 | 303-1 | Interactions with water as a shared resource   | Aspect A3 The Environment and Natural Resources: General Disclosure<br>KPI A3.1 | Supporting a Greener Future — Water Resources Management (P.42)  |
|                                  | 303-2 | Management of water discharge-related impacts  |   | We use municipal water and there is no issue in sourcing water that is fit for purpose.<br><br>Our wastewater is discharged to the municipal sewage network for treatment. |
|                                  | 303-3 | Water withdrawal   |   | Sustainability Data Summary (P.54–58)  |
|                                  | 303-4 | Water discharge  |   | Relevant data currently not collected  |
|                                  | 303-5 | Water consumption  |   | Sustainability Data Summary (P.54–58)  |
| <b>Emissions</b>                 |       |  |   |  |
| GRI 3 Material Topics 2021       | 3-3   | Management of material topics  | Aspect A1 Emissions: General Disclosure<br>KPI A1.1<br>KPI A1.2<br>KPI A1.5     | ESG Governance and Risk Management (P.11–17)   |
| GRI 305 Emissions 2016           | 305-1 | Direct (Scope 1) GHG emissions   |   | Sustainability Data Summary (P.54–58)  |
|                                  | 305-2 | Energy indirect (Scope 2) GHG emissions  | Aspect A3 The Environment and Natural Resources: General Disclosure<br>KPI A3.1 | Sustainability Data Summary (P.54–58)  |
|                                  | 305-3 | Other indirect (Scope 3) GHG emissions   |   | Relevant data currently not collected  |
|                                  | 305-4 | GHG emissions intensity  |   | Sustainability Data Summary (P.54–58)  |
|                                  | 305-5 | Reduction of GHG emissions   |   | Supporting a Greener Future — Energy and Carbon Emissions Management (P.40–41)   |
|                                  | 305-6 | Emissions of ozone-depleting substances (ODS)  |   | Relevant data currently not collected  |
|                                  | 305-7 | Nitrogen oxides (NO <sub>x</sub> ), sulphur oxides (SO <sub>x</sub> ), and other significant air emissions |   | Sustainability Data Summary (P.54–58)  |
| <b>Waste</b>                     |       |  |   |  |
| GRI 3 Material Topics 2021       | 3-3   | Management of material topics  | Aspect A1 Emissions: General Disclosure<br>KPI A1.3<br>KPI A1.4<br>KPI A1.6     | ESG Governance and Risk Management (P.11–17)   |
| GRI 306 Waste 2020               | 306-1 | Waste generation and significant waste-related impacts   |   | Supporting a Greener Future — Waste Management (P.42–43)   |
|                                  | 306-2 | Management of significant waste-related impacts  | Aspect A3 The Environment and Natural Resources: General Disclosure<br>KPI A3.1 | Supporting a Greener Future — Waste Management (P.42–43)   |
|                                  | 306-3 | Waste generated  |   | Sustainability Data Summary (P.54–58)  |
|                                  | 306-4 | Waste diverted from disposal   |   | Sustainability Data Summary (P.54–58)  |
|                                  | 306-5 | Waste directed to disposal   |   | Sustainability Data Summary (P.54–58)  |

| GRI Standards  |        | SEHK ESG Reporting Guide  | Relevant Section(s)  | Remark   |
|--|--------|---|--|--|
| <b>Materials</b>   |        |   |  |  |
|  |        | Materials used by weight or volume  | Aspect A2<br>Use of Resources:<br>General Disclosure<br>KPI A2.5 | Sustainability Data Summary (P.54–58)  |
| <b>Supplier Environmental Assessment</b>                   |        |   |  |  |
| GRI 3<br>Material Topics<br>2021                           | 3-3    | Management of material topics   | Aspect B5<br>Supply Chain<br>Management:<br>General Disclosure   | ESG Governance and Risk Management (P.11–17)   |
| GRI 308<br>Supplier<br>Environmental<br>Assessment<br>2016 | 308-1  | New suppliers that were screened using environmental criteria   | KPI B5.2<br>KPI B5.3<br>KPI B5.4                                 | Collaborating with Our Business Partners – Suppliers (P.35–36)<br><br>Our Supplier Code of Conduct specifies our requirements for suppliers on environmental protection. |
| <b>Employment</b>  |        |   |  |  |
| GRI 3<br>Material Topics<br>2021                           | 3-3    | Management of material topics   | Aspect B1<br>Employment:<br>General Disclosure                   | ESG Governance and Risk Management (P.11–17)   |
| GRI 401<br>Employment<br>2016                              | 401-1  | New employee hires and employee turnover  | KPI B1.1<br>KPI B1.2   | Sustainability Data Summary (P.54–58)  |
|  | 401-2  | Benefits provided to full-time employees that are not provided to temporary or part-time employees            |  | Empowering Our People – Attracting and Retaining Talent (P.25)   |
|  | 401-3  | Parental leave  |  | Sustainability Data Summary (P.54–58)  |
| <b>Occupational Health and Safety</b>                      |        |   |  |  |
| GRI 3<br>Material Topics<br>2021                           | 3-3    | Management of material topics   | Aspect B2 Health<br>and Safety: General<br>Disclosure            | ESG Governance and Risk Management (P.11–17)   |
| GRI 403<br>Occupational<br>Health and<br>Safety 2018       | 403-1  | Occupational health and safety management system  | KPI B2.1<br>KPI B2.2<br>KPI B2.3                                 | Empowering Our People – Occupational Health and Safety (P.31–33)   |
|  | 403-2  | Hazard identification, risk assessment, and incident investigation  |  | Empowering Our People – Occupational Health and Safety (P.31–33)   |
|  | 403-3  | Occupational health services  |  | Empowering Our People – Occupational Health and Safety (P.31–33)   |
|  | 403-4  | Worker participation, consultation, and communication on occupational health and safety                       |  | Empowering Our People – Occupational Health and Safety (P.31–33)   |
|  | 403-5  | Worker training on occupational health and safety   |  | Empowering Our People – Occupational Health and Safety (P.31–33)   |
|  | 403-6  | Promotion of worker health  |  | Empowering Our People – Occupational Health and Safety (P.31–33)   |
|  | 403-7  | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships |  | Empowering Our People – Occupational Health and Safety (P.31–33)   |
|  | 403-8  | Workers covered by an occupational health and safety management system  |  | Empowering Our People – Occupational Health and Safety (P.31–33)   |
|  | 403-9  | Work-related injuries   |  | Empowering Our People – Occupational Health and Safety (P.31–33)   |
|  |        |   |  | Sustainability Data Summary (P.54–58)  |
|  | 403-10 | Work-related ill health   |  | Nil  |

| GRI Standards                            |       | SEHK ESG Reporting Guide  |  | Relevant Section(s)   | Remark  |
|--|-------|---|--|---|---|
| <b>Training and Education</b>            |       |   |  |   |   |
| GRI 3 Material Topics 2021               | 3-3   | Management of material topics   | Aspect B3 Development and Training: General Disclosure | ESG Governance and Risk Management (P.11–17)  |   |
| GRI 404 Training and Education 2016      | 404-1 | Average hours of training per year per employee   | KPI B3.1<br>KPI B3.2                                   | Empowering Our People — Training and Development (P.26–27)  |   |
|  | 404-2 | Programs for upgrading employee skills and transition assistance programs                 |  | Sustainability Data Summary (P.54–58)<br>Empowering Our People — Training and Development (P.26–27)               |   |
|  | 404-3 | Percentage of employees receiving regular performance and career development reviews      |  | Empowering Our People — Training and Development (P.26–27)  |   |
| <b>Child Labour</b>                      |       |   |  |   |   |
| GRI 3 Material Topics 2021               | 3-3   | Management of material topics   | Aspect B4 Labour Standards: General Disclosure         | ESG Governance and Risk Management (P.11–17)  |   |
| GRI 408 Child Labour 2016                | 408-1 | Operations and suppliers at significant risk for incidents of child labour                | KPI B4.1<br>KPI B4.2                                   | Empowering Our People — Labour Standards (P.33)<br>Collaborating with Our Business Partners — Suppliers (P.35–36) | Our Supplier Code of Conduct specifies our requirements for suppliers on prohibition of child labour.                 |
| <b>Forced or Compulsory Labour</b>       |       |   |  |   |   |
| GRI 3 Material Topics 2021               | 3-3   | Management of material topics   | Aspect B4 Labour Standards: General Disclosure         | ESG Governance and Risk Management (P.11–17)  |   |
| GRI 409 Forced or Compulsory Labour 2016 | 409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labour | KPI B4.1<br>KPI B4.2                                   | Empowering Our People — Labour Standards (P.33)<br>Collaborating with Our Business Partners — Suppliers (P.35–36) | Our Supplier Code of Conduct specifies our requirements for suppliers on prohibition of forced labour.                |
| <b>Local Communities</b>                 |       |   |  |   |   |
|  |       | Focus areas of contribution   | Aspect B8 Community Investment: General Disclosure     | Cultivating Sustainable Communities (P.44–51)   |   |
|  |       | Resources contributed to the focus areas  | KPI B8.1<br>KPI B8.2                                   | Cultivating Sustainable Communities (P.44–51)   |   |
| <b>Supplier social assessment</b>        |       |   |  |   |   |
| GRI 3 Material Topics 2021               | 3-3   | Management of material topics   | Aspect B5 Supply Chain Management: General Disclosure  | ESG Governance and Risk Management (P.11)   |   |
| GRI 414 Supplier Social Assessment 2016  | 414-1 | New suppliers that were screened using social criteria                                    | KPI B5.2<br>KPI B5.3                                   | Collaborating with Our Business Partners — Suppliers (P.35–36)  | Our Supplier Code of Conduct specifies our social requirements such as prohibition of child labour and forced labour. |
|  | 414-2 | Negative social impacts in the supply chain and actions taken                             |  |   | We did not identify any significant negative social impacts in the supply chain.                                      |

| GRI Standards                           |       | SEHK ESG Reporting Guide  | Relevant Section(s)   | Remark   |
|---|-------|---|---|--|
| <b>Customer Health and Safety</b>       |       |   |   |  |
| GRI 3 Material Topics 2021              | 3-3   | Management of material topics   | Aspect B6 Product Responsibility; General Disclosure          | ESG Governance and Risk Management (P.11–17)   |
| GRI 416 Customer Health and Safety 2016 | 416-1 | Assessment of the health and safety impacts of product and service categories                 |   | Innovating Customer Experiences — Customer Health and Wellness (P.19–21)   |
|   | 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services |   | Innovating Customer Experiences — Customer Health and Wellness (P.19–21)   |
| <b>Marketing and Labelling</b>          |       |   |   |  |
| GRI 3 Material Topics 2021              | 3-3   | Management of material topics   | Aspect B6 Product Responsibility; General Disclosure          | ESG Governance and Risk Management (P.11–17)   |
| GRI 417 Marketing and Labelling 2016    | 417-1 | Requirements for product and service information and labelling                                |   | Innovating Customer Experiences — Safeguarding Customer Rights and Interests (P.23)  |
|   | 417-2 | Incidents of non-compliance concerning product and service information and labelling          |   | Innovating Customer Experiences — Safeguarding Customer Rights and Interests (P.23) The Group had five reported cases relating to advertising and labelling. |
|   | 417-3 | Incidents of non-compliance concerning marketing communications                               |   | Innovating Customer Experiences — Engaging Customers through Innovation (P.21–23)  |
| <b>Customer Privacy</b>                 |       |   |   |  |
| GRI 3 Material Topics 2021              | 3-3   | Management of material topics   | Aspect B6 Product Responsibility; General Disclosure KPI B6.5 | ESG Governance and Risk Management (P.11–17)   |
| GRI 418 Customer Privacy 2016           | 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data  |   | Innovating Customer Experiences — Safeguarding Customer Rights and Interests (P.23)  |



# ASSURANCE STATEMENT



## SCOPE AND OBJECTIVES

Hong Kong Quality Assurance Agency (“HKQAA”) has been commissioned by New World Department Store China Limited (“NWDS”) to conduct an independent verification of its Sustainability Report 2022 (the “Report”) covering the financial year 2022 from 1 July 2021 to 30 June 2022.

The aim of this verification is to provide a reasonable 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 performance of NWDS;
- 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 reasonable level of assurance. The extent of this

verification process undertaken covered the criteria specified in the Core option of the GRI Standards and the ESG Reporting Guide.

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

## INDEPENDENCE

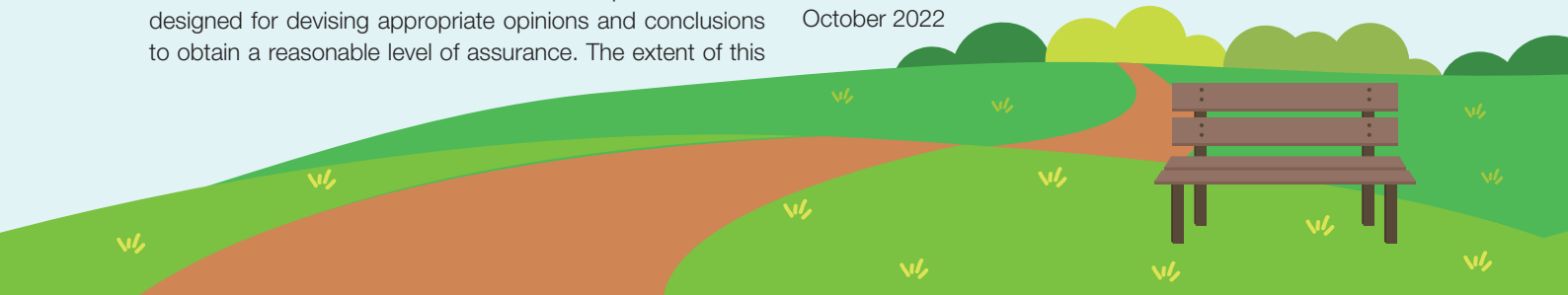
NWDS is responsible for the preparation and presentation of the report contents. HKQAA’s verification activities are entirely independent from NWDS. There is no relationship between HKQAA and NWDS that would affect the impartiality of the verification service.

## CONCLUSION

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

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

**Connie Sham**  
Head of Audit  
Hong Kong Quality Assurance Agency  
October 2022







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Website



WeChat



Weibo