

# Corporate Sustainability

## Major Achievements and ESG Highlights

### International Recognition for Our Sustainability Performance



MSCI ESG Rating of **BBB**; constituent of MSCI HK-Listed Southbound Country ESG Leaders Index as of February 2022<sup>1</sup>



**Low ESG Risk** since 2019



- Highest **5-star rating** since 2019
- **1st** in Public Disclosure Score among all Hong Kong diversified companies in 2021
- **1st** in Management Score among all Asia companies in 2021



- **B** in Water Security Assessment, first rated in 2021
  - **C** in Climate Change Assessment in 2021, dropped from B in 2020
- We have worked with CDP to identify improvement areas and will continue our effort to close the gaps



**Top 15%** of real estate industry globally



Listed on **Dow Jones Sustainability Asia Pacific Index ("DJSI")** since 2019 with continuous improvements throughout the years



Constituent of **FTSE4Good Index Series** since 2020



- Member since 2014 – 2015
- **AA** in 2022 – 2023

**NWD is a signatory/member of**



In support of

**WOMEN'S EMPOWERMENT PRINCIPLES**

Established by UN Women and the UN Global Compact Office

### Raised >HK\$39 Billion through Sustainable Finance since 2018



- **World's first USD Social and Green Dual Tranche Bond in public markets**
- **Strengthened Sustainable Finance Framework with reference to latest international principles and guidelines**

### Won >40 Sustainability Awards at Corporate and Building Levels in FY2022

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## Climate Actions Highlights

Progress on Group-wide New World Sustainability Vision 2030 ("SV2030") now linked with remuneration of CEO and employees



The third real estate developer in Asia to receive the Science Based Targets initiative's ("SBTi") approval of its near-term 1.5°C aligned science-based targets ("SBTs") and commit to the SBTi Net-Zero Standard



Partnered with City University of Hong Kong to co-develop and pilot net-zero related technologies



Selected as one of the Carbon Neutrality Partners by the Environmental Bureau of the HKSAR Government to take the lead to deepen and accelerate the pursuit of low-carbon transformation



Climate Resilience Guideline finalised and incorporated into Sustainable Building Policy to standardise implementation across our portfolio



Launched "CSV Lease", an industry-first win-win tenant engagement initiative to raise tenants' sustainability awareness and support efforts in energy saving and waste management, and reward based on performance

## Community Highlights

• Launched Hong Kong's first large-scale crowd-donation platform "Share for Good" to support the underprivileged during COVID-19



• Launched social housing enterprise "New World Build for Good" with an aim to solve Hong Kong's housing problems through innovative mindset



• Loaned a 3.5-hectare plot of land in Fanling to the HKSAR Government for the construction of a mobile cabin hospital



## Governance Highlights



- Provided trainings for the Board, management, employees and suppliers
- In FY2022, we achieved 100% employees trained on ESG policies
- Reinforced our group-wide Enterprise Risk Management ("ERM") based on the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") framework. As the key risk indicators, ESG and climate risks are incorporated into the Board and employee trainings and risk flagging channels



- To enhance board diversity, NWD targets to reach 30% female board members by FY2023 and continue to maintain a diverse board
- NWD participated in the UN Global Compact ("UNGC") Early Adopter Programme, with enhanced Communication on Progress regarding the implementation of the Ten Principles of the UNGC
- In the process of standardising more stringent requirements, including enhancing supplier performance monitoring, adding ESG standards to procurement requirements for our construction businesses, and encouraging suppliers to obtain ISO certifications



## GREEN – Moving us towards a greener future

**SDG 11.6** Reduce adverse environmental impact of cities

**New World Group** - Halve our environmental impact in energy and carbon emissions intensity (against baseline year FY2015<sup>1</sup>)

**FY2022:**



**Energy intensity**  
(MWh/million HK\$ revenue)<sup>1</sup>  
**SDG 11.6**  
↓ **4%** (FY2030 target: ↓ 50%)



**Carbon emissions intensity**  
(tCO<sub>2</sub>e/million HK\$ revenue)<sup>1</sup>  
**SDG 11.6**  
↓ **20%** (FY2030 target: ↓ 50%)

**Green Buildings SDG 11.6**

- **32** BEAM Plus building certificates<sup>3</sup>, of which **27** achieved Very Good/Gold or above
- **39** LEED building certificates<sup>4</sup>, of which **37** achieved Gold or above
- **4** China Green Building Evaluation Labels<sup>5</sup> ("Two-Star" or above)
- **2** SITES certificates at Gold level



**New World Construction**

(against baseline year FY2015<sup>2</sup>)

**FY2022:**



**Waste-to-landfill intensity**  
(tonnes/million HK\$ revenue)<sup>2</sup>  
**SDG 11.6**  
↓ **56%** (FY2030 target: ↓ 15%)



**Water intensity**  
(m<sup>3</sup>/million HK\$ revenue)<sup>2</sup>  
**SDG 11.6**  
↓ **37%** (FY2030 target: ↓ 25%)



## WELLNESS – Promoting health in body and mind

**SDG 3.4** Promote physical / mental health and well-being

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



Improved the well-being of **16 million** stakeholders<sup>6</sup>  
**SDG 3.4**  
(FY2030 target: 20 million)



Lost-time injury rate (LTIR)<sup>7</sup> **0.7** per 100 employees  
**SDG 3.4**  
(FY2030 target: maintain at/below 3.0 annually)



WELL Buildings: **15** building certificates<sup>8</sup>, with **10** of those achieved Gold or above<sup>9</sup>  
**SDG 3.4, 3.9**



## CARING – Creating shared value for our communities and culture

**SDG 4.4** Upskill individuals for employment, decent jobs and entrepreneurship

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

**SDG 11.3** Enhance inclusive and sustainable urbanisation

**SDG 11.4** Protect cultural and natural heritage



Enhanced the quality of life of **152 million** stakeholders<sup>6</sup>  
**SDG 11.3, 11.4**  
(FY2030 target: 300 million)



Provided **>270,000** volunteering hours<sup>6</sup>  
**SDG 4.4**  
(FY2030 target: >340,000 hours)



Average **17.3** training hours per employee  
**SDG 4.4**  
Sustainability-related training **>10,000** hours  
**SDG 4.7**



## SMART – Using innovation to unlock potential

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



**>220** active patents<sup>10</sup>



**36** integrations via Impact Kommons<sup>11</sup>



<sup>1</sup> Covers the SV2030 Green Targets Scope which focuses primarily on key businesses with more mature performance data and over which we can exert operational influence for developing environmental impact reduction roadmaps. NWSH and NWDS also disclose their environmental targets in their annual sustainability report. Using revenue for the intensity metrics was due to the diverse business nature of the Group's portfolio as it is the common thread that can be adopted across sectors.

<sup>2</sup> Covers New World Construction Company Limited only.

<sup>3</sup> Includes Provisional Assessment and Final Assessment certificates for both New Buildings and Existing Buildings as at 30 June 2022.

<sup>4</sup> Includes both pre-certified and certified projects as at 30 June 2022 and excludes expired pre-certificates.

<sup>5</sup> This number excludes expired labels as at 30 June 2022.

<sup>6</sup> Cumulative number from baseline year FY2015 to FY2022 covering the Sustainability Reporting Scope.

<sup>7</sup> Lost-time injury rate represents the number of injuries per 100 employees per year.

<sup>8</sup> Includes both pre-certified and certified projects as at 30 June 2022.

<sup>9</sup> Five of 15 WELL buildings are undergoing the certifications aiming at least second best rating with latest WELL Standard V2, which does not contain any rating at pre-certification stage.

<sup>10</sup> Includes the number of active patents granted since FY2015 and held by New World Group under the Sustainability Reporting Scope as at 30 June 2022, excluding design registrations/patents.

<sup>11</sup> Cumulative integrations from FY2020 to FY2022 between Impact Kommons startups and New World Ecosystem.

# Corporate Sustainability Leadership and Governance

## Message from Management

FY2022 marked another year of unprecedented challenges arising from the impacts of COVID-19 and the climate crisis. But we believe this is also a moment of opportunity for us to remain focused on our commitments to sustainability and move forward with our partners to emerge more united in building resilience to the challenges that lie ahead.

Central to our corporate mission is the integration of Creating Shared Value (“CSV”) principles into our business, which aims to optimise the needs of our shareholders and society. Through embedding our Environmental, Social and Governance (“ESG”) values into SV2030, we continue to make strides towards CSV for all our stakeholders, guided by the pillars of Green, Wellness, Smart and Caring with oversight from our Board, and dedication from our leadership team and employees in progressing towards these common goals. Our CSV principles also align with our commitment as a participant of the UN Global Compact Early Adopter Programme and we will continue to support the UNGC principles.

Recognising the need for immediate action on climate change to safeguard our company’s long-term growth and echoing the Mainland China Government’s Carbon Neutrality Plan and the HKSAR Government’s Climate Action 2050 to achieve carbon neutrality by 2060 and 2050, respectively, we have taken our first steps in adopting the Taskforce for Climate Related Disclosures (“TCFD”) recommendations since FY2019. I am incredibly proud to report that we have recently obtained approvals on our near-term 1.5°C aligned SBTs and committed to the SBTi Net-Zero Standard to set long-term targets in line with reaching science-based net-zero by 2050. Additionally, we joined the Asian Corporate Coalition for Climate Change Resilience (A4CR) to support building climate resilience in Asia. We will continue accelerating our decarbonisation plans by integrating climate-related initiatives and actions into the full property lifecycle and engaging with tenants through our newly launched “CSV Lease”, a pioneering approach to addressing demand-side energy use.

Innovation starts with insight and seeing challenges in a new way. Our passion for innovation creates powerful opportunities to help us stay ahead of change. In addition to our UN SDGs-focused startup accelerator Impact Kommons, we further launched the Greater Bay Area (“GBA”) Accelerator this year, focusing on AI and robotics solutions, particularly those wanting to scale in the GBA. Promising startups from these two accelerators are empowered with resources in the New World Ecosystem to scale-up and become engines of future growth. We plan to collaborate with more stakeholders in future projects to cultivate our culture of innovation and partnership.

Creating an inclusive, diverse workplace that prioritises employee well-being fosters a culture that establishes trust and brings out the best of our employees. We are committed to reaching 30% female board members by FY2023 to enhance the diversity in the boardroom. On continually improving employee well-being, we are pleased to announce that we will pilot “Summer Fridays”,

introducing a 4.5-day work week and one work-from-home day, as well as other family-friendly optimising measures, to bring flexibility and convenience as well as improve the physical and mental well-being of our employees.

Giving back and creating opportunities for resilience and growth to our communities remain one of NWD’s core strategies under our CSV approach. Societies have been under significant pressure to respond to a number of arising social issues such as housing, inequalities and poverty, exacerbated by the COVID-19 pandemic. As a property developer with a long-standing interest in solving Hong Kong’s housing and land issues, we launched Hong Kong’s first ever not-for-profit privately subsidised housing project, New World Subsidised Housing, under our innovative New World Build for Good initiative in December 2021, and recommended a special “progressive payment” mortgage arrangement, as a pioneering solution designed to help young families get onto the housing ladder and ease Hong Kong’s housing situation. In addition, we recognised the challenges created by the surging COVID-19 cases during the fifth wave of the pandemic to local communities. In March 2022, we launched Hong Kong’s first large-scale crowd-donation platform Share for Good that directly links beneficiaries, non-profit organisations and donors to support the underprivileged in meeting their immediate needs during their self-quarantining period at home. The initiative has since expanded to partner with 60 NGOs to create far-reaching impacts to support those in need beyond immediate COVID-19 relief.

Looking forward, the announcement of our 11 SKIES project and landmark opening of K11 ATELIER 11 SKIES in July 2022 mark our first step in becoming an important engine to the development of SKYCITY and connecting the world and GBA. ESG integration and standardisation within the Group remains important. We will continue to upgrade our Group-wide risk management framework to adapt to evolving ESG risks and opportunities and will carefully consider ESG issues when making future business and investment decisions as well as working with our suppliers. I would like to take this opportunity to thank my team for their extraordinary efforts and dedication in delivering good performance against our sustainability targets.

Entering a new year, we remain optimistic in turning crises into opportunities and creating value for all our stakeholders. Through collaborations and partnerships, we will continue to inspire meaningful impact to drive our long-term sustainability vision. I am confident with our great people and the support of our stakeholders, we will continue to demonstrate sustainability leadership through embedding innovation and CSV principles into our business to build a greener future for generations to come.

### **Dr. Cheng Chi-Kong, Adrian**

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



# Corporate Sustainability | Leadership and Governance

## Governance Structure

An essential component of NWD’s commitment to sustainability is the integration of the management of ESG issues through the Group’s corporate governance structure – from board-level committees to management-level group functions and business units (“BUs”). The Board delegates five board-level committees to oversee the Group’s management and business endeavours while maintaining the ultimate responsibilities for the overall business development. In particular, the Sustainability Committee is responsible for monitoring the Group’s sustainability performance and related issues. For more details on the board-level committees, please refer to the Risk Management and Internal Control Section.

We closely monitor the latest market trends and regulations in corporate governance and take appropriate actions to ensure reporting compliance. NWD is compliant with the requirements of the HKEX’s Revised Corporate Governance Code and Listing Rules, which went into effect on 1 January 2022. The Board is fully committed to continuing our efforts in overseeing the compliance and referencing recommendations and international best practices on priority topics, including board independence, refreshment and diversity, in our operations.



The Board of Directors appoints the directors of NWD to form the Sustainability Committee, and its Chairperson is the Executive Vice-chairman and CEO of NWD. The Sustainability Committee’s role is to assist the Board in identifying improvement areas on sustainability, ESG reporting strategy and management, any non-compliance with sustainability and ESG policies, procedures and regulations, and make appropriate recommendations to the Board. For more information on our Sustainability Governance policies, please refer to our corporate website.

While the organisational structure of NWD remains unchanged compared to last year, we have reinforced our commitment toward SV2030 by integrating sustainability into the business considerations for the CEOs of our

subsidiaries and respective department heads and employees. We also link sustainability performance to the remuneration of our CEO and employees to encourage employees to make concerted efforts towards the SV2030 targets. The Group Sustainability Steering Committee is also in place to oversee the training provided to all employees and support the development of action plans and budgeting across the business.

In view of the climate urgency and the Group’s responsibilities to mitigate climate impacts in our operations, the Board of Directors fully supports the ongoing assessment and disclosure of climate risks as per the TCFD recommendations. The Board is regularly updated on the latest climate risks and opportunities so as to provide guidance on the overall ESG strategies.



# Corporate Sustainability | Leadership and Governance

## Managing ESG Risks and Opportunities

Throughout the year, the Group has taken an active role in managing the environmental and social risks and opportunities and taking appropriate steps in responding to emerging economic challenges. We firmly believe that by integrating sustainability into our business practices, we can sustain a long-term competitive advantage.

### Enhancing Governance of ESG Issues

Our risk management framework is well established with regular review to align with our latest strategic direction, market practice, regulatory obligations, and sustainability commitments. As at end of FY2022, our work on strengthening our ERM framework is completed. The latest changes to our ERM framework include:

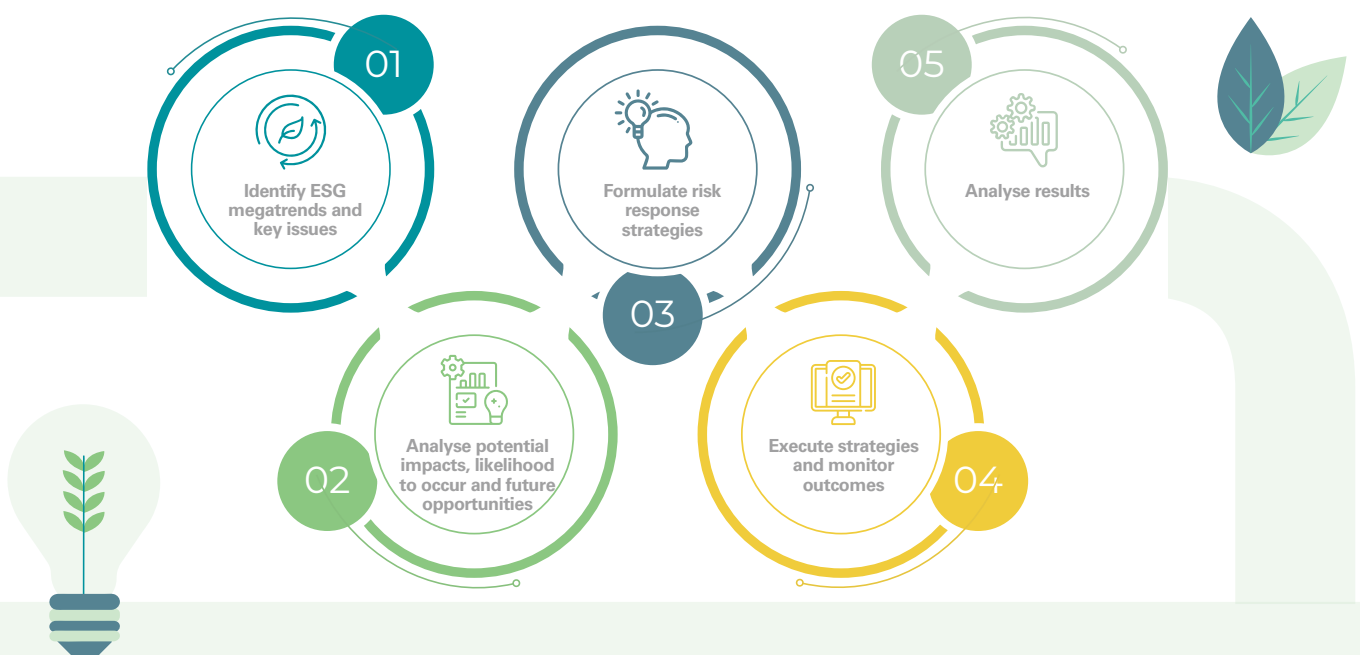
1. Adopted “Applying enterprise risk management to environmental, social and governance-related risks” guidelines published by COSO and the World Business Council for Sustainable Development (“WBCSD”) in 2018; and
2. Included the Climate Resilience Guideline into our ERM framework. The Guideline covers climate risks pertinent to our major business locations, such as flooding, water stress, extreme temperatures and extreme wind, and suggests climate mitigation and adaptation measures for our full property lifecycle.

### Approach to Identify, Assess and Manage ESG Risks

We have a robust system for identifying, assessing and managing ESG risks that may potentially impact our business, including risks related to climate change that have the potential to result in extensive implications. Through our risk identification and assessment process, we have integrated these factors into our risk analysis under a standalone risk and/or cross-linking with other business risks (such as insurance and crisis management risks).

In order to maintain a standardised approach, the same set of risk assessment criteria is adopted in evaluating ESG risks together with other key risks. Different risk management levels are established to ensure that ESG risks are managed in a timely manner:

- Governance – implemented in accordance with our risk governance structure and risk management process, with management oversight and assurance provided to the Board
- Strategic – SV2030, including alignment with TCFD recommendations and stakeholders’ expectations
- Operational – an Issue Alert System is in place for timely follow-up on impending crises or issues, with various policies and procedures in place to avoid or mitigate risks, including Anti-Fraud Policy, Whistleblowing Policy and Climate Change Policy



## ESG Opportunities

We understand that in order to capture the potential ESG opportunities, our internal stakeholders must be equipped with the necessary know-how. Hence, we have conducted various ESG training programmes for all employees and the Board of Directors. We believe that by raising our awareness and knowledge of ESG issues, our internal stakeholders can support us in identifying opportunities and building the foundation for a successful future.

In this reporting year, we made great progress in climate action and building resilience by affirming our commitment to the Business Ambition for 1.5°C and receiving SBTi's approval of our near-term SBTs. We believe that our SBTs will not only direct us to operate more sustainably but also create new business opportunities for us. Innovation is key to enhancing our capacity to spot and capture opportunities. We are collaborating with the City University of Hong Kong to jointly develop green technologies in an attempt to address climate change and work towards net-zero. Additionally, we finalised our Climate Resilience Guideline that integrates various climate mitigation and adaptation measures into new developments and major refurbishment and construction activities, covering the full property lifecycle from acquisition and redevelopment to design and construction, facility management, and the engagement of building users.

For detailed risk management structure and approach, please refer to the Risk Management and Internal Control Section.

## Culture

The Group's mission is to create, and orchestrate our creativity and social innovation for the next generation. Only by doing so can we truly connect business success with social progress.

To ensure our employees maintain a good understanding of our corporate vision – “we create, we are artisans, we are CSV”, we launched New World Innovation Challenge and Group VOC (voice-of-customer) Innovation in FY2022. Both initiatives are to stimulate our employees, as Artisans, to listen to our customers' feedback and turn into business ideas. Artisans were invited to join design thinking training and innovation workshops conducted by different leaders. Shortlisted ideas were given resources to prototype their ideas into real functioning products and further commercialise their products. Throughout the process, Artisans are encouraged to voice out their innovative ideas to deliver value-add to our customers. New World Group fully integrates the voice of our customers into our business development.



“Creating Shared Value” (“CSV”) is a critical component of our corporate mission, as it demonstrates our commitment to understanding the needs of the communities where we operate and leveraging our assets and strengths to give back to the communities. It also creates new business opportunities for the Group through continuous innovation, shaping the overall business strategy. “Shared Value” is the outcome of the combination of three crucial drivers: social and environmental needs, corporate assets and business opportunities.

We are in the process of integrating ESG into all levels of our strategy and business to measure the value created for society through our ESG framework. Four strategic engines of change drive our efforts: ecosystem, partnership, innovation, and digitalisation. This report will demonstrate the roles these four components play in our progress towards achieving SV2030.



### Creating Shared Value through NWD Property’s Lifecycle

Our sustainable practices are standardised throughout four critical stages of property development and creating shared value across the SV2030 pillars of Green, Wellness, Smart and Caring.

#### DESIGN & BUILD

As outlined by our policies, we are committed to sustainable building certifications (including BEAM Plus, LEED and WELL) for new and existing projects. The policies also govern our approaches to managing climate risks and other environmental and social impacts throughout the supply chain.

**STAGE 1**

**STAGE 2**

#### SUSTAINABLE FINANCE

By using a variety of sustainable financing instruments, such as green bonds, which are aligned to international frameworks and standards wherever possible, we are able to direct funds towards our impactful projects within our ecosystem of business, including green and healthy buildings.

#### ENGAGEMENT

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

**STAGE 4**

**STAGE 3**

#### OPERATIONS

We are determined to reduce the adverse environmental and social impacts caused by our property operations. Continuous resource efficiency enhancements and measures are in place to improve the health and well-being of our building tenants and users.





# Corporate Sustainability | Leadership and Governance

## Stakeholder Engagement and Materiality Assessment



Understanding the expectations and needs of our stakeholders is fundamental to the development of our ESG strategy, as it plays a critical role in helping us identify and prioritise current and emerging risks and opportunities across our business and the communities in which we operate. Hence, we maintain an ongoing, open and transparent dialogue with our stakeholders to maximise opportunities for them to share their perceptions and experience. Our primary forms of engagement include surveys, interviews, focus groups, visits, mobile apps, e-newsletters, meetings and forums, events, email and hotlines, and through media and social media channels.

We conduct robust and comprehensive materiality assessments with internal and external stakeholders annually to determine the importance and relevance of a range of ESG issues to NWD. As part of the process to identify ESG issues relevant for the reporting year, we update the list of ESG issues with detailed research relating to the latest market trend and stakeholders' opinions, with reference to the previous year's materiality topics. In particular, new topics concerning governance were raised by multiple stakeholders. Of the stakeholders involved, internal stakeholders included are representative of significant business units and various levels of seniority, while external stakeholders include customers, tenants,

suppliers, service providers, academic and professional institutions, NGO partners, financial institutions, media, peer companies and government.

As we continue to refine our process on the evaluation and prioritisation of material issues, we adopted a different approach in our materiality assessment process this year. Building upon the foundation in FY2021, we engaged a third-party consultant to conduct 15 in-depth interviews using a quantitative assessment approach across our stakeholder groups, including senior management, contractors, suppliers, and investors, to understand stakeholder concerns and potential impact on our business. The interviews enable us to pinpoint the critical areas and steer resources to support the Group's business strategies. The outcome of the interview is a refreshed materiality matrix, with priority issues that internal and external stakeholders rated as critical for NWD to consider in its pursuit of sustainable growth.

The materiality matrix shows the most prioritised issues, their corresponding SV2030 pillars (Green, Wellness, Smart and Caring) and transversal topics, ranked according to the level of importance to stakeholders (y-axis) and their level of importance to our business continuity and development (x-axis).

To better reflect stakeholder interest, we included five new topics for stakeholders to consider in this year's engagement process. A shift of focus towards topics under the Green pillar is observed compared to last year, suggesting that stakeholders are becoming increasingly aware and concerned over the Group's environmental performance, how NWD is aligned with the HKSAR and Mainland China Governments' climate action plans and progress towards reaching NWD's sustainability targets and commitments, such as our SBTs and Renewable Energy Roadmap. Top transversal topics, including Innovation, Diversity and Equal Opportunities, and Employee Wellness and Engagement, remain crucial for business continuity. Stakeholders rated Product Safety and Quality, a new transversal topic, with high relative importance in view of the recent incident at The Pavilia Farm. For the building safety and quality, we will continue to adopt the best practices in the industry. We will continue to monitor any upcoming regulations, industry trends, and investor expectations in setting our ESG priorities.

Material Topics (1 being the most important)	How We Address Them (corresponding sections in this chapter)
1. Energy Efficiency and Carbon Reduction	Accelerating towards Net Zero
2. *Green Building Construction and Renovation	Green Building Leadership
3. Innovation	Affirming Our Pioneering Efforts
4. Customer Wellness, Health and Safety	Our Collaborative Ecosystem
5. Climate Change Actions	Accelerating towards Net Zero
6. Diversity and Equal Opportunities	Our People
7. Employee Wellness and Engagement	Our People
8. *Product Safety and Quality	Leadership and Governance
9. Customer and Tenant Engagement	Our Collaborative Ecosystem
10. Talent Management	Our People
11. Waste Reduction and Recycling	Accelerating towards Net Zero
12. *Risk and Crisis Management	Leadership and Governance
13. Corporate Governance	Leadership and Governance
14. Community Wellness	Creating Sustainable Communities
15. Responsible Supply Chain Management	Our Collaborative Ecosystem
16. Community Development and Engagement	Creating Sustainable Communities
17. *Privacy and Data Security/Information Privacy	Our Collaborative Ecosystem
18. *Ethics and Integrity	Leadership and Governance
19. Occupational Health and Safety	Our People
20. Bribery and Corruption	Leadership and Governance

\* New topics in FY2022.

## Corporate Sustainability

# Affirming Our Pioneering Efforts

While sustainability is a core consideration in all of our actions, the following projects demonstrate our endeavour to go the extra mile to show leadership in continuously improving social and environmental well-being in the communities in which we operate. Although these projects or initiatives are at varying stages of completion, our long-term ambitions to spark creativity, integrate circular economy into design and operations, accelerate innovation and connect people, as well as improve lives in the here-and-now remain steadfast.

### Bringing Sustainability to the Greater Bay Area

#### MATERIAL ISSUES:

- Innovation
- Green Building Construction and Renovation
- Waste Reduction and Recycling

#### K11 ECOAST

K11 ECOAST, K11's first flagship project in Mainland China, is scheduled to open at the end of 2024. The inspiration for the name "K11 ECOAST" combines the concept of green development alongside the conservation of waterfront resources. It is located in Prince Bay in Nanshan, Shenzhen with a total gross floor area of 228,500m<sup>2</sup> comprising of K11 Art Mall, K11 HACC multi-purpose art space, K11 ATELIER office building, and the Promenade. The commercial complex is dedicated to promoting a sustainable, circular lifestyle and integrating the concept of environmental protection through the power of creativity, culture, and

innovation. K11 ECOAST has partnered with 50 world-leading artists and architects to create the most aesthetic and impactful seaside art district in China, with a vision to become the new harbourfront cultural retail destination and circular economy trailblazer in the Greater Bay Area.

Featuring 60,000m<sup>2</sup> of outdoor landscaping, the largest among all K11 projects, K11 ECOAST fully incorporates green and healthy building concepts into its design from renewable energy to recyclable materials. K11 ECOAST was designed and constructed in accordance with China's 14th Five-Year Plan national guidelines on environmental protection and sustainable development for promoting circular economy. Echoing the "Zero-Waste City" building pilot programme undertaken in Shenzhen, K11 ECOAST capitalised on the opportunity to act as a front-runner by integrating circular economy and waste reduction principles, and embedding environmental protection in design, food and fashion. Additionally, by adopting the "Sponge City" concept for sustainable stormwater management, K11 ECOAST is also expected to alleviate pressure on the city's existing drainage system and enable water reuse on-site. So far, K11 ECOAST has been granted with three WELL pre-certified and LEED Platinum pre-certified ratings at the highest certification level, making it the largest total LEED Platinum pre-certified cluster of buildings in the Greater Bay Area.

Located in a strategic position within the core of the Greater Bay Area, the project will boost an infrastructural network highlighted by multiple integrated transportation systems and a one-hour living circle that extends to 30 million people, and become an area of significant influence.



Aerial view of K11 ECOAST

## Pushing Boundaries and Creating Connections

### MATERIAL ISSUES:

- Innovation
- Green Building Construction and Renovation
- Energy Efficiency and Carbon Reduction
- Customer Wellness, Health and Safety

## WANGJIANG NEW TOWN PROJECT IN HANGZHOU

Located in the prime location of Shangcheng district, New World Arts Centre comprises of residential, commercial and cultural facilities, covering a gross floor area of 460,000m<sup>2</sup>. The project sits adjacent to three Hangzhou high-speed railway stations, Wujiang Lu Station of Metro Line 1, Moye Tang Station of Line 7, as well as Chengzhan Station of Line 1 and Line 5.



The landscape of K11 Culture Boulevard

To continue the legacy of “100 Creative Powers” that shaped K11 MUSEA in Hong Kong, a global cultural-retail destination, the Group gathers a new troupe of top talents to inject endless creativity and ingenuity into a city coined as “Heaven on Earth”. Hangzhou is underpinned by innovation, heritage and culture – the Group will strive to create shared value and enhance the city’s local community.

Inspired by three essential elements – Art-People-Nature – in promotion of local art culture and way of life to the community, the project upholds the smart-living philosophy by boosting urban vitality, creating vibrant community through Transit-Oriented Development, and integrating three-dimensional greening and “Sponge City” concept into the design. This project strives to bring modern urban design into harmony within a historic district to build a lively urban core at Hangzhou Wangjiang New Town. The project is targeting LEED green building certificate at the highest Platinum rating.



New Town project in Shangcheng district, Hangzhou



### K11 ATELIER 11 SKIES

NWD is developing 11 SKIES, a 3.8 million square feet mixed-use development strategically located next to the Hong Kong International Airport. It is an integral part of the SKYCITY project adjacent to the airport and Hong Kong-Zhuhai-Macao Bridge. For the retail segment, there will be over 800 shops, including 120 dining concepts. It will house the largest indoor entertainment hub in Hong Kong featuring 8 world class attractions, and K11 ATELIER office space spanning over 570,000 square feet. The use of smart and innovative technology in the operations and services of SKYCITY and 11 SKIES will enhance efficiency and customer experience, not only attracting more visitors, but also businesses, especially professional services. This could strengthen Hong Kong's dual role as an international financial centre and professional services hub, and at the same time leverage its unique strengths to re-energise post-COVID economy recovery and improve customer experience with innovative technology.

The first phase of 11 SKIES has opened as a premium office network branded under K11 ATELIER in July 2022. K11 ATELIER 11 SKIES integrates work and life in a modern workplace that empowers next-generation professionals in liberating their utmost creative potential, and inspires them to collaborate and connect. It is a perfect doorway to the opportunities in the Greater Bay Area, featuring three grade A office towers with triple platinum pre-certifications – BEAM Plus, LEED and WELL. Each tower is designed with a special purpose: one focuses on wealth management services, one focuses on medical and wellness services, and one is tailored to companies and organisations wishing to establish their Greater Bay Area business at the heart of the region.

Under the SV2030 four pillars of Green, Wellness, Smart and Caring, around 30 sustainability features are adopted at K11 ATELIER 11 SKIES, including renewable energy system and indoor air quality sensors with IoT and AI technology. They not only enhance the energy and water efficiency in the buildings, but also safeguard the health and well-being of occupants.



Internal view of K11 ATELIER 11 SKIES



Aerial view of 11 SKIES

**“Once the border reopens, SKYCITY and 11 SKIES promise to be a source of business and prosperity. With creative new ideas, visitors from both the Greater Bay Area and overseas will continue to come to Hong Kong for business, tourism and consumption. 11 SKIES will be a new force that spurs Hong Kong's post-pandemic recovery.”**



**– Dr. Adrian Cheng, CEO, New World Development**

### REVITALISATION OF CHEUNG SHA WAN DISTRICT – PORTAS

NWD acquired a significant plot of land in the commercial district of Cheung Sha Wan, adjacent to the government data centre complex and home to Jao Tsung-I Academy. Our plan is to create an upscaled commercial complex that marries art, culture and modernity, seeking harmonious co-existence and co-development with the surrounding commercial circles. By incorporating health and wellness elements into the design, we strive to reinvent spaces that enable people to appreciate the outdoor urban environment and foster social connectivity. PORTAS features approximately 2,700m<sup>2</sup> of greenery coverage as well as communal spaces, including a podium garden of over 2,900m<sup>2</sup>, a pixelated staircase, a rooftop wellness plaza, and a multipurpose hall, designed to promote the well-being of individuals and the community as a whole. The retail podium of PORTAS will provide unique dining and leisure experiences to tenants and the vicinity. The office adopts a healthy and comfortable design with electric light glare control and low-emissivity glass.



In creating the best experience for our users, we set high expectations on our indoor environmental quality and hygiene. To achieve this, we have incorporated smart facilities such as an indoor air quality monitoring system, handrail UV sanitisation, touchless button for service lifts and touchless entrance system. We maximise the use of renewable energy through installation of Photovoltaic (PV) system at the rooftop and minimise our energy use by leveraging the Smart Building Management System. As a recognition of its green and sustainable design, PORTAS obtained Provisional BEAM Plus Gold Certification, LEED Gold pre-certification and WELL Platinum pre-certification, and won the 2021 Silver Award for Best Futura Project by MIPIM and Hong Kong Green Building Award 2021 – Merit award under New Buildings Category: Projects Under Construction and/or Design – Commercial.



Front view of PORTAS



Pixelated staircase at PORTAS



## Investing in Purposeful Tech Innovation

### MATERIAL ISSUES:

- Innovation
- Customer Wellness, Health and Safety
- Waste Reduction and Recycling

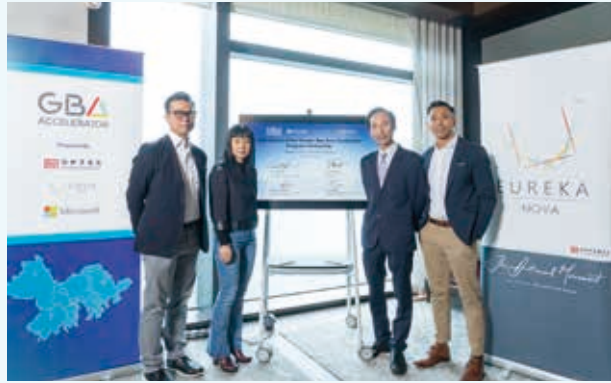
## CURATING SUSTAINABLE LIVING

Impact Kommons is Asia's first accelerator based on the United Nations Sustainable Development Goals ("UN SDGs") supporting tech enterprises and startups to co-create and address SV2030 within the New World Ecosystem. For Cohort 3, 11 selected startups addressed topics, such as waste management, upcycling, climate technology, healthcare, AI and sustainable packaging. In the past three years, we have successfully generated 36 B2B integrations between our 30 participating startups, internal business teams, tenants and customers to address social and environmental challenges. Notable examples in the third cohort include collecting and upcycling tenants' coffee grounds to produce biochar improving soil quality, and reducing bread waste by utilising excess bread to brew beer.





Impact Kommons Cohort 3 event

## SUPERCHARGING THROUGH ROBOTICS AND AI



GBA Accelerator Cohort 1 focused on robotics and AI

Eureka Nova, our open innovation platform, partnered with Microsoft Hong Kong as a premier technology sponsor of the first cohort of the Greater Bay Area Accelerator programme. The GBA Accelerator is a business integration programme targeted at startups looking to scale their business in the supply chain, logistics and robotics sectors across the GBA. This first cohort focused on robotics and AI with nine startups across six countries or regions. Selected startups have the opportunity to pilot and commercialise their solutions, expand their network, and gain exposure in the GBA. The startups were able to use Microsoft Azure's wide range of products, including AI, IoT, Machine Learning and Mixed Reality (MR) to build, run and manage applications, and bring their innovations and solutions to life.

 *We are committed to recruiting young entrepreneurs with innovative technologies and a sustainable development mindset. The solutions and technologies selected this year will not only promote the sustainable development of Hong Kong, but also help society and the business community in adapting to the 'new normal' after the pandemic. We sincerely look forward to cultivating these solutions from the collaboration between the Group and our impact-driven startups.* 

*– Dr. Adrian Cheng, Founder of Eureka Nova, Executive Vice-chairman and CEO of NWD*

## Leading on Sustainable Finance

As a strong advocate and one of the first movers in sustainable finance in Hong Kong, NWD issued our first green bond in 2018 and established our Green Finance Framework to underpin our sustainable operations. Building upon this foundation, we established our Sustainable Finance Framework in 2020. The updated framework aims to create value with our financial partners to fund projects with the overall objective to improve the environmental performance of our buildings and landscapes, as well as the health of our tenants and users.

In view of the changing sustainability landscape and international standards and guidelines, we recognised the need to review our Sustainable Finance Framework as sustainable finance continues to gain prominence, especially after the outbreak of COVID-19, to align with global expectations. In FY2022, we strengthened our Sustainable Finance Framework by referencing the latest international principles and guidelines. We expanded the eligibility criteria of green projects to include clean transportation technologies and infrastructure, and enhanced our climate change adaptation category to support our commitment to climate action. We also expanded the eligibility criteria of social projects to include community cultural conservation and restoration of cultural heritage to demonstrate our support in the preservation of local culture and heritage. Furthermore, maintaining the credibility of our framework is of utmost importance and we have obtained a positive Second-Party Opinion from Sustainalytics to provide an extra layer of confidence to our financing partners.

As we transition to a sustainable and low-carbon economy, NWD will continue to work with different partners that can help position ourselves in a leading position to tap into the sustainable finance market. To demonstrate our commitment in supporting the development of the sustainable financing in the region, we are fully supportive of HKEX's Sustainable and Green Exchange ("STAGE"), Asia's first multi-asset sustainable investment product platform, launched in December 2020, where we list our sustainable finance offerings.

## Key Milestones

As at 30 June 2022, NWD has generated over HK\$39 billion in funds through sustainable finance mechanisms.

### WORLD'S FIRST USD SOCIAL AND GREEN DUAL TRANCHE BOND IN PUBLIC MARKETS

In June 2022, NWD became the first corporate in the world to issue a USD-denominated social and green dual tranche offering in the public bond markets. With this announcement, NWD also became the first non-financial corporate in Asia to issue a USD-denominated Social bond, and the first in Greater China to issue a USD-denominated Green perpetual in the public bond markets. The 5-year USD200 million Social bond (coupon rate: 5.875%) and the USD500 million Green perpetual bond (coupon rate: 6.15%) were oversubscribed by nearly five times at its peak, receiving an enthusiastic response from a wide range of renowned investors, including fund managers, asset managers and private banks. The issuance of the dual tranche bond will support NWD in fulfilling our commitment to building sustainable cities and communities and help accelerate our efforts in creating shared value with the wider society.



Visit our website for our financing frameworks and details of our sustainable finance transactions

We are committed to sharing best practices, particularly with our listed subsidiaries. NWSH has created their own sustainable finance opportunities, and more information can be found in their annual report.



## Summary of NWD's Sustainable Finance Transactions

### GREEN AND SOCIAL BONDS

Instrument Number	Date	Issuer	ISIN	Principal Amount	Coupon	Maturity Date
<b>Green Perpetual Bond</b>						
GPB1	June 2022	NWD Finance (BVI) Limited	XS2435611327	US\$500 million	6.15%	N/A
<b>Green Bond</b>						
GB1	April 2021	NWD (MTN) Limited	HK0000721974	HK\$780 million	3.95%	March 2031
GB2	March 2021	NWD (MTN) Limited	HK0000707171	HK\$550 million	3.00%	March 2028
GB3	December 2018	New World China Land Limited	XS1915712233	US\$310 million	4.75%	December 2023
<b>Social Bond</b>						
SB1 <sup>1</sup>	June 2022	NWD (MTN) Limited	XS2488074662	US\$200 million	5.875%	June 2027

### GREEN LOANS

Instrument Number	Date	Borrower	Loan Amount	Maturity Date
GL1	May 2022	Super Record Limited	HK\$5,700 million	March 2024
GL2	March 2022	Spotview Development Limited	HK\$500 million	March 2027
GL3	December 2021	Spotview Development Limited	HK\$6,000 million	December 2026
GL4	May 2021	New World Finance Company Limited	HK\$1,400 million	May 2026
GL5	March 2021	New World Finance Company Limited	HK\$300 million	March 2024
GL6	May 2020	New World Finance Company Limited	HK\$500 million	May 2023
GL7 <sup>2</sup>	December 2019	Full Asset Enterprises Limited	HK\$5,000 million	December 2024

### PROCEED ALLOCATION<sup>3</sup>

Eligible Projects: Green Buildings	Instrument	Allocated Amount	Percentage of Each Instrument Allocated
New World Canton Centre, The New Canton Mansion	GB3	US\$207.7 million	67%
Qianhai CTF Finance Tower	GB3	US\$102.3 million	33%
K11 ATELIER King's Road	GL7	HK\$4,000 million	80%
NCB Innovation Centre (formerly known as 888 Lai Chi Kok Road)	GB1	HK\$780 million	100%
	GB2	HK\$550 million	100%
	GL2	HK\$27 million	5%
	GL3	HK\$1,000 million	17%
	GL5	HK\$300 million	100%
	GL6	HK\$500 million	100%
	GL7	HK\$1,000 million	20%
Wing Hong Street, Cheung Sha Wan	GL4	HK\$1,400 million	100%
11 SKIES	GL2	HK\$473 million	95%
	GL3	HK\$5,000 million	83%
PORTAS (formerly known as King Lam Street Development)	GL1	HK\$5,700 million	100%
	GPB1	US\$500 million	100%

The above projects have met the eligibility criteria under the Green Buildings category in our financing frameworks. Please refer to our website for relevant project details and green building certifications.

Project names are subject to finalisation before official opening.

<sup>1</sup> As of 30 June 2022, proceeds from SB1 have yet to be allocated. Please refer to our website for regular updates.

<sup>2</sup> This green loan was renegotiated and restated in December 2019 and up-sized from HK\$3,600 million to HK\$5,000 million. The final maturity date was also updated as 60 months from restatement date, that is December 2024.

<sup>3</sup> All issued green bonds and loans were outstanding as of 30 June 2022.

## Summary of NWD’s Sustainable Finance Transactions (Cont’d)

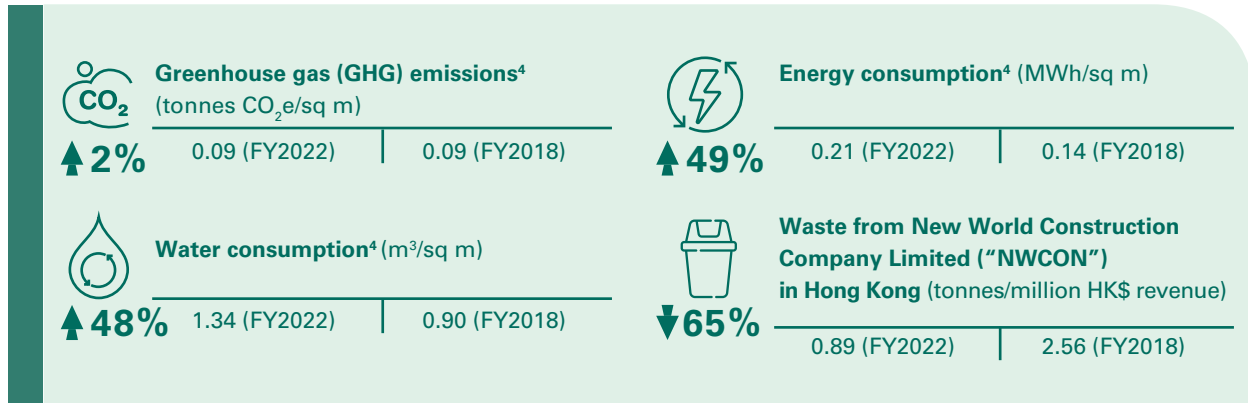
### SUSTAINABILITY-LINKED LOANS AND BONDS

Date	Size	Issuer/Borrower	Maturity Date	Purpose/Use of Proceeds
<b>Sustainability-linked Loan (“SLL”)</b>				
June 2022	HK\$500 million	New World Finance Company Limited	3-year	<ul style="list-style-type: none"> <li>Linked to DJSI performance</li> </ul>
April 2022	HK\$1,500 million	New World Finance Company Limited	3-year	<ul style="list-style-type: none"> <li>Linked to selected environmental impact reduction targets and DJSI performance</li> </ul>
September 2021	HK\$500 million	Spotview Development Limited	3-year	<ul style="list-style-type: none"> <li>Linked to DJSI performance</li> </ul>
June 2021	HK\$1,150 million JP¥13,500 million	Spotview Development Limited	5-year 7-year	<ul style="list-style-type: none"> <li>Linked to DJSI performance</li> </ul>
December 2020	HK\$2,000 million	Legarleon Finance Limited	5-year	<ul style="list-style-type: none"> <li>Linked to selected environmental impact reduction targets and GRESB performance</li> </ul>
November 2019	HK\$1,000 million	Spotview Development Limited	5-year	<ul style="list-style-type: none"> <li>Linked to selected environmental impact reduction targets and GRESB performance</li> <li>Asia’s first loan linked to GRESB performance</li> <li>HK’s first interest rate swap linked to the UN SDGs (November 2020), hedging against the interest rate risk of SLL</li> </ul>
<b>Sustainability-linked Bond (“SLB”) (Private)</b>				
February 2021	HK\$1,500 million (coupon rate: 3.50%)	NWD (MTN) Limited	10-year	<ul style="list-style-type: none"> <li>World’s first HKD SLB</li> <li>Driving NWD’s Renewable Energy Roadmap and linked to FY2026 progress</li> </ul>
<b>SLB (Public)</b>				
January 2021	US\$200 million (coupon rate: 3.75%)	NWD (MTN) Limited	10-year	<ul style="list-style-type: none"> <li>World’s first USD SLB by a real estate developer</li> <li>Driving NWD’s Renewable Energy Roadmap and linked to FY2026 progress</li> </ul>

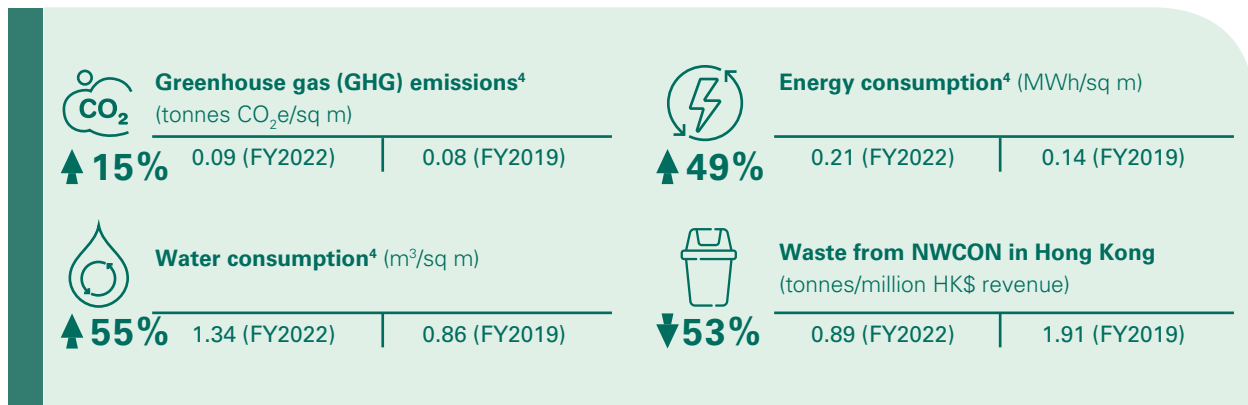


## Performance on Environmental Impact Reduction

The five-year SLL of HK\$1,000 million arranged in 2019 enabled NWD to access funding at a discounted interest rate that is linked to the annual achievement in environmental impact reduction targets (refer to the table below) and GRESB performance.



We secured another five-year SLL of HK\$2,000 million in 2020, enabling NWD further access to sustainable finance as part of our continuing shift in how we fund our projects to create positive impact. Information on our progress and performance can be found in the table below.



<sup>4</sup> GHG emissions, energy and water consumption of NWD's existing buildings. New major buildings will be included in this target scope after two years of operation.

### MATERIAL ISSUE:

- Green Building Construction and Renovation

### Our Benchmarks in Green Buildings

As a frontrunner in sustainability, we are committed to reducing the environmental impact of our buildings while at the same time enhancing the health and well-being of the users. We have prioritised green buildings as part of our strategy. In stepping up our green building ambition, our approach is to design, build and renovate new and existing buildings by utilising and equipping them with the latest innovative technologies and solutions. Adoption of innovative and green features in our projects contributes towards building sustainable cities and communities as well as combatting climate change challenges.

Our Sustainable Building Policy is in place to guide our commitment to embed sustainability and climate resilience considerations into the full building lifecycle, from identification or acquisition of project sites, project design to property management, while also incorporating stakeholder engagement and risk management. We ensure our properties meet universal green building standards and we are committed to obtaining BEAM Plus Gold-level or above certification for all new developments in Hong Kong, as well as LEED Gold-level or above certification for new

K11 commercial/retail projects in Hong Kong and Mainland China. For existing buildings, we aim to obtain BEAM Plus Existing Buildings V2.0 certifications for our core commercial properties in Hong Kong. For major properties in Mainland China, we have conducted a feasibility study on obtaining certifications for existing buildings. We are in the process of standardising retrofitting and retro-commissioning works in our existing properties, while continually exploring other initiatives to improve energy efficiency for the built environment.



Visit our website for details of our Sustainable Building Policy

We have been awarded the prestigious Pioneer Award in the Green Building Leadership Category among developers, winning in a total of nine awards and accolades at the biennial Green Building Award 2021, co-organised by the Hong Kong Green Building Council and the Professional Green Building Council. The awards are a recognition of our efforts in going above and beyond conventional practices and integrating our SV2030 principles into our corporate and business strategy at all levels. For the full list of sustainability-related awards and recognitions, please refer to the Sustainability Awards and Recognitions section on our website.





### Green Building Showcase

#### K11 ECOAST

WELL Building Standard Pre-certification<sup>1</sup>

LEED Platinum Pre-certification



Our flagship project in Mainland China scheduled to open at the end of 2024

#### Key Green Features

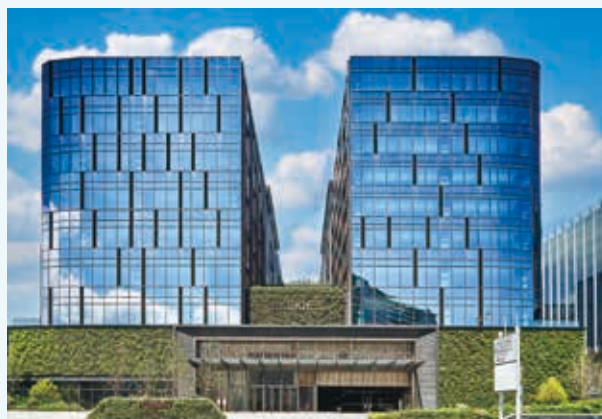
- Adopted “Sponge City” concept for sustainable storm water management and water efficiency management
- Maximise greenery provision at outdoor landscaping
- Renewable energy generation with PV and building-integrated photovoltaics (BIPV)
- Design of skylights to optimise daylight and external shading to reduce solar heat gain from external façade
- Use of heat sensitive tiles with insulation used for concrete roof to increase solar reflectance
- Microclimate analysis to improve thermal comfort and outdoor wind environment

#### K11 ATELIER 11 SKIES

WELL Building Standard Platinum Pre-certification

LEED Platinum Pre-certification

BEAM Plus New Buildings Provisional Platinum



#### Key Green Features

- Installed Asia’s largest photovoltaic-thermal (“PVT”) systems that could generate 177,000 kWh of energy per year
- Equipped with bespoke IoT sensors for the real-time monitoring and adjustments of indoor air quality
- Installed built-in ultraviolet germicidal irradiation devices and incorporated additional fresh air design provision with air filters that can effectively mitigate the risk of airborne contamination and expel internal pathogen

<sup>1</sup> Refers to the latest WELL Standard V2, which does not contain any rating at pre-certification stage.

## Ensuring a Climate Resilient Future

Climate change poses significant threat to humanity, as seen from the increasingly frequent extreme weather events such as typhoons and flooding. Companies are expected to lead by example to drive efforts to mitigate the adverse impacts brought by climate change. Our latest materiality result also reflected climate change actions are seen to be crucial by our stakeholders and urge NWD to accelerate and deepen our efforts in the implementation of our climate resilience plan. Hence, we are taking progressive steps to position ourselves better to managing climate-related risks and capture opportunities for sustainable business growth.

Since FY2019, we have taken the lead to report our climate-related disclosures in alignment with the TCFD recommendations, well ahead of HKEX's requirement for all companies to make TCFD-aligned disclosures by

### MATERIAL TOPICS:

- Energy Efficiency and Carbon Reduction
- Climate Change Actions

2025. Several actions have been taken to mitigate and adapt to those risks brought on by climate change, such as conducting climate risk assessment and developing our Renewable Energy Roadmap. We will continue to enhance our climate resilience strategy and integrate climate-risk mitigation measures into our planning, design and operational practices to secure development into a low-carbon future. A summary of key insights with reference to TCFD can be found below.



### Governance



#### Board Oversight

NWD's Board has the overall responsibility to oversee the management of climate-related risks and opportunities. Chaired by our CEO and directors of NWD appointed as members, the **Sustainability Committee** comprises three independent non-executive directors and one executive director. The Committee reports to the Board and is accountable for governing and managing the Group's sustainability agenda, strategies, policies and performance. Meetings are held semi-annually to update the Board on strategic risks and opportunities presented by climate change, forming part of the Board's discussion of NWD's medium- to long-term sustainability plans.

#### The Role of Management

We have an overarching sustainable governance structure to monitor the Group's ESG risk and performance. Under the Sustainability Committee, our Group Sustainability Steering Committee, Group Sustainability Department, and Group Sustainability Task Force are in place to drive the ESG initiatives across the company.

Reporting to the Sustainability Committee, the **Group Sustainability Steering Committee** is responsible for driving the practical implementation of sustainability initiatives and assisting the Sustainability Committee in realising the Group's sustainability targets. It supports climate action planning and internal policy setting, monitors progress towards SV2030 targets and coordinates responses across our business units for the disclosure of climate-related risks and opportunities. The Steering Committee also closely monitors the enforcement of NWD's sustainability-related practices across the Group and regularly reviews policy updates.

The **Group Sustainability Department** is responsible for steering SV2030 and relevant Group-wide initiatives across major businesses and functions. The Department also coordinates business units to assess and monitor the climate risks and opportunities for strategic planning, contributing to developing sustainable property lifecycles.

Our **Group Sustainability Task Force** comprises members from various business units across the Group, facilitating knowledge exchange to drive ESG management and the implementation of SV2030. The task force members also serve as the ESG Persons-in-charge to support their respective business units on various ESG-related initiatives.

# Corporate Sustainability | Accelerating towards Net Zero

## Ensuring a Climate Resilient Future

### Strategy



The impact of climate change issues is widespread and affects all businesses and communities. Our Climate Change Policy serves as our guideline to alleviate impacts of our business operations to the climate. It also states our “no coal” commitment which avoids future company investments and operation of coal-fired power plants or coal mines and commits to selling the remaining minority stake in a coal-fired power plant. We have identified and responded to climate-related physical and transition risks that could bring potential financial impacts to our business. Below is the summary list of the prioritised climate-related risks.

Risk	Impacts
Acute physical risks, such as flooding, typhoons, extreme heat or other extreme weather events	<ul style="list-style-type: none"> <li>Supply chain disruptions may create operational challenges</li> <li>Damage to property and assets in high-risk locations may lead to early write-offs and retirement of assets</li> </ul>
Chronic physical risks, such as changes and extreme variability in precipitation patterns, and rising sea levels	<ul style="list-style-type: none"> <li>Significant costs associated with building upgrades to become more climate resilient (e.g. water retention measures)</li> <li>Increased operational costs for alternative water sources with lowered precipitation</li> <li>Increased operational costs associated with high cooling demand across the property portfolio</li> </ul>
Transition risks, including policy and legal, technological and market risks	<ul style="list-style-type: none"> <li>Increased operational costs associated with carbon market and regulatory compliance</li> <li>Increased research and development expenditures on new low-carbon technologies</li> <li>Reduced demand for goods and services due to shift in consumer preferences for high carbon footprint products</li> </ul>

Opportunities	Impacts
Market preference	<ul style="list-style-type: none"> <li>Increased demand for products with lower carbon footprint</li> <li>Increased market valuation for buildings with climate resilience measures</li> <li>Reduced risk of insurance premium increase with adoption of climate resilience measures</li> </ul>
Policy compliance	<ul style="list-style-type: none"> <li>Reduced risks of non-compliance in using high polluting building materials/procedures</li> </ul>

In FY2022, we have finalised a Group-wide Climate Resilience Guideline that integrates various climate mitigation and adaptation measures into new developments and major refurbishment and construction activities, covering the full property lifecycle from acquisition and redevelopment to design and construction, facility management, and the engagement of building users. The Guideline covers climate risks that are pertinent to major business locations, such as flooding, water stress, extreme temperatures, and extreme wind, and suggests resilience improvement measures. This builds upon the detailed assessment conducted in FY2019 to examine the impact of four major climate-related physical risks as mentioned above on 14 major properties in the GBA (11 in Hong Kong and three in Mainland China). The assessment was conducted under two IPCC Representative Concentration Pathway (“RCP”) scenarios: RCP 6.0, a medium-risk scenario where global average temperature increases by no less than 2.5°C, and RCP 8.5, an extreme scenario where global average temperature increases by over 4.0°C. Through the assessment, we understood more about emerging climate risks that affect us in the short-, medium- and long-term and identifying vulnerabilities in our property portfolio. We have implemented the Guideline at two new developments and a number of existing buildings, and have incorporated it into our Sustainable Building Policy to standardise implementation across our portfolio.



Visit our website for details of our Sustainable Building Policy

We acknowledge the importance of developing climate resilience and decarbonisation strategies to attain our SV2030 targets and regularly review our climate strategies and actions to ensure our progress is on track. This year, we became Asia's third real estate company to receive the approval of our near-term SBTs with the 1.5°C pathway, covering NWD's major properties and construction activities in Hong Kong and Mainland China, and commit to SBTi's Net-Zero Standard, which will involve setting long-term company-wide emission reductions in line with reaching science-based net-zero by 2050. To attain these ambitious targets, we developed our Sustainable Building Policy to guide our efforts to developing BEAM Plus and LEED certified green buildings that are energy-efficient and low-carbon through enhanced design and operation. We are also committed to expanding our renewable energy usage across our Greater China region through retrofitting existing buildings with renewable energy installation and incorporating green elements into the design of new buildings. We will also explore opportunities to procure Renewable Energy Certificates ("RECs") from third-party energy providers and local partners in Hong Kong and Mainland China to support renewable energy initiatives.

In FY2022, we refreshed our Sustainable Finance Framework by referencing the latest international principles and guidelines and expanded eligibility criteria for both green and social projects. As of 30 June 2022, NWD has raised over HK\$39 billion through sustainable finance. This year, we mark another sustainable finance milestone with the issuance of the world's first USD social and green dual tranche bond in public markets, which was also Greater China's first USD green perpetual by a corporate in the public markets. We will continue to seek opportunities where sustainable financing can be used to fund green projects aligned with our sustainability vision.

### Risk Management



To enhance our readiness for emerging climate-related risks, we regularly monitor and review our risk management approach toward climate-related risks. Our ERM framework incorporates environmental considerations into risk management procedures to help identify, assess and manage such risks. We will also conduct due diligence in our planning against various climate-related issues, including water and energy supplies and natural hazards such as floods and extreme storm events. To further strengthen our risk management approach, we successfully obtained the ISO 50001 Energy Management System ("EnMS") and ISO 14001 Environmental Management System ("EMS") accreditations for our construction subsidiary, New World Construction.

Based on the assessment results against the two selected climate scenarios, RCP 6.0 and RCP 8.5, no severe climate-related risks were identified at our project locations. Currently, none of our properties are located in flood-prone areas or flooding blackspots, and no significant damage to our assets was recorded due to extreme winds and typhoons events. In view of the growing risks due to extreme winds and flooding, we have implemented climate resilience measures, such as regular inspections and maintenance and hardware enhancement at key property locations. We target to complete our floodgate installation and systems to safeguard our plant rooms for our core commercial properties in Hong Kong and Mainland China.

# Corporate Sustainability | Accelerating towards Net Zero

## Ensuring a Climate Resilient Future

### Metrics and Targets

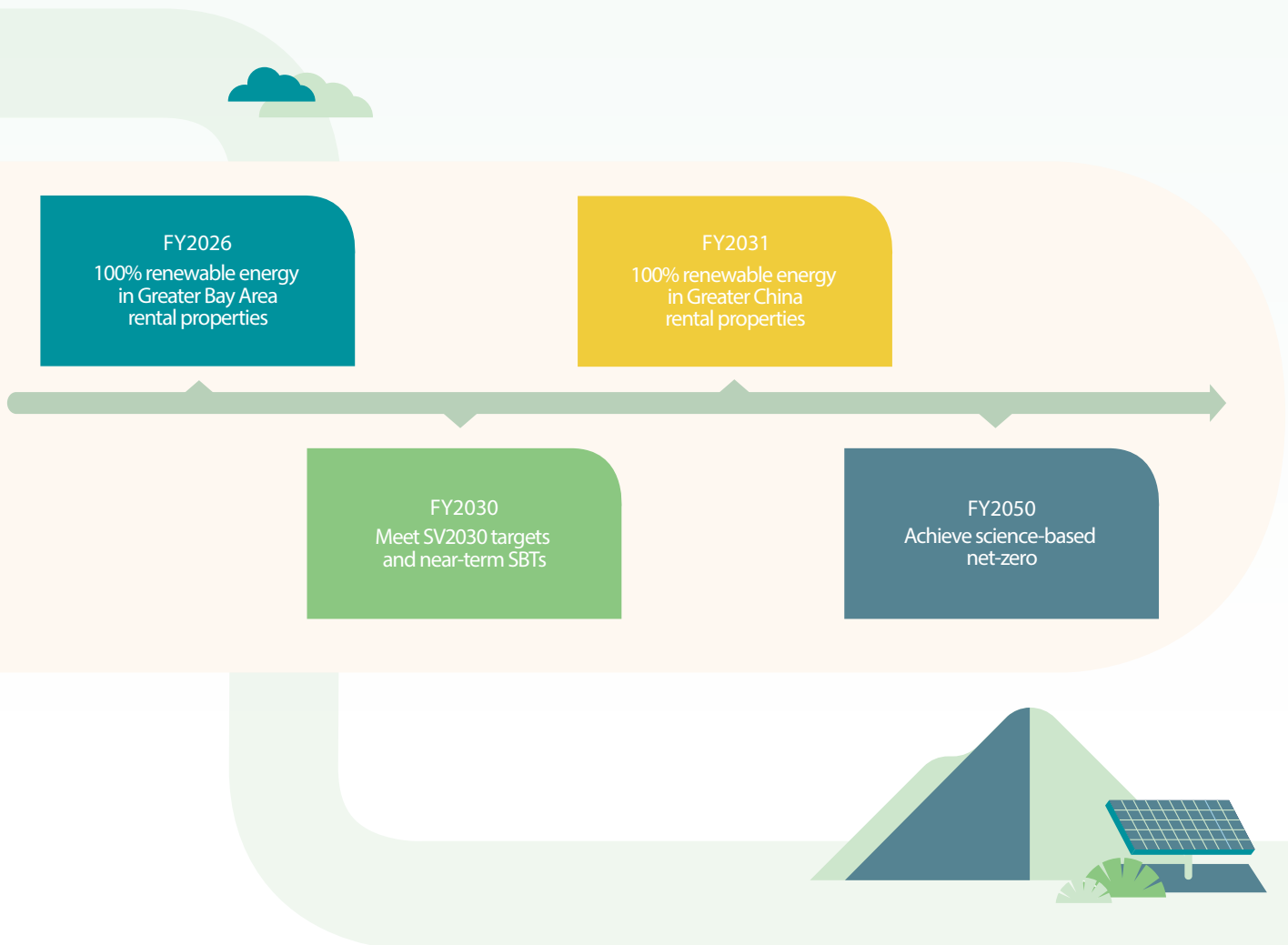


Since 2018, we have been working towards our SV2030, which references the UN SDGs, against four strategic pillars: Green, Wellness, Smart and Caring. SV2030 Green targets include halving the environmental impact in energy and carbon emissions intensity from all levels across different business units against a FY2015 baseline.

To reinforce our commitment to achieving net-zero, we established and received approval for our near-term SBTs, covering NWD's major properties and construction activities in Hong Kong and Mainland China. We have committed to achieving the below reductions by FY2030 against a baseline of FY2019:

- Absolute Scope 1 and 2 greenhouse gas (GHG) emissions by 46.2%
- Scope 3 GHG emissions from capital goods by 22% per m<sup>2</sup> of construction floor area
- Scope 3 GHG emissions from downstream leased assets by 29.8% per m<sup>2</sup> of gross floor space

Additionally, we launched a Renewable Energy Roadmap in FY2021 to support transitioning to a low carbon economy. We are committed to reducing Scope 2 emissions by adopting 100% renewable energy in our GBA rental properties by FY2026, and expanding the renewable energy portfolio to the rest of Greater China rental properties by FY2031. We are progressively installing renewable energy systems such as PV, solar thermal, and wind to our green buildings, including K11 ATELIER 11 SKIES, K11 ATELIER King's Road, PORTAS, and expanding into our wider portfolio.



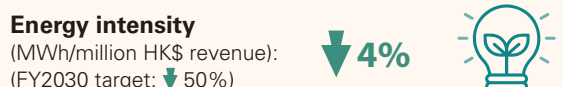
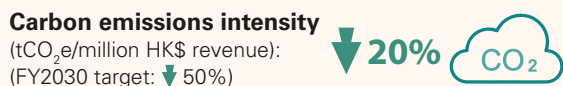
**MATERIAL ISSUES:**

- Innovation
- Energy Efficiency and Carbon Reduction

Being a responsible corporate with a core business in property investment and development, NWD has been striving to accelerate the low carbon transition by integrating climate-related initiatives and decarbonisation actions into its full property lifecycle. The Group is committed to reducing energy consumption and improving energy efficiency across its operations, and has taken progressive decarbonisation action towards SV2030.

Combating climate change and its impacts is one of our top priorities. As one of the first companies to pledge our support to the HKSAR Government’s Climate Action 2050 to achieve carbon neutrality by 2050, we fully echo its action plan through setting ambitious near-term SBTs for greenhouse gas reductions and achieving net-zero by 2050. In September 2021, we partnered with City University of Hong Kong to co-develop a number of net-zero related technologies in the areas of energy efficient design, renewable energy, green building materials with low embodied carbon, waste management, emissions trading, and health and wellness, as well as supporting pilot opportunities to realise research ideas. Through the collaboration, we intend to spark new inspirations to tackling climate change and scale up the impact on our net-zero journey with the use of innovative green technology.

**FY2022 Performance of SV2030<sup>1</sup> Compared to FY2015**



This year, we reached an important milestone with the approval of our 1.5°C-aligned SBTs. In addressing the reduction of Scope 1 and 2 emissions, we adopted several energy-saving measures for our in-scope buildings, including installation of onsite renewable energy infrastructure into new and existing buildings, in line with our Renewable Energy Roadmap.

Besides managing Scope 1 and 2 emissions, we identified the most significant sources of our Scope 3 emissions, which are capital goods and downstream leased assets. The SBTs on these two sources have been established to address the relevant emissions. We use the Construction Industry Council Carbon Assessment Tool to track our embodied carbon in construction materials. We are gradually installing sub-meters to track tenant energy consumption and empowering tenants to contribute to carbon reduction through our CSV Lease.

**CSV Lease**

**INDUSTRY-FIRST WIN-WIN TENANT ENGAGEMENT INITIATIVE**



**>60%** of leased floors at K11 ATELIER Victoria Dockside have signed our CSV lease

Upon the success of our Hong Kong-first voluntary Sustainable Tenancy Pledge launched in 2019, we expanded to launch our green lease for tenants in November 2021. Through our CSV Lease, we partner with tenants to raise their sustainability awareness, and aim to support their efforts in energy saving and waste management, driving carbon reduction and overall sustainability practices while providing tangible K Dollar incentives.

CSV Lease is open to tenants of our K11 ATELIER portfolio in Hong Kong, with phased expansion across the retail and office portfolio of NWD and K11 in Hong Kong in the near term. To facilitate knowledge exchange, CSV tenants are engaged via regular communication on the latest sustainability news and trends, workshops and networking opportunities.

We continue to support our tenants who joined our Sustainable Tenancy Pledge, many of whom have since upgraded to CSV Lease. In FY2022, pledged tenants reduced their energy consumption by approximately 29,000 kWh. With broader adoption of CSV Lease in the near future, we expect to further improve our efforts to manage Scope 3 emissions contributed by engaged tenants.



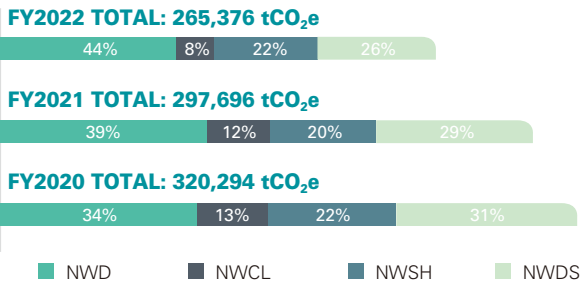
<sup>1</sup> SV2030 Green Targets focus primarily on key businesses with more mature performance data and over which we can exert operational influence for developing environmental impact reduction roadmaps, and are a subset of our Sustainability Reporting Scope.



**Sustainability Reporting Scope<sup>2</sup> – Total Carbon Emissions**



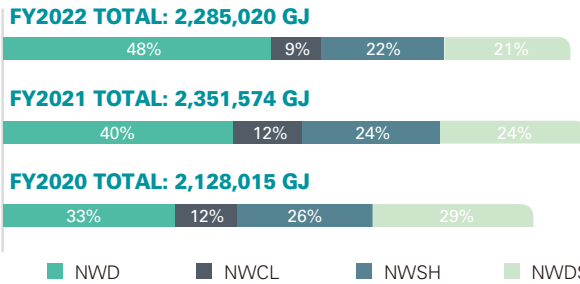
**CARBON EMISSIONS**



**Sustainability Reporting Scope<sup>2</sup> – Total Energy Consumption**



**ENERGY**



Throughout FY2022, a number of energy management and efficiency measures have been implemented across Group-wide buildings, project sites and corporate offices. We adopt industry best practices to enhance energy consumption efficiency and minimise carbon emission through employing innovative technology in our property lifecycle.

**D-PARK: Replacement of chillers and associated equipment**



**28%** energy-saving achieved

Approximately

**HK\$1,600,000**

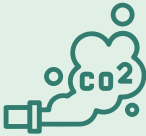
electricity cost per year can be reduced

Considering the low Coefficient of Performance of chillers in D-PARK, we replaced five 800-ton chillers and two 400-ton chillers and associated equipment at the chiller plant room in the basement of D-PARK. The new chillers are more energy efficient, contributing to the reduction in energy consumption, lowering the electricity cost.

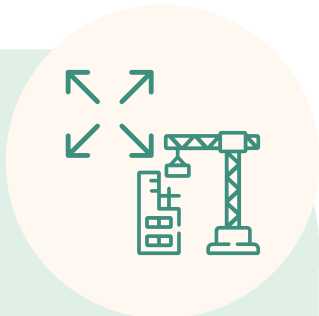


<sup>2</sup> Sustainability Reporting Scope covers NWD's businesses over which NWD has majority financial ownership and operational control.

### NWCON: Expanded the application of Enertainers on construction sites

Reduced   
**>280 tonnes**  
 CO<sub>2</sub>e emissions in FY2022

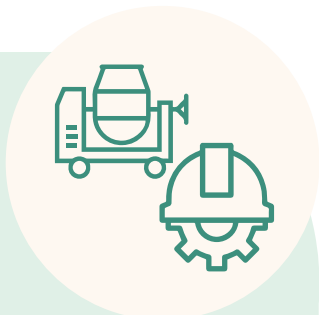
In FY2022, NWCON installed four more Enertainers, a battery-based energy system which provides diesel-free power for construction projects, and expanded the usage from tower cranes to other different lifts and hoists on construction sites. This energy storage system is intended to be the primary source of power for construction machinery. The utilisation of Enertainers on site allows for improved productivity, mitigating the risk of excess noise violations, and reduces Scope 1 emissions.



### NWCL: Industry-first application of “C130” concrete in a high-rise project in Mainland China



NWCL partnered with China Construction Eighth Engineering Division Corporation Limited, South China University of Technology and other partners to form a technological research and development team for the development and adoption of “C130” concrete in the project New World Canton Centre, The New Canton Mansion in the Greater Bay Area. This high-strength concrete brought environmental benefits in various ways, which include: i) minimising pollution and any associated impacts to the natural habitat by the use of manufactured sand; ii) reducing total embodied carbon, hence scope 3 emissions, by the substantial reduction in the quantity of structural material use; and iii) maximising land use efficiency by the minimisation of structural material volume.



**MATERIAL TOPIC:**

- Climate Change Actions

Water is vital to our business operations and customers, especially for our Mainland China operations, where water scarcity is prominent throughout the region. Under SV2030, we prioritise water conservation and regularly monitor our water consumption to identify opportunities for improving water efficiency throughout our property portfolio. Guided by our Water Policy, in place to ensure that water is being responsibly managed across our business, our approach to reducing our water footprint involves installing and utilising water-saving features such as low-flow taps and toilets. In addition to water conservation, water management also includes ensuring the quality of water supplied to our tenants and customers. Our property management teams follow guidelines that include identification of potential contamination risks and measures to safeguard the quality of drinking water. To enhance awareness, most of our core existing commercial properties participate in HKSAR Government’s voluntary “Quality Water Supply Scheme for Buildings” and encourage our tenants to implement water-saving initiatives.

**FY2022 performance of SV2030<sup>3</sup> compared to FY2015**

**Water Intensity**  
 (m<sup>3</sup>/million HK\$ revenue)  
 (FY2030 target: ↓ 25%)



Under our SV2030 targets, NWCON aspires to reduce water intensity by 25% by FY2030, against a FY2015 baseline. Our Water Policy is in place to guide actions to increase water efficiency. In FY2022, NWCON achieved a water intensity reduction performance of 37%. We will continue to implement water reduction measures to ensure sustained performance throughout the years. At NWCL, rainwater and freshwater recycling systems were enhanced at selected sites in the Southern China region. Similar water conservation systems are also installed at our new K11 developments, such as Victoria Dockside. Measures such as rooftop rainwater harvesting are implemented for the basic purpose of irrigation.



Visit our website for details of our Water Policy

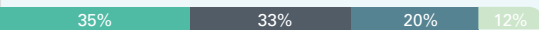
In addition to our water efficiency efforts, we understand the need to assess and manage our water risks and collect more comprehensive water data for the preparation of setting a new Group-wide water target in the future. We are determined to explore and invest in new and emerging water saving technologies that can be adopted in our property portfolios in the future.

Policies and guidelines are available to ensure wastewater discharged from our offices and property premises follow all the applicable regulatory requirements and strictly adheres to the approved licensing requirements. Our wastewater recycling system is in place to collect wastewater generated during drinking water purification processes. During the reporting year, no non-compliance towards our wastewater discharge was recorded. We will continue to monitor our wastewater discharge procedures to avoid any sewage contamination.

**Sustainability Reporting Scope<sup>4</sup> – Total Water Consumption**



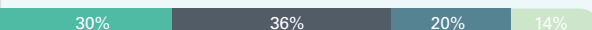
**FY2022 TOTAL: 4,900,878 m<sup>3</sup>**



**FY2021 TOTAL: 5,085,533 m<sup>3</sup>**



**FY2020 TOTAL: 5,222,213 m<sup>3</sup>**



■ NWD   ■ NWCL   ■ NWSH   ■ NWDS

<sup>3</sup> SV2030 Water Target covers NWCON only and is a subset of our Sustainability Reporting Scope.

<sup>4</sup> Sustainability Reporting Scope covers NWD’s businesses over which NWD has majority financial ownership and operational control.

**MATERIAL TOPICS:**

- Waste Reduction and Recycling
- Responsible Supply Chain Management



Visit our website for details of our Waste Management Policy

With a diversified business portfolio, we recognise the importance of waste management and are committed to reducing waste generation. All our business units are required to act in accordance with the Solid Waste Law in Mainland China, stating that entities generating solid wastes, such as construction waste, industrial solid waste, domestic waste, shall establish and improve pollution prevention and treatment with appropriate measures; the HKSAR Government’s Waste Disposal Ordinance, and any applicable law at our wider business locations.

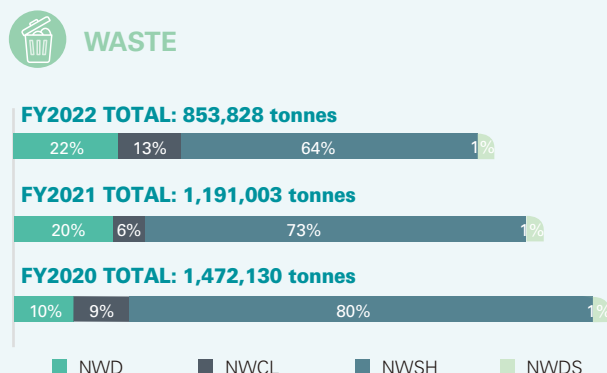
Guided by SV2030 and our Waste Management Policy, the Group emphasises waste reduction and diversion throughout the business operations. NWCON has a target to reduce waste-to-landfill intensity by 15% by FY2030 against a FY2015 baseline. We are proud to announce that in FY2022, NWCON’s waste-to-landfill intensity reduced by 56%. This demonstrates our dedication towards waste reduction efforts and we will continue to implement measures to ensure sustained performance.

**FY2022 Performance of SV2030<sup>5</sup> Compared to FY2015**

**Waste-to-landfill intensity**  
 (tonnes/million HK\$ revenue): **↓ 56%**  
 (FY2030 target: ↓ 15%)



**Sustainability Reporting Scope<sup>6</sup> – Total Non-hazardous Waste Generated**



To achieve higher material use efficiency, NWCON extensively adopts building information modelling (“BIM”), a process of generating and managing building data throughout the project lifecycle. The BIM can be used in design simulation to optimise resource utilisation, facilitated by the web-based platform Construction Information Anywhere (“CIA”). The CIA supports project managers in the effective management of cost and programme across multi-stakeholder projects, empowering our project teams to anticipate and manage all aspects of project performance to maximise material usage. NWCON has further reduced its paper waste with the introduction of Flex Workflow, a smart digital Business Process Management Solution. With this tool, NWCON can benefit from over 80 internet-based workflow management solutions and computerise business processes to streamline approval processes. With the adoption of CIA, Novade system and Flex Workflow, NWCON saved an estimated 50 tonnes of paper in FY2022.

We follow the 4R principles of “Reduce, Reuse, Recycle and Replace” and endeavour to purchase products and services that cause minimal adverse environmental impacts throughout their lifecycle. Our Central Administration Department plans to prioritise procurement from local suppliers to support the local community and build resilience in the supply chain.

We firmly believe we can achieve more through working together with our stakeholders. As part of our waste management strategy, we regularly engage our suppliers, tenants, customers and employees to enhance their waste reduction awareness and formulate joint waste reduction initiatives. We also monitor changes in market trends and regulations, including the HKSAR Government’s Municipal Solid Waste Charging Scheme. We will continue to explore opportunities to incorporate circular economy concepts into our business ecosystems. Please refer to next page for some of the recent initiatives with our partners on waste management.

<sup>5</sup> SV2030 Waste-to-Landfill Target covers NWCON only and is a subset of our Sustainability Reporting Scope.

<sup>6</sup> Sustainability Reporting Scope covers NWD’s businesses over which NWD has majority financial ownership and operational control.

### **Plogging Campaign to Promote Waste Management Awareness**

We partnered with Information Times and China Youth Daily to host a plogging campaign in Guangzhou, with the total number of participants reaching over 20,000 people. New World customers, residents, tenants and employees were invited to participate in this event routing through New World Ecosystem landmark buildings, including Guangzhou K11 and The Canton Place. The event successfully diverted over 2.7 tonnes of waste from disposal. To reach a wider audience in communicating the waste recycling message, participants were encouraged to share the campaign on their social media and redeem souvenirs with the reward points awarded upon reaching waste collection targets. The campaign received positive feedback from the participants and was successful in promoting waste management awareness in the community.



### **Impact Kommons Startup Produces Biochar from Coffee Grounds for Soil Remediation**

As a first mover of its kind in Hong Kong, urban agricultural enterprise Mindfield partnered with NWD to engage tenants to collect and recycle coffee grounds from our properties. Coffee grounds are a commonly disposed material containing numerous nutrients for plant growth. After collection, the coffee grounds are processed and converted into biochar that can be used as a soil remediation agent and fertilizer in landscaping to improve soil quality. We partnered with tenants on a pilot project at

K11 ATELIER King's Road, successfully recovering a total of 610 kg of coffee grounds within 3 months. The programme was well received by tenants in support of the recycling initiative. Upon its success, we extended the scheme at K11 ATELIER King's Road and expanded to THE FOREST to experiment with further implementation across our property portfolio.

### **Tenant Plastic Waste Collection and Upcycling Campaign**

In view of the overwhelmingly positive responses from last year's participants, we continued the plastic waste collection and upcycling campaign with Impact Kommons social enterprise V Cycle, and extended the service to K11 ATELIER Victoria Dockside. To date, approximately 1,000 kg of plastic waste has been collected from over 60 participating tenants at K11 MUSEA and K11 ATELIER Victoria Dockside. The plastic waste is then sorted and processed by underprivileged elderly waste pickers to create employment opportunities and support them financially. A total of 1,500 branded umbrellas, each produced of fabric upcycled from 14 collected plastic bottles, were produced and gifted to participating tenants to increase their sustainability awareness. We will continue to create more synergies with Impact Kommons participants on other recycling solutions in the future.





## Corporate Sustainability | Accelerating towards Net Zero

# Conserving Biodiversity

NWD recognises the importance of preserving the natural environment and maintaining a healthy ecosystem for our future generations. The COVID-19 pandemic highlighted consequences of human impact on biodiversity loss across the globe. As a responsible company with diversified interests, we are fully committed to minimising the impact of our developments on natural habitats and protecting wildlife biodiversity.



Visit our website for details of our Biodiversity Policy

We formulated a dedicated Biodiversity Policy to guide our actions in preventing the potential loss of biodiversity and protecting the natural environment during all phases of our business cycle, throughout the design and operation of our products and services. We comply with or go beyond relevant statutory requirements and reference the latest guidelines, such as the European Union Biodiversity Strategy, in developing the best course of action to conduct our business sustainably.

Ecological assessments are conducted at the project pre-development stage where applicable to identify the biodiversity and natural environment of the site that we plan to develop. To advance our commitment to protecting natural habitats, we have established guidelines to avoid developing in World Heritage areas<sup>7</sup> and International Union for Conservation of Nature Category I-IV protected areas<sup>8</sup>.

### Nurturing Future Sustainability Changemakers

Promoting awareness among stakeholders is critical to the success for actions in biodiversity conservation. At Nature Discovery Park ("NDP"), Hong Kong's first urban biodiversity museum and sustainability-themed education park, we aim to create different nature-related experiences, connect with like-minded groups and host events year-round for public education.

We organise regular activities for our tenants and customers, including guided tours, urban farming experiences and continuing our Little Nature Ambassador Programme in collaboration with the Jane Goodall Institute Hong Kong. In FY2022, NDP hosted a variety of events for

all members of the community, such as creating a painting experience for artists with disabilities in collaboration with the Arts with the Disabled Association Hong Kong. Participants not only had the opportunity to discover and learn about native and exotic plant species but also to create their own nature art inspired by the surrounding greenery environment at NDP. To further promote awareness and conservation of the local ecosystem, in FY2022, we hosted an "Insects of a Hong Kong Forest" exhibition at NDP in collaboration with Dr. Benoit Guénard, one of K11 MUSEA's 100 Creative Powers, and the Insect Biodiversity and Biogeography Laboratory at The University of Hong Kong. It features specimens from over 90 species of insects and other arthropods collected in Hong Kong's secondary forests.

To understand the biodiversity of NDP, an insect survey has been conducted on a quarterly basis since 2019 by researchers from The University of Hong Kong. In May 2022, three new local species were identified compared to previous surveys, namely *Nylanderia vividula*, *Tessaratomya papilosa*, and *Pieris canidia*. These findings suggest that NDP serves as a habitat for our local organisms.



Insect survey conducted in NDP

We will continue to collaborate with stakeholders to fulfil our commitments and support relevant programmes related to biodiversity conservation in order to showcase Hong Kong's ecological importance and global value.

<sup>7</sup> For the World Heritage areas, please refer to <https://whc.unesco.org/en/list/> for details.

<sup>8</sup> For the International Union for Conservation of Nature Category I-IV protected areas, please refer to <https://www.iucn.org/our-work/protected-areas-and-land-use> for details.

### Caring for Our Customers

#### Material Issues:

- Innovation
- Customer Wellness, Health and Safety
- Customer and Tenant Engagement
- Privacy and Data Security/Information Privacy

### Promoting Customer Health, Safety and Well-being

NWD is committed to achieving a position of top performance in the property development industry by providing quality products and services to our customers. We have embedded green and wellness features throughout the design and construction phases, and we have received multiple recognitions for our green designs. Our newly developed 11 SKIES has received WELL pre-certification alongside the existing K11 ATELIER King's Road (WELL Certified™ Platinum building) and Qianhai CTF Finance Tower (Gold level precertification). The WELL-certified buildings have indoor environmental monitoring sensors installed for maintaining a comfortable indoor environment. Real-time air quality information is available in the lobby for our customers and tenants. Apart from the green building features, we also prioritise sustainability-related products and services such as NDP and K11 KULTURE ACADEMY.



Public green space at K11 ATELIER 11 SKIES

11 SKIES is equipped with bespoke IoT sensors for the real-time monitoring and adjustments of indoor air quality, while its ultraviolet germicidal UV-C irradiation devices and additional fresh air provision can effectively mitigate the risk of airborne contamination and expel internal pathogen.

Another focus of our engagement is the tech-optimised Customer Relationship Management (“CRM”) solution that leverage AI and big data. With the application of digital tools, we can develop tailored services towards customer preferences, improving their overall experience within our ecosystem. In addition, we offer personalised programmes via various platforms such as our digital shopping app K11 Go and our digital lifestyle guide K11 App. We have upgraded the K Dollar Programme, one of Hong Kong's largest reward programmes which integrates all membership programmes under New World Group and its K11 Group. With over 500 participating merchants, the programme helps create synergy across the New World Ecosystem and enhance the overall experience for our customers.

CSV is at the heart of our corporate mission and it is our goal to create an innovative ecosystem for our next generation. In November 2021, we launched our industry-first Creating Shared Value Lease across K11 ATELIER King's Road, K11 ATELIER Victoria Dockside and K11 ATELIER 11 SKIES, a win-win tenant engagement initiative to raise our tenants' sustainability awareness and support efforts in energy saving and waste management, with K Dollar rewards based on performance. Upon signing the CSV Lease, tenants are not only able to connect with like-minded peers to contribute and exchange experiences on carbon reduction, but are also encouraged to partner with NWD in various sustainability initiatives such as waste recycling programmes and wellness workshops. Tenants receive regular updates on the latest sustainability news and trends via regular communication as well as invitations to networking opportunities. Once participating tenants achieve the agreed sustainability milestones, selected employees of participating tenants are eligible to join exclusive sustainability events and earn K Dollars, marking an innovative approach to simultaneously incentivise tenant participation in our sustainability initiatives while boosting connectivity within the New World Ecosystem.

### Upholding Business Responsibility

#### SAFEGUARDING CYBERSECURITY AND PROTECTING DATA PRIVACY

While we explore technology and innovation to enhance customer experience, data privacy and cybersecurity remain a top priority for NWD. Management of personal data of our tenants and customers is governed by our Privacy Policy Statement to ensure it is in compliance with Hong Kong's Personal Data (Privacy) Ordinance ("PDPO") and Mainland China's Personal Information Protection Law ("PIPL").

Cybersecurity is one of the principal risks that the Group pays attention to. A Group-level Cybersecurity Committee was formed of senior IT management of each business unit, including Network Infrastructure and Application team. The objective of the committee is to establish a single channel for raising all cybersecurity matters for discussion and handling, as well as setting a long-term goal and strategy. The Group has subscribed to a comprehensive cybersecurity protection package. To protect our customers, cybersecurity training is provided to our employees annually to enhance awareness, strengthen knowledge and understanding of corporate compliance and rules. In the past three years, the Group did not experience any cybersecurity breaches. We continuously review the Group's cybersecurity posture and framework to ensure the IT defence system is sustainable and effective.

#### RESPONSIBLE MARKETING

To keep up with advertising standards and adhere strictly to relevant legislation relating to responsible marketing, advertising and sales, the Group provided over 8,000 training hours on responsible marketing.



Visit our website for our Privacy Policy with details on our commitment to customer data privacy

### Delivering Quality Products and Services through Innovation and Sustainability

#### PATENTS AND INTELLECTUAL PROPERTY RIGHTS PROTECTION

We are always looking for smart, new ways to enhance wellness, and partnering to scale solutions as well as Intellectual Property and co-Intellectual Property opportunities when suitable. As at 30 June 2022, we have over 220 active patents granted since FY2015.

NWCL is using smart technology to improve the working lives of building tenants and residents. NWCL has developed a "smart-cabinet", integrating shoe sanitisation using Nano Confined Catalytic Oxidation ("NCCO") into the Smart Home System by LifeSmart. In FY2022, the smart-cabinet has been installed at a project in Guangzhou, with further installations planned for different residential projects in Mainland China.

We are pleased to see that some of the innovative technologies we cultivated have helped to bring quality products and services, supporting our mission of CSV for all stakeholders.

#### HONG KONG'S FIRST PROPERTY-PURCHASE BLOCKCHAIN PLATFORM

We launched Hong Kong's first property-purchase blockchain platform in collaboration with Hong Kong Applied Science and Technology Research Institute Company Limited. The platform helps enhance customer experience by offering seamless integration of mortgage services in our customers' property purchase journey. Advanced blockchain technology allows the platform to provide an all-in-one support service to buyers, banks, and related bodies. As at FY2022, seven banks have participated and applied the blockchain platform to their services. We believe PropTech is the breakthrough that will fundamentally reshape Hong Kong's real estate industry, saving time and resources in the property-buying process.

### ENHANCING AVAILABILITY OF ENVIRONMENTALLY-FRIENDLY PRODUCTS FOR CUSTOMERS

As part of Impact Kommons Cohort 3, LUÜNA shares a vision to enhance the well-being of our community. It uses technology to help women make informed, healthy and eco-friendly product choices to enhance their lives. Starting in May 2022, LUÜNA Naturals has partnered with K11 Art Mall as the first shopping mall in Hong Kong to provide environmentally-friendly organic cotton feminine hygiene products through dispensers in the mall's bathrooms. LUÜNA also donates an equivalent amount of products sold to girls in Hong Kong's ethnic minority community. This collaboration aims to enhance the well-being of our shopping mall customers via easy access to non-toxic, environmentally friendly feminine hygiene products while simultaneously giving back to the society.



Feminine hygiene product available through dispenser in K11 Art Mall

### COMBINING UPCYCLING WITH COMMUNITY UPSKILLING

Also within Impact Kommons Cohort 3 is V Visionary, which advocates a sustainable lifestyle by re-examining and re-inventing the materials and supply chain in the fashion industry. In FY2022, the enterprise provided over 20 under resourced women with training on redesigning and upcycling of clothes to create high quality, sustainable "Made in Hong Kong" cross shoulder bag slings that will be sold at the retail channels within the New World Ecosystem.



Empowering underprivileged women – making cross shoulder bag sling with upcycled materials

### Engaging Our Customer and Valuing Their Feedback

Customer feedback is essential for us to understand their expectations and drive continuous improvement. Ongoing customer survey tracks the tenant satisfaction rate of our properties. To cultivate an innovative ecosystem, specific mechanisms have been implemented within NWD's management structure. Our Customer Committee offers all departments a chance to pitch and invite feedback on innovative and new ideas. Proponents of shortlisted ideas have the opportunity to present to our senior management and further explore the application and future implementation. We conduct tenant satisfaction surveys regularly to understand our tenants' satisfaction rate and identify improvement areas in our services.



In FY2022, K11 Art Mall tenants' satisfaction rate reached 100%. We received fewer than 3,200 valid complaints in FY2022. Standardised complaint handling procedures are in place to ensure customer feedback is addressed in a timely manner. Investigation of complaints are completed by dedicated staff within a reasonable timescale, and they will ensure customer engagement throughout the whole process.

### Enhancing Customer Experience and Driving Behavioural Change

To enhance customer journey through the application of technology, we have widely adopted mobile applications across our business units, offering a one-stop experience and a series of O2O value-added services. These include access to our facilities, products and services, activity registration, loyalty points collection, reward redemption and service reservations.

The latest example of applying new innovative solutions into our operation is the integration of technology developed by DeepBrain AI, an international startup company from our GBA Accelerator programme, into our upcoming projects in Hong Kong and Guangzhou. DeepBrain AI develops real-time video synthesis, speech synthesis and Natural Language Processing from actor-enabled videos to create interactive AI human avatars with multi-language capability that engages with customers to address their needs.

To facilitate the building of smart communities and smart homes, NWCL has entered into partnership with leading tech company Tencent Cloud to develop an intelligent screen for Canton First Estate. By adopting a visualisation system to integrate information and data efficiently and analyse them accurately, NWCL enables tens of thousands of property owners to experience the changes brought by sustainable development to their lives.

To promote sustainable lifestyles and drive behavioural change, we have devoted extra efforts to adapt our offerings to suit changing regulations, as well as enhancing retail and entertainment experiences. We believe that nurturing a new generation of sustainability changemakers is of the utmost importance. A Sustainable Food Workshop was organised in June 2022 for tenants at K11 ATELIER

King's Road to discuss the connection between food productivity surplus and waste management to encourage more sustainable consumption. Participants were served plant-based alternative as well as local craft beer made from surplus bread by Breer, a startup participant within Impact Kommons Cohort 3 that promotes food waste reduction by using surplus food as ingredients in their beverage products.

We also partnered with social enterprise V Cycle, an Impact Kommons participant from our second cohort, to upcycle waste plastics collected by our tenants into umbrellas. Over 60 tenants participated in this programme that promotes circular economy concepts and we received positive feedback from our tenants and customers on gaining more insights on sustainable operations in transitioning towards a zero-waste ecosystem.



The K11 upcycled umbrella is made with 100% recycled polyester fabric and certified with Global Recycle Standard



### MATERIAL ISSUE:

- Responsible Supply Chain Management

### SUPPLY CHAIN MANAGEMENT

Collaborating with our suppliers is not only crucial for the reduction of Scope 3 emissions, but also critical for our longer term vision of achieving net-zero and demonstrating best practices in ESG. We have included ESG considerations throughout our supply chain management, from supplier screening and tendering, performance monitoring and evaluation, engagement, to sustainable procurement. As at FY2022, we have a total of 2,397 suppliers, 800 from Hong Kong, 1,571 from the Mainland and 26 from other regions. Most of our suppliers are sourced within the region, aligning with our Sustainable Procurement Policy to support our local economy and to minimise carbon emissions induced from transportation.

While the Supplier Code of Conduct underpins the minimum standards we expect from our suppliers and contractors, our Group Sustainability Policy and Sustainable Procurement Policy further reinforce our expectations by stipulating the requirements in our new supplier selection process. We take into account considerations of performance in quality, environmental protection, occupational health and safety and sustainable product, above and beyond regulatory compliance. Furthermore, to support suppliers' efforts with the evaluation process, we provide quality assurance training and details of our environmental and social requirements.

Our ERM takes supply chain risks into consideration and help us monitor external audits and due diligence on our new and existing suppliers. We keep records of the compliance status of suppliers and ensure they have appropriate policies and system in place. For example, NWCL has imposed its own ISO 14001 and ISO 45001 equivalent environmental and health and safety requirements on its suppliers and target to complete the certification of ISO 14001 and ISO 45001 for its own construction arm in Mainland China by the end of 2022.

Our construction arm, NWCON, conducts an annual performance evaluation of contractors on Quality, Material Delivery and Arrangement, After Sales Service,

Technical Information and Support, Material Production, Environmental, and Health and Safety. Contractors who consistently fail to meet the expected standards are suspended from tender invitation or removed from approved contractors list, depending on the decision made by the Senior Management Committee and the Project Department.

We engage suppliers of construction materials and encourage them to review their production process and raw material selection according to their own procedures for identifying opportunities to innovate and to reduce the carbon emission. For monitoring of Scope 3 emissions, we have been tracking data on embodied carbon using the Construction Industry Council ("CIC") Carbon Assessment Tool in Hong Kong, while our construction arm in Mainland China continues to obtain embodied carbon footprint data from their suppliers. To further reduce Scope 3 emissions across our supply chain, we are in the process of standardising more stringent monitoring requirements across the regions, and enhancing sustainable procurement for our construction businesses. We have incorporated tender requirements such as Life Cycle Assessment for major elements of the building structure such as concrete and steel, to estimate the quantified embodied carbon footprint of our construction materials with reference to BEAM Plus requirements. For those building materials without available primary data, we make reference to the National Standard for Building Carbon Emission Calculation (GBT 51366-2019).

### SUSTAINABLE PROCUREMENT CHARTER

As a founding member of Green Council's Sustainable Procurement Charter in Hong Kong, NWD has met the criteria for Sustainable Procurement Charter Levels 3 as of FY2022, demonstrating outstanding performance. The Sustainable Procurement Charter is recognised by the United Nations' One Planet Network as one of the initiatives to support SDG 12 on responsible consumption and production, with reference to ISO 20400 Sustainable procurement – Guidance. Guided by the Sustainable Procurement Charter, all employees involved in purchasing procedures were trained to foster sustainable procurement.



Visit our website for details of our updated Sustainable Procurement Policy, which includes our commitments to prioritise suppliers/contractors with internationally-recognised ESG management systems

Building an organisation with the right people is essential to our business development and continuity. We aspire to employ a diverse team that works together collaboratively and foster a culture of continuous learning among our employees, empowering them to be industry-leading professionals.

### Talent Attraction, Retention and Development

#### MATERIAL ISSUES:

- Talent Management
- Diversity and Equal Opportunities

Employees are our most important asset. Our future depends on our team's dedication and ability to provide quality products and services to our customers. As an equal opportunity employer, we strive to ensure the concepts of diversity and inclusion are incorporated into our recruitment and talent development processes. We recruit talents regardless of race, colour, nationality, religion, gender, sexual orientation, age, marital status, pregnancy, disability, medical condition, political affiliation, family responsibilities or any other characteristics protected by law.

To better understand the voices of our employees, we established an Employee Satisfaction Taskforce in FY2022 which includes representatives from different BUs and departments. A Group-wide Employee Satisfaction Survey was conducted in FY2022 with the aim to collect our employees' feedback to drive the Group to further success. To ensure the authenticity and fairness of the survey, a third-party consultant was deployed to conduct the survey for us. The survey questions covered 16 categories, of which Sustainability, Culture, Performance Management, Diversity and Inclusion and Corporate Governance ranked as top scoring dimensions. 82% of New World Group employees took part in the survey. 94% of our employees indicated they believe in our corporate mission and values. Results also show that our employees have a good understanding and experience with the Group's sustainability efforts and cultural practices, and they feel recognised for their performance and contribution towards overall targets. Following the findings of the survey, a series of employee focus groups were organised to help us understand the root cause of current improvement areas. This will enable us to refine our measures and adopt appropriate initiatives to better cater to our employees' needs. We plan to conduct

a pulse survey in FY2023 to continue monitoring our employees' needs and drive improvements.

Our employees' professional development is vital to maintaining our competitive edge. We offer a wide range of training and development opportunities for different levels of employees, including workshops where external and internal subject matter experts share their experience and knowledge, an executive coaching programme with focused training materials to enhance leadership for selected management as well as a wide range of training courses covering topics including but not limited to anti-corruption, corporate culture, environmental protection, occupational health and safety and professional development. In this reporting year, nearly 15,000 hours of anti-bribery and anti-corruption training was provided to employees to strengthen their awareness on the topic and familiarise themselves with the measures that could be taken to detect and deter any potential non-compliance.

With the intention of equipping our staff with the latest information and knowledge on ESG related issues, including growing concerns over climate change and the need to redesign our business operations, we introduced mandatory trainings to all of our employees, up to the Board level, on ESG and innovation. This learning process is facilitated through the launch of our e-learning tool for our staff to access the latest sustainability and environmental policies and understand the measures needed to achieve SV2030 at times that are most convenient to them.

In supporting the development of new and existing talents, apart from the regular webinars and trainings, we offer a yearly HiPo programme for selected high potential colleagues to support them in advancing to the next stage in their careers. Mentorship is part of the HiPo Programme, and we have matched over 120 mentor-mentee pairings this year. The purpose of this mentorship is to strengthen the network building within New World Group to enhance synergy within the New World Ecosystem, and to have a go-to person for bouncing ideas, sharing thoughts, and gaining different perspectives to facilitate mutual learning. In FY2022, we introduced an Entrepreneur Trainee and Technopreneur Trainee Programme, a two-year programme which includes job rotation across departments. We are optimistic that this programme can nurture the next generation of entrepreneurs and prepare them to become the future leaders in driving innovative initiatives for the Group, ultimately creating an impact and inspiration for the Group's Ecosystem.

# Talent Attraction, Retention and Development

We provide opportunities for our employees to innovate and be creative. In FY2022, we organised “Artisan Hacks @ New World Innovation Challenge” to encourage our colleagues to be changemakers by utilising their creative minds and providing them a channel to realise their ideas. We received more than 40 ideas across all our business units and the champion team was supported and empowered by senior management to turn the idea into a practical solution. Building upon the success of the event, we launched a quarterly “Group VOC Innovation” across our Group, a human centric innovation programme that provides exclusive innovative workshops on design thinking, resources and training for product commercialisation. It equips our colleagues with necessary know-how to innovate and commercialise their ideas to respond to VOC, contributing to the Group’s continuous development.



Average training hours per employee:

**17.3** hours



Sustainability-related training hours:

**>10,000** hours



ESG training and quiz coverage:

**100%** employee

We use a well-structured and open annual performance appraisal system, which is reviewed periodically and enhanced to help our employees understand their performance and identify areas of potential growth. Our approach includes a 360-degree assessment and setting Objectives and Key Results (“OKR”) to ensure fair assessment of the performance of our employees. To encourage our employees to setting goals that are aligned to the Group’s priorities, we have incorporated sustainability-related KPIs, such as green targets, the number of sustainability events organised or attended, the adoption of Climate Resilience Guideline, and other measurable goals, into the appraisal process. Staff performance on these KPIs are considered and evaluated at the year-end review and may impact bonus calculation. The Group also places emphasis on collecting VOC from employees. In FY2022, the Group’s voluntary turnover was 16.8%.

In view of the growing concerns over physical and mental well-being during the COVID-19 pandemic, we introduced a series of flexible work arrangements, under our Family Care for Good initiatives, for our staff to maintain a healthy work-life balance and improve their overall well-being. As at FY2022, we are at the final stage of piloting the “Summer Fridays” programme with a 4.5-day work week and one work-from-home day from July to September for several business units, including NWD, K11 and NWSH Corporate Office. The feasibility and effectiveness of the programme will be evaluated. We are optimistic that our initiatives will bring various benefits to our employees such as giving them the flexibility to arrange their working hours and locations, while we continue to improve our commitments in uplifting our employee well-being.



## Corporate Sustainability | Our People

# Diversity in the Workplace

NWD has always upheld the fundamental principles of human rights in places where we operate. We are a signatory to the UNGC's principles on Human Rights and Labour, and are guided by international human rights principles such as the Universal Declaration of Human Rights, International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the United Nations Guiding Principles of Business and Human Rights and the UN SDGs. Based on these principles, we established our own Human Rights Policy under which all NWD companies are required to follow. We are also committed to complying with all applicable laws and regulations.

To further advance gender diversity in the workplace and increasing the number of women in policy and decision-making roles, we will support the "Male Allies Initiative" by The Women's Foundation, which aims to create a group of male champions who are fluent in the language of gender equality and who are continuously seeking to learn and talk openly about the real issues, in FY2023.



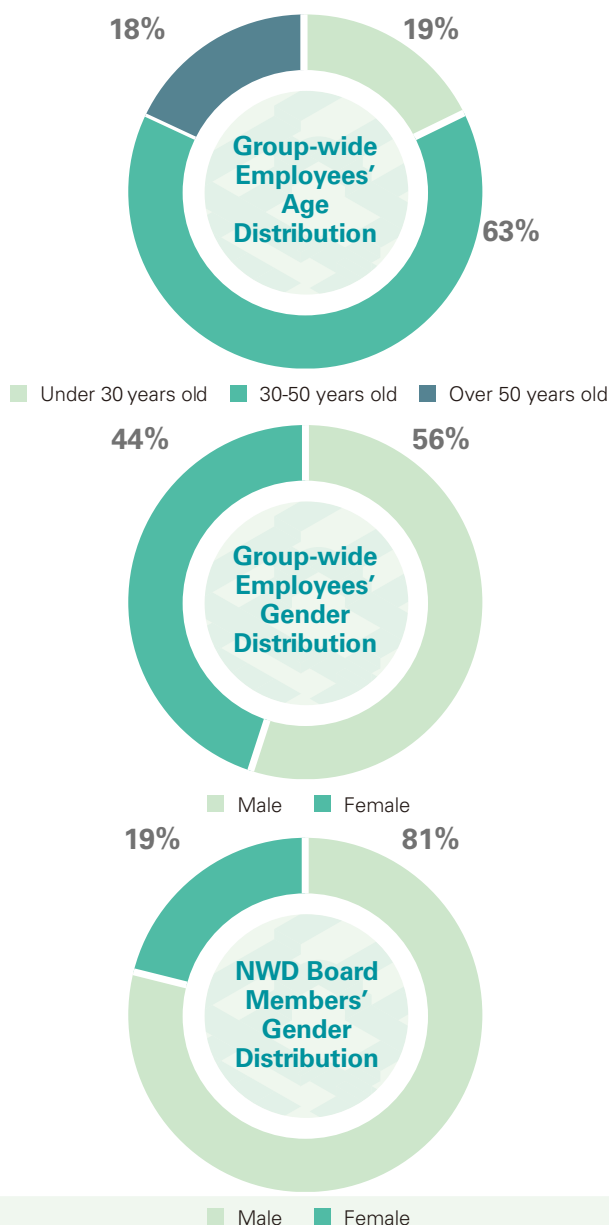
Visit our website for details of our Human Rights Policy

Respect for human rights are expected throughout our business, including our supply chain. We have incorporated human rights principles into our Supplier Code of Conduct, covering our corporate supply chain partners such as suppliers, contractors, subcontractors, vendors, and service providers. It states that all employees of our suppliers should be treated with respect and dignity, and not be subject to discrimination in hiring, compensation or discipline.

As part of our strong devotion to promoting diversity within NWD, we are proud to be the first real estate holding and development company in Hong Kong to endorse the UN Women's Empowerment Principles since 2020. Inspiring our employees to contribute to a more inclusive society, we hosted a series of diversity and inclusion focused activities, including an inclusive workplace webinar on cultural diversity hosted by the Equal Opportunities Commission to increase employees' awareness on racial discrimination and harassment, a female leadership panel on building confidence and staying resilient with three distinguished female leaders of the Group, as well as volunteering workshops with a local social enterprise to empower and upskill underprivileged women. We also promote diversity in terms of age, family status, background and expertise in our workforce and strive to be transparent in our efforts through disclosing the gender diversity of the Board and workforce in addition to monitoring various diversity indicators such as the gender pay gap. We are also a signatory of The Racial Diversity and Inclusion Charter for Employers, governed by Equal Opportunities Commission, Hong Kong, in support of the principles of racial diversity.

As at 30 June 2022, 44% of our workforce is female and the average gender pay ratio between male and female full-time employee is 1.09. 19% of our Board is female<sup>1</sup>, and we aim to reach a higher level of gender diversity on our board by setting a target to reach 30% of female board members by FY2023 and continue to maintain a diverse board.

To cater to the needs of different types of family units, including the needs to pursue fulfilling and successful careers while raising children, we introduced a five-day full-pay paternity leave in 2018, and increased full-pay maternity leave from 10 to 14 weeks in 2020, both of which are above the statutory requirement of 80% pay. In the future, we will continue to strengthen our support towards our employees when they start or grow their families and cultivate a family-friendly workplace.



<sup>1</sup> As at 1 July 2022, three of 16 members of the board of Directors are female.

## Corporate Sustainability | Our People

# Promoting Employee Wellness

Aligned to our strategy under the pillar of Wellness in our SV2030, the Group prioritises the well-being of our employees. We consider wellness at work and occupational health and safety as the key elements of employee contentment, productivity and sustainable corporate development. The safety of our employees is our number one priority and we endeavor to provide them with a safe and healthy working environment. In FY2022, the Group recorded Lost-time Injury Rate (per 100 employees) (“LTIR”) of 0.7.



Visit our website for details of our Health and Safety Policy

Our Health and Safety Policy is regularly updated and is made available to all employees, contractors, tenants and visitors on the Group’s premises. It serves to guide our actions and ensures compliance with all applicable laws and regulations. We have robust mechanisms in place that measure, monitor and evaluate our performance and the performance of our suppliers, which includes fulfilling industry-specific standards or reference best practices. Hazards identification and risk assessments are carried out by standardised procedures, including hazard identification, mitigation measures, hazardous materials assessment and audit. We are committed to being as transparent as possible in our investigation and reporting of incidents as well as on any remedial and improvement actions that have been taken. Regular health and safety trainings for our employees and contractors are also periodically conducted at all of our construction sites to ensure safety awareness is maintained at the highest level. We are fully committed to achieving zero fatalities at our workplace and maintain the SV2030 target of LTIR at or below 3.0 per 100 employees each year.

### MATERIAL ISSUES:

- Employee Wellness and Engagement
- Occupational Health and Safety

As the importance of workplace well-being continues to strengthen, it is our responsibility to think in a more expansive and futuristic way to improve our employees’ experiences. Magnified by the pandemic, our business units swiftly adopted new technologies, remote working and modified workforce strategies to echo evolving trends in managing employee well-being.

### ENHANCING WELLNESS OF EMPLOYEES THROUGH DIGITALISATION

In FY2022, electronic systems were developed for all stores and management offices of NWDS in Mainland China to monitor safety risks and manage administration costs. This system not only enhanced operational efficiency but also reduced the amount of paper used for record keeping.

### ENSURING WELL-BEING THROUGH SMART TECHNOLOGIES

To increase health and well-being of construction workers, Hip Hing Construction placed a Wada Bento vending machine for workers and site officers at a construction site where no restaurant or lunch option was available within a 20-minute walking distance. Through application of this smart technology, the vending machine offered hygienic and healthy food options with affordable price, bringing convenience and healthier lifestyle to workers and site officers.





Additionally, NWSH installed a Vehicle Weight Monitoring System to prevent overloaded dump trucks from leaving construction sites. Equipped with a weighbridge, the innovative system also checks the status of the mechanical cover of the truck skips to ensure they are securely closed before leaving the site.

### ENHANCING THE WELL-BEING OF STAFF AND THEIR FAMILIES

Amid the surging of COVID-19 cases in the fifth wave of the pandemic, we have enhanced a number of measures to help relieve the physiological burden of our employees and support them in meeting their urgent daily needs for anti-pandemic supplies. We responded quickly in distributing free COVID-19 rapid antigen test kits and facemasks to all our staff, and sending care packages with facemasks, COVID-19 rapid antigen test kits, food, medicine, and other necessities to our infected employees. We also looked after the mental health of our employees through online wellness workshops and setting up a wellness support hotline. To better support our employees and their families in achieving work-life balance, we have implemented a series of measures that allow them to fulfill family responsibilities and improve their working conditions. During the summer holidays, a movie appreciation day was organised to promote our family-friendly working culture. Additionally, to further encourage healthy physical and mental well-being, we organise regular sports practices for our staff throughout the year and worked hand-in-hand with the Hong Kong Blind Union in November to create shared

value by inviting the visually impaired to offer on-site neck and shoulder massages to our employees. Both events attracted participation from over 2,000 staff members.



To show our appreciation to the professionalism of our frontline staff and also providing our gratitude and support, the Group prepared caring packs for our frontline colleagues



# Creating Sustainable Communities

We strive to create vibrant and resilient communities that improve the quality of living through celebrating the convenience, beauty and creativity of its people and the environment. Through caring and responding to the needs of society and stakeholders, we invest in and engage with local communities through a range of programmes and initiatives to ensure the well-being and ongoing development of our community. NWD supports achieving

## MATERIAL ISSUES:

- Community Wellness
- Community Development and Engagement

long-term, positive community development impact through developing strong partnerships and empowering people with creativity and innovation for a brighter future.

## Caring through Sharing

### SHARE FOR GOOD – HONG KONG’S FIRST LARGE-SCALE CROWD-DONATION PLATFORM

Amid the surging of COVID-19 cases in the fifth wave of the pandemic, we launched Hong Kong’s first large-scale crowd-donation platform Share for Good in March 2022 to help tackle the challenges faced by Hong Kong residents during self-quarantining at home and to meet the urgent needs of the most vulnerable members of society.

Shortages of urgently needed supplies including anti-epidemic supplies, food and other daily necessities rapidly became an issue over tightening restrictions to control the outbreak. We took the lead by donating 200,000 items, including facemasks, testing kits, food coupons, supermarket cash vouchers, learning materials, and more, through the platform. To speed up the whole donate-and-delivery process, we matched donors with beneficiaries instantly through this innovative approach. The platform is digital-first and can be accessed through an official mobile app and website where information on linked beneficiaries, non-profit organisations, and donors can be found.

In the initial phase of the launch in March, we collaborated with Yan Chai Hospital, 34 NGOs and logistics partners to ensure all donations could be well matched and delivered. In response to the enthusiastic support and rise in demand for logistics support, we quickly scaled up our efforts and launched the second phase of Share for Good in April, expanding the partnership to additional NGOs. Share for Good and our key partner Yan Chai Hospital did not charge any administrative fees in the process, while we and our logistics partners covered all the logistical costs.

### STEPPING UP ACTION ON FOOD AID UNDER SHARE FOR GOOD INITIATIVES



Every “Show Me Your Love Rice” meal donor will receive a donor certificate

The pandemic has impacted the local economy and made it extra difficult for the underprivileged to afford basic meals. We became aware that a number of local restaurants remained committed to distributing free meals to the underprivileged in this challenging environment, and to empower their efforts, we organised the “Show Me Your Love Rice” charity sale within the Share for Good donation platform in May 2022. In June 2022, we introduced the city-wide “Share a Meal” programme by connecting nearly 220 restaurants to provide free meals for vulnerable groups. A simple dine-and-donate QR code was provided at participating restaurants for donors to scan and donate.

As at FY2022, over 60 non-profit organisations joined hands with us to support the community and the online platform has received overwhelming support from the society, raising over HK\$45 million in donations.

### COPING WITH THE ONGOING FIFTH WAVE OF PANDEMIC

Faced with the challenging fifth wave of COVID-19 in Hong Kong, we continued to take proactive measures to provide all-rounded support to overcome this pandemic together with different sectors and members of the public.

To help relieve the pressure of the overwhelmed public healthcare system, we loaned a 3.5-hectare plot of land in Fanling to the Government for the construction of a mobile cabin hospital and offered the Pentahotel Hong Kong in Kowloon as a community isolation facility in February 2022. We also offered free accommodation for frontline healthcare workers at the Hyatt Regency Hong Kong in Sha Tin to show appreciation for their unwavering services during this difficult time. Additionally, over 46,400 m<sup>2</sup> at the Hong Kong Convention and Exhibition Centre Phase 2 was offered for the Government to store pandemic-related supplies.

For our local communities, in partnership with the Urban Renewal Authority, we expanded our pioneering “Mask-to-Go” Dispensers Programme by installing additional dispensers at five locations across Hong Kong. With the help of three non-profit organisations, including Hong Kong Christian Service, Children’s Heart Foundation, and Community Drug Advisory Council, over 3,000 underprivileged families received New World-made face masks for free. In addition, we partnered with six non-profit partners in Hong Kong, including the Evangelical Lutheran Church Social Service, Hong Kong Lutheran Social Service, Society for Community Organization, YWCA of Hong Kong, Children’s Cancer Foundation, and St. James’ Settlement, to distribute 300,000 sets of COVID-19 rapid antigen test kits to beneficiaries. During the cold snap in February,

the Group urgently arranged 200 outdoor gas heaters for people waiting for services at hospitals, sampling stations in enclosed housing estates, and testing and vaccination centres. As at FY2022, the Group has distributed more than 20 million face masks to the underprivileged. We believe that our initiatives could lessen the financial burden of the underprivileged in obtaining the much-needed anti-epidemic supplies while fighting against the challenges caused by the virus.



“Mask-to-Go” dispenser

From March to April 2022, we took the lead in sending volunteer teams, 180 employees from the Group, to support the “Hong Kong Community Anti-Coronavirus Link” and the Hong Kong Volunteers Federation in their community anti-epidemic work. Volunteers participated in picking up incoming calls at the hotline centre to understand the needs from deprived families and elderlies living alone.

In FY2022, the Group’s employees contributed over 35,000 hours to serve the community. They were engaged in a wide range of initiatives to bring positivity and hope to the community.



# Empowering Next Generation through Creative Thinking

## New World Build for Good – Innovative Social Housing Projects

To support the HKSAR Government in alleviating local housing and land shortage problems in Hong Kong, we strive to offer new, affordable and sustainable housing models that can be developed sustainably in the long-term. Since 2019, NWD has taken the lead in donating some of its farmland reserves to the HKSAR Government and NGOs for transitional housing projects to alleviate the housing cost for families most in need and facilitate their upward mobility. Four projects are now in the preliminary planning phase, which are expected to create approximately 3,000 units.

In September 2021, we founded and launched New World Build for Good, a new not-for-profit social housing enterprise, which fulfils the spirit of Creating Shared Value. New World Build for Good aims to unite the business sector and social groups together with the government, such as encouraging closer collaboration between industry experts in land planning, housing, economic development, social welfare and livelihood, to explore the development of new and sustainable housing models. The enterprise made significant effort in creating short- to medium-term

solutions, as well as envisioning long-term strategies to provide a sustainable living city.

New World Build for Good launched the first major initiative New World Subsidised Housing Project in December 2021. We are looking to donate a plot of land in the New Territories West to create approximately 300 flats for the younger generation to purchase at cost and exploring a special “progressive payment” mortgage arrangement to assist them in home ownership. The application for preliminary planning has already begun, and the project is making good progress.

We will continue to leverage our knowledge and experience to create innovative social housing solutions and build a better future.



*Solving Hong Kong’s deep-rooted housing issue is fundamental to the city’s future growth. We are committed to working creatively with all parties in search of new solutions that will benefit more people.*



*– Dr. Adrian Cheng, Chairman of New World Build for Good*

### Our Vision:

- 1** Explore innovative social housing models for Hong Kong citizens across the economic spectrum, sharing the fruits of social development
- 2** Identify innovative, practical land and housing solutions that promote the best outcomes for the government, business sector and the public
- 3** Provide fast and agile responses to social challenges to make Hong Kong one of the most liveable cities in the Guangdong-Hong Kong-Macao Greater Bay Area
- 4** Build well-supported communities that allow the younger generation to live happily and thrive together



## Nurturing Future Leaders



Springboard Career Exploration Programme – visit to Hong Kong Golf and Tennis Academy



New World Harbour Race has welcomed many young swimmers from the New World Springboard programme in recent years

This year, the New World Springboard programme marked its 10th anniversary since its launch in 2012 by the New World Group Charity Foundation. The programme aims to improve social mobility of young and under-resourced students by providing them with professional sports training, such as swimming, basketball and rope skipping. As at FY2022, the cumulative total number of beneficiaries reached 4,200. The New World Harbour Race 2021, which was sponsored by the Group and organised by Hong Kong

China Swimming Association, welcomed 1,200 swimmers as well as swimmers from the Springboard programme to join the race.

Further to the disciplined and regular sports trainings for the students, we are also concerned with the personal growth and development of our participants. Students who joined New World Springboard since 2012 have reached the age with the needs to plan for their future development. A Career Exploration Programme for Teens was launched to offer various career exploration opportunities within the New World Ecosystem, including internship, job tastings, workplace visit and career talk, to this group of youths nurtured by the Group for years. The programme not only aims to enhance their exposure and develop a better vision for their future, but also serves to build a talent pool for the future needs of the Group.



HKUST International Case Competition

We are dedicated to look for opportunities that inspire the next generation. The Group sponsored the HKUST International Case Competition which was organised by the School of Business and Management of the Hong Kong University of Science and Technology. The year's sustainability theme was the first in the competition's history. The nine participating teams from world-renowned business schools put forward strategic recommendations and received feedback from a panel of judges comprising senior NWD executives as well as representatives from the education, government, and consulting sectors.



# Empowering Next Generation through Creative Thinking

## Enriching Life through Art

In pursuing our CSV mission, we are committed to creating cross-cultural art knowledge exchange to enrich the inner lives of our stakeholders. Our strategy includes creating a platform to nurture and incubate artists through exhibitions, artist residencies, and various educational programmes.

Throughout the year, K11 Art Foundation launched various innovative activities and programmes for the community during its way to a full recovery from the COVID-19 pandemic. With the desire to connect the world through art despite social distancing measures, K11 Art Foundation launched the contemporary art exhibition, *Breaking the Waves*, using a safe and creative approach. The exhibition was set up virtually and all promotional materials were

digitalised. An online tour video was filmed from the visitor's perspective as if in a physical guided art tour to provide a more engaging and comprehensive experience for viewers. Starting in May 2022, when social distancing requirements began to relax in Hong Kong, K11 Art Foundation curated an interactive art tour on contemporary art at K11 MUSEA for the community to view. Attendees explored the collection using our exclusive and innovative art tour companion TÖÖF.

We believe that education is the fundamental element in inspiring culture and art knowledge exchange within the community. In addition to touring exhibitions, various educational talks and learning workshops are organised at the exhibition venues for audiences of all ages to participate in.



An exhibition held by K11 Art Foundation



# Corporate Sustainability

## About this Section

### Reporting Period

This Corporate Sustainability section of the Annual Report provides an overview of the Group's ESG performance during the reporting period of 1 July 2021 to 30 June 2022 and, where specified, the latest initiatives after FY2022 as well.

### Reporting Boundary

This section covers NWD's businesses over which NWD has majority financial ownership and operational control. This coverage includes our businesses under NWD, NWCL and K11 Group Limited as well as individually listed subsidiaries NWSH<sup>1</sup> and NWDS<sup>1</sup>, which have more comprehensive sustainability disclosures in their respective reports.

The same scope of our businesses is bounded by SV2030 Wellness and Caring targets. The SV2030 Green targets focus primarily on key businesses with more mature performance data and over which we can exert operational influence for developing environmental impact reduction roadmaps.

### Sustainability Website

Supplementary information, such as the performance data summary, content index and independent verification statement, is available on NWD's website under the sustainability section (<https://sustainability.nwd.com.hk/>).

### ESG Reporting Standards

This section has been prepared in accordance with the requirements of the Environmental, Social and Governance ("ESG") Reporting Guide, set out in Appendix 27 issued by The Stock Exchange of Hong Kong Limited ("HKEX").

This section also references the following ESG standards and principles:

- Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards")
- SASB Real Estate Standards
- The Ten Principles of the United Nations Global Compact ("UNGC"; as an annual Communication on Progress)

In addition, our climate actions are disclosed with reference to the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD").

### Reporting Principles

Our ESG disclosure responds to the Mandatory Disclosure Requirements required by HKEX in the following ways:

- **Materiality:** Informed by a structured materiality assessment process involving both internal and external stakeholders, such as investors, customers and employees
- **Quantitative:** Gives updates on targets and key performance indicators ("KPIs")
- **Balance:** Offers unbiased disclosure of the Company's performance
- **Consistency:** Uses consistent methodologies on performance disclosure to support meaningful comparisons over time

### Report Assurance

The Board of Directors is committed to overseeing the content of the report. This report has been reviewed and approved by the Board.

Data and information contained in this Corporate Sustainability section as well as the environmental and social performance data on our website have been independently verified by Hong Kong Quality Assurance Agency ("HKQAA") in accordance with the ISAE 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the ISAE 3410, Assurance Engagements on Greenhouse Gas Statements issued by the International Auditing and Assurance Standards Board to ensure accuracy and credibility. The independent verification statement can be found on our website.

### Contact Us

We welcome your feedback on this Corporate Sustainability section and other matters related to sustainability. Please contact us at [sustainability@nwd.com.hk](mailto:sustainability@nwd.com.hk).

<sup>1</sup> Please refer to these companies' sustainability reports for their scoping definition.